goeasy Ltd.

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

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

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

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Date: November 3, 2021

The following Management's Discussion and Analysis ("MD&A") presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries (collectively referred to as "goeasy" or the "Company") as at September 30, 2021 compared to September 30, 2020, and the consolidated results of operations for the three and nine-month periods ended September 30, 2021 compared with the corresponding period of 2020. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the Year Ended December 31, 2020. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2020 annual MD&A: Corporate Strategy, Commitments, Guarantees and Contingencies, Risk Factors, and Critical Accounting Estimates. Overview of the Business is as described in the December 31, 2020 MD&A other than as related to the acquisition of LendCare Holdings Inc.

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

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

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

Caution Regarding Forward-Looking Statements

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

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

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

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

Overview of the Business

goeasy Ltd. is a Canadian company headquartered in Mississauga, Ontario, that provides non-prime leasing and lending services through its easyhome, easyfinancial and LendCare brands. Supported by more than 2,200 employees, the Company offers a wide variety of financial products and services including lease-to-own merchandise, unsecured and secured instalment loans. Customers can transact seamlessly through an omni-channel model that includes an online and mobile platform, over 400 locations across Canada, and point-of-sale financing offered in the retail, power sports, automotive, home improvement and healthcare verticals, through more than 4,000 merchants across Canada. Throughout the Company's history, it has acquired and organically served over 1 million Canadians and originated over $7.2 billion in loans, with one in three easyfinancial customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing.

The Company's overview of the business remains as described in its December 31, 2020 MD&A other than the acquisition described below.

On April 30, 2021 ("Acquisition Date"), through its newly created wholly-owned subsidiary, 2830844 Ontario Inc., the Company completed the acquisition of 100% of the outstanding equity of LendCare Holdings Inc. ("LendCare"), a Canadian point-of-sale consumer finance and technology company, 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.

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

- The easyfinancial segment lends out capital in the form of unsecured and secured consumer loans to non-prime borrowers. easyfinancial's product offering consists of unsecured and real estate secured installment loans. This segment also includes the LendCare operating segment, which 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 by way of Notice of Security Interest. The Company has aggregated the easyfinancial and LendCare operating segments on the basis of their similar economic characteristics, customer profile, nature of products, and regulatory environment. The aggregation of the easyfinancial and LendCare operating segments under one reportable segment named easyfinancial, 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 segments, have been, and are expected to remain, similar. In addition, the Company will gradually centralize and share some of the common functions such as finance and certain aspects of human resources and information technology.

  The customers served by the easyfinancial and LendCare operating segments are Canadian consumers, the majority of whom are classified as non-prime borrowers and seeking alternative financial solutions to those of a traditional bank. These consumers actively use a wide range of financial products and will migrate across the products offered in each segment. Furthermore, the nature of products sold by each of the operating segments and the distribution methods of those products are similar. Both 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 segment provides leasing services for household furniture, appliances and electronics and unsecured lending products to retail consumers.

Corporate Strategy

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

The Company's four strategic imperatives include: developing its range of products, expanding its channels of distribution, geographic diversification and lastly, a focus on improving the well-being of everyday Canadians, by helping put them on a path to a better financial future.

The Company's corporate strategy remains as described in its December 31, 2020 MD&A.

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.

The Company's business has been impacted by the COVID-19 pandemic, which has created significant societal and economic disruption. The COVID-19 pandemic has had, and will continue to have, a broad impact across industries and the economy, by affecting consumer confidence, global financial markets, regional and international travel, supply chain distribution of various products for many industries, government and private sector operations, the price of consumer goods, country-wide lockdowns in various regions of the world, and numerous other impacts on daily life and commerce. Additionally, the emergence of new variants have led governments around the world to continue to enact measures to combat the spread of COVID-19, including, but not limited to, the implementation of travel bans, border closings, mandated closure of non-essential services, self-imposed quarantine periods and social and physical distancing policies, which have contributed to the material disruption to businesses globally, resulting in a continued economic slowdown. The ever-changing and rapidly-evolving effects of COVID-19, the duration, extent and severity of which are currently unknown, on investors, businesses, the economy, society and the financial markets could, among other things, add volatility to the global stock markets, change interest rate environments, and increase delinquencies and defaults. As vaccination rates in Canada increase and the economy reopens at different paces across the country, the Company will continue to remain vigilant in its efforts to prevent the spread of COVID-19 and mitigate the impact of COVID-19 related risks to the Company. The COVID-19 virus and the measures to prevent its spread may continue to contribute to a higher level of uncertainty with respect to management's judgements and estimates.

On February 17, 2021, the Company had provided 3-year forecasts for the years 2021 through 2023, which were disclosed in its December 31, 2020 MD&A. The Company's forecasts did not contemplate the acquisition of LendCare and consequently, the Company revised these forecasts in its June 30, 2021 MD&A. The forecasts remain consistent and are reported below.

	Forecasts for 2021	Forecasts for 2022	Forecasts for 2023
Gross consumer loans receivable at year end	**$1.95 billion - $2.05 billion**	**$2.35 billion - $2.55 billion**	**$2.80 billion - $3.00 billion**
New easyfinancial locations to be opened during the year	**20 - 25**	**15 - 20**	**10 - 15**
easyfinancial total revenue yield	**40% - 42%**	**36% - 38%**	**35% - 37%**
Total Company revenue growth	**24% - 27%**	**17% - 20%**	**12% - 15%**
Net charge offs as a percentage of average gross consumer loans receivable	**8.5% - 10.5%**	**8.5% - 10.5%**	**8.0% - 10.0%**
Adjusted total Company operating margin	**35% +**	**36% +**	**37% +**
Adjusted return on equity	**22% +**	**22% +**	**22% +**
Cash provided by operating activities before net growth in gross consumer loans receivable	**$190 million - $230 million**	**$270 million - $310 million**	**$310 million - $350 million**
Net debt to net capitalization	**64% - 66%**	**64% - 66%**	**63% - 65%**

These forecasts are inherently subject to material assumptions used to develop such forward-looking statements and risks factors. The key assumptions and risks factors remain as described in its December 31, 2020 MD&A, except for the Mergers and Acquisition section, which was updated to include the LendCare business.

Analysis of Results for the Three Months Ended September 30, 2021

Third Quarter Highlights

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

- As at September 30, 2021, the Company had a cash position of $124.7 million which includes $37.5 million net amount of restricted cash related to its cross-currency swap contracts and total return swap contract, and $26.2 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings' reserve for future customer defaults. As at September 30, 2021, the Company has borrowing capacities of $475.0 million under its revolving securitization warehouse facility, $295.0 million under its revolving credit facility, and $13.5 million under its secured borrowings. The cash position of $124.7 million and total borrowing capacities of $783.5 million represented $908.2 million in total liquidity as at September 30, 2021. The Company also has the ability to exercise the accordion feature under its revolving credit facility to add an additional $75.0 million in borrowing capacity. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plan and meet its forecast through the fourth quarter of 2023.

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

  In September 2021, the Company entered into a 9-month TRS agreement to partially hedge its market exposure related to the contingent portion of the equity investment in Affirm. The TRS effectively results in the economic value of the hedged portion of the Company's contingent equity in Affirm being settled in cash at maturity for USD$ 110.35 per share, net of applicable fees.

- The Company reported record revenue during the third quarter of 2021 of $219.8 million, up from the $161.8 million reported in the comparable period of 2020, an increase of $57.9 million, or 35.8%. The increase was primarily driven by the revenue contribution of LendCare and the growth of the Company's consumer loan portfolio.

- The gross consumer loans receivable increased from $1.18 billion as at September 30, 2020 to $1.90 billion as at September 30, 2021, an increase of $713.9 million, or 60.4%. The growth was fueled by: i) the $444.5 million of acquired gross consumer loans receivable from the Acquisition of LendCare; ii) increased originations from the Company's point-of-sale channel; iii) increased originations of unsecured loans and real estate secured loans; iv) the maturation of the Company's retail branch network and corresponding expansion in Quebec; v) lending in the Company's easyhome stores; vi) growth of the Company's auto lending program and vii) ongoing enhancements to the Company's digital properties.

- Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 8.3%, 50 bps higher compared to the same period of 2020 of 7.8%. The change in the net charge off rate was primarily due to the significant degree of federal financial support available to customers during the COVID-19 pandemic in the prior. Net charge-offs remain below pre-COVID levels in 2019 by approximately 490 bps, due to the improved credit quality and product mix of the consumer loan portfolio.

- During the quarter, the bad debt provision for future credit losses increased by $2.0 million due to a higher level of loan book growth, when compared to the comparable period of 2020. The provision rate for the third quarter of 2021 decreased to 7.83% from 7.90% in the second quarter of 2021 primarily due to the improved credit quality of the consumer loan portfolio and an improved economic outlook, due to less uncertainty surrounding the impact of COVID-19. Throughout the preceding years, the Company has proactively made a series of credit model enhancements to improve the long-term credit quality of the portfolio, while concurrently introducing new products that attract and retain more near-prime borrowers.

- easyfinancial reported record operating income for the third quarter of 2021 of $90.6 million, compared with $63.8 million for the comparable period in 2020, an increase of $26.8 million, or 42.0%. The improved operating income was driven by the acquisition of LendCare and the continued organic growth in the Company's loan book. As a result, easyfinancial revenue increased by $56.3 million, partially offset by an increase of $17.6 million in bad debt expense and $11.9 million of incremental expenditures to support the growing customer base, enhance the product offering, and expand the retail footprint. easyfinancial's operating margin in the quarter was 49.7%,compared to 50.7% reported in the comparable period of 2020.

- easyhome reported record operating income and operating margin during the third quarter of 2021. easyhome's operating income was $10.1 million compared with $7.9 million for the comparable period of 2020, an increase of $2.2 million, or 27.5% driven by strong performance of the leasing portfolio and the benefit of a larger loan portfolio. Operating margin for the third quarter of 2021 was 26.7%, an increase from the 21.9% reported in the comparable period of 2020.

- Total Company operating income for the third quarter of 2021 was a record $81.4 million, up $24.4 million, or 42.9%, when compared to the comparable period of 2020. The Company also reported an operating margin of 37.0% in the quarter, up from the 35.2% reported in the comparable period of 2020. During the third quarter of 2021, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include LendCare Acquisition transaction costs and integration costs, amortization of intangible assets acquired through the Acquisition and the realized and unrealized fair value gain on investments during the period. These adjusting items are discussed in Key Performance Indicators and Non-IFRS Measures section. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported a record adjusted operating income for the third quarter of 2021 of $85.8 million, up $28.9 million, or 50.7%, from the comparable period of 2020. The increase in operating margin was mainly driven by the higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin of 39.1% in the quarter, up from the 35.2% reported in the comparable period of 2020.

- The third quarter of 2021 was the 81st consecutive quarter of positive net income and diluted earnings per share. The Company's net income for the third quarter of 2021 was $63.5 million, or $3.66 per share on a diluted basis, up 92.1% and 75.1%, respectively, against the $33.1 million, or $2.09 per share on a diluted basis reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, goeasy achieved record adjusted net income and adjusted diluted earnings per share during the third quarter of 2021. The adjusted net income during the third quarter of 2021 was $46.7 million, or $2.70 per share on a diluted basis. On this basis, adjusted net income and adjusted diluted earnings per share increased by 47.9% and 35.0%, respectively.

- goeasy reported return on equity of 32.7% in the third quarter of 2021, which was slightly lower than the 34.7% in the comparable period of 2020. Adjusted return on equity during the third quarter of 2021 was 24.0%, down from 33.1% in the comparable period of 2020. The decline in adjusted return on equity was primarily related to the higher level of shareholders' equity resulting from the $172.5 million bought deal equity offering related to the LendCare Acquisition.

- goeasy reported return on tangible common equity of 58.3% in the third quarter of 2021 compared to 39.1% in the comparable period of 2020. Adjusted return on tangible common equity during the third quarter of 2021 was 42.9%, up from 37.3% in the comparable period of 2020. The increase in adjusted return on tangible common equity was driven by the increased earnings produced by the larger consumer loan portfolio, and the associated operating leverage from scale.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended September 30, 2021	September 30, 2020	Variance $ / bps	Variance % change
Summary Financial Results				
Revenue	**219,762**	161,824	57,938	35.8%
Operating expenses before depreciation and amortization[2]	**117,687**	88,853	28,834	32.5%
EBITDA[1]	**116,693**	65,970	50,723	76.9%
EBITDA margin[1]	**53.1%**	40.8%	1,230 bps	30.1%
Depreciation and amortization expense[2]	**20,723**	16,025	4,698	29.3%
Operating income	**81,352**	56,946	24,406	42.9%
Operating margin[1]	**37.0%**	35.2%	180 bps	5.1%
Other income[2,3]	**23,219**	1,700	21,519	1,265.8%
Finance costs	**21,686**	13,233	8,453	63.9%
Effective income tax rate	**23.3%**	27.2%	(390 bps)	(14.3%)
Net income	**63,540**	33,073	30,467	92.1%
Diluted earnings per share	**3.66**	2.09	1.57	75.1%
Return on assets[1]	**10.3%**	9.7%	60 bps	6.2%
Return on equity[1]	**32.7%**	34.7%	(200 bps)	(5.8%)
Return on tangible common equity[1]	**58.3%**	39.1%	1,920 bps	49.1%
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**85,818**	56,946	28,872	50.7%
Adjusted operating margin	**39.1%**	35.2%	390 bps	11.1%
Adjusted net income	**46,748**	31,598	15,150	47.9%
Adjusted diluted earnings per share	**2.70**	2.00	0.70	35.0%
Adjusted return on assets	**7.6%**	9.3%	(170 bps)	(18.3%)
Adjusted return on equity	**24.0%**	33.1%	(910 bps)	(27.5%)
Adjusted return on tangible common equity	**42.9%**	37.3%	560 bps	15.0%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**15.4%**	3.1%	1,230 bps	396.8%
Same store revenue growth (easyhome)	**5.6%**	7.2%	(160 bps)	(22.2%)
Segment Financials				
easyfinancial revenue	**182,119**	125,856	56,263	44.7%
easyfinancial operating margin	**49.7%**	50.7%	(100 bps)	(2.0%)
easyhome revenue	**37,643**	35,968	1,675	4.7%
easyhome operating margin	**26.7%**	21.9%	480 bps	21.9%
Portfolio Indicators				
Gross consumer loans receivable	**1,896,716**	1,182,801	713,915	60.4%
Growth in consumer loans receivable	**100,872**	48,319	52,553	108.8%
Gross loan originations	**436,194**	286,583	149,611	52.2%
Total yield on consumer loans (including ancillary products)	**40.8%**	45.1%	(430 bps)	(9.5%)
Net charge offs as a percentage of average gross consumer loans receivable	**8.3%**	7.8%	50 bps	6.4%
Cash provided by operating activities before net growth in gross consumer loans receivable	**89,240**	63,578	25,662	40.4%
Potential monthly lease revenue	**8,160**	8,256	(96)	(1.2%)

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

[2] During the third quarter of 2021, the Company had a total of -$18.8 million before-tax (-$16.8 million after-tax) of adjusting items which include:

Adjusting items related to the LendCare Acquisition

- Transaction costs of $0.3 million (non-tax deductible) which include advisory and consulting costs, legal costs, and other direct transaction costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization;
- Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $1.0 million before-tax ($0.7 million after-tax); and
- Amortization of $131 million intangible asset related to the Acquisition of LendCare with an estimated useful life of ten years amounting to $3.3 million before-tax ($2.4 million after-tax).

Adjusting item related to other income

- Realized and unrealized fair value gains mainly on investments in Affirm and TRS amounting to $23.2 million before-tax ($20.1 million after-tax).

[3] During the third quarter of 2020, the Company's adjusting item includes:

- Unrealized fair value gain on investment in PayBright amounting to $1.7 million before-tax ($1.5 million after-tax).

Locations Summary

	Locations as at June 30, 2021	Locations opened/ acquired during period	Locations closed during period	Conversions	Locations as at September 30, 2021
easyfinancial					
Kiosks (in store)	10	1	-	(5)	**6**
Stand-alone locations	265	9	-	5	**279**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	276	10	-	-	**286**
easyhome					
Corporately owned stores	124	-	-	-	**124**
Franchise stores	34	-	-	-	**34**
Total easyhome stores	158	-	-	-	**158**
Corporate					
Corporate offices	3	-	-	-	**3**
Total corporate offices	3	-	-	-	**3**

Summary of Financial Results by Reporting Segment

($ in 000's except earnings per share)	Three Months Ended September 30, 2021			
	easyfinancial[1]	easyhome	Corporate	Total
Revenue				
Interest income	140,266	5,866	-	146,132
Lease revenue	-	27,923	-	27,923
Commissions earned	39,234	2,818	-	42,052
Charges and fees	2,619	1,036	-	3,655
	182,119	37,643	-	219,762
Total operating expenses before depreciation and amortization	83,167	16,752	17,768	117,687
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	5,880	8,912	1,281	16,073
Depreciation of right-of-use assets	2,512	1,924	214	4,650
	8,392	10,836	1,495	20,723
Operating income (loss)	90,560	10,055	(19,263)	81,352
Other income				23,219
Finance costs				
Interest expense and amortization of deferred financing charges				20,889
Interest expense on lease liabilities				797
				21,686
Income before income taxes				82,885
Income taxes				19,345
Net income				63,540
Diluted earnings per share				3.66

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

($ in 000's except earnings per share)	Three Months Ended September 30, 2020 easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	97,543	4,290	-	101,833
Lease revenue	-	28,416	-	28,416
Commissions earned	26,474	2,066	-	28,540
Charges and fees	1,839	1,196	-	3,035
	125,856	35,968	-	161,824
Total operating expenses before depreciation and amortization	58,089	17,208	13,556	88,853
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	2,014	9,051	907	11,972
Depreciation of right-of-use assets	1,977	1,824	252	4,053
	3,991	10,875	1,159	16,025
Operating income (loss)	63,776	7,885	(14,715)	56,946
Other income				1,700
Finance costs				
Interest expense and amortization of deferred financing charges				12,543
Interest expense on lease liabilities				690
				13,233
Income before income taxes				45,413
Income taxes				12,340
Net income				33,073
Diluted earnings per share				2.09

Portfolio Performance

Consumer Loans Receivable

Loan originations in the quarter were $436.2 million, up by 52.2% compared to the origination volume in the comparable period of 2020. The consumer loan portfolio grew by $100.9 million in the quarter, compared to growth of $48.3 million in the comparable period of 2020. The gross consumer loans receivable increased from $1.18 billion as at September 30, 2020 to $1.90 billion as at September 30, 2021, an increase of $713.9 million, or 60.4%. The growth was fueled by: i) the $444.5 million of acquired gross consumer loans receivable from the Acquisition of LendCare; ii) increased originations from the Company's point-of-sale channel; iii) increased originations of unsecured loans and real estate secured loans; iv) the maturation of the Company's retail branch network and corresponding expansion in Quebec; v) lending in the Company's easyhome stores; vi) growth of the Company's auto lending program and vii) ongoing enhancements to the Company's digital properties.

The total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 40.8% in the third quarter of 2021, down 430 bps from the comparable period of 2020. The total annualized yield decreased due to: i) the Acquisition of LendCare, whose loans carry lower average rates of interest; ii) the increased penetration of risk adjusted interest rate and real estate secured loans to more creditworthy customers; iii) increased lending activity in Quebec where loans have a lower interest rate; iv) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; and v) a modest reduction in penetration rates on ancillary products.

Bad debt expense increased to $45.3 million for the quarter from $27.2 million during the comparable period of 2020, an increase of $18.1 million, or 66.4%. The following table details the components of bad debt expense.

	Three Months Ended	
($ in 000's)	**September 30, 2021**	**September 30, 2020**
Provision required due to net charge offs	**38,682**	22,587
Impact of loan book growth	**6,777**	4,847
Impact of change in provision rate during the period	**(162)**	(213)
Net change in allowance for credit losses	**6,615**	4,634
Bad debt expense	**45,297**	27,221

Bad debt expense increased by $18.1 million due to the following factors:

(i) Net charge offs increased from $22.6 million in the third quarter of 2020, to $38.7 million in the current quarter, an increase of $16.1 million. Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 8.3%, up by 50 bps as compared to 7.8% reported in the third quarter of 2020. The increase in net charge offs was primarily due to the significant degree of federal financial support available to customers during the COVID-19 pandemic in the prior year. Net charge-offs remain below pre-COVID levels in 2019 by approximately 490 bps, due to the improved credit quality and product mix of the consumer loan portfolio.

(ii) The company recorded an increase of $1.9 million in provision expense, due to a higher level of loan book growth, when compared to the comparable period of 2020. During the quarter, the Company decreased its provision rate for future credit losses from 7.90% to 7.83% primarily due to the improved credit quality of the consumer loan portfolio and an improved economic outlook, due to less uncertainty surrounding the impact of COVID-19. Throughout the preceding years, the Company has proactively made a series of credit model enhancements to improve the long-term credit quality of the portfolio, while concurrently introducing new products that attract and retain more near-prime borrowers.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly lease revenue as at September 30, 2021 was $8.2 million, down from $8.3 million reported as at September 30, 2020. Overall, the number of lease agreements declined from 84,935 as at September 30, 2020 to 80,395 as at September 30, 2021, a decline of 5.3%. The decline in agreements was partially offset by a 4.4% increase in the average leasing rate, due in part to changes in product mix, and selected pricing adjustments. The increase in the lease portfolio, strong cash collections, and the growth of consumer lending within the easyhome stores contributed to the overall increase in revenues.

Revenue

Revenue for the three-month period ended September 30, 2021 was $219.8 million, compared to $161.8 million in the comparable period of 2020, an increase of $57.9 million, or 35.8%. Overall, revenue growth was driven mainly by the revenue contribution of LendCare and the growth of the Company's consumer loan portfolio. Same store sales growth for the quarter was 15.4%.

e*asyfinancial* – Revenue for the three-month period ended September 30, 2021 was $182.1 million, an increase of $56.3 million, when compared to the comparable period of 2020. The components of the increased revenue include:

(i) Interest income increased by $42.7 million, or 43.8%, driven by the growth in the loan portfolio, which includes the acquired gross consumer loans receivable from the Acquisition of LendCare, offset by lower interest yields;
(ii) Commissions earned on the sale of ancillary products and services increased by $12.8 million, or 48.2%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's Loan Protection Program in the quarter; and
(iii) Charges and fees increased by $0.8 million.

easyhome – Revenue for the three-month period ended September 30, 2021 was $37.6 million, an increase of $1.7 million, when compared to the comparable period of 2020. Lending revenue within the easyhome stores increased by $2.4 million in the current quarter, when compared to the same quarter of 2020. Traditional leasing revenue for the current quarter was $0.7 million lower compared to the same quarter of 2020. The components of easyhome revenue include:

(i) Interest income increased by $1.6 million due to the growth of the consumer loans receivable related to the easyhome business;
(ii) Lease revenue decreased by $0.5 million due to a lower lease portfolio;
(iii) Commissions earned on the sale of ancillary products related to consumer lending at easyhome increased by $0.8 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and
(iv) Charges and fees decreased by 0.2 million.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $117.7 million for the three-month period ended September 30, 2021, an increase of $28.8 million, or 32.5% from the comparable period in 2020. The increase in operating expenses before depreciation and amortization was mainly driven by higher bad debt expense in the easyfinancial and easyhome business and higher expenses in the Corporate segment.

easyfinancial – Total operating expenses before depreciation and amortization were $83.2 million for the third quarter of 2021, an increase of $25.1 million, or 43.2% from the comparable period of 2020. Key drivers include:

(i) Bad debt expense increased by $17.6 million in the current quarter, when compared to the comparable period in 2020, driven by the higher net charge offs and provision expense related to the higher loan portfolio in the quarter; and

(ii) Other operating expenses increased by $7.5 million for the third quarter of 2021 driven by the Acquisition of LendCare resulting in higher compensation and other costs to operate and manage the growing loan portfolio, merchant and branch network. Overall branch count increased from 262 as at September 30, 2020 to 286 as at September 30, 2021.

easyhome – Total operating expenses before depreciation and amortization were $16.8 million for the third quarter of 2021, which was $0.5 million, or 2.6% lower than the comparable period of 2020. Key drivers include:

(i) A $1.0 million decrease in store and distribution costs; and

(ii) Partially offset by a $0.5 million increase in bad debt expense driven by higher charge offs in the quarter.

Corporate – Total operating expenses before depreciation and amortization for the third quarter of 2021 were $17.8 million, which includes LendCare Acquisition transaction and integration costs of $1.2 million. Excluding the transaction and integration costs, operating expenses before depreciation and amortization for the third quarter of 2021 were $16.6 million compared to $13.6 million for the comparable period in 2020, an increase of $3.0 million, or 22.1%. The increase was primarily due to higher compensation costs and technology costs than in the same period of 2020. Excluding the transaction and integration costs, corporate expenses before depreciation and amortization represented 7.6% of revenue in the third quarter of 2021 compared to 8.4% of revenue in the same quarter of 2020.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended September 30, 2021 was $20.7 million, an increase of $4.7 million, or 29.3% from the comparable period in 2020. Overall, depreciation and amortization represented 9.4% of revenue for the third quarter of 2021, compared to 9.9% reported in the comparable period of 2020.

easyfinancial – Total depreciation and amortization was $8.4 million in the third quarter of 2021. This included $2.5 million of right-of-use asset depreciation. Depreciation of property and equipment and intangibles in the third quarter of 2021 was $5.9 million, $3.9 million higher than the $2.0 million reported in the comparable period of 2020, driven mainly by the $3.3 million amortization of intangible assets acquired through the Acquisition of LendCare.

easyhome – Depreciation and amortization was $10.8 million in the third quarter of 2021, relatively flat from the comparable period in 2020. easyhome's depreciation and amortization of lease assets, property and equipment, and intangibles expressed as a percentage of easyhome revenue for the current quarter was 23.7%, down from the 25.2% reported in the same period of 2020. The rate reduction was due to a smaller lease asset base against a revenue base with an increasing proportion generated from consumer lending.

Corporate – Depreciation and amortization was $1.5 million in the third quarter of 2021, an increase of $0.3 million from the same period in 2020. The increase was mainly due to higher amortization of intangible assets and depreciation of property and equipment, primarily driven by new software additions and leasehold improvements recognized over the past 12 months.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three-month period ended September 30, 2021 was a record $81.4 million, up $24.4 million, or 42.9%, when compared to the comparable period of 2020. The Company's operating margin for the quarter was 37.0%, up from the 35.2% reported in the third quarter of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported a record adjusted operating income for the third quarter of 2021 of $85.8 million, up $28.9 million, or 50.7%. The increase in operating margin was mainly driven by the higher revenue during the period associated to the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin of 39.1% in the quarter, up from the 35.2% reported in the comparable period of 2020.

easyfinancial – Operating income was $90.6 million for the third quarter of 2021, compared with $63.8 million for the comparable period in 2020, an increase of $26.8 million, or 42.0%. The improvement was driven by a $56.3 million increase in revenue related to the continued growth in the Company's consumer loan portfolio, including revenue contribution from the acquired LendCare portfolio, partially offset by an increase of $17.6 million in bad debt expense and $11.9 million of incremental expenditures to support the growing customer base, enhance the product offering, and expand the retail footprint. easyfinancial's operating margin in the quarter was 49.7%,compared to 50.7% reported in the comparable period of 2020.

easyhome – Operating income was $10.1 million for the third quarter of 2021, an increase of $2.2 million, or 27.5%, when compared to the comparable period of 2020. The increase was mainly driven by higher revenue of $1.7 million due to the growth of consumer lending in easyhome. Operating margin for the third quarter of 2021 was 26.7%, an increase from the 21.9% reported in the comparable period of 2020.

Other Income

During the three-month period ended September 30, 2021, the Company recognized a total realized and unrealized fair value before-tax gain of $23.2 million mainly on the contingent portion of the Company's equity investments in Affirm.

Finance Costs

Finance costs for the three-month period ended September 30, 2021 were $21.7 million, an increase of $8.5 million from the same period of 2020. The increase was mainly driven by the higher borrowing levels due to the issuance of US$320 million 4.375% senior unsecured notes related to the Acquisition. The increase was partially offset by the lower cost of borrowing. The average blended coupon interest rate on drawn balances for the Company's debt as at September 30, 2021, was 5.0% down from 5.4% as at September 30, 2020.

Income Tax Expense

The effective income tax rate for the third quarter of 2021 was 23.3% which was lower than the 27.2% reported in the comparable period of 2020, driven by the effect of capital gain treatment on the unrealized fair value gain on Investments in the third quarter of 2021, partially offset by the effect of the transaction costs related to the Acquisition, which were non-deductible.

Net Income and EPS

The Company's net income for the third quarter of 2021 was $63.5 million, or $3.66 per share on a diluted basis, up 92.1% and 75.1%, respectively, against the $33.1 million, or $2.09 per share on a diluted basis reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, goeasy achieved a record adjusted net income and adjusted diluted earnings per share during the third quarter of 2021. The adjusted net income during the third quarter of 2021 was $46.7 million, or $2.70 per share on a diluted basis. On this basis, adjusted net income and adjusted diluted earnings per share increased by 47.9% and 35.0%, respectively.

Analysis of Results for the Nine Months Ended September 30, 2021

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Nine Months Ended September 30, 2021	September 30, 2020	Variance $ / bps	Variance % change
Summary Financial Results				
Revenue	**592,292**	479,703	112,589	23.5%
Operating expenses before depreciation and amortization[2]	**333,697**	276,573	57,124	20.7%
EBITDA[1]	**338,413**	182,040	156,373	85.9%
EBITDA margin[1]	**57.1%**	37.9%	1,920 bps	50.7%
Depreciation and amortization expense[2]	**57,221**	47,971	9,250	19.3%
Operating income	**201,374**	155,159	46,215	29.8%
Operating margin[1]	**34.0%**	32.3%	170 bps	5.3%
Other income[2,3]	**106,505**	5,700	100,805	1,768.5%
Finance costs[2]	**56,744**	41,649	15,095	36.2%
Effective income tax rate	**22.4%**	26.5%	(410 bps)	(15.5%)
Net income	**194,982**	87,594	107,388	122.6%
Diluted earnings per share	**11.75**	5.64	6.11	108.3%
Return on assets[1]	**12.9%**	8.6%	430 bps	50.0%
Return on equity[1]	**40.8%**	32.3%	850 bps	26.3%
Return on tangible common equity[1]	**58.7%**	36.5%	2,220 bps	60.8%
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**230,299**	155,159	75,140	48.4%
Adjusted operating margin	**38.9%**	32.3%	660 bps	20.4%
Adjusted net income	**127,114**	82,649	44,465	53.8%
Adjusted diluted earnings per share	**7.66**	5.33	2.33	43.7%
Adjusted return on assets	**8.4%**	8.1%	30 bps	3.7%
Adjusted return on equity	**26.6%**	30.5%	(390 bps)	(12.8%)
Adjusted return on tangible common equity	**38.3%**	34.5%	380 bps	11.0%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**12.1%**	7.8%	430 bps	55.1%
Same store revenue growth (easyhome)	**6.1%**	3.2%	290 bps	90.6%
Segment Financials				
easyfinancial revenue	**480,336**	373,381	106,955	28.6%
easyfinancial operating margin	**49.4%**	47.0%	240 bps	5.1%
easyhome revenue	**111,956**	106,322	5,634	5.3%
easyhome operating margin	**25.4%**	21.1%	430 bps	20.4%
Portfolio Indicators				
Gross consumer loans receivable	**1,896,716**	1,182,801	713,915	60.4%
Growth in consumer loans receivable[4]	**649,876**	72,168	577,708	800.5%
Gross loan originations	**1,087,627**	699,028	388,599	55.6%
Total yield on consumer loans (including ancillary products)	**42.4%**	45.2%	(280 bps)	(6.2%)
Net charge offs as a percentage of average gross consumer loans receivable	**8.5%**	10.3%	(180 bps)	(17.5%)
Cash provided by operating activities before net growth in gross consumer loans receivable	**200,652**	169,639	31,013	18.3%
Potential monthly lease revenue	**8,160**	8,256	(96)	(1.2%)

[1] See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".
[2] During the nine-month period ended September 30, 2021, the Company had a total of -$75.9 million before-tax (-$67.9 million after-tax) adjusting items which include:

Adjusting items related to the LendCare Acquisition

- Transaction costs of $9.3 million before-tax ($8.9 million after-tax) which include advisory and consulting costs, legal costs, and other direct transaction costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $7.6 million which are non tax-deductible and loan commitment fees related to the Acquisition of LendCare reported under Finance costs amounting to $1.7 million before-tax ($1.3 million after-tax);
- Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $1.6 million before-tax ($1.2 million after-tax);
- Bad debt expense related to the day one loan loss provision on the acquired loan portfolio from LendCare amounting to $14.3 million before-tax ($10.5 million after-tax); and
- Amortization of $131 million intangible asset related to the Acquisition of LendCare with an estimated useful life of ten years amounting to $5.5 million before-tax ($4.0 million after-tax).

Adjusting item related to other income

- Realized and unrealized fair value gains mainly on investments in Affirm and TRS amounting to $106.5 million before-tax ($92.4 million after-tax).

[3] During the nine-month period ended September 30, 2020, the Company's adjusting item includes:

- Unrealized fair value gain on investment in PayBright amounting to $5.7 million before-tax ($4.9 million after-tax).

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

Locations Summary

	Locations as at December 31, 2020	Locations opened/ acquired in the year[1]	Locations closed in the year	Conversions	Locations as at September 30, 2021
easyfinancial					
Kiosks (in store)	14	1	(1)	(8)	**6**
Stand-alone locations	251	20	-	8	**279**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	266	21	(1)	-	**286**
easyhome					
Corporately owned stores	126	-	(2)	-	**124**
Franchise stores	34	-	-	-	**34**
Total easyhome stores	160	-	(2)	-	**158**
Corporate					
Corporate offices	1	2	-	-	**3**
Total corporate offices	1	2	-	-	**3**

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

Summary of Financial Results by Reporting Segment

($ in 000's except earnings per share)	Nine Months Ended September 30, 2021			
	easyfinancial[1]	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	**363,806**	**16,303**	**-**	**380,109**
Lease revenue	**-**	**84,708**	**-**	**84,708**
Commissions earned	**109,809**	**8,015**	**-**	**117,824**
Charges and fees	**6,721**	**2,930**	**-**	**9,651**
	480,336	**111,956**	**-**	**592,292**
Total operating expenses before depreciation and amortization	**223,784**	**50,143**	**59,770**	**333,697**
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	**12,423**	**27,652**	**3,730**	**43,805**
Depreciation of right-of-use assets	**7,021**	**5,750**	**645**	**13,416**
	19,444	**33,402**	**4,375**	**57,221**
Operating income (loss)	**237,108**	**28,411**	**(64,145)**	**201,374**
Other Income				**106,505**
Finance costs				
Interest expense and amortization of deferred financing charges				**54,450**
Interest expense on lease liabilities				**2,294**
				56,744
Income before income taxes				**251,135**
Income taxes				**56,153**
Net income				**194,982**
Diluted earnings per share				**11.75**

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

($ in 000's except earnings per share)	Nine Months Ended September 30, 2020 easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	290,483	12,316	-	302,799
Lease revenue	-	84,232	-	84,232
Commissions earned	76,785	6,381	-	83,166
Charges and fees	6,113	3,393	-	9,506
	373,381	106,322	-	479,703
Total operating expenses before depreciation and amortization	186,844	50,428	39,301	276,573
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	5,484	27,903	2,590	35,977
Depreciation of right-of-use assets	5,691	5,595	708	11,994
	11,175	33,498	3,298	47,971
Operating income (loss)	175,362	22,396	(42,599)	155,159
Other Income				5,700
Finance costs				
Interest expense and amortization of deferred financing charges				39,624
Interest expense on lease liabilities				2,025
				41,649
Income before income taxes				119,210
Income taxes				31,616
Net income				87,594
Diluted earnings per share				5.64

Portfolio Performance

Consumer Loans Receivable

The gross consumer loans receivable portfolio increased from $1.18 billion as at September 30, 2020 to $1.90 billion as at September 30, 2021, an increase of $713.9 million, or 60.4%. The loan book grew $649.9 million in the current year to date which includes the $444.5 million of loans acquired through the Acquisition of LendCare, up from $72.2 million in the same period of 2020. Loan originations in the first nine months of 2021 were $1.09 billion, up 55.6% compared with the origination volume in the same period of 2020. The drivers of this increase are as described in the preceding section: Analysis of Results for the Three Months Ended September 30, 2021.

The total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 42.4% in the current year to date period, down 280 bps from the same period of 2020. The total annualized yield decreased due to: i) the Acquisition of LendCare, whose loans carry lower average rates of interest; ii) the increased penetration of risk adjusted interest rate and real estate secured loans to a more creditworthy customer; iii) increased lending activity in Quebec where loans have a lower interest rate; iv) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; and v) a modest reduction in penetration rates on ancillary products.

Bad debt expense increased to $123.4 million for the first nine months of 2021 from $100.5 million during the comparable period in 2020, an increase of $22.9 million, or 22.8%. The following table details the components of bad debt expense:

($ in 000's)	Nine Months Ended September 30, 2021	 September 30, 2020
Provision required due to net charge offs	**100,599**	88,948
Impact of loan book growth	**14,436**	7,274
Day one loan loss provision on the acquired loans	**14,252**	-
Impact of change in provision rate in the period	**(5,843)**	4,283
Net change in allowance for credit losses	**22,845**	11,557
Bad debt expense	**123,444**	100,505

Bad debt expense increased by $22.9 million due to three factors:

(i) Net charge offs increased from $88.9 million in the nine-month period ended September 30, 2020, to $100.6 million in the current year to date period, an increase of $11.7 million. Net charge offs in the first nine months of 2021 as a percentage of the average gross consumer loans receivable on an annualized basis were 8.5% compared to the same period in 2020 at 10.3%. The decrease in net charge offs was primarily due to the amalgamation of the LendCare portfolio in the second quarter of 2021, which has a higher proportion of secured loans resulting in a lower net charge offs. In addition, throughout the preceding years, the Company proactively made a series of credit model enhancements and underwriting adjustments to improve the long-term credit quality of the portfolio.

(ii) The Acquisition of LendCare in the second quarter of 2021 increased the bad debt provision expense by $14.3 million related to the acquired loan book of $444.5 million. Excluding the acquired loan book, the Company's loan portfolio increased in the first nine months of 2021 by $205.4 million, which resulted in a provision expense of $14.4 million, compared to the loan book growth of $72.2 million in the same period of 2020 which, resulted in a provision expense of $7.3 million.

(iii) Changes in the provision rate resulted in bad debt expense decreasing by $10.1 million, when compared to the nine-month period ended September 30, 2020. In the first nine months of 2020, the provision rate increased from 9.64% to 10.03% which resulted in a $4.3 million increase in bad debt expense. During the current year to date period, the provision rate decreased from 10.08% to 7.83% primarily due to the Acquisition of LendCare, which has a higher proportion of secured loans resulting in lower net charge offs.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly lease revenue as at September 30, 2021 was $8.2 million, down from the $8.3 million reported as at September 30, 2020, as described in the preceding section: Analysis of Results for the Three Months Ended September 30, 2021.

Revenue

Revenue for the nine-month period ended September 30, 2021 was $592.3 million compared to $479.7 million in the same period of 2020, an increase of $112.6 million, or 23.5%. Overall same store sales growth for the first nine months of 2021 was 12.1%. Revenue growth was driven mainly by the revenue contribution of LendCare and the growth of the Company's consumer loan portfolio.

easyfinancial – Revenue in the first nine months of 2021 was $480.3 million, an increase of $107.0 million, or 28.6%, when compared to the same period of 2020. The components of the increased revenue include:
(i) Interest income increased by $73.3 million, or 25.2% driven by the 60.4% growth in the loan portfolio which includes the acquired gross consumer loans receivable from the Acquisition of LendCare, partially offset by lower interest yields;
(ii) Commissions earned on the sale of ancillary products and services increased by $33.0 million, or 43.0%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's Loan Protection Program in the first nine months of 2021; and
(iii) Charges and fees increased by $0.6 million.

easyhome – Revenue for the first nine months of 2021 was $112.0 million, an increase of $5.6 million, or 5.3%, when compared to the same period of 2020. Lending revenue within the easyhome stores increased by $5.7 million in the first nine months of 2021, when compared to the same period of 2020. Traditional leasing revenue for the first nine months of 2021 was flat compared to the same period of 2020. The components of easyhome revenue include:
(i) Interest revenue increased by $4.0 million due to the growth of the consumer loans receivable related to the easyhome business;
(ii) Lease revenue increased by $0.5 million due to strong cash collections on lease portfolio;
(iii) Commissions earned on the sale of ancillary products related to consumer lending at easyhome increased by $1.6 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and
(iv) Charges and fees decreased by $0.5 million.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization for the nine-month period ended September 30, 2021 were $333.7 million, an increase of $57.1 million, or 20.7% from the comparable period in 2020. The increase in operating expenses before depreciation and amortization was mainly driven by the LendCare Acquisition transaction costs and integration costs, the operating expense contribution of LendCare which includes the day one loan loss provision on the acquired loans and higher expenses in the Corporate segment.

easyfinancial – Total operating expenses before depreciation and amortization were $223.8 million in the first nine months of 2021, an increase of $36.9 million, or 19.8% from the comparable period of 2020. Key drivers include:

(i) Bad debt expense increased by $22.4 million in the current period, when compared to the same period in 2020 driven by the day one loan loss provision expense of $14.3 million related to the acquired LendCare loan book coupled with higher charge-offs.
(ii) A $2.2 million increase in advertising and marketing spend; and
(iii) Other operating expenses increased by $12.3 million in the current year to date period driven by the Acquisition of LendCare resulting in a higher compensation and other costs to operate and manage the growing loan portfolio, merchant and branch network. Overall branch count increased from 262 as at September 30, 2020 to 286 as at September 30, 2021.

easyhome – Total operating expenses before depreciation and amortization were $50.1 million in the first nine months of 2021, which was $0.3 million lower than the same period of 2020. Key drivers include:

(i) A $1.2 million decrease due to lower incentive compensation cost in the period than last year; partially offset by
(ii) A $0.5 million increase in bad debt; and
(iii) A $0.4 million increase in advertising and marketing spend.

Corporate – Total operating expenses before depreciation and amortization for the nine-month period ended September 30, 2021 were $59.8 million which includes LendCare Acquisition transaction costs and integration costs of $7.6 million and $1.6 million, respectively. Excluding the transaction costs and integration costs, operating expenses before depreciation and amortization for the first nine months of 2021 were $50.6 million compared to $39.3 million for the comparable period in 2020, an increase of $11.3 million, or 28.7%. The increase was primarily due to higher compensation costs and technology costs than in the same period of 2020. Excluding the transaction costs and integration costs, corporate expenses before depreciation and amortization represented 8.5% of revenue in the first nine months of 2021 compared to 8.2% of revenue in the same quarter of 2020.

Depreciation and Amortization

Depreciation and amortization for the nine-month period ended September 30, 2021 was $57.2 million, an increase of $9.3 million from the comparable period in 2020. Overall, depreciation and amortization represented 9.7% of revenue for the nine-month period ended September 30, 2021, a decline from the 10.0% reported in the comparable period of 2020.

easyfinancial – Total depreciation and amortization was $19.4 million in the first nine months of 2021. This included $7.0 million of right-of-use asset depreciation, $1.3 million higher than the $5.7 million reported in the comparable period of 2020. Depreciation of property and equipment and intangibles in the first nine months of 2021 was $12.4 million, $6.9 million higher than the comparable period of 2020, driven mainly by the $5.5 million amortization of intangible assets acquired through the Acquisition of LendCare.

easyhome – Total depreciation and amortization expense was $33.4 million in the first nine months of 2021. Depreciation and amortization of lease assets, property and equipment and intangibles was $27.7 million in the current year to date period compared with $27.9 million in the same period of 2020. This $0.2 million decline was due primarily to lower lease asset base. easyhome's depreciation and amortization of lease assets, property and equipment and intangibles expressed as a percentage of easyhome revenue for the first nine months of 2021 was 24.7%, down from the 26.2% reported in the first nine months of 2020. The rate reduction was due to a smaller lease asset base against a revenue base with an increasing proportion being generated from consumer lending.

Corporate – Depreciation and amortization was $4.4 million in the first nine months of 2021, an increase of $1.1 million from the same period in 2020. The increase was mainly due to higher amortization of intangible assets and depreciation of property and equipment, primarily driven by new software additions and leasehold improvements recognized over the past 12 months.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the nine-month period ended September 30, 2021 was $201.4 million, up $46.2 million, or 29.8%, when compared to the comparable period of 2020. The Company's operating margin for the quarter was 34%, up from the 32.3% reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported a record adjusted operating income for the third quarter of 2021 of $230.3 million, up $75.1 million, or 48.4%. The increase in operating margin was mainly driven by the higher revenue from the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin of 38.9% in the quarter, up from the 32.3% reported in the comparable period of 2020.

easyfinancial – Operating income was $237.1 million for the first nine months of 2021, compared with $175.4 million for the comparable period in 2020, an increase of $61.7 million, or 35.2%. The improvement in operating income was driven by a $107 million increase in revenue related to the continued growth in the Company's consumer loan portfolio including the loans acquired through the Acquisition of LendCare, partially offset by i) a $22.4 million increase in bad debt expense driven by the day one loan loss provision on the acquired LendCare loan book coupled with higher charge offs; ii) an $8.3 million increase in depreciation and amortization mainly related to LendCare intangible assets; and iii) a $14.6 million increase in incremental expenditures to support the growing customer base, enhance the product offering and expand the retail footprint. Operating margin in the current year to date period was 49.4%, compared with 47.0% reported in the same period of 2020.

easyhome – Operating income was $28.4 million for the first nine months of 2021, an increase of $6.0 million, or 26.9%, when compared with the same period of 2020. The increase was mainly due to higher revenues due to the strong performance of the leasing portfolio and the benefit of continued growth in its loan portfolio. Operating margin for first nine months of 2021 was 25.4%, an increase from the 21.1% reported in the same period of 2020.

Other Income

During the nine-month period ended September 30, 2021, the Company recognized total fair value before-tax gains of $106.5 million mainly related to: i) the realized fair value gains related to the sale of the non-contingent portion of the Company's equity investments in Affirm of $33.0 million and the settlement of the related TRS of $33.3 million; and ii) the unrealized fair value gains of $40.2 million on Investments mainly on the contingent portion of the Company's equity investments in Affirm.

Finance Costs

Finance costs for the nine-month period ended September 30, 2021 were $56.7 million, an increase of $15.1 million from the same period of 2020. The increase was mainly driven by financing expenses related to the Acquisition, and higher borrowing levels due to the establishment of the revolving securitization warehouse facility and the issuance of US$320 million 4.375% senior unsecured notes related to the Acquisition. The increase was partially offset by the lower cost of borrowing. The average blended coupon interest rate on drawn balances for the Company's debt as at September 30, 2021, was 5.0% down from 5.4% as at September 30, 2020.

Income Tax Expense

The effective income tax rate for the nine-month period ended September 30, 2021 was 22.4% which was lower than the 26.5% reported in the comparable period of 2020, driven by the effect of capital gain treatment on the realized and unrealized fair value gains on Investments in the nine-month period ended September 30, 2021, partially offset by the effect of the transaction costs related to the Acquisition, which were non-deductible.

Net Income and EPS

The Company's net income for the nine-month period ended September 30, 2021 was $195.0 million, or $11.75 per share on a diluted basis, up 122.6% and 108.3%, respectively, against the $87.6 million, or $5.64 per share on a diluted basis reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the adjusted net income during the first nine months of 2021 was $127.1 million, or $7.66 per share on a diluted basis. On this basis, adjusted net income and adjusted diluted earnings per share increased by 53.8% and 43.7%, respectively.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	September 2021[3]	June 2021[3]	March 2021	December 2020	September 2020	June 2020	March 2020	December 2019	September 2019
Gross consumer loans receivable	**1,896.7**	1,795.8	1,277.3	1,246.8	1,182.8	1,134.5	1,166.1	1,110.6	1,035.6
Revenue	**219.8**	202.4	170.2	173.2	161.8	150.7	167.2	165.5	156.1
Net income	**63.5**	19.5	112.0	48.9	33.1	32.5	22.0	6.7	19.8
Adjusted net income[2]	**46.7**	43.7	36.7	35.0	31.6	29.1	22.0	22.6	19.8
Return on assets	**10.3%**	3.8%	28.8%	13.6%	9.7%	9.4%	6.4%	2.1%	6.7%
Adjusted return on assets[2]	**7.6%**	8.6%	9.4%	9.8%	9.3%	8.4%	6.4%	7.1%	6.7%
Return on equity	**32.7%**	12.0%	90.1%	45.8%	34.7%	37.0%	25.8%	8.0%	24.1%
Adjusted return on equity[2]	**24.0%**	26.9%	29.5%	32.8%	33.1%	33.1%	25.8%	27.0%	24.1%
Return on tangible common equity	**58.3%**	17.1%	99.7%	51.3%	39.1%	42.0%	29.2%	9.0%	27.3%
Adjusted return on tangible common equity[2]	**42.9%**	38.5%	32.6%	36.7%	37.3%	37.6%	29.2%	30.6%	27.3%
Net income as a percentage of revenue	**28.9%**	9.6%	65.8%	28.2%	20.5%	21.6%	13.1%	4.0%	12.7%
Adjusted net income as a percentage of revenue[2]	**21.2%**	21.6%	21.6%	20.2%	19.5%	19.3%	13.1%	13.7%	12.7%
Earnings per share[1]									
Basic	**3.79**	1.20	7.41	3.24	2.20	2.25	1.50	0.46	1.35
Diluted	**3.66**	1.16	7.14	3.14	2.09	2.11	1.41	0.46	1.28
Adjusted diluted[2]	**2.70**	2.61	2.34	2.24	2.00	1.89	1.41	1.45	1.28

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

[2] Adjusted for certain adjusting items.

[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 equity, return on tangible common equity, and net income as a percentage of revenue over this timeframe. Revenue growth over this time frame was primarily related to the growth of the gross consumer loans receivable. The larger revenue base together with lower relative operating expenses and finance costs, increased the Company's adjusted net income and adjusted earnings per share, while the increased scale of the business resulted in adjusted net income as a percentage of revenue increasing over the presented time horizon. Lastly, adjusted return on assets, adjusted return on equity and adjusted return on tangible common equity have increased in prior quarters due to the increasing earnings generated by the business, declining in the most recent quarters due to the higher level of assets and shareholders' equity due to the Acquisition of LendCare completed during the second quarter of 2021.

Portfolio Analysis

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

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

Consumer Loans Receivable

Loan Originations and Net Principal Written

Gross loan originations is the value of all consumer loans receivable advanced to the Company's customers during the period where new credit underwritings have been performed. Included in gross loan originations are loans to new customers and new loans to existing customers, a portion of which is applied to eliminate their prior borrowings. When the Company extends additional credit to an existing customer, a full credit underwriting is performed using up-to-date information. Additionally, the loan repayment history of that customer throughout their relationship with the Company is considered in the credit decision. As a result, the quality of the credit decision 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 captures the Company's gross loan originations during a period, excluding the portion of the originations that has been used to eliminate the prior borrowings.

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

($ in 000's)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Loan originations to new customers	**204,022**	89,298	**477,835**	236,210
Loan originations to existing customers	**232,172**	197,285	**609,792**	462,818
Less: Proceeds applied to repay existing loans	**(126,135)**	(106,528)	**(334,474)**	(252,047)
Net advance to existing customers	**106,037**	90,757	**275,318**	210,771
Net principal written	**310,059**	180,055	**753,153**	446,981

Gross Consumer Loans Receivable

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

($ in 000's)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Opening gross consumer loans receivable	**1,795,844**	1,134,482	**1,246,840**	1,110,633
Gross loan originations	**436,194**	286,583	**1,087,627**	699,028
Gross loan purchased	**-**	-	**444,520**	31,275
Gross principal payments and other adjustments	**(292,217)**	(213,634)	**(772,154)**	(561,231)
Gross charge offs before recoveries	**(43,105)**	(24,630)	**(110,117)**	(96,904)
Net growth in gross consumer loans receivable during the period	**100,872**	48,319	**649,876**	72,168
Ending gross consumer loans receivable	**1,896,716**	1,182,801	**1,896,716**	1,182,801

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

	September 30, 2021		September 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
0 – 6 months	**210,101**	**11.1%**	180,121	15.2%
6 – 12 months	**158,362**	**8.3%**	138,728	11.7%
12 – 24 months	**342,276**	**18.0%**	293,458	24.8%
24 – 36 months	**386,168**	**20.4%**	273,229	23.1%
36 – 48 months	**298,088**	**15.7%**	165,086	14.0%
48 – 60 months	**208,847**	**11.0%**	55,616	4.7%
60 months +	**292,874**	**15.5%**	76,563	6.5%
Gross consumer loans receivable	**1,896,716**	**100.0%**	1,182,801	100.0%

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

	September 30, 2021		September 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
0 – 1 year	**58,495**	**3.1%**	47,828	4.1%
1 – 2 years	**157,916**	**8.3%**	139,271	11.8%
2 – 3 years	**346,969**	**18.3%**	319,739	27.0%
3 – 4 years	**468,709**	**24.7%**	366,780	31.0%
4 – 5 years	**442,237**	**23.3%**	180,010	15.2%
5 years +	**422,390**	**22.3%**	129,173	10.9%
Gross consumer loans receivable	**1,896,716**	**100.0%**	1,182,801	100.0%

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

	September 30, 2021		September 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Gross consumer loans receivable, easyfinancial	**1,834,907**	**96.7%**	1,137,903	96.2%
Gross consumer loans receivable, easyhome	**61,809**	**3.3%**	44,898	3.8%
Gross consumer loans receivable	**1,896,716**	**100.0%**	1,182,801	100.0%

Financial Revenue and Net Financial Income

Financial revenue is generated by both the easyfinancial and easyhome segments. Financial revenue includes interest and various other ancillary fees generated by the Company's gross consumer loans receivable. Net financial income details the profitability of the Company's gross consumer loans receivable before any costs to originate or administer. Net financial income is calculated by deducting interest expense, and amortization of deferred financing charges, and bad debt expense from financial revenue. Net financial income is impacted by the size of the gross consumer loans receivable, the portfolio yield, the amount and cost of the Company's debt, the Company's leverage ratio and the bad debt expense experienced in the period.

	Three Months Ended		Nine Months Ended	
($ in 000's)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Financial revenue, easyfinancial	**182,120**	125,856	**480,337**	373,381
Financial revenue, easyhome	**7,880**	5,504	**21,827**	16,115
Financial revenue	**190,000**	131,360	**502,164**	389,496
Less: Interest expenses and amortization of deferred financing charges	**(20,889)**	(12,543)	**(54,450)**	(39,624)
Less: Bad debt expense	**(45,297)**	(27,221)	**(123,444)**	(100,505)
Net financial income	**123,814**	91,596	**324,270**	249,367

Total Yield on Consumer Loans

Total yield on consumer loans is calculated as the financial revenue generated, including revenue generated on the sale of ancillary products, on the Company's consumer loans receivable divided by the average of the month-end loan balances for the indicated period. For interim periods, the rate is annualized.

	Three Months Ended		Nine Months Ended	
($ in 000's except percentages)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Finance revenue	**190,000**	131,360	**502,164**	389,496
Multiplied by number of periods in year	**X 4/1**	X 4/1	**X 4/3**	X 4/3
Divided by average gross consumer loans receivable	**1,862,433**	1,164,182	**1,579,544**	1,150,088
Total yield as a percentage of average gross consumer loans receivable (annualized)	**40.8%**	45.1%	**42.4%**	45.2%

Net Charge offs

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

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

	Three Months Ended		**Nine Months Ended**	
($ in 000's except percentages)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Net charge offs	**38,682**	22,587	**100,599**	88,948
Multiplied by number of periods in year	**X 4/1**	X 4/1	**X 4/3**	X 4/3
Divided by average gross consumer loans receivable	**1,862,433**	1,164,182	**1,579,544**	1,150,088
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**8.3%**	7.8%	**8.5%**	10.3%

Allowance for Credit Losses

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

	Three Months Ended		**Nine Months Ended**	
($ in 000's except percentages)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Allowance for credit losses, beginning of period	**141,906**	114,030	**125,676**	107,107
Net charge offs written off against the allowance	**(38,682)**	(22,587)	**(100,599)**	(88,948)
Bad debt expense	**45,297**	27,221	**123,444**	100,505
Allowance for credit losses, end of period	**148,521**	118,664	**148,521**	118,664
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**7.83%**	10.03%	**7.83%**	10.03%

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

In calculating the allowance for credit losses, internally developed models were used which factor in credit risk related parameters including the probability of default, the exposure at default, the loss given default, and other relevant risk factors. As part of the process, the Company employed distinct forecast scenarios for the period as at December 31, 2020, derived from the FLI forecasts produced by five large Canadian banks, which include neutral, optimistic and pessimistic forecast scenarios. For the period as at September 30, 2021, the Company enhanced the methodology by employing five distinct forecast scenarios, derived from the FLI forecasts produced by Moody's Analytics, which include neutral, moderately optimistic, extremely optimistic, moderately pessimistic and extremely pessimistic forecast scenarios. These scenarios use a combination of four inter-related macroeconomic variables including unemployment rates, GDP, inflation rates, and oil prices and are utilized to determine the probability weighted allowance. Judgment is then applied to the recommended probability weightings to these scenarios to determine a probability weighted allowance for credit losses.

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast periods as at September 30, 2021 and December 31, 2020, respectively.

12-Month Forward-Looking Macroeconomic Variables (Average annual)	**September 30, 2021**					**December 31, 2020**		
	Neutral Forecast Scenario	**Moderately Optimistic Forecast Scenario**	**Extremely Optimistic Forecast Scenario**	**Moderately Pessimistic Forecast Scenario**	**Extremely Pessimistic Forecast Scenario**	**Neutral Forecast Scenario**	**Optimistic Forecast Scenario**	**Pessimistic Forecast Scenario**
Unemployment rate[1]	**6.85%**	**6.06%**	**5.37%**	**9.08%**	**10.49%**	7.51%	7.30%	11.41%
GDP growth[2]	**4.46%**	**7.66%**	**11.05%**	**(2.12%)**	**(8.86%)**	5.91%	6.55%	(2.90%)
Inflation growth[3]	**2.44%**	**3.00%**	**3.50%**	**1.76%**	**1.17%**	1.52%	1.05%	2.03%
Oil prices[4]	**$62.90**	**$67.34**	**$72.80**	**$41.58**	**$38.58**	$49.91	$55.04	$31.33

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

The assignment of the probability weighting for the various scenarios using these variables involves management judgment through a robust internal review and analysis by management to arrive at a collective view on the likelihood of each scenario, particularly in light of the current COVID-19 pandemic circumstance. If management were to assign 100% probability to the extremely pessimistic scenario forecast, the allowance for credit losses would have been $31.2 million (December 31, 2020 - $14.0 million under 100% pessimistic scenario forecast) higher than the reported allowance for credit losses as at September 30, 2021. Note the sensitivity above does not consider the migration of exposure and/or changes in credit risk that would have occurred in the loan portfolio due to risk mitigation actions or other factors.

Bad Debt Expense (Provision for Credit Losses)

The Company's bad debt expense is the amount that its allowance for future credit losses must be increased, after considering net charge offs, such that the balance of the allowance for credit losses at each statement of financial position date is appropriate under IFRS. Operationally, this will require a larger provision to be taken when new consumer loans receivables are originated or purchased. An analysis of the Company's bad debt expense for the periods is as follows:

	Three Months Ended		**Nine Months Ended**	
($ in 000's except percentages)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Net charge offs	**38,682**	22,587	**100,599**	88,948
Net charge in allowance for credit losses	**6,615**	4,634	**22,845**	11,557
Bad debt expense	**45,297**	27,221	**123,444**	100,505
Financial revenue	**190,000**	131,360	**502,164**	389,496
Bad debt expense as a percentage of Financial Revenue	**23.8%**	20.7%	**24.6%**	25.8%

Aging of the Consumer Loans receivable

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

	September 30, 2021		**September 30, 2020**	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Current	**1,793,511**	**94.6%**	1,130,244	95.5%
Days past due				
1 - 30 days	**58,264**	**3.1%**	35,572	3.0%
31 - 44 days	**12,401**	**0.6%**	5,444	0.5%
45 - 60 days	**10,921**	**0.6%**	4,461	0.4%
61 - 90 days	**14,911**	**0.8%**	6,707	0.6%
91 - 120 days	**3,185**	**0.2%**	189	0.0%
121 - 150 days	**1,975**	**0.1%**	102	0.0%
151 - 180 days	**1,548**	**0.0%**	82	0.0%
	103,205	**5.4%**	52,557	4.5%
Gross consumer loans receivable	**1,896,716**	**100.0%**	1,182,801	100.0%

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

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

	Saturday, September 25, 2021	Saturday, September 26, 2020
	% of total	% of total
Current	**94.0%**	95.7%
Days past due		
1 - 30 days	**3.6%**	2.9%
31 - 44 days	**0.6%**	0.4%
45 - 60 days	**0.6%**	0.4%
61 - 90 days	**0.8%**	0.6%
91 - 120 days	**0.2%**	0.0%
121 - 150 days	**0.1%**	0.0%
151 - 180 days	**0.1%**	0.0%
	6.0%	4.3%
Gross consumer loans receivable	**100.0%**	100.0%

Consumer loans receivable that are considered past due as of the last Saturday of September 2021 was 6.0%, which was 170 bps higher than the last Saturday of September 2020, primarily due to the inclusion of the LendCare portfolio, which has a longer period prior to charge off, at six months post initial delinquency, compared to the existing easyfinancial unsecured loan portfolio, where loans are charged off three months after the initial delinquency. In addition, during the prior year comparison period, there was a significant degree of federal financial support available to customers during COVID-19 pandemic together with higher loan protection insurance claims, which served to reduce the delinquency.

Consumer Loans receivable by Geography

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

	September 30, 2021		September 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**62,143**	**3.3%**	41,548	3.5%
Nova Scotia	**98,865**	**5.2%**	62,729	5.3%
Prince Edward Island	**12,938**	**0.7%**	9,692	0.8%
New Brunswick	**88,643**	**4.7%**	54,068	4.6%
Quebec	**226,821**	**12.0%**	96,068	8.1%
Ontario	**713,685**	**37.6%**	508,317	43.0%
Manitoba	**81,354**	**4.3%**	49,487	4.2%
Saskatchewan	**92,888**	**4.9%**	60,422	5.1%
Alberta	**305,398**	**16.1%**	163,199	13.8%
British Columbia	**195,127**	**10.3%**	124,921	10.6%
Territories	**18,854**	**0.9%**	12,350	1.0%
Gross consumer loans receivable	**1,896,716**	**100.0%**	1,182,801	100.0%

Consumer Loans Receivable by Loan Type

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

	September 30, 2021		September 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Unsecured Instalment Loans	**1,267,486**	**66.8%**	1,041,144	88.0%
Secured Instalment Loans[1]	**629,230**	**33.2%**	141,657	12.0%
Gross consumer loans receivable	**1,896,716**	**100.0%**	1,182,801	100.0%

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

Leasing Portfolio Analysis

Potential Monthly Leasing Revenue

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

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

	Three Months Ended		Nine Months Ended	
($ in 000's)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Opening potential monthly lease revenue	**8,322**	8,204	**8,461**	8,643
Decrease due to store closures or sales during the period	**(18)**	(13)	**(22)**	(46)
Increase (decrease) due to ongoing operations	**(144)**	65	**(279)**	(341)
Net change	**(162)**	52	**(301)**	(387)
Ending potential monthly lease revenue	**8,160**	8,256	**8,160**	8,256

Potential monthly lease revenue is calculated as follows:

	September 30, 2021	**September 30, 2020**
Total number of lease agreements	**80,395**	84,935
Multiplied by the average required monthly lease payment per agreement	**101.50**	97.20
Potential monthly lease revenue ($ in 000's)	**8,160**	8,256

Leasing Portfolio by Product Category

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

	September 30, 2021		September 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Furniture	**3,401**	**41.7%**	3,611	43.7%
Electronics	**2,600**	**31.9%**	2,587	31.3%
Appliances	**1,162**	**14.2%**	1,119	13.6%
Computers	**997**	**12.2%**	939	11.4%
Potential monthly lease revenue	**8,160**	**100.0%**	8,256	100.0%

Leasing Portfolio by Geography

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

	September 30, 2021		September 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**681**	**8.4%**	658	8.0%
Nova Scotia	**792**	**9.7%**	832	10.1%
Prince Edward Island	**141**	**1.7%**	145	1.8%
New Brunswick	**643**	**7.9%**	686	8.3%
Quebec	**580**	**7.1%**	564	6.8%
Ontario	**2,590**	**31.7%**	2,659	32.2%
Manitoba	**231**	**2.8%**	238	2.9%
Saskatchewan	**377**	**4.6%**	378	4.6%
Alberta	**1,232**	**15.1%**	1,241	15.0%
British Columbia	**893**	**11.0%**	855	10.3%
Potential monthly lease revenue	**8,160**	**100.0%**	8,256	100.0%

Leasing Charge offs

When easyhome enters into a leasing transaction with a customer, a sale is not recorded as the Company retains ownership of the related asset under the lease. Instead, the Company recognizes its leasing revenue over the term of the lease as payments are received from the customer. Periodically, the lease agreement is terminated by the customer or by the Company prior to the anticipated end date of the lease and the assets are returned by the customer to the Company. In some instances, the Company is unable to regain possession of the assets which are then charged off. Net charge offs (charge offs less subsequent recoveries of previously charged off assets) are included in the depreciation of lease assets expense for financial reporting purposes. easyhome leasing revenue is defined as the total revenue generated by the Company's easyhome business less the financial revenue generated by easyhome.

	Three Months Ended		**Nine Months Ended**	
($ in 000's except percentages)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Net charge offs	**804**	542	**2,167**	2,199
Leasing revenue	**29,763**	30,464	**90,129**	90,206
Net charge offs as a percentage of leasing revenue	**2.7%**	1.8%	**2.4%**	2.4%

Key Performance Indicators and Non-IFRS Measures

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

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

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

Same Store Revenue Growth

Same store revenue growth measures the revenue growth for all stores that have been open for a minimum of 15 months. To calculate same store revenue growth for a period, the revenue for that period is compared to the same period in the prior year. Same store revenue growth is influenced by both the Company's product offerings as well as the number of stores which have been open for a 12-month to 36-month time frame, as these stores tend to be in the strongest period of growth at this time.

For the three and nine-month periods ended September 30, 2021, the Company experienced a higher level of same store revenue growth rate compared to the same period of 2020. During 2020, the Company experienced a lower level of loan growth due to a lower level of demand caused by the COVID-19 pandemic. In addition, the Company experienced higher than usual loan protection insurance claim costs in 2020, which served to reduce the net commissions earned on this program, associated with higher unemployment rates as a result of the COVID-19 pandemic. The lower level of loan growth resulted in lower levels of same store revenue growth. Subsequently, in 2021, the Company has seen an improved level of demand and loan growth, leading to higher growth in same store revenue.

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Same store revenue growth (overall)	**15.4%**	3.1%	**12.1%**	7.8%
Same store revenue growth (easyhome)	**5.6%**	7.2%	**6.1%**	3.2%

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. The Company defines: i) adjusted net income as net income excluding such adjusting items; and ii) adjusted diluted earnings per share as diluted earnings per share excluding such adjusting items. The Company believes that adjusted net income and adjusted diluted earnings per share are important measures of the profitability of operations adjusted for the effects of adjusting items.

Items used to calculate adjusted net income and earnings per share for the three and nine-month periods ended September 30, 2021 and 2020 include those indicated in the chart below:

	Three Months Ended		Nine Months Ended	
($ in 000's except earnings per share)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Net income as stated	**63,540**	33,073	**194,982**	87,594
Impact of adjusting items				
Transaction costs[1]	**256**	-	**9,341**	-
Integration costs[2]	**952**	-	**1,600**	-
Day one loan loss provision on the acquired loans[3]	**-**	-	**14,252**	-
Amortization of intangible assets acquired through the Acquisition[4]	**3,258**	-	**5,458**	-
Other income[5]	**(23,219)**	(1,700)	**(106,505)**	(5,700)
Tax impact of above items	**1,961**	225	**7,986**	755
After-tax impact of adjusting items	**(16,792)**	(1,475)	**(67,868)**	(4,945)
Adjusted net income	**46,748**	31,598	**127,114**	82,649
After-tax impact of Debentures	**-**	223	**-**	1,586
Fully diluted adjusted net income	**46,748**	31,821	**127,114**	84,235
Weighted average number of diluted shares outstanding	**17,340**	15,930	**16,600**	15,802
Diluted earnings per share as stated	**3.66**	2.09	**11.75**	5.64
Per share impact of adjusting items	**(0.96)**	(0.09)	**(4.09)**	(0.31)
Adjusted diluted earnings per share	**2.70**	2.00	**7.66**	5.33

Adjusting items related to the LendCare Acquisition

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

[2] Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization.

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

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

Adjusting item related to other income

[5] For the three and nine-month periods ended September 30, 2021, realized and unrealized fair value gains mainly related to investments in Affirm and TRS. For the three and nine-month periods ended September 30, 2020, unrealized fair value gains mainly related to investments in PayBright.

Adjusted Operating Margin

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.

($ in 000's except percentages)	Three Months Ended September 30, 2021	September 30, 2021 (adjusted)	September 30, 2020
easyfinancial			
Operating income	**90,560**	**90,560**	63,776
Divided by revenue	**182,119**	**182,119**	125,856
easyfinancial operating margin	**49.7%**	**49.7%**	50.7%
easyhome			
Operating income	**10,055**	**10,055**	7,885
Divided by revenue	**37,643**	**37,643**	35,968
easyhome operating margin	**26.7%**	**26.7%**	21.9%
Total			
Operating income	**81,352**	**81,352**	56,946
Transaction costs[1]	**-**	**256**	-
Integration costs[1]	**-**	**952**	-
Amortization of intangible assets acquired through the Acquisition[1]	**-**	**3,258**	-
Adjusted operating income	**81,352**	**85,818**	56,946
Divided by revenue	**219,762**	**219,762**	161,824
Total operating margin	**37.0%**	**39.1%**	35.2%

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

($ in 000's except percentages)	Nine Months Ended September 30, 2021	September 30, 2021 (adjusted)	September 30, 2020
easyfinancial			
Operating income	**237,108**	**237,108**	175,362
Divided by revenue	**480,336**	**480,336**	373,381
easyfinancial operating margin	**49.4%**	**49.4%**	47.0%
easyhome			
Operating income	**28,411**	**28,411**	22,396
Divided by revenue	**111,956**	**111,956**	106,322
easyhome operating margin	**25.4%**	**25.4%**	21.1%
Total			
Operating income	**201,374**	**201,374**	155,159
Transaction costs[1]	**-**	**7,615**	-
Integration costs[1]	**-**	**1,600**	-
Day one loan loss provision on the acquired loans[1]	**-**	**14,252**	-
Amortization of intangible assets acquired through the Acquisition[1]	**-**	**5,458**	-
Adjusted operating income	**201,374**	**230,299**	155,159
Divided by revenue	**592,292**	**592,292**	479,703
Total operating margin	**34.0%**	**38.9%**	32.3%

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

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

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

	Three Months Ended		Nine Months Ended	
($ in 000's except percentages)	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Net income as stated	**63,540**	33,073	**194,982**	87,594
Finance cost	**21,686**	13,233	**56,744**	41,649
Income tax expense	**19,345**	12,340	**56,153**	31,616
Depreciation and amortization, excluding depreciation of lease assets	**12,122**	7,324	**30,534**	21,181
EBITDA	**116,693**	65,970	**338,413**	182,040
Divided by revenue	**219,762**	161,824	**592,292**	479,703
EBITDA margin	**53.1%**	40.8%	**57.1%**	37.9%

Cash provided by operating activities before net growth in gross consumer loans receivable

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

	Three Months Ended		Nine Months Ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Cash provided by (used in) operating activities	**(11,632)**	15,259	**(4,704)**	97,471
Net growth in gross consumer loans receivable during the period[1]	**100,872**	48,319	**205,356**	72,168
Cash provided by (used in) operating activities before net growth in gross consumer loans receivable	**89,240**	63,578	**200,652**	169,639

[1] Excludes gross loans purchased during the second quarter of 2021 through the Acquisition of $444.5 million.

Return on Assets

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

($ in 000's except percentages)	Three Months Ended September 30, 2021	September 30, 2021 (adjusted)	September 30, 2020	September 30, 2020 (adjusted)
Net income as stated	**63,540**	**63,540**	33,073	33,073
Impact of adjusting items[1]				
Transaction costs	**-**	**256**	-	-
Integration costs	**-**	**952**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**3,258**	-	-
Other income	**-**	**(23,219)**	-	(1,700)
Tax impact of above items	**-**	**1,961**	-	225
After-tax impact of adjusting items	**-**	**(16,792)**	-	(1,475)
Adjusted net income	**63,540**	**46,748**	33,073	31,598
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1	X 4/1
Divided by average total assets for the period	**2,461,509**	**2,461,509**	1,359,747	1,359,747
Return on assets	**10.3%**	**7.6%**	9.7%	9.3%

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

($ in 000’s except percentages)	Nine Months Ended September 30, 2021	September 30, 2021 (adjusted)	September 30, 2020	September 30, 2020 (adjusted)
Net income as stated	**194,982**	**194,982**	87,594	87,594
Impact of adjusting items[1]				
Transaction costs	**-**	**9,341**	-	-
Integration costs	**-**	**1,600**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**5,458**	-	-
Other income	**-**	**(106,505)**	-	(5,700)
Tax impact of above items	**-**	**7,986**	-	755
After-tax impact of adjusting items	**-**	**(67,868)**	-	(4,945)
Adjusted net income	**194,982**	**127,114**	87,594	82,649
Multiplied by number of periods in year	**X 4/3**	**X 4/3**	X 4/3	X 4/3
Divided by average total assets for the period	**2,009,205**	**2,009,205**	1,361,446	1,361,446
Return on assets	**12.9%**	**8.4%**	8.6%	8.1%

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

Return on Equity

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

	Three Months Ended			
($ in 000's except percentages)	**September 30, 2021**	**September 30, 2021 (adjusted)**	**September 30, 2020**	**September 30, 2020 (adjusted)**
Net income as stated	**63,540**	**63,540**	33,073	33,073
Impact of adjusting items[1]				
Transaction costs	**-**	**256**	-	-
Integration costs	**-**	**952**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**3,258**	-	-
Other income	**-**	**(23,219)**	-	(1,700)
Tax impact of above items	**-**	**1,961**	-	225
After-tax impact of adjusting items	**-**	**(16,972)**	-	(1,475)
Adjusted net income	**63,540**	**46,748**	33,073	31,598
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period	**778,059**	**778,059**	381,784	381,784
Return on equity	**32.7%**	**24.0%**	34.7%	33.1%

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

($ in 000's except percentages)	Nine Months Ended September 30, 2021	September 30, 2021 (adjusted)	September 30, 2020	September 30, 2020 (adjusted)
Net income as stated	**194,982**	**194,982**	87,594	87,594
Impact of adjusting items[1]				
Transaction costs	**-**	**9,341**	-	-
Integration costs	**-**	**1,600**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**5,458**	-	-
Other income	**-**	**(106,505)**	-	(5,700)
Tax impact of above items	**-**	**7,986**	-	755
After-tax impact of adjusting items	**-**	**(67,868)**	-	(4,945)
Adjusted net income	**194,982**	**127,114**	87,594	82,649
Multiplied by number of periods in year	**X 4/3**	**X 4/3**	X 4/3	X 4/3
Divided by average shareholders' equity for the period	**637,474**	**637,474**	361,425	361,425
Return on equity	**40.8%**	**26.6%**	32.3%	30.5%

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

Return on Tangible Common Equity

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

	Three Months Ended			
($ in 000's except percentages)	September 30, 2021	September 30, 2021 (adjusted)	September 30, 2020	September 30, 2020 (adjusted)
Net income as stated	**63,540**	**63,540**	33,073	33,073
Impact of adjusting items[1]				
Transaction costs	**-**	**256**	-	-
Integration costs	**-**	**952**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**3,258**	-	-
Other income	**-**	**(23,219)**	-	(1,700)
Tax impact of above items	**-**	**1,961**	-	225
After-tax impact of adjusting items	**-**	**(16,792)**	-	(1,475)
Adjusted net income	**63,540**	**46,748**	33,073	31,598
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period excluding intangible assets and goodwill	**435,896**	**435,896**	338,597	338,597
Return on tangible common equity	**58.3%**	**42.9%**	39.1%	37.3%

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

($ in 000's except percentages)	Nine Months Ended September 30, 2021	September 30, 2021 (adjusted)	September 30, 2020	September 30, 2020 (adjusted)
Net income as stated	**194,982**	**194,982**	87,594	87,594
Impact of adjusting items[1]				
Transaction costs	**-**	**9,341**	-	-
Integration costs	**-**	**1,600**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**5,458**	-	-
Other income	**-**	**(106,505)**	-	(5,700)
Tax impact of above items	**-**	**7,986**	-	755
After-tax impact of adjusting items	**-**	**(67,868)**	-	(4,945)
Adjusted net income	**194,982**	**127,114**	87,594	82,649
Multiplied by number of periods in year	**X 4/3**	**X 4/3**	X 4/3	X 4/3
Divided by average shareholders' equity for the period excluding intangible assets and goodwill	**442,643**	**442,643**	319,741	319,741
Return on tangible common equity	**58.7%**	**38.3%**	36.5%	34.5%

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

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at September 30, 2021 and 2020.

($ in 000's, except for ratios)	September 30, 2021	September 30, 2020
Consumer loans receivable, net	**1,780,073**	1,100,998
Cash	**124,685**	39,477
Investment	**64,178**	40,000
Lease assets	**44,482**	46,351
Property and equipment, net	**34,397**	28,905
Derivative financial assets	**422**	3,455
Intangible assets, net	**161,189**	22,677
Right-of-use assets, net	**54,663**	46,943
Goodwill	**180,923**	21,310
Other assets	**26,725**	17,159
Total assets	**2,471,737**	1,367,275
External debt[1]	**1,415,958**	819,513
Lease liabilities	**62,915**	53,056
Derivative financial liabilities	**19,076**	-
Other liabilities	**166,461**	84,483
Total liabilities	**1,664,410**	957,052
Shareholders' equity	**807,327**	410,223
Total capitalization (external debt plus total shareholders' equity)	**2,223,285**	1,229,736
External debt to shareholders' equity	**1.75**	2.00
Net debt to net capitalization[2]	**0.62**	0.66
External debt to EBITDA	**3.34**	3.48

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

[2] Net debt is calculated as external debt less cash. Net debt to net capitalization is net debt divided by the sum of net debt and shareholders' equity.

Total assets were $2.47 billion as at September 30, 2021, an increase of $1.1 billion or 80.8% compared to September 30, 2020. The increase was related primarily to: i) the acquired loan portfolio from LendCare of $444.5 million; ii) intangible assets recognized and goodwill arising from the Acquisition amounting to $134.2 million and $159.6 million, respectively; iii) a $234.6 million increase in net consumer loans receivable excluding the loans acquired through the Acquisition; iv) the increase in cash of $85.2 million; and iv) the increase in investments of $24.2 million mainly due to the new equity investments in Affirm and Brim, partially offset by the disposal of an equity investment in PayBright.

The $1.1 billion of growth in total assets was primarily financed by: i) a $596.4 million increase in external debt which includes the new US$320 million 4.375% senior unsecured notes maturing on May 1, 2026 ("2026 Notes") to fund the Acquisition; and ii) a $397.1 million increase in total shareholder's equity, which was driven by the $172.5 million bought deal equity offering related to the Acquisition, 81,400 common shares issued to LendCare's founders valued at $11.8 million and earnings generated by the Company, partially offset by share buybacks under the Company's Normal Course Issuer Bid and dividends paid. While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings over the prior year have been retained to fund the growth of easyfinancial.

Liquidity and Capital Resources

Cash Flow Review

The table below provides a summary of cash flow components for the three and nine-month periods ended September 30, 2021 and 2020.

($ in 000's)	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash provided by operating activities before issuance of consumer loans receivable and purchase of lease assets	**138,747**	96,653	**323,691**	282,868
Net issuance of consumer loans receivable	**(143,219)**	(70,882)	**(306,619)**	(160,951)
Purchase of lease assets	**(7,160)**	(10,512)	**(21,776)**	(24,446)
Cash provided by (used in) operating activities	**(11,632)**	15,259	**(4,704)**	97,471
Cash provided by (used in) investing activities	**82,960**	(5,909)	**(202,160)**	(20,014)
Cash provided by (used in) financing activities	**(86,835)**	(24,638)	**238,496**	(84,321)
Net increase (decrease) in cash for the period	**(15,507)**	(15,288)	**31,632**	(6,864)

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

Cash Flow Analysis for the Three Months Ended September 30, 2021

Cash used in operating activities for the three-month period ended September 30, 2021 was $11.6 million, compared with $15.3 million of cash generated in operating activities in the same period of 2020. Included in cash used in operating activities for the three-month period ended September 30, 2021 were: i) a net investment of consumer loans receivable amounting to $143.2 million; and ii) the purchase of lease assets of $7.2 million. If the net collection of consumer loans receivable and the purchase of lease assets were treated as cash flows from investing activities, the cash flows generated by operating activities would have been $138.7 million for the three months ended September 30, 2021, up $42.1 million from the same period of 2020. The increase was driven by increased earnings, favorable movements in working capital and higher non-cash expenses such as bad debt expense and depreciation and amortization.

During the third quarter of 2021, cash generated in investing activities was $83.0 million, up $88.9 million compared to $5.9 million cash used in investing activities in the same period of 2020, mainly due to cash proceeds received on the sale of the non-contingent portion of the equity in Affirm.

During the third quarter of 2021, the Company used $86.8 million in cash flow from financing activities, up $62.2 million from $24.6 million cash used in the same period of 2020. During the third quarter of 2021, the Company repaid $75 million of advances on its revolving securitization warehouse facility, repaid $30 million of advances on its revolving credit facility, repaid $23 million of advances from secured borrowings, paid $10.7 million of dividends, and paid $4.8 million lease liabilities. These cash outflows were partially offset by net proceeds of $29.9 million received from advances against its revolving credit facility and $27.8 million received from advances against its secured borrowings. During the third quarter of 2020, the Company repaid $20.0 million of advances on its revolving credit facility, repurchased $6.9 million worth of shares under the Company's Normal Course Issuer Bid, paid $6.3 million of dividends, made $4.2 million lease liabilities payments, and a $2.4 million redemption of Convertible Debentures. These cash outflows were partially offset by the net proceeds of $15.0 million received from advances against the revolving credit facility.

Cash Flow Analysis for the Nine Months Ended September 30, 2021

Cash used in operating activities during the nine-month period ended September 30, 2021 was $4.7 million as compared with $97.5 million of cash generated by operating activities in the same period of 2020. Included in cash provided by operating activities for the nine-month period ended September 30, 2021 were: i) a net investment of $306.6 million to increase the consumer loans receivable portfolio and ii) the purchase of $21.8 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 $323.7 million for the nine-month period ended September 30, 2021, up from $282.9 million in the same period of 2020. The increase was due to increased earnings, favorable movements in working capital and higher non-cash expenses such as bad debt expense and depreciation and amortization partially offset by higher non-cash other income related to gains on investments.

During the nine-month period ended September 30, 2021, the Company used $202.2 million in investing activities, up $182.2 million compared to $20 million in the same period of 2020 mainly due to cash used in the Acquisition of $282.2 million and purchase of equity investments mainly in Brim of $11.3 million partially offset by the proceeds on the sale of the equity investments in PayBright and Affirm of $109.2 million.

During the nine-month period ended September 30, 2021, the Company generated $238.5 million in cash flow from financing activities. During the period, the Company issued 2026 Notes and did a $172.5 million bought deal equity offering to fund the Acquisition, received $202.7 million from advances against its revolving securitization warehouse facility, $74.9 million from advances against its revolving credit facility, and $67.1 million in advances from secured borrowings. These cash inflows were partially offset by repayment of $260 million of advances on its revolving credit facility, a $243.6 million repayment of acquired notes payable, $80 million repayment of advances from the revolving securitization warehouse facility, a $42.8 million of secured borrowings, paid $26.9 million of dividends, and made $13.9 million of lease liabilities paid. During the nine-month period ended September 30, 2020 the Company used $84.3 million in cash flow from financing activities. During this period, the Company repaid $100.0 million of advances on its revolving credit facility, repurchased $36.9 million worth of shares under the Company's Normal Course Issuer Bid, paid $17.2 million of dividends, made $12.5 million lease liabilities payments and a $2.4 million redemption of Convertible Debentures. These cash outflows were partially offset by the net proceeds of $85.0 million received from advances against its revolving credit facility.

Capital Resources

goeasy funds its business through a combination of equity and debt instruments. goeasy's common shares ("Common Shares") are listed for trading on the TSX under the trading symbol "GSY". 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 September 30, 2021, the Company's external debt consisted of US$550.0 million of 5.375% senior unsecured notes payable ("2024 Notes") with net carrying value of $688.8 million, 2026 Notes with net carrying value of $398.6 million, $191.6 million of secured borrowings, $125 million drawn against the Company's revolving securitization warehouse facility and $15 million drawn against the Company's revolving credit facility leaving $295 million borrowing capacity from its $310 million maximum borrowing limit.

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

Borrowings under the 2026 Notes bore a US$ coupon rate of 4.375%. Through a cross-currency swap agreement arranged concurrently with the offering of the US$320 million 2026 Notes in April 2021, the Company fixed the foreign exchange rate for the proceeds from the offering and for all required payments of principal and interest under these 2026 Notes, effectively hedging the obligation at $400 million with a Canadian dollar interest rate of 4.818%. These 2024 Notes are due on May 1, 2026.

The Company has two secured borrowing facilities as follows:

- A $105 million annual securitization facility which bears an interest at the Government of Canada Bonds ("GOCB") rate (with a floor rate of 0.95%) plus 395 bps. This facility expired on July 31, 2021; and
- An $85 million annual securitization facility which bears an interest at GOCB (with a floor rate of 0.25%) plus 325 bps. In addition to the securitization loan facility, there is a $6 million accumulation loan agreement which advances 85% of the face value of the consumer loans for up to a 90-day period bearing an interest rate at Canadian Bankers' Acceptance rate ("BA") plus 400 bps. The existing program agreement for this facility expires on November 30, 2021 but can be extended to a specified period agreed by both parties.

Borrowings under the Company's revolving securitization warehouse facility bear interest at the rate of 1-month CDOR plus 295 bps and matures on December 7, 2023. Concurrent with the establishment of the revolving securitization warehouse facility, the Company entered into an interest rate swap as cash flow hedge to protect itself against changes in the variability of future interest payments by paying fixed rate and receiving variable rate equivalent to 1-month CDOR.

In September 2021, the Company increased its existing revolving securitization warehouse facility to $600 million. The revolving securitization warehouse facility continues to be structured and underwritten by National Bank Financial Markets under a new three-year agreement, which incorporates favourable key modifications, including improvements to eligibility criteria and advance rates. The interest on advances are payable at the rate of 1-month CDOR plus 185 bps, an improvement of 110 bps. The Company continued utilizing an interest rate swap agreement to generate fixed rate payments on the amounts drawn and mitigate the impact of interest rate volatility.

Borrowings under the Company's revolving credit facility bear interest at either the BA rate plus 300 bps or Prime plus 200 bps at the option of the Company.

The average blended coupon interest rate for the Company's debt as at September 30, 2021, was 5.0% down from 5.4% as at September 30, 2020.

As at September 30, 2021, the Company had a cash position of $124.7 million which includes $37.5 million net amount of restricted cash related to its cross-currency swap contracts and total return swap contract, and $26.2 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings' reserve for future customer defaults. As at September 30, 2021, the Company has borrowing capacities of $475.0 million under its revolving securitization warehouse facility, $295.0 million under its revolving credit facility, and $13.5 million under its secured borrowings. The cash position of $124.7 million and total borrowing capacities of $783.5 million represented $908.2 million in total liquidity as at September 30, 2021. The Company also has the ability to exercise the accordion feature under its revolving credit facility to add an additional $75.0 million in borrowing capacity. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plan and meet its forecast through the fourth quarter of 2023.

Outstanding Shares and Dividends

As at November 3, 2021, there were 16,497,974 Common Shares, 278,150 deferred share units, 510,930 options, 270,838 restricted share units, and no warrants outstanding.

Normal Course Issuer Bid

On December 16, 2020, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a Normal Course Issuer Bid ("NCIB") (the "2020 NCIB"). Pursuant to the 2020 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 1,079,703 Common Shares being approximately 10% of goeasy's public float as of December 9, 2020. As at December 9, 2020, goeasy had 14,801,169 Common Shares issued and outstanding, and the average daily trading volume for the nine months prior to November 30, 2020, was 83,554. Under the 2020 NCIB, daily purchases will be limited to 20,888 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The purchases were permitted to commence on December 21, 2020, and will terminate on December 20, 2021, or on such earlier date as the Company may complete its purchases pursuant to the 2020 NCIB. The 2020 NCIB will be conducted through the facilities of the TSX or alternative trading systems, if eligible, and will conform to their regulations. Purchases under the 2020 NCIB will be made by means of open market transaction or other such means as a security regulatory authority may permit, including pre-arranged crosses, exempt offers and private agreements under an issuer bid exemption order issued by a securities regulatory authority. The price that goeasy will pay for any Common Shares will be the market price of such shares at the time of acquisition, unless otherwise permitted under applicable rules. The Company had not cancelled any of its Common Shares pursuant to the 2020 NCIB.

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

On March 23, 2020, TSX provided a temporary relief for its participating organizations for NCIB purchases. From March 23, 2020 to September 30, 2020 (“Effective Period”), TSX modified the volume of purchases condition in TSX Rule 6-101 of the TSX Rule Book, subsection (a) of “normal course issuer bid”, so that the amount of NCIB purchases must not exceed 50% of the average daily trading volume of the listed securities of that class. During the Effective Period, the Company’s daily purchases under the 2019 NCIB was limited to 18,040 Common Shares, representing 50% of the average daily trading volume, other than block purchase exemptions.

Dividends

During the quarter ended September 30, 2021, the Company paid a $0.66 per share quarterly dividend on outstanding Common Shares. This dividend was paid on October 8, 2021.

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

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

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

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

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

Commitments, Guarantees and Contingencies

The nature of the Company’s commitments, guarantees and contingencies remain as described in its December 31, 2020 MD&A.

Risk Factors

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

The Company’s risk factors remain as described in its December 31, 2020 MD&A.

Critical Accounting Estimates

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

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

The Company's critical accounting estimates are as described in the December 31, 2020 notes to the consolidated financial statements.

Changes in Accounting Policy and Disclosures

(a) New accounting policies as a result of the acquisition of LendCare Holdings Inc. (note 4)

The acquisition of LendCare has resulted in the following new accounting policies in addition to those used in the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2020.

Intangible Assets

Merchant network is amortized over its estimate useful life of ten years.

Financial Assets
Purchased or Originated Credit-Impaired Financial Assets

For purchased or originated credit-impaired ("POCI") financial assets, which are assets that are credit-impaired on initial recognition, lifetime expected credit loss ("ECL") are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as at January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Company.

(c) Standards issued but not yet effective

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

Internal Controls

Disclosure Controls and Procedures ("DC&P")

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

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*". Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company's disclosure controls and procedures were effective as at September 30, 2021.

Internal Controls over Financial Reporting ("ICFR")

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

The Company's internal control over financial reporting framework includes those policies and procedures that:

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

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

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

Changes to ICFR during 2021

The Company's management is certifying limited scope on the design of DC&P and ICFR during the three and nine-month periods ended September 30, 2021 to exclude controls, policies and procedures of the newly acquired business not more than 365 days before the last day of the period covered by the interim filings. The summary of financial information about the acquired business has been consolidated in the Company's interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2021.

Evaluation of ICFR at September 30, 2021

As at September 30, 2021, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR excluding controls, policies and procedures of the newly acquired business. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at September 30, 2021.