A YEAR OF CHANGE, RESILIENCE, & UNWAVERING COMMITMENT TO OUR CUSTOMERS

ANNUAL REPORT 2020

goeasy

goeasy Ltd.

2020 was unlike any other year, **one that challenged us** in ways we **never could have imagined.**

During the global pandemic, we witnessed immense transformation for businesses, communities, and the world at large. Our resilience was tested, but we were quick to pivot and adapt. We were proud to have stood by our customers during their greatest time of need, while keeping our over 2,000 employees safe, healthy and fully employed.

As one of Canada's leading providers of non-prime leasing and lending services, we had a critical role to play in helping our customers remain financially stable, while protecting their credit during uncertain times. It was important that we reaffirmed our commitment to the approximately 8.4 million non-prime Canadians that have been denied credit from banks and traditional financial institutions. We remained focused on our vision of providing everyday Canadians a path to a better tomorrow, today, while quickly adapting our business to ensure we remained fully operational throughout the entire pandemic.

Our COVID-19 response plan was focused and deliberate, with emphasis on four key areas.

1

As an omnichannel provider of financial services, goeasy was well experienced in leveraging digital technology to serve our customers. As the effects of the pandemic resulted in stay-at-home orders, we were able to quickly pivot to serving customers over the phone and through our digital channels. Even when our stores and branches were closed to the public, both easyhome and easyfinancial continued to be fully operational offering leasing and lending services remotely so that our customers could continue to get access to the financial products and services they needed.

DIGITAL PLATFORMS KEPT THE BUSINESS FULLY OPERATIONAL

In addition to evolving our use of digital capabilities, we implemented numerous health and safety protocols to prioritize the health and well-being of our employees and customers. Through enhanced cleaning and sanitization, health and wellness checks for customers and social distancing, we were able to maintain a safe environment within our retail and office locations for both employees and customers.

2 Prioritizing our Customers

Guided by our purpose of helping everyday Canadians improve their financial outcomes, our teams quickly mobilized to prioritize supporting our customers during their time of need. Through our enhanced Customer Assistance Program, we were able to provide our customers with relief options, including payment deferrals and term extensions for those that were facing financial hardships. In addition, for our customers that purchased our optional Loan Protection Plan, we quickly created a digital claims portal to facilitate a simple and easy transaction for those looking to make a claim. During 2020, we supported over 15,000 of our customers and paid out $50 Million in claims as we helped our customers protect their credit with coverage of their payments for up to 6 months in the event of job loss or critical illness.

OUR LOAN PROTECTION PLAN SUPPORTED OVER 15,000 CUSTOMERS & PAID OVER $50M IN CLAIMS

To support goeasy's customers through this time, the company also built a COVID-19 resource centre designed to help our customers navigate through the vast amount of confusing financial information. With articles and tools, goeasy's resource centre was created to be a one stop solution to help our customers stay on track with their finances as they navigated through the overwhelming volume of information throughout the pandemic.

3 Supporting our Employees

While the COVID-19 pandemic has been a challenging time in all sectors, at goeasy, it reinforced the importance of many of the leadership qualities we live by, including compassion, transparency, and heart. We're proud to say that we navigated through the year without a single layoff. At the same time, we invested in our benefits program to boost employee satisfaction during these trying times. When the pandemic began, we launched a series of new initiatives within days. To provide a central support resource, we set up a dedicated intranet site with information, materials, and resources for employees and their families.

PRIORITIZED HEALTH & SAFETY WHILE KEEPING 2000 TEAM MEMBERS FULLY EMPLOYED

We implemented a new virtual healthcare platform to support mental and physical health, and launched a partnership with a world-class learning provider, so employees could continue to develop their career skills when traditional professional training methods became inaccessible. For those team members who needed to step away from their role due to a health concern or to support a loved one, we supplemented their benefits to ensure they were paid a full salary. Furthermore, we widened the access to our employee loan program, so team members had greater access to credit in the event of a financial need.

4 Committed to our Communities

With over 400 retail locations across Canada, our connection to supporting the local communities in which our employees live and work, has always been a core value. As the pandemic began to impact our communities through school and business closures, a reduction in charitable giving and a greater need for social support, we took action. We are proud to have supported our corporate partners like Boys & Girls Clubs of Canada through a $150,000 donation to their COVID-19 relief fund. We also mobilized to launch several grass roots programs that included the use of easyhome delivery trucks to deliver essential goods to families in need. Collectively, we donated over 12,500 pounds of food to the Mississauga food bank and almost 3,000 toys through BGC Canada to families in need across the country for Christmas. In total, in 2020 we donated over $500,000 to charities to support those who needed it most, throughout a very difficult year for so many.

WE DONATED OVER $500,000 TO CHARITIES

Our ability to react purposefully to the changes brought on throughout 2020, was deeply rooted in our 30 years of experience. As a Company, we continue to evolve and innovate, as we write our own history. Our resilience and ability to adapt to an ever-changing world is a key attribute of our culture. The true heroes of our business are the front-line associates across Canada, who have remained committed to making a positive difference in the lives of our customers. Our business and our vision of helping everyday Canadians improve their credit and graduate to prime lending has never been stronger.

A history in the making

Our 30 year history is one of growth and innovation, grounded in our passion to help give our customers a better financial future.

1990
RTO ENTERPRISES FOUNDED

2001
DAVID INGRAM APPOINTED CEO & COMPANY RETURNS TO PROFITABILITY

2003
easyhome IS BORN, CONSOLIDATED FROM 6 BRANDS

2006
EASYFINANCIAL LAUNCHES

easyfinancial

2011
1ST EASYFINANCIAL STAND ALONE BRANCH OPENS

CENTRALIZED CREDIT ADJUDICATION INTRODUCED

2015
CORPORATE NAME CHANGED TO GOEASY LTD.

goeasy

2016
RISK ADJUSTED INTEREST RATE LOANS LAUNCHED

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

Waterstone CANADA'S MOST ADMIRED CORPORATE CULTURES

glassdoor 2018 TOP CEOs

2019
DAVID INGRAM TRANSITIONS TO EXECUTIVE CHAIRMAN

JASON MULLINS APPOINTED PRESIDENT AND CEO

1 BILLION $1.1 BILLION LOAN PORTFOLIO

RECAPITALIZED THE BUSINESS WITH C$728 MILLION IN FINANCING

REACHED $1 BILLION MARKET CAPITALIZATION

2019 Canada's Top Growing Companies REPORT ON BUSINESS

DIGITALFINANCE INSTITUTE TOP 50 FINTECH COMPANIES

2019 Achievers 50 MOST ENGAGED WORKPLACES 2019 WINNER

TSX 30 2019

GREATER TORONTO'S TOP 2020 EMPLOYERS

2020
ACQUISITION OF A LOAN PORTFOLIO FROM MOGO

LAUNCH OF BANKING MODELS FOR CREDIT ADJUDICATION

ESTABLISHED $200M REVOLVING SECURITIZATION WAREHOUSE FACILITY

JASON MULLINS PRESIDENT AND CEO

XL CANADA'S TOP 40 UNDER 40

LAUNCH OF SOFT CREDIT INQUIRY

goeasy & paybright LAUNCHED E-COMMERCE PLATFORM

HAMILTON CALL CENTRE RELOCATED TO MISSISSAUGA CAMPUS

2021 & BEYOND

PROVIDING **EVERYDAY CANADIANS** A PATH TO **A BETTER TOMORROW, TODAY.**

30 YEARS

OF LEASING AND LENDING EXPERIENCE

1 MILLION +

CANADIANS SERVED

5 BILLION

TOTAL LOAN ORIGINATIONS

WITHIN 12 MONTHS OF BORROWING FROM US:

OF OUR CUSTOMERS IMPROVE THEIR CREDIT SCORE[1]

1 IN 3

OF OUR CUSTOMERS GRADUATE TO PRIME CREDIT[2]

(1) Prime credit is defined as opening a trade with a prime bank lender within 12 months of borrowing from us.
(2) As measured by an increase in TransUnion Risk Score within 12 months of borrowing from us.

We see beyond our **customer's situation** today, and see their **potential** for a **better tomorrow.**

Our customers are average Canadians that are often unable to access credit from banks and traditional lenders. They turn to goeasy for access to everyday financial products and a second chance at rebuilding their credit. With an average age of 40, and an individual income of approximately $47,000 per year, our customers work in a wide variety of industry sectors, ranging from government and education, to hospitality, manufacturing, and financial services. Approximately 20% of easyfinancial customers currently own their home, less than the Canadian home ownership rate of approximately 68%. As a result, our customers have a debt to annual after-tax income ratio of about 115%, much less than the Canadian average of approximately 169%.

While our customers aspire to improve their finances, 78% of indicate they have been recently declined for credit by banks, leaving them with limited borrowing options. As a result, they put their trust in easyhome and easyfinancial, to provide access to credit for everyday purchase and household expenses, while treating them with respect and transparency. A sense of trust is core to the strong and lasting relationships we build with each individual customer. We aim to understand their situation, look at more than just their credit score, and go above and beyond to treat every customer with empathy, care and most importantly heart.

40

AVERAGE
CUSTOMER AGE

1.5

AVERAGE NUMBER
OF DEPENDENTS

$47K

AVERAGE
INDIVIDUAL INCOME

4.9

AVERAGE YEARS
AT EMPLOYER

4.8

AVERAGE YEARS
AT RESIDENCE

564

MEDIAN
CREDIT SCORE

78%

OF CUSTOMERS HAVE
BEEN DENIED CREDIT BY A
BANK OR CREDIT UNION

80%

OF CUSTOMERS RELY ON ACCESS
TO CREDIT WHEN A FINANCIAL
EMERGENCY COMES UP

Source: goeasy customer loan data and goeasy non-prime research (February 2020).

easyfinancial

Launched in 2006, easyfinancial is our non-prime consumer lending division that began with the goal of bridging the gap between traditional financial institutions and costly payday lenders.

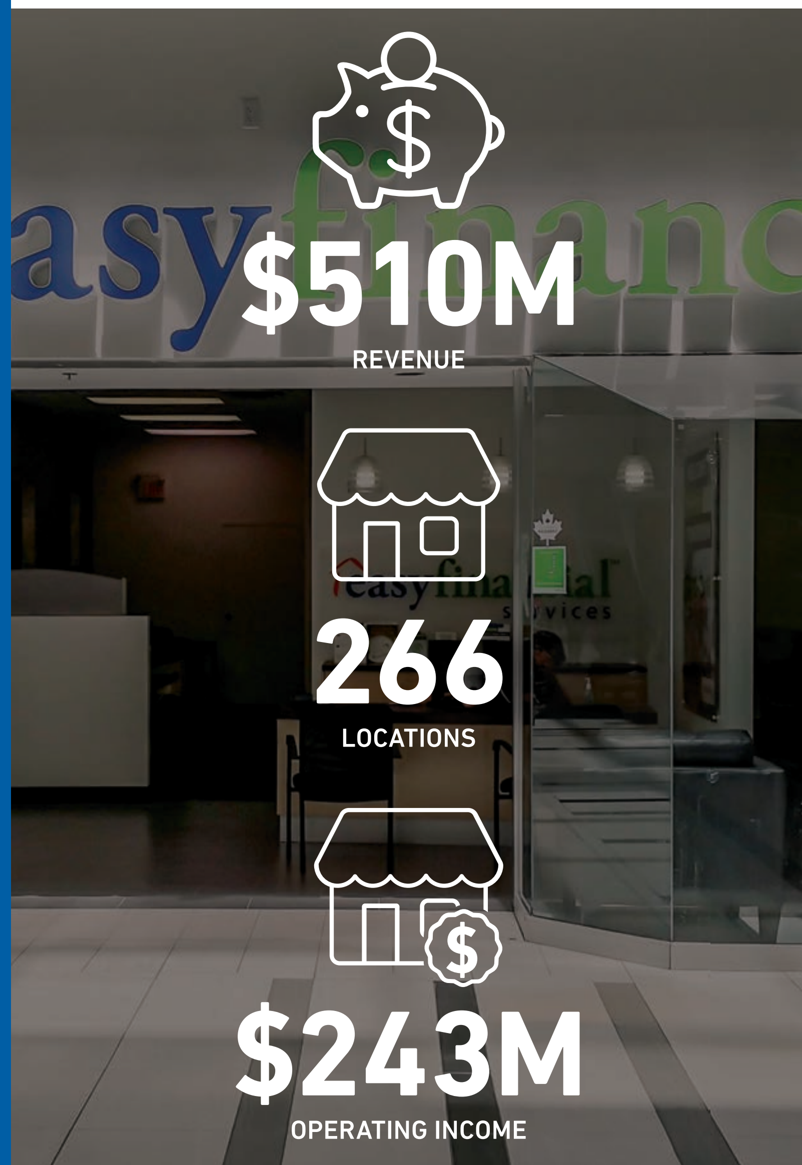
Since then, easyfinancial has significantly expanded and evolved to support our core vision of providing everyday Canadians a path to a better tomorrow, today. Offering a suite of unsecured and secured lending products up to $45,000 with rates starting at 19.99%, easyfinancial is uniquely positioned in the market.

With an omnichannel business model, our customers can transact conveniently through our national branch network of 266 locations located coast-to-coast, or online through the Company's mobile first digital lending platform. We continuously aim to improve our digital customer experience and create a seamless journey as customers navigate between our retail and online platforms.

In recent years, easyfinancial has also expanded into the $40B point-of-sale market[1] by offering financing for goods and services through merchant partnerships, both in-store and eCommerce. This channel expands the way in which consumers can access credit, while generating a new source of customer acquisition for the Company. Once in the easyfinancial ecosystem, these customers can then benefit from the wide variety of financial products and services we offer, which are designed to serve all of the borrowing needs that a consumer might encounter during their everyday life.

(1) $40B Source: Statscan, other various sources, goeasy analysis

$1.25B
TOTAL CONSUMER LOAN PORTFOLIO
Includes easyhome lending loan book



$510M
REVENUE

266
LOCATIONS

$243M
OPERATING INCOME

190K
ACTIVE CUSTOMERS

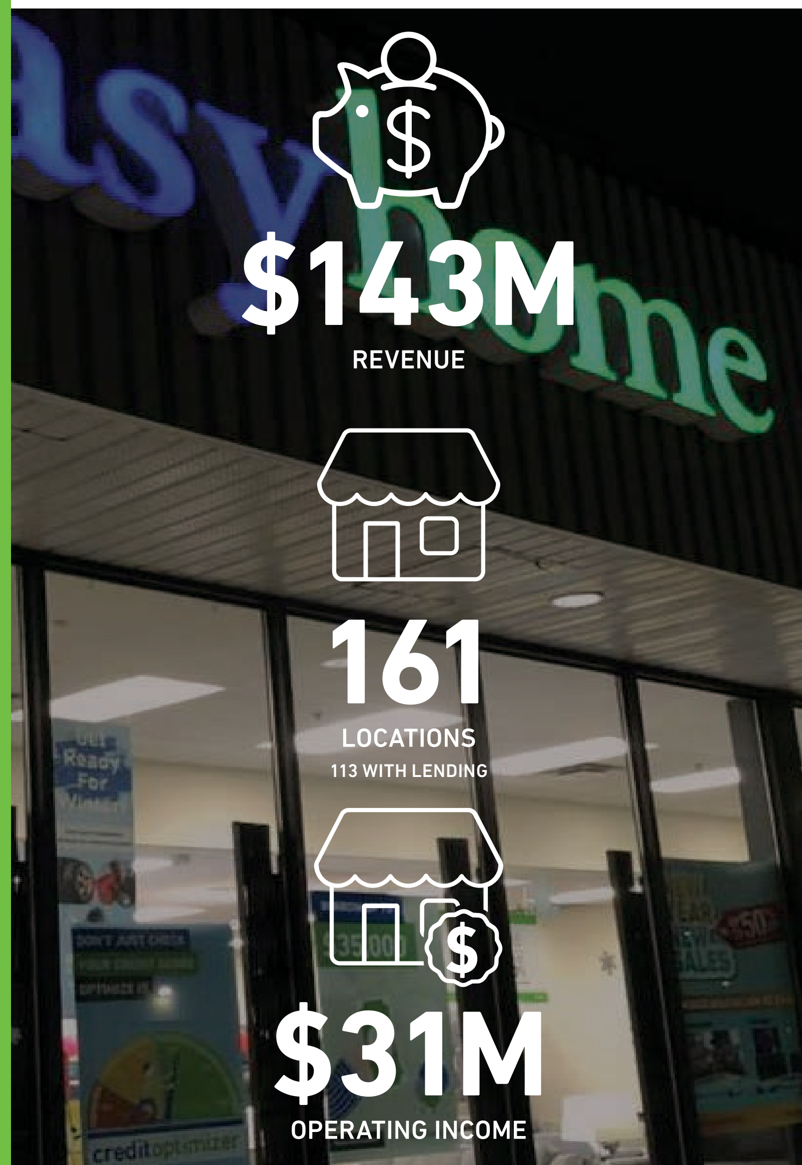
easyhome

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

Through our 160 locations, which includes 35 franchise stores or through our eCommerce 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 then 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 2020, easyhome had its most profitable year in the Company's history with record operating income and operating margin. The strong performance was driven by higher revenues in the leasing portfolio and the benefit of continued growth in its loan portfolio which exceeded $50M in the year.

$50M
EASYHOME LENDING LOAN BOOK SIZE



$143M
REVENUE

161
LOCATIONS
113 WITH LENDING

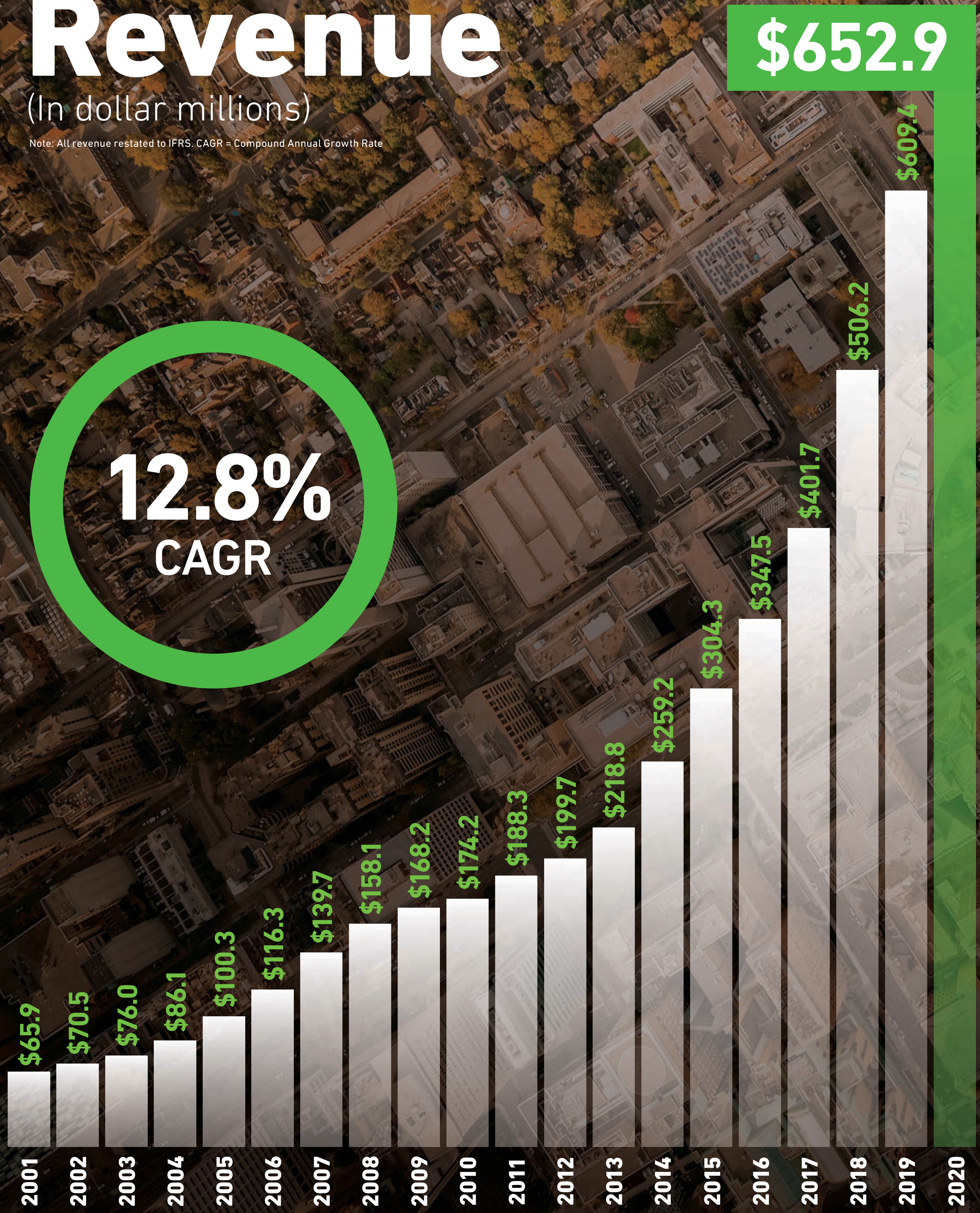
$31M
OPERATING INCOME

41K
ACTIVE CUSTOMERS

Annual **Revenue**

(In dollar millions)

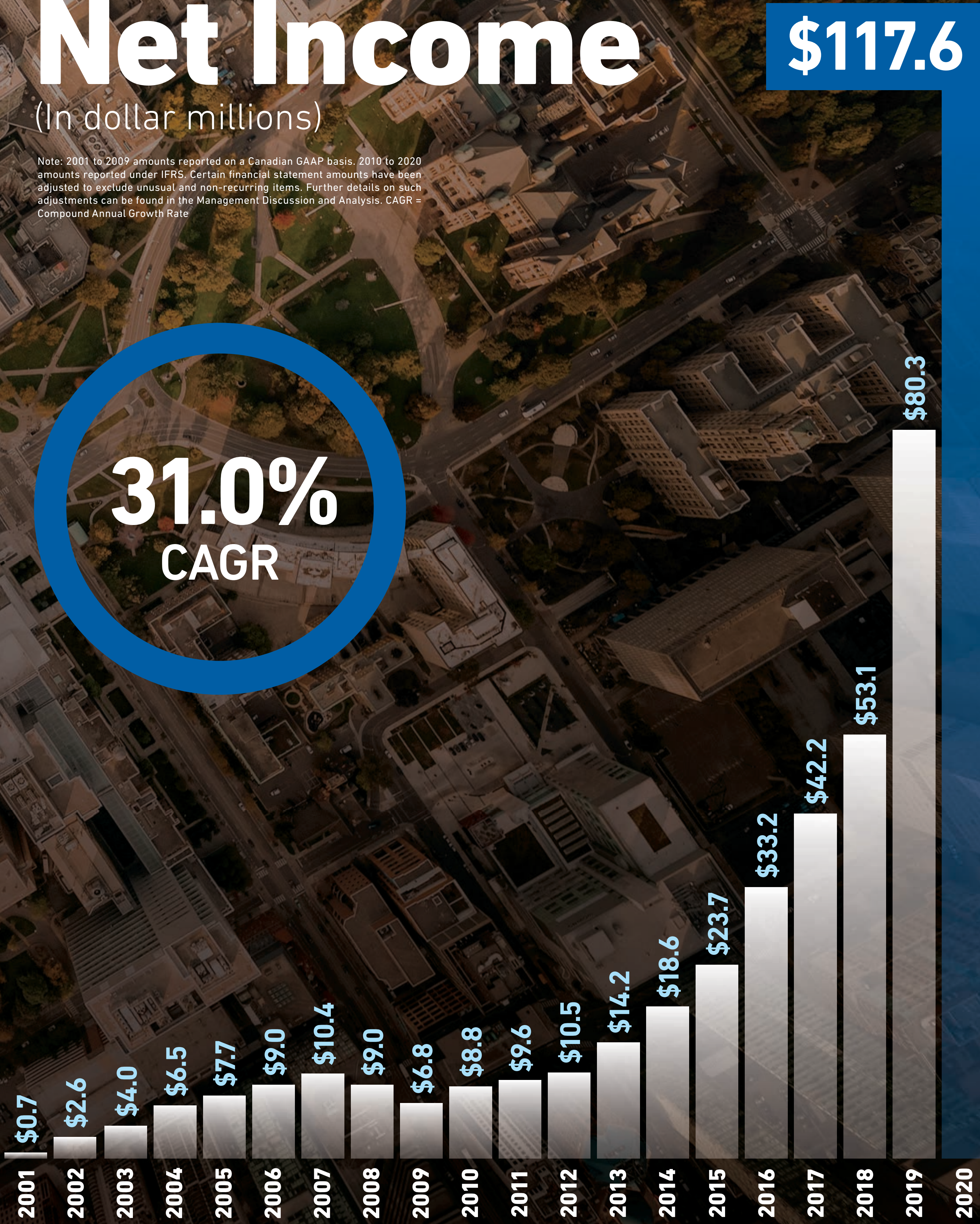
Note: All revenue restated to IFRS. CAGR = Compound Annual Growth Rate



Adjusted Annual **Net Income**

(In dollar millions)

Note: 2001 to 2009 amounts reported on a Canadian GAAP basis. 2010 to 2020 amounts reported under IFRS. Certain financial statement amounts have been adjusted to exclude unusual and non-recurring items. Further details on such adjustments can be found in the Management Discussion and Analysis. CAGR = Compound Annual Growth Rate



Adjusted Annual Diluted **EPS**

(In dollar millions)

Note: 2001 to 2009 amounts reported on a Canadian GAAP basis. 2010 to 2020 amounts reported under IFRS. Certain financial statement amounts have been adjusted to exclude unusual and non-recurring items. Further details on such adjustments can be found in the Management Discussion and Analysis. CAGR = Compound Annual Growth Rate

Financial Summary

(in $000s except per share amounts, store counts, employee counts, annual dividends, percentages and ratios)	2020	2019	2018	2017	2016
INCOME STATEMENT					
Revenue	652,922	609,383	506,191	401,728	347,505
Operating income	216,436	168,793	119,717	87,393	62,516
Net income	136,505	64,349	53,124	36,132	31,049
Diluted earnings per share	8.76	4.17	3.56	2.56	2.23
BALANCE SHEET					
Cash	93,053	46,341	100,188	109,370	24,928
Gross consumer loans receivable	1,246,840	1,110,633	833,779	526,546	370,517
Lease assets	49,384	48,696	51,618	54,318	55,288
Total assets	1,501,916	1,318,622	1,055,676	749,615	503,062
External debt	887,749	854,768	691,062	449,178	263,294
Shareholders' equity	443,512	332,421	301,529	228,244	196,031
FINANCIAL METRICS					
Revenue growth	7.1%	20.4%	26.0%	16.60%	14.2%
Adjusted operating margin[1]	33.1%	27.7%	23.70%	21.80%	19.0%
Adjusted net income[1]	117,646	80,315	53,124	42,158	33,155
Adjusted diluted earnings per share[1]	7.57	5.17	3.56	2.97	2.38
Adjusted return on equity[1]	31.1%	25.3%	21.8%	19.8%	17.9%
Net debt to net capitalization	0.64	0.71	0.66	0.60	0.55
Annual dividend per share	1.80	1.24	0.90	0.72	0.50
OPERATING METRICS					
Same store revenue growth	6.3%	19.5%	25.7%	18.3%	12.1%
Gross loan originations	1,033,130	1,095,375	922,550	579,494	398,739
Growth in gross consumer loans receivable	136,207	276,854	307,233	156,029	81,091
Net charge-offs as a percentage of average gross consumer loans receivable	10.0%	13.3%	12.7%	13.6%	15.4%
OPERATIONS					
Total Store Count:					
easyfinancial	266	256	241	228	208
easyhome	161	163	165	171	176
easyfinancial branch openings	12	15	23	22	17
Employees	2,024	2,024	1,821	1,729	1,587

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

$1.03B

LOAN ORIGINATIONS

$3.8M

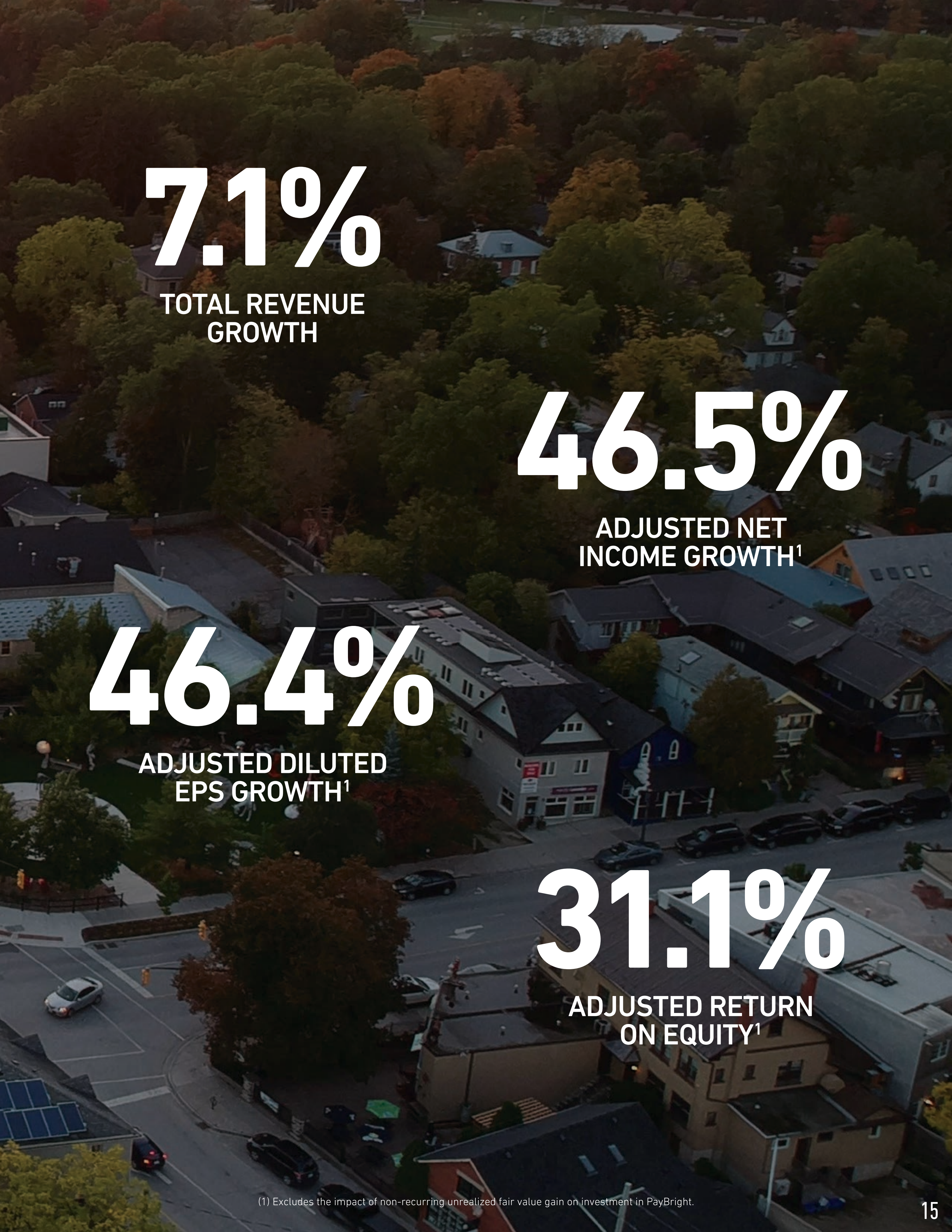
AVERAGE LOAN BOOK PER BRANCH

12.3%

TOTAL LOAN BOOK GROWTH

10.0%

NET CHARGE OFF RATE



7.1%

TOTAL REVENUE GROWTH

46.5%

ADJUSTED NET INCOME GROWTH[1]

46.4%

ADJUSTED DILUTED EPS GROWTH[1]

31.1%

ADJUSTED RETURN ON EQUITY[1]

(1) Excludes the impact of non-recurring unrealized fair value gain on investment in PayBright.

Building **Better Tomorrows**

Our purpose as an organization has always been deeply rooted in helping our customers get access to credit today, while helping them build toward a stronger financial future. We believe a sustainable business is one which serves a need in the lives of its customers, but also has a purpose beyond just a profit. At goeasy we have a clear and meaningful objective; to help our customers improve their credit, gradually lower their cost of borrowing, and put them in a better financial position in the future.

SOCIAL

Our Customers

With 30 years of experience in the non-prime consumer credit market, our passion for supporting our customers and helping them achieve long-term financial success is what defines us. Through every customer interaction, we are committed to providing responsible lending products that are offered in a non-judgmental and respectful manner. We know our customers come to us seeking a reliable and trustworthy source for credit, and we have always made it a priority to treat every customer's situation as unique, in order to provide them with the products and services that best suit their needs.

Part of our customer experience philosophy includes applying a high degree of transparency to our lending process, during which our employees take the time to carefully review the terms and conditions of our products and services in order to ensure every customer has a full understanding of their lease or loan. In addition, we take the time to help our customers understand their current financial and credit situation, often completing a thorough affordability calculation and review of their credit file. We also provide our customers with free access to our financial education platform that contains hundreds of articles and tools to help enhance their financial literacy.

Most important, we pride ourselves on offering products that help our customers rebuild their credit, lower their cost of borrowing and ultimately graduate to prime lending. Almost twice as many of our customers, compared to the average Canadian, believe their financial situation is better than it was 12 months ago. Our positive impact can be evidenced through the 60% that improve their credit score and 1 in 3 customers that graduate to prime lending within 12 months of borrowing from us.

A+ Rating BBB ACCREDITED BUSINESS

4.6/5 SATISFACTION RATING

CANADIAN LENDERS ASSOCIATION CLA ✓ APPROVED VENDOR

10 DAYS
TO RETURN YOUR LOAN RISK FREE

60%
OF OUR CUSTOMERS IMPROVE THEIR CREDIT SCORE[1]

1 IN 3
OF OUR CUSTOMERS GRADUATE TO PRIME CREDIT[2]

(1) Prime credit is defined as opening a trade with a prime bank lender within 12 months of borrowing from us.
(2) As measured by an increase in TransUnion Risk Score within 12 months of borrowing from us.

Our Employees

At goeasy, we aim to inspire our employees by providing them with challenging and rewarding work and developing a team-based environment. As a values-oriented organization with a deep history, we strive to create a culture of ambition, growth, respect, and integrity. Our employee benefits are designed to recognize and reward performance, while also serving to support our team members financial, physical and mental well-being. Benefits include an RRSP matching program, tenured sabbatical leaves up to 6 months, paid maternity and paternity leave, perks and corporate discounts, leadership and recognition awards and bonuses, and mentorship programs. goeasy has also created an annual scholarship fund that is open to any employee's child pursuing post-secondary education, which awards the selected winner with $10,000 towards their tuition and post-secondary education expenses.

We also offer significant training and career growth, where a team member can pursue a broader career path from their very first day. Our leadership accelerator and training programs, both at our Support Centre and within our field teams, offer employees the opportunity to grow and learn as we train the best and brightest talent we have, to develop the skills and experience they need to become our leaders of tomorrow.

Our high-performance culture, driven by a tireless focus on serving and supporting our customers, is fueled by our passionate and engaged frontline workforce. With an overall employee engagement survey score of 83%, goeasy has proudly received five awards for culture and performance, including the Most Admired corporate cultures, Achievers Top 50 Most Engaged Workplaces in North America, Greater Toronto Area Top Employers Award, the Digital Finance Institute's Canada's Top 50 FinTech Companies, ranking on the prestigious TSX30 for shareholder return and placement on the Report on Business ranking of Canada's Top Growing Companies.

2019 Achievers 50 MOST ENGAGED WORKPLACES 2019 WINNER

Waterstone CANADA'S MOST ADMIRED CORPORATE CULTURES

DIGITALFINANCE INSTITUTE TOP 50 FINTECH COMPANIES

GREATER TORONTO'S TOP 2020 EMPLOYERS

2,000+
EMPLOYEES ACROSS CANADA

83% **ENGAGEMENT SCORE IN 2020**

With over 2,000 employees across the country, our workforce is as diverse as Canada itself. While embracing the differences of our team members to build a high-performing team has long been a formula of our success, 2020 was a year punctuated by a global pandemic and social unrest. We understood the need to step up and outwardly, and overtly, declare our intention to operate our business with inclusion, equity, and opportunity. Platforms such as our Women in Leadership Committee, now in its 6th year, have helped hundreds of our female team members develop the tools they need to be successful leaders. Building on our strong affinity for investing in employee resource groups, The Afro-Canadian Development and Empowerment Committee was created this past year, led by employees from across the organization. This group of Black leaders came together to educate, share and advise the goeasy community on the issues of systemic discrimination, micro-aggression and racism, that unfortunately still affect members of the Black community in Canada and abroad. Admittedly, much of our progress lies ahead, but some of the outcomes that are attributable to this movement are over $50,000 in donations to organizations supporting members of the Black community, an update of our workplace anti-discrimination policy to indicate the organization's definitive stance against racism, and the launch in 2021 of our first ever workforce demographic census, which will help inform us that our inclusion and equity goals are being met.

Our Communities

As a national brand, our store and branch locations have become an integral part of the hundreds of communities in which we operate. Whether it is sponsoring a local hockey team or volunteering at the community food bank, our employees are the fabric of their communities. Their passion for improving the lives of others runs far deeper than just the customers they serve, as it extends into making a difference in the lives of those within their communities.

$3.8 MILLION DONATED TO CHARITY

goeasy's longstanding partnership with BGC Canada runs deeper than the $3.4 million donated to date. Our commitment has been focused on helping the clubs with their mission to provide children and youth with safe, supportive spaces, while helping them to develop confidence, life skills, lasting friendships and overcome barriers on their path to adulthood. With food security and nutrition education in mind, in 2014, goeasy set out on an ambitious mission to remodel 100 BGC kitchens across Canada within 10 years. With 50 kitchens completed to date, this $2.5 million initiative helps BGC Canada communities across the country prepare quality meals and encourages the development of healthy eating habits in kids and youth. During the COVID-19 pandemic, the Clubs saw a significant increase in usage, as more Canadian families found themselves fighting for food security and we were proud to have played a role in helping those families in need.

50 EASYBITES KITCHENS COMPLETED

bgc Canada

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 Janeway Children's Health and Rehabilitation Centre in St. John's, Newfoundland and Operation Friendship in Edmonton, Alberta, and we are extremely proud to have provided our employees with the opportunity to create meaningful and lasting change for the people and projects that enrich our communities coast-to-coast.

45 HOUSING SOLUTIONS BUILT

THROUGH HABITAT FOR HUMANITY GLOBAL VILLAGE

Habitat for Humanity®

Our Corporate Social Responsibility efforts also extend beyond local communities, 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.

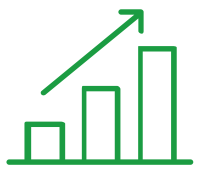
GOVERNANCE

Developing and implementing strong governance practices across goeasy is essential to the safe, sustainable and effective operation of the organization. There are many practices and controls that goeasy maintains to ensure the highest standards of compliance, that meet and exceed the expectations of our stakeholders.

Executive Compensation Governance and Philosophy

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.

EXECUTIVE
SHARE HOLDING
BASED ON MULTIPLE OF SALARY



LONG TERM
INCENTIVE PLAN
MAXIMUM EARNED AT 30% EPS CAGR

Ethical Business Conduct

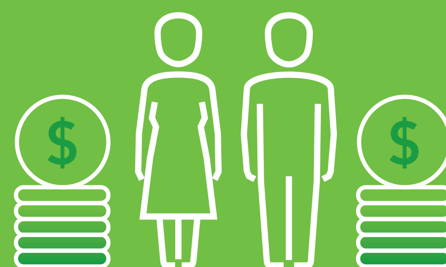
The Board has adopted a written code of business conduct (the "Code") for the Corporation's directors, officers and employees that sets out the Board's expectations for the conduct of such persons in their dealings on behalf of the Corporation.

The Board has also established an independent confidential hotline in order 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.

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.

50%
FEMALE EMPLOYEES



GENDER PAY NEUTRAL

43%
OF NON-EXECUTIVE BOARD MEMBERS ARE WOMEN

ENVIRONMENT

Protecting the world around us and limiting our environmental impact is an important aspect of creating a more sustainable future. This has guided some of the biggest investments we have made in workspace and technology over the past few years. To reduce energy and resource consumption, we use LED lighting throughout our 400 stores and locations. We have company-wide recycling programs for plastics and glass, as well as participate in an electronics recycling program for all of our used computer and other electronic materials.

As a customer facing retail business with reach, we also acknowledge the importance of reducing our paper consumption by eliminating paper-based billing and statements as we aim to reduce our environmental impact. Furthermore, our multi-year initiative to implement a new back-end financial services platform which will go live in 2021, our recent investments in an Enterprise Resource Platform (ERP) in 2019 and a Human Resources Information System (HRIS) in 2020, have presented the opportunity to nearly eliminate all paper-based processes for both our employees and our customers.

ENERGY EFFICIENT

PAPERLESS

RECYCLING

Message from the Executive Chairman of the Board

2020 was truly an exceptional year that challenged the judgement of our management team, challenged the tenacity of our team members, and challenged the resiliency of our lending model.

While we have always held high conviction in the quality of our credit and analytics modeling, the arrival of the COVID-19 pandemic and the pace at which it evolved provided the organization with its biggest test since we launched easyfinancial 15 years ago. With no historic reference to calibrate the planning and adjusting needed to forecast the ensuing months, it was the combined efforts of the team under Jason's leadership that led to decisions that ensured the protection of our company.

DAVID INGRAM
EXECUTIVE CHAIRMAN

Leading with Empathy

COVID-19 shook our communities and our business, and threatened the safety of our team and their families. From the very beginning of the initial lockdown, decisions were made to ensure that the health and safety of everyone in our communities were our top priority. We committed to no layoffs no matter how long or how severe the pandemic would become. In addition, we preserved the ability for all the team members to access full pay for all things related to COVID-19. For our customers, the voluntary insurance programs provided 2.5 times the level of unemployment payment claims compared with 2019, demonstrating the efficacy in the program. Customers also accessed hardship programs for payment deferrals, which increased by 12% compared with 2019, while they adjusted to employment and financial difficulties. Doing the right thing not only rewarded us with more engaged team members, but it solidified loyalty and trust with our customers. While the North American publicly traded non-prime lending industry declined their loan books in 2020, goeasy led the Industry with its loan receivable growing 12.3% over 2019.

Capital Allocation and Shareholder Returns

In addition to providing oversight and governance to the organization's business strategy, the board aims to act as financial stewards for our shareholders, by supporting management in their capital allocation decisions. With a long term goal to continue compounding earnings per share at a target of 30%, we must invest every spare dollar where it can generate the strongest return, while also producing a growing future income stream for the company. As Jason has outlined in his past and recent letters, we have a thoughtful capital allocation framework that prioritizes organic growth, strategic initiatives, acquiring new lines of business and returning capital to shareholders through a predictable growing dividend stream and opportunistic share repurchases. By assembling a board of directors with a range of expertise in each functional area, we aim to constructively guide, critique and support management's investment decisions. Through the strategic planning process each year, we work together to formulate a long term road map of strategic priorities, while collectively establishing key financial policies such as a target leverage level, payout ratio, share repurchase methodology and the endorsement of capital expenditures. It is through this disciplined focus on investing for our future that the organization has produced total shareholder return since December 2000 of 17,000%. Our role as a board is to structure compensation plans and equity ownership targets and align activity to help the management team produce market leading shareholder returns for many years to come.

On behalf of my fellow directors I wish to extend my gratitude to all 2,200 team members who have made sacrifices and commitments during this challenging time, and especially those that experienced hardships with mental and physical illness during this pandemic. It was a record performance that owes much credit to Jason and his team for their commitment to excelling in the customer journey, and for taking such good care of the team that serves our Company to exceptional levels. When easyfinancial was conceptualized, it was with the purpose of filling the gap between the payday lenders and the traditional banks - it was the why in the vision and the reason for us to exist. Fifteen years later after that very first loan issued in Edmonton, Alberta, we have organically grown a loan book to over $1.2B and we are delivering on our enhanced vision of "providing everyday Canadians a path to a better tomorrow today". As Jason will tell you, we are just getting started!

David Ingram

Executive Chairman of the Board, goeasy Ltd.

2020

Annual Letter to Shareholders

2020 will be remembered as one of the **most important years** in our history.

While the pandemic has put immeasurable weight on families and communities throughout the globe, we are fortunate that it has also put the strength and resiliency of our business on display. I want to start by thanking all of our team members for their unwavering support, the senior leadership team that has safely navigated our organization through a difficult period, and our customers who have continued to trust us with their business. When I wrote this letter one year ago, it was in the first few months of the pandemic, a time at which none of us would have imagined we would still be grappling with one year later. Today we are amidst the third wave of COVID-19 in Canada and are in a race between distributing vaccines and the spread of new variants. Yet despite the challenging backdrop, we are on the verge of a meaningful economic recovery and as enthusiastic about the future of our Company, as ever before.

JASON MULLINS
PRESIDENT & CEO, GOEASY LTD.

Review of 2020

The year began with two solid months of **performance** and the **successful acquisition** of a small loan portfolio in late February.

I recall watching the world begin to unravel in Europe, still rather unsuspecting and unaware of the implications at the time. Within a few weeks, I had cancelled our family March break vacation and sat in our main board room discussing the rapidly evolving situation with our senior leadership team. We quickly established a cross-functional task force responsible for developing a playbook that would become known as our COVID-19 response plan.

COVID-19 Response Plan

Our COVID-19 responses plan was based on three key pillars; prioritizing the health and safety of our team, remaining operational to support our customers, and keeping all our team members fully employed. Each of the decisions we made were guided by these principals.

While our branch and store network are a critical aspect of our omni-channel model, we were fortunate to have developed the digital technology that could support an eCommerce transaction long ago. Throughout the year we were able to enable digital lending and leasing capabilities easily and quickly for our branch and store network, so they remained fully operational. Even when locations were closed, or customers were uncomfortable visiting us in person, we were fortunate not to lose a single day of operations.

We were also able to leverage the highly flexible design of our proprietary credit models and centralized underwriting function to rapidly adjust our credit criteria and apply targeted adjustments by region and industry sector. Our customers are distributed proportionately across Canada and work in a wide variety of industry sectors with low concentration. Being able to deploy tailored credit strategies was essential to managing our risk during a turbulent environment, while ensuring we could serve the millions of Canadians that still needed access to credit.

We also committed to our entire team in April that we would not conduct a single layoff and would supplement the wages for anyone that needed to voluntarily take time off work for health or family matters. While the future at that time was very uncertain, we were confident in the strength of our business and ability to navigate the headwinds. Most of all, we felt that a commitment to our team would remove a potential barrier of anxiety and enable them to stay focussed on taking care of their families and our customers. This turned out to be one of the best decisions we made. When combined with the introduction of several new health and wellness benefits, and honest and frequent communication about the organization's condition and commitment to health and safety, we experienced an increase in our employee engagement score, which reached a record high 83%. We stood by our people, and they stood by our customers.

As the pandemic arrived, governments around the world issued stay-at-home orders and started to shut down the economy. As these "lockdowns" were repeated throughout the year, consumers experienced a sharp decline in many of their usual discretionary expenses, resulting in a reduction in the overall demand for credit. According to a recent report published by the Bank of Canada, Canadian households spent an average of approximately $4,000 less in 2020 due to the pandemic, driven largely in categories such as restaurants, bars, recreational activity, travel, and transportation expenses. As a result, the average non-mortgage debt per Canadian dropped by nearly 3% from approximately $21,600 to $21,000. For the non-prime consumer, it was even more pronounced, with the average non-mortgage debt balance dropping by over 7%, from approximately $20,600 to $19,100. This was a positive shift for Canadian households, who used the opportunity to strengthen their household balance sheet and accumulate an average of $5,800 in savings, or over $80 billion in total.

Originations & Revenue

Total originations in 2020 were $1.03 billion, broadly flat to 2019. The originations and performance of the portfolio led to growth during the year of $136 million, resulting in the consumer loan book finishing at $1.25 billion at year end. As the year progressed and Canadians began to acclimatize to life in a pandemic, we have experienced a gradual increase in the demand for credit, with originations improving to 7% over the prior year in the fourth quarter. We expect originations to improve as consumers return to their typical spending behaviour, however cautious borrowing behaviour will likely exist until lockdowns have fully subsided.

Despite the broader environment, we have stayed focussed on our strategy of expanding our range of products and increasing the use of risk-based pricing to graduate our customers to lower rates and reduce their cost of borrowing. Not only does this help fulfil our vision of putting our customers on a path to a better financial future, it also widens the size of our addressable market, extends the tenure of our customer relationships and increases the lifetime value. Over the course of the year we reduced the weighted average interest rate charged to our borrowers by over 200 basis points, declining to 37.8% at year end. It is important to note that a declining revenue yield, can still produce higher operating margins from the benefits of better credit performance, lower relative operating expenses, and the efficiencies from scale.

During the year we continued to focus on developing our point-of-sale business, both directly with merchants and through our partnership with PayBright. We onboarded major new merchants such as Wayfair and Samsung, gradually improved our platform, and enhanced the offering to consumers. While the demand for general purpose credit has slowed direct to consumer lending, customers shifted their behaviour to spending online and purchasing everyday household items. This fared well for our point-of-sale channel, which underscored the benefits of channel diversification. By year-end, over a quarter of the new customers we acquired came through this channel. Equally important, the propensity of customers to migrate into other lending products has exceeded our projections, with more than 25% of the customers acquired through our point-of-sale channel graduating to other loan products within a year of entering our eco-system.

We were also proud to have launched our next generation of credit scoring models that leverage consumer banking data, so that we can better underwrite unique segments of the population, such as new Canadians, students and those denied credit. Since we launched the new models last year, we have approved thousands of new customers that we would otherwise have denied based solely on traditional credit data. We think the future of consumer lending will be driven by the use of alternative data and more sophisticated analytical and modeling techniques.

Thanks to the combination of a strong performance from our leasing division and the expansion of the consumer loan portfolio, 2020 marked the 19th consecutive year of revenue growth for the Company, with revenue of $653 million, or an increase of 7.1% over 2019. Although revenue growth was temporarily impacted by a lower level of commission earned on our ancillary products, primarily the loan protection plan, it also helped enhance our credit performance. Over the long term, our revenue has grown at an average compound rate of 12.8% over a 19-year period, since 2001.

Credit Performance

We have a very clear purpose – to provide non-prime Canadians with access to the credit they need today, while helping put them on a path to a better financial future. When we provide a customer with a lease or a loan, we must always recognize that they might hit a speed bump and will need us to support them through a difficult period. When the pandemic hit, we were able to immediately lean on the tools that we had built and refined over many years to take care of our customers. Our Borrower Assistance Program provided the ability to temporarily defer a payment or extend the term of a lease or loan, while the our optional loan protection plan made over $50 million in loan payments on behalf of more than 15,000 customers whose jobs were lost. The pandemic was the ultimate test to highlight the value of this important ancillary product designed to help our customers through a difficult period. While the elevated level of insurance claims under this program served to reduce the amount of commissions we earned, thereby reducing our overall revenue growth during the year, this was more than offset by the prevention of future credit losses. Both our insurance partner and goeasy are proud that the product worked exactly as it was intended – by supporting Canadians during an unexpected event and helping protect their credit.

We also benefited from numerous credit model enhancements deployed by our credit and analytics team in the months prior to the pandemic. These model improvements were designed to gradually improve the underlying credit performance of our portfolio and they could not have come at a better time. Together, with the targeted use of our Borrower Assistance Program, lower level of consumer expenses, government subsidies for those who lost income, and our teams exceptional focus on managing their customer relationships, we experienced an overall reduction in credit losses. The annualized net charge off rate for 2020 was a record low 10%, down 330 basis points from 13.3% in 2019. Moreover, the enhanced credit and underwriting implemented throughout the year, coupled with the ongoing shift toward lower risk lending products, positions the credit quality of our portfolio exiting the pandemic, stronger than when we entered it.

Balance Sheet & Liquidity

During the year we continued to improve and strengthen our balance sheet and capital structure. In June we announced the early redemption of our convertible unsecured subordinated debentures. The decision to redeem early produced a marginal cost of borowing benefit, but more importantly converted approximately $42 million of debt into equity, resulting in deleveraging of the business. While we were already below our target leverage ratio of less than 70% net debt to net capitalization, the lower level of leverage unlocked important balance sheet capacity for our future acquisition plans.

Later in the year we were pleased to establish our first ever revolving securitization warehouse facility, with an initial limit of $200 million. The facility, which is collateralized by a portion of our consumer loans, bears a rate of approximately 3.5% at the time of this letter. The introduction of our lowest cost source of capital in our history, during a difficult economic backdrop, was a significant testament to the confidence in our business and the great work done by our finance and treasury team. Not only did this new facility broaden our banking relationships and further diversify our sources of capital, it also laid the groundwork for increasing and syndicating the warehouse facility in 2021 and the opportunity to issue public market asset backed securitization down the road.

When combined, these balance sheet enhancements increased our funding capacity to over $400 million at year-end and brought down our net debt to net capitalization to 64%. Furthermore, the access to securitization funding brought our fully drawn weighted average cost of debt down from 5.5% at the start of the year, to 4.8% at year-end, further boosting our return on assets.

Cash Flow & Capital Allocation

One of the most important decisions we make as a company is how to deploy our free cash flow. As a portfolio business with strong risk adjusted margins and an average annualized repayment rate, inclusive of regular and early repayments, of approximately 35% of the loan balances outstanding, our business generates significant free cash flow. We recently began publishing a new metric in our disclosures that we think is instructive at highlighting the cash flow production, by showing the "cash provided by operating activities before the net growth in our gross consumer loans receivable". Simply put, this metric measures the cash flow produced by the business if the loan portfolio was held static.

In 2020 the business produced $211 million of free cash before the net growth of our consumer loan portfolio, an increase of 74% over 2019. From the free cash flow, our first preference is to invest in the organic growth of the loan portfolio, as organic growth typically produces the highest marginal return on our capital and fuels earnings into the future. Next, we make strategic investments in the business through capital expenditures, primarily in retail expansion, data analytics and our technology platforms. If we then produce incremental free cash above the level that can be deployed into organic loan growth and new initiatives, the excess capital can be used to either invest in acquisitions, pay down debt and de-leverage the balance sheet, or return capital to shareholders through dividends or share repurchases. In this event, we first assess our ability to access and maintain sufficient liquidity to fund our organic growth demand, while assessing our current level of financial leverage, which we believe to be optimal at approximately 70% net debt to net capitalization or roughly 2.5 times debt to tangible equity. Provided we are confident in accessing the capital to fund organic growth, we have chosen to return approximately 35% of our trailing earnings to shareholders through dividends, while investing the remaining capital where we can generate the next highest return that will maximize the long-term per share value of the Company.

In late 2019 we chose to invest $34 million into a strategic minority equity position in PayBright, a privately held Canadian point-of-sale financing provider, in conjunction with a commercial partnership to offer non-prime consumers second-look financing through their platform. The thesis of our investment was that the income produced off the loan originations through the partnership would generate a sufficient return on our capital, however we also saw tremendous potential in their business and thought we could add value. Late in 2020, PayBright announced their sale to Affirm, one of North America's leading buy-now-pay-later platforms. At the time of the sale, the value of our equity nearly doubled. Subsequent to year end, Affirm went public with great success. Thanks in part to the quick implementation of a hedging arrangement, we have derived a total return on our investment of over $140 million at the end of the first quarter of 2021.

During the year, the capital markets faced severe turbulence due to the economic impacts of COVID-19, and our share price was no exception. After peaking at $79 on February 14th, 2020, the value fell to a closing price of $23 on March 23rd, 2020, before gradually recovering throughout the year. The circumstances presented a significant opportunity to repurchase our shares well below their intrinsic value. Over the course of the year we invested $42 million to buy back approximately 768,000 shares at a weighted average price of approximately $55. At year end, our shares closed at $97, producing a significant return for shareholders.

Based on the 2020 adjusted earnings and confidence in our liquidity position, the Board approved an increase to the annual dividend from $1.80 per share to $2.64 per share, an increase of 47%. 2020 marked the 7th consecutive year of an increase in the dividend to shareholders.

We continue to emphasize that that all the decisions we make with respect to our financial leverage, distributing dividends, repurchasing stock or investing in new lines of business, are all made on the principle that they are sustainable through economic cycles.

Operating Income, Earnings & Returns

Based on the revenue growth, record low credit losses, prudent expense controls and improved operating leverage, operating income was a record $216 million, an increase of 28% over 2019. The operating margin improved to a record 33%, up from 28% in 2019.

Including the gain from the sale of our equity position in PayBright, net income in the year was a record $136.5 million, up 112% from the $64 million in 2019, while diluted earnings per share was a record $8.76, up 110% from the $4.17 in 2019. After adjusting for the gain on sale in 2020 and the one-time financing charge which occurred in 2019, adjusted net income during the year was a record $118 million, up 47% from the $80 million in 2019. Adjusted diluted earnings per share was a record $7.57 compared to $5.17 in 2019, an increase of 46%. 2020 marked the 19th consecutive year of reporting a profit and lifted our compound annual growth rate for adjusted net income since 2001 to 31%, while lifting our adjusted diluted earnings per share since 2001 to 24.9%. Adjusted return on equity was a record 31.1%, up 580 basis points from 25.3% in 2019.

As a board and management team, we are focussed on building a business that develops careers, improves the lives of our customers, and serves our communities, while maximizing long term returns for shareholders. Maximizing total shareholder return is driven primarily by increasing the per share value of the Company, of which the primary way to accomplish this is through growing our earnings per share. As such, we self-impose a long-term goal of compounding earnings per share at 30%. Growth in earnings per share informs the development our business plan, the allocation of our capital and is the sole measure in determining the reward system of our long-term share based incentive system, in which all leadership at goeasy participate in.

Talent & Culture

Attracting and developing talent, while providing a culture within which our people can grow and be challenged is core to our success. In 2020 we continued to invest in the physical, mental, and financial well-being of our team. We found ways to leverage virtual events and video to keep everyone informed and engaged. While other companies were unfortunate to have to cut programs, we continued to invest. In the spring we launched free access to a virtual healthcare platform which provides on-demand health care services. Later in the year we also expanded our employee RRSP program, which provides a company match to encourage our team members to save for their retirement, while enabling participants to direct a portion of their investment into shares in goeasy.

We are also proud to have stepped up to support important social causes. In a year that brought the sad and unfortunate reality of systemic racism to the forefront, we partnered with our Black professionals within the Company to develop the Afro-Canadian Development and Empowerment committee, an employee led movement to help educate and bring awareness to ways within, and outside, the Company that goeasy can help extinguish racism. During the year we donated over $50,000 to organizations that support members of the Black community. We also stepped up and donated over $500,000 to charitable causes, including a $150,000 donation to the Boys & Girls Clubs of Canada emergency relief fund, donated over 12,000 pounds of food to foodbanks within southern Ontario and over 3,000 toys to families in need during the holidays. We remain highly invested in supporting our communities.

It was also an important year in the development of our senior leadership team, with the addition of Michael Eubanks as our Chief Information Officer and Farhan Ali Khan as our Senior VP of Corporate Development and Investor Relations.

Michael's deep expertise in data, security and scaling digital technology platforms at large organizations has brought a level of structure and discipline to our project planning and technology delivery effort. As an omni-channel, data driven, financial services business that relies on our platforms to innovate and compete, Michael will help ensure we can scale our technology operations function.

Over the last few years, we began shifting to a more active pursuit of attractive acquisitions opportunities that could help contribute to our long-term strategy and growth ambitions. The addition of Farhan, who brings over 10 years of experience in investment banking within the financial services sector, added an executive with expertise in mergers and acquisitions to the team. Assigning an experienced and dedicated leader to this important corporate development activity allows the rest of the senior leadership team to remain focussed on execution, while opportunities are carefully screened and evaluated with a professional methodology.

Our Environment

Market & Competitive Landscape

Of the 29 million Canadians with an active credit file, approximately 9 million have credit scores less than 720 and are deemed to be non-prime according to TransUnion. Collectively, these Canadians saw their debt balances reduce during 2020, and now hold approximately $200 billion in credit balances, excluding any primary mortgages. Our customers resemble the average Canadian, with similar income, education and demographics, although they are more likely to be renters than homeowners and therefore carry less total debt. This market is largely underserved with only a handful of major providers. Fairstone, formerly CitiFinancial Canada, is our largest competitor and was once the Canadian consumer finance arm of U.S. bank Citigroup Inc., before being acquired by private equity and then recently sold to DuoBank. Over the years, we have also witnessed numerous pure-play online lenders launch in Canada, however none have yet to achieve success in non-prime lending through an online only model. Finally, two large payday loan chains have migrated into traditional lending products, including MoneyMart, a privately held US company, which offers an installment loan, and CURO, a US public company, which offers a revolving line of credit product through their CashMoney branches and under a dedicated brand called LendDirect.

As we have expanded our range of products into home equity loans, point-of-sale finance products and shortly introduce auto lending, the participants that we compete with, either directly, or indirectly, has widened. In the home equity loan market, we cross paths with several specialized home lenders such as CapitalDirect and Alpine Credits. As we enter the auto lending market, there are several non-prime auto finance providers who operate primarily, or exclusively, in the dealer originated channel, such as Axis Auto and AutoCapital Canada. Lastly, in the non-prime point-of-sale market, the acquisition by CURO of Flexiti makes them a potential future competitor.

We believe we remain highly competitive amongst our peer group. Our scale, national brand, omni-channel busines model, company culture and our focus on our customers financial well-being, remain competitive advantages. However, it is also important to note that the size of the non-prime consumer credit market can support several large companies at scale.

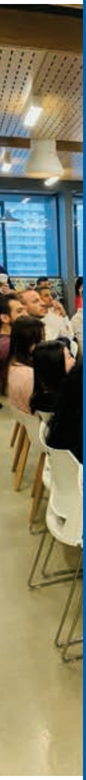
Regulatory Landscape

Canada continues to remain a stable regulatory environment with a good framework for governing the non-bank consumer lending industry. Section 347 of the Criminal Code regulates the entire lending market, dictating the maximum effective annual rate of interest that can be charged at 60%. On a nominal basis, this equates to a simple non-compounding rate of a 47% APR. The regulation has been in place and unchanged since 1980, and has been periodically reviewed through various consultations and committee reviews at both the provincial and federal level. We believe that there continues to be strong evidence of support for the existing federal structure. At the provincial level, each province maintains consumer protection legislation that outlines specific rules about how businesses interact with their customers. In addition, several provinces have implemented "high cost credit" regulations, which have been specifically designed to ensure consumers are treated fairly and that there is transparency in the borrowing experience. Manitoba was the first to implement such regulations in 2016, followed by Alberta and Quebec in 2019. British Columbia has since passed legislation to implement similar regulations, but have yet to implement them, while Ontario has begun a similar review process, but not yet decided to make any adjustments. These provincial regulations typically require that lenders offering loans over a prescribed rate, obtain a license and follow an additional set of disclosure requirements and operating practices.

Independently and through the Canadian Lenders Association, goeasy works directly with provincial and federal regulators. Throughout the legislative process we are regularly consulted to provide guidance and feedback on how regulations 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. As always, we remain in full compliance with all federal and provincial laws and regulations. Lastly, as we continue to graduate consumers up the credit spectrum, introduce more near-prime products, and reduce the cost of borrowing for our consumers, we continue to showcase the value of our business model and its critical role in the financial system.

Economic Landscape

While the third wave of COVID-19 has left much of Canada in another round of stay-at-home orders and many businesses still shuttered, the vaccination program is finally ramping up. It is expected that by June the majority of adults will have their first dose, and then be fully vaccinated by end of the summer. As such, Canadian gross domestic product is expected to experience a sharp incline in the latter half of 2021, with the IMF projecting economic growth of over 5%. Meanwhile, unemployment has continued to gradually improve, falling to 7.5% in the first quarter of 2021 and is expected to oscillate throughout the spring, before declining further throughout the year. While the future is difficult to predict, we have clearly seen a direct correlation to the severity of economic lockdowns and the need for consumer credit. So, while overall demand has remained softer in the wake of recent lockdowns, we expect a surge in spending as the summer arrives, and continuing throughout 2021. Meanwhile, the reduced level of household spending continues to serve as a benefit to credit trends, which are performing well below expected levels.



Outlook

We are **incredibly proud** of the work our team did in 2020 and **we still have much to accomplish.**

It is still early days in the execution of our plan to become the largest and best-performing non-prime lender in our industry. With only a small share of the $200 billion non-prime consumer credit market, the addressable portion of our market continues to expand as our business evolves, enabling more of the 9 million Canadians denied by traditional banks to lean on goeasy for leasing and lending solutions.

Our Strategy

We continue to be guided by the four key pillars of our strategy, including expanding our product range, developing our channels of distribution, increasing our geographic footprint and delivering a best-in-class customer experience that has helped over 60% of our customers improve their credit score and 1 in 3 graduate to prime credit within 12 months of borrowing from us.

The simple essence of the strategy is to provide non-prime Canadians access to credit in the most convenient and accessible channel available, whether in person, online, or while shopping for purchases. We aim to offer a full suite of financial products from one brand and one trustworthy relationship, regardless of the type of credit. Lastly, we seek to provide an eco-system that supports our customers financial well-being. The design of our products, the way we price our loans, the relationships we build, and the value added services and education we provide, are all designed in the spirit of helping our customers gain greater control of their finances, improve their credit, lower their cost of borrowing and graduate back to prime rates.

Evolving the Business

Our retail network remains core to our model. Not only do the stores and branches act as a significant source of customer acquisition, but many consumers value the relationships we establish when visiting in person. Furthermore, a presence in each community throughout Canada only strengthens our digital performance, adding credibility and trust to our brand. As businesses have been forced to lean heavily on their digital experience to remain operational, we were fortunate to have the capabilities to adapt. As we navigate out of the pandemic, we intend to evolve our customer experience, creating greater integration between the retail and digital experience. The sophistication of our dynamic credit and underwriting model, coupled with our application routing logic, allows us to determine which consumer segments can continue to transact solely through a remote digital experience, while guiding those that need to transact in person to our local stores and branches. A truly omni-channel business model enables us to strike the optimal balance between credit risk and the long-term vision for our customers overall experience.

We were also fortunate that the corporate functions within our support centre were able to quickly pivot to a remote work model, thanks to practices we implemented prior to COVID. Mobile technology, video conferencing tools and flex-work were adopted in years prior. By moving our corporate functions remote, we freed up valuable office capacity for our critical call center teams to be safely spread throughout more expansive real estate, improving our health and safety protocols. Getting our corporate teams back into the office remains a high priority. We truly believe the quality of collaboration and engagement is strengthened when people are brought together, and our newly renovated corporate campus is highly conducive to a best-in-class employee experience. However, after more than a year of fully remote work, we also believe there are benefits to a more hybrid working model, one that provides more flexibility to our team members and give us greater capacity within our office footprint.

Strategic Initiatives

While the pandemic shifted our focus toward servicing the portfolio and managing cash flows, it certainly has not stopped us from investing for the future. By late in 2020, all of our strategic initiatives were back underway, and several have been key to the performance of the business.

Within the next few months, we will issue of our first direct to consumer auto-secured loan. After careful and exhaustive research of the market, we see a significant opportunity in this product category. Our research reveals that there is over $13 billion of non-prime auto loan originations annually and we believe there is an opportunity to create a better car financing experience for non-prime Canadians. Our buying journey will allow customers to apply online to obtain a pre-approval, during which we will provide a set of criteria for the vehicle they can finance. We will then guide the customer through one of several potential buying paths. First, if the customer indicates they would like to buy a vehicle from a dealer, we will present them a list of pre-selected dealerships in their area with whom we have established a direct commercial arrangement. Second, if the customer has already found a car, we can facilitate the financing for them directly through a dealer of their choice. Third, If the customer would like to shop online, we will work with a partner to showcase a wide range of used inventory that meets their qualification criteria, enabling them to buy a car online and have it shipped directly to their home. Lastly, if the customer would like to buy a car privately from a friend or a neighbour, we will provide a dedicated service representative to help facilitate the entire transaction. By getting pre-approved the customer is given the ultimate control and flexibility over how, where and what they want to buy.

We have also made significant progress on the upgrade of our core lending platform, a multi-year technology project to implement a best-in-class, fully cloud based SAS lending solution that will give us the capability to scale the enterprise for many years into the future. With the size of our ambitions for product and channel expansion, our desire to use new technologies to disrupt and innovate within our industry, and the competitive edge that can be gained through a more flexible and faster development cycle, our core lending technology represents a critical enabler for our business. We are planning to complete development later this year and then begin a gradual migration.

Growth through Strategic Acquisitions

As we have expressed in the past, carefully targeted and strategic acquisitions have become part of our growth plans. Our business has reached a level of scale where it can expand inorganically and we have been preparing our balance sheet for a meaningful investment. Furthermore, to continue producing our targeted long-term growth in earnings, it is important that we add new lines of business that diversify our sources of revenue.

Earlier this month we announced the acquisition of LendCare, a Canadian point-of-sale consumer finance and technology company, an opportunity that checked all the boxes of our investment criteria.

LendCare was founded in 2004 to fill a gap in the market for financing consumers everyday large-ticket purchases. Over the last 15 years they have built one of Canada's leading point-of-sale financing platforms in the powersports, retail, healthcare, and home improvement verticals. Through approximately 3,000 merchants, LendCare offers a convenient and consumer focused loan origination platform that enables their partners to process instalment loans quickly and easily for their customers, with rates between 9.9% and 34.9%. The Company has deep and long-standing relationships with retailers, dealers and major name brand OEM's such as Bombardier Recreational Products and CFMOTO. LendCare consumers range across the entire credit spectrum, with two thirds in the non-prime segment. At year-end 2020, the Company had over $400 million in consumer loans, approximately 50,000 active customers, and during the last three years they have compounded the growth of their loan portfolio at over 47%, resulting in compound earnings growth of over 50%.

The acquisition of LendCare is a significant strategic fit for goeasy. It is directly in line with our existing strategy and will help accelerate our growth plans. First, it is a highly complementary and meaningful in-market acquisition, which increases our scale and extends the product line for customers. Together, products offered by LendCare and goeasy will span the non-prime credit spectrum with rates as low as 9.9%. Lowering the cost of borrowing for our consumers and providing everyday Canadians the ability to improve their credit and graduate to progressively lower interest rates, has been core to our vision since the inception of our lending business. Secondly, LendCare expands our point-of-sale channel into 3,000 additional merchants and new industry verticals such as powersports, healthcare and home improvement. Lastly, the transaction improves and diversifies our overall risk profile with higher quality near-prime borrowers and secured loans. On a pro-forma basis, the credit quality of our average borrower will improve, the weighted average interest rate charged to our consumers will decline from approximately 38% to 34%, and the proportion of our loans secured by assets will increase from approximately 12% to 30%.

In addition to the attractive high growth and profitability of LendCare, the acquisition also produces meaningful and achievable revenue and cost synergies. The most important of these, is the revenue synergies. The transaction presents the opportunity for LendCare to leverage goeasy's credit and pricing optimization models to lend to more non-prime borrowers, by increasing the approval rate for its merchants, and producing increased originations and loan growth. Secondly, both LendCare and goeasy will have the opportunity to cross-market their respective sets of products to the large consumer base of each firm. goeasy's consumers will benefit from offers to finance purchases at a lower cost of borrowing through LendCare's merchants, while LendCare customers will enjoy access to goeasy's unsecured and home equity instalment loans. On the cost side, the transaction presents the opportunity to leverage goeasy's mature and developed balance sheet to refinance a portion of LendCare's debt at a lower cost, while ensuring the business has all the necessary low-cost capital it needs to fund its ambitious growth plans. Lastly, there will be the inevitable benefits of scale, through which we can obtain better pricing from vendors and suppliers, and gradually combine back-office functions for greater efficiency.

Our ability to use a strong balance sheet and capital position to invest in a profitable, high growth business, combined with the highly complementary nature and strategic fit of the acquisition, produces a compelling financial transaction that creates long term value for shareholders. The investment is an excellent allocation of capital, projected to comfortably exceed our targeted rate of return and is immediately accretive to our adjusted earnings per share. Lastly, the economic profile, attractive valuation, and synergies, will assist in producing a long-term return on equity of approximately 25%.

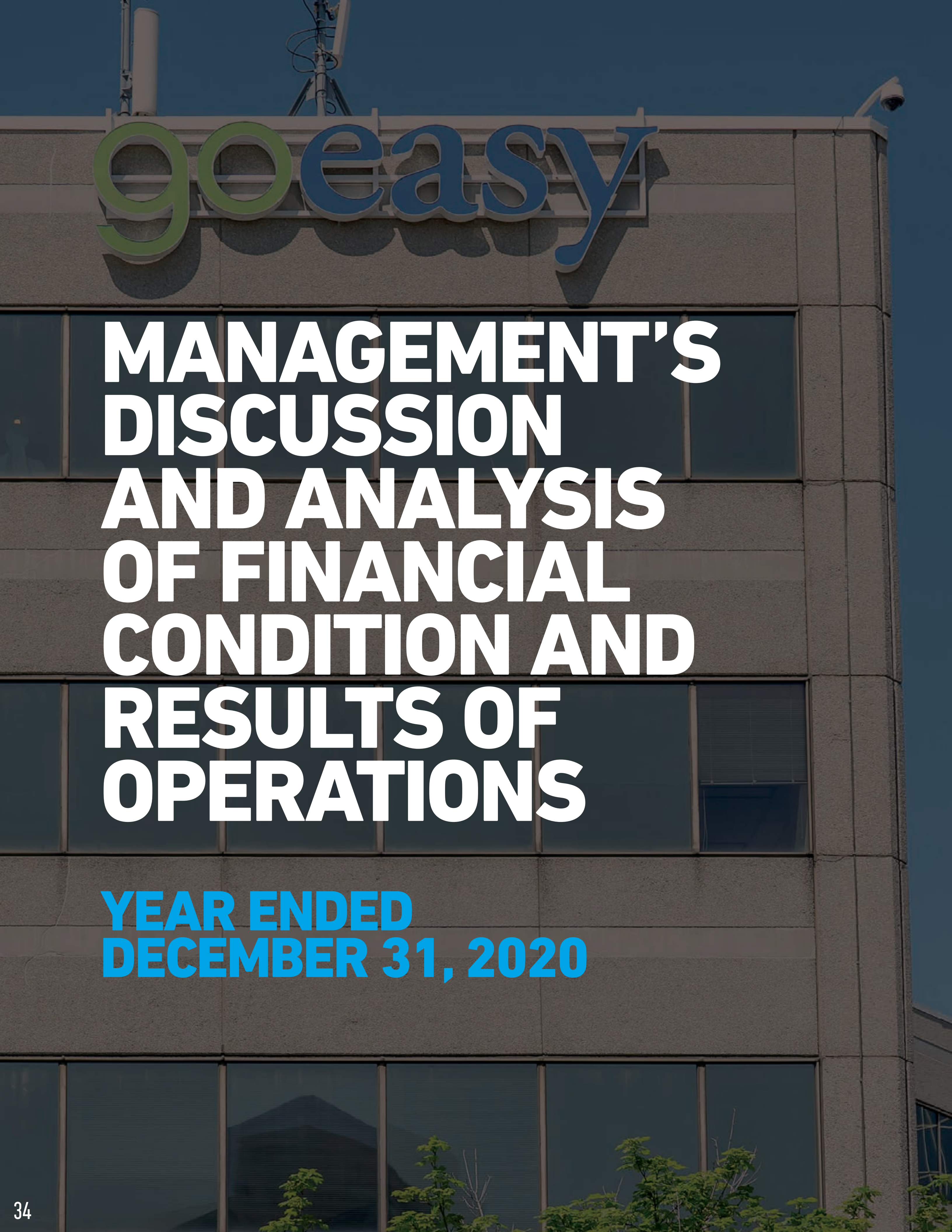
In closing, while the current health and economic realities facing our nation have presented tremendous challenges for many organizations, 2020 will be remembered as a year that battle tested our business and demonstrated its resiliency. Looking forward, we are on the edge of an exciting economic recovery, one in which we are incredibly well positioned to capture the opportunities that lie ahead.

Our team members have passionately stood by our customers and remain focussed on bringing our vision to life. Despite our successes, we will continue to work hard, maintain a scrappy and competitive spirit, and set big and ambitious goals. As I have said many times before, we still think of ourselves as a small entrepreneurial company in a large, underserved market and believe that the future is more exciting than ever.

We are truly just getting started!

Jason Mullins
President & CEO, goeasy Ltd.

TABLE OF CONTENTS



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DATE: FEBRUARY 17, 2021

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, 2020 compared to December 31, 2019, and the consolidated results of operations for the three-month period and year ended December 31, 2020 compared with the corresponding periods of 2019. 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, 2020. 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 and easyfinancial divisions. With a wide variety of financial products and services including unsecured and secured instalment loans, goeasy aspires to help put Canadians on a path to a better financial future as they rebuild their credit and graduate to prime lending. Customers can transact seamlessly with easyhome and easyfinancial through an omnichannel model that includes online and mobile, as well as over 400 leasing and lending locations across Canada supported by over 2,000 employees from coast-to-coast. Throughout the Company's history, it has served over 1 million Canadians and originated over $5.0 billion in loans, with one in three customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing from the Company.

With 30 years of leasing and lending experience, goeasy has developed a deep understanding of the non-prime Canadian consumer. Of the 29.2 million Canadians with an active credit file, 8.4 million have credit scores less than 720 and are deemed to be non-prime, down from 9.4 million in 2019 due to the upward migration of consumer credit scores as a result of the pandemic. Collectively, these Canadians carry $196 billion in credit balances 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 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 third 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.

goeasy is also the proud recipient of several awards in recognition of its exceptional culture and continued business growth including Waterstone Canada's Most Admired Corporate Cultures (2018), Glassdoor Top CEO Award (2018), Achievers Top 50 Most Engaged Workplaces in North America (2019), the Digital Finance Institute's Canada's Top 50 FinTech Companies (2019), ranking on the TSX30 (2019), placing on the Report on Business ranking of Canada's Top Growing Companies (2019) and being included on the Greater Toronto Area (GTA) Top Employer list (2020).

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.

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 loans to non-prime borrowers who are generally unable to access credit from traditional sources such as major banks. The company originates loans up to $45,000 with rates between 19.9% - 46.9% which are fixed payment and fully amortizing installment products. All payment made by borrowers are reported to credit reporting agencies to help customers rebuild their credit. In addition, the company offers a starter loan product for those customers that do not qualify for traditional instalment loans called creditplus, a secured savings loan designed to help customers build a positive credit history. 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 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. In 2020, the Company experienced an annualized net charge off rate of 10.0%, measured on the average outstanding loan balance at the end of each month. 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 266 easyfinancial locations (including 14 kiosks within easyhome stores) in 10 Canadian provinces as of December 31, 2020. In addition to its retail branch network, customers can also transact online which remains a critical source of new customer acquisition and accounts for over 50% 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 installment loan product through the PayBright platform at the point-of-sale, a partnership which will continue with Affirm Inc.'s acquisition of PayBright in 2020.

Although the Company leverages multiple acquisition channels to attract new customers, approximately 85% 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. Over the past 15 years, the company has served over 523,000 customers and originated over $5.0 billion in loans. 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 2020, easyhome accounted for 22% of consolidated revenue (2019 – 23%) and leasing revenue accounted for 84% of easyhome revenue (2019 – 88%).

Through its 161 locations which includes 35 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, 2020, there are 113 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.

CORPORATE STRATEGY

The Company has developed a strategy based on four key strategic pillars. These strategic imperatives have remained consistent and the Company will continue to focus on moving them forward in the years to come as it furthers its vision of helping the non-prime customer on their journey to a better tomorrow.

The Company's four strategic imperatives include focusing on developing new and creative products, expanding its channels of distribution, geographic diversification and lastly, a focus on continuously improving the customer experience by leveraging new and advanced technologies and prioritizing a frictionless journey of financial improvement for everyday Canadians.

PRODUCT RANGE

The Company's objective is to build a full suite of non-prime consumer credit products which today includes unsecured and secured lending products at various risk adjusted interest rates, products for those looking to build their credit such as creditplus, and a broad suite of value-add ancillary services. Through its robust product range, the Company looks to provide its customers with a path to improving their credit and graduating back to prime borrowing. In the future, 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 at their local bank. As the Company brings new products to market, it will look to explore existing conventional products as well as develop innovative products and new forms of credit that meet the needs of its customers and can provide meaningful improvements to their financial health. The Company currently has an auto loan product in development targeted to launch in 2021. Future products could include credit cards, lines of credit and additional products for credit establishment, including cash secured credit and starter loans.

CHANNEL EXPANSION

Today, the Company operates 3 distinct channels such as retail, online and indirect. Based on originations in dollar from October 1 to December 31, 2020, retail represents 31% of application volume and 71% of originations, online represents 51% of application volume and 23% of originations and indirect represents 18% of applications and 6% of originations. 85% of all loan originations are funded and/ or serviced in a branch location with the remainder serviced in the Company's national shared services centre. As the Company looks towards the future, expanding its channels of distribution is a key strategic imperative as it consistently seeks new ways to get in front of consumers that are in need of credit. The Company will continue to pursue new opportunities that include expanding its retail network, developing a more dynamic and personalized digital experience, and seeking new third-party lending and referral partnerships. The point-of-sale market which includes over $30 billion in estimated annual originations is an extremely 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 to create an integrated full credit spectrum product that now offers some of the highest approval rates in the industry (85% - 90%). The partnership with PayBright will continue with Affirm Inc.'s acquisition of PayBright in 2020.

GEOGRAPHIC EXPANSION

Canada continues to provide a substantial runway for growth for many years to come for goeasy with over 8.4 million non-prime Canadians that face limited options for credit. The market is vast and often underserved, providing adequate room for expansion. While the Company finished 2020 with 266 easyfinancial locations, it estimates that 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 add incremental locations in select markets as it works towards this target. In particular, the retail branch expansion will be focused on the expansion into Quebec which represents a large market opportunity and completing the footprint in key urban markets such as Toronto and Vancouver. The Company also believes that there is significant future opportunity to consider international markets where the easyfinancial business model can be replicated with success.

CUSTOMER EXPERIENCE

The Company competes on a unique point of differentiation which is its customer experience and more specifically, the journey of providing customers a path to improve their credit and graduate back to prime borrowing within 12 months of borrowing from us. 78% of the non-prime Canadians are often denied for credit by banks and other financial institutions. The Company is proud to have helped 60% of its customers improve their credit score while 1 in 3 customers have graduated to prime lending. The Company has always set itself apart from the competition by seeing beyond the initial transaction with the customer and instead, focusing on building long-term relationships that are based on trust and respect for every customer's unique situation. The Company's over 2,000 employees are focused on giving these customers a second chance as they provide them with the financial relief they need today, and help them see a path forward towards a better financial future.

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 that every customer that walks through its doors has access to a better financial future through product graduation, which in the future may include partnerships with prime lenders. The Company's omnichannel model and approach ensures engagement with customers through channels they prefer, whether in-branch, online or through indirect partners.

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.

During the year ended December 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally. The global pandemic related to an outbreak of COVID-19 has cast uncertainty on the assumptions used by management in making its judgements and estimates. The Company's forecasts were initially prepared based upon stable market conditions and did not contemplate disruption associated with the COVID-19 pandemic. As discussed in the Company's MD&A for the three-month period ended March 31, 2020, the Company withdrew its 3-year forecast due to the uncertainty relating to the impacts of COVID-19.

Notwithstanding the impact of COVID-19, the Company experienced strong commercial performance throughout 2020, including record high operating income, adjusted net income, and adjusted diluted earnings per share. The Company's positive financial position was driven by strong credit performance, continued positive customer payment trends and continued expansion of the Company's point-of-sale channel. The material improvement in the credit performance was assisted by significant degree of federal financial support available to customers during the COVID-19 pandemic, assistance provided by banks and other lenders in the form of payment deferral programs and reduced living expenses attributed to stay-at-home orders and business closures caused by the pandemic, and the use of easyfinancial's loan protection insurance program. Furthermore, the Company remained well capitalized with approximately $403 million in total liquidity and funding capacity, along with a conservative level of financial leverage, which ensures it is well positioned to withstand any level of financial pressure.

With the Company's positive financial trend and signs of emerging improvement in the Canadian economic environment, the Company is optimistic in its outlook and has introduced new forecasts for 2021, 2022 and 2023.

The Company continues to pursue a long-term strategy of growing its loan portfolio through the execution of its four strategic pillars: (i) continuously increasing penetration of risk adjusted products and real estate secured loans; (ii) growing the point-of-sale channel and launching auto loans; (iii) increasing the use of various risk adjusted pricing offers, which increase the average loan size and extend the life of its customer relationships; and (iv) expanding retail branch network and expansion in Quebec. The total yield earned on its consumer loan portfolio will gradually decline due to the shift of product mix towards more risk adjusted products and real estate secured loans, increased lending activity in Quebec where loans have a lower interest rate and coupled with a modest yield reduction in ancillary products. Total Company operating margin will continue to expand with strong credit performance, optimized risk adjusted margins, and continued prudent expense management.

	FORECASTS FOR 2021	FORECASTS FOR 2022	FORECASTS FOR 2023
Gross consumer loans receivable at year end	**$1.45 - $1.55 billion**	**$1.65 - $1.85 billion**	**$1.90 - $2.10 billion**
New *easyfinancial* locations to be opened during the year	**20 - 25**	**15 - 20**	**10 - 15**
easyfinancial total revenue yield	**44% - 46%**	**42% - 44%**	**41% - 43%**
Total Company revenue growth	**12.5% - 14.5%**	**11.0% - 13.0%**	**10.5% - 12.5%**
Net charge offs as a percentage of average gross consumer loans receivable	**10.5% - 12.5%**	**10.5% - 12.5%**	**10.5% - 12.5%**
Total Company operating margin	**30% - 33%**	**31% - 34%**	**32% - 35%**
Return on equity	**25% +**	**25% +**	**25% +**
Cash provided by operating activities before net growth in gross consumer loans receivable	**$180 million - $220 million**	**$190 million - $230 million**	**$230 million – $270 million**
Net debt to net capitalization	**63% - 65%**	**62% - 64%**	**60% - 62%**

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.
- There is a continued growing demand for non-prime credit in the market.
- The effects of the COVID-19 pandemic will gradually subside through 2021.

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 continue to drive customer originations.

Portfolio Growth

- The Company successfully completes the growth initiatives outlined in its strategic plan including continued diversified portfolio expansion of loan products, geographic expansion across Canada, and increased penetration of its risk adjusted products, indirect point of-sale, and secured lending products, and easyhome lending products.
- Continued accelerated growth of the consumer loans receivable, driven by new delivery channels, building the Quebec branch network and other additional branch openings, and the continued strong growth of the Company's existing lending products.
- Stable revenue generated by the Company's easyhome business coupled with the 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 this three-year period due to continued diversified portfolio expansion of loan products and the increased penetration of its risk adjusted products, indirect point of-sale, and secured lending products, and the increased growth of the loan book in Quebec (Quebec loans are at a lower rate of interest).
- 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 the risk adjusted and secured lending products are lower.
- The mixture of customers acquired through each of the Company's channels of acquisition, and the mixture of new and existing borrowers, are as estimated in the Company's forecast.

Investment Performance

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

Mergers and Acquisitions

- No mergers and acquisitions were contemplated in the forecasts.

KEY RISK FACTORS

These forecasts above 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.

Environment Conditions

- Uncertainty around the extent of the second wave of COVID-19 and its impact on the economy.
- Uncertainty around overall consumer demand during times of business disruption.

Market Conditions

- Retail business conditions are within acceptable parameters with respect to consumer demand, competition and margins.

Real Estate

- The Company's ability to secure new real estate and experienced personnel.

Portfolio Growth

- The Company's is not able to complete its growth initiatives, or the impact of such initiatives is reduced.
- The loan book fails to grow in line with expectations and as indicated.
- The Company's ability to achieve operating efficiencies as the business grows.

Access to Capital & Funding

- Continued access to reasonably priced capital.

Regulatory Environment

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

Credit Performance

- Net charge off rates on products offered see a material increase.
- Increased levels of unemployment or economic instability.

ANALYSIS OF RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL HIGHLIGHTS AND ACCOMPLISHMENTS

- In December 2020, the Company established goeasy Securitization Trust, a securitization vehicle controlled by the Company, to provide the Company a new funding facility for its operational needs. In addition, the Company completed the establishment of a new $200 million revolving securitization warehouse facility ("Revolving Securitization Warehouse Facility"). The launch of this facility serves to highlight the strength of the Company's business model, the stability in credit performance and the positive growth outlook of the Company. This new facility will broaden the Company's banking relationships, lower its cost of borrowing and further diversify the Company's sources of capital for maximum flexibility.

  As at December 31, 2020, the Company had an unrestricted cash position of $93.1 million and borrowing capacities of $110 million and $200 million under its revolving credit facility and Revolving Securitization Warehouse Facility, respectively, which represents $403 million in total liquidity. 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. Ultimately, the current cash on hand and current borrowing limits, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its growth plan and meet its forecast through the third quarter of 2023 based on the Company's organic growth assumptions.

- In September 2019, the Company invested $34.3 million to acquire a minority equity interest in PayBright. On December 3, 2020, PayBright announced that the shareholders of PayBright had reached a definitive agreement to sell 100% of the PayBright shares to Affirm Holdings Inc. ("Affirm"), including the Company's minority equity interest in PayBright. The sale transaction closed on January 1, 2021. Under the terms of the sale transaction, the Company received consideration in cash, equity in Affirm and contingent equity in Affirm, subject to revenue performance achieved in 2021 and 2022. After considering the likelihood of achieving the contingent equity, the total consideration of $56 million was recognized. The fair value of investment in PayBright as at December 31, 2020 equivalent to $56 million was determined based on the sale transaction. For the year-ended December 31, 2020, the Company recognized an unrealized fair value gain amounting to $21.7 million ($18.9 million after-tax) in the consolidated statement of income.

- On July 31, 2020 (the "Redemption Date"), the Company redeemed all convertible debentures ("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 $2,427,000 aggregate principal amount of Debentures that remained unconverted on that date and the Debentures were de-listed from TSX subsequently thereafter. From June 29, 2020, approximately 954,302 Common Shares were issued to Debenture holders who elected to convert prior to the Redemption Date.

- 2020 was the nineteenth consecutive year of growing revenues and delivering profits. Since 2001, total revenue and adjusted net income have seen a compounded annual growth rate of 12.8% and 31.0%, respectively. The Company again delivered record levels of revenue, adjusted net income, adjusted earnings per share and adjusted return on equity in 2020.

- goeasy continued to achieve record levels of revenue during 2020. Revenue increased to $652.9 million from the $609.4 million reported in 2019, an increase of $43.5 million or 7.1%. The increase was primarily driven by continued diversified portfolio expansion of loan products including risk adjusted rates, indirect point-of-sale, and real estate secured loans, and geographic expansion across Canada. Revenue growth was moderated by the temporary increases in claims under the Company's third party optional loan protection plan, which served to reduce the commissions earned under the program.

- The gross consumer loans receivable increased from $1.11 billion as at December 31, 2019 to $1.25 billion as at December 31, 2020, an increase of $136.2 million or 12.3%. The growth was fueled by: i) increased originations from the Company's point-of-sale channel; ii) increased origination of unsecured loans and the increased penetration of risk adjusted rate and real estate secured loans; iii) maturation of the Company's retail branch network and expansion in Quebec; iv) lending in the Company's easyhome stores; v) ongoing enhancements to the Company's digital properties; vi) the acquisition of a $31.3 million consumer loan portfolio from Mogo Inc.

- Net charge offs in the year as a percentage of the average gross consumer loans receivable on an annualized basis saw a significant reduction to 10.0%, 330 bps lower compared to 2019 of 13.3% primarily driven by the significant degree of federal financial support available to customers during the COVID-19 pandemic, assistance provided by banks and other lenders in the form of payment deferral programs and reduced living expenses attributed to stay-at-home orders and business closures caused by the pandemic, and the use of easyfinancial's loan protection insurance program. In addition, throughout 2019, the Company proactively made a series of credit model enhancements to improve the long-term credit quality of the portfolio.

- During the year, the provision rate for future credit losses increased from 9.64% to 10.08%, resulting in an increase of $4.9 million before-tax provision expense from changes in the provision rate. Although the Company has seen a material improvement in the credit and payment performance of its consumer loan portfolio, there continues to remain uncertainty in the economic outlook due to COVID-19. As such the Company has continued to employ a scenario-based forecasting methodology that assumes a probability weighted set of economic scenarios when establishing its provision rate.

- easyfinancial's operating income was $242.6 million in 2020 compared with $189.1 million in 2019, an increase of $53.5 million or 28.3% driven by: i) revenue increases of $39.7 million, ii) $22.2 million reduction in bad debt expense, driven by lower net charge offs and a lower provision expense, iii) a $0.7 million increase in advertising investments; and iv) $7.7 million in incremental expenditures to manage the larger loan book, enhance the product offering and expand the easyfinancial footprint. easyfinancial's operating margin in the year increased to 47.6% when compared to 40.2% reported in the same period of 2019.

- easyhome reported record operating income and operating margin in 2020. easyhome's operating income was $31.0 million compared with $24.8 million in 2019, an increase of $6.2 million or 25.0% driven by: i) higher revenues due to the benefit of continued growth in its loan portfolio, and ii) lower depreciation and amortization expenses when compared to the comparable period of 2019. Operating margin for 2020 was 21.7%, an increase from the 17.8% reported in the same period of 2019.

- Total Company operating income in 2020 reached a record level of $216.4 million, up $47.6 million or 28.2% when compared to 2019. The Company's operating margin for the year was 33.1%, up from the 27.7% reported in 2019. The growth in operating margin was driven by the larger proportion of earnings being generated by the higher margin easyfinancial business coupled with strong credit performance and continued prudent expense management.

- goeasy achieved record reported and adjusted net income and reported and adjusted diluted earnings per share in 2020. Net income for 2020 was $136.5 million or $8.76 per share on a diluted basis. Excluding the $18.9 million after-tax impact of the unrealized fair value gain in the PayBright investment, adjusted net income in 2020 was $117.6 million or $7.57 per share on a diluted basis. Excluding the $16.0 million after-tax impact of the refinancing cost related to extinguishing the Company's US$475 million aggregate principal amount of 7.875% senior unsecured notes that would have matured on November 1, 2022 ("2022 Notes"), adjusted net income for 2019 was $80.3 million or $5.17 per share on a diluted basis. On these normalized bases, adjusted net income and adjusted diluted earnings per share increased by 46.5% and 46.4%, respectively.

- goeasy achieved record reported return on equity of 36.1% compared to 20.2% in 2019 and a record adjusted return on equity of 31.1% in 2020 compared to 25.3% in 2019. The improvement was related primarily to growth in adjusted net income.

- In consideration of the improved earnings achieved in 2020 compared to the prior year and the Company's confidence in its continued growth and access to capital going forward, the Board of Directors approved a 47% increase to the annual dividend from $1.80 per share to $2.64 per share in 2021.

SUMMARY OF FINANCIAL RESULTS AND KEY PERFORMANCE INDICATORS

($ in 000's except earnings per share and percentages)	YEAR ENDED December 31, 2020	YEAR ENDED December 31, 2019	VARIANCE $ / BPS	VARIANCE % CHANGE
Summary Financial Results				
Revenue	**652,922**	609,383	43,539	7.1%
Operating expenses before depreciation and amortization	**371,763**	376,226	(4,463)	(1.2%)
EBITDA[1]	**267,129**	195,755	71,374	36.5%
EBITDA margin[1]	**40.9%**	32.1%	880 bps	27.4%
Depreciation and amortization expense	**64,723**	64,364	359	0.6%
Operating income	**216,436**	168,793	47,643	28.2%
Operating margin[1]	**33.1%**	27.7%	540 bps	19.5%
Other income[2]	**21,740**	-	21,740	100.0%
Interest expense and amortization of deferred financing charges and interest expense on lease liabilities	**54,992**	57,558	(2,566)	(4.5%)
Refinancing costs[2]	**-**	21,723	(21,723)	(100.0%)
Effective income tax rate	**25.5%**	28.1%	(260 bps)	(9.3%)
Net income	**136,505**	64,349	72,156	112.1%
Diluted earnings per share	**8.76**	4.17	4.59	110.1%
Return on equity	**36.1%**	20.2%	1,590 bps	78.7%
Adjusted (Normalized) Financial Results[1,2,3]				
Adjusted EBITDA	**245,389**	195,755	49,634	25.4%
Adjusted EBITDA margin	**37.6%**	32.1%	550 bps	17.1%
Adjusted net income	**117,646**	80,315	37,331	46.5%
Adjusted diluted earnings per share	**7.57**	5.17	2.40	46.4%
Adjusted return on equity	**31.1%**	25.3%	580 bps	22.9%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**6.3%**	19.5%	(1,320 bps)	(67.7%)
Same store revenue growth (*easyhome*)	**4.5%**	4.3%	20 bps	4.7%
Segment Financials				
easyfinancial revenue	**509,904**	470,208	39,696	8.4%
easyfinancial operating margin	**47.6%**	40.2%	740 bps	18.4%
easyhome revenue	**143,018**	139,175	3,843	2.8%
easyhome operating margin	**21.7%**	17.8%	390 bps	21.9%
Portfolio Indicators				
Gross consumer loans receivable	**1,246,840**	1,110,633	136,207	12.3%
Growth in consumer loans receivable	**136,207**	276,854	(140,647)	(50.8%)
Gross loan originations	**1,033,130**	1,095,375	(62,245)	(5.7%)
Total yield on consumer loans (including ancillary products)	**45.5%**	50.1%	(460 bps)	(9.2%)
Net charge offs as a percentage of average gross consumer loans receivable	**10.0%**	13.3%	(330 bps)	(24.8%)
Cash provided by operating activities before net growth in gross consumer loans receivable	**210,619**	120,985	89,634	74.1%
Potential monthly lease revenue	**8,461**	8,643	(182)	(2.1%)

[1] See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".
[2] For the year-ended December 31, 2020, the Company recognized $18.9 million after-tax impact of the unrealized fair value gain in the PayBright investment.
[3] For the year-ended December 31, 2019, the Company repaid its 2022 Notes incurring a $16.0 million after-tax impact of refinancing cost.

STORE LOCATIONS SUMMARY

	LOCATIONS AS AT DECEMBER 31, 2019	LOCATIONS OPENED IN THE YEAR	LOCATIONS CLOSED IN THE YEAR	CONVERSIONS	LOCATIONS AS AT DECEMBER 31, 2020
easyfinancial					
Kiosks (in store)	20	-	(1)	(5)	**14**
Stand-alone locations	235	12	(1)	5	**251**
National loan office	1	-	-	-	**1**
Total *easyfinancial* locations	256	12	(2)	-	**266**
easyhome					
Corporately owned stores	128	-	(2)	-	**126**
Franchise stores	35	-	-	-	**35**
Total *easyhome* stores	163	-	(2)	-	**161**

SUMMARY OF FINANCIAL RESULTS BY OPERATING SEGMENT

	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				
Unrealized fair value gain on investment				**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**

($ IN 000'S EXCEPT EARNINGS PER SHARE)	YEAR ENDED DECEMBER 31, 2019 EASYFINANCIAL	 EASYHOME	 CORPORATE	 TOTAL
Revenue				
Interest income	334,124	11,873	-	345,997
Lease revenue	-	113,236	-	113,236
Commissions earned	126,806	8,704	-	135,510
Charges and fees	9,278	5,362	-	14,640
	470,208	139,175	-	609,383
Total operating expenses before depreciation and amortization	267,356	67,253	41,617	376,226
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	7,194	39,140	2,831	49,165
Depreciation of right-of-use assets	6,521	7,943	735	15,199
	13,715	47,083	3,566	64,364
Operating income (loss)	189,137	24,839	(45,183)	168,793
Finance costs				
Interest expense and amortization of deferred financing charges				55,094
Interest expense on lease liabilities				2,464
Refinancing cost				21,723
				79,281
Income before income taxes				89,512
Income taxes				25,163
Net income				64,349
Diluted earnings per share				4.17

PORTFOLIO PERFORMANCE

Consumer Loans Receivable

The loan book grew $136.2 million in 2020 compared to growth of $276.9 million in 2019. Loan originations for the year were $1.03 billion, down 5.7% compared to the origination volume in 2019. The gross consumer loans receivable increased from $1.11 billion as at December 31, 2019 to $1.25 billion as at December 31, 2020, an increase of $136.2 million or 12.3%. The growth was fueled by: i) the acquisition of a consumer loan portfolio from Mogo Inc.; ii) increased originations from the Company's point-of-sale channel; iii) increased origination of unsecured loans and the increased penetration of risk adjusted rate and real estate secured loans; iv) maturation of the Company's retail branch network and expansion in Quebec; v) lending in the Company's easyhome stores; and vi) ongoing enhancements to the Company's digital properties.

The annualized total yield (including loan interest, fees and ancillary products) realized by the Company on its average consumer loans receivable was 45.5% in 2020, down 460 bps from 2019, primarily driven by higher than usual insurance claim costs associated with the Company's Loan Protection Program due to the impact of COVID-19. During the year, the Company experienced higher than usual loan protection insurance claim costs, which serve to reduce the net commissions earned on this program, associated with higher unemployment rates. The decrease in the yield was also due to a number of other factors, including: i) the increased penetration of risk adjusted interest rate and real estate secured loans to a more credit-worthy customer which have lower rates of interest; ii) increased lending activity in Quebec where loans have a lower interest rate; iii) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; and iv) a modest reduction in penetration rates on ancillary products (particularly on risk adjusted rate and real estate secured loans).

Bad debt expense decreased to $135.0 million for the year from $156.7 million in 2019, a decrease of $21.7 million or 13.9%. The following table details the components of bad debt expense:

($ IN 000'S)	YEAR ENDED DECEMBER 31, 2020	 DECEMBER 31, 2019
Provision required due to net charge offs	**116,429**	129,376
Impact of loan book growth	**13,699**	26,554
Impact of change in provision rate in the year	**4,870**	812
Net change in allowance for credit losses	**18,569**	27,366
Bad debt expense	**134,998**	156,742

Bad debt expense decreased by $21.7 million due to three factors:

(i) Net charge offs decreased from $129.4 million in 2019 to $116.4 million in 2020, down by $12.9 million. Net charge offs in 2020 as a percentage of the average gross consumer loans receivable on an annualized basis were 10.0% compared to 13.3% in 2019. The decrease in net charge offs was primarily driven by the significant degree of federal financial support available to customers during the COVID-19 pandemic, assistance provided by banks and other lenders in the form of payment deferral programs and reduced living expenses attributed to stay-at-home orders and business closures caused by the pandemic, and the use of easyfinancial's loan protection insurance program. In addition, throughout 2019 and 2020, the Company proactively made a series of credit model enhancements and underwriting adjustments to improve the long-term credit quality of the portfolio.

(ii) The lower loan book growth in the year of $136.2 million resulted in a lower increase in provision of $13.7 million. The loan book growth in 2019 was higher at $276.9 million which resulted in a growth-related provision of $26.6 million. The reduced loan book growth in the year reduced bad debt expense by $12.8 million when compared to 2019.

(iii) Changes in the provision rate resulted in bad debt expense increasing by $4.1 million when compared to 2019. In the prior year, the provision rate increased from 9.56% to 9.64% which resulted in a $0.8 million increase in bad debt expense. During the year, the provision rate increased from 9.64% to 10.08% which resulted in a $4.9 million increase in bad debt expense, based primarily on the significant turbulence in economic conditions generated by the COVID-19 pandemic.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly lease revenue as at December 31, 2020 was $8.5 million, down from the $8.6 million reported as at December 31, 2019. Overall, the number of lease agreements declined from 91,206 as at December 31, 2019 to 85,946 as at December 31, 2020, a drop of 5.8%. The decline in agreements was offset by a 3.9% increase in average leasing rates due in part to changes in product mix, and selected pricing adjustments. While the lease portfolio has declined, this impact on revenue has been more than offset by the growth of consumer lending within the easyhome stores.

Revenue

Revenue for the year was $652.9 million compared to $609.4 million in 2019, an increase of $43.5 million or 7.1%. Overall same store sales growth for the year was 6.3%. Revenue growth was driven primarily by the growth of the consumer loan portfolio.

easyfinancial – Revenue in 2020 was $509.9 million, an increase of $39.7 million or 8.4% when compared to 2019. The increase in revenue was driven by the growth of the gross consumer loans receivable and offset by the reduction in yield. The components of the increased revenue include:

- Interest revenue increased by $58.3 million or 17.5% driven by the 12.3% growth in the consumer loan portfolio, but offset by lower interest yields;
- Commissions earned on the sale of ancillary products and services decreased by $17.6 million or 13.8%. The rate of growth of commissions earned was less than the rate of growth of interest revenue and the loan book driven by higher than usual insurance claim costs associated with the Company's Loan Protection Program due to the COVID-19 impact, coupled with a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products, and slightly lower penetration of these products (particularly on risk adjusted rate and real estate secured loans); and
- Charges and fees decreased by $1.1 million, driven by the strong payment performance, resulting in fewer delinquency fees being charged.

easyhome – Revenue in 2020 was $143.0 million, an increase of $3.8 million or 2.8% when compared to 2019. The increase in revenue was driven by the growth of the gross consumer loans receivable within the easyhome stores, which were slightly offset by lower revenue generated by the traditional leasing business. The components of easyhome revenue include:

- Interest revenue increased by $5.3 million due to the growth of the consumer loans receivable related to the easyhome business;
- Lease revenue declined by $0.4 million due to the reduction of the lease portfolio;
- Commissions earned on the sale of ancillary products was flat compared to prior year; and
- Charges and fees declined by $0.9 million due to a smaller number of traditional leasing agreements.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization for the year were $371.8 million, a decrease of $4.5 million or 1.2% from 2019. The decrease in operating expenses was driven by prudent expense management in the easyfinancial business, partially offset by higher expenses in the corporate segment. Total operating expenses before depreciation and amortization represented 56.9% of revenue in 2020 compared with 61.7% reported in 2019.

easyfinancial – Total operating expenses before depreciation and amortization were $251.9 million in 2020, a decrease of $15.5 million or 5.8% from 2019. Key drivers include:

- bad debt expense decreased by $22.2 million in the year when compared to 2019 for the reasons described above; partially offset by
- a $0.7 million increase in advertising and marketing spend; and
- other operating expenses increased by $6.0 million in the year driven by higher compensation and other costs to operate and manage the growing loan book and branch network. Overall branch count increased from 256 as at December 31, 2019 to 266 as at December 31, 2020.

easyhome – Total operating expenses before depreciation and amortization were $67.3 million in 2020, which was in line with 2019. Key drivers include:

- a $0.5 million increase in bad debt expense due to the growth of consumer lending at easyhome;
- a $0.7 million increase in incentive compensation driven by the strong performance of the leasing business and to support the growth of the lending business; and partially offset by
- a $0.6 million decrease in advertising and marketing spend and $0.6 million in distribution spend.

Corporate – Total operating expenses before depreciation and amortization for the year were $52.6 million compared to $41.6 million in 2019, an increase of $11.0 million or 26.4%. The increase was primarily due to higher compensation costs, professional fees and technology costs than 2019. In addition, corporate costs in the prior year benefited from $2.6 million gains from the sale of lease portfolios, loan portfolio and other assets. Corporate expenses before depreciation and amortization represented 8.1% of revenue in 2020 compared to 6.8% of revenue in 2019.

Depreciation and Amortization

Depreciation and amortization for the year ended December 31, 2020 was $64.7 million, a slight increase of $0.4 million from 2019. Overall, depreciation and amortization represented 9.9% of revenue in 2020, a decrease from the 10.6% reported in 2019.

easyfinancial – Total depreciation and amortization was $15.4 million in the year. This included $7.7 million of right-of-use asset depreciation, $1.2 million higher than the $6.5 million reported in 2019. Depreciation of property and equipment and intangibles in the year was $7.7 million, $0.5 million higher than the $7.2 million reported in 2019.

easyhome – Total depreciation and amortization expense was $44.7 million in the year. Depreciation and amortization of lease assets, property and equipment and intangibles was $37.2 million in the year compared with $39.1 million in 2019. This $1.9 million decline was due primarily to the lower level of lease revenue and lease assets and lower lease asset charge offs. easyhome's depreciation and amortization of lease assets, property and equipment and intangibles expressed as a percentage of easyhome revenue for the year was 26.0%, down from the 28.1% reported in 2019. 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 $4.6 million in the year, an increase of $1.0 million from 2019. 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 $216.4 million, up $47.6 million or 28.2% when compared to 2019. The Company's operating margin for the year was 33.1% up from the 27.7% reported in 2019. The growth in operating margin was driven by improved operating margin at both businesses and the larger proportion of earnings being generated by the easyfinancial business which has a higher margin.

easyfinancial – Operating income was $242.6 million for the year compared with $189.1 million in 2019, an increase of $53.5 million or 28.3%. The benefits of the continued growth in its loan book and related revenue increases of $39.7 million, and $22.2 million reduction in bad debt expense, driven by lower net charge offs and a lower provision expense, partially offset by: i) a $1.7 million increase in depreciation and amortization, and ii) a $6.7 million increase in incremental expenditures to manage the growing customer base, enhance the product offering and expand the easyfinancial footprint. Operating margin in the current year to date period was 47.6% compared with 40.2% reported in 2019.

easyhome – Operating income was $31.1 million for the year, an increase of $6.2 million or 25.0% when compared with 2019. The increase was due to higher revenues in the year of $3.8 million related to the growth of consumer lending in easyhome and lower depreciation and amortization expenses of $2.4 million when compared to 2019 mainly driven by the improvement in leasing charge offs. Operating margin for the year was 21.7%, an increase from the 17.8% reported in 2019.

Other Income

During the year, the Company recognized total unrealized fair value before-tax gains of $21.7 million on its investment in PayBright which was based on the sale transaction described above.

Finance Costs

Finance costs for the year were $55.0 million, a decrease of $24.3 million from 2019. The decrease was mainly driven by: i) $21.7 million of non-recurring refinancing costs related to the extinguishment of 2022 Notes in 2019; ii) a lower cost of borrowing driven by the issuance of US$550 million of 5.375% senior unsecured notes payable ("2024 Notes") in the fourth quarter of 2019 which bears a lower borrowing rate than the refinanced 2022 Notes; and iii) the redemption of Debentures in the third quarter of 2020. The average blended coupon interest rate for the Company's debt as at December 31, 2020, was 5.2% down from 5.6% as at December 31, 2019. As at December 31, 2020, the Company had $403 million in total liquidity which provides adequate growth capital to meet its forecast through the third quarter of 2023 based on the Company's organic growth assumptions.

Income Tax Expense

The effective income tax rate for the year was 25.5% which was lower than the 28.1% reported in the 2019 mainly driven by the lower combined basic federal and provincial tax rates. In addition, the current year benefited from the amount paid for deferred share units settlement and the effect of capital gain treatment on the unrealized fair value gain on the Company's PayBright investment.

Net Income and EPS

Net income for the year ended December 31, 2020 was $136.5 million or $8.76 per share on a diluted basis. Excluding the $18.9 million after-tax impact of the unrealized fair value gain in the PayBright investment, adjusted net income in 2020 was $117.6 million or $7.57 per share on a diluted basis. Excluding the $16.0 million after-tax impact of the refinancing cost related to extinguishing the Company's 2022 Notes, adjusted net income for 2019 was $80.3 million or $5.17 per share on a diluted basis. On these normalized bases, adjusted net income and adjusted diluted earnings per share increased by 46.5% and 46.4%, respectively.

SELECTED ANNUAL INFORMATION

($ IN 000'S EXCEPT PERCENTAGES AND PER SHARE AMOUNTS)	2020	2019	2018[2]	2017[2]	2016[2]
Gross Consumer Loans Receivable	**1,246,840**	1,110,633	833,779	526,546	370,517
Revenue	**652,922**	609,383	506,191	401,728	347,505
Net income	**136,505**	64,349	53,124	36,132	31,049
Adjusted net income[1]	**117,646**	80,315	53,124	42,158	33,155
Return on equity	**36.1%**	20.2%	21.8%	17.0%	16.8%
Adjusted return on equity[1]	**31.1%**	25.3%	21.8%	19.8%	17.9%
Net income as a percentage of revenue	**20.9%**	10.6%	10.5%	9.0%	8.9%
Adjusted net income as a percentage of revenue[1]	**18.0%**	13.2%	10.5%	10.5%	9.5%
Dividends declared on Common Shares	**26.1**	17.9	12.5	9.7	6.7
Cash dividends declared per common share	**1.80**	1.24	0.90	0.72	0.49
Earnings per share					
Basic	**9.21**	4.40	3.78	2.67	2.29
Diluted	**8.76**	4.17	3.56	2.56	2.23
Adjusted diluted[1]	**7.57**	5.17	3.56	2.97	2.38

[1] Adjusted for certain non-recurring or unusual transactions.
[2] 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 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 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 equity has increased due to the increased earnings generated by the business. Please refer to previous years' MD&As for detailed analysis.

ASSETS AND LIABILITIES

($ IN 000'S)	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018	AS AT DECEMBER 31, 2017	AS AT DECEMBER 31, 2016
Total assets					
Consumer loans receivable, net	**1,152,378**	1,040,552	782,864	513,425	354,499
Cash	**93,053**	46,341	100,188	109,370	24,928
Other	**256,485**	231,729	172,624	126,820	123,635
	1,501,916	1,318,622	1,055,676	749,615	503,062
Total liabilities					
Notes payable	**689,410**	701,549	650,481	401,193	-
Revolving credit facility	**198,339**	112,563	-	-	-
Derivative financial liabilities	**36,910**	16,435	-	11,138	-
Convertible debentures	**-**	40,656	40,581	47,985	-
Term loan	**-**	-	-	-	263,294
Other	**133,745**	114,998	63,085	61,055	43,737
	1,058,404	986,201	754,147	521,371	307,031

Total assets have increased due primarily to the growth of the Company's consumer loans receivable. Cash increased in 2020 mainly due to the cash generated from operating activities. Other assets increased in 2020 primarily due to the increase in the fair valuation of the Company's PayBright investment.

The Company finances the growth of its consumer loans receivable through a combination of debt, equity and retained earnings. In 2017, the Company issued $53 million in Debentures and repaid the previous credit facility by issuing US$325 million in 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 of 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 the Redemption Date and established a new $200 million Revolving Securitization Warehouse Facility. 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, 2020.

At the end of 2020, the Company's ratio of net debt (net of surplus cash on hand) to net capitalization was 64%; 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, 2020

FOURTH QUARTER HIGHLIGHTS

- PayBright completed the sale of all outstanding shares to Affirm on January 1, 2021, including the Company's minority equity interest. The fair value of investment in PayBright as at December 31, 2020 equivalent to $56 million was determined based on the sale transaction. For the fourth quarter of 2020, the Company recognized an unrealized fair value gain amounting to $16.0 million ($13.9 million after-tax) in the consolidated statement of income.
- The Company reported record revenue during the fourth quarter of 2020. Revenue for the quarter increased to $173.2 million from the $165.5 million reported in the comparable period of 2019, an increase of $7.7 million or 4.6%. The increase was primarily driven by the growth of the consumer loan portfolio offset partially by the temporary increases in claims under the Company's third party optional loan protection plan, which served to reduce the commissions earned under the program.
- The gross consumer loans receivable increased from $1.11 billion as at December 31, 2019 to $1.25 billion as at December 31, 2020, an increase of $136.2 million or 12.3%. The drivers of this growth are as described in the preceding section: Analysis of Results for the Year Ended December 31, 2020.
- Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis saw a significant reduction to 9.0%, 430 bps lower compared to the fourth quarter of 2019 of 13.3% primarily driven by the significant degree of federal financial support available to customers during the COVID-19 pandemic, assistance provided by banks and other lenders in the form of payment deferral programs and reduced living expenses attributed to stay-at-home orders and business closures caused by the pandemic, and the use of easyfinancial's loan protection insurance program. In addition, in the fourth quarter of 2019, the Company proactively made a series of credit model enhancements to improve the long-term credit quality of the portfolio.
- During the quarter, the bad debt provision for future credit losses slightly increased from 10.03% to 10.08%, resulting in an increase of $0.6 million before-tax provision expense. Although the Company has seen a material improvement in the credit and payment performance of its consumer loan portfolio, there continues to remain uncertainty in the economic outlook due to COVID-19. As such the Company has continued to employ a scenario-based forecasting methodology that assumes a probability weighted set of economic scenarios when establishing its provision rate.
- easyfinancial reported record operating income for the fourth quarter of 2020. easyfinancial's operating income was $67.2 million for the fourth quarter of 2020 compared with $53.3 million for the comparable period in 2019, an increase of $13.9 million or 26% driven by: i) revenue increases of $6.5 million; ii) an $8.7 million reduction in bad debt expense, driven by lower net charge offs and a lower provision expense; iii) a $0.9 million increase in advertising investments; and iv) $0.4 million in incremental expenditures to manage the larger loan book, enhance the product offering and expand the easyfinancial footprint. easyfinancial's operating margin in the quarter increased to 49.2% when compared to 41.0% reported in the comparable period of 2019.
- easyhome reported record operating income and operating margin during the fourth quarter of 2020. easyhome's operating income was $8.7 million compared with $6.5 million for the comparable period of 2019, an increase of $2.2 million or 33.3% driven by: i) higher revenues due to the strong performance of the leasing portfolio and the benefit of continued growth in its loan portfolio; and ii) lower expenses when compared to the comparable period of 2019. Operating margin for the fourth quarter of 2020 was 23.6%, an increase from the 18.3% reported in the comparable period of 2019.
- Total Company operating income for the fourth quarter of 2020 reached a record level of $61.3 million, up $14.8 million or 31.8% when compared to the comparable period of 2019. The Company's operating margin for the quarter was 35.4%, up from the 28.1% reported in the comparable period of 2019. The increase in operating margin was mainly driven by the higher revenue and lower bad debt expense during the period, along with the operating leverage achieved from scale.
- goeasy achieved record reported and adjusted net income and reported and adjusted diluted earnings per share during the fourth quarter of 2020, which was the 78th consecutive quarter of positive net income and diluted earnings per share. Net income for the fourth quarter of 2020 was $48.9 million or $3.14 per share on a diluted basis. Excluding the $13.9 million after-tax impact of the unrealized fair value gain in the PayBright investment, adjusted net income during the fourth quarter of 2020 was $35.0 million or $2.24 per share on a diluted basis. Excluding the $16.0 million after-tax impact of the refinancing cost related to extinguishing the Company's 2022 Notes, adjusted net income during the fourth quarter of 2019 was $22.6 million or $1.45 per share on a diluted basis. On these normalized bases, adjusted net income and adjusted diluted earnings per share both increased by 54.5%.
- Return on equity in the fourth quarter of 2020 was 45.8% compared to 8.0% in the comparable period of 2019. Adjusted return on equity during the fourth quarter increased from 27.0% in 2019 to 32.8% in 2020. The improvement was related primarily to growth in adjusted net income.

SUMMARY OF FINANCIAL RESULTS AND KEY PERFORMANCE INDICATORS

($ IN 000'S EXCEPT EARNINGS PER SHARE AND PERCENTAGES)	THREE MONTHS ENDED December 31, 2020	December 31, 2019	VARIANCE $ / BPS	VARIANCE % CHANGE
Summary Financial Results				
Revenue	**173,219**	165,536	7,683	4.6%
Operating expenses before depreciation and amortization	**95,190**	102,790	(7,600)	(7.4%)
EBITDA[1]	**85,089**	53,395	31,694	59.4%
EBITDA margin[1]	**49.1%**	32.3%	1,680 bps	52.0%
Depreciation and amortization expense	**16,752**	16,263	489	3.0%
Operating income	**61,277**	46,483	14,794	31.8%
Operating margin[1]	**35.4%**	28.1%	730 bps	26.0%
Other income[2]	**16,040**	-	16,040	100.0%
Interest expense and amortization of deferred financing charges and interest expense on lease liabilities	**13,343**	15,400	(2,057)	(13.4%)
Refinancing costs[2]	**-**	21,723	(21,723)	(100.0%)
Effective income tax rate	**23.5%**	28.6%	(510 bps)	(17.8%)
Net income	**48,911**	6,683	42,228	631.9%
Diluted earnings per share	**3.14**	0.46	2.68	582.6%
Return on equity	**45.8%**	8.0%	3,780 bps	472.5%
Adjusted (Normalized) Financial Results[1,2,3]				
Adjusted EBITDA	**69,049**	53,395	15,654	29.3%
Adjusted EBITDA margin	**39.9%**	32.3%	760 bps	23.5%
Adjusted net income	**34,996**	22,649	12,347	54.5%
Adjusted diluted earnings per share	**2.24**	1.45	0.79	54.5%
Adjusted return on equity	**32.8%**	27.0%	580 bps	21.5%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**4.2%**	19.7%	(1,550 bps)	(78.7%)
Same store revenue growth (*easyhome*)	**4.4%**	6.2%	(180 bps)	(29.0%)
Segment Financials				
easyfinancial revenue	**136,523**	130,005	6,518	5.0%
easyfinancial operating margin	**49.2%**	41.0%	820 bps	20.0%
easyhome revenue	**36,696**	35,531	1,165	3.3%
easyhome operating margin	**23.6%**	18.3%	530 bps	29.0%
Portfolio Indicators				
Gross consumer loans receivable	**1,246,840**	1,110,633	136,207	12.3%
Growth in consumer loans receivable	**64,039**	75,037	(10,998)	(14.7%)
Gross loan originations	**334,102**	313,514	20,588	6.6%
Total yield on consumer loans (including ancillary products)	**46.6%**	49.8%	(320 bps)	(6.4%)
Net charge offs as a percentage of average gross consumer loans receivable	**9.0%**	13.3%	(430 bps)	(32.3%)
Cash provided by operating activities before net growth in gross consumer loans receivable	**40,980**	21,703	19,277	88.8%
Potential monthly lease revenue	**8,461**	8,643	(182)	(2.1%)

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

[2] During the fourth quarter of 2020, the Company recognized $13.9 million after-tax impact of the unrealized fair value gain in the PayBright investment.

[3] During the fourth quarter of 2019, the Company repaid its 2022 Notes incurring a $16.0 million after-tax impact of refinancing cost.

STORE LOCATIONS SUMMARY

	LOCATIONS AS AT SEPTEMBER 30, 2020	LOCATIONS OPENED DURING PERIOD	LOCATIONS CLOSED DURING PERIOD	CONVERSIONS	LOCATIONS AS AT DECEMBER 31, 2020
easyfinancial					
Kiosks (in store)	16	-	(1)	(1)	**14**
Stand-alone locations	245	6	(1)	1	**251**
National loan office	1	-	-	-	**1**
Total *easyfinancial* locations	262	6	(2)	-	**266**
easyhome					
Corporately owned stores	126	-	-	-	**126**
Franchise stores	35	-	-	-	**35**
Total *easyhome* stores	161	-	-	-	**161**

SUMMARY OF FINANCIAL RESULTS BY OPERATING SEGMENT

	THREE MONTHS ENDED DECEMBER 31, 2020			
($ IN 000'S EXCEPT EARNINGS PER SHARE)	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				
Unrealized fair value gain on investment				**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**

($ IN 000'S EXCEPT EARNINGS PER SHARE)	THREE MONTHS ENDED DECEMBER 31, 2019 EASYFINANCIAL	 EASYHOME	 CORPORATE	 TOTAL
Revenue				
Interest income	92,803	3,600	-	96,403
Lease revenue	-	28,268	-	28,268
Commissions earned	34,777	2,392	-	37,169
Charges and fees	2,425	1,271	-	3,696
	130,005	35,531	-	165,536
Total operating expenses before depreciation and amortization	73,062	17,309	12,419	102,790
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,805	9,757	768	12,330
Depreciation of right-of-use assets	1,793	1,965	175	3,933
	3,598	11,722	943	16,263
Operating income (loss)	53,345	6,500	(13,362)	46,483
Finance costs				
Interest expense and amortization of deferred financing charges				14,744
Interest expense on lease liabilities				656
Refinancing cost				21,723
				37,123
Income before income taxes				9,360
Income taxes				2,677
Net income				6,683
Diluted earnings per share				0.46

PORTFOLIO PERFORMANCE

Consumer Loans Receivable

Loan originations in the quarter were $334.1 million, up by 6.6% compared to origination volume in the comparable period of 2019. The loan book increased by $64.0 million in the quarter compared to growth of $75.0 million in the comparable period of 2019. The gross consumer loans receivable increased from $1.11 billion as at December 31, 2019 to $1.25 billion as at December 31, 2020, an increase of $136.2 million or 12.3%. The drivers of this growth are as described in the preceding section: Analysis of Results for the Year Ended December 31, 2020.

The annualized total yield (including loan interest, fees and ancillary products) realized by the Company on its average consumer loans receivable was 46.6% in the fourth quarter of 2020, down 320 bps from the comparable period of 2019 mainly due to the impact of COVID-19. During the fourth quarter, the Company experienced higher than usual loan protection insurance claim costs, which served to reduce the net commissions earned on this program, associated with higher unemployment rates. The remaining decrease in the yield was due to several factors including: i) the acquisition of a consumer loan portfolio from Mogo, which have lower rates of interest; ii) the increased penetration of risk adjusted interest rate and real estate secured loans to more creditworthy customers which have lower rates of interest; iii) increased lending activity in Quebec 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 (particularly on risk adjusted rate and real estate secured loans).

Bad debt expense decreased to $34.5 million for the quarter from $43.3 million during the comparable period of 2019, a decrease of $8.8 million or 20.3%. The following table details the components of bad debt expense.

($ IN 000'S)	THREE MONTHS ENDED DECEMBER 31, 2020	 DECEMBER 31, 2019
Provision required due to net charge offs	**27,482**	36,020
Impact of loan book growth	**6,425**	7,237
Impact of change in provision rate during the period	**586**	-
Net change in allowance for credit losses	**7,011**	7,237
Bad debt expense	**34,493**	43,257

Bad debt expense decreased by $8.8 million due to three factors:

(i) Net charge offs decreased from $36.0 million in the fourth quarter of 2019 to $27.5 million in the current quarter, down by $8.5 million. Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 9.0%, down by 430 bps as compared to 13.3% reported in the fourth quarter of 2019. The decrease in net charge offs was primarily driven by the significant degree of federal financial support available to customers during the COVID-19 pandemic, assistance provided by banks and other lenders in the form of payment deferral programs and reduced living expenses attributed to stay-at-home orders and business closures caused by the pandemic, and the use of easyfinancial's loan protection insurance program. In addition, throughout 2019 and 2020, the Company proactively made a series of credit model enhancements and underwriting adjustments to improve the long-term credit quality of the portfolio.

(ii) The lower loan book growth in the current quarter decreased bad debt expense provision by $0.8 million when compared to the same period of 2019. The loan book increased in the current quarter by $64.0 million which resulted in a provision expense of $6.4 million as compared to $7.2 million as reported in the fourth quarter of 2019.

(iii) During the quarter, the Company increased its provision rate for future credit losses from 10.03% to 10.08%, recording an additional increase of $0.6 million in before-tax provision expense. Although, the Company has seen a material improvement in the credit and payment performance of its consumer loan portfolio, there continues to remain uncertainty in the economic outlook due to COVID-19. As such the Company has continued to employ a scenario-based forecasting methodology that assumes a probability weighted set of economic scenarios when establishing its provision rate.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly lease revenue as at December 31, 2020 was $8.5 million, down from the $8.6 million reported as at December 31, 2019 (as described in the preceding section: Analysis of Results for the Year Ended December 31, 2020). While the lease portfolio has declined, the impact on revenue has been offset by strong cash collections and the growth of consumer lending within the easyhome stores.

Revenue

Revenue for the three-month period ended December 31, 2020 was $173.2 million compared to $165.5 million in the comparable period of 2019, an increase of $7.7 million or 4.6%. Overall, same store sales growth for the quarter was 4.2%. Revenue growth was driven mainly by the growth in the consumer loan portfolio and the strong performance of the leasing portfolio.

easyfinancial – Revenue for the three-month period ended December 31, 2020 was $136.5 million, an increase of $6.5 million when compared to the comparable period of 2019. The components of the increased revenue include:

- Interest income increased by $9.2 million or 9.9% driven by the 12.3% growth in the loan portfolio, offset by lower interest yields;
- Commissions earned on the sale of ancillary products and services decreased by $2.3 million or 6.7% mainly driven by higher than usual loan insurance claim costs associated with the Company's Loan Protection Program due to COVID-19. The rate of growth of commissions earned was less than the rate of growth of interest revenue and the loan book due to higher loan insurance claim costs and a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products, and slightly lower penetration of these products (particularly on risk adjusted rate and real estate secured loans); and
- Charges and fees decreased by $0.3 million driven primarily by the strong payment performance, resulting in fewer delinquency fees being charged.

easyhome – Revenue for the three-month period ended December 31, 2020 was $36.7 million, an increase of $1.2 million when compared to the comparable period of 2019. Lending revenue within the easyhome stores increased by $1.1 million in the current quarter when compared to the fourth quarter of 2019. Traditional leasing revenue for the current quarter was flat compared to the same period of 2019. The components of easyhome revenue include:

- Interest income increased by $1.2 million due to the growth of the consumer loans receivable related to the easyhome business;
- Lease revenue increased by $0.3 million due to strong cash collections on the lease portfolio;
- Commissions earned on the sale of ancillary products related to consumer lending at easyhome decreased by $0.1 million. The decrease is driven by higher than usual insurance claim costs associated with the Company's Loan Protection Program due to the impact of COVID-19; and
- Charges and fees declined by $0.2 million due to a smaller number of traditional leasing agreements.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $95.2 million for the three-month period ended December 31, 2020, a decrease of $7.6 million or 7.4% from the comparable period in 2019. The decrease in operating expenses was driven by prudent expense management in the easyfinancial and easyhome business, partially offset by slightly higher expenses in the corporate segment. Total operating expenses before depreciation and amortization represented 55.0% of revenue for the fourth quarter of 2020 compared with 62.1% reported in the comparable period of 2019.

easyfinancial – Total operating expenses before depreciation and amortization were $65.1 million for the fourth quarter of 2020, a decrease of $8.0 million or 11.0% from the comparable period of 2019. Key drivers include:

- bad debt expense decreased by $8.7 million in the current quarter when compared to the comparable period in 2019, driven by a lower net charge offs and provision expense in the quarter;
- other operating expenses decreased by $0.2 million in the quarter driven by lower wages and incentive compensation; partially offset by
- a $0.9 million increase in advertising and marketing spend.

easyhome – Total operating expenses before depreciation and amortization were $16.8 million for the fourth quarter of 2020, which was $0.5 million or 2.8% lower than the comparable period of 2019. Key drivers include:

- a decrease of $0.6 million in store admin, distribution costs and other operating expenses;
- $0.1 million decrease in bad debt expense driven by lower charge offs in the quarter; and partially offset by
- an increase in advertising and marketing spend of $0.2 million.

Corporate – Total operating expenses before depreciation and amortization for the fourth quarter of 2020 were $13.3 million compared to $12.4 million for the comparable period in 2019, an increase of $0.9 million. The increase was primarily due to higher compensation costs, professional fees, and technology costs than in the same period of 2019. Corporate expenses before depreciation and amortization represented 7.7% of revenue in the fourth quarter of 2020 compared to 7.5% of revenue in the fourth quarter of 2019.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended December 31, 2020 was $16.8 million, an increase of $0.5 million or 3.0% from the comparable period in 2019. Overall, depreciation and amortization represented 9.7% of revenue for the fourth quarter of 2020, slightly lower compared with 9.8% reported in the comparable period of 2019.

easyfinancial – Total depreciation and amortization was $4.2 million in the fourth quarter of 2020. This included $2.1 million of right-of-use asset depreciation, $0.3 million higher than the $1.8 million reported in the comparable period of 2019. Depreciation of property and equipment and intangibles in the fourth quarter of 2020 was $2.2 million, $0.4 million higher than the $1.8 million reported in the comparable period of 2019.

easyhome – Depreciation and amortization was $11.2 million in the fourth quarter of 2020, a decrease of $0.5 million from the comparable period in 2019. This decline was due primarily to lower lease asset charge offs compared to the prior quarter primarily due to strong cash collections. 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 25.4%, down from the 27.5% reported in the fourth quarter of 2019. The rate reduction was due to a smaller lease asset base against a revenue base with an increasing proportion generated from consumer lending and significantly lower lease asset charge offs.

Corporate – Depreciation and amortization was $1.3 million in the fourth quarter of 2020, an increase of $0.4 million from the same period in 2019. 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, 2020 was $61.3 million, up $14.8 million or 31.8% when compared to the comparable period of 2019. The Company's operating margin for the quarter was 35.4%, up from the 28.1% reported in the fourth quarter of 2019. The increase in operating margin was mainly driven by the higher revenue and lower bad debt expense during the period.

easyfinancial – Operating income was $67.2 million for the fourth quarter of 2020 compared with $53.3 million for the comparable period in 2019, an increase of $13.9 million or 26.0%. The benefits of the continued growth in its loan book and related revenue increases of $6.5 million, and $8.7 million reduction in bad debt expense, driven by lower net charge offs and a lower provision expense, partially offset by a $0.9 million increase in advertising spend, and $0.4 million in incremental expenditures to manage the growing customer base, enhance the product offering and expand the easyfinancial footprint. Operating margin in the quarter was 49.2% compared with 41.0% reported in the comparable period of 2019.

easyhome – Operating income was $8.7 million for the fourth quarter of 2020, an increase of $2.2 million or 33.3% when compared to the comparable period of 2019. The increase was driven by higher revenues of $1.2 million due to the strong performance of the leasing business, and the growth of consumer lending in easyhome, combined with lower expenses of $1.0 million. Operating margin for the fourth quarter of 2020 was 23.6%, an increase from the 18.3% reported in the comparable period of 2019.

Other Income

During the current quarter, the Company recognized total unrealized fair value before-tax gains of $16.0 million on its investment in PayBright which was based on the sale transaction described in the preceding section: Analysis of Results for the Year Ended December 31, 2020.

Finance Costs

Finance costs for the three-month period ended December 31, 2020 were $13.3 million, a decrease of $23.8 million from the fourth quarter of 2019. The decrease was mainly driven by: i) $21.7 million of non-recurring refinancing costs related to the extinguishment of 2022 Notes in 2019; ii) a lower cost of borrowing driven by the issuance of 2024 Notes in the fourth quarter of 2019 which bears a lower borrowing rate than the 2022 Notes; and iii) the redemption of Debentures in the third quarter of 2020. The average blended coupon interest rate for the Company's debt as at December 31, 2020, was 5.2% down from 5.6% as at December 31, 2019. As at December 31, 2020, the Company had $403 million in total liquidity which provides adequate growth capital to meet its forecast through the third quarter of 2023 based on the Company's organic growth assumptions.

Income Tax Expense

The effective income tax rate for the fourth quarter of 2020 was 23.5% which was lower than the 28.6% reported in the comparable period of 2019 mainly driven by the lower combined basic federal and provincial tax rates. In addition, the fourth quarter of 2020 benefited from the effect of capital gain treatment on the unrealized fair value gain on the Company's PayBright investment.

Net Income and EPS

Net income for the fourth quarter of 2020 was $48.9 million or $3.14 per share on a diluted basis. Excluding the $13.9 million after-tax impact of the unrealized fair value gain in the PayBright investment, adjusted net income in the fourth quarter of 2020 was $35.0 million or $2.24 per share on a diluted basis. Excluding the $16.0 million after-tax impact of the refinancing cost related to extinguishing the Company's 2022 Notes, adjusted net income for the fourth quarter of 2019 was $22.6 million or $1.45 per share on a diluted basis. On these normalized bases, adjusted net income and adjusted diluted earnings per share both increased by 54.5%.

SELECTED QUARTERLY INFORMATION

($ IN MILLIONS EXCEPT PERCENTAGES AND PER SHARE AMOUNTS)	December 2020	September 2020	June 2020	March 2020	December 2019	September 2019	June 2019	March 2019	December 2018
Gross consumer loans receivable	**1,246.8**	1,182.8	1,134.5	1,166.1	1,110.6	1,035.6	959.7	879.4	833.8
Revenue	**173.2**	161.8	150.7	167.2	165.5	156.1	147.9	139.9	138.2
Net income	**48.9**	33.1	32.5	22.0	6.7	19.8	19.6	18.3	15.9
Adjusted net income[1]	**35.0**	31.6	29.1	22.0	22.6	19.8	19.6	18.3	15.9
Return on equity	**45.8%**	34.7%	37.0%	25.8%	8.0%	24.1%	25.2%	24.4%	23.0%
Adjusted return on equity[1]	**32.8%**	33.1%	33.1%	25.8%	27.0%	24.1%	25.2%	24.4%	23.0%
Net income as a percentage of revenue	**28.2%**	20.5%	21.6%	13.1%	4.0%	12.7%	13.2%	13.1%	11.5%
Adjusted net income as a percentage of revenue[2]	**20.2%**	19.5%	19.3%	13.1%	13.7%	12.7%	13.2%	13.1%	11.5%
Earnings per share[1]									
Basic	**3.24**	2.20	2.25	1.50	0.46	1.35	1.34	1.25	1.07
Diluted	**3.14**	2.09	2.11	1.41	0.46	1.28	1.26	1.18	1.02
Adjusted diluted[1]	**2.24**	2.00	1.89	1.41	1.45	1.28	1.26	1.18	1.02

[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 year on the basic weighted average number of Common Shares outstanding together with the effects of rounding.
[2] Adjusted for certain non-recurring or unusual transactions.

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 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 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 also increasing over the presented time horizon. Lastly, adjusted return on equity has been increasing in recent quarters due to the increasing earnings generated by the business.

PORTFOLIO ANALYSIS

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

The Company measures the performance of its portfolios during a period and their make-up at the end of a period using a number of key 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.

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 is applied to eliminate their prior borrowings. When the Company extends additional credit to an existing customer, a 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 is improved and has historically resulted in better performance. No additional credit is extended to a customer whose loan is delinquent.

Net principal written details the Company's gross loan originations during a period, excluding that portion of the originations that has been used to eliminate the prior borrowings.

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

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Loan originations to new customers	**109,378**	130,292	**345,588**	491,171
Loan originations to existing customers	**224,724**	183,222	**687,542**	604,204
Less: Proceeds applied to repay existing loans	**(121,246)**	(101,771)	**(373,293)**	(326,075)
Net advance to existing customers	**103,478**	81,451	**314,249**	278,129
Net principal written	**212,856**	211,743	**659,837**	769,300

Gross Consumer Loans Receivable

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

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Opening gross consumer loans receivable	**1,182,801**	1,035,596	**1,110,633**	833,779
Gross loan originations	**334,102**	313,514	**1,033,130**	1,095,375
Gross loan purchased	**-**	-	**31,275**	-
Gross principal payments and other adjustments	**(240,170)**	(199,153)	**(801,400)**	(676,995)
Gross charge offs before recoveries	**(29,893)**	(39,324)	**(126,798)**	(141,526)
Net growth in gross consumer loans receivable during the period	**64,039**	75,037	**136,207**	276,854
Ending gross consumer loans receivable	**1,246,840**	1,110,633	**1,246,840**	1,110,633

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

($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020 $	DECEMBER 31, 2020 % OF TOTAL	DECEMBER 31, 2019 $	DECEMBER 31, 2019 % OF TOTAL
0 – 6 months	**184,553**	**14.8%**	182,896	16.5%
6 – 12 months	**144,341**	**11.6%**	130,043	11.7%
12 – 24 months	**300,560**	**24.1%**	275,038	24.8%
24 – 36 months	**289,065**	**23.2%**	259,598	23.4%
36 – 48 months	**181,866**	**14.6%**	154,908	13.9%
48 – 60 months	**62,361**	**5.0%**	44,918	4.0%
60 months+	**84,094**	**6.7%**	63,232	5.7%
Gross consumer loans receivable	**1,246,840**	**100.0%**	1,110,633	100.0%

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

($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020 $	DECEMBER 31, 2020 % OF TOTAL	DECEMBER 31, 2019 $	DECEMBER 31, 2019 % OF TOTAL
0 – 1 year	**48,561**	**3.9%**	42,623	3.8%
1 – 2 years	**142,958**	**11.5%**	139,414	12.6%
2 – 3 years	**321,683**	**25.8%**	296,891	26.7%
3 – 4 years	**381,055**	**30.6%**	366,359	33.0%
4 – 5 years	**209,994**	**16.8%**	156,439	14.1%
5 years +	**142,589**	**11.4%**	108,907	9.8%
Gross consumer loans receivable	**1,246,840**	**100.0%**	1,110,633	100.0%

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

($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020 $	DECEMBER 31, 2020 % OF TOTAL	DECEMBER 31, 2019 $	DECEMBER 31, 2019 % OF TOTAL
Gross consumer loans receivable, *easyfinancial*	**1,196,498**	**96.0%**	1,072,530	96.6%
Gross consumer loans receivable, *easyhome*	**50,342**	**4.0%**	38,103	3.4%
Gross consumer loans receivable	**1,246,840**	**100.0%**	1,110,633	100.0%

Financial Revenue and Net Financial Income

Financial revenue is generated by both the easyfinancial and easyhome segments. Financial revenue includes interest and various other ancillary fees generated by the Company's gross consumer loans receivable. Net financial income 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 and 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 experienced in the period.

($ IN 000'S)	THREE MONTHS ENDED DECEMBER 31, 2020	THREE MONTHS ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2020	YEAR ENDED DECEMBER 31, 2019
Financial revenue, *easyfinancial*	**136,523**	130,006	**509,904**	470,208
Financial revenue, *easyhome*	**6,226**	5,096	**22,341**	16,893
Financial revenue	**142,749**	135,102	**532,245**	487,101
Less: Interest expenses and amortization of deferred financing charges	**(12,624)**	(14,744)	**(52,248)**	(55,094)
Less: Bad debt expense	**(34,493)**	(43,257)	**(134,998)**	(156,742)
Net financial income	**95,632**	77,101	**344,999**	275,265

Total Yield on Consumer Loans

Total yield on consumer loans 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.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Finance revenue	**142,749**	135,102	**532,245**	487,101
Multiplied by number of periods in year	**X 4**	X 4	**X 1**	X 1
Divided by average gross consumer loans receivable	**1,225,737**	1,084,284	**1,169,001**	972,625
Total yield as a percentage of average gross consumer loans receivable (annualized)	**46.6%**	49.8%	**45.5%**	50.1%

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, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Net charge offs	**27,482**	36,020	**116,429**	129,376
Multiplied by number of periods in year	**X 4**	X 4	**X 1**	X 1
Divided by average gross consumer loans receivable	**1,225,737**	1,084,284	**1,169,001**	972,625
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**9.0%**	13.3%	**10.0%**	13.3%

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, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Allowance for credit losses, beginning of period	**118,665**	99,870	**107,107**	79,741
Net charge offs written off against the allowance	**(27,482)**	(36,020)	**(116,429)**	(129,376)
Bad debt expense	**34,493**	43,257	**134,998**	156,742
Allowance for credit losses, end of period	**125,676**	107,107	**125,676**	107,107
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**10.08%**	9.64%	**10.08%**	9.64%

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 for 2020, 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, three forward-looking scenarios are generated - i) Neutral, ii) Optimistic, and iii) Pessimistic - based on forecasting of macroeconomic variables (GDP, unemployment rates, inflation rates, and oil prices) that are determined relevant to the allowance for credit losses. Judgment is then applied to the recommended probability weightings to these scenarios to determine a probability weighted allowance for credit losses as at December 31, 2020.

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast period as at December 31, 2020, which were obtained from the forward-looking indicator ("FLI") forecasts produced by five large Canadian banks.

12-MONTH FORWARD-LOOKING MACROECONOMIC VARIABLES (AVERAGE ANNUAL %)	NEUTRAL FORECAST	OPTIMISTIC FORECAST	PESSIMISTIC FORECAST
Unemployment rate[1]	**7.51%**	**7.30%**	**11.41%**
GDP Growth[2]	**5.91%**	**6.55%**	**(2.9%)**
Inflation Growth[3]	**1.52%**	**1.05%**	**2.03%**
Oil Prices[4]	**$49.91**	**$55.04**	**$31.33**

1 An average of the projected monthly unemployment rates over the next 12-months 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-months 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 pessimistic scenario forecast, the allowance for credit losses would have been $14.0 million higher than the reported allowance for credit losses as at December 31, 2020. 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.

Bad Debt Expense (Provision for Credit Losses)

The Company's bad debt expense 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. 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, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Net charge offs	**27,482**	36,020	**116,429**	129,376
Net change in allowance for credit losses	**7,011**	7,237	**18,569**	27,366
Bad debt expense	**34,493**	43,257	**134,998**	156,742
Financial revenue	**142,749**	135,102	**532,245**	487,101
Bad debt expense as a percentage of Financial Revenue	**24.2%**	32.0%	**25.4%**	32.2%

Aging of the Consumer Loans receivable

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

	DECEMBER 31, 2020		DECEMBER 31, 2019	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Current	**1,191,176**	**95.6%**	1,045,955	94.1%
Days past due				
1 - 30 days	**34,880**	**2.8%**	40,508	3.7%
31 - 44 days	**7,645**	**0.6%**	7,692	0.7%
45 - 60 days	**5,503**	**0.4%**	7,579	0.7%
61 - 90 days	**7,258**	**0.6%**	8,578	0.8%
91 – 180 days	**378**	**0.0%**	321	0.0%
	55,664	**4.4%**	64,678	5.9%
Gross consumer loans receivable	**1,246,840**	**100.0%**	1,110,633	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.

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

	SATURDAY, DECEMBER 26, 2020	SATURDAY, DECEMBER 28, 2019
	% OF TOTAL	% OF TOTAL
Current	**94.9%**	94.9%
Days past due		
1 - 30 days	**3.5%**	3.1%
31 - 44 days	**0.5%**	0.6%
45 - 60 days	**0.5%**	0.6%
61 - 90 days	**0.6%**	0.8%
91 – 180 days	**0.0%**	0.0%
	5.1%	5.1%
Gross consumer loans receivable	**100.0%**	100.0%

Consumer Loans receivable by Geography

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

	DECEMBER 31, 2020		DECEMBER 31, 2019	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Newfoundland & Labrador	**43,672**	**3.5%**	41,009	3.7%
Nova Scotia	**66,665**	**5.4%**	61,288	5.5%
Prince Edward Island	**10,285**	**0.8%**	9,553	0.9%
New Brunswick	**56,735**	**4.6%**	50,850	4.6%
Quebec	**109,180**	**8.8%**	75,539	6.8%
Ontario	**529,909**	**42.5%**	481,543	43.4%
Manitoba	**51,995**	**4.2%**	46,127	4.1%
Saskatchewan	**62,672**	**5.0%**	59,452	5.3%
Alberta	**172,627**	**13.8%**	153,141	13.8%
British Columbia	**130,233**	**10.4%**	119,863	10.8%
USA	**12,867**	**1.0%**	12,268	1.1%
Gross consumer loans receivable	**1,246,840**	**100.0%**	1,110,633	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, 2020		DECEMBER 31, 2019	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Unsecured Instalment Loans	**1,091,562**	**87.5%**	995,122	89.6%
Secured Instalment Loans	**155,278**	**12.5%**	115,511	10.4%
Gross consumer loans receivable	**1,246,840**	**100.0%**	1,110,633	100.0%

LEASING PORTFOLIO ANALYSIS

Potential Monthly Leasing Revenue

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.

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

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Opening potential monthly lease revenue	**8,256**	8,432	**8,643**	9,141
Change due to store opening or acquisitions during the period	**-**	88	**-**	351
Decrease due to store closures or sales during the period	**(6)**	(7)	**(52)**	(397)
Increase/(Decrease) due to ongoing operations	**211**	130	**(130)**	(452)
Net change	**205**	211	**(182)**	(498)
Ending potential monthly lease revenue	**8,461**	8,643	**8,461**	8,643

Potential monthly lease revenue is calculated as follows:

	DECEMBER 31,2020	DECEMBER 31, 2019
Total number of lease agreements	**85,946**	91,206
Multiplied by the average required monthly lease payment per agreement	**98.45**	94.77
Potential monthly lease revenue ($ in 000's)	**8,461**	8,643

Leasing Portfolio by Product Category

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

	DECEMBER 31, 2020		DECEMBER 31, 2019	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Furniture	**3,624**	**42.8%**	3,917	45.3%
Electronics	**2,666**	**31.5%**	2,762	32.0%
Appliances	**1,150**	**13.6%**	1,050	12.1%
Computers	**1,021**	**12.1%**	914	10.6%
Potential monthly lease revenue	**8,461**	**100.0%**	8,643	100.0%

Leasing Portfolio 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, 2020		DECEMBER 31, 2019	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Newfoundland & Labrador	**685**	**8.1%**	716	8.3%
Nova Scotia	**847**	**10.0%**	890	10.3%
Prince Edward Island	**148**	**1.7%**	149	1.7%
New Brunswick	**702**	**8.3%**	729	8.4%
Quebec	**592**	**7.0%**	576	6.7%
Ontario	**2,706**	**32.0%**	2,769	32.0%
Manitoba	**245**	**2.9%**	246	2.9%
Saskatchewan	**398**	**4.7%**	378	4.4%
Alberta	**1,252**	**14.8%**	1,307	15.1%
British Columbia	**886**	**10.5%**	883	10.2%
Potential monthly lease revenue	**8,461**	**100.0%**	8,643	100.0%

Leasing Charge offs

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 defined as the total revenue generated by the Company's easyhome business less the financial revenue generated by easyhome.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Net charge offs	**728**	933	**2,927**	3,638
Leasing revenue	**30,470**	30,435	**120,677**	122,282
Net charge offs as a percentage of leasing revenue	**2.4%**	3.1%	**2.4%**	3.0%

KEY PERFORMANCE INDICATORS AND NON-IFRS MEASURES

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

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's 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 measures the revenue growth for all stores that have been open for a minimum of 15 months. To calculate same store revenue growth for a period, the revenue for that period is compared to the same period in the prior year. Same store revenue growth is influenced by both the Company's product offerings as well as the number of stores which have been open for a 12-month to 36-month time frame, as these stores tend to be in the strongest period of growth at this time.

In 2020, the company experienced a lower level of same store revenue growth rate compared to 2019. The Company experienced higher than usual loan protection insurance claim costs, which serve to reduce the net commissions earned on this program, associated with higher unemployment rates as a result of the COVID-19 pandemic. These higher claim costs resulted in a lower annualized total yield and lower revenue growth.

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Same store revenue growth (overall)	**4.2%**	19.7%	**6.3%**	19.5%
Same store revenue growth (easyhome)	**4.4%**	6.2%	**4.5%**	4.3%

OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION

The Company defines operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. The Company believes that operating expenses before depreciation and amortization is an important measure of the efficiency of its operations.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Operating expenses before depreciation and amortization	**95,190**	102,790	**371,763**	376,226
Divided by revenue	**173,219**	165,536	**652,922**	609,383
Operating expenses before depreciation and amortization as % of revenue	**55.0%**	62.1%	**56.9%**	61.7%

OPERATING MARGIN

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

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
easyfinancial				
Operating income	**67,227**	53,345	**242,589**	189,137
Divided by revenue	**136,523**	130,005	**509,904**	470,208
***easyfinancial* operating margin**	**49.2%**	41.0%	**47.6%**	40.2%
easyhome				
Operating income	**8,663**	6,500	**31,059**	24,839
Divided by revenue	**36,696**	35,531	**143,018**	139,175
***easyhome* operating margin**	**23.6%**	18.3%	**21.7%**	17.8%
Total				
Operating income	**61,277**	46,483	**216,436**	168,793
Divided by revenue	**173,219**	165,536	**652,922**	609,383
Total operating margin	**35.4%**	28.1%	**33.1%**	27.7%

CASH PROVIDED BY OPERATING ACTIVITIES BEFORE NET GROWTH IN GROSS CONSUMER LOANS RECEIVABLE

The Company defines cash provided by operating activities 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 cash provided by operating activities 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)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Cash (used in) provided by operating activities	**(23,059)**	(53,334)	**74,412**	(155,869)
Net growth in gross consumer loans receivable during the period	**64,039**	75,037	**136,207**	276,854
Cash provided by operating activities before net growth in gross consumer loans receivable	**40,980**	21,703	**210,619**	120,985

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

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

Items used to calculate adjusted net income and earnings per share for the three-month period and year ended December 31, 2020 and 2019 include those indicated in the chart below:

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT EARNINGS PER SHARE)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Net income as stated	**48,911**	6,683	**136,505**	64,349
Refinancing cost[1]	**-**	21,723	**-**	21,723
Other income[2]	**(16,040)**	-	**(21,740)**	-
Tax impact of above items	**2,125**	(5,757)	**2,881**	(5,757)
After-tax impact	**(13,915)**	15,966	**(18,859)**	15,966
Adjusted net income	**34,996**	22,649	**117,646**	80,315
After-tax impact of Debentures	**-**	677	**1,586**	2,698
Fully diluted adjusted net income	**34,996**	23,326	**119,232**	83,013
Weighted average number of diluted shares outstanding	**15,589**	16,108	**15,757**	16,062
Diluted earnings per share as stated	**3.14**	0.46	**8.76**	4.17
Per share impact of normalized items	**(0.90)**	0.99	**(1.19)**	1.00
Adjusted diluted earnings per share	**2.24**	1.45	**7.57**	5.17

1 During the fourth quarter of 2019, the Company repaid its 2022 Notes incurring a $16.0 million after-tax impact of refinancing cost.
2 During the three-month period and year ended December 31, 2020, the Company recognized an unrealized fair value gain before-tax of $16.0 and $21.7 million, respectively, on the PayBright investment.

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

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

	THREE MONTHS ENDED		
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)	DECEMBER 31, 2019
Net income as stated	48,911	48,911	6,683
Finance cost	13,343	13,343	37,123
Income tax expense	15,063	15,063	2,677
Depreciation and amortization, excluding depreciation of lease assets	7,772	7,772	6,912
EBITDA	85,089	85,089	53,395
Other income	-	(16,040)	-
Adjusted EBITDA	85,089	69,049	53,395
Divided by revenue	173,219	173,219	165,536
EBITDA margin	49.1%	39.9%	32.3%

	YEAR ENDED		
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)	DECEMBER 31, 2019
Net income as stated	136,505	136,505	64,349
Finance cost	54,992	54,992	79,281
Income tax expense	46,679	46,679	25,163
Depreciation and amortization, excluding depreciation of lease assets	28,953	28,953	26,962
EBITDA	267,129	267,129	195,755
Other income	-	(21,740)	-
Adjusted EBITDA	267,129	245,389	195,755
Divided by revenue	652,922	652,922	609,383
EBITDA margin	40.9%	37.6%	32.1%

RETURN ON ASSETS

The Company defines return on assets as annualized net income in the period divided by average total assets for the period. The Company believes return on assets is an important measure of how total assets are utilized in the business.

	THREE MONTHS ENDED			
($ IN 000'S EXCEPT PERIODS AND PERCENTAGES)	DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)	DECEMBER 31, 2019	DECEMBER 31, 2019 (ADJUSTED)
Net income as stated	48,911	48,911	6,683	6,683
Refinancing cost	-	-	-	21,723
Other income	-	(16,040)	-	-
Tax impact of above items	-	2,125	-	(5,757)
After-tax impact	-	(13,915)	-	15,966
Adjusted net income	48,911	34,996	6,683	22,649
Multiplied by number of periods in year	X 4	X 4	X 4	X 4
Divided by average total assets for the period	1,434,596	1,434,596	1,279,634	1,279,634
Return on assets	13.6%	9.8%	2.1%	7.1%

($ IN 000'S EXCEPT PERIODS AND PERCENTAGES)	YEAR ENDED DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)	DECEMBER 31, 2019	DECEMBER 31, 2019 (ADJUSTED)
Net income as stated	136,505	136,505	64,349	64,349
Refinancing cost	-	-	-	21,723
Other income	-	(21,740)	-	-
Tax impact of above items	-	2,881	-	(5,757)
After-tax impact	-	(18,859)	-	15,966
Adjusted net income	136,505	117,646	64,349	80,315
Divided by average total assets for the period	1,389,540	1,389,540	1,175,803	1,175,803
Return on assets	9.8%	8.5%	5.5%	6.8%

RETURN ON EQUITY

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

($ IN 000'S EXCEPT PERIODS AND PERCENTAGES)	THREE MONTHS ENDED DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)	DECEMBER 31, 2019	DECEMBER 31, 2019 (ADJUSTED)
Net income as stated	48,911	48,911	6,683	6,683
Refinancing cost	-	-	-	21,723
Other income	-	(16,040)	-	-
Tax impact of above items	-	2,125	-	(5,757)
After-tax impact	-	(13,915)	-	15,966
Adjusted net income	48,911	34,996	6,683	22,649
Multiplied by number of periods in year	X 4	X 4	X 4	X 4
Divided by average shareholders' equity for the period	426,868	426,868	334,980	334,980
Return on equity	45.8%	32.8%	8.0%	27.0%

($ IN 000'S EXCEPT PERIODS AND PERCENTAGES)	YEAR ENDED DECEMBER 31, 2020	DECEMBER 31, 2020 (ADJUSTED)	DECEMBER 31, 2019	DECEMBER 31, 2019 (ADJUSTED)
Net income as stated	136,505	136,505	64,349	64,349
Refinancing cost	-	-	-	21,723
Other income	-	(21,740)	-	-
Tax impact of above items	-	2,881	-	(5,757)
After-tax impact	-	(18,859)	-	15,966
Adjusted net income	136,505	117,646	64,349	80,315
Divided by average shareholders' equity for the period	377,842	377,842	317,816	317,816
Return on equity	36.1%	31.1%	20.2%	25.3%

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, 2020 and 2019.

($ IN 000'S, EXCEPT FOR RATIOS)	DECEMBER 31, 2020	DECEMBER 31, 2019
Consumer loans receivable, net	**1,152,378**	1,040,552
Cash	**93,053**	46,341
Investment	**56,040**	34,300
Lease assets	**49,384**	48,696
Right-of-use assets, net	**46,335**	46,147
Property and equipment, net	**31,322**	23,007
Intangible assets, net	**25,244**	17,749
Goodwill	**21,310**	21,310
Other assets	**26,850**	40,520
Total assets	**1,501,916**	1,318,622
External debt[1]	**887,749**	854,768
Lease liabilities	**53,902**	52,573
Derivative financial liabilities	**36,910**	16,435
Other liabilities	**79,843**	62,425
Total liabilities	**1,058,404**	986,201
Shareholders' equity	**443,512**	332,421
Total capitalization (external debt plus total shareholders' equity)	**1,331,261**	1,187,189
External debt to shareholders' equity	**2.00**	2.57
Net debt to net capitalization[2]	**0.64**	0.71
External debt to EBITDA	**3.32**	4.37

[1] External debt includes the carrying values of Debentures, loan from revolving credit facility, and notes payable.

[2] 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.

Total assets were $1.5 billion as at December 31, 2020, an increase of $183.3 million or 13.9% compared to December 31, 2019. The increase was related primarily to: i) the $111.8 million increase in the net consumer loans receivable which includes $31.9 million of Mogo consumer loans acquired in the first quarter of 2020; ii) the increase in cash of $46.7 million; and iii) the increase of $21.7 million in the fair value of minority equity investment in PayBright.

The $183.3 million growth in total assets was primarily financed by: i) a $33.0 million increase in external debt (principally due to the higher advances from the Company's revolving credit facility by $85 million partially offset by the redemption of all Debentures that remained unconverted on the Redemption Date); and ii) the $111.1 million increase in total shareholder's equity, which was driven by earnings generated by the Company partially offset by share buybacks under the Company's Normal Course Issuer Bid 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 easyfinancial.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW REVIEW

The table below provides a summary of cash flow components for the three months and year ended December 31, 2020 and 2019.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Cash provided by operating activities before net issuance of consumer loans receivable and purchase of lease assets	**74,822**	71,603	**357,690**	296,175
Net issuance of consumer loans receivable	**(85,873)**	(112,342)	**(246,824)**	(415,069)
Purchase of lease assets	**(12,008)**	(12,055)	**(36,454)**	(36,975)
Cash (used in) provided by operating activities	**(23,059)**	(53,334)	**74,412**	(155,869)
Cash used in investing activities	**(8,659)**	(4,439)	**(28,673)**	(45,128)
Cash provided by financing activities	**85,294**	74,391	**973**	147,150
Net increase (decrease) in cash for the period	**53,576**	16,618	**46,712**	(53,847)

The Company provides loans to non-prime borrowers. The Company obtains capital 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, 2020

Cash used by operating activities for the three-month period ended December 31, 2020 was $23.1 million compared with $53.3 million of cash used in operating activities in the same period of 2019. Included in cash provided by operating activities for the three-month period ended December 31, 2020 were: i) a net investment of consumer loans receivable amounting to $85.9 million; and ii) the purchase of lease assets of $12.0 million. If the net collection 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 $74.8 million for the three months ended December 31, 2020, up $3.2 million from the same period of 2019. The increase was driven by higher earnings partially offset by lower non-cash expenses such as bad debt expense, depreciation and amortization and refinancing costs related to the extinguishment of the Company's 2022 Notes.

During the fourth quarter of 2020, the Company used $8.7 million in investing activities, up $4.2 million compared to $4.4 million in the prior year, mainly due to higher investment in property and equipment and intangible assets in the current quarter than in the same period of 2019.

During the fourth quarter of 2020, the Company generated $85.3 million in cash flow from financing activities. During this quarter, the Company received the 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 worth of shares repurchased under the Company's Normal Course Issuer Bid and $4.3 million lease liabilities paid. During the fourth quarter of 2019, the Company generated $74.4 million in cash flow from financing activities, where the Company issued US$550 million 2024 Notes and repaid the US$475 million 2022 Notes, which generated net proceeds of $79.8 million. In the same quarter in 2019, the Company received the net proceeds of $3 million from advances against its revolving credit facility. These inflows were partially offset by $4.4 million in dividend payments and the $4.1 million payment of lease liabilities.

Cash Flow Analysis for the Year Ended December 31, 2020

Cash generated by operating activities during the year was $74.4 million. In 2019, cash used in operating activities was $155.9 million. Included in cash provided by operating activities for the year ended December 31, 2020 were: i) a net investment of $246.8 million to increase the consumer loans receivable; and ii) the purchase of $36.5 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 $357.7 million for the year, up from $296.2 million in 2019. The increase was due to increased earnings and favorable movements in working capital partially offset by lower non-cash expenses such as bad debt expense, depreciation and amortization and refinancing costs related to the extinguishment of the Company's 2022 Notes.

During the year, the Company used $28.7 million in investing activities compared to $45.1 million in prior year. Cash used in investing activities for the year was lower than in 2019 mainly due to the investment of $34.3 million in PayBright in 2019 partially offset by the higher investment in property and equipment and intangible assets in the current year.

During the year, the Company generated $1 million in cash flow from financing activities. During the year, the Company received the net proceeds of $85 million received from advances against its revolving credit facility. These cash inflows were partially offset by $42.4 million worth of shares repurchased under the Company's Normal Course Issuer Bid, $23.9 million of dividends paid, $16.8 million lease liabilities paid and $2.4 million redemption of Debentures. In 2019, the Company generated $147.2 million in cash flow from financing activities, which included the net proceeds of $115.0 million from advances against the Company's revolving credit facility and the net proceeds of $79.8 million generated from the issuance of 2024 Notes and repayment of 2022 Notes partially offset by the $20.3 million worth of shares repurchased under the Company's Normal Course Issuer Bid, the payment of $16.7 million in dividends and the net payment of $15.7 million in lease liabilities.

CAPITAL 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.

As at December 31, 2020, the Company's external debt consisted of US$550 million of 2024 Notes (with net carrying values of $689.4 million) and $200 million drawn against the Company's revolving credit facility. The borrowing limit under the revolving credit facility was $310 million, leaving $110 million in additional available borrowing capacity as at December 31, 2020.

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

Borrowings under the Debenture bear interest at 5.75%. The Debentures mature on July 31, 2022 and are convertible at the holder's option into Common Shares of the Company at a conversion price of $43.36 per share. During the year ended December 31, 2020, $41.6 million (2019 - $7.0 thousand) of Debentures had converted into 959,983 (2019 - 158) Common Shares. On July 31, 2020, the Company redeemed all remaining Debentures that remained unconverted on the Redemption Date and the Debentures were de-listed from TSX subsequently thereafter.

Borrowings under the Company's revolving credit facility bear interest at either the BA rate plus 300 bps or Prime plus 200 bps at the option of the Company. The $200 million drawn against this revolving credit facility bear interest at the BA rate plus 300 bps. The revolving credit facility matures on February 12, 2022.

As described in the preceding section: Analysis of Results for the Year Ended December 31, 2020, the Company established a new $200 million Revolving Securitization Warehouse Facility which bears an interest at the rate of 1-month Canadian Dollar Offered Rate ("CDOR") plus 295 bps. As at December 31, 2020, the Company has not drawn any amount against it.

The average blended coupon interest rate for the Company's debt as at December 31, 2020, was 5.2% down from 5.6% as at December 31, 2019.

As at December 31, 2020, the Company had total unrestricted cash on hand and borrowing capacities under its revolving credit facility and securitization warehouse facility of $403 million and the ability to exercise the accordion feature under this facility to add an additional $75 million in borrowing capacity. Ultimately, the current cash on hand and current borrowing limits, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its growth plan and meet its forecast through the third quarter of 2023 based on the Company's organic growth assumptions. However, the Company's forecast could also be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic.

OUTSTANDING SHARES AND DIVIDENDS

As at February 17, 2021, there were 14,802,735 Common Shares, 271,050 deferred share units, 576,799 options, 269,590 restricted share units, and no warrants outstanding.

NORMAL COURSE ISSUER BID

On December 16, 2020, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a Normal Course Issuer Bid ("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 nine months prior to November 30, 2020, was 83,554. Under the 2020 NCIB, daily purchases will be limited to 20,888 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The purchases were permitted to commence on December 21, 2020, and will terminate on December 20, 2021, or on such earlier date as the Company may complete its purchases pursuant to the 2020 NCIB. The 2020 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 2020 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 18, 2019, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a 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 nine 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 June 30, 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.

On November 8, 2018, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a NCIB to commence November 13, 2018, (the "2018 NCIB"). Pursuant to the 2018 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 555,000 Common Shares, which represented approximately 5% of the Company's Public Float. As at October 30, 2018, the Company had 14,803,919 Common Shares issued and outstanding. Under the 2018 NCIB, daily purchases were limited to 9,052 Common Shares, other than block purchase exemptions. Under the 2018 NCIB, the Company was permitted to commence share repurchases on November 13, 2018, and the 2018 NCIB terminated on November 12, 2019. On February 25, 2019, the Company announced the acceptance by the TSX of the Company's amendment to the 2018 NCIB to increase the aggregate number of Common Shares that may be purchased to 887,000 Common Shares, which represented approximately 8% of the Company's Public Float as at October 30, 2018. On September 10, 2019, the Company announced the acceptance by the TSX of the Company's second amendment to the 2018 NCIB to increase the aggregate number of Common Shares that may be purchased to 1,108,000 Common Shares, which represented approximately 10% of the Common Shares issued and outstanding as at October 30, 2018. The purchases made by goeasy pursuant to the 2018 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 2018 NCIB, the Company completed the purchase for cancellation through the facilities of the TSX of 856,712 Common Shares at a weighted average price of $41.19 per Common Share for a total cost of $35.3 million.

During the year ended December 31, 2020, the Company repurchased and cancelled 767,855 (2019 – 458,260) of its Common Shares on the open market at an average price of $55.18 (2019 - $44.31) per share for a total cost of $42.4 million (2019 - $20.3 million) pursuant to 2019 NCIB (2019 - 2018 NCIB).

DIVIDENDS

During the quarter ended December 31, 2020, the Company paid a $0.45 per share quarterly dividend on outstanding Common Shares. This dividend was paid on January 8, 2021.

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 the loan facility, or where such payment would lead to a default.

On February 12, 2020, the Company increased the dividend rate by 45.2% from $0.31 to $0.45 per share per quarter. 2020 marks the 16th consecutive year of paying a dividend to shareholders and the 6th 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:

	2020	2019	2018	2017	2016	2015	2014
Dividend per share	**$0.450**	$0.310	$ 0.225	$ 0.180	$ 0.125	$ 0.100	$ 0.085
Percentage increase	**45.2%**	37.8%	25.0%	44.0%	25.0%	17.6%	0.0%

COMMITMENTS, GUARANTEES AND CONTINGENCIES

COMMITMENTS

The Company is committed to software maintenance, development and licensing service agreements, and operating leases for premises and vehicles. 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	17,164	35,641	4,837
Vehicles	881	1,722	52
Technology commitments	11,315	5,985	-
Total contractual obligations	**29,360**	**43,348**	**4,889**

CONTINGENCIES

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

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

RISK FACTORS

OVERVIEW

The Company's activities are exposed to a variety of commercial, operational, financial and regulatory risks. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. The 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 or regulatory landscape.

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, to access customers through new delivery channels, 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 and will continue to be impacted by the COVID-19 pandemic, which has created, and continues to create, 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 by affecting consumer confidence, global financial markets (with global equity markets having experienced significant volatility and weakness), 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. Additionally, the second wave of the COVID-19 pandemic and the emergence of new variants have led to governments around the world to continue to enact measures to combat the spread of the COVID-19 virus, including, but not limited to, the implementation of travel bans, border closings, mandated closure of non-essential services, self-imposed quarantine periods and social and physical distancing policies, which have contributed to the material disruption to businesses globally, resulting in a sudden economic slowdown. 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. Therefore, the COVID-19 virus and the measures to prevent its spread may negatively impact interest rates, credit ratings, credit risk, inflation, financial conditions, results of operations of the Company and other risk factors relevant to the Company.

Interest Rate Risk

The Company's future success depends in part on its ability to access capital markets and obtain financing on reasonable terms. This is dependent on a number of factors, many of which the Company cannot control, including interest rates. Amounts due under the Company's credit facilities may bear interest at a variable rate. The Company may not hedge its interest rate risks and future changes in interest rates may affect the amount of interest expense the Company pays. Any increases in interest rates, or in the Company's inability to access the debt or equity markets on reasonable terms, could have an adverse impact on its financial condition, results of operations and growth prospects.

Foreign Currency Risk

The 2024 Notes are US$ denominated. In connection with the offering of the 2024 Notes, the Company entered into the cross-currency swap to fix the foreign exchange rate for the obligations of the 2024 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 $196 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 third party fails to pay an amount owing to the Company.

The maximum exposure to credit risk is represented by the carrying amount of the amounts receivable, consumer loans receivable and lease assets with customers under merchandise lease agreements. The Company leases products and makes consumer loans to thousands of customers pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any particular individual, company or other entity, although the Company is subject to a higher level of credit risk due to the credit constrained nature of many of its 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, 2020. 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 assets on lease with customers results from the possibility of customer default with respect to agreed-upon payments or in their not returning the leased asset. For amounts receivable from third parties, the risk relates to the possibility of default on amounts owing to the Company. The Company deals with credible companies, performs ongoing credit evaluations of debtors and creates an allowance on its consolidated financial statements for such uncollectible amounts.

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 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 easyfinancial 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 r evolving 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. Any credit ratings applied to the 2024 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 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 may have an adverse effect on the market price or value and the liquidity of the 2024 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. 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.

The Company's former U.S. franchisees and certain other persons operate a lease-to-own business within the U.S. Although the Company does not own these businesses, their use of the easyhome name could adversely affect the Company if these third parties receive negative publicity or if external perceptions of these third parties' levels of service, trustworthiness or business practices are negative.

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.

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, 2020 notes to the consolidated financial statements.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments were considered in the acquisition of a loan portfolio in February 2020.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39, Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships.

(b) Standards issued but not yet effective

Amendments to IFRS 16 COVID-19 Related Rent Concessions
On May 28, 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The Company has not early adopted this amendment as these amendments had no impact on the 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, 2020.

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 control over financial reporting framework includes 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 2020

No changes were made in our internal control over financial reporting during the year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

EVALUATION OF ICFR AT DECEMBER 31, 2020

As at December 31, 2020, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 31, 2020.

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, 2020, 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, 2020 and 2019, 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, 2020 and 2019, 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 financial statements of the current period. These matters were addressed in the context of the audit of the 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 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 financial statements.

	Allowance for loan losses
Key audit matter	As more fully described in Notes 2 and 6 of the consolidated financial statements, goeasy has used an expected credit loss (ECL) model to recognize $135 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. Auditing the allowance for credit losses 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 loan losses include 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 (SICR) and the determination of relevant forward looking multiple economic scenarios and the probability weighting of those scenarios. 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 economic forecasts.
How our audit addressed the key audit matter	To test the allowance for credit losses, amongst other procedures, we assessed, with the assistance of our Credit Risk Specialists, whether the methodology and assumptions used in models that estimate ECL are consistent with the requirements of IFRS, goeasy's own historical data and industry standards. 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 model. 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 documents.

Valuation of goodwill

Key audit matter

As more fully described in Notes 2 and 11 of the consolidated financial statements, goeasy has recognized $21 million in goodwill as a result of past business combinations. Goodwill is not amortized, but is tested, at least annually, for impairment by comparing the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated, with the carrying amount of the CGU including goodwill. The recoverable amount of a CGU is defined as the higher of its estimated fair value less cost to sell and its value in use. Goodwill is also required to be tested for impairment whenever there are indicators that it may be impaired.

Auditing goeasy's goodwill impairment test required the involvement of Valuation Specialists due to the highly judgmental nature of key assumptions and significant estimation required to determine the recoverable amount of the CGU. In particular, the estimate of recoverable amount was sensitive to significant assumptions, such as forecasted growth rates, discount rates, and terminal values, which are affected by expectations about future market or economic conditions. Specifically, the effects of the COVID-19 pandemic have created a higher level of uncertainty in the forecasted earnings.

How our audit addressed the key audit matter

With the assistance of our Valuation Specialists, we tested management's estimate of the recoverable amount of the CGU. We performed audit procedures that included, among others, assessing the methodologies and testing the significant assumptions discussed above and the underlying data used by goeasy in its assessment. 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 rate by comparing to historical results and our current understanding of the business as well as current economic trends which considered the impact of COVID-19. We assessed the historical accuracy of management's prior year estimates by performing a comparison of management's prior year projections to actual results and performed sensitivity analysis over significant assumptions to evaluate the changes in the recoverable amount of the CGU that would result from changes in the assumptions.

Valuation of PayBright investment

Key audit matter

As more fully described in Note 7 of the consolidated financial statements, as at December 31, 2020, goeasy had a minority equity interest in PayBright, a non-listed Canadian lending company. The investment is held at Fair Value through Profit and Loss ("FVTPL") and is therefore revalued each period, with the gains or losses flowing through net income. In December 2020, PayBright announced that it had entered into a share purchase agreement with Affirm Holdings, Inc. which closed on January 1, 2021. This included the purchase of goeasy's minority interest. The valuation of the investment as of December 31, 2020 is $56 million and is based upon the final purchase agreement which includes a $11.5 million portion contingent upon the future performance of PayBright.

Auditing the valuation of the PayBright investment was complex given the degree of judgment and subjectivity in evaluating management's valuation of the contingent consideration portion. Management has utilized a probability weighted multiple scenario approach to value the contingent consideration portion based upon PayBright's historical financial performance and the expectation of meeting these future revenue targets. The estimation of the value of this contingent consideration portion has a higher level of uncertainty as it relates to future revenues including the effects of COVID-19.

How our audit addressed the key audit matter

We assessed the appropriateness of the approach and inputs used by management to estimate the value of the contingent consideration. We assessed the reasonability of the probabilities applied to each scenario by management by comparing expected future revenues to PayBright's historical financial performance. We also assessed the reasonability of management's probabilities of meeting the revenue targets by comparing them to the financial performance of comparable companies.

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 report. 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.

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.

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 17, 2021

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019
ASSETS		
Cash (note 4)	**93,053**	46,341
Amounts receivable (note 5)	**9,779**	18,482
Prepaid expenses	**13,005**	7,077
Consumer loans receivable, net (note 6)	**1,152,378**	1,040,552
Investment (note 7)	**56,040**	34,300
Lease assets (note 8)	**49,384**	48,696
Property and equipment, net (note 9)	**31,322**	23,007
Deferred tax assets (note 19)	**4,066**	14,961
Intangible assets, net (note 11)	**25,244**	17,749
Right-of-use assets, net (note 10)	**46,335**	46,147
Goodwill (note 11)	**21,310**	21,310
TOTAL ASSETS	**1,501,916**	1,318,622
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Revolving credit facility (note 12)	**198,339**	112,563
Accounts payable and accrued liabilities	**46,065**	41,350
Income taxes payable	**13,897**	4,187
Dividends payable (note 15)	**6,661**	4,448
Unearned revenue	**10,622**	8,082
Derivative financial liabilities (note 14)	**36,910**	16,435
Lease liabilities (note 10)	**53,902**	52,573
Accrued interest	**2,598**	4,358
Convertible debentures (note 13)	**-**	40,656
Notes payable (note 14)	**689,410**	701,549
TOTAL LIABILITIES	**1,058,404**	986,201
SHAREHOLDERS' EQUITY		
Share capital (note 15)	**181,753**	141,956
Contributed surplus (note 16)	**19,732**	20,296
Accumulated other comprehensive loss	**(5,280)**	(915)
Retained earnings	**247,307**	171,084
TOTAL SHAREHOLDERS' EQUITY	**443,512**	332,421
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,501,916**	1,318,622

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, 2020	DECEMBER 31, 2019
REVENUE		
Interest income	**409,583**	345,997
Lease revenue	**112,796**	113,236
Commissions earned	**117,913**	135,510
Charges and fees	**12,630**	14,640
	652,922	609,383
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	**136,306**	120,414
Stock-based compensation (note 16)	**7,575**	8,686
Advertising and promotion	**26,786**	26,699
Bad debts	**134,998**	156,742
Occupancy	**22,501**	20,573
Technology costs	**14,191**	12,293
Other expenses (note 17)	**29,406**	30,819
	371,763	376,226
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets (note 8)	**35,770**	37,402
Depreciation of right-of-use assets (note 10)	**16,183**	15,199
Depreciation of property and equipment (note 9)	**5,997**	6,281
Amortization of intangible assets (note 11)	**6,773**	5,482
	64,723	64,364
TOTAL OPERATING EXPENSES	**436,486**	440,590
OPERATING INCOME	**216,436**	168,793
OTHER INCOME		
Unrealized fair value gain on investment (note 7)	**21,740**	-
FINANCE COSTS		
Interest expense and amortization of deferred financing charges (note 18)	**52,248**	55,094
Interest expense on lease liabilities (note 10)	**2,744**	2,464
Refinancing cost relating to notes payable (note 14)	**-**	21,723
	54,992	79,281
INCOME BEFORE INCOME TAXES	**183,184**	89,512
INCOME TAX EXPENSE (RECOVERY) (NOTE 19)		
Current	**33,041**	27,763
Deferred	**13,638**	(2,600)
	46,679	25,163
NET INCOME	**136,505**	64,349
BASIC EARNINGS PER SHARE (NOTE 20)	**9.21**	4.40
DILUTED EARNINGS PER SHARE (NOTE 20)	**8.76**	4.17

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(expressed in thousands of Canadian dollars)

	YEAR ENDED	
	DECEMBER 31, 2020	**DECEMBER 31, 2019**
Net income	**136,505**	64,349
Other comprehensive income (loss) to be reclassified to the consolidated statement of income in subsequent periods		
Change in foreign currency translation reserve	**5**	12
Change in fair value of cash flow hedge, net of taxes	**(667)**	3,014
Change in costs of hedging, net of taxes	**(3,703)**	-
Reclassification of cash flow hedge to the consolidated statement of income, net of taxes	**-**	(7,648)
Transfer of realized translation losses on disposal of a special purpose entity	**-**	83
	(4,365)	(4,539)
Comprehensive income	**132,140**	59,810

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, 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 16)	**-**	**7,575**	**7,575**	**-**	**-**	**7,575**
Conversion of convertible debentures (note 13)	**38,979**	**1,168**	**40,147**	**-**	**-**	**40,147**
Settlement of deferred share units (note 16)	**-**	**(2,000)**	**(2,000)**	**-**	**-**	**(2,000)**
Shares purchased for cancellation (note 15)	**(8,207)**	**-**	**(8,207)**	**(34,180)**	**-**	**(42,387)**
Comprehensive income (loss)	**-**	**-**	**-**	**136,505**	**(4,365)**	**132,140**
Dividends	**-**	**-**	**-**	**(26,102)**	**-**	**(26,102)**
Balance, December 31, 2020	**181,753**	**19,732**	**201,485**	**247,307**	**(5,280)**	**443,512**
Balance, December 31, 2018	138,090	16,105	154,195	143,710	3,624	301,529
International Financial Reporting Standards 16 adjustment (Note 10)	-	-	-	(3,282)	-	(3,282)
Adjusted Balance, January 1, 2019	138,090	16,105	154,195	140,428	3,624	298,247
Common shares issued	8,334	(4,495)	3,839	-	-	3,839
Stock-based compensation (note 16)	-	8,686	8,686	-	-	8,686
Conversion of convertible debentures (note 13)	6	-	6	-	-	6
Shares purchased for cancellation (note 15)	(4,474)	-	(4,474)	(15,839)	-	(20,313)
Comprehensive income (loss)	-	-	-	64,349	(4,539)	59,810
Dividends	-	-	-	(17,854)	-	(17,854)
Balance, December 31, 2019	141,956	20,296	162,252	171,084	(915)	332,421

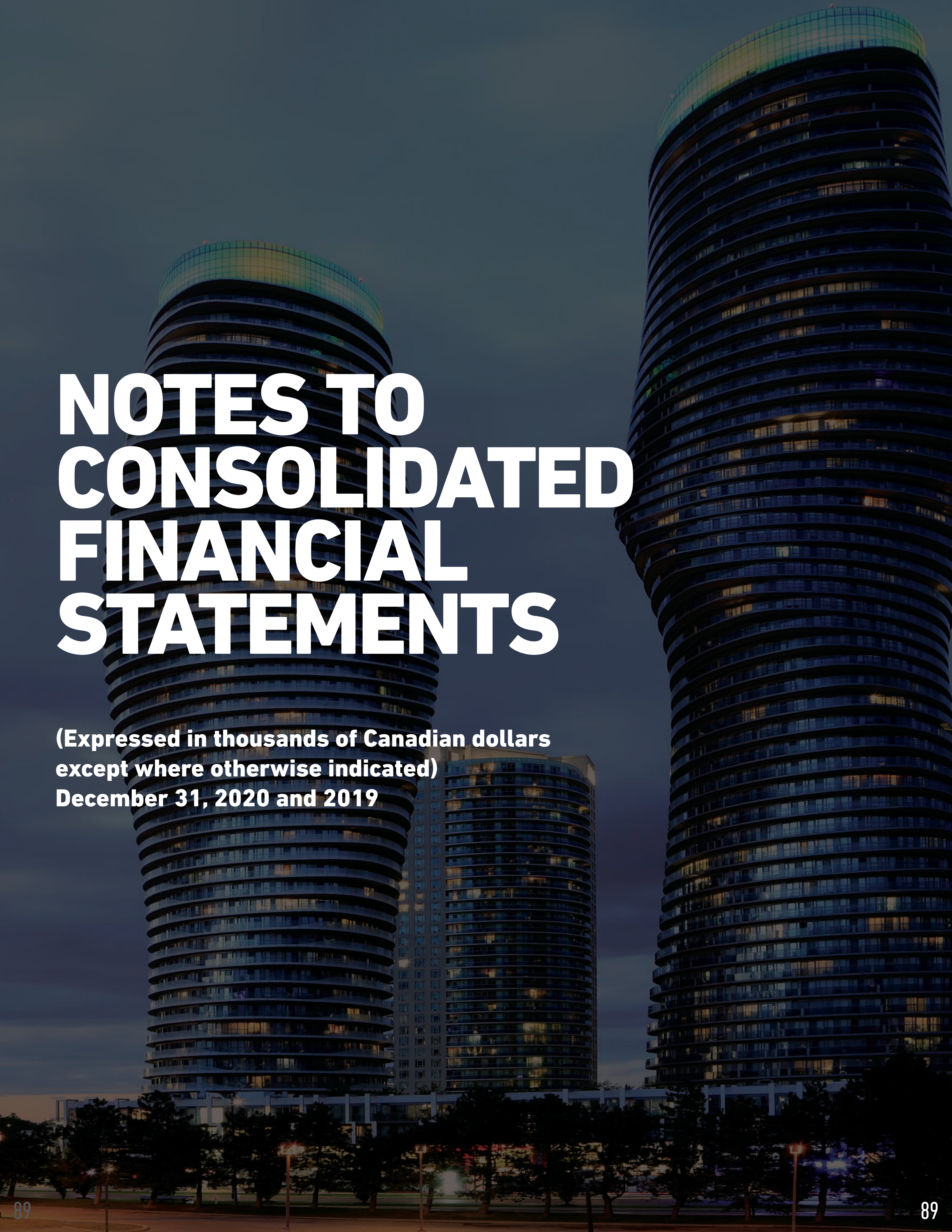
See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of Canadian dollars)

	YEAR ENDED	
	DECEMBER 31, 2020	DECEMBER 31, 2019
OPERATING ACTIVITIES		
Net income	**136,505**	64,349
Add (deduct) items not affecting cash		
Bad debts expense (note 6)	**134,998**	156,742
Depreciation of lease assets (note 8)	**35,770**	37,402
Depreciation of right-of-use assets (note 10)	**16,183**	15,199
Deferred income tax expense (recovery) (note 19)	**13,638**	(2,600)
Stock-based compensation (note 16)	**7,575**	8,686
Amortization of intangible assets (note 11)	**6,773**	5,482
Depreciation of property and equipment (note 9)	**5,997**	6,281
Amortization of deferred financing charges	**4,338**	3,506
Loss (gain) on sale or disposal of assets	**92**	(2,591)
Refinancing cost relating to notes payable (note 14)	**-**	21,723
Amortization of premium on notes payable	**-**	(1,879)
Unrealized fair value gain on investment (note 7)	**(21,740)**	-
	340,129	312,300
Net change in other operating assets and liabilities (note 21)	**17,561**	(16,125)
Net issuance of consumer loans receivable	**(246,824)**	(415,069)
Purchase of lease assets	**(36,454)**	(36,975)
Cash provided by (used in) operating activities	**74,412**	(155,869)
INVESTING ACTIVITIES		
Purchase of property and equipment	**(14,405)**	(8,217)
Purchase of intangible assets	**(14,268)**	(8,642)
Proceeds on sale of assets	**-**	6,031
Purchase of investment	**-**	(34,300)
Cash used in investing activities	**(28,673)**	(45,128)
FINANCING ACTIVITIES		
Advances from revolving credit facility	**185,000**	167,000
Lease incentive received (note 10)	**1,795**	1,208
Issuance of common shares	**1,718**	3,839
Issuance of notes payable (note 14)	**-**	79,810
Settlement of deferred share units (note 16)	**(2,000)**	-
Redemption of convertible debt	**(2,427)**	-
Payment of lease liabilities (note 10)	**(16,837)**	(15,741)
Payment of common share dividends (note 15)	**(23,889)**	(16,653)
Purchase of common shares for cancellation (note 15)	**(42,387)**	(20,313)
Payment of advances from revolving credit facility	**(100,000)**	(52,000)
Cash provided by financing activities	**973**	147,150
Net increase (decrease) in cash during the year	**46,712**	(53,847)
Cash, beginning of year	**46,341**	100,188
Cash, end of year	**93,053**	46,341

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, 2020 and 2019

89

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 provides 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, 2020, the Company operated 266 easyfinancial locations (including 14 kiosks within easyhome stores) and 161 easyhome stores (including 35 franchises). As at December 31, 2019, the Company operated 256 easyfinancial locations (including 20 kiosks within easyhome stores) and 163 easyhome stores (including 35 franchises).

The consolidated financial statements were authorized for issue by the Board of Directors on February 17, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements of the Company for the year ended December 31, 2020 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, 2020.

Certain comparative amounts have been restated to conform with the presentation adopted in the current year.

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 where goeasy Ltd. has control but does not have ownership of a majority of voting rights.

As at December 31, 2020, the Parent Company's principal subsidiaries were:

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

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

NATURE, PURPOSE AND EXTENT OF THE COMPANY'S EXPOSURE TO STRUCTURED ENTITY

On December 7, 2020, goeasy Securitization Trust (the "Trust"), a securitization vehicle controlled and consolidated by the Parent Company was established. Upon the creation of the Trust, a structured entity, the Company's activities will include transactions with the Trust which have 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.

A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well-defined objective, such as to effect a tax-efficient lease, carry out research and development activities, provide a source of capital or funding to an entity or provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The primary use of the Trust, is to provide the Company with funding for its operational needs. The Trust entered into a new $200 million revolving securitization warehouse facility ("Revolving Securitization Warehouse Facility") with a bank, 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 easyfinancial Services Inc's statement of financial position. The Revolving Securitization Warehouse Facility maturing on December 7, 2023 bears an interest at the rate of 1-month Canadian Dollar Offered Rate ("CDOR") plus 295 bps. The Company intends to establish an interest rate swap agreement to generate fixed rate payments on the amounts drawn and mitigate the impact of interest rate volatility. As at December 31, 2020, no amount was drawn against the Revolving Securitization Warehouse Facility.

PRESENTATION CURRENCY

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

FOREIGN CURRENCY TRANSLATION

The Parent Company's presentation and functional currency is CAD. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company's United States (U.S.) subsidiary, easyhome U.S. Ltd, is the U.S. dollar ("USD"). The functional currency of all other entities that are consolidated is CAD.

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.

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

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 fair value through: i) 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 and investment, 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 investment and the derivative financial instrument which may be in an asset or liability position depending on the prevailing foreign exchange rates at such time (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 internal risk rating 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 increase 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 increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is credited to bad 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.

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

PROPERTY AND EQUIPMENT

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

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

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

Depreciation on property and equipment is charged to net income.

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

Asset Category	Estimated Useful Lives
Furniture and fixtures	7 years
Computer	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.

Customer lists and software are amortized over their estimated useful lives of five years. Websites and digital properties are amortized over their estimated useful lives of three 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 at contract 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 any indicators of impairment. Such assets deemed not leaseable or sellable 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 business unit, a CGU was determined to be at the business unit level rather than at the individual store or kiosk level, as the cash inflows are largely dependent on easyfinancial's centralized loan and collections centre.

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, USD denominated notes payable, convertible debentures, term loans, 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 include 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.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company's financing activities expose it to the financial risks of changes in foreign exchange rates. The Company utilizes derivative financial instruments as cash flow hedges to assist in the management of certain foreign exchange 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 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 other comprehensive income (loss) and reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows (in this case the interest or principal payments of the Company's USD notes payable) 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 the foreign currency rates would be taken in net income.

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 the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the end of the reporting period.

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

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

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

ii) Deferred Income 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 utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be available to allow the deferred income tax asset to be recovered.

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

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

iii) Sales Tax

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, the taxation authority is included as part of amounts receivable or accounts payable and accrued liabilities in the consolidated statements of financial position.

STOCK-BASED PAYMENT TRANSACTIONS

The Company has stock-based compensation plans as described in note 15.

i) Equity-Settled Transactions

The Company has stock options, Restricted Share Units ("RSUs") and Deferred Share Units ("DSUs") which are currently accounted for as equity-settled awards. The cost of such equity-settled transactions is measured by reference to the fair value determined using the market value on the grant date or the Black-Scholes option 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 has 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 initially at fair value at the grant date. The liability is remeasured to fair value, at each reporting date up to and including the settlement date, based on the value of the Company's publicly-traded common shares and the Company's best estimate of the number of cash-settled instruments that will ultimately vest.

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

Impact of COVID-19 Pandemic

The Company's business has been and will continue to be impacted by the COVID-19 pandemic, which has created, and continues to create, 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 by affecting consumer confidence, global financial markets (with global equity markets having experienced significant volatility and weakness), 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. Additionally, the second wave of the COVID-19 pandemic and the emergence of new variants have led to governments around the world to continue to enact measures to combat the spread of the COVID-19 virus, including, but not limited to, the implementation of travel bans, border closings, mandated closure of non-essential services, self-imposed quarantine periods and social and physical distancing policies, which have contributed to the material disruption to businesses globally, resulting in a sudden economic slowdown. 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. Therefore, the COVID-19 virus and the measures to prevent its spread may 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) Allowance for Credit Losses and Allowance for Loan Losses

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 6.

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.

ii) 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.

iii) Impairment on Non-Financial Assets

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

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

iv) 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.

v) 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.

vi) 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.

vii) Unearned Revenue

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

viii) Convertible Debentures

The convertible debentures are accounted for as a compound financial instrument with a liability component and a separate equity component. The debt component of this compound financial instrument is measured at fair value on initial recognition by discounting the stream of future interest and principal payments at the rate of interest prevailing at the date of issue for instruments of similar term and risk as estimated by management. The debt component is subsequently deducted from the total carrying value of the compound financial instrument to derive the equity component.

ix) Premises Lease Contracts

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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).

x) 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

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments were considered in the acquisition of a loan portfolio in February 2020.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39, Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships.

(b) Standards issued but not yet effective

Amendments to IFRS 16 COVID-19 Related Rent Concessions
On May 28, 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16, Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendments apply to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The Company has not early adopted this amendment as these amendments had no impact on the consolidated financial statements.

4. 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 derivative financial instruments contract. As at December 31, 2020, the fair value of the cash pledged by the Company as a cash collateral in respect of the derivative financial instruments was $30.1 million (2019 – 11.6 million).

5. AMOUNTS RECEIVABLE

	DECEMBER 31, 2020	DECEMBER 31, 2019
Commission receivable	**6,367**	11,082
Due from franchisees	**656**	3,349
Vendor rebate receivable	**539**	324
Other	**2,217**	3,727
	9,779	18,482
Current	**9,595**	17,384
Non- current	**184**	1,098
	9,779	18,482

Other amounts receivables consist of amounts due from customers and other items.

6. 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 60 months while secured loan terms generally range from 6 to 10 years.

	DECEMBER 31, 2020	DECEMBER 31, 2019
Gross consumer loans receivable	**1,246,840**	1,110,633
Interest receivable from consumer loans	**16,566**	16,384
Unamortized deferred acquisition costs	**14,648**	20,642
Allowance for credit losses	**(125,676)**	(107,107)
	1,152,378	1,040,552

The allocation of the Company's gross consumer loans receivable as at December 31, 2020 and 2019 based on loan types are as follows:

	DECEMBER 31, 2020	DECEMBER 31, 2019
Unsecured instalment loans	**1,091,562**	995,122
Secured instalment loans	**155,278**	115,511
	1,246,840	1,110,633

The scheduled principal repayment aging analyses of the gross consumer loans receivable portfolio as at December 31, 2020 and 2019 are as follows:

	DECEMBER 31, 2020		DECEMBER 31, 2019	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
0 - 6 months	**184,553**	**14.8%**	182,896	16.5%
6 - 12 months	**144,341**	**11.6%**	130,043	11.7%
12 - 24 months	**300,560**	**24.1%**	275,038	24.8%
24 - 36 months	**289,065**	**23.2%**	259,598	23.4%
36 - 48 months	**181,866**	**14.6%**	154,908	13.9%
48 - 60 months	**62,361**	**5.0%**	44,918	4.0%
60 months +	**84,094**	**6.7%**	63,232	5.7%
	1,246,840	**100.0%**	1,110,633	100.0%

The gross consumer loans receivable portfolio categorized by the contractual time to maturity at year-ends are summarized as follows:

	DECEMBER 31, 2020		DECEMBER 31, 2019	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
0 - 1 year	**48,561**	**3.9%**	42,623	3.8%
1 - 2 years	**142,958**	**11.5%**	139,414	12.6%
2 - 3 years	**321,683**	**25.8%**	296,891	26.7%
3 - 4 years	**381,055**	**30.6%**	366,359	33.0%
4 - 5 years	**209,994**	**16.8%**	156,439	14.1%
5 years +	**142,589**	**11.4%**	108,907	9.8%
	1,246,840	**100.0%**	1,110,633	100.0%

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

	DECEMBER 31, 2020		DECEMBER 31, 2019	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
1 - 30 days	**34,880**	**2.8%**	40,508	3.7%
31 - 44 days	**7,645**	**0.6%**	7,692	0.7%
45 - 60 days	**5,503**	**0.4%**	7,579	0.7%
61 - 90 days	**7,258**	**0.6%**	8,578	0.8%
91 - 180 days	**378**	**0.0%**	321	0.0%
	55,664	**4.4%**	64,678	5.9%

The following table provides 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 proprietary behaviour credit scoring model. This scoring model has been built and refined using analytical techniques and statistical modelling tools which has proven more effective at predicting future losses 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, 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

	AS AT DECEMBER 31, 2019				
	MEDIAN TRANSUNION RISK SCORE	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)	TOTAL
Low Risk	601	445,584	1,198	6	446,788
Normal Risk	531	400,040	6,379	225	406,644
High Risk	489	137,699	95,871	23,631	257,201
Total	535	983,323	103,448	23,862	1,110,633

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

	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)
Balance as at December 31, 2020	1,141,801	84,835	20,204	1,246,840

On February 28, 2020, the Company acquired a $31.3 million of gross consumer loans receivable from Mogo Inc. ("Mogo").

	YEAR ENDED DECEMBER 31, 2019			
	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)	TOTAL
Balance as at January 1, 2019	701,167	114,278	18,334	833,779
Gross loans originated	1,095,375	-	-	1,095,375
Principal payments and other adjustments	(684,412)	12,999	(5,582)	(676,995)
Transfers to (from)				
Stage 1 (Performing)	281,552	(266,836)	(14,716)	-
Stage 2 (Under-Performing)	(334,752)	351,835	(17,083)	-
Stage 3 (Non-Performing)	(43,089)	(88,061)	131,150	-
Gross charge-offs	(32,518)	(20,767)	(88,241)	(141,526)
Balance as at December 31, 2019	983,323	103,448	23,862	1,110,633

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

	DECEMBER 31, 2020	DECEMBER 31, 2019
Balance, beginning of year	107,107	79,741
Net amounts written-off against allowance	(116,429)	(129,376)
Increase due to lending and collection activities	134,998	156,742
Balance, end of year	125,676	107,107

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

	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 amounts written off against allowance	(20,644)	(11,641)	(84,144)	(116,429)
Balance as at December 31, 2020	77,759	32,608	15,309	125,676

	YEAR ENDED DECEMBER 31, 2019			
	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)	TOTAL
Balance as at January 1, 2019	37,715	28,214	13,812	79,741
Gross loans originated	53,740	-	-	53,740
Principal payments and other adjustments	(23,631)	3,006	(13,654)	(34,279)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	57,526	(57,192)	(11,017)	(10,683)
Stage 2 (Under-Performing)	(30,588)	105,649	(12,913)	62,148
Stage 3 (Non-Performing)	(7,923)	(26,271)	120,010	85,816
Net amounts written off against allowance	(30,909)	(19,735)	(78,732)	(129,376)
Balance as at December 31, 2019	55,930	33,671	17,506	107,107

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, three forward-looking scenarios are generated - 1) Neutral, 2) Optimistic, and 3) Pessimistic - based on forecasting of macroeconomic variables (GDP, unemployment rates, inflation rates, and oil prices) that are determined relevant to the allowance for credit losses. Judgment is then applied to the recommended probability weightings to these scenarios to determine a probability weighted allowance for credit losses as at December 31, 2020.

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast period as at December 31, 2020, which were obtained from the forward-looking indicator ("FLI") forecasts produced by five large Canadian banks.

12-MONTH FORWARD-LOOKING MACROECONOMIC VARIABLES (AVERAGE ANNUAL %)	NEUTRAL FORECAST	OPTIMISTIC FORECAST	PESSIMISTIC FORECAST
Unemployment rate[1]	**7.51%**	7.30%	11.41%
GDP Growth[2]	**5.91%**	6.55%	(2.9%)
Inflation Growth[3]	**1.52%**	1.05%	2.03%
Oil Prices[4]	**$49.91**	$55.04	$31.33

1 An average of the projected monthly unemployment rates over the next 12-months 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-months 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 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 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 pessimistic scenario forecast, the allowance for credit losses would have been $14.0 million higher than the reported allowance for credit losses as at December 31, 2020. 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.

7. INVESTMENT

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 pay-later solutions at their favourite retailers, both online and in-store.

The Company's investment in PayBright is classified at Fair Value Through Profit or Loss. The fair value of PayBright was determined from the sale transaction described below. For the year-ended December 31, 2020, the Company recognized an unrealized fair value gain amounting to $21.7 million in the consolidated statement of income.

Sale of Investment in PayBright

On December 3, 2020, PayBright announced that the shareholders of PayBright had reached a definitive agreement to sell 100% of the PayBright shares to Affirm Holdings Inc. ("Affirm"), including the Company's minority equity interest in PayBright. The sale transaction closed on January 1, 2021. 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 transaction, on January 1, 2021, the Company received total consideration 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 achieving the contingent equity, the fair value of the investment in PayBright was determined to be $56.0 million as at December 31, 2020 based on the estimated value of the consideration to be received on January 1, 2021.

On January 1, 2021, the Company will derecognize its $56.0 million investments in PayBright and will recognize $33.1 million investment in Affirm in the consolidated statement of financial position. The carrying amount of the Company's investment in PayBright as at December 31, 2020 of $56.0 million is equal to the total sale consideration that will be recognized on January 1, 2021.

The Company's investment in Affirm will be classified at initial recognition at Fair Value Through Profit or Loss on January 1, 2021.

8. LEASE ASSETS

	DECEMBER 31, 2020	DECEMBER 31, 2019
Cost		
Balance, beginning of year	**54,840**	62,180
Additions	**36,458**	36,877
Disposals	**(38,759)**	(44,217)
Balance, end of year	**52,539**	54,840
Accumulated Depreciation		
Balance, beginning of year	**(6,144)**	(10,562)
Depreciation for the year	**(35,770)**	(37,402)
Disposals	**38,759**	41,820
Balance, end of year	**(3,155)**	(6,144)
Net book value	**49,384**	48,696

During the year ended December 31, 2020, the net book value of the lease assets sold or disposed by the Company was nil (2019 – $2,397).

9. PROPERTY AND EQUIPMENT

	FURNITURE AND FIXTURES	COMPUTER AND OFFICE EQUIPMENT	AUTOMOTIVE	SIGNAGE	LEASEHOLD IMPROVEMENTS	TOTAL
Cost						
As at December 31, 2018	15,744	11,064	206	6,183	32,020	65,217
Additions	658	1,336	30	381	5,812	8,217
Disposals	(7,033)	(4,024)	(236)	(3,157)	(15,006)	(29,456)
As at 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)**
As at December 31, 2020	**10,726**	**11,775**	**-**	**3,852**	**31,501**	**57,854**
Accumulated Depreciation						
As at December 31, 2018	(11,064)	(6,484)	(206)	(4,665)	(21,515)	(43,934)
Depreciation	(1,127)	(1,178)	(3)	(449)	(3,524)	(6,281)
Disposals	7,022	3,936	209	3,138	14,939	29,244
As at 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**
As at December 31, 2020	**(5,985)**	**(4,835)**	**-**	**(2,405)**	**(13,307)**	**(26,532)**
Net Book Value						
As at December 31, 2019	4,200	4,650	-	1,431	12,726	23,007
As at December 31, 2020	**4,741**	**6,940**	**-**	**1,447**	**18,194**	**31,322**

As at December 31, 2020, the amount of property and equipment classified as under construction or development and not being amortized was $4.1 million (2019 – $0.9 million).

During the year ended December 31, 2020, the net book value of the property and equipment sold by the Company was $95 (2019 – $212).

For easyhome, various impairment indicators were used to determine the need to test a CGU for impairment. Examples of impairment indicators include a significant decline in revenue, performance significantly below budget and expectations and negative CGU operating income during the year. Where these impairment indicators existed, the carrying value of the assets within a CGU was compared with its estimated recoverable value which was generally considered to be the CGU's value in use. When determining the value in use of a CGU, the Company developed a discounted cash flow model for the individual CGU. Sales and cost forecasts were based on actual operating results, three-year operating budgets consistent with strategic plans presented to the Company's Board of Directors and a 1% long-term growth rate. The pre-tax discount rate used on the forecasted cash flows was 11.5%. Where the carrying value of the CGU's assets exceeded the recoverable amounts, as represented by the CGU's value in use, the store's property and equipment assets were written down. It was concluded that, due to the portability of lease assets held within the CGU and the cash flows generated by individual lease assets, no impairment write-down of the lease assets was required. As such, the CGU impairment charge would be limited to the property and equipment held by the impaired CGU.

For easyfinancial, 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, 2020 and 2019, no net impairment recovery in depreciation of property and equipment was recognized by the Company. All impairment charges and recoveries in 2019 are related solely to the easyhome segment.

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	RIGHT-OF-USE ASSETS			
	PREMISES	**VEHICLES**	**TOTAL**	**LEASE LIABILITIES**
As at January 1, 2019	39,274	2,489	41,763	47,523
Additions	18,553	1,030	19,583	19,583
Depreciation expense	(14,408)	(791)	(15,199)	-
Interest expense	-	-	-	2,464
Interest payment	-	-	-	(2,464)
Lease inducement received	-	-	-	1,208
Principal payment	-	-	-	(15,741)
As at 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)
As at December 31, 2020	44,025	2,310	46,335	53,902

For the year ended December 31, 2020, the Company recognized rent expense from short-term leases of $2,433 (2019 – $1,438) and variable lease payments of $12,061 (2019 – $11,266).

11. INTANGIBLE ASSETS AND GOODWILL

	TRADEMARKS	CUSTOMER LISTS	SOFTWARE	TOTAL
Cost				
As at December 31, 2018	2,088	1,683	36,055	39,826
Additions	-	9	8,633	8,642
Disposals	-	(438)	(9,795)	(10,233)
As at December 31, 2019	**2,088**	**1,254**	**34,893**	**38,235**
Additions	**-**	**-**	**14,268**	**14,268**
As at December 31, 2020	**2,088**	**1,254**	**49,161**	**52,503**
Accumulated Amortization				
As at December 31, 2018	(1,992)	(1,039)	(22,206)	(25,237)
Amortization	-	(257)	(5,225)	(5,482)
Disposals	-	438	9,795	10,233
As at December 31, 2019	**(1,992)**	**(858)**	**(17,636)**	**(20,486)**
Amortization	**-**	**(159)**	**(6,614)**	**(6,773)**
As at December 31, 2020	**(1,992)**	**(1,017)**	**(24,250)**	**(27,259)**
Net Book Value				
As at December 31, 2019	96	396	17,257	17,749
As at December 31, 2020	**96**	**237**	**24,911**	**25,244**

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, 2020 were $14.3 million (2019 – $8.6 million) of internally developed software application and website costs.

Goodwill was $21.3 million as at December 31, 2020 (2019 – $21.3 million). There were no disposals or impairments applied to goodwill during the years ended December 31, 2020 and 2019.

Goodwill and indefinite-life intangible assets were allocated to the group of CGUs to which they relate. The carrying value of goodwill was fully allocated to the easyhome CGUs. Impairment testing is performed annually and was performed as at December 31, 2020 and 2019. The impairment test consisted of comparing the carrying value of assets within the CGU to the recoverable amount of that CGU as measured by discounting the expected future cash flows using a value in use approach. The discounted cash flow model was based on historical operating results, detailed sales and cost forecasts over a three-year period, a 1% long-term growth rate and a pre-tax discount rate used on the forecasted cash flows of 11.5%, all of which were consistent with the strategic plans presented to the Company's Board of Directors.

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

12. 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. Interest on advances is payable at either the Canadian Bankers' Acceptance rate ("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, 2020	DECEMBER 31,2019
Drawn amount	**200,000**	115,000
Unamortized deferred financing costs	**(1,661)**	(2,437)
	198,339	112,563

The financial covenants of the revolving credit facility were as follows:

FINANCIAL COVENANT	REQUIREMENTS	DECEMBER 31,2020
Minimum consolidated tangible net worth	>132,000, plus 50% of consolidated net income	**$384,692**
Maximum consolidated leverage ratio	< 3.25	**2.26**
Minimum consolidated fixed charge coverage ratio	> 1.75	**2.77**
Maximum net charge off ratio	< 15.0%	**10.0%**
Minimum collateral performance index	> 90.0%	**100.1%**

As at December 31, 2020, the Company was in compliance with all of its financial covenants under its credit agreements.

13. 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 and commenced on January 31, 2018 (the "Debentures"). The Debentures mature on July 31, 2022 and are convertible at the holder's option into common shares of the Company at a conversion price of $44.00 per share.

On and after July 31, 2020, and prior to July 31, 2021, the Debentures may 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 may 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 de-listed from TSX subsequently thereafter.

The following table summarizes the details of the convertible debentures:

	AMOUNT
As at January 1, 2019	**39,525**
Accretion in carrying value of debenture liability	**1,137**
Conversion of debentures to equity (net of $1 unamortized deferred financing costs)	**(6)**
As at December 31, 2019	**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)**
As at December 31, 2020	**-**

During the year ended December 31, 2020, $41,629 of Debentures were converted into 959,983 common shares. During 2019, $7 of Debentures were converted into 158 common shares. Unamortized deferred financing costs related to these Debentures amount to $2,650 thousand (December 31, 2019 – $1).

14. NOTES PAYABLE

On November 27, 2019, the Company issued USD$550.0 million of 5.375% senior unsecured notes payable ("Notes Payable") with interest payable semi-annually on June 1 and December 1 of each year and commencing on June 1, 2020. The Notes Payable mature on December 1, 2024.

The Notes Payable include certain prepayment features: i) up to December 1, 2021, all of the Notes Payable can be prepaid at par plus a premium and accrued and unpaid interest or, if the proceeds are acquired from an equity offering, up to 40% of the Notes Payable (including future additions) can be prepaid at a price of 105.375% plus accrued and unpaid interest; ii) from December 1, 2021 to November 30, 2022, all of the Notes Payable can be prepaid at a price of 102.688% plus accrued and unpaid interest; iii) from December 1, 2022 to November 30, 2023, all of the Notes Payable can be prepaid at a price of 101.344% plus accrued and unpaid interest; and iv) subsequent to December 1, 2023 the Notes Payable can be prepaid at par plus accrued and unpaid interest.

The proceeds of the November 27, 2019 notes issuance was used to extinguish the Company's previous USD$475.0 million of 7.875% senior unsecured outstanding notes payable that would have matured on November 1, 2022, and unwind the related cross-currency swap for USD$325.0 million at USD1.000 = CAD1.289 and USD150.0 million at USD1.000 = CAD1.316. As a result of repaying these notes, the Company incurred an early repayment penalty, recognized the remaining unamortized deferred financing costs and unamortized premium associated with these notes, realized derivative loss, and reclassified the net change in cash flow hedge from other comprehensive income (loss) to the consolidated statement of income resulting in a one-time before tax charge of $21.7 million.

The following table summarizes the details of the Notes Payable:

	DECEMBER 31, 2020	DECEMBER 31,2019
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	**(28,380)**	(13,851)
	699,930	714,459
Notes Payable in CAD at issuance	**(10,520)**	(12,910)
	689,410	701,549

Concurrent with the issuance of the Notes Payable, the Company entered into derivative financial instruments (the "cross-currency swaps") as cash flow hedges to fix the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the Notes Payable at a fixed exchange rate of USD1.000 = CAD1.3242, thereby fully hedging the USD$550.0 million Notes Payable at a CAD interest rate of 5.65%. The cross-currency swaps fully hedge the obligation under the Notes Payable to $728.3 million.

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, 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 year ended December 31, 2020 and for the year ended December 31, 2019.

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 Other Comprehensive Income 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 to profit and loss 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 from swap curves adjusted for credit risks. Swap curves are obtained directly from market sources. The change in fair value of the cross-currency swaps used for measuring ineffectiveness for the period is as follows:

	DECEMBER 31, 2020	DECEMBER 31,2019
Derivative financial liabilities	**(36,910)**	(16,435)

15. 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, 2020		DECEMBER 31, 2019	
	# OF SHARES (IN 000S)	$	# OF SHARES (IN 000S)	$
Balance, beginning of year	**14,346**	**141,956**	14,405	138,090
Conversion of Debentures	**960**	**38,979**	-	6
Exercise of RSUs	**199**	**7,070**	201	3,560
Exercise of stock options	**47**	**1,121**	188	4,284
Dividend reinvestment plan	**17**	**834**	10	490
Shares purchased for cancellation	**(768)**	**(8,207)**	(458)	(4,474)
Balance, end of year	**14,801**	**181,753**	14,346	141,956

DIVIDENDS ON COMMON SHARES

For the year ended December 31, 2020, the Company paid dividends of $23.9 million (2019 – $16.7 million) or $1.660 per share (2019 – $1.155 per share). On November 3, 2020, the Company declared a dividend of $0.45 per share to shareholders of record on December 25, 2020, payable on January 8, 2021. The dividend paid on January 8, 2020 was $6.7 million.

SHARES PURCHASED FOR CANCELLATION

During the year ended December 31, 2020, the Company purchased and cancelled 767,855 (2019 – 458,260) of its common shares on the open market at an average price of $55.18 (2019 – $44.31) per share for a total cost of $42.4 million (2019 – $20.3 million) pursuant to a normal course issuer bid. This normal course issuer bid expired on December 19, 2020. The normal course issuer bid was renewed on December 16, 2020 which allows for a total purchase of up to 1,079,703 common shares and expires on December 20, 2021.

16. 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, 2020		DECEMBER 31, 2019	
	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE EXERCISE PRICE $	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE EXERCISE PRICE $
Outstanding balance, beginning of year	**472**	**33.67**	613	27.67
Options granted	**181**	**37.81**	115	40.60
Options exercised	**(47)**	**18.81**	(188)	17.74
Options forfeited or expired	**(29)**	**35.62**	(68)	35.33
Outstanding balance, end of year	**577**	**36.07**	472	33.67
Exercisable balance, end of year	**-**	**-**	47	18.81

Outstanding options to officers and employees as at December 31, 2020 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 - 39.99	490	2.77	35.23	-	-
40.00 - 40.80	87	3.12	40.80	-	-
32.37 - 40.80	577	2.82	36.07	-	-

The Company used the fair value method of accounting for stock options granted to employees. During the year ended December 31, 2020, the Company recorded an expense of $1,181 (2019 – $1,151) 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 2020 and 2019 were determined using the Black-Scholes option pricing model with the following assumptions:

	2020	2019
Risk-free interest rate (% per annum)	0.75	1.82
Expected hold period to exercise (years)	4.75	4.75
Volatility in the price of the Company's shares (%)	47.51	37.37
Dividend yield (%)	5.00	3.00

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, 2020		DECEMBER 31, 2019	
	# 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	401	41.34	533	31.14
RSUs granted	100	40.97	126	43.93
RSU dividend reinvestments	8	54.05	8	48.27
RSUs exercised	(199)	35.53	(201)	17.58
RSUs forfeited	(40)	39.66	(65)	37.03
Outstanding balance, end of year	270	46.11	401	41.34

For the year ended December 31, 2020, $3,820 (2019 – $5,096) 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, 2020, the Company granted 32,246 DSUs (2019 – 58,103 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, 2020, $2,574 (2019 – $2,439) was recorded as stock-based compensation expense under the DSU Plan in the consolidated statements of income. Additionally, for the year ended December 31, 2020, an additional 8,011 DSUs (2019 – 5,368 DSUs) were granted as a result of dividends reinvested. During the year ended December 31, 2020, 28,028 DSUs were settled for $2.0 million (2019 – nil).

CONTRIBUTED SURPLUS

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

	DECEMBER 31, 2020	DECEMBER 31, 2019
Contributed surplus, beginning of year	**20,296**	16,105
Equity-settled stock-based compensation expense		
Restricted share units	**3,820**	5,096
Deferred share units	**2,574**	2,439
Stock options	**1,181**	1,151
Conversion of convertible debentures	**1,168**	-
Reduction due to exercise of stock-based compensation		
Stock options	**(242)**	(941)
Deferred share units	**(2,000)**	-
Restricted share units	**(7,065)**	(3,554)
Contributed surplus, end of year	**19,732**	20,296

17. OTHER EXPENSES

In the normal course of its operations, the Company periodically sells select lease portfolios, loan portfolio and other assets. For the year ended December 31, 2019, other expenses included net gains realized on the sale of lease portfolios, loan portfolio and other assets of $2.6 million. For the year ended December 31, 2020, there were no such gains.

18. 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, 2020	DECEMBER 31, 2019
Interest expense		
Notes payable	**41,150**	45,329
Revolving credit facility	**5,866**	3,420
Convertible debt	**1,409**	2,534
Amortization of deferred financing costs and accretion expense	**4,338**	4,819
Interest income, net	**(515)**	(1,008)
	52,248	55,094

19. INCOME TAXES

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

	DECEMBER 31, 2020	DECEMBER 31, 2019
Combined basic federal and provincial income tax rates	**26.6%**	27.3%
Expected income tax expense	**48,727**	24,439
Non-deductible expenses	**1,119**	1,090
Effect of capital gains on sale of assets and investments	**(2,891)**	(248)
Other	**(276)**	(118)
	46,679	25,163

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

	DECEMBER 31, 2020	DECEMBER 31, 2019
Current income tax:		
Current income tax charge	**37,482**	27,876
Adjustments in respect of prior years and other	**(4,441)**	(113)
	33,041	27,763
Deferred income tax:		
Relating to origination and reversal of temporary differences	**13,638**	(2,600)
	46,679	25,163

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

	DECEMBER 31, 2020	DECEMBER 31, 2019
Amounts receivable and allowance for credit losses	**4,933**	8,890
Financing fees	**4,593**	6,707
Revaluation of Notes Payable and cross-currency swaps	**2,261**	685
Stock-based compensation	**1,551**	2,411
Right-of-use assets, net of lease liabilities	**1,184**	1,224
Unearned revenue	**304**	378
Loss carry forwards	**182**	616
Unrealized fair value gain on investment	**(2,880)**	-
Tax cost of lease assets and property and equipment in excess of net book value	**(8,062)**	(5,950)
	4,066	14,961

All changes to the deferred tax assets were recorded as an expense in deferred tax expense in the consolidated statements of income.

As at December 31, 2020 and 2019, there was no recognized deferred tax liabilities for taxes that would be payable on the undistributed earnings of the Company's subsidiaries. The Company has determined that undistributed earnings of its subsidiaries would not be distributed in the foreseeable future.

20. 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, 2020	DECEMBER 31, 2019
Net income	**136,505**	64,349
Weighted average number of ordinary shares outstanding (in 000s)	**14,817**	14,635
Basic earnings per ordinary share	**9.21**	4.40

For the year ended December 31, 2020, 254,200 DSUs (2019 – 238,529 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, 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. For the years ended December 31, 2020 and 2019, 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, 2020	DECEMBER 31, 2019
Net income	**136,505**	64,349
After tax impact of convertible debentures	**1,586**	2,698
Fully diluted net income	**138,091**	67,047
Weighted average number of ordinary shares outstanding (in 000s)	**14,817**	14,635
Dilutive effect of stock-based compensation (in 000s)	**376**	426
Dilutive effect of convertible debentures (in 000s)	**564**	1,001
Weighted average number of diluted shares outstanding (in 000s)	**15,757**	16,062
Dilutive earnings per ordinary share	**8.76**	4.17

For the year ended December 31, 2020, no stock options to acquire common shares (2019 – 94,648), were considered anti-dilutive using the treasury stock method and therefore excluded in the calculation of diluted earnings per share.

21. NET CHANGE IN OTHER OPERATING ASSETS AND LIABILITIES

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

	DECEMBER 31, 2020	DECEMBER 31, 2019
Amounts receivable	**8,703**	(3,032)
Prepaid expenses	**(5,928)**	(3,242)
Accounts payable and accrued liabilities	**4,296**	(3,753)
Income taxes payable	**9,710**	(3,312)
Unearned revenue	**2,540**	2,080
Accrued interest	**(1,760)**	(4,866)
	17,561	(16,125)

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

	DECEMBER 31, 2020	DECEMBER 31, 2019
Income taxes paid	**25,534**	31,948
Income taxes refunded	**2,203**	873
Interest paid	**50,111**	60,492
Interest received	**409,887**	338,361

22. COMMITMENTS AND GUARANTEES

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, 2020, 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	**17,164**	**35,641**	**4,837**
Vehicles	**881**	**1,722**	**52**
Technology commitments	**11,315**	**5,985**	**-**
	29,360	**43,348**	**4,889**

23. 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.

24. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, share repurchases, the payment of dividends, increasing or decreasing bank debt and 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, 2020 and 2019, the Company was in compliance with all of its externally imposed financial covenants.

25. FINANCIAL RISK MANAGEMENT

OVERVIEW

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

CREDIT RISK

The maximum exposure to credit risk is represented by the carrying amount of the amounts receivable, consumer loans receivable and lease assets with customers under merchandise lease agreements. The Company 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, three forward-looking scenarios are 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. 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 6 for additional details on the allowance for credit losses. As at December 31, 2020, the Company's gross consumer loans receivable portfolio was $1.25 billion (2019 – $1.11 billion). Net charge offs expressed as a percentage of the average loan book were 10.0% for the year ended December 31, 2020 (2019 – 13.3%).

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, 2020, the Company's lease assets were $49.4 million (2019 – $48.7 million). Lease asset losses for the year ended December 31, 2020 represented 2.4% (2019 – 2.9%) of total revenue for the easyhome segment.

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

LIQUIDITY RISK

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

The Company believes that the cash flow provided by operations and funds available from the credit facility will be sufficient in the near term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. In addition, the incremental financing obtained in 2020 will allow the Company to continue growing its consumer loans receivable portfolio into the third 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 facility 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.

Substantially all liabilities are due within 12 months with the exception of Notes Payable. This credit facility has no current component and is due as disclosed in note 14. As at December 31, 2020, $200 million (2019 - $115 million) was drawn on the Company's revolving credit facility (note 12).

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, 2020, the Notes Payable had a fixed rate of interest. The $310 million 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, 2020, the Company's outstanding borrowing from its revolving credit facility was subject to movements in the BA rate. A 10% movement in the BA rate would have increased or decreased net income for the year by approximately $137.

The $200 million Revolving Securitization Warehouse Facility has a variable interest rate at 1-month CDOR plus 295 bps. As at December 31, 2020, there is no interest rate risk on the Revolving Securitization Warehouse Facility as no amount was drawn from the facility. The Company intends to establish an interest rate swap agreement to generate fixed rate payments on the amounts drawn and mitigate the impact of interest rate volatility.

CURRENCY RISK

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

The Company completed an offering of USD$550.0 million Notes Payable in 2019. These notes are due December 1, 2024 with a USD coupon rate of 5.375%. Concurrent with these offerings, the Company entered into currency swap agreements to fix 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.

26. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

FINANCIAL INSTRUMENTS	MEASUREMENT	DECEMBER 31, 2020	DECEMBER 31, 2019
Cash	Fair value	**93,053**	46,341
Amounts receivable	Amortized cost	**9,779**	18,482
Consumer loans receivable	Amortized cost	**1,152,378**	1,040,552
Investment	Fair value	**56,040**	34,300
Revolving credit facility	Amortized cost	**198,339**	112,563
Accounts payable and accrued liabilities	Amortized cost	**46,065**	41,350
Derivative financial liabilities	Fair value	**36,910**	16,435
Accrued interest	Amortized cost	**2,598**	4,358
Convertible debentures	Amortized cost	**-**	40,656
Notes payable	Amortized cost	**689,410**	701,549

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, 2020 and 2019:

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**
Investment	**56,040**	**-**	**-**	**56,040**
Revolving credit facility	**198,339**	**-**	**-**	**198,339**
Accounts payable and accrued liabilities	**46,065**	**-**	**-**	**46,065**
Derivative financial liabilities	**36,910**	**-**	**36,910**	**-**
Accrued interest	**2,598**	**-**	**-**	**2,598**
Notes payable	**689,410**	**-**	**-**	**689,410**

DECEMBER 31, 2019	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash	46,341	46,341	-	-
Amounts receivable	18,482	-	-	18,482
Consumer loans receivable	1,040,552	-	-	1,040,552
Investment	34,300	-	-	34,300
Revolving credit facility	112,563	-	-	112,563
Accounts payable and accrued liabilities	41,350	-	-	41,350
Derivative financial liabilities	16,435	-	16,435	-
Accrued interest	4,358			4,358
Convertible debentures	40,656	-	-	40,656
Notes payable	701,549	-	-	701,549

There were no transfers between Level 1, Level 2, or Level 3 during the current or prior year.

27. RELATED PARTY TRANSACTIONS

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

	DECEMBER 31, 2020	DECEMBER 31, 2019
Short-term employee benefits including salaries	3,965	4,426
Share-based payment transactions	2,899	2,865
	6,864	7,291

28. SEGMENTED REPORTING

For management purposes, the Company had two reportable segments: easyfinancial and easyhome. 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, 2020 and 2019:

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				
Unrealized fair value gain on investment				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

YEAR ENDED DECEMBER 31, 2019	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	334,124	11,873	-	345,997
Lease revenue	-	113,236	-	113,236
Commissions earned	126,806	8,704	-	135,510
Charges and fees	9,278	5,362	-	14,640
	470,208	139,175	-	609,383
Total operating expenses before depreciation and amortization	267,356	67,253	41,617	376,226
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	7,194	39,140	2,831	49,165
Depreciation of right-of-use assets	6,521	7,943	735	15,199
	13,715	47,083	3,566	64,364
Segment operating income (loss)	189,137	24,839	(45,183)	168,793
Finance costs				
Interest expense and amortization of deferred financing charges				55,094
Interest expense on lease liabilities				2,464
Refinancing cost relating to Notes Payable				21,723
				79,281
Income before income taxes				89,512

As at December 31, 2020, the Company's goodwill of $21.3 million (2019 – $21.3 million) related entirely to its easyhome 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. 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 and $13.4 million in 2020 and 2019, respectively.

The Company's easyhome business consisted of four major product categories: furniture, electronics, computers and appliances. Lease revenue generated by these product categories as a percentage of total lease revenue for the years ended December 31, 2020 and 2019 were as follows:

	DECEMBER 31, 2020 (%)	DECEMBER 31, 2019 (%)
Furniture	**42**	44
Electronics	**32**	32
Computers	**14**	13
Appliances	**12**	11
	100	100

29. SUBSEQUENT EVENT

On December 3, 2020, PayBright announced that the shareholders of PayBright had reached a definitive agreement to sell 100% of the PayBright shares to Affirm, including the Company's minority equity interest in PayBright. The sale transaction closed on January 1, 2021, as described in note 7.

In addition, as described in note 7, Affirm completed an initial public offering on January 13, 2021 and its shares now trade on the Nasdaq Global Select Market under the symbol "AFRM".

Subsequent to the transaction, the Company entered into a 6-month total return swap agreement (the "TRS") to substantively hedge its market exposure related to its 655,416 shares held in Affirm Inc., 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 investment in Affirm shares being settled in cash at maturity for USD$108.87 per share, net of applicable fees.

CORPORATE INFORMATION

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Executive Vice-President
& Chief Financial Officer
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BANKERS

Bank of Montreal
Toronto, Ontario

Wells Fargo Canada
Toronto, Ontario

Canadian Imperial Bank
of Commerce
Toronto, Ontario

ICICI Canada
Toronto, Ontario

TRANSFER AGENT

TSX Trust Company
Toronto, Ontario

LISTED

Toronto Stock Exchange
Trading Symbol: GSY

SOLICITORS

Blake, Cassels & Graydon LLP
Toronto, Ontario

AUDITORS

Ernst & Young LLP
Toronto, Ontario

WEBSITE

www.goeasy.com

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

Andrea Fiederer
Executive Vice-President & Chief Marketing Officer

Jason Appel
Executive Vice-President & Chief Risk Officer

Michael Eubanks
Senior Vice-President & Chief Information Officer

David Cooper
Senior Vice-President & Chief Talent Officer

Steven Poole
Senior Vice-President, Operations & Merchandising

Sabrina Anzini
Senior Vice-President, Legal & Corporate Affairs

Farhan Ali Khan
Senior Vice-President, Corporate Development & Investor Relations

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Annual Report

2020