Interim Condensed Consolidated Financial Statements

goeasy Ltd.

(Unaudited)

June 30, 2021

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(expressed in thousands of Canadian dollars)

	As At June 30, 2021	As At December 31, 2020
ASSETS		
Cash (note 5)	**140,192**	93,053
Amounts receivable	**17,112**	9,779
Prepaid expenses	**8,477**	13,005
Consumer loans receivable, net (note 6)	**1,682,151**	1,152,378
Investments (note 7)	**95,138**	56,040
Lease assets	**45,921**	49,384
Property and equipment, net	**34,467**	31,322
Deferred tax assets, net (note 16)	**-**	4,066
Derivative financial assets (note 7 and 8)	**32,953**	-
Intangible assets, net	**162,379**	25,244
Right-of-use assets, net	**52,656**	46,335
Goodwill	**179,835**	21,310
TOTAL ASSETS	**2,451,281**	1,501,916
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving credit facility (note 10)	**14,039**	198,339
Accounts payable and accrued liabilities	**53,081**	46,065
Income taxes payable	**7,927**	13,897
Dividends payable (note 13)	**10,887**	6,661
Unearned revenue	**9,389**	10,622
Accrued interest	**7,860**	2,598
Deferred tax liabilities, net (note 16)	**43,922**	-
Derivative financial liabilities (note 12)	**48,027**	36,910
Lease liabilities	**60,600**	53,902
Revolving securitization warehouse facility (note 8)	**198,731**	-
Secured borrowings (note 9)	**186,714**	-
Notes payable (note 12)	**1,061,313**	689,410
TOTAL LIABILITIES	**1,702,490**	1,058,404
Shareholders' equity		
Share capital (note 13)	**369,617**	181,753
Contributed surplus	**18,401**	19,732
Accumulated other comprehensive income (loss)	**2,757**	(5,280)
Retained earnings	**358,016**	247,307
TOTAL SHAREHOLDERS' EQUITY	**748,791**	443,512
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,451,281**	1,501,916

See accompanying notes to the interim condensed consolidated financial statements.

On behalf of the Board:

David Ingram
Director

Karen Basian
Director

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)
(expressed in thousands of Canadian dollars except earnings per share)

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
REVENUE				
Interest income	**128,483**	100,866	**233,977**	200,966
Lease revenue	**28,348**	28,002	**56,785**	55,816
Commissions earned	**42,435**	19,348	**75,772**	54,626
Charges and fees	**3,090**	2,461	**5,996**	6,471
	202,356	150,677	**372,530**	317,879
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	**43,804**	34,124	**79,210**	65,826
Stock-based compensation (note 14)	**1,901**	1,771	**3,987**	3,869
Advertising and promotion	**7,172**	4,504	**13,064**	10,818
Bad debts	**48,873**	24,666	**78,147**	73,284
Occupancy	**5,753**	5,805	**11,277**	11,487
Technology costs	**4,017**	3,313	**7,821**	6,682
Other expenses (note 4)	**15,409**	6,459	**22,504**	15,754
	126,929	80,642	**216,010**	187,720
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	**8,843**	9,065	**18,086**	18,089
Depreciation of right-of-use assets	**4,422**	3,944	**8,766**	7,941
Depreciation of property and equipment	**1,938**	1,425	**3,766**	3,037
Amortization of intangible assets	**4,134**	1,607	**5,880**	2,879
	19,337	16,041	**36,498**	31,946
TOTAL OPERATING EXPENSES	**146,266**	96,683	**252,508**	219,666
OPERATING INCOME	**56,090**	53,994	**120,022**	98,213
OTHER INCOME (NOTE 7)	**(4,086)**	4,000	**83,286**	4,000
FINANCE COSTS				
Interest expenses and amortization of deferred financing charges (note 15)	**20,066**	13,405	**33,561**	27,081
Interest expense on lease liabilities	**756**	667	**1,497**	1,335
	20,822	14,072	**35,058**	28,416
INCOME BEFORE INCOME TAXES	**31,182**	43,922	**168,250**	73,797
INCOME TAX EXPENSE (NOTE 16)				
Current	**15,811**	6,001	**32,808**	13,298
Deferred	**(4,096)**	5,379	**4,000**	5,978
	11,715	11,380	**36,808**	19,276
NET INCOME	**19,467**	32,542	**131,442**	54,521
BASIC EARNINGS PER SHARE (NOTE 17)	**1.20**	2.25	**8.39**	3.74
DILUTED EARNINGS PER SHARE (NOTE 17)	**1.16**	2.11	**8.10**	3.51

See accompanying notes to the interim condensed consolidated financial statements.

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)
(expressed in thousands of Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Net income	**19,467**	32,542	**131,442**	54,521
Other comprehensive income (loss) to be reclassified to the consolidated statement of income in subsequent periods				
Change in foreign currency translation reserve	**(1)**	4	**1**	(3)
Change in fair value of cash flow hedge, net of taxes	**7,622**	(3,917)	**7,152**	8,428
Change in costs of hedging, net of taxes	**(394)**	(742)	**884**	(2,686)
	7,227	(4,655)	**8,037**	5,739
Comprehensive income	**26,694**	27,887	**139,479**	60,260

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)
(expressed in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2020	**181,753**	**19,732**	**201,485**	**247,307**	**(5,280)**	**443,512**
Common shares issued	**187,864**	**(5,318)**	**182,546**	**-**	**-**	**182,546**
Stock-based compensation (note 14)	**-**	**3,987**	**3,987**	**-**	**-**	**3,987**
Comprehensive income	**-**	**-**	**-**	**131,442**	**8,037**	**139,479**
Dividends (note 13)	**-**	**-**	**-**	**(20,733)**	**-**	**(20,733)**
Balance, June 30, 2021	**369,617**	**18,401**	**388,018**	**358,016**	**2,757**	**748,791**
Balance, December 31, 2019	141,956	20,296	162,252	171,084	(915)	332,421
Common shares issued	5,767	(4,463)	1,304	-	-	1,304
Stock-based compensation (note 14)	-	3,869	3,869	-	-	3,869
Conversion of convertible debentures	231	-	231	-	-	231
Settlement of deferred share units	-	(2,000)	(2,000)	-	-	(2,000)
Shares purchased for cancellation (note 13)	(5,893)	-	(5,893)	(24,118)	-	(30,011)
Comprehensive income	-	-	-	54,521	5,739	60,260
Dividends (note 13)	-	-	-	(12,729)	-	(12,729)
Balance, June 30, 2020	142,061	17,702	159,763	188,758	4,824	353,345

See accompanying notes to the interim condensed consolidated financial statements.

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(expressed in thousands of Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
OPERATING ACTIVITIES				
Net income	**19,467**	32,542	**131,442**	54,521
Add (deduct) items not affecting cash				
Bad debts expense	**48,873**	24,666	**78,147**	73,284
Depreciation of lease assets	**8,843**	9,065	**18,086**	18,089
Depreciation of right-of-use assets	**4,422**	3,944	**8,766**	7,941
Amortization of intangible assets	**4,134**	1,607	**5,880**	2,879
Stock-based compensation (note 14)	**1,901**	1,771	**3,987**	3,869
Depreciation of property and equipment	**1,938**	1,425	**3,766**	3,037
Amortization of deferred financing charges	**1,360**	1,190	**2,415**	2,344
Deferred income tax expense (recovery)	**(4,096)**	5,379	**4,000**	5,978
Other (income) loss (note 7)	**4,086**	(4,000)	**(83,286)**	(4,000)
	90,928	77,589	**173,203**	167,942
Net change in other operating assets and liabilities (note 18)	**(5,632)**	5,833	**11,741**	18,273
Net collection (issuance) of consumer loans receivable	**(101,795)**	6,154	**(163,400)**	(90,069)
Purchase of lease assets	**(9,288)**	(5,889)	**(14,616)**	(13,934)
Cash provided by (used in) operating activities	**(25,787)**	83,687	**6,928**	82,212
INVESTING ACTIVITIES				
Proceeds on sale of investment	**432**	-	**21,336**	-
Purchase of property and equipment	**(1,982)**	(5,217)	**(2,760)**	(7,898)
Purchase of intangible assets	**(5,191)**	(2,693)	**(8,829)**	(6,207)
Purchase of investment	**(3,999)**	-	**(11,343)**	-
Cash used in the acquisition, net of cash acquired	**(283,524)**	-	**(283,524)**	-
Cash used in investing activities	**(294,264)**	(7,910)	**(285,120)**	(14,105)
FINANCING ACTIVITIES				
Issuance of notes payable, net of financing charges (note 12)	**391,516**	-	**391,516**	-
Advances from revolving securitization warehouse facility	**25,000**	-	**203,949**	-
Issuance of common shares, net of issuance costs (note 13)	**168,133**	266	**169,710**	1,304
Advances from revolving credit facilities	**44,985**	15,000	**44,985**	70,000
Advances from secured borrowings	**39,314**	-	**39,314**	-
Lease incentive received	**283**	49	**720**	191
Payment of cash-settled restricted share units	**(1,159)**	-	**(1,159)**	-
Payment of advances from revolving securitization warehouse facility	**(5,000)**	-	**(5,000)**	-
Payment of lease liability	**(4,584)**	(4,126)	**(9,109)**	(8,272)
Payment of common share dividends (note 13)	**(9,695)**	(6,447)	**(16,203)**	(10,895)
Payment of loan from secured borrowings	**(19,825)**	-	**(19,825)**	-
Payment of advances from revolving credit facilities	**(30,000)**	(40,000)	**(230,000)**	(80,000)
Payment of notes payable	**(243,567)**	-	**(243,567)**	-
Settlement of deferred share units	**-**	-	**-**	(2,000)
Purchase of common shares for cancellation	**-**	(20,006)	**-**	(30,011)
Cash provided by (used in) financing activities	**355,401**	(55,264)	**325,331**	(59,683)
Net increase in cash during the period	**35,350**	20,513	**47,139**	8,424
Cash, beginning of period	**104,842**	34,252	**93,053**	46,341
Cash, end of period	**140,192**	54,765	**140,192**	54,765

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

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

The Parent Company and all of the companies that it controls (collectively referred to as "goeasy" or the "Company") are a leading full-service provider of goods and alternative financial services that provides everyday Canadians with a path for a better tomorrow, today. The principal operating activities of the Company include: i) providing loans and other financial services to consumers; and ii) leasing household products to consumers.

The Company operates in two reportable segments: easyfinancial and easyhome. As at June 30, 2021, the Company operated 276 easyfinancial locations (including 10 kiosks within easyhome stores) and 158 easyhome stores (including 34 franchises). As at December 31, 2020, the Company operated 266 easyfinancial locations (including 14 kiosks within easyhome stores) and 161 easyhome stores (including 35 franchises).

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 5, 2021.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements include the financial statements of the Parent Company and all of the companies that it controls. goeasy Ltd. controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This includes all wholly owned subsidiaries and a structured entity (note 8) where goeasy Ltd. has control but does not have ownership of a majority of voting rights.

As at June 30, 2021, the Parent Company's principal subsidiaries were:
- RTO Asset Management Inc.
- easyfinancial Services Inc.
- 2830844 Ontario Inc. (note 4)
- easyhome U.S. Ltd.

Statement of Compliance with International Financial Reporting Standards ("IFRS")

The unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2021 was prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company's most recent audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements do not include all of the disclosures included in the Company's audited annual consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read together with the audited annual consolidated financial statements.

Significant Accounting Judgements, Estimates and Assumptions

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

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

Continued impact of COVID-19 pandemic

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, including 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.

3. 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 Holdings Inc. ("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.

4. SIGNIFICANT ACQUISITION

On April 30, 2021 ("Acquisition Date"), through its newly created wholly-owned subsidiary, 2830844 Ontario Inc., the Company acquired 100% of the outstanding equity of LendCare Holdings Inc., a Canadian point-of-sale consumer finance and technology company, from LendCare's founders and CIVC Partners for consideration of $323.7 million, of which $311.9 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.

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

The fair value of the identifiable assets and liabilities acquired of LendCare at the date of acquisition were:

	Amount
Total identifiable net assets acquired	**71,212**
Intangible assets recognized	**134,186**
Goodwill arising on Acquisition	**158,525**
Deferred tax liabilities	**(40,229)**
Total purchase consideration transferred	**323,694**
Purchase consideration	
Cash consideration	**311,857**
Shares issued, at fair value	**11,837**
Total consideration	**323,694**
Analysis of cash flows on Acquisition	
Transaction costs of the Acquisition (included in cash flows from operating activities)	**(9,085)**
Cash used in Acquisition, net of cash acquired (included in cash flows from investing activities)	**(283,524)**
Issuance of notes payable, net of financing charges (note 12) (included in cash flows from financing activities)	**391,516**
Issuance of common shares, net of issuance costs (note 13) (included in cash flows from financing activities)	**165,062**
Payment of notes payable (included in cash flows from financing activities)	**(243,567)**
Net cash flow on Acquisition	**20,402**

The goodwill value of $158.5 million related to the Acquisition largely reflects the synergies of combining and streamlining the Company's current business with LendCare's operations. Goodwill is not deductible for tax purposes.

The results of the Acquisition have been consolidated from the Acquisition Date and combined within the easyfinancial reporting segment. For the three-month period ended June 30, 2021, the contribution of LendCare to the Company's revenue and net income under IFRS was $20.3 million revenue and $7.5 million net loss, respectively, which reflect certain fair value accounting adjustments, including the day one loan loss provision taken on the acquired loan book under IFRS.

If the Acquisition had occurred on January 1, 2021, management estimates that consolidated revenue and consolidated net income for the six-month period ended June 30, 2021 would have been $61.2 million and $1.9 million, respectively, which reflect certain fair value accounting adjustments under IFRS, including the day one loan loss provision taken on the acquired loan book. Furthermore, these management estimates do not include financial synergies as a result of the combining operations, such as financing related savings, operational cost savings, or the benefit of any cross-selling efforts that would result in additional benefits to the Company.

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

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the Acquisition Date.

	Amount
Cash	28,334
Amounts receivable	9,337
Prepaid expenses	798
Consumer loans receivable	444,520
Property and equipment	4,159
Right-of-use assets	1,160
Income tax recoverable	6,120
Account payable and accrued liabilities	(7,861)
Accrued interest	(564)
Deferred tax liabilities, net	(2,859)
Notes payable	(243,567)
Secured borrowings	(167,205)
Lease liabilities	(1,160)
Total identifiable net assets acquired	**71,212**

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Consumer loans receivable	Income approach: The income approach considers the present value of future contractual cash flows expected to be generated by loans. For non-credit impaired loans, estimated fair value is determined by discounting the expected future contractual cash flows, considering changes in market interest rates and credit risk that have occurred since the loans were originated, amongst other factors. For purchased credit-impaired loans, fair value is estimated by discounting the expected future cashflows using assumptions of probability of default, loss given default and exposure at default based on historical experience.
Property and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Income approach and replacements cost method: The income approach considers the present value of net cash flows expected to be generated by the merchant network, by excluding any cash flows related to contributory assets. The replacement cost method considers the cost for the Company to replace the essential asset.

The total gross consumer loan contractual amounts due are $457.3 million of which $16 million was expected to be uncollectible at the date of acquisition.

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

The net assets recognized in the June 30, 2021 interim condensed consolidated financial statements were based on a provisional assessment of their fair value while the Company finalizes the valuation of certain assets acquired from LendCare.

Acquisition costs

During the three and six-month periods ended June 30, 2021, the Company incurred transaction costs of $8.4 million and $9.1 million, respectively, related to the acquisition of LendCare, including advisory and consulting costs, legal costs, commitment loan fees and other direct transaction costs. During the three-month period ended June 30, 2021, $6.7 million and $1.7 million of these transaction costs were recognized under Other expenses and Finance costs, respectively, and during the six-month period ended June 30, 2021, $7.4 million and $1.7 million of these transaction costs were recognized under Other expenses and Finance costs, respectively, in the interim condensed consolidated statement of income.

5. CASH

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

The Company has pledged part of its cash to fulfill collateral requirements under its cross-currency swap contracts. As at June 30, 2021, the fair value of the cash pledged by the Company as a cash collateral in respect of the cross-currency swap was $67.5 million (December 31, 2020 - $30.1 million).

Related to its secured loans, the Company holds back an amount from the proceeds of the loan transfer as a reserve against future customer defaults. As at June 30, 2021, the cash held back as a reserve for the Revolving Securitization Warehouse Facility and Secured Borrowings were $4.3 million and $21.7 million, respectively (December 31, 2020 – nil for both).

6. CONSUMER LOANS RECEIVABLE

Consumer loans receivable represents amounts advanced to customers and includes both unsecured and secured loans. Unsecured loan terms generally range from 9 to 60 months while secured loan terms generally range from 6 to 10 years.

	June 30, 2021	**December 31, 2020**
Gross consumer loans receivable	**1,795,844**	1,246,840
Interest receivable from consumer loans	**17,884**	16,566
Unamortized deferred acquisition costs	**12,265**	14,648
Unamortized deferred revenues	**(1,936)**	-
Allowance for credit losses	**(141,906)**	(125,676)
	1,682,151	1,152,378

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

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

	June 30, 2021	December 31, 2020
Unsecured instalment loans	**1,206,780**	1,091,562
Secured instalment loans*	**589,064**	155,278
	1,795,844	1,246,840

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

The scheduled principal repayment aging analysis of gross consumer loans receivable portfolio are as follows:

	June 30, 2021		December 31, 2020	
	$	% of total loans	$	% of total loans
0 – 6 months	**198,459**	**11.1%**	184,553	14.8%
6 – 12 months	**150,176**	**8.4%**	144,341	11.6%
12 – 24 months	**336,266**	**18.7%**	300,560	24.1%
24 – 36 months	**367,064**	**20.4%**	289,065	23.2%
36 – 48 months	**275,494**	**15.3%**	181,866	14.6%
48 – 60 months	**196,148**	**10.9%**	62,361	5.0%
60 months +	**272,237**	**15.2%**	84,094	6.7%
	1,795,844	**100.0%**	1,246,840	100.0%

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

	June 30, 2021		December 31, 2020	
	$	% of total loans	$	% of total loans
0 – 1 year	**55,086**	**3.1%**	48,561	3.9%
1 – 2 years	**151,186**	**8.4%**	142,958	11.5%
2 – 3 years	**343,419**	**19.1%**	321,683	25.8%
3 – 4 years	**441,804**	**24.6%**	381,055	30.6%
4 – 5 years	**408,699**	**22.8%**	209,994	16.8%
5 years +	**395,650**	**22.0%**	142,589	11.4%
	1,795,844	**100.0%**	1,246,840	100.0%

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

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

	June 30, 2021		December 31, 2020	
	$	**% of total loans**	**$**	**% of total loans**
1 – 30 days	**48,246**	**2.8%**	34,880	2.8%
31 – 44 days	**9,553**	**0.5%**	7,645	0.6%
45 – 60 days	**7,959**	**0.4%**	5,503	0.4%
61 – 90 days	**12,256**	**0.7%**	7,258	0.6%
91 – 120 days	**2,671**	**0.1%**	231	0.0%
121 – 150 days	**1,770**	**0.1%**	83	0.0%
151 – 180 days	**1,627**	**0.1%**	64	0.0%
	84,082	**4.7%**	55,664	4.4%

The following tables provide the gross consumer loans receivable split by the Company's risk ratings and further segregated by Stage 1, Stage 2, and Stage 3. The categorization of borrowers into low, normal and high risk is based on the Company's custom behaviour credit scoring model and/or third-party credit scores. This scoring model has been built and refined using analytical techniques and statistical modelling tools which have proven more effective at predicting future losses than traditional credit scores available from credit reporting agencies. Borrowers categorized as low risk have expected future losses that are lower than the average expected loss rate of the overall loan portfolio. Customers categorized as normal risk have expected future losses that are approximately the same as the average expected loss rate of the overall loan portfolio. Customers categorized as high risk have expected future losses that are higher than the average expected loss rate of the overall loan portfolio. The median TransUnion Risk Score for those borrowers categorized as low, normal and high risk is presented below as reference.

	As at June 30, 2021				
	Median TransUnion Risk Score	**Stage 1 (Performing)**	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Low Risk	**635**	**980,747**	**1,681**	**119**	**982,547**
Normal Risk	**556**	**550,947**	**6,367**	**244**	**557,558**
High Risk	**505**	**144,563**	**82,882**	**28,294**	**255,739**
Total	**585**	**1,676,257**	**90,930**	**28,657**	**1,795,844**

	As at December 31, 2020				
	Median TransUnion Risk Score	**Stage 1 (Performing)**	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Low Risk	617	636,101	2,467	107	638,675
Normal Risk	544	384,942	7,174	246	392,362
High Risk	502	120,758	75,194	19,851	215,803
Total	564	1,141,801	84,835	20,204	1,246,840

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

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

	Three Months Ended June 30, 2021			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)***	**Total**
Balance as at April 1, 2021	**1,170,057**	**83,648**	**23,586**	**1,277,291**
Gross loans originated	**379,082**	**-**	**-**	**379,082**
Gross loan purchased (note 4)	**435,311**	**-**	**9,209**	**444,520**
Principal payments and other adjustments	**(266,816)**	**3,212**	**(5,640)**	**(269,244)**
Transfers to (from)				
Stage 1 (Performing)	**63,054**	**(54,586)**	**(8,468)**	**-**
Stage 2 (Under-Performing)	**(79,618)**	**82,682**	**(3,064)**	**-**
Stage 3 (Non-Performing)	**(17,632)**	**(21,221)**	**38,853**	**-**
Gross charge-offs	**(7,181)**	**(2,805)**	**(25,819)**	**(35,805)**
Balance as at June 30, 2021	**1,676,257**	**90,930**	**28,657**	**1,795,844**

* Included purchased credit-impaired loans from the Acquisition.

	Three Months Ended June 30, 2020			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Balance as at April 1, 2020	1,025,126	114,980	25,949	1,166,055
Gross loans originated	170,842	-	-	170,842
Principal payments and other adjustments	(172,145)	2,380	(1,244)	(171,009)
Transfers to (from)				
Stage 1 (Performing)	86,637	(76,685)	(9,952)	-
Stage 2 (Under-Performing)	(66,276)	69,914	(3,638)	-
Stage 3 (Non-Performing)	(10,153)	(18,329)	28,482	-
Gross charge-offs	(4,462)	(2,967)	(23,977)	(31,406)
Balance as at June 30, 2020	1,029,569	89,293	15,620	1,134,482

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

	Six Months Ended June 30, 2021			
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)*	Total
Balance as at January 1, 2021	**1,141,801**	**84,835**	**20,204**	**1,246,840**
Gross loans originated	**651,433**	**-**	**-**	**651,433**
Gross loans purchased (note 4)	**435,311**	**-**	**9,209**	**444,520**
Principal payments and other adjustments	**(480,189)**	**8,293**	**(8,040)**	**(479,936)**
Transfers to (from)				
Stage 1 (Performing)	**132,187**	**(114,635)**	**(17,552)**	**-**
Stage 2 (Under-Performing)	**(156,904)**	**162,870**	**(5,966)**	**-**
Stage 3 (Non-Performing)	**(33,114)**	**(44,600)**	**77,714**	**-**
Gross charge-offs	**(14,268)**	**(5,833)**	**(46,912)**	**(67,013)**
Balance as at June 30, 2021	**1,676,257**	**90,930**	**28,657**	**1,795,844**

* Included purchased credit-impaired loans from the Acquisition.

	Six Months Ended June 30, 2020			
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Balance as at January 1, 2020	983,323	103,448	23,862	1,110,633
Gross loans originated	412,445	-	-	412,445
Gross loans purchased	31,275	-	-	31,275
Principal payments and other adjustments	(357,417)	12,712	(2,893)	(347,598)
Transfers to (from)				
Stage 1 (Performing)	153,606	(135,026)	(18,580)	-
Stage 2 (Under-Performing)	(155,474)	161,641	(6,167)	-
Stage 3 (Non-Performing)	(27,521)	(46,301)	73,822	-
Gross charge-offs	(10,668)	(7,181)	(54,424)	(72,273)
Balance as at June 30, 2020	1,029,569	89,293	15,620	1,134,482

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

	Six Months Ended June 30, 2021	Year Ended December 31, 2020
Balance, beginning of period	**125,676**	107,107
Net amounts written-off against allowance	**(61,917)**	(116,429)
Increase due to lending and collection activities	**78,147**	134,998
Balance, end of period	**141,906**	125,676

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

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

	Three Months Ended June 30, 2021			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)***	**Total**
Balance as at April 1, 2021	**77,177**	**32,143**	**16,830**	**126,150**
Gross loans originated	**13,442**	**-**	**-**	**13,442**
Gross loans purchased	**14,252**	**-**	**-**	**14,252**
Principal payments and other adjustments	**(3,874)**	**470**	**(3,745)**	**(7,149)**
Transfers to (from) including remeasurement				
Stage 1 (Performing)	**9,289**	**(11,153)**	**(5,622)**	**(7,486)**
Stage 2 (Under-Performing)	**(8,309)**	**21,631**	**(2,078)**	**11,244**
Stage 3 (Non-Performing)	**(3,230)**	**(5,811)**	**33,611**	**24,570**
Net amounts written-off against allowance	**(6,643)**	**(2,595)**	**(23,879)**	**(33,117)**
Balance as at June 30, 2021	**92,104**	**34,685**	**15,117**	**141,906**

* Included purchased credit-impaired loans from the acquisition of LendCare.

	Three Months Ended June 30, 2020			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Balance as at April 1, 2020	61,868	36,777	19,178	117,823
Gross loans originated	7,280	-	-	7,280
Principal payments and other adjustments	(7,004)	173	(3,349)	(10,180)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	21,180	(16,611)	(6,956)	(2,387)
Stage 2 (Under-Performing)	(6,670)	19,195	(2,552)	9,973
Stage 3 (Non-Performing)	(1,741)	(5,193)	26,914	19,980
Net amounts written-off against allowance	(4,137)	(2,750)	(21,572)	(28,459)
Balance as at June 30, 2020	70,776	31,591	11,163	114,030

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

	Six Months Ended June 30, 2021			
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)*	Total
Balance as at January 1, 2021	**77,759**	**32,608**	**15,309**	**125,676**
Gross loans originated	**24,076**	**-**	**-**	**24,076**
Gross loans purchased	**14,252**	**-**	**-**	**14,252**
Principal payments and other adjustments	**(10,247)**	**1,157**	**(7,185)**	**(16,275)**
Transfers to (from) including remeasurement				
Stage 1 (Performing)	**20,029**	**(22,854)**	**(12,097)**	**(14,922)**
Stage 2 (Under-Performing)	**(14,935)**	**41,834**	**(3,979)**	**22,920**
Stage 3 (Non-Performing)	**(5,607)**	**(12,654)**	**66,357**	**48,096**
Net amounts written-off against allowance	**(13,223)**	**(5,406)**	**(43,288)**	**(61,917)**
Balance as at June 30, 2021	**92,104**	**34,685**	**15,117**	**141,906**

* Included purchased credit-impaired loans from the acquisition of LendCare Holdings Inc.

	Six Months Ended June 30, 2020			
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Balance as at January 1, 2020	55,930	33,671	17,506	107,107
Gross loans originated	18,073	-	-	18,073
Gross loans purchased	2,328	-	-	2,328
Principal payments and other adjustments	(13,732)	1,601	(6,684)	(18,815)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	37,577	(29,137)	(13,023)	(4,583)
Stage 2 (Under-Performing)	(15,324)	45,106	(4,357)	25,425
Stage 3 (Non-Performing)	(4,233)	(13,025)	68,114	50,856
Net amounts written-off against allowance	(9,843)	(6,625)	(49,893)	(66,361)
Balance as at June 30, 2020	70,776	31,591	11,663	114,030

In calculating the allowance for credit losses, internally developed models were used which factor in credit risk related parameters including the probability of default, the exposure at default, the loss given default, and other relevant risk factors. As part of the process, three forward-looking scenarios are generated – 1) Neutral, 2) Optimistic, and 3) Pessimistic – based on forecasting of macroeconomic variables (gross domestic product (“GDP”), unemployment rates, inflation rates, and oil prices) that are determined relevant to the allowance for credit losses. Judgment is then applied to the recommended probability weightings to these scenarios to determine a probability weighted allowance for credit losses as at June 30, 2021 and December 31, 2020.

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

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast period as at June 30, 2021 and December 31, 2020, respectively, which were obtained from the forward-looking indicator ("FLI") forecasts produced by five large Canadian banks.

12-Month Forward-Looking Macroeconomic Variables (Average annual)	**June 30, 2021**			**December 31, 2020**		
	Neutral Forecast	**Optimistic Forecast**	**Pessimistic Forecast**	**Neutral Forecast**	**Optimistic Forecast**	**Pessimistic Forecast**
Unemployment rate[1]	**6.50%**	**6.25%**	**9.96%**	7.51%	7.30%	11.41%
GDP growth[2]	**9.44%**	**9.8%**	**0.87%**	5.91%	6.55%	(2.9%)
Inflation growth[3]	**3.37%**	**2.85%**	**3.50%**	1.52%	1.05%	2.03%
Oil prices[4]	**$66.47**	**$70.04**	**$40.33**	$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 analysis performed by the Company determined that the rate of inflation and rate of unemployment were positively correlated with the Company's historic loss rates while oil prices and the rate of GDP were negatively correlated with the Company's historic loss rates. The assignment of the probability weighting for the various scenarios using these variables involves management judgment through a robust internal review and analysis by management to arrive at a collective view on the likelihood of each scenario, particularly in light of the current COVID-19 pandemic circumstance. If management were to assign 100% probability to the pessimistic scenario forecast, the allowance for credit losses would have been $16.4 million (December 31, 2020 - $14.0 million) higher than the reported allowance for credit losses as at June 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.

7. INVESTMENTS

Investments include the following:

	June 30, 2021	**December 31, 2020**
Listed and actively traded equities		
Affirm Holdings Inc.	**84,032**	-
Others	**606**	-
Unlisted equities		
Brim Financial Inc.	**10,500**	-
PayBright	**-**	56,040
	95,138	56,040

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

Movements in investments, the total return swap and unrealized fair value gains recognized under Other income in the interim condensed consolidated statement of income for financial assets at fair value through profit or loss, are summarized below:

	Fair value at the opening of the period	Purchases	Disposals	Gross unrealized gains (losses)	Fair value at the closing of the period
For the six months ended June 30, 2021					
Investments					
Listed and actively traded equities					
Affirm Holdings Inc.[1]	**-**	**33,065**	**-**	**50,967**	**84,032**
Others	**-**	**844**	**-**	**(238)**	**606**
Unlisted equities					
Brim Financial Inc.	**-**	**10,500**	**-**	**-**	**10,500**
PayBright[1]	**56,040**	**-**	**(56,040)**	**-**	**-**
Investments	**56,040**	**44,409**	**(56,040)**	**50,729**	**95,138**
Total return swap related to Affirm Holdings Inc.	**-**	**-**	**-**	**32,557**	**32,557**
Investments including total return swap	**56,040**	**44,409**	**(56,040)**	**83,286**	**127,695**
For the year ended December 31, 2020					
Investments					
Unlisted equities					
PayBright	34,300	-	-	21,740	56,040
Investments	34,300	-	-	21,740	56,040

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

Affirm Holdings Inc. and PayBright

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

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

Under the terms of the sale transaction, on January 1, 2021, the Company received total consideration, which was valued at that time, as follows:
- Cash of $23.0 million, excluding one-time expenses and closing adjustments and including $2.1 million held in escrow;
- Equity in Affirm with a value of $21.5 million; and
- Contingent equity in Affirm with a value of $15.4 million, subject to revenue performance achieved in 2021 and 2022.

After considering the likelihood of achieving the contingent equity, the fair value of the investment in PayBright was determined to be $56.0 million as at December 31, 2020 based on the value of the consideration received on January 1, 2021.

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

The Company's investment in Affirm was classified at initial recognition at fair value through profit or loss ("FVTPL") on January 1, 2021. For the three and six-month periods ended June 30, 2021, the Company recognized an unrealized fair value loss of $5.4 million and unrealized fair value gain of $51 million, respectively, under Other income in the interim condensed consolidated statement of income.

Total Return Swap

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

Included in the Derivative financial asset is the change in fair value of the TRS for the six months ended June 30, 2021 amounting to $32.6 million. For the three and six-month periods ended June 30, 2021, $1.7 million and $32.6 million fair value gain was recognized under Other income in the interim condensed consolidated statement of income.

The fair value of the cash posted by the counterparties as a cash collateral in respect of the total return swap was $32.9 million (December 31, 2020 – nil).

Brim Financial Inc.

During the three and six-month periods ended June 30, 2021, the Company invested $4.0 million and $10.5 million, respectively, to acquire a minority equity interest in Brim Financial Inc. ("Brim"). Brim, a Canadian fintech company and globally certified credit card issuer, offers a full product suite of consumer and business credit cards, consumer digital banking services, a globally open rewards and loyalty ecosystem, and financial products including buy now pay later capabilities seamlessly integrated in all business and consumer revolving credit card products.

The Company's investment in Brim was classified at initial recognition at FVTPL. No gains or losses were recognized for the three and six-month periods ended June 30, 2021.

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

8. STRUCTURED ENTITY

Nature, purpose and extent of the Company's exposure to structured entity

On December 7, 2020, goeasy Securitization Trust (the "Trust"), a securitization vehicle controlled and consolidated by the Parent Company, was established. The Company's activities include transactions with the Trust, a structured entity, which has been designed to achieve a specific business objective. A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The primary use of the Trust is to provide the Company with funding for its operational needs. The Trust entered into a $200 million Revolving Securitization Warehouse Facility ("Revolving Securitization Warehouse Facility") with National Bank Financial Markets ("NBFM"), and as collateral for the drawn amount, consumer loans are sold from easyfinancial Services Inc. into the Trust. The economic exposure associated with the rights inherent to these consumer loans are controlled by easyfinancial Services Inc. As a result, these consumer loans do not qualify for derecognition in the easyfinancial Services Inc.'s statement of financial position. The Revolving Securitization Warehouse Facility maturing on December 7, 2023 bears an interest at the rate of 1-month Canadian Dollar Offered Rate ("CDOR") plus 295 bps.

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

	June 30, 2021	December 31, 2020
Drawn amount	**200,000**	-
Unamortized deferred financing costs	**(1,269)**	-
	198,731	-

As at June 30, 2021, $325.8 million (December 31, 2020 – nil) consumer loans receivable was pledged by the Company as a collateral for the drawn amount against its Revolving Securitization Warehouse Facility.

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

The Company has elected to use hedge accounting for the Revolving Securitization Warehouse Facility and the interest rate swap (i.e., the same notional amount, maturity date, interest payment dates). The Company has established a hedge ratio of 1:1 for the hedging relationships. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Revolving Securitization Warehouse Facility and interest rate swap. There was no hedge ineffectiveness recognized in net income for the three-month period ended June 30, 2021.

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

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

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

	June 30, 2021	**December 31, 2020**
Derivative financial asset		
Interest rate swap	**396**	-
	396	-

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

Financial covenant	**Requirements**	**June 30, 2021**	**December 31, 2020**
Minimum consolidated fixed charge coverage ratio	> 2.0	**5.28**	-

As at June 30, 2021, the Company was in compliance with its financial covenant under the Revolving Credit Warehouse Facility.

On July 28, 2021, the Company has obtained a commitment to increase its existing revolving securitization warehouse facility to $600 million, from its current $200 million capacity. The revolving securitization warehouse facility, originally established in December 2020, will continue to be structured and underwritten by NBFM under a new three-year agreement, which incorporates favourable key modifications, including improvements to eligibility criteria and advance rates. The interest on advances will be payable at the rate of 1-month CDOR plus 185 bps, an improvement of 110 bps over the previous rate. Based on the current 1-month CDOR rate of 0.42% as of August 4, 2021, the interest rate would be 2.27%. The Company will continue utilizing an interest rate swap agreement to generate fixed rate payments on the amounts drawn and mitigate the impact of interest rate volatility.

9. SECURED BORROWINGS

The Company also securitizes consumer loans through non-structured third parties. The economic exposure associated with the rights inherent to these consumer loans are controlled by LendCare Capital Inc. ("LCI"), a subsidiary of LendCare (note 4). As a result, these consumer loans do not qualify for derecognition in the Company's statement of financial position and Secured Borrowings are recognized for the cash proceeds received.

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

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

- A $105 million annual securitization facility ("$105 million 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 ("$85 million Securitization Facility") which bears an interest at GOCB (with a floor rate of 0.25%) plus 390 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.

The following table summarizes the details of the Secured Borrowings:

	June 30, 2021	**December 31, 2020**
Drawn amount	**186,767**	-
Unamortized deferred financing costs	**(53)**	-
	186,714	-

As at June 30, 2021, $171.4 million (December 31, 2020 – nil) consumer loans receivable was pledged by the Company as a collateral for these Secured Borrowings.

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

Financial covenant	**Requirements**	**June 30, 2021**	**December 31, 2020**
Minimum LCI tangible net worth	**>20,000**	**46,237**	**-**

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

Financial covenant	**Requirements**	**June 30, 2021**	**December 31, 2020**
Minimum LCI tangible net worth	**>30,000**	**56,252**	-
Maximum LCI leverage ratio	**< 9.00**	**8.04**	-

As at June 30, 2021, the Company was in compliance with its financial covenant for all their Secured Borrowings.

10. REVOLVING CREDIT FACILITY

The Company's revolving credit facility consists of a $310.0 million senior secured revolving credit facility maturing on February 12, 2022. The revolving credit facility is provided by a syndicate of banks. Interest on advances is payable at either the BA plus 300 bps or the lender's prime rate ("Prime") plus 200 bps, at the option of the Company.

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

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

	June 30, 2021	December 31, 2020
Drawn amount	**15,000**	200,000
Unamortized deferred financing costs	**(961)**	(1,661)
	14,039	198,339

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

Financial covenant	Requirements	June 30, 2021	December 31, 2020
Minimum consolidated tangible net worth	>132,000, plus 50% of consolidated net income	**433,819**	384,692
Maximum consolidated leverage ratio	< 4.50	**3.34**	2.26
Minimum consolidated fixed charge coverage ratio	> 1.75	**2.64**	2.77
Maximum net charge off ratio	< 15.0%	**8.5%**	10.0%
Minimum collateral performance index	> 90.0%	**100.6%**	100.1%

As at June 30, 2021 and December 31, 2020, the Company was in compliance with all of its financial covenants under its credit agreements.

11. CONVERTIBLE DEBENTURES

In June 2017, the Company issued $53.0 million of 5.75% convertible unsecured subordinated debentures, with interest payable semi-annually on January 31 and July 31 each year and commenced on January 31, 2018 (the “Debentures”). The Debentures mature on July 31, 2022 and are convertible at the holder’s option into common shares of the Company at a conversion price of $43.36 per share.

On and after July 31, 2020, and prior to July 31, 2021, the Debentures may be redeemed in whole or in part from time to time and with proper notice by the Company, provided that the volume-weighted average trading price of the common shares on the TSX for the 20 consecutive trading days prior to the 5th trading day before redemption notification date was not less than 125% of the conversion price. On or after July 31, 2021, the Company may redeem with proper notice the Debentures for the principal amount plus accrued and unpaid interest.

On July 31, 2020 (the "Redemption Date"), the Company redeemed all Debentures that remained unconverted on that date in accordance with the notice of redemption to the holders of its Debentures issued on June 29, 2020. The Debentures were redeemed at a redemption price equal to their principal amount, plus accrued and unpaid interest thereon up to, but excluding, the Redemption Date. On the Redemption Date, the Company redeemed $2.4 million aggregate principal amount of Debentures that remained unconverted on that date and the Debentures were de-listed from TSX subsequently thereafter.

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

The following table summarizes the details of the Convertible debentures:

	Amount
As at January 1, 2020	40,656
Accretion in carrying value of debenture liability	632
Redemption of Debentures in cash (net of $118 unamortized deferred financing costs)	(2,309)
Conversion of Debentures to equity (net of $2,650 unamortized deferred financing costs)	(38,979)
As at December 31, 2020	**-**

During the year ended December 31, 2020, $41,629 of Debentures were converted into 959,983 common shares.

12. NOTES PAYABLE

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

The 2024 Notes include certain prepayment features: i) up to December 1, 2021, all of the 2024 Notes can be prepaid at par plus a premium and accrued and unpaid interest or, if the proceeds are acquired from an equity offering, up to 40% of the 2024 Notes (including future additions) can be prepaid at a price of 105.375% plus accrued and unpaid interest; ii) from December 1, 2021 to November 30, 2022, all of the 2024 Notes can be prepaid at a price of 102.688% plus accrued and unpaid interest; iii) from December 1, 2022 to November 30, 2023, all of the 2024 Notes can be prepaid at a price of 101.344% plus accrued and unpaid interest; and iv) on or after December 1, 2023 the 2024 Notes can be prepaid at par plus accrued and unpaid interest.

Concurrent with the issuance of the 2024 Notes, the Company entered into derivative financial instruments (the "2024 cross-currency swaps") as cash flow hedges to fix the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the 2024 Notes at a fixed exchange rate of USD1.000 = CAD1.3242, thereby fully hedging the USD550.0 million 2024 Notes at a CAD interest rate of 5.65%. The 2024 cross-currency swaps fully hedge the obligation under the 2024 Notes to $728.3 million.

The following table summarizes the details of the 2024 Notes:

	June 30, 2021	**December 31, 2020**
2024 Notes in CAD at issuance	**728,310**	728,310
Change in fair value of 2024 Notes since issuance date due to changes in foreign exchange rate	**(46,530)**	(28,380)
	681,780	699,930
Unamortized deferred financing costs	**(9,309)**	(10,520)
	672,471	689,410

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

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

The 2026 Notes include certain prepayment features: i) up to May 1, 2023, all of the 2026 Notes can be prepaid at par plus a premium and accrued and unpaid interest or, if the proceeds are acquired from an equity offering, up to 40% of the 2026 Notes (including future additions) can be prepaid at a price of 104.375% plus accrued and unpaid interest; ii) from May 1, 2023 to April 30, 2024, all of the 2026 Notes can be prepaid at a price of 102.188% plus accrued and unpaid interest; iii) from May 1, 2024 to April 30, 2025, all of the 2026 Notes can be prepaid at a price of 101.094% plus accrued and unpaid interest; and iv) on or after May 1, 2025 the 2026 Notes can be prepaid at par plus accrued and unpaid interest.

Concurrent with the issuance of the 2026 Notes, the Company entered into derivative financial instruments (the "2026 cross-currency swaps") (the 2024 cross-currency swaps and 2026 cross-currency swaps are collectively referred to as cross-currency swaps) as cash flow hedges to fix the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the 2026 Notes at a fixed exchange rate of USD1.000 = CAD1.2501, thereby fully hedging the US$320.0 million 2026 Notes at a CAD interest rate of 4.818%. The 2026 cross-currency swaps fully hedge the obligation under the 2026 Notes to $400.0 million.

The following table summarizes the details of the 2026 Notes:

	June 30, 2021	**December 31, 2020**
2026 Notes in CAD at issuance	**400,032**	-
Change in fair value of 2026 Notes since issuance date due to changes in foreign exchange rate	**(3,360)**	-
	396,672	-
Unamortized deferred financing costs	**(7,830)**	-
	388,842	-

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

	June 30, 2021	**December 31, 2020**
2024 Notes	**672,471**	689,410
2026 Notes	**388,842**	-
	1,061,313	689,410

The Company has elected to use hedge accounting for the Notes Payable and the cross-currency swaps (i.e., the same notional amount, maturity date, interest rate, interest payment dates). The Company has elected to designate foreign currency basis as a cost of hedging, thereby excluding foreign currency basis spreads from the designation of the hedging relationship, and has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts is identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Notes Payable and cross-currency swaps. There was no hedge ineffectiveness recognized in net income for the three and six-month periods ended June 30, 2021 and for the year ended December 31, 2020.

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

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

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

	June 30, 2021	**December 31, 2020**
Derivative financial (liabilities) assets		
2024 Cross-currency swaps	**(52,095)**	(36,910)
2026 Cross-currency swaps	**4,068**	-
	(48,027)	(36,910)

13. SHARE CAPITAL

Common Shares Issued and Outstanding

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

	Six Months Ended June 30, 2021		**Year Ended December 31, 2020**	
	# of shares (in 000's)	**$**	**# of shares (in 000's)**	**$**
Balance, beginning of the period	**14,801**	**181,753**	14,346	141,956
Share issuance	**1,486**	**184,358**	-	-
Share issuance costs, net of tax	**-**	**(5,606)**	-	-
Exercise of stock options	**130**	**5,927**	47	1,121
Exercise of RSUs	**75**	**2,881**	199	7,070
Dividend reinvestment plan	**3**	**304**	17	834
Conversion of Debentures	**-**	**-**	960	38,979
Shares purchased for cancellation	**-**	**-**	(768)	(8,207)
Balance, end of the period	**16,495**	**369,617**	14,801	181,753

$172.5 Million Bought Deal Equity Offering

In connection with the Acquisition (note 4), on April 16, 2021, the Company closed its bought deal equity offering of 1,404,265 subscription receipts of the Company ("Subscription Receipts") (including 183,165 Subscription Receipts issued pursuant to the exercise in full by the syndicate of underwriters of the over-allotment option granted by the Company), at a price of $122.85 per Subscription Receipt, for gross aggregate proceeds of $172.5 million (the "Offering"). The Subscription Receipts issued pursuant to the Offering commenced trading on the Toronto Stock Exchange ("TSX") on April 16, 2021 under the ticker symbol GSY.R. As a result of the completion of the Acquisition on April 30, 2021, each of the 1,404,265 outstanding Subscription Receipts were automatically exchanged for one common share of the Company. The Subscription Receipts were delisted from the TSX after the close of market on April 30, 2021.

Share Consideration for the Acquisition of LendCare

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

Dividends on Common Shares

For the three and six-month periods ended June 30, 2021, the Company paid dividends of $9.8 million or $0.66 per share and $16.5 million or $1.11 per share, respectively. For the three and six-month periods ended June 30, 2020, the Company paid dividends of $6.4 million or $0.45 per share and 10.9 million or $0.76 per share, respectively. On May 11, 2021, the Company declared a dividend of $0.66 per share to shareholders of record on June 25, 2021 payable on July 9, 2021. The dividend paid on July 9, 2021 was $10.9 million.

Shares Purchased for Cancellation

On December 16, 2020, the Company renewed its normal course issuer bid ("NCIB"), which allows for a total purchase of up to 1,079,703 common shares (the "2020 NCIB") and expires on December 20, 2021. During the three and six-month periods ended June 30, 2021 and year ended December 31, 2020, the Company did not purchase and cancel any of its common shares on the open market 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, which commenced on December 20, 2019 (the "2019 NCIB"). During the year ended December 31, 2020, the Company purchased and cancelled 767,855 of its common shares on the open market at an average price of $55.18 per share for a total cost of $42.4 million pursuant to the 2019 NCIB. This normal course issuer bid expired on December 19, 2020.

14. STOCK-BASED COMPENSATION

Share Option Plan

Under the Company's share option plan, options to purchase common shares may be granted by the Board of Directors to directors, officers and employees. During the three and six-month periods ended June 30, 2021, 3,256 and 57,735 options were granted by the Company respectively (three and six-month periods ended June 30, 2020 – 180,739 for both periods). For the three and six-month periods ended June 30, 2021, the Company recorded an expense of $416 and $943, respectively (three and six month periods ended June 30, 2020 - $177 and $458, respectively) in stock-based compensation expense in the unaudited interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

Restricted Share Unit ("RSU") Plan

During the three and six-month periods ended June 30, 2021, the Company granted 39,483 and 83,849 RSUs, respectively (three and six-month periods ended June 30, 2020 – 92,548 and 92,818 RSUs, respectively) to employees of the Company under its RSU Plan. RSUs are granted at fair market value at the grant date and generally vest at the end of a three-year period based on long-term targets. For the three and six-month periods ended June 30, 2021, $884 and $1,897, respectively (three and six-month periods ended June 30, 2020 - $969 and $2,157, respectively) were recorded as an expense in stock-based compensation expense in the unaudited interim condensed consolidated statements of income. Additionally, for the three and six-month periods ended June 30, 2021, an additional 1,166 and 2,461 RSUs, respectively (three and six-month periods ended June 30, 2020 – 2,602 and 4,059 RSUs, respectively) were granted as a result of dividends payable.

Deferred Share Unit ("DSU") Plan

During the three and six-month periods ended June 30, 2021, the Company granted 1,200 and 12,454 DSUs, respectively (three-and six-month periods ended June 30, 2020 – 2,661 and 27,636 DSUs) to directors under its DSU Plan. DSUs are granted at fair market value at the grant date and vest immediately upon grant. For the three and six -months period ended June 30, 2021, $601 and $1,147 DSUs, respectively (three and six-month periods ended June 30, 2020 - $625 and $1,254 DSUs, respectively) was recorded as stock-based compensation expense under the DSU Plan in the unaudited interim condensed consolidated statements of income. Additionally, for the three and six-month periods ended June 30, 2021, an additional 1,384 and 2,580 DSUs, respectively (three and six-month period ended June 30, 2020 – 3,187 and 4,248 DSUs, respectively) were granted as a result of dividends payable.

Stock-Based Compensation Expense

Stock-based compensation expense for the three and six-month periods ended June 30, 2021 was $1,901 and $3,987, respectively (three and six-month period ended June 30, 2020 - $1,771 and $3,869, respectively).

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

15. INTEREST EXPENSE AND AMORTIZATION OF DEFERRED FINANCING CHARGES

Interest expense and amortization of deferred financing charges under finance costs in the unaudited interim condensed consolidated statements of income include the following:

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Interest expense				
Notes payable	**13,500**	10,287	**23,787**	20,575
Revolving securitization warehouse facility	**1,787**	-	**2,810**	-
Secured borrowings	**1,417**	-	**1,417**	-
Revolving credit facility	**435**	1,413	**1,709**	3,235
Convertible debt	**-**	630	**-**	1,260
Amortization of deferred financing costs and accretion expense	**1,360**	1,190	**2,415**	2,344
Loan commitment fees (note 4)	**1,726**	-	**1,726**	-
Interest income, net	**(159)**	(115)	**(303)**	(333)
	20,066	13,405	**33,561**	27,081

16. INCOME TAXES

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

	Six Months Ended	
	June 30, 2021	**June 30, 2020**
Combined basic federal and provincial income tax rates	**26.5%**	26.7%
Expected income tax expense	**44,952**	19,698
Non-deductible acquisition transaction costs	**1,929**	-
Non-deductible other expenses	**596**	635
Effect of capital gains on unrealized fair value gain on investments	**(11,035)**	(534)
Other	**366**	(523)
	36,808	19,276

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

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

	June 30, 2021	**December 31, 2020**
Amounts receivable and allowance for credit losses	**1,945**	4,933
Financing fees	**3,002**	4,593
Share issuance costs	**1,854**	-
Stock-based compensation	**1,200**	1,551
Right-of-use assets, net of lease liabilities	**1,199**	1,184
Acquisition transaction costs (note 4)	**455**	-
Loss carry forwards	**350**	182
Others	**17**	-
Revaluation of Notes Payable and derivative financial instruments	**(494)**	2,261
Unearned revenue	**(299)**	304
Tax cost of lease assets and property and equipment in excess of net book value	**(7,978)**	(8,062)
Unrealized fair value gain on investments	**(11,035)**	(2,880)
Intangible asset arising from business acquisition (note 4)	**(34,138)**	-
	(43,922)	4,066

17. EARNINGS PER SHARE

Basic Earnings Per Share

Basic earnings per share amounts were calculated by dividing the net income for the year by the weighted average number of common shares and DSUs outstanding. DSUs were included in the calculation of the weighted average number of common shares outstanding as these units vest upon grant.

	Three Months Ended		**Six Months Ended**	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Net income	**19,467**	32,542	**131,442**	54,521
Weighted average number of common shares outstanding (in 000's)	**16,223**	14,483	**15,672**	14,580
Basic earnings per common share	**1.20**	2.25	**8.39**	3.74

For the three and six-month periods ended June 30, 2021, 273,889 and 272,277 DSUs, respectively (three and six-month periods ended June 30, 2020 – 249,149 and 252,298 DSUs, respectively) were included in the weighted average number of common shares outstanding.

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

Diluted Earnings Per Share

Diluted earnings per share reflect the potential dilutive effect that could occur if additional common shares were assumed to be issued under securities or instruments that may entitle their holders to obtain common shares in the future. Dilution could occur through the exercise of stock options, the exercise of RSUs, or the exercise of the conversion option of the convertible debentures. The number of additional shares for inclusion in the diluted earnings per share calculation was determined using the treasury stock method. All unconverted Debentures on July 31, 2020 were redeemed. For the three and six-month periods ended June 30, 2020, the convertible debentures were dilutive. Therefore, diluted earnings per share is calculated based on a fully diluted net income (adjusted for the after-tax financing cost associated with the convertible debentures) and including the shares to which those Debentures could be converted.

	Three Months Ended		**Six Months Ended**	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Net income	**19,467**	32,542	**131,442**	54,521
After-tax impact of convertible debentures	**-**	683	**-**	1,363
Fully diluted net income	**19,467**	33,225	**131,442**	55,884
Weighted average number of common shares outstanding (in 000's)	**16,223**	14,483	**15,672**	14,580
Dilutive effect of stock-based compensation (in 000's)	**545**	240	**558**	331
Dilutive effect of convertible debentures (in 000's)	**-**	1,010	**-**	1,011
Weighted average number of diluted shares outstanding (in 000's)	**16,768**	15,733	**16,230**	15,922
Dilutive earnings per common share	**1.16**	2.11	**8.10**	3.51

For the three and six-month period ended June 30, 2021, 52,829 stock options to acquire common shares for both periods (three and six-month periods ended June 30, 2020 – 247,320 and 160,208, respectively) were considered anti-dilutive using the treasury stock method and therefore were excluded in the calculation of diluted earnings per share.

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

18. NET CHANGE IN OTHER OPERATING ASSETS AND LIABILITIES

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

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Amounts receivable	**6,639**	10,646	**3,644**	11,196
Prepaid expenses	**(386)**	1,993	**5,326**	2,989
Accounts payable and accrued liabilities	**7,024**	(3,664)	**(844)**	(4,179)
Income taxes payable	**(10,992)**	5,799	**150**	7,388
Unearned revenue	**(953)**	947	**(1,233)**	1,049
Accrued interest	**(6,964)**	(9,888)	**4,698**	(170)
	(5,632)	5,833	**11,741**	18,273

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

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Income taxes paid	**26,803**	202	**32,658**	5,910
Interest paid	**24,104**	22,218	**25,025**	25,239
Interest received	**132,114**	101,486	**233,628**	198,464

19. CONTINGENCIES

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

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

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

20. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

Financial instruments	Measurement	June 30, 2021	December 31, 2020
Cash	Fair value	**140,192**	93,053
Amounts receivable	Amortized cost	**17,112**	9,779
Consumer loans receivable	Amortized cost	**1,682,151**	1,152,378
Investments	Fair value	**95,138**	56,040
Derivative financial assets	Fair value	**32,953**	-
Revolving credit facility	Amortized cost	**14,039**	198,339
Accounts payable and accrued liabilities	Amortized cost	**53,081**	46,065
Derivative financial liabilities	Fair value	**48,027**	36,910
Accrued interest	Amortized cost	**7,860**	2,598
Revolving securitization warehouse facility	Amortized cost	**198,731**	-
Secured borrowings	Amortized cost	**186,714**	-
Notes payable	Amortized cost	**1,061,313**	689,410

Fair Value Measurement

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

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

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

The hierarchy required the use of observable market data when available. The following tables provide the fair value measurement hierarchy of the Company's financial assets and liabilities measured as at June 30, 2021 and December 31, 2020:

June 30, 2021	Total	Level 1	Level 2	Level 3
Cash	**140,192**	**140,192**	**-**	**-**
Amounts receivable	**17,112**	**-**	**-**	**17,112**
Consumer loans receivable	**1,682,151**	**-**	**-**	**1,682,151**
Investments	**95,138**	**84,638**	**-**	**10,500**
Derivative financial assets	**32,953**	**-**	**32,953**	**-**
Revolving credit facility	**14,039**	**-**	**-**	**14,039**
Accounts payable and accrued liabilities	**53,081**	**-**	**-**	**53,081**
Derivative financial liabilities	**48,027**	**-**	**48,027**	**-**
Accrued interest	**7,860**	**-**	**-**	**7,860**
Revolving securitization warehouse facility	**198,731**	**-**	**-**	**198,731**
Secured borrowings	**186,714**	**-**	**-**	**186,714**
Notes payable	**1,061,313**	**-**	**-**	**1,061,313**

December 31, 2020	Total	Level 1	Level 2	Level 3
Cash	93,053	93,053	-	-
Amounts receivable	9,779	-	-	9,779
Consumer loans receivable	1,152,378	-	-	1,152,378
Investments	56,040	-	-	56,040
Accounts payable and accrued liabilities	46,065	-	-	46,065
Derivative financial liabilities	36,910	-	36,910	-
Accrued interest	2,598	-	-	2,598
Revolving credit facility	198,339	-	-	198,339
Notes payable	689,410	-	-	689,410

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

21. SEGMENTED REPORTING

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.

The Company's business units generate revenue in four main categories: i) interest generated on the Company's gross consumer loans receivable portfolio; ii) lease payments generated by easyhome lease agreements; iii) commissions and other revenues generated by the sale of various ancillary products; and iv) charges and fees.

General and administrative expenses directly related to the Company's business segments were included as operating expenses for those segments. All other general and administrative expenses were reported separately as part of Corporate. Management assessed the performance based on segment operating income (loss).

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

The following tables summarize the relevant information for three and six-month periods ended June 30, 2021 and 2020:

Three Months Ended June 30, 2021	**easyfinancial**	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	**123,036**	**5,447**	**-**	**128,483**
Lease revenue	**-**	**28,348**	**-**	**28,348**
Commissions earned	**39,665**	**2,770**	**-**	**42,435**
Charges and fees	**2,187**	**903**	**-**	**3,090**
	164,888	**37,468**	**-**	**202,356**
Total operating expenses before depreciation and amortization	**83,291**	**17,066**	**26,572**	**126,929**
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	**4,458**	**9,165**	**1,292**	**14,915**
Depreciation of right-of-use assets	**2,288**	**1,918**	**216**	**4,422**
	6,746	**11,083**	**1,508**	**19,337**
Segment operating income (loss)	**74,851**	**9,319**	**(28,080)**	**56,090**
Other income				**(4,086)**
Finance costs				
Interest expenses and amortization of deferred financing charges				**20,066**
Interest expense on lease liabilities				**756**
				20,822
Income before income taxes				**31,182**

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

Three Months Ended June 30, 2020	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	96,846	4,020	-	100,866
Lease revenue	-	28,002	-	28,002
Commissions earned	17,346	2,002	-	19,348
Charges and fees	1,545	916	-	2,461
	115,737	34,940	-	150,677
Total operating expenses before depreciation and amortization	51,999	16,181	12,462	80,642
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,770	9,441	886	12,097
Depreciation of right-of-use assets	1,865	1,827	252	3,944
	3,635	11,268	1,138	16,041
Segment operating income (loss)	60,103	7,491	(13,600)	53,994
Other income				4,000
Finance costs				
Interest expenses and amortization of deferred financing charges				13,405
Interest expense on lease liabilities				667
				14,072
Income before income taxes				43,922

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

Six Months Ended June 30, 2021	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	223,540	10,437	-	233,977
Lease revenue	-	56,785	-	56,785
Commissions earned	70,575	5,197	-	75,772
Charges and fees	4,102	1,894	-	5,996
	298,217	74,313	-	372,530
Total operating expenses before depreciation and amortization	140,617	33,391	42,002	216,010
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	6,543	18,740	2,449	27,732
Depreciation of right-of-use assets	4,509	3,826	431	8,766
	11,052	22,566	2,880	36,498
Segment operating income (loss)	146,548	18,356	(44,882)	120,022
Other income				83,286
Finance costs				
Interest expenses and amortization of deferred financing charges				33,561
Interest expense on lease liabilities				1,497
				35,058
Income before income taxes				168,250

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

Six Months Ended June 30, 2020	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	192,940	8,026	-	200,966
Lease revenue	-	55,816	-	55,816
Commissions earned	50,311	4,315	-	54,626
Charges and fees	4,274	2,197	-	6,471
	247,525	70,354	-	317,879
Total operating expenses before depreciation and amortization	128,755	33,220	25,745	187,720
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	3,470	18,852	1,683	24,005
Depreciation of right-of-use assets	3,714	3,771	456	7,941
	7,184	22,623	2,139	31,946
Segment operating income (loss)	111,586	14,511	(27,884)	98,213
Other income				4,000
Finance costs				
Interest expenses and amortization of deferred financing charges				27,081
Interest expense on lease liabilities				1,335
				28,416
Income before income taxes				73,797

As at June 30, 2021, the Company's goodwill of $21.3 million (December 31, 2020 - $21.3 million) is related to its easyhome reporting segment and $158.5 million (December 31, 2020 - nil) related to LendCare operating segment within easyfinancial reporting segment.

In scope under IFRS 15, *Revenue from Contracts with Customers* are revenues relating to commissions earned and charges and fees. Lease revenue is covered under IFRS 16 on or after January 1, 2019 or IAS 17 prior to January 1, 2019. Included in lease revenue is certain additional services provided by the Company related to the lease, but which fall under the scope of IFRS 15. These revenues totalled $3.4 million and $3.3 million for the three-month periods ended June 30, 2021 and 2020, respectively and $6.6 million and $6.5 million for the six-month periods ended June 30, 2021 and 2020, respectively.

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

The Company's easyhome business consisted of four major product categories: furniture, electronics, computers and appliances. Lease revenue generated by these product categories as a percentage of total lease revenue for the six-month periods ended June 30, 2021 and 2020 were as follows:

	Six Months Ended	
	June 30, 2021 (%)	**June 30, 2020 (%)**
Furniture	**41**	42
Electronics	**32**	33
Computers	**14**	11
Appliances	**13**	14
	100	100