Provide everyday Canadians a path to a better tomorrow, today.

2022

ANNUAL REPORT

goeasy

2022 was a year of record growth, strong credit performance and successful execution of our strategy, as we continued to further solidify our position as a leader in the non-prime consumer credit market in Canada.

goeasy

Our commitment to our vision of helping everyday Canadians on the path to a better tomorrow, today is stronger than ever.

As we moved beyond the impacts of the COVID-19 pandemic, goeasy experienced exceptionally strong commercial performance, enabling us to make great progress against our goal of building Canada's leading non-prime consumer finance business. Growth from our wide suite of personal lending products was experienced across every delivery channel, including our retail branch network, online digital platforms, and through our network of merchant partners, demonstrating the benefits of a diverse business model. We also remained committed to driving down the cost of borrowing for our customers, with the weighted average cost of interest declining to approximately 30%, as we strive to pass along the benefits of scale.

With a focus on providing credit in a responsible and transparent manner for the over 8.5 million Canadians that are often denied credit from traditional financial institutions, our customers turn to us as a trusted source for products that meet their current financial needs, while helping build credit for the future. Supported by a business model that delivers an unparalleled customer experience across all our channels, we are proud to see 1 in 3 of our easyfinancial customers graduate to prime credit and 60% increase their credit score within 12 months of borrowing from us.

About goeasy

goeasy is one of Canada's leading non-prime consumer lenders offering a full suite of leasing and lending products to the non-prime consumer. Founded in 1990, the Company operates under its easyfinancial, easyhome and LendCare brands through its retail footprint of over 400 stores and branches, its digital lending platform and approximately 6,500 merchant partners across Canada. With over 2,400 employees coast-to-coast, goeasy has spent the past 32 years providing approximately 1.3 Million Canadians with access to $10.1 Billion in consumer credit.

Our Strategy

goeasy's vision of providing everyday Canadians a path to a better tomorrow, today is supported by four strategic pillars established in 2017 to fuel our latest stage of growth and expansion. These strategic pillars include expanding the range of credit products we offer, growing our channels of distribution, diversifying geographically and helping Canadians improve their overall financial wellness by gradually reducing their cost of borrowing and helping them improve their credit score and graduate back to prime rates.

1 Product Range

We are proud to be a single source of credit for non-prime Canadians by offering one of the widest ranges of consumer credit products in the market, including leasing for everyday household items, unsecured personal loans, home equity loans, automotive financing, and financing for everyday purchases in the powersports, healthcare, home improvement and general retail categories.

Leasing

easyhome, Canada's largest lease-to-own retailer, has been in operation since 1990 and offers customers brand name household furniture, appliances, and electronics through flexible lease-to-own agreements. The brand is supported by 154 retail locations, which includes 34 franchise stores and an eCommerce platform. Canadians turn to easyhome as an alternative to purchasing or financing their goods, or when they simply want the flexibility to return or upgrade items in their home with ease. 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.

Lending

Through a suite of both unsecured personal loans and home equity loans, easyfinancial offers customers up to $100,000 with rates starting at 9.9%. Loans are fully amortizing fixed payment installment products and all payments made by borrowers are reported to credit reporting agencies, which in turn helps our customers rebuild their credit and graduate to lower rates on a subsequent loan. This direct-to-consumer offering is supported by an omnichannel model, including a branch network of 299 locations, including 2 kiosks, coast -to-coast and a digital lending platform, allowing consumers to transact in the most convenient manner possible.

Point-of-Sale Financing

LendCare is goeasy's point-of-sale purchase financing brand. Through a network of approximately 6,500 merchants, we offer financing for the purchase of vehicles, powersports products, everyday retail purchases, healthcare procedures and equipment, and home improvements. Our goal is to provide our partners with competitive approval rates, attractive financing offers to their consumers, and a best-in-class overall financing experience, to help drive and increase their sales volume. Powered by our leading-edge technology platform, the merchant can obtain an instant credit decision and fully automated loan solution, enabling the customer to buy what they want today and pay over time.

2 Channel Expansion

In 2022, we made meaningful progress in expanding our channels of distribution as we undertook the development of goeasy Connect, a self-serve mobile app that enables access to goeasy's entire range of products and services, while dynamically presenting customers with loan offers tailored to their credit profile. We also continued to expand our core channels of distribution so our customers can get access to the credit they need in the most convenient manner possible, whenever and wherever they are. We further enhanced our digital capabilities, opened 10 branches across Canada and added 1,617 new merchant partners including 664 new automotive dealerships to our network. Key relationships were established with exciting brands including Hisun Motors Canada, Segway Inc. and Massimo Motor Canada, building on the already impressive set of merchants offering non-prime Canadians our financing program.

3 Geographic Diversification

Canada continues to provide goeasy a substantial runway for growth, with over 8.5 million non-prime Canadians needing alternative options for credit. We finished 2022 with 299 easyfinancial locations, strategically placed throughout Canada to provide more than 85% of the population easy and convenient access to one of our branches. Further retail expansion will be targeted within the province of Quebec and key urban markets such as Toronto and Vancouver, where the population per branch is the largest. We also remain focused on adding new dealers and merchants to our point-of-sale network, to increase the points of distribution for our products.

Furthermore, we also believe that there is a future opportunity to consider international expansion where our consumer finance business model can be replicated. The two markets that we believe present future potential include the United States and the United Kingdom, where consumers generally use credit products very similar to those offered by goeasy in Canada today.

4 Financial Wellness

goeasy is committed to improving the financial wellness of our customers, by providing responsible and transparent financial products and services that are tailored to the individual needs of our customers and gradually help them lower their cost of borrowing. With 72% of easyfinancial customers disclosing that they have been denied credit by banks or other traditional lenders, our focus is not only to provide them with the credit they need today, but the tools to improve their financial health for tomorrow.

For many non-prime borrowers, we serve as an important steppingstone to help rebuild credit by reporting each loan payment to the credit reporting agencies. As our customers demonstrate consistent on-time payment behaviour, we are able to gradually reduce their cost of borrowing over time by qualifying them for other lending products at a lower interest rate. Between 2017 and 2022, we have reduced the weighted average interest rate charged to customers from 46% to 30% today.

At goeasy we have always set ourselves apart from the competition by looking beyond the initial transaction with the customer and focusing on building long term personalized relationships based on trust and respect. During discussions with customers, we aim to help them understand their credit profile, how credit works, and what steps they can take to ensure they protect and build their credit rating. In addition, goeasy provides free financial literacy resources for all Canadians through goeasy Academy, a dedicated portal that includes hundreds of articles and tools to help Canadians better understand and manage their personal finances. Over time, we will continue to invest in building unique tools and programs that will help drive meaningful progress for our customers on their path to a better tomorrow and an improved financial future.

Our Customers

With a history of serving approximately 1.3 Million non-prime Canadians over three decades, we have developed a deep understanding of our customers and their financial needs, goals, and priorities.

goeasy customers are everyday hard-working Canadians in a variety of industry sectors including manufacturing, retail, financial services, healthcare, technology, and public sector jobs. The typical customer is 43 years old, supporting an average of 1.9 dependents, with an individual income of $57,000 per year, residing at their current place of residence for almost 4 years and working with their current employer for 3.6 years. Non-prime Canadians, however, carry 55% less total consumer debt than the typical prime consumer, due primarily to a lower level of home ownership, at approximately 20% versus the Canadian home ownership rate of ~67%.

goeasy serves a wide range of consumers, providing credit for basic financial needs, through large ticket discretionary purchases. 80% of easyfinancial customers state that they rely on access to credit when a financial emergency arises, turning to goeasy as a trusted and reliable alternative to a traditional bank, to help them deal with basic everyday financial needs. While some borrowers rely on goeasy for credit to address household expenses and general bill payments, many others turn to goeasy to finance a wide range of large ticket purchases. From financing a vehicle or buying a powersports product for their family's enjoyment, to financing a healthcare expense such as uninsured dental work or a veterinary bill, or purchasing household items such as furniture or appliances, we help non-prime Canadians finance all their life needs.

43

Average customer age

$57K

Average individual income

1.9

Average number of dependents

3.6

Average years at current employer

3.9

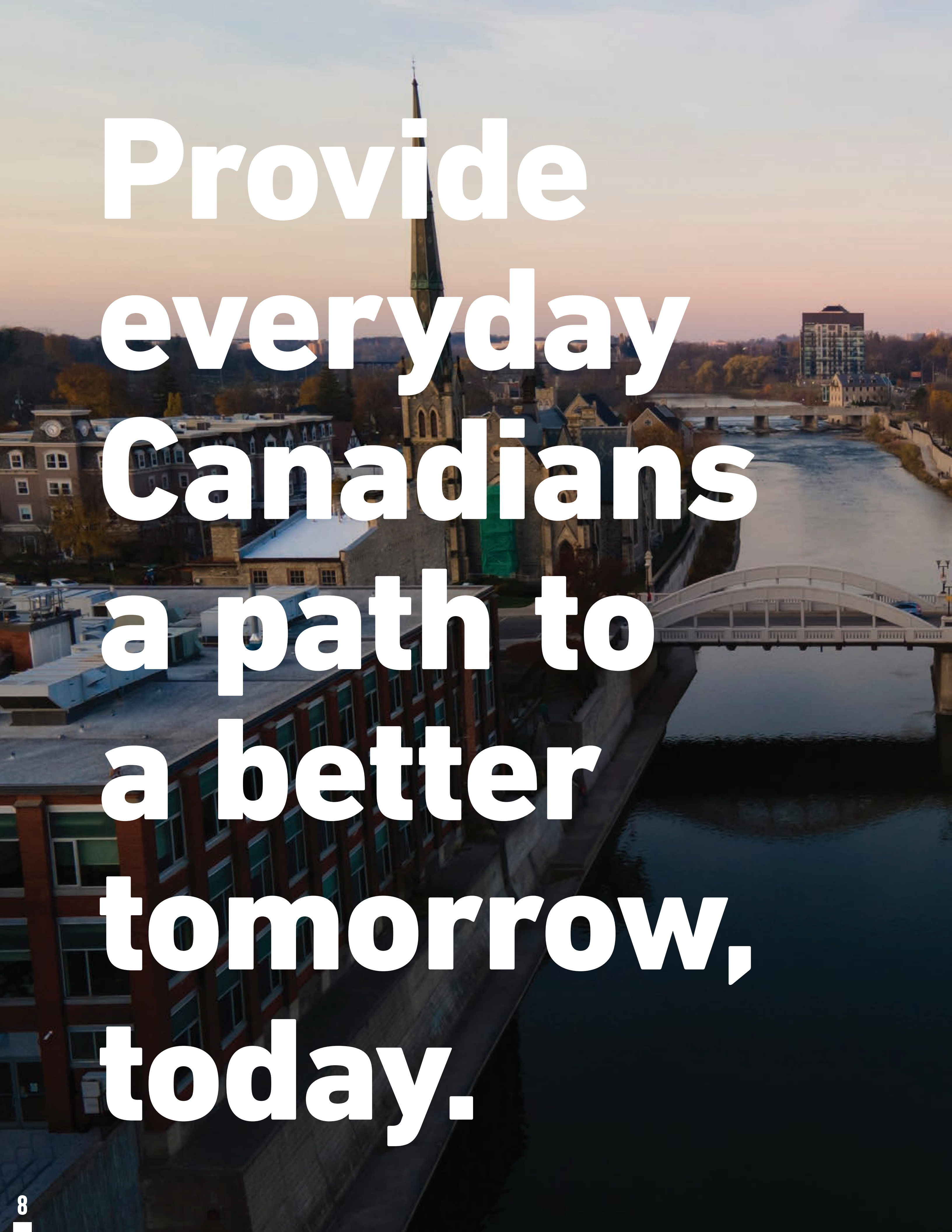
Average years at current residence

585

Median credit score[1]

[1] Based on credit scores obtained by TransUnion

Source: goeasy direct-to-consumer loan data (December 2022) and goeasy non-prime benchmark survey (2021)



Provide everyday Canadians a path to a better tomorrow, today.

32

Years of leasing & lending experience

1.3M

Canadians served

$10.1B

Total loan originations

$2.8B

Consumer loan portfolio

1 IN 3

of our customers graduate to prime credit[1]

60%

of our customers improve their credit score[2]

Within 12 months of borrowing from us

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

A history in the making

1990
- RTO Enterprises Founded

2001
- David Ingram appointed CEO and company returns to profitability

2003
easyhome
- easyhome is born, consolidated from 6 brands

2006
easyfinancial
- easyfinancial launches

2011
- 1st easyfinancial stand alone branch opens
- Centralized credit adjudication introduced

2015
goeasy
- Corporate name changed to goeasy ltd.

2016
- Risk adjusted interest rate loans launched

2017
- Expanded into Quebec
- Home Equity product launched
- Recapitalized the business with C$530 Million in financing

2019 Achievers 50 Most Engaged Workplaces 2019 Winner

Digital Finance Institute Top 50 Fintech Companies

Greater Toronto's Top 2020 Employers

TSX 30 2021

"For over 30 years we have consistently found ways to grow, evolve and adapt. Fueled by our passion for creating better tomorrows for our customers, we have persistently found ways to develop new products and services that meet the needs of the 8.5 million non-prime Canadians. While every milestone on our journey signifies an important step in our history that informs and guides us, we are more excited than ever about the future potential of our organization. We are truly just getting started."

Jason Mullins

President & CEO

2018

- Next generation proprietary online loan application launched

2019

- David Ingram transitions to Executive Chairman, Jason Mullins Assumes role of President & CEO
- $1 Billion loan portfolio milestone
- Strategic partnership & investment in PayBright
- Recapitalized the business with C$728 Million in financing
- Reached $1 Billion market capitalization

2020

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

2021

LENDCARE

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

2022

- Increased its Securitization Facility from $900 Million to $1.4 Billion
- C$57.9 Million Bought Deal Offering of Common Shares
- Launch of new corporate intranet – The Hub
- New goeasy.com Corporate Website
- Placed on the 2022 Report on Business Women Lead Here list

Waterstone Canada's Most Admired Corporate Cultures

2022 Report on Business Women Lead Here

The Globe and Mail 2022 Report on Business Canada's Top Growing Companies

Great Place To Work® Certified SEP 2022 – AUG 2023 CANADA

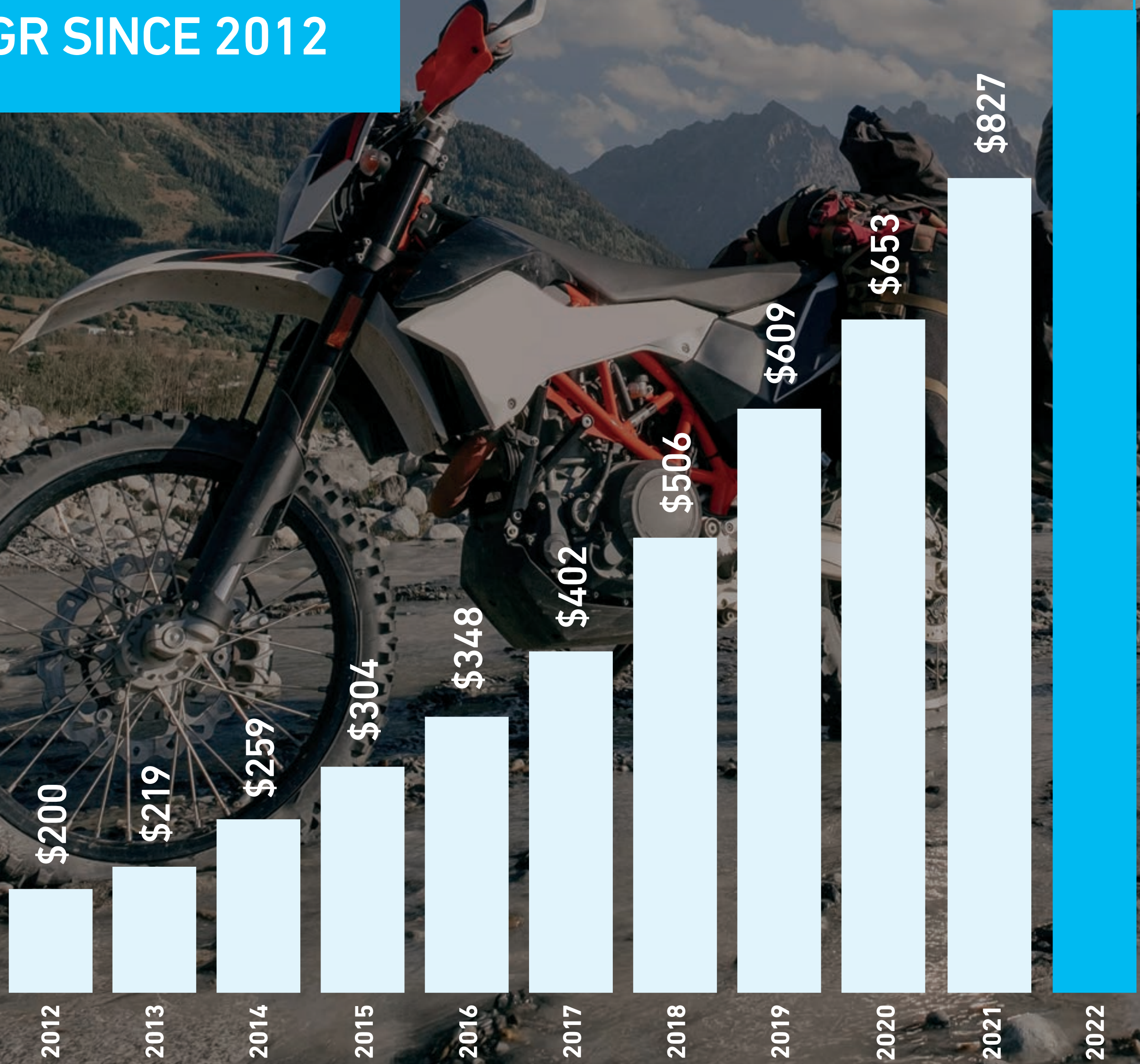
Annual Revenue

(In dollar millions)

17.7%

CAGR SINCE 2012

$1,019



Annual Net Income

(In dollar millions)

Reported Net Income

28.9%

CAGR SINCE 2012

Adjusted Net Income[1]

33.8%

CAGR SINCE 2012

[1] Adjusted net income is a non-IFRS measure. It is not determined in accordance with IFRS, does not have standardized meanings and may not be comparable to similar financial measures presented by other companies. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 43 of the Company's Management's Discussion and Analysis (MD&A, available on www.sedar.com) year ended December 31, 2022 for FY 22 and FY21 metrics, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 42 of the Company's MD&A year ended December 31, 2020 for FY 20 and FY 19 metrics, 3) "Key Performance Indicators and Non-IFRS Measures" section on page 51 of the Company's MD&A year ended December 31, 2018 for FY 18 and FY 17 metrics, 4) "Key Performance Indicators and Non-IFRS Measures" section on page 35 of the Company's MD&A year ended December 31, 2016 for FY 16 and FY 15 metrics, 5) "Key Performance Indicators and Non-IFRS Measures" section on page 29 of the Company's MD&A year ended December 31, 2014 for FY 14 and FY 13 metrics, and 6) "Key Performance Indicators and Non-IFRS Measures" section on page 20 of the Company's MD&A year ended December 31, 2012 for FY 12 metric

Annual EPS

Reported Diluted EPS

24.8%
CAGR SINCE 2012

Adjusted Diluted EPS[1]

29.5%
CAGR SINCE 2012

[1] Adjusted diluted EPS is a non-IFRS measure. It is not determined in accordance with IFRS, does not have standardized meanings and may not be comparable to similar financial measures presented by other companies. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 43 of the Company's Management's Discussion and Analysis (MD&A, available on www.sedar.com) year ended December 31, 2022 for FY 22 and FY21 metrics, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 42 of the Company's MD&A year ended December 31, 2020 for FY 20 and FY 19 metrics, 3) "Key Performance Indicators and Non-IFRS Measures" section on page 51 of the Company's MD&A year ended December 31, 2018 for FY 18 and FY 17 metrics, 4) "Key Performance Indicators and Non-IFRS Measures" section on page 35 of the Company's MD&A year ended December 31, 2016 for FY 16 and FY 15 metrics, 5) "Key Performance Indicators and Non-IFRS Measures" section on page 29 of the Company's MD&A year ended December 31, 2014 for FY 14 and FY 13 metrics, and 6) "Key Performance Indicators and Non-IFRS Measures" section on page 20 of the Company's MD&A year ended December 31, 2012 for FY 12 metric

Financial Summary

(in $000s except per share amounts, store counts, employee counts, percentages and ratios)	2022	2021	2020	2019	2018
INCOME STATEMENT					
Revenue	1,019,336	826,722	652,922	609,383	506,191
Operating income	332,407	281,003	216,436	168,793	119,717
Net income	140,161	244,943	136,505	64,349	53,124
Diluted earnings per share	8.42	14.62	8.76	4.17	3.56
BALANCE SHEET					
Cash	62,654	102,479	93,053	46,341	100,188
Gross consumer loans receivable	2,794,694	2,030,339	1,246,840	1,110,633	833,779
Lease assets	48,437	47,182	49,384	48,696	51,618
Total assets	3,302,889	2,596,153	1,501,916	1,318,622	1,055,676
External debt[3]	2,229,260	1,552,679	887,749	854,768	691,062
Shareholders' equity	869,688	789,913	443,512	332,421	301,529
FINANCIAL METRICS					
Revenue growth	23.3%	26.6%	7.1%	20.4%	26.0%
Operating margin	32.6%	34.0%	33.1%	27.7%	23.7%
Adjusted operating margin[1]	36.2%	38.3%	33.1%	27.7%	23.7%
Efficiency ratio[1,4]	33.6%	37.2%	-	-	-
Adjusted net income[2]	192,261	174,759	117,646	80,315	53,124
Adjusted diluted earnings per share[1]	11.55	10.43	7.57	5.17	3.56
Return on equity	17.6%	36.7%	36.1%	20.2%	21.8%
Adjusted return on equity[1]	24.2%	26.2%	31.1%	25.3%	21.8%
Return on tangible common equity[1,4]	28.4%	50.7%	38.3%	-	-
Adjusted return on tangible common equity[1,4]	36.4%	35.3%	33.0%	-	-
Net debt to net capitalization[3]	0.71	0.65	0.64	0.71	0.66
Annual dividend per share	3.64	2.64	1.80	1.24	0.90
OPERATING METRICS					
Gross loan originations	2,377,606	1,594,480	1,033,130	1,095,375	922,550
Growth in gross consumer loans receivable	764,355	783,499	136,207	276,854	307,233
Net charge-offs as a percentage of average gross consumer loans receivable	9.1%	8.8%	10.0%	13.3%	12.7%
Free cash flows from operations before net growth in gross consumer loans receivable[2]	258,474	260,104	210,619	120,985	95,689
OPERATIONS					
Total store count:					
easyfinancial	302	294	266	256	241
easyhome	154	158	161	163	165
Employees	2,492	2,394	2,024	2,024	1,821

Notes:

[1] These are non-IFRS ratios. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 43 of the Company's MD&A year ended December 31, 2022 for FY 22 metric, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 50 of the Company's MD&A year ended December 31, 2021 for FY 21 and FY 20 metrics, 3) "Key Performance Indicators and Non-IFRS Measures" section on page 39 of the Company's MD&A year ended December 31, 2019 for FY 19 and FY 18 metrics

[2] These are non-IFRS measures. Refer to 1) "Key Performance Indicators and Non-IFRS Measures" section on page 43 of the Company's MD&A year ended December 31, 2022 for FY 22 metric, 2) "Key Performance Indicators and Non-IFRS Measures" section on page 50 of the Company's MD&A year ended December 31, 2021 for FY 21 and FY 20 metrics, 3) "Key Performance Indicators and Non-IFRS Measures" section on page 39 of the Company's MD&A year ended December 31, 2019 for FY 19 and FY 18 metrics

[3] This is a capital management measure. Refer to 1) "Financial Condition" section on page 54 of the Company's MD&A year ended December 31, 2022 for FY 22 metric, 2) "Financial Condition" section on page 61 of the Company's MD&A year ended December 31, 2021 for FY 21 and FY 20 metrics, 2) "Financial Condition" section on page 45 of the Company's MD&A year ended December 31, 2019 for FY 19 and FY18 metrics

[4] Comparable efficiency ratio measure for the years 2018 to 2020 were not published; comparable reported and adjusted return on tangible common equity measures for the years 2018 and 2019 were not published

Note: Non-IFRS ratios, non-IRFS measures 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

2022 Highlights

$2.4B

Annual loan originations

$4.9M

Average loan book per branch[1]

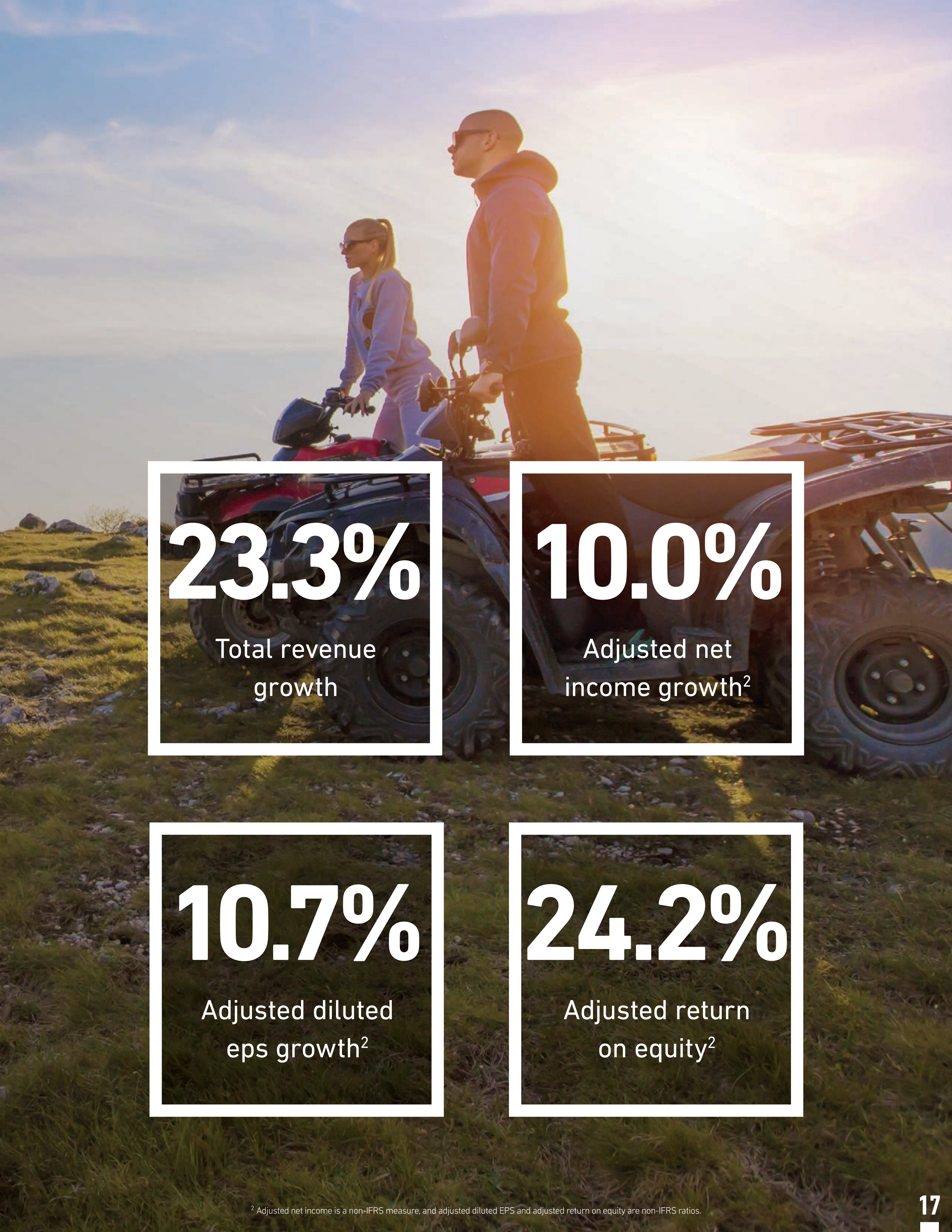
37.6%

Total loan book growth

9.1%

Net charge off rate

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



23.3%

Total revenue growth

10.0%

Adjusted net income growth[2]

10.7%

Adjusted diluted eps growth[2]

24.2%

Adjusted return on equity[2]

[2] Adjusted net income is a non-IFRS measure, and adjusted diluted EPS and adjusted return on equity are non-IFRS ratios.

Environment, Social & Governance Strategy and Approach

Environment

Committed to making a positive difference for our customers, our community, and our world.

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

printreleaf CERTIFIED REFORESTED

429 Reforested trees in 2022	**10.7M** Letter pages of paper consumption offset	**1280** Trees reforested since 2021

We are committed to managing our environmental impacts and minimize our use of natural resources. We continue to enhance our understanding of the risks and opportunities that climate change presents to our business, the global economy, and the world. We have put several environmental initiatives into practice over recent years and are making progress in a few key areas.

Sustainable Paper Policies

In an effort to significantly reduce our paper consumption, we have invested heavily in multiple digital platforms including an Enterprise Resource Platform (2020), a Human Resources Information System (2020) and new intranet portal (2022).

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

In 2022, we reforested over 429 trees and since joining PrintReleaf in January 2021, we are proud to have offset the equivalent of 10.7 Million letter pages of paper consumption by reforesting 1,280 trees.

Energy & Emission Reduction

We continue to take steps to reduce our carbon footprint and energy consumption through initiatives that include using LED lighting across our 400+ retail locations. Over the past year, we have installed only energy-efficient LED lighting in 25 new stores and branches. Additionally, we are engaging suppliers to minimize shipping distance and waste associated with packaging materials. Based on available data for 92% of our retail footprint, total energy consumption in 2022 was 12,953,804.77 kWh.

Social

People & Culture

Our people are at the centre of our award-winning culture and our long-term growth and success. We've built a world-class culture where our employees can learn, innovate, and grow their careers in an environment that promotes inclusivity and fosters belonging. We aim to support our team with the tools and resources needed to excel at their jobs, while providing them with challenging and meaningful work that will translate to a career.

As we continue to build our high-performance culture and focus on providing our employees with an unparalleled employee experience, we are proud to have received several awards for culture and performance, as well as having our employees declare that goeasy is a great place to work. In 2022, for the second year in a row, employee engagement remained at an all-time high of 84%, we were named as one of Waterstone Human Capital Canada's Most Admired Corporate Cultures for the second time, recertified as a Great Place to Work, as well as recognized as one of Globe and Mail's Report on Business Canada's Top Growing Companies. We are also proud to be added to the Globe and Mail's annual Report on Business Women Lead Here list, highlighting the strength of our diversity and impressive roster of female leaders, who represent more than 50% of our organization and more than 20% of the senior executive team.

A Focus on Development, Growth, and Engagement

Guided by our Leadership Principles, our obsession with talent development and career management is supported by a variety of development programs and platforms including job-specific training, career coaching, leadership excellence, sponsorships, LinkedIn Learning, tuition assistance and support for external courses. These investments are supported with semi-annual performance reviews and comprehensive succession planning to ensure our talent is ready for the future.

Our Values

We play as a team

We operate with respect & integrity

We are relentless in finding a way

We are invested in our communities

We embrace technology & innovation

Some of the unique programs we have designed to support our employees include:

- "goforum" a proprietary developmental program to provide career and life experiences to top talent. This past year, we had 17 participants enroll in the program to collaborate with people in other departments to solve real business issues, participate in external courses, receive personal career coaching, psychometric and 360 assessments, and learn from senior executives who participate in the program as sponsors.
- Manager-in-training programs are designed to grow employees within our organization and support their career advancement. 75% of available management positions were filled by internal promotions in 2022, highlighting the work that is done to prepare the next generation of leadership from the most frontline positions.
- Free LinkedIn Learning that offers unlimited access to industry leading learning and development programs with rich content that we are able to assign, push, and track to completion.
- Employee Referral Program for employees to recommend colleagues who share their commitment to achieving high standards of delivering top-quality work. Employees can earn a monetary award for each candidate who is hired into a Permanent Full-Time or Part-Time position. In 2022, our employees were successful in referring 327 new employees and the Company paid out over $95K in referral rewards.
- Annual employee engagement survey which includes sharing results with employees, so they understand what specific feedback was collected and how the leadership intend to use the information to improve the goeasy workplace culture.

82% Of employees agree that they are doing meaningful work

83% Of employees are proud to tell others they work for goeasy

85% Of employees agree that they can be themselves at work

84% Overall engagement score

82% Of employees agree that they feel like they belong at goeasy

84% Of employees would recommend their manager to others

91% Of employees agree that goeasy values diversity of cultural backgrounds, personal styles, and lifestyles among its employees.

2019 Achievers 50 Most Engaged Workplaces 2019 Winner

Digital Finance Institute Top 50 Fintech Companies

Greater Toronto's Top 2020 Employers

Waterstone Canada's Most Admired Corporate Cultures

2022 Report on Business Women Lead Here

The Globe and Mail 2022 Report on Business Canada's Top Growing Companies

Great Place To Work® Certified SEP 2022 – AUG 2023 CANADA

Putting our employee's health and well-being first

In keeping with our mission to create better tomorrows for our employees, each year goeasy commits to enhancing its total rewards offering. This means modifying and enhancing our incentives, benefits, or perks to align to what is most important to our employees, and in turn with current economic and social conditions. In 2022, we were very pleased to put forward several enhancements including new family benefits, a one-time financial support bonus to combat inflation and an employee share purchase program that encourages and rewards saving while investing and taking an ownership position in the company

At goeasy, our vision is to provide our customers with a path towards a better tomorrow, today. Our view towards our employees is no different, and we continue to invest in our overall employee benefits and recognition programs which includes competitive base pay, monthly bonus plans, quarterly and annual performance and leadership awards, maternity and parental top up benefits, a RRSP matching program, virtual medical access, a mental health support system that is unparalleled, employee assistance program (EAP), company matched charitable donations, spring break and summer camp programs for kids of employees, a sabbatical program, service awards, tuition assistance programs and access to free financial literacy webinars.

2022 Investments

- One time $250 cost of living bonus to frontline team members
- The launch of a new Employee Share Purchase Plan, allowing team members to invest in their company and receive up to $1,000 in goeasy share matching annually
- Introduction of a new educational benefit for working parents' families through a partnership with Hoot Reading, the leader in online literacy tutoring, to give children access to online reading tutoring with experienced teachers
- Providing discounted access to funds through our employee loan program
- The launch of Headversity, a wellness app designed to pre-empt mental illness
- Introducing bereavement leave for miscarriage
- Paid time off for IVF treatment

Creating an inclusive workplace through diversity, equity, & inclusion.

At goeasy, we prioritize cultivating and maintaining a work culture where we celebrate who we are, where everyone feels seen and heard, and where every employee can be the best version of their selves. Since forming our Diversity, Equity and Inclusion (DE&I) council in 2021, we continue to listen to employees and conduct an "I am goeasy" Personal Demographic Survey annually. The survey is used to measure our progress toward being an inclusive organization, by helping us understand representation, develop action plans, and report on progress related to our DE&I commitments to employees. This information will be used to inform strategies to improve the work experience of and climate for everyone.

We have employees from over 78 different countries of origin, and above average Canadian representation of members of the LGBTQ2+ community, members of racialized groups (visible minorities) and Indigenous people. We established diversity training for all leaders and employees to create a culture of respect and understanding.

We have four Employee Resource Groups, formed by employees for employees including:

Afro-Canadian Development and Empowerment (ADE) Committee

Strives to develop and empower all Black employees and Black allies through the promotion of racial equity within our organization.

In 2022, we partnered with Onyx Initiative to help address the systemic gap in the recruiting and selecting of Black University and College students for corporate roles in Canada.

2022 was a year of expansion for ADE with two new chapters in Quebec and within the LendCare business with a focus on equity of Black Talent.

Here's what we learned:

- ~65% of our employees in Quebec identify as Black
- ~33% of our employees at LendCare identify as Black

In 2022, ADE held four events for Black History Month that covered Career, Black Mental Health, Black Culture and How Black Culture influences the world today in terms of Food, Music, Fashion, and Business with between 200-300 people in attendance at each event.

At the annual goeasy conference they hosted an event called 'ADE Network Mixer' with 100 employees from diverse backgrounds to give them more info about ADE as well as answer any questions and suggestions on how they can increase awareness on topics in relation to the Black community.

Throughout 2022, ADE hosted Meet & Greet sessions on career growth, Black representation, and other topics. These sessions had an average attendance of 200-300 people.

CIRCLE

5% of goeasy's employees identify as First Nations, Inuit or Métis, which aligns with the representation in the overall Canadian population and represents a significant number of our employees. The CIRLCE employee resource group was developed to uplift our Indigenous team in building a safe space with opportunities for growth and support within goeasy. To move forward, they acknowledge and honour their history to engage the goeasy community.

Women in Leadership

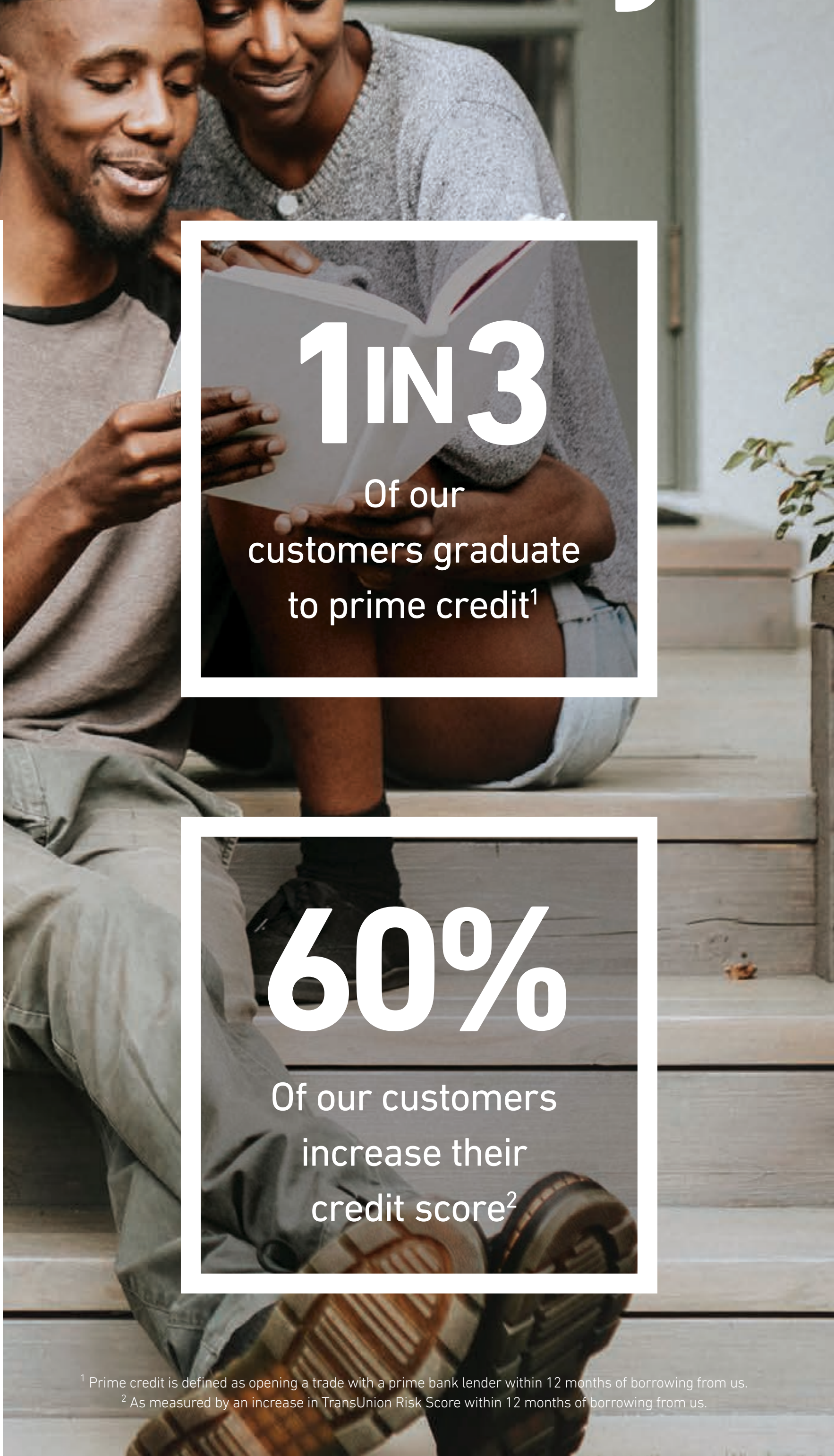
Established in 2015, the Women in Leadership (WIL) employee resource group, supports the growth of our female colleagues through learning and development, mentorship, social and community engagement, and giving programs to uplift women's causes. The mandate of the program is to provide female leaders at goeasy the opportunity to advance their careers through growth and learning opportunities, networking, and exposure to senior female leaders.

In 2022, goeasy hosted our third annual WIL Summit attracting over 250 senior leaders from across Canada for a day of learning and development supported by a variety of thought leaders, helping to further extend the reach and impact of the program. With 52% of manager positions being held by women and 38% of our non-executive board members being female, we are extremely proud of the work we have done to support gender equality in the workplace. In 2022, our efforts were recognized as we were awarded placement on the "2022 Report on Business "Women Lead Here" list, an annual editorial benchmark to identify best-in-class executive gender diversity in corporate Canada.

Pride

According to our internal 2021 demographic survey, we learned that goeasy has above average Canadian representation of members of the LGBTQ2+ community. The newly formed PRIDE employee resource group is in its early stages of development but has already had a positive impact in 2022, by providing a safe space for LGBTQ2+ employees to be themselves. Creating a culture of respect and understanding has been supported by sharing resources and information around the use of pronouns, as well as planned activities during Pride Month and Diversity Month. To underscore goeasy's culture of inclusivity and fostering belonging, the Pride committee produced a video with the Senior Executive Team, sharing personal perspectives on what Pride and allyship means to them.

Customer Responsibility



Our mission is to help the more than 8.5 million Canadians, considered non-prime based on their credit profile, who have been denied credit by the banks and other traditional financial institutions get access to the credit they need to build a better tomorrow. We are committed to an unwavering belief in providing our customers with the financial tools and education they need to make sound financial decisions, helping them to reduce debt, increase their credit score, reduce their interest rates over time, and graduate to prime lending rates.

The goeasy customer truly reflects the average Canadian. While our customers may have a non-prime credit score, making getting approved by a traditional bank more difficult, they truly resemble the typical hard-working consumer that relies on credit for everyday household needs and to finance large ticket purchases such as cars, recreational vehicles, healthcare expenses or home improvements.

Having served approximately 1.3 million customers, we have come to know that behind every loan there is a powerful story. It is the stories of these everyday Canadians that motivate us to serve our customers with respect, to make accessing credit simple and convenient, as well as continuing to build on our suite of resources and tools to help our customers take control of their financial future for today and tomorrow.

1 IN 3

Of our customers graduate to prime credit[1]

60%

Of our customers increase their credit score[2]

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

"All I knew about my credit history is that I need to fix it. On my first visit, Jennifer from easyfinancial, spent over two hours with me reviewing my credit report. In just 12 months, my credit score doubled and I was able to graduate to prime rates and clear up debt. I wouldn't be where I am today if it weren't for Jennifer."

Moncton, NB

goeasy Academy

We offer a complete knowledge centre, available to all Canadians, with tools and financial literacy articles covering a wide range of topics to help develop better money habits through a deeper understanding of the whole personal finance ecosystem. Content focuses on best practices around budgeting, saving, understanding, maintaining a good credit score and of course, getting out of debt. goeasy Academy also offers meaningful tools to aid in the education of personal financial literacy.

- 30-Day Financial Wellness Challenge
- Credit Score Quiz
- Debt Consolidation Calculator
- Savings Calculator
- Budget Calculator

Credit Optimizer

We offer customers a unique data-driven tool that helps them take control of their finances with a customized plan that can help them improve credit scores and move to lower rates. With features that go well beyond a basic credit monitoring solution, Credit Optimizer lets customers set a target credit score and provides them with the steps they can take to help get there.

- **Personalized credit improvement plan**
  Data-driven technology that analyses individual credit profiles and identifies the actions to take to improve credit scores.
- **Real-time recommendations**
  Set target credit scores and get real-time recommendations and personalized debt analysis to help stay in control of credit.
- **Credit monitoring and fraud alerts**
  Unlimited credit checks that won't affect credit scores and real-time email alerts to help protect from potential threats.

Lending Products to Support our Customers' Journey to Financial Health

Our mission is to help our customers who have been denied credit get access to the credit they need, while also helping them improve their credit score, and gradually reduce their cost of borrowing.

- Employee training to help customers understand their credit report and the steps to improve their credit score
- Lower rates of interest are offered after a consistent period of on-time payments
- Customers can access financial literacy tools through goeasy Academy and manage and improve their credit score with Credit Optimizer
- We offer a 14-day cooling off period on all unsecured direct-to-consumer loans
- An optional loan protection plan is offered to protect customer's loan payments in the case of unforeseen events such as unemployment or critical illness
- A suite of collections tools designed to help customers through difficult financial periods such as payment deferrals and term extensions

In 2022, both easyfinancial and easyhome won the Feefo Platinum Trusted Service Award, an independent seal of excellence, which recognizes businesses that consistently deliver a world-class customer experience. Feefo established the Trusted Service Awards in 2014 to recognise brands that use the platform to collect verified reviews and receive exceptional feedback from their customers. The awards are unique because they truly reflect an organization's dedication to providing outstanding customer service by analyzing feedback from real customers.

In addition, goeasy is accredited by the Better Business Bureau, goeasy is proud of our A+ BBB Rating.

Community

With a retail footprint that serves over 85% of Canadians, our connection to the communities in which we operate is defined by more than our physical locations. We strive to be dedicated members of our communities, which means committing ourselves to make the places we live and work healthier and more equitable. By donating our time, talents, and resources, we're working to make a difference at home and abroad through our long-standing charitable partnerships.

Along with in-kind donations, we encourage employees to lend their support in bettering their community, in whatever way they can. This includes our corporate donation matching program, as well as offering employees dedicated volunteer paid time off so they can contribute their time to many worthy causes.

- 3 dedicated volunteer paid time off days for employees
- David Lewis Scholarship Award grants $10,000 per year for a child of a goeasy employee, totaling $80,000 since 2016
- DK Johnson community Award grants $10,000 per year, totaling $40,000 since 2019
- Donations to date of $4.83 million, including $455.5K in 2022
- BGC Payroll Deduction and Company match donations over $90K in 2022
- In-kind donations of $35.6K for Toy Drives, Holiday Hamper and Pounds for Pumpkins
- Red Cross Donations supporting Ukraine and Hurricane Fiona relief efforts of $35K
- Employee Resource Group fundraising initiatives of almost $10,000

BGC Partnership

Since our partnership began in 2004, we have donated over $4 million to BGC Canada in support of their efforts to provide children and youth with safe spaces to develop life skills, confidence, and a sense of community. When we met with BGC, we understood how central their clubs are to so many young Canadians and their families, and how important it is to be able to provide regular access to healthy meals to those who come in. Over the last 10 years, we have almost built 100 functional kitchens in all BGC clubs across the country through our $2.5 million easybites program. Throughout 2023, we will be completing our easybites initiative and our commitment to renovating all 100 hundred kitchens across the clubs. In 2022, our employees and head office continued our ongoing support of their community-based activities like food and toy drives as well as scholarship fund contributions.

Mariam Society Founding Sponsor

As an organization, one of our core values is investing in our communities. For us that means locally as well as being a good global

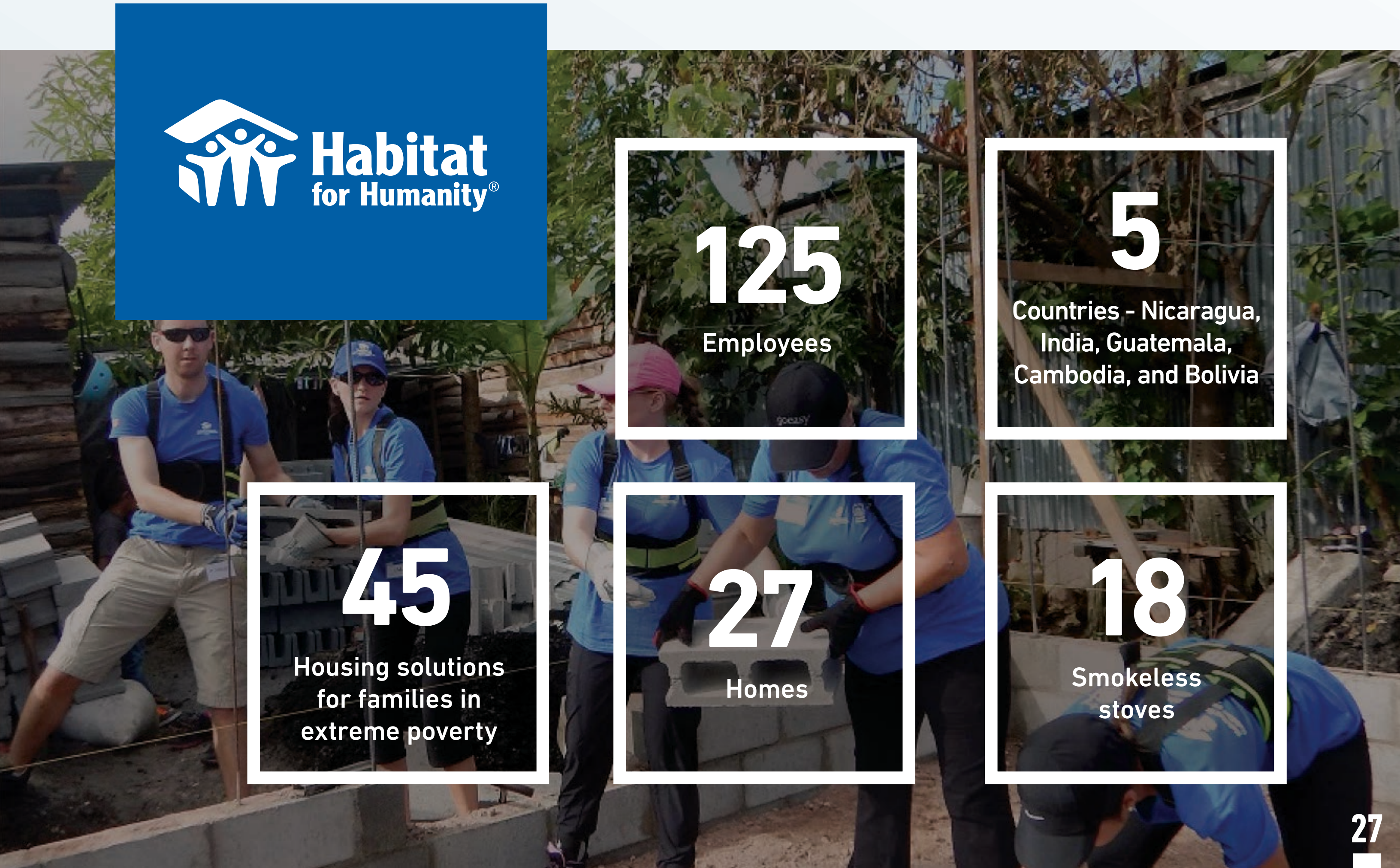
citizen. We exist to serve the underserved and to offer a dignified pathway to a better future. In 2022, one of goeasy's employees shared her plans to launch a charity with the mandate of providing funding to send girls in India to school. We immediately saw the alignment of our mission and Mariam Society's endeavour to empower girls living in poverty, through education and financial literacy.

Since that time, we are incredibly proud to have supported the education of over 100 girls as a significant contributor to their path to a better life. We don't just help with their education; we also help broaden the financial literacy they need to help support their families, just like we do with our customers in Canada.

What is really special about supporting the Mariam Society is that we can see first-hand how transformative our efforts are for these girls. It becomes personal when we know their names, see their faces, and hear their stories. It is even more rewarding to have supported one of our employee's in helping to bring their vision for giving back to life.

Habitat for Humanity

Beyond our local communities, goeasy is always looking outward with a global vision of making a difference around the world. Our people are extremely proud to dedicate their time and effort through build projects with Habitat for Humanity. Since 2015, over 125 goeasy employees have travelled to five countries to help build homes and infrastructure through our partnership with Habitat for Humanity Global Village. While the Global Village program has been on hold due to COVID-19, we continue to support the organization and look forward to the program's return. We believe that opportunities like these remind our employees of how fortunate we are in Canada and how their contributions can make significant impact to those in under developed countries.



Governance

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

goeasy strives to develop and maintain a comprehensive set of policies, controls and procedures designed to keep the organization secure, while enhancing disclosure and alignment with shareholders.

Ethical Business Conduct

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

Board Composition & Diversity

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

Board of Director Committees

The Board has established three committees to assist with its responsibilities: the Audit Committee, the Human Resources Committee, and the Corporate Governance, Nominating and Risk Committee.

Audit Committee

The Audit Committee oversees the accounting and financial reporting practices of the Company and the audits of the Company's financial statements and exercises the responsibilities and duties set out in its mandate.

The Audit Committee is currently comprised of five directors of the Corporation, Karen Basian (Chair), David Appel, Sean Morrison, Hon. James Moore, and Jonathan Tétrault, all of whom are independent. Each member of the Audit Committee is considered by the Board of Directors to be financially literate within the meaning of applicable securities laws by way of their business experience and educational background.

Human Resources Committee

The Human Resources Committee is responsible for, among other things, reviewing and recommending the form and adequacy of compensation arrangements for directors and executive officers, having regard to associated risks and responsibilities. Compensation includes but is not limited to salary, bonuses, benefits, equity-based incentives, share purchases and other compensation, as appropriate. Additionally, the Committee reviews and makes recommendations to the full Board on all matters pertaining to bonus plans, salary policy, equity-based incentives and share purchase plans for all other employees. The Committee annually reviews its compensation practices by comparing them to surveys of relevant competitors and sets objective compensation based on this review.

Also, as part of its mandate, the Human Resources Committee is responsible for developing and monitoring executive talent management plans, ensuring that succession plans are in place for key executive roles. The Committee will advise to ensure that management has effective processes in place to retain key employees, identify and reward high-potential talent, and adequately address the organization's diversity and inclusion needs in efforts to align the capabilities of talent with the current and forward-facing business goals and strategy.

The Human Resources Committee is currently comprised of four directors of the Corporation, Tara Deakin (Chair), Karen Basian, Sean Morrison, and Susan Doniz, all of whom are independent.

Corporate Governance, Nominating and Risk Committee

The Corporate Governance, Nominating and Risk Committee is responsible for, among other things, assisting the Board in establishing and maintaining a sound system of corporate governance through a process of continuing assessment and enhancement, as well as enterprise risk management, which includes matters such as: Environmental Social and Governance (ESG) and information security. The Committee is also responsible for reviewing any related-party transactions and implementing yearly Material Interest Attestations for all Board Members.

The Corporate Governance, Nominating and Risk Committee is currently comprised of five directors of the Corporation, Hon. James Moore (Chair), David Appel, Susan Doniz, Tara Deakin, and Jonathan Tétrault, all of whom are independent.

Executive Compensation Governance and Philosophy

The Human Resources Committee of the Board has the mandate to establish and implement the Company's executive compensation policies and monitor its compensation practices, with the objective that executive compensation be aligned to shareholders, market competitive and fair. The Human Resources Committee is responsible for reviewing and approving all officers' compensation and equity-based compensation plans.

The Company's executive compensation policy is designed to incorporate a pay-for-performance philosophy. The philosophy has been established to encourage and reward executive officers on the basis of individual and business performance. Elements of executive officer compensation includes competitive base wages, short-term incentives such as bonus plans, and long-term equity-based incentives such as share options, restricted share units, and executive deferred share units.

The Company's objective with respect to its compensation program is to attract, retain and motivate employees at all levels to achieve corporate and individual performance goals. The Company's compensation programs are designed to reward individual performance based on predetermined individual goals as well as the Company's financial targets, such as profitability, and adherence to corporate values. The Company's strategy is to align compensation with corporate objectives including appropriate risk management and strategic execution.

The Company chooses to pay each element of its compensation program in order to attract, retain and motivate employees as well as to remain competitive within the Canadian and U.S. financial services and retail industries, and to encourage long-term employment. Equity awards, as determined by the Board, are based on the recommendations of the President and Chief Executive Officer. Performance targets are based on financial measurements agreed to by the Board. Each of these elements fits into the Company's overall compensation strategy by aligning individual and corporate performance to business strategies.

Enterprise Risk Management Framework

The Company has adopted an Enterprise Risk Management Framework to identify risks across its business operations, rank risks against a 25-point scale (impact and likelihood) and formulate mitigation plans for risk that are deemed to be outside the Company's accepted risk tolerance. The formal process occurs quarterly and is reported to the Board on a frequent basis.

Information Technology and Cybersecurity

The Company's business model is dependent upon the successful and uninterrupted functioning of its computer, internet, and data processing systems and, thus, it allocates appropriate resources to support its ongoing function and enhancement. It also relies heavily on the secure processing, storage and transmission of confidential and sensitive customer and other information through its information technology network. The Chief Information Officer of the Company oversees information security, and the Chief Privacy Officer oversees privacy matters.

Message from the Executive Chairman of the Board

2022 was another year of significant progress towards our strategy to be the leading provider of credit for over 8.5 million non-prime Canadians.

With a loan portfolio that grew to $2.8 billion at year-end, the team produced a record year of organic loan book growth, record revenue and record adjusted earnings.

We continued our multi-year journey to diversify our business through the addition of new products and channels, that will combine to accelerate growth and continue to drive future record earnings. The record organic loan growth in 2022 of $764 million provided record revenues of over $1 billion, up 23%. The increased revenues, combined with increasing scale and operating leverage, also led to record adjusted earnings. Adjusted operating income increased 17% to a record $369 million, adjusted net income increased 10% to a record $192 million, and adjusted diluted earnings per share improved 11% to a record $11.55

David Ingram
Executive Chairman of the Board

Change & Innovation

Over the last 22 years we have built a culture that embraces change and evolution. From our first wave of growth with rebranding the entire company to easyhome in 2003, to the conception and launch of easyfinancial in 2006 that fueled the second wave of growth and to the highly accretive acquisition of LendCare, we have solidified our strategy to be a one-stop source of credit for non-prime Canadians. Our long track record of success is rooted in looking to capture opportunities in the market and finding ways to diversify, while aggressively executing a test and learn approach to find scalable products. Since 2017 we have been executing on our third wave of growth, moving from a single priced loan product to a wide range of risk adjusted interest rates and 7 lending products that provide credit to meet all the needs of the non-prime consumer. We have also expanded our distribution channels, growing from our first branch in 2006, then developing a market leading digital platform that produces nearly 40% of our application volume, and with the benefits of LendCare, we now have 6,500 merchants where we offer automotive and point-of-sale financing giving us nearly 7,000 points of contact. Our journey has been one of a relentless drive to hire the best talent, develop and test new ideas, and then execute them with efficiency and effectiveness. Tenure, credentials, and experience don't substitute for results, our team understands they are not rewarded to pace themselves or budget their effort. In a rapidly changing world with economic uncertainty and regulatory changes, we are very well positioned to thrive and adapt. Executing this strategy has resulted in the weighted average interest rate charged to consumers declining from 47% to 30%, as we have passed on the benefits of scale to our customers. As a result of these efforts, we remain committed to produce record earnings for many years into the future.

Growth-Focused

Since 2001 we have compounded revenue growth at 14% and adjusted net income growth at over 30%. The track record of our Company is a direct result of a growth mind-set, and a drive to be the leader in our industry. In 2022 the management team embarked on an accelerated growth plan, with organic growth rising to a level that was double our prior highest year. Management's discipline to "test and learn" as we build and develop products gives the Board great confidence in the team's ability to continue its industry leading growth trajectory. The strong level of organic growth in 2022 led to an equity financing late in the year, which was necessary to ensure we had the appropriate capital and leverage profile to continue our momentum. Despite raising equity at a share price multiple below the long-term historical average, it proved to be the best capital management decision, as organic growth remains our priority use of capital and very accretive to the future earnings of the company. Management continued to seek strategic investments that will produce long term commercial benefits and potentially serve as future growth engines. Over the last 22 years we have invested over $400 million in M&A related transactions, collectively producing in excess of a 50% return to date, with future benefits still to accrue. Whether we are designing new products or developing the financial model for a new investment concept, we consistently build our thesis around delivering a 20%+ return on equity for all investments.

In Closing

On behalf of the board, I want to thank the management team for another year of executing a plan to achieve record loan book growth and record adjusted earnings. Under Jason's leadership and intelligent direction and the executive leadership team, we are proud to have assembled a team of over 2,400 ambitious colleagues, who are passionate about serving our customers and delivering on the mission of our organization in making "Better tomorrow's, Today" Their drive to consistently produce record results, while making a difference in the lives of our customers as they embark on their journey to rebuild their credit inspires us. My time with the company, which now spans more than 22 years, has seen our organization through multiple phases of growth and evolution. We've been through ups and downs, managed through five major market corrections and made a few mistakes. However, through it all we have always tried to lead by personal example rather than personal convenience, and we have always worked to succeed rather than work to survive. We are relentless in finding a way. It is the strength, creativity, determination, and resilience of our team that has helped produce total shareholder return of over 15,000% making us the top performing financial Company on the TSX for the last 22 years. But despite any success its humbling to recognize that we still only occupy less than 2% of a large and underserved $200 billion market. As Jason has said, we are truly just getting started and have so much more work to do!

David Ingram
Executive Chairman of the Board

2022 Annual Letter to Shareholders

2022 truly highlighted the growth potential of our business and the resilience of our team.

Despite the challenging environment, including high inflation, rising interest rates and turbulent capital markets, goeasy produced record results. Once again, the ability of our Company to adapt and respond to the rapidly changing world around us, enabled the organization to thrive, grow market share and achieve all our commercial targets during the year. In addition to producing record growth, stable credit performance and record normalized earnings, the ongoing evolution of our business has made the organization stronger and better prepared for the future.

Jason Mullins
President & Chief Executive Officer

Record Results

As a result of business initiatives developed over the preceding years, origination levels in 2022 accelerated to nearly $2.4 billion. The 50% increase in origination volume resulted in nearly doubling the previous year's level of organic loan growth, with a net increase in the loan portfolio of $764 million. Our core unsecured loan product, home equity lending, powersports and automotive financing, produced most of the growth. The year closed with a portfolio just shy of $2.8 billion, up 38% over the prior year. Revenue in 2022 crossed $1 billion for the first time in our Company's history.

We also delivered another year of stable credit performance with a net annualized charge off rate of 9.1%, directly in line with our target range. As we continue to invest in AI, machine learning, and data analytics, our capability to monitor, measure and design credit strategies that accurately predict and produce the desired credit outcomes, continues to strengthen every year.

We also focussed on operational efficiencies that produced operating leverage during the year. With a rising interest rate environment, and a strategy to lower the cost of borrowing for our customers, it is imperative that we sweat our cost structure. In 2022, our efficiency ratio – operating expenses as a percentage of revenue – declined from 37.2% to 33.6%, improving nearly 400 basis points.

After normalizing for unrealized losses associated to our investments and non-recurring expenses, adjusted net income was a record $192 million, up 10%, while adjusted diluted earnings per share increased to $11.55, up 11%.

As mentioned, we experienced a significant increase in the organic loan growth of the portfolio, which requires an accounting provision for future credit losses to be incurred. With a year over year increase in organic loan growth of $425 million, we incurred an incremental pre-tax loan loss provision of $29 million compared to the prior year, impacting net income by approximately $21 million and diluted earnings by over $1 per share. This organic growth is highly accretive and will help fuel earnings growth into the future.

Adjusted return on assets for the year was 6.6%, leading to adjusted return on equity of 24.2%, above our targeted level of return. The strong earnings growth also enabled us to lift the dividend to $3.84 per share, our 9th consecutive annual increase.

Strategic Initiatives

We also made significant progress against our strategic initiatives, highlighted by the expansion of automotive financing, increasing efficiency in our branch network, and the development of our new consumer facing mobile app, which will launch this year.

Automotive Financing

At nearly $60 billion, automotive financing is the single largest product category in the non-prime consumer credit market. In this category we compete on five key elements: our approval rates, loan offers (size and rate), dealer commissions, speed of decisioning and merchant support. In 2022, an additional 660 used car dealerships began offering our financing solution, which expanded our network to over 2,400 dealers by year-end, while our automotive financing portfolio grew 2.5x during the year, finishing at over $250 million. With over 8,000 used car dealerships across Canada, we are making great progress toward our goal of becoming the number one non-prime, non-bank automotive financing business in the country.

Productivity & Efficiency

We also executed several projects designed to improve productivity and efficiency within our retail and call centre operations. This included a digital communications platform, digital employee training software, a new call centre telephony solution, and business intelligence dashboards for frontline staff. Combined, these tools lifted the loan origination volume per employee in our branch and call centre network by 20% in 2022.

goeasy Connect

By year-end, we also neared the completion of our new consumer mobile app, "goeasy Connect". Through this new digital platform, customers and prospects will be empowered to browse our entire suite of lending products, receive personalized loan offers, access their credit score, and connect directly to an agent for support. We believe goeasy Connect will truly empower non-prime Canadians, by enabling them to carry credit in their pocket - removing the barriers, stress, and inconvenience of the typical borrowing experience.

Evolution of the Business

Since 2017 our strategy has been guided by expanding our product range and channels of distribution. As new products and point-of-sale financing verticals are developed and mature, they increase our addressable market, provide accesses to new customers, and extend the life of our existing customer relationships. By offering a suite of lending solutions that serve a wider set of needs for the 8.5 million Canadian non-prime consumers, we can build a bigger business and serve a greater portion of the demand for consumer credit.

Moreover, in addition to fueling an increase in earnings, the growth and evolution of the business has significantly improved the capacity of our Company to withstand changes in macro conditions, such as deterioration in the economy and the recently announced regulatory changes. In building a company that can thrive for generations, improvements that increase sustainability and defend against extraneous factors are incredibly valuable.

Prepared for Economic Challenges

In our investor materials, we lay out the many reasons why non-prime consumers are significantly more resilient through economic cycles than most expect. These characteristics include carrying lower levels of debt than prime borrowers (~55% less debt) and lower levels of home ownership (<20% own homes), thereby reducing their

exposure to interest rates and real estate. In addition, over the past several years the business has evolved in a manner that even further prepares us to withstand economic stress, increasing confidence that we can continue our long track record of stable credit performance. Over the course of 2021 and 2022, we made a number of proactive credit and underwriting enhancements. These adjustments were designed to "tighten" credit and improve the quality of future originations by raising our minimum credit tolerance or adjusting the required loan affordability ratios, specifically the debt-to-income and payment-to-income required to be granted a loan. With a loan portfolio that has an average life of approximately 24 months (much shorter than the actual term of the loans), our credit and underwriting modifications can affect as much as 50% of the business within as little as 12 months. The quick turnover rate of the portfolio presents a material advantage for managing credit, especially if we can spot signals in the data, or broader marketplace, and then act quickly enough.

Furthermore, we have continued to increase the proportion of secured lending volume, which increased from 12.5% of our loan portfolio entering 2021, to over 40% today. Secured loans to non-prime borrowers are always written on the basis of credit and affordability, resembling the same approach we take to unsecured lending. However, when the loans are secured by real estate, automobiles or recreational vehicles, the existence of a hard asset that can be surrendered in the event of default, results in meaningfully lower credit losses – at almost half the rate of an unsecured loan issued to the equivalent borrower.

Adapting to Regulatory Changes

In the recent 2023 budget, the federal government announced its intention to reduce the maximum allowable rate of interest that can be charged from 47% to 35%. While the change will reduce access to credit for an estimated 4.7 million Canadians, we believe it will benefit goeasy and those with scale in the long term. Organizations with less scale and higher funding costs, will inevitably find it very difficult to compete within a lower rate environment. Moreover, it will prove to be incredibly challenging for new entrants, raising the barrier to entry. The net result will lead to a greater share of market for goeasy, reduce the future regulatory risk, and produce a portfolio with lower APR's and credit losses – characteristics that have proven to be appealing for investors and creditors alike.

After years of futureproofing the business, we are well prepared to adapt. A key element of our strategy has been to reduce the overall weighted average interest rate charged to our customers over time. Whether a result of gradually lowering the price of credit as reward for on-time payments or qualifying a customer for a lower priced loan product, the weighted average interest rate charged to our borrowers has reduced from ~45% five years ago, to ~30% today. At the core of our strategy has been the long-term benefits of reducing pricing for consumers, which in turn provides them access to larger loans, longer terms, lowers credit risk and extends the life of our customer relationships. As a result, only 36% of our loan portfolio is currently priced above the future allowable rate.

In response, we are deploying a suite of business initiatives designed to mitigate the impact from the reduced maximum allowable rate, so that we can continue to serve as many non-prime Canadians as possible and deliver comparable results to our previous plan. These include adjusting pricing, seeking ways to accelerate growth, and productivity initiatives to increase operating efficiency, all of which are possible in a less competitive environment. Together, we are confident we will continue to grow annual earnings to record levels and be better off in the future.

Capital Allocation

Capital is always limited - by either the amount of available liquidity or the amount that can be reasonably deployed due to the impact on financial leverage. First, the amount of available liquidity (cash on hand and undrawn available debt) at a given time, will naturally influence how we allocate capital, as it forces a prioritization of where dollars are deployed. Secondly, to ensure sufficient access to debt at the most cost-effective level possible, we must ensure the business is appropriately levered, as this is a key consideration for debt holders and the rating agencies that assess the financial risk of the Company. Therefore, even if we have the liquidity to invest, the growth in our book equity often sets the pace.

As we have outlined before, we first prioritize capital toward organic loan growth, as it generates the highest return on investment, often with the greatest degree of certainty and lowest level of risk. Next, we invest in business initiatives, including developing new systems, building new products and developing channels that will fuel the future organic growth of the organization. These initiatives are often constrained by the operational capacity of the organization, more than the willingness or capacity to invest. Alongside investing in the business to develop new revenue sources, we will also consider investing in other businesses, including outright acquisitions, provided these investments are accretive to our per share earnings and add strategic value. In the event the business has sufficient access to capital to fund its organic growth outlook, more specifically the free cash flow from operations covers produces the necessary equity component of our organic loan growth, then we will return capital to shareholders. Capital is returned to investors in the form of a regular dividend, at a payout ratio of approximately one third of our prior years' earnings.

In late 2021 and first quarter of 2022, our business was performing well, and we were producing excess capital beyond the level needed to fund organic growth, business initiatives and our existing dividend. As such, we were actively repurchasing our shares, as we felt they were trading below their intrinsic value. As we entered the second quarter of 2022 however, circumstances changed. Increasing consumer demand, reduced levels of competition and the performance of internal business initiatives, culminated to produce a meaningful lift in originations and loan growth. As such, the organic growth began to consume all available capital. When growth accelerates, it also creates an immediate and material impact on financial leverage. Not only do we incur the associated debt immediately, but the cash inflows also take time to materialize, and we incur an upfront loan loss provision expense. When combined with the cost of marketing and origination expenses, a loan is not accretive for more than 9 months.

The growth in 2022 was elevated such that by year-end, we were bumping up against a level of financial leverage (on a debt-to-equity basis), requiring us to either issue a small amount of new equity, or slow down our loan growth. As we carefully examined and modelled the choices, it was clear that issuing equity was going to be the best financial decision, due to the accretive nature of the organic growth.

Measuring Profitability

It is important for investors to understand which specific financial metrics we use when designing our loan products. While we look at financial performance from many different vantage points, two of the most important for optimizing economic objectives, are i) the annualized returns of a given portfolio of loans, and ii) the lifetime value of a customer.

Annualized Portfolio Returns

We first start with the requirement that each product or channel needs to deliver at least a 20%+ annual return on equity. Producing a strong return on equity is essential to competing for investment against other high performing financial stocks including the bank sector. With approximately 30% of the business funded by equity, this means our consumer loan portfolio must produce after tax returns of a minimum of 6%, or approximately 8.5% on a pre-tax basis. From the target 8.5% pre-tax return, we need to cover the cost of capital, operating expenses and credit losses from the gross yield earned on the loans. While each product and lending vertical needs to deliver the same minimum target net return, they all produce that result in a different manner. An unsecured loan portfolio produces higher annual gross yields, but also produces higher loan losses and a greater level of operating expenses, such as marketing, origination, and servicing costs. By comparison, a secured loan portfolio produces a lower level of annual gross yields, but with much lower credit losses and operating expenses. While there are certain products that produce higher returns than others, which inherently encourages us to prioritize how we allocate capital between them, all products are designed to meet the minimum desired hurdle rate.

Customer Lifetime Value

Another key measure of profitability is the lifetime value of a customer (LTV). This lens is critical, as it looks past the economics of a single loan or annual period of time, and rather at how well we are fulfilling the credit needs of our customers over the long term. We measure LTV as Lifetime Revenue (average number of loans over the customer's life x average life of each loan x average balance outstanding x average total yield) minus Lifetime Expenses (average cost to acquire + average cost to originate each loan + average cost to service/collect each loan + average net credit losses + required cost of capital). In executing our business strategy, we have clearly observed that as we expand the number of products available (meeting a wider set of financing needs) and gradually reward customers with lower rates of interest, our customers repay more consistently and turn to us as a trusted source of credit more often, ultimately increasing the LTV. Since beginning to execute our risk based pricing and multi-product strategy, our customer LTV has lifted by over 30%.

If we can produce attractive and portfolio returns, while increasing the lifetime value of each customer we acquire, we maximize the long-term earnings of the Company.

Lessons Learned

With every year that passes we learn more about our business. By acknowledging that we can always be better, we can reflect on our experiences and improve our decision making in the future. During the year we evolved our thinking in two key areas:

Preserving Capital

As noted earlier, in 2022 we both repurchased shares and then later issued equity. Clearly this is not an optimal management of our capital. As was explained, we made decisions that based on the information available at the time, were in the best interest of the business. However, we also subsequently proved that if our strategic initiatives performed well, general market demand could support a level of organic growth beyond our expectations, putting temporary pressure on our leverage profile. As such, it may be prudent in the future to generate and hold excess capital in reserve, rather than returning as much as we did to shareholders.

No Endless Rescue Missions

Late in 2022 we decided to terminate our agreement with a technology vendor that had been developing a new lending platform for our easyfinancial business. This was the first major technology project that we failed to deliver in over 23 years. While the decision was the right one for all stakeholders, it could have been made sooner. When you run a high-performance culture, fueled by execution oriented and results driven people, you are susceptible to falling into endless rescue missions. If a business initiative isn't working, we need to pull the plug as soon the hard truth presents itself.

The Future

With only 1.5% share of the large and underserved $200 billion non-prime consumer credit market today, we are incredibly excited about the future. The macro economic conditions and regulatory changes will in fact only serve to create more opportunity for goeasy – leading to a larger and more profitable business. In just the first few months of 2023, the proportion of credit we advanced to new customers was higher than any other quarter in the last five years, a strong signal that our strategy is resonating, and that we still have millions more borrowers to serve.

As we have said many times before, we still feel like a small company in the early stages of our growth journey. Many of our product lines, such as automotive financing and point of sale lending, are in the early stages of development. We believe our new consumer facing mobile app, which will provide access to all our products in one simple digital interface, will transform the way non-prime consumers obtain credit. Lastly, we have still yet to fully monetize our platform by exposing all the pre-approved credit offers available to our customers. As we continue to scale our business and multiply the loan portfolio, we remain committed to continuing our multi-decade track record of generating industry leading returns for our shareholders.

In closing, I want to thank the entire team for their unwavering commitment to our vision. The 2,400 team members across goeasy are smart, hungry, and humble. They care deeply about providing an exceptional experience for our customers and improving their financial health. They work tirelessly to make our organization successful and to ensure the 8.5 million non-prime Canadians have access to a trusted and reliable source of credit to finance their life. Together, we are on a mission to be the largest and best performing non-prime consumer lender in Canada.

We are truly just getting started.

Jason Mullins

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

For the year ended
December 31, 2022

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

Date: February 15, 2023

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, 2022 compared to December 31, 2021, and the consolidated results of operations for the three-month period and year ended December 31, 2022, compared with the corresponding periods of 2021. 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, 2022. 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.

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, statements with respect to 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 the Company, plans and references to future operations and results, critical accounting estimates, expected future yields and net charge off rates on loans, the estimated number of new locations to be opened, the dealer relationships, 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 the Company'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 the Company. 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 favourable terms, 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 favourable 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.

The Company 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 2,400 employees, the Company offers a wide variety of financial products and services including unsecured and secured instalment loans, merchant financing through a variety of verticals and lease-to-own merchandise. Customers can transact seamlessly through an omnichannel model that includes online and mobile platforms, over 400 locations across Canada, and point-of-sale financing offered in the retail, powersports, automotive, home improvement and healthcare verticals, through approximately 6,500 merchant partners across Canada. Throughout the Company's history, it has acquired and organically served approximately 1.3 million Canadians and originated approximately $10.1 billion in loans.

With 32 years of leasing and lending experience, goeasy has developed a deep understanding of the non-prime Canadian consumer. Of the 30.4 million Canadians with an active credit file as at December 31, 2022, 8.5 million had credit scores less than 720 and are deemed to be non-prime, up from 8.2 million in 2021 due to the normalization of consumer credit scores following the end of government-supported stimulus and a recovery in consumer spending. Collectively, these Canadians carry $193.6 billion in non-mortgage credit balances, up from $186.6 billion in 2021, 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 as a reliable source of consumer credit for everyday financial needs. goeasy aspires to help non-prime customers rebuild their credit and put them on a path to a better financial future. By graduating customers to progressively lower rates of interest in response to on-time payment behaviour, and eventually helping them graduate back to prime lending, goeasy is uniquely positioned to deliver on its vision of providing everyday Canadians a path to a better tomorrow, today.

goeasy funds its business through a combination of equity and a variety of debt instruments, including a US$550 million senior unsecured note, a US$320 million senior unsecured note, and a $270 million revolving credit facility. In addition, the Company has a revolving securitization warehouse facility of $1.4 billion, underwritten by a broad syndicate including five of the major Canadian banks. In December 2022, the Company also entered into a new $200 million revolving securitization warehouse facility, underwritten by one of its large bank partners. The Company remains confident that capacity available under its existing funding facilities, and its ability to raise additional debt financing, is sufficient to fund its organic growth forecast. goeasy's senior unsecured notes payable are rated BB- and Ba3, with a stable trend, by the Standard and Poors and Moody's rating agencies, respectively. goeasy's common shares ("Common Shares") are listed for trading on the Toronto Stock Exchange ("TSX") under the trading symbol "GSY".

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, ranking on the 2022 Report on Business Women Lead Here executive gender diversity benchmark, placing on the Report on Business ranking of Canada's Top Growing Companies, ranking on the TSX30, Greater Toronto Top Employers Award and has been certified as a Great Place to Work®. The Company is represented by a diverse group of team members from 78 nationalities who believe strongly in giving back to communities in which it operates. To date, goeasy has raised and donated over $4.8 million to support its long-standing partnerships with BGC Canada, Habitat for Humanity and many other local charities.

Reportable segments

For management reporting purposes, the Company has two reportable segments: easyfinancial and easyhome. The Company aggregates the operations of its easyfinancial and LendCare brands into one reportable segment called easyfinancial, on the basis of their similar economic characteristics, customer profile, nature of products, and regulatory environment. Refer to the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2022, for further details.

Overview of easyfinancial

In 2006, easyfinancial, the Company's non-prime consumer lending segment began operating with the goal of bridging the gap between traditional financial institutions and costly payday lenders. In 2021, the Company acquired LendCare Capital Inc., a Canadian point-of-sale consumer finance and technology company. The Company's consumer lending segment is a leading provider of non-prime credit in Canada and operates through both the easyfinancial and LendCare brands.

Historically, consumer demand for non-prime loans in Canada was satisfied by the consumer-lending arms of several large, international financial institutions. 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, instalment 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 national companies focused on serving the entire non-prime credit spectrum.

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 $100,000 with rates between 9.9% and 46.9%, which are fixed payment instalment products. When a loan is secured, the collateral provided by the borrower may include residential property, an automobile, a recreational vehicle or personal property. 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 cases of total loss insurance claims, warranty coverage on select financial products, and a credit monitoring and optimization tool that helps customers understand the steps to take to rebuild their credit.

The Company charges its customers interest on the money it lends and may also receive a commission for the sale of optional ancillary products offered 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 credit risk of non-prime borrowers, credit losses are reflective of the higher rates of interest charged. The Company's custom credit and underwriting 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 credit losses and have potential impacts on the cost and availability of access to capital. Ultimately, the Company's objective is to optimize investment returns 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, merchant partners and indirect lending partnerships. The Company had 302 easyfinancial locations (including 2 kiosks within easyhome stores and 3 operations centres) in 10 Canadian provinces as at December 31, 2022. In addition to its retail branch network, customers can also transact online, which remains a critical source of new customer acquisition. The Company also originates loans through its point-of-sale channel, which includes approximately 6,500 merchant partners across Canada.

Although the Company leverages multiple acquisition channels to attract new customers, of the majority of its loans are managed through its local branches. Through many years of experience in non-prime lending, the Company believes that an omnichannel model optimizes customer acquisition, loan performance and profitability, while providing a high-touch and personalized customer experience. The customer loyalty developed through these direct personal relationships with higher risk borrowers, 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,] free financial literacy literature and tools and services that help them better understand and manage their credit score. Whether a customer is looking to establish, repair, build or strengthen their credit profile by borrowing funds, purchase an automobile or recreational vehicle or using the equity in their home to secure a larger loan for a home renovation or repair, 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 in easyfinancial, the Company has successfully managed annualized net charge off rates within its stated target range consistently during each year of its operations. Lending decisions are made using custom credit and underwriting models that are constructed using the latest statistical and machine learning techniques and data sources to optimize the balance between loan volumes 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 and are 200% more predictive 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 and document 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 scheduled 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 brand and has been in operation since 1990 offering customers brand-name household furniture, appliances and electronics through flexible lease agreements. In 2022, easyhome accounted for 15% of consolidated revenue (2021 – 18%) and leasing revenue accounted for 73% of easyhome revenue (2021 – 80%).

Through its 154 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. As at December 31, 2022, there are 117 easyhome locations offering unsecured loans to its customers. 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, today. With every on-time lease payment, easyhome customers can now build their credit and ultimately use the easyhome transaction as a steppingstone into other financial products and services offered by easyfinancial.

Corporate Strategy

The Company has developed a strategy based on four key strategic pillars. These priorities have remained consistent since 2017 and align to the Company's strategic initiatives, as it furthers its vision of becoming the single source of credit for non-prime consumers. In addition to providing access to responsible financial products, the Company aims to help their customers improve their credit and gradually lower their borrowing costs.

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, along with a broad suite of value-add ancillary services. As of December 31, 2022, 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 projects and healthcare related 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.

Channel Expansion

The Company operates 3 distinct and complementary distribution and acquisition channels including 416 retail lending outlets (299 easyfinancial branches and 117 easyhome stores where loans are offered as of December 31, 2022), its online platform (web and mobile) and point-of-sale financing available through approximately 6,500 dealerships and merchant partners. Based on the unit volume of applications and originations in the most recent quarter, the retail branch channel represented 18% of application volume and 48% of loan originations, online represented 56% of application volume and 27% of originations and point-of-sale financing represented 26% applications and 25% of originations. 59% of loan originations were funded and/or serviced in a branch location, 30% were funded and/or serviced through a point-of-sale channel, with the remaining 11% 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.

Geographic Diversification

Canada continues to provide a substantial runway for growth for many years to come for goeasy with over 8.5 million non-prime Canadians facing limited options for credit. The market is largely underserved, providing adequate room for expansion. While the Company finished 2022 with 302 easyfinancial locations, it estimates its retail footprint for easyfinancial will gradually expand to around 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 the 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 a future opportunity to consider international markets where the easyfinancial business model can be replicated. The two markets the Company believes are attractive include 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 similar to those offered by the Company in Canada. 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 gradually reduce their rate of interest, improve their credit and graduate back to prime. With 8.5 million non-prime Canadians, of which 72% have been denied credit by banks and other financial institutions, goeasy plays an extremely important role in the financial system. 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 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 2022, the company has reduced the weighted average interest charged on its loans from 46% to 30.5%.

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 free financial literacy resources for all Canadians, which 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. goeasy views its business as a lending ecosystem for non-prime Canadians, a one-stop shop where they can get access to all their borrowing needs from a single trusted provider. In 2022, the Company developed a self-serve digital portal through a mobile app that enables customers access to goeasy's entire range of product and services and dynamically present customers loan offers tailored to their credit profile and borrowing needs. The digital portal will extract additional value from the Company's full-suite product offering and improve the customer experience. 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 options.

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 2022 Forecasts

As the effects of the COVID 19 pandemic subsided throughout 2022, the Company experienced strong commercial performance, including stable credit performance, improved operating leverage, and record adjusted operating income, adjusted net income and adjusted earnings per share. The Company ended the year in a strong financial position, driven by record organic growth and improvements in the credit quality of the Company's consumer loan portfolio. Furthermore, the Company remained well capitalized throughout the year, with approximately $928 million in total liquidity and funding capacity, along with an appropriate level of financial leverage. The business also continued to prove its strength and resilience amidst economic volatility.

The Company's 2022 forecasts, assumptions and risk factors were disclosed in its December 31, 2021 MD&A. The Company has since experienced an elevated level of consumer demand and operating performance across many of its products and customer acquisition channels, which has driven accelerated growth in its consumer loan receivable portfolio. Consequently, the Company revised its forecasts in its June 30, 2022, MD&A. The Company's actual performance against its revised forecast for fiscal 2022 is as follows:

	ACTUAL RESULTS FOR 2022	UPDATED FORECASTS FOR 2022	OUTCOME
Gross consumer loans receivable at year-end	**$2.79 billion**	**$2.60 - $2.80 billion**	**Consistent with forecast**
New easyfinancial locations opened during the year	**10**	**10 – 15**	**Consistent with forecast**
Total Company revenue	**$1.02 billion**	**$1.00 - $1.04 billion**	**Consistent with forecast**
Total yield on consumer loans (including ancillary products) [1]	**37.7%**	**36.5% - 38.5%**	**Consistent with forecast**
Net charge offs as a percentage of average gross consumer loans receivable	**9.1%**	**8.5% - 10.5%**	**Consistent with forecast**
Total Company operating margin (reported/adjusted[1,2])	**32.6%/36.2%**	**35% +**	**Consistent with forecast**
Return on equity (reported/adjusted[1,2])	**17.6%/24.2%**	**22% +**	**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. 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 sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".

[2] During the year, 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 integration costs, amortization of intangible assets acquired through the acquisition, one-time write off of an intangible asset, corporate development costs and investment losses. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section.

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 profile positions it well to continue on its long-track record of achieving its corporate growth objectives. The Company has provided a new 3-year forecast for the years 2023 through 2025. The periods of 2023 and 2024 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 gains or losses on its investments.

	FORECASTS FOR 2023	FORECASTS FOR 2024	FORECASTS FOR 2025
Gross consumer loans receivable at year end	**$3.40 - $3.60 billion**	**$4.10 - $4.30 billion**	**$4.70 - $5.00 billion**
Total Company revenue	**$1.15 - $1.25 billion**	**$1.38 - $1.48 billion**	**$1.56 - $1.70 billion**
Total yield on consumer loans (including ancillary products)[1]	**34.5% - 36.5%**	**33.5% - 35.5%**	**33.0% - 35.0%**
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	**36% +**	**37% +**	**38% +**
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 risk factors as identified below.

KEY ASSUMPTIONS

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

Environment Conditions

- Stability in the economic environment.
- Continued demand for non-prime credit.

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 indirect point of-sale and secured 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 reasonable rates.

Revenue Yield

- The Company expects the total portfolio yield to moderate over the outlook period, due to a shift in product mix, growth in indirect point-of-sale financing and secured lending products.
- The effective yield earned on the sale of ancillary products gradually reduces as the average loan size increases.
- Total portfolio yield and net loss rates of its lending products are as estimated in the Company's budget and strategic plan.

Credit Performance

- Net charge offs perform in line with the Company' budget and the forecasts generated through the use of its proprietary custom credit and scoring models.
- 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 or timing of realization 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

- 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 required 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 in its automotive financing and point-of-sale channel.

Analysis of Results for the Year Ended December 31, 2022

Financial Highlights and Accomplishments

- In January 2022, the Company increased its revolving securitization warehouse facility under its goeasy Securitization Trust ("Revolving Securitization Warehouse Facility I") from $600 million to $900 million and was further increased to $1.4 billion in June 2022. The facility continues to be underwritten by National Bank Financial Markets ("NBFM"), with the addition of new lenders to the syndicate. The facility matures on August 30, 2024 and continues to bear interest on advances payable at the rate equal to 1-month Canadian Dollar Offered Rate ("CDOR") plus 185 basis points ("bps").

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

- In 2022, the Company entered into a strategic commercial partnership and invested a total of $40 million in a convertible notes receivable of 1195407 B.C. Ltd. ("Canada Drives"). Canada Drives is Canada's largest 100% online car shopping and to-your-door delivery platform. The convertible notes receivable mature on June 15, 2025, bear interest at 5% per annum and are convertible into preferred shares on defined terms. Through the strategic commercial partnership, goeasy provides automotive financing to a committed portion of the non-prime borrowers who purchase and finance a vehicle through Canada Drives platform.

- On November 21, 2022, the Company issued 488,750 common shares including 63,750 common shares 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 $118.50 per common share, for gross aggregate proceeds of $57.9 million. goeasy used the net proceeds to support the growth of the Company's consumer loan portfolio and for general corporate purposes.

- On December 16, 2022, the Company entered into a new $200 million revolving securitization warehouse facility under goeasy Securitization Trust II, structured and underwritten by Bank of Montreal (the "Revolving Securitization Warehouse Facility II"). The Revolving Securitization Warehouse Facility II will be collateralized by automotive consumer loans originated by goeasy's wholly owned subsidiaries, easyfinancial Services Inc. and LendCare. The Revolving Securitization Warehouse Facility II matures on December 16, 2024, and bears interest equal to the 1-month CDOR plus 185 bps.

- As at December 31, 2022, the Company had a cash position of $62.7 million which includes $39.7 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings reserve. As at December 31, 2022, the Company has borrowing capacities of $590 million under its Revolving Securitization Warehouse Facility I, $200 million under its Revolving Securitization Warehouse Facility II and $120 million under its revolving credit facility. Excluding the $100 million accordion feature under its revolving credit facility, the Company's total liquidity as at December 31, 2022 was $972.7 million. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth forecast.

- The Company reported record revenue for the year ended December 31, 2022 of $1.02 billion, an increase of $192.6 million, or 23.3% compared to 2021. The increase was primarily driven by record organic growth of the Company's consumer loan portfolio.

- Gross consumer loans receivable increased from $2.03 billion as at December 31, 2021 to $2.79 billion as at December 31, 2022, an increase of $764.4 million, or 37.6%. The increase in consumer loans receivable was driven by healthy demand across the Company's entire range of products and acquisition channels, including unsecured lending, home equity loans and powersports and automotive financing.

- Net charge offs for the year as a percentage of average gross consumer loans receivable were 9.1%, 30 bps higher compared to 2021 of 8.8%. The increase in the net charge off rate reflects the benefits of pandemic related government support and consumer expense reductions experienced in 2021. The Company's net charge off rate was otherwise in line with the Company's targeted range for 2022 of 8.5% to 10.5%.

- During the year, the net change in allowance for future credit losses increased by $53.3 million due to a higher level of loan book growth compared to 2021. The provision rate for the year decreased to 7.62% from 7.87% in 2021, primarily due to the continued improvement in the product and credit mix of the loan portfolio.

- The easyfinancial reportable segment reported record operating income of $394.0 million in 2022, compared to $324.8 million in 2021, an increase of $69.2 million, or 21.3%. The improved operating income was driven by continued organic growth in the Company's loan portfolio. As a result, easyfinancial revenue increased by $193.2 million, partially offset by an increase of $87.1 million in bad debt expense and $36.9 million of incremental expenditures to support the growing customer base and enhance product offerings. easyfinancial's operating margin for the year was 45.3%, compared to 48.0% in 2021. The decline in operating margin was mainly due to a higher level of allowance for credit losses related to the record loan growth experienced during the year and the increase in net charge offs relative to the prior year, which experienced the benefit of pandemic related government support and consumer expense reductions.

- The easyhome reportable segment operating income was $34.6 million in 2022, compared with $36.9 million in 2021, a decrease of $2.3 million, or 6.2%. The decrease was mainly driven by lower lease revenues from a smaller leasing portfolio and incremental volume related costs to operate and manage the growing loan portfolio in easyhome, partially offset by higher lending revenues from a larger consumer loan portfolio. easyhome's operating margin for the year was 23.1%, a slight decrease from 24.5% in 2021.

- Total Company operating income in 2022 was $332.4 million, up $51.4 million, or 18.3% compared to 2021. The Company also reported an operating margin for the year of 32.6%, down from the 34.0% in 2021. During the year, 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 the Company's underlying business performance. These adjusting items include integration costs related to the acquisition of LendCare, amortization of intangible assets acquired from LendCare, non-recurring corporate development costs and a one-time write off of an intangible asset. 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 record adjusted operating income[1] for the year of $369.4 million, up $52.7 million, or 16.6%, compared to 2021. The Company also reported an adjusted operating margin[1] of 36.2% for the year, down from the 38.3% in 2021. The decline in operating margin was mainly due to a higher level of allowance for credit losses related to the record loan growth experienced during the year and the increase in net charge offs relative to the prior year, which experienced the benefit of pandemic related government support and consumer expense reductions.

- The fair value of the Company's investment in Affirm Holdings Inc. ("Affirm") as at December 31, 2022 was $6.1 million, which resulted in an unrealized fair value loss for the year ended December 31, 2022 of $47.4 million.

  Since the initial investment in Affirm, made on January 1, 2021, the Company has recognized realized gains on the non-contingent portion of the investment and its related total return swaps ("TRS") of $66.3 million, a realized gain on the TRS related to the contingent portion of the investment in Affirm of $25.4 million and an unrealized fair value loss on the contingent portion of the investment in Affirm of $9.2 million.

  Including the cash received on the initial sale of PayBright Inc. ("PayBright") to Affirm, the total net realized and unrealized gains amount to $104.2 million, relative to the initial investment of $34 million made in 2019.

- The Company's net income for 2022 was $140.2 million, or $8.42 per share on a diluted basis, down 42.8% and 42.4%, respectively, compared to $244.9 million, or $14.62 per share on a diluted basis in 2021. The decrease in net income was mainly driven by non-recurring corporate development costs, a one-time write off of an intangible asset and fair value losses on investments, compared to significant fair value gains on investments in 2021. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures" section, the Company achieved record adjusted net income1 and record adjusted diluted earnings per share1 in 2022 of $192.3 million and $11.55, respectively. On this basis, adjusted net income and adjusted diluted earnings per share increased by 10.0% and 10.7%, respectively. The increase in adjusted net income was primarily driven by the record revenue, partially offset by the corresponding incremental loan volume related costs and finance costs required to support the growing loan portfolio.

- Return on equity was 17.6% in 2022, compared to 36.7% in 2021. The lower return on equity was primarily due to the lower net income discussed above. Adjusted return on equity[1] was 24.2%, down from 26.2% in 2021. The decline in adjusted return on equity was primarily related to the higher level of average shareholders' equity resulting from the higher average goodwill and average acquired intangible assets, compared to 2021. Excluding goodwill and acquired intangible assets, the adjusted return on tangible common equity[1] was 36.4%, up from 35.3% in 2021. The increase in adjusted return on tangible common equity was primarily related to the increased adjusted net income produced by the larger consumer loan portfolio.

- In consideration of the improved earnings achieved in 2022 and the Company's confidence in its continued growth and access to capital going forward, the Board of Directors approved a 5.5% increase to the annual dividend from $3.64 per share to $3.84 per share in 2023.

[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 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, 2022	December 31, 2021	VARIANCE $ / BPS	VARIANCE % CHANGE
Summary Financial Results				
Revenue	**1,019,336**	826,722	192,614	23.3%
Bad debts	**272,893**	182,084	90,809	49.9%
Other operating expenses	**332,730**	284,749	47,981	16.9%
EBITDA[1]	**351,507**	438,921	(87,414)	(19.9%)
EBITDA margin[1]	**34.5%**	53.1%	(1,860 bps)	(35.0%)
Depreciation and amortization	**81,306**	78,886	2,420	3.1%
Operating income	**332,407**	281,003	51,404	18.3%
Operating margin	**32.6%**	34.0%	(140 bps)	(4.1%)
Other (loss) income	**(28,659)**	114,876	(143,535)	(124.9%)
Finance costs	**107,972**	79,025	28,947	36.6%
Effective income tax rate	**28.4%**	22.7%	570 bps	25.1%
Net income	**140,161**	244,943	(104,782)	(42.8%)
Diluted earnings per share	**8.42**	14.62	(6.20)	(42.4%)
Return on assets	**4.8%**	11.5%	(670 bps)	(58.3%)
Return on equity	**17.6%**	36.7%	(1,910 bps)	(52.0%)
Return on tangible common equity[1]	**28.4%**	50.7%	(2,230 bps)	(44.0%)
Adjusted Financial Results[1,2]				
Other operating expenses	**342,422**	307,931	34,491	11.2%
Efficiency ratio	**33.6%**	37.2%	(360 bps)	(9.7%)
Operating income	**369,362**	316,652	52,710	16.6%
Operating margin	**36.2%**	38.3%	(210 bps)	(5.5%)
Net income	**192,261**	174,759	17,502	10.0%
Diluted earnings per share	**11.55**	10.43	1.12	10.7%
Return on assets	**6.6%**	8.2%	(160 bps)	(19.5%)
Return on equity	**24.2%**	26.2%	(200 bps)	(7.6%)
Return on tangible common equity	**36.4%**	35.3%	110 bps	3.1%
Key Performance Indicators				
Segment Financials				
easyfinancial revenue	**869,528**	676,351	193,177	28.6%
easyfinancial operating margin	**45.3%**	48.0%	(270 bps)	(5.6%)
easyhome revenue	**149,808**	150,371	(563)	(0.4%)
easyhome operating margin	**23.1%**	24.5%	(140 bps)	(5.7%)
Portfolio Indicators				
Gross consumer loans receivable	**2,794,694**	2,030,339	764,355	37.6%
Growth in consumer loans receivable[3]	**764,355**	783,499	(19,144)	(2.4%)
Gross loan originations	**2,377,606**	1,594,480	783,126	49.1%
Total yield on consumer loans (including ancillary products)[1]	**37.7%**	42.1%	(440 bps)	(10.5%)
Net charge offs as a percentage of average gross consumer loans receivable	**9.1%**	8.8%	30 bps	3.4%
Free cash flows from operations before net growth in gross consumer loans receivable[1]	**258,474**	260,104	(1,630)	(0.6%)
Potential monthly lease revenue[1]	**7,868**	8,193	(325)	(4.0%)

[1] EBITDA, adjusted other operating expenses, 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, efficiency ratio, adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity, adjusted return on assets, reported and adjusted return on tangible common equity and total yield on consumer loans (including ancillary products) are non-IFRS ratios. See description in sections "Portfolio Analysis", "Key Performance Indicators and Non-IFRS Measures" and "Financial Condition".

[2] Adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section.

[3] Growth in consumer loans receivable for the year ended December 31, 2021 includes $444.5 million of gross loans purchased through the acquisition of LendCare.

Locations Summary

	LOCATIONS AS AT DECEMBER 31, 2021	LOCATIONS OPENED IN THE YEAR	LOCATIONS CLOSED IN THE YEAR	CONVERSIONS	LOCATIONS AS AT DECEMBER 31, 2022
easyfinancial					
Kiosks (in store)	5	-	-	(3)	**2**
Stand-alone locations	286	10	(2)	3	**297**
Operations Centers	3	-	-	-	**3**
Total *easyfinancial* locations	294	10	(2)	-	**302**
easyhome					
Corporately owned stores	124	-	(4)	-	**120**
Franchise stores	34	-	-	-	**34**
Total *easyhome* stores	158	-	(4)	-	**154**
Corporate					
Corporate office	1	-	-	-	**1**
Total corporate office	1	-	-	-	**1**

Summary of Financial Results by Reporting Segment

	YEAR ENDED DECEMBER 31, 2022			
($ IN 000'S EXCEPT EARNINGS PER SHARE)	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	**668,779**	**29,371**	**-**	**698,150**
Lease revenue	**-**	**103,414**	**-**	**103,414**
Commissions earned	**184,013**	**13,146**	**-**	**197,159**
Charges and fees	**16,736**	**3,877**	**-**	**20,613**
	869,528	**149,808**	**-**	**1,019,336**
Operating expenses				
Bad debts	**261,997**	**10,896**	**-**	**272,893**
Other operating expenses	**180,867**	**61,748**	**90,115**	**332,730**
Depreciation and amortization	**32,668**	**42,586**	**6,052**	**81,306**
	475,532	**115,230**	**96,167**	**686,929**
Operating income (loss)	**393,996**	**34,578**	**(96,167)**	**332,407**
Other loss				**(28,659)**
Finance costs				**(107,972)**
Income before income taxes				**195,776**
Income taxes				**55,615**
Net income				**140,161**
Diluted earnings per share				**8.42**

($ IN 000'S EXCEPT EARNINGS PER SHARE)	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
	YEAR ENDED DECEMBER 31, 2021			
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
Operating expenses				
Bad debts	174,936	7,148	-	182,084
Other operating expenses	148,445	61,558	74,746	284,749
Depreciation and amortization	28,219	44,804	5,863	78,886
	351,600	113,510	80,609	545,719
Operating income (loss)	324,751	36,861	(80,609)	281,003
Other income				114,876
Finance costs				(79,025)
Income before income taxes				316,854
Income taxes				71,911
Net income				244,943
Diluted earnings per share				14.62

Portfolio Performance

Consumer Loans Receivable

The gross consumer loans receivable portfolio increased from $2.03 billion as at December 31, 2021 to $2.79 billion as at December 31, 2022, an increase of $764.4 million, or 37.6%. Loan originations for the year were $2.38 billion, up 49.1% from 2021. The increase in consumer loans receivable was driven by healthy demand across the company's range of products and acquisition channels, including unsecured lending, home equity loans, powersports and automotive financing, and cross-selling activity across its consumer base.

The total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 37.7% in the current year, down 440 bps from 2021. Total annualized yield decreased due to i) organic growth of certain products which carry lower rates of interest such as home equity loans, automotive financing, point-of-sale financing in powersports, home improvement, and healthcare and retail categories; ii) increased lending activity in the province of Quebec, where loans have lower rates of interest; iii) a higher proportion of larger dollar value loans which have reduced pricing on certain ancillary products; iv) a modest reduction in penetration rates on ancillary products; and v) the Company's strategy to reward borrowers for on-time payment behaviour, by gradually reducing the rate of interest charged.

Bad debts increased to $272.9 million for the year ended December 31, 2022 from $182.1 million in 2021, an increase of $90.8 million, or 49.9%. The following table details the components of bad debts:

($ IN 000'S)	YEAR ENDED DECEMBER 31, 2022	DECEMBER 31, 2021
Provision required due to net charge offs	**219,614**	147,998
Impact of loan book growth	**53,617**	24,739
Day one loan loss provision on the acquired LendCare loans	**-**	14,252
Impact of change in provision rate in the year	**(338)**	(4,905)
Net change in allowance for credit losses	**53,279**	34,086
Bad debt	**272,893**	182,084

Bad debts increased by $90.8 million due to the following factors:

(i) Net charge offs increased from $148.0 million in the year ended December 31, 2021 to $219.6 million in the current year, an increase of $71.6 million. Net charge offs in the year as a percentage of average gross consumer loans receivable were 9.1%, up from 8.8% in 2021. The increase in the net charge off rate reflects the benefits of pandemic related government support and consumer expense reductions experienced in 2021. The Company's net charge off rate was in line with the Company's targeted range for 2022 of 8.5% to 10.5%.

(ii) The acquisition of LendCare on April 30, 2021 increased the bad debt provision by $14.3 million related to the acquired loan book of $444.5 million. Excluding the acquired loan book, the Company's loan portfolio in 2021 increased by $339.0 million, which included loan originations in LendCare for eight months. The loan book growth in 2021 resulted in a provision expense of $24.7 million. In 2022, loan book growth of $764.4 million resulted in additional provision expense of $53.6 million.

(iii) The impact of provision rate changes in the year resulted in a reduction of bad debts by $0.3 million, as compared to a reduction of $4.9 million in 2021. During the year, the provision rate decreased from 7.87% to 7.62%, primarily due to continued improvement in the product and credit mix of the loan portfolio.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly leasing revenue as at December 31, 2022 was $7.9 million, down from $8.2 million reported as at December 31, 2021. The easyhome leasing business is a mature business that has experienced a long-term gradual decline in sales volume, as consumer demand has shifted into alternate forms of financing purchases of everyday household items.

Revenue

Revenue for the year was $1.02 billion, an increase of $192.6 million, or 23.3%, when compared to 2021. Revenue growth was primarily driven by record organic growth of the Company's consumer loan portfolio.

easyfinancial – Revenue in 2022 was $869.5 million, an increase of $193.2 million, or 28.6%, compared to 2021. Components of the increased revenue include:

(i) Interest income increased by $156.0 million, or 30.4% driven by 37.6% growth in the loan portfolio, which includes growth of unsecured loans, home equity loans, powersports and automotive financing, point-of-sale financing and cross-selling activity across its consumer base, partially offset by lower average interest yields;

(ii) Commissions earned from sales of ancillary products and services increased by $31.5 million, or 20.7%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's loan protection program; and

(iii) Charges and fees increased by $5.7 million.

easyhome – Revenue for 2022 was $149.8 million, a decrease of $0.6 million, or 0.4%, compared to 2021. Lending revenue within the easyhome stores increased by $9.0 million, compared to 2021. Traditional leasing revenue decreased by $9.6 million, compared to 2021. Components of the increased revenue include:

(i) Interest revenue increased by $6.5 million due to growth of the consumer loans receivable portfolio related to the easyhome business;

(ii) Lease revenue was lower by $9.0 million due to a smaller lease portfolio;

(iii) Commissions earned on the sale of ancillary products increased by $1.9 million, mainly due to higher revenues associated with the Company's loan protection program; and

(iv) Charges and fees were relatively flat from 2021.

Other Operating Expenses

Other operating expenses for the year were $332.7 million, an increase of $48.0 million, or 16.9%, compared to 2021. The increase in other operating expenses was mainly driven by the write off of an intangible asset, partially offset by the non-recurring transaction and integration costs incurred in 2021 related to the acquisition of LendCare.

easyfinancial – Other operating expenses were $180.9 million in the year, an increase of $32.4 million, or 21.8%, compared to 2021. The increase in other operating expenses was driven by incremental volume related costs to operate and manage the growing loan portfolio and increased advertising and marketing spending to expand brand awareness and support growth in loan originations. easyfinancial locations increased from 294 as at December 31, 2021 to 302 as at December 31, 2022.

easyhome – Other operating expenses were $61.7 million for the year, relatively flat from 2021.

Corporate – Total operating expenses before depreciation and amortization for the year ended December 31, 2022 were $90.1 million, an increase of $15.4 million, or 20.6%, from 2021. The increase was primarily due to a one-time write off of an intangible asset, non-recurring corporate development costs incurred in the first quarter of 2022, and higher technology costs, partially offset by non-recurring LendCare acquisition transaction and integration costs in 2021. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures", corporate expenses before depreciation and amortization represented 6.5% of revenues in 2022, compared to 7.5% of revenues in 2021.

Depreciation and Amortization

Depreciation and amortization for the year was $81.3 million, an increase of $2.4 million, or 3.1%, compared to 2021, driven mainly by higher amortization of intangible assets acquired through the acquisition of LendCare. Overall, depreciation and amortization represented 8.0% of revenue in 2022, a decline from 9.5% in 2021.

easyfinancial – Depreciation and amortization was $32.7 million for the year, an increase of $4.4 million, or 15.8% from 2021. The increase was primarily due to higher depreciation of right-of-use assets, primarily due to new retail premises lease agreements in the year, and higher amortization of intangible assets from the acquisition of LendCare.

easyhome – Depreciation and amortization was $42.6 million for the year, a decrease of $2.2 million, or 5.0% from 2021, mainly due to a smaller lease asset portfolio.

Corporate – Depreciation and amortization was $6.1 million for 2022, relatively flat from 2021.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the year was $332.4 million, up $51.4 million, or 18.3%, compared to 2021. The Company's operating margin for the year was 32.6%, down from 34.0% in 2021. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures", the Company reported a record adjusted operating income of $369.4 million, up $52.7 million, or 16.6%, compared to 2021. The Company also reported an adjusted operating margin of 36.2% for the year, down from 38.3% in 2021. The decline in operating margin was mainly due to a higher level of allowance for credit losses related to record loan growth experienced during the year and the increase in net charge offs relative to the prior year, which experienced the benefit of pandemic related government support and consumer expense reductions.

easyfinancial – Operating income was $394.0 million for the year, an increase of $69.2 million, or 21.3%, compared to 2021. The improved operating income was driven by continued organic growth in the Company's loan portfolio. As a result, easyfinancial revenue increased by $193.2 million, partially offset by an increase of $87.1 million in bad debt expense and $36.9 million of incremental expenditures to support the growing customer base and enhance product offerings. easyfinancial's operating margin for the year was 45.3%, compared to 48.0% in 2021. The decline in operating margin was mainly due to a higher level of allowance for credit losses related to the record loan growth experienced during the year and increased net charge offs relative to the prior year, which experienced the benefit of pandemic related government support and consumer expense reductions.

easyhome – Operating income was $34.6 million for the year, a decrease of $2.3 million, or 6.2%, compared to 2021. The decrease was mainly driven by lower lease revenues from a smaller leasing portfolio and incremental volume related costs to operate and manage the growing loan portfolio in easyhome, partially offset by higher lending revenues from a larger consumer loan portfolio. easyhome's operating margin for the year was 23.1%, a slight decrease from 24.5% in 2021.

Other Income

During the year, the Company recognized investment losses of $28.7 million mainly due to a net fair value loss on the Company's investment in Affirm and its related TRS, compared to a $114.9 million fair value gain in 2021.

Finance Costs

Finance costs for the year were $108.0 million, an increase of $28.9 million from 2021. The increase was mainly driven by higher borrowing levels to fund growth of the Company's lending business and higher costs of borrowing. The average blended interest rate on drawn balances for the Company's debt as at December 31, 2022, was 5.2%, up from 4.9% as at December 31, 2021.

Income Tax Expense

The effective income tax rate for the year was 28.4%, higher than the 22.7% in 2021. The increase was mainly due to the fair value losses on investments, compared to the significant fair value gains on investments in 2021, which are being taxed at a lower capital gains effective tax rate.

Net Income & Diluted Earnings Per Share

The Company's net income for the year was $140.2 million, or $8.42 per share on a diluted basis, down 42.8% and 42.4%, respectively, compared to $244.9 million, or $14.62 per share on a diluted basis in 2021. The decrease in net income was mainly driven by non-recurring corporate development costs, a one-time write off of an intangible asset and fair value losses on investments, compared to significant fair value gains on investments in 2021. Excluding the effects of the adjusting items discussed in the "Key Performance Indicators and Non-IFRS Measures" section, the Company achieved record adjusted net income and record adjusted diluted earnings per share in 2022 of $192.3 million and $11.55, respectively, an increase of 10.0% and 10.7%, respectively, compared to 2021. The increase in adjusted net income was primarily driven by the record revenue, partially offset by the corresponding incremental loan volume related costs and finance costs required to support the growing loan portfolio.

Selected Annual Information

($ IN 000'S EXCEPT PERCENTAGES AND PER SHARE AMOUNTS)	2022[3]	2021[3]	2020	2019	2018
Gross Consumer Loans Receivable	**2,794,694**	2,030,339	1,246,840	1,110,633	833,779
Revenue	**1,019,336**	826,722	652,922	609,383	506,191
Net income	**140,161**	244,943	136,505	64,349	53,124
Adjusted net income[1]	**192,261**	174,759	117,646	80,315	53,124
Return on assets	**4.8%**	11.5%	9.8%	5.5%	6.1%
Adjusted return on assets[1]	**6.6%**	8.2%	8.5%	6.8%	6.1%
Return on equity	**17.6%**	36.7%	36.1%	20.2%	21.8%
Adjusted return on equity[1]	**24.2%**	26.2%	31.1%	25.3%	21.8%
Return on tangible common equity[1,2]	**28.4%**	50.7%	38.3%	-	-
Adjusted return on tangible common equity[1,2]	**36.4%**	35.3%	33.0%	-	-
Net income as a percentage of revenue	**13.8%**	29.6%	20.9%	10.6%	10.5%
Adjusted net income as a percentage of revenue[1]	**18.9%**	21.1%	18.0%	13.2%	10.5%
Dividends declared on Common Shares	**58.3**	42.3	26.1	17.9	12.5
Cash dividends declared per Common Share	**3.64**	2.64	1.80	1.24	0.90
Earnings per share					
Basic	**8.61**	15.12	9.21	4.40	3.78
Diluted	**8.42**	14.62	8.76	4.17	3.56
Adjusted diluted[1]	**11.55**	10.43	7.57	5.17	3.56

[1] Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on assets 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 50 of the December 31, 2021 MD&A, page 42 of the December 31, 2020 MD&A, page 39 of the December 31, 2019 MD&A, and page 51 of the December 31, 2018 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 tangible common equity financial measures for the years 2018 and 2019 were not published.

[3] Selected annual information above for years ended December 31, 2022 and 2021 include financial information related to LendCare.

Key financial measures for each of the last five years are summarized in the table above and include 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 growth of gross consumer loans receivable. The larger revenue base, which is partially offset by increased bad debts and finance costs, resulted in an increase in the Company's adjusted net income and adjusted diluted earnings per share. The increased scale of the business resulted in adjusted net income as a percentage of revenue also increasing in prior years, declining in the current year mainly due to the shift in product mix towards a higher proportion of secured loans, which carry lower rates of interest. Lastly, adjusted return on assets, adjusted return on equity and adjusted return on tangible common equity have generally been rising in prior years due to the increasing earnings generated by the business. Adjusted return on assets and adjusted return on equity have declined in the past two years due to the aforementioned shift in product mix and due to the higher level of assets and shareholders' equity related to the acquisition of LendCare in 2021.

Assets and Liabilities

($ IN 000'S)	AS AT DECEMBER 31, 2022	AS AT DECEMBER 31, 2021	AS AT DECEMBER 31, 2020	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
Total assets	**3,302,889**	2,596,153	1,501,916	1,318,622	1,055,676
Consumer loans receivable, net	**2,627,357**	1,899,631	1,152,378	1,040,552	782,864
Cash	**62,654**	102,479	93,053	46,341	100,188
Total liabilities	**2,433,201**	1,806,240	1,058,404	986,201	754,147
Revolving credit facility	**148,646**	-	198,339	112,563	-
Secured borrowings	**105,792**	173,959	-		
Revolving securitization warehouse facility	**805,825**	292,814	-	-	-
Notes payable	**1,168,997**	1,085,906	689,410	701,549	650,481
Convertible debentures	**-**	-	-	40,656	40,581

Total assets have been increasing due primarily to the organic growth of the Company's consumer loans receivable portfolio and the acquisition of LendCare in 2021.

The Company finances the growth of its consumer loans receivable through a combination of debt, common shares and retained earnings. In 2018, the Company issued a tranche of the 7.875% senior unsecured notes with a maturity date of November 1, 2022 ("2022 Notes") amounting to US$150 million and increased the borrowing limit under its revolving line of credit to $174.5 million. In 2019, the Company issued US$550 million of 5.375% senior unsecured notes with a maturity date of December 1, 2024 ("2024 Notes"), 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 $200 million Revolving Securitization Warehouse Facility I. In 2021, the Company increased the Revolving Securitization Warehouse Facility I to $600 million, acquired secured borrowing facilities from the acquisition of LendCare and issued US$320 million of 4.375% senior unsecured notes maturing on May 1, 2026 ("2026 Notes"). In 2022, the company further increased its Revolving Securitization Warehouse Facility I to $1.40 billion and the Company amended its revolving credit facility agreement to reduce the maximum principal amount available from $310 million to $270 million with the maturity date extended to January 27, 2025. The Company established a $200 million Revolving Securitization Warehouse Facility II on December 16, 2022. 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, 2022.

At the end of 2022, the Company's ratio of net debt (net of surplus cash on hand) to net capitalization was 71%; a level that is conservative against several of the Company's peers and consistent with the Company's desired position of approximately 70%.

Analysis of Results for the Three Months Ended December 31, 2022

Fourth Quarter Highlights

- The Company reported record revenue during the three-month period ended December 31, 2022 of $273.3 million, an increase of $38.9 million, or 16.6%, when compared to the same period of 2021. The increase was primarily driven by record organic growth of the Company's consumer loan portfolio.
- Gross consumer loans receivable increased from $2.03 billion as at December 31, 2021 to $2.79 billion as at December 31, 2022, an increase of $764.4 million, or 37.6%. The increase in consumer loans receivable was driven by healthy demand across the Company's entire range of products and acquisition channels, including unsecured lending, home equity loans and powersports and automotive financing.
- Net charge offs for the three-month period ended December 31, 2022 as an annualized percentage of average gross consumer loans receivable were 9.0%, 60 bps lower compared to 9.6% for the same period of 2021. The decrease in the net charge off rate reflects the improved product and credit mix of the loan portfolio and the credit model enhancements and underwriting adjustments in recent periods to improve the long-term credit quality of the loan portfolio. The Company's net charge off rate was in line with the Company's targeted range for 2022 of 8.5% to 10.5%.
- For the three-month period ended December 31, 2022, the net change in allowance for credit losses increased by $16.7 million due primarily to loan book growth, compared to the same period of 2021. The provision rate for the three-month period ended December 31, 2022 decreased to 7.62% from 7.87% in the same period of 2021, primarily due to continued improvement in the product and credit mix of the loan portfolio.

- The easyfinancial reportable segment reported record operating income for the three-month period ended December 31, 2022 of $106.3 million, an increase of $18.6 million, or 21.3%, compared to the same period of 2021. The improved operating income was driven by continued organic growth in the Company's loan portfolio. easyfinancial revenue increased by $39.9 million, partially offset by an increase of $19.2 million in bad debt expense and an increase of $2.1 million in other operating expenses to support the growing customer base and enhance product offerings. easyfinancial's operating margin in the quarter was 45.1%, compared to 44.7% in the same period of 2021. The improvement in operating margin was mainly due to increased revenue and lower bad debts due to continued improvement in the product and credit mix of the loan portfolio.
- The easyhome reportable segment reported operating income for the three-month period ended December 31, 2022 of $8.7 million, relatively flat from the same period in 2021, an increase of $0.2 million, or 2.8%. The increase was mainly driven by higher lending revenues, partially offset by decreased leasing revenues due to smaller leasing portfolio. Operating margin for the three-month period ended December 31, 2022 was 23.2%, an increase from 22.0% reported in the comparable period of 2021.
- The Company reported total operating income for the three-month period ended December 31, 2022 of $75.9 million, down $3.7 million, or 4.7%, compared to the same period of 2021. The Company reported an operating margin of 27.8% in the quarter, down from 34.0% reported in the comparable period of 2021. During the three-month period ended December 31, 2022, 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 the Company's underlying business performance. These adjusting items include integration costs related to the acquisition of LendCare, amortization of intangible assets acquired from LendCare and a one-time write off of an intangible asset. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of the adjusting items, the Company reported record adjusted operating income[1] for the three-month period ended December 31, 2022 of $99.7 million, up $13.4 million, or 15.5%, from the comparable period of 2021. The increase in adjusted operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company reported an adjusted operating margin[1] of 36.5% in the quarter, down from 36.8% reported in the comparable period of 2021. The decline in operating margin was mainly due to higher net charge offs and a higher level of allowance for credit losses related to the record loan growth experienced during the quarter relative to the comparable period of 2021.
- The fair value of the Company's investment in Affirm as at December 31, 2022 was $6.1 million, which resulted in an unrealized fair value loss for the three-month period ended December 31, 2022 of $6.0 million.
- The three-month period ended December 31, 2022 was the 86th consecutive quarter of positive net income and diluted earnings per share. The Company's net income for the three-month period ended December 31, 2022 was $28.6 million, or $1.71 per share on a diluted basis, down 42.8% and 41.0%, respectively, compared to $50.0 million, or $2.90 per share on a diluted basis reported in the same period of 2021. The decrease in net income was mainly driven by a one-time write off of an intangible asset and fair value losses on investments, compared to fair value gains on investments in the three-month period ended December 31, 2021. Excluding the effects of adjusting items discussed in the "Key Performance Indicators and Non-IFRS Measures" section, goeasy achieved record adjusted net income[1] and record adjusted diluted earnings per share[1] during the three-month period ended December 31, 2022 of $51.0 million and $3.05 per share on a diluted basis, respectively. Adjusted net income and adjusted diluted earnings per share increased by 7.1% and 10.5%, respectively, compared to the same period of 2021. The increase in adjusted net income was primarily driven by the record revenue, partially offset by the corresponding incremental loan volume related costs and finance costs required to support the growing loan portfolio.
- Return on equity was 13.8% for the three-month period ended December 31, 2022, down from 25.0% reported in the comparable period of 2021. The lower return on equity was primarily due to the lower net income discussed above. Adjusted return on equity[1] for the three-month period ended December 31, 2022 was 24.6%, up from 23.9% in the comparable period of 2021. The increase in adjusted return on equity was primarily related to higher adjusted net income produced by the larger consumer loan portfolio.
- Return on tangible common equity[1] was 21.8% in the three-month period ended December 31, 2022, down from 39.8% in the comparable period of 2021. Adjusted return on tangible common equity[1] for the three-month period ended December 31, 2022 was 35.9%, down from 36.2% in the comparable period of 2021. The slight decline in adjusted return on tangible common equity was driven by a higher level of tangible equity resulting from the $57.9 million bought deal equity offering, partially offset by the increased adjusted net income 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. 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)	THREE MONTHS ENDED December 31, 2022	December 31, 2021	VARIANCE $ / BPS	VARIANCE % CHANGE
Summary Financial Results				
Revenue	**273,326**	234,430	38,896	16.6%
Bad debts	**78,257**	58,640	19,617	33.5%
Other operating expenses	**99,943**	74,496	25,447	34.2%
EBITDA[1]	**81,001**	100,508	(19,507)	(19.4%)
EBITDA margin[1]	**29.6%**	42.9%	(1,330 bps)	(31.0%)
Depreciation and amortization	**19,245**	21,665	(2,420)	(11.2%)
Operating income	**75,881**	79,629	(3,748)	(4.7%)
Operating margin	**27.8%**	34.0%	(620 bps)	(18.2%)
Other (loss) income	**(5,609)**	8,371	(13,980)	(167.0%)
Finance costs	**31,551**	22,281	9,270	41.6%
Effective income tax rate	**26.2%**	24.0%	220 bps	9.2%
Net income	**28,576**	49,961	(21,385)	(42.8%)
Diluted earnings per share	**1.71**	2.90	(1.19)	(41.0%)
Return on assets	**3.6%**	7.9%	(430 bps)	(54.4%)
Return on equity	**13.8%**	25.0%	(1,120 bps)	(44.8%)
Return on tangible common equity[1]	**21.8%**	39.8%	(1,800 bps)	(45.2%)
Adjusted Financial Results[1,2]				
Other operating expenses	**87,877**	80,206	7,671	9.6%
Efficiency ratio	**32.2%**	34.2%	(200 bps)	(5.8%)
Operating income	**99,738**	86,353	13,385	15.5%
Operating margin	**36.5%**	36.8%	(30 bps)	(0.8%)
Net income	**51,026**	47,644	3,382	7.1%
Diluted earnings per share	**3.05**	2.76	0.29	10.5%
Return on assets	**6.3%**	7.5%	(120 bps)	(16.0%)
Return on equity	**24.6%**	23.9%	70 bps	2.9%
Return on tangible common equity	**35.9%**	36.2%	(30 bps)	(0.8%)
Key Performance Indicators				
Segment Financials				
easyfinancial revenue	**235,886**	196,015	39,871	20.3%
easyfinancial operating margin	**45.1%**	44.7%	40 bps	0.9%
easyhome revenue	**37,440**	38,415	(975)	(2.5%)
easyhome operating margin	**23.2%**	22.0%	120 bps	5.5%
Portfolio Indicators				
Gross consumer loans receivable	**2,794,694**	2,030,339	764,355	37.6%
Growth in consumer loans receivable	**206,038**	133,623	72,415	54.2%
Gross loan originations	**632,355**	506,853	125,502	24.8%
Total yield on consumer loans (including ancillary products)[1]	**36.2%**	41.4%	(520 bps)	(12.6%)
Net charge offs as a percentage of average gross consumer loans receivable	**9.0%**	9.6%	(60 bps)	(6.3%)
Free cash flows from operations before net growth in gross consumer loans receivable[1]	**66,040**	59,452	6,588	11.1%
Potential monthly lease revenue[1]	**7,868**	8,193	(325)	(4.0%)

[1] EBITDA, adjusted other operating expenses, 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, efficiency ratio, adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity, adjusted return on assets, reported and adjusted return on tangible common equity and total yield on consumer loans (including ancillary products) are non-IFRS ratios. See description in sections "Portfolio Analysis", "Key Performance Indicators and Non-IFRS Measures" and "Financial Condition".

[2] Adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section.

Locations Summary

	LOCATIONS AS AT SEPTEMBER 30, 2022	LOCATIONS OPENED IN THE PERIOD	LOCATIONS CLOSED IN THE PERIOD	CONVERSIONS	LOCATIONS AS AT DECEMBER 31, 2022
easyfinancial					
Kiosks (in store)	3	-	-	(1)	**2**
Stand-alone locations	295	2	(1)	1	**297**
Operations Centers	3	-	-	-	**3**
Total *easyfinancial* locations	301	2	(1)	-	**302**
easyhome					
Corporately owned stores	120	-	-	-	**120**
Franchise stores	34	-	-	-	**34**
Total *easyhome* stores	154	-	-	-	**154**
Corporate					
Corporate office	1	-	-	-	**1**
Total corporate office	1	-	-	-	**1**

Summary of Financial Results by Reporting Segment

	THREE MONTHS ENDED DECEMBER 31, 2022			
($ IN 000'S EXCEPT EARNINGS PER SHARE)	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	**183,345**	**7,975**	**-**	**191,320**
Lease revenue	**-**	**25,219**	**-**	**25,219**
Commissions earned	**48,023**	**3,366**	**-**	**51,389**
Charges and fees	**4,518**	**880**	**-**	**5,398**
	235,886	**37,440**	**-**	**273,326**
Operating expenses				
Bad debts	**75,224**	**3,033**	**-**	**78,257**
Other operating expenses	**47,539**	**14,948**	**37,456**	**99,943**
Depreciation and amortization	**6,846**	**10,772**	**1,627**	**19,245**
	129,609	**28,753**	**39,083**	**197,445**
Operating income (loss)	**106,277**	**8,687**	**(39,083)**	**75,881**
Other loss				**(5,609)**
Finance costs				**(31,551)**
Income before income taxes				**38,721**
Income taxes				**10,145**
Net income				**28,576**
Diluted earnings per share				**1.71**

($ IN 000'S EXCEPT EARNINGS PER SHARE)	THREE MONTHS ENDED DECEMBER 31, 2021 EASYFINANCIAL	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
Operating expenses				
Bad debts	56,058	2,582	-	58,640
Other operating expenses	43,539	15,981	14,976	74,496
Depreciation and amortization	8,775	11,402	1,488	21,665
	108,372	29,965	16,464	154,801
Operating income (loss)	87,643	8,450	(16,464)	79,629
Other income				8,371
Finance costs				(22,281)
Income before income taxes				65,719
Income taxes				15,758
Net income				49,961
Diluted earnings per share				2.90

Portfolio Performance

Consumer Loans Receivable

Loan originations in the three-month period ended December 31, 2022 were $632.4 million, up 24.8% compared to the same period of 2021. The consumer loan portfolio grew by $206.0 million during the quarter, compared to $133.6 million in the same period of 2021. Gross consumer loans receivable increased from $2.03 billion as at December 31, 2021 to $2.79 billion as at December 31, 2022, an increase of $764.4 million, or 37.6%. The increase in consumer loans receivable was driven by record originations across several of the Company's products and acquisition channels. The Company experienced better than anticipated performance from home equity loans, automotive financing, and cross-selling activity across its consumer base.

Total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 36.2% in the three-month period ended December 31, 2022, down approximately 520 bps from the comparable period of 2021. Total annualized yield decreased due to i) organic growth of certain products which carry lower rates of interest such as home equity loans, automotive financing, point-of-sale financing in powersports, home improvement, and healthcare and retail categories; ii) increased lending activity in the province of Quebec, where loans have lower rates of interest; iii) a higher proportion of larger dollar value loans which have reduced pricing on certain ancillary products; iv) a modest reduction in penetration rates on ancillary products; and v) the Company's strategy to reward borrowers for on-time payment behaviour, by gradually reducing the rate of interest charged.

Bad debts increased to $78.3 million for the three-month period ended December 31, 2022, from $58.6 million during the same period of 2021, an increase of $19.6 million, or 33.5%. The following table details the components of bad debt expense.

($ IN 000'S)	THREE MONTHS ENDED DECEMBER 31, 2022	DECEMBER 31, 2021
Provision required due to net charge offs	**61,511**	47,399
Impact of loan book growth	**14,346**	10,301
Impact of change in provision rate during the period	**2,400**	940
Net change in allowance for credit losses	**16,746**	11,241
Bad debt	**78,257**	58,640

Bad debts increased by $19.6 million due to the following factors:

(i) Net charge offs increased from $47.4 million in the fourth quarter of 2021, to $61.5 million in the current quarter, an increase of $14.1 million. Net charge offs in the quarter, as a percentage of average gross consumer loans receivable on an annualized basis, were 9.0%, down by 60 bps, compared to 9.6% reported in the same quarter of 2021. The decrease in the net charge off rate reflects the improved product and credit mix of the loan portfolio and credit model enhancements and underwriting adjustments in recent periods to improve long-term credit quality of the loan portfolio. The Company's net charge off rate was in line with the Company's targeted range for 2022 of 8.5% to 10.5%.

ii) The Company's loan portfolio for the three-month period ended December 31, 2021 increased by $133.6 million, resulting in a provision expense of $10.3 million, compared to loan book growth of $206.0 million for the three-month period ended December 31, 2022, which resulted in a provision expense of $14.3 million.

iii) The impact of provision rate changes during the quarter resulted in bad debts of $2.4 million, compared to $0.9 million in the same period of 2021. The provision rate for the fourth quarter of 2022 decreased to 7.62% from 7.87% in the same period of 2021, primarily due to continued improvement in the product and credit mix of the loan portfolio.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly leasing revenue as at December 31, 2022 was $7.9 million, down from $8.2 million reported as at December 31, 2021. The easyhome leasing business is a mature business that has experienced a long-term gradual decline in sales volume, as consumer demand has shifted into alternate forms of financing purchases of everyday household items.

Revenue

Revenue for the three-month period ended December 31, 2022 was $273.3 million, an increase of $38.9 million, or 16.6%, compared to the same period of 2021. Revenue growth was driven mainly by the organic growth of the Company's consumer loan portfolio.

easyfinancial – Revenue for the three-month period ended December 31, 2022 was $235.9 million, an increase of $39.9 million, compared to the same period of 2021. Components of the increased revenue include:

(i) Interest income increased by $34.3 million, or 23.0%, driven by growth in the loan portfolio, which includes growth of home equity loans, automotive financing and cross-selling activity across its consumer base, partially offset by lower interest yields;

(ii) Commissions earned on the sale of ancillary products and services increased by $5.3 million, or 12.5%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's loan protection program; and

(iii) Charges and fees was relatively flat to the same quarter of 2021.

easyhome – Revenue for the three-month period ended December 31, 2022 was $37.4 million, a decrease of $1.0 million, compared to the same period of 2021. Lending revenue within the easyhome stores increased by $1.7 million, compared to the same quarter of 2021. Traditional leasing revenue, including fees, was $2.7 million lower compared to the same quarter of 2021. Components of the decreased revenue include:

(i) Interest income increased by $1.5 million due to the growth of the consumer loans receivable portfolio related to the easyhome business;

(ii) Lease revenue decreased by $2.4 million due to a smaller lease portfolio;

(iii) Commissions earned on the sale of ancillary products was relatively flat to the same quarter of 2021.

Other Operating Expenses

Other operating expenses were $99.9 million for the three-month period ended December 31, 2022, an increase of $25.4 million, or 34.2%, from the comparable period in 2021. The increase in other operating expenses was mainly driven by the one-time write off of an intangible asset and higher operating costs to support the growing loan portfolio, partially offset by non-recurring integration costs incurred in the same period of 2021 related to the acquisition of LendCare.

easyfinancial – Other operating expenses were $47.5 million for the three-month period ended December 31, 2022, an increase of $4.0 million, or 9.2%, from the comparable period of 2021. The increase in other operating expenses was driven by incremental volume related costs to operate and manage the growing loan portfolio. easyfinancial locations increased from 294 as at December 31, 2021 to 302 as at December 31, 2022.

easyhome – Other operating expenses were $14.9 million for the three-month period ended December 31, 2022, a decrease of $1.0 million, or 6.5%, from the comparable period of 2021. The increase in other operating expenses was driven by higher advertising and marketing spending to expand brand awareness and increased other store costs to support the growth in loan originations.

Corporate – Other operating expenses were $37.5 million for the three-month period ended December 31, 2022, an increase of $22.5 million, or 150.1%, from the comparable period of 2021. The increase was primarily due to the one-time write off of an intangible asset and higher technology costs, partially offset by lower non-recurring LendCare integration costs in 2021. Excluding the integration costs and the one-time write off of an intangible asset, corporate expenses before depreciation and amortization represented 6.2% of revenues in the fourth quarter of 2022, compared to 4.9% for the same quarter of 2021.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended December 31, 2022 was $19.2 million, a decrease of $2.4 million, or 11.2%, from the comparable period of 2021, driven primarily by lower depreciation of lease assets and amortization of intangible assets, partially offset by higher depreciation of right-of-use assets due to new retail premises lease agreements in the period. Overall, depreciation and amortization represented 7.0% of revenues for the three-month period ended December 31, 2022, compared to 9.2% for the same period of 2021.

easyfinancial – Depreciation and amortization was $6.8 million for the three-month period ended December 31, 2022, a decrease of $1.9 million, or 22.0%, from the comparable period of 2021. The decrease was primarily due to the reversal of an impairment reserve recognized on the existing core loan management software recognized in prior periods.

easyhome – Depreciation and amortization was $10.8 million for the three-month period ended December 31, 2022, $0.6 million or 5.5% lower than the comparable period of 2021, mainly due to a smaller lease asset portfolio.

Corporate – Depreciation and amortization was $1.6 million in the three-month period ended December 31, 2022, relatively flat from the comparable period of 2021.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three-month period ended December 31, 2022 was $75.9 million, down $3.7 million, or 4.7%, compared to the same period of 2021. The Company reported an operating margin of 27.8% for the quarter, down from 34.0% reported in the comparable period of 2021. Excluding the effects of the adjusting items discussed in the “Key Performance Indicators and Non-IFRS Measures” section, the Company reported record adjusted operating income for the three-month period ended December 31, 2022 of $99.7 million, up $13.4 million, or 15.5%, from the comparable period of 2021. The increase in adjusted operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company reported an adjusted operating margin1 of 36.5% for the quarter, down from 36.8% reported in the same period of 2021. The decline in operating margin was mainly due to higher net charge offs and a higher level of allowance for credit losses related to the record loan growth experienced during the quarter.

easyfinancial – Operating income for the three-month period ended December 31, 2022 was $106.3 million, an increase of $18.6 million, or 21.3%, compared to the same period of 2021. The improved operating income was driven by continued organic growth in the Company’s loan portfolio. easyfinancial revenue increased by $39.9 million, partially offset by an increase of $19.2 million in bad debt expense and an increase of $2.1 million in other operating expenses to support the growing customer base and enhance product offerings. easyfinancial’s operating margin in the quarter was 45.1%, compared to 44.7% in the same period of 2021. The improvement in operating margin was mainly due to increased revenue and lower bad debts due to the continued improvement in the product and credit mix of the loan portfolio.

easyhome – Operating income for the three-month period ended December 31, 2022 was $8.7 million compared to $8.5 million for the same period of 2021, an increase of $0.2 million, or 2.8%. The increase was mainly driven by higher lending revenues, partially offset by decreased leasing revenues due to smaller leasing portfolio. Operating margin for the three-month period ended December 31, 2022 was 23.2%, an increase from 22.0% for the same period of 2021.

Other Income

During the three-month period ended December 31, 2022, the Company recognized investment losses of $5.6 million mainly due to a fair value loss on the Company’s investment in Affirm, compared to $8.4 million of investment income in the same period of 2021 mainly due to fair value gains on the investment in Affirm and its related TRS.

Finance Costs

Finance costs for the three-month period ended December 31, 2022 were $31.6 million, an increase of $9.3 million, or 41.6%, from the same period of 2021. The increase was mainly driven by higher borrowing levels to fund growth of the Company's lending business and a higher cost of borrowing. The average blended interest rate on drawn balances for the Company's debt as at December 31, 2022, was 5.2%, up from 4.9% as at December 31, 2021.

Income Tax Expense

The effective income tax rate for the three-month period ended December 31, 2022 was 26.2%, higher than the 24.0% reported in the comparable period of 2021. The increase was mainly due to the fair value losses on investments, compared to the fair value gains on investments in the three-month period ended December 31, 2021, which are being taxed at a lower capital gains effective tax rate.

Net Income and Diluted Earnings Per Share

The Company's net income for the three-month period ended December 31, 2022 was $28.6 million, or $1.71 per share on a diluted basis, down 42.8% and 41.0%, respectively, compared to $50.0 million, or $2.90 per share on a diluted basis for the same period of 2021. Excluding the effects of adjusting items discussed in the "Key Performance Indicators and Non-IFRS Measures" section, goeasy achieved record adjusted net income and record adjusted diluted earnings per share during the three-month period ended December 31, 2022 of $51.0 million and $3.05 per share on a diluted basis, respectively. Adjusted net income and adjusted diluted earnings per share increased by 7.1% and 10.5%, respectively, compared to the same period of 2021. The increase in adjusted net income was primarily driven by the record revenue, partially offset by the corresponding incremental loan volume related costs and finance costs required to support the growing loan portfolio.

Selected Quarterly Information

($ IN MILLIONS EXCEPT PERCENTAGES AND PER SHARE AMOUNTS)	DECEMBER 2022[3]	SEPTEMBER 2022[3]	JUNE 2022[3]	MARCH 2022[3]	DECEMBER 2021[3]	SEPTEMBER 2021[3]	JUNE 2021[3]	MARCH 2021	DECEMBER 2020
Gross consumer loans receivable	**2,794.7**	2,588.7	2,369.8	2,154.3	2,030.3	1,896.7	1,795.8	1,277.3	1,246.8
Revenue	**273.3**	262.2	251.7	232.1	234.4	219.8	202.4	170.2	173.2
Net income	**28.6**	47.2	38.3	26.1	50.0	63.5	19.5	112.0	48.9
Adjusted net income[2]	**51.0**	48.6	46.8	45.8	47.6	46.7	43.7	36.7	35.0
Return on assets	**3.6%**	6.3%	5.5%	4.0%	7.9%	10.3%	3.8%	28.8%	13.6%
Adjusted return on assets[2]	**6.3%**	6.5%	6.7%	6.9%	7.5%	7.6%	8.6%	9.4%	9.8%
Return on equity	**13.8%**	24.2%	20.2%	13.5%	25.0%	32.7%	12.0%	90.1%	45.8%
Adjusted return on equity[2]	**24.6%**	24.9%	24.7%	23.8%	23.9%	24.0%	26.9%	29.5%	32.8%
Return on tangible common equity[2]	**21.8%**	38.5%	33.0%	22.8%	39.8%	52.3%	16.8%	94.2%	48.2%
Adjusted return on tangible common equity[2]	**35.9%**	37.7%	38.0%	36.5%	36.2%	37.1%	34.8%	30.8%	34.5%
Net income as a percentage of revenue	**10.5%**	18.0%	15.2%	11.2%	21.3%	28.9%	9.6%	65.8%	28.2%
Adjusted net income as a percentage of revenue[2]	**18.7%**	18.5%	18.6%	19.7%	20.3%	21.2%	21.6%	21.6%	20.2%
Earnings per share[1]									
Basic	**1.74**	2.92	2.37	1.59	3.00	3.79	1.20	7.41	3.24
Diluted	**1.71**	2.86	2.32	1.55	2.90	3.66	1.16	7.14	3.14
Adjusted diluted[2]	**3.05**	2.95	2.83	2.72	2.76	2.70	2.61	2.34	2.24

[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 shares 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 assets 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 38 of the September 30, 2022 MD&A, page 37 of the June 30, 2022 MD&A, page 27 of the March 31, 2022 MD&A, page 50 of the December 31, 2021 MD&A, 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, and page 42 of the December 31, 2020 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.

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 timeframe was primarily related to the growth of gross consumer loans receivable. The larger revenue base together with operating expense management, increased the Company's adjusted net income and adjusted earnings per share. Adjusted return on assets, adjusted return on equity and adjusted return on tangible common equity have increased in prior quarters due to increasing earnings generated by the business, declining in the most recent quarter due to the higher level of assets and shareholders' equity from the $57.9 million bought deal equity offering in support of future growth.

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 are determined by the performance of these portfolios. The composition 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 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 a 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, along with their other borrowing and repayment activities, are 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 capturing the Company's gross loan originations during a period, excluding the portion of the originations used to repay prior borrowings. The Company uses net principal written, among other measures, to assess the operating performance of its lending 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.

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

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Gross loan originations	**632,355**	506,853	**2,377,606**	1,594,480
Loan originations to new customers	**299,458**	215,939	**1,117,146**	693,774
Loan originations to existing customers	**332,897**	290,914	**1,260,460**	900,706
Less: Proceeds applied to repay existing loans	**(177,848)**	(152,153)	**(649,509)**	(486,627)
Net advance to existing customers	**155,049**	138,761	**610,951**	414,079
Net principal written	**454,507**	354,700	**1,728,097**	1,107,853

Gross Consumer Loans Receivable

The Company measures the size of its lending portfolio in terms of 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 the number of customers and average loan value per customer. Changes in gross consumer loans receivable during the periods were as follows:

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Opening gross consumer loans receivable	**2,588,656**	1,896,716	**2,030,339**	1,246,840
Gross loan originations	**632,355**	506,853	**2,377,606**	1,594,480
Gross loan purchased	**-**	-	**-**	444,520
Gross principal payments and other adjustments	**(355,334)**	(321,412)	**(1,359,667)**	(1,093,566)
Gross charge offs before recoveries	**(70,983)**	(51,818)	**(253,584)**	(161,935)
Net growth in gross consumer loans receivable during the period	**206,038**	133,623	**764,355**	783,499
Ending gross consumer loans receivable	**2,794,694**	2,030,339	**2,794,694**	2,030,339

The scheduled principal repayment aging analyses of the gross consumer loans receivable portfolio as at December 31, 2022 and 2021 are as follows:

	DECEMBER 31, 2022		DECEMBER 31, 2021	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
0 – 6 months	**236,026**	**8.4%**	220,383	10.9%
6 – 12 months	**161,441**	**5.8%**	160,914	7.9%
12 – 24 months	**363,437**	**13.0%**	351,028	17.3%
24 – 36 months	**433,895**	**15.5%**	408,762	20.1%
36 – 48 months	**480,990**	**17.2%**	332,049	16.4%
48 – 60 months	**346,560**	**12.4%**	229,782	11.3%
60 months+	**772,345**	**27.7%**	327,421	16.1%
Gross consumer loans receivable	**2,794,694**	**100.0%**	2,030,339	100.0%

Gross consumer loans receivable with principal repayments beyond 60 months as at December 31, 2022 increased by 1,160 bps, compared to December 31, 2021, primarily due to the shift in product mix towards a higher proportion of secured loans, which have longer payment terms.

Gross consumer loans receivable portfolio categorized by the contractual time to maturity as at December 31, 2022 and 2021 are summarized as follows:

	DECEMBER 31, 2022		DECEMBER 31, 2021	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
0 – 1 year	**65,485**	**2.3%**	60,319	3.0%
1 – 2 years	**139,143**	**5.0%**	155,957	7.7%
2 – 3 years	**312,612**	**11.2%**	347,331	17.1%
3 – 4 years	**573,567**	**20.5%**	501,830	24.7%
4 – 5 years	**493,336**	**17.7%**	473,096	23.3%
5 years +	**1,210,551**	**43.3%**	491,806	24.2%
Gross consumer loans receivable	**2,794,694**	**100.0%**	2,030,339	100.0%

Gross consumer loans receivable with contractual times to maturity beyond 5 years as at December 31, 2022 increased by 1,910 bps, compared to December 31, 2021, primarily due to the shift in product mix towards a higher proportion of secured loans, which have longer payment terms.

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

	DECEMBER 31, 2022		DECEMBER 31, 2021	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Gross consumer loans receivable, *easyfinancial*	**2,705,943**	**96.8%**	1,960,517	96.6%
Gross consumer loans receivable, *easyhome*	**88,751**	**3.2%**	69,822	3.4%
Gross consumer loans receivable	**2,794,694**	**100.0%**	2,030,339	100.0%

Financial Revenue and Net Financial Income

Financial revenue, a non-IFRS measure, is generated by both the easyfinancial and easyhome reportable 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 leasing revenue from the easyhome reportable segment.

Net financial income is a non-IFRS measure that details the profitability of the Company's gross consumer loans receivable before 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 gross consumer loans receivable, portfolio yield, amount and cost of the Company's debt, the Company's leverage ratio and 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, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Total Company revenue	**273,326**	234,430	**1,019,336**	826,722
Less: Leasing revenue	**(26,772)**	(29,456)	**(110,053)**	(119,585)
Financial revenue	**246,554**	204,974	**909,283**	707,137
Less: Financial costs	**(31,551)**	(22,281)	**(107,972)**	(79,025)
Add: Interest expense on lease liabilities	**991**	821	**3,577**	3,115
Less: Bad debt expense	**(78,257)**	(58,640)	**(272,893)**	(182,084)
Net financial income	**137,737**	124,874	**531,995**	449,143

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 ratio and is calculated as the financial revenue generated, including revenue generated on the sale of ancillary products, on the Company's gross 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 gross 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, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Total Company revenue	**273,326**	234,430	**1,019,336**	826,722
Less: Leasing revenue	**(26,772)**	(29,456)	**(110,053)**	(119,585)
Financial revenue	**246,554**	204,974	**909,283**	707,137
Multiplied by number of periods in year	**X 4**	X 4	**X 4/4**	X 4/4
Divided by average gross consumer loans receivable	**2,726,446**	1,982,680	**2,409,890**	1,680,328
Total yield on consumer loans as a percentage of average gross consumer loans receivable (annualized)	**36.2%**	41.4%	**37.7%**	42.1%

Net Charge Offs

In addition to loan originations, gross consumer loans receivable are 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 against 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 gross consumer loans receivable. For interim periods, the rate is annualized.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Net charge offs against allowance	**61,511**	47,399	**219,614**	147,998
Multiplied by number of periods in year	**X 4**	X 4	**X 4/4**	X 4/4
Divided by average gross consumer loans receivable	**2,726,446**	1,982,680	**2,409,890**	1,680,328
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**9.0%**	9.6%	**9.1%**	8.8%

Allowance for Credit Losses

The allowance for expected credit losses is a provision that is reported on the Company's statement of financial position that is netted against gross consumer loans receivable to arrive at 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, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Allowance for credit losses, beginning of period	**196,295**	148,521	**159,762**	125,676
Net charge offs against allowance	**(61,511)**	(47,399)	**(219,614)**	(147,998)
Bad debt expense	**78,257**	58,640	**272,893**	182,084
Allowance for credit losses, end of period	**213,041**	159,762	**213,041**	159,762
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**7.62%**	7.87%	**7.62%**	7.87%

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 rates of unemployment and inflation, a decrease in the expected future price of oil from current rates or a decrease in the rate of GDP growth has historically tended to increase charge offs. Conversely, a forecasted decrease in the rate of unemployment, rate of inflation, an increase in the expected future price of oil from the rates or an increase in the GDP growth rate has historically tended to decrease charge offs.

In calculating the allowance for credit losses, internally developed models were used, which factor in credit risk related parameters including probability of default, exposure at default, loss given default and other relevant risk factors. As part of the process, the Company employed five distinct forecast scenarios, derived from FLI forecasts produced by Moody's Analytics, which include neutral, moderately optimistic, extremely optimistic, moderately pessimistic and extremely pessimistic scenarios. These scenarios use a combination of four inter-related macroeconomic variables, being unemployment rates, GDP, inflation rates and oil prices, to determine a probability weighted allowance. Management 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, 2022 and 2021, respectively.

12-MONTH FORWARD-LOOKING MACROECONOMIC VARIABLES (AVERAGE ANNUAL)	NEUTRAL	MODERATELY OPTIMISTIC	EXTREMELY OPTIMISTIC	MODERATELY PESSIMISTIC	EXTREMELY PESSIMISTIC
December 31, 2022					
Unemployment rate[1]	**6.07%**	**5.28%**	**4.59%**	**8.30%**	**9.72%**
GDP growth rate[2]	**0.15%**	**1.20%**	**2.08%**	**(1.88%)**	**(3.08%)**
Inflation growth rate[3]	**4.08%**	**3.78%**	**3.46%**	**4.95%**	**5.31%**
Oil prices[4]	**$86.85**	**$89.40**	**$91.49**	**$71.65**	**$60.58**
December 31, 2021					
Unemployment rate[1]	5.81%	5.02%	4.33%	8.04%	9.45%
GDP growth rate[2]	3.78%	6.36%	9.03%	(2.18%)	(6.91%)
Inflation growth rate[3]	3.07%	3.64%	4.14%	2.38%	1.79%
Oil prices[4]	$67.34	$69.02	$72.75	$42.25	$38.69

[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 to arrive at a collective view on the likelihood of each scenario taking into account current economic conditions and the implications for near-term macroeconomic performance. If management were to assign 100% probability to the extremely pessimistic scenario forecast, the allowance for credit losses would have been $31.4 million (December 31, 2021 - $24.7 million) higher than the reported allowance for credit losses as at December 31, 2022. This 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 gross consumer loans receivable at the end of the periods was as follows:

	DECEMBER 31, 2022		DECEMBER 31, 2021	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Current	**2,628,884**	**94.1%**	1,909,110	94.1%
Days past due				
1 - 30 days	**86,687**	**3.1%**	71,505	3.5%
31 - 44 days	**22,027**	**0.8%**	14,417	0.7%
45 - 60 days	**18,245**	**0.6%**	12,358	0.6%
61 - 90 days	**25,285**	**0.9%**	14,966	0.7%
91 - 120 days	**6,157**	**0.2%**	3,350	0.2%
121 - 150 days	**5,020**	**0.2%**	2,792	0.1%
151 - 180 days	**2,389**	**0.1%**	1,841	0.1%
	165,810	**5.9%**	121,229	5.9%
Gross consumer loans receivable	**2,794,694**	**100.0%**	2,030,339	100.0%

A large portion of the Company's gross 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 fiscalperiod ends. An alternate aging analysis prepared as of the last Saturday of the fiscal periods may present a more relevant comparison.

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

	SATURDAY, DECEMBER 31, 2022 % OF TOTAL	SATURDAY, DECEMBER 25, 2021 % OF TOTAL
Current	**94.1%**	93.8%
Days past due		
1 - 30 days	**3.1%**	3.7%
31 - 44 days	**0.8%**	0.7%
45 - 60 days	**0.6%**	0.7%
61 - 90 days	**0.9%**	0.7%
91 - 120 days	**0.2%**	0.2%
121 - 150 days	**0.2%**	0.1%
151 - 180 days	**0.1%**	0.1%
	5.9%	6.2%
Gross consumer loans receivable	**100.0%**	100.0%

Consumer Loans receivable by Geography

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

	DECEMBER 31, 2022		DECEMBER 31, 2021	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Newfoundland & Labrador	**82,931**	**3.0%**	65,514	3.2%
Nova Scotia	**137,746**	**4.9%**	104,654	5.2%
Prince Edward Island	**18,027**	**0.6%**	13,395	0.7%
New Brunswick	**123,635**	**4.4%**	93,522	4.6%
Quebec	**349,936**	**12.5%**	243,865	12.0%
Ontario	**1,059,314**	**37.9%**	762,981	37.6%
Manitoba	**113,146**	**4.0%**	86,681	4.3%
Saskatchewan	**129,596**	**4.6%**	99,365	4.9%
Alberta	**465,297**	**16.7%**	329,465	16.2%
British Columbia	**290,711**	**10.4%**	210,611	10.4%
Territories	**24,355**	**1.0%**	20,286	0.9%
Gross consumer loans receivable	**2,794,694**	**100.0%**	2,030,339	100.0%

Consumer Loans receivable by Loan Type

At the end of the periods, the allocation of the Company's gross consumer loans receivable based on loan type is as follows:

	DECEMBER 31, 2022		DECEMBER 31, 2021	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Unsecured Instalment Loans	**1,703,593**	**61.0%**	1,364,696	67.2%
Secured Instalment Loans[1]	**1,091,101**	**39.0%**	665,643	32.8%
Gross consumer loans receivable	**2,794,694**	**100.0%**	2,030,339	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 leasing revenue. Potential monthly leasing 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.

Potential monthly lease revenue is calculated as follows:

	DECEMBER 31,2022	DECEMBER 31, 2021
Total number of lease agreements	**73,895**	79,776
Multiplied by the average required monthly lease payment per agreement	**106.47**	102.70
Potential monthly leasing revenue ($ in 000's)	**7,868**	8,193

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

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Opening potential monthly lease revenue	**7,623**	8,160	**8,193**	8,461
Decrease due to store closures or sales during the period	**(24)**	(27)	**(111)**	(49)
Increase (decrease) due to ongoing operations	**269**	60	**(214)**	(219)
Net change	**245**	33	**(325)**	(268)
Ending potential monthly leasing revenue	**7,868**	8,193	**7,868**	8,193

Potential Monthly Leasing Revenue by Product Category

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

	DECEMBER 31, 2022		DECEMBER 31, 2021	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Furniture	**3,238**	**41.2%**	3,380	41.3%
Electronics	**2,626**	**33.4%**	2,656	32.4%
Appliances	**1,119**	**14.2%**	1,140	13.9%
Computers	**885**	**11.2%**	1,017	12.4%
Potential monthly leasing revenue	**7,868**	**100.0%**	8,193	100.0%

Potential Monthly Leasing Revenue by Geography

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

	DECEMBER 31, 2022		DECEMBER 31, 2021	
($ IN 000'S EXCEPT PERCENTAGES)	$	% OF TOTAL	$	% OF TOTAL
Newfoundland & Labrador	**688**	**8.7%**	699	8.4%
Nova Scotia	**753**	**9.6%**	810	9.9%
Prince Edward Island	**136**	**1.7%**	140	1.7%
New Brunswick	**642**	**8.2%**	648	7.9%
Quebec	**552**	**7.0%**	586	7.2%
Ontario	**2,442**	**31.0%**	2,571	31.4%
Manitoba	**233**	**3.0%**	234	2.9%
Saskatchewan	**356**	**4.5%**	383	4.7%
Alberta	**1,217**	**15.5%**	1,244	15.2%
British Columbia	**849**	**10.8%**	878	10.7%
Potential monthly leasing revenue	**7,868**	**100.0%**	8,193	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 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 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, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Depreciation of lease assets	**8,516**	9,157	**33,547**	35,844
Less: Lease asset amortization excluding net charge offs	**(7,678)**	(8,291)	**(29,992)**	(32,831)
Net charge offs	**838**	866	**3,555**	3,013
Total Company revenue	**273,326**	234,430	**1,019,336**	826,722
Less: Financial revenue	**(246,554)**	(204,974)	**(909,283)**	(707,137)
Leasing revenue	**26,772**	29,456	**110,053**	119,585
Net charge offs as a percentage of leasing revenue	**3.1%**	2.9%	**3.2%**	2.5%

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:

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.

Items used to calculate adjusted net income and adjusted diluted earnings per share for the three-month periods and years ended December 31, 2022 and 2021 include those indicated in the chart below:

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT EARNINGS PER SHARE)	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Net income as stated	**28,576**	49,961	**140,161**	244,943
Impact of adjusting items				
Bad debts				
Day one loan loss provision on the acquired loans[1]	**-**	-	**-**	14,252
Other operating expenses				
Write off of an intangible asset[5]	**20,460**	-	**20,460**	-
Corporate development costs[6]	**-**	-	**2,314**	-
Integration costs[3]	**122**	3,447	**1,081**	5,047
Transaction costs[2]	**-**	-	**-**	7,615
Depreciation and amortization				
Amortization of acquired intangible assets[4]	**3,275**	3,277	**13,100**	8,735
Other loss (income)[7]	**5,609**	(8,371)	**28,659**	(114,876)
Finance costs				
Transaction costs[2]	**-**	-	**-**	1,726
Total pre-tax impact of adjusting items	**29,466**	(1,647)	**65,614**	(77,501)
Income tax impact of above adjusting items	**(7,016)**	(670)	**(13,514)**	7,317
After-tax impact of adjusting items	**22,450**	(2,317)	**52,100**	(70,184)
Adjusted net income	**51,026**	47,644	**192,261**	174,759
Weighted average number of diluted shares outstanding	**16,753**	17,233	**16,650**	16,757
Diluted earnings per share as stated	**1.71**	2.90	**8.42**	14.62
Per share impact of adjusting items	**1.34**	(0.14)	**3.13**	(4.19)
Adjusted diluted earnings per share	**3.05**	2.76	**11.55**	10.43

Adjusting items related to the LendCare Acquisition

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

[2] Transaction costs included advisory and consulting costs, legal costs, and other direct transaction costs related to the acquisition of LendCare reported under Other operating expenses and loan commitment fees related to the acquisition of LendCare reported under Finance costs.

[3] Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance costs, 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 were reported under Other operating expenses.

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

Adjusting item related to the write off of an intangible asset

[5] During the fourth quarter of 2022, the Company decided to terminate its agreement with a third-party technology provider that was contracted in 2020 to develop a new loan management system. After careful evaluation, the Company determined that the performance to date was unsatisfactory, and the additional investment necessary to complete the development was no longer economical, relative to the anticipated business value and other available options. As such, the Company elected to write off capitalized software costs in 2022 in the amount of $20.5 million, associated with this loan management system being developed by the third-party.

Adjusting item related to corporate development costs

[6] Corporate development costs are related to the exploration of a strategic acquisition opportunity, which the Company elected to not pursue, including advisory, consulting and legal costs reported under Other operating expenses.

Adjusting item related to other income (loss)

[7] For the three-month periods and years ended December 31, 2022 and 2021, investment income (loss) is mainly due to fair value gains (losses) on the Company's investment in Affirm and its related TRS.

Adjusted Net Income as a Percentage of Revenue

Adjusted net income as a percentage of revenue is a non-IFRS 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.

	THREE MONTHS ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
Net income as stated	**28,576**	**28,576**	49,961	49,961
After-tax impact of adjusting items[1]	**-**	**22,450**	-	(2,317)
Adjusted net income	**28,576**	**51,026**	49,961	47,644
Divided by revenue	**273,326**	**273,326**	234,430	234,430
Net income as a percentage of revenue	**10.5%**	**18.7%**	21.3%	20.3%

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

	YEAR ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
Net income as stated	**140,161**	**140,161**	244,943	244,943
After-tax impact of adjusting items[1]	**-**	**52,100**	-	(70,184)
Adjusted net income	**140,161**	**192,261**	244,943	174,759
Divided by revenue	**1,019,336**	**1,019,336**	826,722	826,722
Net income as a percentage of revenue	**13.8%**	**18.9%**	29.6%	21.1%

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

Adjusted Other Operating Expenses and Efficiency Ratio

Adjusted other operating expenses is a non-IFRS measure. The Company defines adjusted other operating expenses as other operating expenses including depreciation of lease assets but excluding other operating expenses that are outside of normal business activities and are significant in amount and scope. Efficiency ratio is a non-IFRS ratio. The Company defines efficiency ratio as adjusted other operating expenses divided by total revenue. The Company believes efficiency ratio is an important measure of the profitability of the Company's operations.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT EARNINGS PER SHARE)	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Other operating expenses as stated	**99,943**	74,496	**332,730**	284,749
Impact of adjusting items[1]				
Other operating expenses				
Write off of an intangible asset	**(20,460)**	-	**(20,460)**	-
Corporate development costs	**-**	-	**(2,314)**	-
Integration costs	**(122)**	(3,447)	**(1,081)**	(5,047)
Transaction costs	**-**	-	**-**	(7,615)
Depreciation and amortization				
Depreciation of lease assets	**8,516**	9,157	**33,547**	35,844
Total impact of adjusting items	**(12,066)**	5,710	**9,692**	23,182
Adjusted other operating expenses	**87,877**	80,206	**342,422**	307,931
Total revenue	**273,326**	234,430	**1,019,336**	826,722
Efficiency ratio	**32.2%**	34.2%	**33.6%**	37.2%

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

Adjusted Operating Margin

Adjusted operating margin is a non-IFRS ratio. 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, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
easyfinancial				
Operating income	**106,277**	**106,277**	87,643	87,643
Divided by revenue	**235,886**	**235,886**	196,015	196,015
***easyfinancial* operating margin**	**45.1%**	**45.1%**	44.7%	44.7%
easyhome				
Operating income	**8,687**	**8,687**	8,450	8,450
Divided by revenue	**37,440**	**37,440**	38,415	38,415
easyhome operating margin	**23.2%**	**23.2%**	22.0%	22.0%
Total				
Operating income	**75,881**	**75,881**	79,629	79,629
Other operating expenses[1]				
Write off of an intangible asset	**-**	**20,460**	-	-
Integration costs	**-**	**122**	-	3,447
Depreciation and amortization[1]				
Amortization of acquired intangible assets	**-**	**3,275**	-	3,277
Adjusted operating income	**75,881**	**99,738**	79,629	86,353
Divided by revenue	**273,326**	**273,326**	234,430	234,430
Total operating margin	**27.8%**	**36.5%**	34.0%	36.8%

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

($ IN 000'S EXCEPT PERCENTAGES)	YEAR ENDED DECEMBER 31, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
easyfinancial				
Operating income	**393,996**	**393,996**	324,751	324,751
Divided by revenue	**869,528**	**869,528**	676,351	676,351
***easyfinancial* operating margin**	**45.3%**	**45.3%**	48.0%	48.0%
easyhome				
Operating income	**34,578**	**34,578**	36,861	36,861
Divided by revenue	**149,808**	**149,808**	150,371	150,371
easyhome operating margin	**23.1%**	**23.1%**	24.5%	24.5%
Total				
Operating income	**332,407**	**332,407**	281,003	281,003
Bad debts[1]				
Day one loan loss provision on acquired loans	**-**	**-**	-	14,252
Other operating expenses[1]				
Write off of an intangible asset	**-**	**20,460**	-	-
Corporate development costs	**-**	**2,314**	-	-
Integration costs	**-**	**1,081**	-	5,047
Transaction costs	**-**	**-**	-	7,615
Amortization of intangible assets[1]				
Amortization of acquired intangible assets	**-**	**13,100**	-	8,735
Adjusted operating income	**332,407**	**369,362**	281,003	316,652
Divided by revenue	**1,019,336**	**1,019,336**	826,722	826,722
Total operating margin	**32.6%**	**36.2%**	34.0%	38.3%

[1] For explanation of adjusting items, refer to the corresponding "Adjusted Net Income and Adjusted 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 ratio. The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, excluding depreciation of lease 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, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Net income as stated	**28,576**	49,961	**140,161**	244,943
Finance costs	**31,551**	22,281	**107,972**	79,025
Income tax expense	**10,145**	15,758	**55,615**	71,911
Depreciation and amortization	**19,245**	21,665	**81,306**	78,886
Depreciation of lease assets	**(8,516)**	(9,157)	**(33,547)**	(35,844)
EBITDA	**81,001**	100,508	**351,507**	438,921
Divided by revenue	**273,326**	234,430	**1,019,336**	826,722
EBITDA margin	**29.6%**	42.9%	**34.5%**	53.1%

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, adjusted for the costs of investments made to grow gross consumer loans receivable. The Company believes free cash flows from operations before net growth in gross consumer loans receivable is an important performance indicator to assess the cash generating ability of its existing loan portfolio.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Cash used in operating activities	**(139,998)**	(74,171)	**(505,881)**	(78,875)
Net growth in gross consumer loans receivable during the period	**206,038**	133,623	**764,355**	783,499
Less: Gross loans purchased[1]	**-**	-	**-**	(444,520)
	206,038	133,623	**764,355**	338,979
Free cash flows from operations before net growth in gross consumer loans receivable	**66,040**	59,452	**258,474**	260,104

[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 ratio. The Company defines adjusted return on assets as annualized adjusted net income divided by average total assets for the period. 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, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
Net income as stated	**28,576**	**28,576**	49,961	49,961
After-tax impact of adjusting items[1]	**-**	**22,450**	-	(2,317)
Adjusted net income	**28,576**	**51,026**	49,961	47,644
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Divided by average total assets for the period	**3,216,403**	**3,216,403**	2,533,945	2,533,945
Return on assets	**3.6%**	**6.3%**	7.9%	7.5%

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

	YEAR ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
Net income as stated	**140,161**	**140,161**	244,943	244,943
After-tax impact of adjusting items[1]	**-**	**52,100**	-	(70,184)
Adjusted net income	**140,161**	**192,261**	244,943	174,759
Divided by average total assets for the period	**2,922,605**	**2,922,605**	2,126,594	2,126,594
Return on assets	**4.8%**	**6.6%**	11.5%	8.2%

[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 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 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, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
Net income as stated	**28,576**	**28,576**	49,961	49,961
After-tax impact of adjusting items[1]	**-**	**22,450**	-	(2,371)
Adjusted net income	**28,576**	**51,026**	49,961	47,644
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Divided by average shareholders' equity for the period	**830,820**	**830,820**	798,620	798,620
Return on equity	**13.8%**	**24.6%**	25.0%	23.9%

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

	YEAR ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
Net income as stated	**140,161**	**140,161**	244,943	244,943
After-tax impact of adjusting items[1]	**-**	**52,100**	-	(70,184)
Adjusted net income	**140,161**	**192,261**	244,943	174,759
Divided by average shareholders' equity for the period	**794,269**	**794,269**	667,962	667,962
Return on equity	**17.6%**	**24.2%**	36.7%	26.2%

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

Return on Tangible Common Equity

Reported and adjusted return on tangible common equity are non-IFRS 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 adjusted return on tangible common equity is an important measure of how shareholders' invested tangible capital is utilized in the business.shareholders' invested tangible capital is utilized in the business.

	THREE MONTHS ENDED			
($ IN 000'S EXCEPT PERCENTAGES)	DECEMBER 31, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
Net income as stated	**28,576**	**28,576**	49,961	49,961
Amortization of acquired intangible assets	**3,275**	**3,275**	3,277	3,277
Income tax impact of the above item	**(868)**	**(868)**	(868)	(868)
Net income before amortization of acquired intangible assets, net of income tax	**30,983**	**30,983**	52,370	52,370
Impact of adjusting items[1]				
Other operating expenses				
Write off of an intangible asset	**-**	**20,460**	-	-
Integration costs	**-**	**122**	-	3,447
Other loss (income)	**-**	**5,609**	-	(8,371)
Total pre-tax impact of adjusting items	**-**	**26,191**	-	(4,924)
Income tax impact of above adjusting items	**-**	**(6,148)**	-	198
After-tax impact of adjusting items	**-**	**20,043**	-	(4,726)
Adjusted net income	**30,983**	**51,026**	52,370	47,644
Multiplied by number of periods in year	**X 4**	**X 4**	X 4	X 4
Average shareholders' equity	**830,820**	**830,820**	798,620	798,620
Average goodwill	**(180,923)**	**(180,923)**	(180,923)	(180,923)
Average acquired intangible assets[2]	**(110,804)**	**(110,804)**	(123,904)	(123,904)
Average related deferred tax liabilities	**29,363**	**29,363**	32,835	32,835
Divided by average tangible common equity	**568,456**	**568,456**	526,628	526,628
Return on tangible common equity	**21.8%**	**35.9%**	39.8%	36.2%

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

($ IN 000'S EXCEPT PERCENTAGES)	YEAR ENDED DECEMBER 31, 2022	DECEMBER 31, 2022 (ADJUSTED)	DECEMBER 31, 2021	DECEMBER 31, 2021 (ADJUSTED)
Net income as stated	**140,161**	**140,161**	244,943	244,943
Amortization of acquired intangible assets	**13,100**	**13,100**	8,735	8,735
Income tax impact of the above item	**(3,471)**	**(3,471)**	(2,314)	(2,314)
Net income before amortization of acquired intangible assets, net of income tax	**149,790**	**149,790**	251,364	251,364
Impact of adjusting items[1]				
Bad debts				
Day one loan loss provision on acquired loans	**-**	**-**	-	14,252
Other operating expenses				
Write -off of intangible assets	**-**	**20,460**	-	-
Corporate development costs	**-**	**2,314**	-	-
Integration costs	**-**	**1,081**	-	5,047
Transaction costs	**-**	**-**	-	7,615
Other loss (income)	**-**	**28,659**	-	(114,876)
Finance costs				
Transaction costs	**-**	**-**	-	1,726
Total pre-tax impact of adjusting items	**-**	**52,514**	-	(86,236)
Income tax impact of above adjusting items	**-**	**(10,043)**	-	9,631
After-tax impact of adjusting items	**-**	**42,471**	-	(76,605)
Adjusted net income	**149,790**	**192,261**	251,364	174,759
Average shareholders' equity	**794,269**	**794,269**	667,962	667,962
Average goodwill	**(180,923)**	**(180,923)**	(116,860)	(116,860)
Average acquired intangible assets[2]	**(115,717)**	**(115,717)**	(75,325)	(75,325)
Average related deferred tax liabilities	**30,665**	**30,665**	19,961	19,961
Divided by average tangible common equity	**528,294**	**528,294**	495,738	495,738
Return on tangible common equity	**28.4%**	**36.4%**	50.7%	35.3%

[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, 2022 and 2021.

($ IN 000'S, EXCEPT FOR RATIOS)	DECEMBER 31, 2022	DECEMBER 31, 2021
Consumer loans receivable, net	**2,627,357**	1,899,631
Cash	**62,654**	102,479
Accounts receivable	**25,697**	20,769
Prepaid expenses	**8,334**	8,018
Income taxes recoverable	**2,323**	-
Investments	**57,304**	64,441
Lease assets	**48,437**	47,182
Property and equipment, net	**35,856**	35,285
Derivative financial assets	**49,444**	20,634
Intangible assets, net	**138,802**	159,651
Right-of-use assets, net	**65,758**	57,140
Goodwill	**180,923**	180,923
Total assets	**3,302,889**	2,596,153
Revolving credit facility	**148,646**	-
Secured borrowings	**105,792**	173,959
Revolving securitization warehouse facilities	**805,825**	292,814
Notes payable	**1,168,997**	1,085,906
External debt	**2,229,260**	1,552,679
Accounts payable and accrued liabilities	**51,136**	57,134
Income taxes payable	**-**	27,859
Dividends payable	**14,965**	10,692
Unearned revenue	**28,661**	11,354
Accrued interest	**10,159**	8,135
Deferred tax liabilities, net	**24,692**	38,648
Lease liabilities	**74,328**	65,607
Derivative financial liabilities	**-**	34,132
Total liabilities	**2,433,201**	1,806,240
Shareholders' equity	**869,688**	789,913
Total capitalization (external debt plus total shareholders' equity)	**3,098,948**	2,342,592
Capital management measures		
External debt to shareholders' equity[1]	**2.56**	1.97
Net debt to net capitalization[2]	**0.71**	0.65

[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.

Total assets were $3.30 billion as at December 31, 2022, an increase of $706.7 million or 27.2%, compared to December 31, 2021. The increase was related primarily to a $727.7 million increase in net consumer loans receivable and a $28.8 million increase in derivative financial assets, partially offset by the decrease in cash of $39.8 million, decrease in intangible assets of $20.8 million mainly due to write off of internally developed software and a decrease in investments of $7.1 million due to fair value loss on the Company's investment in Affirm partially offset by the Company's investment in convertible notes receivable of Canada Drives.

The $706.7 million of growth in total assets was primarily financed by i) a $676.6 million increase in external debt mainly from the revolving securitization warehouse facilities and ii) a $79.8 million increase in total shareholder's equity, which was driven by the $57.9 million bought deal equity offering 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 have been retained to fund 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 periods and years ended December 31, 2022 and 2021.

	THREE MONTHS ENDED		YEAR ENDED	
($ IN 000'S)	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Cash provided by operating activities before net issuance of consumer loans receivable and purchase of lease assets	**141,600**	115,882	**529,528**	439,573
Net issuance of consumer loans receivable	**(270,167)**	(178,198)	**(1,000,619)**	(484,817)
Purchase of lease assets	**(11,431)**	(11,855)	**(34,790)**	(33,631)
Cash used in operating activities	**(139,998)**	(74,171)	**(505,881)**	(78,875)
Cash used in investing activities	**(32,653)**	(8,475)	**(42,491)**	(210,635)
Cash generated by financing activities	**161,296**	60,440	**508,547**	298,936
Net (decrease) increase in cash for the period	**(11,355)**	(22,206)	**(39,825)**	9,426

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 a borrower makes a loan payment, it generates cash flow from operating activities and income. 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, 2022

Cash used in operating activities for the three-month period ended December 31, 2022 was $140.0 million, compared with $74.2 million of cash used in operating activities in the same period of 2021. Included in cash used in operating activities for the three-month period ended December 31, 2022 were: i) a net issuance of consumer loans receivable of $270.2 million; and ii) the purchase of lease assets of $11.4 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 $141.6 million for the three-month period ended December 31, 2022, up from $115.9 million in the same period of 2021. The increase of $25.7 million was driven by higher non-cash expenses such as bad debts, a one-time write off of an intangible asset and fair value losses on investments, partially offset by the lower earnings in the period.

During the three-month period ended December 31, 2022, cash used in investing activities was $32.7 million, mainly due to a $25 million increase in the Company's investment in Canada Drives. During the three-month period ended December 31, 2021, cash used in investing activities was $8.5 million, mainly due to purchases of property plant and equipment and intangible assets.

During the three-month period ended December 31, 2022, the Company generated $161.3 million in cash flow from financing activities, compared to $60.4 million in same period of 2021, mainly from net drawings on the Company's credit facilities to fund consumer loan growth and the $57.9 million bought deal equity offering. In addition, the Company repurchased shares under the Company's NCIB during the three-month period ended December 31, 2021 amounting to $62.3 million, compared to nil in the same period of 2022.

Cash Flow Analysis for the Year Ended December 31, 2022

Cash used in operating activities during the year was $505.9 million, compared with $78.9 million of cash used for operating activities in 2021. Included in cash provided by operating activities for the year ended December 31, 2022 was: i) net issuance of consumer loans receivable of $1.00 billion, and ii) the purchase of $34.8 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 $529.5 million for the year, up from $439.6 million in 2021. The increase of $90.0 million was driven by higher non-cash expenses such as bad debts, a one-time write off of an intangible asset and fair value losses on investments, partially offset by the lower earnings in the year.

During the year, the Company used $42.5 million in investing activities, mainly due to the $40 million investment in Canada Drives and $27.9 million of purchases of property and equipment and intangible assets, partially offset by $25.4 million of proceeds from the settlement of the TRS related to the contingent portion of the investment in Affirm. During the year ended December 31, 2021, the Company used $210.6 million for investing activities mainly due to $281.0 million of cash used for the acquisition of LendCare, purchases of equity investments, mainly in Brim of $11.3 million, partially offset by proceeds from the sale of equity investments in PayBright and Affirm of $109.2 million.

During the year, the Company generated $508.5 million of cash flow from financing activities, mainly from net drawings on the Company's credit facilities to fund consumer loan growth and the $57.9 million bought deal equity offering, partially offset by cash used for repurchases of common shares through the Company's NCIB and payments of dividends, lease liabilities and cash-settled restricted share units. In 2021, the Company generated $298.9 million of cash flow from financing activities mainly due to the offering of US$320 million of 2026 Notes and $172.5 million bought deal equity offering to fund the acquisition of LendCare. These cash inflows were partially offset by the net repayments of advances from the Company's credit facilities, repayments of acquired notes payable and the payments of dividends and lease liabilities.

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, 2022, the Company's external debt consisted of US$550 million of 2024 Notes with a net carrying value of $739.7 million, US$320 million of 2026 Notes with a net carrying value of $429.3 million, $105.8 million of secured borrowings, $810 million drawn against the Company's Revolving Securitization Warehouse Facility I and $150 million drawn against the Company's revolving credit facility.

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.

Borrowings under the Company's Revolving Securitization Warehouse Facility I bear interest at the rate of 1-month CDOR plus 185 bps, maturing August 30, 2024. 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.

Borrowings under the Company's revolving credit facility bear interest at either the BA rate plus 225 bps or Prime plus 75 bps at the option of the Company.

As described in the preceding section: Analysis of Results for the Year Ended December 31, 2022, the Company established a new $200 million Revolving Securitization Warehouse Facility II which bears an interest at the rate of 1-month CDOR plus 185 bps. As at December 31, 2022, no amount was drawn against Revolving Securitization Warehouse Facility II.

The average blended coupon interest rate for the Company's debt as at December 31, 2022 was 5.2%, up from 4.9% as at December 31, 2021.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

($ IN 000'S)	Less than 1 Year	1 to 3 Years	4 to 5 Years	5 Years +	Total
December 31, 2022					
Accounts payable and accrued liabilities	**51,136**	**-**	**-**	**-**	**51,136**
Accrued interest	**10,159**	**-**	**-**	**-**	**10,159**
Revolving credit facility	**-**	**150,000**	**-**	**-**	**150,000**
Revolving securitization warehouse facilities	**-**	**810,000**	**-**	**-**	**810,000**
Secured borrowings	**30,901**	**53,996**	**16,205**	**4,690**	**105,792**
Notes payable	**-**	**745,195**	**433,568**	**-**	**1,178,763**
December 31, 2021					
Accounts payable and accrued liabilities	57,134	-	-	-	57,134
Accrued interest	8,135	-	-	-	8,135
Revolving securitization warehouse facilities	-	295,000		-	295,000
Secured borrowings	38,727	77,905	47,810	4,936	169,378
Derivative financial liabilities	-	34,132	-	-	34,132
Notes payable	-	695,035	404,384	-	1,099,419

As at December 31, 2022, the Company had a cash position of $62.7 million which includes $39.7 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings reserve. As at December 31, 2022, the Company has borrowing capacities of $590 million under its Revolving Securitization Warehouse Facility I, $200 million under its Revolving Securitization Warehouse Facility II and $120 million under its revolving credit facility. Excluding the $100 million accordion feature under its revolving credit facility, the Company's total liquidity as at December 31, 2022 was $972.7 million. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth forecast.

Outstanding Shares and Dividends

As at February 15, 2023, there were 16,449,964 Common Shares, 317,296 Board deferred share units, 341,200 share options, 318,941 restricted share units, 63,906 Executive deferred share units and no warrants outstanding.

Normal Course Issuer Bid

On December 16, 2022, the Company announced the acceptance by the TSX of the Company's Notice of Intention to make an NCIB (the "2022 NCIB"). Pursuant to the 2022 NCIB, the Company proposed to purchase, from time to time, up to an aggregate of 1,252,730 common shares being approximately 10% of goeasy's public float as of December 9, 2022. As at December 9, 2022, goeasy had 16,438,926 common shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2022, was 49,253. Under 2022 NCIB, daily purchases will be limited to 12,313 common shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The purchases were permitted to commence on December 21, 2022, and will terminate on December 20, 2023, or on such earlier date as the Company may complete its purchases pursuant to the 2022 NCIB. The 2022 NCIB will be conducted through facilities of the TSX or alternative trading systems, if eligible and will conform to their regulations. Purchases under the 2022 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 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 were limited to 15,706 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. Purchases were permitted to commence on December 21, 2021, and terminated on December 20, 2022. The purchases made by goeasy pursuant to the 2021 NCIB were effected through facilities of the TSX, as well as alternative trading systems and in accordance with the rules of the TSX. The price the Company paid for repurchased 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 2021 NCIB, the Company completed the purchase for cancellation through the facilities of the TSX of 450,058 Common Shares at a weighted average price of $135.52 per Common Share for a total cost of $61.0 million.

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 the Company paid for repurchased 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.

Dividends

During the quarter ended December 31, 2022, the Company declared a $0.91 per share quarterly dividend on outstanding Common Shares. This dividend was paid on January 13, 2023.

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 16, 2022, the Company increased the quarterly dividend rate by 37.9% from $0.66 to $0.91 per share. 2022 marks the 18th consecutive year of paying a dividend to shareholders and the 8th consecutive year of an increase in the dividend rate per share 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:

	2022	2021	2020	2019	2018	2017	2016
Quarterly dividend per share	**$0.910**	$0.660	$0.450	$0.310	$0.225	$0.180	$0.125
Percentage increase	**37.9%**	46.7%	45.2%	37.8%	25.0%	44.0%	25.0%

Commitments, Guarantees and Contingencies

Commitments

The Company is committed to software maintenance, development and licensing service agreements, and operating leases for premises and vehicles. 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, 2022, 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	**22,508**	**50,812**	**8,649**
Vehicles	**696**	**1,540**	**31**
Technology commitments	**14,604**	**13,370**	**-**
Total contractual obligations	**37,808**	**65,722**	**8,680**

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's activities are exposed to a variety of commercial, operational, financial and regulatory risks. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Corporate Governance, Nominating and Risk Committee of the Board reviews the Company's risk management program and 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 consumer lending through its easyfinancial and LendCare brands. 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 for LendCare, 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 and/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 of the 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 its loan portfolio 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 and/or cash flows.

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. The Company maintains diversified funding sources and utilizes derivative financial instruments as cash flow hedges to assist in the management of interest rate volatility.

The 2024 Notes and 2026 Notes maturing on December 1, 2024 and May 1, 2026, respectively, have fixed rates of interest.

As at December 31, 2022, the revolving credit facility has a variable interest rate at either the BA rate plus 225 bps or the Prime rate 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, 2022, the Company has drawn $150 million against its $270 million revolving credit facility.

The Revolving Securitization Warehouse Facility I 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 incremental swap that is taken on has a hedge implemented that results in interest rates becoming fixed for the duration of that swap.

As at December 31, 2022, 93% of the Company's drawn debt balances effectively bear fixed rates due to the type of debt and the aforementioned interest rate swap agreement on the Revolving Securitization Warehouse Facility I.

The Company cannot predict the impact of the changing economic conditions will have on its future results, nor predict when interest rates will change.

Foreign Currency Risk

The 2024 Notes and 2026 Notes are United States dollar denominated. In connection with the offering of these notes, the Company entered into cross-currency swap agreements to hedge the risk of changes in the foreign exchange rate for the proceeds from the offerings and for all required payments of principal and interest under these notes, effectively hedging the obligation. The hedge is designed to match the cash flow obligations of the Company under the notes payable.

The Company sources some of its merchandise and services out of the United States and, as such, its Canadian operations have some United States dollar denominated cash and payable balances. As a result, the Company has both foreign exchange transaction and translation risk. Although the Company has United States 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 United States 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 $193.6 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 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 remain relatively stable 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 may consider 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 accounts receivable, consumer loans receivable and lease assets with customers under merchandise lease agreements. The Company provides 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. 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.

Credit risk related to the Company's consumer loans receivable 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 models 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 continuously updates its underwriting models based on the historical performance of groups of customer loans, which guide its lending decisions. To the extent 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, 2022. 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 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.

Credit risk related to lease assets with customers 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 accounts receivable from third parties, credit 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 facilities, 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 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 strengthened its banking relationships and diversified its funding sources over the past years. In 2022, the Company added new major Canadian banks to its Revolving Securitization Warehouse Facility I and launched the Revolving Securitization Warehouse II with one of its large bank partners. The Company also expanded the syndicate of banks under its Revolving Credit Facility. 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 credit facilities 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.

Volatility of Stock Price

The market price of the Common Shares, similar to that of other public companies, has been subject to significant fluctuation in response to numerous factors, including significant shifts in the availability of global credit, changes 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, 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.

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 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, reduce its reported profitability and change the calculation of its financial covenant measures.

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.

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.

Financial Instruments

The Company's assets and liabilities include financial instruments.

The Company's financial assets consist of accounts receivable, consumer loans receivable, derivative financial instruments and investments, which are initially measured at fair value plus transaction costs. Accounts receivable and consumer loans receivable are subsequently measured at amortized cost. Investments are subsequently measured at fair value.

The Company's financing activities expose it to the financial risks of changes in foreign exchange and interest rate volatility. The Company utilizes derivative financial instruments as cash flow hedges to assist in the management of these risks. Derivative financial instruments are initially measured at fair value on the trade date and subsequently remeasured at fair value at each reporting date using observable market inputs.

The Company's financial liabilities include a revolving credit facility, notes payable, revolving securitization warehouse facilities, secured borrowings, derivative financial instruments and accounts payable and accrued liabilities. Financial liabilities are initially recognized at fair value. After initial recognition, the Company's interest-bearing debt is subsequently measured at amortized cost using the effective interest rate method. Non-interest-bearing financial liabilities, such as accounts payable and accrued liabilities, are subsequently carried at the amount owing.

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, 2022 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, 2022 that have a material impact on 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 are 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, 2022.

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 2022

No changes were made in the Company's internal controls over financial reporting during the year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of ICFR at December 31, 2022

As at December 31, 2022, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 31, 2022.

Management's Responsibility for Financial Reporting

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

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

goeasy Ltd. maintains a system of internal controls to provide reasonable assurance that transactions are properly authorized, financial records are accurate and reliable, and the Company's assets are properly accounted for and adequately safeguarded. These controls include quality standards in the hiring and training of employees, written policies and procedures related to employee conduct, risk management, external communication and disclosure of material information, and review and oversight of the Company's policies, procedures and practices. Management has assessed the effectiveness of this system of internal controls and determined that, as at December 31, 2022, the Company's internal control over financial reporting is effective.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out its responsibility for the financial statements through its Audit Committee. The Audit Committee is composed entirely of independent directors. The Audit Committee is responsible for the quality and integrity of the Company's financial information, the effectiveness of the Company's risk management, internal controls and regulatory compliance practices, reviewing and approving applicable financial information and documents prior to public disclosure and for selecting the Company's external auditors. The Audit Committee meets periodically with management and the external auditors to review the financial statements and the annual report and to discuss audit, financial and internal control matters. The Company's external auditors have full and free access to the Audit Committee.

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

Jason Mullins
President & Chief Executive Officer

Hal Khouri
Executive Vice-President & Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the shareholders of **goeasy Ltd.**

Opinion

We have audited the consolidated financial statements of goeasy Ltd. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key audit matters

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

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

Allowance for loan losses

Key audit matter

As more fully described in Notes 2 and 7 of the consolidated financial statements, goeasy has used expected credit loss (ECL) models to recognize $213.0 million in allowances for credit losses on its consolidated balance sheet. The ECL is an unbiased and probability-weighted estimate of credit losses expected to occur in the future, which is determined by evaluating a range of possible outcomes incorporating the time value of money and reasonable and supportable information about past events, current conditions and future economic forecasts.

The allowance for credit losses is a significant estimate for which variations in model methodology, assumptions and judgements can have a material effect on the measurement of expected credit losses.

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

How our audit addressed the key audit matter

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

Goodwill impairment

Key audit matter

As more fully described in Notes 2 and 12 of the consolidated financial statements, goeasy has recognized $180.9 million in goodwill as a result of past business combinations. Goodwill is tested, at least annually, for impairment. Goodwill is also required to be tested for impairment whenever there are indicators that it may be impaired. Goodwill is tested by comparing the recoverable amount of the cash- generating unit (CGU) to which they have been allocated, with the carrying amount of the total CGU. The recoverable amount of a CGU is defined as the higher of its estimated fair value less costs to sell and its value in use.

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

How our audit addressed the key audit matter

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

Other Information

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

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

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

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 15, 2023

Audited Consolidated Financial Statements

For the years ended
December 31, 2022 & 2021

Consolidated Statements of Financial Position

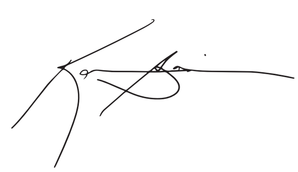
(Expressed in thousands of Canadian dollars)

	AS AT DECEMBER 31, 2022	AS AT DECEMBER 31, 2021
ASSETS		
Cash (note 5)	**62,654**	102,479
Accounts receivable (note 6)	**25,697**	20,769
Prepaid expenses	**8,334**	8,018
Income taxes recoverable	**2,323**	-
Consumer loans receivable, net (note 7)	**2,627,357**	1,899,631
Investments (note 8)	**57,304**	64,441
Lease assets (note 9)	**48,437**	47,182
Property and equipment, net (note 10)	**35,856**	35,285
Derivative financial assets (notes 8, 13 and 16)	**49,444**	20,634
Intangible assets, net (note 12)	**138,802**	159,651
Right-of-use assets, net (note 11)	**65,758**	57,140
Goodwill (note 12)	**180,923**	180,923
TOTAL ASSETS	**3,302,889**	2,596,153
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Revolving credit facility (note 15)	**148,646**	-
Accounts payable and accrued liabilities	**51,136**	57,134
Income taxes payable	**-**	27,859
Dividends payable (note 17)	**14,965**	10,692
Unearned revenue	**28,661**	11,354
Accrued interest	**10,159**	8,135
Deferred tax liabilities, net (note 21)	**24,692**	38,648
Lease liabilities (note 11)	**74,328**	65,607
Secured borrowings (note 14)	**105,792**	173,959
Revolving securitization warehouse facilities (note 13)	**805,825**	292,814
Derivative financial liabilities (note 16)	**-**	34,132
Notes payable (note 16)	**1,168,997**	1,085,906
TOTAL LIABILITIES	**2,433,201**	1,806,240
SHAREHOLDERS' EQUITY		
Share capital (note 17)	**419,046**	363,514
Contributed surplus (note 18)	**21,499**	22,583
Accumulated other comprehensive income	**2,776**	8,567
Retained earnings	**426,367**	395,249
TOTAL SHAREHOLDERS' EQUITY	**869,688**	789,913
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,302,889**	2,596,153

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

David Ingram
Director



Karen Basian
Director

Consolidated Statements of Income

(Expressed in thousands of Canadian dollars, except earnings per share)

	YEAR ENDED	
	DECEMBER 31, 2022	DECEMBER 31, 2021
REVENUE		
Interest income	**698,150**	535,638
Lease revenue	**103,414**	112,371
Commissions earned	**197,159**	163,734
Charges and fees	**20,613**	14,979
	1,019,336	826,722
OPERATING EXPENSES		
BAD DEBTS (NOTE 7)	**272,893**	182,084
OTHER OPERATING EXPENSES		
Salaries and benefits	**174,236**	157,157
Stock-based compensation (note 18)	**10,053**	8,875
Advertising and promotion	**34,069**	30,393
Occupancy	**25,234**	23,614
Technology costs	**23,463**	18,033
Loss on sale or write off of assets (note 12)	**20,549**	2,580
Underwriting and collections	**13,930**	9,596
Other expenses (note 19)	**31,196**	34,501
	332,730	284,749
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets (note 9)	**33,547**	35,844
Depreciation of right-of-use assets (note 11)	**20,160**	18,207
Amortization of intangible assets (note 12)	**18,406**	16,831
Depreciation of property and equipment (note 10)	**9,193**	8,004
	81,306	78,886
TOTAL OPERATING EXPENSES	**686,929**	545,719
OPERATING INCOME	**332,407**	281,003
OTHER INCOME (LOSS) (NOTE 8)	**(28,659)**	114,876
FINANCE COSTS (NOTE 20)	**(107,972)**	(79,025)
INCOME BEFORE INCOME TAXES	**195,776**	316,854
INCOME TAX EXPENSE (RECOVERY) (NOTE 21)		
Current	**65,659**	73,744
Deferred	**(10,044)**	(1,833)
	55,615	71,911
NET INCOME	**140,161**	244,943
BASIC EARNINGS PER SHARE (NOTE 22)	**8.61**	15.12
DILUTED EARNINGS PER SHARE (NOTE 22)	**8.42**	14.62

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

(Expressed in thousands of Canadian dollars)

	YEAR ENDED	
	DECEMBER 31, 2022	DECEMBER 31, 2021
Net income	**140,161**	244,943
Other comprehensive income (loss) to be reclassified to the consolidated statement of income in subsequent periods		
Change in fair value of cash flow hedge, net of taxes	**(7,842)**	20,271
Change in costs of hedging, net of taxes	**2,055**	(6,424)
Change in foreign currency translation reserve	**(4)**	-
	(5,791)	13,847
Comprehensive income	**134,370**	258,790

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian dollars)

	SHARE CAPITAL	CONTRIBUTED SURPLUS	TOTAL CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL SHAREHOLDERS' EQUITY
Balance, December 31, 2021	**363,514**	**22,583**	**386,097**	**395,249**	**8,567**	**789,913**
Common shares issued	**65,828**	**(2,532)**	**63,296**	**-**	**-**	**63,296**
Stock-based compensation (note 18)	**-**	**10,053**	**10,053**	**-**	**-**	**10,053**
Repurchase of equity interest related to restricted share units, net of tax	**-**	**(8,605)**	**(8,605)**	**-**	**-**	**(8,605)**
Shares purchased for cancellation (note 17)	**(10,296)**	**-**	**(10,296)**	**(50,703)**	**-**	**(60,999)**
Comprehensive income (loss)	**-**	**-**	**-**	**140,161**	**(5,791)**	**134,370**
Dividends	**-**	**-**	**-**	**(58,340)**	**-**	**(58,340)**
Balance, December 31, 2022	**419,046**	**21,499**	**440,545**	**426,367**	**2,776**	**869,688**
Balance, December 31, 2020	181,753	19,732	201,485	247,307	(5,280)	443,512
Common shares issued	189,362	(6,024)	183,338	-	-	183,338
Stock-based compensation (note 18)	-	8,875	8,875	-	-	8,875
Shares purchased for cancellation (note 17)	(7,601)	-	(7,601)	(54,689)	-	(62,290)
Comprehensive income	-	-	-	244,943	13,847	258,790
Dividends	-	-	-	(42,312)	-	(42,312)
Balance, December 31, 2021	363,514	22,583	386,097	395,249	8,567	789,913

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	YEAR ENDED	
	DECEMBER 31, 2022	DECEMBER 31, 2021
OPERATING ACTIVITIES		
Net income	**140,161**	244,943
Add (deduct) items not affecting cash		
Bad debts (note 7)	**272,893**	182,084
Depreciation of lease assets (note 9)	**33,547**	35,844
Other loss (income) (note 8)	**28,659**	(114,876)
Loss on sale or write off of assets (note 12)	**20,549**	2,580
Depreciation of right-of-use assets (note 11)	**20,160**	18,207
Amortization of intangible assets (note 12)	**18,406**	16,831
Stock-based compensation (note 18)	**10,053**	8,875
Depreciation of property and equipment (note 10)	**9,193**	8,004
Amortization of deferred financing charges	**6,202**	5,688
Deferred income tax recovery (note 21)	**(10,044)**	(1,833)
	549,779	406,347
Net change in other operating assets and liabilities (note 23)	**(20,251)**	33,226
Net issuance of consumer loans receivable	**(1,000,619)**	(484,817)
Purchase of lease assets	**(34,790)**	(33,631)
Cash used in operating activities	**(505,881)**	(78,875)
INVESTING ACTIVITIES		
Proceeds on sale of investment	**25,395**	109,198
Purchase of property and equipment	**(9,871)**	(7,815)
Investments in intangible assets	**(18,015)**	(19,634)
Purchase of investments	**(40,000)**	(11,343)
Cash used in business acquisitions, net of cash acquired (note 4)	**-**	(281,041)
Cash used in investing activities	**(42,491)**	(210,635)
FINANCING ACTIVITIES		
Advances from revolving securitization warehouse facilities, net of financing charges	**511,468**	372,557
Advances from revolving credit facilities, net of financing charges	**514,840**	154,803
Issuance of common shares, net of issuance costs (note 17)	**60,564**	170,177
Lease incentive received (note 11)	**888**	1,573
Payment of restricted share units	**(10,692)**	(1,159)
Payment of lease liability (note 11)	**(20,945)**	(18,880)
Payment of common share dividends	**(51,610)**	(37,474)
Payment of loan from secured borrowings	**(68,167)**	(60,433)
Purchase of common shares for cancellation (note 17)	**(60,999)**	(62,290)
Payment of advances from revolving credit facilities	**(366,800)**	(355,000)
Issuance of notes payable, net of finance charges (note 16)	**-**	391,516
Advances from secured borrowings	**-**	67,113
Payment of advances from revolving securitization warehouse facilities	**-**	(80,000)
Payment of notes payable	**-**	(243,567)
Cash provided by financing activities	**508,547**	298,936
Net (decrease) increase in cash during the year	**(39,825)**	9,426
Cash, beginning of year	**102,479**	93,053
Cash, end of year	**62,654**	102,479

See accompanying notes to the consolidated financial statements.

Notes To Consolidated Financial Statements

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

December 31, 2022 and 2021

1. Corporate Information

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

The Parent Company and all of the companies that it controls (collectively referred to as "goeasy" or the "Company") are a leading full-service provider of goods and alternative financial services that provide everyday Canadians with a path for a better tomorrow, today. The principal operating activities of the Company include: i) providing loans and other financial services to consumers; and ii) leasing household products to consumers. Customers can transact seamlessly through an omnichannel model that includes online and mobile platforms, over 400 locations across Canada, and point-of-sale financing offered in the retail, powersports, automotive, home improvement and healthcare verticals, through approximately 6,500 merchant partners across Canada.

The Company operates in two reportable segments: easyfinancial and easyhome. As at December 31, 2022, the Company operated 302 easyfinancial locations (including 2 kiosks within easyhome stores and 3 operation centres) and 154 easyhome stores (including 34 franchises). As at December 31, 2021, the Company operated 294 easyfinancial locations (including 5 kiosks within easyhome stores and 3 operation centres) and 158 easyhome stores (including 34 franchises).

The consolidated financial statements were authorized for issue by the Board of Directors on February 15, 2023.

2. Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Company for the year ended December 31, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The policies applied in these consolidated financial statements were based on IFRS issued and outstanding as at December 31, 2022.

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

Basis of Consolidation

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

As at December 31, 2022, the Parent Company's principal subsidiaries were:

- RTO Asset Management Inc.
- easyfinancial Services Inc.
- LendCare Capital Inc. ("LendCare") (note 4)

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

Presentation Currency

The consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Parent Company's functional currency. The functional currency is the currency of the primary economic environment in which a reporting entity operates and is normally the currency in which the entity generates and expends cash.

Foreign Currency Translation

Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are initially recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot rate on the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Revenue Recognition

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

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

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

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

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

Vendor Rebates

The Company participates in various vendor rebate programs, including vendor volume rebates and vendor advertising incentives. The Company records the benefit of vendor volume rebates on purchases made as a reduction of lease assets based on the rebate amounts the Company believes are probable and reasonably estimable during the term of each rebate program. Vendor advertising incentives that are related to specific advertising programs are accounted for as a reduction of the related expenses.

Cash

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

Financial Assets

Initial Recognition and Measurement

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

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

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

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

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

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from an asset.

Impairment of Financial Assets

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

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

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

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

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

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

Consumer loan balances, together with the associated allowances, are written off when there is no realistic prospect of further recovery. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a write off is later recovered, the recovery is credited to bad debt expense.

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

Modified Loans

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

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

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

Purchased or Originated Credit-Impaired Financial Assets

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

Lease Assets

Lease assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

The cost of lease assets comprises their purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Vendor volume rebates are recorded as a reduction of the cost of lease assets.

As the leases are effectively cancellable by the customer with a week's notice, and there are no bargain purchase options provided to the customer, the customer leases are considered operating in nature. Lease agreements entitle customers to buy out a lease asset in accordance with conditions stipulated in the lease agreements.

The residual value, useful life and depreciation method of the lease assets are reviewed at each financial year-end. If expectations differ from previous estimates, they are adjusted and the changes are accounted for prospectively as a change in accounting estimates. In the event management determines that the Company can no longer lease or sell certain lease assets, they are written off. The residual value of lease assets is nominal.

Depreciation on lease assets is charged to net income as follows:

- Lease assets, excluding game stations, computers and related equipment, are depreciated using the units of activity method over the expected lease agreement term.
- Game stations are depreciated on a straight-line basis over 18 months. Computers and related equipment are depreciated on a straight-line basis over 24 months.
- Depreciation for all lease assets includes the remaining book values at the time of disposition of the lease assets that have been sold and amounts that have been charged off as stolen, lost or no longer suitable for lease.

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

Property and Equipment

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

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

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

Depreciation on property and equipment is charged to net income.

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

Asset Category	**Estimated Useful Lives**
Furniture and fixtures	7 years
Computer	5 years
Office equipment	7 years
Signage	7 years
Leasehold improvements	5 to 10 years depending on the lease term

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

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their estimated fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in net income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period for potential impairment indicators. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense for intangible assets with finite lives is recognized in net income.

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

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company's trademarks have been assessed to have an indefinite life.

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amounts of the asset and are recognized in net income when the assets are derecognized.

Development Costs

Development costs, including those related to the development of software, are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied, requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses, if any. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of the expected future benefit.

Leases

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

A. Company as a Lessee

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

i) Right-of-use Assets

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

ii) Lease Liabilities

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

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

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

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

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

B. Company as a Lessor

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

Business Combinations and Goodwill

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

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized initially using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortized. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's operating segments that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

Impairment of Non-Financial Assets

The Company assesses at each reporting date, whether there is an indication that an asset or a cash-generating unit ("CGU") may be impaired.

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

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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

If an indication of impairment exists, or when annual testing for an asset is required, the Company estimates the asset or CGU's recoverable amount. The recoverable amount is the higher of the asset or CGU's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case it is determined for the CGU to which the asset belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognized in net income.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset or CGU in prior years. Such reversals are recognized in net income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each group of CGUs to which the goodwill relates. Where the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in subsequent periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level and when circumstances indicate the carrying value may be impaired.

Financial Liabilities

Financial liabilities are initially recognized at fair value. In the case of certain loans and borrowings, the fair value at initial recognition includes the value of proceeds received net of directly attributable transaction costs. The Company's financial liabilities include a revolving credit facility, United States dollar ("USD") denominated notes payable, revolving securitization warehouse facilities, secured borrowings, derivative financial instruments and accounts payable and accrued liabilities.

After initial recognition, the Company's interest-bearing debt is subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account fees or costs related to the interest-bearing debt. Interest expense and the amortization of deferred financing charges are included in finance costs.

Non-interest-bearing financial liabilities, such as accounts payable and accrued liabilities, are carried at the amount owing.

A financial liability is derecognized when the obligation under the liability is settled, discharged, cancelled or expired. Any gains or losses are recognized in net income when liabilities are derecognized.

Derivative Financial Instruments and Hedge Accounting

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

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

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

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

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

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

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

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, and the costs to settle the obligation are both probable and reliably measurable. Where there is expected to be a reimbursement of some or all of a provision, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted. Where discounting is used, the increase in the provision as a result of the passage of time is recognized as a finance cost.

Taxes

i) Current Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Income tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the end of the reporting period.

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

Current income taxes relating to items recognized directly in equity are also recognized in equity and not in net income.

ii) Deferred Income Taxes

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

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

- The initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- The initial recognition of goodwill; and
- Investment in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be realized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be available to allow the deferred income tax asset to be recovered.

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

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

iii) Sales Tax

Revenue, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of sales tax recoverable from, or payable to, taxation authorities is included as part of amounts receivable or accounts payable and accrued liabilities in the consolidated statements of financial position.

Stock-based Payment Transactions

The Company has stock-based compensation plans, such as, stock options, Executive Share Units ("ESUs") in the form of restricted share units ("RSUs") or executive deferred share units ("Executive DSUs"), and Board deferred share units ("Board DSUs"), which are accounted for as equity-settled transactions. The cost of such equity-settled transactions is measured by reference to the fair value determined using the market value on the grant date or the Black-Scholes option pricing model, as appropriate. The inputs into this model are based on management's judgments and estimates.

The cost of equity-settled transactions is charged to net income, with a corresponding increase in contributed surplus over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has elapsed and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense for a period is recognized in stock-based compensation expense in the consolidated statements of income. No expense is recognized for awards that do not ultimately vest.

Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated using the treasury stock method, which assumes that cash received from the exercise of options and warrants is applied to purchase shares at the average price during the period and that the difference between the shares issued upon exercise of the options and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make accounting judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods.

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

Key areas of estimation where management has made difficult, complex or subjective judgments often in respect of matters that are inherently uncertain are as follows:

i) Business combinations

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

ii) Allowance for Credit Losses and Allowance for Loan Losses

The ECL method is applied in determining the allowance for credit losses on gross consumer loans receivable. The key inputs in the measurement of ECL allowances, all of which are subject to accounting judgments, estimates and assumptions are discussed in note 2, "Financial Assets".

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

iii) Depreciation of Lease Assets

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

iv) Impairment Assessment of Non-Financial Assets

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

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

v) Impairment Assessment of Goodwill and Indefinite-Life Intangible Assets

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

vi) Fair Value of Stock-Based Compensation

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

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

vii) Taxation Amounts

Tax provisions, including current and deferred income tax assets and liabilities, may require estimates and interpretations of federal and provincial income tax rules and regulations and judgments as to their interpretation and application to the Company's specific situation. Therefore, it is possible that the ultimate value of the tax assets and liabilities could change in the future and that changes to these amounts could have a material effect on the Company's consolidated financial statements.

viii) Fair Value Measurement of Investments

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

3.Changes In Accounting Policy And Disclosures

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

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

(b) Standards issued but not yet effective

There are no new standards issued but not yet effective as at January 1, 2022 that have a material impact on the Company's consolidated financial statements.

4. Significant Acquisition in 2021

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

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

	AMOUNT
Total identifiable net assets acquired	71,212
Intangible assets	134,186
Goodwill	159,613
Deferred tax liabilities	(40,229)
Total purchase consideration transferred	324,782
Purchase consideration	
Cash	312,945
Common shares	11,837
Total consideration	324,782
Analysis of cash flows on Acquisition	
Transaction costs of the Acquisition (included in cash flows from operating activities)	(9,341)
Cash used in Acquisition, net of cash acquired (included in cash flows from investing activities)	(281,041)
Issuance of Notes Payable, net of financing charges (note 16) (included in cash flows from financing activities)	391,516
Issuance of common shares, net of issuance costs (note 17) (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 existing business at the Acquisition Date with LendCare's operations. Goodwill is not deductible for income tax purposes.

The results of the Acquisition have been consolidated from the Acquisition Date and are included in the easyfinancial reporting segment (note 30).

Identifiable assets acquired and liabilities assumed

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

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

On the Acquisition Date, the total gross consumer loan contractual amounts due were $457.3 million, of which $16 million was expected to be uncollectible.

5. Cash

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

The Company has pledged a portion of its cash to fulfill collateral requirements under its cross-currency swap contracts. As at December 31, 2022, the fair value of the cash pledged by the counterparties as cash collateral in respect of its cross-currency swap contracts was $30.2 million (2021 - $19.6 million cash pledged by the Company).

Related to its Revolving Securitization Warehouse Facilities and Secured Borrowings, the Company holds back an amount from the proceeds of loan transfers as a reserve against future customer defaults. As at December 31, 2022, the cash held back as a reserve for the Revolving Securitization Warehouse Facilities and Secured Borrowings were $26.2 million and $13.5 million, respectively (2021 – $6.8 million and $20.8 million, respectively).

6. Accounts Receivable

	DECEMBER 31, 2022	DECEMBER 31, 2021
Commissions receivable	**18,266**	15,223
Vendor rebates receivable	**613**	601
Due from franchisees	**282**	337
Amounts due from customers and others	**6,536**	4,608
	25,697	20,769

All accounts receivable for the years ended December 31, 2022 and 2021 are due with in 12 months.

7. Consumer Loans Receivable

Consumer loans receivable represents amounts advanced to customers and includes both unsecured and secured loans. Unsecured loan terms generally range from 9 to 84 months while secured loan terms generally range from 5 to 20 years.

	DECEMBER 31, 2022	DECEMBER 31, 2021
Gross consumer loans receivable	**2,794,694**	2,030,339
Interest receivable from consumer loans	**32,457**	18,881
Unamortized deferred acquisition costs	**33,026**	16,320
Unamortized deferred revenue	**(19,779)**	(6,147)
Allowance for credit losses	**(213,041)**	(159,762)
	2,627,357	1,899,631

All accounts receivable for the years ended December 31, 2022 and 2021 are due with in 12 months.

The allocation of the Company's gross consumer loans receivable based on loan type is as follows:

	DECEMBER 31, 2022		DECEMBER 31, 2021	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
Unsecured instalment loans	**1,703,593**	**61.0%**	1,364,696	67.2%
Secured instalment loans	**1,091,101**	**39.0%**	665,643	32.8%
	2,794,694	**100.0%**	2,030,339	100.0%

The scheduled principal repayment aging analyses of the gross consumer loans receivable portfolio as at December 31, 2022 and 2021 are as follows:

	DECEMBER 31, 2022		DECEMBER 31, 2021	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
0 - 6 months	**236,026**	**8.4%**	220,383	10.9%
6 - 12 months	**161,441**	**5.8%**	160,914	7.9%
12 - 24 months	**363,437**	**13.0%**	351,028	17.3%
24 - 36 months	**433,895**	**15.5%**	408,762	20.1%
36 - 48 months	**480,990**	**17.2%**	332,049	16.4%
48 - 60 months	**346,560**	**12.4%**	229,782	11.3%
60 months +	**772,345**	**27.7%**	327,421	16.1%
	2,794,694	**100.0%**	2,030,339	100.0%

The gross consumer loans receivable portfolio categorized by the contractual time to maturity as at December 31, 2022 and 2021 are summarized as follows:

	DECEMBER 31, 2022		DECEMBER 31, 2021	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
0 - 1 year	**65,485**	**2.3%**	60,319	3.0%
1 - 2 years	**139,143**	**5.0%**	155,957	7.7%
2 - 3 years	**312,612**	**11.2%**	347,331	17.1%
3 - 4 years	**573,567**	**20.5%**	501,830	24.7%
4 - 5 years	**493,336**	**17.7%**	473,096	23.3%
5 years +	**1,210,551**	**43.3%**	491,806	24.2%
	2,794,694	**100.0%**	2,030,339	100.0%

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

	DECEMBER 31, 2022		DECEMBER 31, 2021	
	$	% OF TOTAL LOANS	$	% OF TOTAL LOANS
1 - 30 days	**86,687**	**3.1%**	71,505	3.5%
31 - 44 days	**22,027**	**0.8%**	14,417	0.7%
45 - 60 days	**18,245**	**0.6%**	12,358	0.6%
61 - 90 days	**25,285**	**0.9%**	14,966	0.7%
91 - 120 days	**6,157**	**0.2%**	3,350	0.2%
121 - 150 days	**5,020**	**0.2%**	2,792	0.1%
151 - 180 days	**2,389**	**0.1%**	1,841	0.1%
	165,810	**5.9%**	121,229	5.9%

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

	AS AT DECEMBER 31, 2022				
	MEDIAN TRANSUNION RISK SCORE	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)	TOTAL
Low Risk	**634**	**1,531,982**	**1,471**	**239**	**1,533,692**
Normal Risk	**551**	**814,108**	**8,032**	**679**	**822,819**
High Risk	**498**	**217,305**	**145,032**	**75,846**	**438,183**
Total	**579**	**2,563,395**	**154,535**	**76,764**	**2,794,694**

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

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

	YEAR ENDED DECEMBER 31, 2022			
	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)	STAGE 3 (NON-PERFORMING)	TOTAL
Balance as at January 1, 2022	**1,868,306**	**112,810**	**49,223**	**2,030,339**
Gross loans originated	**2,377,606**	**-**	**-**	**2,377,606**
Principal payments and other adjustments	**(1,350,018)**	**24,141**	**(33,790)**	**(1,359,667)**
Transfers to (from)				
Stage 1 (Performing)	**391,106**	**(314,537)**	**(76,569)**	**-**
Stage 2 (Under-Performing)	**(478,115)**	**501,668**	**(23,553)**	**-**
Stage 3 (Non-Performing)	**(197,577)**	**(147,010)**	**344,587**	**-**
Gross charge offs	**(47,913)**	**(22,537)**	**(183,134)**	**(253,584)**
Net growth in gross consumer loans receivable during the year	**695,089**	**41,725**	**27,541**	**764,355**
Balance as at December 31, 2022	**2,563,395**	**154,535**	**76,764**	**2,794,694**

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

* Included purchased credit-impaired loans from the Acquisition of LendCare (note 4).

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Balance, beginning of year	**159,762**	125,676
Net charge offs against allowance	**(219,614)**	(147,998)
Increase due to lending and collection activities	**272,893**	182,084
Balance, end of year	**213,041**	159,762

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

	YEAR ENDED DECEMBER 31, 2022			
	STAGE 1 (PERFORMING)	STAGE 2 (UNDER-PERFORMING)*	STAGE 3 (NON-PERFORMING)	TOTAL
Balance as at January 1, 2022	**89,665**	**40,680**	**29,417**	**159,762**
Gross loans originated	**93,821**	**-**	**-**	**93,821**
Principal payments and other adjustments	**(44,689)**	**2,922**	**(44,134)**	**(85,901)**
Transfers to (from) including remeasurement				
Stage 1 (Performing)	**92,536**	**(68,338)**	**(46,353)**	**(22,155)**
Stage 2 (Under-Performing)	**(47,003)**	**141,948**	**(16,672)**	**78,273**
Stage 3 (Non-Performing)	**(22,817)**	**(42,875)**	**274,547**	**208,855**
Net charge offs against allowance	**(44,544)**	**(20,956)**	**(154,114)**	**(219,614)**
Balance as at December 31, 2022	**116,969**	**53,381**	**42,691**	**213,041**

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

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

In calculating the allowance for credit losses, internally developed models were used which factor in credit risk related parameters including probability of default, exposure at default, loss given default and other relevant risk factors. As part of the process, the Company employed five distinct forecast scenarios, derived from FLI forecasts produced by Moody's Analytics, which include neutral, moderately optimistic, extremely optimistic, moderately pessimistic and extremely pessimistic scenarios. These scenarios use a combination of four inter-related macroeconomic variables, being unemployment rates, GDP, inflation rates and oil prices, to determine a probability weighted allowance. Management 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, 2022 and 2021, respectively:

12-MONTH FORWARD-LOOKING MACROECONOMIC VARIABLES (AVERAGE ANNUAL)	FORECAST SCENARIOS				
	NEUTRAL	MODERATELY OPTIMISTIC	EXTREMELY OPTIMISTIC	MODERATELY PESSIMISTIC	EXTREMELY PESSIMISTIC
December 31, 2022					
Unemployment rate[1]	**6.07%**	**5.28%**	**4.59%**	**8.30%**	**9.72%**
GDP growth rate[2]	**0.15%**	**1.20%**	**2.08%**	**(1.88%)**	**(3.08%)**
Inflation growth rate[3]	**4.08%**	**3.78%**	**3.46%**	**4.95%**	**5.31%**
Oil prices[4]	**$86.85**	**$89.40**	**$91.49**	**$71.65**	**$60.58**
December 31, 2021					
Unemployment rate[1]	5.81%	5.02%	4.33%	8.04%	9.45%
GDP growth rate[2]	3.78%	6.36%	9.03%	(2.18%)	(6.91%)
Inflation growth rate[3]	3.07%	3.64%	4.14%	2.38%	1.79%
Oil prices[4]	$67.34	$69.02	$72.75	$42.25	$38.69

[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.

Historically, the rates of inflation and unemployment are positively correlated with the Company's loss rates while oil prices and the rate of GDP growth are negatively correlated. The assignment of the probability weighting for the various scenarios using these variables involves management judgment to arrive at a collective view of the likelihood of each scenario taking into account current economic conditions and implications for near-term macroeconomic performance. If management were to assign 100% probability to the extremely pessimistic scenario forecast, the allowance for credit losses would have been $31.4 million (2021 – $24.7 million) higher than the reported allowance for credit losses as at December 31, 2022. This sensitivity does not consider the migration of exposure and/or changes in credit risk that would have occurred in the loan portfolio due to risk mitigation actions or other factors.

8. Investments

Investments include the following:

	DECEMBER 31, 2022	DECEMBER 31, 2021
Listed and actively traded companies		
Affirm Holdings Inc.	**6,134**	53,543
Others	**92**	398
Unlisted equities		
1195407 B.C. Ltd. ("Canada Drives")	**40,578**	-
Brim Financial Inc.	**10,500**	10,500
	57,304	64,441

Changes in the holdings, fair values of investments and the related total return swaps, and investment income (loss) recorded in other income (loss) (including interest income and realized and unrealized gains and losses) in the consolidated statements of income are summarized below:

	FAIR VALUE, BEGINNING OF YEAR	ADDITIONS	SALES/ SETTLEMENTS	INVESTMENT INCOME (LOSS)	FAIR VALUE, END OF YEAR
For the year ended December 31, 2022					
Investments					
Listed and actively traded companies					
Affirm Holdings Inc.[1]	**53,543**	**-**	**-**	**(47,409)**	**6,134**
Others	**398**	**-**	**-**	**(306)**	**92**
Unlisted companies					
Canada Drives	**-**	**40,000**	**-**	**578**	**40,578**
Brim Financial Inc.	**10,500**	**-**	**-**	**-**	**10,500**
Investments	**64,441**	**40,000**	**-**	**(47,137)**	**57,304**
Total return swap related to Affirm Holdings Inc.[2]	**6,979**	**-**	**(25,395)**	**18,416**	**-**
Investments including total return swaps	**71,420**	**40,000**	**(25,395)**	**(28,721)**	**57,304**
For the year ended December 31, 2021					
Investments					
Listed and actively traded companies					
Affirm Holdings Inc.[1]	-	33,065	(54,577)	75,055	53,543
Others	-	843	-	(445)	398
Unlisted companies					
Brim Financial Inc.	-	10,500	-	-	10,500
PayBright[1]	56,040	-	(56,040)	-	-
Investments	56,040	44,408	(110,617)	74,610	64,441
Total return swaps related to Affirm Holdings Inc.[2]	-	-	(33,287)	40,266	6,979
Investments including total return swaps	56,040	44,408	(143,904)	114,876	71,420

[1] On January 1, 2021, the Company sold its equity investment in PayBright for consideration of cash and equity in Affirm Holdings Inc.

[2] In August 2021, the Company settled the total return swap related to the non-contingent portion of the equity in Affirm Holdings Inc. and in September 2021 and November 2021, the Company entered into new total return swaps to partially hedge the contingent portion of the equity consideration received. In June 2022, the Company settled the total return swaps related to the contingent portion of the equity in Affirm Holdings Inc.

Affirm Holdings Inc. and PayBright

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

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

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

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

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

The Company's investment in Affirm was classified at initial recognition at FVTPL on January 1, 2021.

In August 2021, 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 included in other income (loss) in the consolidated statements of income.

For the year ended December 31, 2022, the Company recognized an unrealized fair value loss of $47.4 million (2021 – unrealized fair value gain of $42.0 million) included in other income (loss) in the consolidated statements of income.

Total Return Swap

Subsequent to Affirm's initial public offering, the Company entered into a 6-month total return swap ("TRS") agreement to substantively hedge its market exposure related to its equity in Affirm which represented the non-contingent portion of the equity consideration received, pursuant to the sale of its investment in PayBright. This TRS effectively resulted in the economic value of the Company's non-contingent shares in Affirm being settled in cash at maturity for US$108.87 per share, net of applicable fees. This TRS did not meet the criteria for hedge accounting.

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

In September 2021, the Company entered into a 9-month TRS agreement to partially hedge its market exposure related to 100,000 contingent shares of Affirm. This TRS effectively resulted in the economic value of the hedged portion of the Company's contingent equity in Affirm being settled in cash at maturity for US$110.35 per share, net of applicable fees. This TRS did 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 resulted in the economic value of the hedged portion of the Company's contingent equity in Affirm being settled in cash at maturity for US$163.00 per share, net of applicable fees. This TRS did not meet the criteria for hedge accounting.

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

The fair value of the cash posted by the counter parties as at December 31, 2021 in respect of the 9-month and 7-month TRS related to the contingent portion of the equity in Affirm was $6.3 million.

The TRS related to the contingent portion of the equity in Affirm were settled in June 2022 for $25.4 million, which was recognized as a realized fair value gain included in other income (loss) in the consolidated statements of income.

Canada Drives

During the year, the Company invested $40 million in convertible notes receivable of Canada Drives, Canada's largest 100% online car shopping and delivery-to-door platform. The convertible notes receivable mature on June 15, 2025, bear interest at 5% per annum and are convertible into preferred shares on defined terms.

The Company's investment in Canada Drives was classified at initial recognition at FVTPL. The option to convert the notes receivable into preferred shares is a financial derivative instrument, the fair value of which is included in the cost of the convertible notes receivable.

For the year ended December 31, 2022, the Company recognized interest income of $0.6 million included in other income (loss) in the consolidated statements of income.

Brim Financial Inc.

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

9. Lease Assets

	DECEMBER 31, 2022	DECEMBER 31, 2021
Cost		
Balance, beginning of year	**47,712**	52,539
Additions	**34,802**	33,642
Disposals	**(24,006)**	(38,469)
Balance, end of year	**58,508**	47,712
Accumulated Depreciation		
Balance, beginning of year	**(530)**	(3,155)
Depreciation	**(33,547)**	(35,844)
Disposals	**24,006**	38,469
Balance, end of year	**(10,071)**	(530)
Net book value	**48,437**	47,182

During the years ended December 31, 2022 and 2021, the net book value of the lease assets sold or disposed of were nil.

10. Property And Equipment

	FURNITURE AND FIXTURES	COMPUTER AND OFFICE EQUIPMENT	SIGNAGE	LEASEHOLD IMPROVEMENTS	TOTAL
Cost					
December 31, 2020	10,726	11,775	3,852	31,501	57,854
Additions through business acquisition (note 4)	216	806	-	3,137	4,159
Additions	893	1,306	751	4,865	7,815
Disposals	(10)	(9)	(14)	(5)	(38)
December 31, 2021	**11,825**	**13,878**	**4,589**	**39,498**	**69,790**
Additions	**521**	**1,844**	**475**	**7,031**	**9,871**
Disposals	**(95)**	**(59)**	**(38)**	**(200)**	**(392)**
December 31, 2022	**12,251**	**15,663**	**5,026**	**46,329**	**79,269**
Accumulated Depreciation					
December 31, 2020	(5,985)	(4,835)	(2,405)	(13,307)	(26,532)
Depreciation	(1,100)	(1,911)	(439)	(4,554)	(8,004)
Disposals	8	9	12	2	31
December 31, 2021	**(7,077)**	**(6,737)**	**(2,832)**	**(17,859)**	**(34,505)**
Depreciation	**(1,084)**	**(2,246)**	**(442)**	**(5,421)**	**(9,193)**
Disposals	**88**	**50**	**36**	**111**	**285**
December 31, 2022	**(8,073)**	**(8,933)**	**(3,238)**	**(23,169)**	**(43,413)**
Net Book Value					
December 31, 2021	4,748	7,141	1,757	21,639	35,285
December 31, 2022	**4,178**	**6,730**	**1,788**	**23,160**	**35,856**

As at December 31, 2022, the amount of property and equipment classified as under construction or development and not being depreciated was $3.8 million (2021 – $1.1 million).

Regarding the easyhome CGU, various impairment indicators were used to determine the need to test the CGU for impairment. Examples of impairment indicators include a significant decline in revenue, performance significantly below budget and expectations of negative CGU operating income. Where these impairment indicators exist, the carrying value of the assets within a CGU was compared with its estimated recoverable value, which was generally considered to be the CGU's value in use. When determining the value in use of a CGU, the Company developed a discounted cash flow model for the individual CGU. Revenue and cost forecasts were based on actual operating results, three-year operating budgets consistent with strategic plans presented to the Company's Board of Directors and a 1% (2021 – 3%) long-term growth rate. The pre-tax discount rate used on the forecasted cash flows was 15.3% (2021 – 14.7%). Where the carrying value of the CGU's assets exceeded the recoverable amounts, as represented by the CGU's value in use, the store's property and equipment assets were written down. As at December 31, 2022 and 2021, no impairment on property and equipment was recognized.

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

For the years ended December 31, 2022 and 2021, no net impairment of property and equipment was recognized by the Company.

11. Right-Of-Use Assets And Lease Liabilities

	RIGHT-OF-USE ASSETS			
	PREMISES	VEHICLES	TOTAL	LEASE LIABILITIES
December 31, 2020	44,025	2,310	46,335	53,902
Additions through business acquisition (note 4)	1,160	-	1,160	1,160
Additions	27,554	298	27,852	27,852
Depreciation	(17,435)	(772)	(18,207)	-
Interest	-	-	-	3,115
Interest payment	-	-	-	(3,115)
Lease inducement received	-	-	-	1,573
Principal payment	-	-	-	(18,880)
December 31, 2021	**55,304**	**1,836**	**57,140**	**65,607**
Additions	**27,935**	**843**	**28,778**	**28,778**
Depreciation	**(19,450)**	**(710)**	**(20,160)**	**-**
Interest	**-**	**-**	**-**	**3,577**
Interest payment	**-**	**-**	**-**	**(3,577)**
Lease inducement received	**-**	**-**	**-**	**888**
Principal payment	**-**	**-**	**-**	**(20,945)**
December 31, 2022	**63,789**	**1,969**	**65,758**	**74,328**

For the year ended December 31, 2022, the Company recognized rent expense from short-term leases of $2,485 (2021 – $1,759) and variable lease payments of $13,694 (2021 – $12,598).

12. Intangible Assets And Goodwill

Intangible Assets

	MERCHANT NETWORK	SOFTWARE	OTHER	TOTAL
Cost				
December 31, 2020	-	49,161	3,342	52,503
Additions through business acquisition (note 4)	131,000	3,186	-	134,186
Additions	-	19,634	-	19,634
Disposals or write off	-	(3,689)	-	(3,689)
December 31, 2021	**131,000**	**68,292**	**3,342**	**202,634**
Additions	**-**	**18,015**	**-**	**18,015**
Disposals or write-off	**-**	**(20,458)**	**-**	**(20,458)**
December 31, 2022	**131,000**	**65,849**	**3,342**	**200,191**
Accumulated Amortization				
December 31, 2020	-	(24,250)	(3,009)	(27,259)
Amortization	(8,733)	(7,982)	(116)	(16,831)
Disposals or write off	-	1,107	-	1,107
December 31, 2021	**(8,733)**	**(31,125)**	**(3,125)**	**(42,983)**
Amortization	**(13,089)**	**(5,206)**	**(111)**	**(18,406)**
December 31, 2022	**(21,822)**	**(36,331)**	**(3,236)**	**(61,389)**
Net Book Value				
December 31, 2021	122,267	37,167	217	159,651
December 31, 2022	**109,178**	**29,518**	**106**	**138,802**

Other intangible assets includes trademarks and customer lists. Trademarks are considered indefinite-life intangible assets as there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

Included in additions for the year ended December 31, 2022 were $18.0 million (2021 – $19.6 million) of internally developed software application and website development costs.

During the fourth quarter of 2022, the Company decided to terminate its agreement with a third-party technology provider that was contracted in 2020 to develop a new loan management system. After careful evaluation, the Company determined that the performance to date was unsatisfactory, and the additional investment necessary to complete the development was no longer economical, relative to the anticipated business value and other available options. As such, the Company elected to write off capitalized software costs in 2022 in the amount of $20.5 million, associated with this loan management system being developed by the third-party. For the year ended December 31, 2021, the Company wrote off a software in the amount of $2.3 million in conjunction with the integration of LendCare. Write offs of intangible assets were recognized under loss on disposal or write off of assets in the consolidated statements of income.

Goodwill

Goodwill was $180.9 million as at December 31, 2022 and 2021. The Acquisition of LendCare in April 2021 resulted in the recognition of $159.6 million of goodwill (note 4). There were no disposals of goodwill during the years ended December 31, 2022 and 2021.

Goodwill and indefinite-life intangible assets are attributed to the group of CGUs to which they relate. As at December 31, 2022 and 2021, the carrying value of goodwill attributed to the easyhome CGU was $21.3 million and $159.6 million was attributed to the LendCare CGU. Impairment testing was performed as at December 31, 2022 and 2021. The impairment test consisted of comparing the carrying value of assets within the CGU to the recoverable amount of that CGU as measured by discounting the expected future cash flows using a value in use approach. When determining the value in use of a CGU, the Company developed a discounted cash flow model for the individual CGU. Revenue and cost forecasts were based on actual operating results, three-year operating budgets consistent with strategic plans presented to the Company's Board of Directors and a long-term growth rate for of 1.0% for easyhome (2021 – 3.0%) and 3.0% for LendCare (2021 – 3.0%). The pre-tax discount rate used on the forecasted cash flows was 15.3% (2021 – 14.7%) for easyhome and 24.0% (2021 – 21.0%) for LendCare.

No impairment charges of goodwill or indefinite-life intangible assets were recorded in the years ended December 31, 2022 and 2021.

13. Revolving Securitization Warehouse Facilities

goeasy Securitization Trust

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

The primary purpose of Trust I is to provide the Company with funding for its operational needs. Trust I entered into a $600 million revolving securitization warehouse facility ("Revolving Securitization Warehouse Facility I") with National Bank Financial Markets ("NBFM"), and as collateral for the drawn amount, consumer loans are sold from easyfinancial Services Inc. and LendCare into Trust I. As the economic exposure associated with the rights related to these consumer loans are controlled by easyfinancial Services Inc. and LendCare, these consumer loans do not qualify for derecognition in the Company's consolidated statements of financial position. The Revolving Securitization Warehouse Facility I matures on August 30, 2024 and bears interest equal to the 1-month Canadian Dollar Offered Rate ("CDOR") plus 185 basis points ("bps").

On January 28, 2022, the Company increased its Revolving Securitization Warehouse Facility I to $900 million. The Revolving Securitization Warehouse Facility I continued to be underwritten by NBFM, with the addition of new lenders to the syndicate.

On June 30, 2022, the Company further increased its Revolving Securitization Warehouse Facility I to $1.4 billion.

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Drawn amount	**810,000**	295,000
Unamortized deferred financing costs	**(3,040)**	(2,186)
	806,960	292,814

For the year ended December 31, 2022, $1.34 billion (2021 – $457.7 million) of consumer loans receivable were pledged by the Company as collateral against its Revolving Securitization Warehouse Facility I.

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

The Company has elected to use hedge accounting for the Revolving Securitization Warehouse Facility I and related interest rate swap (i.e., the same notional amount, maturity date, and interest payment dates). The Company has established a hedge ratio of 1:1 for the hedging relationships. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Revolving Securitization Warehouse Facility I and interest rate swap. There was no hedge ineffectiveness recognized in net income for the years ended December 31, 2022 and 2021.

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

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Derivative financial asset		
Interest rate swap	**10,894**	1,035
	10,894	1,035

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

FINANCIAL COVENANT	REQUIREMENTS	DECEMBER 31, 2022	DECEMBER 31, 2021
Minimum consolidated fixed charge coverage ratio	> 2.0	**4.11**	4.83

As at December 31, 2022 and 2021, the Company was in compliance with its financial covenant under the Revolving Credit Warehouse Facility I.

goeasy Securitization Trust II

On October 24, 2022, the Company established goeasy Securitization Trust II ("Trust II"), a securitization vehicle controlled and consolidated by the Company. The Company's activities include transactions with Trust II, a structured entity, which has been designed to achieve a specific business objective.

The primary purpose of Trust II is to provide the Company with funding for automotive consumer loans. On December 16, 2022, the Company entered into a $200 million revolving securitization warehouse facility, structured and underwritten by Bank of Montreal (the "Revolving Securitization Warehouse Facility II"). The Revolving Securitization Warehouse Facility II will be collateralized by automotive consumer loans originated by goeasy's wholly owned subsidiaries, easyfinancial Services Inc. and LendCare. As the economic exposure associated with the rights related to these automotive consumer loans are controlled by easyfinancial Services Inc. and LendCare, these consumer loans do not qualify for derecognition in the Company's consolidated statements of financial position. The Revolving Securitization Warehouse Facility II matures on December 16, 2024 and bears interest equal to the 1-month CDOR plus 185 bps. The Company intends to establish an interest rate swap agreement to generate fixed rate payments on the amounts drawn to assist in mitigating the risk of increases in interest rates. As at December 31, 2022, no amount was drawn against the Revolving Securitization Warehouse Facility II and the unamortized deferred financing costs amount to $1.1 million.

14. Secured Borrowings

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

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

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

As at December 31, 2022, the drawn amount against the Secured Borrowings was $105.8 million (2021 – $174.0 million).

As at December 31, 2022, $126.5 million (2021 – $171.3 million) of consumer loans receivable were pledged by the Company as collateral for these Secured Borrowings.

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

FINANCIAL COVENANT	REQUIREMENTS	DECEMBER 31, 2022	DECEMBER 31, 2021
Minimum LendCare tangible net worth	**> 20,000**	**130,545**	70,027

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

FINANCIAL COVENANT	REQUIREMENTS	DECEMBER 31, 2022	DECEMBER 31, 2021
Minimum LendCare tangible net worth	**>30,000**	**130,816**	75,919
Maximum LendCare leverage ratio	**< 9.00**	**6.16**	6.79

As at December 31, 2022 and 2021, the Company was in compliance with its financial covenants for all Secured Borrowings.

15. Revolving Credit Facility

The Company's Revolving Credit Facility consisted of a $310 million senior secured revolving credit facility that matures on February 12, 2022. The Revolving Credit Facility was provided by a syndicate of banks. The Company also had the ability to exercise the accordion feature under its Revolving Credit Facility to add an additional $75 million in borrowing capacity. Interest on advances is payable at either the BA plus 300 bps or the lender's prime rate ("Prime") plus 200 bps, at the option of the Company.

In January 2022, the Company amended its Revolving Credit Facility agreement to reduce 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 financial covenants and a broader syndicate of banks. On lenders' Prime advances, the interest rate payable was reduced by 125 bps, from the previous rate of Prime plus 200 bps to Prime plus 75 bps. On draws elected to be taken utilizing the BA rate, the interest rate payable was reduced by 75 bps from the previous rate of BA plus 300 bps to BA plus 225 bps.

The following table summarizes the details of the Revolving Credit Facility:

	DECEMBER 31, 2022	DECEMBER 31, 2021
Drawn amount	**150,000**	-
Unamortized deferred financing costs	**(1,354)**	-
	148,646	-

The financial covenants of the Revolving Credit Facility were as follows:

FINANCIAL COVENANT	REQUIREMENTS AS AT DECEMBER 31, 2022	DECEMBER 31, 2022	REQUIREMENTS AS AT DECEMBER 31, 2021	DECEMBER 31, 2021
Maximum consolidated leverage ratio	**< 4.50**	**3.87**	< 4.25	3.23
Minimum consolidated fixed charge coverage ratio	**> 1.25**	**2.08**	> 1.75	2.41
Minimum consolidated asset coverage ratio	**>1.75**	**4.68**	-	-
Maximum net charge off ratio	**< 15.0%**	**9.2%**	< 15.0%	9.0%
Minimum consolidated tangible net worth	**-**	**-**	>$132,000, plus 50% of consolidated net income	$472,917
Minimum collateral performance index	**-**	**-**	> 90.0%	99.2%

As at December 31, 2022 and 2021, the Company was in compliance with all of its financial covenants under its Revolving Credit Facility agreement.

16. Notes Payable

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

Concurrent with the issuance of the 2024 Notes, the Company entered into derivative financial instruments (the "2024 cross-currency swaps") as cash flow hedges to hedge the risk of changes in the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the 2024 Notes at a fixed exchange rate of US$1.000 = CAD1.3242, thereby fully hedging the US$550.0 million 2024 Notes at a CAD interest rate of 5.65%. The 2024 cross-currency swaps fully hedge the obligation under the 2024 Notes.

The following table summarizes the details of the 2024 Notes:

	DECEMBER 31, 2022	DECEMBER 31, 2021
2024 Notes in CAD at issuance	**728,310**	728,310
Change in fair value of 2024 Notes since issuance date due to changes in foreign exchange rate	**16,885**	(33,275)
	745,195	695,035
Unamortized deferred financing costs	**(5,454)**	(8,063)
	739,741	686,972

On April 29, 2021, the Company issued US$320.0 million of 4.375% senior unsecured notes payable ("2026 Notes") (the 2024 Notes and 2026 Notes are collectively referred to as "Notes Payable") with interest payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2021. The 2026 Notes mature on May 1, 2026 and include certain prepayment features.

Concurrent with the issuance of the 2026 Notes, the Company entered into derivative financial instruments (the "2026 cross-currency swaps") (the 2024 cross-currency swaps and 2026 cross-currency swaps are collectively referred to as the "cross-currency swaps") as cash flow hedges to hedge the risk of changes in the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the 2026 Notes at a fixed exchange rate of US$1.000 = CAD1.2501, thereby fully hedging the US$320.0 million 2026 Notes at a CAD interest rate of 4.818%. The 2026 cross-currency swaps fully hedge the obligation under the 2026 Notes.

The following table summarizes the details of the 2026 Notes:

	DECEMBER 31, 2022	DECEMBER 31, 2021
2026 Notes in CAD at issuance	**400,032**	400,032
Change in fair value of 2026 Notes since issuance date due to changes in foreign exchange rate	**33,536**	4,352
	433,568	404,384
Unamortized deferred financing costs	**(4,312)**	(5,450)
	429,256	398,934

The following table summarizes the total carrying value of Notes Payable:

	DECEMBER 31, 2022	DECEMBER 31, 2021
2024 Notes	**739,741**	686,972
2026 Notes	**429,256**	398,934
	1,168,997	1,085,906

The Company has elected to use hedge accounting for the Notes Payable and the cross-currency swaps (i.e., the same notional amount, maturity date, interest rate, and interest payment dates). The Company has elected to designate foreign currency basis as a cost of hedging, thereby excluding foreign currency basis spreads from the designation of the hedging relationship, and has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts is identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Notes Payable and cross-currency swaps. There was no hedge ineffectiveness recognized in net income for the year ended December 31, 2022 and 2021.

As the Notes Payable and the cross-currency swaps are in an effective hedging relationship, changes in the fair value of the cross-currency swaps is recorded in OCI and subsequently reclassified into net income to offset the effect of foreign currency exchange rates related to the Notes Payable recognized in net income. The amount of the foreign currency basis spread at inception, designated as a cost of hedging, is amortized in net income on a straight-line basis over the life of the Notes Payable.

The cross-currency swaps have an aggregated notional amount equal to the aggregated principal outstanding of the hedged Notes Payable. The fair value of cross-currency swaps is determined using swap curves adjusted for credit risks. Swap curves are obtained directly from market sources. The fair value of the cross-currency swaps are as follows:

	DECEMBER 31, 2022	DECEMBER 31, 2021
Derivative financial assets (liabilities)		
2024 Cross-currency swaps	**7,872**	(34,132)
2026 Cross-currency swaps	**30,678**	12,620
	38,550	(21,512)

17. Share Capital

Authorized Capital

The authorized capital of the Company consisted of an unlimited number of common shares with no par value and an unlimited number of preference shares.

Each common share represents a shareholders' proportionate undivided interest in the Company. Each common share confers to its holder the right to one vote at any meeting of shareholders and to participate equally and rateably in any dividends of the Company. The common shares are listed for trading on the TSX.

Common Shares Issued and Outstanding

The changes in common shares issued and outstanding are summarized as follows:

	DECEMBER 31, 2022		DECEMBER 31, 2021	
	# OF SHARES (IN 000S)	$	# OF SHARES (IN 000S)	$
Balance, beginning of year	**16,199**	**363,514**	14,801	181,753
Exercise of share options	**161**	**6,821**	164	7,326
Dividend reinvestment plan	**21**	**2,457**	6	807
Exercise of RSUs	**25**	**1,096**	75	2,904
Shares purchased for cancellation	**(450)**	**(10,296)**	(333)	(7,600)
Share issuance	**489**	**57,917**	1,486	184,358
Share issuance costs, net of tax	**-**	**(2,014)**	-	(6,034)
Others	**-**	**(449)**	-	-
Balance, end of year	**16,445**	**419,046**	16,199	363,514

$57.9 Million Bought Deal Equity Offering

On November 21, 2022, the Company issued 488,750 common shares including 63,750 common shares 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 $118.50 per common share, for gross aggregate proceeds of $57.9 million. goeasy used the net proceeds to support the growth of the Company's consumer loan portfolio and for general corporate purposes.

$172.5 Million Bought Deal Equity Offering

In connection with the Acquisition of LendCare (note 4), on April 16, 2021, the Company issued 1,404,265 subscription receipts for common shares ("Subscription Receipts") at a price of $122.85 per Subscription Receipt, for gross aggregate proceeds of $172.5 million. At closing of the LendCare acquisition on the Acquisition Date, each of the 1,404,265 outstanding Subscription Receipts were exchanged for one common share of the Company.

Share Consideration for the Acquisition of LendCare

As share consideration for the Acquisition of LendCare (note 4), the Company issued 81,400 common shares to LendCare's founders valued at $11.8 million, calculated with reference to the closing price of the Company's common shares on the Acquisition Date.

Dividends on Common Shares

For the year ended December 31, 2022, the Company paid dividends of $54.1 million (2021 – $38.3 million) or $3.39 per share (2021 – $2.43 per share). On November 10, 2022, the Company declared a dividend of $0.91 per share to shareholders of record on December 30, 2022, payable on January 13, 2023. The dividend paid on January 13, 2023 was $15.0 million.

Shares Purchased for Cancellation

On December 16, 2020, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a normal course issuer bid ("NCIB"), which commenced on December 21, 2020 (the "2020 NCIB"). During the year ended December 31, 2021, the Company purchased and cancelled 333,315 of its common shares on the open market at an average price of $186.86 per share for a total cost of $62.3 million pursuant to the 2020 NCIB. This normal course issuer bid expired on December 20, 2021.

On December 14, 2021, the Company renewed its NCIB, which allows for a total purchase of up to 1,243,781 common shares (the "2021 NCIB") and expired on December 20, 2022. During the year ended December 31, 2022, the Company purchased and cancelled 450,058 of its common shares on the open market at an average price of $135.52 per share, for a total cost of $61.0 million, pursuant to the 2021 NCIB.

On December 16, 2022, the Company renewed its NCIB, which allows for a total purchase of up to 1,252,730 common shares and expires on December 20, 2023.

18. Stock-Based Compensation

Share Option Plan

Under the Company's share option plan, options to purchase common shares may be granted by the Board of Directors to officers and employees. Options are generally granted at exercise prices equal to the fair market value at the grant date, vest at the end of a three-year period based on earnings per share targets and have exercise lives of five years.

	DECEMBER 31, 2022		DECEMBER 31, 2021	
	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE EXERCISE PRICE $	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE EXERCISE PRICE $
Outstanding balance, beginning of year	**477**	**47.20**	577	36.07
Options granted	**29**	**163.13**	65	119.39
Options exercised	**(161)**	**33.42**	(165)	34.85
Outstanding balance, end of year	**345**	**63.35**	477	47.20
Exercisable balance, end of year	**70**	**40.55**	144	32.44

Outstanding options to officers and employees as at December 31, 2022 were as follows:

	OUTSTANDING			EXERCISABLE	
RANGE OF EXERCISE PRICES $	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE $	# OF OPTIONS (IN 000S)	WEIGHTED AVERAGE EXERCISE PRICE $
33.56 – 49.99	**251**	**1.83**	**38.58**	**70**	**40.55**
50.00 – 99.99	**5**	**2.12**	**64.07**	**-**	**-**
100.00 – 149.99	**50**	**3.13**	**111.83**	**-**	**-**
150.00 – 163.13	**39**	**3.97**	**161.44**	**-**	**-**
33.56 – 163.13	**345**	**2.26**	**63.35**	**70**	**40.55**

The Company uses the fair value method of accounting for stock options granted to employees. During the year ended December 31, 2022, the Company recorded an expense of $1.6 million (2021 – $2.0 million) in stock-based compensation expense related to its stock option plan in the consolidated statements of income, with a corresponding adjustment to contributed surplus.

Options granted in 2022 and 2021 were determined using the Black-Scholes option pricing model with the following assumptions:

	2022	2021
Risk-free interest rate (% per annum)	**1.59**	0.33
Expected hold period to exercise (years)	**4.55**	4.75
Volatility in the price of the Company's shares (%)	**51.62**	49.95
Dividend yield (%)	**2.00**	2.00

Executive Share Unit Plan

Under the terms of the ESU Plan, the Company's Board of Directors may grant RSUs and Executive DSUs to officers and employees.

Restricted Share Units

RSUs are granted at fair market value at the grant date and generally vest at the end of a three-year period based on achieving long-term financial targets. RSUs are paid to officers and employees upon vesting.

	DECEMBER 31, 2022		DECEMBER 31, 2021	
	# OF RSUs (IN 000S)	WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE $	# OF RSUs (IN 000S)	WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE $
Outstanding balance, beginning of year	**263**	**76.33**	270	46.11
RSUs granted	**150**	**123.32**	86	127.63
RSU dividend reinvestments	**5**	**119.02**	4	112.33
RSUs exercised	**(92)**	**42.59**	(87)	38.07
RSUs forfeited	**(10)**	**82.23**	(10)	48.74
Outstanding balance, end of year	**316**	**108.94**	263	76.33

For the year ended December 31, 2022, the Company repurchased the equity interest related to a portion of fully vested RSUs amounting to $10.7 million or $8.6 million, net of tax.

For the year ended December 31, 2022, the Company recorded an expense of $4.8 million (2021 – $4.5 million) in stock-based compensation expense related to the Company's RSUs in the consolidated statements of income with a corresponding adjustment to contributed surplus.

Executive Deferred Share Units

Executive DSUs are granted at fair market value at the grant date and generally vest at the end of a three-year period based on achieving long-term financial targets. Executive DSUs are paid to officers and employees upon termination of their employment with the Company.

	DECEMBER 31, 2022	
	# OF EXECUTIVE DSUS (IN 000S)	WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE $
Outstanding balance, beginning of year	**-**	**-**
Executive DSUs granted	**59**	**124.74**
Executive DSU dividend reinvestments	**1**	**110.00**
Outstanding balance, end of year	**60**	**124.73**

For the year ended December 31, 2022, the Company recorded an expense of $0.4 million (2021 – nil) in stock-based compensation expense related to the Company's Executive DSUs in the consolidated statements of income with a corresponding adjustment to contributed surplus.

Board of Directors Deferred Share Unit Plan

Under the terms of the Board DSU Plan, the Company may grant DSUs to Board Directors. DSUs are granted at fair market value at the grant date and vest immediately upon grant. During the year ended December 31, 2022, the Company granted 16,274 Board DSUs (2021 – 14,352 Board DSUs) to Board Directors under its DSU Plan. For the year ended December 31, 2022, $3.3 million (2021 – $2.3 million) were recorded as stock-based compensation expense under the Board DSU Plan in the consolidated statements of income. Additionally, for the year ended December 31, 2022, an additional 8,395 Board DSUs (2021 – 4,667 Board DSUs) were granted as a result of dividends payable. During the years ended December 31, 2022 and 2021, no Board DSUs were settled.

Contributed Surplus

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Contributed surplus, beginning of year	**22,583**	19,732
Equity-settled stock-based compensation expense		
Restricted share units	**4,771**	4,544
Board deferred share unit	**3,291**	2,339
Stock options	**1,619**	1,992
Executive deferred share unit	**372**	-
Reductions due to exercise in shares of stock-based compensation		
Restricted share units	**(1,097)**	(4,431)
Stock options	**(1,435)**	(1,593)
Repurchase of equity interest related to restricted share units, net of tax	**(8,605)**	-
Contributed surplus, end of year	**21,499**	22,583

19. Other Expenses

In 2022, the Company incurred corporate development costs of $2.3 million, including advisory, consulting and legal costs, in connection with the exploration of a strategic acquisition opportunity, which the Company elected to not pursue. In 2021, the Company incurred costs related to the Acquisition of LendCare, including advisory and consulting costs, legal costs and other direct transaction costs amounting to $7.6 million. Corporate development costs and LendCare acquisition costs were reported under other expenses in the consolidated statements of income.

20. Finance Costs

Finance costs include the following:

	DECEMBER 31, 2022	DECEMBER 31, 2021
Interest expense		
Notes payable	**60,423**	54,106
Revolving securitization warehouse facilities	**27,194**	6,441
Secured borrowings	**6,144**	5,674
Revolving credit facility	**5,955**	2,897
Amortization of deferred financing costs and accretion expense	**6,234**	5,655
Interest expense on lease liabilities (note 11)	**3,577**	3,115
Loan commitment fees	**-**	1,726
Interest income on cash in bank, net	**(1,555)**	(589)
	107,972	79,025

21. Income Taxes

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Combined basic federal and provincial income tax rates	**26.5%**	26.6%
Expected income tax expense	**51,881**	84,283
Effect of capital losses (gains) on sale of assets and investments	**3,874**	(15,221)
Non-deductible expenses	**1,607**	1,293
Non-deductible acquisition transaction costs	**-**	1,998
True up of prior year tax expense	**(1,202)**	-
Other	**(545)**	(442)
	55,615	71,911

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Current income tax:		
Current income tax charge	**68,609**	74,017
Adjustments in respect of prior years and other	**(2,950)**	(273)
	65,659	73,744
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(11,792)**	(1,833)
Adjustments in respect of prior years and other	**1,748**	-
	(10,044)	(1,833)
	55,615	71,911

Deferred tax related to items recognized in OCI during the year are summarized below:

	DECEMBER 31, 2022	DECEMBER 31, 2021
Change in fair value of cash flow hedge	**(4,168)**	3,704
Change in costs of hedging	**533**	(575)
Deferred tax (recovery) expense charged to OCI	**(3,635)**	3,129

The changes in deferred tax assets (liabilities) are as follows:

	DECEMBER 31, 2022	DECEMBER 31, 2021
Balance, beginning of year	**(38,648)**	4,066
Tax recovery during the year recognized in profit or loss	**10,044**	1,833
Tax recovery (expense) during the year recognized in OCI	**3,635**	(3,129)
Tax on share issuance costs	**277**	1,670
Deferred taxes related to business acquisition (note 4)	**-**	(43,088)
Balance, end of year	**(24,692)**	(38,648)

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Accounts receivable and allowance for credit losses	**7,660**	3,312
Revaluation of notes payable and derivative financial instruments	**2,767**	(868)
Stock-based compensation	**2,107**	1,874
Financing fees	**1,640**	3,578
Right-of-use assets, net of lease liabilities	**1,303**	1,230
Unrealized fair value gains on investments	**233**	(7,015)
Tax cost of lease assets and property and equipment in excess of net book value	**(11,974)**	(10,165)
Intangible asset arising from business acquisition	**(28,929)**	(32,401)
Loss carry forwards	**-**	1,467
Others	**501**	340
	(24,692)	(38,648)

As at December 31, 2022 and 2021, there were no recognized deferred tax liabilities for taxes that would be payable on the undistributed earnings of the Company's subsidiaries.

22. Earnings Per Share

Basic Earnings Per Share

Basic earnings per share amounts were calculated by dividing the net income for the year by the weighted average number of outstanding common shares and Board DSUs. Board DSUs granted to the Board Directors are included in the calculation of the weighted average number of common shares outstanding as they vest upon grant.

	DECEMBER 31, 2022	DECEMBER 31, 2021
Net income	**140,161**	244,943
Weighted average number of common shares outstanding (in 000s)	**16,275**	16,200
Basic earnings per common share	**8.61**	15.12

For the year ended December 31, 2022, 294,025 Board DSUs (2021 – 274,735 Board DSUs) were included in the weighted average number of common shares outstanding.

Diluted Earnings Per Share

Diluted earnings per share reflect the potential dilutive effect that could occur if additional common shares were assumed to be issued under securities or instruments that may entitle their holders to obtain common shares in the future. Dilution could occur through the exercise of share options, the exercise of RSUs, or the exercise of unvested Executive DSUs. The number of additional shares for inclusion in the diluted earnings per share calculation was determined using the treasury stock method.

	DECEMBER 31, 2022	DECEMBER 31, 2021
Net income	**140,161**	244,943
Weighted average number of common shares outstanding (in 000s)	**16,275**	16,200
Dilutive effect of stock-based compensation (in 000s)	**375**	557
Weighted average number of diluted shares outstanding (in 000s)	**16,650**	16,757
Dilutive earnings per common share	**8.42**	14.62

The following stock-based compensation grants were considered anti-dilutive using the treasury stock method and therefore were excluded in the calculation of diluted earnings per share:

	DECEMBER 31, 2022	DECEMBER 31, 2021
Restricted share units (in 000s)	**150**	-
Share options (in 000s)	**88**	10
Executive deferred share units (in 000s)	**60**	-
	298	10

23. Net Change In Other Operating Assets And Liabilities

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Accounts receivable	**(4,866)**	(1,834)
Prepaid expenses	**(316)**	5,785
Accounts payable and accrued liabilities	**(6,304)**	4,064
Income taxes payable	**(28,096)**	19,506
Unearned revenue	**17,307**	732
Accrued interest	**2,024**	4,973
	(20,251)	33,226

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

	DECEMBER 31, 2022	DECEMBER 31, 2021
Income taxes paid	**95,592**	54,846
Income taxes refunded	**1,837**	1,184
Interest paid	**97,697**	64,094
Interest received	**690,779**	535,601

24. Commitments And Guarantees

The Company has technology commitments and operating leases for premises and vehicles. Some of the Company's lease contracts for premises include extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. As at December 31, 2022, no extension option for lease contracts for premises is expected to be exercised.

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

	WITHIN 1 YEAR	AFTER 1 YEAR, BUT NOT MORE THAN 5 YEARS	MORE THAN 5 YEARS
Premises	**22,508**	**50,812**	**8,649**
Vehicles	**696**	**1,540**	**31**
Technology commitments	**14,604**	**13,370**	**-**
	37,808	**65,722**	**8,680**

25. Contingencies

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

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

26. Capital Risk Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide adequate returns to shareholders by way of share appreciation and dividends. The capital structure of the Company consists of debt facilities (Revolving Credit Facility, Revolving Securitization Warehouse Facilities and Secured Borrowings), Notes Payable and Shareholders' equity, which includes share capital, contributed surplus, accumulated OCI and retained earnings.

The Company manages its capital structure and adjusts it in response to changing economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, share repurchases, the payment of dividends, increasing or decreasing drawn amounts against the Company's debt facilities, issuance or payment of Notes Payable or by undertaking other activities as deemed appropriate under specific circumstances. The Company's strategy, objectives, measures, definitions and targets have not changed significantly in the past year.

The Company has externally imposed capital requirements as governed through its financing facilities. These requirements are to ensure the Company continues to operate in the normal course of business and to ensure the Company manages its debt relative to net worth. The capital requirements are congruent with the Company's management of capital.

The Company monitors capital on the basis of the financial covenants of its financing facilities.

For the years ended December 31, 2022 and 2021, the Company was in compliance with all of its externally imposed financial covenants.

27. Financial Risk Management

Overview

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

Credit Risk

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

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

The credit risk on the Company's consumer loans receivable made in accordance with policies and procedures is impacted by FLIs. The analysis performed by the Company determined that the rate of inflation and rate of unemployment were positively correlated with the Company's historic loss rates while oil prices and the rate of GDP were negatively correlated with the Company's historic loss rates. In calculating the allowance for credit losses, internally developed models were used, which factor in credit risk related parameters including the probability of default, the exposure at default, the loss given default, and other relevant risk factors. As part of the process, for the years ended December 31, 2022 and 2021, five forward-looking scenarios were generated – 1) neutral, 2) moderately optimistic, 3) extremely optimistic, 4) moderately pessimistic, and 5) extremely pessimistic – based on forecasting degrees of change in the macroeconomic variables (GDP, unemployment rates, inflation rates, and oil prices) within a 12-month period. Judgment is then applied by management to assign probabilistic weightings to these scenarios to determine a probability weighted allowance for credit losses as at the reporting date. The proposed macroeconomic forecasts and probability weightings are then subject to robust internal review and analysis by management to arrive at a collective view on the likelihood for each scenario. Refer to note 7 for additional details on the allowance for credit losses. As at December 31, 2022, the Company's gross consumer loans receivable portfolio was $2.79 billion (2021 – $2.03 billion). Net charge offs expressed as a percentage of the average loan book were 9.1% for the year ended December 31, 2022 (2021 – 8.8%).

The credit risk related to lease assets with customer's results from the possibility of customer default with respect to agreed upon payments or in not returning the lease assets. The Company has a standard collection process in place in the event of payment default, which includes the recovery of the lease asset if satisfactory payment terms cannot be worked out with the customer, as the Company maintains ownership of the lease assets until payment options are exercised. As at December 31, 2022, the Company's lease assets were $48.4 million (2021 – $47.2 million). Lease asset losses for the year ended December 31, 2022 represented 3.2% (2021 – 2.5%) of total leasing revenue for the easyhome reportable segment.

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

Liquidity Risk

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

The Company believes that the cash flows provided by operations and funds available from the credit facilities will be sufficient in the near term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. In addition, the incremental financing obtained through issuance of further equity and the borrowing capacities under the Revolving Securitization Warehouse Facilities and Revolving Credit Facility will allow the Company to continue growing its consumer loans receivable portfolio into the second quarter of 2025 based on the Company's organic growth assumptions.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

DECEMBER 31, 2022	LESS THAN 1 YEAR	1 TO 3 YEARS	4 TO 5 YEARS	5 YEARS +	TOTAL
Accounts payable and accrued liabilities	**51,136**	**-**	**-**	**-**	**51,136**
Accrued interest	**10,159**	**-**	**-**	**-**	**10,159**
Revolving credit facility	**-**	**150,000**	**-**	**-**	**150,000**
Revolving securitization warehouse facilities	**-**	**810,000**	**-**	**-**	**810,000**
Secured borrowings	**30,901**	**53,996**	**16,205**	**4,690**	**105,792**
Notes payable	**-**	**745,195**	**433,568**	**-**	**1,178,763**

DECEMBER 31, 2021	LESS THAN 1 YEAR	1 TO 3 YEARS	4 TO 5 YEARS	5 YEARS +	TOTAL
Accounts payable and accrued liabilities	57,134	-	-	-	57,134
Accrued interest	8,135	-	-	-	8,135
Revolving securitization warehouse facilities	-	295,000	-	-	295,000
Secured borrowings	38,727	77,905	47,810	4,936	169,378
Derivative financial liabilities	-	34,132	-	-	34,132
Notes payable	-	695,035	404,384	-	1,099,419

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. The Company maintains diversified funding sources and utilizes derivative financial instruments as cash flow hedges to assist in the management of interest rate volatility.

The 2024 Notes and 2026 Notes maturing on December 1, 2024 and May 1, 2026, respectively, have fixed rates of interest.

The Revolving Credit Facility has variable interest rates at either the BA rate plus 225 bps or the Prime rate 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 draws are made on the variable rate Revolving Credit Facility. As at December 31, 2022, the Company's has drawn $150 million against its $270 million Revolving Credit Facility.

The Revolving Securitization Warehouse Facility I 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 incremental swap that is taken on has a hedge implemented that results in interest rates becoming fixed for the duration of that swap.

The $105 million Securitization Facility bears interest at the GOCB rate (with a floor rate of 0.95%) plus 395 bps and the $85 million Securitization Facility bears interest at the GOCB (with a floor rate of 0.25%) plus 325 bps. The loan sale agreements to sell loans into these facilities expired in 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity.

As at December 31, 2022, 93% (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 agreement on the Revolving Securitization Warehouse Facility I.

The Company cannot predict the impact of the changing economic conditions will have on its future results, nor predict when interest rates will change.

Currency Risk

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

On November 27, 2019, the Company issued the 2024 Notes with a USD coupon rate of 5.375% and on April 29, 2021, the Company issued the 2026 Notes with a USD coupon rate of 4.375%. Concurrent with these offerings, the Company entered into cross-currency swap agreements to hedge the risk of changes in the foreign exchange rate for the proceeds from the offerings and for all required payments of principal and interest under these notes effectively hedging the obligation. The hedge is designed to match the cash flow obligations of the Company under the Notes Payable.

The Company sources a portion of the assets it leases in Canada from U.S. suppliers. As a result, the Company has foreign exchange transaction exposure. These purchases are funded using the spot rate prevailing at the date of purchase. Pricing to customers can be adjusted to reflect changes in the CAD landed cost of imported goods and, as such, the Company does not have a material foreign currency transaction exposure.

28. Financial Instruments

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

FINANCIAL INSTRUMENTS	MEASUREMENT	DECEMBER 31, 2022	DECEMBER 31, 2021
Cash	Fair value	**62,654**	102,479
Accounts receivable	Amortized cost	**25,697**	20,769
Consumer loans receivable, net	Amortized cost	**2,627,357**	1,899,631
Investments	Fair value	**57,304**	64,441
Derivative financial assets	Fair value	**49,444**	20,634
Revolving credit facility	Amortized cost	**148,646**	-
Accounts payable and accrued liabilities	Amortized cost	**51,136**	57,134
Accrued interest	Amortized cost	**10,159**	8,135
Secured borrowings	Amortized cost	**105,792**	173,959
Revolving securitization warehouse facilities	Amortized cost	**805,825**	292,814
Derivative financial liabilities	Fair value	**-**	34,132
Notes payable	Amortized cost	**1,168,997**	1,085,906

Fair Value Measurement

All assets and liabilities for which fair value was measured or disclosed in the consolidated financial statements were categorized within the fair value hierarchy, described as follows, based on the lowest level input that was significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The hierarchy required the use of observable market data when available. The following tables provide the fair value measurement hierarchy of the Company's financial assets and liabilities measured as at December 31, 2022 and 2021:

DECEMBER 31, 2022	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash	**62,654**	**62,654**	**-**	**-**
Accounts receivable	**25,697**	**-**	**-**	**25,697**
Consumer loans receivable, net	**2,627,357**	**-**	**-**	**2,627,357**
Investments	**57,304**	**6,226**	**-**	**51,078**
Derivative financial assets	**49,444**	**-**	**49,444**	**-**
Revolving credit facility	**148,646**	**-**	**-**	**148,646**
Accounts payable and accrued liabilities	**51,136**	**-**	**-**	**51,136**
Accrued interest	**10,159**	**-**	**-**	**10,159**
Secured borrowings	**105,792**	**-**	**-**	**105,792**
Revolving securitization warehouse facilities	**805,825**	**-**	**-**	**805,825**
Notes payable	**1,168,997**	**-**	**-**	**1,168,997**

DECEMBER 31, 2021	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
Cash	102,479	102,479	-	-
Accounts receivable	20,769	-	-	20,769
Consumer loans receivable, net	1,899,631	-	-	1,899,631
Investments	64,441	53,941	-	10,500
Derivative financial assets	20,634	-	20,634	-
Accounts payable and accrued liabilities	57,134	-	-	57,134
Accrued interest	8,135	-	-	8,135
Secured borrowings	173,959	-	-	173,959
Revolving securitization warehouse facilities	292,814	-	-	292,814
Derivative financial liabilities	34,132	-	34,132	-
Notes payable	1,085,906	-	-	1,085,906

There were no transfers between Level 1, Level 2, or Level 3 for the years ended December 31, 2022 and 2021.

29. Related Party Transactions

Key management personnel includes all directors of the board and corporate officers. The following summarizes the expenses related to key management personnel during the year.

	DECEMBER 31, 2022	DECEMBER 31, 2021
Short-term employee benefits including salaries	**6,642**	6,462
Share-based payment transactions	**6,880**	5,847
	13,522	12,309

30. Segmented Reporting

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

- The easyfinancial reportable 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 instalment 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 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 is in the process of centralizing some of the common functions such as finance, human resources and information technology.

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

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

The Company's business units generate revenue in four main categories: i) interest generated on the Company's gross consumer loans receivable portfolio; ii) lease payments generated by easyhome lease agreements; iii) commissions and other revenues generated by the sale of various ancillary products; and iv) charges and fees.

General and administrative expenses directly related to the Company's business segments were included as operating expenses for those segments. All other general and administrative expenses were reported separately as part of the Corporate segment. Management assesses performance based on segment operating income (loss).

The following tables summarize the relevant information for the years ended December 31, 2022 and 2021:

YEAR ENDED DECEMBER 31, 2022	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	**668,779**	**29,371**	**-**	**698,150**
Lease revenue	**-**	**103,414**	**-**	**103,414**
Commissions earned	**184,013**	**13,146**	**-**	**197,159**
Charges and fees	**16,736**	**3,877**	**-**	**20,613**
	869,528	**149,808**	**-**	**1,019,336**
Operating expenses				
Bad debt	**261,997**	**10,896**	**-**	**272,893**
Other operating expenses	**180,867**	**61,748**	**90,115**	**332,730**
Depreciation and amortization	**32,668**	**42,586**	**6,052**	**81,306**
	475,532	**115,230**	**96,167**	**686,929**
Segment operating income (loss)	**393,996**	**34,578**	**(96,167)**	**332,407**
Other loss				**(28,659)**
Finance costs				**(107,972)**
Income before income taxes				**195,776**

YEAR ENDED DECEMBER 31, 2021	EASYFINANCIAL	EASYHOME	CORPORATE	TOTAL
Revenue				
Interest income	512,810	22,828	-	535,638
Lease revenue	-	112,371	-	112,371
Commissions earned	152,485	11,249	-	163,734
Charges and fees	11,056	3,923	-	14,979
	676,351	150,371	-	826,722
Operating expenses				
Bad debt	174,936	7,148	-	182,084
Other operating expenses	148,445	61,558	74,746	284,749
Depreciation and amortization	28,219	44,804	5,863	78,886
	351,600	113,510	80,609	545,719
Segment operating income (loss)	324,751	36,861	(80,609)	281,003
Other loss				114,876
Finance costs				(79,025)
Income before income taxes				316,854

As at December 31, 2022 and 2021, the Company's goodwill was comprised of $21.3 million related to its easyhome reportable segment and $159.6 million related to the LendCare operating segment within the easyfinancial reportable segment.

In scope under IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") are revenues relating to commissions earned and charges and fees. Lease revenue is covered under IFRS 16, *Leases*. Included in lease revenue is certain additional services provided by the Company related to the lease, but which fall under the scope of IFRS 15. These revenues totalled $11.8 million for the year ended December 31, 2022 (2021 – $13.2 million).

The Company's easyhome business consisted of four major product categories: furniture, electronics, appliances and computers. Lease revenue generated by these product categories as a percentage of total lease revenue for the years ended December 31, 2022 and 2021 were as follows:

	DECEMBER 31, 2022 (%)	DECEMBER 31, 2021 (%)
Furniture	**40**	40
Electronics	**34**	32
Appliances	**15**	15
Computers	**11**	13
	100	100

Corporate Information

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Royal Bank of Canada
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Toronto, Ontario

National Bank of Canada
Toronto, Ontario

Transfer Agent

TSX Trust Company
Toronto, Ontario

Listed

Toronto Stock Exchange
Trading Symbol: GSY

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Board of Directors

David Ingram
Executive Chairman of the Board

Donald K. Johnson
Chairman Emeritus

David Appel
Corporate Director

Karen Basian
Corporate Director

Susan Doniz
Corporate Director

Sean Morrison
Corporate Director

Honourable James Moore
Corporate Director

Tara Deakin
Corporate Director

Jason Mullins
Corporate Director

Jonathan Tétrault
Corporate Director

Corporate Officers

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President & Chief Executive Officer

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Jason Appel
Executive Vice-President & Chief Risk Officer

Andrea Fiederer
Executive Vice-President & Chief Marketing Officer

Jackie Foo
Executive Vice President & Chief Operating Officer

Ali Metel
President, LendCare

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David Cooper
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Senior Vice President & Chief Legal Officer

Michael Eubanks
Senior Vice-President & Chief Information Officer

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Steven Poole
Senior Vice-President, Operations & Merchandising