



goeasy

# Earnings Presentation

FOURTH QUARTER & FULL YEAR 2021

February 17, 2022

# IMPORTANT INFORMATION

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## Cautionary Note Regarding Forward-Looking Statements

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

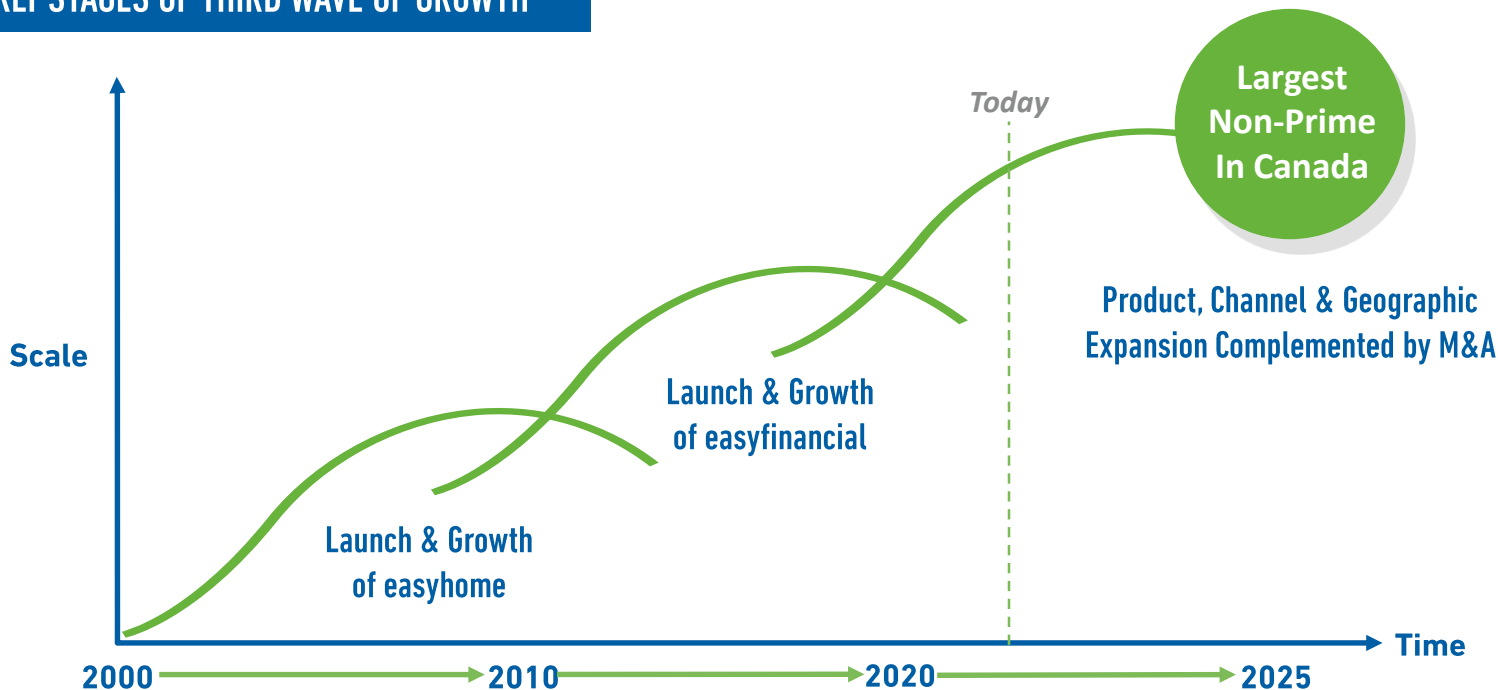
Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about goeasy's operations, economic factors and the industry generally.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

goeasy cautions that the foregoing list is not exhaustive. These and other factors could cause actual results to differ materially from our expectations expressed in the forward-looking statements.

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.

# A LONG TRACK RECORD OF GROWTH AND EVOLUTION

## EARLY STAGES OF THIRD WAVE OF GROWTH



## EARLY STAGES OF PRODUCT, CHANNEL AND GEOGRAPHIC EXPANSION

# A STRATEGY DESIGNED TO DELIVER SUPERIOR GROWTH

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Product Range



Channel

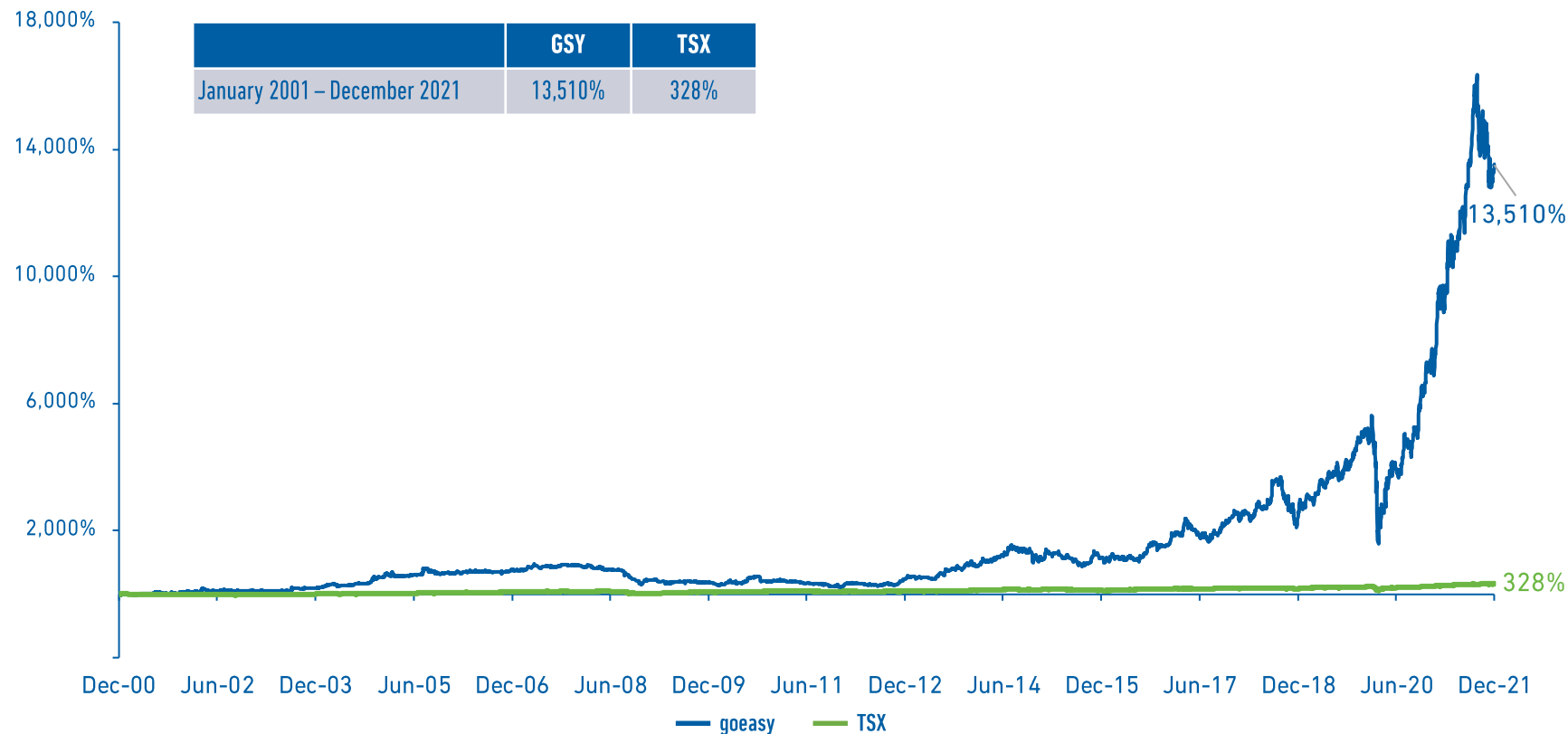


Geographic Expansion



Financial Wellness

# TOTAL SHAREHOLDER RETURN OF 13,510% SINCE 2001

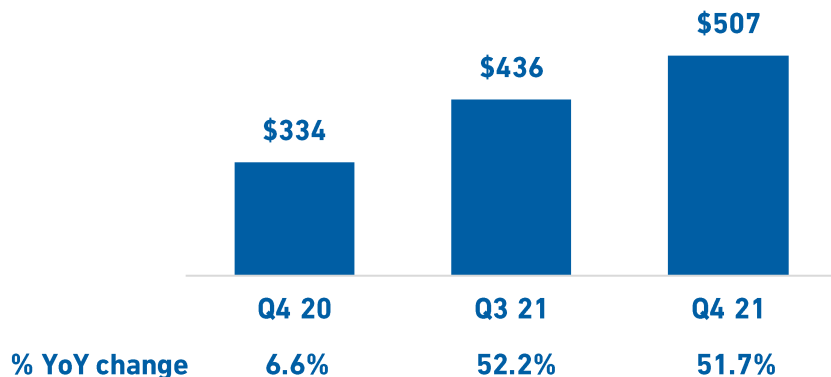


Note: Total shareholder return period from January 3, 2001 to December 31, 2021 (Source: Bloomberg)

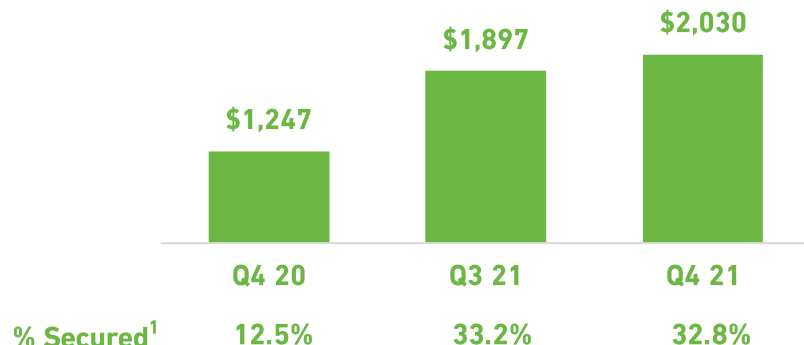
# DIVERSIFIED LENDING PLATFORM DRIVING RECORD ORIGINATIONS

(\$ in millions)

## GROSS LOAN ORIGINATIONS



## GROSS CONSUMER LOANS RECEIVABLE



## Q4 2021 OBSERVATIONS

- Consumer demand fully recovered, while point-of-sale financing and auto lending continue to accelerate
- Record originations of \$507M in Q4 2021 compared to \$334M in Q4 2020, up 51.7%, resulting in \$134M of total loan book growth during the quarter
- 32.8% of consumer loan portfolio now secured, up from 12.5% in Q4 2020

<sup>1</sup>. Secured instalment loans include loans secured by real estate, personal property or by way of a Notice of Security Interest

# Q4 2021 FINANCIAL PERFORMANCE HIGHLIGHTS

(\$ in millions)

## LOAN ORIGINATIONS AND RECEIVABLES

	Q4 20	Q4 21	YoY Chg.	YoY Chg. %
Originations	\$334	\$507	\$173	51.7%
Gross consumer loans receivable	\$1,247	\$2,030	\$783	62.8%

- Growth fueled by point-of-sale channel, increased penetration of risk adjusted rate and secured loans, and loan portfolio acquired through acquisition of LendCare

## NET CHARGE OFF AND PROVISION RATES

	Q4 20	Q4 21	YoY Chg.	YoY Chg. %
Net charge off rate	9.0%	9.6%	(60bps)	(6.7%)
Loan loss provision rate	10.08%	7.87%	221bps	21.9%

- Credit performance made an orderly return to optimal levels
- Lower provision rate due to improved credit quality, acquisition of LendCare and economic outlook

## REVENUE AND PORTFOLIO YIELD

	Q4 20	Q4 21	YoY Chg.	YoY Chg. %
Revenue	\$173	\$234	\$61	35.3%
Total yield on consumer loans (including ancillary products) <sup>1</sup>	46.6%	41.4%	(520bps)	(11.2%)

- Portfolio yield in line with strategic plan, with risk adjusted rates and lower priced products leading to a reduced cost of borrowing for consumers

## OPERATING INCOME AND EPS

	Q4 20	Q4 21	YoY Chg.	YoY Chg. %
Operating inc.	\$61	\$80	\$18	29.9%
Adj. operating inc. <sup>2</sup>	\$61	\$86	\$25	40.9%
Diluted EPS	\$3.14	\$2.90	(\$0.24)	(7.6%)
Adj. diluted EPS <sup>1</sup>	\$2.24	\$2.76	\$0.52	23.2%

- Reported operating income of \$80M, record adjusted operating income<sup>2</sup> of \$86M
- Reported diluted EPS of \$2.90; after adjusting for unusual and non-recurring items, adjusted EPS<sup>1</sup> of \$2.76 per share, up 23% YoY

1. These are non-IFRS ratios. Refer to "Non-IFRS and Other Financial Measures" section on page 25 of this earnings presentation

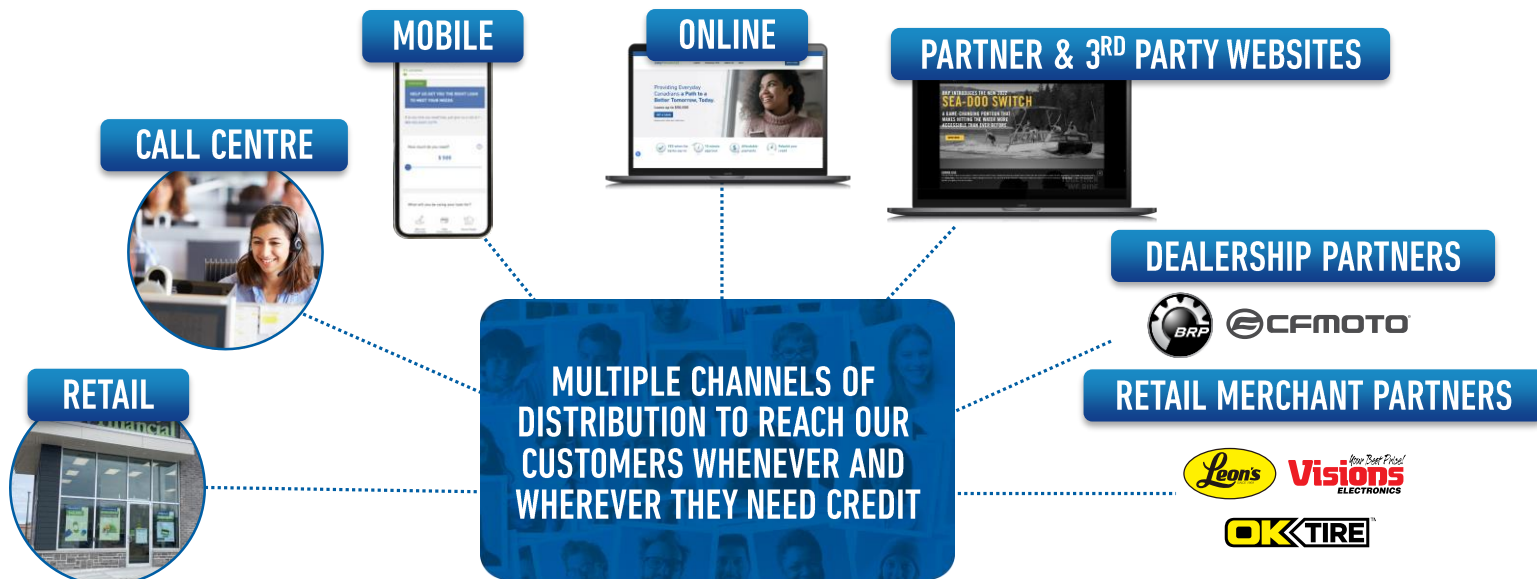
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# ACCELERATED GROWTH THROUGH PRODUCT & CHANNEL DIVERSIFICATION

- 51% of applications acquired online
- 29% of new customers acquired through point-of-sale financing, up from 22%
- 5% of new customers acquired through auto financing, a new product category in 2021
- Product and pricing enhancements to optimize loan growth and credit performance

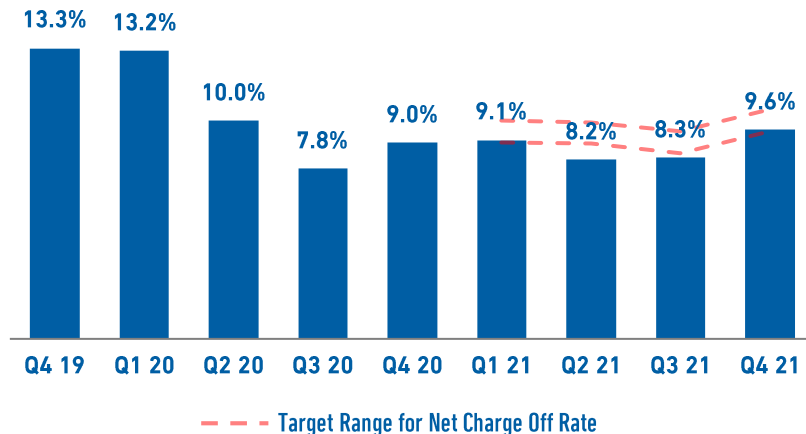
## EVERYWHERE OUR CUSTOMERS ARE





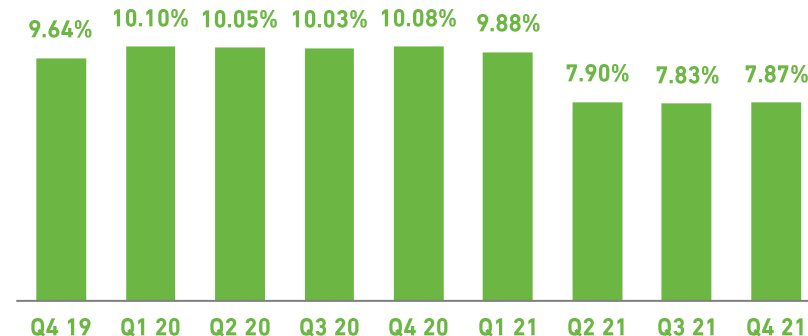
# CREDIT PERFORMANCE IN NEW OPTIMAL RANGE

## NET CHARGE OFFS



NET CHARGE OFF RATE IN LINE WITH TARGET RANGE OF 9.5% TO 10.5%

## LOAN LOSS PROVISION RATE

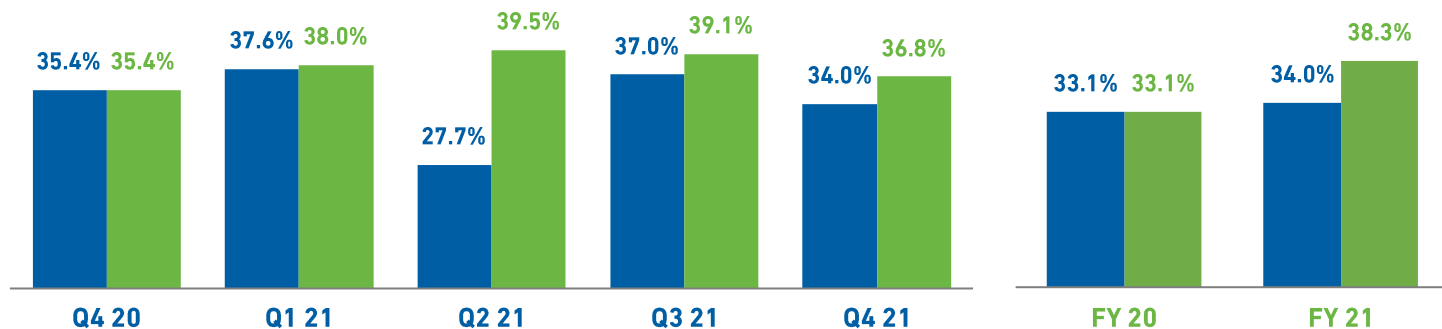


PROVISION RATE FLAT QOQ

ECONOMIC REOPENING TO DRIVE PORTFOLIO GROWTH AND NORMALIZED CREDIT PERFORMANCE

# INVESTING IN THE BUSINESS WHILE PRODUCING STRONG OPERATING LEVERAGE

## Reported & Adjusted Operating Margin<sup>1</sup>



Adjusted opex / Avg.  
loan receivables<sup>1</sup>

5.7%      5.4%      4.9%      4.3%      4.0%

23.3%      18.3%

Efficiency ratio<sup>1</sup>

40.2%      40.2%      39.3%      36.3%      34.2%

41.7%      37.2%

■ Reported operating margin    ■ Adjusted operating margin<sup>1</sup>

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# Q4 2021 FINANCIAL HIGHLIGHTS

(\$ in millions)

## SUMMARY FINANCIAL RESULTS

	Q4 20	Q3 21	Q4 21	YoY Chg. %
Revenue	173	220	234	35.3%
Operating income	61	81	80	29.9%
Operating margin	35.4%	37.0%	34.0%	(4.0%)
Adj. operating income <sup>1</sup>	61	86	86	40.9%
Adj. operating margin <sup>2</sup>	35.4%	39.1%	36.8%	4.0%
Net income	49	64	50	2.1%
Diluted EPS	3.14	3.66	2.90	(7.6%)
Adj. net income <sup>1</sup>	35	47	48	36.1%
Adj. diluted EPS <sup>2</sup>	2.24	2.70	2.76	23.2%
Return on equity	45.8%	32.7%	25.0%	(45.4%)
Adj. return on equity <sup>2</sup>	32.8%	24.0%	23.9%	(27.1%)
Adj. ROTCE <sup>2</sup>	34.5%	37.1%	36.2%	4.9%

## SUMMARY EASYFINANCIAL RESULTS

	Q4 20	Q3 21	Q4 21	YoY Chg. %
<b><u>Portfolio indicators</u></b>				
Gross consumer loans receivable	1,247	1,897	2,030	62.8%
Gross loan originations	334	436	507	51.7%
Total yield on consumer loans (including ancillary products) <sup>2</sup>	46.6%	40.8%	41.4%	(11.2%)
Net charge off rate	9.0%	8.3%	9.6%	(6.7%)
<b><u>easyfinancial performance</u></b>				
easyfinancial revenue	137	182	196	43.6%
easyfinancial operating margin	49.2%	49.7%	44.7%	(9.1%)

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# FY 2021 FINANCIAL HIGHLIGHTS

(\$ in millions)

## SUMMARY FINANCIAL RESULTS

	FY 20	FY 21	YoY Chg. %
Revenue	653	827	26.6%
Operating income	216	281	29.8%
Operating margin	33.1%	34.0%	2.7%
Adj. operating income <sup>1</sup>	216	317	46.3%
Adj. operating margin <sup>2</sup>	33.1%	38.3%	15.7%
Net income	137	245	79.4%
Diluted EPS	8.76	14.62	66.9%
Adj. net income <sup>1</sup>	118	175	48.5%
Adj. diluted EPS <sup>2</sup>	7.57	10.43	37.8%
Return on equity	36.1%	36.7%	1.7%
Adj. return on equity <sup>2</sup>	31.1%	26.2%	(15.8%)
Adj. ROTCE <sup>2</sup>	33.0%	35.3%	7.0%

## SUMMARY EASYFINANCIAL RESULTS

	FY 20	FY 21	YoY Chg. %
<b><u>Portfolio indicators</u></b>			
Gross consumer loans receivable	1,247	2,030	62.8%
Gross loan originations	1,033	1,594	54.3%
Total yield on consumer loans (including ancillary products) <sup>2</sup>	45.5%	42.1%	(7.5%)
Net charge off rate	10.0%	8.8%	12.0%
<b><u>easyfinancial performance</u></b>			
easyfinancial revenue	510	676	32.6%
easyfinancial operating margin	47.6%	48.0%	0.8%

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# FY 2021 FINANCIAL HIGHLIGHTS

REVENUE

**\$827M**

**27% INCREASE YOY**

NET INCOME

**\$245M**

**79% INCREASE YOY**

ADJUSTED  
NET INCOME<sup>1</sup>

**\$175M**

**49% INCREASE YOY**

DILUTED EPS

**\$14.62**

**67% INCREASE YOY**

ADJUSTED  
DILUTED EPS<sup>2</sup>

**\$10.43**

**38% INCREASE YOY**

**\$1.6B** LOAN ORIGINATIONS

**\$2.0B** GROSS CONSUMER LOANS RECEIVABLE

**8.8%** NET CHARGE OFF RATE

## OUR AWARD WINNING CULTURE

**TSX** **30**  
2021



Waterstone  
CANADA'S  
MOST  
ADMIRED  
CORPORATE  
CULTURES

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# LIQUIDITY AND CAPITAL

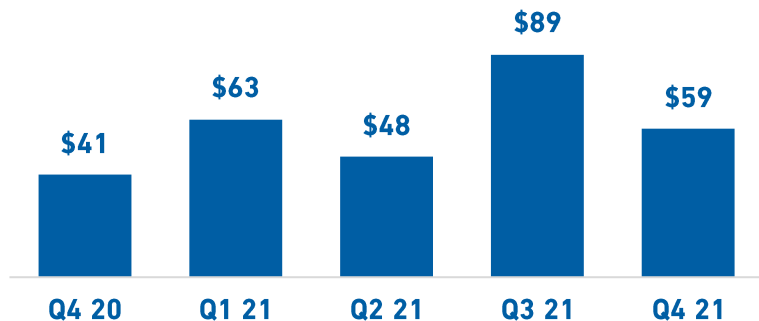
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# STRONG FREE CASH FLOW & SIGNIFICANT LIQUIDITY

(\$ in millions)

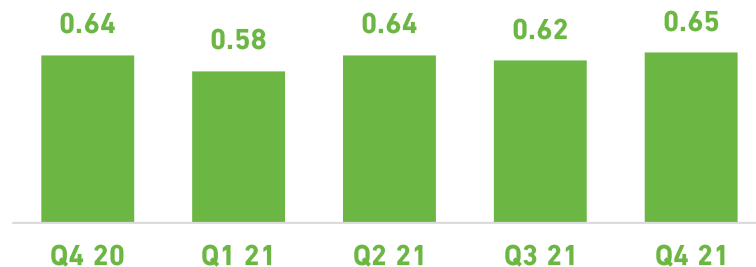
- In January 2022, the Company upsized the revolving securitization warehouse facility by \$300M to a total \$900M
- In January 2022, the Company lowered the senior revolving credit facility from \$310M to \$270M and reduced cost of borrowing by 125bps on prime rate advances and by 75bps on Bankers' Acceptance rate advances
- Increased liquidity to approximately \$980M, sufficient to fund organic growth through Q4 2024
- In January 2022, fully drawn weighted average cost of borrowing reduced to 4.2%, down from 4.8% in Q4 2020
- Net leverage<sup>1</sup> of 65% continues to run lower than target leverage ratio of 70%

## FREE CASH FLOWS FROM OPERATIONS<sup>2</sup>



## NET LEVERAGE<sup>1</sup>

(NET DEBT TO NET CAPITALIZATION)



1. This is a capital management measure. Refer to "Non-IFRS and Other Financial Measures" section on page 25 of this earnings presentation

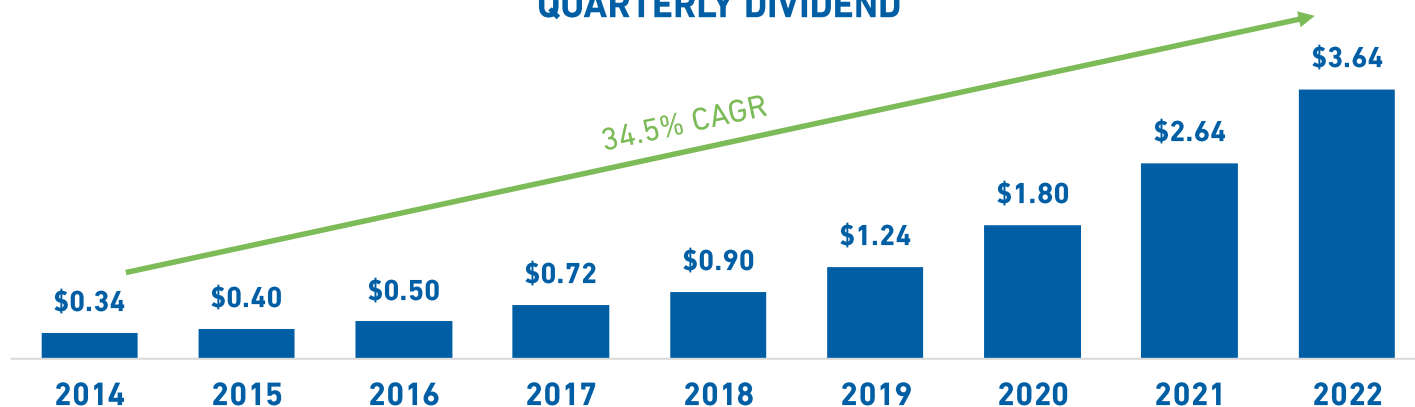
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# STRONG CAPITAL RETURNS

- Quarterly dividend increased by 38% to \$3.64 with strong earnings in 2021 and confidence in continued growth
- 2022 marks 18<sup>th</sup> consecutive year of paying a dividend and 8<sup>th</sup> consecutive year of increase in dividend
- The Company repurchased and canceled 444K common shares under Normal Course Issuer Bid for a total cost of \$80M since November 2021

## QUARTERLY DIVIDEND

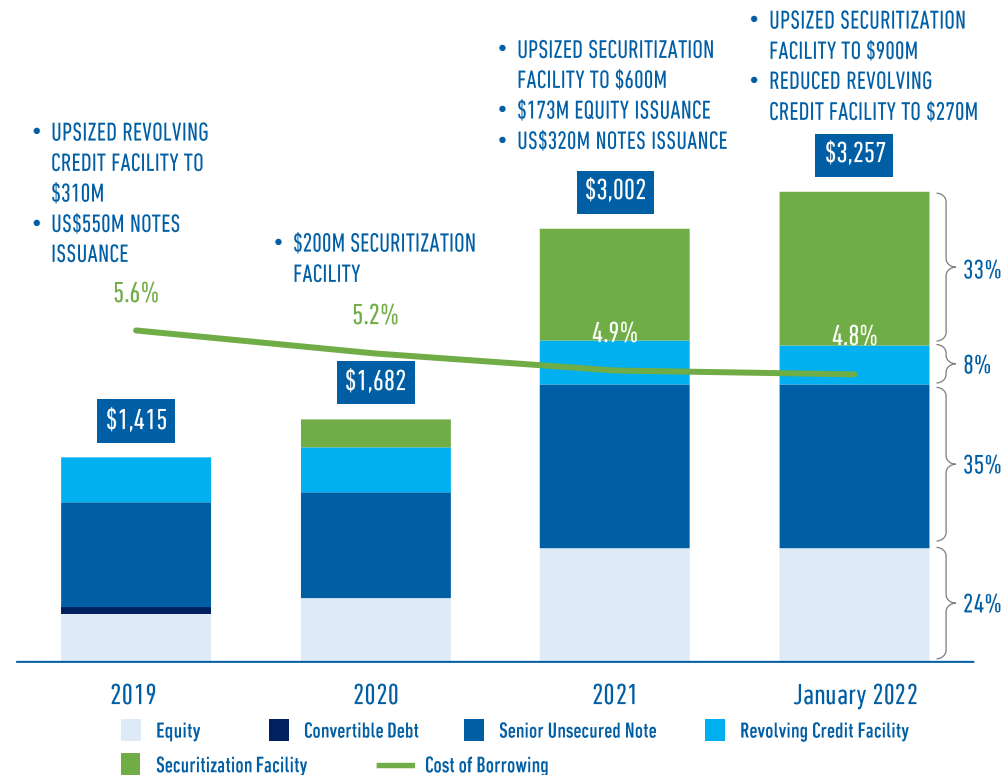


% Dividend Increase	17.6%	25.0%	44.0%	25.0%	37.8%	45.2%	46.7%	37.9%
Share Repurchases (\$)¹	\$2	\$8	\$3	\$15	\$20	\$42	\$62	\$18
Share Repurchases (#)¹	111	436	85	398	458	768	333	111

1. \$ in millions, # in thousands



# CAPITAL STRUCTURE EVOLUTION AND INTEREST RATE RISK MANAGEMENT



- Senior unsecured notes have locked in interest rates and cross-currency swaps over 5-year maturity periods
- Securitization warehouse facility draws have locked in interest rates via a swap hedge
- Revolving credit facility is used for short-term operational needs and carries a lower spread at variable interest rates
- Forward rate curves are analyzed each month to assess downstream rate movements, which then inform optimal utilization of available debt facilities to drive the most cost-effective source of funding
- As of January 2022, 99% of the Company's drawn debt is with fixed / hedged rates

**ROBUST INTEREST RATE RISK MANAGEMENT**

Note: Capital stack (\$M) defined as total shareholders' equity plus maximum funding capacity of the Company's debt; cost of borrowing defined as the average blended coupon interest rate on drawn balance of the Company's debt

# FUTURE OUTLOOK

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# INTRODUCING 3-YEAR FORECASTS

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

**FORECASTING ~\$3.5B CONSUMER LOAN PORTFOLIO BY END OF 2024**

1. This is a non-IFRS ratio. Refer to "Non-IFRS and Other Financial Measures" section on page 25 of this earnings presentation

# QUARTERLY OUTLOOK

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**GROSS CONSUMER LOAN PORTFOLIO GROWTH IN Q1 2022 BETWEEN \$80M AND \$100M**

**TOTAL YIELD ON CONSUMER LOANS (INCLUDING ANCILLARY PRODUCTS)<sup>1</sup> IN Q1 2022  
BETWEEN 38.5% AND 39.5%**

**NET CHARGE OFF RATE IN Q1 2022 BETWEEN 9.0% AND 10.0%**

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**Q & A**

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# APPENDIX

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# CONSOLIDATED INCOME STATEMENTS

(\$ in thousands)	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	FY 20	FY 21
<b>REVENUE</b>							
Interest income	106,784	105,494	128,483	146,132	155,529	409,583	535,638
Lease revenue	28,564	28,437	28,348	27,923	27,663	112,796	112,371
Commissions earned	34,747	33,337	42,435	42,052	45,910	117,913	163,734
Charges and fees	3,124	2,906	3,090	3,655	5,328	12,630	14,979
	<b>173,219</b>	<b>170,174</b>	<b>202,356</b>	<b>219,762</b>	<b>234,430</b>	<b>652,922</b>	<b>826,722</b>
<b>EXPENSES</b>							
Salaries and benefits	34,023	35,406	43,804	41,776	36,171	136,306	157,157
Stock-based compensation	1,988	2,086	1,901	2,116	2,772	7,575	8,875
Advertising and promotion	8,591	5,892	7,172	7,751	9,578	26,786	30,393
Bad debts	34,493	29,274	48,873	45,297	58,640	134,998	182,084
Occupancy	5,375	5,524	5,753	5,995	6,342	22,501	23,614
Technology costs	3,692	3,804	4,017	4,900	5,312	14,191	18,033
Other expenses	7,028	7,095	15,409	9,852	14,321	29,406	46,677
	<b>95,190</b>	<b>89,081</b>	<b>126,929</b>	<b>117,687</b>	<b>133,136</b>	<b>371,763</b>	<b>466,833</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>16,752</b>	<b>17,161</b>	<b>19,337</b>	<b>20,723</b>	<b>21,665</b>	<b>64,723</b>	<b>78,886</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>111,942</b>	<b>106,242</b>	<b>146,266</b>	<b>138,410</b>	<b>154,801</b>	<b>436,486</b>	<b>545,719</b>
<b>OPERATING INCOME</b>	<b>61,277</b>	<b>63,932</b>	<b>56,090</b>	<b>81,352</b>	<b>79,629</b>	<b>216,436</b>	<b>281,003</b>
<b>OTHER INCOME</b>	<b>16,040</b>	<b>87,372</b>	<b>(4,086)</b>	<b>23,219</b>	<b>8,371</b>	<b>21,740</b>	<b>114,876</b>
<b>FINANCE COSTS</b>	<b>13,343</b>	<b>14,236</b>	<b>20,822</b>	<b>21,686</b>	<b>22,281</b>	<b>54,992</b>	<b>79,025</b>
<b>INCOME TAX EXPENSE</b>	<b>15,063</b>	<b>25,093</b>	<b>11,715</b>	<b>19,345</b>	<b>15,758</b>	<b>46,679</b>	<b>71,911</b>
<b>NET INCOME</b>	<b>48,911</b>	<b>111,975</b>	<b>19,467</b>	<b>63,540</b>	<b>49,961</b>	<b>136,505</b>	<b>244,943</b>
<b>ADJUSTED NET INCOME<sup>1</sup></b>	<b>34,996</b>	<b>36,679</b>	<b>43,687</b>	<b>46,748</b>	<b>47,644</b>	<b>117,646</b>	<b>174,759</b>

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# CONSOLIDATED BALANCE SHEETS

(\$ in thousands)	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
<b>ASSETS</b>					
Cash	93,053	104,842	140,192	124,685	102,479
Consumer loans receivable, net	1,152,378	1,184,709	1,682,151	1,780,073	1,899,631
Investment	56,040	96,896	95,138	64,178	64,441
Lease assets	49,384	45,473	45,921	44,482	47,182
Property and equipment, net	31,322	30,269	34,467	34,397	35,285
Intangible assets, net	25,244	27,136	162,379	161,189	159,651
Goodwill	21,310	21,310	179,835	180,923	180,923
Right of use asset, net	46,335	48,111	52,656	54,663	57,140
Other assets <sup>1</sup>	26,850	53,138	58,542	27,147	49,421
<b>TOTAL ASSETS</b>	<b>1,501,916</b>	<b>1,611,884</b>	<b>2,451,281</b>	<b>2,471,737</b>	<b>2,596,153</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	46,065	38,197	53,081	61,433	57,134
Convertible debentures	-	-	-	-	-
Revolving credit facility	198,339	(1,305)	14,039	14,339	-
Notes payable	689,410	680,992	1,061,313	1,087,397	1,085,906
Securitized notes payable	-	179,046	198,731	122,648	292,814
Secured borrowings	-	-	186,714	191,574	173,959
Other liabilities <sup>1</sup>	124,590	164,688	188,612	187,019	196,427
<b>Total liabilities</b>	<b>1,058,404</b>	<b>1,061,618</b>	<b>1,702,490</b>	<b>1,664,410</b>	<b>1,806,240</b>
<b>Total shareholders' equity</b>	<b>443,512</b>	<b>550,266</b>	<b>748,791</b>	<b>807,327</b>	<b>789,913</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,501,916</b>	<b>1,611,884</b>	<b>2,451,281</b>	<b>2,471,737</b>	<b>2,596,153</b>

1. These are non-IFRS measures. Refer to "Non-IFRS and Other Financial Measures" section on page 25 of this earnings presentation  
Note: 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



# NON-IFRS AND OTHER FINANCIAL MEASURES

*The Company uses a number of financial measures to assess its performance. Some of these measures are not calculated in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB), are not identified by IFRS and do not have standardized meanings that would ensure consistency and comparability among companies using these measures. The Company believes that non-IFRS measures and other financial measures are useful in assessing ongoing business performance and provide readers with a better understanding of how management assesses performance. These non-IFRS measures and other financial measures are used throughout this earnings presentation and listed in this section. An explanation of the composition of non-IFRS measures and other financial measures can be found in the Company's Management Discussion & Analysis (MD&A), available on [www.sedar.com](http://www.sedar.com).*

## Non-IFRS Measures

### Adjusted Net Income

- Adjusted quarterly and annual net income are non-IFRS measures. Refer to 1) “Key Performance Indicators and Non-IFRS Measures” section on page 50 of the Company’s MD&A year ended December 31, 2021 for Q4 21, Q4 20, FY 21 and FY 20 metrics, and 2) “Key Performance Indicators and Non-IFRS Measures” section on page 37 of the Company’s MD&A three and nine months ended September 30, 2021 for Q3 21 metric, 3) “Key Performance Indicators and Non-IFRS Measures” section on page 39 of the Company’s MD&A three and six months ended June 30, 2021 for Q2 21 metric, and 4) “Key Performance Indicators and Non-IFRS Measures” section on page 25 of the Company’s MD&A three months ended March 31, 2021 for Q1 21 metric

### Adjusted Operating Income

- Adjusted quarterly and annual operating income are non-IFRS measures. Refer to 1) “Key Performance Indicators and Non-IFRS Measures” section on page 50 of the Company’s MD&A year ended December 31, 2021 for Q4 21, Q4 20, FY 21 and FY 20 metrics, and 2) “Key Performance Indicators and Non-IFRS Measures” section on page 37 of the Company’s MD&A three and nine months ended September 30, 2021 for Q3 21 metric

### 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. Refer to 1) “Key Performance Indicators and Non-IFRS Measures” section on page 50 of the Company’s MD&A year ended December 31, 2021 for Q4 21 and Q4 20 metrics, 2) “Key Performance Indicators and Non-IFRS Measures” section on page 37 of the Company’s MD&A three and nine months ended September 30, 2021 for Q3 21 metric, 3) “Key Performance Indicators and Non-IFRS Measures” section on page 39 of the Company’s MD&A three and six months ended June 30, 2021 for Q2 21 metric, and 4) “Key Performance Indicators and Non-IFRS Measures” section on page 25 of the Company’s MD&A three months ended March 31, 2021 for Q1 21 metric

# NON-IFRS AND OTHER FINANCIAL MEASURES (CONT.)

## Non-IFRS Measures (Cont.)

### Other Assets

- Other assets is a non-IFRS measure. The Company defines other assets as the sum of amounts receivable, prepaid expense, deferred tax assets, net, and derivative financial assets. The Company believes other assets is a relevant measure of the Company's financial position. Refer to below for reconciliation

(\$ in thousands)	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Total assets					
Amounts receivable	9,779	14,846	17,112	18,057	20,769
Prepaid expense	13,005	7,293	8,477	8,668	8,018
Deferred tax assets, net	4,066	-	-	-	-
Derivative financial assets	-	30,999	32,953	422	20,634
<b>Other assets</b>	<b>26,850</b>	<b>53,138</b>	<b>58,542</b>	<b>27,147</b>	<b>49,421</b>

# NON-IFRS AND OTHER FINANCIAL MEASURES (CONT.)

## Non-IFRS Measures (Cont.)

### Other Liabilities

- Other Liabilities is a non-IFRS measure. The Company defines other liabilities as the sum of income taxes payable, dividends payable, unearned revenue, accrued interest, deferred tax liabilities, net, lease liabilities, and derivative financial liabilities. The Company believes other liabilities is a relevant measure of the Company's financial position. Refer to below for reconciliation

(\$ in thousands)	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Total liabilities					
Income taxes payable	13,897	25,039	7,927	22,860	27,859
Dividends payable	6,661	9,846	10,887	10,888	10,692
Unearned revenue	10,622	10,342	9,389	9,329	11,354
Accrued interest	2,598	14,261	7,860	22,968	8,135
Deferred tax liabilities, net	-	4,281	43,922	38,983	38,648
Lease liabilities	53,902	55,934	60,600	62,915	65,607
Derivative financial liabilities	36,910	44,985	48,027	19,076	34,132
<b>Other liabilities</b>	<b>124,590</b>	<b>164,688</b>	<b>188,612</b>	<b>187,019</b>	<b>196,427</b>

# NON-IFRS AND OTHER FINANCIAL MEASURES (CONT.)

## Non-IFRS Ratios

### Adjusted Operating Margin

- Adjusted quarterly and annual operating margin are non-IFRS ratios. Refer to 1) “Key Performance Indicators and Non-IFRS Measures” section on page 50 of the Company’s MD&A year ended December 31, 2021 for Q4 21, Q4 20, FY 21 and FY 20 metrics, 2) “Key Performance Indicators and Non-IFRS Measures” section on page 37 of the Company’s MD&A three and nine months ended September 30, 2021 for Q3 21 metric, and 3) “Key Performance Indicators and Non-IFRS Measures” section on page 39 of the Company’s MD&A three and six months ended June 30, 2021 for Q2 21 metric. Refer to table below for calculation of Q1 21 and Q1 20 metric

(\$ in thousands)	Q1 21	Q1 20
<b>Total operating income as stated</b>	<b>63,932</b>	<b>44,219</b>
Impact of adjusting items		
Operating expenses before depreciation and amortization		
Transaction costs <sup>1</sup>	680	-
<b>Adjusted operating income</b>	<b>64,612</b>	<b>44,219</b>
Divided by total company revenue	170,174	167,202
<b>Adjusted operating margin</b>	<b>38.0%</b>	<b>26.4%</b>

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

### Adjusted Diluted Earnings Per Share

- Adjusted quarterly and annual diluted earnings per share are non-IFRS ratios. Refer to 1) “Key Performance Indicators and Non-IFRS Measures” section on page 50 of the Company’s MD&A year ended December 31, 2021 for Q4 21, Q4 20, FY 21 and FY 20 metrics, and 2) “Key Performance Indicators and Non-IFRS Measures” section on page 37 of the Company’s MD&A three and nine months ended September 30, 2021 for Q3 21 metric

# NON-IFRS AND OTHER FINANCIAL MEASURES (CONT.)

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## Non-IFRS Ratios (Cont.)

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

- Quarterly and annual total yield on consumer loans (including ancillary products) are non-IFRS ratios. Refer to 1) “Portfolio Analysis” section on page 39 of the Company’s MD&A year ended December 31, 2021 for Q4 21, Q4 20, FY 21 and FY 20 metrics, and 2) “Portfolio Analysis” section on page 26 of the Company’s MD&A three and nine months ended September 30, 2021 for Q3 21 metric

### Adjusted Return on Equity

- Adjusted quarterly and annual return on equity are non-IFRS ratios. Refer to 1) “Key Performance Indicators and Non-IFRS Measures” section on page 50 of the Company’s MD&A year ended December 31, 2021 for Q4 21, Q4 20, FY 21 and FY 20 metrics, and 2) “Key Performance Indicators and Non-IFRS Measures” section on page 37 of the Company’s MD&A three and nine months ended September 30, 2021 for Q3 21 metric

### Adjusted Return on Tangible Common Equity

- Adjusted return on tangible common equity (ROTCE) are non-IFRS ratios. Refer to 1) “Key Performance Indicators and Non-IFRS Measures” section on page 50 of the Company’s MD&A year ended December 31, 2021 for Q4 21, Q4 20, FY 21 and FY 20 metrics, and 2) “Key Performance Indicators and Non-IFRS Measures” section on page 37 of the Company’s MD&A three and nine months ended September 30, 2021 for Q3 21 metric

# NON-IFRS AND OTHER FINANCIAL MEASURES (CONT.)

## Non-IFRS Ratios (Cont.)

### Adjusted opex / Average loan receivables

- Adjusted quarterly and annual operating expense (opex) / average loan receivables are non-IFRS ratios. The Company defines adjusted opex as total opex excluding bad debts, depreciation of right-of-use assets, amortization of intangible assets, depreciation of property and equipment, and other operating expenses that are outside of normal business activities and are significant in amount and scope. The Company believes adjusted opex / average loan receivables is an important measure of the profitability of its operations. Refer to below for reconciliation

(\$ in thousands)	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21		FY 20	FY 21
<b>Total operating expense as stated</b>	<b>111,942</b>	<b>106,242</b>	<b>146,266</b>	<b>138,410</b>	<b>154,801</b>		<b>436,486</b>	<b>545,719</b>
Impact of adjusting items								
Bad debts	(34,492)	(29,275)	(48,873)	(45,297)	(58,640)		(134,997)	(182,085)
Operating expenses before depreciation and amortization								
Transaction costs <sup>1</sup>	-	(679)	(6,680)	(256)	-		-	(7,615)
Integration costs <sup>2</sup>	-	-	(648)	(953)	(3,447)		-	(5,048)
Depreciation of right-of-use assets	(4,189)	(4,344)	(4,422)	(4,650)	(4,791)		(16,183)	(18,207)
Amortization of intangible assets	(2,074)	(1,746)	(4,134)	(5,405)	(5,546)		(6,773)	(16,831)
Depreciation of property and equipment	(1,509)	(1,828)	(1,938)	(2,067)	(2,171)		(5,997)	(8,004)
<b>Total impact of adjusting items</b>	<b>(42,264)</b>	<b>(37,872)</b>	<b>(66,695)</b>	<b>(58,628)</b>	<b>(74,595)</b>		<b>(163,950)</b>	<b>(237,790)</b>
<b>Adjusted operating expense</b>	<b>69,678</b>	<b>68,370</b>	<b>79,571</b>	<b>79,782</b>	<b>80,206</b>		<b>272,536</b>	<b>307,929</b>
Avg. loan receivables	1,225,737	1,264,755	1,611,479	1,862,433	1,982,680		1,169,001	1,680,328
<b>Opex / Avg. loan receivables</b>	<b>5.7%</b>	<b>5.4%</b>	<b>4.9%</b>	<b>4.3%</b>	<b>4.0%</b>		<b>23.3%</b>	<b>18.3%</b>

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

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

# NON-IFRS AND OTHER FINANCIAL MEASURES (CONT.)

## Non-IFRS Ratios (Cont.)

### Efficiency Ratio

- Quarterly and annual efficiency ratios are non-IFRS ratios. The Company defines efficiency ratio as adjusted opex divided by total company revenue. The Company believes efficiency ratio is an important measure of the profitability of its operations. Refer to below for reconciliation

(\$ in thousands)	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21		FY 20	FY 21
Adjusted operating expense <sup>1</sup>	69,678	68,370	79,571	79,782	80,206		272,536	307,929
Total company revenue	173,219	170,174	202,356	219,762	234,430		652,922	826,722
<b>Efficiency ratio</b>	<b>40.2%</b>	<b>40.2%</b>	<b>39.3%</b>	<b>36.3%</b>	<b>34.2%</b>		<b>41.7%</b>	<b>37.2%</b>

1. For explanation of adjusted operating expense, refer to the "Adjusted opex / Average loan receivables" on page 30

## Capital Management Measures

### Net Debt to Net Capitalization

- Net debt to net capitalization is a capital management measure. Refer to 1) "Financial Condition" section on page 61 of the Company's MD&A year ended December 31, 2021 for Q4 21 and Q4 20 metrics, 2) "Financial Condition" section on page 48 of the Company's MD&A three and nine months ended September 30, 2021 for Q3 21 metric, 3) "Financial Condition" section on page 50 of the Company's MD&A three and six months ended June 30, 2021 for Q2 21 metric, and 4) "Financial Condition" section on page 31 of the Company's MD&A three months ended March 31, 2021 for Q1 21 metric