goeasy Ltd.

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

THREE MONTHS ENDED MARCH 31, 2022

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

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Date: May 11, 2022

The following Management's Discussion and Analysis ("MD&A") presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries (collectively referred to as "goeasy" or the "Company") as at March 31, 2022 compared to March 31, 2021, and the consolidated results of operations for the three-month period ended March 31, 2022 compared with the corresponding period of 2021. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2021. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2021 annual MD&A: Overview of the Business, Corporate Strategy, Commitments, Guarantees and Contingencies, Risk Factors, and Critical Accounting Estimates.

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

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

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

Caution Regarding Forward-Looking Statements

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

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

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

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

Overview of the Business

goeasy Ltd. is a Canadian company headquartered in Mississauga, Ontario, that provides non-prime leasing and lending services through its easyhome, easyfinancial and LendCare brands. Supported by more than 2,300 employees, the Company offers a wide variety of financial products and services including lease-to-own merchandise, unsecured and secured instalment loans. goeasy aspires to help put non-prime consumers on a path to a better financial future, by helping them rebuild their credit and graduate back to prime lending. Customers can transact seamlessly through an omni-channel model that includes an online and mobile platform, over 400 locations across Canada, and point-of-sale financing offered in the retail, powersports, automotive, home improvement and healthcare verticals, through more than 4,000 merchants across Canada. Throughout the Company's history, it has acquired and organically served over 1.1 million Canadians and originated over $8.2 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, 2021 MD&A.

Corporate Strategy

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

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

The company's corporate strategy remains as described in its December 31, 2021 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 disruptions. The COVID-19 pandemic has had a broad impact across industries and the economy, including effects on consumer confidence, global financial markets, regional and international travel, supply chain distribution of various products for many industries, government and private sector operations, the price of consumer goods, country-wide lockdowns in various regions of the world, and numerous other impacts on daily life and commerce.

With the active vaccination campaigns initiated in the prior year, Canada saw improvements in containing outbreaks of the COVID-19 pandemic and the economy reopened at a different pace across the country. In early 2022, the Canadian government began to institute policies to re-open the economy and has signalled its intent to encourage the economy to remain open.

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. 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 16, 2022, the Company had provided 3-year forecasts for the years 2022 through 2024 in its December 31, 2021 MD&A. These forecasts, together with the underlying key assumptions and key risk factors, remain as described therein. These forecasts are inherently subject to risks which are referred to in the Outlook and Risk Factors sections in the December 31, 2021 MD&A.

The following table outlines the Company's forecasts for the years 2022 through 2024:

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

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

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

First Quarter Highlights

- In January 2022, the Company increased its revolving securitization warehouse facility from $600 million to $900 million. The revolving securitization warehouse facility continues to be underwritten by National Bank Financial Markets (“NBFM”), with the addition of new lenders to the syndicate. The facility matures on August 30, 2024 and continues to bear interest on advances payable at the rate equal to 1-month Canadian Dollar Offered Rate (“CDOR”) plus 185 bps.

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

- As at March 31, 2022, the Company had a cash position of $96.4 million which includes $30.1 million of net restricted cash related to its cross-currency and total return swap contracts, and $29.3 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings reserve. As at March 31, 2022, the Company has borrowing capacities of $505 million under its revolving securitization warehouse facility and $200 million under its revolving credit facility. The cash position of $96.4 million and total borrowing capacities of $705 million represented $801.4 million in total liquidity as at March 31, 2022. The Company also has the ability to exercise the accordion feature under its revolving credit facility to add an additional $100 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 second quarter of 2024.

- The Company reported revenue during the three-month period ended March 31, 2022 of $232.1 million, up from $170.2 million reported in the comparable period of 2021, an increase of $62.0 million, or 36.4%. The increase was primarily driven by the revenue contribution of LendCare and growth of the Company’s consumer loan portfolio.

- Gross consumer loans receivable increased from $1.28 billion as at March 31, 2021 to $2.15 billion as at March 31, 2022, an increase of $877.0 million, or 68.7%. The growth is attributed to i) $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) maturation of the Company’s retail branch network and further geographical expansion; v) lending through 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 for the three-month period ended March 31, 2022 as an annualized percentage of the average gross consumer loans receivable on an annualized basis were 8.8%, 30 bps lower compared to 9.1% for the same period of 2021. The decrease was due to the improved product and credit mix of the portfolio, inclusive of the acquisition of LendCare.

- For the three-month period ended March 31, 2022, the net change in allowance for credit losses increased by $7.4 million due to loan book growth, when compared to the comparable period of 2021. The provision rate for the three-month period ended March 31, 2022 decreased slightly to 7.78% from 7.87% in the fourth quarter of 2021. The decrease is primarily due to modest improvements in the economic forward-looking indicators (“FLIs”) and due to the improved product and credit mix of the portfolio, inclusive of the acquisition of LendCare.

- The easyfinancial reportable operating segment reported operating income for the three-month period ended March 31, 2022 of $90.3 million, compared with $71.7 million for the comparable period in 2021, an increase of $18.6 million, or 26.0%. The improved operating income was driven by the continued organic growth in the Company's loan portfolio, the acquisition of LendCare and the continued improvement in the credit and payment performance of the Company's consumer loan portfolio. As a result, easyfinancial revenue increased by $61.3 million, partially offset by an increase of $24.1 million in bad debt expense, $10.7 million of other incremental expenditures associated with the acquired LendCare business and an increase of $7.9 million in other operating expenses to support the growing customer base, enhance the product offering, and expand the retail footprint. easyfinancial's operating margin in the quarter was 46.4%, compared to 53.8% in the comparable period of 2021.

- The easyhome reportable operating segment reported operating income for the three-month period ended March 31, 2022 of $9.4 million, compared with $9.0 million for the comparable period in 2021, an increase of $0.4 million, or 4.4%. The increase was mainly driven by higher financial revenue and lower depreciation and amortization costs, partially offset by higher other operating expenses. Operating margin for the three-month period ended March 31, 2022 was 25.0%, an increase from 24.5% reported in the comparable period of 2021.

- Total Company operating income for the three-month period ended March 31, 2022 was $80.0 million, up $16.0 million, or 25.1%, when compared to the comparable period of 2021. The Company also reported an operating margin of 34.4% in the quarter, down from the 37.6% reported in the comparable period of 2021. During the three-month period ended March 31, 2022, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include costs associated with the exploration of a strategic acquisition opportunity, which the Company elected to not undertake, integration costs related to the acquisition of LendCare, amortization of intangible assets acquired through the LendCare acquisition and the unrealized fair value losses on investments during the period. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported adjusted operating income[1] for the three-month period ended March 31, 2022 of $86.1 million, up $21.5 million, or 33.2%, from the comparable period of 2021. The increase in adjusted operating income was mainly driven by the higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin[1] of 37.1% in the quarter, down from 38.0% reported in the comparable period of 2021.

- The fair value of investment in Affirm Holdings Inc. ("Affirm") as at March 31, 2022 was $24.4 million, which resulted in a before-tax unrealized fair value loss for the three-month period ended March 31, 2022 of $29.2 million. The unrealized fair value loss in Affirm during the period was partially offset by the before-tax unrealized fair value gain in total return swaps ("TRS") related to the investment in Affirm amounting to $11.6 million. In total, for the three-month period ended March 31, 2022, the Company recognized a before-tax net unrealized fair value loss of $17.5 million. For the three-month period ended March 31, 2021, the Company recognized a before-tax net unrealized fair value gain mainly on investment in Affirm and its related TRS of $87.4 million. Since the initial investment in Affirm on January 1, 2021, the Company has recognized a realized gain on the non-contingent portion of the investment in Affirm and its related TRS of $66.3 million and a cumulative unrealized fair value gain on the contingent portion of the investment in Affirm and its related TRS of $31.4 million.

- The three-month period ended March 31, 2022 was the 83rd consecutive quarter of positive net income and diluted earnings per share. The Company's net income for the three-month period ended March 31, 2022 was $26.1 million, or $1.55 per share on a diluted basis, down 76.7% and 78.3%, respectively, compared to $112.0 million, or $7.14 per share on a diluted basis reported in the same period of 2021. The change was mainly due to fair value gains and losses taken on investments in the current and comparable periods. Excluding the effects of adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, goeasy achieved adjusted net income[1] and record adjusted diluted earnings per share[1] during the three-month period ended March 31, 2022. The Company achieved an adjusted net income[1] and record adjusted diluted earnings per share[1] during the three-month period ended March 31, 2022 of $45.8 million and $2.72 per share on a diluted basis, respectively. On this basis, adjusted net income[1] and adjusted diluted earnings per share[1] increased by 24.8% and 16.2%, respectively.

- goeasy reported return on equity of 13.5% in the three-month period ended March 31, 2022, down from 90.1% reported in the comparable period of 2021, primarily due to lower reported net income driven mainly by the unrealized fair value loss on investments in the period, compared with significant unrealized fair value gain on investments in the same period of 2021. Adjusted return on equity[1] for the three-month period ended March 31, 2022 was 23.8%, down from 29.5% in the comparable period of 2021, but consistent with the Company's expectations of 22%+ as disclosed in its previous 3-year forecast. The decline in adjusted return on equity was primarily related to a lower level of return on assets produced by the shift in credit and product mix to higher credit quality borrowers and lower rates on its loans, combined with the higher level of shareholders' equity resulting from the $172.5 million bought deal equity offering related to the acquisition of LendCare in April 2021.

- goeasy reported return on tangible common equity[1] of 22.8% in the three-month period ended March 31, 2022, compared to 94.2% in the comparable period of 2021, primarily due to lower reported net income driven mainly by unrealized fair value losses on investments in the period, compared with significant unrealized fair value gains on investments in the same period of 2021. Adjusted return on tangible common equity[1] during the three-month period ended March 31, 2022 was 36.5%, up from 30.8% in the comparable period of 2021. The increase in adjusted return on tangible common equity was driven by the increased earnings produced by the larger consumer loan portfolio.

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

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended March 31, 2022	March 31, 2021	Variance $ / bps	Variance % change
Summary Financial Results				
Revenue	**232,142**	170,174	61,968	36.4%
Operating expenses before depreciation and amortization[2,3]	**131,405**	89,081	42,324	47.5%
EBITDA[1]	**74,747**	159,222	(84,475)	(53.1%)
EBITDA margin[1]	**32.2%**	93.6%	(6,140 bps)	(65.6%)
Depreciation and amortization expense[2]	**20,772**	17,161	3,611	21.0%
Operating income	**79,965**	63,932	16,033	25.1%
Operating margin	**34.4%**	37.6%	(320 bps)	(8.5%)
Other (loss) income[2,3]	**(17,525)**	87,372	(104,897)	(120.1%)
Finance costs	**23,479**	14,236	9,243	64.9%
Effective income tax rate	**33.0%**	18.3%	1,470 bps	80.3%
Net income	**26,096**	111,975	(85,879)	(76.7%)
Diluted earnings per share	**1.55**	7.14	(5.59)	(78.3%)
Return on assets	**4.0%**	28.8%	(2,480 bps)	(86.1%)
Return on equity	**13.5%**	90.1%	(7,660 bps)	(85.0%)
Return on tangible common equity[1]	**22.8%**	94.2%	(7,140 bps)	(75.8%)
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**86,061**	64,612	21,449	33.2%
Adjusted operating margin	**37.1%**	38.0%	(90 bps)	(2.4%)
Adjusted net income	**45,779**	36,679	9,100	24.8%
Adjusted diluted earnings per share	**2.72**	2.34	0.38	16.2%
Adjusted return on assets	**6.9%**	9.4%	(250 bps)	(26.6%)
Adjusted return on equity	**23.8%**	29.5%	(570 bps)	(19.3%)
Adjusted return on tangible common equity	**36.5%**	30.8%	570 bps	18.5%
Key Performance Indicators				
Same store revenue growth (overall)[1]	**14.1%**	1.7%	1,240 bps	729.4%
Same store revenue growth (easyhome) [1]	**2.8%**	4.9%	(210 bps)	(42.9%)
Segment Financials				
easyfinancial revenue	**194,610**	133,329	61,281	46.0%
easyfinancial operating margin	**46.4%**	53.8%	(740 bps)	(13.8%)
easyhome revenue	**37,532**	36,845	687	1.9%
easyhome operating margin	**25.0%**	24.5%	50 bps	2.0%
Portfolio Indicators				
Gross consumer loans receivable	**2,154,300**	1,277,291	877,009	68.7%
Growth in consumer loans receivable	**123,961**	30,451	93,510	307.1%
Gross loan originations	**476,542**	272,351	204,191	75.0%
Total yield on consumer loans (including ancillary products)[1]	**38.7%**	44.3%	(560 bps)	(12.6%)
Net charge offs as a percentage of average gross consumer loans receivable	**8.8%**	9.1%	(30 bps)	(3.3%)
Free cash flows from operations before net growth in gross consumer loans receivable[1]	**39,928**	63,166	(23,238)	(36.8%)
Potential monthly leasing revenue[1]	**7,841**	8,366	(525)	(6.3%)

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

[2] During the three-month period ended March 31, 2022, the Company had a total of $23.6 million before-tax ($19.7 million after-tax) of adjusting items which include:

Adjusting item related to corporate development costs

- Corporate development costs of $2.3 million ($1.7 million after-tax) are related to the exploration of a strategic acquisition opportunity, which the Company elected to not undertake, including advisory, consulting and legal costs reported under Operating expenses before depreciation and amortization.

Adjusting items related to the acquisition of LendCare

- Integration costs related to consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the acquisition of LendCare. Integration costs amounting to $0.5 million before-tax ($0.4 million after-tax) were reported under Operating expenses before depreciation and amortization;
- 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); and

Adjusting item related to other loss

- Unrealized fair value losses mainly on investments in Affirm and its related TRS amounting to $17.5 million before-tax ($15.2 million after-tax).

[3] During the three-month period ended March 31, 2021, the Company had a total of $86.7 million before-tax ($75.3 million after-tax) of adjusting items which include:

Adjusting items related to the acquisition of LendCare

- Transaction costs related to advisory and consulting costs, legal costs, and other transaction costs related to the acquisition of LendCare. Transaction costs amounting to $0.7 million before-tax ($0.5 million after-tax) were reported under Operating expenses before depreciation and amortization; and

Adjusting item related to other income

- Unrealized fair value gains mainly on investments in Affirm and its related TRS amounting to $87.4 million before-tax ($75.8 million after-tax).

Locations Summary

	Locations as at December 31, 2021	Locations opened in the period	Locations closed in the period	Conversions	Locations as at March 31, 2022
easyfinancial					
Kiosks (in store)	5	-	-	(1)	4
Stand-alone locations	286	5	-	1	292
Operations centres	3	-	-	-	3
Total easyfinancial locations	294	5	-	-	299
easyhome					
Corporately owned stores	124	-	(3)	-	121
Franchise stores	34	-	-	-	34
Total easyhome stores	158	-	(3)	-	155
Corporate					
Corporate office	1	-	-	-	1
Total corporate office	1	-	-	-	1

Summary of Financial Results by Reportable Operating Segment

	Three Months Ended March 31, 2022			
($ in 000's except earnings per share)	easyfinancial[1]	easyhome	Corporate	Total
Revenue				
Interest income	150,149	6,675	-	156,824
Lease revenue	-	26,878	-	26,878
Commissions earned	40,857	3,001	-	43,858
Charges and fees	3,604	978	-	4,582
	194,610	37,532	-	232,142
Total operating expenses before depreciation and amortization	95,652	17,448	18,305	131,405
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	5,910	8,770	1,223	15,903
Depreciation of right-of-use assets	2,723	1,943	203	4,869
	8,633	10,713	1,426	20,772
Operating income (loss)	90,325	9,371	(19,731)	79,965
Other loss				(17,525)
Finance costs				
Interest expense and amortization of deferred financing charges				22,643
Interest expense on lease liabilities				836
				23,479
Income before income taxes				38,961
Income taxes				12,865
Net income				26,096
Diluted earnings per share				1.55

[1] LendCare's financial results are reported under the easyfinancial reportable operating segment. For additional details, please refer to "Segment Reporting" note disclosure in the interim condensed consolidated financial statement as at March 31, 2022.

($ in 000's except earnings per share)	easyfinancial	easyhome	Corporate	Total
	Three Months Ended March 31, 2021			
Revenue				
Interest income	100,504	4,990	-	105,494
Lease revenue	-	28,437	-	28,437
Commissions earned	30,910	2,427	-	33,337
Charges and fees	1,915	991	-	2,906
	133,329	36,845	-	170,174
Total operating expenses before depreciation and amortization	57,326	16,325	15,430	89,081
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	2,085	9,575	1,157	12,817
Depreciation of right-of-use assets	2,221	1,908	215	4,344
	4,306	11,483	1,372	17,161
Operating income (loss)	71,697	9,037	(16,802)	63,932
Other income				87,372
Finance costs				
Interest expense and amortization of deferred financing charges				13,495
Interest expense on lease liabilities				741
				14,236
Income before income taxes				137,068
Income taxes				25,093
Net income				111,975
Diluted earnings per share				7.14

Portfolio Performance

Consumer Loans Receivable

Loan originations in the three-month period ended March 31, 2022 were $476.5 million, up 75.0% compared to the origination volume in the comparable period of 2021. The consumer loan portfolio grew by $124.0 million during the quarter, compared to growth of $30.5 million in the comparable period of 2021. Gross consumer loans receivable increased from $1.28 billion as at March 31, 2021 to $2.15 billion as at March 31, 2022, an increase of $877.0 million, or 68.7%. The growth is attributed to i) $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) maturation of the Company's retail branch network and further geographical expansion; v) lending through the Company's easyhome stores; vi) growth of the Company's auto lending program and vii) ongoing enhancements to the Company's digital properties.

Total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 38.7% in the three-month period ended March 31, 2022, down 560 bps from the comparable period of 2021. Total annualized yield decreased due to i) the acquisition of LendCare, and subsequent organic growth of point-of-sale financing volumes in powersports, automotive, home improvement, healthcare and retail categories, which carry lower rates of interest; ii) the increased penetration of risk adjusted interest rate and real estate secured loans, which have larger loan sizes and longer amortization periods; iii) increased lending activity in provinces where loans have a lower interest rate; iv) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; v) growth in the automotive financing program; and vi) a modest reduction in penetration rates on ancillary products.

Bad debt expense increased to $54.1 million for the three-month period ended March 31, 2022, from $29.3 million during the same period in 2021, an increase of $24.9 million, or 85.0%. The following table details the components of bad debt expense.

	Three Months Ended	
($ in 000's)	**March 31, 2022**	**March 31, 2021**
Provision required due to net charge offs	**46,301**	28,800
Impact of loan book growth	**8,765**	3,069
Impact of change in provision rate during the period	**(917)**	(2,595)
Net change in allowance for credit losses	**7,848**	474
Bad debt expense	**54,149**	29,274

Bad debt expense increased by $24.9 million due to the following factors:

i) Net charge offs increased from $28.8 million in the first quarter of 2021, to $46.3 million in the current quarter, an increase of $17.5 million. Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 8.8%, down by 30 bps as compared to 9.1% reported in the first quarter of 2021. The decrease in net charge offs in the three-month period ended March 31, 2022 was due to the improved product and credit mix of the portfolio, inclusive of the acquisition of LendCare, which has broadly offset the normalization of credit trends experienced during the COVID-19 pandemic.

ii) The company recorded an increase of $7.4 million in provision expense due to a higher level of loan book growth, when compared to the comparable period of 2021. During the quarter, the Company slightly decreased its provision rate for future credit losses from 7.87% to 7.78%. The decrease is primarily due to modest improvements in the economic FLIs and due to the improved product and credit mix of the portfolio, inclusive of the acquisition of LendCare.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly leasing revenue as at March 31, 2022 was $7.8 million, down from $8.4 million reported as at March 31, 2021. The decrease was due to fewer lease agreements, partially offset by an increase in the average leasing rate, due in part to changes in product mix and selected pricing adjustments. Growth of consumer lending within the easyhome stores contributed to the overall increase in revenues.

Revenue

Revenue for the three-month period ended March 31, 2022 was $232.1 million, compared to $170.2 million in the comparable period of 2021, an increase of $62.0 million, or 36.4%. Overall, revenue growth was driven mainly by revenue contribution of the acquired LendCare portfolio and growth of the Company's overall consumer loan portfolio. Same store sales growth for the quarter was 14.1%.

e*asyfinancial* – Revenue for the three-month period ended March 31, 2022 was $194.6 million, an increase of $61.3 million, when compared to the same period of 2021. The components of the increased revenue include:

(i) Interest income increased by $49.6 million, or 49.4%, driven by growth in the loan portfolio, which includes the acquired gross consumer loans receivable from LendCare, offset by lower interest yields;

(ii) Commissions earned on the sale of ancillary products and services increased by $9.9 million, or 32.2%, 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 $1.7 million.

easyhome – Revenue for the three-month period ended March 31, 2022 was $37.5 million, an increase of $0.7 million, when compared to the same period of 2021. Financial revenue within the easyhome stores increased by $2.4 million in the current quarter, when compared to the same quarter of 2021. Traditional leasing revenue including fees for the current quarter was $1.7 million lower compared to the same quarter of 2021. The components of easyhome revenue include:

(i) Interest income increased by $1.7 million due to the growth of the consumer loans receivable related to the easyhome business;

(ii) Lease revenue decreased by $1.6 million due to a smaller lease portfolio;

(iii) Commissions earned on the sale of ancillary products at easyhome increased by $0.6 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and

(iv) Charges and fees were approximately the same.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $131.4 million for the three-month period ended March 31, 2022, an increase of $42.3 million, or 47.5% from the comparable period in 2021. The increase in operating expenses before depreciation and amortization was mainly driven by corporate development costs, integration costs related to the LendCare acquisition, operating expense contribution of LendCare, higher bad debt expense and higher corporate expenses.

easyfinancial – Total operating expenses before depreciation and amortization were $95.7 million for the three-month period ended March 31, 2022, an increase of $38.3 million, or 66.9% from the comparable period of 2021. Key drivers include:

(i) Bad debt expense increased by $24.1 million in the current quarter, when compared to the same period in 2021, driven by the higher net charge offs and provision expense related to the larger loan portfolio; and

(ii) Other operating expenses increased by $14.2 million, compared to the same period of 2022, driven by incremental expenditures associated with the acquired LendCare business and increases in other operating expenses to support the growing customer base, enhance the product offering and expand the retail footprint. Overall easyfinancial locations increased from 269 as at March 31, 2021 to 299 as at March 31, 2022.

easyhome – Total operating expenses before depreciation and amortization were $17.4 million for the three-month period ended March 31, 2022, an increase of $1.1 million, or 6.9%, from the comparable period of 2021. Key drivers include:

(i) A $0.8 million increase in bad debt expense due to a larger loan portfolio; and
(ii) A $0.4 million increase in advertising costs.

Corporate – Total operating expenses before depreciation and amortization were $18.3 million for the three-month period ended March 31, 2022, an increase of $2.9 million, or 18.6%, from the comparable period of 2021. The increase was primarily due to corporate development costs of $2.3 million and integration costs related to the LendCare acquisition of $0.5 million in the quarter. Corporate expenses before depreciation and amortization represented 7.9% of revenue in the first quarter of 2022, compared to 9.1% of revenue in the same quarter of 2021.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended March 31, 2022 was $20.8 million, an increase of $3.6 million, or 21.0% from the comparable period of 2021. Overall, depreciation and amortization represented 8.9% of revenue for the three-month period ended March 31, 2022, compared to 10.1% reported in the comparable period of 2021.

easyfinancial – Total depreciation and amortization was $8.6 million for the three-month period ended March 31, 2022. This included $2.7 million of right-of-use asset depreciation. Depreciation of property and equipment and intangibles in the three-month period ended March 31, 2022 was $5.9 million, $3.8 million higher than the $2.1 million reported in the comparable period of 2021, driven mainly by the $3.3 million amortization of intangible assets acquired through the acquisition of LendCare.

easyhome – Depreciation and amortization was $10.7 million for the three-month period ended March 31, 2022, $0.8 million or 6.7% lower from the comparable period of 2021. 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 23.4%, down from the 26.0% reported in the same period of 2021. 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 $1.4 million in the three-month period ended March 31, 2022, relatively flat from the comparable period of 2021.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three-month period ended March 31, 2022 was $80.0 million, up $16.0 million, or 25.1%, when compared to the comparable period of 2021. The Company's operating margin for the quarter was 34.4%, down from the 37.6% reported in the comparable period of 2021. Excluding the effects of the adjusting items discussed in the "Key Performance Indicators and Non-IFRS Measures" section, the Company reported adjusted operating income for the three-month period ended March 31, 2022 of $86.1 million, up $21.5 million, or 33.2%, from the same period of 2021. The increase in adjusted operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported adjusted operating margin of 37.1%, down from the 38.0% reported in the comparable period of 2021.

easyfinancial – Operating income for the three-month period ended March 31, 2022 was $90.3 million, compared with $71.7 million for the same period in 2021, an increase of $18.6 million, or 26.0%. The improved operating income was driven by continued organic growth in the Company's loan book, continued improvement in the credit and payment performance of the Company's gross consumer loan portfolio and the operating income contribution of the acquired LendCare portfolio. As a result, easyfinancial revenue increased by $61.3 million, partially offset by an increase of $24.1 million in bad debt expense, $10.7 million of other incremental expenditures associated with the acquired LendCare business and an increase of $7.9 million in other operating expenses to support the growing customer base, enhance the product offering and expand the retail footprint. easyfinancial's operating margin in the quarter was 46.4%, compared to 53.8% in the comparable period of 2021.

easyhome – Operating income for the three-month period ended March 31, 2022 was $9.4 million, an increase of $0.3 million, or 3.7%, when compared to the comparable period of 2021. The increase was mainly driven by higher revenue and lower depreciation and amortization costs, partially offset by higher other operating expenses. Operating margin for the three-month period ended March 31, 2022 was 25.0%, an increase from the 24.5% reported in the comparable period of 2021.

Other Income

During the three-month period ended March 31, 2022, the Company recognized total unrealized fair value before-tax loss of $17.5 million mainly on investments in Affirm and its related TRS, compared to $87.4 million of unrealized fair value before-tax gains in the same period of 2021. Since the initial investment in Affirm on January 1, 2021, the Company has recognized a realized gain on the non-contingent portion of the investment in Affirm and its related TRS of $66.3 million and a cumulative unrealized fair value gain on the contingent portion of the investment in Affirm and its related TRS of $31.4 million.

Finance Costs

Finance costs for the three-month period ended March 31, 2022 were $23.5 million, an increase of $9.2 million from the comparable period of 2021. The increase was mainly driven by the higher borrowing levels to fund the growth of the Company's lending business, to fund the share buybacks in the period and the debt issued to fund the LendCare acquisition. The increase was partially offset by an overall lower cost of borrowing. The average blended coupon interest rate on drawn balances for the Company's debt as at March 31, 2022, was 4.8%, down from 5.3% as at March 31, 2021.

Income Tax Expense

The effective income tax rate for the three-month period ended March 31, 2022 was 33.0%, higher than the 18.3% reported in the comparable period of 2021. The increase was mainly due to the fair value loss on investments in the quarter being taxed at a lower capital loss rate. In addition, the three-month period ended March 31, 2021 benefited from the application of the lower capital gain tax rate on the significant fair value gain on investments. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures and their related tax impact, the effective tax rate for the three-month period ended March 31, 2022 was relatively flat, compared to the same period of 2021.

Net Income and EPS

The Company's net income for the three-month period ended March 31, 2022 was $26.1 million, or $1.55 per share on a diluted basis, down 76.7% and 78.3%, respectively, compared to $112.0 million, or $7.14 per share on a diluted basis reported in the same period of 2021. The change was mainly due to fair value gains and losses taken on investments in the current and comparable periods. Excluding the effects of adjusting items discussed in the "Key Performance Indicators and Non-IFRS Measures" section, goeasy achieved adjusted net income and record adjusted diluted earnings per share during the three-month period ended March 31, 2022 of $45.8 million and $2.72 per share on a diluted basis, respectively. On this basis, adjusted net income and adjusted diluted earnings per share increased by 24.8% and 16.2%, respectively, compared to the same period of 2021.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	March 2022[3]	December 2021[3]	September 2021[3]	June 2021[3]	March 2021	December 2020	September 2020	June 2020	March 2020
Gross consumer loans receivable	**2,154.3**	2,030.3	1,896.7	1,795.8	1,277.3	1,246.8	1,182.8	1,134.5	1,166.1
Revenue	**232.1**	234.4	219.8	202.4	170.2	173.2	161.8	150.7	167.2
Net income	**26.1**	50.0	63.5	19.5	112.0	48.9	33.1	32.5	22.0
Adjusted net income[2]	**45.8**	47.6	46.7	43.7	36.7	35.0	31.6	29.1	22.0
Return on assets	**4.0%**	7.9%	10.3%	3.8%	28.8%	13.6%	9.7%	9.4%	6.4%
Adjusted return on assets[2]	**6.9%**	7.5%	7.6%	8.6%	9.4%	9.8%	9.3%	8.4%	6.4%
Return on equity	**13.5%**	25.0%	32.7%	12.0%	90.1%	45.8%	34.7%	37.0%	25.8%
Adjusted return on equity[2]	**23.8%**	23.9%	24.0%	26.9%	29.5%	32.8%	33.1%	33.1%	25.8%
Return on tangible common equity[2,4]	**22.8%**	39.8%	52.3%	16.8%	94.2%	48.2%	36.7%	39.4%	-
Adjusted return on tangible common equity[2,4]	**36.5%**	36.2%	37.1%	34.8%	30.8%	34.5%	35.1%	35.2%	-
Net income as a percentage of revenue	**11.2%**	21.3%	28.9%	9.6%	65.8%	28.2%	20.5%	21.6%	13.1%
Adjusted net income as a percentage of revenue[2]	**19.7%**	20.3%	21.2%	21.6%	21.6%	20.2%	19.5%	19.3%	13.1%
Earnings per share[1]									
Basic	**1.59**	3.00	3.79	1.20	7.41	3.24	2.20	2.25	1.50
Diluted	**1.55**	2.90	3.66	1.16	7.14	3.14	2.09	2.11	1.41
Adjusted diluted[2]	**2.72**	2.76	2.70	2.61	2.34	2.24	2.00	1.89	1.41

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

[2] Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on asset and reported and adjusted return on tangible common equity are non-IFRS ratios. See descriptions in "Key Performance Indicators and Non-IFRS Measures" section. Please refer to page 50 of December 31, 2021 MD&A, page 37 of the September 30, 2021 MD&A, page 39 of the June 30, 2021 MD&A, page 25 of the March 31, 2021 MD&A, page 42 of the December 20, 2020 MD&A, page 33 of the September 30, 2020 MD&A, page 31 of the June 30, 2020 MD&A, and page 22 of the March 31, 2020 MD&A for the respective "Key Performance Indicators and Non-IFRS Measures" section for those periods. These MD&As are available on www.sedar.com.

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

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

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

Portfolio Analysis

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

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

Consumer Loans Receivable

Loan Originations and Net Principal Written

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

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

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

($ in 000's)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Gross loan originations	**476,542**	272,351
Loan originations to new customers	**217,694**	99,957
Loan originations to existing customers	**258,848**	172,394
Less: Proceeds applied to repay existing loans	**(134,036)**	(95,330)
Net advance to existing customers	**124,812**	77,064
Net principal written	**342,506**	177,021

Gross Consumer Loans Receivable

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

($ in 000's)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Opening gross consumer loans receivable	**2,030,339**	1,246,840
Gross loan originations	**476,542**	272,351
Gross principal payments and other adjustments	**(298,580)**	(210,692)
Gross charge offs before recoveries	**(54,001)**	(31,208)
Net growth in gross consumer loans receivable during the period	**123,961**	30,451
Ending gross consumer loans receivable	**2,154,300**	1,277,291

Scheduled principal repayment of gross consumer loans receivable are as follows:

($ in 000's except percentages)	March 31, 2022		March 31, 2021	
	$	**% of total**	**$**	**% of total**
0 – 6 months	**224,520**	**10.4%**	192,611	15.1%
6 – 12 months	**160,706**	**7.5%**	142,804	11.2%
12 – 24 months	**357,950**	**16.6%**	306,565	24.0%
24 – 36 months	**426,162**	**19.8%**	293,438	23.0%
36 – 48 months	**357,435**	**16.6%**	189,229	14.8%
48 – 60 months	**242,152**	**11.2%**	65,425	5.1%
60 months +	**385,375**	**17.9%**	87,219	6.8%
Gross consumer loans receivable	**2,154,300**	**100.0%**	1,277,291	100.0%

Gross consumer loans receivable with principal repayments beyond 60 months as at March 31, 2022 increased by 1,110 bps, compared to March 31, 2021, primarily due to the shift in product mix towards a higher proportion of secured loans, which have longer payment terms.

Gross consumer loans receivable categorized by the contractual time to maturity is as follows:

($ in 000's except percentages)	March 31, 2022		March 31, 2021	
	$	**% of total**	**$**	**% of total**
0 – 1 year	**62,816**	**2.9%**	50,984	4.0%
1 – 2 years	**153,775**	**7.1%**	147,077	11.5%
2 – 3 years	**355,710**	**16.5%**	325,049	25.4%
3 – 4 years	**510,252**	**23.7%**	387,790	30.4%
4 – 5 years	**481,438**	**22.4%**	215,896	16.9%
5 years +	**590,309**	**27.4%**	150,495	11.8%
Gross consumer loans receivable	**2,154,300**	**100.0%**	1,277,291	100.0%

Gross consumer loans receivable with contractual times to maturity beyond 5 years as at March 31, 2022 increased by 1,560 bps, compared to March 31, 2021, primarily due to the shift in product mix towards a higher proportion of secured loans, which have longer payment terms.

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

($ in 000's except percentages)	March 31, 2022		March 31, 2021	
	$	**% of total**	**$**	**% of total**
Gross consumer loans receivable, easyfinancial	**2,081,551**	**96.6%**	1,224,189	95.8%
Gross consumer loans receivable, easyhome	**72,749**	**3.4%**	53,102	4.2%
Gross consumer loans receivable	**2,154,300**	**100.0%**	1,277,291	100.0%

Financial Revenue and Net Financial Income

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

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

	Three Months Ended	
($ in 000's)	**March 31, 2022**	**March 31, 2021**
Total Company revenue	**232,142**	170,174
Less: Leasing revenue	**(28,566)**	(30,243)
Financial revenue	**203,576**	139,931
Less: Interest expenses and amortization of deferred financing charges	**(22,643)**	(13,495)
Less: Bad debt expense	**(54,149)**	(29,274)
Net financial income	**126,784**	97,162

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

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

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2021**
Total Company revenue	**232,142**	170,174
Less: Leasing revenue	**(28,566)**	(30,243)
Financial revenue	**203,576**	139,931
Multiplied by number of periods in a year	**X 4**	X 4
Divided by average gross consumer loans receivable	**2,101,759**	1,264,755
Total yield on consumer loans as a percentage of average gross consumer loans receivable (annualized)	**38.7%**	44.3%

Net Charge Offs

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

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2021**
Net charge offs against allowance	**46,301**	28,800
Multiplied by number of periods in a year	**X 4**	X 4
Divided by average gross consumer loans receivable	**2,101,759**	1,264,755
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**8.8%**	9.1%

Allowance for Credit Losses

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

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2021**
Allowance for credit losses, beginning of period	**159,762**	125,676
Net charge offs against allowance	**(46,301)**	(28,800)
Bad debt expense	**54,149**	29,274
Allowance for credit losses, end of period	**167,610**	126,150
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**7.78%**	9.88%

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, 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. When assessing the degree of influence on the credit risk of the Company's consumer loan portfolio, analysis performed by the Company indicates that the underlying credit and product mix, as influenced by the Company's custom proprietary credit models, has the most significant impact on future credit losses, while there is only a moderate degree of impact caused solely by economic factors. 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, in order to account for the unusually high prepayment rates and low default rates experienced by lending institutions during the pandemic. Therefore, additional factors have been incorporated into 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 March 31, 2021, derived from the FLI forecasts produced by five large Canadian banks, which include neutral, optimistic and pessimistic forecast scenarios. For the period as at March 31, 2022, 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 March 31, 2022 and 2021, respectively.

12-Month Forward-Looking Macroeconomic Variables (Average annual)	**March 31, 2022**					**March 31, 2021**		
	Neutral	**Moderately Optimistic**	**Extremely Optimistic**	**Moderately Pessimistic**	**Extremely Pessimistic**	**Neutral**	**Optimistic**	**Pessimistic**
Unemployment rate[1]	**5.95%**	**5.16%**	**4.48%**	**8.19%**	**9.60%**	7.20%	6.98%	10.22%
GDP growth rate[2]	**3.99%**	**5.45%**	**6.01%**	**1.72%**	**0.37%**	7.41%	7.74%	(1.02%)
Inflation growth rate[3]	**3.89%**	**3.54%**	**3.20%**	**5.07%**	**5.87%**	2.22%	1.70%	2.70%
Oil prices[4]	**$85.50**	**$83.63**	**$81.75**	**$88.12**	**$104.10**	$57.13	$65.75	$34.33

[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 to arrive at a collective view on the likelihood of each scenario, particularly in light of the current COVID-19 pandemic. If management were to assign 100% probability to the extremely pessimistic scenario forecast, the allowance for credit losses would have been $18.0 million (March 31, 2021 - $14.2 million under 100% pessimistic scenario forecast) higher than the reported allowance for credit losses as at March 31, 2022. Note the sensitivity above does not consider the migration of exposure and/or changes in credit risk that would have occurred in the loan portfolio due to risk mitigation actions or other factors.

Aging of Gross Consumer Loans Receivable

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

	March 31, 2022		March 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Current	**2,033,820**	**94.4%**	1,217,184	95.3%
Days past due				
1 - 30 days	**62,928**	**2.9%**	36,028	2.8%
31 - 44 days	**15,885**	**0.7%**	8,974	0.7%
45 - 60 days	**12,722**	**0.6%**	5,937	0.5%
61 - 90 days	**18,097**	**0.8%**	8,479	0.7%
91 - 120 days	**5,213**	**0.3%**	44	0.0%
121 - 150 days	**3,304**	**0.2%**	161	0.0%
151 - 180 days	**2,331**	**0.1%**	484	0.0%
	120,480	**5.6%**	60,107	4.7%
Gross consumer loans receivable	**2,154,300**	**100%**	1,277,291	100.0%

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

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

	Saturday, March 26, 2022	Saturday, March 27, 2021
	% of total	**% of total**
Current	**93.8%**	95.6%
Days past due		
1 - 30 days	**3.5%**	2.8%
31 - 44 days	**0.7%**	0.5%
45 - 60 days	**0.6%**	0.5%
61 - 90 days	**0.9%**	0.6%
91 - 120 days	**0.2%**	0.0%
121 - 150 days	**0.2%**	0.0%
151 - 180 days	**0.1%**	0.0%
	6.2%	4.4%
Gross consumer loans receivable	**100%**	100.0%

Gross consumer loans receivable that are considered past due as of the last Saturday of March 2022 was 6.2%, 180 bps higher than the last Saturday of March 2021, primarily due to the inclusion and subsequent growth of secured loans within the LendCare portfolio, which have a longer period prior to charge off, at six months post initial delinquency, compared to unsecured loans, where loans are charged off three months after the initial delinquency. In addition, during the prior year comparison period, there was a higher 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.

Gross Consumer Loans Receivable by Geography

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

	March 31, 2022		March 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**67,281**	**3.1%**	43,486	3.4%
Nova Scotia	**108,880**	**5.1%**	67,558	5.3%
Prince Edward Island	**14,022**	**0.7%**	10,329	0.8%
New Brunswick	**97,672**	**4.5%**	58,286	4.6%
Quebec	**262,189**	**12.2%**	121,538	9.5%
Ontario	**810,248**	**37.6%**	536,531	42.0%
Manitoba	**90,691**	**4.2%**	52,611	4.1%
Saskatchewan	**105,417**	**4.9%**	63,092	4.9%
Alberta	**352,618**	**16.4%**	177,587	13.9%
British Columbia	**224,468**	**10.4%**	132,803	10.4%
Territories	**20,814**	**0.9%**	13,470	1.1%
Gross consumer loans receivable	**2,154,300**	**100.0%**	1,277,291	100.0%

Gross Consumer Loans Receivable by Loan Type

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

	March 31, 2022		March 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Unsecured instalment loans	**1,428,108**	**66.3%**	1,114,822	87.3%
Secured instalment loans[1]	**726,192**	**33.7%**	162,469	12.7%
Gross consumer loans receivable	**2,154,300**	**100%**	1,277,291	100.0%

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

Leasing Portfolio Analysis

Potential Monthly Leasing Revenue

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

Potential monthly leasing revenue is calculated as follows:

	March 31, 2022	**March 31, 2021**
Total number of lease agreements	**75,895**	83,922
Multiplied by the average required monthly lease payment per agreement	**103.31**	99.69
Potential monthly leasing revenue ($ in 000's)	**7,841**	8,366

Changes in potential monthly leasing revenue during the periods was as follows:

	Three Months Ended	
($ in 000's)	**March 31, 2022**	**March 31, 2021**
Opening potential monthly leasing revenue	**8,193**	8,461
Decrease due to store closures or sales during the period	**(32)**	-
Decrease due to ongoing operations	**(320)**	(95)
Net change	**(352)**	(95)
Ending potential monthly leasing revenue	**7,841**	8,366

Potential Monthly Leasing Revenue by Product Category

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

	March 31, 2022		March 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Furniture	**3,221**	**41.1%**	3,557	42.5%
Electronics	**2,548**	**32.5%**	2,640	31.6%
Appliances	**1,107**	**14.1%**	1,133	13.5%
Computers	**965**	**12.3%**	1,036	12.4%
Potential monthly leasing revenue	**7,841**	**100%**	8,366	100.0%

Potential Monthly Leasing Revenue by Geography

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

	March 31, 2022		March 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**680**	**8.7%**	676	8.1%
Nova Scotia	**770**	**9.8%**	830	9.9%
Prince Edward Island	**134**	**1.7%**	148	1.7%
New Brunswick	**623**	**7.9%**	683	8.2%
Quebec	**556**	**7.1%**	586	7.0%
Ontario	**2,461**	**31.5%**	2,660	31.8%
Manitoba	**223**	**2.8%**	241	2.9%
Saskatchewan	**361**	**4.6%**	389	4.6%
Alberta	**1,194**	**15.2%**	1,252	15.0%
British Columbia	**839**	**10.7%**	901	10.8%
Potential monthly leasing revenue	**7,841**	**100.0%**	8,366	100.0%

Leasing Charge Offs as a Percentage of Leasing Revenue

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

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2021**
Depreciation of lease assets	**8,465**	9,243
Less: Lease asset depreciation excluding net charge offs	**(7,632)**	(8,585)
Net charge offs	**833**	658
Total Company revenue	**232,142**	170,174
Less: Financial revenue	**(203,576)**	(139,931)
Leasing revenue	**28,566**	30,243
Net charge offs as a percentage of leasing revenue	**2.9%**	2.2%

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 interim condensed consolidated financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

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

Same Store Revenue Growth

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

For the three-month period ended March 31, 2022, the Company experienced a higher level of overall same store revenue growth rate compared to the same period of 2021. For the three-month period ended March 31, 2021, 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 2021, 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 2022, the Company has seen an improved level of demand and loan growth, leading to higher growth in overall same store revenue.

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Same store revenue growth (overall)	**14.1%**	1.7%
Same store revenue growth (easyhome)	**2.8%**	4.9%

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

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

	Three Months Ended	
($ in 000's except earnings per share)	**March 31, 2022**	**March 31, 2021**
Net income as stated	**26,096**	111,975
Impact of adjusting items		
Operating expenses before depreciation and amortization		
Corporate development costs[1]	**2,314**	-
Transaction costs[2]	**-**	680
Integration costs[3]	**507**	-
Amortization of intangible assets		
Amortization of acquired intangible assets[4]	**3,275**	-
Other loss (income)[5]	**17,525**	(87,372)
Total pre-tax impact of adjusting items	**23,621**	(86,692)
Income tax impact of above adjusting items	**(3,938)**	11,396
After-tax impact of adjusting items	**19,683**	(75,296)
Adjusted net income	**45,779**	36,679
Weighted average number of diluted shares outstanding	**16,834**	15,689
Diluted earnings per share as stated	**1.55**	7.14
Per share impact of adjusting items	**1.17**	(4.80)
Adjusted diluted earnings per share	**2.72**	2.34

Adjusting item related to corporate development costs

[1] Corporate development costs for the three-month period ended March 31, 2022 are related to the exploration of a strategic acquisition opportunity, which the Company elected to not undertake, including advisory, consulting and legal costs reported under Operating expenses before depreciation and amortization.

Adjusting items related to the LendCare Acquisition

[2] Transaction costs for the three-month period ended March 31, 2021 included 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.

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

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

Adjusting item related to other income

[5] For the three-month periods ended March 31, 2022 and 2021, unrealized fair value gains (losses) mainly related to investments in Affirm and its related TRS.

Adjusted Net Income as a Percentage of Revenue

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

	Three Months Ended			
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2022 (adjusted)**	**March 31, 2021**	**March 31, 2021 (adjusted)**
Net income as stated	**26,096**	**26,096**	111,975	111,975
After-tax impact of adjusting items[1]	**-**	**19,683**	-	(75,296)
Adjusted net income	**26,096**	**45,779**	111,975	36,679
Divided by revenue	**232,142**	**232,142**	170,174	170,174
Net income as a percentage of revenue	**11.2%**	**19.7%**	65.8%	21.6%

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

Adjusted Operating Margin

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

	Three Months Ended			
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2022 (adjusted)**	**March 31, 2021**	**March 31, 2021 (adjusted)**
easyfinancial				
Operating income	**90,325**	**90,325**	71,697	71,697
Divided by revenue	**194,610**	**194,610**	133,329	133,329
easyfinancial operating margin	**46.4%**	**46.4%**	53.8%	53.8%
easyhome				
Operating income	**9,371**	**9,371**	9,037	9,037
Divided by revenue	**37,532**	**37,532**	36,845	36,845
easyhome operating margin	**25.0%**	**25.0%**	24.5%	24.5%
Total				
Operating income	**79,965**	**79,965**	63,932	63,932
Operating expenses before depreciation and amortization				
Corporate development costs[1]	**-**	**2,314**	-	-
Transaction costs[1]	**-**	**-**	-	680
Integration costs[1]	**-**	**507**	-	-
Amortization of intangible assets				
Amortization of acquired intangible assets[1]	**-**	**3,275**	-	-
Adjusted operating income	**79,965**	**86,061**	63,932	64,612
Divided by revenue	**232,142**	**232,142**	170,174	170,174
Total operating margin	**34.4%**	**37.1%**	37.6%	38.0%

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

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

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

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2021**
Net income as stated	**26,096**	111,975
Finance cost	**23,479**	14,236
Income tax expense	**12,865**	25,093
Depreciation and amortization	**20,772**	17,161
Depreciation of lease assets	**(8,465)**	(9,243)
EBITDA	**74,747**	159,222
Divided by revenue	**232,142**	170,174
EBITDA margin	**32.2%**	93.6%

Free Cash Flows from Operations before Net Growth in Gross Consumer Loans Receivable

Free cash flows from operations before net growth in gross consumer loans receivable is a non-IFRS measure. The Company defines free cash flows from operations before net growth in gross consumer loans receivable as cash provided by (used in) operating activities, adjusted for the costs of investments made to grow gross consumer loans receivable. The Company believes Free cash flows from operations before net growth in gross consumer loans receivable is an important performance indicator to assess the cash generating ability of its existing loan portfolio.

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Cash (used in) provided by operating activities	**(84,033)**	32,715
Net growth in gross consumer loans receivable during the period	**123,961**	30,451
Free cash flows from operations before net growth in gross consumer loans receivable	**39,928**	63,166

Return on Assets

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

	Three Months Ended			
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2022 (adjusted)**	**March 31, 2021**	**March 31, 2021 (adjusted)**
Net income as stated	**26,096**	**26,096**	111,975	111,975
After-tax impact of adjusting items[1]	**-**	**19,683**	-	(75,296)
Adjusted net income	**26,096**	**45,779**	111,975	36,679
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Divided by average total assets for the period	**2,642,237**	**2,642,237**	1,556,900	1,556,900
Return on assets	**4.0%**	**6.9%**	28.8%	9.4%

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

Return on Equity

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

	Three Months Ended			
($ in 000's except percentages)	**March 31, 2022**	**March 31, 2022 (adjusted)**	**March 31, 2021**	**March 31, 2021 (adjusted)**
Net income as stated	**26,096**	**26,096**	111,975	111,975
After-tax impact of adjusting items[1]	**-**	**19,683**	-	(75,296)
Adjusted net income	**26,096**	**45,779**	111,975	36,679
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Divided by average shareholders' equity for the period	**770,614**	**770,614**	496,889	496,889
Return on equity	**13.5%**	**23.8%**	90.1%	29.5%

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

Return on Tangible Common Equity

Reported and adjusted return on tangible common equity are non-IFRS ratios. The Company defines return on tangible common equity as net income, adjusted for the after-tax amortization of acquisition-related intangible assets, which are treated as adjusting items, as a percentage of average tangible common equity. Tangible common equity is calculated as shareholders' equity for the period, less goodwill and acquisition-related intangible assets, net of related deferred tax liabilities. Adjusted net income before after-tax amortization of intangible assets excludes the impact of adjusting items. The Company believes 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)	**March 31, 2022**	**March 31, 2022 (adjusted)**	**March 31, 2021**	**March 31, 2021 (adjusted)**
Net income as stated	**26,096**	**26,096**	111,975	111,975
Amortization of acquired intangible assets	**3,275**	**3,275**	-	-
Income tax impact of the above item	**(869)**	**(869)**	-	-
Net income before amortization of acquired intangible assets, net of income tax	**28,502**	**28,502**	111,975	111,975
Impact of adjusting items[1]				
Operating expenses before depreciation and amortization				
Corporate development costs	**-**	**2,314**	-	-
Transaction costs	**-**	**-**	-	680
Integration costs	**-**	**507**	-	-
Other loss (income)	**-**	**17,525**	-	(87,372)
Total pre-tax impact of adjusting items	**-**	**20,346**	-	(86,692)
Income tax impact of above adjusting items	**-**	**(3,069)**	-	11,396
After-tax impact of adjusting items	**-**	**17,277**	-	(75,296)
Adjusted net income	**28,502**	**45,779**	111,975	36,679
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Average shareholders' equity	**770,614**	**770,614**	496,889	496,889
Average goodwill	**(180,923)**	**(180,923)**	(21,310)	(21,310)
Average acquired intangible assets[2]	**(120,629)**	**(120,629)**	-	-
Average related deferred tax liabilities	**31,967**	**31,967**	-	-
Divided by average tangible common equity	**501,029**	**501,029**	475,579	475,579
Return on tangible common equity	**22.8%**	**36.5%**	94.2%	30.8%

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

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at March 31, 2022 and 2021.

($ in 000's, except for ratios)	March 31, 2022	March 31, 2021
Consumer loans receivable, net	**2,023,702**	1,184,709
Cash	**96,430**	104,842
Accounts receivable	**21,646**	14,846
Prepaid expenses	**8,043**	7,293
Investments	**35,313**	96,896
Lease assets	**44,650**	45,473
Property and equipment, net	**34,843**	30,269
Derivative financial assets	**27,539**	30,999
Intangible assets, net	**158,778**	27,136
Right-of-use assets, net	**56,453**	48,111
Goodwill	**180,923**	21,310
Total assets	**2,688,320**	1,611,884
Revolving securitization warehouse facility	**392,038**	179,046
Secured borrowings	**155,948**	-
Notes payable	**1,075,331**	680,992
Revolving credit facility	**68,180**	(1,305)
External debt	**1,691,497**	858,733
Accounts payable and accrued liabilities	**45,046**	38,197
Income taxes payable	**4,965**	25,039
Dividends payable	**14,514**	9,846
Unearned revenue	**13,344**	10,342
Accrued interest	**23,489**	14,261
Deferred tax liabilities, net	**31,014**	4,281
Derivative financial liabilities	**48,104**	44,985
Lease liabilities	**65,033**	55,934
Total liabilities	**1,937,006**	1,061,618
Shareholders' equity	**751,314**	550,266
Total capitalization (external debt plus total shareholders' equity)	**2,442,811**	1,408,999
Capital management measures		
External debt to shareholders' equity[1]	**2.25**	1.56
Net debt to net capitalization[2]	**0.68**	0.58

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

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

Total assets were $2.7 billion as at March 31, 2022, an increase of $1.08 billion or 67%, compared to March 31, 2021. 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 LendCare acquisition amounting to $134.2 million and $159.6 million, respectively; and iii) a $394.5 million increase in net consumer loans receivable, excluding the loans acquired through the LendCare acquisition, partially offset by the decrease in cash of $8.4 million and the decrease in investments of $61.6 million mainly due to the disposal of the investment in PayBright and the non-contingent investment in Affirm.

The $1.08 billion of growth in total assets was primarily financed by i) a $832.8 million increase in external debt which includes the US$320 million of 4.375% senior unsecured notes maturing on May 1, 2026 (“2026 Notes”) to fund the LendCare acquisition and $155.9 million of secured borrowings acquired through the LendCare acquisition; and ii) a $201.0 million increase in total shareholder’s equity, which was driven by the $172.5 million bought deal equity offering related to the LendCare acquisition, 81,400 common shares issued to LendCare’s founders valued at $11.8 million and earnings generated by the Company, partially offset by share buybacks under the Company’s Normal Course Issuer Bid (“NCIB”) and dividends paid. While the Company has continued to pay a dividend to its shareholders, a large portion of the Company’s earnings over the prior year have been retained to fund the growth of its consumer lending business.

Liquidity and Capital Resources

Cash Flow Review

The table below provides a summary of cash flow components for the three-month period ended March 31, 2022 and 2021.

	Three Months Ended	
($ in 000’s)	**March 31, 2022**	**March 31, 2021**
Cash provided by operating activities before net issuance of consumer loans receivable and purchase of lease assets	**100,114**	99,648
Net issuance of consumer loans receivable	**(178,220)**	(61,605)
Purchase of lease assets	**(5,927)**	(5,328)
Cash (used in) provided by operating activities	**(84,033)**	32,715
Cash (used in) provided by investing activities	**(6,128)**	9,144
Cash provided by (used in) financing activities	**84,112**	(30,070)
Net (decrease) increase in cash for the period	**(6,049)**	11,789

The Company provides loans to non-prime borrowers. The Company obtains capital and funding which is treated as cash flows from financing activities and then advances funds to borrowers as loans which are treated as cash used in operating activities. When borrowers make loan payments this generates cash flow from operating activities and income. 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 March 31, 2022

Cash used in operating activities for the three-month period ended March 31, 2022 was $84.0 million, compared with $32.7 million of cash provided by operating activities in the same period of 2021. Included in cash used in operating activities for the three-month period ended March 31, 2022 were: i) a net investment of consumer loans receivable of $178.2 million; and ii) the purchase of lease assets of $5.9 million. If the net issuance of consumer loans receivable and the purchase of lease assets were treated as cash flows from investing activities, the cash flows generated by operating activities would have been $100.1 million for the three-month period ended March 31, 2022. The increase of $0.5 million was driven by increased adjusted net income and higher non-cash expenses such as bad debt expense and depreciation and amortization, partially offset by unfavorable changes in working capital.

During the three-month period ended March 31, 2022, cash used in investing activities was $6.1 million, lower by $15.3 million compared to $9.1 million of cash provided by investing activities in the same period of 2021, mainly due to proceeds received from the sale of the investment in PayBright partially offset by the purchase of equity investment in Affirm and Brim in the first quarter of 2021.

During the three-month period ended March 31, 2022, the Company generated $84.1 million in cash flow from financing activities, up $114.2 million from $30.1 million of cash used in the same period of 2021. During the three-month period ended March 31, 2022, the Company received advances of $124.9 million from its revolving credit facility and $99.0 million from its revolving securitized warehouse facility. These cash inflows were partially offset by the repayment of $56.8 million of advances on its revolving credit facility, $40.9 million of repurchases of common shares through the Company's NCIB, the repayment of $18.0 million of advances from secured borrowings, the payment of $10.2 million of dividends, the payment of cash-settled restricted share units of $9.5 million, and the payment of $5.1 million of lease liabilities. During the three-month period ended March 31, 2021, the Company made a $200 million repayment of advances on the revolving credit facility, $6.5 million of dividends paid and $4.5 million lease liabilities paid which were partially offset by the net proceeds of $178.9 million from advances against the revolving securitization warehouse facility.

Capital and Funding 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 Toronto Stock Exchange ("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 March 31, 2022, the Company's external debt consisted of US$550 million 5.375% senior unsecured notes with a maturity date of December 1, 2024 ("2024 Notes") and a net carrying value of $680.4 million, US$320 million of 2026 Notes with a net carrying value of $395.0 million, $155.9 million of secured borrowings, $395 million drawn against the Company's revolving securitization warehouse facility and $70 million drawn against the Company's revolving credit facility.

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

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

Borrowings under the Company's revolving securitization warehouse facility bear interest at the rate of 1-month CDOR plus 185 bps, maturing August 30, 2024. Concurrent with the establishment of the revolving securitization warehouse facility, the Company entered into an interest rate swap as a cash flow hedge to protect against the risk of changes in the variability of future interest rates by paying a fixed rate and receiving the variable rate equivalent to 1-month CDOR.

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

The average blended coupon interest rate for the Company's debt as at March 31, 2022, was 4.8% down from 5.3% as at March 31, 2021.

As at March 31, 2022, the Company had a cash position of $96.4 million which includes $30.1 million of net restricted cash related to its cross-currency and total return swap contracts and $29.3 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings reserve. As at March 31, 2022, the Company has borrowing capacities of $505 million under its revolving securitization warehouse facility and $200 million under its revolving credit facility. The cash position of $96.4 million and total borrowing capacities of $705 million represented $801.4 million in total liquidity as at March 31, 2022. The Company also has the ability to exercise the accordion feature under its revolving credit facility to add an additional $100 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 second quarter of 2024.

Outstanding Shares and Dividends

As at May 11, 2022, there were 15,811,917 Common Shares, 291,416 Board deferred share units, 495,650 options, 216,059 restricted share units, 13,379 Executive deferred share units and no warrants outstanding.

Normal Course Issuer Bid

On December 14, 2021, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make an NCIB (the "2021 NCIB"). Pursuant to the 2021 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 1,243,781 Common Shares being approximately 10% of goeasy's public float as of December 7, 2021. As at December 7, 2021, goeasy had 16,254,135 Common Shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2021, was 62,825. Under the 2021 NCIB, daily purchases will be limited to 15,706 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. Purchases were permitted to commence on December 21, 2021, and will terminate on December 20, 2022, or on such earlier date as the Company may complete its purchases pursuant to the 2021 NCIB. Purchases made by goeasy pursuant to the 2021 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. In the three-month period ended March 31, 2022, the Company completed the purchase for cancellation through the facilities of the TSX of 280,263 Common Shares at a weighted average price of $145.79 per Common Share for a total cost of $40.9 million under the 2021 NCIB.

On December 16, 2020, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make an NCIB (the "2020 NCIB"). Pursuant to the 2020 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 1,079,703 Common Shares being approximately 10% of goeasy's public float as of December 9, 2020. As at December 9, 2020, goeasy had 14,801,169 Common Shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2020, was 83,554. Under the 2020 NCIB, daily purchases were limited to 20,888 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The 2020 NCIB was permitted to commence on December 21, 2020 and the 2020 NCIB terminated on December 20, 2021. Purchases made by goeasy pursuant to the 2020 NCIB were effected through the facilities of the TSX, as well as alternative trading systems, and in accordance with the rules of the TSX. The price that the Company paid for any Common Shares was the market price of such shares at the time of acquisition. The Company did not purchase any Common Shares other than by open-market purchases. In the year ended December 31, 2021, the Company completed the purchase for cancellation through the facilities of the TSX of 333,315 Common Shares at a weighted average price of $186.86 per Common Share for a total cost of $62.3 million under the 2020 NCIB.

Dividends

During the three-month period ended March 31, 2022, the Company declared a $0.91 per share quarterly dividend on outstanding Common Shares. This dividend was paid on April 8, 2022.

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

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

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

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

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

Commitments, Guarantees and Contingencies

The nature of Company's commitments, guarantees and contingencies remain as described in its December 31, 2021 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, 2021 MD&A.

Critical Accounting Estimates

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

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

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

Changes in Accounting Policy and Disclosures

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparations of the company's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as at January 1, 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial statements of the Company.

(b) Standards issued but not yet effective

There are no new standards issued but not yet effective as at January 1, 2022 that have a material impact 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 are recorded, processed, summarized and reported within the time periods specified in applicable Canadian securities laws and include controls and procedures designed to ensure that information required to be disclosed in the Company's filings or other reports is accumulated and communicated to the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), so that timely decisions can be made regarding required disclosure.

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*". Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company's disclosure controls and procedures were effective as at March 31, 2022.

Internal Controls over Financial Reporting ("ICFR")

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

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

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

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

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

Changes to ICFR during 2022

The Company's management is certifying limited scope on the design of DC&P and ICFR during the three-month period ended March 31, 2022 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-month period ended March 31, 2022.

Evaluation of ICFR at March 31, 2022

As at March 31, 2022, 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 March 31, 2022.