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

THREE AND SIX MONTHS ENDED JUNE 30, 2021

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

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Date: August 5, 2021

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

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

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

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

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

Caution Regarding Forward-Looking Statements

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

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

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

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

Overview of the Business

goeasy Ltd. is a Canadian company headquartered in Mississauga, Ontario, that provides non-prime leasing and lending services through its easyhome, easyfinancial and LendCare brands. Supported by more than 2,200 employees, the Company offers a wide variety of financial products and services including lease-to-own merchandise, unsecured and secured instalment loans. Customers can transact seamlessly through an omni-channel model that includes an online and mobile platform, over 400 locations across Canada, and point-of-sale financing offered in the retail, power sports, automotive, home improvement and healthcare verticals, through more than 4,000 merchants across Canada. Throughout the Company's history, it has acquired and organically served over 1 million Canadians and originated over $6.7 billion in loans, with one in three easyfinancial customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing.

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

On April 30, 2021 ("Acquisition Date"), through its newly created wholly-owned subsidiary, 2830844 Ontario Inc., the Company completed the acquisition of 100% of the outstanding equity of LendCare Holdings Inc. ("LendCare"), a Canadian point-of-sale consumer finance and technology company, from LendCare's founders and CIVC Partners for consideration of $323.7 million, of which $311.9 million was paid in cash and $11.8 million was paid in the Company's common shares (the "Acquisition"). The $11.8 million fair value of the 81,400 common shares issued as consideration was calculated with reference to the closing price of the Company's common shares on the Acquisition Date.

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

- The easyfinancial segment lends out capital in the form of unsecured and secured consumer loans to non-prime borrowers. easyfinancial's product offering consists of unsecured and real estate secured installment loans. This segment also includes the LendCare operating segment, which specializes in financing consumer purchases in the powersports, automotive, retail, healthcare, and home improvement categories. The majority of LendCare loans are secured by personal property or by way of Notice of Security Interest. The Company has aggregated the easyfinancial and LendCare operating segments on the basis of their similar economic characteristics, customer profile, nature of products, and regulatory environment. The aggregation of the easyfinancial and LendCare operating segments under one reportable segment named easyfinancial, most accurately reflects the nature and financial results of the business activities in which the Company engages, and the broader economic and regulatory environment in which it operates.

  The Company's chief operating decision maker ("CODM"), which has been determined by the Company to be the Chief Executive Officer, utilizes the same key performance indicators to allocate resources and assess the performance of the operating segments. The CODM uses several metrics to evaluate the performance of the operating segments, including but not limited to, the volume of consumer loan originations and the risk-adjusted margin of the businesses (comprising the yield on the consumer loan portfolios net of the annualized loss rates). These key financial and performance indicators, which are used to assess results, manage trends and allocate resources to each of the segments, have been, and are expected to remain, similar. In addition, the Company will gradually centralize and share some of the common functions such as finance and certain aspects of human resources and information technology.

  The customers served by the easyfinancial and LendCare operating segments are Canadian consumers, the majority of whom are classified as non-prime borrowers and seeking alternative financial solutions to those of a traditional bank. These consumers actively use a wide range of financial products and will migrate across the products offered in each segment. Furthermore, the nature of products sold by each of the operating segments and the distribution methods of those products are similar. Both easyfinancial and LendCare operating segments offer unsecured and secured instalment loans, which are offered through a retail network of branches or merchant partnerships, and complemented by an online digital platform. In addition, both operating segments are subject to the same federal and provincial legislations and regulations applicable to the consumer lending industry.

- The easyhome segment provides leasing services for household furniture, appliances and electronics and unsecured lending products to retail consumers.

Corporate Strategy

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

The Company's four strategic imperatives include: developing its range of products, expanding its channels of distribution, geographic diversification and lastly, a focus on continuously improving the customer experience by leveraging new and advanced technologies and prioritizing a journey of financial improvement for everyday Canadians.

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

Outlook

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

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

On February 17, 2021, the Company had provided 3-year forecasts for the years 2021 through 2023, which were disclosed in its December 31, 2020 MD&A. The Company's forecasts did not contemplate the acquisition of LendCare and consequently, the Company withdrew its 3-year forecast as part of the release of first quarter financial results. Following the successful completion of the Acquisition of LendCare, the Company has introduced new forecasts for 2021, 2022, and 2023 as follows:

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

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

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

Second Quarter Highlights

- On April 30, 2021, through its newly created wholly-owned subsidiary, 2830844 Ontario Inc., the Company acquired 100% of the outstanding equity of LendCare, a Canadian point-of-sale consumer finance and technology company, from LendCare's founders and CIVC Partners for consideration of $323.7 million, of which $311.9 million was paid in cash and $11.8 million was paid in the Company's common shares. The $11.8 million fair value of the 81,400 common shares issued as consideration was calculated with reference to the closing price of the Company's common shares on the Acquisition Date.

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

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

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

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

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

- On April 29, 2021, the Company closed its offering of US$320 million 4.375% senior unsecured notes maturing on May 1, 2026 (“2026 Notes”) with interest payable semi-annually on May 1 and November 1 of each year and commencing on November 1, 2021. Concurrently with the offering, the Company entered into a cross currency swap agreement to fix the foreign exchange rate for the proceeds from the offering and for all required payments of principal and interest under these 2026 Notes at a fixed exchange rate of USD1.000 = CAD1.2501, effectively hedging the obligation at $400 million with a Canadian dollar interest rate of 4.818%.

- As at June 30, 2021, the Company had a cash position of $140.2 million which includes $34.6 million net amount of restricted cash related to its cross-currency swap contracts and total return swap contract and $26 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings’ reserve for future customer defaults. As at June 30, 2021, the Company has borrowing capacities of $295 million under its revolving credit facility and $45 million under its secured borrowings. The cash position of $140.2 million and total borrowing capacities of $340 million represented $480.2 million in total liquidity as at June 30, 2021. The Company also has the ability to exercise the accordion feature under its revolving credit facility to add an additional $75 million in borrowing capacity.

  On July 28, 2021, the Company has obtained a commitment to increase its existing revolving securitization warehouse facility to $600 million, from its current $200 million capacity. The revolving securitization warehouse facility, originally established in December 2020, will continue to be structured and underwritten by National Bank Financial Markets under a new three-year agreement, which incorporates favourable key modifications, including improvements to eligibility criteria and advance rates. The interest on advances will be payable at the rate of 1-month Canadian Dollar Offered Rate (“CDOR”) plus 185 bps, an improvement of 110 bps over the previous rate. Based on the current 1-month CDOR rate of 0.42% as of August 4, 2021, the interest rate would be 2.27%. The Company will continue utilizing an interest rate swap agreement to generate fixed rate payments on the amounts drawn and mitigate the impact of interest rate volatility. Proceeds from the revolving securitization warehouse facility will be used for general corporate purposes, including funding growth of its consumer loan portfolio, originated by both its easyfinancial Services Inc. and LendCare subsidiaries.

  The expansion of the revolving securitization warehouse facility by $400 million and the expiration on July 31, 2021 of the $105 million secured borrowing facility with a remaining borrowing capacity of $10.9 million brings the total liquidity to $869.3 million as of August 5, 2021. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plan and meet its forecast through the fourth quarter of 2023.

- During the second quarter of 2021, the Company invested an additional $4 million to increase its minority equity interest in Brim Financial Inc. (“Brim”) which brings the Company’s total investment in Brim at $10.5 million as at June 30, 2021. Brim, a Canadian fintech company and globally certified credit card issuer, offers a full product suite of consumer and business credit cards, consumer digital banking services, a globally open rewards and loyalty ecosystem, and financial products including buy now pay later capabilities seamlessly integrated in all business and consumer revolving credit card products.

- During the second quarter of 2021, the Company recognized a $4.1 million unrealized fair value loss including $5.4 million unrealized fair value loss on investments in Affirm Holdings Inc. (“Affirm”) partially offset by the $1.7 million unrealized fair value gain on the total return swap (“TRS”) related to the equity in Affirm which represents the non-contingent portion of the equity consideration received, pursuant to the sale of its investment in PayBright. Year to date, the Company has recorded total unrealized fair value gains related to its investment in Affirm and the TRS, which was put in place to substantively hedge the market exposure related to the non-contingent portion of the equity held in Affirm, of $83.5 million.

- The Company reported record revenue during the second quarter of 2021 of $202.4 million, up from the $150.7 million reported in the comparable period of 2020, an increase of $51.7 million or 34.3%. The increase was primarily driven by the revenue contribution of LendCare and the growth of the Company’s consumer loan portfolio.

- The gross consumer loans receivable increased from $1.13 billion as at June 30, 2020 to $1.80 billion as at June 30, 2021, an increase of $661.4 million or 58.3%. The growth was fueled by: i) the $444.5 million of acquired gross consumer loans receivable from the Acquisition of LendCare ii) increased originations from the Company's point-of-sale channel; iii) increased origination of unsecured loans and the increased penetration of risk adjusted rate and real estate secured loans; iv) maturation of the Company's retail branch network and expansion in Quebec; v) lending in the Company's easyhome stores; and vi) ongoing enhancements to the Company's digital properties.

- Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 8.2%, 180 bps lower compared to the second quarter of 2020 of 10.0%. The decrease in net charge offs was primarily due to the addition of LendCare which had more secured loans resulting in a lower net charge offs in the second quarter of 2021. In addition, throughout the preceding years, the Company proactively made a series of credit model enhancements to improve the long-term credit quality of the portfolio.

- During the quarter, the bad debt provision for future credit losses increased by $19.5 million due to the day one loan loss provision of $14.3 million related to the acquired LendCare loan book, coupled with higher loan book growth when compared to the comparable period of 2020. The provision rate for the second quarter of 2021 decreased to 7.90% from 9.88% at the first quarter of 2021 due to the Acquisition of LendCare, and the continued improvement in the credit and payment performance of the Company's gross consumer loan portfolio.

- easyfinancial reported record operating income and operating margin for the second quarter of 2021. easyfinancial's operating income was $74.9 million for the second quarter of 2021 compared with $60.1 million for the comparable period in 2020, an increase of $14.7 million or 24.5% driven by revenue increases of $49.2 million including revenue contribution from the acquired LendCare portfolio, partially offset by an increase of $24.2 million in bad debt expense which includes $14.3 million of day one loan loss provision on the acquired LendCare loan book and $10 million incremental expenditures to support the growing customer base, enhance the product offering, and expand the easyfinancial retail footprint. easyfinancial's operating margin in the quarter was 45.4% when compared to 51.9% reported in the comparable period of 2020.

- easyhome reported record operating income and operating margin during the second quarter of 2021. easyhome's operating income was $9.3 million compared with $7.5 million for the comparable period of 2020, an increase of $1.8 million or 24.4% driven by: i) higher revenues due to the strong performance of the leasing portfolio; and ii) the benefit of continued growth in its loan portfolio. Operating margin for the second quarter of 2021 was 24.9%, an increase from the 21.4% reported in the comparable period of 2020.

- Total Company operating income for the second quarter of 2021 was $56.1 million, up $2.1 million or 3.9% when compared to the comparable period of 2020. The Company also reported an operating margin of 27.7% in the quarter, down from the 35.8% reported in the comparable period of 2020. During the second quarter of 2021, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include LendCare Acquisition transaction costs and integration costs, day one loan loss provision on the acquired LendCare loan book, amortization of intangible assets acquired through the Acquisition and the unrealized fair value loss on investments during the period. These adjusting items are discussed in Key Performance Indicators and Non-IFRS Measures section. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported a record adjusted operating income for the second quarter of 2021 of $79.9 million, up $25.9 million or 47.9%. The increase in operating margin was mainly driven by the higher revenue during the period, associated to the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin of 39.5% in the quarter, up from the 35.8% reported in the comparable period of 2020.

- The second quarter of 2021 was the 80th consecutive quarter of positive net income and diluted earnings per share. The Company's net income for the second quarter of 2021 of $19.5 million or $1.16 per share on a diluted basis, was down 40.2% and 45.0%, respectively, against the $32.5 million or $2.11 per share on a diluted basis reported in the same period of 2020. The decline in net income and diluted earnings per share during the period were driven by the adjusting items discussed above related to the LendCare Acquisition and the unrealized fair value loss on investments during the period. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, goeasy achieved a record adjusted net income and adjusted diluted earnings per share during the second quarter of 2021. The adjusted net income during the second quarter of 2021 was $43.7 million or $2.61 per share on a diluted basis. On this adjusted basis, adjusted net income and adjusted diluted earnings per share increased by 50.3% and 38.1%, respectively.

- goeasy reported return on equity of 12.0% in the second quarter of 2021 compared to 37.0% in the comparable period of 2020, primarily due to transaction and integration costs incurred for the Acquisition of LendCare and the unrealized fair value loss on investments during the period. Adjusted return on equity during the second quarter of 2021 was 26.9%, down from 33.1% in the comparable period of 2020. The decline in adjusted return on equity was primarily related to a higher equity level during the period driven by the $172.5 million Offering related to the Acquisition.

- goeasy reported return on tangible common equity of 17.1% in the second quarter of 2021 compared to 42.0% in the comparable period of 2020, primarily due to transaction and integration costs incurred for the Acquisition of LendCare and the unrealized fair value loss on investments during the period. Adjusted return on tangible common equity during the second quarter of 2021 was 38.5%, up from 37.6% in the comparable period of 2020. The decline in adjusted return on tangible common equity was primarily related to a higher equity level during the period driven by the $172.5 million Offering related to the Acquisition.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended June 30, 2021	June 30, 2020	Variance $ / bps	Variance % change
Summary Financial Results				
Revenue	**202,356**	150,677	51,679	34.3%
Operating expenses before depreciation and amortization[2]	**126,929**	80,642	46,287	57.4%
EBITDA[1]	**62,498**	64,970	(2,472)	(3.8%)
EBITDA margin[1]	**30.9%**	43.1%	(1,220 bps)	(28.3%)
Depreciation and amortization expense[2]	**19,337**	16,041	3,296	20.5%
Operating income	**56,090**	53,994	2,096	3.9%
Operating margin[1]	**27.7%**	35.8%	(810 bps)	(22.6%)
Other income[2,3]	**(4,086)**	4,000	(8,086)	(202.2%)
Finance costs[2]	**20,822**	14,072	6,750	48.0%
Effective income tax rate	**37.6%**	25.9%	1,170 bps	45.2%
Net income	**19,467**	32,542	(13,075)	(40.2%)
Diluted earnings per share	**1.16**	2.11	(0.95)	(45.0%)
Return on equity	**12.0%**	37.0%	(2,500 bps)	(67.6%)
Return on tangible common equity	**17.1%**	42.0%	(2,490 bps)	(59.3%)
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**79,870**	53,994	25,876	47.9%
Adjusted operating margin	**39.5%**	35.8%	370 bps	10.3%
Adjusted net income	**43,687**	29,072	14,615	50.3%
Adjusted diluted earnings per share	**2.61**	1.89	0.72	38.1%
Adjusted return on equity	**26.9%**	33.1%	(620 bps)	(18.7%)
Adjusted return on tangible common equity	**38.5%**	37.6%	90 bps	2.4%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**20.2%**	1.1%	1,910 bps	1,736.4%
Same store revenue growth (easyhome)	**7.9%**	2.1%	580 bps	276.2%
Segment Financials				
easyfinancial revenue	**164,888**	115,737	49,151	42.5%
easyfinancial operating margin	**45.4%**	51.9%	(650 bps)	(12.5%)
easyhome revenue	**37,468**	34,940	2,528	7.2%
easyhome operating margin	**24.9%**	21.4%	350 bps	16.4%
Portfolio Indicators				
Gross consumer loans receivable	**1,795,844**	1,134,482	661,362	58.3%
Growth in consumer loans receivable[4]	**518,553**	(31,573)	550,126	1,742.4%
Gross loan originations	**379,082**	170,842	208,240	121.9%
Total yield on consumer loans (including ancillary products)	**42.8%**	42.6%	20 bps	0.5%
Net charge offs as a percentage of average gross consumer loans receivable	**8.2%**	10.0%	(180 bps)	(18.0%)
Cash provided by operating activities before net growth in gross consumer loans receivable	**48,246**	52,114	(3,868)	(7.4%)
Potential monthly lease revenue	**8,322**	8,204	118	1.4%

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

[2] During the second quarter of 2021, the Company had a total of $29.6 million before-tax ($24.2 million after-tax) of adjusting items which include:

Adjusting items related to the LendCare Acquisition

- Transaction costs of $8.4 million before-tax ($8.0 million after-tax) which include advisory and consulting costs, legal costs, and other direct transaction costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $6.7 million which are non tax-deductible and loan commitment fees related to the Acquisition of LendCare reported under Finance costs amounting to $1.7 million before-tax ($1.3 million after-tax);
- Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $0.6 million before-tax ($0.5 million after-tax);
- Bad debt expense related to the day one loan loss provision on the acquired loan portfolio from LendCare amounting to $14.3 million before-tax ($10.5 million after-tax); and
- Amortization of $131 million intangible asset related to the Acquisition of LendCare with an estimated useful life of ten years amounting to $2.2 million before-tax ($1.6 million after-tax).

Adjusting item related to other income

- Unrealized fair value loss mainly on investments in Affirm and TRS amounting to $4.1 million before-tax ($3.5 million after-tax).

[3] During the second quarter of 2020, the Company's adjusting items include:

- Unrealized fair value gain on investment in PayBright amounting to $4.0 million before-tax ($3.5 million after-tax).

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

Locations Summary

	Locations as at March 31, 2021	Locations opened/ acquired during period[1]	Locations closed during period	Conversions	Locations as at June 30, 2021
easyfinancial					
Kiosks (in store)	13	-	(1)	(2)	**10**
Stand-alone locations	255	8	-	2	**265**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	269	8	(1)	-	**276**
easyhome					
Corporately owned stores	126	-	(2)	-	**124**
Franchise stores	34	-	-	-	**34**
Total easyhome stores	160	-	(2)	-	**158**
Corporate					
Corporate offices	1	2	-	-	**3**
Total corporate offices	1	2	-	-	**3**

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

Summary of Financial Results by Reporting Segment

	Three Months Ended June 30, 2021			
($ in 000's except earnings per share)	**easyfinancial[1]**	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	**123,036**	**5,447**	**-**	**128,483**
Lease revenue	**-**	**28,348**	**-**	**28,348**
Commissions earned	**39,665**	**2,770**	**-**	**42,435**
Charges and fees	**2,187**	**903**	**-**	**3,090**
	164,888	**37,468**	**-**	**202,356**
Total operating expenses before depreciation and amortization	**83,291**	**17,066**	**26,572**	**126,929**
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	**4,458**	**9,165**	**1,292**	**14,915**
Depreciation of right-of-use assets	**2,288**	**1,918**	**216**	**4,422**
	6,746	**11,083**	**1,508**	**19,337**
Operating income (loss)	**74,851**	**9,319**	**(28,080)**	**56,090**
Other income				**(4,086)**
Finance costs				
Interest expense and amortization of deferred financing charges				**20,066**
Interest expense on lease liabilities				**756**
				20,822
Income before income taxes				**31,182**
Income taxes				**11,715**
Net income				**19,467**
Diluted earnings per share				**1.16**

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

($ in 000's except earnings per share)	Three Months Ended June 30, 2020 easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	96,846	4,020	-	100,866
Lease revenue	-	28,002	-	28,002
Commissions earned	17,346	2,002	-	19,348
Charges and fees	1,545	916	-	2,461
	115,737	34,940	-	150,677
Total operating expenses before depreciation and amortization	51,999	16,181	12,462	80,642
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,770	9,441	886	12,097
Depreciation of right-of-use assets	1,865	1,827	252	3,944
	3,635	11,268	1,138	16,041
Operating income (loss)	60,103	7,491	(13,600)	53,994
Other income				4,000
Finance costs				
Interest expense and amortization of deferred financing charges				13,405
Interest expense on lease liabilities				667
				14,072
Income before income taxes				43,922
Income taxes				11,380
Net income				32,542
Diluted earnings per share				2.11

Portfolio Performance

Consumer Loans Receivable

Loan originations in the quarter were $379.1 million, up by 121.9% compared to origination volume in the comparable period of 2020. The loan book increased by $518.6 million in the quarter, which includes the $444.5 million of loans acquired through the Acquisition of LendCare, up from a negative growth of $31.6 million in the comparable period of 2020. The gross consumer loans receivable increased from $1.13 billion as at June 30, 2020 to $1.80 billion as at June 30, 2021, an increase of $661.4 million or 58.3%. The growth was fueled by i) the $444.5 million of acquired gross consumer loans receivable from the Acquisition of LendCare; ii) increased originations from the Company's point-of-sale channel; iii) increased origination of unsecured loans and the increased penetration of risk adjusted rate and real estate secured loans; iv) maturation of the Company's retail branch network and expansion in Quebec; v) lending in the Company's easyhome stores; and vi) ongoing enhancements to the Company's digital properties.

The annualized total yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 42.8% in the second quarter of 2021, up 15 bps from the comparable period of 2020. The increase in the yield in the quarter was mainly due to lower loan protection insurance claim costs in the quarter. During the second quarter of 2020, the Company experienced higher than usual loan protection insurance claim costs, which serve to reduce the net commissions earned on this program, associated with higher unemployment rates at the beginning of the pandemic; excluding the impact on insurance claim costs, the annualized total yield decreased due to: i) the Acquisition of LendCare, whose loans carry lower rates of interest; ii) the increased penetration of risk adjusted interest rate and real estate secured loans to more creditworthy customers with lower rates of interest; iii) increased lending activity in Quebec where loans have a lower interest rate; iv) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; and v) a modest reduction in penetration rates on ancillary products, particularly on risk adjusted rate and real estate secured loans.

Bad debt expense increased to $48.9 million for the quarter from $24.7 million during the comparable period of 2020, an increase of $24.2 million or 98.1%. The following table details the components of bad debt expense.

	Three Months Ended	
($ in 000's)	**June 30, 2021**	**June 30, 2020**
Provision required due to net charge offs	**33,117**	28,459
Impact of loan book growth	**4,590**	(3,173)
Day one loan loss provision on the acquired loans	**14,252**	-
Impact of change in provision rate during the period	**(3,086)**	(620)
Net change in allowance for credit losses	**15,756**	(3,793)
Bad debt expense	**48,873**	24,666

Bad debt expense increased by $24.2 million due to three factors:

(i) Net charge offs increased from $28.5 million in the second quarter of 2020 to $33.1 million in the current quarter, up by $4.6 million. Net charge offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were 8.2%, down by 180 bps as compared to 10.0% reported in the second quarter of 2020. The decrease in net charge offs was primarily due to the amalgamation of the LendCare portfolio, which has a higher proportion of secured loans resulting in a lower net charge offs;

(ii) The Acquisition of LendCare in the current quarter increased bad debt expense provision by $14.3M recognized on day one related to the acquired loan book of $444.5 million. Excluding the acquired loan book, the loan book increased in the current quarter by $74.0 million which resulted in a provision expense of $4.6 million as compared to the loan book decline of $31.6 million in the same period of 2020 which resulted in a negative provision expense of $3.2 million;
(iii) The company recorded a decrease of $3.1 million in before-tax provision expense, due to a reduction in the provision rate. The decrease is due to improvements in underlying credit quality of the portfolio; and
(iv) During the quarter, the Company decreased its provision rate for future credit losses from 9.88% to 7.90% primarily due to the Acquisition of LendCare, which has a higher proportion of secured loans resulting in a lower net charge offs.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly lease revenue as at June 30, 2021 was $8.3 million, up from $8.2 million reported as at June 30, 2020. Overall, the number of lease agreements declined from 85,576 as at June 30, 2020 to 82,917 as at June 30, 2021, down by 3.1%. The decline in agreements was offset by a 4.7% increase in average leasing rates due in part to changes in product mix, and selected pricing adjustments. The increase in the lease portfolio, strong cash collections, and the growth of consumer lending within the easyhome stores contributed to the increase in revenues.

Revenue

Revenue for the three-month period ended June 30, 2021 was $202.4 million compared to $150.7 million in the comparable period of 2020, an increase of $51.7 million or 34.3%. Overall, same store sales growth for the quarter was 20.2%. Revenue growth was driven mainly by the revenue contribution of LendCare and the growth of the Company's consumer loans portfolio.

e*asyfinancial* – Revenue for the three-month period ended June 30, 2021 was $ 164.9 million, an increase of $49.2 million when compared to the comparable period of 2020. The components of the increased revenue include:
(i) Interest income increased by $26.2 million or 27.0% driven by the 58.3% growth in the loan portfolio mainly due to the growth in consumer loan portfolio, offset by lower interest yields;
(ii) Commissions earned on the sale of ancillary products and services increased by $22.3 million or 128.7% due to lower claims costs associated with the Company's Loan Protection Program in the quarter; and
(iii) Charges and fees increased by $0.6 million.

easyhome – Revenue for the three-month period ended June 30, 2021 was $37.5 million, an increase of $2.5 million when compared to the comparable period of 2020. Lending revenue within the easyhome stores increased by $2.2 million in the current quarter when compared to the same quarter of 2020. Traditional leasing revenue for the current quarter was $0.3 million higher compared to the same quarter of 2020. The components of easyhome revenue include:
(i) Interest income increased by $1.4 million due to the growth of the consumer loans receivable related to the easyhome business;
(ii) Lease revenue increased by $0.3 million due to strong cash collections on a larger lease portfolio;
(iii) Commissions earned on the sale of ancillary products related to consumer lending at easyhome increased by $0.8 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and
(iv) Charges and fees were relatively flat compared to the prior year.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $126.9 million for the three-month period ended June 30, 2021, an increase of $46.3 million or 57.4% from the comparable period in 2020. The increase in operating expenses before depreciation and amortization was mainly driven by the LendCare Acquisition transaction costs and integration costs, the operating expense contribution of LendCare which includes the day one loan loss provision on the acquired loans, higher bad debt expense in the easyfinancial and easyhome business, and higher expenses in the Corporate segment.

easyfinancial – Total operating expenses before depreciation and amortization were $83.3 million for the second quarter of 2021, an increase of $31.3 million or 60.2% from the comparable period of 2020. Key drivers include:
(i) Bad debt expense increased by $24.2 million in the current quarter when compared to the comparable period in 2020, driven by the day one loan loss provision expense of $14.3 million related to the acquired LendCare loan book, and higher net charge offs, and provision expense in the quarter;
(ii) A $2.1 million increase in advertising and marketing spend; and
(iii) Other operating expenses increased by $5.0 million in the current year to date period driven by the Acquisition of LendCare resulting in a higher compensation and other costs to operate and manage the growing loan book and retail network.

easyhome – Total operating expenses before depreciation and amortization were $17.1 million for the second quarter of 2021, which was $0.9 million or 5.5% higher than the comparable period of 2020. Key drivers include:
(i) A $0.4 million increase in bad debt expense driven by higher provision expense and net charge offs in the quarter; and
(ii) A $0.5 million increase in advertising and marketing spend.

Corporate – Total operating expenses before depreciation and amortization for the second quarter of 2021 were $26.6 million which includes the LendCare Acquisition transaction costs and integration costs of $6.7 million and $0.6 million, respectively. Excluding the transaction costs and integration costs, operating expenses before depreciation and amortization for the second quarter of 2021 were $19.2 million compared to $12.5 million for the comparable period in 2020, an increase of $6.7 million or 53.6%. The increase was primarily due to higher compensation costs and technology costs than in the same period of 2020. Excluding the transaction costs and integration costs, corporate expenses before depreciation and amortization represented 9.5% of revenue in the second quarter of 2021 compared to 8.3% of revenue in the same quarter of 2020.

Transaction Costs and Integration Costs – During the three-month period ended June 30, 2021, corporate expenses before depreciation and amortization included $6.7 million of transaction costs related to the Acquisition, including advisory and consulting costs, legal costs and other direct transaction costs and $0.6 million of integration costs related to the Acquisition, including advisory and consulting costs, employee incentives and other integration costs.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended June 30, 2021 was $19.3 million, an increase of $3.3 million or 20.5% from the comparable period in 2020. Overall, depreciation and amortization represented 9.6% of revenue for the second quarter of 2021, a decline from the 10.6% reported in the comparable period of 2020.

easyfinancial – Total depreciation and amortization was $6.7 million in the second quarter of 2021. This included $2.3 million of right-of-use asset depreciation, $0.4 million higher than the $1.9 million reported in the comparable period of 2020. Depreciation of property and equipment and intangibles in the second quarter of 2021 was $4.5 million, $2.7 million higher than the $1.8 million reported in the comparable period of 2020 driven mainly by the $2.2 million amortization of intangible assets acquired through the Acquisition.

easyhome – Depreciation and amortization was $11.1 million in the second quarter of 2021, a decrease of $0.2 million from the comparable period in 2020. easyhome's depreciation and amortization of lease assets, property and equipment and intangibles expressed as a percentage of easyhome revenue for the current quarter was 24.5%, down from the 27.0% reported in the second quarter of 2020. The rate reduction was due to a smaller lease asset base against a revenue base with an increasing proportion generated from consumer lending and lower lease asset charge offs.

Corporate – Depreciation and amortization was $1.5 million in the second quarter of 2021, an increase of $0.4 million from the same period in 2020. The increase was mainly due to higher amortization of intangible assets and depreciation of property and equipment primarily driven by new software additions and leasehold improvements recognized over the past 12 months.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three-month period ended June 30, 2021 was $56.1 million, up $2.1 million or 3.9% when compared to the comparable period of 2020. The Company's operating margin for the quarter was 27.7%, down from the 35.8% reported in the second quarter of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported a record adjusted operating income for the second quarter of 2021 of $79.9 million, up $25.9 million or 47.9%. The increase in operating margin was mainly driven by the higher revenue from a larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin of 39.5% in the quarter, up from the 35.8% reported in the comparable period of 2020.

easyfinancial – Operating income was $74.9 million for the second quarter of 2021 compared with $60.1 million for the comparable period in 2020, an increase of $14.7 million or 24.5%. The improvement was driven by the continued growth in the Company's loan book related revenue increases of $49.2 million including revenue contribution from the acquired LendCare portfolio, partially offset by an increase of $24.2 million in bad debt expense which includes $14.3 million of day one loan loss provision on the acquired LendCare loan book and $10 million incremental expenditures to support the growing customer base, enhance the product offering, and expand the easyfinancial retail footprint. easyfinancial's operating margin in the quarter was 45.4% when compared to 51.9% reported in the comparable period of 2020.

easyhome – Operating income was $9.3 million for the second quarter of 2021, an increase of $1.8 million or 24.4% when compared to the comparable period of 2020. The increase was mainly driven by higher revenues of $2.5 million due to the strong performance of the leasing business, and the growth of consumer lending in easyhome. Operating margin for the second quarter of 2021 was 24.9%, an increase from the 21.4% reported in the comparable period of 2020.

Other Income

During the three-month period ended June 30, 2021, the Company recognized a total unrealized fair value before-tax loss of $4.1 million mainly on its unhedged contingent investments in Affirm.

Finance Costs

Finance costs for the three-month period ended June 30, 2021 were $20.8 million, an increase of $6.8 million from the same period of 2020. The increase was mainly driven by financing expenses related to the Acquisition, and higher borrowing levels due to the issuance of US$320 million 4.375% senior unsecured notes. The increase was partially offset by the lower cost of borrowing. The average blended coupon interest rate for the Company's debt as at June 30, 2021, was 5.03% down from 5.45% as at June 30, 2020.

Income Tax Expense

The effective income tax rate for the second quarter of 2021 was 37.6% which was higher than the 25.9% reported in the comparable period of 2020 mainly driven by the transaction costs related to the Acquisition which were non-deductible and the effect of capital gain treatment on the unrealized fair value loss on Investments in the second quarter of 2021.

Net Income and EPS

The Company's net income for the second quarter of 2021 of $19.5 million or $1.16 per share on a diluted basis, was down 40.2% and 45.0%, respectively, against the $32.5 million or $2.11 per share on a diluted basis reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, goeasy achieved a record adjusted net income and adjusted diluted earnings per share during the second quarter of 2021. The adjusted net income during the second quarter of 2021 was $43.7 million or $2.61 per share on a diluted basis. On this adjusted basis, adjusted net income and adjusted diluted earnings per share increased by 50.3% and 38.1%, respectively.

<u>Analysis of Results for the Six Months Ended June 30, 2021</u>

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Six Months Ended June 30, 2021	June 30, 2020	Variance $ / bps	Variance % change
Summary Financial Results				
Revenue	**372,530**	317,879	54,651	17.2%
Operating expenses before depreciation and amortization[2]	**216,010**	187,720	28,290	15.1%
EBITDA[1]	**221,720**	116,070	105,650	91.0%
EBITDA margin[1]	**59.5%**	36.5%	2,300 bps	63.0%
Depreciation and amortization expense[2]	**36,498**	31,946	4,552	14.2%
Operating income	**120,022**	98,213	21,809	22.2%
Operating margin[1]	**32.2%**	30.9%	130 bps	4.2%
Other income[2,3]	**83,286**	4,000	79,286	1,982.2%
Finance costs[2]	**35,058**	28,416	6,642	23.4%
Effective income tax rate	**21.9%**	26.1%	(420 bps)	(16.1%)
Net income	**131,442**	54,521	76,921	141.1%
Diluted earnings per share	**8.10**	3.51	4.59	130.8%
Return on equity	**45.3%**	31.6%	1,370 bps	43.4%
Return on tangible common equity	**60.4%**	35.8%	2,460 bps	68.7%
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**144,481**	98,213	46,268	47.1%
Adjusted operating margin	**38.8%**	30.9%	790 bps	25.6%
Adjusted net income	**80,366**	51,051	29,315	57.4%
Adjusted diluted earnings per share	**4.95**	3.29	1.66	50.5%
Adjusted return on equity	**27.7%**	29.6%	(190 bps)	(6.4%)
Adjusted return on tangible common equity	**36.9%**	33.6%	330 bps	9.8%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**10.4%**	10.0%	40 bps	4.0%
Same store revenue growth (easyhome)	**6.4%**	3.3%	310 bps	93.9%
<u>Segment Financials</u>				
easyfinancial revenue	**298,217**	247,525	50,692	20.5%
easyfinancial operating margin	**49.1%**	45.1%	400 bps	8.9%
easyhome revenue	**74,313**	70,354	3,959	5.6%
easyhome operating margin	**24.7%**	20.6%	410 bps	19.9%
<u>Portfolio Indicators</u>				
Gross consumer loans receivable	**1,795,844**	1,134,482	661,362	58.3%
Growth in consumer loans receivable[4]	**549,004**	23,849	525,155	2,202.0%
Gross loan originations	**651,433**	412,445	238,988	57.9%
Total yield on consumer loans (including ancillary products)	**43.4%**	45.2%	(180 bps)	(4.0%)
Net charge offs as a percentage of average gross consumer loans receivable	**8.6%**	11.6%	(300 bps)	(25.9%)
Cash provided by operating activities before net growth in gross consumer loans receivable	**111,412**	106,061	5,351	5.0%
Potential monthly lease revenue	**8,322**	8,204	118	1.4%

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

[2] During the six-month period ended June 30, 2021, the Company had a total of -$57.1 million before-tax (-$51.1 million after-tax) adjusting items which include:

Adjusting items related to the LendCare Acquisition

- Transaction costs of $9.1 million before-tax ($8.7 million after-tax) which include advisory and consulting costs, legal costs, and other direct transaction costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $7.4 million which are non tax-deductible and loan commitment fees related to the Acquisition of LendCare reported under Finance costs amounting to $1.7 million before-tax ($1.3 million after-tax);
- Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $0.6 million before-tax ($0.5 million after-tax);
- Bad debt expense related to the day one loan loss provision on the acquired loan portfolio from LendCare amounting to $14.3 million before-tax ($10.5 million after-tax); and
- Amortization of $131 million intangible asset related to the Acquisition of LendCare with an estimated useful life of ten years amounting to $2.2 million before-tax ($1.6 million after-tax).

Adjusting item related to other income

- Unrealized fair value gain mainly on investments in Affirm and TRS amounting to $83.3 million before-tax ($72.3 million after-tax).

[3] During the six-month period ended June 30, 2020, the Company's adjusting items include:

- Unrealized fair value gain on investment in PayBright amounting to $4.0 million before-tax ($3.5 million after-tax).

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

Locations Summary

	Locations as at December 31, 2020	Locations opened/ acquired in the year[1]	Locations closed in the year	Conversions	Locations as at June 30, 2021
easyfinancial					
Kiosks (in store)	14	-	(1)	(3)	**10**
Stand-alone locations	251	11	-	3	**265**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	266	11	(1)	-	**276**
easyhome					
Corporately owned stores	126	-	(2)	-	**124**
Franchise stores	34	-	-	-	**34**
Total easyhome stores	160	-	(2)	-	**158**
Corporate					
Corporate offices	1	2	-	-	**3**
Total corporate offices	1	2	-	-	**3**

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

Summary of Financial Results by Reporting Segment

($ in 000's except earnings per share)	Six Months Ended June 30, 2021			
	easyfinancial[1]	easyhome	Corporate	Total
Revenue				
Interest income	223,540	10,437	-	233,977
Lease revenue	-	56,785	-	56,785
Commissions earned	70,575	5,197	-	75,772
Charges and fees	4,102	1,894	-	5,996
	298,217	74,313	-	372,530
Total operating expenses before depreciation and amortization	140,617	33,391	42,002	216,010
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	6,543	18,740	2,449	27,732
Depreciation of right-of-use assets	4,509	3,826	431	8,766
	11,052	22,566	2,880	36,498
Operating income (loss)	146,548	18,356	(44,882)	120,022
Other Income				83,286
Finance costs				
Interest expense and amortization of deferred financing charges				33,561
Interest expense on lease liabilities				1,497
				35,058
Income before income taxes				168,250
Income taxes				36,808
Net income				131,442
Diluted earnings per share				8.10

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

($ in 000's except earnings per share)	Six Months Ended June 30, 2020 easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	192,940	8,026	-	200,966
Lease revenue	-	55,816	-	55,816
Commissions earned	50,311	4,315	-	54,626
Charges and fees	4,274	2,197	-	6,471
	247,525	70,354	-	317,879
Total operating expenses before depreciation and amortization	128,755	33,220	25,745	187,720
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	3,470	18,852	1,683	24,005
Depreciation of right-of-use assets	3,714	3,771	456	7,941
	7,184	22,623	2,139	31,946
Operating income (loss)	111,586	14,511	(27,884)	98,213
Other Income				4,000
Finance costs				
Interest expense and amortization of deferred financing charges				27,081
Interest expense on lease liabilities				1,335
				28,416
Income before income taxes				73,797
Income taxes				19,276
Net income				54,521
Diluted earnings per share				3.51

Portfolio Performance

Consumer Loans Receivable

The gross consumer loans receivable portfolio increased from $1.13 billion as at June 30, 2020 to $1.80 billion as at June 30, 2021, an increase of $661.4 million or 58.3%. The loan book grew $549 million in the current year to date which includes the $444.5 million of loans acquired through the Acquisition of LendCare, up from $23.8 million in the same period of 2020. Loan originations in the first half of 2021 were $651.4 million, up 57.9% compared with the origination volume in the same period of 2020. The drivers of this increase are as described in the preceding section: Analysis of Results for the Three Months Ended June 30, 2021.

The annualized total yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 43.4% in the current year to date period, down 180 bps from the same period of 2020. The decrease in the yield was also due to a number of factors, including: i) the increased penetration of risk adjusted interest rate and real estate secured loans to a more credit-worthy customer which have lower rates of interest; ii) increased lending activity in Quebec where loans have a lower interest rate; iii) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; and iv) the Acquisition of LendCare where loans carry a lower interest rate.

Bad debt expense increased to $78.1 million for the first half from $73.3 million during the comparable period in 2020, an increase of $4.9 million or 6.6%. The following table details the components of bad debt expense:

	Six Months Ended	
($ in 000's)	**June 30, 2021**	**June 30, 2020**
Provision required due to net charge offs	**61,917**	66,361
Impact of loan book growth	**7,659**	2,427
Day one loan loss provision on the acquired loans	**14,252**	-
Impact of change in provision rate in the year	**(5,681)**	4,496
Net change in allowance for credit losses	**16,230**	6,923
Bad debt expense	**78,147**	73,284

Bad debt expense increased by $4.9 million due to three factors:

(i) Net charge offs decreased from $66.4 million in the first half of 2020 to $61.9 million in the current year to date period, down by $4.5 million. Net charge offs in the first half of 2021 as a percentage of the average gross consumer loans receivable on an annualized basis were 8.6% compared to the same period in 2020 at 11.6%. The decrease in net charge offs was primarily due to the amalgamation of the LendCare portfolio in the second quarter of 2021, which has a higher proportion of secured loans resulting in a lower net charge offs. In addition, throughout 2020 and 2021, the Company proactively made a series of credit model enhancements and underwriting adjustments to improve the long-term credit quality of the portfolio.

(ii) The Acquisition of LendCare in the first half of 2021 increased the bad debt provision expense by $14.3 million related to the acquired loan book of $444.5 million. Excluding the acquired loan book, the Company's loan portfolio increased in the first half of 2021 by $104.5 million which resulted in a provision expense of $7.7 million as compared to the loan book growth of $23.8 million in the same period of 2020 which resulted in a provision expense of $2.4 million.

(iii) Changes in the provision rate resulted in bad debt expense decreasing by $10.2 million when compared to the first half of 2020. In the first half of 2020, the provision rate increased from 9.64% to 10.05% which resulted in a $4.5 million increase in bad debt expense. During the current year to date period, the provision rate decreased from 10.08% to 7.90% primarily due to the Acquisition of LendCare which has a higher proportion of secured loans resulting in a lower net charge offs.

easyhome Leasing Portfolio

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

Revenue

Revenue for the six-month period ended June 30, 2021 was $372.5 million compared to $317.9 million in the same period of 2020, an increase of $54.7 million or 17.2%. Overall same store sales growth for the first half of 2021 was 10.4%. Revenue growth was driven mainly by the revenue contribution of LendCare and the growth of the Company's consumer loan portfolio.

easyfinancial – Revenue in the first half of 2021 was $298.2 million, an increase of $50.7 million or 20.5% when compared to the same period of 2020. The components of the increased revenue include:
(i) Interest income increased by $30.6 million or 15.9% driven by the 58.3% growth in the loan portfolio mainly due to the growth in consumer loan portfolio, offset by lower interest yields;
(ii) Commissions earned on the sale of ancillary products and services increased by $20.3 million or 40.3%. The rate of growth of commissions earned was higher than the rate of growth of interest revenue as the insurance claim costs associated with the Company's Loan Protection Program moderated resulting in lower claim costs in the first half of 2021; and
(iii) Charges and fees decreased by $0.2 million.

easyhome – Revenue for the first half of 2021 was $74.3 million, an increase of $4.0 million or 5.6% when compared to the same period of 2020. Lending revenue within the easyhome stores increased by $3.3 million in the first half of 2021 when compared to the same period of 2020. Traditional leasing revenue for the first half of 2021 was $0.6 million higher compared to the same period of 2020. The components of easyhome revenue include:
(i) Interest revenue increased by $2.4 million due to the growth of the consumer loans receivable related to the easyhome business;
(ii) Lease revenue increased by $1.0 million due to strong cash collections on a larger lease portfolio;
(iii) Commissions earned on the sale of ancillary products related to consumer lending at easyhome increased by $0.9 million. The increase is due to higher revenues associated with the Company's Loan Protection Program; and
(iv) Charges and fees decreased by $0.2 million.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization for the six-month period ended June 30, 2021 were $216 million, an increase of $28.3 million or 15.1% from the comparable period in 2020. The increase in operating expenses before depreciation and amortization was mainly driven by the LendCare Acquisition transaction costs and integration costs, the operating expense contribution of LendCare which includes the day one loan loss provision on the acquired loans and higher expenses in the Corporate segment.

easyfinancial – Total operating expenses before depreciation and amortization were $140.6 million in the first half of 2021, an increase of $11.9 million or 9.2% from the comparable period of 2020. Key drivers include:
(i) Bad debt expense increased by $4.9 million in the current period when compared to the same period in 2020 driven by the day one loan loss provision expense of $14.3 million related to the acquired LendCare loan book partially offset by lower net charge offs;
(ii) A $1.9 million increase in advertising and marketing spend; and
(iii) Other operating expenses increased by $5.1 million in the current year to date period driven by the Acquisition of LendCare resulting in a higher compensation and other costs to operate and manage the growing loan book and retail network. Overall branch count increased from 260 as at June 30, 2020 to 276 as at June 30, 2021.

easyhome – Total operating expenses before depreciation and amortization were $33.4 million in the first half of 2021, which was relatively flat from the same period of 2020. Key drivers include:

(i) A $0.6 million increase in incentive compensation driven by the strong performance of the leasing business and to support the growth of the lending business; and partially offset by; and
(ii) A $0.6 million decrease in regional and store overhead expenses.

Corporate – Total operating expenses before depreciation and amortization for the six-month period ended June 30, 2021 were $42 million which includes the LendCare Acquisition transaction costs and integration costs of $7.4 million and $0.6 million, respectively. Excluding the transaction costs and integration costs, operating expenses before depreciation and amortization for the first half of 2021 were $34 million compared to $25.7 million for the comparable period in 2020, an increase of $8.3 million or 32.1%. The increase was primarily due to higher compensation costs and technology costs than in the same period of 2020. Excluding the transaction costs and integration costs, corporate expenses before depreciation and amortization represented 9.1% of revenue in the first half of 2021 compared to 8.1% of revenue in the same quarter of 2020.

Transaction Costs and Integration Costs – During the six-month period ended June 30, 2021, corporate expenses before depreciation and amortization included $7.4 million of transaction costs related to the Acquisition, including advisory and consulting costs, legal costs, other direct transaction costs, and $0.6 million of integration costs related to the Acquisition, including advisory and consulting costs, employee incentives, and other integration costs.

Depreciation and Amortization

Depreciation and amortization for the six-month period ended June 30, 2021 was $36.5 million, an increase of $4.6 million from the comparable period in 2020. Overall, depreciation and amortization represented 9.8% of revenue for the six-month period ended June 30, 2021, a decline from the 10% reported in the comparable period of 2020.

easyfinancial – Total depreciation and amortization was $11.1 million in the first half of 2021. This included $4.5 million of right-of-use asset depreciation, $0.8 million higher than the $3.7 million reported in the comparable period of 2020. Depreciation of property and equipment and intangibles in the first half of 2021 was $6.5 million, $3.1 million higher than the $3.5 million reported in comparable period of 2020, driven mainly by the $2.2 million amortization of intangible assets acquired through the Acquisition.

easyhome – Total depreciation and amortization expense was $22.6 million in the first half of 2021. Depreciation and amortization of lease assets, property and equipment and intangibles was $18.7 million in the current year to date period compared with $18.9 million in the same period of 2020. This $0.2 million decline was due primarily to higher level of vendor rebate amortization and the lower idle asset depreciation. easyhome's depreciation and amortization of lease assets, property and equipment and intangibles expressed as a percentage of easyhome revenue for the first half of 2021 was 25.2%, down from the 26.8% reported in the first half of 2020. The rate reduction was due to a smaller lease asset base against a revenue base with an increasing proportion being generated from consumer lending.

Corporate – Depreciation and amortization was $2.9 million in the first half of 2021, an increase of $0.8 million from the same period in 2020. The increase was mainly due to higher amortization of intangible assets and depreciation of property and equipment primarily driven by new software additions and leasehold improvements recognized over the past 12 months.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the six-month period ended June 30, 2021 was $120 million, up $21.8 million or 22.2% when compared to the comparable period of 2020. The Company's operating margin for the quarter was 32.2%, up from the 30.9% reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the Company reported a record adjusted operating income for the second quarter of 2021 of $144.5 million, up $46.3 million or 47.1%. The increase in operating margin was mainly driven by the higher revenue from a the larger consumer loan portfolio, partially offset by higher operating expenses. The Company also reported an adjusted operating margin of 38.8% in the quarter, up from the 30.9% reported in the comparable period of 2020.

easyfinancial – Operating income was $146.5 million for the first half of 2021 compared with $111.6 million for the comparable period in 2020, an increase of $34.9 million or 31.3%. The benefits from the Acquisition of LendCare and lower claim costs contributed to revenue increases of $50.7 million, partially offset by i) a $4.9 million increase in bad debt expense driven by the day one loan loss provision on the acquired LendCare loan book, partially offset by lower net charge offs; ii) a $3.9 million increase in depreciation and amortization mainly related to LendCare intangible assets; and iii) a $7 million increase in incremental expenditures to support the growing customer base, enhance the product offering and expand the easyfinancial retail footprint. Operating margin in the current year to date period was 49.1% compared with 45.1% reported in the same period of 2020.

easyhome – Operating income was $18.4 million for the first half of 2021, an increase of $3.8 million or 26.5% when compared with the same period of 2020. The increase was mainly due to higher revenues due to the strong performance of the leasing portfolio and the benefit of continued growth in its loan portfolio. Operating margin for first half of 2021 was 24.7%, an increase from the 20.6% reported in the same period of 2020.

Other Income

During the six-month period ended June 30, 2021, the Company recognized total unrealized fair value before-tax gains of $83.3 million mainly related to its investment in Affirm and the TRS.

Finance Costs

Finance costs for the six-month period ended June 30, 2021 were $35.1 million, an increase of $6.6 million from the same period of 2020. The increase was mainly driven by financing expenses related to the Acquisition, and higher borrowing levels due to the establishment of the revolving securitization warehouse facility and the issuance of US$320 million 4.375% senior unsecured notes. The increase was partially offset by the lower cost of borrowing. The average blended coupon interest rate for the Company's debt as at June 30, 2021, was 5.03% down from 5.45% as at June 30, 2020.

Income Tax Expense

The effective income tax rate for the six-month period ended June 30, 2021 was 21.9% which was lower than the 26.1% reported in the comparable period of 2020 mainly driven by the effect of capital gain treatment on the unrealized fair value gain on Investments in the six-month period ended June 30, 2021 partially offset by the effect of the transaction costs related to the Acquisition which were non-deductible.

Net Income and EPS

The Company's net income for the six-month period ended June 30, 2021 of $131.4 million or $8.10 per share on a diluted basis, was up 141.1% and 130.8%, respectively, against the $54.5 million or $3.51 per share on a diluted basis reported in the same period of 2020. Excluding the effects of the adjusting items discussed in Key Performance Indicators and Non-IFRS Measures, the adjusted net income during the first half of 2021 was $80.4 million or $4.95 per share on a diluted basis. On this adjusted basis, adjusted net income and adjusted diluted earnings per share increased by 57.4% and 50.5%, respectively.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	June 2021[3]	March 2021	December 2020	September 2020	June 2020	March 2020	December 2019	September 2019	June 2019
Gross consumer loans receivable	**1,795.8**	1,277.3	1,246.8	1,182.8	1,134.5	1,166.1	1,110.6	1,035.6	959.7
Revenue	**202.4**	170.2	173.2	161.8	150.7	167.2	165.5	156.1	147.9
Net income	**19.5**	112.0	48.9	33.1	32.5	22.0	6.7	19.8	19.6
Adjusted net income[2]	**43.7**	36.7	35.0	31.6	29.1	22.0	22.6	19.8	19.6
Return on equity	**12.0%**	90.1%	45.8%	34.7%	37.0%	25.8%	8.0%	24.1%	25.2%
Adjusted return on equity[2]	**26.9%**	29.5%	32.8%	33.1%	33.1%	25.8%	27.0%	24.1%	25.2%
Return on tangible common equity	**17.1%**	99.7%	51.3%	39.1%	42.0%	29.2%	9.0%	27.3%	28.6%
Adjusted return on tangible common equity[2]	**38.5%**	32.6%	36.7%	37.3%	37.6%	29.2%	30.6%	27.3%	28.6%
Net income as a percentage of revenue	**9.6%**	65.8%	28.2%	20.5%	21.6%	13.1%	4.0%	12.7%	13.2%
Adjusted net income as a percentage of revenue[2]	**21.6%**	21.6%	20.2%	19.5%	19.3%	13.1%	13.7%	12.7%	13.2%
Earnings per share[1]									
Basic	**1.20**	7.41	3.24	2.20	2.25	1.50	0.46	1.35	1.34
Diluted	**1.16**	7.14	3.14	2.09	2.11	1.41	0.46	1.28	1.26
Adjusted diluted[2]	**2.61**	2.34	2.24	2.00	1.89	1.41	1.45	1.28	1.26

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

[2] Adjusted for certain adjusting items.

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

Key financial measures for each of the last nine quarters are summarized in the table above and include the gross consumer loans receivable, revenue, net income, earnings per share, return on equity, return on tangible common equity, and net income as a percentage of revenue over this timeframe. Revenue growth over this time frame was primarily related to the growth of the gross consumer loans receivable. The larger revenue base together with lower relative operating expenses and finance costs, increased the Company's adjusted net income and adjusted earnings per share, while the increased scale of the business resulted in adjusted net income as a percentage of revenue increasing over the presented time horizon. Lastly, adjusted return on equity and adjusted return on tangible common equity have increased in prior quarters due to the increasing earnings generated by the business, declining in the most recent quarter due to the higher level of shareholders equity related to the $172.5 million Offering in connection with the Acquisition completed during the second quarter of 2021.

Portfolio Analysis

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

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

Consumer Loans Receivable

Loan Originations and Net Principal Written

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

Net principal written details the Company's gross loan originations during a period, excluding that portion of the originations that has been used to eliminate the prior borrowings.

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

	Three Months Ended		Six Months Ended	
($ in 000's)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Loan originations to new customers	**173,856**	52,429	**273,813**	146,912
Loan originations to existing customers	**205,226**	118,413	**377,620**	265,533
Less: Proceeds applied to repay existing loans	**(113,009)**	(64,326)	**(208,339)**	(145,519)
Net advance to existing customers	**92,217**	54,087	**169,281**	120,014
Net principal written	**266,073**	106,516	**443,094**	266,926

Gross Consumer Loans Receivable

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

	Three Months Ended		Six Months Ended	
($ in 000's)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Opening gross consumer loans receivable	**1,277,291**	1,166,055	**1,246,840**	1,110,633
Gross loan originations	**379,082**	170,842	**651,433**	412,445
Gross loan purchased	**444,520**	-	**444,520**	31,275
Gross principal payments and other adjustments	**(269,244)**	(171,009)	**(479,936)**	(347,598)
Gross charge offs before recoveries	**(35,805)**	(31,406)	**(67,013)**	(72,273)
Net growth in gross consumer loans receivable during the period	**518,553**	(31,573)	**549,004**	23,849
Ending gross consumer loans receivable	**1,795,844**	1,134,482	**1,795,844**	1,134,482

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

	June 30, 2021		June 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
0 – 6 months	**198,459**	**11.1%**	171,448	15.1%
6 – 12 months	**150,176**	**8.4%**	135,244	11.9%
12 – 24 months	**336,266**	**18.7%**	288,323	25.4%
24 – 36 months	**367,064**	**20.4%**	268,588	23.7%
36 – 48 months	**275,494**	**15.3%**	153,782	13.6%
48 – 60 months	**196,148**	**10.9%**	49,175	4.3%
60 months +	**272,237**	**15.2%**	67,922	6.0%
Gross consumer loans receivable	**1,795,844**	**100.0%**	1,134,482	100.0%

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

	June 30, 2021		June 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
0 – 1 year	**55,086**	**3.1%**	44,802	3.9%
1 – 2 years	**151,186**	**8.4%**	136,145	12.0%
2 – 3 years	**343,419**	**19.1%**	312,746	27.6%
3 – 4 years	**441,804**	**24.6%**	361,454	31.9%
4 – 5 years	**408,699**	**22.8%**	163,757	14.4%
5 years +	**395,650**	**22.0%**	115,578	10.2%
Gross consumer loans receivable	**1,795,844**	**100.0%**	1,134,482	100.0%

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

	June 30, 2021		June 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Gross consumer loans receivable, easyfinancial	**1,738,926**	**96.8%**	1,094,107	96.4%
Gross consumer loans receivable, easyhome	**56,918**	**3.2%**	40,375	3.6%
Gross consumer loans receivable	**1,795,844**	**100.0%**	1,134,482	100.0%

Financial Revenue and Net Financial Income

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

	Three Months Ended		Six Months Ended	
($ in 000's)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Financial revenue, easyfinancial	**164,888**	115,737	**298,217**	247,525
Financial revenue, easyhome	**7,345**	5,119	**13,947**	10,611
Financial revenue	**172,233**	120,856	**312,164**	258,136
Less: Interest expenses and amortization of deferred financing charges	**(20,066)**	(13,405)	**(33,561)**	(27,081)
Less: Bad debt expense	**(48,873)**	(24,666)	**(78,147)**	(73,284)
Net financial income	**103,294**	82,785	**200,456**	157,771

Total Yield on Consumer Loans

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

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Finance revenue	**172,233**	120,856	**312,164**	258,136
Multiplied by number of periods in year	**X 4/1**	X 4/1	**X 4/2**	X 4/2
Divided by average gross consumer loans receivable	**1,611,479**	1,134,717	**1,438,099**	1,143,042
Total yield as a percentage of average gross consumer loans receivable (annualized)	**42.8%**	42.6%	**43.4%**	45.2%

Net Charge offs

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

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

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Net charge offs	**33,117**	28,459	**61,917**	66,361
Multiplied by number of periods in year	**X 4/1**	X 4/1	**X 4/2**	X 4/2
Divided by average gross consumer loans receivable	**1,611,479**	1,134,717	**1,438,099**	1,143,042
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**8.2%**	10.0%	**8.6%**	11.6%

Allowance for Credit Losses

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

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Allowance for credit losses, beginning of period	**126,150**	117,823	**125,676**	107,107
Net charge offs written off against the allowance	**(33,117)**	(28,459)	**(61,917)**	(66,361)
Bad debt expense	**48,873**	24,666	**78,147**	73,284
Allowance for credit losses, end of period	**141,906**	114,030	**141,906**	114,030
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**7.90%**	10.05%	**7.90%**	10.05%

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

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

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast period as at June 30, 2021, which were obtained from the FLI forecasts produced by five large Canadian banks.

12-Month Forward-Looking Macroeconomic Variables (Average annual %)	Neutral Forecast	Optimistic Forecast	Pessimistic Forecast
Unemployment rate[1]	**6.50%**	**6.25%**	**9.96%**
GDP growth[2]	**9.44%**	**9.8%**	**0.87%**
Inflation growth[3]	**3.37%**	**2.85%**	**3.50%**
Oil prices[4]	**$66.47**	**$70.04**	**$40.33**

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

The assignment of the probability weighting for the various scenarios using these variables involves management judgment through a robust internal review and analysis by management to arrive at a collective view on the likelihood of each scenario, particularly in light of the current COVID-19 pandemic circumstance. If management were to assign 100% probability to the pessimistic scenario forecast, the allowance for credit losses would have been $16.4 million higher than the reported allowance for credit losses as at June 30, 2021. Note the sensitivity above does not consider the migration of exposure and/or changes in credit risk that would have occurred in the loan portfolio due to risk mitigation actions or other factors.

Bad Debt Expense (Provision for Credit Losses)

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

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net charge offs	**33,117**	28,459	**61,917**	66,361
Net charge in allowance for credit losses	**15,756**	(3,793)	**16,230**	6,923
Bad debt expense	**48,873**	24,666	**78,147**	73,284
Financial revenue	**172,233**	120,856	**312,164**	258,136
Bad debt expense as a percentage of Financial Revenue	**28.4%**	20.4%	**25.0%**	28.4%

Aging of the Consumer Loans receivable

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

	June 30, 2021		June 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Current	**1,711,762**	**95.3%**	1,090,107	96.1%
Days past due				
1 - 30 days	**48,246**	**2.8%**	27,684	2.4%
31 - 44 days	**9,553**	**0.5%**	5,341	0.5%
45 - 60 days	**7,959**	**0.4%**	5,283	0.5%
61 - 90 days	**12,256**	**0.7%**	5,791	0.5%
91 - 120 days	**2,671**	**0.1%**	125	0.0%
121 - 150 days	**1,770**	**0.1%**	87	0.0%
151 - 180 days	**1,627**	**0.1%**	64	0.0%
	84,082	**4.7%**	44,375	3.9%
Gross consumer loans receivable	**1,795,844**	**100.0%**	1,134,482	100.0%

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

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

	Saturday, June 26, 2021	Saturday, June 27, 2020
	% of total	**% of total**
Current	**95.1%**	96.3%
Days past due		
1 - 30 days	**3.0%**	2.3%
31 - 44 days	**0.5%**	0.5%
45 - 60 days	**0.5%**	0.4%
61 - 90 days	**0.6%**	0.5%
91 - 120 days	**0.1%**	0.0%
121 - 150 days	**0.1%**	0.0%
151 - 180 days	**0.1%**	0.0%
	4.9%	3.7%
Gross consumer loans receivable	**100.0%**	100.0%

Consumer Loans receivable by Geography

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

	June 30, 2021		June 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**60,338**	**3.4%**	40,250	3.5%
Nova Scotia	**94,990**	**5.3%**	60,736	5.4%
Prince Edward Island	**12,657**	**0.7%**	9,418	0.8%
New Brunswick	**85,975**	**4.8%**	50,822	4.5%
Quebec	**211,907**	**11.8%**	84,902	7.5%
Ontario	**680,219**	**37.9%**	490,981	43.3%
Manitoba	**77,587**	**4.3%**	46,862	4.1%
Saskatchewan	**87,078**	**4.8%**	59,292	5.2%
Alberta	**284,193**	**15.8%**	156,830	13.8%
British Columbia	**183,080**	**10.2%**	122,403	10.8%
Territories	**17,820**	**1.0%**	11,986	1.1%
Gross consumer loans receivable	**1,795,844**	**100.0%**	1,134,482	100.0%

Consumer Loans Receivable by Loan Type

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

	June 30, 2021		June 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Unsecured Instalment Loans	**1,206,780**	**67.2%**	1,008,174	88.9%
Secured Instalment Loans[1]	**589,064**	**32.8%**	126,308	11.1%
Gross consumer loans receivable	**1,795,844**	**100.0%**	1,134,482	100.0%

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

Leasing Portfolio Analysis

Potential Monthly Leasing Revenue

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

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

($ in 000's)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Opening potential monthly lease revenue	**8,366**	8,272	**8,461**	8,643
Decrease due to store closures or sales during the period	**(4)**	(21)	**(4)**	(33)
Decrease due to ongoing operations	**(40)**	(47)	**(135)**	(406)
Net change	**(44)**	(68)	**(139)**	(439)
Ending potential monthly lease revenue	**8,322**	8,204	**8,322**	8,204

Potential monthly lease revenue is calculated as follows:

	June 30, 2021	June 30, 2020
Total number of lease agreements	**82,917**	85,576
Multiplied by the average required monthly lease payment per agreement	**100.36**	95.87
Potential monthly lease revenue ($ in 000's)	**8,322**	8,204

Leasing Portfolio by Product Category

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

	June 30, 2021		June 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Furniture	**3,490**	**41.9%**	3,614	44.0%
Electronics	**2,639**	**31.7%**	2,608	31.8%
Appliances	**1,173**	**14.1%**	1,072	13.1%
Computers	**1,020**	**12.3%**	910	11.1%
Potential monthly lease revenue	**8,322**	**100.0%**	8,204	100.0%

Leasing Portfolio by Geography

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

	June 30, 2021		June 30, 2020	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**681**	**8.2%**	661	8.1%
Nova Scotia	**820**	**9.8%**	831	10.1%
Prince Edward Island	**145**	**1.7%**	143	1.7%
New Brunswick	**654**	**7.9%**	698	8.5%
Quebec	**589**	**7.1%**	561	6.8%
Ontario	**2,645**	**31.8%**	2,626	32.0%
Manitoba	**241**	**2.9%**	237	3.0%
Saskatchewan	**388**	**4.7%**	364	4.4%
Alberta	**1,251**	**15.0%**	1,235	15.1%
British Columbia	**908**	**10.9%**	848	10.3%
Potential monthly lease revenue	**8,322**	**100.0%**	8,204	100.0%

Leasing Charge offs

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

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Net charge offs	**705**	814	**1,363**	1,657
Leasing revenue	**30,122**	29,821	**60,365**	59,742
Net charge offs as a percentage of leasing revenue	**2.3%**	2.7%	**2.3%**	2.8%

Key Performance Indicators and Non-IFRS Measures

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

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

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

Same Store Revenue Growth

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Same store revenue growth (overall)	**20.2%**	1.1%	**10.4%**	10.0%
Same store revenue growth (easyhome)	**7.9%**	2.1%	**6.4%**	3.3%

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

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

	Three Months Ended		**Six Months Ended**	
($ in 000's except earnings per share)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Net income as stated	**19,467**	32,542	**131,442**	54,521
Impact of adjusting items				
Transaction costs[1]	**8,405**	-	**9,085**	-
Integration costs[2]	**648**	-	**648**	-
Day one loan loss provision on the acquired loans[3]	**14,252**	-	**14,252**	-
Amortization of intangible assets acquired through the Acquisition[4]	**2,200**	-	**2,200**	-
Other (income) loss[5]	**4,086**	(4,000)	**(83,286)**	(4,000)
Tax impact of above items	**(5,371)**	530	**6,025**	530
After-tax impact of adjusting items	**24,220**	(3,470)	**(51,076)**	(3,470)
Adjusted net income	**43,687**	29,072	**80,366**	51,051
After-tax impact of Debentures	**-**	683	**-**	1,363
Fully diluted adjusted net income	**43,687**	29,755	**80,366**	52,414
Weighted average number of diluted shares outstanding	**16,768**	15,733	**16,230**	15,922
Diluted earnings per share as stated	**1.16**	2.11	**8.10**	3.51
Per share impact of adjusting items	**1.45**	(0.22)	**(3.15)**	(0.22)
Adjusted diluted earnings per share	**2.61**	1.89	**4.95**	3.29

Adjusting items related to the LendCare Acquisition

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

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

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

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

Adjusting item related to other income

[5] For the three and six-month period ended June 30, 2021, unrealized fair value gains mainly relate to investments in Affirm and TRS. For the three and six-month period ended June 30, 2020, unrealized fair value gains mainly relate to investments in PayBright.

Adjusted Operating Margin

The Company defines adjusted operating margin as adjusted operating income divided by revenue for the Company as a whole and for its reporting segments: easyhome and easyfinancial. 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)	**June 30, 2021**	**June 30, 2021 (adjusted)**	**June 30, 2020**
easyfinancial			
Operating income	**74,851**	**74,851**	60,103
Divided by revenue	**164,888**	**164,888**	115,737
easyfinancial operating margin	**45.4%**	**45.4%**	51.9%
easyhome			
Operating income	**9,319**	**9,319**	7,491
Divided by revenue	**37,468**	**37,468**	34,940
easyhome operating margin	**24.9%**	**24.9%**	21.4%
Total			
Operating income	**56,090**	**56,090**	53,994
Transaction costs[1]	**-**	**6,680**	-
Integration costs[1]	**-**	**648**	-
Day one loan loss provision on the acquired loans[1]	**-**	**14,252**	-
Amortization of intangible assets acquired through the Acquisition[1]	**-**	**2,200**	-
Adjusted operating income	**56,090**	**79,870**	53,994
Divided by revenue	**202,356**	**202,356**	150,677
Total operating margin	**27.7%**	**39.5%**	35.8%

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

($ in 000's except percentages)	Six Months Ended June 30, 2021	June 30, 2021 (adjusted)	June 30, 2020
easyfinancial			
Operating income	**146,548**	**146,548**	111,586
Divided by revenue	**298,217**	**298,217**	247,525
easyfinancial operating margin	**49.1%**	**49.1%**	45.1%
easyhome			
Operating income	**18,356**	**18,356**	14,511
Divided by revenue	**74,313**	**74,313**	70,354
easyhome operating margin	**24.7%**	**24.7%**	20.6%
Total			
Operating income	**120,022**	**120,022**	98,213
Transaction costs[1]	**-**	**7,359**	-
Integration costs[1]	**-**	**648**	-
Day one loan loss provision on the acquired loans[1]	**-**	**14,252**	-
Amortization of intangible assets acquired through the Acquisition[1]	**-**	**2,200**	-
Adjusted operating income	**120,022**	**144,481**	98,213
Divided by revenue	**372,530**	**372,530**	317,879
Total operating margin	**32.2%**	**38.8%**	30.9%

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

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

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

	Three Months Ended		Six Months Ended	
($ in 000's except percentages)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Net income as stated	**19,467**	32,542	**131,442**	54,521
Finance cost	**20,822**	14,072	**35,058**	28,416
Income tax expense	**11,715**	11,380	**36,808**	19,276
Depreciation and amortization, excluding depreciation of lease assets	**10,494**	6,976	**18,412**	13,857
EBITDA	**62,498**	64,970	**221,720**	116,070
Divided by revenue	**202,356**	150,677	**372,530**	317,879
EBITDA margin	**30.9%**	43.1%	**59.5%**	36.5%

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Cash provided by (used in) operating activities	**(25,787)**	83,687	**6,928**	82,212
Net growth in gross consumer loans receivable during the period[1]	**74,033**	(31,573)	**104,484**	23,849
Cash provided by operating activities before net growth in gross consumer loans receivable	**48,246**	52,114	**111,412**	106,061

[1] Excludes gross loan purchased through the Acquisition of $444.5 million.

Return on Assets

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

	Three Months Ended			
($ in 000's except percentages)	**June 30, 2021**	**June 30, 2021 (adjusted)**	**June 30, 2020**	**June 30, 2020 (adjusted)**
Net income as stated	**19,467**	**19,467**	32,542	32,542
Impact of adjusting items[1]				
Transaction costs	**-**	**8,405**	-	-
Integration costs	**-**	**648**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**2,200**	-	-
Other (income) loss	**-**	**4,086**	-	(4,000)
Tax impact of above items	**-**	**(5,371)**	-	530
After-tax impact of adjusting items	**-**	**24,220**	-	(3,470)
Adjusted net income	**19,467**	**43,687**	32,542	29,072
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1	X 4/1
Divided by average total assets for the period	**2,031,583**	**2,031,583**	1,379,944	1,379,944
Return on assets	**3.8%**	**8.6%**	9.4%	8.4%

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

($ in 000's except percentages)	June 30, 2021	June 30, 2021 (adjusted)	June 30, 2020	June 30, 2020 (adjusted)
	Six Months Ended			
Net income as stated	**131,442**	**131,442**	54,521	54,521
Impact of adjusting items[1]				
Transaction costs	**-**	**9,085**	-	-
Integration costs	**-**	**648**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**2,200**	-	-
Other income	**-**	**(83,286)**	-	(4,000)
Tax impact of above items	**-**	**6,025**	-	530
After-tax impact of adjusting items	**-**	**(51,076)**	-	(3,470)
Adjusted net income	**131,442**	**80,366**	54,521	51,051
Multiplied by number of periods in year	**X 4/2**	**X 4/2**	X 4/2	X 4/2
Divided by average total assets for the period	**1,855,027**	**1,855,027**	1,359,503	1,359,503
Return on assets	**14.2%**	**8.7%**	8.0%	7.5%

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

Return on Equity

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

	Three Months Ended			
($ in 000's except percentages)	June 30, 2021	June 30, 2021 (adjusted)	June 30, 2020	June 30, 2020 (adjusted)
Net income as stated	**19,467**	**19,467**	32,542	32,542
Impact of adjusting items[1]				
Transaction costs	**-**	**8,405**	-	-
Integration costs	**-**	**648**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**2,200**	-	-
Other (income) loss	**-**	**4,086**	-	(4,000)
Tax impact of above items	**-**	**(5,371)**	-	530
After-tax impact of adjusting items	**-**	**24,220**	-	(3,470)
Adjusted net income	**19,467**	**43,687**	32,542	29,072
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period	**649,529**	**649,529**	351,527	351,527
Return on equity	**12.0%**	**26.9%**	37.0%	33.1%

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

($ in 000's except percentages)	Six Months Ended June 30, 2021	June 30, 2021 (adjusted)	June 30, 2020	June 30, 2020 (adjusted)
Net income as stated	**131,442**	**131,442**	54,521	54,521
Impact of adjusting items[1]				
Transaction costs	**-**	**9,085**	-	-
Integration costs	**-**	**648**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**2,200**	-	-
Other income	**-**	**(83,286)**	-	(4,000)
Tax impact of above items	**-**	**6,025**	-	530
After-tax impact of adjusting items	**-**	**(51,076)**	-	(3,470)
Adjusted net income	**131,442**	**80,366**	54,521	51,051
Multiplied by number of periods in year	**X 4/2**	**X 4/2**	X 4/2	X 4/2
Divided by average shareholders' equity for the period	**580,856**	**580,856**	345,158	345,158
Return on equity	**45.3%**	**27.7%**	31.6%	29.6%

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

Return on Tangible Common Equity

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

	Three Months Ended			
($ in 000's except percentages)	**June 30, 2021**	**June 30, 2021 (adjusted)**	**June 30, 2020**	**June 30, 2020 (adjusted)**
Net income as stated	**19,467**	**19,467**	32,542	32,542
Impact of adjusting items[1]				
Transaction costs	**-**	**8,405**	-	-
Integration costs	**-**	**648**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**2,200**	-	-
Other (income) loss	**-**	**4,086**	-	(4,000)
Tax impact of above items	**-**	**(5,371)**	-	530
After-tax impact of adjusting items	**-**	**24,220**	-	(3,470)
Adjusted net income	**19,467**	**43,687**	32,542	29,072
Multiplied by number of periods in year	**X 4/1**	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period excluding intangible assets and goodwill	**454,199**	**454,199**	309,683	309,683
Return on tangible common equity	**17.1%**	**38.5%**	42.0%	37.6%

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

($ in 000's except percentages)	Six Months Ended June 30, 2021	June 30, 2021 (adjusted)	June 30, 2020	June 30, 2020 (adjusted)
Net income as stated	**131,442**	**131,442**	54,521	54,521
Impact of adjusting items[1]				
Transaction costs	**-**	**9,085**	-	-
Integration costs	**-**	**648**	-	-
Day one loan loss provision on the acquired loans	**-**	**14,252**	-	-
Amortization of intangible assets acquired through the Acquisition	**-**	**2,200**	-	-
Other income	**-**	**(83,286)**	-	(4,000)
Tax impact of above items	**-**	**6,025**	-	530
After-tax impact of adjusting items	**-**	**(51,076)**	-	(3,470)
Adjusted net income	**131,442**	**80,366**	54,521	51,051
Multiplied by number of periods in year	**X 4/2**	**X 4/2**	X 4/2	X 4/2
Divided by average shareholders' equity for the period excluding intangible assets and goodwill	**435,118**	**435,118**	304,243	304,243
Return on tangible common equity	**60.4%**	**36.9%**	35.8%	33.6%

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

Financial Condition

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

($ in 000's, except for ratios)	June 30, 2021	June 30, 2020
Consumer loans receivable, net	**1,682,151**	1,057,337
Cash	**140,192**	54,765
Investment	**95,138**	38,300
Lease assets	**45,921**	44,538
Right-of-use assets, net	**52,656**	45,153
Property and equipment, net	**34,467**	27,868
Derivative financial assets	**32,953**	23,585
Intangible assets, net	**162,379**	21,077
Goodwill	**179,835**	21,310
Other assets	**25,589**	18,286
Total assets	**2,451,281**	1,352,219
External debt[1]	**1,460,797**	878,778
Lease liabilities	**60,600**	51,439
Derivative financial liabilities	**48,027**	-
Other liabilities	**133,066**	68,657
Total liabilities	**1,702,490**	998,874
Shareholders' equity	**748,791**	353,345
Total capitalization (external debt plus total shareholders' equity)	**2,209,588**	1,232,123
External debt to shareholders' equity	**1.95**	2.49
Net debt to net capitalization[2]	**0.64**	0.70
External debt to EBITDA	**3.92**	4.02

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

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

Total assets were $2.5 billion as at June 30, 2021, an increase of $1.1 billion or 81.3% compared to June 30, 2020. The increase was related primarily to: i) the acquired loan portfolio from LendCare of $444.5 million; ii) intangible assets recognized and goodwill arising from the Acquisition amounting to $134.2 million and $158.5 million, respectively; iii) a $180.3 million increase in net consumer loans receivable excluding the loans acquired through the Acquisition; iv) the increase in cash of $85.4 million; and iv) the increase in investments of $56.8 million mainly due to the new equity investments in Affirm and Brim, partially offset by the disposal of an equity investment in PayBright.

The $1.1 billion of growth in total assets was primarily financed by: i) a $582 million increase in external debt which includes the new 2026 Notes to fund the Acquisition; and ii) a $395.4 million increase in total shareholder's equity, which was driven by the $172.5 million Offering related to the Acquisition, 81,400 common shares issued to LendCare's founders valued at $11.8 million and earnings generated by the Company, partially offset by share buybacks under the Company's Normal Course Issuer Bid and dividends paid. While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings over the prior year have been retained to fund the growth of easyfinancial.

Liquidity and Capital Resources

Cash Flow Review

The table below provides a summary of cash flow components for the three and six-months period ended June 30, 2021 and 2020.

	Three Months Ended		Six Months Ended	
($ in 000's)	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Cash provided by operating activities before issuance of consumer loans receivable and purchase of lease assets	**85,296**	83,422	**184,944**	186,215
Net collection (issuance) of consumer loans receivable	**(101,795)**	6,154	**(163,400)**	(90,069)
Purchase of lease assets	**(9,288)**	(5,889)	**(14,616)**	(13,934)
Cash provided by (used in) operating activities	**(25,787)**	83,687	**6,928**	82,212
Cash used in investing activities	**(294,264)**	(7,910)	**(285,120)**	(14,105)
Cash provided by (used in) financing activities	**355,401**	(55,264)	**325,331**	(59,683)
Net increase in cash for the period	**35,350**	20,513	**47,139**	8,424

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

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

Cash used in operating activities for the three-month period ended June 30, 2021 was $25.8 million compared with $83.7 million of cash generated in operating activities in the same period of 2020. Included in cash used in operating activities for the three-month period ended June 30, 2021 were: i) a net investment of consumer loans receivable amounting to $101.8 million; and ii) the purchase of lease assets of $9.3 million. If the net collection of consumer loans receivable and the purchase of lease assets were treated as cash flows from investing activities, the cash flows generated by operating activities would have been $85.3 million for the three months ended June 30, 2021, up $1.9 million from the same period of 2020. The increase was driven by higher non-cash expenses such as bad debt expense and depreciation and amortization partially offset by lower earnings during the current period.

During the second quarter of 2021, the Company used $294.3 million in investing activities, up $286.4 million compared to $7.9 million used in the same period of 2020, mainly due to cash used in the Acquisition of $283.5 million and additional purchase of equity investment in Brim of $4.0 million.

During the second quarter of 2021, the Company generated $355.4 million in cash flow from financing activities, up $410.7 million from $55.3 million cash used in the same period of 2020. During the second quarter of 2021, the Company issued 2026 Notes and did a $172.5 million bought deal equity offering to fund the Acquisition, advanced $45 million from revolving credit facilities, advanced $39.3 million from secured borrowings, and advanced $25 million from the revolving securitization warehouse facility. These cash inflows were offset by a $243.6 million repayment of acquired notes payable, a $30 million repayment of advances on the revolving credit facility, a $19.8 million repayment of advances from secured borrowings, $9.7 million of dividends paid, a $5 million repayment of advances from the revolving securitization warehouse facility and $4.6 million of lease liabilities paid. During the second quarter of 2020, the Company repaid $40.0 million of advances on its revolving credit facility, repurchased $20.0 million worth of shares under the Company's Normal Course Issuer Bid, paid $6.4 million of dividends and made $4.1 million of lease liabilities payments. These cash outflows were partially offset by the net proceeds of $15.0 million received from advances against the revolving credit facility.

Cash Flow Analysis for the Six Months Ended June 30, 2021

Cash generated by operating activities during the six-month period ended June 30, 2021 were $6.9 million as compared with $82.2 million of cash generated by operating activities in the same period of 2020. Included in cash provided by operating activities for the six-month period ended June 30, 2021 were: i) a net investment of $163.4 million to increase the consumer loans receivable portfolio and ii) the purchase of $14.6 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 $184.9 million for the six-month period ended June 30, 2021, down from $186.2 million in the same period of 2020. The decrease was due to higher non-cash expenses such as other income, bad debt expense and depreciation and amortization and unfavorable movements in working capital partially offset by higher earnings.

During the six-month period ended June 30, 2021, the Company used $285.1 million in investing activities compared to $14.1 million in the same period of 2020 mainly due to cash used in the Acquisition of $283.5 million and purchase of equity investments mainly in Brim of $11.3 million partially offset by the proceeds on the sale of the equity investment in PayBright of $21.3 million.

During the six-month period ended June 30, 2021, the Company generated $325.3 million in cash flow from financing activities, up $385 million from $59.7 million cash used in the same period of 2020. During the current period, the Company issued 2026 Notes and did a $172.5 million bought deal equity offering to fund the Acquisition, received $204 million from advances against its revolving securitization warehouse facility, $45 million from advances against its revolving credit facility, and $39.3 million in advances from secured borrowings. These cash outflows were partially offset by repayment of $243.6 million of acquired notes payable, $230 million of advances on its revolving credit facility, $19.8 million of secured borrowings, paid $16.2 million of dividends, made $9.1 million of lease liabilities paid, and $5 million repayment of advances from the revolving securitization warehouse facility. During the six-month period ended June 30, 2020 the Company used $59.7 million in cash flow from financing activities which included the repayment of $80.0 million of advances on its revolving credit facility, repurchased $30.0 million worth of shares under the Company's Normal Course Issuer Bid, paid $10.9 million of dividends and made $8.3 million of lease liabilities payments. These cash outflows were partially offset by the net proceeds of $70.0 million received from advances against its revolving credit facility.

Capital Resources

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

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

As at June 30, 2021, the Company's external debt consisted of US$550.0 million of 5.375% senior unsecured notes payable ("2024 Notes") with net carrying value of $672.5 million, 2026 Notes with net carrying value of $388.8 million, $196 million drawn against its secured borrowing facilities with net carrying value of $186.7 million, $200 million drawn against the Company's revolving securitization warehouse facility and $15 million drawn against the Company's revolving credit facility leaving $295 million borrowing capacity from its $310 million maximum borrowing limit.

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

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

The Company has two secured borrowing facilities as follows:

- A $105 million annual securitization facility which bears an interest at the Government of Canada Bonds ("GOCB") rate (with a floor rate of 0.95%) plus 395 bps. This facility expired on July 31, 2021; and
- An $85 million annual securitization facility which bears an interest at GOCB (with a floor rate of 0.25%) plus 390 bps. In addition to the securitization loan facility, there is a $6 million accumulation loan agreement which advances 85% of the face value of the consumer loans for up to a 90-day period bearing an interest rate at Canadian Bankers' Acceptance rate ("BA") plus 400 bps. The existing program agreement for this facility expires on November 30, 2021 but can be extended to a specified period agreed by both parties.

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

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

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

The average blended coupon interest rate for the Company's debt as at June 30, 2021, was 5.03% down from 5.45% as at June 30, 2020.

As at June 30, 2021, the Company had a cash position of $140.2 million which includes $34.6 million net amount of restricted cash related to its cross-currency swap contracts and total return swap contract and $26 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings' reserve for future customer defaults. As at June 30, 2021, the Company has borrowing capacities of $295 million under its revolving credit facility and $45 million under its secured borrowings. The cash position of $140.2 million and total borrowing capacities of $340 million represented $480.2 million in total liquidity as at June 30, 2021. The Company also has the ability to exercise the accordion feature under its revolving credit facility to add an additional $75 million in borrowing capacity.

The expansion of the revolving securitization warehouse facility by $400 million and the expiration on July 31, 2021 of the $105 million secured borrowing facility with a remaining borrowing capacity of $10.9 million brings the total liquidity to $869.3 million as of August 5, 2021. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plan and meet its forecast through the fourth quarter of 2023.

Outstanding Shares and Dividends

As at August 5, 2021, there were 16,496,354 Common Shares, 276,309 deferred share units, 510,930 options, 271,696 restricted share units, and no warrants outstanding.

Normal Course Issuer Bid

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

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

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

Dividends

During the quarter ended June 30, 2021, the Company paid a $0.66 per share quarterly dividend on outstanding Common Shares. This dividend was paid on July 9, 2021.

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

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

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

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

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

Commitments, Guarantees and Contingencies

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

Risk Factors

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

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

Critical Accounting Estimates

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

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

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

Changes in Accounting Policy and Disclosures

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

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

Intangible Assets

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

Financial Assets
Purchased or Originated Credit-Impaired Financial Assets

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

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

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

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

(c) Standards issued but not yet effective

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

Internal Controls

Disclosure Controls and Procedures ("DC&P")

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

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

Internal Controls over Financial Reporting ("ICFR")

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

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

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

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

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

Changes to ICFR during 2021

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

Evaluation of ICFR at June 30, 2021

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