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

FOR THE YEAR ENDED DECEMBER 31, 2022

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Date: February 15, 2023

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

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

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

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

Caution Regarding Forward-Looking Statements

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

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

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

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

Overview of the Business

goeasy Ltd. is a Canadian company headquartered in Mississauga, Ontario, that provides non-prime leasing and lending services through its easyhome, easyfinancial and LendCare brands. Supported by more than 2,400 employees, the Company offers a wide variety of financial products and services including unsecured and secured instalment loans, merchant financing through a variety of verticals and lease-to-own merchandise. Customers can transact seamlessly through an omnichannel model that includes online and mobile platforms, over 400 locations across Canada, and point-of-sale financing offered in the retail, powersports, automotive, home improvement and healthcare verticals, through approximately 6,500 merchant partners across Canada. Throughout the Company's history, it has acquired and organically served approximately 1.3 million Canadians and originated approximately $10.1 billion in loans.

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

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

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

Reportable segments

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

Overview of easyfinancial

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

Historically, consumer demand for non-prime loans in Canada was satisfied by the consumer-lending arms of several large, international financial institutions. Today, traditional financial institutions are generally unwilling or unable to offer credit solutions to consumers that are deemed to be a higher credit risk due to the consumer's financial situation or less-than-perfect credit history. For this reason, demand in this market is met by a variety of industry participants who offer diverse products including auto lending, credit cards, instalment loans, retail finance programs, small business lending and real estate secured lending. Generally, industry participants have tended to focus on a single product rather than providing consumers with a broad integrated suite of financial products and services. As a result, easyfinancial is one of a small number of national companies focused on serving the entire non-prime credit spectrum.

The business model of easyfinancial is based on lending out capital in the form of unsecured and secured consumer credit primarily to non-prime borrowers who are generally unable to access credit from traditional sources such as major banks. The Company originates loans up to $100,000 with rates between 9.9% and 46.9%, which are fixed payment instalment products. When a loan is secured, the collateral provided by the borrower may include residential property, an automobile, a recreational vehicle or personal property. All payments made by borrowers are reported to credit reporting agencies to help customers rebuild their credit. easyfinancial also offers a number of optional ancillary products including a customer protection program that provides creditor insurance, a home and auto benefits product which provides roadside assistance, a gap insurance product which covers buyer and lender from any shortfall in cases of total loss insurance claims, warranty coverage on select financial products, and a credit monitoring and optimization tool that helps customers understand the steps to take to rebuild their credit.

The Company charges its customers interest on the money it lends and may also receive a commission for the sale of optional ancillary products offered through third party providers. The interest, additional commissions and various fees, collectively produce the total portfolio yield the Company generates on its loan book. The Company's total portfolio yield, relative to its cost of capital and loan losses, is a key driver of profitability.

As a lender, the Company expects to incur credit losses related to those customers who are unable to repay their loans. Given the higher credit risk of non-prime borrowers, credit losses are reflective of the higher rates of interest charged. The Company's custom credit and underwriting models allow it to set the level of risk it is willing to accept. The Company could take less credit risk and reduce its loan losses, but it would come at the expense of profitable volume. Likewise, the Company could accept more risk to drive greater growth and profitability, but it would come with higher credit losses and have potential impacts on the cost and availability of access to capital. Ultimately, the Company's objective is to optimize investment returns and operating margins by striking the right balance between origination velocity (the applicants it approves) and the loss rate of the portfolio.

The Company offers its products and services through an omnichannel business model, including a retail branch network, digital platform, merchant partners and indirect lending partnerships. The Company had 302 easyfinancial locations (including 2 kiosks within easyhome stores and 3 operations centres) in 10 Canadian provinces as at December 31, 2022. In addition to its retail branch network, customers can also transact online, which remains a critical source of new customer acquisition. The Company also originates loans through its point-of-sale channel, which includes approximately 6,500 merchant partners across Canada.

Although the Company leverages multiple acquisition channels to attract new customers, of the majority of its loans are managed through its local branches. Through many years of experience in non-prime lending, the Company believes that an omnichannel model optimizes customer acquisition, loan performance and profitability, while providing a high-touch and personalized customer experience. The customer loyalty developed through these direct personal relationships with higher risk borrowers, extends the length of the customer relationship and improves the repayment of loans, which ultimately leads to lower charge offs and higher lifetime value.

In addition to its unique omnichannel model, the Company also differentiates itself through its customer experience and specifically the journey of providing customers a path to improving their credit and graduating back to prime borrowing. This is done through the Company's broad product range, which provides customers with progressively lower interest rates,] free financial literacy literature and tools and services that help them better understand and manage their credit score. Whether a customer is looking to establish, repair, build or strengthen their credit profile by borrowing funds, purchase an automobile or recreational vehicle or using the equity in their home to secure a larger loan for a home renovation or repair, easyfinancial can provide a lending solution that best serves their individual needs.

Through its many years of experience and a disciplined approach to growth and managing risk, easyfinancial has demonstrated a history of stable and consistent credit performance. Since implementing centralized credit adjudication in 2011 in easyfinancial, the Company has successfully managed annualized net charge off rates within its stated target range consistently during each year of its operations. Lending decisions are made using custom credit and underwriting models that are constructed using the latest statistical and machine learning techniques and data sources to optimize the balance between loan volumes and credit losses. These models have been developed and refined over time by leveraging the accumulation of extensive customer application, demographic, borrowing, repayment and consumer banking data that determines a customer's creditworthiness, lending limit and interest rate. These models improve the accuracy of predicting default risk for the non-prime customer and are 200% more predictive when compared to a traditional credit score. Credit risk is further enhanced by industry-leading underwriting practices that include pre-qualification, credit adjudication, affordability calculations, centralized loan and document verification, and repayment by the customer via electronic pre-authorized debit directly from the customer's bank account on the day they receive their regularly scheduled income. The Company also requires supporting documentation for all of its successful applicants who take out a direct-to-consumer loan. Through the Company's proprietary custom scoring models, coupled with the personal relationships its employees develop with customers at its branch locations, the Company believes it has found an optimal balance between growth and prudent risk management and underwriting.

Overview of easyhome

easyhome, is Canada's largest lease-to-own brand and has been in operation since 1990 offering customers brand-name household furniture, appliances and electronics through flexible lease agreements. In 2022, easyhome accounted for 15% of consolidated revenue (2021 – 18%) and leasing revenue accounted for 73% of easyhome revenue (2021 – 80%).

Through its 154 locations, which includes 34 franchise stores or through its eCommerce platform, Canadians turn to easyhome as an alternative to purchasing or financing their goods. With no down payment or credit check required, easyhome offers a flexible solution that helps consumers get access to the goods they need, with the flexibility to terminate their lease at any time without penalty.

In 2017, easyhome began offering unsecured lending products. As at December 31, 2022, there are 117 easyhome locations offering unsecured loans to its customers. This expansion allowed the Company to further increase its distribution footprint for its financial services products by leveraging its existing real estate and employee base. This transition has enabled easyhome stores to diversify its product offering and meet the broader financial needs of its customers.

In 2019, easyhome began reporting customer's lease payments to the credit reporting agencies as a way to further enhance its vision of providing its customers with a path to a better tomorrow, today. With every on-time lease payment, easyhome customers can now build their credit and ultimately use the easyhome transaction as a steppingstone into other financial products and services offered by easyfinancial.

Corporate Strategy

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

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

Product Range

The Company's objective is to build a full suite of non-prime consumer credit products, which currently includes unsecured and secured lending products at various risk-adjusted interest rates, along with a broad suite of value-add ancillary services. As of December 31, 2022, the Company offers traditional unsecured instalment loans, home equity secured instalment loans, automotive vehicle financing, and loans to finance the purchase of retail goods, powersports and recreational vehicles, home improvement projects and healthcare related products and services. The Company will continue to expand and grow the products it offers with the goal of providing non-prime consumers with the same type of choices and options available to prime consumers through a traditional bank. As the Company brings new products to market, it will explore existing conventional products as well as develop new forms of credit that meet the unique needs of its customers.

Channel Expansion

The Company operates 3 distinct and complementary distribution and acquisition channels including 416 retail lending outlets (299 easyfinancial branches and 117 easyhome stores where loans are offered as of December 31, 2022), its online platform (web and mobile) and point-of-sale financing available through approximately 6,500 dealerships and merchant partners. Based on the unit volume of applications and originations in the most recent quarter, the retail branch channel represented 18% of application volume and 48% of loan originations, online represented 56% of application volume and 27% of originations and point-of-sale financing represented 26% applications and 25% of originations. 59% of loan originations were funded and/or serviced in a branch location, 30% were funded and/or serviced through a point-of-sale channel, with the remaining 11% serviced in the Company's national shared services centre. Expanding its channels of distribution is a key strategic priority, as the Company seeks new ways to make credit accessible in a convenient manner for its customers. The Company will continue to pursue new opportunities that include expanding its retail network, developing a more dynamic and personalized digital experience supported by mobile, adding new automotive and powersports dealerships, adding new merchant partnerships and seeking new third-party lending and referral partnerships. The point-of-sale market continues to be an attractive opportunity as consumers gravitate to spreading payments over time through a buy now, pay later model.

Geographic Diversification

Canada continues to provide a substantial runway for growth for many years to come for goeasy with over 8.5 million non-prime Canadians facing limited options for credit. The market is largely underserved, providing adequate room for expansion. While the Company finished 2022 with 302 easyfinancial locations, it estimates its retail footprint for easyfinancial will gradually expand to around 325 locations across Canada in the coming years. The Company will continue to incrementally add locations in select markets as it works toward expanding its footprint. In particular, retail branch expansion will be focused on the province of Quebec, which represents a large market opportunity, and completing the footprint in key urban markets such as Toronto and Vancouver. The Company also remains focused on adding new dealer and merchant partners across Canada to increase the distribution of its products and make them more accessible to all Canadians.

The Company also believes there is a future opportunity to consider international markets where the easyfinancial business model can be replicated. The two markets the Company believes are attractive include the United States and the United Kingdom. In the United States it is estimated that there are over 100 million non-prime consumers and in the United Kingdom it is estimated that there are over 12 million non-prime consumers. The consumers in these markets utilize credit products similar to those offered by the Company in Canada. The Company remains active in exploring potential acquisition opportunities within the domestic Canadian financial services industry, as well as in these international markets.

Financial Wellness

The Company competes on a unique point of differentiation, which is a focus on its customers' financial wellness and more specifically, the journey of providing customers a path to gradually reduce their rate of interest, improve their credit and graduate back to prime. With 8.5 million non-prime Canadians, of which 72% have been denied credit by banks and other financial institutions, goeasy plays an extremely important role in the financial system. By providing access to credit and a second chance for its customers, the Company serves as a key steppingstone in helping them rebuild their credit through products that report each payment to the credit reporting agencies. The Company is also focused on providing its consumers a path to reducing their cost of borrowing, by progressively offering its customers with on-time payments access to products with lower rates of interest. Between 2017 and 2022, the company has reduced the weighted average interest charged on its loans from 46% to 30.5%.

The Company has always set itself apart from the competition by seeing beyond the initial transaction with the customer and instead, focusing on building one-to-one personalized relationships that are based on trust and respect for every customer's unique situation. The Company is proud to provide free financial literacy resources for all Canadians, which includes hundreds of articles and tools to help its customers better understand and manage their personal finances.

As the Company continues to evolve, ensuring its suite of products and services are designed to meet its customer's needs across the entire credit spectrum is critically important. goeasy views its business as a lending ecosystem for non-prime Canadians, a one-stop shop where they can get access to all their borrowing needs from a single trusted provider. In 2022, the Company developed a self-serve digital portal through a mobile app that enables customers access to goeasy's entire range of product and services and dynamically present customers loan offers tailored to their credit profile and borrowing needs. The digital portal will extract additional value from the Company's full-suite product offering and improve the customer experience. Whether a customer is establishing credit as a new Canadian or repairing damaged credit as a result of a life event, goeasy's laddered suite of products ensures every customer has access to honest and responsible lending options.

Outlook

The discussion in this section is qualified in its entirety by the cautionary language regarding forward-looking statements found in the "Caution Regarding Forward-Looking Statements" of this MD&A.

Updates on 2022 Forecasts

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

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

	Actual results for 2022	**Updated forecasts for 2022**	**Outcome**
Gross consumer loans receivable at year-end	**$2.79 billion**	**$2.60 - $2.80 billion**	**Consistent with forecast**
New easyfinancial locations opened during the year	**10**	**10 - 15**	**Consistent with forecast**
Total Company revenue	**$1.02 billion**	**$1.00 - $1.04 billion**	**Consistent with forecast**
Total yield on consumer loans (including ancillary products)[1]	**37.7%**	**36.5% - 38.5%**	**Consistent with forecast**
Net charge offs as a percentage of average gross consumer loans receivable	**9.1%**	**8.5% - 10.5%**	**Consistent with forecast**
Total Company operating margin (reported/adjusted[1,2])	**32.6%/36.2%**	**35% +**	**Consistent with forecast**
Return on equity (reported/adjusted[1,2])	**17.6%/24.2%**	**22% +**	**Consistent with forecast**

[1] Total yield on consumer loans (including ancillary products), adjusted total Company operating margin and adjusted return on equity are non-IFRS ratios. Non-IFRS ratios are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies. See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".

[2] During the year, the Company incurred adjusting items that were outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include LendCare integration costs, amortization of intangible assets acquired through the acquisition, one-time write off of an intangible asset, corporate development costs and investment losses. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section.

Three-Year Forecasts

The Company continues to pursue a long-term strategy that includes expanding its product range, developing its channels of distribution and leveraging risk-based pricing to reduce the cost of borrowing for its consumers and extend the life of its customer relationships. As such, the total yield earned on its consumer loan portfolio will gradually decline, while net charge off rates remain stable and operating margins expand.

The Company's strong financial profile positions it well to continue on its long-track record of achieving its corporate growth objectives. The Company has provided a new 3-year forecast for the years 2023 through 2025. The periods of 2023 and 2024 have been updated to reflect the most recent outlook.

The forecasts outlined below contemplate the Company's expected domestic organic growth plan and do not include the impact of any future mergers or acquisitions, or gains or losses on its investments.

	Forecasts for 2023	Forecasts for 2024	Forecasts for 2025
Gross consumer loans receivable at year end	**$3.40 - $3.60 billion**	**$4.10 - $4.30 billion**	**$4.70 - $5.00 billion**
Total Company revenue	**$1.15 - $1.25 billion**	**$1.38 - $1.48 billion**	**$1.56 - $1.70 billion**
Total yield on consumer loans (including ancillary products)[1]	**34.5% - 36.5%**	**33.5% - 35.5%**	**33.0% - 35.0%**
Net charge offs as a percentage of average gross consumer loans receivable	**8.5% - 10.5%**	**8.0% - 10.0%**	**8.0% - 10.0%**
Total Company operating margin	**36% +**	**37% +**	**38% +**
Return on equity	**22% +**	**22% +**	**22% +**

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

These forecasts are inherently subject to material assumptions used to develop such forward-looking statements and risk factors as identified below.

<u>Key Assumptions</u>

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

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

Portfolio Growth
- The Company executes on growth initiatives outlined in its strategic plan, including expansion of loan products, geographic expansion across Canada, and increased penetration of its indirect point of-sale and secured lending products.
- Stable revenue generated by the Company's easyhome business, coupled with growth of consumer lending at easyhome.

Liquidity & Funding
- The Company continues to be able to access growth capital at reasonable rates.

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

Credit Performance
- Net charge offs perform in line with the Company' budget and the forecasts generated through the use of its proprietary custom credit and scoring models.
- The mixture of customers acquired through each of the Company's acquisition channels and the mixture of new and existing borrowers are as estimated in the Company's forecast.

Investment Performance

- The fair value of investments are assumed to remain static, as no forecast is made on changes in carrying value or timing of realization of the investment portfolio.

Mergers and Acquisitions

- No mergers and acquisitions were contemplated in the forecasts.

Key Risk Factors

These forecasts are inherently subject to risks as identified in the following, as well as those risks, which are referred to in the section entitled “Risk Factors” as described in this MD&A.

Environmental & Market Conditions

- Uncertainty around overall consumer demand during times of business disruption.
- Increased levels of unemployment or economic instability.
- Business conditions are within acceptable parameters with respect to consumer demand, competition and margins.

Real Estate

- The Company’s ability to renew existing leases and secure new locations.

Access to Capital & Funding

- Continued access to required capital and funding.

Regulatory Environment

- Changes to regulations governing the products offered by the Company.

Credit Performance

- Material increase of net charge off rates.

Merchant Partnerships and Point-of-Sale Channel

- The Company’s ability to continue to secure and maintain merchant partnerships in its automotive financing and point-of-sale channel.

Analysis of Results for the Year Ended December 31, 2022

Financial Highlights and Accomplishments

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

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

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

- On November 21, 2022, the Company issued 488,750 common shares including 63,750 common shares issued pursuant to the exercise in full by the syndicate of underwriters of the over-allotment option granted by the Company, at a price of $118.50 per common share, for gross aggregate proceeds of $57.9 million. goeasy used the net proceeds to support the growth of the Company’s consumer loan portfolio and for general corporate purposes.

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

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

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

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

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

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

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

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

- Total Company operating income in 2022 was $332.4 million, up $51.4 million, or 18.3% compared to 2021. The Company also reported an operating margin for the year of 32.6%, down from the 34.0% in 2021. During the year, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of the Company's underlying business performance. These adjusting items include integration costs related to the acquisition of LendCare, amortization of intangible assets acquired from LendCare, non-recurring corporate development costs and a one-time write off of an intangible asset. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of these adjusting items, the Company reported record adjusted operating income[1] for the year of $369.4 million, up $52.7 million, or 16.6%, compared to 2021. The Company also reported an adjusted operating margin[1] of 36.2% for the year, down from the 38.3% in 2021. The decline in operating margin was mainly due to a higher level of allowance for credit losses related to the record loan growth experienced during the year and the increase in net charge offs relative to the prior year, which experienced the benefit of pandemic related government support and consumer expense reductions.

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

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

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

- The Company's net income for 2022 was $140.2 million, or $8.42 per share on a diluted basis, down 42.8% and 42.4%, respectively, compared to $244.9 million, or $14.62 per share on a diluted basis in 2021. The decrease in net income was mainly driven by non-recurring corporate development costs, a one-time write off of an intangible asset and fair value losses on investments, compared to significant fair value gains on investments in 2021. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures" section, the Company achieved record adjusted net income[1] and record adjusted diluted earnings per share[1] in 2022 of $192.3 million and $11.55, respectively. On this basis, adjusted net income and adjusted diluted earnings per share increased by 10.0% and 10.7%, respectively. The increase in adjusted net income was primarily driven by the record revenue, partially offset by the corresponding incremental loan volume related costs and finance costs required to support the growing loan portfolio.

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

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

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

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Year Ended December 31, 2022	Year Ended December 31, 2021	Variance $ / bps	Variance % change
Summary Financial Results				
Revenue	**1,019,336**	826,722	192,614	23.3%
Bad debts	**272,893**	182,084	90,809	49.9%
Other operating expenses	**332,730**	284,749	47,981	16.9%
EBITDA[1]	**351,507**	438,921	(87,414)	(19.9%)
EBITDA margin[1]	**34.5%**	53.1%	(1,860 bps)	(35.0%)
Depreciation and amortization	**81,306**	78,886	2,420	3.1%
Operating income	**332,407**	281,003	51,404	18.3%
Operating margin	**32.6%**	34.0%	(140 bps)	(4.1%)
Other (loss) income	**(28,659)**	114,876	(143,535)	(124.9%)
Finance costs	**107,972**	79,025	28,947	36.6%
Effective income tax rate	**28.4%**	22.7%	570 bps	25.1%
Net income	**140,161**	244,943	(104,782)	(42.8%)
Diluted earnings per share	**8.42**	14.62	(6.20)	(42.4%)
Return on assets	**4.8%**	11.5%	(670 bps)	(58.3%)
Return on equity	**17.6%**	36.7%	(1,910 bps)	(52.0%)
Return on tangible common equity[1]	**28.4%**	50.7%	(2,230 bps)	(44.0%)
Adjusted Financial Results[1,2]				
Other operating expenses	**342,422**	307,931	34,491	11.2%
Efficiency ratio	**33.6%**	37.2%	(360 bps)	(9.7%)
Operating income	**369,362**	316,652	52,710	16.6%
Operating margin	**36.2%**	38.3%	(210 bps)	(5.5%)
Net income	**192,261**	174,759	17,502	10.0%
Diluted earnings per share	**11.55**	10.43	1.12	10.7%
Return on assets	**6.6%**	8.2%	(160 bps)	(19.5%)
Return on equity	**24.2%**	26.2%	(200 bps)	(7.6%)
Return on tangible common equity	**36.4%**	35.3%	110 bps	3.1%
Key Performance Indicators				
<u>**Segment Financials**</u>				
easyfinancial revenue	**869,528**	676,351	193,177	28.6%
easyfinancial operating margin	**45.3%**	48.0%	(270 bps)	(5.6%)
easyhome revenue	**149,808**	150,371	(563)	(0.4%)
easyhome operating margin	**23.1%**	24.5%	(140 bps)	(5.7%)
<u>**Portfolio Indicators**</u>				
Gross consumer loans receivable	**2,794,694**	2,030,339	764,355	37.6%
Growth in consumer loans receivable[3]	**764,355**	783,499	(19,144)	(2.4%)
Gross loan originations	**2,377,606**	1,594,480	783,126	49.1%
Total yield on consumer loans (including ancillary products)[1]	**37.7%**	42.1%	(440 bps)	(10.5%)
Net charge offs as a percentage of average gross consumer loans receivable	**9.1%**	8.8%	30 bps	3.4%
Free cash flows from operations before net growth in gross consumer loans receivable[1]	**258,474**	260,104	(1,630)	(0.6%)
Potential monthly lease revenue[1]	**7,868**	8,193	(325)	(4.0%)

[1] EBITDA, adjusted other operating expenses, adjusted operating income, adjusted net income and free cash flows from operations before net growth in gross consumer loans receivable are non-IFRS measures. EBITDA margin, efficiency ratio, adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity, adjusted return on assets, reported and adjusted return on tangible common equity and total yield on consumer loans (including ancillary products) are non-IFRS ratios. See description in sections "Portfolio Analysis", "Key Performance Indicators and Non-IFRS Measures" and "Financial Condition".
[2] Adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section.
[3] Growth in consumer loans receivable for the year ended December 31, 2021 includes $444.5 million of gross loans purchased through the acquisition of LendCare.

Locations Summary

	Locations as at December 31, 2021	Locations opened in the year	Locations closed in the year	Conversions	Locations as at December 31, 2022
easyfinancial					
Kiosks (in store)	5	-	-	(3)	**2**
Stand-alone locations	286	10	(2)	3	**297**
Operations centres	3	-	-	-	**3**
Total easyfinancial locations	294	10	(2)	-	**302**
easyhome					
Corporately owned stores	124	-	(4)	-	**120**
Franchise stores	34	-	-	-	**34**
Total easyhome stores	158	-	(4)	-	**154**
Corporate					
Corporate office	1	-	-	-	**1**
Total corporate office	1	-	-	-	**1**

Summary of Financial Results by Reporting Segment

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

($ in 000's except earnings per share)	Year Ended December 31, 2021 easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	512,810	22,828	-	535,638
Lease revenue	-	112,371	-	112,371
Commissions earned	152,485	11,249	-	163,734
Charges and fees	11,056	3,923	-	14,979
	676,351	150,371	-	826,722
Operating expenses				
Bad debts	174,936	7,148	-	182,084
Other operating expenses	148,445	61,558	74,746	284,749
Depreciation and amortization	28,219	44,804	5,863	78,886
	351,600	113,510	80,609	545,719
Operating income (loss)	324,751	36,861	(80,609)	281,003
Other income				114,876
Finance costs				(79,025)
Income before income taxes				316,854
Income taxes				71,911
Net income				244,943
Diluted earnings per share				14.62

Portfolio Performance

Consumer Loans Receivable

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

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

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

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

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

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

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

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

easyhome Leasing Portfolio

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

Revenue

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

easyfinancial – Revenue in 2022 was $869.5 million, an increase of $193.2 million, or 28.6%, compared to 2021. Components of the increased revenue include:
(i) Interest income increased by $156.0 million, or 30.4% driven by 37.6% growth in the loan portfolio, which includes growth of unsecured loans, home equity loans, powersports and automotive financing, point-of-sale financing and cross-selling activity across its consumer base, partially offset by lower average interest yields;
(ii) Commissions earned from sales of ancillary products and services increased by $31.5 million, or 20.7%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's loan protection program; and
(iii) Charges and fees increased by $5.7 million.

easyhome – Revenue for 2022 was $149.8 million, a decrease of $0.6 million, or 0.4%, compared to 2021. Lending revenue within the easyhome stores increased by $9.0 million, compared to 2021. Traditional leasing revenue decreased by $9.6 million, compared to 2021. Components of the increased revenue include:
(i) Interest revenue increased by $6.5 million due to growth of the consumer loans receivable portfolio related to the easyhome business;
(ii) Lease revenue was lower by $9.0 million due to a smaller lease portfolio;
(iii) Commissions earned on the sale of ancillary products increased by $1.9 million, mainly due to higher revenues associated with the Company's loan protection program; and
(iv) Charges and fees were relatively flat from 2021.

Other Operating Expenses

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

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

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

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

Depreciation and Amortization

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

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

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

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

Operating Income (Income before Finance Costs and Income Taxes)

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

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

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

Other Income

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

Finance Costs

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

Income Tax Expense

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

Net Income and Diluted Earnings Per Share

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

Selected Annual Information

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

[1] Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on assets and reported and adjusted return on tangible common equity are non-IFRS ratios. See description in section "Key Performance Indicators and Non-IFRS Measures". Please refer to page 50 of the December 31, 2021 MD&A, page 42 of the December 31, 2020 MD&A, page 39 of the December 31, 2019 MD&A, and page 51 of the December 31, 2018 MD&A, for the respective "Key Performance Indicators and Non-IFRS Measures" section for those years. These MD&As are available on www.sedar.com.

[2] Comparable reported and adjusted return on tangible common equity financial measures for the years 2018 and 2019 were not published.

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

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

Assets and Liabilities

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

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

The Company finances the growth of its consumer loans receivable through a combination of debt, common shares and retained earnings. In 2018, the Company issued a tranche of the 7.875% senior unsecured notes with a maturity date of November 1, 2022 ("2022 Notes") amounting to US$150 million and increased the borrowing limit under its revolving line of credit to $174.5 million. In 2019, the Company issued US$550 million of 5.375% senior unsecured notes with a maturity date of December 1, 2024 ("2024 Notes"), repaid the 2022 Notes and increased the borrowing limit under its revolving line of credit to $310 million. In 2020, the Company redeemed all unconverted Debentures as at July 31, 2020 and established $200 million Revolving Securitization Warehouse Facility I. In 2021, the Company increased the Revolving Securitization Warehouse Facility I to $600 million, acquired secured borrowing facilities from the acquisition of LendCare and issued US$320 million of 4.375% senior unsecured notes maturing on May 1, 2026 ("2026 Notes"). In 2022, the company further increased its Revolving Securitization Warehouse Facility I to $1.40 billion and the Company amended its revolving credit facility agreement to reduce the maximum principal amount available from $310 million to $270 million with the maturity date extended to January 27, 2025. The Company established a $200 million Revolving Securitization Warehouse Facility II on December 16, 2022. All of the Company's credit facilities are as described in the notes to the Company's consolidated financial statements for the year ended December 31, 2022.

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

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

Fourth Quarter Highlights

- The Company reported record revenue during the three-month period ended December 31, 2022 of $273.3 million, an increase of $38.9 million, or 16.6%, when compared to the same period of 2021. The increase was primarily driven by record organic growth of the Company's consumer loan portfolio.

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

- Net charge offs for the three-month period ended December 31, 2022 as an annualized percentage of average gross consumer loans receivable were 9.0%, 60 bps lower compared to 9.6% for the same period of 2021. The decrease in the net charge off rate reflects the improved product and credit mix of the loan portfolio and the credit model enhancements and underwriting adjustments in recent periods to improve the long-term credit quality of the loan portfolio. The Company's net charge off rate was in line with the Company's targeted range for 2022 of 8.5% to 10.5%.

- For the three-month period ended December 31, 2022, the net change in allowance for credit losses increased by $16.7 million due primarily to loan book growth, compared to the same period of 2021. The provision rate for the three-month period ended December 31, 2022 decreased to 7.62% from 7.87% in the same period of 2021, primarily due to continued improvement in the product and credit mix of the loan portfolio.

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

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

- The Company reported total operating income for the three-month period ended December 31, 2022 of $75.9 million, down $3.7 million, or 4.7%, compared to the same period of 2021. The Company reported an operating margin of 27.8% in the quarter, down from 34.0% reported in the comparable period of 2021. During the three-month period ended December 31, 2022, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of the Company's underlying business performance. These adjusting items include integration costs related to the acquisition of LendCare, amortization of intangible assets acquired from LendCare and a one-time write off of an intangible asset. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of the adjusting items, the Company reported record adjusted operating income[1] for the three-month period ended December 31, 2022 of $99.7 million, up $13.4 million, or 15.5%, from the comparable period of 2021. The increase in adjusted operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company reported an adjusted operating margin[1] of 36.5% in the quarter, down from 36.8% reported in the comparable period of 2021. The decline in operating margin was mainly due to higher net charge offs and a higher level of allowance for credit losses related to the record loan growth experienced during the quarter relative to the comparable period of 2021.

- The fair value of the Company's investment in Affirm as at December 31, 2022 was $6.1 million, which resulted in an unrealized fair value loss for the three-month period ended December 31, 2022 of $6.0 million.

- The three-month period ended December 31, 2022 was the 86th consecutive quarter of positive net income and diluted earnings per share. The Company's net income for the three-month period ended December 31, 2022 was $28.6 million, or $1.71 per share on a diluted basis, down 42.8% and 41.0%, respectively, compared to $50.0 million, or $2.90 per share on a diluted basis reported in the same period of 2021. The decrease in net income was mainly driven by a one-time write off of an intangible asset and fair value losses on investments, compared to fair value gains on investments in the three-month period ended December 31, 2021. Excluding the effects of adjusting items discussed in the "Key Performance Indicators and Non-IFRS Measures" section, goeasy achieved record adjusted net income[1] and record adjusted diluted earnings per share[1] during the three-month period ended December 31, 2022 of $51.0 million and $3.05 per share on a diluted basis, respectively. Adjusted net income and adjusted diluted earnings per share increased by 7.1% and 10.5%, respectively, compared to the same period of 2021. The increase in adjusted net income was primarily driven by the record revenue, partially offset by the corresponding incremental loan volume related costs and finance costs required to support the growing loan portfolio.

- Return on equity was 13.8% for the three-month period ended December 31, 2022, down from 25.0% reported in the comparable period of 2021. The lower return on equity was primarily due to the lower net income discussed above. Adjusted return on equity[1] for the three-month period ended December 31, 2022 was 24.6%, up from 23.9% in the comparable period of 2021. The increase in adjusted return on equity was primarily related to higher adjusted net income produced by the larger consumer loan portfolio.

- Return on tangible common equity[1] was 21.8% in the three-month period ended December 31, 2022, down from 39.8% in the comparable period of 2021. Adjusted return on tangible common equity[1] for the three-month period ended December 31, 2022 was 35.9%, down from 36.2% in the comparable period of 2021. The slight decline in adjusted return on tangible common equity was driven by a higher level of tangible equity resulting from the $57.9 million bought deal equity offering, partially offset by the increased adjusted net income produced by the larger consumer loan portfolio.

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

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended December 31, 2022	December 31, 2021	Variance $ / bps	Variance % Change
Summary Financial Results				
Revenue	**273,326**	234,430	38,896	16.6%
Bad debts	**78,257**	58,640	19,617	33.5%
Other operating expenses	**99,943**	74,496	25,447	34.2%
EBITDA[1]	**81,001**	100,508	(19,507)	(19.4%)
EBITDA margin[1]	**29.6%**	42.9%	(1,330 bps)	(31.0%)
Depreciation and amortization	**19,245**	21,665	(2,420)	(11.2%)
Operating income	**75,881**	79,629	(3,748)	(4.7%)
Operating margin	**27.8%**	34.0%	(620 bps)	(18.2%)
Other (loss) income	**(5,609)**	8,371	(13,980)	(167.0%)
Finance costs	**31,551**	22,281	9,270	41.6%
Effective income tax rate	**26.2%**	24.0%	220 bps	9.2%
Net income	**28,576**	49,961	(21,385)	(42.8%)
Diluted earnings per share	**1.71**	2.90	(1.19)	(41.0%)
Return on assets	**3.6%**	7.9%	(430 bps)	(54.4%)
Return on equity	**13.8%**	25.0%	(1,120 bps)	(44.8%)
Return on tangible common equity[1]	**21.8%**	39.8%	(1,800 bps)	(45.2%)
Adjusted Financial Results[1,2]				
Other operating expenses	**87,877**	80,206	7,671	9.6%
Efficiency ratio	**32.2%**	34.2%	(200 bps)	(5.8%)
Operating income	**99,738**	86,353	13,385	15.5%
Operating margin	**36.5%**	36.8%	(30 bps)	(0.8%)
Net income	**51,026**	47,644	3,382	7.1%
Diluted earnings per share	**3.05**	2.76	0.29	10.5%
Return on assets	**6.3%**	7.5%	(120 bps)	(16.0%)
Return on equity	**24.6%**	23.9%	70 bps	2.9%
Return on tangible common equity	**35.9%**	36.2%	(30 bps)	(0.8%)
Key Performance Indicators				
Segment Financials				
easyfinancial revenue	**235,886**	196,015	39,871	20.3%
easyfinancial operating margin	**45.1%**	44.7%	40 bps	0.9%
easyhome revenue	**37,440**	38,415	(975)	(2.5%)
easyhome operating margin	**23.2%**	22.0%	120 bps	5.5%
Portfolio Indicators				
Gross consumer loans receivable	**2,794,694**	2,030,339	764,355	37.6%
Growth in consumer loans receivable	**206,038**	133,623	72,415	54.2%
Gross loan originations	**632,355**	506,853	125,502	24.8%
Total yield on consumer loans (including ancillary products)[1]	**36.2%**	41.4%	(520 bps)	(12.6%)
Net charge offs as a percentage of average gross consumer loans receivable	**9.0%**	9.6%	(60 bps)	(6.3%)
Free cash flows from operations before net growth in gross consumer loans receivable[1]	**66,040**	59,452	6,588	11.1%
Potential monthly leasing revenue[1]	**7,868**	8,193	(325)	(4.0%)

[1] EBITDA, adjusted other operating expenses, adjusted operating income, adjusted net income and free cash flows from operations before net growth in gross consumer loans receivable are non-IFRS measures. EBITDA margin, efficiency ratio, adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity, adjusted return on assets, reported and adjusted return on tangible common equity and total yield on consumer loans (including ancillary products) are non-IFRS ratios. See description in sections "Portfolio Analysis", "Key Performance Indicators and Non-IFRS Measures" and "Financial Condition".
[2] Adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section.

Locations Summary

	Locations as at September 30, 2022	Locations opened in the period	Locations closed in the period	Conversions	Locations as at December 31, 2022
easyfinancial					
Kiosks (in store)	3	-	-	(1)	**2**
Stand-alone locations	295	2	(1)	1	**297**
Operations centres	3	-	-	-	**3**
Total easyfinancial locations	301	2	(1)	-	**302**
easyhome					
Corporately owned stores	120	-	-	-	**120**
Franchise stores	34	-	-	-	**34**
Total easyhome stores	154	-	-	-	**154**
Corporate					
Corporate office	1	-	-	-	**1**
Total corporate office	1	-	-	-	**1**

Summary of Financial Results by Reportable Segment

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

($ in 000's except earnings per share)	Three Months Ended December 31, 2021 easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	149,004	6,525	-	155,529
Lease revenue	-	27,663	-	27,663
Commissions earned	42,676	3,234	-	45,910
Charges and fees	4,335	993	-	5,328
	196,015	38,415	-	234,430
Operating expenses				
Bad debts	56,058	2,582	-	58,640
Other operating expenses	43,539	15,981	14,976	74,496
Depreciation and amortization	8,775	11,402	1,488	21,665
	108,372	29,965	16,464	154,801
Operating income (loss)	87,643	8,450	(16,464)	79,629
Other income				8,371
Finance costs				(22,281)
Income before income taxes				65,719
Income taxes				15,758
Net income				49,961
Diluted earnings per share				2.90

Portfolio Performance

Consumer Loans Receivable

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

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

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

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

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

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

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

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

easyhome Leasing Portfolio

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

Revenue

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

e*asyfinancial* – Revenue for the three-month period ended December 31, 2022 was $235.9 million, an increase of $39.9 million, compared to the same period of 2021. Components of the increased revenue include:
(i) Interest income increased by $34.3 million, or 23.0%, driven by growth in the loan portfolio, which includes growth of home equity loans, automotive financing and cross-selling activity across its consumer base, partially offset by lower interest yields;
(ii) Commissions earned on the sale of ancillary products and services increased by $5.3 million, or 12.5%, due to the larger consumer loan portfolio and lower claims costs associated with the Company's loan protection program; and
(iii) Charges and fees was relatively flat to the same quarter of 2021.

easyhome – Revenue for the three-month period ended December 31, 2022 was $37.4 million, a decrease of $1.0 million, compared to the same period of 2021. Lending revenue within the easyhome stores increased by $1.7 million, compared to the same quarter of 2021. Traditional leasing revenue, including fees, was $2.7 million lower compared to the same quarter of 2021. Components of the decreased revenue include:
(i) Interest income increased by $1.5 million due to the growth of the consumer loans receivable portfolio related to the easyhome business;
(ii) Lease revenue decreased by $2.4 million due to a smaller lease portfolio;
(iii) Commissions earned on the sale of ancillary products was relatively flat to the same quarter of 2021.

Other Operating Expenses

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

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

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

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

Depreciation and Amortization

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

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

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

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

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three-month period ended December 31, 2022 was $75.9 million, down $3.7 million, or 4.7%, compared to the same period of 2021. The Company reported an operating margin of 27.8% for the quarter, down from 34.0% reported in the comparable period of 2021. Excluding the effects of the adjusting items discussed in the "Key Performance Indicators and Non-IFRS Measures" section, the Company reported record adjusted operating income for the three-month period ended December 31, 2022 of $99.7 million, up $13.4 million, or 15.5%, from the comparable period of 2021. The increase in adjusted operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, partially offset by higher operating expenses. The Company reported an adjusted operating margin[1] of 36.5% for the quarter, down from 36.8% reported in the same period of 2021. The decline in operating margin was mainly due to higher net charge offs and a higher level of allowance for credit losses related to the record loan growth experienced during the quarter.

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

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

Other Income

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

Finance Costs

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

Income Tax Expense

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

Net Income and Diluted Earnings Per Share

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

Selected Quarterly Information

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

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

[2] Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on assets and reported and adjusted return on tangible common equity are non-IFRS ratios. See descriptions in "Key Performance Indicators and Non-IFRS Measures" section. Please refer to page 38 of the September 30, 2022 MD&A, page 37 of the June 30, 2022 MD&A, page 27 of the March 31, 2022 MD&A, page 50 of the December 31, 2021 MD&A, page 37 of the September 30, 2021 MD&A, page 39 of the June 30, 2021 MD&A, page 25 of the March 31, 2021 MD&A, and page 42 of the December 31, 2020 MD&A for the respective "Key Performance Indicators and Non-IFRS Measures" section for those periods. These MD&As are available on www.sedar.com.

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

Key financial measures for each of the last nine quarters are summarized in the table above and include the gross consumer loans receivable, revenue, net income, earnings per share, return on assets, return on equity, return on tangible common equity, and net income as a percentage of revenue over this timeframe. Revenue growth over this timeframe was primarily related to the growth of gross consumer loans receivable. The larger revenue base together with operating expense management, increased the Company's adjusted net income and adjusted earnings per share. Adjusted return on assets, adjusted return on equity and adjusted return on tangible common equity have increased in prior quarters due to increasing earnings generated by the business, declining in the most recent quarter due to the higher level of assets and shareholders' equity from the $57.9 million bought deal equity offering in support of future growth.

Portfolio Analysis

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

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

Consumer Loans Receivable

Loan Originations and Net Principal Written

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

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

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

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

Gross Consumer Loans Receivable

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

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

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

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

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

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

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

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

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

	December 31, 2022		December 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Gross consumer loans receivable, easyfinancial	**2,705,943**	**96.8%**	1,960,517	96.6%
Gross consumer loans receivable, easyhome	**88,751**	**3.2%**	69,822	3.4%
Gross consumer loans receivable	**2,794,694**	**100.0%**	2,030,339	100.0%

Financial Revenue and Net Financial Income

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

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

	Three Months Ended		Year Ended	
($ in 000's)	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Total Company revenue	**273,326**	234,430	**1,019,336**	826,722
Less: Leasing revenue	**(26,772)**	(29,456)	**(110,053)**	(119,585)
Financial revenue	**246,554**	204,974	**909,283**	707,137
Less: Finance costs	**(31,551)**	(22,281)	**(107,972)**	(79,025)
Add: Interest expense on lease liabilities	**991**	821	**3,577**	3,115
Less: Bad debt expense	**(78,257)**	(58,640)	**(272,893)**	(182,084)
Net financial income	**137,737**	124,874	**531,995**	449,143

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

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

	Three Months Ended		Year Ended	
($ in 000's except percentages)	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Total Company revenue	**273,326**	234,430	**1,019,336**	826,722
Less: Leasing revenue	**(26,772)**	(29,456)	**(110,053)**	(119,585)
Financial revenue	**246,554**	204,974	**909,283**	707,137
Multiplied by number of periods in a year	**X 4**	X 4	**X 4/4**	X 4/4
Divided by average gross consumer loans receivable	**2,726,446**	1,982,680	**2,409,890**	1,680,328
Total yield on consumer loans as a percentage of average gross consumer loans receivable (annualized)	**36.2%**	41.4%	**37.7%**	42.1%

Net Charge Offs

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

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

	Three Months Ended		Year Ended	
($ in 000's except percentages)	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Net charge offs against allowance	**61,511**	47,399	**219,614**	147,998
Multiplied by number of periods in a year	**X 4**	X 4	**X 4/4**	X 4/4
Divided by average gross consumer loans receivable	**2,726,446**	1,982,680	**2,409,890**	1,680,328
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**9.0%**	9.6%	**9.1%**	8.8%

Allowance for Credit Losses

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

	Three Months Ended		Year Ended	
($ in 000's except percentages)	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Allowance for credit losses, beginning of period	**196,295**	148,521	**159,762**	125,676
Net charge offs against allowance	**(61,511)**	(47,399)	**(219,614)**	(147,998)
Bad debt expense	**78,257**	58,640	**272,893**	182,084
Allowance for credit losses, end of period	**213,041**	159,762	**213,041**	159,762
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**7.62%**	7.87%	**7.62%**	7.87%

IFRS 9 requires that Forward Looking Indicators ("FLIs") be considered when determining the allowance for credit losses. Historically, the four key macroeconomic variables contributing to credit risk and losses within the Company's loan portfolio have been: unemployment rates, inflation rates, gross domestic product ("GDP") growth and the price of oil. Analysis performed by the Company determined that a forecasted increase in the rates of unemployment and inflation, a decrease in the expected future price of oil from current rates or a decrease in the rate of GDP growth has historically tended to increase charge offs. Conversely, a forecasted decrease in the rate of unemployment, rate of inflation, an increase in the expected future price of oil from the rates or an increase in the GDP growth rate has historically tended to decrease charge offs.

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

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast periods as at December 31, 2022 and 2021, respectively.

12-Month Forward-Looking Macroeconomic Variables (Average annual)	**Neutral**	**Moderately Optimistic**	**Extremely Optimistic**	**Moderately Pessimistic**	**Extremely Pessimistic**
December 31, 2022					
Unemployment rate[1]	**6.07%**	**5.28%**	**4.59%**	**8.30%**	**9.72%**
GDP growth rate[2]	**0.15%**	**1.20%**	**2.08%**	**(1.88%)**	**(3.08%)**
Inflation growth rate[3]	**4.08%**	**3.78%**	**3.46%**	**4.95%**	**5.31%**
Oil prices[4]	**$86.85**	**$89.40**	**$91.49**	**$71.65**	**$60.58**
December 31, 2021					
Unemployment rate[1]	5.81%	5.02%	4.33%	8.04%	9.45%
GDP growth rate[2]	3.78%	6.36%	9.03%	(2.18%)	(6.91%)
Inflation growth rate[3]	3.07%	3.64%	4.14%	2.38%	1.79%
Oil prices[4]	$67.34	$69.02	$72.75	$42.25	$38.69

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

The assignment of the probability weighting for the various scenarios using these variables involves management judgment through a robust internal review and analysis to arrive at a collective view on the likelihood of each scenario taking into account current economic conditions and the implications for near-term macroeconomic performance. If management were to assign 100% probability to the extremely pessimistic scenario forecast, the allowance for credit losses would have been $31.4 million (December 31, 2021 - $24.7 million) higher than the reported allowance for credit losses as at December 31, 2022. This sensitivity above does not consider the migration of exposure and/or changes in credit risk that would have occurred in the loan portfolio due to risk mitigation actions or other factors.

Aging of Gross Consumer Loans Receivable

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

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

A large portion of the Company's gross consumer loans receivable operates on a bi-weekly rather than monthly repayment cycle. As such, the aging analysis between different fiscal periods may not be comparable depending upon the day of the week on which the 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, December 31, 2022	Saturday, December 25, 2021
	% of total	**% of total**
Current	**94.1%**	93.8%
Days past due		
1 - 30 days	**3.1%**	3.7%
31 - 44 days	**0.8%**	0.7%
45 - 60 days	**0.6%**	0.7%
61 - 90 days	**0.9%**	0.7%
91 - 120 days	**0.2%**	0.2%
121 - 150 days	**0.2%**	0.1%
151 - 180 days	**0.1%**	0.1%
	5.9%	6.2%
Gross consumer loans receivable	**100.0%**	100.0%

Gross Consumer Loans Receivable by Geography

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

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

Gross Consumer Loans Receivable by Loan Type

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

	December 31, 2022		December 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Unsecured instalment loans	**1,703,593**	**61.0%**	1,364,696	67.2%
Secured instalment loans[1]	**1,091,101**	**39.0%**	665,643	32.8%
Gross consumer loans receivable	**2,794,694**	**100.0%**	2,030,339	100.0%

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

Leasing Portfolio Analysis

Potential Monthly Leasing Revenue

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

Potential monthly leasing revenue is calculated as follows:

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

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

	Three Months Ended		Year Ended	
($ in 000's)	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Opening potential monthly leasing revenue	**7,623**	8,160	**8,193**	8,461
Decrease due to store closures or sales during the period	**(24)**	(27)	**(111)**	(49)
Increase (decrease) due to ongoing operations	**269**	60	**(214)**	(219)
Net change	**245**	33	**(325)**	(268)
Ending potential monthly leasing revenue	**7,868**	8,193	**7,868**	8,193

Potential Monthly Leasing Revenue by Product Category

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

	December 31, 2022		December 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Furniture	**3,238**	**41.2%**	3,380	41.3%
Electronics	**2,626**	**33.4%**	2,656	32.4%
Appliances	**1,119**	**14.2%**	1,140	13.9%
Computers	**885**	**11.2%**	1,017	12.4%
Potential monthly leasing revenue	**7,868**	**100.0%**	8,193	100.0%

Potential Monthly Leasing Revenue by Geography

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

	December 31, 2022		December 31, 2021	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**688**	**8.7%**	699	8.4%
Nova Scotia	**753**	**9.6%**	810	9.9%
Prince Edward Island	**136**	**1.7%**	140	1.7%
New Brunswick	**642**	**8.2%**	648	7.9%
Quebec	**552**	**7.0%**	586	7.2%
Ontario	**2,442**	**31.0%**	2,571	31.4%
Manitoba	**233**	**3.0%**	234	2.9%
Saskatchewan	**356**	**4.5%**	383	4.7%
Alberta	**1,217**	**15.5%**	1,244	15.2%
British Columbia	**849**	**10.8%**	878	10.7%
Potential monthly leasing revenue	**7,868**	**100.0%**	8,193	100.0%

Leasing Charge Offs as a Percentage of Leasing Revenue

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

	Three Months Ended		Year Ended	
($ in 000's except percentages)	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Depreciation of lease assets	**8,516**	9,157	**33,547**	35,844
Less: Lease asset depreciation excluding net charge offs	**(7,678)**	(8,291)	**(29,992)**	(32,831)
Net charge offs	**838**	866	**3,555**	3,013
Total Company revenue	**273,326**	234,430	**1,019,336**	826,722
Less: Financial revenue	**(246,554)**	(204,974)	**(909,283)**	(707,137)
Leasing revenue	**26,772**	29,456	**110,053**	119,585
Net charge offs as a percentage of leasing revenue	**3.1%**	2.9%	**3.2%**	2.5%

Key Performance Indicators and Non-IFRS Measures

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

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

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

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

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

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

Adjusting items related to the LendCare Acquisition

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

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

[3] Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance costs, other integration costs related to the acquisition of LendCare and the write off of certain software as a result of the integration with LendCare. Integration costs were reported under Other operating expenses.

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

Adjusting item related to the write off of an intangible asset

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

Adjusting item related to corporate development costs
[6] Corporate development costs are related to the exploration of a strategic acquisition opportunity, which the Company elected to not pursue, including advisory, consulting and legal costs reported under Other operating expenses.
Adjusting item related to other income (loss)
[7] For the three-month periods and years ended December 31, 2022 and 2021, investment income (loss) is mainly due to fair value gains (losses) on the Company's investment in Affirm and its related TRS.

Adjusted Net Income as a Percentage of Revenue

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

	Three Months Ended			
($ in 000's except percentages)	**December 31, 2022**	**December 31, 2022 (adjusted)**	**December 31, 2021**	**December 31, 2021 (adjusted)**
Net income as stated	**28,576**	**28,576**	49,961	49,961
After-tax impact of adjusting items[1]	**-**	**22,450**	-	(2,317)
Adjusted net income	**28,576**	**51,026**	49,961	47,644
Divided by revenue	**273,326**	**273,326**	234,430	234,430
Net income as a percentage of revenue	**10.5%**	**18.7%**	21.3%	20.3%

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

	Year Ended			
($ in 000's except percentages)	**December 31, 2022**	**December 31, 2022 (adjusted)**	**December 31, 2021**	**December 31, 2021 (adjusted)**
Net income as stated	**140,161**	**140,161**	244,943	244,943
After-tax impact of adjusting items[1]	**-**	**52,100**	-	(70,184)
Adjusted net income	**140,161**	**192,261**	244,943	174,759
Divided by revenue	**1,019,336**	**1,019,336**	826,722	826,722
Net income as a percentage of revenue	**13.8%**	**18.9%**	29.6%	21.1%

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

Adjusted Other Operating Expenses and Efficiency Ratio

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

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

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

Adjusted Operating Margin

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

	Three Months Ended			
($ in 000's except percentages)	**December 31, 2022**	**December 31, 2022 (adjusted)**	**December 31, 2021**	**December 31, 2021 (adjusted)**
easyfinancial				
Operating income	**106,277**	**106,277**	87,643	87,643
Divided by revenue	**235,886**	**235,886**	196,015	196,015
easyfinancial operating margin	**45.1%**	**45.1%**	44.7%	44.7%
easyhome				
Operating income	**8,687**	**8,687**	8,450	8,450
Divided by revenue	**37,440**	**37,440**	38,415	38,415
easyhome operating margin	**23.2%**	**23.2%**	22.0%	22.0%
Total				
Operating income	**75,881**	**75,881**	79,629	79,629
Other operating expenses[1]				
Write off of an intangible asset	**-**	**20,460**	-	-
Integration costs	**-**	**122**	-	3,447
Depreciation and amortization[1]				
Amortization of acquired intangible assets	**-**	**3,275**	-	3,277
Adjusted operating income	**75,881**	**99,738**	79,629	86,353
Divided by revenue	**273,326**	**273,326**	234,430	234,430
Total operating margin	**27.8%**	**36.5%**	34.0%	36.8%

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

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

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

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

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

	Three Months Ended		Year Ended	
($ in 000's except percentages)	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Net income as stated	**28,576**	49,961	**140,161**	244,943
Finance costs	**31,551**	22,281	**107,972**	79,025
Income tax expense	**10,145**	15,758	**55,615**	71,911
Depreciation and amortization	**19,245**	21,665	**81,306**	78,886
Depreciation of lease assets	**(8,516)**	(9,157)	**(33,547)**	(35,844)
EBITDA	**81,001**	100,508	**351,507**	438,921
Divided by revenue	**273,326**	234,430	**1,019,336**	826,722
EBITDA margin	**29.6%**	42.9%	**34.5%**	53.1%

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

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

	Three Months Ended		Year Ended	
	December 31, 2022	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Cash used in operating activities	**(139,998)**	(74,171)	**(505,881)**	(78,875)
Net growth in gross consumer loans receivable during the period	**206,038**	133,623	**764,355**	783,499
Less: Gross loans purchased[1]	**-**	-	**-**	(444,520)
	206,038	133,623	**764,355**	338,979
Free cash flows from operations before net growth in gross consumer loans receivable	**66,040**	59,452	**258,474**	260,104

[1] Gross loans purchased during the second quarter of 2021 through the acquisition of LendCare.

Return on Assets

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

($ in 000's except percentages)	Three Months Ended			
	December 31, 2022	December 31, 2022 (adjusted)	December 31, 2021	December 31, 2021 (adjusted)
Net income as stated	**28,576**	**28,576**	49,961	49,961
After-tax impact of adjusting items[1]	**-**	**22,450**	-	(2,317)
Adjusted net income	**28,576**	**51,026**	49,961	47,644
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Divided by average total assets for the period	**3,216,403**	**3,216,403**	2,533,945	2,533,945
Return on assets	**3.6%**	**6.3%**	7.9%	7.5%

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

($ in 000's except percentages)	Year Ended			
	December 31, 2022	December 31, 2022 (adjusted)	December 31, 2021	December 31, 2021 (adjusted)
Net income as stated	**140,161**	**140,161**	244,943	244,943
After-tax impact of adjusting items[1]	**-**	**52,100**	-	(70,184)
Adjusted net income	**140,161**	**192,261**	244,943	174,759
Divided by average total assets for the period	**2,922,605**	**2,922,605**	2,126,594	2,126,594
Return on assets	**4.8%**	**6.6%**	11.5%	8.2%

[1] For explanation of adjusting items, refer to the corresponding "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.

($ in 000's except percentages)	Three Months Ended			
	December 31, 2022	December 31, 2022 (adjusted)	December 31, 2021	December 31, 2021 (adjusted)
Net income as stated	**28,576**	**28,576**	49,961	49,961
After-tax impact of adjusting items[1]	**-**	**22,450**	-	(2,371)
Adjusted net income	**28,576**	**51,026**	49,961	47,644
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Divided by average shareholders' equity for the period	**830,820**	**830,820**	798,620	798,620
Return on equity	**13.8%**	**24.6%**	25.0%	23.9%

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

($ in 000's except percentages)	Year Ended			
	December 31, 2022	December 31, 2022 (adjusted)	December 31, 2021	December 31, 2021 (adjusted)
Net income as stated	**140,161**	**140,161**	244,943	244,943
After-tax impact of adjusting items[1]	**-**	**52,100**	-	(70,184)
Adjusted net income	**140,161**	**192,261**	244,943	174,759
Divided by average shareholders' equity for the period	**794,269**	**794,269**	667,962	667,962
Return on equity	**17.6%**	**24.2%**	36.7%	26.2%

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

Return on Tangible Common Equity

Reported and adjusted return on tangible common equity are non-IFRS ratios. The Company defines return on tangible common equity as net income, adjusted for the after-tax amortization of acquisition-related intangible assets, which are treated as adjusting items, as a percentage of average tangible common equity. Tangible common equity is calculated as shareholders' equity for the period, less goodwill and acquisition-related intangible assets, net of related deferred tax liabilities. Adjusted net income before after-tax amortization of intangible assets excludes the impact of adjusting items. The Company believes adjusted return on tangible common equity is an important measure of how shareholders' invested tangible capital is utilized in the business.

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

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

[2] Excludes intangible assets relating to software.

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

[1] For explanation of adjusting items, refer to the corresponding "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 December 31, 2022 and 2021.

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

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

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

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

The $706.7 million of growth in total assets was primarily financed by i) a $676.6 million increase in external debt mainly from the revolving securitization warehouse facilities and ii) a $79.8 million increase in total shareholder's equity, which was driven by the $57.9 million bought deal equity offering and earnings generated by the Company, partially offset by share buybacks under the Company's Normal Course Issuer Bid ("NCIB") and dividends paid. While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings have been retained to fund growth of its consumer lending business.

Liquidity and Capital Resources

Cash Flow Review

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

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

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

Cash Flow Analysis for the Three Months Ended December 31, 2022

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

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

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

Cash Flow Analysis for the Year Ended December 31, 2022

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

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

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

Capital and Funding Resources

goeasy funds its business through a combination of equity and debt instruments. goeasy's Common Shares are listed for trading on the TSX under the trading symbol "GSY". goeasy is rated BB- with a stable trend from S&P and Ba3 with a stable trend from Moody's.

On March 22, 2021, goeasy's Common Shares were added by Dow Jones to the S&P/TSX Composite Index. The Company's inclusion in the benchmark Canadian index reflects the value that has been created for the Company's shareholders over the years.

As at December 31, 2022, the Company's external debt consisted of US$550 million of 2024 Notes with a net carrying value of $739.7 million, US$320 million of 2026 Notes with a net carrying value of $429.3 million, $105.8 million of secured borrowings, $810 million drawn against the Company's Revolving Securitization Warehouse Facility I and $150 million drawn against the Company's revolving credit facility.

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

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

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

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

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

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

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

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

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

Outstanding Shares and Dividends

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

Normal Course Issuer Bid

On December 16, 2022, the Company announced the acceptance by the TSX of the Company's Notice of Intention to make an NCIB (the "2022 NCIB"). Pursuant to the 2022 NCIB, the Company proposed to purchase, from time to time, up to an aggregate of 1,252,730 common shares being approximately 10% of goeasy's public float as of December 9, 2022. As at December 9, 2022, goeasy had 16,438,926 common shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2022, was 49,253. Under 2022 NCIB, daily purchases will be limited to 12,313 common shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The purchases were permitted to commence on December 21, 2022, and will terminate on December 20, 2023, or on such earlier date as the Company may complete its purchases pursuant to the 2022 NCIB. The 2022 NCIB will be conducted through facilities of the TSX or alternative trading systems, if eligible and will conform to their regulations. Purchases under the 2022 NCIB will be made by means of open market transaction or other such means as a security regulatory authority may permit, including pre-arranged crosses, exempt offers and private agreements under an issuer bid exemption order issued by a securities regulatory authority. The price that goeasy will pay for any Common Shares will be the market price of such shares at the time of acquisition, unless otherwise permitted under applicable rules.

On December 14, 2021, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make an NCIB (the "2021 NCIB"). Pursuant to the 2021 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 1,243,781 Common Shares being approximately 10% of goeasy's public float as of December 7, 2021. As at December 7, 2021, goeasy had 16,254,135 Common Shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2021, was 62,825. Under the 2021 NCIB, daily purchases were limited to 15,706 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. Purchases were permitted to commence on December 21, 2021, and terminated on December 20, 2022. The purchases made by goeasy pursuant to the 2021 NCIB were effected through facilities of the TSX, as well as alternative trading systems and in accordance with the rules of the TSX. The price the Company paid for repurchased Common Shares was the market price of such shares at the time of acquisition. The Company did not purchase any Common Shares other than by open-market purchases. Under the 2021 NCIB, the Company completed the purchase for cancellation through the facilities of the TSX of 450,058 Common Shares at a weighted average price of $135.52 per Common Share for a total cost of $61.0 million.

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

Dividends

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

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

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

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

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

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

Commitments, Guarantees and Contingencies

Commitments

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

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

($ in 000's)	Within 1 year	After 1 year, but not more than 5 years	More than 5 years
Premises	**22,508**	**50,812**	**8,649**
Vehicles	**696**	**1,540**	**31**
Technology commitments	**14,604**	**13,370**	**-**
Total contractual obligations	**37,808**	**65,722**	**8,680**

Contingencies

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

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

Risk Factors

Overview

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

Strategic Risk

Strategic risk is the risk from changes in the business environment, fundamental changes in demand for the Company's products or services, improper implementation of decisions, execution of the Company's strategy or inadequate responsiveness to changes in the business environment, including changes in the competitive and regulatory landscapes.

The Company's growth strategy is focused on consumer lending through its easyfinancial and LendCare brands. The Company's ability to increase its customer and revenue base is contingent, in part, on its ability to secure additional locations for easyfinancial, to grow its consumer loans receivable portfolio, to access customers through new delivery channels, to secure and maintain merchant partnerships for LendCare, to successfully develop and launch new products to meet evolving customer demands, to secure growth financing at a reasonable cost, to maintain profitability levels within the mature easyhome business and to execute with efficiency and effectiveness.

The impact of poor execution by management or an inadequate response to changes in the business environment could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Market Risk

Macroeconomic Conditions

Certain changes in macroeconomic conditions, many of which are beyond the Company's control, can have a negative impact on its customers and its performance. The Company's primary customer segment is the non-prime consumer. These cash and credit constrained customers are affected by adverse macroeconomic conditions such as higher unemployment rates and/or costs of living, which can lower collection rates and result in higher charge off rates and adversely affect the Company's performance, financial condition and liquidity. The Company can neither predict the impact of the current economic conditions will have on its future results, nor predict when the economic environment will change.

There can be no assurance that economic conditions will remain favorable for the Company's business or that demand for loans or default rates by customers will remain at current levels. Reduced demand for loans would negatively impact the Company's growth and revenues, while increased default rates by customers may inhibit the Company's access to capital, hinder the growth of its loan portfolio and negatively impact its profitability. Either such result could have a material adverse effect on the Company's business, prospects, results of operations, financial condition and/or cash flows.

Interest Rate Risk

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

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

As at December 31, 2022, the revolving credit facility has a variable interest rate at either the BA rate plus 225 bps or the Prime rate plus 75 bps, at the option of the Company. The Company does not hedge interest rates on the revolving credit facility. Accordingly, future changes in interest rates will affect the amount of interest expense payable by the Company to the extent that draws are made on the variable rate revolving credit facility. As at December 31, 2022, the Company has drawn $150 million against its $270 million revolving credit facility.

The Revolving Securitization Warehouse Facility I has a variable interest rate at 1-month CDOR plus 185 bps. The Company entered into an interest rate swap agreement as a cash flow hedge to protect itself against the variability of future interest payments by paying a fixed rate based on the weighted average life of the securitized loans and receiving variable rate equivalent to 1-month CDOR. As such, each incremental swap that is taken on has a hedge implemented that results in interest rates becoming fixed for the duration of that swap.

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

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

Foreign Currency Risk

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

The Company sources some of its merchandise and services out of the United States and, as such, its Canadian operations have some United States dollar denominated cash and payable balances. As a result, the Company has both foreign exchange transaction and translation risk. Although the Company has United States dollar denominated purchases, it has historically been able to price its lease transactions to compensate for the impact of foreign currency fluctuations on its purchases. However, in periods of rapid change in the Canadian to United States dollar exchange rate, the Company may not be able to pass on such changes in the cost of purchased products to its customers, which may negatively impact its financial performance.

Competition

The Company estimates the size of the Canadian market for non-prime consumer lending, excluding mortgages, is approximately $193.6 billion. This demand is currently being met by a wide variety of industry participants that offer diverse products, including auto lending, credit cards, installment loans, retail finance programs, small business lending and real estate secured lending. Generally, industry participants have tended to focus on a single product offering rather than providing consumers with multiple alternatives. As a result, the suppliers to the marketplace are quite diverse.

Competition in the non-prime consumer lending market is based primarily on access, flexibility and cost (interest rates). Consumers are generally able to transition between different types of lending products that are available in the marketplace to satisfy their need for these different characteristics. The Company expects the competition for non-prime consumer lending in Canada will remain relatively stable for the foreseeable future. While traditional financial institutions are likely to decrease their risk tolerance and move farther away from non-prime lending, regional financial institutions such as credit unions, payday lenders, marketplace lenders and online lenders may consider expansion into the non-prime market.

The Company also faces direct competition in the Canadian market from other merchandise leasing companies. Other factors that may adversely affect the performance of the leasing business are increased sales of used furniture and electronics online and at retail stores that offer a non-prime point-of-sale purchase financing option. Additional competitors, both domestic and international, may emerge since barriers to entry are relatively low.

The Company may be unable to compete effectively with new and existing competitors, which could adversely affect its revenues and results of operations. In addition, investments required to adjust to changing market conditions may adversely affect the Company's business and financial performance.

Credit Risk

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

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

Credit risk related to the Company's consumer loans receivable is impacted by both the Company's credit policies and the lending practices which are overseen by the Company's Credit Committee, comprised of members of senior management. Credit quality of the customer is assessed using proprietary credit models and individual credit limits are defined in accordance with this assessment. The Company evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions and operate independently. The Company continuously updates its underwriting models based on the historical performance of groups of customer loans, which guide its lending decisions. To the extent such historical data used to develop its underwriting models is not representative or predictive of current loan book performance, the Company could suffer increased loan losses.

The Company maintains an allowance for credit losses as prescribed by IFRS 9 and as described fully in the notes to the Company's consolidated financial statements for the year ended December 31, 2022. The process for establishing an allowance for loan losses is critical to the Company's results of operations and financial conditions and is based on historical data, the underlying health and quality of the consumer loan portfolio at a point in time, and forward-looking indicators. To the extent that such inputs used to develop its allowance for credit losses are not representative or predictive of current loan book performance, the Company could suffer increased loan losses above and beyond those provided for on its consolidated financial statements.

The Company cannot guarantee that delinquency and loss levels will correspond with historical levels experienced, and there is a risk that delinquency and loss rates could increase significantly and have a material adverse effect on the financial results of the Company.

Credit risk related to lease assets with customers results from the possibility of customer default with respect to agreed upon payments or in not returning the lease assets. The Company has a standard collection process in place in the event of payment default, which includes the recovery of the lease asset if satisfactory payment terms cannot be worked out with the customer, as the Company maintains ownership of the lease assets until payment options are exercised.

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

The Company has established a Credit Committee and created processes and procedures to identify, measure, monitor and mitigate significant credit risks. However, to the extent that such risks go unidentified or are not adequately or expeditiously addressed by senior management, the Company and its financial performance could be adversely affected.

Liquidity and Funding Risk

Liquidity Risk

The Company has been funded through various sources, including the revolving credit facility, the revolving securitization warehouse facilities, the 2024 Notes and 2026 Notes, and public market equity offerings. The availability of additional financing will depend on a variety of factors, including the availability of credit to the financial services industry and the Company's financial performance and credit ratings.

The Company has publicly stated that it intends to significantly expand its consumer lending business. To achieve this goal, the Company may require additional funds which can be obtained through various sources, including debt or equity financing. There can be no assurance, however, that additional funding will be available when needed or will be available on terms favorable to the Company. The inability to access adequate sources of financing, or to do so on favorable terms, may adversely affect the Company's capital structure and ability to fund operational requirements and satisfy financial obligations. If additional funds are raised by issuing equity securities, shareholders may incur dilution.

Liquidity risk is the risk that the Company's financial condition is adversely affected by an inability to meet funding obligations and support the Company's business growth. The Company manages its capital to maintain its ability to continue as a going concern and to provide adequate returns to shareholders by way of share appreciation and dividends. The Company's capital structure consists of external debt and shareholders' equity, which comprises issued capital, contributed surplus and retained earnings.

All of the Company's debt facilities must be renewed on a periodic basis. These facilities contain restrictions on the Company's ability to, among other things, pay dividends, sell or transfer assets, incur additional debt, repay other debt, make certain investments or acquisitions, repurchase or redeem shares and engage in alternate business activities. The facilities also contain a number of covenants that require the Company to maintain certain specified financial ratios. Failure to meet any of these covenants could result in an event of default under these facilities which could, in turn, allow lenders to declare all amounts outstanding to be immediately due and payable. In such a case, the financial condition, liquidity and results of the Company's operations could materially suffer.

The Company has strengthened its banking relationships and diversified its funding sources over the past years. In 2022, the Company added new major Canadian banks to its Revolving Securitization Warehouse Facility I and launched the Revolving Securitization Warehouse II with one of its large bank partners. The Company also expanded the syndicate of banks under its Revolving Credit Facility. If the Company is unable to renew these facilities on acceptable terms when they become due, there could be a material adverse effect on the Company's financial condition, liquidity and results of operations.

Debt Service

The Company's ability to make scheduled payments on, or refinance its debt obligations, depends on its financial condition and operating performance, which are subject to a number of factors beyond its control. The Company may be unable to maintain a level of cash flows from operating activities sufficient to permit it to repay the principal and interest on its indebtedness.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, reduce its growth plans, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to obtain such alternative measures on commercially reasonable terms, or at all and, even if successful, those alternative actions may not allow it to meet its scheduled debt service obligations. The Company's credit agreements restrict its ability to dispose of assets and use the proceeds from those dispositions and may also restrict its ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. The Company may not be able to consummate any such dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due.

The Company's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all would materially and adversely affect its business, results of operations and financial condition. Failure to meet its debt obligations could result in default under its lending agreements. In the event of such default, the holders of such indebtedness could elect to declare all of the funds borrowed thereunder to be immediately due and payable, together with accrued and unpaid interest, and the Company could, among other remedies that may be available, be forced into bankruptcy, insolvency or liquidation. If the Company's operating performance declines, it may need to seek waivers from the holders of such indebtedness to avoid being in default under the instruments governing such indebtedness. If the Company breaches its covenants under its indebtedness, it may not be able to obtain a waiver from the holders of such indebtedness on terms acceptable to the Company or at all. If this occurs, the Company would be in default under such indebtedness, and the holders of such indebtedness could exercise their rights as described above and the Company could, among other remedies that may be available, be forced into bankruptcy, insolvency or liquidation. A default under the agreements governing certain of the Company's existing or future indebtedness and the remedies sought by the holders of such indebtedness could make the Company unable to pay principal or interest on the debt.

Debt Covenants

The agreements governing the Company's credit facilities contain restrictive covenants that may limit its discretion with respect to certain business matters. These covenants may place significant restrictions on, among other things, the Company's ability to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees, and to sell or otherwise dispose of assets. In addition, the agreements governing the Company's credit facilities may contain financial covenants that require it to meet certain financial ratios and financial condition tests.

If the Company fails to maintain the requisite financial ratios under the agreement governing its credit facilities, it will be unable to draw any amounts under the credit facilities until such default is waived or cured as required. In addition, such a failure could constitute an event of default under the Company's lending agreements entitling the lenders to accelerate the outstanding indebtedness thereunder unless such event of default is cured as required by the agreement. The Company's ability to comply with these covenants in future periods will depend on its ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond its control.

The restrictions in the agreements governing the Company's credit facilities may prevent the Company from taking actions that it believes would be in the best interest of its business and may make it difficult for it to execute its business strategy successfully or effectively compete with companies that are not similarly restricted. The Company may also incur future debt obligations that might subject it to additional restrictive covenants that could affect its financial and operational flexibility.

The Company's ability to comply with the covenants and restrictions contained in the agreement governing the Company's credit facilities may be affected by economic, financial and industry conditions beyond its control. The breach of any of these covenants or restrictions could result in a default under the agreements that would permit the applicable lenders to declare all amounts outstanding thereunder to be due and payable (including terminating any outstanding hedging arrangements), together with accrued and unpaid interest, or cause cross-defaults under the Company's other debts. If the Company is unable to repay its secured debt, lenders could proceed against the collateral securing the debt. This could have serious consequences to the Company's financial condition and results of operations and could cause it to become bankrupt or insolvent.

Credit Ratings

The Company received credit ratings in connection with the issuance of its 2024 Notes and 2026 Notes. Any credit ratings applied to the 2024 Notes and 2026 Notes are an assessment of the Company's ability to pay its obligations. The Company is under no obligation to maintain any credit rating with credit rating agencies and there is no assurance that any credit rating assigned to the 2024 Notes and 2026 Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering, withdrawal or failure to maintain any credit ratings applied to the 2024 Notes and 2026 Notes may have an adverse effect on the market price or value and the liquidity of the 2024 Notes and 2026 Notes and, in addition, any such action could make it more difficult or more expensive for the Company to obtain additional debt financing in the future.

Volatility of Stock Price

The market price of the Common Shares, similar to that of other public companies, has been subject to significant fluctuation in response to numerous factors, including significant shifts in the availability of global credit, changes in macro-economic performance due to volatile shifts in oil prices and unexpected natural disasters, concerns about the global economy and potential recession, economic shocks, as well as variations in the annual or quarterly financial results of the Company, timing of announcements of acquisitions or material transactions by the Company or its competitors, other conditions in the economy in general or in the industry in particular, changes in applicable laws and regulations and other factors. Moreover, from time to time, the stock markets experience significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Company's performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of shares for future sale (including shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of such shares or the perception that such sales could occur may adversely affect the prevailing price of the Common Shares. Significant changes in the stock price could jeopardize the Company's ability to raise growth capital through an equity offering without significant dilution to existing shareholders.

Operational Risk

Operational risk, which is inherent in all business activities, is the potential for loss as a result of external events, human behaviour (including error and fraud, non-compliance with mandated policies and procedures or other inappropriate behaviour) or inadequacy, or the failure of processes, procedures or controls. The impact may include financial loss, loss of reputation, loss of competitive position or regulatory and civil penalties. While operational risk cannot be eliminated, the Company takes reasonable steps to mitigate this risk by putting in place a system of oversight, policies, procedures and internal controls.

Dependence on Key Personnel

One of the significant limiting factors in the Company's performance and expansion plans will be the hiring and retention of the best people for the job. Over the past few years, the Company has strengthened its hiring competencies and training programs.

In particular, the Company is dependent upon the abilities, experiences and efforts of its senior management team and other key employees. The loss of these individuals without adequate replacement could have a material adverse impact on its business and operations.

As a consequence of its growth strategy and relatively high employee turnover at the store and branch level, the Company requires a growing number of qualified managers and other store or branch personnel to successfully operate its expanding branch and store network. There is competition for such personnel, and there can be no assurances that the Company will be successful in attracting and retaining the personnel it may require. If the Company is unable to attract and retain qualified personnel or its costs to do so increase dramatically, its operations would be materially adversely affected.

Outsource Risk

The Company outsources certain business functions to third-party service providers, which increases its operational complexity and decreases its control. The Company relies on these service providers to provide a high level of service and support, which subjects it to risks associated with inadequate or untimely service. In addition, if these outsourcing arrangements were not renewed or were terminated or the services provided to the Company were otherwise disrupted, the Company would have to obtain these services from an alternative provider. The Company may be unable to replace, or be delayed in replacing, these sources and there is a risk that it would be unable to enter into a similar agreement with an alternate provider on terms that it considers favorable or in a timely manner. In the future, the Company may outsource additional business functions. If any of these or other risks relating to outsourcing were realized, the Company's financial position, liquidity and results of operations could be adversely affected.

Fraud Risk

Employee and customer misconduct could subject the Company to financial losses or regulatory sanctions and seriously harm the Company's reputation. Misconduct by its employees could include hiding unauthorized activities, improper or unauthorized activities on behalf of customers or improper use of confidential information. It is not always possible to prevent employee error and misconduct, and the precautions the Company takes to prevent and detect this activity may not be effective in all cases. Employee error could also subject the Company to financial claims for negligence.

If the Company's internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured, exceeds applicable insurance limits or if insurance coverage is denied or not available, it could have a material adverse effect on the Company's business, financial condition and results of operations.

Technology Risk

The Company is dependent upon the successful and uninterrupted functioning of its computer, internet and data processing systems. The failure of these systems could interrupt operations or materially impact the Company's ability to enter into new lease or lending transactions and service or collect customer accounts. Although the Company has extensive information technology security and disaster recovery plans, such a failure, if sustained, could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Breach of Information Security

The Company's operations rely heavily on the secure processing, storage and transmission of confidential and sensitive customer and other information through its information technology network. Other risks include the Company's use of third-party vendors with access to its network that may increase the risk of a cyber security breach. Third-party breaches or inadequate levels of cyber security expertise and safeguards may expose the Company, directly or indirectly, to security breaches.

A breach, unauthorized access, computer virus, or other form of malicious attack on the Company's information security may result in the compromise of confidential and/or sensitive customer or employee information, destruction or corruption of data, reputational harm affecting customer and investor confidence, and a disruption in the management of customer relationships or the inability to originate, process and service the Company's leasing or lending portfolios which could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

To mitigate the risk of an information security breach, the Company regularly assesses such risks, has a disaster recovery plan in place and has implemented reasonable controls over unauthorized access. The store network and corporate administrative offices, including centralized operations, takes reasonable measures to protect the security of its information systems (including against cyber-attacks). The Chief Information Officer of the Company oversees information security. However, such a cyber-attack or data breach could have a material adverse effect on the Company and its financial condition, liquidity and results of operations.

Privacy, Information Security, and Data Protection Regulations

The Company is subject to various privacy and information security laws and takes reasonable measures to ensure compliance with all requirements. Legislators and regulators are increasingly adopting new privacy and information security laws which may increase the Company's cost of compliance. While the Company has taken reasonable steps to protect its data and that of its customers, a breach in the Company's information security may adversely affect the Company's reputation and also result in fines or penalties from governmental bodies or regulators.

Risk Management Processes and Procedures

The Company has established a Risk Oversight Committee and created regular and ongoing processes and procedures to identify, measure, monitor and mitigate significant risks to the organization. However, to the extent such risks go unidentified or are not adequately or expeditiously addressed by management, the Company could be adversely affected.

Compliance Risk

Internal Controls Over Financial Reporting

The effective design of internal controls over financial reporting is essential for the Company to prevent and detect fraud or material errors that may have occurred. The Company is also obligated to comply with the Form 52-109F2 Certification of interim filings and 52-109F1 Certification of annual filings of the Ontario Securities Commission, which requires the Company's CEO and CFO to submit a quarterly and annual certificate of compliance. The Company and its management have taken reasonable steps to ensure that adequate internal controls over financial reporting are in place. However, there is a risk that a fraud or material error may go undetected and that such material fraud or error could adversely affect the Company.

Government Regulation and Compliance

The Company takes reasonable measures to ensure compliance with governing statutes, regulations and regulatory policies. A failure to comply with such statutes, regulations or regulatory policies could result in sanctions, fines or other settlements that could adversely affect both its earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could also change the economics of the Company's merchandise leasing and consumer lending businesses including the salability or pricing of certain ancillary products which could have a material adverse effect on the Company.

Section 347 of the Criminal Code prohibits the charging of an effective annual rate of interest that exceeds sixty percent for an agreement or arrangement for credit advanced. The Company believes that easyfinancial is subject to section 347 of the Criminal Code and closely monitors any legislative activity in this area. The application of additional capital requirements or a reduction in the maximum cost of borrowing could have a material adverse effect on the Company's financial condition, liquidity and results of operations. At present, additional provincial regulation in certain geographic areas focusing on high-cost credit loans have been adopted, but do not materially impact the Company's business operations.

While management of the Company is of the view that its merchandise leasing business does not involve the provision of credit, it could be determined that aspects of easyhome's merchandise leasing business are subject to the Criminal Code. The Company has implemented measures to ensure that the aggregate of all charges and expenses under its merchandise lease agreement do not exceed the maximum interest rate allowed by law. Where aspects of easyhome's business are subject to the *Criminal Code*, and the Company has not complied with the requirements thereof, the Company could be subject to either or both (1) civil actions for nullification of contracts, rebate of some or all payments made by customers, and damages; and (2) criminal prosecution for violation of the Criminal Code, any of which outcomes could have a material adverse effect on the Company.

Numerous consumer protection laws and related regulations impose substantial requirements upon lenders involved in consumer finance, including leasing and lending. Also, federal and provincial laws impose restrictions on consumer transactions and require contract disclosures relating to the cost of borrowing and other matters. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions.

easyfinancial is subject to minimal regulatory capital requirements in connection with its operations in Saskatchewan. Otherwise, the Company operates in an unregulated environment with regard to capital requirements.

Accounting Standards

From time to time the Company may be subject to changes in accounting standards issued by accounting standard-setting bodies, which may affect the Company's consolidated financial statements, reduce its reported profitability and change the calculation of its financial covenant measures.

Legal and Reputational Risk

Reputation

The Company's reputation is very important to attracting new customers to its platform, securing repeat lending to existing customers, hiring the best employees and obtaining financing to facilitate the growth of its business. While the Company believes that it has a good reputation and that it provides customers with a superior experience, there can be no assurance that the Company will continue to maintain a good relationship with customers or avoid negative publicity.

In recent years, consumer advocacy groups and some media reports have advocated governmental action to prohibit or place severe restrictions on non-bank consumer loans, not making the proper distinction between payday loans and non-prime loans. Such consumer advocacy groups and media reports generally focus on the annual percentage rate for this type of consumer loan, which is compared unfavorably to the interest typically charged by banks to consumers with top-tier credit histories. The finance charges the Company assesses can attract media publicity about the industry and be perceived as controversial. Customer's acceptance of the interest rates the Company charges on its consumer loans receivable could impact the future rate of the growth. Additionally, if the negative characterization of these types of loans is accepted by legislators and regulators, the Company could become subject to more restrictive laws and regulations applicable to consumer loan products that could have a material adverse effect on the Company's business, prospects, results of operations, financial condition or cash flows.

The Company's ability to attract and retain customers is highly dependent upon the external perceptions of its level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters — even if related to seemingly isolated incidents, or even if related to practices not specific to short-term loans, such as debt collection — could erode trust and confidence and damage the Company's reputation among existing and potential customers, which would make it difficult to attract new customers and retain existing customers, significantly decrease the demand for the Company's products, result in increased regulatory scrutiny, and have a material adverse effect on the Company's business, prospects, results of operations, financial condition, ability to raise growth capital or cash flows.

Litigation

From time to time and in the normal course of business, the Company may be involved in material litigation or may be subject to regulatory actions. There can be no assurance that any litigation or regulatory action in which the Company may become involved in the future will not have a material adverse effect on the Company's business, financial condition or results of operations. Lawsuits or regulatory actions could cause the Company to incur substantial expenditures, generate adverse publicity and could significantly impair the Company's business, force it to cease doing business in one or more jurisdictions or cause it to cease offering one or more products.

The Company is also likely to be subject to further litigation and communications with regulators in the future. An adverse ruling or a settlement of any current or future litigation or regulatory actions against the Company or another lender could cause the Company to have to refund fees and/or interest collected, forego collections of the principal amount of loans, pay multiple damages, pay monetary penalties and/or modify or terminate its operations in particular jurisdictions. Defense of any lawsuit or regulatory action, even if successful, could require substantial time and attention of the Company's management and could require the expenditure of significant amounts for legal fees and other related costs.

Insurance Risk

The Company's insurance policies may not comprehensively cover all risks and liabilities because appropriate coverage may not be available (or may not adequately cover all losses) or the Company may elect not to insure against certain risks. It may elect not to do so, for example, where it considers the applicable premiums to be excessive in relation to the perceived risks and benefits that may accrue. As a result, the Company may be held liable for material claims beyond its insurance coverage limits that could materially and adversely impact financial performance and reputation. In addition, any significant claim against such policies may lead to increased premiums on renewal and/or additional exclusions to the terms of future policies. If insurance (including cyber insurance) is not available to cover a claim or the quantum of a claim exceeds policy limits, the Company will be exposed to the financial impact of the event which could have an adverse impact on the Company's business, financial performance and operations.

Financial Instruments

The Company's assets and liabilities include financial instruments.

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

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

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

Critical Accounting Estimates

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

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

The Company's critical accounting estimates are as described in the December 31, 2022 notes to the consolidated financial statements.

Changes in Accounting Policy and Disclosures

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

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

(b) Standards issued but not yet effective

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

Internal Controls

Disclosure Controls and Procedures ("DC&P")

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

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

Internal Controls over Financial Reporting ("ICFR")

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

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

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

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

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

Changes to ICFR during 2022

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

Evaluation of ICFR at December 31, 2022

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