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

YEAR ENDED
DECEMBER 31, 2021

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

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Date: February 16, 2022

The following Management's Discussion and Analysis ("MD&A") presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries (collectively referred to as "goeasy" or the "Company") as at December 31, 2021 compared to December 31, 2020, and the consolidated results of operations for the three-month period and year ended December 31, 2021 compared with the corresponding periods of 2020. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2021. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

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

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

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's Annual Information Form. These filings are available on SEDAR at *www.sedar.com* and on the Company's website at *www.goeasy.com* *(https://investors.goeasy.com/)*.

Caution Regarding Forward-Looking Statements

This MD&A includes forward-looking statements about goeasy, including, but not limited to, its business operations, strategy and expected financial performance and condition. Forward-looking statements include, but are not limited to, those with respect to the estimated number of new locations to be opened, forecasts for growth of the consumer loans receivable, annual revenue growth forecasts, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements and the Company's ability to secure sufficient capital, liquidity of goeasy, plans and references to future operations and results, critical accounting estimates, expected lower charge off rates on loans with real estate collateral and the benefits resulting from such lower rates, the size and characteristics of the Canadian non-prime lending market and the continued development of the type and size of competitors in the market. In certain cases, forward-looking statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as "expect", "continue", "anticipate", "intend", "aim", "plan", "believe", "budget", "estimate", "forecast", "foresee", "target" or negative versions thereof and similar expressions, and/or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

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

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

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

Overview of the Business

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

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

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

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

Overview of easyfinancial

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

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

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

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

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

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

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

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

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

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

Overview of easyhome

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

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

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

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

Reportable operating segments

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

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

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

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

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

<u>Corporate Strategy</u>

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

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

Product Range

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

Channel Expansion

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

Geographic Diversification

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

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

Financial Wellness

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

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

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

Outlook

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

Update on 2021 Forecasts

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

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

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

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

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

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

Three Year Forecasts

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

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

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

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

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

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

Key Assumptions

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

Environmental Conditions

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

goeasy Locations

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

Portfolio Growth

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

Liquidity & Funding

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

Revenue Yield

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

Credit Performance

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

Investment Performance

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

Mergers and Acquisitions

- No mergers and acquisitions were contemplated in the forecasts.

Key Risk Factors

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

Environmental & Market Conditions

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

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

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

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

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

Access to Capital & Funding
- Continued access to reasonably priced capital and funding.

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

Credit Performance
- Material increase of net charge off rates.

Merchant Partnerships and Point-of-Sale Channel
- The Company's ability to continue to secure and maintain merchant partnerships and point-of-sale channel.

Analysis of Results for the Year Ended December 31, 2021

Financial Highlights and Accomplishments

- On January 1, 2021, PayBright sold 100% of its shares to Affirm Holdings Inc. ("Affirm"), including the Company's minority equity interest in PayBright. Under the terms of the sale transaction, on January 1, 2021, the Company received total consideration, which was valued at that time, as follows:
  - Cash of $23.0 million, excluding one-time expenses and closing adjustments and including $2.1 million held in escrow;
  - Equity in Affirm with a value of $21.5 million; and
  - Contingent equity in Affirm with a value of $15.4 million, subject to revenue performance achieved in 2021 and 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Summary of Financial Results and Key Performance Indicators

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

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

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

Adjusting items related to the LendCare Acquisition

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

Adjusting item related to other income

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

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

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

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

Locations Summary

	Locations as at December 31, 2020	Locations opened/ acquired in the year[1]	Locations closed in the year	Conversions	Locations as at December 31, 2021
easyfinancial					
Kiosks (in store)	14	1	(1)	(9)	**5**
Stand-alone locations	251	26	-	9	**286**
Operations Centres	1	2	-	-	**3**
Total easyfinancial locations	266	29	(1)	-	**294**
easyhome					
Corporately owned stores	126	-	(2)	-	**124**
Franchise stores	35	-	(1)	-	**34**
Total easyhome stores	161	-	(3)	-	**158**
Corporate					
Corporate office	1	-	-	-	**1**
Total corporate office	1	-	-	-	**1**

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

Summary of Financial Results by Reporting Segment

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

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

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

Portfolio Performance

Consumer Loans Receivable

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

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

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

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

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

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

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

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

easyhome Leasing Portfolio

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

Revenue

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

easyfinancial – Revenue in 2021 was $676.4 million, an increase of $166.4 million, or 32.6%, compared to 2020. The components of the increased revenue include:
(i) Interest income increased by $120.4 million, or 30.7% driven by the 62.8% growth in the loan portfolio which includes the acquired loan portfolio from LendCare, partially offset by lower interest yields;
(ii) Commissions earned from sales of ancillary products and services increased by $43.2million, or 39.6%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's Loan Protection Program in the year; and
(iii) Charges and fees increased by $2.8 million.

easyhome – Revenue for 2021 was $150.4 million, an increase of $7.4 million, or 5.1%, compared to 2020. Lending revenue within the easyhome stores increased by $8.4 million, compared to 2020. Traditional leasing revenue for the year decreased by $1.1 million, compared to 2020. The components of easyhome revenue include:
(i) Interest revenue increased by $5.7 million due to the growth of consumer loans receivable related to the easyhome business;
(ii) Lease revenue was lower by $0.4 million due to a smaller lease portfolio;
(iii) Commissions earned on the sale of ancillary products at easyhome increased by $2.6 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and
(iv) Charges and fees decreased by $0.5 million primarily due to a decline in reinstatement fees.

Total Operating Expenses before Depreciation and Amortization

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

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

(i) Bad debt expense increased by $45.6 million in the year, when compared to 2020, driven by an increase of $29.9 million in net charge offs associated with the larger portfolio, coupled with the day one loan loss provision expense of $14.3 million related to the acquired LendCare loan book;
(ii) A $3.2 million increase in advertising and marketing spend; and
(iii) Other operating expenses increased by $22.7 million in the year driven by the acquisition of LendCare resulting in increased costs to operate and manage the growing loan portfolio, merchant and branch network. Overall branch count increased from 266 as at December 31, 2020 to 294 as at December 31, 2021.

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

(i) A $1.5 million increase in bad debt due to a larger loan portfolio; and
(ii) A $0.8 million increase in advertising, distribution and store admin cost;
(iii) Partially offset by a $0.9 million decrease in store costs.

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

Depreciation and Amortization

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

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

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

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

Operating Income (Income before Finance Costs and Income Taxes)

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

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

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

Other Income

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

Finance Costs

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

Income Tax Expense

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

Net Income and EPS

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

Selected Annual Information

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

[1] Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on asset and reported and adjusted return on tangible common equity are non-IFRS ratios. See description in section "Key Performance Indicators and Non-IFRS Measures". Please refer to page 42 of the December 31, 2020 MD&A, page 39 of the December 31, 2019 MD&A, page 51 of the December 31, 2018 MD&A, and page 39 of the December 31, 2017 MD&A, for the respective "Key Performance Indicators and Non-IFRS Measures" section for those years. These MD&As are available on www.sedar.com.

[2] Comparable reported and adjusted return on assets financial measures for the year 2017 was not published.

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

[4] Selected annual information for the year ended December 31, 2021 include financial information related to LendCare.

[5] Prepared under IAS 39 rather than IFRS 9.

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

Assets and Liabilities

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

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

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

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

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

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

Fourth Quarter Highlights

- The Company reported record revenue during the three-month period ended December 31, 2021 of $234.4 million, up from $173.2 million reported in the comparable period of 2020, an increase of $61.2 million, or 35.3%. The increase was primarily driven by the revenue contribution of LendCare and the growth of the Company's consumer loan portfolio.

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

- Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 9.6%, 60 bps higher, compared to 9.0% for the same period of 2020. The change in the net charge off rate was primarily due to the significant degree of federal financial support available to customers during the COVID-19 pandemic in 2020. Net charge-offs remain below pre-COVID levels in 2019 by approximately 370 bps, due to the improved product and credit mix of the portfolio, inclusive of the acquisition of LendCare.

- During the quarter, the net change in allowance for credit losses increased by $4.2 million due to a higher level of loan book growth, when compared to the comparable period of 2020. The provision rate for the three-month period ended December 31, 2021 increased slightly to 7.87% from 7.83% in the third quarter of 2021 primarily due to uncertainty surrounding the impact of COVID-19.

- easyfinancial reported operating income for the three-month period ended December 31, 2021 of $87.6 million, compared with $67.2 million for the comparable period in 2020, an increase of $20.4 million, or 30.4%. The improved operating income was driven by the continued organic growth in the Company's loan book, the continued improvement in the credit and payment performance of the Company's gross consumer loan portfolio related to macro-economic conditions related to the COVID-19 pandemic and the acquisition of LendCare. As a result, easyfinancial revenue increased by $59.5 million, partially offset by an increase of $23.2 million in bad debt expense and $15.9 million of incremental expenditures associated with the acquisition of LendCare to support the growing customer base, enhance the product offering, and expand the retail footprint. easyfinancial's operating margin in the quarter was 44.7%, compared to 49.2% in the comparable period of 2020.

- easyhome's operating income was $8.5 million, compared with $8.7 million, a decrease of $0.2 million, or 2.5%, when compared to the comparable period of 2020. The decrease was mainly driven by higher operating expenses, partially offset by higher revenue. Operating margin for the three-month period ended December 31, 2021 was 22.0%, a decrease from the 23.6% reported in the comparable period of 2020.

- Total Company operating income for the three-month period ended December 31, 2021 was $79.6 million, up $18.4 million, or 29.9%, when compared to the comparable period of 2020. The Company also reported an operating margin of 34.0% in the quarter, down from the 35.4% reported in the comparable period of 2020. During the three-month period ended December 31, 2021, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include LendCare Acquisition integration costs, amortization of intangible assets acquired through the Acquisition and the realized and unrealized fair value gain on investments during the period. These adjusting items are discussed in “Key Performance Indicators and Non-IFRS Measures” section. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported adjusted operating income[1] for the three-month period ended December 31, 2021 of $86.4 million, up $25.1 million, or 40.9%, from the comparable period of 2020. The increase in operating margin was mainly driven by the higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin[1] of 36.8% in the quarter, up from the 35.4% reported in the comparable period of 2020.

- The three-month period ended December 31, 2021 was the 82nd consecutive quarter of positive net income and diluted earnings per share. The Company’s net income for the three-month period ended December 31, 2021 was $50.0 million, or $2.90 per share on a diluted basis, up 2.1% and down 7.6%, respectively, compared to the $48.9 million, or $3.14 per share on a diluted basis reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, goeasy achieved record adjusted net income[1] and adjusted diluted earnings per share[1] during the three-month period ended December 31, 2021. The Company achieved a record adjusted net income[1] and adjusted diluted earnings per share[1] during the three-month period ended December 31, 2021 of $47.6 million and $2.76 per share on a diluted basis, respectively. On this basis, adjusted net income[1] and adjusted diluted earnings per share[1] increased by 36.1% and 23.2%, respectively.

- goeasy reported return on equity of 25.0% in the three-month period ended December 31, 2021, down from 45.8% reported in the comparable period of 2020. Adjusted return on equity[1] for the three-month period ended December 31, 2021 was 23.9%, down from 32.8% in the comparable period of 2020. The decline in adjusted return on equity was primarily related to the higher level of shareholders’ equity resulting from the $172.5 million bought deal equity offering related to the LendCare acquisition.

- goeasy reported return on tangible common equity[1] of 39.8% in the three-month period ended December 31, 2021, compared to 48.2% in the comparable period of 2020. Adjusted return on tangible common equity[1] during the three-month period ended December 31, 2021 was 36.2%, up from 34.5% in the comparable period of 2020. The increase in adjusted return on tangible common equity was driven by the increased earnings produced by the larger consumer loan portfolio.

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

Summary of Financial Results and Key Performance Indicators

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

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

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

Adjusting items related to the LendCare Acquisition

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

Adjusting item related to other income

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

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

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

Locations Summary

	Locations as at September 30, 2021	Locations opened/ acquired in the period	Locations closed in the period	Conversions	Locations as at December 31, 2021
easyfinancial					
Kiosks (in store)	6	-	-	(1)	**5**
Stand-alone locations	279	6	-	1	**286**
Operations centres	3	-	-	-	**3**
Total easyfinancial locations	288	6	-	-	**294**
easyhome					
Corporately owned stores	124	-	-	-	**124**
Franchise stores	34	-	-	-	**34**
Total easyhome stores	158	-	-	-	**158**
Corporate					
Corporate office	1	-	-	-	**1**
Total corporate office	1	-	-	-	**1**

Summary of Financial Results by Reporting Segment

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

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

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

Portfolio Performance

Consumer Loans Receivable

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

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

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

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

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

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

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

easyhome Leasing Portfolio

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

Revenue

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

e*asyfinancial* – Revenue for the three-month period ended December 31, 2021 was $196.0 million, an increase of $59.5 million, when compared to the comparable period of 2020. The components of the increased revenue include:
(i) Interest income increased by $47.0 million, or 46.1%, driven by growth in the loan portfolio, which includes the acquired gross consumer loans receivable from LendCare, offset by lower interest yields;
(ii) Commissions earned on the sale of ancillary products and services increased by $10.2 million, or 31.5%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's Loan Protection Program in the quarter; and
(iii) Charges and fees increased by $2.2 million.

easyhome – Revenue for the three-month period ended December 31, 2021 was $38.4 million, an increase of $1.7 million, when compared to the comparable period of 2020. Lending revenue within the easyhome stores increased by $2.7 million in the current quarter, when compared to the same quarter of 2020. Traditional leasing revenue including fees for the current quarter was $1.0 million lower compared to the same quarter of 2020. The components of easyhome revenue include:
(i) Interest income increased by $1.7 million due to the growth of the consumer loans receivable related to the easyhome business;
(ii) Lease revenue decreased by $0.9 million due to a lower lease portfolio;
(iii) Commissions earned on the sale of ancillary products at easyhome increased by $0.9 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and
(iv) Charges and fees were flat.

Total Operating Expenses before Depreciation and Amortization

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

easyfinancial – Total operating expenses before depreciation and amortization were $99.6 million for the three-month period ended December 31, 2021, an increase of $34.5 million, or 53.1% from the comparable period of 2020. Key drivers include:
(i) Bad debt expense increased by $23.2 million in the current quarter, when compared to the comparable period in 2020, driven by the higher net charge offs and provision expense related to the higher loan portfolio in the quarter; and
(ii) Other operating expenses increased by $11.3 million for the fourth quarter of 2021 driven by the acquisition of LendCare resulting in increased costs to operate and manage the growing loan portfolio and the merchant and branch networks. Overall branch count increased from 266 as at December 31, 2020 to 294 as at December 31, 2021.

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

(i) A $0.9 million increase in bad debt due to a larger loan portfolio; and
(ii) A $0.8 million increase in total compensation costs, and distribution costs.

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

Depreciation and Amortization

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

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

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

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

Operating Income (Income before Finance Costs and Income Taxes)

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

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

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

Other Income

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

Finance Costs

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

Income Tax Expense

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

Net Income and EPS

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

Selected Quarterly Information

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

[1] Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of stock issued or repurchased during the period on the basic weighted average number of Common Shares (as defined herein) outstanding together with the effects of rounding.

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

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

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

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

Portfolio Analysis

The Company generates its revenue from portfolios of consumer loans receivable and lease agreements. To a large extent, the Company's financial results for a period are determined by the performance of these portfolios, and the make-up of these portfolios at the end of a period are a significant indicator of future financial results.

The Company measures the performance of its portfolios during a period and their make-up at the end of a period using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS. The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's consolidated financial statements. The Company discusses these measures because it believes they facilitate the understanding of the results of its operations and financial position.

Consumer Loans Receivable

Loan Originations and Net Principal Written

Gross loan originations is the value of all consumer loans receivable advanced to the Company's customers during the period where new credit underwritings have been performed. Included in gross loan originations are loans to new customers and new loans to existing customers, a portion of which may be applied to eliminate a prior borrowing. When the Company extends additional credit to an existing customer, a centralized credit analysis or full credit underwriting is performed using up-to-date information. Additionally, the loan repayment history of that customer throughout their relationship with the Company is considered in the credit decision. As a result, the quality of the credit decision made when evaluating an existing or prior customer is improved and has historically resulted in better performance. No additional credit is extended to a customer whose loan is delinquent.

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

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

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

Gross Consumer Loans Receivable

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

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

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

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

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

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

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

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

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

	December 31, 2021		December 31, 2020	
($ in 000's except percentages)	$	% of total	$	% of total
Gross consumer loans receivable, easyfinancial	**1,960,517**	**96.6%**	1,196,498	96.0%
Gross consumer loans receivable, easyhome	**69,822**	**3.4%**	50,342	4.0%
Gross consumer loans receivable	**2,030,339**	**100.0%**	1,246,840	100.0%

Financial Revenue and Net Financial Income

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

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

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

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

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

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

Bad Debt Expense as a Percentage of Financial Revenue

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

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

Net Charge offs

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

Average gross consumer loans receivable has been calculated based on the average of the month-end loan balances for the indicated period. This metric is a measure of the collection performance of the easyfinancial consumer loans receivable. For interim periods, the rate is annualized.

	Three Months Ended		**Year Ended**	
($ in 000's except percentages)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Net charge offs against allowance	**47,399**	27,481	**147,998**	116,429
Multiplied by number of periods in year	**X 4/1**	X 4/1	**X 4/4**	X 4/4
Divided by average gross consumer loans receivable	**1,982,680**	1,225,737	**1,680,328**	1,169,001
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**9.6%**	9.0%	**8.8%**	10.0%

Allowance for Credit Losses

The allowance for expected credit losses is a provision that is reported on the Company's balance sheet that is netted against the gross consumer loans receivable to arrive at the net consumer loans receivable. The allowance for expected credit losses provides for credit losses that are expected to transpire in future periods. Customer loans for which we have received a notification of bankruptcy, unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days are charged off against the allowance for loan losses.

	Three Months Ended		**Year Ended**	
($ in 000's except percentages)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Allowance for credit losses, beginning of period	**148,521**	118,664	**125,676**	107,107
Net charge offs against allowance	**(47,399)**	(27,481)	**(147,998)**	(116,429)
Bad debt expense	**58,640**	34,493	**182,084**	134,998
Allowance for credit losses, end of period	**159,762**	125,676	**159,762**	125,676
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**7.87%**	10.08%	**7.87%**	10.08%

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

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

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

12-Month Forward-Looking Macroeconomic Variables (Average annual)	December 31, 2021					December 31, 2020		
	Neutral Forecast Scenario	Moderately Optimistic Forecast Scenario	Extremely Optimistic Forecast Scenario	Moderately Pessimistic Forecast Scenario	Extremely Pessimistic Forecast Scenario	Neutral Forecast Scenario	Optimistic Forecast Scenario	Pessimistic Forecast Scenario
Unemployment rate[1]	**5.81%**	**5.02%**	**4.33%**	**8.04%**	**9.45%**	7.51%	7.30%	11.41%
GDP growth rate[2]	**3.78%**	**6.36%**	**9.03%**	**(2.18%)**	**(6.91%)**	5.91%	6.55%	(2.90%)
Inflation growth rate[3]	**3.07%**	**3.64%**	**4.14%**	**2.38%**	**1.79%**	1.52%	1.05%	2.03%
Oil prices[4]	**$67.34**	**$69.02**	**$72.75**	**$42.25**	**$38.69**	$49.91	$55.04	$31.33

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

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

Aging of the Gross Consumer Loans receivable

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

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

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

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

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

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

Consumer Loans receivable by Geography

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

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

Gross Consumer Loans Receivable by Loan Type

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

	December 31, 2021		December 31, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Unsecured instalment loans	**1,364,696**	**67.2%**	1,091,562	87.5%
Secured instalment loans[1]	**665,643**	**32.8%**	155,278	12.5%
Gross consumer loans receivable	**2,030,339**	**100.0%**	1,246,840	100.0%

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

Leasing Portfolio Analysis

Potential Monthly Leasing Revenue

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

Potential monthly lease revenue is calculated as follows:

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

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

	Three Months Ended		Year Ended	
($ in 000's)	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Opening potential monthly lease revenue	**8,160**	8,256	**8,461**	8,643
Decrease due to store closures or sales during the period	**(27)**	(6)	**(49)**	(52)
Increase (decrease) due to ongoing operations	**60**	211	**(219)**	(130)
Net change	**33**	205	**(268)**	(182)
Ending potential monthly lease revenue	**8,193**	8,461	**8,193**	8,461

Potential Monthly Lease Revenue by Product Category

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

	December 31, 2021		December 31, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Furniture	**3,380**	**41.3%**	3,624	42.8%
Electronics	**2,656**	**32.4%**	2,666	31.5%
Appliances	**1,140**	**13.9%**	1,150	13.6%
Computers	**1,017**	**12.4%**	1,021	12.1%
Potential monthly lease revenue	**8,193**	**100.0%**	8,461	100.0%

Potential Monthly Lease Revenue by Geography

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

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

Leasing Charge offs as a Percentage of Leasing Revenue

The Company's leasing charge offs as a percentage of leasing revenue is a non-IFRS measure ratio. When easyhome enters into a leasing transaction with a customer, a sale is not recorded as the Company retains ownership of the related asset under the lease. Instead, the Company recognizes its leasing revenue over the term of the lease as payments are received from the customer. Periodically, the lease agreement is terminated by the customer or by the Company prior to the anticipated end date of the lease and the assets are returned by the customer to the Company. In some instances, the Company is unable to regain possession of the assets which are then charged off. Net charge offs (charge offs less subsequent recoveries of previously charged off assets) are included in the depreciation of lease assets expense for financial reporting purposes. easyhome leasing revenue is a non-IFRS measure and is calculated as the total Company revenue less financial revenue. The Company uses leasing charge offs as a percentage of leasing revenue, among other measures, to assess the operating performance of its leasing portfolio. Non-IFRS ratios are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies.

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

Key Performance Indicators and Non-IFRS Measures

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

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

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

Same Store Revenue Growth

Same store revenue growth is a supplementary financial measure which shows the revenue growth for all stores that have been open for a minimum of 15 months. To calculate same store revenue growth for a period, the revenue for that period is compared to the same period in the prior year excluding the revenues related to opened and closed stores or kiosks during the period. Same store revenue growth is influenced by both the Company's product offerings as well as the number of stores which have been open for a 12-month to 36-month time frame, as these stores tend to be in the strongest period of growth at this time.

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

	Three Months Ended		Year Ended	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Same store revenue growth (overall)	**13.4%**	4.2%	**12.1%**	6.3%
Same store revenue growth (easyhome)	**5.6%**	4.4%	**6.0%**	4.5%

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

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

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

Adjusting items related to the LendCare Acquisition

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

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

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

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

Adjusting item related to other income

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

Adjusted Net Income as a Percentage of Revenue

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

($ in 000's except percentages)	Three Months Ended December 31, 2021	Three Months Ended December 31, 2021 (adjusted)	Three Months Ended December 31, 2020	Three Months Ended December 31, 2020 (adjusted)
Net income as stated	**49,961**	**49,961**	48,911	48,911
After-tax impact of adjusting items[1]	**-**	**(2,317)**	-	(13,915)
Adjusted net income	**49,961**	**47,644**	48,911	34,996
Divided by revenue	**234,430**	**234,430**	173,219	173,219
Net income as a percentage of revenue	**21.3%**	**20.3%**	28.2%	20.2%

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

($ in 000's except percentages)	Year Ended December 31, 2021	Year Ended December 31, 2021 (adjusted)	Year Ended December 31, 2020	Year Ended December 31, 2020 (adjusted)
Net income as stated	**244,943**	**244,943**	136,505	136,505
After-tax impact of adjusting items[1]	**-**	**(70,184)**	-	(18,859)
Adjusted net income	**244,943**	**174,759**	136,505	117,646
Divided by revenue	**826,722**	**826,722**	652,922	652,922
Net income as a percentage of revenue	**29.6%**	**21.1%**	20.9%	18.0%

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

Adjusted Operating Margin

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

	Three Months Ended		
($ in 000's except percentages)	**December 31, 2021**	**December 31, 2021 (adjusted)**	**December 31, 2020**
easyfinancial			
Operating income	**87,643**	**87,643**	67,227
Divided by revenue	**196,015**	**196,015**	136,523
easyfinancial operating margin	**44.7%**	**44.7%**	49.2%
easyhome			
Operating income	**8,450**	**8,450**	8,663
Divided by revenue	**38,415**	**38,415**	36,696
easyhome operating margin	**22.0%**	**22.0%**	23.6%
Total			
Operating income	**79,629**	**79,629**	61,277
Operating expenses before depreciation and amortization			
Integration costs[1]	**-**	**3,447**	-
Amortization of intangible assets			
Amortization of intangible assets acquired through the Acquisition[1]	**-**	**3,277**	-
Adjusted operating income	**79,629**	**86,353**	61,277
Divided by revenue	**234,430**	**234,430**	173,219
Total operating margin	**34.0%**	**36.8%**	35.4%

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

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

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

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and EBITDA Margin

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

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

Free cash flows from operations before net growth in gross consumer loans receivable

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

	Three Months Ended		Year Ended	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Cash provided by (used in) operating activities	**(74,171)**	(23,059)	**(78,875)**	74,412
Net growth in gross consumer loans receivable during the period	**133,623**	64,039	**783,499**	136,207
Less: Gross loans purchased[1]	**-**	-	**(444,520)**	-
Adjusted net growth in gross consumer loans receivable during the period	**133,623**	64,039	**338,979**	136,207
Free cash flows from operations before net growth in gross consumer loans receivable	**59,452**	40,980	**260,104**	210,619

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

Return on Assets

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

	Three Months Ended			
($ in 000's except percentages)	**December 31, 2021**	**December 31, 2021 (adjusted)**	**December 31, 2020**	**December 31, 2020 (adjusted)**
Net income as stated	**49,961**	**49,961**	48,911	48,911
After-tax impact of adjusting items[1]	**-**	**(2,317)**	-	(13,915)
Adjusted net income	**49,961**	**47,644**	48,911	34,996
Multiplied by number of periods in year	**X 4**	**X 4**	X 4	X 4
Divided by average total assets for the period	**2,533,945**	**2,533,945**	1,434,596	1,434,596
Return on assets	**7.9%**	**7.5%**	13.6%	9.8%

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

	Year Ended			
($ in 000's except percentages)	**December 31, 2021**	**December 31, 2021 (adjusted)**	**December 31, 2020**	**December 31, 2020 (adjusted)**
Net income as stated	**244,943**	**244,943**	136,505	136,505
After-tax impact of adjusting items[1]	**-**	**(70,184)**	-	(18,859)
Adjusted net income	**244,943**	**174,759**	136,505	117,646
Divided by average total assets for the period	**2,126,594**	**2,126,594**	1,389,540	1,389,540
Return on assets	**11.5%**	**8.2%**	9.8%	8.5%

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

Return on Equity

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

	Three Months Ended			
($ in 000's except percentages)	**December 31, 2021**	**December 31, 2021 (adjusted)**	**December 31, 2020**	**December 31, 2020 (adjusted)**
Net income as stated	**49,961**	**49,961**	48,911	48,911
After-tax impact of adjusting items[1]	**-**	**(2,317)**	-	(13,915)
Adjusted net income	**49,961**	**47,644**	48,911	34,996
Multiplied by number of periods in year	**X 4**	**X 4**	X 4	X 4
Divided by average shareholders' equity for the period	**798,620**	**798,620**	426,868	426,868
Return on equity	**25.0%**	**23.9%**	45.8%	32.8%

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

	Year Ended			
($ in 000's except percentages)	**December 31, 2021**	**December 31, 2021 (adjusted)**	**December 31, 2020**	**December 31, 2020 (adjusted)**
Net income as stated	**244,943**	**244,943**	136,505	136,505
After-tax impact of adjusting items[1]	**-**	**(70,184)**	-	(18,859)
Adjusted net income	**244,943**	**174,759**	136,505	117,646
Divided by average shareholders' equity for the period	**667,962**	**667,962**	377,842	377,842
Return on equity	**36.7%**	**26.2%**	36.1%	31.1%

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

Return on Tangible Common Equity

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

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

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

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

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

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at December 31, 2021 and 2020.

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

[1] External debt to shareholders' equity is a capital management measure that the Company uses to assess the ability of its net assets to cover outstanding debts. It is calculated as external debt divided by shareholders' equity.

[2] Net debt to net capitalization is a leverage metric the Company uses to ensure it is operating within its target leverage range. Net debt is calculated as external debt less cash. Net debt to net capitalization is net debt divided by the sum of net debt and shareholders' equity.

[3] External debt to EBITDA is a capital management measure that the Company uses to assess the ability of the Company's EBITDA to cover its outstanding debts. It is calculated as external debt divided by EBITDA.

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

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

Liquidity and Capital Resources

Cash Flow Review

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

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

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

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

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

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

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

Cash Flow Analysis for the Year Ended December 31, 2021

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

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

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

Capital and Funding Resources

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

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

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

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

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

The Company has two secured borrowing facilities as follows:

- A $105 million annual securitization facility, which bears an interest at the Government of Canada Bonds ("GOCB") rate (with a floor rate of 0.95%) plus 395 bps. The loan sale agreement to sell loans into the facility expired on July 31, 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity; and
- An $85 million annual securitization facility, which bears an interest at GOCB (with a floor rate of 0.25%) plus 325 bps. In addition to the securitization loan facility, there is a $6 million accumulation loan agreement which advances 85% of the face value of the consumer loans for up to a 90-day period bearing an interest rate at BA plus 400 bps. The loan sale agreement to sell loans into the facility expired on November 30, 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity.

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

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

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

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

Outstanding Shares and Dividends

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

Normal Course Issuer Bid

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

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

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

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

Dividends

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

The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. However, no dividends can be declared in the event there is a default of a loan facility, or where such payment would lead to a default.

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

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

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

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

Commitments, Guarantees and Contingencies

Commitments

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

The undiscounted potential future lease payments for operating leases for premises and vehicles and the estimated operating costs related to technology commitments required for the next five years and thereafter are as follows:

($ in 000's)	Within 1 year	After 1 year, but not more than 5 years	More than 5 years
Premises	**21,210**	**45,212**	**4,400**
Vehicles	**710**	**1,358**	**45**
Technology commitments	**19,939**	**23,095**	**-**
Total contractual obligations	**41,859**	**69,665**	**4,445**

Contingencies

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

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

Risk Factors

Overview

The Company is exposed to a variety of commercial, operational, financial and regulatory risks. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Corporate Governance, Nominating and Risk Committee of the Board reviews the Company's risk management policies on an annual basis.

Strategic Risk

Strategic risk is the risk from changes in the business environment, fundamental changes in demand for the Company's products or services, improper implementation of decisions, execution of the Company's strategy or inadequate responsiveness to changes in the business environment, including changes in the competitive and regulatory landscapes.

The Company's growth strategy is focused on easyfinancial. The Company's ability to increase its customer and revenue base is contingent, in part, on its ability to secure additional locations for easyfinancial, to grow its consumer loans receivable portfolio, to access customers through new delivery channels, to secure and maintain merchant partnerships, to successfully develop and launch new products to meet evolving customer demands, to secure growth financing at a reasonable cost, to maintain profitability levels within the mature easyhome business and to execute with efficiency and effectiveness.

The impact of poor execution by management or an inadequate response to changes in the business environment could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Market Risk

Macroeconomic Conditions

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

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

COVID-19 Pandemic

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

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

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

Interest Rate Risk

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

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

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

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

Foreign Currency Risk

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

The Company sources some of its merchandise out of the U.S. and, as such, its Canadian operations have some U.S. denominated cash and payable balances. As a result, the Company has both foreign exchange transaction and translation risk. Although the Company has U.S. dollar denominated purchases, it has historically been able to price its lease transactions to compensate for the impact of foreign currency fluctuations on its purchases. However, in periods of rapid change in the Canadian to U.S. dollar exchange rate, the Company may not be able to pass on such changes in the cost of purchased products to its customers, which may negatively impact its financial performance.

Competition

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

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

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

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

Credit Risk

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

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

The credit risk on the Company's consumer loans receivable made in accordance with policies and procedures is impacted by both the Company's credit policies and the lending practices which are overseen by the Company's Credit Committee comprised of members of senior management. Credit quality of the customer is assessed using proprietary credit scorecards and individual credit limits are defined in accordance with this assessment. The Company evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions and operate independently. The Company develops underwriting models based on the historical performance of groups of customer loans, which guide its lending decisions. To the extent that such historical data used to develop its underwriting models is not representative or predictive of current loan book performance, the Company could suffer increased loan losses.

The Company maintains an allowance for credit losses as prescribed by IFRS 9 and as described fully in the notes to the Company's consolidated financial statements for the year ended December 31, 2021. The process for establishing an allowance for loan losses is critical to the Company's results of operations and financial conditions and is based on historical data, the underlying health and quality of the consumer loan portfolio at a point in time, and forward-looking indicators. To the extent that such inputs used to develop its allowance for credit losses are not representative or predictive of current loan book performance, the Company could suffer increased loan losses above and beyond those provided for on its consolidated financial statements.

The Company cannot guarantee that delinquency and loss levels will correspond with the historical levels experienced, and there is a risk that delinquency and loss rates could increase significantly and have a material adverse effect on the financial results of the Company.

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

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

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

Liquidity and Funding Risk

Liquidity Risk

The Company has been funded through various sources, including the revolving credit facility, the revolving securitization warehouse facility, the 2024 Notes and 2026 Notes, and public market equity offerings. The availability of additional financing will depend on a variety of factors, including the availability of credit to the financial services industry and the Company's financial performance and credit ratings.

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

Liquidity risk is the risk that the Company's financial condition is adversely affected by an inability to meet funding obligations and support the Company's business growth. The Company manages its capital to maintain its ability to continue as a going concern and to provide adequate returns to shareholders by way of share appreciation and dividends. The Company's capital structure consists of external debt and shareholders' equity, which comprises issued capital, contributed surplus and retained earnings.

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

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

Debt Service

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

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

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

Debt Covenants

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

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

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

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

Credit Ratings

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

Operational Risk

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

Dependence on Key Personnel

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

In particular, the Company is dependent upon the abilities, experiences and efforts of its senior management team and other key employees. The loss of these individuals without adequate replacement could have a material adverse impact on its business and operations.

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

Outsource Risk

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

Fraud Risk

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

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

Technology Risk

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

Breach of Information Security

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

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

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

Privacy, Information Security, and Data Protection Regulations

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

Risk Management Processes and Procedures

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

Compliance Risk

Internal Controls Over Financial Reporting

The effective design of internal controls over financial reporting is essential for the Company to prevent and detect fraud or material errors that may have occurred. The Company is also obligated to comply with the Form 52-109F2 Certification of interim filings and 52-109F1 Certification of annual filings of the Ontario Securities Commission, which requires the Company's CEO and CFO to submit a quarterly and annual certificate of compliance. The Company and its management have taken reasonable steps to ensure that adequate internal controls over financial reporting are in place. However, there is a risk that a fraud or material error may go undetected and that such material fraud or error could adversely affect the Company.

Government Regulation and Compliance

The Company takes reasonable measures to ensure compliance with governing statutes, regulations and regulatory policies. A failure to comply with such statutes, regulations or regulatory policies could result in sanctions, fines or other settlements that could adversely affect both its earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could also change the economics of the Company's merchandise leasing and consumer lending businesses including the salability or pricing of certain ancillary products which could have a material adverse effect on the Company.

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

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

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

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

Accounting Standards

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

Legal and Reputational Risk

Reputation

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

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

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

Litigation

From time to time and in the normal course of business, the Company may be involved in material litigation or may be subject to regulatory actions. There can be no assurance that any litigation or regulatory action in which the Company may become involved in the future will not have a material adverse effect on the Company's business, financial condition or results of operations. Lawsuits or regulatory actions could cause the Company to incur substantial expenditures, generate adverse publicity and could significantly impair the Company's business, force it to cease doing business in one or more jurisdictions or cause it to cease offering one or more products.

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

Possible Volatility of Stock Price

The market price of the Common Shares, similar to that of many other Canadian (and indeed worldwide) companies, has been subject to significant fluctuation in response to numerous factors, including significant shifts in the availability of global credit, swings in macro-economic performance due to volatile shifts in oil prices and unexpected natural disasters, concerns about the global economy and potential recession, economic shocks such as the ongoing global pandemic related to an outbreak of COVID-19 and the 2015 decline in oil prices and their related impacts on the Canadian economy, as well as variations in the annual or quarterly financial results of the Company, timing of announcements of acquisitions or material transactions by the Company or its competitors, other conditions in the economy in general or in the industry in particular, changes in applicable laws and regulations and other factors. Moreover, from time to time, the stock markets experience significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Company's performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of shares for future sale (including shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of such shares or the perception that such sales could occur may adversely affect the prevailing price of the Common Shares. Significant changes in the stock price could jeopardize the Company's ability to raise growth capital through an equity offering without significant dilution to existing shareholders.

Insurance Risk

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

Critical Accounting Estimates

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

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

The Company's critical accounting estimates are as described in the December 31, 2021 notes to the consolidated financial statements.

Changes in Accounting Policy and Disclosures

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

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

(b) Standards issued but not yet effective

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

Internal Controls

Disclosure Controls and Procedures ("DC&P")

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to various securities regulators is recorded, processed, summarized and reported within the time periods specified in applicable Canadian securities laws and include controls and procedures designed to ensure that information required to be disclosed in the Company's filings or other reports is accumulated and communicated to the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), so that timely decisions can be made regarding required disclosure.

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*". Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company's disclosure controls and procedures were effective as at December 31, 2021.

Internal Controls over Financial Reporting ("ICFR")

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with IFRS.

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

(i) Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework (2013) to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

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

Changes to ICFR during 2021

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

Evaluation of ICFR at December 31, 2021

As at December 31, 2021, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR excluding controls, policies and procedures of the newly acquired business. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 31, 2021.