ANNUAL REPORT 2021

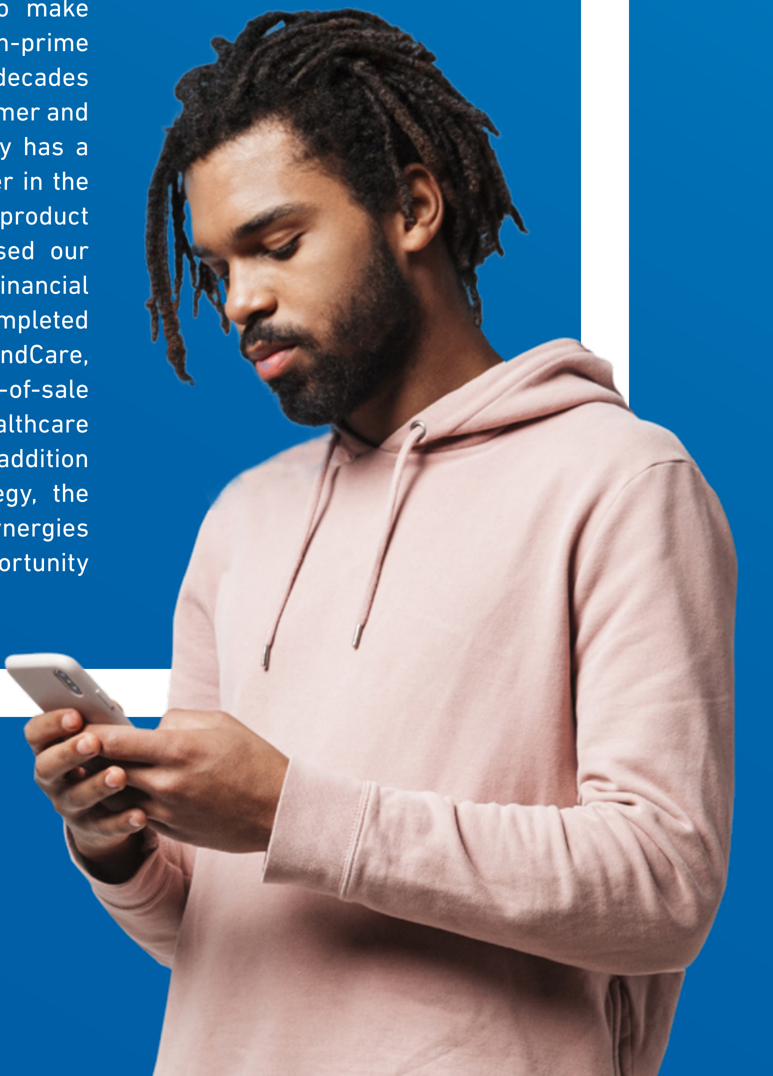
goeasy

goeasy Ltd.

2021 presented **another year of challenges**, but with a team of over 2,300 strong, **goeasy had the most successful year in our 31-year history.**

Collectively we worked to keep moving the business forward, while delivering on our promise to customers. The resilience of both our team and our business was tested yet again, but our unwavering commitment to our employees, our customers and our communities, combined with strong execution, led to a record year of growth and financial performance.

Despite the backdrop, goeasy continued to make progress in building Canada's leading non-prime consumer finance business. With over three decades of experience in serving the non-prime consumer and a strong purpose-driven vision, the company has a clear strategy to become the leading provider in the market. During the year we expanded our product range and channels of distribution, increased our geographic footprint, and focused on the financial wellness of our customers. In addition, we completed our largest acquisition to date, acquiring LendCare, one of Canada's leading providers of point-of-sale financing in the retail, powersports, healthcare and home improvement industries. In addition to accelerating the execution of our strategy, the investment has unlocked significant synergies through a wider range of products and the opportunity to serve a large combined customer base.



Product Range

We continue to diversify our range of lending products as we aim to become a one-stop provider for all forms of credit to non-prime consumers. In 2021, the acquisition of LendCare added several new product categories through which we can offer financing. During the year we also launched our automotive financing program through both a direct to consumer offer and a fully national dealer network. Under the easyfinancial and LendCare brands, we now offer unsecured loans, home equity loans, automotive financing, powersports financing, healthcare financing, home improvement financing and general retail financing.

Geographic Diversification

Canada continues to provide substantial runway for growth. We ended 2021 with 294 easyfinancial branch locations, which we plan to expand to between 300 and 350 locations over the next few years. The primary focus of our retail expansion will be in the province of Quebec, which represents a large untapped market opportunity, as well as in key urban markets such as Toronto and Vancouver where the population per branch is the largest. We are also focused on adding new dealers and merchants to our network so that all our point-of-sale financing verticals are available coast-to-coast.

"Best place ever to get help when no other avenues open up. I want to thank Sachi so much for her help in getting me my loan. It surely helped me get back on my feet. I would strongly recommend easyfinancial to everyone I come in contact with. As we all know banks turn us down, but our need for help is still there. Thank you again for all your assistance Sachi."

Susan Lomonte

Channel Expansion

We also continue to expand our channels of distribution so our customers can get access to the credit they need in the most convenient manner possible, whenever and wherever they are. During the year we launched a new easyfinancial website to improve the digital experience for consumers, while adding 27 more branches to our retail network. With the integration of LendCare, we also welcomed over 4,000 merchants to our point-of-sale financing channel. Throughout the year we then added several hundred new automotive dealerships to our network along with new marquee powersports partners such as Hisun, Segway and Massimo Motor.

Financial Wellness

Core to our purpose as an organization is helping our customers improve their credit and financial wellbeing by bringing down their cost of borrowing through our products, as we help them graduate back to prime lending rates. Over the last 5 years we have brought down our weighted average interest rate from over 46% to less than 33%. With 72%[1] of our customers stating they have been denied credit by banks or other traditional lenders, our focus is not only to provide them with the lending products they need today, but the tools to improve their financial health for tomorrow. We are extremely proud of the ways in which we continue to deliver against our vision and remain committed to building meaningful relationships with our customers as we invest in the tools and technology that will help drive progress on their path to a better tomorrow.

Opportunity Ahead

2021 was a significant year in the Company's history as we crossed $2 billion in consumer loans. While it took nearly 13 years to reach the first $1 billion in 2019, we are proud to have doubled the business within two and a half years. With only 1% share of the non-prime market today, we plan to expand our consumer loan portfolio by 75%, to approximately $3.5 billion by the end of 2024, as we increase our share of the nearly $200 billion non-prime consumer credit market and become the largest non-prime consumer lender in Canada.

About goeasy

goeasy is one of Canada's leading non-prime consumer lenders offering a full suite of leasing and lending products under its easyfinancial, easyhome and LendCare brands. With a network of over 400 stores and branches, more than 4,000 merchant partners and a robust digital lending platform, goeasy has spent the past 31 years helping over 1.1 million Canadians on their path to a better tomorrow. Our track record of success and growth comes from our team of over 2,300 employees nationwide, who develop deep and trusted relationships with our customers.

[1] Source: goeasy non-prime benchmark survey (2021)

31 YEARS

OF LEASING AND LENDING EXPERIENCE

1.1M+

CANADIANS SERVED

$7.7B

TOTAL LOAN ORIGINATIONS

$2.0B

CONSUMER LOAN PORTFOLIO

WITHIN 12 MONTHS OF BORROWING FROM US

60%

OF OUR CUSTOMERS IMPROVE THEIR CREDIT SCORE[1]

1 IN 3

OF OUR CUSTOMERS GRADUATE TO PRIME CREDIT[2]

[1] As measured by an increase in TransUnion Risk Score within 12 months of borrowing from us.

[2] Prime credit is defined as opening a trade with a prime bank lender within 12 months of borrowing from us.


10:10
PROVIDE
EVERYDAY
CANADIANS
A PATH TO
A BETTER
TOMORROW,
TODAY.

A history **in the making**

1990 RTO ENTERPRISES FOUNDED

1990 • • • 2001 • • • 2003 • • • 2006 • • • 2011 • • • 2015 • • • 2016

2001

- David Ingram appointed CEO and company returns to profitability

2003

easyhome

- easyhome is born, consolidated from 6 brands

2006

easyfinancial

- easyfinancial launches

2011

- 1st easyfinancial stand alone branch opens
- Centralized credit adjudication introduced

2015

- Corporate name changed to goeasy ltd.

2016

- Risk adjusted interest rate loans launched

" Our long history of evolving our business model in order to capture new opportunities has formed the basis of our growth-minded culture, and conspired to deliver compound earnings growth of nearly 30% for more than 20 years. While our past has given us plenty to be proud of, it is our future potential that excites and drives us"

JASON MULLINS
President & CEO

2017

- Expanded into Quebec
- Secured lending product launched
- Recapitalized the business with C$530 million in financing

2018

- Next generation proprietary online loan application launched

2019

- $1 Billion loan portfolio milestone
- Strategic partnership & investment in PayBright
- Recapitalized the business with C$728 Million in financing
- Reached $1 Billion market capitalization

2020

- goeasy and PayBright launched e-commerce platform
- Launch of soft credit inquiry
- Launch of banking models for credit adjudication
- Established $200M revolving securitization warehouse facility

2021

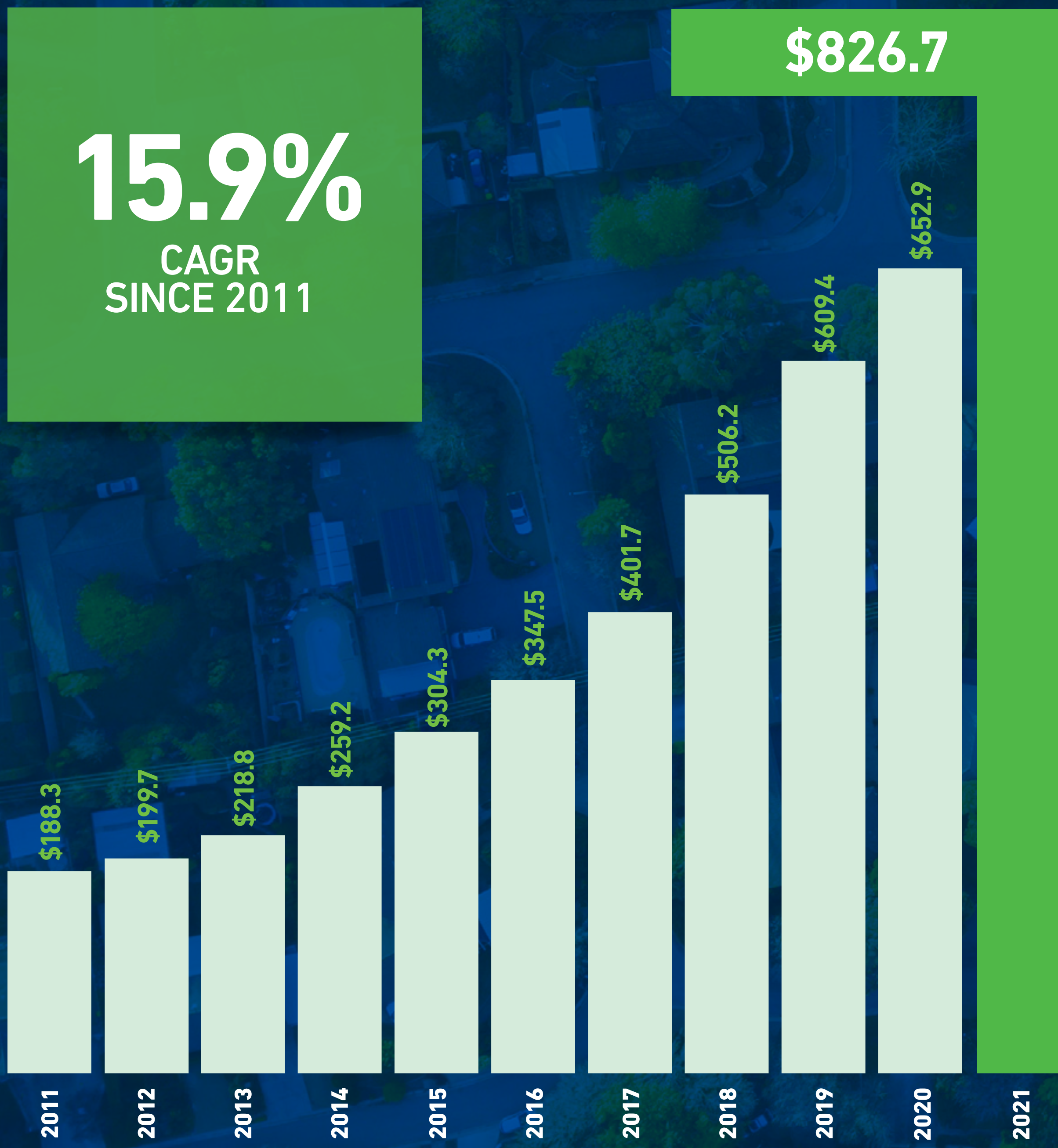
- $2 Billion loan portfolio milestone
- Completed strategic acquisition of LendCare
- Completed $173M equity offering & US$320M senior unsecured notes issuance
- Strategic investment & partnership with Brim
- Launched automotive financing

2017 2018 2019 2020 2021 2022

2022 AND BEYOND

Annual **Revenue**

(In dollar millions)



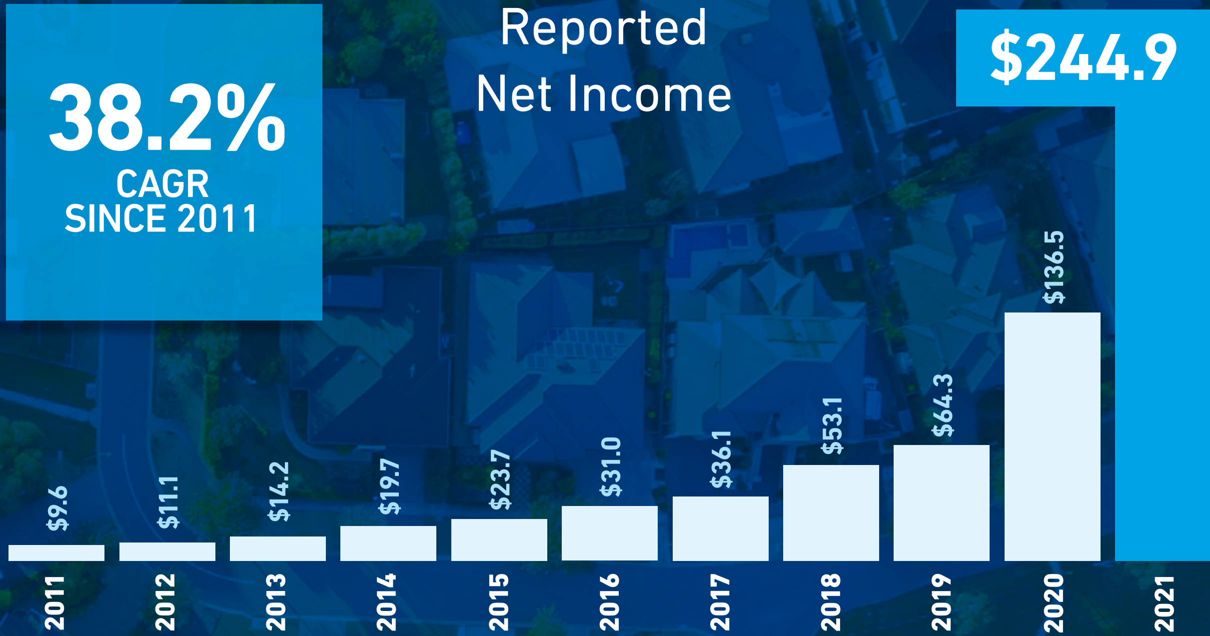
Note: CAGR = Compound Annual Growth Rate

Annual Net Income

(In dollar millions)

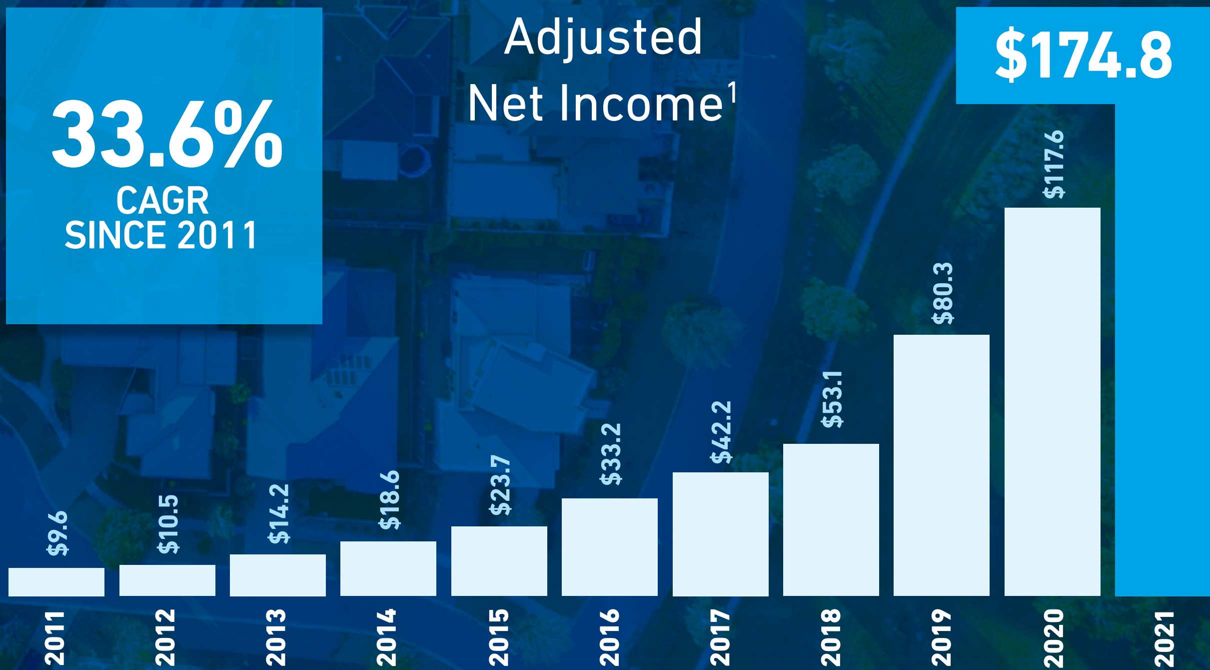
Reported Net Income

38.2% CAGR SINCE 2011



Adjusted Net Income[1]

33.6% CAGR SINCE 2011

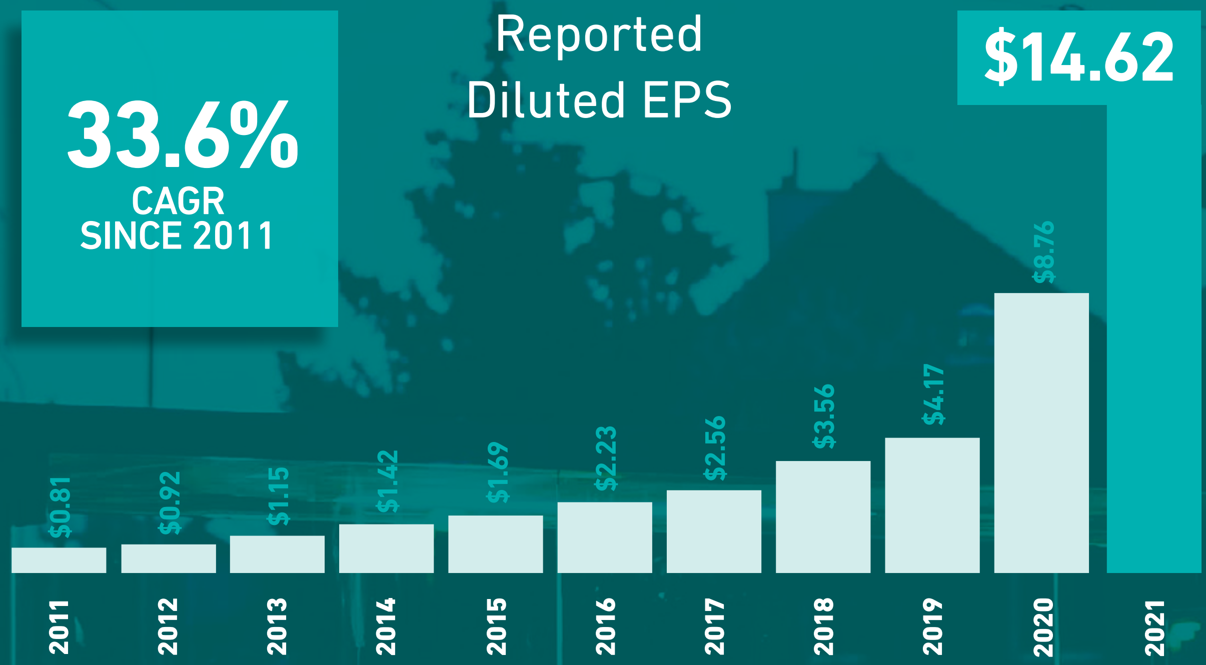


1 Adjusted net income is a non-IFRS measure. It is not determined in accordance with IFRS, does not have standardized meanings and may not be comparable to similar financial measures presented by other companies. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 50 of the Company's Management's Discussion and Analysis (MD&A, available on www.sedar.com) year ended December 31, 2021 for FY 21 and FY 20 metrics, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 39 of the Company's MD&A year ended December 31, 2019 for FY 19 metric, 3) "Key Performance Indicators and Non-IFRS Measures" section on page 51 of the Company's MD&A year ended December 31, 2018 for FY 18 and FY 17 metrics, 4) "Key Performance Indicators and Non-IFRS Measures" section on page 35 of the Company's MD&A year ended December 31, 2016 for FY 16 and FY 15 metrics, 5) "Key Performance Indicators and Non-IFRS Measures" section on page 29 of the Company's MD&A year ended December 31, 2014 for FY 14 and FY 13 metrics, and 6) "Key Performance Indicators and Non-IFRS Measures" section on page 20 of the Company's MD&A year ended December 31, 2012 for FY 12 and FY 11 metrics

Annual **EPS**

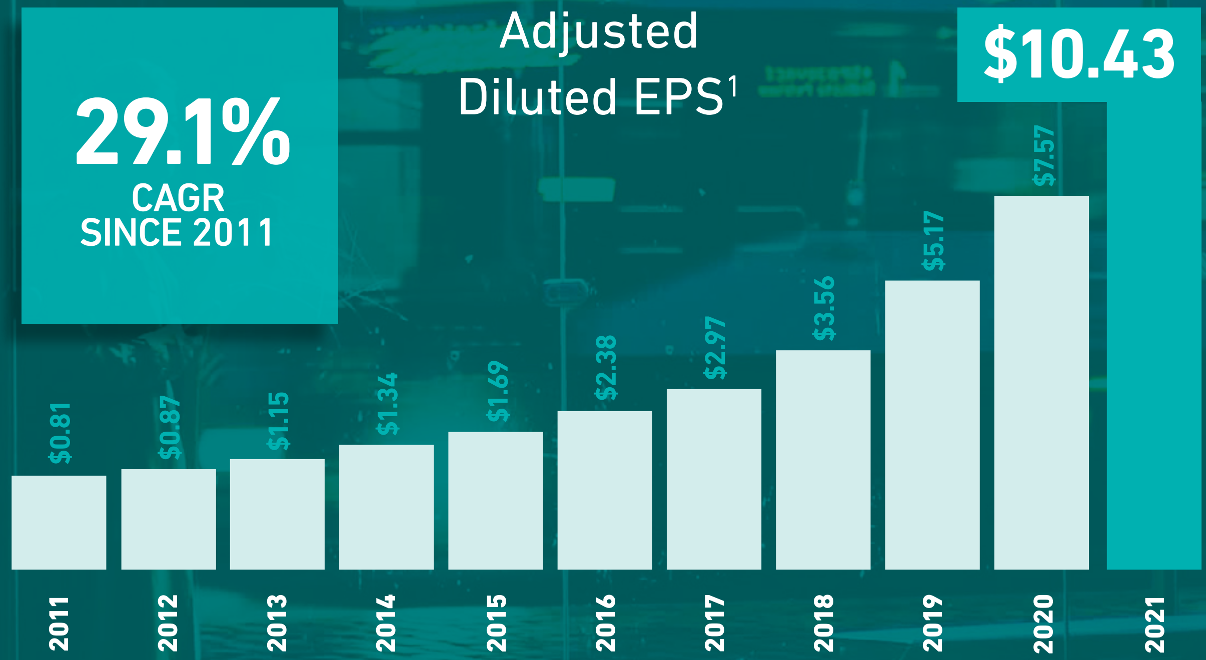
33.6%
CAGR
SINCE 2011

Reported Diluted EPS



29.1%
CAGR
SINCE 2011

Adjusted Diluted EPS[1]



[1] Adjusted diluted EPS is a non-IFRS ratio. It is not determined in accordance with IFRS, does not have standardized meanings and may not be comparable to similar financial measures presented by other companies. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 50 of the Company's MD&A year ended December 31, 2021 for FY 21 and FY 20 metrics, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 39 of the Company's MD&A year ended December 31, 2019 for FY 19 metric, 3) "Key Performance Indicators and Non-IFRS Measures" section on page 51 of the Company's MD&A year ended December 31, 2018 for FY 18 and FY 17 metrics, 4) "Key Performance Indicators and Non-IFRS Measures" section on page 35 of the Company's MD&A year ended December 31, 2016 for FY 16 and FY 15 metrics, 5) "Key Performance Indicators and Non-IFRS Measures" section on page 29 of the Company's MD&A year ended December 31, 2014 for FY 14 and FY 13 metrics, and 6) "Key Performance Indicators and Non-IFRS Measures" section on page 20 of the Company's MD&A year ended December 31, 2012 for FY 12 and FY 11 metrics

Financial Summary

(in $000s except per share amounts, store counts, employee counts, percentages and ratios)	2021	2020	2019	2018	2017
INCOME STATEMENT					
Revenue	826,722	652,922	609,383	506,191	401,728
Operating income	281,003	216,436	168,793	119,717	87,393
Net income	244,943	136,505	64,349	53,124	36,132
Diluted earnings per share	14.62	8.76	4.17	3.56	2.56
BALANCE SHEET					
Cash	102,479	93,053	46,341	100,188	109,370
Gross consumer loans receivable	2,030,339	1,246,840	1,110,633	833,779	526,546
Lease assets	47,182	49,384	48,696	51,618	54,318
Total assets	2,596,153	1,501,916	1,318,622	1,055,676	749,615
External debt[3]	1,552,679	887,749	854,768	691,062	449,178
Shareholders' equity	789,913	443,512	332,421	301,529	228,244
FINANCIAL METRICS					
Revenue growth	26.6%	7.1%	20.4%	26.0%	16.6%
Operating margin	34.0%	33.1%	27.7%	23.7%	21.8%
Adjusted operating margin[1]	38.3%	33.1%	27.7%	23.7%	21.8%
Adjusted net income[2]	174,759	117,646	80,315	53,124	42,158
Adjusted diluted earnings per share[1]	10.43	7.57	5.17	3.56	2.97
Return on equity	36.7%	36.1%	20.2%	21.8%	17.0%
Adjusted return on equity[1]	26.2%	31.1%	25.3%	21.8%	19.8%
Return on tangible common equity[1,5]	50.7%	38.3%	-	-	-
Adjusted return on tangible common equity[1,5]	35.3%	33.0%	-	-	-
Net debt to net capitalization[3]	0.65	0.64	0.71	0.66	0.60
Annual dividend per share	2.64	1.80	1.24	0.90	0.72
OPERATING METRICS					
Same store revenue growth[4]	12.1%	6.3%	19.5%	25.7%	18.3%
Gross loan originations	1,594,480	1,033,130	1,095,375	922,550	579,494
Growth in gross consumer loans receivable	783,499	136,207	276,854	307,233	156,029
Net charge-offs as a percentage of average gross consumer loans receivable	8.8%	10.0%	13.3%	12.7%	13.6%
Free cash flows from operations before net growth in gross consumer loans receivable[2]	260,104	210,619	120,985	95,689	66,636
OPERATIONS					
Total store count:					
easyfinancial	294	266	256	241	228
easyhome	158	161	163	165	171
easyfinancial branch openings	27	12	15	23	22
Employees	2,394	2,024	2,024	1,821	1,729

Notes:

[1] These are non-IFRS ratios. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 50 of the Company's MD&A year ended December 31, 2021 for FY 21 and FY 20 metrics, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 39 of the Company's MD&A year ended December 31, 2019 for FY 19 metric, and 3) "Key Performance Indicators and Non-IFRS Measures" section on page 51 of the Company's MD&A year ended December 31, 2018 for FY 18 and FY 17 metrics

[2] These are non-IFRS measures. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 50 of the Company's MD&A year ended December 31, 2021 for FY 21 and FY 20 metrics, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 39 of the Company's MD&A year ended December 31, 2019 for FY 19 metric, and 3) "Key Performance Indicators and Non-IFRS Measures" section on page 51 of the Company's MD&A year ended December 31, 2018 for FY 18 and FY 17 metrics

[3] This is a capital management measure. Refer to 1) "Financial Condition" section on page 61 of the Company's MD&A year ended December 31, 2021 for FY 21 and FY 20 metrics, 2) "Financial Condition" section on page 45 of the Company's MD&A year ended December 31, 2019 for FY 19 metric, and 3) "Financial Condition" section on page 56 of the Company's MD&A year ended December 31, 2018 for FY 18 and FY 17 metrics

[4] This is a supplementary financial measure. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 50 of the Company's MD&A year ended December 31, 2021 for FY 21 and FY 20 metrics, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 39 of the Company's MD&A year ended December 31, 2019 for FY 19 metric, and 3) "Key Performance Indicators and Non-IFRS Measures" section on page 51 of the Company's MD&A year ended December 31, 2018 for FY 18 and FY 17 metrics

[5] Comparable reported and adjusted return on tangible common equity financial measures for the years 2017 to 2019 were not published

Note: Non-IFRS ratios, non-IRFS measures, capital management measures and supplementary financial measures are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies

2021 Highlights

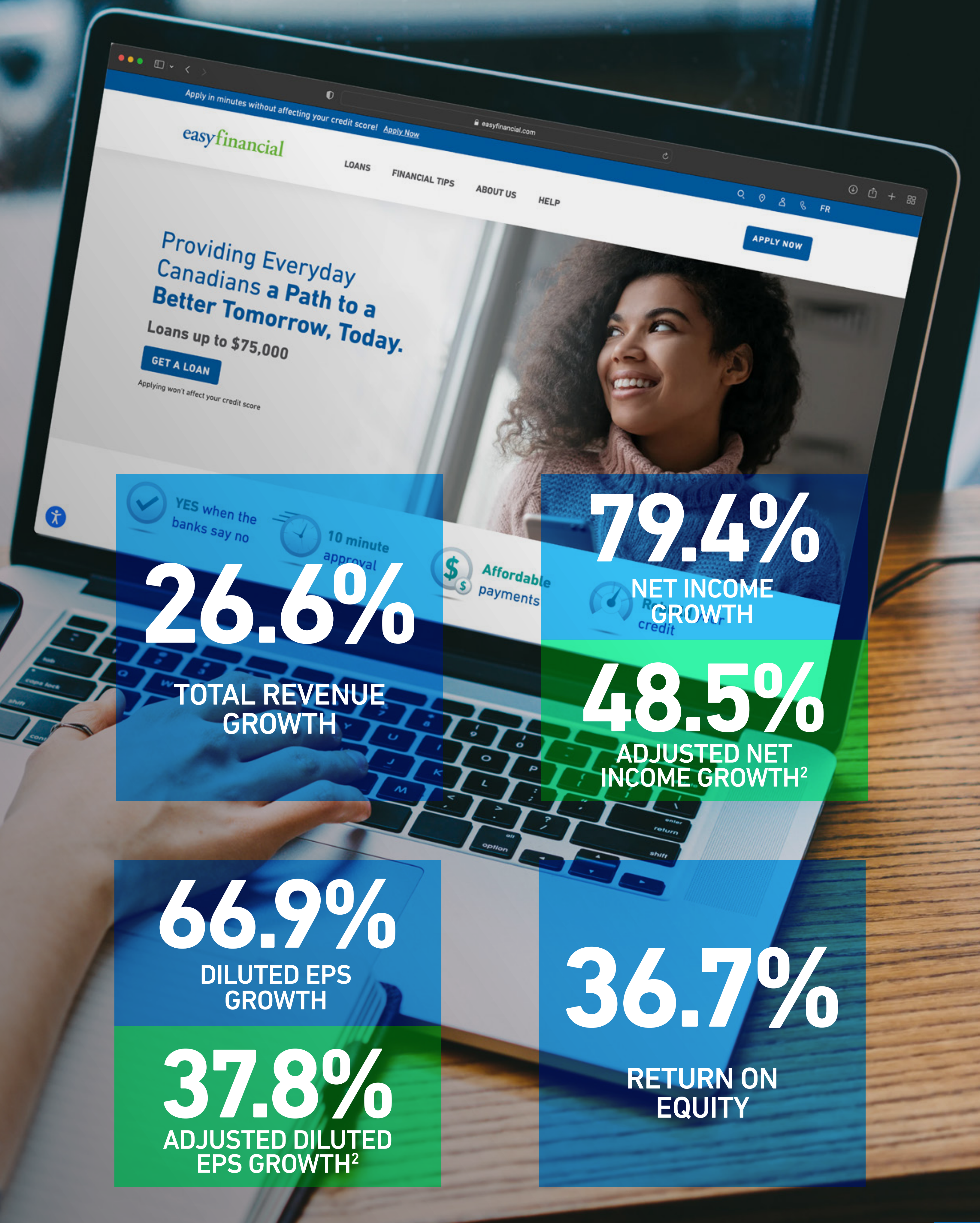
$1.6B
ANNUAL LOAN ORIGINATIONS

$4.0M
AVERAGE LOAN BOOK PER BRANCH[1]

62.8%
TOTAL LOAN BOOK GROWTH

8.8%
NET CHARGE OFF RATE

[1] Average loan book per branch is a suppementary financial measure. It is not determined in accordance with IFRS, does not have standardized meanings and may not be comparable to similar financial measures presented by other companies. It is calculated as gross consumer loans receivable held by easyfinancial branch locations divided by number of total easyfinancial branch locations.



26.6%
TOTAL REVENUE GROWTH

79.4%
NET INCOME GROWTH

48.5%
ADJUSTED NET INCOME GROWTH[2]

66.9%
DILUTED EPS GROWTH

37.8%
ADJUSTED DILUTED EPS GROWTH[2]

36.7%
RETURN ON EQUITY

[2] Adjusted net income is a non-IFRS measure, and adjusted diluted EPS is a non-IFRS ratio

Our Customers

Providing non-prime Canadians with access to credit, in an honest and transparent manner, while striving to **improve their credit and financial health**, is at the core of **our vision for better tomorrows**.

The goeasy customer truly reflects the average Canadian. While our customers may have a non-prime credit score, making getting approved by a traditional bank more difficult, they truly resemble the typical hard-working consumer that relies on credit for everyday household needs and to finance large ticket purchases such as cars, recreational vehicles, healthcare expenses or home improvements. Nearly 70%[1] of non-prime Canadians have applied and been denied credit by traditional banks. For these consumers, goeasy plays a critical role in the financial system, not only providing access to credit, but resources that help them rebuild their credit for the future.

They work in a wide variety of industry sectors including manufacturing, retail, financial services, healthcare, technology, and the public sector jobs. The average profile of the customer is an age of 43, supporting 1.9 dependents, with individual income of $53,000 per year, residing at their current place of residence for 4 years and working with their current employer for 3.8 years. Non-prime Canadians, however, carry 55% less total consumer debt than the typical prime consumer, due primarily to a lower level of home ownership, at approximately 20% versus the Canadian home ownership rate of ~66%.

Having served more than 1.1 million customers, we have come to know that behind every loan there is a powerful story. It is the stories of these everyday Canadians that motivate us to serve our customers with respect, to make accessing credit simple and convenient, and to help put them on the path towards improving their credit and a better tomorrow.

With a reputation for building meaningful relationships with our customers, our team of knowledgeable front-line representatives work diligently to ensure borrowers understand the details of their loans and the steps that can be taken to ensure they experience an improvement in their credit. With tools like Credit Optimizer that can provide a personalized plan to help rebuild credit, and hundreds of free financial education articles and videos, our goal is to help consumers reduce their cost of borrowing and graduate back to prime lending rates.

"From the first time I walked into easyfinancial, I felt understood. A staff member walked me through my credit score and loan options. I was able to find a better place to live and my credit score has since improved by 100 points. I finally feel financially stable and ready for the future."

M.R. – LANGDON, ALBERTA

[1] Source: goeasy non-prime benchmark survey (2021)

43
AVERAGE CUSTOMER AGE

1.9
AVERAGE NUMBER OF DEPENDENTS

$53K
AVERAGE INDIVIDUAL INCOME

3.8
AVERAGE YEARS AT CURRENT EMPLOYER

4.0
AVERAGE YEARS AT CURRENT RESIDENCE

583
MEDIAN CREDIT SCORE[1]

[1] Based on credit scores obtained by TransUnion
* Source: goeasy customer loan data December 2021

easyfinancial

In 2006, easyfinancial, goeasy's non-prime consumer lending division began operating with the goal of bridging the gap between traditional financial institutions and costly payday lenders.

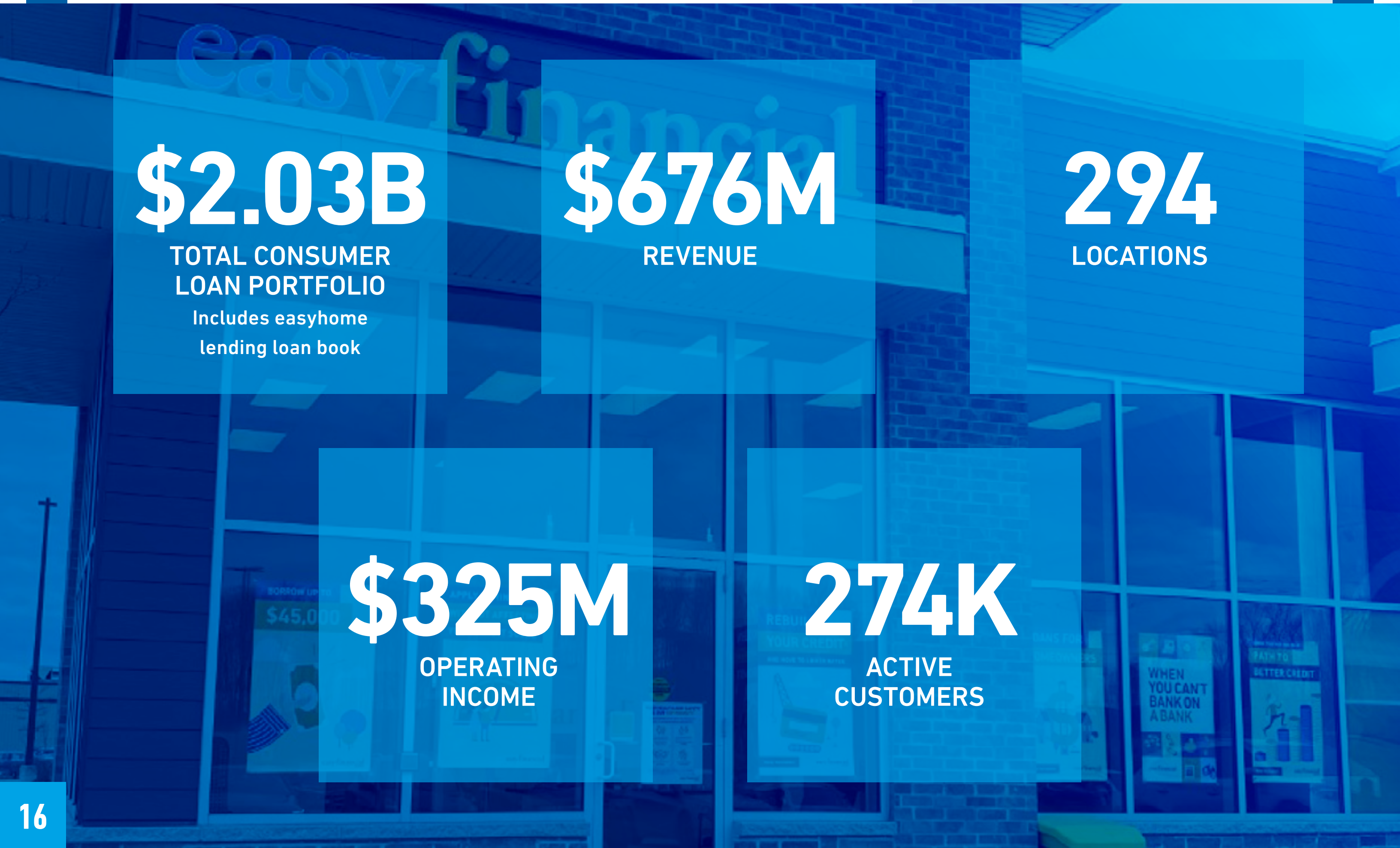
goeasy's consumer lending segment provides non-prime credit to Canadians and operates through the easyfinancial and LendCare brands following the 2021 acquisition of this leading point-of-sale financing provider.

Through a full suite of both secured and unsecured loans, we offer consumers loans up to $75,000 with rates between 9.9% - 46.9%, which are fixed payment instalment products. All payments made by borrowers are reported to credit reporting agencies, which in turn helps our customers rebuild their credit and graduate to lower rates through the products we offer or by securing prime lending rates through the banks.

We offer our products and services through an omnichannel business model, that includes a retail branch network of over 294 locations nationally, a digital platform and indirect lending partnerships including financing at over 4,000 merchants. Through our extensive distribution channels, we can reach Canadians whenever they need access to credit, wherever they may be. The distribution network coupled with a wide range of products that includes personal loans, home equity loans, powersports, automotive, retail, healthcare and home improvement verticals. positions us as one of Canada's leading consumer finance companies.

LENDCARE

LendCare, acquired by goeasy in 2021, is the Company's point-of-sale operating segment offering financing in the powersports, automotive, retail, healthcare and home improvement verticals. With over 4,000 merchant partners across Canada, LendCare offers its partners high approval rates and a best-in-class financing experience powered by its leading edge technology platform that provides real time customer verification and online instant credit decisions to help businesses grow their sales volume.



$2.03B
TOTAL CONSUMER LOAN PORTFOLIO
Includes easyhome lending loan book

$676M
REVENUE

294
LOCATIONS

$325M
OPERATING INCOME

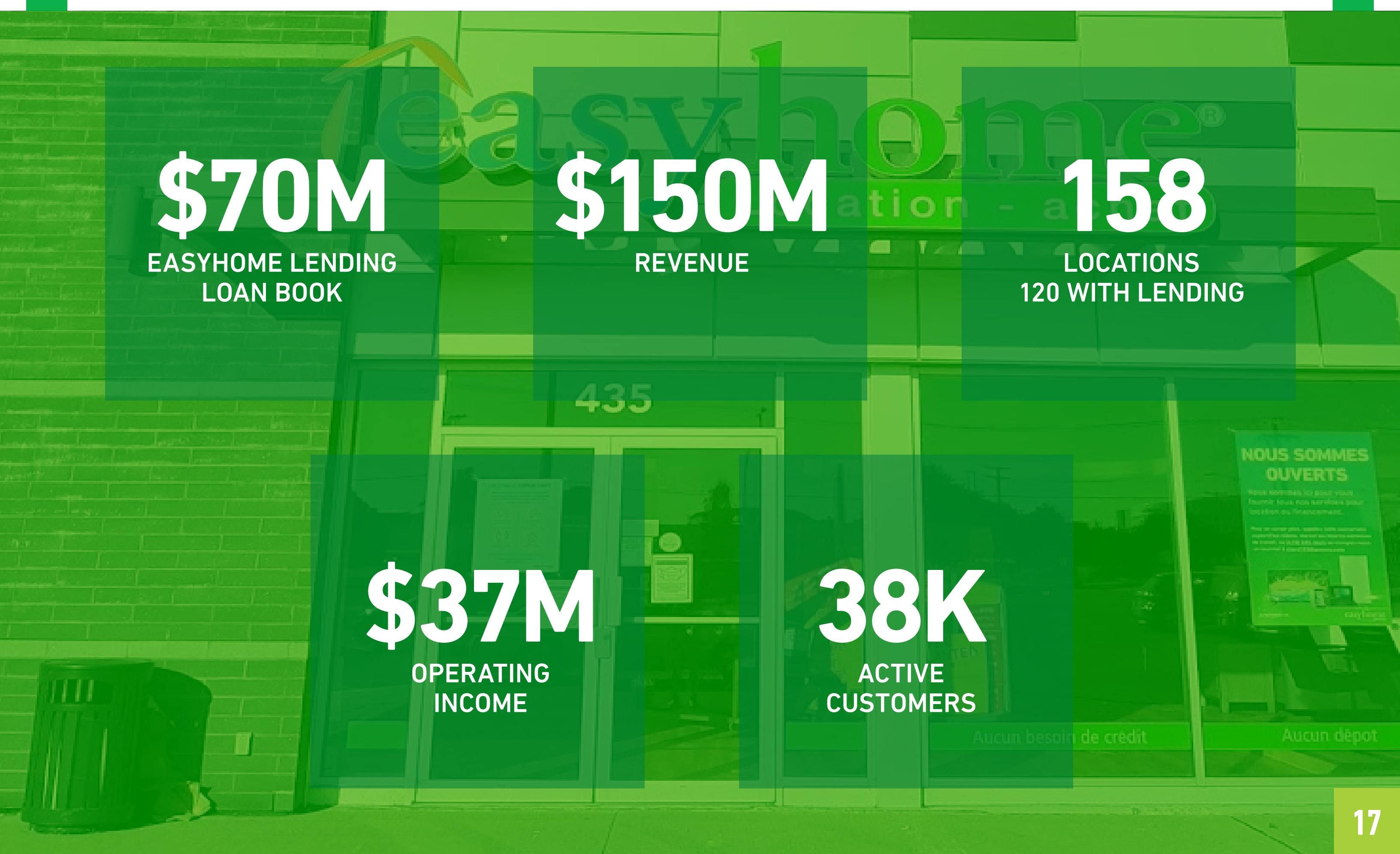
274K
ACTIVE CUSTOMERS

easyhome

Canada's largest lease-to-own retailer, has been in operation since 1990 and offers customers brand name household furniture, appliances and electronics through flexible lease agreements.

Through our 158 locations, which includes 34 franchise stores or through our digital platform, Canadians turn to easyhome as an alternative to purchasing or financing their goods from traditional retailers. With no down payment or credit check required, we offer a variety of solutions that help customers get access to the goods they need, with the flexibility to terminate their lease at any time without penalty. The consumer's lease payments are reported to the credit reporting agencies, enabling customers to build and establish their credit. easyhome is also proud to offer unsecured lending products powered by easyfinancial. This has enabled our stores to diversify their product offering and meet their customers' broader financial needs. In 2021, easyhome had its strongest year in the Company's history.

> "Excellent customer service. The team at the Yorkgate store is awesome. They have great product knowledge. I will purchase from the store in the future and recommend them anytime"
>
> Sabrina – North York, ON



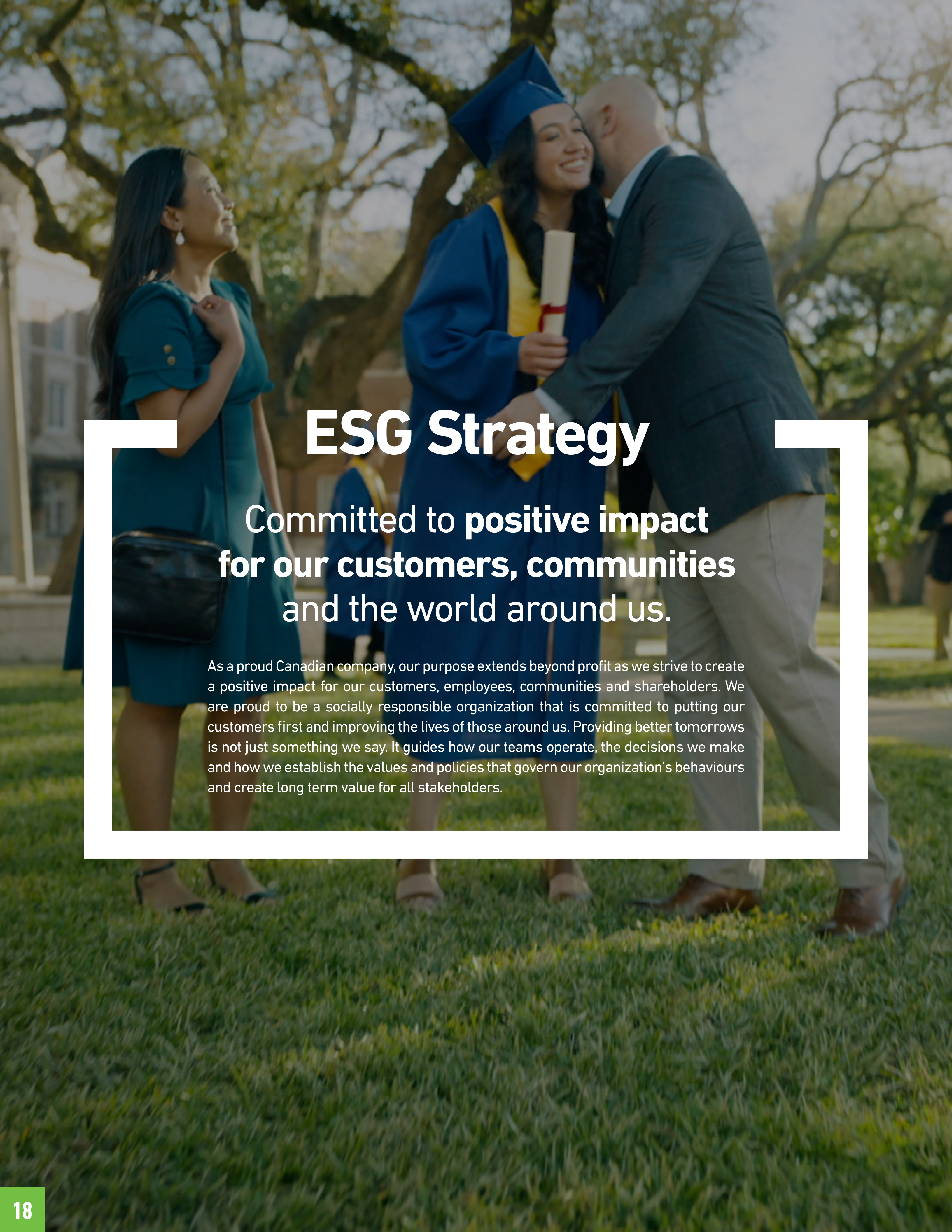
$70M
EASYHOME LENDING LOAN BOOK

$150M
REVENUE

158
LOCATIONS
120 WITH LENDING

$37M
OPERATING INCOME

38K
ACTIVE CUSTOMERS



ESG Strategy

Committed to **positive impact for our customers, communities** and the world around us.

As a proud Canadian company, our purpose extends beyond profit as we strive to create a positive impact for our customers, employees, communities and shareholders. We are proud to be a socially responsible organization that is committed to putting our customers first and improving the lives of those around us. Providing better tomorrows is not just something we say. It guides how our teams operate, the decisions we make and how we establish the values and policies that govern our organization's behaviours and create long term value for all stakeholders.

Environment

Through a variety of programs, we are demonstrating our commitment to building a more sustainable environment as we look to protect our planet and create a world for generations to come.

SUSTAINABLE PAPER POLICIES

In an effort to reduce our paper consumption, we have worked to eliminate paper-based billing and statements as we aim to reduce our environmental impact. Furthermore, we have invested heavily in multiple digital platforms including an Enterprise Resource Platform (ERP) in 2019, a Human Resources Information System (HRIS) in 2020 and a new intranet portal that will be launched in the back half of 2022. We have also embarked on a multi-year initiative to implement a new back-end financial services platform which will help support our ambition of working to eliminate all paper-based processes for both our employees and our customers.

For the paper that we do use including printed posters and brochures across our retail network, we have partnered with PrintReleaf, a global platform that uses technology to measure our paper footprint based on our cumulative printing. PrintReleaf then calculates how many trees have been harvested to produce the paper used and automatically reforests them at sustainable reforestation sites around the world.

Since January 2021 through our certification with PrintReleaf, we are proud to have supported environmental reforestation of over 740 trees to help make a positive environmental impact on a global level.

ENERGY AND EMISSION REDUCTION

We continue to take steps to reduce our carbon footprint and energy consumption through programs that include upgrading our design standards to include LED lighting at all new store and branch locations. In addition, in 2020 we began the process of retrofitting our existing retail network to LED. We have also implemented companywide recycling programs for plastics, glass and electronics in an effort to protect the world around us and limit our environmental impact.

Social

Our vision of helping everyday Canadians achieve better tomorrows has created a deep sense of purpose for our employees and our company. Throughout 2021, our team continued to prioritize the needs of our customers as they helped them navigate the uncertainty of COVID-19, while ensuring we never wavered from our commitment of providing the access to credit they need today, with the support and tools to achieve financial stability for the future. Our commitment to providing better tomorrows also extends beyond our customers, to our employees and our communities. In the second year of a global pandemic, a year in which we experienced an increased focus on social issues and environmental instability, our commitment to having a positive impact on our employees and communities continues to grow stronger.

OUR CUSTOMERS

Improving financial health

Helping our customers improve their financial health is core to our vision, as we know that transparency, education and the right tools can create meaningful change to the ways our customers both understand and manage their finances. In our direct lending channels, our team of financial services representatives takes the time to walk our customers through their credit report to help them better understand the steps to improve their credit score. In addition, our loans are designed to further support our customers journey toward financial health. By progressively offering our customers lower rates of interest for on-time payments and reporting each payment to their credit file, we aim to help our customers reduce their cost of borrowing and put them on a journey back to qualifying for credit from a traditional bank.

Transparency

We know that our customers put their trust in us and in turn, we treat them with the respect and integrity they deserve. We build strong personal relationships with our customers and take the time to ensure they understand the terms of their loan in a clear and simple manner. On all unsecured direct-to-consumer loans, we offer a 10-day cooling off period for customers. If they are not happy with their decision to take out an unsecured personal loan for any reason, they can return the funds within 10 days without any penalty and any payments or interest accrued will be refunded.

Canadian Lenders Association

As we advocate for our consumers and for innovation within our industry, we have been active members in the Canadian Lenders Association (CLA) for over 6 years. As one of the founding members of the CLA, we have worked closely with other lenders, services providers, and regulators to ensure consumers have fair access to credit in a transparent and responsible manner. With over 250 member companies across Canada, the CLA represents companies that participate in the small business, consumer, home equity, mortgage, automotive and buy-now-pay-later industries. With the largest representation of Canadian lenders, the CLA has emerged as one of the most influential bodies in the industry representing the interests of consumers. Together, members help ensure Canada remains a place of innovation and advancement in consumer credit and education, aiming to help the lives of consumers and business coast-to-coast.

> I was stuck in a constant cycle of debt because I didn't have enough financial education. After being declined at the bank, I decided to get an easyfinancial loan to consolidate my debt so I could finally pay it off and feel secure. They walked me through my credit history, explaining everything to me that could negatively impact my score, which has since improved quite a bit. I'm thankful and feeling optimistic about my financial future.
>
> **B.P. – VANCOUVER, BC.**

Our people and culture are the fabric of goeasy and the most important contributors to our **long-standing success.**

OUR EMPLOYEES

Through investments in our team, we have worked hard to deliberately build a world class culture that promotes an inclusive environment where our team members can learn, innovate, grow their careers, and bring their whole selves to work. Throughout the pandemic, our focus continued to be on protecting and supporting our employees, which included a commitment to no workforce reduction, adding income protection benefits and pivoting to remote work when necessary for the health and safety of our teams.

Employee Well Being

Protecting our employee's health and well-being has always been a key priority for our leadership teams, but during the past two years, we have significantly enhanced the programs we offer our employees. Not only did we implement a variety of health and wellness protocols to help keep our employees and customers safe, but we also identified many ways we could better support our employees mental well-being. In 2021, we added over $150,000 to our investment in mental health support including expanded access to mental health practitioners, companywide mental health breaks, and a relationship with the Canadian Mental Health Association to help our employees remain resilient in light of the new realities we are facing.

We also continue to invest heavily in our overall employee benefits and recognition programs, which includes competitive base pay, monthly bonus plans, and a variety of quarterly and annual incentives including our annual President's and Chairman's Trip, a weeklong trip awarded to our top performers to a tropical destination. We also offer our employees maternity and paternity top up benefits, RRSP matching, a sabbatical program awarded to employees at specific tenure milestones, virtual medical access, a employee loan program offered at favourable rates, company matched charitable donations, an annual $10,000 scholarship awarded to the child of an employee, tuition assistance programs and access to free financial literacy tools through McGill university.

A Commitment to Diversity

At goeasy, we believe in the strength of diversity. We have committed to cultivating and preserving a work culture where we celebrate inclusiveness and where everyone feels seen and heard, so they can truly fulfil their potential. In 2021, we formed our Diversity, Equity and Inclusion Council so we could solicit employees input and take a more active role in developing cultural programs that would encourage the diversity of talent, cultures, and experiences.

In 2021, we also completed our first ever Workforce Demographic Survey that identified employees from over 75 different countries of origin. The survey also identified that goeasy has above average Canadian representation of members of the LGBTQ2+ community, members of the Black community, other visible minorities, and Indigenous people. This information along with several other data points, helps us ensure our employees, programs and policies use inclusive and mindful language and our employee experience meets the needs of our diverse talent.

We also have several Employee Resource Groups designed to promote diversity, including our Afro-Canadian Development and Empowerment employee resource group, which was founded in 2020 and has since supported the development of programs and learning opportunities, including the celebration of Black History Month. In 2021 the Company also signed the Black North Initiative, solidifying our commitment to supporting our Black colleagues and to help remove anti-Black systemic barriers negatively affecting the lives of Black Canadians in corporate Canada.

Our Women in Leadership (WIL) resource group which was created in 2015, continues to support the growth and development of our female colleagues through learning and development, mentorship, social and community engagement and giving programs to support and uplift women's causes through volunteering and donations. In 2019, we proudly achieved gender-based pay equity. Today, 52% of all management positions are held by females, 54% of all internal promotions in 2021 were filled by women, and we increased female representation in C-suite positions to 27%, while 43% of non-executive board positions are held by females. As we continue to support the advancement and career growth of our female employees at goeasy, we were honoured to place on the 2022 Report on Business Women Lead Here list, an annual editorial benchmark to identify best-in-class executive gender diversity in corporate Canada.

89%

OF EMPLOYEES BELIEVE GOEASY VALUES DIVERSITY OF CULTURAL BACKGROUNDS, PERSONAL STYLES, AND LIFESTYLES

91%

OF EMPLOYEES BELIEVE EVERYONE CAN SUCCEED TO THEIR FULL POTENTIAL NO MATTER WHO THEY ARE

Engagement & Flexible Work

Keeping our talented team highly engaged is critical to driving the performance, change and innovation we need to offer our customers a superior experience and to ensure we can deliver on our vision.

For the past 7 years, we have conducted an annual survey to benchmark the satisfaction and engagement of our employees. This survey obtains a pulse on our team, but more importantly, helps expose ways for us to improve the employee experience. We also provide all team members the chance to evaluate their leadership, so as our supervisors and management team seek ways to grow and develop, we can hear directly from our team. In 2021, we were proud that our engagement score was 84%, the highest level since we began tracking in 2015. Through the survey, we used the feedback from our teams to craft and establish new policies and programs, including our hybrid working model for corporate office roles, which allows teams in certain functions to work flexibly in a remote location for a portion of their time. This model ensures that we can preserve the benefits of collaboration and personal relationships that are strengthened from being together.

Talent Development & Career Management

Core to our culture is a strong focus on talent development and career management that is supported by a variety of training programs. In 2015 we launched "goforum" a developmental program designed to provide career and life experiences to our top talent. Participants in the program work and collaborate with people in other departments to solve real business issues, participate in external courses, receive personal career coaching, psychometric and 360 assessments, and learn from senior leaders who participate in the program as sponsors. We also have several programs including our Branch Manager in Training and our Regional Manager in Training programs that are designed to grow employees within our organization and support their career advancement. In early 2020, we also partnered with LinkedIn learning to offer all our employees free unlimited access to industry leading learning and development programs with rich content that we are able to assign, push, and track to completion. We also focus on providing compliance training to our employees on corruption, antitrust violations and conflicts of interest which is followed by a risk assessment and an audit.

68%

OF PROMOTION OPPORTUNITIES GO TO EXISTING EMPLOYEES

6,900+

LINKEDIN LEARNING HOURS COMPLETED IN 2021

Our **Award Winning** Culture

As we continue to build our high performance culture and focus on providing our employees with an unparalleled employee experience, we are proud to have received numerous awards for culture and performance, including the Achievers Top 50 Most Engaged Workplaces in North America, the Digital Finance Institute's Canada's Top 50 FinTech Companies, Canada's Top Growing Companies from the Globe and Mail and Greater Toronto's Top Employers Award.

In 2021, we were honored to receive 4 additional awards including placing on the Globe and Mail's third-annual Women Lead Here List recognizing gender diversity in leadership positions and ranking on the prestigious TSX30 for shareholder return for the second time. We are also proud to have been certified as a Great Place to Work® which is based on direct feedback from employees, provided as part of an extensive and anonymous survey about their workplace experience and received Waterstone Human Capital Canada's Most Admired Cultures award for the second time.

Giving back to create **better tomorrows for our communities**

OUR COMMUNITIES

With a retail footprint that serves over 90% of Canadians, our connection to these communities is defined by more than our physical locations.

It is driven by our over 2,300 employees that create close relationships with our customers and feel personally committed and motivated to the causes that matter most to them.

Corporate Partnerships

Since 2002, goeasy has been heavily invested in building a strong partnership with BGC Canada (formerly Boys and Girls Clubs of Canada) to help the clubs with their mission of providing safe, supportive places where children and youth can experience new opportunities. To date, we have donated over $3.8M that has gone to support education, physical activity and health and wellness programs. But perhaps one of our most significant commitments to the clubs has been our easybites program which began in 2014 as an ambitious $2.5 million, 10-year initiative to build functioning kitchens in all 100 BGCs across Canada. By the end of 2021, goeasy had completed 60 kitchens to help feed today's youth while providing opportunities to learn how to prepare healthy meals that encourage the development of healthy habits and life skills. With today's fears around food insecurity mounting, the importance of this program has taken on a different meaning, and we are extremely proud to continue to play a critical role in making a difference in the lives of Canadian families within our communities.

Our Corporate Social Responsibility efforts also extend globally, as we support charitable endeavours in developing countries through our partnership with Habitat for Humanity's Global Village program. Since 2015, we have taken over 125 goeasy employees to Nicaragua, India, Guatemala, Cambodia and Bolivia, where we have helped build 27 homes and 18 smokeless stoves for a total of 45 housing solutions for families in extreme poverty. This incredible hands-on experience reminds us of how much we can contribute, not only within our local communities, but across the globe. In 2021, while we couldn't travel abroad, our teams still rallied behind the important mission helping to reduce poverty in developing countries by raising $43,000 for the construction of 4 housing solutions in Malawi, Africa.

Local Giving

In 2021, goeasy made a meaningful difference in many communities across Canada, stepping up to help those affected by COVID-19 as well as donating to social causes that are close to the hearts of our employees. Recognizing the need to support our communities at their most significant time of need, the Company collectively raised and donated a record $550,000 to support important causes including BGC Canada, Black Opportunity Fund, Pflag Canada, Indian Residential School Survivors Society, the Mississauga Food Bank, Mariam Society and Red Cross Canada. In addition, the Company donated over 19,400 pounds of food to the Mississauga Food Bank during the 2021 Thanksgiving season and gifted 1,100 new toys to BGCs and other organizations across the country during Christmas 2021.

As our employees share the same passion for giving back as our organization, we support their ability to give back to their own charitable interests by providing each employee with 3 paid volunteer days a year. In addition, our annual DK Johnson award provides $10,000 to a select employee each year that can be used to support a local community initiative. Since the program launch, we have supported the Saskatchewan Critical Incident Stress Management (CISM) Network, Janeway Children's Health and Rehabilitation Centre in St. John's, Newfoundland and Operation Friendship in Edmonton, Alberta. We are extremely proud to offer this unique award to our employees as we give them the opportunity to create meaningful and lasting change for the people and projects that enrich our communities coast-to-coast.

$4.35M
RAISED FOR CHARITIES TO DATE

$80K+
IN EMPLOYEE FUNDRAISING IN 2021

$470K+
IN CORPORATE DONATIONS IN 2021

Developing and **implementing strong governance practices** across goeasy is essential to the **safe, sustainable and effective operation** of the organization.

Through a series of management practices and organizational controls, goeasy aims to ensure the highest standards of compliance and to safely protect the assets and reputation of the organization and its stakeholders.

Governance

ETHICAL BUSINESS CONDUCT

The Board has adopted a written code of business conduct (the "Code") for the Company's directors, officers and employees that sets out the Board's expectations for the conduct of such persons in their dealings on behalf of the Company. The Board has also established an independent confidential hotline to encourage employees, directors and officers to raise concerns regarding matters addressed by the Code on a confidential basis, free from discrimination, retaliation or harassment.

ENTERPRISE RISK MANAGEMENT

goeasy has adopted an enterprise risk management ("ERM") frmework across all lines of business to identify, monitor and manage risks that would impede the Company from achieving its strategic objectives. goeasy sets target scores for enterprise risk categories on a yearly basis, using a scale of likelihood and impact. Residual risk scores are reviewed and assessed on a quarterly basis. Risks that score outside of the accepted risk targets are highlighted and mitigation plans are put in place to address the risk accordingly. goeasy also has a number of internal governance committees that meet on regular frequencies to review business operations and make recommendations regarding strategic and operational direction of the firm. These management committees include, but are not limited to; Credit Risk Committee, Risk Oversight Committee, Disclosure Committee, Architecture Review Board, Executive Committee.

BOARD COMPOSITION & DIVERSITY

goeasy believes in the benefits of diversity, both on the Board and at the executive level. The Company has committed to a board that is diverse in experience, perspective, education, race, gender and national origin. Through the Company's policy of supporting and promoting diversity, it looks to identify and select board members based not only on the qualifications, personal qualities, business background and experience of the candidates, but also the composition of the group of nominees to bring together a board that will support goeasy in achieving the highest level of compliance and performance for its shareholders.

BOARD COMMITTEES TO ENSURE ADEQUATE OVERSIGHT

The Company's Board has established three Committees to assist with its responsibilities, including; the Audit Committee, the Corporate Governance, Nominating and Risk Committee, and the Human Resources Committee. The Audit Committee oversees the accounting and financial reporting practices of the Company and assists the Board in its oversight role with respect to the quality and integrity of financial information and the effectiveness of the Company's risk management, internal controls and regulatory compliance practices. The Corporate Governance, Nominating and Risk Committee assists the Board in establishing and maintaining a sound system of corporate governance through a process of continuing assessment and enhancement, and has overall responsibility of the Company's Risk Management Framework, which includes matters such as Environmental Social and Governance ("ESG") and information security. The Human Resources Committee of the Board has the mandate to establish and implement the Company's executive compensation policies and monitor its compensation practices, with the objective that executive compensation be competitive and fair. The Human Resources Committee is also responsible for reviewing and approving all officers' compensation and equity-based incentive plans. The Committee annually reviews its compensation practices by comparing them to surveys of relevant competitors.

STRENGTHENING CYBERSECURITY

The Company's Chief Information Officer ("CIO") oversees and is responsible for all cybersecurity and information technology risk matters. Specifically, the CIO is responsible for implementing and managing the enterprise cybersecurity and information technology risk program. This entails identifying, evaluating, sustaining, monitoring and reporting on legal and regulatory, IT, and cybersecurity risk that hinder or help regulatory compliance and the stated enterprise risk tolerance. The Vice President of Information Security & IT Risk Management (CISO) ensures the establishment and maintenance of the cybersecurity and IT risk program, associated technologies, applications, infrastructure and digital ecosystem in which we operate. The Vice President of Information Security & IT Risk Management (CISO) works diligently with all relevant stakeholders to secure all of the company's information assets, appropriately enforce established security policies/standards, identify areas of concern, and implement appropriate changes as required. goeasy also has cyber insurance coverage to help mitigate against certain potential losses associated with cyberattacks.

43%
NON-EXECUTIVE BOARD FEMALE MEMBERS

53%
FEMALE MANAGEMENT ROLES

78%
INDEPENDENT BOARD MEMBERS

93%
OF BOARD MEMBER COMPENSATION IN DEFERRED SHARE UNITS[1]

[1] Excludes salaried executive board of directors

Message from Executive Chairman of the Board

2021 was a **year of significant achievements**, most notably the milestone of our **loan book achieving $2.03B, an increase of 63%** from 2020.

David Ingram
Executive Chairman of the Board

The management team once again proved their ability to execute in the face of the onslaught from COVID-related challenges and showed tenacity in their drive to expand our channels of distribution, expand the number of consumer product choices, strengthening the balance sheet, and delivering record financial results. These included revenues of $827 million up 27%, adjusted net income of $175 million up 49% and adjusted diluted earnings per share of $10.43 up 38%. Our future is informed by a history of 47 consecutive quarters of same store revenue growth and 82 consecutive quarters of positive net income, a journey that drives a talented team to keep succeeding. In addition to the operational performance, our balance sheet was enhanced with $600 million of additional liquidity thanks to the launch of our inaugural securitization warehouse. The enhanced funding package provides total forward liquidity of approximately $978 million at year end 2021 to fund our loan book growth through 2024.

Managing With Intent

The Board of Directors are cheerleaders for the Company's mission to "provide everyday Canadians a path to a better tomorrow, today". As such, we encourage and ensure resources are available to build goeasy into a one stop provider for all forms of credit for the roughly 8 million Canadian non-prime consumers. From our first loan in 2006 until 2016, we had only one fixed rate loan product. Today with the benefit of launching risk rate adjusted loans in 2016, the partnership with PayBright in 2019 and the acquisition of LendCare in 2021, we now have 7 different forms of consumer finance products. Our product suite includes unsecured, home equity, auto, home improvement, healthcare, retail and powersports financing. As a result of widening our credit box, we have been able to reduce the weighted average interest rate we charge from over 46% to 33% in less than 5 years. We are inspired by the opportunity to provide responsible and transparent financial products that will allow all Canadians and newly arrived immigrants the chance for financial access and a model that leads to cheaper credit.

Managing Our Capital

We have deliberately repeated the importance of the deployment of capital. Our loan portfolio now generates annual free cash flow of approximately $300 million before net growth. The highest marginal return on our cash is funding loan book growth with an ROE that has historically exceeded 20%, and so meeting consumer demand is our first priority. Next is providing capital to expand our channel development such as new retail stores and digital capacity, and funding our strategic initiatives for growth. After these basic needs is being prepared and opportunistic for acquiring new assets. In the past we have successfully navigated this with investments in rental companies, equity participation in private companies such as PayBright that provide commercial arrangements, and in 2021 the purchase of LendCare. We had been interested in LendCare as a potential investment since 2017 and were convinced that the timing and the financial terms were consistent with our goals and strategy to provide more everyday Canadians with financial access. The Board was very supportive of the transaction and we are pleased to see the deal is on track to exceed the forecasted 10% EPS accretion in 2022, and 15% in 2023. It is a testament to Jason's continued growth, completing his third year as a CEO, and the maturation of his management team, including the addition of Ali Metel as President of LendCare. The Board has full confidence in future equity investments and larger scale acquisitions.

In Closing

We have come a very long way during the last 21 years of my involvement with the Company. In that time we have encountered many headwinds, including the global financial crisis of 2008, the Alberta oil price crash of 2015 and recently the incredible difficult impacts from the COVID-19 pandemic. Despite all those challenges, we have been able to generate an EPS CAGR of nearly 30%, a total shareholder return at January 2022 of 13,510% and a TSX ranking that placed the Company tops for all 27 financial stocks. Our model has proven its strength and its resiliency and more recently, Jason and his team have demonstrated that in 2022 they are prepared for the biggest year of growth in our history. In 2019 and 2021 our loan book grew at a just over $300 million each year, and in 2022 the goal is to double that to nearly $600 million. This level of performance can only be achieved with the tireless efforts of our 2,300 team members who ensure the very best service for our customers and make themselves part of every community we serve coast-to-coast across Canada.

I also want to thank our shareholders for their continued support and the effort that many make to communicate their ideas, counsel and engagement in our strategy and vision.

On behalf of the Board of Directors, we wish to express our excitement for the future and the direction that we are collectively headed. It is still very early days for the ambitious growth journey that lies ahead.

David Ingram

Executive Chairman of the Board

2021 Letter to Shareholders

If **2020 was a year of resilience and battle** testing the business through one of the most difficult periods in our lives, 2021 will be remembered as a year during which we **accelerated the development** of our lending platform, readying the business for a period of the **most significant growth in our history.**

Jason Mullins
President & CEO

Despite another series of pandemic related challenges, our team continued to show up every day for our customers and produced another record year for the Company.

It is with great pride that we commit ourselves to serving the 8.2 million Canadians that depend on us for access to financial products that enable their lives.

Whether they are seeking a more convenient way to pay for a major life purchase, or need to resolve a financial emergency, Canadians have come to rely on us for responsible financial solutions and a customer experience that is rooted in meaningful relationships. While connecting with our customers at their time of need can be a tall task, it is an important one. One that takes empathy, passion, perseverance, and can make a real difference in their lives.

Review of 2021

2021 was a highly productive year during which we made great progress on our strategic pillars and produced record growth, revenue, and earnings. We also completed the acquisition of LendCare, which has accelerated our expansion plans and delivered above forecast accretion.

As I enter my fourth year as CEO, my tenure has been filled with both challenges and achievements, yet I am just as enthused about our future as when I started. While the past three years have forced us to be nimble and adapt our plans in response to a rapidly evolving world, I am privileged to be building a purpose-driven company with incredible people. The leadership team I work with is passionately inspired by our vision and the potential for the future. With a senior management team that averages over 8 years of tenure, we have a diverse and talented group that can scale the business, while preserving the history and DNA of the company. Maintaining the dynamic duality of preserving our core values, while having a relentless and concurrent drive for progress, change and innovation, is key to our success.

Throughout the year, demand for credit grew gradually, as the effects of the pandemic and associated economic closures slowly diminished. By the time we exited 2021, Canadians appeared to make the transition to endemic life, and consumer borrowing and spending returned to more typical levels. In total we received a record number of loan applications at over 1 million during the year and welcomed nearly 150,000 customers through the doors of our branches and stores. Loan originations topped $1.6 billion, with record organic loan growth of $340 million and a year-end consumer loan portfolio of $2.03 billion.

The launch of a new easyfinancial website and the continued investment in both digital and traditional marketing channels, helped produce a record level of brand awareness for easyfinancial at 88%. Complementing our investments in digital, we added an additional 27 branches during the year, primarily related to building our presence in Quebec, bringing our total national retail footprint to 291 easyfinancial branches and 158 corporate and franchise easyhome stores. Today over 90% of the Canadian population is within 50 km of a branch.

Representation in local communities across Canada adds credibility to our brand and helps us establish more meaningful relationships with our customers, making the retail footprint a core element of our business model.

Furthermore, our data continues to demonstrate that a retail footprint in highly trafficked locations, where our target consumers routinely travel, is a key source of customer acquisition.

We also made our largest investment to date in 2021, when we acquired LendCare and welcomed over 200 new team members and over 4,000 merchant partners to the goeasy family. The LendCare business accelerated our growth in point-of-sale finance across several major verticals, including: powersports, home improvement, healthcare and retail. LendCare's founders, Ali Metel and Mark Schell, concurrently joined our leadership team and run this division of the Company. The transaction has also proven to be more than purely an acceleration of our strategy. Equally important, it has been a significant learning experience to develop and stretch the organization's capabilities in acquisitions and integration. Welcoming a fast-growing business into goeasy has required us to develop and enhance processes for governance, organizational structure, centralization, systems and cultural integration. The lessons learned through this experience will prove invaluable for completing acquisitions in the future.

During the year, we entered the automotive financing market with the launch of a direct to consumer offering, supplemented by a dealer channel program leveraging the infrastructure of LendCare. After approximately one full year of lending, we firmly believe we can be the number one non-bank, non-prime automotive financing provider in Canada.

At 31% of the non-prime credit market, automotive financing is a $58 billion market opportunity, and the largest single product category in our industry.

As most of our customers regularly finance their vehicles, an automotive loan product is a natural extension of our offering and provides them with additional value.

We also made great progress toward helping our consumers reduce their cost of borrowing and improve their credit.

Over the last five years, we have steadily reduced the weighted average interest rate charged to our customers from over 46% to less than 33% today.

Furthermore, over 60% of our customers continue to experience an increase in their credit score and 1 out of every 3 of them are successful in graduating back to prime credit within the first year of borrowing from easyfinancial. Should a customer need to borrow from us longer, the number that open a prime credit trade continues to climb to over 50% after three years as a customer.

Notwithstanding the successes, we also faced our share of challenges. As well published, it has been a difficult period for recruiting and retaining frontline talent and those in technical and specialized high-skill roles. During the year, we lost some good team members who chose permanent remote work, or a higher base wage, over the opportunity available at goeasy. We believe, over time, we have performed exceptionally well in the market at attracting and retaining the best talent, yet the effects of the pandemic on the Canadian workforce have been noticeable. A tight labour market meant even the best organizations had to respond and react to the challenging conditions. At goeasy we are proud that approximately 20% of our workforce is staffed by new Canadians. However, during 2020, there was a 45% decrease in new immigrants coming to Canada, decreasing this segment of the labour pool to historically low levels. Access to government assistance also meant many workers opted out of entering the job market. Further, as restrictions eased and the economy began to reopen, job postings quickly spiked to above pre-pandemic levels, creating even greater competition for talent. As at the time of this letter, the unemployment rate in Canada has fallen to 5.3%, the lowest level on record since formal tracking began in 1976.

Despite the challenging labour market and another year of having to forego many of our staple incentives and corporate events for virtual substitutes, the strength of our culture, our focus on employee experience, and internal development programs helped produce a year of record results. In 2021, goeasy was certified as a Great Place to Work in Canada, while also being renamed as one of Canada's Most Admired Corporate Cultures by Waterstone Human Capital.

Our team's commitment to the vision was reaffirmed in our 2021 employee engagement survey, which revealed a score of 84%, our highest rating ever.

Furthermore, over 68% of all management positions were filled through internal promotions in 2021, a sign that we are cultivating the next generation of leaders that will carry our Company forward for years to come.

We also continued to diligently manage and allocate our capital, while strengthening our balance sheet in preparation for future growth. Over the past year, the finance and treasury teams launched, and subsequently upsized, our inaugural securitization warehouse and enhanced our revolving credit facility. With participation from 5 of the 6 major banks in Canada between the two facilities, they provide combined capacity close to $1.2 billion and reduced our fully drawn weighted average cost of borrowing to 4.2%. The new capital structure also helps hedge against a rising rate environment – timely in the current conditions. The material shift in our funding to lower cost secured sources, combined with the fixed rate nature of our unsecured notes and the hedging we implement on each draw on our securitization facility, conspires to reduce the impact of an increase in rates. The strength and diversification of our balance sheet ensures we remain well capitalized to achieve our long-term growth objectives.

As the year wound down, we also experienced another opportunity to allocate capital toward repurchasing our own shares. Since the equity market correction began in November, we have allocated over $110 million of capital to repurchase nearly 700,000 shares, essentially reacquiring nearly half the stock we originally issued to execute the LendCare acquisition. While share repurchases serve to temporarily increase our leverage position, they are highly accretive to the future earnings per share of the Company. Furthermore, we continue to run the business with a more conservative level of leverage than our peer group, with a net debt to net capitalization ratio less than 70%, relative to our peer average of 80%. Additionally, our book equity is sufficient to cover nearly 4 years of cumulative annualized credit losses.

For the full year, we generated record revenue of $827 million, up 27%, compared with $653 million in 2020. Excluding the effects of the adjusting items related to the acquisition of LendCare and fair value gains on our investments, adjusted net income for the full year was $175 million, up 49% from $118 million in 2020; while adjusted diluted earnings per share was $10.43, up 38% from $7.57 in 2020.

The financial performance, which led to strong returns for shareholders, also resulted in goeasy ranking on the TSX30 list for the second time over the past three years.

Environment

MARKET & COMPETITIVE LANDSCAPE

Prior to the pandemic, of the 29 million Canadians with an active credit file, approximately 9.4 million had credit scores less than 720 and were deemed to be non-prime in 2019, according to TransUnion. Collectively, these Canadians held debt balances of approximately $230 billion in credit, excluding any primary residential mortgages, and the market was growing at a CAGR of approximately 4%. In 2020, the non-prime market shrank to 8.4 million Canadians, with their total credit balances declining to $196 billion, due an improvement in consumers credit scores and a reduction in debt levels. In 2021 we saw that trend continue, with the total number of non-prime consumers declining slightly to 8.2 million, while total debt balances fell to $186 billion. Meanwhile in the prime lending market, total balances continued to grow, topping $661 billion in 2021, growth of nearly 5%. While the slower balance growth in non-prime presented headwinds to our consumer loan portfolio in 2021, they are also evidence that the average non-prime Canadian experienced an improvement to their finances throughout the pandemic, highlighting the significant growth opportunity available as the market corrects and normal borrowing behaviour returns.

Our competitive landscape has remained largely unchanged, with Fairstone, remaining our largest and most comparable competitor. As our product range has evolved, we also now compete with a range of new lenders unique to each product vertical. Lastly, the remaining large payday loan chains continue to try and transform their consumer loan offering to compete for certain segments of our customer base. Our competitive point of differentiation clearly continues to be the wider range of products and services we have developed and the hyper focus on improving our customers long term financial wellness.

REGULATORY LANDSCAPE

Canada's regulatory framework for governing the non-bank consumer lending industry is well established and has remained largely stable for over four decades. Section 347 of the Criminal Code regulates the entire lending market, setting the maximum effective annual rate of interest that can be charged at 60%. On a nominal basis, the maximum allowable annual percentage rate (APR) most familiar to consumers on standard credit products is an interest rate of approximately 47%. On a periodic basis, industry consultations are done to evaluate the appropriateness of the allowable rate. In the past, these consultative processes have revealed significant complexity and unintended consequences that can affect access to credit for millions of hard-working Canadians. As such, we believe the regulations are widely viewed as appropriate. Notwithstanding the general stability, we have long been on a journey to reduce the weighted average interest rate for our customers. From 2017 to the present, the weighted average interest rate on our portfolio has reduced from approximately 46% to less than 33% today, with our loan products starting at rates as low as 9.9%. Furthermore, our existing strategy is expected to result in a further reduction in the weighted average interest rate charged to our borrowers to below 30% within the next few years. By widening the range of products and rates we charge, we have been able to attract more near-prime consumers and extend the life of our customer relationships by providing a path for consumers to receive an interest rate reduction in reward for positive payment performance. As a result, we believe we are well positioned to adapt, should a change in the allowable rate of interest ever occur.

Furthermore, we have been working directly with provincial and federal regulators for many years, both independently and through the Canadian Lenders Association. Throughout the legislative and regulatory process, we are regularly consulted to provide guidance and feedback on how laws can be crafted to best protect consumers, without restricting their access to credit and disrupting the efficacy of the market. These consultations have helped us develop excellent working relationships at all levels of government.

ECONOMIC LANDSCAPE

For nearly ten years, we have published 3-year commercial forecasts for investors. These projections are built with the same consistent philosophy each year. Based on the products and initiatives in market, we develop a bottom up projection of originations that our data and research suggest is reasonable and achievable. We then stress the model with more ambitious and more conservative cases, which in effect account for a variety of potential tailwinds and headwinds, including the potential for a degree of economic turbulence. In our modelling, we anticipate a downside case in which more challenging conditions influence lending activity and credit performance. As such, we only adjust the ranges provided in our forecast if we experience extreme economic conditions, or the product and credit mix evolve materially different than anticipated. This approach has served us well, and we have consistently achieved or exceeded our forecasts.

In examining the economic backdrop exiting 2021 and entering 2022, there are both a series of tailwinds and headwinds facing the consumer. On one hand, we are experiencing strong economic growth in tandem with a general labour shortage, resulting in extremely low unemployment. As mentioned earlier, at the time of this letter, unemployment is at an all-time low of 5.3%. This bodes well for our customers, as obtaining employment or pursuing a new career is perhaps easier now than in generations. Furthermore, consumers appear ready, willing, and able to return to their typical borrowing and spending behaviours, as COVID restrictions have all but vanished and most people are anxious to live their lives again. On the other hand, excess money supply from government stimulus, strong consumer demand and severe supply chain challenges have resulted in higher levels of inflation, which have exceeded the level of wage growth for several months running, which in the long term can put pressure on consumer cash flows.

To carefully navigate economic conditions, we utilize a series of credit risk related management tools. First, we employ several custom proprietary credit scores that allow us to increase or decrease the level of credit risk we accept by lowering or increasing our credit tolerance.

Our models, which have been developed and refined over 10 years, are statistically 2x more predictive at projecting loss risk than a generic credit score.

Secondly, our underwriting process includes an affordability component, driven by either a debt-to-income or payment-to-income ratio, varying by product. Through adjusting these ratios, and the size of loan we are willing to issue a customer, we can effectively ensure that a borrower is left with additional discretionary income to absorb higher everyday living expenses. Given that our portfolio liquidates at a rate of approximately 45% per annum, we can affect the underlying composition quickly with credit or underwriting related modifications, impacting nearly 50% of our portfolio within just 12 months of lending activity. By carefully monitoring the economic outlook, we can make pro-active credit adjustments in advance of economic expansions or contractions.

As we have communicated in the past, non-prime consumers and the businesses lending to this category of borrowers are also incredibly resilient. In my letter from our 2019 annual report and shareholder updates that we provided in December of 2018 and March of 2020 (which can be found in the news release section of our investor website at (https://investors.goeasy.com/news-releases), we carefully lay out critical points of consideration that explain why non-prime consumers experience a more moderate degree of change in default rates during an economic downturn than prime borrowers, and why non-prime consumer lending businesses are well equipped to navigate through downturns. These include;

- **Lower levels of debt –**
  non-prime Canadians have 55% less debt than prime consumers
- **Less exposure to rising interest rates due to lower home ownership –**
  only 20% of goeasy borrowers own their homes, compared to over 65% of the overall population
- **A higher propensity to purchase credit insurance –**
  more than 50% of our portfolio today carries incremental insurance for unemployment risk with a third-party provider of credit insurance
- **Secured loans –**
  the portion of our portfolio secured by hard assets, such as real estate or automotive and recreational vehicles, has increased to over 33% of the portfolio
- **Diverse industry sectors –**
  our customers work in a wide variety of industry sectors including manufacturing, retail, financial services, healthcare, technology, and public sector jobs – with no significant industry specific concentration risk
- **Government support –**
  Canada's standard unemployment insurance program covers approximately two thirds of an average consumers after-tax income
- **Business model under stress –**
  due to the risk adjusted margins and variable nature of many operating expenses, net charge offs can more than double before compromising profitability
- **Cash flow generation –**
  if new lending activity was slowed and we were to hold the portfolio flat, the business generates nearly $300 million of free cash, while in a run-off scenario with reasonable cost reductions, the business produces over $3.1 billion of gross cash and enough free net cash flow to extinguish all external debt in approximately 15 months

Moreover, the data from research analysis done by TransUnion on several past recessionary periods, combined with our own experience in Alberta in 2015, proves that the degree of increase in credit losses is more moderate for the non-prime segment than it is for prime borrowers.

Notwithstanding the risk of future economic deterioration, to date in 2022, the conditions have proven to be constructive, as we have experienced strong consumer demand and stable credit performance, with our current outlook remaining unchanged. As such, we feel confident in the attainability of our forecast.

Outlook

2022 stands to prove the true growth potential of our multi-product, multi-channel business model, as we march toward becoming the number one full suite financial institution for non-prime Canadians. A one-stop source for all their borrowing needs. A lender that aims to provide everyday credit products in a responsible and transparent manner, complemented by a greater purpose… to help our customers improve their financial health.

As we continue to execute on the four pillars of our strategy, we have never been more excited about the future of our business. By 2024, we expect to organically grow the loan portfolio by roughly 75%, to approximately $3.5 billion, driven by the execution of our current suite of products and channels. We also remain on a quest to reduce the cost of borrowing for our customers.

By optimizing for an 8% to 10% pre-tax return on receivables that in turn produces over a 20% return on equity, we can deliver attractive long-term earnings growth and shareholder return, while concurrently passing along rate reductions to our customers and expanding their relationship with us.

Over the next 3-year period, our strategy will bring down the weighted average interest rate we charge our customers to below 30%.

The resiliency of our business model and strength of our risk management and analytics practice, provides confidence in our ability to carefully manage overall credit performance within a projected range. Barring any significant degradation in the environment, we expect the annualized net charge off rate of our portfolio to oscillate between 8.5% and 10.5%, gradually declining in outer years.

The strength of our internal cash generation will also lead to a gradual de-levering of our balance sheet, while the business continues to reap the benefits of scale, and the operating margin and corresponding profitability expand.

To produce the growth, we will continue to invest in the business. During the coming year we plan to spend approximately 3.5% of our revenues on marketing and advertising, including through the launch of a new TV and digital video campaign. We also plan to invest approximately $30 million of capital into real estate and technology, including our digital and point-of-sale platforms, core lending solution and data infrastructure.

To date we have assembled a powerful lending business with multiple products and acquisition channels. However, we have not yet fully monetized the potential of the platform. Today, many of our customers are not aware of the wide range of borrowing options available or presented offers for loan products they are eligible for. Moreover, the cross-selling activity that is done today, uses a basic approach of email marketing and phone-based selling. Despite these gaps, we have initial data that the propensity for customers to obtain other lending products from us is very high. In the last few weeks, I have hosted several dinners with some of our customers and they unanimously indicated they prefer to deal with one lender they trust, rather than have credit products from multiple institutions. Therein lies a tremendous opportunity. We think of our business as a lending eco-system for non-prime Canadians. A one-stop shop where they can get access to all their borrowing needs from a single trusted provider. While non-prime lenders have typically offered a narrow product selection, banks aim to use a wide range of services to capture a greater share of the consumers wallet and maximize lifetime value.

In 2022 we will begin to develop a disruptive self-serve digital portal that will give prospects and customers alike, access to easily see the wide variety of financial services available, and dynamically provide them with loan offers tailored to their credit profile and borrowing needs.

We have already begun to set up a new dedicated digital team to develop our mobile app and we hope to design and launch version 1.0 by end of this year, then begin our journey toward the end-state… where non-prime borrowers never have to apply for credit again. By way of investments in data, decisioning and digital, consumers will simply download our app, provide some basic information and consent, then begin to instantly preview the credit products they are eligible for. We think this digital portal will extract maximum value from our full-suite financial services institution and dramatically improve the customer experience for non-prime Canadians.

Secondly, we will continue to invest in scaling our automotive finance program. Through both the indirect dealership and direct to consumer channels, we believe we can be the number one non-prime, non-bank auto lender in Canada. Over the course of the year we plan to scale from approximately 1,400 dealer partners, to over 2,200 by year-end, while continuing to improve our direct to consumer offering through automotive specific advertising and enhancements to our digital process. We will also explore working with new digital online car retailers so we can reverse integrate and showcase vehicles to our customers that they have been screened and pre-approved to purchase, removing the friction from the typical car buying experience.

Lastly, we will be working on several initiatives to scale our point-of-sale lending business through our LendCare brand. From enabling consumers to pre-qualify for financing on our partners' web sites, to integrating directly into the sales systems of our merchants, to developing a true full spectrum solution in partnership with other prime lenders, we anticipate a meaningful lift in originations from financing everyday large ticket purchases for our consumers. In addition, several financing verticals such as healthcare, home improvement and general-purpose retail are still in their early stages of development and present great expansion potential.

In closing, we are proud of our achievements, but far more excited about the future.

As meaningful as the $2 billion consumer loan milestone was, it suggests we have only captured just 1% of the market share for non-prime credit in Canada.

When I reflect on the future, we are surrounded by possibilities. In fact, deciding what opportunities to pursue and not pursue, while prioritizing where we focus our time and resources, is one of the mort important activities we spend considerable time on. An abundance of opportunity is, as they say, a good problem to have.

It is both an honour and a privilege to lead our organization and the incredible team at goeasy. I am truly surrounded by some of the most talented and passionate people I have ever met and am grateful for how they consistently rise to every challenge. The credit for our success is owed to the over 2,300 team members that show up daily for our cause and our customers.

Together, we are on a mission to be the largest and best performing non-prime consumer lender in Canada.

And we are truly just getting started!

Sincerely,

Jason Mullins
President & CEO

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Management's discussion and analysis of financial condition and results of operations

Year ended
December 31, 2021

Management's discussion and analysis of financial condition and results of operations

Date: February 16, 2022

The following Management's Discussion and Analysis ("MD&A") presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries (collectively referred to as "goeasy" or the "Company") as at December 31, 2021 compared to December 31, 2020, and the consolidated results of operations for the three-month period and year ended December 31, 2021 compared with the corresponding periods of 2020. 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, 2021. 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 consolidated 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.goeasy.com (https://investors.goeasy.com/).

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements about goeasy, 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, forecasts for growth of the consumer loans receivable, annual revenue growth forecasts, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements and the Company's ability to secure sufficient capital, liquidity of goeasy, plans and references to future operations and results, critical accounting estimates, expected lower charge off rates on loans with real estate collateral and the benefits resulting from such lower rates, the size and characteristics of the Canadian non-prime lending market and the continued development of the type and size of competitors in the market. 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 "expect", "continue", "anticipate", "intend", "aim", "plan", "believe", "budget", "estimate", "forecast", "foresee", "target" 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 goeasy's operations, economic factors and the industry generally. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those expressed or implied by forward-looking statements made by goeasy. Some important factors that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to, goeasy's ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favorable terms, secure new franchised locations, offer products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favorable terms, compete, 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.

goeasy cautions that the foregoing list is not exhaustive. These and other factors could cause actual results to differ materially from our expectations expressed in the forward-looking statements, and further details and descriptions of these and other factors are disclosed in this MD&A, including under the section entitled "Risk Factors".

The reader is cautioned to consider these, and other factors carefully and not to 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

goeasy Ltd. is a Canadian company headquartered in Mississauga, Ontario, that provides non-prime leasing and lending services through its easyhome, easyfinancial and LendCare brands. Supported by more than 2,300 employees, the Company offers a wide variety of financial products and services including lease-to-own merchandise, unsecured and secured instalment loans. goeasy aspires to help put non-prime consumers on a path to a better financial future, by helping them rebuild their credit and graduate back to prime lending. Customers can transact seamlessly through an omni-channel model that includes an online and mobile platform, over 400 locations across Canada, and point-of-sale financing offered in the retail, power sports, automotive, home improvement and healthcare verticals, through more than 4,000 merchants across Canada. Throughout the Company's history, it has acquired and organically served over 1.1 million Canadians and originated over $7.7 billion in loans, with one in three easyfinancial customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing.

With 31 years of leasing and lending experience, goeasy has developed a deep understanding of the non-prime Canadian consumer. Of the 29.6 million Canadians with an active credit file as at December 31, 2021, 8.2 million had credit scores less than 720 and are deemed to be non-prime, down from 8.4 million in 2020 due to the upward migration of consumer credit scores as a result of the pandemic. Collectively, these Canadians carry $186 billion in credit balances, down from $196 billion in 2020, and represent the Company's target market. These consumers, many of which are unable to access credit from banks and traditional financial institutions, turn to goeasy to avoid the high cost of payday loans. By graduating customers to progressively lower rates of interest, goeasy is uniquely positioned to deliver against its vision of providing everyday Canadians a path to a better tomorrow, today.

goeasy funds its business through a combination of equity and debt instruments. goeasy's common shares ("Common Shares") are listed for trading on the Toronto Stock Exchange ("TSX") under the trading symbol "GSY". The Company has been able to consistently secure additional capital at increasingly lower rates in order to continue fueling the growth of its business and has sufficient capital and borrowing capacity to meet its growth plans through the fourth quarter of 2023 based on the Company's organic growth assumptions. goeasy is rated BB- with a stable trend from S&P, and Ba3 with a stable trend from Moody's.

Accredited by the Better Business Bureau, goeasy is the proud recipient of several awards in recognition of its exceptional culture and continued business growth including Waterstone Canada's Most Admired Corporate Cultures, Glassdoor Top CEO Award, Achievers Top 50 Most Engaged Workplaces in North America, Greater Toronto Top Employers Award, the Digital Finance Institute's Canada's Top 50 FinTech Companies, ranking on the TSX30 and placing on the Report on Business ranking of Canada's Top Growing Companies and has been certified as a Great Place to Work®. The Company is represented by a diverse group of team members from over 75 nationalities who believe strongly in giving back to communities in which it operates. To date, goeasy has raised and donated over $4.35 million to support its long-standing partnerships with BGC Canada, Habitat for Humanity and many other local charities.

OVERVIEW OF EASYFINANCIAL

In 2006, easyfinancial, the Company's non-prime consumer lending division began operating with the goal of bridging the gap between traditional financial institutions and costly payday lenders. The Company's consumer lending segment is a leading provider of non-prime credit in Canada and operates through the easyfinancial and LendCare brands (through an acquisition completed in 2021 discussed further in detail below).

Historically, consumer demand for non-prime loans in Canada was satisfied by the consumer-lending arms of several large, international financial institutions. Since 2009, many of the largest branch-based participants in this market (including Wells Fargo, HSBC Finance and CitiFinancial) have either closed their operations or dramatically reduced their size due to changes in banking regulations related to risk adjusted capital requirements. Today, traditional financial institutions are generally unwilling or unable to 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. For this reason, demand in this market is met by a variety of industry participants who offer diverse products including auto lending, credit cards, installment loans, retail finance programs, small business lending and real estate secured lending. Generally, industry participants have tended to focus on a single product rather than providing consumers with a broad integrated suite of financial products and services. As a result, easyfinancial is one of a small number of coast-to-coast non-prime lenders with a history of success.

The business model of easyfinancial is based on lending out capital in the form of unsecured and secured consumer credit primarily to non-prime borrowers who are generally unable to access credit from traditional sources such as major banks. The company originates loans up to $50,000 with rates between 9.9% - 46.9%, which are fixed payment instalment products. All payments made by borrowers are reported to credit reporting agencies to help customers rebuild their credit. easyfinancial also offers a number of optional ancillary products including a customer protection program that provides creditor insurance, a home and auto benefits product which provides roadside assistance, a gap insurance product which covers buyer and lender from any shortfall in case of total loss insurance claim, warranty coverage on select products which are financed, and a credit monitoring and optimization tool that helps customers understand the steps to take to rebuild their credit and improve their financial outcomes.

The Company charges its customers interest on the money it lends and also receives a commission for the optional ancillary products it offers through third party providers. The interest, additional commissions and various fees, collectively produce the total portfolio yield the Company generates on its loan book. The Company's total portfolio yield relative to its cost of capital and loan losses is a key driver of profitability.

As a lender, the Company expects to incur credit losses related to those customers who are unable to repay their loans. Given the higher risk nature of the non-prime borrower, the credit losses are reflective of the higher rate of interest it charges. The Company's proprietary credit models allow it to set the level of risk it is willing to accept. The Company could take less credit risk and reduce its loan losses, but it would come at the expense of profitable volume. Likewise, the Company could accept more risk to drive greater growth and profitability, but it would come with higher losses and have downstream impacts on the cost and ability to access capital. Ultimately, the Company's objective is to optimize profitability and operating margins by striking the right balance between origination velocity (the applicants it approves) and the loss rate of the portfolio.

The Company offers its products and services through an omnichannel business model, including a retail branch network, digital platform and indirect lending partnerships. The Company had 294 easyfinancial locations (including 5 kiosks within easyhome stores and 3 operations centres) in 10 Canadian provinces as of December 31, 2021. In addition to its retail branch network, customers can also transact online which remains a critical source of new customer acquisition and accounts for 41% of the Company's application volume. The Company also originates loans through its point-of-sale channel that includes hundreds of retail and merchant partnerships. Through its partnership with PayBright developed in 2019, Canada's leading provider of instant point-of-sale financing, the Company is able to offer its non-prime instalment loan product through the PayBright platform at the point-of-sale, a partnership which continued with Affirm Inc.'s acquisition of PayBright in 2020.

On April 30, 2021, the Company completed the acquisition of 100% of the outstanding equity of LendCare Holdings Inc. ("LendCare"), a Canadian point-of-sale consumer finance and technology company founded in 2004. LendCare is a technology enabled, non-bank consumer lender that provides a full spectrum point-of-sale solution to enable its merchant partners' customers to finance the purchase of good and services. Through its proprietary origination software, LendCare specializes in financing consumer purchases in the powersports, automotive, retail, healthcare, and home improvement verticals. LendCare also offers ancillary products, including credit life, disability, loss of employment and gap insurance, and warranty coverage. The acquisition of LendCare has accelerated the Company's expansion into the point-of-sale financing channel and provided a complementary near-prime product range, improves and diversifies the Company's credit profile, further expanding goeasy across the credit spectrum and increasing the weighted average credit score of its borrowers.

Although the Company leverages multiple acquisition channels to attract new customers, approximately 71% of loans are managed at local branches. Through its many years of experience in non-prime lending, the Company believes that an omnichannel model optimizes loan performance and profitability, while providing a high-touch and personalized customer experience. The customer loyalty developed through these direct personal relationships extends the length of the customer relationship and improves the repayment of loans which ultimately leads to lower charge offs and higher lifetime value.

In addition to its unique omnichannel model, the Company also differentiates itself through its customer experience and specifically the journey of providing customers a path to improving their credit and graduating back to prime borrowing. This is done through the Company's broad product range which provides customers with progressively lower interest rates, access to credit rebuilding products such as its creditplus starter loan, free financial education and tools and services that help them better understand and manage their credit scores. Whether a customer is looking to establish, repair, build or strengthen their credit profile by borrowing funds or using the equity in their home to secure a larger loan at a lower rate, easyfinancial can provide a lending solution that best serves their individual needs.

Through its many years of experience and a disciplined approach to growth and managing risk, easyfinancial has demonstrated a history of stable and consistent credit performance. Since implementing centralized credit adjudication in 2011, the Company has successfully managed annualized net charge off rates within its stated targeted range. Lending decisions are made using proprietary custom scoring models, which combine machine learning and advanced analytical tools to optimize the balance between loan volume and credit losses. These models have been developed and refined over time by leveraging the accumulation of extensive customer application, demographic, borrowing, repayment and consumer banking data that determines a customer's creditworthiness, lending limit and interest rate. These models improve the accuracy of predicting default risk for the non-prime customer when compared to a traditional credit score. Credit risk is further enhanced by industry-leading underwriting practices that include pre-qualification, credit adjudication, affordability calculations, centralized loan verification, and repayment by the customer via electronic pre-authorized debit directly from the customer's bank account on the day they receive their regularly schedule income. The Company also requires supporting documentation for all of its successful applicants who take out a direct to consumer loan. Through the Company's proprietary custom scoring models, coupled with the personal relationships its employees develop with customers at its branch locations, the Company believes it has found an optimal balance between growth and prudent risk management and underwriting.

OVERVIEW OF EASYHOME

easyhome, is Canada's largest lease-to-own Company and has been in operation since 1990 offering customers brand name household furniture, appliances and electronics through flexible lease agreements. In 2021, easyhome accounted for 18% of consolidated revenue (2020 – 22%) and leasing revenue accounted for 80% of easyhome revenue (2020 – 84%).

Through its 158 locations which includes 34 franchise stores or through its eCommerce platform, Canadians turn to easyhome as an alternative to purchasing or financing their goods. With no down payment or credit check required, easyhome offers a flexible solution that helps consumers get access to the goods they need, with the flexibility to terminate their lease at any time without penalty.

In 2017, easyhome began offering unsecured lending products in almost 100 easyhome locations. As at December 31, 2021, there are 120 easyhome locations offering lending products. This expansion allowed the Company to further increase its distribution footprint for its financial services products by leveraging its existing real estate and employee base. This transition has enabled easyhome stores to diversify its product offering and meet the broader financial needs of its customers.

In 2019, easyhome began reporting customer's lease payments to the credit reporting agencies as a way to further enhance its vision of providing its customers with a path to a better tomorrow. With every on-time lease payment, easyhome customers can now build their credit and ultimately use the easyhome transaction as a stair step into other financial products and services that easyfinancial offers.

REPORTABLE OPERATING SEGMENTS

For management reporting purposes, the Company has two reportable operating segments:

- The easyfinancial operating segment lends out capital in the form of unsecured and secured consumer loans to non-prime borrowers. easyfinancial's product offering consists of unsecured and real estate secured installment loans. The LendCare operating segment specializes in financing consumer purchases in the powersports, automotive, retail, healthcare, and home improvement categories. The majority of LendCare loans are secured by personal property or a Notice of Security Interest. The Company aggregates operations of easyfinancial and LendCare into one reportable operating segment called easyfinancial, on the basis of their similar economic characteristics, customer profile, nature of products, and regulatory environment. This aggregation most accurately reflects the nature and financial results of the business activities in which the Company engages, and the broader economic and regulatory environment in which it operates.

  The Company's chief operating decision maker ("CODM"), which has been determined by the Company to be the Chief Executive Officer, utilizes the same key performance indicators to allocate resources and assess the performance of the operating segments. The CODM uses several metrics to evaluate the performance of the operating segments, including but not limited to, the volume of consumer loan originations and the risk-adjusted margin of the businesses (comprising the yield on the consumer loan portfolios net of the annualized loss rates). These key financial and performance indicators, which are used to assess results, manage trends and allocate resources to each of the operating segments, have been, and are expected to remain, similar. In addition, the Company will gradually centralize and share some of the common functions such as finance and certain aspects of human resources and information technology.

  The customers served by the easyfinancial and LendCare operating segments are Canadian consumers, the majority of whom are classified as non-prime borrowers and seeking alternative financial solutions to those of a traditional bank. These consumers actively use a wide range of financial products and will migrate across the products offered in each segment. Furthermore, the nature of products sold by each of the operating segments and the distribution methods of those products are similar. Both the easyfinancial and LendCare operating segments offer unsecured and secured instalment loans, which are offered through a retail network of branches or merchant partnerships, complemented by an online digital platform. In addition, both operating segments are subject to the same federal and provincial legislations and regulations applicable to the consumer lending industry.

- The easyhome reportable operating segment provides leasing services for household furniture, appliances and electronics and unsecured lending products to retail consumers.

Corporate Strategy

The Company has developed a strategy based on four key strategic pillars. These priorities have remained consistent since 2017 and continue in the Company's strategic initiatives, as it furthers its vision of helping the non-prime customer access responsible financial products on their journey to improved credit, lower rates and a better tomorrow.

The Company's four strategic pillars include focusing on developing a wide range of credit products, expanding its channels and points of distribution, diversifying its geographic footprint and lastly, focusing on improving the customer's financial wellness through its products, pricing, ancillary tools and services and customer relationships.

PRODUCT RANGE

The Company's objective is to build a full suite of non-prime consumer credit products, which currently includes unsecured and secured lending products at various risk adjusted interest rates and a broad suite of value-add ancillary services. As of December 31, 2021, the Company offers traditional unsecured instalment loans, home equity secured instalment loans, automotive vehicle financing, and loans to finance the purchase of retail goods, powersports and recreational vehicles, home improvement and healthcare products and services. The Company will continue to expand and grow the products it offers with the goal of providing non-prime consumers with the same type of choices and options available to prime consumers through a traditional bank. As the Company brings new products to market, it will explore existing conventional products as well as develop new forms of credit that meet the unique needs of its customers and can provide meaningful improvements to their financial health. Future products may include credit cards, lines of credit and additional products for credit establishment, including cash secured credit.

CHANNEL EXPANSION

The Company operates 3 distinct and complementary distribution and acquisition channels including 411 retail lending outlets (291 easyfinancial branches and 120 easyhome stores where loans are offered as of December 31, 2021), its online platform and point-of-sale financing available through approximately 4,000 dealerships and merchant partners. Based on the dollar volume of originations from 2021, the retail branch channel represented 24.8% of application volume and 57.2% of loan originations, online represented 53.8% of application volume and 26.4% of originations and point-of-sale financing represented 21.4% of applications and 16.3% of originations. 70.8% of loan originations were funded and/or serviced in a branch location, 22.5% were funded and/or serviced through a point-of-sale channel, with the remainder serviced in the Company's national shared services centre. Expanding its channels of distribution is a key strategic priority, as the Company seeks new ways to make credit accessible in a convenient manner for its customers. The Company will continue to pursue new opportunities that include expanding its retail network, developing a more dynamic and personalized digital experience supported by mobile, adding new automotive and powersports dealerships, adding new merchant partnerships and seeking new third-party lending and referral partnerships. The point-of-sale market continues to be an attractive opportunity as consumers gravitate to spreading payments over time through a buy now, pay later model. This opportunity and the lack of supply for second look financing in Canada was key in prompting the Company's 2019 partnership with PayBright, now Affirm, and its acquisition of LendCare.

GEOGRAPHIC DIVERSIFICATION

Canada continues to provide a substantial runway for growth for many years to come for goeasy with over 8.2 million non-prime Canadians facing limited options for credit. The market is vast and underserved, providing adequate room for expansion. While the Company finished 2021 with 294 easyfinancial locations, it estimates its retail footprint for easyfinancial will expand to support between 300 and 325 locations across Canada in the coming years. The Company will continue to incrementally add locations in select markets as it works toward expanding its footprint. In particular, retail branch expansion will be focused on the province of Quebec, which represents a large market opportunity, and completing our footprint in key urban markets such as Toronto and Vancouver. The Company also remains focused on adding new dealer and merchant partners across Canada to increase the distribution of its products and make them more accessible to all Canadians.

The Company also believes there is significant opportunity to consider international markets where the easyfinancial business model can be replicated. The two markets the Company believes are the most attractive are the United States and the United Kingdom. In the United States it is estimated that there are over 100 million non-prime consumers and in the United Kingdom it is estimated that there are over 12 million non-prime consumers. The consumers in these markets utilize credit products such as those offered by the Company. The Company remains active in exploring potential acquisition opportunities within the domestic Canadian financial services industry, as well as in these international markets.

FINANCIAL WELLNESS

The Company competes on a unique point of differentiation which is a focus on its customers' financial wellness and more specifically, the journey of providing customers a path to improve their credit and graduate back to prime borrowing rates. With 8.2 million non-prime Canadians, of which 69% have been denied credit by banks and other financial institutions, goeasy plays an extremely important role in the financial ecosystem. By providing access to credit and a second chance for its customers, the Company serves as a key steppingstone in helping them rebuild their credit through products that report each payment to the credit reporting agencies. The Company is proud to have helped over 60% of its customers improve their credit score while 1 in 3 customers have graduated to prime lending. The Company is also focused on providing its consumers a path to reducing their cost of borrowing, by progressively offering its customers with on-time payments access to products with lower rates of interest. Between 2017 and 2021, the company has reduced the weighted average interest charged on its loans from 46% to 33.5%.

The Company has always set itself apart from the competition by seeing beyond the initial transaction with the customer and instead, focusing on building one to one personalized relationships that are based on trust and respect for every customer's unique situation. The Company is proud to provide a free financial literacy center for all Canadians that includes hundreds of articles and tools to help its customers better understand and manage their personal finances.

As the Company continues to evolve, ensuring its suite of products and services are designed to meet its customer's needs across the entire credit spectrum is critically important. Whether a customer is establishing credit as a new Canadian or repairing damaged credit as a result of a life event, goeasy's laddered suite of products ensures every customer has access to honest and responsible lending.

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 ON 2021 FORECASTS

Notwithstanding, the continued impact of COVID-19, the Company experienced strong commercial performance throughout 2021, including record high adjusted operating income, adjusted net income, and adjusted diluted earnings per share. The Company's financial position was enhanced by the earnings contribution from LendCare and strong organic growth in the Company's consumer loan portfolio. Furthermore, the Company remained well capitalized throughout the year, with approximately $978 million in total liquidity and funding capacity as at February 16, 2022, along with a conservative level of financial leverage. The business is well positioned to withstand economic volatility and financial stress.

The Company's 2021 forecasts, assumptions and risk factors were disclosed in its December 31, 2020 MD&A. The Company's forecasts did not contemplate the acquisition of LendCare and consequently, the Company revised these forecasts in its June 30, 2021 MD&A. The Company's actual performance against its revised forecast for fiscal 2021 is as follows:

	ACTUAL RESULTS FOR 2021	UPDATED FORECASTS FOR 2021	OUTCOME
Gross consumer loans receivable at year-end	$2.03 billion	$1.95 - $2.05 billion	Consistent with forecast
New easyfinancial locations opened during the year	27	20 – 25	Above forecast
Total yield on consumer loans (including ancillary products) [1]	42.1%	40% - 42%	Consistent with forecast
Total Company revenue growth	26.6%	24% - 27%	Consistent with forecast
Net charge offs as a percentage of average gross consumer loans receivable	8.8%	8.5% - 10.5%	Consistent with forecast
Total Company operating margin (actual/adjusted[1,2])	34.0%/38.3%	35% +	Consistent with forecast
Return on equity (actual/adjusted[1,2])	36.7%/26.2%	22% +	Consistent with forecast
Free cash flows from operations before net growth in gross consumer loans receivable[2]	$260 million	$190 million - $230 million	Above forecast[3]
Net debt to net capitalization[1]	65%	64% - 66%	Consistent with forecast

[1] Total yield on consumer loans (including ancillary products), adjusted total Company operating margin and adjusted return on equity are non-IFRS ratios, net debt to net capitalization is a capital management measure and free cash flows from operations before net growth in gross consumer loans receivable is a non-IFRS measure. Non-IFRS measures, non-IFRS ratios and capital management measures are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies. See description in sections "Portfolio Analysis", "Key Performance Indicators and Non-IFRS Measures" and "Financial Condition".

[2] During 2021, the Company incurred adjusting items that were outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include LendCare Acquisition transaction costs and integration costs, day one loan loss provision on the acquired LendCare loan book, amortization of intangible assets acquired through the Acquisition and the realized and unrealized fair value gains on investments during the year. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section.

[3] Free cash flows from operations before net growth in gross consumer loans receivable was higher than forecast due to slightly higher earnings and non-cash expenses such as bad debt expense than forecasted.

THREE YEAR FORECASTS

The Company continues to pursue a long-term strategy that includes expanding its product range, developing its channels of distribution and leveraging risk-based pricing to reduce the cost of borrowing for its consumers and extend the life of its customer relationships. As such, the total yield earned on its consumer loan portfolio will gradually decline, while net charge off rates remain stable and operating margins expand.

The Company's strong financial position, combined with favorable trends in the Canadian economic environment, provides a positive environment for the organization to continue its long track record of growth. The Company has provided a new 3-year forecast for the years 2022 through 2024. The periods of 2022 and 2023 have been updated to reflect the most recent outlook.

The forecasts outlined below contemplate the Company's expected domestic organic growth plan and do not include the impact of any future mergers or acquisitions, or the associated gains or losses associated with its investments.

	FORECASTS FOR 2022	FORECASTS FOR 2023	FORECASTS FOR 2024
Gross consumer loans receivable at year end	$2.4 - $2.6 billion	$2.9 - $3.1 billion	$3.4 - $3.6 billion
New easyfinancial locations to be opened during the year	15 - 20	10 - 15	5
Total Company revenue	$0.97 - $1.00 billion	$1.10 - $1.14 billion	$1.24 - $1.28 billion
Total yield on consumer loans (including ancillary products)[1]	36.5% - 38.5%	35.0% - 37.0%	34.0% - 36.0%
Net charge offs as a percentage of average gross consumer loans receivable	8.5% - 10.5%	8.0% - 10.0%	8.0% - 10.0%
Total Company operating margin	35% +	36% +	37% +
Return on equity	22% +	22% +	22% +

[1] Total yield on consumer loans (including ancillary products) is a non-IFRS ratio. Non-IFRS ratios are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies. See description in section "Portfolio Analysis".

These forecasts are inherently subject to material assumptions used to develop such forward-looking statements and risks factors as identified below.

KEY ASSUMPTIONS

In formulating the guidance provided above, the Company makes a series of assumptions, which include, but are not limited to:

Environment Conditions

- Gradual improvement and stability in the economy.
- Continued growing demand for non-prime credit.
- The effects of the COVID-19 pandemic will continue to subside through 2022.

goeasy Locations

- The new store opening plan occurs as per the Company's stated targets.
- Continued investment in new branches, new growth opportunities and increased marketing will drive increased customer originations.

Portfolio Growth

- The Company executes on growth initiatives outlined in its strategic plan, including expansion of loan products, geographic expansion across Canada, and increased penetration of its risk adjusted products, indirect point of-sale, secured lending products and easyhome lending products.
- Continued growth of the consumer loans receivable portfolio, driven by new delivery channels, further geographical expansion and continued growth of the Company's existing lending products.
- Stable revenue generated by the Company's easyhome business, coupled with growth of consumer lending at easyhome.

Liquidity & Funding

- The Company continues to be able to access growth capital at a reasonable cost.

Revenue Yield

- The Company expects the yield to moderate over the outlook period, due to a shift in product mix, increased use of risk adjusted pricing within the portfolio, growth in indirect point-of-sale financing, secured lending products and increased lending activity in provinces where loans have a lower interest rate.
- The effective yield earned on the sale of ancillary products reduces as the average loan size increases.
- Yield and loss rates of risk adjusted and secured lending products are as estimated in the Company's budget and strategic plan.

Credit Performance

- Net charge off rates for the existing products remain at current levels, while net charge off rates for risk adjusted and secured lending products continue to perform in line with the Company's forecast.
- The mixture of customers acquired through each of the Company's acquisition channels and the mixture of new and existing borrowers are as estimated in the Company's forecast.

Investment Performance

- The fair value of Investments are assumed to remain static, as no forecast is made on changes in carrying value of the investment portfolio.

Mergers and Acquisitions

- No mergers and acquisitions were contemplated in the forecasts.

KEY RISK FACTORS

These forecasts are inherently subject to risks as identified in the following, as well as those risks, which are referred to in the section entitled "Risk Factors" as described in this MD&A.

Environmental & Market Conditions

- Impact of COVID-19 pandemic

  The Company's business has been impacted by the COVID-19 pandemic, which has created significant societal and economic disruptions. The COVID-19 pandemic has had, and will continue to have, a broad impact across industries and the economy, including effects on consumer confidence, global financial markets, regional and international travel, supply chain distribution of various products for many industries, government and private sector operations, the price of consumer goods, country-wide lockdowns in various regions of the world, and numerous other impacts on daily life and commerce.

  With the active vaccination campaigns during the year, Canada saw improvements in containing outbreaks of the COVID-19 pandemic and the economy reopened at a different pace across the country. Lighter control measures led to partial economic recovery. However, towards the end of 2021, the emergence of new variants, including the Omicron variant, have led the Canadian government, and governments around the world, to re-institute measures to combat the spread of COVID-19, including, but not limited to: the implementation of travel bans, border closings, mandated capacity limits and closures, self-imposed quarantine periods and social and physical distancing policies, which have contributed to the material disruption to businesses globally, resulting in continued economic uncertainty.

  The ever-changing and rapidly-evolving effects of COVID-19, the duration, extent and severity of which are currently unknown, on investors, businesses, the economy, society and the financial markets could, among other things, add volatility to the global stock markets, change interest rate environments, and increase delinquencies and defaults. With the stricter control measures back in place, the Company will continue to remain vigilant in its efforts to mitigate the impact of COVID-19 related risks to the Company. The COVID-19 virus, and the measures to prevent its spread, may continue to contribute to a higher level of uncertainty with respect to management's judgements and estimates.

- Uncertainty around overall consumer demand during times of business disruption.
- Increased levels of unemployment or economic instability.
- Business conditions are within acceptable parameters with respect to consumer demand, competition and margins.

Real Estate

- The Company's ability to renew existing leases and secure new locations.

Access to Capital & Funding

- Continued access to reasonably priced capital and funding.

Regulatory Environment

- Changes to regulations governing the products offered by the Company.

Credit Performance

- Material increase of net charge off rates.

Merchant Partnerships and Point-of-Sale Channel

- The Company's ability to continue to secure and maintain merchant partnerships and point-of-sale channel.

Analysis of Results for the Year Ended December 31, 2021

FINANCIAL HIGHLIGHTS AND ACCOMPLISHMENTS

- On January 1, 2021, PayBright sold 100% of its shares to Affirm Holdings Inc. ("Affirm"), including the Company's minority equity interest in PayBright. Under the terms of the sale transaction, on January 1, 2021, the Company received total consideration, which was valued at that time, as follows:

  - Cash of $23.0 million, excluding one-time expenses and closing adjustments and including $2.1 million held in escrow;
  - Equity in Affirm with a value of $21.5 million; and
  - Contingent equity in Affirm with a value of $15.4 million, subject to revenue performance achieved in 2021 and 2022.

  Subsequent to the closing of the sale transaction, Affirm completed an initial public offering and its shares now trade on the Nasdaq Global Select Market under the symbol "AFRM". The equity consideration received by the Company was subject to customary lock-up agreements in connection with Affirm's initial public offering. Subsequent to Affirm's initial public offering, the Company entered into a 6-month total return swap ("TRS") agreement to substantively hedge its market exposure related to its equity in Affirm which represents the non-contingent portion of the equity consideration received, pursuant to the sale of its investment in PayBright. The TRS effectively results in the economic value of the Company's non-contingent shares in Affirm being settled in cash at maturity for USD$108.87, net of applicable fees.

In August 2021, the lock-up period for the non-contingent portion of the equity investment in Affirm ended and the Company sold all non-contingent Affirm shares with a total consideration of $54.6 million and realized a fair value gain of $33.0 million under Other income in the consolidated statement of income. Concurrently, the TRS related to the non-contingent portion of the equity in Affirm was settled in August 2021 for $33.3 million, which was recognized as a realized fair value gain under Other income in the consolidated statement of income.

In September 2021, the Company entered into a 9-month TRS agreement to partially hedge its market exposure related to 100,000 contingent shares of Affirm. This TRS effectively results in the economic value of the hedged portion of the Company's contingent equity in Affirm being settled in cash at maturity for USD$110.35 per share, net of applicable fees. This TRS does not meet the criteria for hedge accounting.

In November 2021, the Company entered into a 7-month TRS agreement to partially hedge its market exposure related to an additional 75,000 contingent shares of Affirm. This TRS effectively results in the economic value of the hedged portion of the Company's contingent equity in Affirm being settled in cash at maturity for USD$163.00 per share, net of applicable fees. This TRS does not meet the criteria for hedge accounting.

The fair value of investment in Affirm as at December 31, 2021 of $53.5 million resulted in a before-tax unrealized fair value gain for the period of $42.0 million for the year. Included in the Derivative financial assets is the change in fair value of the above 9-month and 7-month TRS related to the contingent portion of the equity in Affirm for the year ended December 31, 2021 amounting to $7.0 million, which was recognized as an unrealized fair value gain under Other income in the consolidated statement of income.

- In 2021, the Company invested $10.5 million to acquire a minority equity interest in Brim Financial Inc. ("Brim"), a Canadian fintech company and globally certified credit card issuer.
- On April 30, 2021 ("Acquisition Date"), through its newly created wholly-owned subsidiary, 2830844 Ontario Inc., the Company acquired 100% of the outstanding equity of LendCare, a Canadian point-of-sale consumer finance and technology company, from LendCare's founders and CIVC Partners for consideration of $324.8 million, of which $313.0 million was paid in cash and $11.8 million was paid in the Company's common shares (the "Acquisition"). The $11.8 million fair value of the 81,400 common shares issued as consideration was calculated with reference to the closing price of the Company's common shares on the Acquisition Date.

The Company determined the fair value of the identifiable net assets and liabilities, goodwill and intangible assets acquired of LendCare at the date of acquisition as follows :

	AMOUNT
Total identifiable net assets acquired	**71,212**
Intangible assets	**134,186**
Goodwill	**159,613**
Deferred tax liabilities	**(40,229)**
Total purchase consideration transferred	**324,782**
Purchase consideration	
Cash	**312,945**
Common shares	**11,837**
Total consideration	**324,782**
Analysis of cash flows on Acquisition	
Transaction costs of the Acquisition (included in cash flows from operating activities)	**(9,341)**
Cash used in Acquisition, net of cash acquired (included in cash flows from investing activities)	**(281,041)**
Issuance of notes payable, net of financing charges (included in cash flows from financing activities)	**391,516**
Issuance of common shares, net of issuance costs (included in cash flows from financing activities)	**164,812**
Payment of notes payable (included in cash flows from financing activities)	**(243,567)**
Net cash flow on Acquisition	**22,379**

The goodwill of $159.6 million largely reflects the synergies of combining and streamlining the Company's current business with LendCare's operations. Goodwill is not deductible for income tax purposes.

- In connection with the Acquisition, on April 16, 2021, the Company closed its bought deal equity offering of 1,404,265 subscription receipts of the Company ("Subscription Receipts") (including 183,165 Subscription Receipts issued pursuant to the exercise in full by the syndicate of underwriters of the over-allotment option granted by the Company), at a price of $122.85 per Subscription Receipt, for gross aggregate proceeds of $172.5 million (the "Offering"). The Subscription Receipts issued pursuant to the Offering commenced trading on the TSX on April 16, 2021 under the ticker symbol GSY.R. As a result of the completion of the Acquisition on April 30, 2021, each of the 1,404,265 outstanding Subscription Receipts were automatically exchanged for one common share of the Company. The Subscription Receipts were delisted from the TSX after the close of market on April 30, 2021.

  As share consideration for the acquisition of LendCare, the Company issued 81,400 common shares to LendCare's founders valued at $11.8 million, calculated with reference to the closing price of the Company's common shares on the Acquisition Date.

- On April 29, 2021, the Company closed its offering of US$320 million of 4.375% senior unsecured notes maturing on May 1, 2026 ("2026 Notes") with interest payable semi-annually on May 1 and November 1 of each year and commencing on November 1, 2021. Concurrently with the offering, the Company entered into a cross currency swap agreement to fix the foreign exchange rate for the proceeds from the offering and for all required payments of principal and interest under these 2026 Notes at a fixed exchange rate of USD1.000 = CAD1.2501, effectively hedging the obligation at $400 million with a Canadian dollar interest rate of 4.818%.

- In September 2021, the Company increased its revolving securitization warehouse facility to $600 million, from its prior $200 million capacity. The revolving securitization warehouse facility continues to be structured and underwritten by National Bank Financial Markets ("NBFM") under a new three-year agreement, which incorporates favourable key modifications, including improvements to eligibility criteria and advance rates. The interest on advances are payable at the rate of 1-month Canadian Dollar Offered Rate ("CDOR") plus 185 bps, an improvement of 110 bps. The Company continued utilizing an interest rate swap agreement to generate fixed rate payments on the amounts drawn and mitigate the impact of interest rate volatility. Proceeds from the revolving securitization warehouse facility will be used for general corporate purposes, including funding growth of its consumer loan portfolio, originated by both its easyfinancial Services Inc. and LendCare subsidiaries.

  In January 2022, the Company further increased its revolving securitization warehouse facility from $600 million to $900 million. The revolving securitization warehouse facility continues to be underwritten by NBFM, with the addition of new lenders to the syndicate. The facility matures on December 7, 2023 and continues to bear interest on advances payable at the rate equal to 1-month CDOR plus 185 bps.

- In January 2022, the Company amended its revolving credit facility agreement. The amendments reduced the maximum principal amount available from $310 million to $270 million, with the maturity extended to January 27, 2025 and increased the accordion feature from $75 million to $100 million. The amendments also include key modifications including improved advance rates, less restrictive covenants, and a broader syndicate of banks. On lender's prime rate ("Prime") advances, the interest rate payable has been reduced by 125 bps, from the previous rate of Prime plus 200 bps to Prime plus 75 bps. On draws elected to be taken utilizing the Canadian Bankers' Acceptance ("BA") rate, the interest rate payable has been reduced by 75 bps from the previous rate of BA plus 300 bps to BA plus 225 bps.

- As at December 31, 2021, the Company had a cash position of $102.5 million which includes $13.3 million of net restricted cash related to its cross-currency and total return swap contracts, and $27.6 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings reserve. As at December 31, 2021, the Company has borrowing capacities of $305 million under its revolving securitization warehouse facility and $310 million under its revolving credit facility. The cash position of $102.5 million and total borrowing capacities of $615 million represented $717.5 million in total liquidity as at December 31, 2021. The Company also has the ability to exercise the accordion feature under its revolving credit facility to add an additional $75 million in borrowing capacity. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plan and meet its forecast through the fourth quarter of 2023.

  The expansion of the revolving securitization warehouse facility by $300 million and the reduction of the revolving credit facility by $40 million brings the total liquidity to $977.5 million as at February 16, 2022. The current total liquidity, excluding further enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plan and meet its forecast through the fourth quarter of 2024.

- Gross consumer loans receivable increased from $1.25 billion as at December 31, 2020 to $2.03 billion as at December 31, 2021, an increase of $783.5 million, or 62.8%. The growth was fueled by i) the $444.5 million of acquired gross consumer loans receivable from the acquisition of LendCare; ii) increased originations from the Company's point-of-sale channel; iii) increased originations of unsecured loans and real estate secured loans; iv) the maturation of the Company's retail branch network and further geographical expansion; v) lending in the Company's easyhome stores; vi) growth of the Company's auto lending program and vii) ongoing enhancements to the Company's digital properties.

- Net charge offs in the year as a percentage of the average gross consumer loans receivable on an annualized basis were 8.8%, 120 bps lower compared to the same period of 2020 of 10.0%. The change in the net charge off rate was due to the combined effect of improved product and credit mix of the portfolio, inclusive of the acquisition of LendCare, which has a higher proportion of secured loans resulting in a lower net charge offs and the improvement in the payment performance of the Company's gross consumer loan portfolio related to macro-economic conditions related to the COVID-19 pandemic. Net charge offs were below the Company's targeted level due to the significant reduction in consumer expenses caused by economic closures and the increased degree of federal financial support available to customers during the COVID-19 pandemic.

- During the year, the net change in allowance for future credit losses increased by $15.5 million due to the day one loan loss provision of $14.3 million related to the acquired LendCare loan book, coupled with higher level of loan book growth, when compared to the comparable period of 2020. The provision rate for the year decreased to 7.87% from 10.08% in 2020, primarily due to the improved credit performance of the Company's gross consumer loan portfolio driven by the Company's proactive series of credit model enhancements and underwriting adjustments in recent years to improve the long-term credit quality of the portfolio, and the acquisition of the LendCare loan book, which has a lower provision rate.

- easyfinancial reported record operating income and operating margin in 2021. easyfinancial operating income was $324.8 million, compared with $242.6 million in 2020, an increase of $82.2 million, or 33.9%. The improved operating income was driven by the continued organic growth in the Company's loan book, the continued improvement in the credit and payment performance of the Company's gross consumer loan portfolio related to macro-economic conditions related to the COVID-19 pandemic and the acquisition of LendCare. As a result, easyfinancial revenue increased by $166.4 million, partially offset by an increase of $45.6 million in bad debt expense and $38.6 million of incremental expenditures due to the acquisition of LendCare. easyfinancial's operating margin for the year was 48.0%, compared to 47.6% reported in 2020.

- easyhome reported record operating income and operating margin in 2021. easyhome's operating income was $36.9 million, compared with $31.0 million in 2020, an increase of $5.8 million, or 18.7% driven by an increase in the leasing rate and improved product mix change and the growth of consumer lending within the easyhome stores. easyhome's operating margin for the year was 24.5%, an increase from the 21.7% reported in 2020.

- Total Company operating income in 2021 was a record $281.0 million, up $64.6 million, or 29.8%, when compared to 2020. The Company also reported a record operating margin for the year of 34.0%, up from the 33.1% reported in 2020. During 2021, the Company incurred adjusting items that were outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include LendCare Acquisition transaction costs and integration costs, day one loan loss provision on the acquired LendCare loan book, amortization of intangible assets acquired through the Acquisition and the realized and unrealized fair value gains on investments during the year. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of these adjusting items, the Company reported a record adjusted operating income[1] for the year of $316.7 million, up $100.2 million, or 46.3%, when compared to 2020. The Company also reported a record adjusted operating margin[1] of 38.3% for the year, up from the 33.1% reported in 2020. The increase in operating margin was mainly driven by the higher revenue during the year associated with the larger consumer loan portfolio, partially offset by higher operating expenses.

- goeasy achieved record reported and adjusted net income[1] and reported and adjusted diluted earnings per share[1] in 2021. The Company's net income for 2021 was $244.9 million, or $14.62 per share on a diluted basis, up 79.4% and 66.9%, respectively, against the $136.5 million, or $8.76 per share on a diluted basis reported in 2020. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures" section, the adjusted net income for 2021 was $174.8 million, or $10.43 per share on a diluted basis. On this basis, adjusted net income and adjusted diluted earnings per share increased by 48.5% and 37.8%, respectively.

- goeasy achieved record reported return on equity of 36.7% in 2021, compared to 36.1% in 2020. Adjusted return on equity[1] during the year was 26.2%, down from 31.1% in 2020. The decline in adjusted return on equity was primarily related to the higher level of shareholders' equity resulting from the $172.5 million bought deal equity offering related to the LendCare Acquisition, partially offset by the increased earnings produced by the larger consumer loan portfolio.

- goeasy achieved record reported return on tangible common equity[1] of 50.7% in 2021, compared to 38.3% in 2020. Adjusted return on tangible common equity[1] during the year was 35.3%, up from 33.0% in 2020. The increase in adjusted return on tangible common equity1 was driven by the increased earnings produced by the larger consumer loan portfolio.

- In consideration of the improved earnings achieved in 2021, and the Company's confidence in its continued growth and access to capital going forward, the Board of Directors approved a 38% increase to the annual dividend from $2.64 per share to $3.64 per share in 2022.

[1] Adjusted operating income and adjusted net income are non-IFRS measures. Adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity and reported and adjusted tangible common equity are non-IFRS ratios. Non-IFRS measures and non-IFRS ratios are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies. See descriptions in section "Key Performance Indicators and Non-IFRS Measures".

SUMMARY OF FINANCIAL RESULTS AND KEY PERFORMANCE INDICATORS

($ in 000's except earnings per share and percentages)	YEAR ENDED December 31, 2021	YEAR ENDED December 31, 2020	VARIANCE $ / BPS	VARIANCE % CHANGE
Summary Financial Results				
Revenue	**826,722**	652,922	173,800	26.6%
Operating expenses before depreciation and amortization[2]	**466,833**	371,763	95,070	25.6%
EBITDA[1]	**438,921**	267,129	171,792	64.3%
EBITDA margin[1]	**53.1%**	40.9%	1,220 bps	29.8%
Depreciation and amortization expense[2]	**78,886**	64,723	14,163	21.9%
Operating income	**281,003**	216,436	64,567	29.8%
Operating margin	**34.0%**	33.1%	90 bps	2.7%
Other income[2,3]	**114,876**	21,740	93,136	428.4%
Finance costs[2]	**79,025**	54,992	24,033	43.7%
Effective income tax rate	**22.7%**	25.5%	(280 bps)	(11.0%)
Net income	**244,943**	136,505	108,438	79.4%
Diluted earnings per share	**14.62**	8.76	5.86	66.9%
Return on assets	**11.5%**	9.8%	170 bps	17.3%
Return on equity	**36.7%**	36.1%	60 bps	1.7%
Return on tangible common equity[1]	**50.7%**	38.3%	1,240 bps	32.4%
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**316,652**	216,436	100,216	46.3%
Adjusted operating margin	**38.3%**	33.1%	520 bps	15.7%
Adjusted net income	**174,759**	117,646	57,113	48.5%
Adjusted diluted earnings per share	**10.43**	7.57	2.86	37.8%
Adjusted return on assets	**8.2%**	8.5%	(30 bps)	(3.5%)
Adjusted return on equity	**26.2%**	31.1%	(490 bps)	(15.8%)
Adjusted return on tangible common equity	**35.3%**	33.0%	230 bps	7.0%
Key Performance Indicators				
Same store revenue growth (overall)[1]	**12.1%**	6.3%	580 bps	92.1%
Same store revenue growth (*easyhome*)[1]	**6.0%**	4.5%	150 bps	33.3%
Segment Financials				
easyfinancial revenue	**676,351**	509,904	166,447	32.6%
easyfinancial operating margin	**48.0%**	47.6%	40 bps	0.8%
easyhome revenue	**150,371**	143,018	7,353	5.1%
easyhome operating margin	**24.5%**	21.7%	280 bps	12.9%
Portfolio Indicators				
Gross consumer loans receivable	**2,030,339**	1,246,840	783,499	62.8%
Growth in consumer loans receivable[4]	**783,499**	136,207	647,292	475.2%
Gross loan originations	**1,594,480**	1,033,130	561,350	54.3%
Total yield on consumer loans (including ancillary products)[1]	**42.1%**	45.5%	(340 bps)	(7.5%)
Net charge offs as a percentage of average gross consumer loans receivable	**8.8%**	10.0%	(120 bps)	(12.0%)
Free cash flows from operations before net growth in gross consumer loans receivable[1]	**260,104**	210,619	49,485	23.5%
Potential monthly lease revenue[1]	**8,193**	8,461	(268)	(3.2%)

[1] EBITDA, adjusted operating income, adjusted net income and free cash flows from operations before net growth in gross consumer loans receivable are non-IFRS measures. EBITDA margin, adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity, adjusted return on asset, reported and adjusted return on tangible common equity and total yield on consumer loans (including ancillary products) are non-IFRS ratios. Same store revenue growth (overall), same store revenue growth (easyhome) and potential monthly lease revenue are supplementary financial measures. Non-IFRS measures, non-IFRS ratios and supplemental financial measures are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies. See description in sections "Portfolio Analysis", "Key Performance Indicators and Non-IFRS Measures" and "Financial Condition".

[2] During the year ended December 31, 2021, the Company had a total of $77.5 million before-tax ($70.2 million after-tax) adjusting items which include:

Adjusting items related to the LendCare Acquisition

- Transaction costs of $9.3 million before-tax ($8.9 million after-tax) which include advisory and consulting costs, legal costs, and other direct transaction costs related to the acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $7.6 million which are non tax-deductible and loan commitment fees related to the acquisition of LendCare reported under Finance costs amounting to $1.7 million before-tax ($1.3 million after-tax);
- Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the acquisition of LendCare and the write off of certain software as a result of the integration with LendCare. Integration costs amounting to $5.0 million before-tax ($3.7 million after-tax) were reported under Operating expenses before depreciation and amortization;
- Bad debt expense related to the day one loan loss provision on the acquired loan portfolio from LendCare amounting to $14.3 million before-tax ($10.5 million after-tax); and
- Amortization of $131 million intangible asset related to the acquisition of LendCare with an estimated useful life of ten years amounting to $8.7 million before-tax ($6.4 million after-tax).

Adjusting item related to other income

- Realized and unrealized fair value gains mainly on investments in Affirm and TRS amounting to $114.9 million before-tax ($99.7 million after-tax).

[3] During the year ended December 31, 2020, the Company's adjusting item included:

- Unrealized fair value gain on investment in PayBright amounting to $21.7 million before-tax ($18.9 million after-tax).

[4] Growth in consumer loans receivable during the year includes gross loans purchased through the LendCare Acquisition amounting to $444.5 million.

LOCATIONS SUMMARY

	LOCATIONS AS AT DECEMBER 31, 2020	LOCATIONS OPENED/ACQUIRED IN THE YEAR[1]	LOCATIONS CLOSED IN THE YEAR	CONVERSIONS	LOCATIONS AS AT DECEMBER 31, 2021
easyfinancial					
Kiosks (in store)	14	1	(1)	(9)	**5**
Stand-alone locations	251	26	-	9	**286**
Operations Centers	1	2	-	-	**3**
Total *easyfinancial* locations	266	29	(1)	-	**294**
easyhome					
Corporately owned stores	126	-	(2)	-	**124**
Franchise stores	35	-	(1)	-	**34**
Total *easyhome* stores	161	-	(3)	-	**158**
Corporate					
Corporate office	1	-	-	-	**1**
Total corporate office	1	-	-	-	**1**

[1] Includes locations acquired through the acquisition of LendCare.

SUMMARY OF FINANCIAL RESULTS BY REPORTING SEGMENT

	YEAR ENDED DECEMBER 31, 2021			
($ IN 000'S EXCEPT EARNINGS PER SHARE)	EASYFINANCIAL[1]	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	512,810	22,828	-	535,638
Lease revenue	-	112,371	-	112,371
Commissions earned	152,485	11,249	-	163,734
Charges and fees	11,056	3,923	-	14,979
	676,351	150,371	-	826,722
Total operating expenses before depreciation and amortization	323,381	68,706	74,746	466,833
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	18,553	37,115	5,011	60,679
Depreciation of right-of-use assets	9,666	7,689	852	18,207
	28,219	44,804	5,863	78,886
Operating income (loss)	324,751	36,861	(80,609)	281,003
Other Income				114,876
Finance costs				
Interest expense and amortization of deferred financing charges				75,910
Interest expense on lease liabilities				3,115
				79,025
Income before income taxes				316,854
Income taxes				71,911
Net income				244,943
Diluted earnings per share				14.62

[1] LendCare's financial results are reported under the easyfinancial reportable operating segment. For additional details, please refer to "Overview of the Business" section.

	YEAR ENDED DECEMBER 31, 2020			
($ IN 000'S EXCEPT EARNINGS PER SHARE)	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	392,450	17,133	-	409,583
Lease revenue	-	112,796	-	112,796
Commissions earned	109,246	8,667	-	117,913
Charges and fees	8,208	4,422	-	12,630
	509,904	143,018	-	652,922
Total operating expenses before depreciation and amortization	251,897	67,261	52,605	371,763
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	7,665	37,209	3,666	48,540
Depreciation of right-of-use assets	7,753	7,489	941	16,183
	15,418	44,698	4,607	64,723
Operating income (loss)	242,589	31,059	(57,212)	216,436
Other Income				21,740
Finance costs				
Interest expense and amortization of deferred financing charges				52,248
Interest expense on lease liabilities				2,744
				54,992
Income before income taxes				183,184
Income taxes				46,679
Net income				136,505
Diluted earnings per share				8.76

PORTFOLIO PERFORMANCE

Consumer Loans Receivable

The gross consumer loans receivable portfolio increased from $1.25 billion as at December 31, 2020 to $2.03 billion as at December 31, 2021, an increase of $783.5 million, or 62.8%. Loan originations for the year were $1.59 billion, up 54.3% from 2020. The growth was fueled by i) the $444.5 million of acquired gross consumer loans receivable from the acquisition of LendCare; ii) increased originations from the Company's point-of-sale channel; iii) increased originations of unsecured loans and real estate secured loans; iv) the maturation of the Company's retail branch network and further geographical expansion; v) lending in the Company's easyhome stores; vi) growth of the Company's auto lending program and vii) ongoing enhancements to the Company's digital properties.

The total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 42.1% in the year, down 340 bps from 2020. The total annualized yield decreased due to i) the acquisition of LendCare, which finances consumer purchases in powersports, automotive, home improvement, healthcare and retail categories which carry lower rates of interests; ii) the increased penetration of risk adjusted interest rate and real estate secured loans, which also have larger loan sizes and longer amortization periods; iii) increased lending activity in provinces where loans have a lower interest rate; iv) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; and v) a modest reduction in penetration rates on ancillary products.

Bad debt expense increased to $182.0 million for the year from $135.0 million in 2020, an increase of $47.1 million, or 34.9%. The following table details the components of bad debt expense:

	YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2021	DECEMBER 31, 2020
Provision required due to net charge offs	**147,998**	116,429
Impact of loan book growth	**24,739**	13,699
Day one loan loss provision on the acquired LendCare loans	**14,252**	-
Impact of change in provision rate in the year	**(4,905)**	4,870
Net change in allowance for credit losses	**34,086**	18,569
Bad debt expense	**182,084**	134,998

Bad debt expense increased by $47.1 million due to three factors:

(i) Net charge offs increased from $116.4 million in 2020, to $148.0 million in the year, an increase of $31.6 million. Net charge offs in the year as a percentage of the average gross consumer loans receivable on an annualized basis were 8.8%, compared to 10.0% in 2020. The decrease in the rate of net charge offs was primarily due to the improved product and credit mix of the portfolio, inclusive of the acquisition of LendCare, which has a higher proportion of secured loans resulting in a lower net charge offs and the improvement in the payment performance of the Company's gross consumer loan portfolio related to macro-economic conditions caused by the COVID-19 pandemic, such as reduced consumer spending and government financial subsidies.

(ii) The acquisition of LendCare increased the bad debt provision expense by $14.3 million related to the acquired loan book of $444.5 million. Excluding the acquired loan book, the Company's loan portfolio increased in 2021 by $339.0 million, resulting in a provision expense of $24.7 million, compared to the loan book growth of $136.2 million in 2020 which, resulted in a higher provision expense of $13.7 million.

(iii) The impact of provision rate changes in the year resulted in bad debt expense decreasing by $9.8 million, when compared to 2020. In the prior year, the provision rate increased from 9.64% to 10.08% which resulted in a $4.9 million increase in bad debt expense. During the year, the provision rate decreased from 10.08% to 7.87% primarily due to the improved credit performance of the Company's gross consumer loan portfolio driven by the Company's proactive series of credit model enhancements and underwriting adjustments in recent years to improve the long-term credit quality of the portfolio, and the acquisition of the LendCare loan book, which is predominately secured loans and carries a lower provision rate.

easyhome Leasing Portfolio

The leasing portfolio, as measured by potential monthly lease revenue as at December 31, 2021, was $8.2 million, down from the $8.5 million reported as at December 31, 2020. The decrease was due to lower lease agreements, partially offset by an increase in the average leasing rate, due in part to changes in product mix, and selected pricing adjustments. The growth of consumer lending within the easyhome stores contributed to the overall increase in revenues.

Revenue

Revenue for the year was $826.7 million, compared to $652.9 million in 2020, an increase of $173.8 million, or 26.6%. Overall same store sales growth for 2021 was 12.1%. Revenue growth was driven mainly by the revenue contribution of LendCare and the growth of the Company's consumer loan portfolio.

easyfinancial – Revenue in 2021 was $676.4 million, an increase of $166.4 million, or 32.6%, compared to 2020. The components of the increased revenue include:

(i) Interest income increased by $120.4 million, or 30.7% driven by the 62.8% growth in the loan portfolio which includes the acquired loan portfolio from LendCare, partially offset by lower interest yields;

(ii) Commissions earned from sales of ancillary products and services increased by $43.2million, or 39.6%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's Loan Protection Program in the year; and

(iii) Charges and fees increased by $2.8 million.

easyhome – Revenue for 2021 was $150.4 million, an increase of $7.4 million, or 5.1%, compared to 2020. Lending revenue within the easyhome stores increased by $8.4 million, compared to 2020. Traditional leasing revenue for the year decreased by $1.1 million, compared to 2020. The components of easyhome revenue include:

(i) Interest revenue increased by $5.7 million due to the growth of consumer loans receivable related to the easyhome business;

(ii) Lease revenue was lower by $0.4 million due to a smaller lease portfolio;

(iii) Commissions earned on the sale of ancillary products at easyhome increased by $2.6 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and

(iv) Charges and fees decreased by $0.5 million primarily due to a decline in reinstatement fees.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization for the year were $466.8 million, an increase of $95.1 million, or 25.6% from 2020. The increase in operating expenses before depreciation and amortization was mainly driven by the LendCare Acquisition transaction and integration costs and the operating expense contribution of LendCare.

easyfinancial – Total operating expenses before depreciation and amortization were $323.4 million in the year, an increase of $71.5 million, or 28.4% from 2020. Key drivers include:

(i) Bad debt expense increased by $45.6 million in the year, when compared to 2020, driven by an increase of $29.9 million in net charge offs associated with the larger portfolio, coupled with the day one loan loss provision expense of $14.3 million related to the acquired LendCare loan book;

(ii) A $3.2 million increase in advertising and marketing spend; and

(iii) Other operating expenses increased by $22.7 million in the year driven by the acquisition of LendCare resulting in increased costs to operate and manage the growing loan portfolio, merchant and branch network. Overall branch count increased from 266 as at December 31, 2020 to 294 as at December 31, 2021.

easyhome – Total operating expenses before depreciation and amortization were $68.7 million in the year, which was $1.4 million higher than 2020. Key drivers include:

(i) A $1.5 million increase in bad debt due to a larger loan portfolio; and

(ii) A $0.8 million increase in advertising, distribution and store admin cost;

(iii) Partially offset by a $0.9 million decrease in store costs.

Corporate – Total operating expenses before depreciation and amortization for the year were $74.7 million which includes LendCare Acquisition transaction and integration costs of $7.6 million and $5.0 million, respectively. Excluding the transaction and integration costs, operating expenses before depreciation and amortization for 2021 were $62.1 million, compared to $52.6 million in 2020, an increase of $9.5 million, or 18.1%. The increase was primarily due to increased infrastructure and technology costs associated with the business expansion. Excluding the transaction and integration costs, corporate expenses before depreciation and amortization represented 7.5% of revenue in 2021, compared to 8.1% of revenue in 2020.

Depreciation and Amortization

Depreciation and amortization for the year was $78.9 million, an increase of $14.2 million from 2020. Overall, depreciation and amortization represented 9.5% of revenue for 2021, a decline from 9.9% reported in 2020.

easyfinancial – Total depreciation and amortization was $28.2 million for the year. This included $9.7 million of right-of-use asset depreciation, $1.9 million higher than the $7.8 million reported in 2020. Depreciation of property and equipment and intangibles in 2021 was $18.6 million, $10.9 million higher than 2020, driven mainly by the $8.7 million amortization of intangible assets acquired through the acquisition of LendCare .

easyhome – Total depreciation and amortization expense was $44.8 million for the year. Depreciation and amortization of lease assets, property and equipment and intangibles was $37.1 million in the year, flat compared with $37.2 million in 2020. easyhome's depreciation and amortization of lease assets, property and equipment and intangibles expressed as a percentage of easyhome revenue for 2021 was 24.7%, down from the 26.0% reported in 2020. The rate reduction was due to a smaller lease asset base against a revenue base with an increasing proportion being generated from consumer lending.

Corporate – Depreciation and amortization was $5.9 million for the year, an increase of $1.3 million from 2020. The increase was mainly due to higher amortization of intangible assets and depreciation of property and equipment, primarily driven by new software additions and leasehold improvements recognized over the past 12 months.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the year was $281.0 million, up $64.6 million, or 29.8%, when compared to 2020. The Company's operating margin for the year was 34.0%, up from the 33.1% reported in 2020. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures", the Company reported an adjusted operating income of $316.7 million, up $100.2 million, or 46.3%, when compared to 2020. The increase in operating margin was mainly driven by higher revenue during the year associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin of 38.3% for the year, up from the 33.1% reported in 2020.

easyfinancial – Operating income was $324.8 million for the year, compared with $242.6 million in 2020, an increase of $82.2 million, or 33.9%. The improvement in operating income was driven by a $166.4 million increase in revenue related to continued growth in the Company's consumer loan portfolio including the loans acquired through the acquisition of LendCare, partially offset by i) a $45.6 million increase in bad debt expense driven by the day one loan loss provision on the acquired LendCare loan book coupled with increased charge offs associated with the larger portfolio; ii) a $12.8 million increase in depreciation and amortization mainly related to LendCare intangible assets; and iii) a $25.8 million increase in incremental expenditures to support the growing customer base, enhance the product offering and expand the retail footprint. Operating margin in the year was 48.0%, compared with 47.6% reported in 2020.

easyhome – Operating income was $36.9 million for the year, an increase of $5.8 million, or 18.7%, when compared to 2020. The increase was mainly due the growth of consumer lending within the easyhome stores, a higher leasing rate and a shift in product mix. Operating margin for the year was 24.5%, an increase from the 21.7% reported in 2020.

Other Income

During the year, the Company recognized total fair value before-tax gains of $114.9 million mainly related to i) the realized fair value gains from the sale of the non-contingent portion of the Company's equity investments in Affirm of $33.0 million and the settlement of the related TRS of $33.3 million; and ii) the unrealized fair value gains of $41.6 million on Investments mainly on the contingent portion of the Company's equity investments in Affirm and the unrealized fair value gains on the related TRS of $7.0 million.

Finance Costs

Finance costs for the year were $79.0 million, an increase of $24.0 million from 2020. The increase was mainly driven by financing expenses related to the Acquisition, the issuance of 2026 Notes related to the Acquisition and higher borrowing levels to fund the growth of the Company's lending business partially offset by the strong free cash flows from operations before net growth in gross consumer loans receivable, which grew 23.5% from 2020. The increase was partially offset by the lower cost of borrowing. In 2021, the Company utilized its revolving securitization warehouse facility, which bears lower interest rate. The average blended coupon interest rate on drawn balances for the Company's debt as at December 31, 2021, was 4.9%, down from 5.2% as at December 31, 2020.

Income Tax Expense

The effective income tax rate for the year was 22.7%, lower than the 25.5% reported in 2020, driven by the higher fair value gains on Investments, which are taxed at a lower capital gains effective rate, partially offset by the effect of the transaction costs related to the Acquisition, which were non-deductible.

Net Income and EPS

The Company's net income for the year was $244.9 million, or $14.62 per share on a diluted basis, up 79.4% and 66.9%, respectively, against the $136.5 million, or $8.76 per share on a diluted basis reported in 2020. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures" section, the adjusted net income for the year was $174.8 million, or $10.43 per share on a diluted basis, an increase of 48.5% and 37.8%, respectively, over the prior year.

Selected Annual Information

($ IN 000'S EXCEPT PERCENTAGES AND PER SHARE AMOUNTS)	2021[4]	2020	2019	2018	2017[5]
Gross Consumer Loans Receivable	**2,030,339**	1,246,840	1,110,633	833,779	526,546
Revenue	**826,722**	652,922	609,383	506,191	401,728
Net income	**244,943**	136,505	64,349	53,124	36,132
Adjusted net income[1]	**174,759**	117,646	80,315	53,124	42,158
Return on assets[2]	**11.5%**	9.8%	5.5%	6.1%	-
Adjusted return on assets[1,2]	**8.2%**	8.5%	6.8%	6.1%	-
Return on equity	**36.7%**	36.1%	20.2%	21.8%	17.0%
Adjusted return on equity[1]	**26.2%**	31.1%	25.3%	21.8%	19.8%
Return on tangible common equity[1,3]	**50.7%**	38.3%	-	-	-
Adjusted return on tangible common equity[1,3]	**35.3%**	33.0%	-	-	-
Net income as a percentage of revenue	**29.6%**	20.9%	10.6%	10.5%	9.0%
Adjusted net income as a percentage of revenue[1]	**21.1%**	18.0%	13.2%	10.5%	10.5%
Dividends declared on Common Shares	**42.3**	26.1	17.9	12.5	9.7
Cash dividends declared per common share	**2.64**	1.80	1.24	0.90	0.72
Earnings per share					
Basic	**15.12**	9.21	4.40	3.78	2.67
Diluted	**14.62**	8.76	4.17	3.56	2.56
Adjusted diluted[1]	**10.43**	7.57	5.17	3.56	2.97

[1] Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on asset and reported and adjusted return on tangible common equity are non-IFRS ratios. See description in section "Key Performance Indicators and Non-IFRS Measures". Please refer to page 42 of the December 31, 2020 MD&A, page 39 of the December 31, 2019 MD&A, page 51 of the December 31, 2018 MD&A, and page 39 of the December 31, 2017 MD&A, for the respective "Key Performance Indicators and Non-IFRS Measures" section for those years. These MD&As are available on www.sedar.com.
[2] Comparable reported and adjusted return on assets financial measures for the year 2017 was not published.
[3] Comparable reported and adjusted return on tangible common equity financial measures for the years 2017 to 2019 were not published.
[4] Selected annual information for the year ended December 31, 2021 include financial information related to LendCare.
[5] Prepared under IAS 39 rather than IFRS 9.

Key financial measures for each of the last five years are summarized in the table above and include the gross consumer loans receivable, revenue, net income, earnings per share, return on asset, return on equity, return on tangible common equity and net income as a percentage of revenue over this timeframe. Revenue growth over this time frame was primarily related to growth of the gross consumer loans receivable. The larger revenue base together with lower operating expenses and finance costs, increased the Company's adjusted net income and adjusted diluted earnings per share while the increased scale of the business resulted in adjusted net income as a percentage of revenue also increasing over the presented time horizon. Lastly, adjusted return on assets, adjusted return on equity and adjusted return on tangible common equity have generally been rising due to the increasing earnings generated by the business. Adjusted return on assets and adjusted return on equity have declined in the most recent year due to the higher level of assets and shareholders' equity related to the acquisition of LendCare.

ASSETS AND LIABILITIES

($ IN 000'S)	AS AT DECEMBER 31, 2021	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018	AS AT DECEMBER 31, 2017
Total assets	**2,596,153**	1,501,916	1,318,622	1,055,676	749,615
Consumer loans receivable, net	**1,899,631**	1,152,378	1,040,552	782,864	513,425
Cash	**102,479**	93,053	46,341	100,188	109,370
Total liabilities	**1,806,240**	1,058,404	986,201	754,147	521,371
Notes payable	**1,085,906**	689,410	701,549	650,481	401,193
Revolving securitization warehouse facility	**292,814**	-	-	-	-
Secured borrowings	**173,959**	-	-	-	-
Revolving credit facility	**-**	198,339	112,563	-	-
Convertible debentures	**-**	-	40,656	40,581	47,985

Total assets have been increasing due primarily to the organic growth of the Company's consumer loans receivable and the acquisition of LendCare.

The Company finances the growth of its consumer loans receivable through a combination of debt, common shares and retained earnings. In 2017, the Company issued $53 million in Debentures and repaid the previous credit facility by issuing US$325 million 7.875% senior unsecured notes with a maturity date of November 1, 2022 ("2022 Notes") and securing a $110 million revolving line of credit from a syndicate of banks. In 2018, the Company issued a second US$150 million tranche of 2022 Notes and increased the borrowing limit under its revolving line of credit to $174.5 million. In 2019, the Company issued US$550 million 5.375% senior unsecured notes with a maturity date of December 1, 2024 ("2024 Notes") and repaid the 2022 Notes and increased the borrowing limit under its revolving line of credit to $310 million. In 2020, the Company redeemed all unconverted Debentures as at July 31, 2020 and established a new $200 million Revolving Securitization Warehouse Facility. In 2021, the Company further increased the Revolving Securitization Warehouse Facility to $600 million, acquired secured borrowing facilities from the acquisition of LendCare and issued US$320 million of 2026 Notes. All of the Company's credit facilities are as described in the notes to the Company's consolidated financial statements for the year ended December 31, 2021.

In January 2022, the Company increased its revolving securitization warehouse facility from $600 million to $900 million and reduced the maximum principal amount available on its revolving credit facility from $310 million to $270 million.

At the end of 2021, the Company's ratio of net debt (net of surplus cash on hand) to net capitalization was 65%; a level that is conservative against several of the Company's peers and below the Company's desired position of less than, or equal to, 70%.

Analysis of Results for the Three Months Ended December 31, 2021

FOURTH QUARTER HIGHLIGHTS

- The Company reported record revenue during the three-month period ended December 31, 2021 of $234.4 million, up from $173.2 million reported in the comparable period of 2020, an increase of $61.2 million, or 35.3%. The increase was primarily driven by the revenue contribution of LendCare and the growth of the Company's consumer loan portfolio.
- Gross consumer loans receivable increased from $1.25 billion as at December 31, 2020 to $2.03 billion as at December 31, 2021, an increase of $783.5 million, or 62.8%. The growth was fueled by i) the $444.5 million of acquired gross consumer loans receivable from the acquisition of LendCare; ii) increased originations from the Company's point-of-sale channel; iii) increased originations of unsecured loans and real estate secured loans; iv) the maturation of the Company's retail branch network and further geographical expansion; v) lending in the Company's easyhome stores; vi) growth of the Company's auto lending program and vii) ongoing enhancements to the Company's digital properties.

- Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 9.6%, 60 bps higher, compared to 9.0% for the same period of 2020. The change in the net charge off rate was primarily due to the significant degree of federal financial support available to customers during the COVID-19 pandemic in 2020. Net charge-offs remain below pre-COVID levels in 2019 by approximately 370 bps, due to the improved product and credit mix of the portfolio, inclusive of the acquisition of LendCare.
- During the quarter, the net change in allowance for credit losses increased by $4.2 million due to a higher level of loan book growth, when compared to the comparable period of 2020. The provision rate for the three-month period ended December 31, 2021 increased slightly to 7.87% from 7.83% in the third quarter of 2021 primarily due to uncertainty surrounding the impact of COVID-19.
- easyfinancial reported operating income for the three-month period ended December 31, 2021 of $87.6 million, compared with $67.2 million for the comparable period in 2020, an increase of $20.4 million, or 30.4%. The improved operating income was driven by the continued organic growth in the Company's loan book, the continued improvement in the credit and payment performance of the Company's gross consumer loan portfolio related to macro-economic conditions related to the COVID-19 pandemic and the acquisition of LendCare. As a result, easyfinancial revenue increased by $59.5 million, partially offset by an increase of $23.2 million in bad debt expense and $15.9 million of incremental expenditures associated with the acquisition of LendCare to support the growing customer base, enhance the product offering, and expand the retail footprint. easyfinancial's operating margin in the quarter was 44.7%, compared to 49.2% in the comparable period of 2020.
- easyhome's operating income was $8.5 million, compared with $8.7 million, a decrease of $0.2 million, or 2.5%, when compared to the comparable period of 2020. The decrease was mainly driven by higher operating expenses, partially offset by higher revenue. Operating margin for the three-month period ended December 31, 2021 was 22.0%, a decrease from the 23.6% reported in the comparable period of 2020.
- Total Company operating income for the three-month period ended December 31, 2021 was $79.6 million, up $18.4 million, or 29.9%, when compared to the comparable period of 2020. The Company also reported an operating margin of 34.0% in the quarter, down from the 35.4% reported in the comparable period of 2020. During the three-month period ended December 31, 2021, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include LendCare Acquisition integration costs, amortization of intangible assets acquired through the Acquisition and the realized and unrealized fair value gain on investments during the period. These adjusting items are discussed in "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported adjusted operating income[1] for the three-month period ended December 31, 2021 of $86.4 million, up $25.1 million, or 40.9%, from the comparable period of 2020. The increase in operating margin was mainly driven by the higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin[1] of 36.8% in the quarter, up from the 35.4% reported in the comparable period of 2020.
- The three-month period ended December 31, 2021 was the 82nd consecutive quarter of positive net income and diluted earnings per share. The Company's net income for the three-month period ended December 31, 2021 was $50.0 million, or $2.90 per share on a diluted basis, up 2.1% and down 7.6%, respectively, compared to the $48.9 million, or $3.14 per share on a diluted basis reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, goeasy achieved record adjusted net income[1] and adjusted diluted earnings per share[1] during the three-month period ended December 31, 2021. The Company achieved a record adjusted net income[1] and adjusted diluted earnings per share[1] during the three-month period ended December 31, 2021 of $47.6 million and $2.76 per share on a diluted basis, respectively. On this basis, adjusted net income1 and adjusted diluted earnings per share1 increased by 36.1% and 23.2%, respectively.
- goeasy reported return on equity of 25.0% in the three-month period ended December 31, 2021, down from 45.8% reported in the comparable period of 2020. Adjusted return on equity[1] for the three-month period ended December 31, 2021 was 23.9%, down from 32.8% in the comparable period of 2020. The decline in adjusted return on equity was primarily related to the higher level of shareholders' equity resulting from the $172.5 million bought deal equity offering related to the LendCare acquisition.
- goeasy reported return on tangible common equity[1] of 39.8% in the three-month period ended December 31, 2021, compared to 48.2% in the comparable period of 2020. Adjusted return on tangible common equity1 during the three-month period ended December 31, 2021 was 36.2%, up from 34.5% in the comparable period of 2020. The increase in adjusted return on tangible common equity was driven by the increased earnings produced by the larger consumer loan portfolio.

[1] Adjusted operating income and adjusted net income are non-IFRS measures. Adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity and reported and adjusted tangible common equity are non-IFRS ratios. See descriptions in section "Key Performance Indicators and Non-IFRS Measures".

SUMMARY OF FINANCIAL RESULTS AND KEY PERFORMANCE INDICATORS

($ IN 000'S EXCEPT EARNINGS PER SHARE AND PERCENTAGES)	THREE MONTHS ENDED December 31, 2021	December 31, 2020	VARIANCE $ / BPS	VARIANCE % CHANGE
Summary Financial Results				
Revenue	**234,430**	173,219	61,211	35.3%
Operating expenses before depreciation and amortization [2]	**133,136**	95,190	37,946	39.9%
EBITDA[1]	**100,508**	85,089	15,419	18.1%
EBITDA margin[1]	**42.9%**	49.1%	(620 bps)	(12.6%)
Depreciation and amortization expense[2]	**21,665**	16,752	4,913	29.3%
Operating income	**79,629**	61,277	18,352	29.9%
Operating margin	**34.0%**	35.4%	(140 bps)	(4.0%)
Other income[2,3]	**8,371**	16,040	(7,669)	(47.8%)
Finance costs	**22,281**	13,343	8,938	67.0%
Effective income tax rate	**24.0%**	23.5%	50 bps	2.1%
Net income	**49,961**	48,911	1,050	2.1%
Diluted earnings per share	**2.90**	3.14	(0.24)	(7.6%)
Return on assets	**7.9%**	13.6%	(570 bps)	(41.9%)
Return on equity	**25.0%**	45.8%	(2,080 bps)	(45.4%)
Return on tangible common equity[1]	**39.8%**	48.2%	(840 bps)	(17.4%)
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**86,353**	61,277	25,076	40.9%
Adjusted operating margin	**36.8%**	35.4%	140 bps	4.0%
Adjusted net income	**47,644**	34,996	12,648	36.1%
Adjusted diluted earnings per share	**2.76**	2.24	0.52	23.2%
Adjusted return on assets	**7.5%**	9.8%	(230 bps)	(23.5%)
Adjusted return on equity	**23.9%**	32.8%	(890 bps)	(27.1%)
Adjusted return on tangible common equity	**36.2%**	34.5%	170 bps	4.9%
Key Performance Indicators				
Same store revenue growth (overall) [1]	**13.4%**	4.2%	920 bps	219.0%
Same store revenue growth (*easyhome*) [1]	**5.6%**	4.4%	120 bps	27.3%
Segment Financials				
easyfinancial revenue	**196,015**	136,523	59,492	43.6%
easyfinancial operating margin	**44.7%**	49.2%	(450 bps)	(9.1%)
easyhome revenue	**38,415**	36,696	1,719	4.7%
easyhome operating margin	**22.0%**	23.6%	(160 bps)	(6.8%)
Portfolio Indicators				
Gross consumer loans receivable	**2,030,339**	1,246,840	783,499	62.8%
Growth in consumer loans receivable	**133,623**	64,039	69,584	108.7%
Gross loan originations	**506,853**	334,102	172,751	51.7%
Total yield on consumer loans (including ancillary products)[1]	**41.4%**	46.6%	(520 bps)	(11.2%)
Net charge offs as a percentage of average gross consumer loans receivable	**9.6%**	9.0%	60 bps	6.7%
Free cash flows from operations before net growth in gross consumer loans receivable[1]	**59,452**	40,980	18,472	45.1%
Potential monthly lease revenue[1]	**8,193**	8,461	(268)	(3.2%)

[1] EBITDA, adjusted operating income, adjusted net income and free cash flows from operations before net growth in gross consumer loans receivable are non-IFRS measures. EBITDA margin, adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity, adjusted return on asset, reported and adjusted return on tangible common equity and total yield on consumer loans (including ancillary products) are non-IFRS ratios. Same store revenue growth (overall), same store revenue growth (easyhome) and potential monthly lease revenue are supplementary financial measures. See description in sections "Portfolio Analysis", "Key Performance Indicators and Non-IFRS Measures" and "Financial Condition".

[2] During the three-month period ended December 31, 2021, the Company had a total of $1.6 million before-tax ($2.3 million after-tax) of adjusting items which include:

Adjusting items related to the LendCare Acquisition

- Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the acquisition of LendCare and the write off of certain software as a result of the integration with LendCare. Integration costs amounting to $3.4 million before-tax ($2.5 million after-tax) were reported under Operating expenses before depreciation and amortization; and
- Amortization of $131 million intangible asset related to the acquisition of LendCare with an estimated useful life of ten years amounting to $3.3 million before-tax ($2.4 million after-tax).

Adjusting item related to other income

- Unrealized fair value gains mainly on investments in Affirm and TRS amounting to $8.4 million before-tax ($7.3 million after-tax).

[3] During the fourth quarter of 2020, the Company's adjusting item included:

- Unrealized fair value gain on investment in PayBright amounting to $16.0 million before-tax ($13.9 million after-tax).

LOCATIONS SUMMARY

	LOCATIONS AS AT SEPTEMBER 30, 2021	LOCATIONS OPENED/ACQUIRED IN THE YEAR	LOCATIONS CLOSED DURING PERIOD	CONVERSIONS	LOCATIONS AS AT DECEMBER 31, 2021
easyfinancial					
Kiosks (in store)	6	-	-	(1)	**5**
Stand-alone locations	279	6	-	1	**286**
Operations Centers	3	-	-	-	**3**
Total *easyfinancial* locations	288	6	-	-	**294**
easyhome					
Corporately owned stores	124	-	-	-	**124**
Franchise stores	34	-	-	-	**34**
Total *easyhome* stores	158	-	-	-	**158**
Corporate					
Corporate office	1	-	-	-	**1**
Total corporate office	1	-	-	-	**1**

SUMMARY OF FINANCIAL RESULTS BY REPORTING SEGMENT

	THREE MONTHS ENDED DECEMBER 31, 2021			
($ IN 000'S EXCEPT EARNINGS PER SHARE)	EASYFINANCIAL[1]	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	**149,004**	**6,525**	**-**	**155,529**
Lease revenue	**-**	**27,663**	**-**	**27,663**
Commissions earned	**42,676**	**3,234**	**-**	**45,910**
Charges and fees	**4,335**	**993**	**-**	**5,328**
	196,015	**38,415**	**-**	**234,430**
Total operating expenses before depreciation and amortization	**99,597**	**18,563**	**14,976**	**133,136**
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	**6,130**	**9,463**	**1,281**	**16,874**
Depreciation of right-of-use assets	**2,645**	**1,939**	**207**	**4,791**
	8,775	**11,402**	**1,488**	**21,665**
Operating income (loss)	**87,643**	**8,450**	**(16,464)**	**79,629**
Other Income				**8,371**
Finance costs				
Interest expense and amortization of deferred financing charges				**21,460**
Interest expense on lease liabilities				**821**
				22,281
Income before income taxes				**65,719**
Income taxes				**15,758**
Net income				**49,961**
Diluted earnings per share				**2.90**

[1] LendCare's financial results are reported under the easyfinancial reportable operating segment. For additional details, please refer to "Overview of the Business" section.

($ IN 000'S EXCEPT EARNINGS PER SHARE)	THREE MONTHS ENDED DECEMBER 31, 2020 EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	101,967	4,817	-	106,784
Lease revenue	-	28,564	-	28,564
Commissions earned	32,461	2,286	-	34,747
Charges and fees	2,095	1,029	-	3,124
	136,523	36,696	-	173,219
Total operating expenses before depreciation and amortization	65,053	16,833	13,304	95,190
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	2,181	9,306	1,076	12,563
Depreciation of right-of-use assets	2,062	1,894	233	4,189
	4,243	11,200	1,309	16,752
Operating income (loss)	67,227	8,663	(14,613)	61,277
Other Income				16,040
Finance costs				
Interest expense and amortization of deferred financing charges				12,624
Interest expense on lease liabilities				719
				13,343
Income before income taxes				63,974
Income taxes				15,063
Net income				48,911
Diluted earnings per share				3.14

PORTFOLIO PERFORMANCE

Consumer Loans Receivable

Loan originations in the quarter were $506.9 million, up 51.7% compared to the origination volume in the comparable period of 2020. The consumer loan portfolio grew by $133.6 million during the quarter, compared to growth of $64.0 million in the comparable period of 2020. Gross consumer loans receivable increased from $1.25 billion as at December 31, 2020 to $2.03 billion as at December 31, 2021, an increase of $783.5 million, or 62.8%. The growth was fueled by i) the $444.5 million of acquired gross consumer loans receivable from the acquisition of LendCare; ii) increased originations from the Company's point-of-sale channel; iii) increased originations of unsecured loans and real estate secured loans; iv) the maturation of the Company's retail branch network and further geographical expansion; v) lending in the Company's easyhome stores; vi) growth of the Company's auto lending program and vii) ongoing enhancements to the Company's digital properties.

The total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 41.4% in the three-month period ended December 31, 2021, down 520 bps from the comparable period of 2020. The total annualized yield decreased due to i) the acquisition of LendCare, which finances consumer purchases in powersports, automotive, home improvement, healthcare and retail categories which carry lower rates of interests; ii) the increased penetration of risk adjusted interest rate and real estate secured, which also have larger loan sizes and longer amortization periods; iii) increased lending activity in provinces where loans have a lower interest rate; iv) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; and v) a modest reduction in penetration rates on ancillary products.

Bad debt expense increased to $58.6 million for the quarter from $34.5 million during the comparable period of 2020, an increase of $24.1 million, or 70.0%. The following table details the components of bad debt expense.

($ IN 000'S)	THREE MONTHS ENDED DECEMBER 31, 2021	DECEMBER 31, 2020
Provision required due to net charge offs	**47,399**	27,481
Impact of loan book growth	**10,301**	6,425
Impact of change in provision rate during the period	**940**	587
Net change in allowance for credit losses	**11,241**	7,012
Bad debt expense	**58,640**	34,493

Bad debt expense increased by $24.1 million due to the following factors:

(i) Net charge offs increased from $27.5 million in the fourth quarter of 2020, to $47.4 million in the current quarter, an increase of $19.9 million. Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 9.6%, up by 60 bps as compared to 9.0% reported in the fourth quarter of 2020. The increase in net charge offs in the three-month period ended December 31, 2021, compared to the same period of 2020, was primarily due to the significant degree of federal financial support available to customers during the COVID-19 pandemic in 2020. Net charge offs remain to be below the Company's targeted level due to the significant reduction in consumer expenses caused by economic closures and the increased degree of federal financial support available to customers during the COVID-19 pandemic.

(ii) The company recorded an increase of $4.2 million in provision expense, due to a higher level of loan book growth, when compared to the comparable period of 2020. During the quarter, the Company slightly increased its provision rate for future credit losses from 7.83% to 7.87%, primarily due to increased uncertainty surrounding the impact of COVID-19.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly lease revenue as at December 31, 2021 was $8.2 million, down from $8.5 million reported as at December 31, 2020. The decrease was due to lower lease agreements, partially offset by an increase in the average leasing rate, due in part to changes in product mix, and selected pricing adjustments. The growth of consumer lending within the easyhome stores contributed to the overall increase in revenues.

Revenue

Revenue for the three-month period ended December 31, 2021 was $234.4 million, compared to $173.2 million in the comparable period of 2020, an increase of $61.2 million, or 35.3%. Overall, revenue growth was driven mainly by the revenue contribution of LendCare and growth of the Company's consumer loan portfolio. Same store sales growth for the quarter was 13.4%.

easyfinancial – Revenue for the three-month period ended December 31, 2021 was $196.0 million, an increase of $59.5 million, when compared to the comparable period of 2020. The components of the increased revenue include:

(i) Interest income increased by $47.0 million, or 46.1%, driven by growth in the loan portfolio, which includes the acquired gross consumer loans receivable from LendCare, offset by lower interest yields;

(ii) Commissions earned on the sale of ancillary products and services increased by $10.2 million, or 31.5%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's Loan Protection Program in the quarter; and

(iii) Charges and fees increased by $2.2 million.

easyhome – Revenue for the three-month period ended December 31, 2021 was $38.4 million, an increase of $1.7 million, when compared to the comparable period of 2020. Lending revenue within the easyhome stores increased by $2.7 million in the current quarter, when compared to the same quarter of 2020. Traditional leasing revenue including fees for the current quarter was $1.0 million lower compared to the same quarter of 2020. The components of easyhome revenue include:

(i) Interest income increased by $1.7 million due to the growth of the consumer loans receivable related to the easyhome business;

(ii) Lease revenue decreased by $0.9 million due to a lower lease portfolio;

(iii) Commissions earned on the sale of ancillary products at easyhome increased by $0.9 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and

(iv) Charges and fees were flat.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $133.1 million for the three-month period ended December 31, 2021, an increase of $37.9 million, or 39.9% from the comparable period in 2020. The increase in operating expenses before depreciation and amortization was mainly driven by the LendCare Acquisition integration costs, the operating expense contribution of LendCare, higher bad debt expense in the easyfinancial and easyhome business and higher expenses in the Corporate segment.

easyfinancial – Total operating expenses before depreciation and amortization were $99.6 million for the three-month period ended December 31, 2021, an increase of $34.5 million, or 53.1% from the comparable period of 2020. Key drivers include:

(i) Bad debt expense increased by $23.2 million in the current quarter, when compared to the comparable period in 2020, driven by the higher net charge offs and provision expense related to the higher loan portfolio in the quarter; and

(ii) Other operating expenses increased by $11.3 million for the fourth quarter of 2021 driven by the acquisition of LendCare resulting in increased costs to operate and manage the growing loan portfolio and the merchant and branch networks. Overall branch count increased from 266 as at December 31, 2020 to 294 as at December 31, 2021.

easyhome – Total operating expenses before depreciation and amortization were $18.6 million for the three-month period ended December 31, 2021, which was $1.7 million, or 10.3% higher than the comparable period of 2020. Key drivers include:

(i) A $0.9 million increase in bad debt due to a larger loan portfolio; and

(ii) A $0.8 million increase in total compensation costs, and distribution costs.

Corporate – Total operating expenses before depreciation and amortization for the fourth quarter of 2021 were $15.0 million, which includes LendCare Acquisition integration costs of $3.4 million. Excluding the integration costs, operating expenses before depreciation and amortization for the fourth quarter of 2021 were $11.6 million compared to $13.3 million for the comparable period in 2020, a decrease of $1.7 million, or 12.8%. The decrease was primarily due to lower compensation costs partially offset by higher technology costs. Excluding the integration costs, corporate expenses before depreciation and amortization represented 4.9% of revenue in the fourth quarter of 2021, compared to 7.7% of revenue in the same quarter of 2020.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended December 31, 2021 was $21.7 million, an increase of $4.9 million, or 29.3% from the comparable period in 2020. Overall, depreciation and amortization represented 9.2% of revenue for the three-month period ended December 31, 2021, compared to 9.7% reported in the comparable period of 2020.

easyfinancial – Total depreciation and amortization was $8.8 million in the fourth quarter of 2021. This included $2.6 million of right-of-use asset depreciation. Depreciation of property and equipment and intangibles in the three-month period ended December 31, 2021 was $6.1 million, $3.9 million higher than the $2.2 million reported in the comparable period of 2020, driven mainly by the $3.3 million amortization of intangible assets acquired through the acquisition of LendCare.

easyhome – Depreciation and amortization was $11.4 million in the fourth quarter of 2021, flat from the comparable period in 2020. easyhome's depreciation and amortization of lease assets, property and equipment, and intangibles expressed as a percentage of easyhome revenue for the current quarter was 24.6%, down from the 25.4% reported in the same period of 2020. The rate reduction was due to a smaller lease asset base against a revenue base with an increasing proportion generated from consumer lending.

Corporate – Depreciation and amortization was $1.5 million in the three-month period ended December 31, 2021, an increase of $0.2 million from the same period in 2020. The increase was mainly due to higher amortization of intangible assets and depreciation of property and equipment, primarily driven by new software additions and leasehold improvements recognized over the past 12 months.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three-month period ended December 31, 2021 was $79.6 million, up $18.4 million, or 29.9%, when compared to the comparable period of 2020. The Company's operating margin for the quarter was 34.0%, up from the 35.4% reported in the fourth quarter of 2020. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures" section, the Company reported adjusted operating income for the three-month period ended December 31, 2021 of $86.4 million, up $25.1 million, or 40.9%. The increase in operating margin was mainly driven by the higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported adjusted operating margin of 36.8%, up from the 35.4% reported in the comparable period of 2020.

easyfinancial – Operating income for the three-month period ended December 31, 2021 was $87.6 million, compared with $67.2 million for the comparable period in 2020, an increase of $20.4 million, or 30.4%. The improved operating income was driven by a $59.5 million increase in revenue related to the continued growth of the Company's consumer loan portfolio, including revenue contribution from the acquired LendCare portfolio, partially offset by an increase of $23.2 million in bad debt expense and $15.9 million of incremental expenditures to support the growing customer base, enhance the product offering and expand the retail footprint. easyfinancial's operating margin in the quarter was 44.7%, compared to 49.2% reported in the comparable period of 2020.

easyhome – Operating income for the three-month period ended December 31, 2021 was $8.5 million, a decrease of $0.2 million, or 2.5%, when compared to the comparable period of 2020. The decrease was mainly driven by higher operating expense partially offset by higher revenue. Operating margin for the three-month period ended December 31, 2021 was 22.0%, a decrease from the 23.6% reported in the comparable period of 2020.

Other Income

During the three-month period ended December 31, 2021, the Company recognized total unrealized fair value before-tax gains of $8.4 million mainly due to the unrealized fair value gains of $0.3 million on Investments mainly on the contingent portion of the Company's equity investments in Affirm and the unrealized fair value gains on the related TRS of $8.1 million.

Finance Costs

Finance costs for the three-month period ended December 31, 2021 were $22.3 million, an increase of $8.9 million from the same period of 2020. The increase was mainly driven by the higher borrowing levels to fund the growth of the Company's lending business partially offset by the strong free cash flows from operations before net growth in gross consumer loans receivable, which grew 45.1% from the same period of 2020. The increase was partially offset by the lower cost of borrowing. In 2021, the Company utilized its revolving securitization warehouse facility, which bears lower interest rate. The average blended coupon interest rate on drawn balances for the Company's debt as at December 31, 2021, was 4.9%, down from 5.2% as at December 31, 2020.

Income Tax Expense

The effective income tax rate for the three-month period ended December 31, 2021 was 24.0%, which was slightly higher than the 23.5% reported in the comparable period of 2020, driven by the lower fair value gains on Investments, which are taxed at a lower capital gains effective rate.

Net Income and EPS

The Company's net income for the three-month period ended December 31, 2021 was $50.0 million, or $2.90 per share on a diluted basis, up 2.1% and down 7.6%, respectively, against the $48.9 million, or $3.14 per share on a diluted basis reported in the same period of 2020. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures" section, goeasy achieved record adjusted net income and adjusted diluted earnings per share during the three-month period ended December 31, 2021. Adjusted net income during the three-month period ended December 31, 2021 was $47.6 million, or $2.76 per share on a diluted basis, an increase of 36.1% and 23.2%, respectively, from the comparable period in 2020.

Selected Quarterly Information

($ IN MILLIONS EXCEPT PERCENTAGES AND PER SHARE AMOUNTS)	DECEMBER 2021[3]	SEPTEMBER 2021[3]	JUNE 2021[3]	MARCH 2021	DECEMBER 2020	SEPTEMBER 2020	JUNE 2020	MARCH 2020	DECEMBER 2019
Gross consumer loans receivable	**2,030.3**	1,896.7	1,795.8	1,277.3	1,246.8	1,182.8	1,134.5	1,166.1	1,110.6
Revenue	**234.4**	219.8	202.4	170.2	173.2	161.8	150.7	167.2	165.5
Net income	**50.0**	63.5	19.5	112.0	48.9	33.1	32.5	22.0	6.7
Adjusted net income[2]	**47.6**	46.7	43.7	36.7	35.0	31.6	29.1	22.0	22.6
Return on assets	**7.9%**	10.3%	3.8%	28.8%	13.6%	9.7%	9.4%	6.4%	2.1%
Adjusted return on assets[2]	**7.5%**	7.6%	8.6%	9.4%	9.8%	9.3%	8.4%	6.4%	7.1%
Return on equity	**25.0%**	32.7%	12.0%	90.1%	45.8%	34.7%	37.0%	25.8%	8.0%
Adjusted return on equity[2]	**23.9%**	24.0%	26.9%	29.5%	32.8%	33.1%	33.1%	25.8%	27.0%
Return on tangible common equity[2,4]	**39.8%**	52.3%	16.8%	-	48.2%	36.7%	39.4%	-	-
Adjusted return on tangible common equity[2,4]	**36.2%**	37.1%	34.8%	-	34.5%	35.1%	35.2%	-	-
Net income as a percentage of revenue	**21.3%**	28.9%	9.6%	65.8%	28.2%	20.5%	21.6%	13.1%	4.0%
Adjusted net income as a percentage of revenue[2]	**20.3%**	21.2%	21.6%	21.6%	20.2%	19.5%	19.3%	13.1%	13.7%
Earnings per share[1]									
Basic	**3.00**	3.79	1.20	7.41	3.24	2.20	2.25	1.50	0.46
Diluted	**2.90**	3.66	1.16	7.14	3.14	2.09	2.11	1.41	0.46
Adjusted diluted[2]	**2.76**	2.70	2.61	2.34	2.24	2.00	1.89	1.41	1.45

[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 or repurchased during the period on the basic weighted average number of Common Shares (as defined herein) outstanding together with the effects of rounding.

[2] Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on asset and reported and adjusted return on tangible common equity are non-IFRS ratios. See descriptions in "Key Performance Indicators and Non-IFRS Measures" section. Please refer to page 37 of the September 30, 2021 MD&A, page 39 of the June 30, 2021 MD&A, page 25 of the March 31, 2021 MD&A, page 42 of the December 31, 2020 MD&A, page 33 of the September 30, 2020 MD&A, page 31 of the June 30, 2020 MD&A, page 22 of the March 31, 2020 MD&A, and page 39 of the December 31, 2019 MD&A, for the respective "Key Performance Indicators and Non-IFRS Measures" section for those periods. These MD&As are available on www.sedar.com.

[3] During the second quarter of 2021, the Company acquired LendCare. The selected quarterly information for the periods beginning June 30, 2021 include financial information related to LendCare.

[4] Comparable reported and adjusted return on tangible common equity financial measures for the three-months periods ended March 31, 2021, March 31, 2020 and December 31, 2019 were not published.

Key financial measures for each of the last nine quarters are summarized in the table above and include the gross consumer loans receivable, revenue, net income, earnings per share, return on assets, return on equity, return on tangible common equity, and net income as a percentage of revenue over this timeframe. Revenue growth over this time frame was primarily related to the growth of the gross consumer loans receivable. The larger revenue base together with lower relative operating expenses and finance costs, increased the Company's adjusted net income and adjusted earnings per share, while the increased scale of the business resulted in adjusted net income as a percentage of revenue increasing over the presented time horizon. Lastly, adjusted return on assets, adjusted return on equity and adjusted return on tangible common equity have increased in prior quarters due to the increasing earnings generated by the business, declining in the most recent quarters due to the higher level of assets and shareholders' equity due to the acquisition of LendCare in 2021.

Portfolio Analysis

The Company generates its revenue from portfolios of consumer loans receivable and lease agreements. To a large extent, the Company's financial results for a period are determined by the performance of these portfolios, and the make-up of these portfolios at the end of a period are a significant indicator of future financial 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 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 consolidated financial statements. The Company discusses these measures because it believes they facilitate the understanding of the results of its operations and financial position.

CONSUMER LOANS RECEIVABLE

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 may be applied to eliminate a prior borrowing. When the Company extends additional credit to an existing customer, a centralized credit analysis or full credit underwriting is performed using up-to-date information. Additionally, the loan repayment history of that customer throughout their relationship with the Company is considered in the credit decision. As a result, the quality of the credit decision made when evaluating an existing or prior customer is improved and has historically resulted in better performance. No additional credit is extended to a customer whose loan is delinquent.

Net principal written is a non-IFRS measure and captures the Company's gross loan originations during a period, excluding the portion of the originations that has been used to eliminate the prior borrowings, where applicable. The Company uses net principal written, among other measures, to assess the operating performance of its leasing business. Non-IFRS measures are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies.

The gross loan originations and net principal written during the period were as follows:

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Gross loan originations	**506,853**	334,102	**1,594,480**	1,033,130
Loan originations to new customers	**215,939**	109,378	**693,774**	345,588
Loan originations to existing customers	**290,914**	224,724	**900,706**	687,542
Less: Proceeds applied to repay existing loans	**(152,153)**	(121,246)	**(486,627)**	(373,293)
Net advance to existing customers	**138,761**	103,478	**414,079**	314,249
Net principal written	**354,700**	212,856	**1,107,853**	659,837

Gross Consumer Loans Receivable

The measure the Company uses to describe the size of its lending 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 during the periods were as follows:

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Opening gross consumer loans receivable	**1,896,716**	1,182,801	**1,246,840**	1,110,633
Gross loan originations	**506,853**	334,102	**1,594,480**	1,033,130
Gross loan purchased	**-**	-	**444,520**	31,275
Gross principal payments and other adjustments	**(321,412)**	(240,170)	**(1,093,566)**	(801,400)
Gross charge offs before recoveries	**(51,818)**	(29,893)	**(161,935)**	(126,798)
Net growth in gross consumer loans receivable during the period	**133,623**	64,039	**783,499**	136,207
Ending gross consumer loans receivable	**2,030,339**	1,246,840	**2,030,339**	1,246,840

The scheduled principal repayment of the gross consumer loans receivable are as follows:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
0 – 6 months	**220,383**	**10.9%**	184,553	14.8%
6 – 12 months	**160,914**	**7.9%**	144,341	11.6%
12 – 24 months	**351,028**	**17.3%**	300,560	24.1%
24 – 36 months	**408,762**	**20.1%**	289,065	23.2%
36 – 48 months	**332,049**	**16.4%**	181,866	14.6%
48 – 60 months	**229,782**	**11.3%**	62,361	5.0%
60 months+	**327,421**	**16.1%**	84,094	6.7%
Gross consumer loans receivable	**2,030,339**	**100.0%**	1,246,840	100.0%

Gross consumer loans receivable with principal repayment of beyond 60 months increased by 940 bps, compared to 2020, primarily due to the inclusion of the LendCare portfolio and the shift in product mix towards a higher proportion of secured loans, both of which have longer payment terms.

A breakdown of the gross consumer loans receivable categorized by the contractual time to maturity is as follows:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
0 – 1 year	**60,319**	**3.0%**	48,561	3.9%
1 – 2 years	**155,957**	**7.7%**	142,958	11.5%
2 – 3 years	**347,331**	**17.1%**	321,683	25.8%
3 – 4 years	**501,830**	**24.7%**	381,055	30.6%
4 – 5 years	**473,096**	**23.3%**	209,994	16.8%
5 years +	**491,806**	**24.2%**	142,589	11.4%
Gross consumer loans receivable	**2,030,339**	**100.0%**	1,246,840	100.0%

Gross consumer loans receivable with contractual time to maturity of beyond 5 years increased by 1,280 bps, compared to 2020, primarily due to the inclusion of the LendCare portfolio and the shift in product mix towards a higher proportion of secured loans, both of which have longer payment terms.

Loans are originated and serviced by both the easyfinancial and easyhome reporting segments. A breakdown of the gross consumer loans receivable between these segments is as follows:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Gross consumer loans receivable, *easyfinancial*	**1,960,517**	**96.6%**	1,196,498	96.0%
Gross consumer loans receivable, *easyhome*	**69,822**	**3.4%**	50,342	4.0%
Gross consumer loans receivable	**2,030,339**	**100.0%**	1,246,840	100.0%

Financial Revenue and Net Financial Income

Financial revenue, a non-IFRS measure, is generated by both the easyfinancial and easyhome reporting segments. Financial revenue includes interest and various other ancillary fees generated by the Company's gross consumer loans receivable. Financial revenue is calculated as total Company revenue less the leasing revenue from the easyhome reporting segment.

Net financial income is a non-IFRS measure that details the profitability of the Company's gross consumer loans receivable before any costs to originate or administer. Net financial income is calculated by deducting interest expense, amortization of deferred financing charges and bad debt expense from financial revenue. Net financial income is impacted by the size of the gross consumer loans receivable, the portfolio yield, the amount and cost of the Company's debt, the Company's leverage ratio and the bad debt expense incurred in the period. The Company uses net financial income, among other measures, to assess the operating performance of its loan portfolio. Non-IFRS measures are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Total Company revenue	**234,430**	173,219	**826,722**	652,922
Less: Leasing revenue	**(29,456)**	(30,470)	**(119,585)**	(120,677)
Financial revenue	**204,974**	142,749	**707,137**	532,245
Less: Interest expenses and amortization of deferred financing charges	**(21,460)**	(12,624)	**(75,910)**	(52,248)
Less: Bad debt expense	**(58,640)**	(34,493)	**(182,084)**	(134,998)
Net financial income	**124,874**	95,632	**449,143**	344,999

Total Yield on Consumer Loans as a Percentage of Average Gross Consumer Loans Receivable

Total yield on consumer loans as a percentage of average gross consumer loans receivable is a non-IFRS measure ratio and is calculated as the financial revenue generated, including revenue generated on the sale of ancillary products, on the Company's consumer loans receivable divided by the average of the month-end loan balances for the indicated period. For interim periods, the rate is annualized. The Company uses total yield on consumer loans as a percentage of average gross consumer loans receivable, among other measures, to assess the operating performance of its loan portfolio.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Total Company revenue	**234,430**	173,219	**826,722**	652,922
Less: Leasing revenue	**(29,456)**	(30,470)	**(119,585)**	(120,677)
Financial revenue	**204,974**	142,749	**707,137**	532,245
Multiplied by number of periods in year	**X 4/1**	X 4/1	**X 4/4**	X 4/4
Divided by average gross consumer loans receivable	**1,982,680**	1,225,737	**1,680,328**	1,169,001
Total yield on consumer loans as a percentage of average gross consumer loans receivable (annualized)	**41.4%**	46.6%	**42.1%**	45.5%

Bad Debt Expense as a Percentage of Financial Revenue

The Company's bad debt expense as a percentage of financial revenue is a non-IFRS measure ratio and is the amount that its allowance for future credit losses must be increased, after considering net charge offs, such that the balance of the allowance for credit losses at each statement of financial position date is appropriate under IFRS. Operationally, this will require a larger provision to be taken when new consumer loans receivables are originated or purchased. The Company uses bad debt expense as a percentage of financial revenue, among other measures, to assess the operating performance of its loan portfolio. Non-IFRS ratios are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies. An analysis of the Company's bad debt expense for the periods is as follows:

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Net charge offs	**47,399**	27,481	**147,998**	116,429
Net charge in allowance for credit losses	**11,241**	7,012	**34,086**	18,569
Bad debt expense	**58,640**	34,493	**182,084**	134,998
Total Company revenue	**234,430**	173,219	**826,722**	652,922
Less: Leasing revenue	**(29,456)**	(30,470)	**(119,585)**	(120,677)
Financial revenue	**204,974**	142,749	**707,137**	532,245
Bad debt expense as a percentage of Financial Revenue	**28.6%**	24.2%	**25.7%**	25.4%

Net Charge offs

In addition to loan originations, the consumer loans receivable during a period is impacted by charge offs. Unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days are charged off. In addition, customer loan balances are charged off upon notification that the customer is bankrupt following a detailed review of the filing. Subsequent collections of previously charged off accounts are netted with gross charge offs during a period to arrive at net charge offs.

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. For interim periods, the rate is annualized.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Net charge offs against allowance	**47,399**	27,481	**147,998**	116,429
Multiplied by number of periods in year	**X 4/1**	X 4/1	**X 4/4**	X 4/4
Divided by average gross consumer loans receivable	**1,982,680**	1,225,737	**1,680,328**	1,169,001
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**9.6%**	9.0%	**8.8%**	10.0%

Allowance for Credit Losses

The allowance for expected credit 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 expected credit losses provides for credit losses that are expected to transpire in future periods. Customer loans for which we have received a notification of bankruptcy, unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days are charged off against the allowance for loan losses.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Allowance for credit losses, beginning of period	**148,521**	118,664	**125,676**	107,107
Net charge offs against allowance	**(47,399)**	(27,481)	**(147,998)**	(116,429)
Bad debt expense	**58,640**	34,493	**182,084**	134,998
Allowance for credit losses, end of period	**159,762**	125,676	**159,762**	125,676
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**7.87%**	10.08%	**7.87%**	10.08%

IFRS 9 requires that Forward Looking Indicators (FLIs) be considered when determining the allowance for credit losses. Historically, the four key macroeconomic variables contributing to credit risk and losses within the Company's loan portfolio have been: unemployment rates, inflation rates, gross domestic product ("GDP") growth, and the price of oil. Analysis performed by the Company determined that a forecasted increase in the rate of unemployment, rate of inflation, a decrease in the expected future price of oil from the current rates or a decrease in the rate of GDP growth has historically tended to increase the charge offs experienced by the Company. Conversely a forecasted decrease in the rate of unemployment, rate of inflation, an increase in the expected future price of oil from the current rates or an increase in the GDP growth rate has historically tended to decrease the charge offs experienced by the Company. Over the past several years the Company has operated in a relatively stable Canadian economic environment with moderate movements in economic variables. However, as a result of the turbulent economic environment brought on by the COVID-19 pandemic, management identified the need to incorporate additional data and methodological approaches into the Company's forward-looking scenario modelling. Therefore, additional factors have been incorporated in assessing the economic impact of the COVID-19 pandemic on the Company's consumer loan portfolio.

In calculating the allowance for credit losses, internally developed models were used which factor in credit risk related parameters including the probability of default, the exposure at default, the loss given default, and other relevant risk factors. As part of the process, the Company employed distinct forecast scenarios for the period as at December 31, 2020, derived from the FLI forecasts produced by five large Canadian banks, which include neutral, optimistic and pessimistic forecast scenarios. For the period as at December 31, 2021, the Company enhanced the methodology by employing five distinct forecast scenarios, derived from the FLI forecasts produced by Moody's Analytics, which include neutral, moderately optimistic, extremely optimistic, moderately pessimistic and extremely pessimistic forecast scenarios. These scenarios use a combination of four inter-related macroeconomic variables including unemployment rates, GDP, inflation rates, and oil prices and are utilized to determine the probability weighted allowance. Judgment is then applied to the recommended probability weightings to these scenarios to determine a probability weighted allowance for credit losses.

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast periods as at December 31, 2021 and December 31, 2020, respectively.

12-MONTH FORWARD-LOOKING MACROECONOMIC VARIABLES (AVERAGE ANNUAL)	DECEMBER 31, 2021					DECEMBER 31, 2020		
	NEUTRAL FORECAST SCENARIO	MODERATELY OPTIMISTIC FORECAST SCENARIO	EXTREMELY OPTIMISTIC FORECAST SCENARIO	MODERATELY PESSIMISTIC FORECAST SCENARIO	EXTREMELY PESSIMISTIC FORECAST SCENARIO	NEUTRAL FORECAST SCENARIO	OPTIMISTIC FORECAST SCENARIO	PESSIMISTIC FORECAST SCENARIO
Unemployment rate[1]	5.81%	5.02%	4.33%	8.04%	9.45%	7.51%	7.30%	11.41%
GDP Growth[2]	3.78%	6.36%	9.03%	(2.18%)	(6.91%)	5.91%	6.55%	(2.90%)
Inflation Growth[3]	3.07%	3.64%	4.14%	2.38%	1.79%	1.52%	1.05%	2.03%
Oil Prices[4]	$67.34	$69.02	$72.75	$42.25	$38.69	$49.91	$55.04	$31.33

[1] An average of the projected monthly unemployment rates over the next 12-month forecast period.
[2] A projected year-over-year GDP growth rate.
[3] A projected year-over-year inflation growth rate.
[4] An average of the projected monthly oil prices over the next 12-month forecast period.

The assignment of the probability weighting for the various scenarios using these variables involves management judgment through a robust internal review and analysis by management to arrive at a collective view on the likelihood of each scenario, particularly in light of the current COVID-19 pandemic circumstance. If management were to assign 100% probability to the extremely pessimistic scenario forecast, the allowance for credit losses would have been $24.7 million (December 31, 2020 - $14.0 million under 100% pessimistic scenario forecast) higher than the reported allowance for credit losses as at December 31, 2021. Note the sensitivity above does not consider the migration of exposure and/or changes in credit risk that would have occurred in the loan portfolio due to risk mitigation actions or other factors.

Aging of the Gross Consumer Loans receivable

An aging analysis of the gross consumer loans receivable at the end of the periods was as follows:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Current	1,909,110	94.1%	1,191,176	95.6%
Days past due				
1 - 30 days	71,505	3.5%	34,880	2.8%
31 - 44 days	14,417	0.7%	7,645	0.6%
45 - 60 days	12,358	0.6%	5,503	0.4%
61 - 90 days	14,966	0.7%	7,258	0.6%
91 - 120 days	3,350	0.2%	231	0.0%
121 - 150 days	2,792	0.1%	83	0.0%
151 - 180 days	1,841	0.1%	63	0.0%
	121,229	5.9%	55,664	4.4%
Gross consumer loans receivable	2,030,339	100.0%	1,246,840	100.0%

A large portion of the Company's consumer loans receivable operates on a bi-weekly rather than monthly repayment cycle. As such, the aging analysis between different fiscal periods may not be comparable depending upon the day of the week on which the fiscal period ends. An alternate aging analysis prepared as of the last Saturday of the fiscal periods often presents a more relevant comparison.

Aging analysis of the consumer loans receivable as of the last Saturday of the periods was as follows:

	SATURDAY, DECEMBER 25, 2021	SATURDAY, DECEMBER 26, 2020
	% OF TOTAL	% OF TOTAL
Current	**93.8%**	94.9%
Days past due		
1 - 30 days	**3.7%**	3.5%
31 - 44 days	**0.7%**	0.5%
45 - 60 days	**0.7%**	0.5%
61 - 90 days	**0.7%**	0.6%
91 - 120 days	**0.2%**	0.0%
121 - 150 days	**0.1%**	0.0%
151 - 180 days	**0.1%**	0.0%
	6.2%	5.1%
Gross consumer loans receivable	**100.0%**	100.0%

Consumer loans receivable that are considered past due as of the last Saturday of December 2021 was 6.2%, which was 110 bps higher than the last Saturday of December 2020, primarily due to the inclusion of the LendCare portfolio, which has a longer period prior to charge off, at six months post initial delinquency, compared to the existing easyfinancial unsecured loan portfolio, where loans are charged off three months after the initial delinquency. In addition, during the prior year comparison period, there was a significant degree of federal financial support available to customers during COVID-19 pandemic together with higher loan protection insurance claims, which served to reduce the delinquency.

Consumer Loans receivable by Geography

At the end of the periods, the Company's gross consumer loans receivable were allocated among the following geographic regions:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Newfoundland & Labrador	**65,514**	**3.2%**	43,672	3.5%
Nova Scotia	**104,654**	**5.2%**	66,665	5.4%
Prince Edward Island	**13,395**	**0.7%**	10,285	0.8%
New Brunswick	**93,522**	**4.6%**	56,735	4.6%
Quebec	**243,865**	**12.0%**	109,180	8.8%
Ontario	**762,981**	**37.6%**	529,909	42.5%
Manitoba	**86,681**	**4.3%**	51,995	4.2%
Saskatchewan	**99,365**	**4.9%**	62,672	5.0%
Alberta	**329,465**	**16.2%**	172,627	13.8%
British Columbia	**210,611**	**10.4%**	130,233	10.4%
Territories	**20,286**	**0.9%**	12,867	1.0%
Gross consumer loans receivable	**2,030,339**	**100.0%**	1,246,840	100.0%

Consumer Loans receivable by Loan Type

At the end of the periods, the Company's consumer loans receivable was allocated among the following loan types:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Unsecured Instalment Loans	**1,364,696**	**67.2%**	1,091,562	87.5%
Secured Instalment Loans[1]	**665,643**	**32.8%**	155,278	12.5%
Gross consumer loans receivable	**2,030,339**	**100.0%**	1,246,840	100.0%

[1] Secured instalment loans include loans secured by real estate, personal property or a Notice of Security Interest.

LEASING PORTFOLIO ANALYSIS

Potential Monthly Leasing Revenue

Potential monthly leasing revenue is a supplementary financial measure. The Company measures its leasing portfolio and the performance of its easyhome business through potential monthly lease revenue. Potential monthly lease revenue reflects the lease revenue that the Company's portfolio of leased merchandise would generate in a month providing it collected all lease payments contractually due in that period, but excludes revenue generated by certain ancillary products. Potential monthly leasing revenue is an important indicator of the future revenue generating potential of the Company's lease portfolio. Potential monthly leasing revenue is calculated as the number of lease agreements outstanding multiplied by the average required monthly lease payment per agreement. 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.

Potential monthly lease revenue is calculated as follows:

	DECEMBER 31,2021	DECEMBER 31, 2020
Total number of lease agreements	**79,776**	85,946
Multiplied by the average required monthly lease payment per agreement	**102.70**	98.45
Potential monthly lease revenue ($ in 000's)	**8,193**	8,461

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

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Opening potential monthly lease revenue	**8,160**	8,256	**8,461**	8,643
Decrease due to store closures or sales during the period	**(27)**	(6)	**(49)**	(52)
Increase (decrease) due to ongoing operations	**60**	211	**(219)**	(130)
Net change	**33**	205	**(268)**	(182)
Ending potential monthly lease revenue	**8,193**	8,461	**8,193**	8,461

Potential Monthly Lease Revenue by Product Category

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

	DECEMBER 31, 2021		DECEMBER 31, 2020	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Furniture	**3,380**	**41.3%**	3,624	42.8%
Electronics	**2,656**	**32.4%**	2,666	31.5%
Appliances	**1,140**	**13.9%**	1,150	13.6%
Computers	**1,017**	**12.4%**	1,021	12.1%
Potential monthly lease revenue	**8,193**	**100.0%**	8,461	100.0%

Potential Monthly Lease Revenue by Geography

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

	DECEMBER 31, 2021		DECEMBER 31, 2020	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Newfoundland & Labrador	**699**	**8.4%**	685	8.1%
Nova Scotia	**810**	**9.9%**	847	10.0%
Prince Edward Island	**140**	**1.7%**	148	1.7%
New Brunswick	**648**	**7.9%**	702	8.3%
Quebec	**586**	**7.2%**	592	7.0%
Ontario	**2,571**	**31.4%**	2,706	32.0%
Manitoba	**234**	**2.9%**	245	2.9%
Saskatchewan	**383**	**4.7%**	398	4.7%
Alberta	**1,244**	**15.2%**	1,252	14.8%
British Columbia	**878**	**10.7%**	886	10.5%
Potential monthly lease revenue	**8,193**	**100.0%**	8,461	100.0%

Leasing Charge offs as a Percentage of Leasing Revenue

The Company's leasing charge offs as a percentage of leasing revenue is a non-IFRS measure ratio. When easyhome enters into a leasing transaction with a customer, a sale is not recorded as the Company 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 Company. In some instances, the Company is unable to regain possession of the assets which are then 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. easyhome leasing revenue is a non-IFRS measure and is calculated as the total Company revenue less financial revenue. The Company uses leasing charge offs as a percentage of leasing revenue, among other measures, to assess the operating performance of its leasing portfolio. Non-IFRS ratios are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Depreciation of lease assets	**9,157**	8,980	**35,844**	35,770
Less: Lease asset amortization excluding net charge offs	**(8,291)**	(8,252)	**(32,831)**	(32,843)
Net charge offs	**866**	728	**3,013**	2,927
Total Company revenue	**234,430**	173,219	**826,722**	652,922
Less: Financial revenue	**(204,974)**	(142,749)	**(707,137)**	(532,245)
Leasing revenue	**29,456**	30,470	**119,585**	120,677
Net charge offs as a percentage of leasing revenue	**2.9%**	2.4%	**2.5%**	2.4%

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 consolidated 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 is a supplementary financial measure which shows 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 excluding the revenues related to opened and closed stores or kiosks during the period. 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-month to 36-month time frame, as these stores tend to be in the strongest period of growth at this time.

For the three-month period and year ended December 31, 2021, the Company experienced a higher level of same store revenue growth rate compared to the same periods of 2020. During 2020, the Company experienced a lower level of loan growth due to a lower level of demand caused by the COVID-19 pandemic. In addition, the Company experienced higher than usual loan protection insurance claim costs in 2020, which served to reduce the net commissions earned on this program, associated with higher unemployment rates as a result of the COVID-19 pandemic. The lower level of loan growth resulted in lower levels of same store revenue growth. Subsequently, in 2021, the Company has seen an improved level of demand and loan growth, leading to higher growth in same store revenue.

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Same store revenue growth (overall)	**13.4%**	4.2%	**12.1%**	6.3%
Same store revenue growth (easyhome)	**5.6%**	4.4%	**6.0%**	4.5%

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

At various times, net income and diluted earnings per share may be affected by adjusting items that have occurred in the period and impact the comparability of these measures with other periods. Adjusting items include items that are outside of normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. Adjusted net income and adjusted diluted earnings per share are non-IFRS measures. The Company defines: i) adjusted net income as net income excluding such adjusting items; and ii) adjusted diluted earnings per share as diluted earnings per share excluding such adjusting items. The Company believes that adjusted net income and adjusted diluted earnings per share are important measures of the profitability of operations adjusted for the effects of adjusting items.

Items used to calculate adjusted net income and earnings per share for the three-month period and year ended December 31, 2021 and 2020 include those indicated in the chart below:

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT EARNINGS PER SHARE)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Net income as stated	49,961	48,911	244,943	136,505
Impact of adjusting items *Operating expenses before depreciation and amortization*				
Transaction costs[1]	-	-	7,615	-
Integration costs[2]	3,447	-	5,047	-
Bad debts				
Day one loan loss provision on the acquired loans[3]	-	-	14,252	-
Amortization of intangible assets				
Amortization of intangible assets acquired through the Acquisition[4]	3,277	-	8,735	-
Other income[5]	(8,371)	(16,040)	(114,876)	(21,740)
Finance costs				
Transaction costs[1]	-	-	1,726	-
Total pre-tax impact of adjusting items	(1,647)	(16,040)	(77,501)	(21,740)
Income tax impact of above adjusting items	(670)	2,125	7,317	2,881
After-tax impact of adjusting items	(2,317)	(13,915)	(70,184)	(18,859)
Adjusted net income	47,644	34,996	174,759	117,646
After-tax impact of Debentures	-	-	-	1,586
Fully diluted adjusted net income	47,644	34,996	174,759	119,232
Weighted average number of diluted shares outstanding	17,233	15,589	16,757	15,757
Diluted earnings per share as stated	2.90	3.14	14.62	8.76
Per share impact of normalized items	(0.14)	(0.90)	(4.19)	(1.19)
Adjusted diluted earnings per share	2.76	2.24	10.43	7.57

Adjusting items related to the LendCare Acquisition

[1] Transaction costs including advisory and consulting costs, legal costs, and other direct transaction costs related to the acquisition of LendCare reported under Operating expenses before depreciation and amortization and loan commitment fees related to the acquisition of LendCare reported under Finance costs.

[2] Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, other integration-related costs related to the acquisition of LendCare and the write off of certain software as a result of the integration with LendCare. Integration costs were reported under Operating expenses before depreciation and amortization.

[3] Bad debt expense related to the day one loan loss provision on the acquired loan portfolio from LendCare.

[4] Amortization of $131 million intangible asset related to the acquisition of LendCare with an estimated useful life of ten years.

Adjusting item related to other income

[5] For the three-month period and year ended December 31, 2021, realized and unrealized fair value gains mainly related to investments in Affirm and TRS. For the three-month period and year ended December 31, 2020, unrealized fair value gains mainly related to investments in PayBright.

ADJUSTED NET INCOME AS A PERCENTAGE OF REVENUE

Adjusted net income as a percentage of revenue is a non-IFRS measure ratio. The Company believes that adjusted net income as a percentage of revenue is an important measure of the profitability of the Company's operations. The Company defines adjusted net income as net income excluding adjusting items.

	THREE MONTHS ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)
Net income as stated	49,961	49,961	48,911	48,911
After-tax impact of adjusting items[1]	-	(2,317)	-	(13,915)
Adjusted net income	49,961	47,644	48,911	34,996
Divided by revenue	234,430	234,430	173,219	173,219
Net income as a percentage of revenue	21.3%	20.3%	28.2%	20.2%

[1] For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.

	YEAR ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)
Net income as stated	244,943	244,943	136,505	136,505
After-tax impact of adjusting items[1]	-	(70,184)	-	(18,859)
Adjusted net income	244,943	174,759	136,505	117,646
Divided by revenue	826,722	826,722	652,922	652,922
Net income as a percentage of revenue	29.6%	21.1%	20.9%	18.0%

[1] For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.

ADJUSTED OPERATING MARGIN

Adjusted operating margin is a non-IFRS measure. The Company defines adjusted operating margin as adjusted operating income divided by revenue for the Company as a whole and for its reporting segments: easyfinancial and easyhome. The Company defines adjusted operating income as operating income excluding adjusting items. The Company believes adjusted 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		
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020
easyfinancial			
Operating income	87,643	87,643	67,227
Divided by revenue	196,015	196,015	136,523
***easyfinancial* operating margin**	44.7%	44.7%	49.2%
easyhome			
Operating income	8,450	8,450	8,663
Divided by revenue	38,415	38,415	36,696
***easyhome* operating margin**	22.0%	22.0%	23.6%
Total			
Operating income	79,629	79,629	61,277
Operating expenses before depreciation and amortization			
Integration costs[1]	-	3,447	-
Amortization of intangible assets			
Amortization of intangible assets acquired through the Acquisition[1]	-	3,277	-
Adjusted operating income	79,629	86,353	61,277
Divided by revenue	234,430	234,430	173,219
Total operating margin	34.0%	36.8%	35.4%

[1] For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.

		THREE MONTHS ENDED	
		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020
easyfinancial			
Operating income	**324,751**	**324,751**	242,589
Divided by revenue	**676,351**	**676,351**	509,904
***easyfinancial* operating margin**	**48.0%**	**48.0%**	47.6%
easyhome			
Operating income	**36,861**	**36,861**	31,059
Divided by revenue	**150,371**	**150,371**	143,018
***easyhome* operating margin**	**24.5%**	**24.5%**	21.7%
Total			
Operating income	**281,003**	**281,003**	216,436
Operating expenses before depreciation and amortization			
Transaction costs[1]	**-**	**7,615**	-
Integration costs[1]	**-**	**5,047**	-
Bad debts			
Day one loan loss provision on the acquired loans[1]	**-**	**14,252**	-
Amortization of intangible assets			
Amortization of intangible assets acquired through the Acquisition[1]	**-**	**8,735**	-
Adjusted operating income	**281,003**	**316,652**	216,436
Divided by revenue	**826,722**	**826,722**	652,922
Total operating margin	**34.0%**	**38.3%**	33.1%

[1] For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA") AND EBITDA MARGIN

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

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Net income as stated	**49,961**	48,911	**244,943**	136,505
Finance cost	**22,281**	13,343	**79,025**	54,992
Income tax expense	**15,758**	15,063	**71,911**	46,679
Depreciation and amortization, excluding depreciation of lease assets	**12,508**	7,772	**43,042**	28,953
EBITDA	**100,508**	85,089	**438,921**	267,129
Divided by revenue	**234,430**	173,219	**826,722**	652,922
EBITDA margin	**42.9%**	49.1%	**53.1%**	40.9%

FREE CASH FLOWS FROM OPERATIONS BEFORE NET GROWTH IN GROSS CONSUMER LOANS RECEIVABLE

Free cash flows from operations before net growth in gross consumer loans receivable is a non-IFRS measure. The Company defines Free cash flows from operations before net growth in gross consumer loans receivable as cash provided by (used in) operating activities if the Company has not invested in the growth of the consumer loans receivable and the loan portfolio had remained static. The Company believes Free cash flows from operations before net growth in gross consumer loans receivable is an important performance indicator to assess the cash generating ability of its existing loan portfolio.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Cash provided by (used in) operating activities	(74,171)	(23,059)	(78,875)	74,412
Net growth in gross consumer loans receivable during the period	133,623	64,039	783,499	136,207
Less: Gross loans purchased[1]	-	-	(444,520)	-
Adjusted net growth in gross consumer loans receivable during the period	133,623	64,039	338,979	136,207
Free cash flows from operations before net growth in gross consumer loans receivable	59,452	40,980	260,104	210,619

[1] Gross loans purchased during the second quarter of 2021 through the acquisition of LendCare.

RETURN ON ASSETS

Adjusted return on assets is a non-IFRS measure ratio. The Company defines adjusted return on assets as annualized adjusted net income in the period divided by average total assets for the period. The Company defines adjusted net income as net income excluding adjusting items. The Company believes adjusted return on assets is an important measure of how total assets are utilized in the business.

	THREE MONTHS ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)
Net income as stated	49,961	49,961	48,911	48,911
After-tax impact of adjusting items[1]	-	(2,317)	-	(13,915)
Adjusted net income	49,961	47,644	48,911	34,996
Multiplied by number of periods in year	X 4	X 4	X 4	X 4
Divided by average total assets for the period	2,533,945	2,533,945	1,434,596	1,434,596
Return on assets	7.9%	7.5%	13.6%	9.8%

[1]For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.

	YEAR ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)
Net income as stated	244,943	244,943	136,505	136,505
After-tax impact of adjusting items[1]	-	(70,184)	-	(18,859)
Adjusted net income	244,943	174,759	136,505	117,646
Divided by average total assets for the period	2,126,594	2,126,594	1,389,540	1,389,540
Return on assets	11.5%	8.2%	9.8%	8.5%

[1]For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.

RETURN ON EQUITY

Adjusted return on equity is a non-IFRS measure ratio. The Company defines adjusted return on equity as annualized adjusted net income in the period, divided by average shareholders' equity for the period. The Company defines adjusted net income as net income excluding adjusting items. The Company believes adjusted 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)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)
Net income as stated	49,961	49,961	48,911	48,911
After-tax impact of adjusting items[1]	-	(2,317)	-	(13,915)
Adjusted net income	49,961	47,644	48,911	34,996
Multiplied by number of periods in year	X 4	X 4	X 4	X 4
Divided by average shareholders' equity for the period	798,620	798,620	426,868	426,868
Return on equity	25.0%	23.9%	45.8%	32.8%

[1]For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.

	YEAR ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)
Net income as stated	244,943	244,943	136,505	136,505
After-tax impact of adjusting items[1]	-	(70,184)	-	(18,859)
Adjusted net income	244,943	174,759	136,505	117,646
Divided by average shareholders' equity for the period	667,962	667,962	377,842	377,842
Return on equity	36.7%	26.2%	36.1%	31.1%

[1] For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.

RETURN ON TANGIBLE COMMON EQUITY

Reported and adjusted return on tangible common equity are non-IFRS measure ratios. The Company defines return on tangible common equity as net income, adjusted for the after-tax amortization of acquisition-related intangible assets, which are treated as adjusting items, as a percentage of average tangible common equity. Tangible common equity is calculated as shareholders' equity for the period, less goodwill and acquisition-related intangible assets, net of related deferred tax liabilities. Adjusted net income before after-tax amortization of intangible assets excludes the impact of adjusting items. The Company believes return on tangible common equity is an important measure of how shareholders' invested tangible capital is utilized in the business.

	THREE MONTHS ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)
Net income as stated	**49,961**	**49,961**	48,911	48,911
Amortization of acquired intangible assets	**3,277**	**3,277**	-	-
Income tax impact of the above item	**(868)**	**(868)**	-	-
Net income before amortization of acquired intangible assets, net of income tax	**52,370**	**52,370**	48,911	48,911
Impact of adjusting items[1]				
Operating expenses before depreciation and amortization				
Integration costs	**-**	**3,447**	-	-
Other income	**-**	**(8,371)**	-	(16,040)
Total pre-tax impact of adjusting items	**-**	**(4,924)**	-	(16,040)
Income tax impact of above adjusting items	**-**	**198**	-	2,125
After-tax impact of adjusting items	**-**	**(4,726)**	-	(13,915)
Adjusted net income	**52,370**	**47,644**	48,911	34,996
Multiplied by number of periods in year	**X 4**	**X 4**	X 4	X 4
Average shareholders' equity	**798,620**	**798,620**	426,868	426,868
Average goodwill	**(180,923)**	**(180,923)**	(21,310)	(21,310)
Average acquired intangible assets[2]	**(123,904)**	**(123,904)**	-	-
Average related deferred tax liabilities	**32,835**	**32,835**	-	-
Divided by average tangible common equity	**526,628**	**526,628**	405,558	405,558
Return on tangible common equity	**39.8%**	**36.2%**	48.2%	34.5%

[1] For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.
[2] Excludes intangible assets relating to software.

($ IN 000'S EXCEPT PERCENTAGES)	YEAR ENDED DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)
Net income as stated	244,943	244,943	136,505	136,505
Amortization of acquired intangible assets	8,735	8,735	-	-
Income tax impact of the above item	(2,314)	(2,314)	-	-
Net income before amortization of acquired intangible assets, net of income tax	251,364	251,364	136,505	136,505
Impact of adjusting items[1] *Operating expenses before depreciation and amortization*				
Transaction costs	-	7,615	-	-
Integration costs	-	5,047	-	-
Bad debts				
Day one loan loss provision on the acquired loans	-	14,252	-	-
Other income	-	(114,876)	-	(21,740)
Finance costs				
Transaction costs	-	1,726	-	-
Total pre-tax impact of adjusting items	-	(86,236)	-	(21,740)
Income tax impact of above adjusting items	-	9,631	-	2,881
After-tax impact of adjusting items	-	(76,605)	-	(18,859)
Adjusted net income	251,364	174,759	136,505	117,646
Average shareholders' equity	667,962	667,962	377,842	377,842
Average goodwill	(116,860)	(116,860)	(21,310)	(21,310)
Average acquired intangible assets[2]	(75,325)	(75,325)	-	-
Average related deferred tax liabilities	19,961	19,961	-	-
Divided by average tangible common equity	495,738	495,738	356,532	356,532
Return on tangible common equity	50.7%	35.3%	38.3%	33.0%

[1] For explanation of adjusting items, refer to the corresponding "Adjusting Net Income and Adjusting Diluted Earnings Per Share" section.
[2] Excludes intangible assets relating to software.

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, 2021 and 2020.

($ IN 000'S, EXCEPT FOR RATIOS)	DECEMBER 31, 2021	DECEMBER 31, 2020
Consumer loans receivable, net	**1,899,631**	1,152,378
Cash	**102,479**	93,053
Amounts receivable	**20,769**	9,779
Prepaid expenses	**8,018**	13,005
Investment	**64,441**	56,040
Lease assets	**47,182**	49,384
Property and equipment, net	**35,285**	31,322
Deferred tax assets, net	**-**	4,066
Derivative financial assets	**20,634**	-
Intangible assets, net	**159,651**	25,244
Right-of-use assets, net	**57,140**	46,335
Goodwill	**180,923**	21,310
Total assets	**2,596,153**	1,501,916
Revolving securitization warehouse facility	**292,814**	-
Secured borrowings	**173,959**	-
Notes payable	**1,085,906**	689,410
Revolving credit facility	**-**	198,339
External debt	**1,552,679**	887,749
Accounts payable and accrued liabilities	**57,134**	46,065
Income taxes payable	**27,859**	13,897
Dividends payable	**10,692**	6,661
Unearned revenue	**11,354**	10,622
Accrued interest	**8,135**	2,598
Deferred tax liabilities, net	**38,648**	-
Derivative financial liabilities	**34,132**	36,910
Lease liabilities	**65,607**	53,902
Total liabilities	**1,806,240**	1,058,404
Shareholders' equity	**789,913**	443,512
Total capitalization (external debt plus total shareholders' equity)	**2,342,592**	1,331,261
Capital management measures		
External debt to shareholders' equity[1]	**1.97**	2.00
Net debt to net capitalization[2]	**0.65**	0.64
External debt to EBITDA[3]	**3.54**	3.32

[1] External debt to shareholders' equity is a capital management measure that the Company uses to assess the ability of its net assets to cover outstanding debts. It is calculated as external debt divided by shareholders' equity.
[2] Net debt to net capitalization is a leverage metric the Company uses to ensure it is operating within its target leverage range. Net debt is calculated as external debt less cash. Net debt to net capitalization is net debt divided by the sum of net debt and shareholders' equity.
[3] External debt to EBITDA is a capital management measure that the Company uses to assess the ability of the Company's EBITDA to cover its outstanding debts. It is calculated as external debt divided by EBITDA.

Total assets were $2.6 billion as at December 31, 2021, an increase of $1.1 billion or 72.0% compared to December 31, 2020. The increase was related primarily to i) the acquired loan portfolio from LendCare of $444.5 million; ii) intangible assets recognized and goodwill arising from the Acquisition amounting to $134.2 million and $159.6 million, respectively; iii) a $302.8 million increase in net consumer loans receivable excluding the loans acquired through the Acquisition; iv) the increase in cash of $9.4 million; and iv) the increase in investments of $8.4 million mainly due to the new equity investments in Affirm and Brim, partially offset by the disposal of an equity investment in PayBright.

The $1.1 billion of growth in total assets was primarily financed by i) a $664.6 million increase in external debt which includes the new US$320 million 2026 Notes to fund the Acquisition; and ii) a $346.4 million increase in total shareholder's equity, which was driven by the $172.5 million bought deal equity offering related to the Acquisition, 81,400 common shares issued to LendCare's founders valued at $11.8 million and earnings generated by the Company, partially offset by share buybacks under the Company's Normal Course Issuer Bid ("NCIB") and dividends paid. While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings over the prior year have been retained to fund the growth of its consumer lending business.

Liquidity and Capital Resources

CASH FLOW REVIEW

The table below provides a summary of cash flow components for the three-month period and year ended December 31, 2021 and 2020.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2021	DECEMBER 31, 2020
Cash provided by operating activities before net issuance of consumer loans receivable and purchase of lease assets	**115,882**	74,822	**439,573**	357,690
Net issuance of consumer loans receivable	**(178,198)**	(85,873)	**(484,817)**	(246,824)
Purchase of lease assets	**(11,855)**	(12,008)	**(33,631)**	(36,454)
Cash (used in) provided by operating activities	**(74,171)**	(23,059)	**(78,875)**	74,412
Cash used in investing activities	**(8,475)**	(8,659)	**(210,635)**	(28,673)
Cash provided by financing activities	**60,440**	85,294	**298,936**	973
Net (decrease) increase in cash for the period	**(22,206)**	53,576	**9,426**	46,712

The Company provides loans to non-prime borrowers. The Company obtains capital and funding which is treated as cash flows from financing activities and then advances funds to borrowers as loans which are treated as cash used in operating activities. When borrowers make loan payments this generates cash flow from operating activities and income over time. As such when the Company is growing its portfolio of consumer loans it will tend to use cash in operating activities.

Cash Flow Analysis for the Three Months Ended December 31, 2021

Cash used in operating activities for the three-month period ended December 31, 2021 was $74.2 million, compared with $23.1 million in the same period of 2020. Included in cash used in operating activities for the three-month period ended December 31, 2021 were: i) a net investment of consumer loans receivable amounting to $178.2 million; and ii) the purchase of lease assets of $11.9 million. If the net issuance of consumer loans receivable and the purchase of lease assets were treated as cash flows from investing activities, the cash flows generated by operating activities would have been $115.9 million for the three months ended December 31, 2021, up $41.1 million from the same period of 2020. The increase was driven by increased earnings, favorable changes in working capital and higher non-cash expenses such as bad debt expense and depreciation and amortization.

During the three-month period ended December 31, 2021, cash used in investing activities was $8.5 million, slightly lower compared to $8.7 million in the same period of 2020.

During the three-month period ended December 31, 2021, the Company generated $60.4 million in cash flow from financing activities, down $24.9 million from $85.3 million of cash generated in the same period of 2020. During the three-month period ended December 31, 2021, the Company received advances of $169.9 million from its revolving securitized warehouse facility and $79.9 million received from advances against its revolving credit facility. These cash inflows were partially offset by the repayment of $95.0 million of advances on its revolving credit facility, $62.3 million of repurchases of common shares through the Company's NCIB, the repayment of $17.6 million of advances from secured borrowings, the payment of $10.6 million of dividends, and the payment of $5.0 million of lease liabilities. During the fourth quarter of 2020, the Company received net proceeds of $100 million received from advances against the revolving credit facility. These cash inflows were partially offset by the $6.7 million of dividends paid, $5.5 million of shares repurchased under the Company's NCIB and $4.3 million of lease liabilities paid.

Cash Flow Analysis for the Year Ended December 31, 2021

Cash used in operating activities during the year was $78.9 million, compared to $74.4 million of cash generated by operating activities in the same period of 2020. Included in cash provided by operating activities for the year ended December 31, 2021 were: i) a net investment of $484.8 million to increase the gross consumer loans receivable portfolio and ii) the purchase of $33.6 million of lease assets. If the net issuance of consumer loans receivable and the purchase of lease assets were treated as cash flows from investing activities, the cash flows generated by operating activities would have been $439.6 million for the year, up from $357.7 million in the same period of 2020. The increase was due to increased earnings, favorable changes in working capital partially offset by higher non-cash expenses such as bad debt expense and depreciation and amortization partially offset by higher non-cash other income related to fair value gains on Investments.

During the year, the Company used $210.6 million in investing activities, up $182.0 million compared to $28.7 million in the prior year. This is mainly due to cash used in the Acquisition of $281.0 million and the purchase of equity investments mainly in Brim of $11.3 million, partially offset by $109.2 million of proceeds from the sales of equity investments in PayBright and Affirm.

During the year, the Company generated $298.9 million in cash flow from financing activities. During the year, the Company issued 2026 Notes and raised $172.5 million bought deal equity offering to fund the Acquisition, received $372.6 million from advances against its revolving securitization warehouse facility, received $154.8 million from advances against its revolving credit facility, and $67.1 million in advances from secured borrowings. These cash inflows were partially offset by repayment of $355.0 million of advances on its revolving credit facility, a $243.6 million repayment of acquired notes payable, $80.0 million repayment of advances from the revolving securitization warehouse facility, $62.3 million of repurchases of common shares through NCIB, a $60.4 million repayment of secured borrowings, paid $37.5 million of dividends and payment of $18.9 million of lease liabilities. In 2020, the Company generated $1 million in cash flow from financing activities. During the prior year, the Company received net proceeds of $85 million from advances against its revolving credit facility. These cash inflows were partially offset by $42.4 million of shares repurchased under the Company's NCIB, $23.9 million of dividends paid, payments of $16.8 million of lease liabilities and $2.4 million used to redeem Debentures.

CAPITAL AND FUNDING RESOURCES

goeasy funds its business through a combination of equity and debt instruments. goeasy's Common Shares are listed for trading on the TSX under the trading symbol "GSY". goeasy is rated BB- with a stable trend from S&P and Ba3 with a stable trend from Moody's.

On March 22, 2021, goeasy's common shares were added by Dow Jones to the S&P/TSX Composite Index. The Company's inclusion in the benchmark Canadian index reflects the value that has been created for the Company's shareholders over the years.

As at December 31, 2021, the Company's external debt consisted of US$550 million of 2024 Notes with net carrying value of $687.0 million, US$320 million of 2026 Notes with net carrying value of $398.9 million, $174.0 million of secured borrowings, and $295 million drawn against the Company's revolving securitization warehouse facility. As at December 31, 2021, no amount was drawn against the Company's revolving credit facility leaving $310 million of borrowing capacity.

Borrowings under the 2024 Notes bore a US$ coupon rate of 5.375%. Through a cross-currency swap agreement arranged concurrently with the US$550 million offering of the 2024 Notes in November 2019, the Company hedged the risk of changes in the foreign exchange rate for all required payments of principal and interest, effectively hedging the obligation at $728.3 million with a Canadian dollar interest rate of 5.65%. These 2024 Notes mature on December 1, 2024.

Borrowings under the 2026 Notes bore a US$ coupon rate of 4.375%. Through a cross-currency swap agreement arranged concurrently with the US$320 million offering of the 2026 Notes in April 2021, the Company hedged the risk of changes in the foreign exchange rate for all required payments of principal and interest, effectively hedging the obligation at $400 million with a Canadian dollar interest rate of 4.818%. These 2026 Notes mature on May 1, 2026.

The Company has two secured borrowing facilities as follows:

- A $105 million annual securitization facility, which bears an interest at the Government of Canada Bonds ("GOCB") rate (with a floor rate of 0.95%) plus 395 bps. The loan sale agreement to sell loans into the facility expired on July 31, 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity; and

- An $85 million annual securitization facility, which bears an interest at GOCB (with a floor rate of 0.25%) plus 325 bps. In addition to the securitization loan facility, there is a $6 million accumulation loan agreement which advances 85% of the face value of the consumer loans for up to a 90-day period bearing an interest rate at BA plus 400 bps. The loan sale agreement to sell loans into the facility expired on November 30, 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity.

Borrowings under the Company's revolving securitization warehouse facility bear interest at the rate of 1-month CDOR plus 185 bps, maturing December 7, 2023. Concurrent with the establishment of the revolving securitization warehouse facility, the Company entered into an interest rate swap as a cash flow hedge to protect against the risk of changes in the variability of future interest rates by paying a fixed rate and receiving the variable rate equivalent to 1-month CDOR.

The average blended coupon interest rate for the Company's debt as at December 31, 2021, was 4.9% down from 5.2% as at December 31, 2020.

As at December 31, 2021, the Company had a cash position of $102.5 million which includes $13.3 million of net restricted cash related to its cross-currency and total return swap contracts and $27.6 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings reserve. As at December 31, 2021, the Company has borrowing capacities of $305.0 million under its revolving securitization warehouse facility and $310.0 million under its revolving credit facility. The cash position of $102.5 million and total borrowing capacities of $615.0 million represented $717.5 million in total liquidity as at December 31, 2021. The Company also has the ability to exercise the accordion feature under its revolving credit facility to add an additional $75.0 million in borrowing capacity. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plan and meet its forecast through the fourth quarter of 2023.

The expansion of the revolving securitization warehouse facility by $300 million and the reduction of the revolving credit facility by $40 million in January 2022 brings the total liquidity to $977.5 million as at February 16, 2022. The current total liquidity, excluding further enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plan and meet its forecast through the fourth quarter of 2024.

Outstanding Shares and Dividends

As at February 16, 2022, there were 16,095,693 Common Shares, 287,466 deferred share units, 476,830 options, 246,695 restricted share units, and no warrants outstanding.

NORMAL COURSE ISSUER BID

On December 14, 2021, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make an NCIB (the "2021 NCIB"). Pursuant to the 2021 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 1,243,781 Common Shares being approximately 10% of goeasy's public float as of December 7, 2021. As at December 7, 2021, goeasy had 16,254,135 Common Shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2021, was 62,825. Under the 2021 NCIB, daily purchases will be limited to 15,706 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The purchases were permitted to commence on December 21, 2021, and will terminate on December 20, 2022, or on such earlier date as the Company may complete its purchases pursuant to the 2021 NCIB. The 2021 NCIB will be conducted through the facilities of the TSX or alternative trading systems, if eligible, and will conform to their regulations. Purchases under the 2021 NCIB will be made by means of open market transaction or other such means as a security regulatory authority may permit, including pre-arranged crosses, exempt offers and private agreements under an issuer bid exemption order issued by a securities regulatory authority. The price that goeasy will pay for any Common Shares will be the market price of such shares at the time of acquisition, unless otherwise permitted under applicable rules.

On December 16, 2020, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make an NCIB (the "2020 NCIB"). Pursuant to the 2020 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 1,079,703 Common Shares being approximately 10% of goeasy's public float as of December 9, 2020. As at December 9, 2020, goeasy had 14,801,169 Common Shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2020, was 83,554. Under the 2020 NCIB, daily purchases were limited to 20,888 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The 2020 NCIB was permitted to commence on December 21, 2020 and the 2020 NCIB terminated on December 20, 2021. The purchases made by goeasy pursuant to the 2020 NCIB were effected through the facilities of the TSX, as well as alternative trading systems, and in accordance with the rules of the TSX. The price that the Company paid for any Common Shares was the market price of such shares at the time of acquisition. The Company did not purchase any Common Shares other than by open-market purchases. Under the 2020 NCIB, the Company completed the purchase for cancellation through the facilities of the TSX of 333,315 Common Shares at a weighted average price of $186.86 per Common Share for a total cost of $62.3 million.

On December 18, 2019, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make an NCIB (the "2019 NCIB"). Pursuant to the 2019 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 1,038,269 Common Shares being approximately 10% of goeasy's public float as of December 9, 2019. As at December 9, 2019, goeasy had 14,346,709 Common Shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2019, was 36,081. Under the 2019 NCIB, daily purchases were limited to 9,020 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The 2019 NCIB was permitted to commence on December 20, 2019 and the 2019 NCIB terminated on December 19, 2020. The purchases made by goeasy pursuant to the 2019 NCIB were effected through the facilities of the TSX, as well as alternative trading systems, and in accordance with the rules of the TSX. The price that the Company paid for any Common Shares was the market price of such shares at the time of acquisition. The Company did not purchase any Common Shares other than by open-market purchases. Under the 2019 NCIB, the Company completed the purchase for cancellation through the facilities of the TSX of 767,855 Common Shares at a weighted average price of $55.18 per Common Share for a total cost of $42.4 million.

On March 23, 2020, TSX provided a temporary relief for its participating organizations for NCIB purchases. From March 23, 2020 to December 31, 2020 ("Effective Period"), TSX modified the volume of purchases condition in TSX Rule 6-101 of the TSX Rule Book, subsection (a) of "normal course issuer bid", so that the amount of NCIB purchases must not exceed 50% of the average daily trading volume of the listed securities of that class. During the Effective Period, the Company's daily purchases under the 2019 NCIB was limited to 18,040 Common Shares, representing 50% of the average daily trading volume, other than block purchase exemptions.

DIVIDENDS

During the quarter ended December 31, 2021, the Company declared a $0.66 per share quarterly dividend on outstanding Common Shares. This dividend was paid on January 14, 2022.

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. However, no dividends can be declared in the event there is a default of a loan facility, or where such payment would lead to a default.

On February 17, 2021, the Company increased the dividend rate by 46.7% from $0.45 to $0.66 per share per quarter. 2021 marks the 17th consecutive year of paying a dividend to shareholders and the 7th consecutive year of an increase in the dividend to shareholders.

In February 2020, the Company was added to the S&P/TSX Canadian Dividend Aristocrats Index with a 42% compound annual growth rate in the dividend over the prior 5 years.

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

	2021	2020	2019	2018	2017	2016	2015
Dividend per share	**$0.660**	$0.450	$0.310	$ 0.225	$ 0.180	$ 0.125	$ 0.100
Percentage increase	**46.7%**	45.2%	37.8%	25.0%	44.0%	25.0%	17.6%

Commitments, Guarantees and Contingencies

COMMITMENTS

The Company is committed to software maintenance, development and licensing service agreements, and operating leases for premises and vehicles. Some of the Company's lease contracts for premises include extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. As at December 31, 2021, no extension option for lease contracts for premises is expected to be exercised.

The undiscounted potential future lease payments for operating leases for premises and vehicles and the estimated operating costs related to technology commitments required for the next five 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	**21,210**	**45,212**	**4,400**
Vehicles	**710**	**1,358**	**45**
Technology commitments	**19,939**	**23,095**	**-**
Total contractual obligations	**41,859**	**69,665**	**4,445**

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.

Risk Factors

OVERVIEW

The Company is 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 Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Corporate Governance, Nominating and Risk Committee of the Board reviews the Company's risk management policies on an annual basis.

STRATEGIC RISK

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 and regulatory landscapes.

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, to secure and maintain merchant partnerships, to successfully develop and launch new products to meet evolving customer demands, to secure growth financing at a reasonable cost, to maintain profitability levels within the mature easyhome business and to execute with efficiency and effectiveness.

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.

MARKET RISK

Macroeconomic Conditions

Certain changes in macroeconomic conditions, many of which are beyond the Company's control, can have a negative impact on its customers and its performance. The Company's primary customer segment is the non-prime consumer. These cash and credit constrained customers are affected by adverse macroeconomic conditions such as higher unemployment rates or costs of living, which can lower collection rates and result in higher charge off 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.

There can be no assurance that economic conditions will remain favorable for the Company's business or that demand for loans or default rates by customers will remain at current levels. Reduced demand for loans would negatively impact the Company's growth and revenues, while increased default rates by customers may inhibit the Company's access to capital, hinder the growth of the loan portfolio attributable to its products and negatively impact its profitability. Either such result could have a material adverse effect on the Company's business, prospects, results of operations, financial condition or cash flows.

COVID-19 Pandemic

The Company's business has been impacted by the COVID-19 pandemic, which has created significant societal and economic disruptions. The COVID-19 pandemic has had, and will continue to have, a broad impact across industries and the economy, including effects on consumer confidence, global financial markets, regional and international travel, supply chain distribution of various products for many industries, government and private sector operations, the price of consumer goods, country-wide lockdowns in various regions of the world, and numerous other impacts on daily life and commerce.

With the active vaccination campaigns during the year, Canada saw improvements in containing outbreaks of the COVID-19 pandemic and the economy reopened at a different pace across the country. Lighter control measures led to partial economic recovery. However, towards the end of 2021, the emergence of new variants, including the Omicron variant, have led the Canadian government, and governments around the world, to re-institute measures to combat the spread of COVID-19, including, but not limited to: the implementation of travel bans, border closings, mandated capacity limits and closures, self-imposed quarantine periods and social and physical distancing policies, which have contributed to the material disruption to businesses globally, resulting in continued economic uncertainty.

The ever-changing and rapidly-evolving effects of COVID-19, the duration, extent and severity of which are currently unknown, on investors, businesses, the economy, society and the financial markets could, among other things, add volatility to the global stock markets, change interest rate environments, and increase delinquencies and defaults. With the stricter control measures back in place, the Company will continue to remain vigilant in its efforts to mitigate the impact of COVID-19 related risks to the Company. The COVID-19 virus, and the measures to prevent its spread, may continue to contribute to a higher level of uncertainty with respect to management's judgements and estimates.

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates.

As at December 31, 2021, the revolving credit facility has a variable interest rate at either the BA rate plus 300 bps or the Prime plus 200 bps, at the option of the Company. Subsequent to December 31, 2021, the Company announced an amendment to the credit facility resulting in a reduction to the variable interest rate to BA rate plus 225 bps or the Prime plus 75 bps, at the option of the Company. The Company does not hedge interest rates on the revolving credit facility. Accordingly, future changes in interest rates will affect the amount of interest expense payable by the Company to the extent that draws are made on the variable rate revolving credit facility. As at December 31, 2021, the Company's has no drawn amount against its revolving credit facility.

The revolving securitization warehouse facility has a variable interest rate at 1-month CDOR plus 185 bps. The Company entered into an interest rate swap agreement as a cash flow hedge to protect itself against the variability of future interest payments by paying a fixed rate based on the weighted average life of the securitized loans and receiving variable rate equivalent to 1-month CDOR. As such, each drawn taken on the facility has a hedge implemented that results in interest rates becoming fixed for the duration of that draw.

As at December 31, 2021, 100% of the Company's drawn debt balances effectively bear fixed rates due to the type of debt and the aforementioned interest rate swap agreements.

Foreign Currency Risk

The 2024 Notes and 2026 Notes are US$ denominated. In connection with the offering of these notes, the Company entered into cross-currency swaps to hedge the risk of changes in foreign exchange rates for the obligations of the notes and for all required payments of principal and interest.

The Company sources some of its merchandise out of the U.S. and, as such, its Canadian operations have some U.S. denominated cash and payable balances. As a result, the Company has both foreign exchange transaction and translation risk. Although the Company has U.S. dollar denominated purchases, it 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 its financial performance.

Competition

The Company estimates the size of the Canadian market for non-prime consumer lending, excluding mortgages, is approximately $186 billion. This demand is currently being met by a wide variety of industry participants that offer diverse products, including auto lending, credit cards, installment loans, retail finance programs, small business lending and real estate secured lending. Generally, industry participants have tended to focus on a single product offering rather than providing consumers with multiple alternatives. As a result, the suppliers to the marketplace are quite diverse.

Competition in the non-prime consumer lending market is based primarily on access, flexibility and cost (interest rates). Consumers are generally able to transition between the different types of lending products that are available in the marketplace to satisfy their need for these different characteristics. The Company expects the competition for non-prime consumer lending in Canada will continue to shift for the foreseeable future. While traditional financial institutions are likely to decrease their risk tolerance and move farther away from non-prime lending, regional financial institutions such as credit unions, payday lenders, marketplace lenders and online lenders are expected to continue their expansion into the non-prime market.

The Company also faces direct competition in the Canadian market from other merchandise leasing companies. Other factors that may adversely affect the performance of the leasing business are increased sales of used furniture and electronics online and at retail stores that offer a non-prime point-of-sale purchase financing option. Additional competitors, both domestic and international, may emerge since barriers to entry are relatively low.

The Company may be unable to compete effectively with new and existing competitors, which could adversely affect its revenues and results of operations. In addition, investments required to adjust to changing market conditions may adversely affect the Company's business and financial performance.

CREDIT RISK

Credit risk is the risk of loss that arises when a customer or counterparty 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 makes consumer loans and leases products 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 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 Credit Committee comprised of members of senior management. Credit quality of the customer is assessed using proprietary credit scorecards and individual credit limits are defined in accordance with this assessment. 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 credit losses as prescribed by IFRS 9 and as described fully in the notes to the Company's consolidated financial statements for the year ended December 31, 2021. The process for establishing an allowance for loan losses is critical to the Company's results of operations and financial conditions and is based on historical data, the underlying health and quality of the consumer loan portfolio at a point in time, and forward-looking indicators. To the extent that such inputs used to develop its allowance for credit losses are not representative or predictive of current loan book performance, the Company could suffer increased loan losses above and beyond those provided for on its consolidated 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 and have a material adverse effect on the financial results of the Company.

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.

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 counterparties and consumers and creates an allowance for uncollectible amounts when determined to be appropriate.

The Company has established a Credit Committee and created processes and procedures to identify, measure, monitor and mitigate significant credit risks. However, to the extent that such risks go unidentified or are not adequately or expeditiously addressed by senior management, the Company and its financial performance could be adversely affected.

LIQUIDITY AND FUNDING RISK

Liquidity Risk

The Company has been funded through various sources, including the revolving credit facility, the revolving securitization warehouse facility, the 2024 Notes and 2026 Notes, 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 has publicly stated that it intends to significantly expand its consumer lending business. To achieve this goal, the Company may 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 favorable to the Company. The inability to access adequate sources of financing, or to do so on favorable terms, may adversely affect the Company's capital structure and ability to fund operational requirements and satisfy financial obligations. If additional funds are raised by issuing equity securities, shareholders may incur dilution.

Liquidity risk is the risk that the Company's financial condition is adversely affected by an inability to meet funding obligations and support the Company's 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 Company's capital structure consists of external debt and shareholders' equity, which comprises issued capital, contributed surplus and retained earnings.

All of the Company's debt facilities 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 the Company's operations could materially suffer.

The Company has been successful in renewing and expanding its credit facilities in the past to meet the needs of its growing consumer lending business. If the Company is unable to renew these facilities on acceptable terms when they become due, there could be a material adverse effect on the Company's financial condition, liquidity and results of operations.

Debt Service

The Company's ability to make scheduled payments on, or refinance its debt obligations, depends on its financial condition and operating performance, which are subject to a number of factors beyond its control. The Company may be unable to maintain a level of cash flows from operating activities sufficient to permit it to repay the principal and interest on its indebtedness.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, reduce its growth plans, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to obtain such alternative measures on commercially reasonable terms, or at all and, even if successful, those alternative actions may not allow it to meet its scheduled debt service obligations. The Company's credit agreements restrict its ability to dispose of assets and use the proceeds from those dispositions and may also restrict its ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. The Company may not be able to consummate any such dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due.

The Company's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all would materially and adversely affect its business, results of operations and financial condition. Failure to meet its debt obligations could result in default under its lending agreements. In the event of such default, the holders of such indebtedness could elect to declare all of the funds borrowed thereunder to be immediately due and payable, together with accrued and unpaid interest, and the Company could, among other remedies that may be available, be forced into bankruptcy, insolvency or liquidation. If the Company's operating performance declines, it may need to seek waivers from the holders of such indebtedness to avoid being in default under the instruments governing such indebtedness. If the Company breaches its covenants under its indebtedness, it may not be able to obtain a waiver from the holders of such indebtedness on terms acceptable to the Company or at all. If this occurs, the Company would be in default under such indebtedness, and the holders of such indebtedness could exercise their rights as described above and the Company could, among other remedies that may be available, be forced into bankruptcy, insolvency or liquidation. A default under the agreements governing certain of the Company's existing or future indebtedness and the remedies sought by the holders of such indebtedness could make the Company unable to pay principal or interest on the debt.

Debt Covenants

The agreements governing the Company's credit facilities contain restrictive covenants that may limit its discretion with respect to certain business matters. These covenants may place significant restrictions on, among other things, the Company's ability to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees, and to sell or otherwise dispose of assets. In addition, the agreements governing the Company's credit facilities may contain financial covenants that require it to meet certain financial ratios and financial condition tests.

If the Company fails to maintain the requisite financial ratios under the agreement governing its credit facilities, it will be unable to draw any amounts under the revolving credit facility until such default is waived or cured as required. In addition, such a failure could constitute an event of default under the Company's lending agreements entitling the lenders to accelerate the outstanding indebtedness thereunder unless such event of default is cured as required by the agreement. The Company's ability to comply with these covenants in future periods will depend on its ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond its control.

The restrictions in the agreements governing the Company's credit facilities may prevent the Company from taking actions that it believes would be in the best interest of its business and may make it difficult for it to execute its business strategy successfully or effectively compete with companies that are not similarly restricted. The Company may also incur future debt obligations that might subject it to additional restrictive covenants that could affect its financial and operational flexibility.

The Company's ability to comply with the covenants and restrictions contained in the agreement governing the Company's credit facilities may be affected by economic, financial and industry conditions beyond its control. The breach of any of these covenants or restrictions could result in a default under the agreements that would permit the applicable lenders to declare all amounts outstanding thereunder to be due and payable (including terminating any outstanding hedging arrangements), together with accrued and unpaid interest, or cause cross-defaults under the Company's other debts. If the Company is unable to repay its secured debt, lenders could proceed against the collateral securing the debt. This could have serious consequences to the Company's financial condition and results of operations and could cause it to become bankrupt or insolvent.

Credit Ratings

The Company received credit ratings in connection with the issuance of its 2024 Notes and 2026 Notes. Any credit ratings applied to the 2024 Notes and 2026 Notes are an assessment of the Company's ability to pay its obligations. The Company is under no obligation to maintain any credit rating with credit rating agencies and there is no assurance that any credit rating assigned to the 2024 Notes and 2026 Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering, withdrawal or failure to maintain any credit ratings applied to the 2024 Notes and 2026 Notes may have an adverse effect on the market price or value and the liquidity of the 2024 Notes and 2026 Notes and, in addition, any such action could make it more difficult or more expensive for the Company to obtain additional debt financing in the future.

OPERATIONAL RISK

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.

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 strengthened its hiring competencies and training programs.

In particular, the Company is dependent upon the abilities, experiences and efforts of its senior management team and other key employees. The loss of these individuals without adequate replacement could have a material adverse impact on 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 successfully operate its expanding branch and store network. There is competition for such personnel, and there can be no assurances that the Company will be successful in attracting and retaining the personnel 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.

Outsource Risk

The Company outsources certain business functions to third-party service providers, which increases its operational complexity and decreases its control. The Company relies on these service providers to provide a high level of service and support, which subjects it to risks associated with inadequate or untimely service. In addition, if these outsourcing arrangements were not renewed or were terminated or the services provided to the Company were otherwise disrupted, the Company would have to obtain these services from an alternative provider. The Company may be unable to replace, or be delayed in replacing, these sources and there is a risk that it would be unable to enter into a similar agreement with an alternate provider on terms that it considers favorable or in a timely manner. In the future, the Company may outsource additional business functions. If any of these or other risks relating to outsourcing were realized, the Company's financial position, liquidity and results of operations could be adversely affected.

Fraud Risk

Employee error and employee and customer misconduct could subject the Company to financial losses or regulatory sanctions and seriously harm the Company's reputation. Misconduct by its employees could include hiding unauthorized activities, improper or unauthorized activities on behalf of customers or improper use of confidential information. It is not always possible to prevent employee error and misconduct, and the precautions the Company takes to prevent and detect this activity may not be effective in all cases. Employee error could also subject the Company to financial claims for negligence.

If the Company's internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured, exceeds applicable insurance limits or if insurance coverage is denied or not available, it could have a material adverse effect on the Company's business, financial condition and results of operations.

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 or collect customer accounts. Although the Company has extensive information technology security and disaster recovery plans, such a failure, if sustained, could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Breach of Information Security

The Company's operations rely heavily on the secure processing, storage and transmission of confidential and sensitive customer and other information through its information technology network. Other risks include the Company's use of third-party vendors with access to its network that may increase the risk of a cyber security breach. Third-party breaches or inadequate levels of cyber security expertise and safeguards may expose the Company, directly or indirectly, to security breaches.

A breach, unauthorized access, computer virus, or other form of malicious attack on the Company's information security may result in the compromise of confidential and/or sensitive customer or employee information, destruction or corruption of data, reputational harm affecting customer and investor confidence, and a disruption in the management of customer relationships or the inability to originate, process and service the Company's leasing or lending portfolios which could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

To mitigate the risk of an information security breach, the Company regularly assesses such risks, has a disaster recovery plan in place and has implemented reasonable controls over unauthorized access. The store network and corporate administrative offices, including centralized operations, takes reasonable measures to protect the security of its information systems (including against cyber-attacks). The Chief Information Officer of the Company oversees information security. However, such a cyber-attack or data breach could have a material adverse effect on the Company and its financial condition, liquidity and results of operations.

Privacy, Information Security, and Data Protection Regulations

The Company is subject to various privacy and information security laws and takes reasonable measures to ensure compliance with all requirements. Legislators and regulators are increasingly adopting new privacy and information security 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 or regulators.

Risk Management Processes and Procedures

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

COMPLIANCE RISK

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 and 52-109F1 Certification of annual filings of the Ontario Securities Commission, which requires the Company's CEO and CFO to submit a quarterly and annual 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.

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 including the salability or pricing of certain ancillary products which could have a material adverse effect on the Company.

Section 347 of the Criminal Code prohibits the charging of an effective annual rate of interest that exceeds sixty percent for an agreement or arrangement for credit advanced. The Company believes that easyfinancial is subject to section 347 of the Criminal Code and closely monitors any legislative activity in this area. The application of additional 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. At present, additional provincial regulation in certain geographic areas focusing on high-cost credit loans have been adopted, but do not materially impact the Company's business operations.

While management of the Company is of the view that its merchandise leasing business does not involve the provision of credit, it could be determined that aspects of easyhome's merchandise leasing business are subject to the Criminal Code. The Company has implemented measures to ensure that the aggregate of all charges and expenses under its merchandise lease agreement do not exceed the maximum interest rate allowed by law. Where aspects of easyhome's business are subject to the Criminal Code, and the Company has not complied with the requirements thereof, the Company could be subject to either or both (1) civil actions for nullification of contracts, rebate of some or all payments made by customers, and damages; and (2) criminal prosecution for violation of the Criminal Code, any of which outcomes could have a material adverse effect on the Company.

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.

easyfinancial is subject to minimal regulatory capital requirements in connection with its operations in Saskatchewan. Otherwise, the Company operates in an unregulated environment with regard to capital requirements.

Accounting Standards

From time to time the Company may be subject to changes in accounting standards issued by accounting standard-setting bodies, which may affect the Company's consolidated financial statements and reduce its reported profitability.

LEGAL AND REPUTATIONAL RISK

Reputation

The Company's reputation is very important to attracting new customers to its platform, securing repeat lending to existing customers, hiring the best employees and obtaining financing to facilitate the growth of its business. While the Company believes that it has a good reputation and that it provides customers with a superior experience, there can be no assurance that the Company will continue to maintain a good relationship with customers or avoid negative publicity.

In recent years, consumer advocacy groups and some media reports have advocated governmental action to prohibit or place severe restrictions on non-bank consumer loans, not making the proper distinction between payday loans and non-prime loans. Such consumer advocacy groups and media reports generally focus on the annual percentage rate for this type of consumer loan, which is compared unfavorably to the interest typically charged by banks to consumers with top-tier credit histories. The finance charges the Company assesses can attract media publicity about the industry and be perceived as controversial. Customer's acceptance of the interest rates the Company charges on its consumer loans receivable could impact the future rate of the growth. Additionally, if the negative characterization of these types of loans is accepted by legislators and regulators, the Company could become subject to more restrictive laws and regulations applicable to consumer loan products that could have a material adverse effect on the Company's business, prospects, results of operations, financial condition or cash flows.

The Company's ability to attract and retain customers is highly dependent upon the external perceptions of its level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters — even if related to seemingly isolated incidents, or even if related to practices not specific to short-term loans, such as debt collection — could erode trust and confidence and damage the Company's reputation among existing and potential customers, which would make it difficult to attract new customers and retain existing customers, significantly decrease the demand for the Company's products, result in increased regulatory scrutiny, and have a material adverse effect on the Company's business, prospects, results of operations, financial condition, ability to raise growth capital or cash flows.

Litigation

From time to time and in the normal course of business, the Company may be involved in material litigation or may be subject to regulatory actions. There can be no assurance that any litigation or regulatory action 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. Lawsuits or regulatory actions could cause the Company to incur substantial expenditures, generate adverse publicity and could significantly impair the Company's business, force it to cease doing business in one or more jurisdictions or cause it to cease offering one or more products.

The Company is also likely to be subject to further litigation and communications with regulators in the future. An adverse ruling or a settlement of any current or future litigation or regulatory actions against the Company or another lender could cause the Company to have to refund fees and/or interest collected, forego collections of the principal amount of loans, pay multiple damages, pay monetary penalties and/or modify or terminate its operations in particular jurisdictions. Defense of any lawsuit or regulatory action, even if successful, could require substantial time and attention of the Company's management and could require the expenditure of significant amounts for legal fees and other related costs.

Possible Volatility of Stock Price

The market price of the 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 significant shifts in the availability of global credit, swings in macro-economic performance due to volatile shifts in oil prices and unexpected natural disasters, concerns about the global economy and potential recession, economic shocks such as the ongoing global pandemic related to an outbreak of COVID-19 and the 2015 decline in oil prices and their related impacts on the Canadian economy, 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.

Insurance Risk

The Company's insurance policies may not comprehensively cover all risks and liabilities because appropriate coverage may not be available (or may not adequately cover all losses) or the Company may elect not to insure against certain risks. It may elect not to do so, for example, where it considers the applicable premiums to be excessive in relation to the perceived risks and benefits that may accrue. As a result, the Company may be held liable for material claims beyond its insurance coverage limits that could materially and adversely impact financial performance and reputation. In addition, any significant claim against such policies may lead to increased premiums on renewal and/or additional exclusions to the terms of future policies. If insurance (including cyber insurance) is not available to cover a claim or the quantum of a claim exceeds policy limits, the Company will be exposed to the financial impact of the event which could have an adverse impact on the Company's business, financial performance and operations.

Critical Accounting Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of 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 as described in the December 31, 2021 notes to the consolidated financial statements.

Changes in Accounting Policy and Disclosures

(a) New standards, interpretations and amendments adopted by the Company

There were no new standards, interpretations or amendments that had a material impact to the Company's consolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

b) Standards issued but not yet effective

There are no new standards issued but not yet effective as at January 1, 2021 that have a material impact to the Company's consolidated financial statements.

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 in applicable Canadian securities laws and include controls and procedures designed to ensure that information required to be disclosed in the Company's filings or other reports is accumulated and communicated to the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), so that timely decisions can be made regarding required 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 the Company's disclosure controls and procedures were effective as at December 31, 2021.

INTERNAL CONTROLS 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.

The Company's internal controls over the financial reporting framework include those policies and procedures that:

(i) Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

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 (2013) 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").

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 2021

The Company's management is certifying limited scope on the design of DC&P and ICFR during the year ended December 31, 2021 to exclude controls, policies and procedures of the newly acquired business not more than 365 days before the last day of the year end covered by the year end filings. The summary of financial information about the acquired business has been consolidated in the Company's consolidated financial statements for the year ended December 31, 2021.

EVALUATION OF ICFR AT DECEMBER 31, 2021

As at December 31, 2021, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR excluding controls, policies and procedures of the newly acquired business. 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, 2021.

MANAGEMENT'S RESPONSIBILITY 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.

goeasy 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. These controls include quality standards in the hiring and training of employees, written policies and procedures related to employee conduct, risk management, external communication and disclosure of material information, and review and oversight of the Company's policies, procedures and practices. Management has assessed the effectiveness of this system of internal controls and determined that, as at December 31, 2021, the Company's internal control over financial reporting is effective.

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. The Audit Committee is composed entirely of independent directors. The Audit Committee is responsible for the quality and integrity of the Company's financial information, the effectiveness of the Company's risk management, internal controls and regulatory compliance practices, reviewing and approving applicable financial information and documents prior to public disclosure and for selecting the Company's external auditors. The Audit 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.

Jason Mullins
President & Chief Executive Officer

Hal Khouri
Executive Vice-President & Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the shareholders of **goeasy Ltd.**

OPINION

We have audited the consolidated financial statements of goeasy Ltd. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Allowance for loan losses

Key audit matter

As more fully described in Notes 2 and 7 of the consolidated financial statements, goeasy has used expected credit loss (ECL) models to recognize $159.8 million in allowances for credit losses on its consolidated balance sheet. The ECL is an unbiased and probability-weighted estimate of credit losses expected to occur in the future, which is determined by evaluating a range of possible outcomes incorporating the time value of money and reasonable and supportable information about past events, current conditions and future economic forecasts.

The allowance for credit losses is a significant estimate for which variations in model methodology, assumptions and judgements can have a material effect on the measurement of expected credit losses. Specifically, the effects of the COVID-19 pandemic have created a higher level of uncertainty in the estimation of future credit losses.

Auditing the allowance for credit losses was complex, involved auditor judgement and required the involvement of Credit Risk Specialists due to the inherent complexity of the models, assumptions, judgements and the interrelationship of these variables in measuring the ECL. Significant assumptions and judgments with respect to the estimation of the allowance for credit losses included the calculation of both 12-month and lifetime expected credit losses, the determination of when a loan has experienced a significant increase in credit risk and the determination of relevant forward looking multiple economic scenarios and the probability weighting of those scenarios.

How our audit addressed the key audit matter

To test the allowance for credit losses, among other procedures, we assessed, with the assistance of our Credit Risk Specialists, whether the methodology and assumptions used in the ECL models are consistent with IFRS. We independently recalculated the ECL using source data. With the assistance of our Credit Risk Specialists, we evaluated the accuracy and related application of the programming code which records loans in each of the appropriate stages. We evaluated the reasonability of macroeconomic inputs used by comparing the information to third party sources and recalculated the effect of the inputs on the ECL models. We tested the completeness and accuracy of a sample of data used in the measurement of ECL by agreeing back to appropriate source systems or loan origination documents.

Acquisition of LendCare Holdings Inc.

Key audit matter

As more fully described in Note 4 of the consolidated financial statements, on April 30, 2021, goeasy Ltd. acquired LendCare Holdings Inc. (LendCare) for consideration of $324.8 million. The purchase price allocation included goodwill valued at $159.6 million. The acquisition was accounted for using the purchase method. The cost of the acquisition was measured at the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination were measured initially at fair value at the date of acquisition.

Auditing the acquisition of LendCare was complex, involved our Valuation Specialists and required the application of significant auditor judgement due to the subjective nature of estimating the fair values of the identified assets and assumed liabilities. Specifically, the valuation of loans and intangible assets, as at the date of acquisition required estimates of key assumptions including the expected future cash flows and discount rate applied to the Merchant Network intangible and the methodology and assumptions used to value the acquired loan portfolio.

How our audit addressed the key audit matter

To test the acquisition of LendCare, among other procedures, we tested the existence and completeness of the assets and liabilities acquired as at April 30, 2021 by obtaining third party confirmations and invoices and recalculating balances where applicable. We assessed the reasonability of the fair values of the assets acquired and liabilities assumed. With the assistance of our Valuation Specialists, we reviewed the fair value of the loan portfolio and Merchant Network intangible asset. We reviewed the key assumptions used by management to assess the fair value of the Merchant Network intangible asset, including the expected future cash flows and discount rate. We evaluated the reasonability of the future cash flows by comparing to historical results and our understanding of the business as well as current economic trends. With the assistance of our Credit Risk Specialists, we reviewed the reasonability of the methodology and assumptions used by management in determining the fair value of the acquired loan portfolio. We performed testing over key assumptions of the model including agreeing loan data back to loan origination documentation.

Goodwill and intangible asset impairment

Key audit matter

As more fully described in Notes 2 and 12 of the consolidated financial statements, goeasy has recognized $21 million in goodwill as a result of past business combinations in the easyhome segment. In the current year, the company has also recognized $159.6 million in goodwill and $134.2 million in intangible assets in the easyfinancial segment as part of the LendCare acquisition. Goodwill is tested, at least annually, for impairment. Goodwill is also required to be tested for impairment whenever there are indicators that it may be impaired. The Merchant Network intangible asset is amortized over a 10-year period and is reviewed for impairment indicators. These assets are tested by comparing the recoverable amount of the cash-generating unit (CGU) to which they have been allocated, with the carrying amount of the total CGU. The recoverable amount of a CGU is defined as the higher of its estimated fair value less costs to sell and its value in use.

Auditing goeasy's goodwill and intangible impairment tests was complex, required the application of auditor judgement and involved the use of our Valuation Specialists due to the significant estimation required to determine the recoverable amounts of the CGUs. In particular, the estimates of recoverable amounts are sensitive to significant assumptions, such as forecasted growth rates, discount rates, and terminal growth rates, which are affected by expectations about future market or economic conditions.

How our audit addressed the key audit matter

With the assistance of our Valuation Specialists, we tested management's estimate of the recoverable amounts of the CGUs. We performed a sensitivity analysis over the significant assumptions to evaluate the changes in the recoverable amount of the CGU that would result from changes in the assumptions. We performed audit procedures that included, among others, assessing the methodologies applied, and testing the significant assumptions discussed above and the underlying data used by goeasy in its assessments. With the assistance of our Valuation Specialists, we evaluated the discount rate by considering the cost of capital of comparable businesses and other industry factors. We evaluated the reasonability of the forecasted earnings and terminal growth rates by comparing to historical results and our current understanding of the business as well as current economic trends. We assessed the historical accuracy of management's prior year estimates by performing a comparison of management's prior year projections to actual results.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- Management's Discussion & Analysis.
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's repowrt. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Tedesco.

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 16, 2022

Audited Consolidated Financial Statements

For the Years Ended
December 31, 2021 & 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	AS AT DECEMBER 31, 2021	AS AT DECEMBER 31, 2020
ASSETS		
Cash (note 5)	**102,479**	93,053
Amounts receivable (note 6)	**20,769**	9,779
Prepaid expenses	**8,018**	13,005
Consumer loans receivable, net (note 7)	**1,899,631**	1,152,378
Investments (note 8)	**64,441**	56,040
Lease assets (note 9)	**47,182**	49,384
Property and equipment, net (note 10)	**35,285**	31,322
Deferred tax assets, net (note 21)	**-**	4,066
Derivative financial assets (notes 8, 13 and 17)	**20,634**	-
Intangible assets, net (note 12)	**159,651**	25,244
Right-of-use assets, net (note 11)	**57,140**	46,335
Goodwill (note 12)	**180,923**	21,310
TOTAL ASSETS	**2,596,153**	1,501,916
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities	**57,134**	46,065
Income taxes payable	**27,859**	13,897
Dividends payable (note 18)	**10,692**	6,661
Unearned revenue	**11,354**	10,622
Accrued interest	**8,135**	2,598
Deferred tax liabilities, net (note 21)	**38,648**	-
Lease liabilities (note 11)	**65,607**	53,902
Revolving credit facility (note 15)	**-**	198,339
Secured borrowings (note 14)	**173,959**	-
Revolving securitization warehouse facility (note 13)	**292,814**	-
Derivative financial liabilities (note 17)	**34,132**	36,910
Notes payable (note 17)	**1,085,906**	689,410
TOTAL LIABILITIES	**1,806,240**	1,058,404
SHAREHOLDERS' EQUITY		
Share capital (note 18)	**363,514**	181,753
Contributed surplus (note 19)	**22,583**	19,732
Accumulated other comprehensive income (loss)	**8,567**	(5,280)
Retained earnings	**395,249**	247,307
TOTAL SHAREHOLDERS' EQUITY	**789,913**	443,512
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,596,153**	1,501,916

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

David Ingram
Director

Karen Basian
Director

CONSOLIDATED STATEMENTS OF INCOME

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

	YEAR ENDED	
	DECEMBER 31, 2021	DECEMBER 31, 2020
REVENUE		
Interest income	535,638	409,583
Lease revenue	112,371	112,796
Commissions earned	163,734	117,913
Charges and fees	14,979	12,630
	826,722	652,922
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	157,157	136,306
Stock-based compensation (note 19)	8,875	7,575
Advertising and promotion	30,393	26,786
Bad debts (note 7)	182,084	134,998
Occupancy	23,614	22,501
Technology costs	18,033	14,191
Other expenses	46,677	29,406
	466,833	371,763
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets (note 9)	35,844	35,770
Depreciation of right-of-use assets (note 11)	18,207	16,183
Amortization of intangible assets (note 12)	16,831	6,773
Depreciation of property and equipment (note 10)	8,004	5,997
	78,886	64,723
TOTAL OPERATING EXPENSES	545,719	436,486
OPERATING INCOME	281,003	216,436
OTHER INCOME (NOTE 8)	114,876	21,740
FINANCE COSTS		
Interest expenses and amortization of deferred financing charges (note 20)	75,910	52,248
Interest expense on lease liabilities (note 11)	3,115	2,744
	79,025	54,992
INCOME BEFORE INCOME TAXES	316,854	183,184
INCOME TAX EXPENSE (RECOVERY) (NOTE 21)		
Current	73,744	33,041
Deferred	(1,833)	13,638
	71,911	46,679
NET INCOME	244,943	136,505
BASIC EARNINGS PER SHARE (NOTE 22)	15.12	9.21
DILUTED EARNINGS PER SHARE (NOTE 22)	14.62	8.76

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(expressed in thousands of Canadian dollars)

	YEAR ENDED	
	DECEMBER 31, 2021	DECEMBER 31, 2020
Net income	244,943	136,505
Other comprehensive income (loss) to be reclassified to the consolidated statement of income in subsequent periods		
Change in foreign currency translation reserve	-	5
Change in fair value of cash flow hedge, net of taxes	20,271	(667)
Change in costs of hedging, net of taxes	(6,424)	(3,703)
	13,847	(4,365)
Comprehensive income	258,790	132,140

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, 2020	181,753	19,732	201,485	247,307	(5,280)	443,512
Common shares issued	189,362	(6,024)	183,338	-	-	183,338
Stock-based compensation (note 19)	-	8,875	8,875	-	-	8,875
Shares purchased for cancellation (note 18)	(7,601)	-	(7,601)	(54,689)	-	(62,290)
Comprehensive income	-	-	-	244,943	13,847	258,790
Dividends (note 18)	-	-	-	(42,312)	-	(42,312)
Balance, December 31, 2021	363,514	22,583	386,097	395,249	8,567	789,913
Balance, December 31, 2019	141,956	20,296	162,252	171,084	(915)	332,421
Common shares issued	9,025	(7,307)	1,718	-	-	1,718
Stock-based compensation (note 19)	-	7,575	7,575	-	-	7,575
Conversion of convertible debentures (note 16)	38,979	1,168	40,147	-	-	40,147
Settlement of deferred share units (note 19)	-	(2,000)	(2,000)	-	-	(2,000)
Shares purchased for cancellation (note 18)	(8,207)	-	(8,207)	(34,180)	-	(42,387)
Comprehensive income	-	-	-	136,505	(4,365)	132,140
Dividends (note 18)	-	-	-	(26,102)	-	(26,102)
Balance, December 31, 2020	181,753	19,732	201,485	247,307	(5,280)	443,512

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of Canadian dollars)

	YEAR ENDED	
	DECEMBER 31, 2021	DECEMBER 31, 2020
OPERATING ACTIVITIES		
Net income	**244,943**	136,505
Add (deduct) items not affecting cash		
Bad debts expense (note 7)	**182,084**	134,998
Depreciation of lease assets (note 9)	**35,844**	35,770
Depreciation of right-of-use assets (note 11)	**18,207**	16,183
Amortization of intangible assets (note 12)	**16,831**	6,773
Stock-based compensation (note 19)	**8,875**	7,575
Depreciation of property and equipment (note 10)	**8,004**	5,997
Amortization of deferred financing charges	**5,688**	4,338
Deferred income tax (recovery) expense (note 21)	**(1,833)**	13,638
Loss on sale or write-off of assets	**2,580**	92
Other income	**(114,876)**	(21,740)
	406,347	340,129
Net change in other operating assets and liabilities (note 23)	**33,226**	17,561
Net issuance of consumer loans receivable	**(484,817)**	(246,824)
Purchase of lease assets	**(33,631)**	(36,454)
Cash (used in) provided by operating activities	**(78,875)**	74,412
INVESTING ACTIVITIES		
Proceeds on sale of investment	**109,198**	-
Purchase of property and equipment	**(7,815)**	(14,405)
Purchase of intangible assets	**(19,634)**	(14,268)
Purchase of investment	**(11,343)**	-
Cash used in the acquisition, net of cash acquired	**(281,041)**	-
Cash used in investing activities	**(210,635)**	(28,673)
FINANCING ACTIVITIES		
Issuance of notes payable, net of financing charges (note 17)	**391,516**	-
Advances from revolving securitization warehouse facility, net of financing charges	**372,557**	-
Issuance of common shares, net of issuance costs (note 18)	**170,177**	1,718
Advances from revolving credit facilities	**154,803**	185,000
Advances from secured borrowings	**67,113**	-
Lease incentive received (note 11)	**1,573**	1,795
Payment of cash-settled restricted share units	**(1,159)**	-
Payment of lease liability (note 11)	**(18,880)**	(16,837)
Payment of common share dividends (note 18)	**(37,474)**	(23,889)
Payment of loan from secured borrowings	**(60,433)**	-
Purchase of common shares for cancellation (note 18)	**(62,290)**	(42,387)
Payment of advances from revolving securitization warehouse facility	**(80,000)**	-
Payment of notes payable	**(243,567)**	-
Payment of advances from revolving credit facilities	**(355,000)**	(100,000)
Settlement of deferred share units	**-**	(2,000)
Redemption of convertible debentures	**-**	(2,427)
Cash provided by financing activities	**298,936**	973
Net increase in cash during the year	**9,426**	46,712
Cash, beginning of year	**93,053**	46,341
Cash, end of year	**102,479**	93,053

See accompanying notes to the consolidated financial statements

Notes To Consolidated Financial Statements

(Expressed in thousands of Canadian dollars except where otherwise indicated)

December 31, 2021 and 2020

1. Corporate Information

goeasy Ltd. (the "Parent Company") was incorporated under the laws of the Province of Alberta, Canada by Certificate and Articles of Incorporation dated December 14, 1990 and was continued as a corporation in the Province of Ontario pursuant to Articles of Continuance dated July 22, 1993. The Parent Company has common shares listed on the Toronto Stock Exchange (the "TSX") under the symbol "GSY" and its head office is located in Mississauga, Ontario, Canada.

The Parent Company and all of the companies that it controls (collectively referred to as "goeasy" or the "Company") are a leading full-service provider of goods and alternative financial services that provide everyday Canadians a path for a better tomorrow, today. The principal operating activities of the Company include: i) providing loans and other financial services to consumers; and ii) leasing household products to consumers.

The Company operates in two reportable segments: easyfinancial and easyhome. As at December 31, 2021, the Company operated 294 easyfinancial locations (including 5 kiosks within easyhome stores and 3 operations centres) and 158 easyhome stores (including 34 franchises). As at December 31, 2020, the Company operated 266 easyfinancial locations (including 14 kiosks within easyhome stores) and 161 easyhome stores (including 35 franchises).

The consolidated financial statements were authorized for issue by the Board of Directors on February 16, 2022.

2. Significant Accounting Policies

BASIS OF PREPARATION

The consolidated financial statements of the Company for the year ended December 31, 2021 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, 2021.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company and all of the companies that it controls. goeasy Ltd. controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This includes all wholly-owned subsidiaries and a structured entity (note 13) where goeasy has control but does not have ownership of a majority of voting rights.

As at December 31, 2021, the Parent Company's principal subsidiaries were:

- RTO Asset Management Inc.
- easyfinancial Services Inc.
- 2830844 Ontario Inc. (note 4)

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.

FOREIGN CURRENCY TRANSLATION

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.

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 translated into the functional currency at the spot rate on the reporting date. 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.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding promotional discounts, rebates and sales taxes. The Company assesses its revenue arrangements against specific criteria in 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 ancillary products where it acts as an agent and therefore recognizes such revenue on a net basis.

i) Interest Income

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

ii) Lease Revenue

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

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

iii) Commissions Earned and Charges and Fees

Commissions earned are recognized when, or as, a performance obligation is satisfied by providing a service to a customer, in the amount of the consideration to which the Company expects to receive. Charges and fees are recognized as revenue at a point in time upon when the transaction is completed.

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

FINANCIAL ASSETS

Initial Recognition and Measurement

Financial assets are classified at initial recognition at: i) fair value through profit or loss ("FVTPL"); ii) amortized cost; iii) debt financial instruments measured at fair value through other comprehensive income ("FVOCI"); iv) equity financial instruments designated at FVOCI; or v) financial instruments designated at FVTPL, based on the contractual cash flow characteristics of the financial assets and the business model under which the financial assets are managed. All financial assets are measured at fair value with the exception of financial assets measured at amortized cost. Financial assets are reclassified when and only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

All debt instrument financial assets that do not meet a "solely payment of principal and interest" ("SPPI") test, including those that contain embedded derivatives are classified at initial recognition as FVTPL. For debt instrument financial assets that meet the SPPI test, classification at initial recognition is determined based on the business model under which these instruments are managed. Debt instruments that are managed on a "held for trading" or "fair value" basis are classified as FVTPL. Debt instruments that are managed on a "hold to collect and for sale" basis are classified as FVOCI for debt. Debt instruments that are managed on a "hold to collect" basis are classified as amortized cost.

Financial assets consist of amounts receivable, consumer loans receivable, derivative financial instruments and investments, and are initially measured at fair value plus transaction costs.

Amounts receivable and consumer loans receivable are subsequently measured at amortized cost. Amortized cost is determined using the effective interest rate method, factoring in acquisition costs paid to third parties, and the allowance for loan losses. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument.

The Company does not have any financial assets that are subsequently measured at fair value except for investments and the derivative financial instruments which may be in an asset or liability position (see section "Derivative Financial Instruments and Hedge Accounting").

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 applies an expected credit loss ("ECL") model, where credit losses that are expected to transpire in future years irrespective of whether a loss event has occurred or not as at the statement of financial position date, are provided for. The Company assesses and segments its loan portfolio into performing (Stage 1), under-performing (Stage 2) and non-performing (Stage 3) categories as at each statement of financial position date. Loans are categorized as under-performing if there has been a significant increase in credit risk. The Company utilizes an internal risk rating methodology that incorporates changes, delinquency and other identifiable risk factors to determine when there has been a significant increase or decrease in the credit risk of a loan. Indicators of a significant increase in credit risk include a recent degradation in internal company risk rating based on the Company's custom behaviour credit scoring model, non-sufficient fund ("NSF") transactions, delinquency and substantive adjustments to a loan's terms. Under-performing loans are recategorized to performing only if there is deemed to be a substantial decrease in credit risk. Loans are categorized as non-performing if there is objective evidence that such loans will likely charge off in the future which the Company has determined to be when loans are delinquent for greater than 30 days. For performing loans, the Company is required to record an allowance for loan losses equal to the expected losses on that group of loans over the ensuing twelve months. For under-performing and non-performing loans, the Company is required to record an allowance for loan losses equal to the expected losses on those groups of loans over their remaining life.

The Company does not provide any additional credit to borrowers who are delinquent. In order for additional credit to be advanced to a borrower, they must be current on their pre-existing loan and meet the Company's credit and underwriting requirements. In limited situations, the Company may amend the terms of a loan, typically through deferring payments and extending the loan amortization period, for customers that are current or are in arrears as a means to ensure the customer remains able to repay the loan.

The key inputs in the measurement of ECL allowances are as follows:

- The probability of default is an estimate of the likelihood of default over a given time horizon;
- The exposure at default is an estimate of the exposure at a future default date;
- The loss given default is an estimate of the loss arising in the case where a default occurs at a given time; and
- Forward-looking indicators ("FLIs").

Ultimately, the ECL is calculated based on the probability weighted expected cash collected shortfall against the carrying value of the loan and considers reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions that may impact the credit profile of the loans. Forward-looking information is considered when determining significant increases in credit risk and measuring expected credit losses. Forward-looking macroeconomic factors are incorporated in the risk parameters as relevant. From an analysis of historical data, management has identified and reflected in the Company's ECL allowance those relevant FLIs variables that contribute to credit risk and losses within the Company's loan portfolio. Within the Company's loan portfolio, the most highly correlated variables are unemployment rates, inflation, oil prices, and gross domestic product ("GDP").

Unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days are written off against the allowance for loan losses.

Consumer loan balances, 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 decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a write off is later recovered, the recovery is credited to bad debt expense.

For amounts receivable, the Company applies a simplified approach in calculating ECLs recognizing a loss allowance based on lifetime ECLs at each reporting date.

Modified Loans

In cases where a borrower experiences financial difficulty, the Company may grant certain concessionary modifications to the terms and conditions of a loan. Modifications may include payment deferrals, extension of amortization periods, rate reductions and other modifications intended to minimize the economic loss. The Company has policies in place to determine the appropriate remediation strategy based on the individual borrower.

If the Company determines that a modification results in the expiry of cash flows, the original asset is derecognized while a new asset is recognized based on the new contractual terms. Significant increase in credit risk is assessed relative to the risk of default on the new financial instrument at the date of derecognition. A gain or loss is assessed at the date of modification or derecognition equal to the difference between the fair value of the cash flows under the original and modified terms.

If the Company determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having lifetime ECLs, the loans can revert to having twelve-month ECLs after a period of performance and improvement in the borrower's financial condition.

Purchased or Originated Credit-Impaired Financial Assets

Purchased or originated credit-impaired ("POCI") financial assets are assets that are credit-impaired at the time of initial recognition. A lifetime ECL is incorporated into the calculation of the effective interest rate of these assets. Consequently, POCI assets do not carry an impairment allowance at the time of initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to changes in the lifetime ECL.

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:

- Lease assets, excluding game stations, computers and related equipment, are depreciated using the units of activity method over the expected lease agreement term.
- 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.
- 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 that have been charged off as stolen, lost or no longer suitable for lease.

The Company records a provision against the carrying value of lease assets for estimated losses from theft and/or damage.

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	5 years
Office equipment	7 years
Automotive	5 years
Signage	7 years
Leasehold improvements	5 to 10 years depending on the lease term

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

INTANGIBLE ASSETS

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

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

Asset Category	Estimated Useful Lives
Customer lists	5 years
Websites and digital properties	3 years
Software (excluding websites and digital properties)	5 to 10 years
Merchant networks	10 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.

LEASES

The Company assesses contracts at inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized at the inception of the lease, initial direct costs incurred, and lease payments made at or before the lease commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, plus variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In determining a lease component, the Company does not separate the non-lease components from the lease component and instead accounts for each lease component and any associated non-lease components as a single lease component.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate on leases at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

B. Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease revenue recognition is discussed above.

BUSINESS COMBINATIONS AND GOODWILL

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

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

The Company regularly reviews lease assets that are idle for more than 90 days for indicators of impairment. Such assets deemed not leasable or saleable are discarded and their net carrying value reduced to nil.

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.

For the easyhome business unit, a CGU was determined to be at the individual store level, as the cash inflows of an individual store are largely independent of the cash inflows of other assets in the Company. For the easyfinancial and LendCare Holdings Inc. ("LendCare") business units, a CGU was determined to be at the business unit level, as the cash inflows are largely dependent on their centralized loan and collection centres.

If an indication of impairment exists, or when annual testing for an asset is required, the Company estimates the asset or CGU's recoverable amount. The recoverable amount is the higher of the asset 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. Impairment losses are recognized in net income.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset or CGU in prior years. Such reversals are 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. In the case of certain loans and borrowings, the fair value at initial recognition includes the value of proceeds received net of directly attributable transaction costs. The Company's financial liabilities include a revolving credit facility, United States Dollar ("USD") denominated notes payable, a revolving securitization warehouse facility, secured borrowings, derivative financial instruments 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 and the amortization of deferred financing charges are 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 settled, discharged, cancelled or expired. Any gains or losses are recognized in net income when liabilities are derecognized.

CONVERTIBLE DEBENTURES

Convertible debentures included both liability and equity components associated with the conversion option. The liability component of the convertible debentures is initially recognized at fair value determined by discounting the future principal and interest payments at the rate of interest prevailing at the date of issue for a similar non-convertible debt instrument.

The equity component of the convertible debentures is initially recognized at fair value determined as the difference between the gross proceeds of the convertible debt issuance less the liability component and the deferred tax liability that arises from the temporary difference between the carrying value of the liability and its tax basis. The equity component is allocated to contributed surplus within shareholders' equity. Directly attributable transaction costs related to the issuance of convertible debentures are allocated to the liability and equity components on a pro-rata basis, reducing the fair value at the time of initial recognition.

On July 31, 2020, the Company redeemed all unconverted debentures (note 16).

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company's financing activities expose it to the financial risks of changes in foreign exchange and interest rate volatility. The Company utilizes derivative financial instruments as cash flow hedges to assist in the management of these risks.

Derivative financial instruments are initially measured at fair value on the trade date and are subsequently remeasured at fair value at each reporting date using observable market inputs.

The Company designates derivative financial instruments as cash flow hedges to hedge the change due to foreign exchange risk or interest rate risk when the derivative financial instruments meet the criteria for hedge accounting in accordance with IFRS 9, Financial Instruments.

In order to qualify for hedge accounting, formal documentation must include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the change in values that result from that economic relationship.
- The hedge ratio of the hedging relationship is consistent with management's risk strategy.

Where an effective hedge exists, the change in the fair value of the derivative instrument is recognized in OCI and reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. As such there is no net impact on net income.

Hedge effectiveness is assessed at the inception of the hedge and on an ongoing basis. Should a hedge cease to be effective any changes in fair value related to movements in foreign currency or interest rates would be recognized in net income at that time.

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.

TAXES

i) Current Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Income 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 taxes relating to items recognized directly in equity are also recognized in equity and not in net income.

ii) Deferred Income Taxes

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

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

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- the initial recognition of 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 realized. 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

Revenue, 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, taxation authorities 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 19.

i) Equity-Settled Transactions

The Company grants stock options, Restricted Share Units ("RSUs") and Deferred Share Units ("DSUs"), which are accounted for as equity-settled transactions. 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 pricing 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 vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has elapsed and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense for a period is recognized in stock-based compensation expense in the consolidated statements of income. No expense is recognized for awards that do not ultimately vest.

ii) Cash-Settled Transactions

The Company grants Performance Share Units ("PSUs"), 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 at fair value at the grant date. The liability is remeasured, 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.

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 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 elapsed and the Company's best estimate of the number of cash-settled instruments that will ultimately vest. The expense for a period including changes in fair value are recognized in stock-based compensation expense in the consolidated statements of income. No expense is recognized for awards that do not ultimately vest.

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing 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 cash received from the exercise of options, warrants and convertible debentures 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 JUDGEMENTS, 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 revenue and expenses during the reporting periods.

These accounting judgements, 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.

Impact of COVID-19 Pandemic

The Company's business has been impacted by the COVID-19 pandemic, which has created significant societal and economic disruptions. The COVID-19 pandemic has had, and will continue to have, a broad impact across industries and the economy, including effects on consumer confidence, global financial markets, regional and international travel, supply chain distribution of various products for many industries, government and private sector operations, the price of consumer goods, country-wide lockdowns in various regions of the world, and numerous other impacts on daily life and commerce.

With the active vaccination campaigns during the year, Canada saw improvements in containing outbreaks of the COVID-19 pandemic and the economy reopened at a different pace across the country. Lighter control measures led to partial economic recovery. However, towards the end of 2021, the emergence of new variants, including the Omicron variant, have led the Canadian government, and governments around the world, to re-institute measures to combat the spread of COVID-19, including, but not limited to: the implementation of travel bans, border closings, mandated capacity limits and closures, self-imposed quarantine periods and social and physical distancing policies, which have contributed to the material disruption to businesses globally, resulting in continued economic uncertainty.

The ever-changing and rapidly-evolving effects of COVID-19, the duration, extent and severity of which are currently unknown, on investors, businesses, the economy, society and the financial markets could, among other things, add volatility to the global stock markets, change interest rate environments, and increase delinquencies and defaults. With the stricter control measures back in place, the Company will continue to remain vigilant in its efforts to mitigate the impact of COVID-19 related risks to the Company. The COVID-19 virus, and the measures to prevent its spread, may continue to contribute to a higher level of uncertainty with respect to management's judgements and estimates.

Significant Accounting Judgements, Estimates and Assumptions

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) Business combinations

Business combinations require management to exercise judgment in measuring the fair value of the assets acquired, equity instruments issued, and liabilities incurred or assumed.

ii) Allowance for Credit Losses and Allowance for Loan Losses

The ECL method is applied in determining the allowance for credit losses on gross consumer loans receivable. The key inputs in the measurement of ECL allowances, all of which are subject to accounting judgments, estimates and assumptions are discussed in note 2, Financial Assets. In light of the turbulent economic environment brought on by the COVID-19 pandemic, management identified the need to incorporate additional data and methodological approaches into the Company's forward-looking scenario modelling. Therefore, additional factors have been incorporated in assessing the economic impact of the COVID-19 pandemic on the Company's consumer loan portfolio, as discussed in note 7.

In addition, consumer loans receivable includes accrued interest earned from consumer loans that is expected to be received in future periods. Interest receivable from consumer loans is determined based on the amounts the Company believes will be collected in future periods.

iii) Depreciation of Lease Assets

Certain assets on lease (excluding game stations, computers and related equipment) are depreciated based on the time on lease against the lease agreement term, which is estimated by management for each product category. Other assets on lease such as game stations, computers and related equipment, are depreciated on a straight-line basis over their estimated useful lives.

iv) Impairment of Non-Financial Assets

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.

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

v) Impairment of Goodwill and Indefinite-Life Intangible Assets

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

vi) Fair Value of Stock-Based Compensation

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

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

vii) Taxation Amounts

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.

Under some of the Company's lease contracts for premises, it has the option to lease the premises for additional terms of one to ten years. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e., a change in business strategy).

viii) Fair Value Measurement of Investments

When the fair values of investments recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using alternative valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

3. Changes In Accounting Policy And Disclosures

(a) New standards, interpretations and amendments adopted by the Company

There were no new standards, interpretations or amendments that had a material impact to the Company's consolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(b) Standards issued but not yet effective

There are no new standards issued but not yet effective as at January 1, 2021 that have a material impact to the Company's consolidated financial statements.

4. Significant Acquisition

On April 30, 2021 ("Acquisition Date"), through its newly created wholly-owned subsidiary, 2830844 Ontario Inc., the Company acquired 100% of the outstanding equity of LendCare, a Canadian point-of-sale ("POS") consumer finance and technology company, from LendCare's founders and CIVC Partners for consideration of $324.8 million, of which $313.0 million was paid in cash and $11.8 million was paid in the Company's common shares (the "Acquisition"). The $11.8 million fair value of the 81,400 common shares issued as consideration was calculated with reference to the closing price of the Company's common shares on the Acquisition Date.

The Company determined the fair value of the identifiable net assets and liabilities, goodwill and intangible assets acquired of LendCare at the date of acquisition as follows:

	AMOUNT
Total identifiable net assets acquired	**71,212**
Intangible assets	**134,186**
Goodwill	**159,613**
Deferred tax liabilities	**(40,229)**
Total purchase consideration transferred	**324,782**
Purchase consideration	
Cash	**312,945**
Common shares	**11,837**
Total consideration	**324,782**
Analysis of cash flows on Acquisition	
Transaction costs of the Acquisition (included in cash flows from operating activities)	**(9,341)**
Cash used in Acquisition, net of cash acquired (included in cash flows from investing activities)	**(281,041)**
Issuance of notes payable, net of financing charges (note 17) (included in cash flows from financing activities)	**391,516**
Issuance of common shares, net of issuance costs (note 18) (included in cash flows from financing activities)	**164,812**
Payment of notes payable (included in cash flows from financing activities)	**(243,567)**
Net cash flow on Acquisition	**22,379**

The goodwill of $159.6 million largely reflects the synergies of combining and streamlining the Company's current business with LendCare's operations. Goodwill is not deductible for income tax purposes.

The results of the Acquisition have been consolidated from the Acquisition Date and combined within the easyfinancial reporting segment (note 30).

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The following table summarizes the identifiable assets acquired and liabilities assumed at the Acquisition Date:

	AMOUNT
Cash	**29,507**
Amounts receivable	**9,337**
Prepaid expenses	**798**
Consumer loans receivable	**444,520**
Property and equipment	**4,159**
Right-of-use assets	**1,160**
Income tax recoverable	**6,120**
Accounts payable and accrued liabilities	**(9,034)**
Accrued interest	**(564)**
Deferred tax liabilities, net	**(2,859)**
Notes payable	**(243,567)**
Secured borrowings	**(167,205)**
Lease liabilities	**(1,160)**
Total identifiable net assets acquired	**71,212**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

ASSETS ACQUIRED	VALUATION TECHNIQUE
Consumer loans receivable	Income approach: The income approach considers the present value of future contractual cash flows expected to be generated by loans. For non-credit impaired loans, estimated fair value is determined by discounting the expected future contractual cash flows, considering changes in market interest rates and credit risk that have occurred since the loans were originated, amongst other factors. For purchased credit-impaired loans, fair value is estimated by discounting the expected future cash flows using assumptions of probability of default, loss given default and exposure at default based on historical experience.
Property and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Income approach and replacements cost method: The income approach considers the present value of net cash flows expected to be generated by the merchant network, by excluding any cash flows related to contributory assets. The replacement cost method considers the cost for the Company to replace the asset.

The total gross consumer loan contractual amounts due were $457.3 million, of which $16 million was expected to be uncollectible at the date of acquisition.

ACQUISITION COSTS

During 2021, the Company incurred transaction costs of $9.3 million related to the Acquisition, including advisory and consulting costs, legal costs, commitment loan fees and other direct transaction costs. Of these transaction costs, $7.6 million and $1.7 million was recognized under Other expenses and Finance costs, respectively, in the consolidated statements of income.

5. Cash

Certain cash on deposit at banks earns interest at floating rates based on daily bank deposit rates.

The Company has pledged part of its cash to fulfill collateral requirements under its cross-currency swap contracts and total return swap. As at December 31, 2021, the fair value of the cash pledged by the Company as a cash collateral in respect of the cross-currency swap was $19.6 million (2020 – $30.1 million).

Related to its secured borrowing loans, the Company holds back an amount from the proceeds of the loan transfer as a reserve against future customer defaults. As at December 31, 2021, the cash held back as a reserve for the Revolving Securitization Warehouse Facility and Secured Borrowings was $6.8 million and $20.8 million, respectively.

6. Amounts Receivable

	DECEMBER 31, 2021	DECEMBER 31, 2020
Commission receivable	**15,223**	6,367
Vendor rebate receivable	**601**	539
Due from franchisees	**337**	656
Amounts due from customers and others	**4,608**	2,217
	20,769	9,779
Current	**20,769**	9,595
Non-current	**-**	184
	20,769	9,779

7. Consumer Loans Receivable

Consumer loans receivable represent amounts advanced to customers and includes both unsecured and secured loans. Unsecured loan terms generally range from 9 to 84 months while secured loan terms generally range from 5 to 10 years.

	DECEMBER 31, 2021	DECEMBER 31, 2020
Gross consumer loans receivable	**2,030,339**	1,246,840
Interest receivable from consumer loans	**18,881**	16,566
Unamortized deferred acquisition costs	**16,320**	14,648
Unamortized deferred revenues	**(6,147)**	-
Allowance for credit losses	**(159,762)**	(125,676)
	1,899,631	1,152,378

The allocation of the Company's gross consumer loans receivable as at December 31, 2021 and 2020, based on loan types, is as follows:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Unsecured instalment loans	**1,364,696**	1,091,562
Secured instalment loans	**665,643**	155,278
	2,030,339	1,246,840

The scheduled principal repayment aging analyses of the gross consumer loans receivable portfolio as at December 31, 2021 and 2020 are as follows:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
0 - 6 months	**220,383**	**10.9%**	184,553	14.8%
6 - 12 months	**160,914**	**7.9%**	144,341	11.6%
12 - 24 months	**351,028**	**17.3%**	300,560	24.1%
24 - 36 months	**408,762**	**20.1%**	289,065	23.2%
36 - 48 months	**332,049**	**16.4%**	181,866	14.6%
48 - 60 months	**229,782**	**11.3%**	62,361	5.0%
60 months +	**327,421**	**16.1%**	84,094	6.7%
	2,030,339	**100.0%**	1,246,840	100.0%

The gross consumer loans receivable portfolio categorized by the contractual time to maturity as at December 31, 2021 and 2020 are summarized as follows:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
0 - 1 year	60,319	3.0%	48,561	3.9%
1 - 2 years	155,957	7.7%	142,958	11.5%
2 - 3 years	347,331	17.1%	321,683	25.8%
3 - 4 years	501,830	24.7%	381,055	30.6%
4 - 5 years	473,096	23.3%	209,994	16.8%
5 years +	491,806	24.2%	142,589	11.4%
	2,030,339	100.0%	1,246,840	100.0%

An aging analysis of gross consumer loans receivable past due as at December 31, 2021 and 2020 is as follows:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
1 - 30 days	71,505	3.5%	34,880	2.8%
31 - 44 days	14,417	0.7%	7,645	0.6%
45 - 60 days	12,358	0.6%	5,503	0.4%
61 - 90 days	14,966	0.7%	7,258	0.6%
91 - 120 days	3,350	0.2%	231	0.0%
121 - 150 days	2,792	0.1%	83	0.0%
151 - 180 days	1,841	0.1%	64	0.0%
	121,229	5.9%	55,664	4.4%

The following tables provide the gross consumer loans receivable split by the Company's risk ratings and further segregated by Stage 1, Stage 2, and Stage 3. The categorization of borrowers into low, normal and high risk is based on the Company's custom behaviour credit scoring model and/or third-party credit scores. This scoring model has been built and refined using analytical techniques and statistical modelling tools in predicting future losses among certain customer segments than traditional credit scores available from credit reporting agencies. Borrowers categorized as low risk have expected future losses that are lower than the average expected loss rate of the overall loan portfolio. Customers categorized as normal risk have expected future losses that are approximately the same as the average expected loss rate of the overall loan portfolio. Customers categorized as high risk have expected future losses that are higher than the average expected loss rate of the overall loan portfolio. The median TransUnion Risk Score for those borrowers categorized as low, normal and high risk is presented below as reference.

	AS AT DECEMBER 31, 2021				
	MEDIAN TRANSUNION RISK SCORE	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)	TOTAL
Low Risk	635	1,090,814	1,586	122	1,092,522
Normal Risk	557	610,484	6,122	270	616,876
High Risk	504	167,008	105,102	48,831	320,941
Total	583	1,868,306	112,810	49,223	2,030,339

	AS AT DECEMBER 31, 2020				
	MEDIAN TRANSUNION RISK SCORE	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)	TOTAL
Low Risk	617	636,101	2,467	107	638,675
Normal Risk	544	384,942	7,174	246	392,362
High Risk	502	120,758	75,194	19,851	215,803
Total	564	1,141,801	84,835	20,204	1,246,840

The improvement in the customers' median TransUnion Risk Score as at December 31, 2021, compared with December 31, 2020, was mainly driven by the inclusion of gross consumer loans acquired from LendCare, which are typically issued to consumers with higher credit scores.

An analysis of the changes in the classification of gross consumer loans receivable is as follows:

	YEAR ENDED DECEMBER 31, 2021			
	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)*	TOTAL
Balance as at January 1, 2021	1,141,801	84,835	20,204	1,246,840
Gross loans originated	1,594,480	-	-	1,594,480
Gross loans purchased (note 4)	435,311	-	9,209	444,520
Principal payments and other adjustments	(1,091,069)	11,778	(14,275)	(1,093,566)
Transfers to (from)				
Stage 1 (Performing)	265,508	(226,178)	(39,330)	-
Stage 2 (Under-Performing)	(356,082)	369,644	(13,562)	-
Stage 3 (Non-Performing)	(88,832)	(112,779)	201,611	-
Gross charge-offs	(32,811)	(14,490)	(114,634)	(161,935)
Net growth in gross consumer loans receivable during the year	726,505	27,975	29,019	783,499
Balance as at December 31, 2021	1,868,306	112,810	49,223	2,030,339

* Includes purchased credit-impaired loans from the Acquisition (note 4).

	YEAR ENDED DECEMBER 31, 2020			
	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)	TOTAL
Balance as at January 1, 2020	983,323	103,448	23,862	1,110,633
Gross loans originated	1,033,130	-	-	1,033,130
Gross loans purchased	31,275	-	-	31,275
Principal payments and other adjustments	(813,788)	17,805	(5,417)	(801,400)
Transfers to (from)				
Stage 1 (Performing)	298,014	(264,592)	(33,422)	-
Stage 2 (Under-Performing)	(313,536)	325,354	(11,818)	-
Stage 3 (Non-Performing)	(54,358)	(84,617)	138,975	-
Gross charge-offs	(22,259)	(12,563)	(91,976)	(126,798)
Net growth in gross consumer loans receivable during the year	158,478	(18,613)	(3,658)	136,207
Balance as at December 31, 2020	1,141,801	84,835	20,204	1,246,840

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

	DECEMBER 31, 2021	DECEMBER 31, 2020
Balance, beginning of year	125,676	107,107
Net charge offs against allowance	(147,998)	(116,429)
Increase due to lending and collection activities	182,084	134,998
Balance, end of year	159,762	125,676

An analysis of the changes in the classification of the allowance for credit losses is as follows:

	YEAR ENDED DECEMBER 31, 2021			
	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)*	STAGE 3 (NON-PERFORMING)*	TOTAL
Balance as at January 1, 2021	77,759	32,608	15,309	125,676
Gross loans originated	57,648	-	-	57,648
Gross loans purchased	14,252	-	-	14,252
Principal payments and other adjustments	(28,520)	800	(17,032)	(44,752)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	35,662	(45,015)	(26,283)	(35,636)
Stage 2 (Under-Performing)	(25,851)	97,907	(9,018)	63,038
Stage 3 (Non-Performing)	(10,635)	(32,030)	170,199	127,534
Net charge offs against allowance	(30,650)	(13,590)	(103,758)	(147,998)
Balance as at December 31, 2021	89,665	40,680	29,417	159,762

* Includes purchased credit-impaired loans from the Acquisition (note 4).

	YEAR ENDED DECEMBER 31, 2020			
	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)*	TOTAL
Balance as at January 1, 2020	55,930	33,671	17,506	107,107
Gross loans originated	43,651	-	-	43,651
Gross loans purchased	2,328	-	-	2,328
Principal payments and other adjustments	(53,548)	475	(13,753)	(66,826)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	88,620	(54,650)	(23,408)	10,562
Stage 2 (Under-Performing)	(30,138)	89,120	(8,231)	50,751
Stage 3 (Non-Performing)	(8,440)	(24,367)	127,339	94,532
Net charge offs against allowance	(20,644)	(11,641)	(84,144)	(116,429)
Balance as at December 31, 2020	77,759	32,608	15,309	125,676

In calculating the allowance for credit losses, internally developed models were used which factor in credit risk related parameters including the probability of default, the exposure at default, the loss given default, and other relevant risk factors. As part of the process, the Company employed distinct forecast scenarios for the period as at December 31, 2020, derived from the FLI forecasts produced by five large Canadian banks, which include neutral, optimistic and pessimistic forecast scenarios. For the period as at December 31, 2021, the Company enhanced the methodology by employing five distinct forecast scenarios, derived from the FLI forecasts produced by Moody's Analytics, which include neutral, moderately optimistic, extremely optimistic, moderately pessimistic and extremely pessimistic forecast scenarios. These scenarios use a combination of four inter-related macroeconomic variables including unemployment rates, GDP, inflation rates, and oil prices and are utilized to determine the probability weighted allowance. Judgment is then applied to the recommended probability weightings to these scenarios to determine a probability weighted allowance for credit losses.

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast periods as at December 31, 2021 and December 31, 2020, respectively:

12-MONTH FORWARD-LOOKING MACROECONOMIC VARIABLES (AVERAGE ANNUAL)	DECEMBER 31, 2021					DECEMBER 31, 2020		
	NEUTRAL FORECAST SCENARIO	MODERATELY OPTIMISTIC FORECAST SCENARIO	EXTREMELY OPTIMISTIC FORECAST SCENARIO	MODERATELY PESSIMISTIC FORECAST SCENARIO	EXTREMELY PESSIMISTIC FORECAST SCENARIO	NEUTRAL FORECAST SCENARIO	OPTIMISTIC FORECAST SCENARIO	PESSIMISTIC FORECAST SCENARIO
Unemployment rate[1]	**5.81%**	**5.02%**	**4.33%**	**8.04%**	**9.45%**	7.51%	7.30%	11.41%
GDP Growth[2]	**3.78%**	**6.36%**	**9.03%**	**(2.18%)**	**(6.91%)**	5.91%	6.55%	(2.90%)
Inflation Growth[3]	**3.07%**	**3.64%**	**4.14%**	**2.38%**	**1.79%**	1.52%	1.05%	2.03%
Oil Prices[4]	**$67.34**	**$69.02**	**$72.75**	**$42.25**	**$38.69**	$49.91	$55.04	$31.33

[1] An average of the projected monthly unemployment rates over the next 12-month forecast period.
[2] A projected year-over-year GDP growth rate.
[3] A projected year-over-year inflation growth rate.
[4] An average of the projected monthly oil prices over the next 12-month forecast period.

The analysis performed by the Company determined that the rate of inflation and rate of unemployment were positively correlated with the Company's historic loss rates while oil prices and the rate of GDP growth were negatively correlated with the Company's historic loss rates. The assignment of the probability weighting for the various scenarios using these variables involves management judgment through a robust internal review and analysis to arrive at a collective view of the likelihood of each scenario, particularly in light of the current COVID-19 pandemic. If management were to assign 100% probability to the extremely pessimistic scenario forecast, the allowance for credit losses would have been $24.7 million (2020 – $14.0 million under 100% pessimistic scenario forecast) higher than the reported allowance for credit losses as at December 31, 2021. This sensitivity does not consider the migration of exposure and/or changes in credit risk that would have occurred in the loan portfolio due to risk mitigation actions or other factors.

8. Investments

Investments include the following:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Listed and actively traded equities		
Affirm Holdings Inc.	**53,543**	-
Others	**398**	-
Unlisted equities		
Brim Financial Inc.	**10,500**	-
PayBright	**-**	56,040
	64,441	56,040

Changes in the holdings, fair values of investments and the related total return swap and realized and unrealized gains (losses) recorded in Other income in the consolidated statements of income are summarized below:

	FAIR VALUE, BEGINNING OF THE YEAR	ADDITIONS	SALES/ SETTLEMENTS	TOTAL REALIZED AND UNREALIZED GAINS (LOSSES)	FAIR VALUE, END OF THE YEAR
For the year ended December 31, 2021					
Investments					
Listed and actively traded equities					
Affirm Holdings Inc.[1]	-	33,065	(54,577)	75,055	53,543
Others	-	843	-	(445)	398
Unlisted equities					
Brim Financial Inc.	-	10,500	-	-	10,500
PayBright[1]	56,040	-	(56,040)	-	-
Investments	56,040	44,408	(110,617)	74,610	64,441
Total return swap related to Affirm Holdings Inc.[2]	-	-	(33,287)	40,266	6,979
Investments including total return swap	56,040	44,408	(143,904)	114,876	71,420
For the year ended December 31, 2020					
Investments					
Unlisted equities					
PayBright	34,300	-	-	21,740	56,040
Investments	34,300	-	-	21,740	56,040

[1] On January 1, 2021, the Company sold its equity investment in PayBright for consideration of cash and equity in Affirm Holdings Inc.
[2] In August 2021, the Company settled the total return swap related to the non-contingent portion of the equity in Affirm Holdings Inc. and in September 2021 and November 2021, the Company entered into new total return swaps to partially hedge the contingent portion of the equity consideration received.

AFFIRM HOLDINGS INC. AND PAYBRIGHT

In September 2019, the Company purchased a minority equity interest in PayBright for an aggregate price of $34.3 million. PayBright is a non-listed Canadian lending company and payments platform focused on providing consumers with buy now pay later solutions at their favourite retailers, both online and in-store.

On January 1, 2021, PayBright sold 100% of its shares to Affirm Holdings Inc. ("Affirm"), including the Company's minority equity interest in PayBright. Subsequent to the closing of the sale transaction, Affirm completed an initial public offering and its shares now trade on the Nasdaq Global Select Market under the symbol "AFRM". The equity consideration received by the Company is subject to customary lock-up agreements in connection with Affirm's initial public offering.

Under the terms of the sale to Affirm, the Company received total consideration, which was valued at that time, as follows:

- Cash of $23.0 million, excluding one-time expenses and closing adjustments and including $2.1 million held in escrow;
- Equity in Affirm with a value of $21.5 million; and
- Contingent equity in Affirm with a value of $15.4 million, subject to revenue performance achieved in 2021 and 2022.

After considering the likelihood of realizing the contingent equity, the fair value of the investment in PayBright was determined to be $56.0 million as at December 31, 2020.

On January 1, 2021, the Company derecognized its investment in PayBright and recognized its $33.1 million investment in Affirm in the consolidated statements of financial position.

The Company's investment in Affirm was classified at initial recognition at fair value through profit or loss ("FVTPL") on January 1, 2021.

In August 2021, the lock-up period for the non-contingent portion of the equity in Affirm ended and the Company sold all non-contingent Affirm shares with a total consideration of $54.6 million and realized a fair value gain of $33.0 million under Other income in the consolidated statements of income.

For the year ended December 31, 2021, the Company recognized an unrealized fair value gain of $42.0 million under Other income in the consolidated statements of income.

TOTAL RETURN SWAP

Subsequent to Affirm's initial public offering, the Company entered into a 6-month total return swap ("TRS") agreement to substantively hedge its market exposure related to its equity in Affirm which represents the non-contingent portion of the equity consideration received, pursuant to the sale of its investment in PayBright. This TRS effectively results in the economic value of the Company's non-contingent shares in Affirm being settled in cash at maturity for USD108.87, net of applicable fees. This TRS does not meet the criteria for hedge accounting.

The TRS related to the non-contingent portion of the equity in Affirm was settled in August 2021 for $33.3 million, which was recognized as a realized fair value gain under Other income in the consolidated statements of income.

In September 2021, the Company entered into a 9-month TRS agreement to partially hedge its market exposure related to 100,000 contingent shares of Affirm. This TRS effectively results in the economic value of the hedged portion of the Company's contingent equity in Affirm being settled in cash at maturity for USD110.35 per share, net of applicable fees. This TRS does not meet the criteria for hedge accounting.

In November 2021, the Company entered into a 7-month TRS agreement to partially hedge its market exposure related to an additional 75,000 contingent shares of Affirm. This TRS effectively results in the economic value of the hedged portion of the Company's contingent equity in Affirm being settled in cash at maturity for USD163.00 per share, net of applicable fees. This TRS does not meet the criteria for hedge accounting.

Included in Derivative financial assets is the change in fair value of the above 9-month and 7-month TRS, in the amount of $7.0 million as at December 31, 2021, which was recorded as an unrealized fair value gain in Other income in the consolidated statements of income.

The fair value of the cash posted by the counter parties in respect of the 9-month and 7-month TRS related to the contingent portion of the equity in Affirm was $6.3 million.

BRIM FINANCIAL INC.

In 2021, the Company invested $10.5 million to acquire a minority equity interest in Brim Financial Inc. ("Brim"), a Canadian fintech company and globally certified credit card issuer.

9. Lease Assets

	DECEMBER 31, 2021	DECEMBER 31, 2020
Cost		
Balance, beginning of year	**52,539**	54,840
Additions	**33,642**	36,458
Disposals	**(38,469)**	(38,759)
Balance, end of year	**47,712**	52,539
Accumulated Depreciation		
Balance, beginning of year	**(3,155)**	(6,144)
Depreciation for the year	**(35,844)**	(35,770)
Disposals	**38,469**	38,759
Balance, end of year	**(530)**	(3,155)
Net book value	**47,182**	49,384

During the years ended December 31, 2021 and 2020, the net book value of the lease assets sold or disposed of were nil.

10. Property And Equipment

	FURNITURE AND FIXTURES	COMPUTER AND OFFICE EQUIPMENT	SIGNAGE	LEASEHOLD IMPROVEMENTS	TOTAL
Cost					
December 31, 2019	9,369	8,376	3,407	22,826	43,978
Additions	1,651	3,546	462	8,746	14,405
Disposals	(294)	(147)	(17)	(71)	(529)
December 31, 2020	**10,726**	**11,775**	**3,852**	**31,501**	**57,854**
Additions through business acquisition (note 4)	**216**	**806**	**-**	**3,137**	**4,159**
Additions	**893**	**1,306**	**751**	**4,865**	**7,815**
Disposals	**(10)**	**(9)**	**(14)**	**(5)**	**(38)**
December 31, 2021	**11,825**	**13,878**	**4,589**	**39,498**	**69,790**
Accumulated Depreciation					
December 31, 2019	(5,169)	(3,726)	(1,976)	(10,100)	(20,971)
Depreciation	(1,058)	(1,229)	(442)	(3,268)	(5,997)
Disposals	242	120	13	61	436
December 31, 2020	**(5,985)**	**(4,835)**	**(2,405)**	**(13,307)**	**(26,532)**
Depreciation	**(1,100)**	**(1,911)**	**(439)**	**(4,554)**	**(8,004)**
Disposals	**8**	**9**	**12**	**2**	**31**
December 31, 2021	**(7,077)**	**(6,737)**	**(2,832)**	**(17,859)**	**(34,505)**
Net Book Value					
December 31, 2020	4,741	6,940	1,447	18,194	31,322
December 31, 2021	**4,748**	**7,141**	**1,757**	**21,639**	**35,285**

As at December 31, 2021, the amount of property and equipment classified as under construction or development and not being amortized was $1.1 million (2020 – $4.1 million).

Regarding the easyhome CGU, various impairment indicators were used to determine the need to test the CGU for impairment. Examples of impairment indicators include a significant decline in revenue, performance significantly below budget and expectations of negative CGU operating income. Where these impairment indicators exist, 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. Revenue and cost forecasts were based on actual operating results, three-year operating budgets consistent with strategic plans presented to the Company's Board of Directors and a 3% long-term growth rate. The pre-tax discount rate used on the forecasted cash flows was 14.7%. 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. As at December 31, 2021 and 2020, no impairment on property and equipment was recognized.

For the easyfinancial and LendCare CGUs, it was determined that no indicators of impairment existed that would require an impairment test on property and equipment.

For the years ended December 31, 2021 and 2020, no net impairment of property and equipment was recognized by the Company.

11. Right-Of-Use Assets And Lease Liabilities

	RIGHT-OF-USE ASSETS			
	PREMISES	VEHICLES	TOTAL	LEASE LIABILITIES
December 31, 2019	43,419	2,728	46,147	52,573
Additions	15,945	426	16,371	16,371
Depreciation expense	(15,339)	(844)	(16,183)	-
Interest expense	-	-	-	2,744
Interest payment	-	-	-	(2,744)
Lease inducement received	-	-	-	1,795
Principal payment	-	-	-	(16,837)
December 31, 2020	44,025	2,310	46,335	53,902
Additions through business acquisition (note 4)	1,160	-	1,160	1,160
Additions	27,554	298	27,852	27,852
Depreciation expense	(17,435)	(772)	(18,207)	-
Interest expense	-	-	-	3,115
Interest payment	-	-	-	(3,115)
Lease inducement received	-	-	-	1,573
Principal payment	-	-	-	(18,880)
December 31, 2021	55,304	1,836	57,140	65,607

For the year ended December 31, 2021, the Company recognized rent expense from short-term leases of $1,759 (2020 – $2,433) and variable lease payments of $12,598 (2020 – $12,061).

12. Intangible Assets And Goodwill

	TRADEMARKS	CUSTOMER LISTS	SOFTWARE	SOFTWARE	TOTAL
Cost					
December 31, 2019	2,088	1,254	34,893	-	38,235
Additions	-	-	14,268	-	14,268
December 31, 2020	2,088	1,254	49,161	-	52,503
Additions through business acquisition (note 4)	-	-	3,186	131,000	134,186
Additions	-	-	19,634	-	19,634
Disposals or write-off	-	-	(3,689)	-	(3,689)
December 31, 2021	2,088	1,254	68,292	131,000	202,634
Accumulated Amortization					
December 31, 2019	(1,992)	(858)	(17,636)	-	(20,486)
Amortization	-	(159)	(6,614)	-	(6,773)
December 31, 2020	(1,992)	(1,017)	(24,250)	-	(27,259)
Amortization	-	(116)	(7,982)	(8,733)	(16,831)
Disposals or write-off	-	-	1,107	-	1,107
December 31, 2021	(1,992)	(1,133)	(31,125)	(8,733)	(42,983)
Net Book Value					
December 31, 2020	96	237	24,911	-	25,244
December 31, 2021	96	121	37,167	122,267	159,651

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 additions for the year ended December 31, 2021 were $19.6 million (2020 – $14.3 million) of internally developed software application and website development costs.

For the year ended December 31, 2021, the Company wrote off software in the amount of $2.3 million in conjunction with the integration of LendCare.

Goodwill was $180.9 million as at December 31, 2021 (2020 – $21.3 million). In April 2021, the Company purchased LendCare resulting in the recognition of $159.6 million of goodwill (note 4). There were no disposals of goodwill during the years ended December 31, 2021 and 2020.

Goodwill and indefinite-life intangible assets are attributed to the group of CGUs to which they relate. As at December 31, 2021, the carrying value of goodwill attributed to the easyhome CGU was $21.3 million (2020 – $21.3 million) and $159.6 million (2020 – nil) was attributed to the LendCare CGU. Impairment testing was performed as at December 31, 2021 and 2020. 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. When determining the value in use of a CGU, the Company developed a discounted cash flow model for the individual CGU. Revenue and cost forecasts were based on actual operating results, three-year operating budgets consistent with strategic plans presented to the Company's Board of Directors and a 3% long-term growth rate for both easyhome and LendCare. The pre-tax discount rate used on the forecasted cash flows was 14.7% for easyhome and 21.0% for LendCare.

No impairment charges of goodwill or indefinite-life intangible assets were recorded in the years ended December 31, 2021 and 2020.

13. Revolving Credit Facility

On December 7, 2020, goeasy Securitization Trust (the "Trust"), a securitization vehicle controlled and consolidated by the Company, was established. The Company's activities include transactions with the Trust, a structured entity, which has been designed to achieve a specific business objective. A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The primary use of the Trust is to provide the Company with funding for its operational needs. The Trust initially entered into a $200 million Revolving Securitization Warehouse Facility ("Revolving Securitization Warehouse Facility") with National Bank Financial Markets ("NBFM"), and as collateral for the drawn amount, consumer loans are sold from easyfinancial Services Inc. into the Trust. The economic exposure associated with the rights inherent to these consumer loans are controlled by easyfinancial Services Inc. As a result, these consumer loans do not qualify for derecognition in the Company's consolidated statements of financial position. The Revolving Securitization Warehouse Facility had an initial maturity date of December 7, 2023 and beared interest equal to the 1-month Canadian Dollar Offered Rate ("CDOR") plus 295 bps.

In September 2021, the Company increased its existing revolving securitization warehouse facility to $600 million. The Revolving Securitization Warehouse Facility continues to be structured and underwritten by NBFM under a new three-year agreement, which incorporates favourable key modifications, including improvements to eligibility criteria and advance rates. The interest on advances are payable at the rate of 1-month CDOR plus 185 bps, an improvement of 110 bps.

The following table summarizes the details of the Revolving Securitization Warehouse Facility:

	DECEMBER 31, 2021	DECEMBER 31,2020
Drawn amount	295,000	-
Unamortized deferred financing costs	(2,186)	-
	292,814	-

As at December 31, 2021, $457.7 million (2020 – nil) of consumer loans receivable were pledged by the Company as collateral for the drawn amount against its Revolving Securitization Warehouse Facility.

Concurrent with the establishment of the Revolving Securitization Warehouse Facility, the Company entered into derivative financial instruments (the "interest rate swap") as a cash flow hedge to protect against the variability of future interest payments by paying a fixed rate based on the weighted average life of the securitized loans and receiving a variable rate equivalent to 1-month CDOR.

The Company has elected to use hedge accounting for the Revolving Securitization Warehouse Facility and related interest rate swap (i.e., the same notional amount, maturity date, and interest payment dates). The Company has established a hedge ratio of 1:1 for the hedging relationships. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Revolving Securitization Warehouse Facility and interest rate swap. There was no hedge ineffectiveness recognized in net income for the year ended December 31, 2021.

As the Revolving Securitization Warehouse Facility and the interest rate swap are in an effective hedging relationship, changes in the fair value of the interest rate swap are recorded in OCI and subsequently reclassified into net income upon settlement.

The interest rate swap has an aggregated notional amount equal to the aggregated principal outstanding of the Revolving Securitization Warehouse Facility. The fair value of the interest rate swap is determined using swap curves adjusted for credit risks. Swap curves are obtained directly from market sources. The fair value of the interest rate swap is as follows:

	DECEMBER 31, 2021	DECEMBER 31,2020
Derivative financial asset		
Interest rate swap	1,035	-
	1,035	-

The financial covenant of the Revolving Securitization Warehouse Facility is as follows:

FINANCIAL COVENANT	REQUIREMENTS	DECEMBER 31,2021	DECEMBER 31, 2020
Minimum consolidated fixed charge coverage ratio	> 2.0	4.83	-

As at December 31, 2021, the Company was in compliance with its financial covenant under the terms of the Revolving Securitization Warehouse Facility.

14. Secured Borrowings

The Company's also securitizes consumer loans through non-structured third parties. The economic exposure associated with the rights inherent to these consumer loans are retained by the Company. As a result, these consumer loans do not qualify for derecognition in the Company's consolidated statements of financial position and Secured Borrowings are recognized for the cash proceeds received.

The Company has the following securitization facilities with non-structured third parties:

- A $105 million securitization facility ("$105 million Securitization Facility"), which bears interest at the Government of Canada Bonds ("GOCB") rate (with a floor rate of 0.95%) plus 395 bps. The loan sale agreement to sell loans into the facility expired on July 31, 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity; and

- An $85 million securitization facility ("$85 million Securitization Facility"), which bears interest at the GOCB rate (with a floor rate of 0.25%) plus 325 bps. In addition to the securitization loan facility, there is a $6 million accumulation loan agreement which advances 85% of the face value of consumer loans for up to a 90-day period, bearing interest rate at the Canadian Bankers' Acceptance rate ("BA") plus 400 bps. The loan sale agreement to sell loans into the facility expired on November 30, 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity.

As at December 31, 2021, the drawn amount against the Secured Borrowings was $174.0 million.

As at December 31, 2021, $171.3 million consumer loans receivable was pledged by the Company as collateral for these Secured Borrowings.

The financial covenants on the Secured Borrowings of the $105 million Securitization Facility are as follows:

FINANCIAL COVENANT	REQUIREMENTS	DECEMBER 31, 2021
Minimum LCI tangible net worth	>20,000	70,027

The financial covenants on the Secured Borrowings of the $85 million Securitization Facility are as follows:

FINANCIAL COVENANT	REQUIREMENTS	DECEMBER 31, 2021
Minimum LCI tangible net worth	>30,000	75,919
Maximum LCI leverage ratio	< 9.00	6.79

As at December 31, 2021, the Company was in compliance with its financial covenants for all Secured Borrowings.

15. Revolving Credit Facility

The Company's Revolving Credit Facility consists of a $310 million senior secured revolving credit facility maturing on February 12, 2022. The Revolving Credit Facility is provided by a syndicate of banks. The Company also has the ability to exercise the accordion feature under its Revolving Credit Facility to add an additional $75 million in borrowing capacity. Interest on advances is payable at either the BA plus 300 bps or the lender's prime rate ("Prime") plus 200 bps, at the option of the Company.

The following table summarizes the details of the Revolving Credit Facility:

	DECEMBER 31, 2021	DECEMBER 31,2020
Drawn amount	-	200,000
Unamortized deferred financing costs	-	(1,661)
	-	198,339

The financial covenants of the Revolving Credit Facility were as follows:

FINANCIAL COVENANT	REQUIREMENTS AS AT DECEMBER 31, 2021	DECEMBER 31, 2021	REQUIREMENTS AS AT DECEMBER 31, 2020	DECEMBER 31, 2020
Minimum consolidated tangible net worth	>132,000, plus 50% of consolidated net income	$472,917	>132,000, plus 50% of consolidated net income	$384,692
Maximum consolidated leverage ratio	< 4.25	3.23	< 3.25	2.26
Minimum consolidated fixed charge coverage ratio	> 1.75	2.41	> 1.75	2.77
Maximum net charge off ratio	< 15.0%	9.0%	< 15.0%	10.0%
Minimum collateral performance index	> 90.0%	99.2%	> 90.0%	100.1%

As at December 31, 2021 and 2020, the Company was in compliance with its financial covenants under its Revolving Credit Facility agreements.

16. Convertible Debentures

In June 2017, the Company issued $53.0 million of 5.75% convertible unsecured subordinated debentures, with interest payable semi-annually on January 31 and July 31 each year, commencing on January 31, 2018 (the "Debentures"). The Debentures had a maturity date of July 31, 2022 and were convertible at the holder's option into common shares of the Company at a conversion price of $43.36 per share.

On and after July 31, 2020, and prior to July 31, 2021, the Debentures could be redeemed in whole or in part from time to time and with proper notice by the Company, provided that the volume-weighted average trading price of the common shares on the TSX for the 20 consecutive trading days prior to the 5th trading day before redemption notification date was not less than 125% of the conversion price. On or after July 31, 2021, the Company could redeem with proper notice the Debentures for the principal amount plus accrued and unpaid interest.

On July 31, 2020 (the "Redemption Date"), the Company redeemed all Debentures that remained unconverted on that date in accordance with the notice of redemption to the holders of its Debentures issued on June 29, 2020. The Debentures were redeemed at a redemption price equal to their principal amount, plus accrued and unpaid interest thereon up to, but excluding, the Redemption Date. On the Redemption Date, the Company redeemed $2.4 million aggregate principal amount of Debentures that remained unconverted on that date and the Debentures were subsequently de-listed from the TSX.

The following table summarizes the details of the convertible debentures:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Balance, beginning of the year	-	40,656
Accretion in carrying value of debenture liability	-	632
Redemption of Debentures in cash (net of $118 unamortized deferred financing costs)	-	(2,309)
Conversion of Debentures to equity (net of $2,650 unamortized deferred financing costs)	-	(38,979)
Balance, end of the year	-	-

During the year ended December 31, 2020, $41,629 of Debentures were converted into 959,983 common shares.

17. Notes Payable

On November 27, 2019, the Company issued USD550.0 million of 5.375% senior unsecured notes payable (the "2024 Notes") with interest payable semi-annually on June 1 and December 1 of each year and commencing on June 1, 2020. The 2024 Notes mature on December 1, 2024 and include certain prepayment features.

Concurrent with the issuance of the 2024 Notes, the Company entered into derivative financial instruments (the "2024 cross-currency swaps") as cash flow hedges to hedge the risk of changes in the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the 2024 Notes at a fixed exchange rate of USD1.000 = CAD1.3242, thereby fully hedging the USD550.0 million 2024 Notes at a CAD interest rate of 5.65%. The 2024 cross-currency swaps fully hedge the obligation under the 2024 Notes.

The following table summarizes the details of the Notes Payable:

	DECEMBER 31, 2021	DECEMBER 31,2020
Notes Payable in CAD at issuance	**728,310**	728,310
Change in fair value of Notes Payable since issuance date due to changes in foreign exchange rate	**(33,275)**	(28,380)
	695,035	699,930
Unamortized deferred financing costs	**(8,063)**	(10,520)
	686,972	689,410

On April 29, 2021, the Company issued USD320.0 million of 4.375% senior unsecured notes payable ("2026 Notes") (the 2024 Notes and 2026 Notes are collectively referred to as "Notes Payable") with interest payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2021. The 2026 Notes mature on May 1, 2026 and include certain prepayment features.

Concurrent with the issuance of the 2026 Notes, the Company entered into derivative financial instruments (the "2026 cross-currency swaps") (the 2024 cross-currency swaps and 2026 cross-currency swaps are collectively referred to as the "cross-currency swaps") as cash flow hedges to hedge the risk of changes in the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the 2026 Notes at a fixed exchange rate of USD1.000 = CAD1.2501, thereby fully hedging the USD320.0 million 2026 Notes at a CAD interest rate of 4.818%. The 2026 cross-currency swaps fully hedge the obligation under the 2026 Notes.

The following table summarizes the details of the 2026 Notes:

	DECEMBER 31, 2021
2026 Notes in CAD at issuance	**400,032**
Change in fair value of 2026 Notes since issuance date due to changes in foreign exchange rate	**4,352**
	404,384
Unamortized deferred financing costs	**(5,450)**
	398,934

The following table summarizes the total carrying value of Notes Payable:

	DECEMBER 31, 2021	DECEMBER 31,2020
2024 Notes	**686,972**	689,410
2026 Notes	**398,934**	-
	1,085,906	689,410

The Company has elected to use hedge accounting for the Notes Payable and the cross-currency swaps (i.e., the same notional amount, maturity date, interest rate, and interest payment dates). The Company has elected to designate foreign currency basis as a cost of hedging, thereby excluding foreign currency basis spreads from the designation of the hedging relationship, and has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts is identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Notes Payable and cross-currency swaps. There was no hedge ineffectiveness recognized in net income for the years ended December 31, 2021 and 2020.

As the Notes Payable and the cross-currency swaps are in an effective hedging relationship, changes in the fair value of the cross-currency swaps is recorded in OCI and subsequently reclassified into net income to offset the effect of foreign currency exchange rates related to the Notes Payable recognized in net income. The amount of the foreign currency basis spread at inception, designated as a cost of hedging, is amortized in net income on a straight-line basis over the life of the Notes Payable.

The cross-currency swaps have an aggregated notional amount equal to the aggregated principal outstanding of the hedged Notes Payable. The fair value of cross-currency swaps is determined using swap curves adjusted for credit risks. Swap curves are obtained directly from market sources. The fair value of the cross-currency swaps are as follows:

	DECEMBER 31, 2021	DECEMBER 31,2020
Derivative financial liabilities		
2024 Cross-currency swaps	(34,132)	(36,910)
Derivative financial assets		
2026 Cross-currency swaps	12,620	-
	(21,512)	(36,910)

18. Share Capital

AUTHORIZED CAPITAL

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

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

COMMON SHARES ISSUED AND OUTSTANDING

The changes in common shares issued and outstanding are summarized as follows:

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	# OF SHARES (IN 000S)	$	# OF SHARES (IN 000S)	$
Balance, beginning of the year	14,801	181,753	14,346	141,956
Share issuance	1,486	184,358	-	-
Share issuance costs, net of tax	-	(6,034)	-	-
Exercise of stock options	164	7,326	47	1,121
Exercise of RSUs	75	2,904	199	7,070
Dividend reinvestment plan	6	807	17	834
Shares purchased for cancellation	(333)	(7,600)	(768)	(8,207)
Conversion of Debentures	-	-	960	38,979
Balance, end of the year	16,199	363,514	14,801	181,753

$172.5 MILLION BOUGHT DEAL EQUITY OFFERING

In connection with the Acquisition (note 4), on April 16, 2021, the Company closed its bought deal equity offering of 1,404,265 subscription receipts of the Company ("Subscription Receipts") (including 183,165 Subscription Receipts issued pursuant to the exercise in full by the syndicate of underwriters of the over-allotment option granted by the Company), at a price of $122.85 per Subscription Receipt, for gross aggregate proceeds of $172.5 million (the "Offering"). The Subscription Receipts issued pursuant to the Offering commenced trading on the TSX on April 16, 2021 under the ticker symbol GSY.R. As a result of the completion of the Acquisition on April 30, 2021, each of the 1,404,265 outstanding Subscription Receipts were automatically exchanged for one common share of the Company. The Subscription Receipts were delisted from the TSX after the close of market on April 30, 2021.

SHARE CONSIDERATION FOR THE ACQUISITION OF LENDCARE

As share consideration for the Acquisition of LendCare (note 4), the Company issued 81,400 common shares to LendCare's founders valued at $11.8 million, calculated with reference to the closing price of the Company's common shares on the Acquisition Date.

DIVIDENDS ON COMMON SHARES

For the year ended December 31, 2021, the Company paid dividends of $38.3 million (2020 – $23.9 million) or $2.430 per share (2020 – $1.660 per share). On November 3, 2021, the Company declared a dividend of $0.66 per share to shareholders of record on December 31, 2021, payable on January 14, 2022. The dividend paid on January 14, 2022 was $10.7 million.

SHARES PURCHASED FOR CANCELLATION

During the year ended December 31, 2021, the Company purchased and cancelled 333,315 (2020 – 767,855) of its common shares on the open market at an average price of $186.86 (2020 – $55.18) per share for a total cost of $62.3 million (2020 – $42.4 million) pursuant to a normal course issuer bid. This normal course issuer bid expired on December 20, 2021. The normal course issuer bid was renewed on December 14, 2021, which allows for a total purchase of up to 1,243,781 common shares and expires on December 20, 2022.

19. Stock-Based Compensation

SHARE OPTION PLAN

Under the Company's share 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.

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE EXERCISE PRICE $	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE EXERCISE PRICE $
Outstanding balance, beginning of year	577	36.07	472	33.67
Options granted	65	119.39	181	37.81
Options exercised	(165)	34.85	(47)	18.81
Options forfeited or expired	-	-	(29)	35.62
Outstanding balance, end of year	477	47.20	577	36.07
Exercisable balance, end of year	144	32.44	-	-

Outstanding options to officers and employees as at December 31, 2021 were as follows:

	OUTSTANDING			EXERCISABLE	
RANGE OF EXERCISE PRICES $	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE $	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE EXERCISE PRICE $
32.37 - 49.99	412	2.11	36.56	144	32.44
50.00 - 99.99	5	3.12	64.07	-	-
100.00 - 149.99	50	4.13	111.83	-	-
150.00 - 159.61	10	4.51	156.60	-	-
32.37 - 159.61	477	2.39	47.20	144	32.44

The Company uses the fair value method of accounting for stock options granted to employees. During the year ended December 31, 2021, the Company recorded an expense of $2.0 million (2020 – $1.2 million) in stock-based compensation expense related to its stock option plan in the consolidated statements of income, with a corresponding adjustment to contributed surplus.

Options granted in 2021 and 2020 were determined using the Black-Scholes option pricing model with the following assumptions:

	2021	2020
Risk-free interest rate (% per annum)	**0.33**	0.75
Expected hold period to exercise (years)	**4.75**	4.75
Volatility in the price of the Company's shares (%)	**49.95**	47.51
Dividend yield (%)	**2.00**	5.00

RESTRICTED SHARE UNIT ("RSU") PLAN

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

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	# OF RSUs (IN 000S)	WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE $	# OF RSUs (IN 000S)	WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE $
Outstanding balance, beginning of year	**270**	**46.11**	401	41.34
RSUs granted	**86**	**127.63**	100	40.97
RSU dividend reinvestments	**4**	**112.33**	8	54.05
RSUs exercised	**(87)**	**38.07**	(199)	35.53
RSUs forfeited	**(10)**	**48.74**	(40)	39.66
Outstanding balance, end of year	**263**	**76.33**	270	46.11

For the year ended December 31, 2021, $4.5 million (2020 – $3.8 million) was recorded as an expense in stock-based compensation expense related to the Company's RSU program in the consolidated statements of income with a corresponding adjustment to contributed surplus.

DEFERRED SHARE UNIT ("DSU") PLAN

During the year ended December 31, 2021, the Company granted 14,352 DSUs (2020 – 32,246 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, 2021, $2.3 million (2020 – $2.6 million) was recorded as stock-based compensation expense under the DSU Plan in the consolidated statements of income with a corresponding adjustment to contributed surplus. Additionally, for the year ended December 31, 2021, an additional 4,667 DSUs (2020 – 8,011 DSUs) were granted as a result of dividends reinvested. During the year ended December 31, 2021, no DSUs were settled. In 2020, 28,028 DSUs were settled for $2.0 million.

CONTRIBUTED SURPLUS

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

	DECEMBER 31, 2021	DECEMBER 31, 2020
Contributed surplus, beginning of year	**19,732**	20,296
Equity-settled stock-based compensation expense		
Restricted share units	**4,544**	3,820
Deferred share units	**2,339**	2,574
Stock options	**1,992**	1,181
Conversion of convertible debentures	**-**	1,168
Reduction due to exercise of stock-based compensation		
Restricted share units	**(4,431)**	(7,065)
Stock options	**(1,593)**	(242)
Deferred share units	**-**	(2,000)
Contributed surplus, end of year	**22,583**	19,732

20. Interest Expense And Amortization Of Deferred Financing Charges

Interest expense and amortization of deferred financing charges under finance costs in the consolidated statements of income include the following:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Interest expense		
Notes payable	**54,106**	41,150
Revolving securitization warehouse facility	**6,441**	-
Secured borrowings	**5,674**	-
Revolving credit facility	**2,897**	5,866
Convertible debt	**-**	1,409
Amortization of deferred financing costs and accretion expense	**5,655**	4,338
Loan commitment fees (note 4)	**1,726**	-
Interest income on cash in bank, net	**(589)**	(515)
	75,910	52,248

21. Income Taxes

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

	DECEMBER 31, 2021	DECEMBER 31, 2020
Combined basic federal and provincial income tax rates	**26.6%**	26.6%
Expected income tax expense	**84,283**	48,727
Non-deductible acquisition transaction costs	**1,998**	-
Non-deductible expenses	**1,293**	1,119
Effect of capital gains on sale of assets and investments	**(15,221)**	(2,891)
Other	**(442)**	(276)
	71,911	46,679

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

	DECEMBER 31, 2021	DECEMBER 31, 2020
Current income tax:		
Current income tax charge	**74,017**	37,482
Adjustments in respect of prior years and other	**(273)**	(4,441)
	73,744	33,041
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(1,833)**	13,638
	71,911	46,679

Deferred tax related to items recognized in OCI during the year are summarized below:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Change in fair value of cash flow hedge	**3,704**	(240)
Change in costs of hedging	**(575)**	(1,335)
Deferred tax expense (recovery) charged to OCI	**3,129**	(1,575)

The changes in deferred tax assets (liabilities) are as follows:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Balance, beginning of the year	**4,066**	14,961
Tax recovery (expense) during the year recognized in profit or loss	**1,833**	(13,638)
Tax (expense) recovery during the year recognized in OCI	**(3,129)**	1,575
Deferred taxes in business acquisition (note 4)	**(43,088)**	-
Tax on share issuance costs	**1,670**	-
Tax on the equity component of Debentures	**-**	1,168
Balance, end of the year	**(38,648)**	4,066

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

	DECEMBER 31, 2021	DECEMBER 31, 2020
Financing fees	**3,578**	4,593
Amounts receivable and allowance for credit losses	**3,312**	4,933
Stock-based compensation	**1,874**	1,551
Loss carry forwards	**1,467**	182
Right-of-use assets, net of lease liabilities	**1,230**	1,184
Revaluation of Notes Payable and derivative financial instruments	**(868)**	2,261
Unrealized fair value gains on investments	**(7,015)**	(2,880)
Tax cost of lease assets and property and equipment in excess of net book value	**(10,165)**	(8,062)
Intangible asset arising from business acquisition (note 4)	**(32,401)**	-
Others	**340**	304
	(38,648)	4,066

As at December 31, 2021 and 2020, there were no recognized deferred tax liabilities for taxes that would be payable on the undistributed earnings of the Company's subsidiaries.

22. 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.

	DECEMBER 31, 2021	DECEMBER 31, 2020
Net income	**244,943**	136,505
Weighted average number of ordinary shares outstanding (in 000s)	**16,200**	14,817
Basic earnings per ordinary share	**15.12**	9.21

For the year ended December 31, 2021, 274,735 DSUs (2020 – 254,200 DSUs) were included in the weighted average number of ordinary shares outstanding.

DILUTED EARNINGS PER SHARE

Diluted earnings per share reflect the potential dilutive effect that could occur if additional common shares were assumed to be issued under securities or instruments that may entitle their holders to obtain common shares in the future. Dilution could occur through the exercise of stock options or the exercise of RSUs, or the exercise of the conversion option of the convertible debentures. The number of additional shares for inclusion in the diluted earnings per share calculation was determined using the treasury stock method. On July 31, 2020, the Company redeemed all Debentures that remained unconverted on that date. For the year ended December 31, 2020, the convertible debentures were dilutive. Therefore, diluted earnings per share is calculated based on a fully diluted net income (adjusted for the after-tax financing cost associated with the convertible debentures) and including the shares to which those debentures could be converted.

	DECEMBER 31, 2021	DECEMBER 31, 2020
Net income	244,943	136,505
After tax impact of convertible debentures	-	1,586
Fully diluted net income	244,943	138,091
Weighted average number of ordinary shares outstanding (in 000s)	16,200	14,817
Dilutive effect of stock-based compensation (in 000s)	557	376
Dilutive effect of convertible debentures (in 000s)	-	564
Weighted average number of diluted shares outstanding (in 000s)	16,757	15,757
Dilutive earnings per ordinary share	14.62	8.76

For the year ended December 31, 2021, 10,076 stock options to acquire common shares (2020 – nil) were considered anti-dilutive using the treasury stock method and therefore excluded in the calculation of diluted earnings per share.

23. Net Change In Other Operating Assets And Liabilities

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

	DECEMBER 31, 2021	DECEMBER 31, 2020
Amounts receivable	(1,834)	8,703
Prepaid expenses	5,785	(5,928)
Accounts payable and accrued liabilities	4,064	4,296
Income taxes payable	19,506	9,710
Unearned revenue	732	2,540
Accrued interest	4,973	(1,760)
	33,226	17,561

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

	DECEMBER 31, 2021	DECEMBER 31, 2020
Income taxes paid	54,846	25,534
Income taxes refunded	1,184	2,203
Interest paid	64,094	50,111
Interest received	535,601	409,887

24. Commitments And Guarantees

The Company has technology commitments and operating leases for premises and vehicles. Some of the Company's lease contracts for premises include extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. As at December 31, 2021, no extension option for lease contracts for premises is expected to be exercised.

The undiscounted potential future lease payments for operating leases for premises and vehicles and the estimated operating costs related to technology commitments 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	21,210	45,212	4,400
Vehicles	710	1,358	45
Technology commitments	19,939	23,095	-
	41,859	69,665	4,445

25. 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.

26. 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 debt facilities (revolving credit facility, Revolving Securitization Warehouse Facility and secured borrowings), Notes Payable and shareholders' equity, which includes share capital, contributed surplus, accumulated OCI 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 drawn amounts against the Company's debt facilities and Notes Payable or by undertaking other activities as deemed appropriate under specific circumstances. The Company's strategy, objectives, measures, definitions and targets have not changed significantly in the past year.

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

The Company monitors capital on the basis of the financial covenants of its financing facilities.

For the years ended December 31, 2021 and 2020, the Company was in compliance with all of its externally imposed financial covenants.

27. 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

Credit risk is the risk of loss that arises when a customer or counterparty 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 makes consumer loans and leases products 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 on the Company's consumer loans receivable made in accordance with policies and procedures is impacted by FLIs. The analysis performed by the Company determined that the rate of inflation and rate of unemployment were positively correlated with the Company's historic loss rates while oil prices and the rate of GDP were negatively correlated with the Company's historic loss rates. In calculating the allowance for credit losses, internally developed models were used, which factor in credit risk related parameters including the probability of default, the exposure at default, the loss given default, and other relevant risk factors. As part of the process, for the year ended December 31, 2020, three forward-looking scenarios were generated – 1) neutral, 2) optimistic, and 3) pessimistic – based on forecasting degrees of change in the macroeconomic variables (GDP, unemployment rates, inflation rates, and oil prices) within a 12-month period. For the year ended December 31, 2021, five forward-looking scenarios were generated – 1) neutral, 2) moderately optimistic, 3) extremely optimistic, 4) moderately pessimistic, and 5) extremely pessimistic – based on forecasting degrees of change in the macroeconomic variables (GDP, unemployment rates, inflation rates, and oil prices) within a 12-month period. Judgment is then applied by management to assign probabilistic weightings to these scenarios to determine a probability weighted allowance for credit losses as at the reporting date. The proposed macroeconomic forecasts and probability weightings are then subject to robust internal review and analysis by management to arrive at a collective view on the likelihood for each scenario. Refer to note 7 for additional details on the allowance for credit losses. As at December 31, 2021, the Company's gross consumer loans receivable portfolio was $2.03 billion (2020 – $1. 25 billion). Net charge offs expressed as a percentage of the average loan book were 8.8% for the year ended December 31, 2021 (2020 – 10.0%).

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. As at December 31, 2021, the Company's lease assets were $47.2 million (2020 – $49.4 million). Lease asset losses for the year ended December 31, 2021 represented 2.5% (2020 – 2.4%) of total revenue for the easyhome segment.

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 counterparties and consumers and creates an allowance for uncollectible amounts when determined to be appropriate.

LIQUIDITY RISK

The Company addresses liquidity risk management by maintaining sufficient availability of funding through its financing facilities. 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 facilities 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 Revolving Securitization Warehouse Facility in 2021 will allow the Company to continue growing its consumer loans receivable portfolio into the fourth quarter of 2023 based on the Company's organic growth assumptions. In order for the Company to achieve the full growth opportunities available, however, additional sources of financing over and above the currently available credit facilities will be required in the future. There is no certainty that these long-term sources of capital will be available or at terms favourable to the Company.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

DECEMBER 31, 2021	LESS THAN 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	5 YEARS +	TOTAL
Accounts payable and accrued liabilities	57,134	-	-	-	57,134
Accrued interest	8,135	-	-	-	8,135
Revolving securitization warehouse facility	-	-	295,000	-	295,000
Secured borrowings	19,129	19,598	125,715	4,936	169,378
Derivative financial liabilities	-	-	34,132	-	34,132
Notes payable	-	-	1,099,419	-	1,099,419

DECEMBER 31, 2020	LESS THAN 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	5 YEARS +	TOTAL
Accounts payable and accrued liabilities	46,065	-	-	-	46,065
Accrued interest	2,598	-	-	-	2,598
Revolving credit facility	-	-	200,000	-	200,000
Derivative financial liabilities	-	-	36,910	-	36,910
Notes payable	-	-	699,930	-	699,930

INTEREST RATE RISK

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. As at December 31, 2021, the Notes Payable had a fixed rate of interest.

The revolving credit facility has a variable interest rate at either the BA rate plus 300 bps or the Prime rate plus 200 bps, at the option of the Company. The Company does not hedge interest rates on the revolving credit facility. Accordingly, future changes in interest rates will affect the amount of interest expense payable by the Company to the extent that draws are made on the variable rate revolving credit facility. As at December 31, 2021, the Company's has no drawn amount against its $310 million revolving credit facility.

The Revolving Securitization Warehouse Facility has a variable interest rate at 1-month CDOR plus 185 bps. The Company entered into an interest rate swap agreement as a cash flow hedge to protect itself against the variability of future interest payments by paying a fixed rate based on the weighted average life of the securitized loans and receiving variable rate equivalent to 1-month CDOR.

The $105 million Securitization Facility bears interest at the GOCB rate (with a floor rate of 0.95%) plus 395 bps and the $85 million Securitization Facility bears interest at the GOCB (with a floor rate of 0.25%) plus 325 bps. The loan sale agreements to sell loans into these facilities expired in 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity.

As at December 31, 2021, 100% (2020 – 78%) of the Company's drawn debt balances effectively bear fixed rates due to the type of debt and the aforementioned interest rate swap agreement on the Revolving Securitization Warehouse Facility.

CURRENCY RISK

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

On November 27, 2019, the Company issued the 2024 Notes with a USD coupon rate of 5.375% and on April 29, 2021, the Company issued the 2026 Notes with a USD coupon rate of 4.375%. Concurrent with these offerings, the Company entered into currency swap agreements to hedge the risk of changes in the foreign exchange rate for the proceeds from the offerings and for all required payments of principal and interest under these notes effectively hedging the obligation. The hedge is designed to match the cash flow obligations of the Company under the Notes Payable.

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

28. Financial Instruments

RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

FINANCIAL INSTRUMENTS	MEASUREMENT	DECEMBER 31, 2021	DECEMBER 31, 2020
Cash	Fair value	**102,479**	93,053
Amounts receivable	Amortized cost	**20,769**	9,779
Consumer loans receivable	Amortized cost	**1,899,631**	1,152,378
Investments	Fair value	**64,441**	56,040
Derivative financial assets	Fair value	**20,634**	-
Accounts payable and accrued liabilities	Amortized cost	**57,134**	46,065
Accrued interest	Amortized cost	**8,135**	2,598
Revolving credit facility	Amortized cost	**-**	198,339
Secured borrowings	Amortized cost	**173,959**	-
Revolving securitization warehouse facility	Amortized cost	**292,814**	-
Derivative financial liabilities	Fair value	**34,132**	36,910
Notes payable	Amortized cost	**1,085,906**	689,410

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 as at December 31, 2021 and 2020:

DECEMBER 31, 2021	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash	**102,479**	**102,479**	**-**	**-**
Amounts receivable	**20,769**	**-**	**-**	**20,769**
Consumer loans receivable	**1,899,631**	**-**	**-**	**1,899,631**
Investments	**64,441**	**53,941**	**-**	**10,500**
Derivative financial asset	**20,634**	**-**	**20,634**	**-**
Accounts payable and accrued liabilities	**57,134**	**-**	**-**	**57,134**
Accrued interest	**8,135**	**-**	**-**	**8,135**
Secured borrowings	**173,959**	**-**		**173,959**
Revolving securitization warehouse facility	**292,814**	**-**	**-**	**292,814**
Derivative financial liabilities	**34,132**	**-**	**34,132**	**-**
Notes payable	**1,085,906**	**-**	**-**	**1,085,906**

DECEMBER 31, 2020	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash	93,053	93,053	-	-
Amounts receivable	9,779	-	-	9,779
Consumer loans receivable	1,152,378	-	-	1,152,378
Investments	56,040	-	-	56,040
Accounts payable and accrued liabilities	46,065	-	-	46,065
Accrued interest	2,598	-	-	2,598
Revolving credit facility	198,339	-	-	198,339
Derivative financial liabilities	36,910	-	36,910	-
Notes payable	689,410	-	-	698,410

There were no transfers between Level 1, Level 2, or Level 3 during the current or prior year.

29. Related Party Transactions

Key management personnel includes all directors and corporate officers. The following summarizes the expense related to key management personnel during the year.

	DECEMBER 31, 2021	DECEMBER 31, 2020
Short-term employee benefits including salaries	**6,462**	4,694
Share-based payment transactions	**5,847**	5,473
	12,309	10,167

30. Segmented Reporting

For management reporting purposes, the Company has two reportable operating segments:

- The easyfinancial operating segment lends out capital in the form of unsecured and secured consumer loans to non-prime borrowers. easyfinancial's product offering consists of unsecured and real estate secured installment loans. The LendCare operating segment specializes in financing consumer purchases in the powersports, automotive, retail, healthcare, and home improvement categories. The majority of LendCare loans are secured by personal property or a Notice of Security Interest. The Company aggregates operations of easyfinancial and LendCare into one reportable operating segment called easyfinancial, on the basis of their similar economic characteristics, customer profile, nature of products, and regulatory environment. This aggregation most accurately reflects the nature and financial results of the business activities in which the Company engages, and the broader economic and regulatory environment in which it operates.

  The Company's chief operating decision maker ("CODM"), which has been determined by the Company to be the Chief Executive Officer, utilizes the same key performance indicators to allocate resources and assess the performance of the operating segments. The CODM uses several metrics to evaluate the performance of the operating segments, including but not limited to, the volume of consumer loan originations and the risk-adjusted margin of the businesses (comprising the yield on the consumer loan portfolios net of the annualized loss rates). These key financial and performance indicators, which are used to assess results, manage trends and allocate resources to each of the operating segments, have been, and are expected to remain, similar. In addition, the Company will gradually centralize and share some of the common functions such as finance and certain aspects of human resources and information technology.

  The customers served by the easyfinancial and LendCare operating segments are Canadian consumers, the majority of whom are classified as non-prime borrowers and seeking alternative financial solutions to those of a traditional bank. These consumers actively use a wide range of financial products and will migrate across the products offered in each segment. Furthermore, the nature of products sold by each of the operating segments and the distribution methods of those products are similar. Both the easyfinancial and LendCare operating segments offer unsecured and secured instalment loans, which are offered through a retail network of branches or merchant partnerships, and complemented by an online digital platform. In addition, both operating segments are subject to the same federal and provincial legislations and regulations applicable to the consumer lending industry.

- The easyhome reportable operating segment provides leasing services for household furniture, appliances and electronics and unsecured lending products to retail consumers.

The Company's business units generate revenue in four main categories: i) interest generated on the Company's gross consumer loans receivable portfolio; ii) lease payments generated by easyhome lease agreements; iii) commissions and other revenues generated by the sale of various ancillary products; and iv) charges and fees.

General and administrative expenses directly related to the Company's business segments were included as operating expenses for those segments. All other general and administrative expenses were reported separately as part of Corporate. Management assessed the performance based on segment operating income (loss).

The following tables summarize the relevant information for the years ended December 31, 2021 and 2020:

YEAR ENDED DECEMBER 31, 2021	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	512,810	22,828	-	535,638
Lease revenue	-	112,371	-	112,371
Commissions earned	152,485	11,249	-	163,734
Charges and fees	11,056	3,923	-	14,979
	676,351	150,371	-	826,722
Total operating expenses before depreciation and amortization	323,381	68,706	74,746	466,833
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	18,553	37,115	5,011	60,679
Depreciation of right-of-use assets	9,666	7,689	852	18,207
	28,219	44,804	5,863	78,886
Segment operating income (loss)	324,751	36,861	(80,609)	281,003
Other income				114,876
Finance costs				
Interest expense and amortization of deferred financing charges				75,910
Interest expense on lease liabilities				3,115
				79,025
Income before income taxes				316,854

YEAR ENDED DECEMBER 31, 2020	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	392,450	17,133	-	409,583
Lease revenue	-	112,796	-	112,796
Commissions earned	109,246	8,667	-	117,913
Charges and fees	8,208	4,422	-	12,630
	509,904	143,018	-	652,922
Total operating expenses before depreciation and amortization	251,897	67,261	52,605	371,763
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	7,665	37,209	3,666	48,540
Depreciation of right-of-use assets	7,753	7,489	941	16,183
	15,418	44,698	4,607	64,723
Segment operating income (loss)	242,589	31,059	(57,212)	216,436
Other income				21,740
Finance costs				
Interest expense and amortization of deferred financing charges				52,248
Interest expense on lease liabilities				2,744
				54,992
Income before income taxes				183,184

As at December 31, 2021, the Company's goodwill of $21.3 million (2020 – $21.3 million) is related to its easyhome reportable operating segment and $159.6 million relates to the LendCare operating segment within easyfinancial reportable operating segment.

In scope under IFRS 15, Revenue from Contracts with Customers ("IFRS 15") are revenues relating to commissions earned and charges and fees. Lease revenue is covered under IFRS 16, Leases. Included in lease revenue is certain additional services provided by the Company related to the lease, but which fall under the scope of IFRS 15. These revenues totalled $13.2 million in both 2021 and 2020.

The Company's easyhome reportable operating segment 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, 2021 and 2020 were as follows:

	DECEMBER 31, 2021 (%)	DECEMBER 31, 2020 (%)
Furniture	**40**	42
Electronics	**32**	32
Computers	**15**	14
Appliances	**13**	12
	100	100

31. Subsequent Events

In January 2022, the Company increased its Revolving Securitization Warehouse Facility from $600 million to $900 million. The Revolving Securitization Warehouse Facility continues to be underwritten by NBFM, with the addition of new lenders to the syndicate. The facility matures on December 7, 2023 and continues to bear interest on advances payable at the rate equal to 1-month CDOR plus 185 bps.

In addition, the Company amended its Revolving Credit Facility agreement. The amendments reduced the maximum principal amount available from $310 million to $270 million, with the maturity extended to January 27, 2025 and increased the accordion feature from $75 million to $100 million. The amendments also include key modifications including improved advance rates, less restrictive covenants, and a broader syndicate of banks. On lenders Prime advances, the interest rate payable has been reduced by 125 bps, from the previous rate of Prime plus 200 bps to Prime plus 75 bps. On draws elected to be taken utilizing the BA rate, the interest rate payable has been reduced by 75 bps from the previous rate of BA plus 300 bps to BA plus 225 bps.

CORPORATE INFORMATION

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& Chief Financial Officer
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Wells Fargo Canada
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Canadian Imperial Bank
of Commerce
Toronto, Ontario

Royal Bank of Canada
Toronto, Ontario

The Toronto-Dominion Bank
Toronto, Ontario

National Bank of Canada
Toronto, Ontario

TRANSFER AGENT

TSX Trust Company
Toronto, Ontario

LISTED

Toronto Stock Exchange
Trading Symbol: GSY

SOLICITORS

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Toronto, Ontario

AUDITORS

Ernst & Young LLP
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WEBSITE

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BOARD OF DIRECTORS

David Ingram
Executive Chairman of the Board

Donald K. Johnson
Chairman Emeritus

David Appel
Corporate Director

Karen Basian
Corporate Director

Susan Doniz
Corporate Director

Sean Morrison
Corporate Director

Honourable James Moore
Corporate Director

Tara Deakin
Corporate Director

Jason Mullins
Corporate Director

CORPORATE OFFICERS

Jason Mullins
President & Chief Executive Officer

Hal Khouri
Executive Vice-President & Chief Financial Officer

Jason Appel
Executive Vice-President & Chief Risk Officer

Andrea Fiederer
Executive Vice-President & Chief Marketing Officer

Jackie Foo
Executive Vice President & Chief Operating Officer

Ali Metel
President, LendCare

Mark Schell
Chief Operating Officer, LendCare

David Cooper
Senior Vice-President & Chief Talent Officer

Sabrina Anzini
Senior Vice President & Chief Legal Officer

Michael Eubanks
Senior Vice-President & Chief Information Officer

Farhan Ali Khan
Senior Vice President & Chief Corporate Development Officer

Steven Poole
Senior Vice-President, Operations & Merchandising

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