Interim Condensed Consolidated Financial Statements

goeasy Ltd.

(Unaudited)
March 31, 2021

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(expressed in thousands of Canadian dollars)

	As At March 31, 2021	As At December 31, 2020
ASSETS		
Cash (note 4)	**104,842**	93,053
Amounts receivable	**14,846**	9,779
Prepaid expenses	**7,293**	13,005
Consumer loans receivable, net (note 5)	**1,184,709**	1,152,378
Investments (note 6)	**96,896**	56,040
Lease assets	**45,473**	49,384
Property and equipment, net	**30,269**	31,322
Deferred tax assets, net (note 14)	**-**	4,066
Derivative financial assets (note 7)	**30,999**	-
Intangible assets, net	**27,136**	25,244
Right-of-use assets, net	**48,111**	46,335
Goodwill	**21,310**	21,310
TOTAL ASSETS	**1,611,884**	1,501,916
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities	**38,197**	46,065
Income taxes payable	**25,039**	13,897
Dividends payable (note 11)	**9,846**	6,661
Unearned revenue	**10,342**	10,622
Deferred tax liabilities, net (note 14)	**4,281**	-
Derivative financial liabilities (note 10)	**44,985**	36,910
Lease liabilities	**55,934**	53,902
Accrued interest	**14,261**	2,598
Revolving credit facility (note 8)	**(1,305)**	198,339
Revolving securitization warehouse facility (note 7)	**179,046**	-
Notes payable (note 10)	**680,992**	689,410
TOTAL LIABILITIES	**1,061,618**	1,058,404
SHAREHOLDERS' EQUITY		
Share capital (note 11)	**186,679**	181,753
Contributed surplus	**18,621**	19,732
Accumulated other comprehensive loss	**(4,470)**	(5,280)
Retained earnings	**349,436**	247,307
TOTAL SHAREHOLDERS' EQUITY	**550,266**	443,512
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,611,884**	1,501,916

See accompanying notes to the interim condensed consolidated financial statements.

On behalf of the Board:

David Ingram
Director

Karen Basian
Director

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
REVENUE		
Interest income	**105,494**	100,100
Lease revenue	**28,437**	27,814
Commissions earned	**33,337**	35,278
Charges and fees	**2,906**	4,010
	170,174	167,202
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	**35,406**	31,702
Stock-based compensation (note 12)	**2,086**	2,098
Advertising and promotion	**5,892**	6,314
Bad debts	**29,274**	48,618
Occupancy	**5,524**	5,682
Technology costs	**3,804**	3,369
Other expenses (note 20)	**7,095**	9,295
	89,081	107,078
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets	**9,243**	9,024
Depreciation of right-of-use assets	**4,344**	3,997
Depreciation of property and equipment	**1,828**	1,612
Amortization of intangible assets	**1,746**	1,272
	17,161	15,905
TOTAL OPERATING EXPENSES	**106,242**	122,983
OPERATING INCOME	**63,932**	44,219
OTHER INCOME (NOTE 6)	**87,372**	-
FINANCE COSTS		
Interest expense and amortization of deferred financing charges (note 13)	**13,495**	13,676
Interest expense on lease liabilities	**741**	668
	14,236	14,344
INCOME BEFORE INCOME TAXES	**137,068**	29,875
INCOME TAX EXPENSE (NOTE 14)		
Current	**16,997**	7,297
Deferred	**8,096**	599
	25,093	7,896
NET INCOME	**111,975**	21,979
BASIC EARNINGS PER SHARE (NOTE 15)	**7.41**	1.50
DILUTED EARNINGS PER SHARE (NOTE 15)	**7.14**	1.41

See accompanying notes to the interim condensed consolidated financial statements.

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)
(expressed in thousands of Canadian dollars)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net income	**111,975**	21,979
Other comprehensive income (loss) to be reclassified to the consolidated statement of income in subsequent periods		
Change in foreign currency translation reserve	**1**	(7)
Change in fair value of cash flow hedge, net of taxes	**(469)**	12,345
Change in costs of hedging, net of taxes	**1,278**	(1,944)
	810	10,394
Comprehensive income	**112,785**	32,373

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)
(expressed in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2020	**181,753**	**19,732**	**201,485**	**247,307**	**(5,280)**	**443,512**
Common shares issued	**4,926**	**(3,197)**	**1,729**	**-**	**-**	**1,729**
Stock-based compensation (note 12)	**-**	**2,086**	**2,086**	**-**	**-**	**2,086**
Comprehensive income	**-**	**-**	**-**	**111,975**	**810**	**112,785**
Dividends (note 11)	**-**	**-**	**-**	**(9,846)**	**-**	**(9,846)**
Balance, March 31, 2021	**186,679**	**18,621**	**205,300**	**349,436**	**(4,470)**	**550,266**
Balance, December 31, 2019	141,956	20,296	162,252	171,084	(915)	332,421
Common shares issued	5,502	(4,464)	1,038	-	-	1,038
Conversion of convertible debentures	231	-	231	-	-	231
Stock-based compensation (note 12)	-	2,098	2,098	-	-	2,098
Settlement of deferred share units	-	(2,000)	(2,000)	-	-	(2,000)
Shares purchased for cancellation (note 11)	(2,076)	-	(2,076)	(7,929)	-	(10,005)
Comprehensive income	-	-	-	21,979	10,394	32,373
Dividends (note 11)	-	-	-	(6,447)	-	(6,447)
Balance, March 31, 2020	145,613	15,930	161,543	178,687	9,479	349,709

See accompanying notes to the interim condensed consolidated financial statements.

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(expressed in thousands of Canadian dollars)

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
OPERATING ACTIVITIES		
Net income	**111,975**	21,979
Add (deduct) items not affecting cash		
Bad debts expense	**29,274**	48,618
Depreciation of lease assets	**9,243**	9,024
Deferred income tax expense	**8,096**	599
Depreciation of right-of-use assets	**4,344**	3,997
Stock-based compensation (note 12)	**2,086**	2,098
Depreciation of property and equipment	**1,828**	1,612
Amortization of intangible assets	**1,746**	1,272
Amortization of deferred financing charges	**1,055**	1,154
Other income (note 6)	**(87,372)**	-
	82,275	90,353
Net change in other operating assets and liabilities (note 16)	**17,373**	12,440
Net issuance of consumer loans receivable	**(61,605)**	(96,223)
Purchase of lease assets	**(5,328)**	(8,045)
Cash provided by (used in) operating activities	**32,715**	(1,475)
INVESTING ACTIVITIES		
Proceeds on sale of investments	**20,904**	-
Purchase of property and equipment	**(778)**	(2,681)
Purchase of intangible assets	**(3,638)**	(3,514)
Purchase of investment	**(7,344)**	-
Cash provided by (used in) investing activities	**9,144**	(6,195)
FINANCING ACTIVITIES		
Advances from revolving securitization warehouse facility	**178,949**	-
Issuance of common shares	**1,577**	1,038
Lease incentive received	**437**	142
Payment of lease liabilities	**(4,525)**	(4,146)
Payment of common share dividends (note 11)	**(6,508)**	(4,448)
Payment of advances from revolving credit facility	**(200,000)**	(40,000)
Advances from revolving credit facility	**-**	55,000
Settlement of deferred share units	**-**	(2,000)
Purchase of common shares for cancellation (note 11)	**-**	(10,005)
Cash used in financing activities	**(30,070)**	(4,419)
Net increase (decrease) in cash during the period	**11,789**	(12,089)
Cash, beginning of period	**93,053**	46,341
Cash, end of period	**104,842**	34,252

See accompanying notes to the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

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

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

The Company operates in two reportable segments: easyfinancial and easyhome. As at March 31, 2021, the Company operated 269 easyfinancial locations (including 13 kiosks within easyhome stores) and 160 easyhome stores (including 34 franchises). As at December 31, 2020, the Company operated 266 easyfinancial locations (including 14 kiosks within easyhome stores) and 161 easyhome stores (including 35 franchises).

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on May 11, 2021.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements include the financial statements of the Parent Company and all of the companies that it controls. goeasy Ltd. controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This includes all wholly-owned subsidiaries and a structured entity (note 7) where goeasy Ltd. has control but does not have ownership of a majority of voting rights.

As at March 31, 2021, the Parent Company’s principal subsidiaries were:

- RTO Asset Management Inc.
- easyfinancial Services Inc.
- easyhome U.S. Ltd.

Statement of Compliance with International Financial Reporting Standards (“IFRS”)

The unaudited interim condensed consolidated financial statements for the three-month period ended March 31, 2021 was prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company’s most recent audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements do not include all of the disclosures included in the Company’s audited annual consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read together with the audited annual consolidated financial statements.

Significant Accounting Judgements, Estimates and Assumptions

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

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

Continued impact of COVID-19 pandemic

The Company's business has been and will continue to be impacted by the COVID-19 pandemic, which has created, and continues to create, significant societal and economic disruptions. The COVID-19 pandemic has had, and will continue to have, a broad impact across industries and the economy, including by affecting consumer confidence, global financial markets, regional and international travel, supply chain distribution of various products for many industries, government and private sector operations, the price of consumer goods, country-wide lockdowns in various regions of the world, and numerous other impacts on daily life and commerce. Additionally, the emergence of new variants have led to governments around the world to continue to enact measures to combat the spread of the COVID-19 virus, 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 sudden 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. Therefore, the COVID-19 virus and the measures to prevent its spread may negatively impact interest rates, credit ratings, credit risk, inflation, financial conditions, results of operations of the Company and other risk factors relevant to the Company. Therefore, the COVID-19 virus and the measures to prevent its spread may contribute to a higher level of uncertainty with respect to management's judgements and estimates.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New Standards, Interpretations and Amendments Adopted by the Company

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the 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.

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

(b) Standards Issued but Not Yet Effective

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

4. CASH

Certain cash on deposit at banks earns interest at floating rates based on daily bank deposit rates. The Company has pledged part of its cash to fulfill collateral requirements under its cross-currency swap contracts. As at March 31, 2021, the fair value of the cash pledged by the Company as a cash collateral in respect of the cross-currency swap was $41.3 million (December 31, 2020 - $30.1 million).

5. CONSUMER LOANS RECEIVABLE

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

	March 31, 2021	**December 31, 2020**
Gross consumer loans receivable	**1,277,291**	1,246,840
Interest receivable from consumer loans	**20,482**	16,566
Unamortized deferred acquisition costs	**13,086**	14,648
Allowance for credit losses	**(126,150)**	(125,676)
	1,184,709	1,152,378

As at March 31, 2021, $300 million (December 31, 2020 – nil) consumer loans receivable was pledged by the Company as a collateral for the drawn amount against its Revolving Securitization Warehouse Facility (as defined herein).

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

	March 31, 2021	**December 31, 2020**
Unsecured instalment loans	**1,114,822**	1,091,562
Secured instalment loans	**162,469**	155,278
	1,277,291	1,246,840

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

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

	March 31, 2021		December 31, 2020	
	$	**% of total loans**	**$**	**% of total loans**
0 - 6 months	**192,611**	**15.1%**	184,553	14.8%
6 - 12 months	**142,804**	**11.2%**	144,341	11.6%
12 - 24 months	**306,565**	**24.0%**	300,560	24.1%
24 - 36 months	**293,438**	**23.0%**	289,065	23.2%
36 - 48 months	**189,229**	**14.8%**	181,866	14.6%
48 - 60 months	**65,425**	**5.1%**	62,361	5.0%
60 months +	**87,219**	**6.8%**	84,094	6.7%
	1,277,291	**100.0%**	1,246,840	100.0%

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

	March 31, 2021		December 31, 2020	
	$	**% of total loans**	**$**	**% of total loans**
0 - 1 year	**50,984**	**4.0%**	48,561	3.9%
1 - 2 years	**147,077**	**11.5%**	142,958	11.5%
2 - 3 years	**325,049**	**25.4%**	321,683	25.8%
3 - 4 years	**387,790**	**30.4%**	381,055	30.6%
4 - 5 years	**215,896**	**16.9%**	209,994	16.8%
5 years +	**150,495**	**11.8%**	142,589	11.4%
	1,277,291	**100.0%**	1,246,840	100.0%

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

	March 31, 2021		December 31, 2020	
	$	**% of total loans**	**$**	**% of total loans**
1 - 30 days	**36,028**	**2.8%**	34,880	2.8%
31 - 44 days	**8,974**	**0.7%**	7,645	0.6%
45 - 60 days	**5,937**	**0.5%**	5,503	0.4%
61 - 90 days	**8,479**	**0.7%**	7,258	0.6%
91 - 180 days	**689**	**0.0%**	378	0.0%
	60,107	**4.7%**	55,664	4.4%

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

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

	As at March 31, 2021				
	Median TransUnion Risk Score	**Stage 1 (Performing)**	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Low Risk	**620**	**648,438**	**2,553**	**65**	**651,056**
Normal Risk	**544**	**394,902**	**8,118**	**300**	**403,320**
High Risk	**502**	**126,717**	**72,977**	**23,221**	**222,915**
Total	**565**	**1,170,057**	**83,648**	**23,586**	**1,277,291**

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

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

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

	Three Months Ended March 31, 2021			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Balance as at January 1, 2021	**1,141,801**	**84,835**	**20,204**	**1,246,840**
Gross loans originated	**272,351**	**-**	**-**	**272,351**
Principal payments and other adjustments	**(213,373)**	**5,081**	**(2,400)**	**(210,692)**
Transfers to (from)				
Stage 1 (Performing)	**69,133**	**(60,049)**	**(9,084)**	**-**
Stage 2 (Under-Performing)	**(77,286)**	**80,188**	**(2,902)**	**-**
Stage 3 (Non-Performing)	**(15,482)**	**(23,379)**	**38,861**	**-**
Gross charge-offs	**(7,087)**	**(3,028)**	**(21,093)**	**(31,208)**
Balance as at March 31, 2021	**1,170,057**	**83,648**	**23,586**	**1,277,291**

	Three Months Ended March 31, 2020			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Balance as at January 1, 2020	983,323	103,448	23,862	1,110,633
Gross loans originated	241,603	-	-	241,603
Gross loans purchased	31,275	-	-	31,275
Principal payments and other adjustments	(185,272)	10,334	(1,649)	(176,587)
Transfers to (from)				
Stage 1 (Performing)	66,969	(58,341)	(8,628)	-
Stage 2 (Under-Performing)	(89,198)	91,727	(2,529)	-
Stage 3 (Non-Performing)	(17,368)	(27,972)	45,340	-
Gross charge-offs	(6,206)	(4,216)	(30,447)	(40,869)
Balance as at March 31, 2020	1,025,126	114,980	25,949	1,166,055

On February 28, 2020, the Company acquired $31.3 million of gross consumer loans receivable from Mogo Inc.

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

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

	Three Months Ended March 31, 2021	Year Ended December 31, 2020
Balance, beginning of period	**125,676**	107,107
Net amounts written-off against allowance	**(28,800)**	(116,429)
Increase due to lending and collection activities	**29,274**	134,998
Balance, end of period	**126,150**	125,676

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

	Three Months Ended March 31, 2021			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Balance as at January 1, 2021	**77,759**	**32,608**	**15,309**	**125,676**
Gross loans originated	**10,634**	**-**	**-**	**10,634**
Principal payments and other adjustments	**(6,581)**	**384**	**(8,724)**	**(14,921)**
Transfers to (from) including remeasurement				
Stage 1 (Performing)	**10,948**	**(11,701)**	**(6,475)**	**(7,228)**
Stage 2 (Under-Performing)	**(6,626)**	**20,506**	**(1,901)**	**11,979**
Stage 3 (Non-Performing)	**(2,377)**	**(6,843)**	**38,030**	**28,810**
Net amounts written-off against allowance	**(6,580)**	**(2,811)**	**(19,409)**	**(28,800)**
Balance as at March 31, 2021	**77,177**	**32,143**	**16,830**	**126,150**

	Three Months Ended March 31, 2020			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Balance as at January 1, 2020	55,930	33,671	17,506	107,107
Gross loans originated	10,793	-	-	10,793
Gross loans purchased	2,328	-	-	2,328
Principal payments and other adjustments	(6,729)	1,427	(3,333)	(8,635)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	16,397	(12,526)	(6,068)	(2,197)
Stage 2 (Under-Performing)	(8,654)	25,912	(1,805)	15,453
Stage 3 (Non-Performing)	(2,492)	(7,832)	41,200	30,876
Net amounts written-off against allowance	(5,705)	(3,875)	(28,322)	(37,902)
Balance as at March 31, 2020	61,868	36,777	19,178	117,823

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

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

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

12-Month Forward-Looking	**March 31, 2021**			**December 31, 2020**		
Macroeconomic Variables (Average annual)	**Neutral Forecast**	**Optimistic Forecast**	**Pessimistic Forecast**	**Neutral Forecast**	**Optimistic Forecast**	**Pessimistic Forecast**
Unemployment rate[1]	**7.20%**	**6.98%**	**10.22%**	7.51%	7.30%	11.41%
GDP growth[2]	**7.41%**	**7.74%**	**(1.02%)**	5.91%	6.55%	(2.9%)
Inflation growth[3]	**2.22%**	**1.70%**	**2.70%**	1.52%	1.05%	2.03%
Oil prices[4]	**$57.13**	**$65.75**	**$34.33**	$49.91	$55.04	$31.33

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

The analysis performed by the Company determined that the rate of inflation and rate of unemployment were positively correlated with the Company's historic loss rates while oil prices and the rate of GDP were negatively correlated with the Company's historic loss rates. The assignment of the probability weighting for the various scenarios using these variables involves management judgment through a robust internal review and analysis by management to arrive at a collective view on the likelihood of each scenario, particularly in light of the current COVID-19 pandemic circumstance. If management were to assign 100% probability to the pessimistic scenario forecast, the allowance for credit losses would have been $14.2 million (December 31, 2020 - $14.0 million) higher than the reported allowance for credit losses as at March 31, 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.

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

6. INVESTMENTS

Investments include the following:

	March 31, 2021	December 31, 2020
Listed and actively traded equities		
Affirm Holdings Inc.	**89,419**	-
Others	**977**	-
Unlisted equities		
Brim Financial Inc.	**6,500**	-
PayBright	**-**	56,040
	96,896	56,040

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

	Fair value at the opening of the period	Purchases	Disposals	Gross unrealized gains (losses)	Fair value at the closing of the period
For the three months ended March 31, 2021					
Investments					
Listed and actively traded equities					
Affirm Holdings Inc.[1]	**-**	**33,065**	**-**	**56,354**	**89,419**
Others	**-**	**844**	**-**	**133**	**977**
Unlisted equities					
Brim Financial Inc.	**-**	**6,500**	**-**	**-**	**6,500**
PayBright[1]	**56,040**	**-**	**(56,040)**	**-**	**-**
Investments	**56,040**	**40,409**	**(56,040)**	**56,487**	**96,896**
Total return swap related to Affirm Holdings Inc.	**-**	**-**	**-**	**30,885**	**30,885**
Investments including total return swap	**56,040**	**40,409**	**(56,040)**	**87,372**	**127,781**
For the year ended December 31, 2020					
Investments					
Unlisted equities					
PayBright	34,300	-	-	21,740	56,040
Investments	34,300	-	-	21,740	56,040

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

Affirm Holdings Inc. and PayBright

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

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

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

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

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

The Company’s investment in Affirm was classified at initial recognition at fair value through profit or loss (“FVTPL”) on January 1, 2021. For the three-month period ended March 31, 2021, the Company recognized an unrealized fair value gain amounting to $56.4 million under Other income in the interim condensed consolidated statement of income.

Total Return Swap

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

Included in the Derivative financial asset is the change in fair value of the TRS for the three-month period ended March 31, 2021 amounting to $30.9 million, which is recognized under Other income in the interim condensed consolidated statement of income.

The fair value of the cash posted by the counterparties as a cash collateral in respect of the total return swap was $32.0 million (December 31, 2020 – nil).

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

Brim Financial Inc.

During the three-month period ended March 31, 2021, the Company invested $6.5 million to acquire a minority equity interest in Brim Financial Inc. ("Brim"). Brim, a Canadian fintech company and globally certified credit card issuer, offers a full product suite of consumer and business credit cards, consumer digital banking services, a globally open rewards and loyalty ecosystem, and financial products including buy now pay later capabilities seamlessly integrated in all business and consumer revolving credit card products.

The Company's investment in Brim was classified at initial recognition at FVTPL. No gains or losses were recognized for the three-month period ended March 31, 2021.

7. STRUCTURED ENTITY

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

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

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

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

	March 31, 2021	**December 31, 2020**
Drawn amount	**180,000**	-
Unamortized deferred financing costs	**(954)**	-
	179,046	-

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

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

The Company has elected to use hedge accounting for the Revolving Securitization Warehouse Facility and the interest rate swap (i.e., the same notional amount, maturity date, interest payment dates). The Company has established a hedge ratio of 1:1 for the hedging relationships. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Revolving Securitization Warehouse Facility and interest rate swap. There was no hedge ineffectiveness recognized in net income for the three-month period ended March 31, 2021.

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

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

	March 31, 2021	**December 31, 2020**
Derivative financial asset		
Interest rate swap	**115**	-
	115	-

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

Financial covenant	**Requirements**	**March 31, 2021**	**December 31, 2020**
Minimum consolidated fixed charge coverage ratio	> 2.0	**5.91**	-

As at March 31, 2021, the Company was in compliance with its financial covenant under the Revolving Credit Warehouse Facility.

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

8. REVOLVING CREDIT FACILITY

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

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

	March 31, 2021	**December 31, 2020**
Drawn amount	**-**	200,000
Unamortized deferred financing costs	**(1,305)**	(1,661)
	(1,305)	198,339

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

Financial covenant	**Requirements**	**March 31, 2021**	**December 31, 2020**
Minimum consolidated tangible net worth	>132,000, plus 50% of consolidated net income	**$489,643**	$384,692
Maximum consolidated leverage ratio	< 3.25	**1.72**	2.26
Minimum consolidated fixed charge coverage ratio	> 1.75	**2.95**	2.77
Maximum net charge off ratio	< 15.0%	**9.0%**	10.0%
Minimum collateral performance index	> 90.0%	**101.0%**	100.1%

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

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

9. CONVERTIBLE DEBENTURES

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

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

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

The following table summarizes the details of the Convertible debentures:

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

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

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

10. NOTES PAYABLE

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

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

The following table summarizes the details of the Notes Payable:

	March 31, 2021	**December 31, 2020**
Notes Payable in CAD at issuance	**728,310**	728,310
Change in fair value of Notes Payable since issuance date due to changes in foreign exchange rate	**(37,400)**	(28,380)
	690,910	699,930
Unamortized deferred financing costs	**(9,918)**	(10,520)
	680,992	689,410

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

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

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

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

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

	March 31, 2021	**December 31, 2020**
Derivative financial liabilities		
Cross-currency swaps	**(44,985)**	(36,910)
	(44,985)	(36,910)

11. SHARE CAPITAL

Common Shares Issued and Outstanding

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

	Three Months Ended March 31, 2021		**Year Ended December 31, 2020**	
	# of shares (in 000's)	**$**	**# of shares (in 000's)**	**$**
Balance, beginning of the period	**14,801**	**181,753**	14,346	141,956
Exercise of RSUs	**72**	**2,771**	199	7,070
Exercise of stock options	**44**	**2,003**	47	1,121
Dividend reinvestment plan	**2**	**152**	17	834
Conversion of Debentures	**-**	**-**	960	38,979
Shares purchased for cancellation	**-**	**-**	(768)	(8,207)
Balance, end of the period	**14,919**	**186,679**	14,801	181,753

Dividends on Common Shares

For the three-month period ended March 31, 2021, the Company paid dividends of $6.7 million (three-month period ended March 31, 2020 - $4.4 million) or $0.45 per share (three-month period ended March 31, 2020 - $0.31 per share). On February 17, 2021, the Company declared a dividend of $0.66 per share to shareholders of record on March 26, 2021 payable on April 9, 2021. The dividend paid on April 9, 2021 was $9.8 million.

Shares Purchased for Cancellation

On December 16, 2020, the Company renewed its normal course issuer bid ("NCIB"), which allows for a total purchase of up to 1,079,703 common shares (the "2020 NCIB") and expires on December 20, 2021. During the three-month period ended March 31, 2021 and year ended December 31, 2020, the Company did not purchase and cancel any of its common shares on the open market pursuant to the 2020 NCIB.

On December 18, 2019, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a NCIB, which commenced on December 20, 2019 (the "2019 NCIB"). During the year ended December 31, 2020, the Company purchased and cancelled 767,855 of its common shares on the open market at an average price of $55.18 per share for a total cost of $42.4 million pursuant to the 2019 NCIB. This normal course issuer bid expired on December 19, 2020.

12. STOCK-BASED COMPENSATION

Share Option Plan

Under the Company's share option plan, options to purchase common shares may be granted by the Board of Directors to directors, officers and employees. During the three-month period ended March 31, 2021, 54,479 options were granted by the Company (three-month period ended March 31, 2020 - nil). For the three-month period ended March 31, 2021, the Company recorded an expense of $527 (three-month period ended March 31, 2020 - $281) in stock-based compensation expense in the unaudited interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

Restricted Share Unit ("RSU") Plan

During the three-month period ended March 31, 2021, the Company granted 44,366 RSUs (three-month period ended March 31, 2020 - 270) to employees of the Company under its RSU Plan. RSUs are granted at fair market value at the grant date and generally vest at the end of a three-year period based on long-term targets. For the three-month period ended March 31, 2021, $1,013 (three-month period ended March 31, 2020 - $1,188) was recorded as an expense in stock-based compensation expense in the unaudited interim condensed consolidated statements of income. Additionally, for the three-month period ended March 31, 2021, an additional 1,295 RSUs (three-month period ended March 31, 2020 - 1,457 RSUs) were granted as a result of dividends payable.

Deferred Share Unit ("DSU") Plan

During the three-month period ended March 31, 2021, the Company granted 11,254 DSUs (three-month period ended March 31, 2020 - 24,975 DSUs) to directors under its DSU Plan. DSUs are granted at fair market value at the grant date and vest immediately upon grant. For the three-month period ended March 31, 2021, $546 (three-month period ended March 31, 2020 - $629) was recorded as stock-based compensation expense under the DSU Plan in the unaudited interim condensed consolidated statements of income. Additionally, for the three-month period ended March 31, 2021, an additional 1,196 DSUs (three-month period ended March 31, 2020 - 1,061 DSUs) were granted as a result of dividends payable.

Stock-Based Compensation Expense

Stock-based compensation expense for the three-month period ended March 31, 2021 was $2,086 (three-month period ended March 31, 2020 - $2,098).

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

13. INTEREST EXPENSE AND AMORTIZATION OF DEFERRED FINANCING CHARGES

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

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Interest expense		
Notes payable	**10,287**	10,513
Revolving credit facility	**1,274**	630
Revolving securitization warehouse facility	**1,023**	-
Convertible debt	**-**	1,596
Amortization of deferred financing costs and accretion expense	**1,055**	1,154
Interest income, net	**(144)**	(217)
	13,495	13,676

14. INCOME TAXES

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

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Combined basic federal and provincial income tax rates	**26.5%**	26.7%
Expected income tax expense	**36,323**	7,988
Non-deductible expenses	**305**	419
Effect of capital gains on unrealized fair value gain on investments	**(11,577)**	**-**
Other	**42**	(511)
	25,093	7,896

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

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

	March 31, 2021	December 31, 2020
Amounts receivable and allowance for credit losses	**5,248**	4,933
Financing fees	**3,813**	4,593
Revaluation of Notes Payable and derivative financial instruments	**2,010**	2,261
Right-of-use assets, net of lease liabilities	**1,187**	1,184
Stock-based compensation	**965**	1,551
Unearned revenue	**294**	304
Loss carry forwards	**182**	182
Tax cost of lease assets and property and equipment in excess of net book value	**(6,403)**	(8,062)
Unrealized fair value gain on investments	**(11,577)**	(2,880)
	(4,281)	4,066

15. EARNINGS PER SHARE

Basic Earnings Per Share

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

	Three Months Ended	
	March 31, 2021	March 31, 2020
Net income	**111,975**	21,979
Weighted average number of common shares outstanding (in 000's)	**15,115**	14,678
Basic earnings per common share	**7.41**	1.50

For the three-month period ended March 31, 2021, 270,648 DSUs (three-month period ended March 31, 2020 - 255,448 DSUs) were included in the weighted average number of common shares outstanding.

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

Diluted Earnings Per Share

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

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Net income	**111,975**	21,979
After-tax impact of convertible debentures	**-**	680
Fully diluted net income	**111,975**	22,659
Weighted average number of common shares outstanding (in 000’s)	**15,115**	14,678
Dilutive effect of stock-based compensation (in 000’s)	**574**	420
Dilutive effect of convertible debentures (in 000’s)	**-**	996
Weighted average number of diluted shares outstanding (in 000’s)	**15,689**	16,094
Dilutive earnings per common share	**7.14**	1.41

For the three-month period ended March 31, 2021, 49,573 stock options to acquire common shares (three-month period ended March 31, 2020 - nil) were considered anti-dilutive using the treasury stock method and therefore were excluded in the calculation of diluted earnings per share.

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

16. NET CHANGE IN OTHER OPERATING ASSETS AND LIABILITIES

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

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Amounts receivable	**(2,995)**	550
Prepaid expenses	**5,711**	996
Accounts payable and accrued liabilities	**(7,868)**	(515)
Income taxes payable	**11,142**	1,589
Unearned revenue	**(280)**	102
Accrued interest	**11,663**	9,718
	17,373	12,440

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

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Income taxes paid	**5,855**	5,708
Interest paid	**921**	3,021
Interest received	**101,514**	96,978

17. CONTINGENCIES

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

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

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

18. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

Financial instruments	Measurement	March 31, 2021	December 31, 2020
Cash	Fair value	**104,842**	93,053
Amounts receivable	Amortized cost	**14,846**	9,779
Consumer loans receivable	Amortized cost	**1,184,709**	1,152,378
Investments	Fair value	**96,896**	56,040
Derivative financial assets	Fair value	**30,999**	-
Accounts payable and accrued liabilities	Amortized cost	**38,197**	46,065
Derivative financial liabilities	Fair value	**44,985**	36,910
Accrued interest	Amortized cost	**14,261**	2,598
Revolving credit facility	Amortized cost	**(1,305)**	198,339
Revolving securitization warehouse facility	Amortized cost	**179,046**	-
Notes payable	Amortized cost	**680,992**	689,410

Fair Value Measurement

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

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

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

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

March 31, 2021	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash	**104,842**	**104,842**	**-**	**-**
Amounts receivable	**14,846**	**-**	**-**	**14,846**
Consumer loans receivable	**1,184,709**	**-**	**-**	**1,184,709**
Investments	**96,896**	**90,396**	**-**	**6,500**
Derivative financial assets	**30,999**	**-**	**30,999**	**-**
Accounts payable and accrued liabilities	**38,197**	**-**	**-**	**38,197**
Derivative financial liabilities	**44,985**	**-**	**44,985**	**-**
Accrued interest	**14,261**	**-**	**-**	**14,261**
Revolving credit facility	**(1,305)**	**-**	**-**	**(1,305)**
Revolving securitization warehouse facility	**179,046**	**-**	**-**	**179,046**
Notes payable	**680,992**	**-**	**-**	**680,992**

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

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

19. SEGMENTED REPORTING

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

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

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

The following tables summarize the relevant information for three-month periods ended March 31, 2021 and 2020:

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

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

Three Months Ended March 31, 2020	**easyfinancial**	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	96,094	4,006	-	100,100
Lease revenue	-	27,814	-	27,814
Commissions earned	32,965	2,313	-	35,278
Charges and fees	2,729	1,281	-	4,010
	131,788	35,414	-	167,202
Total operating expenses before depreciation and amortization	76,756	17,039	13,283	107,078
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,700	9,411	797	11,908
Depreciation of right-of-use assets	1,849	1,944	204	3,997
	3,549	11,355	1,001	15,905
Segment operating income (loss)	51,483	7,020	(14,284)	44,219
Finance costs				
Interest expenses and amortisation of deferred financing charges				13,676
Interest expense on lease liabilities				668
				14,344
Income before income taxes				29,875

As at March 31, 2021, the Company's goodwill of $21.3 million (December 31, 2020 - $21.3 million) is related entirely to its easyhome segment.

In scope under IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) are revenues relating to commissions earned and charges and fees. Lease revenue is covered under IFRS 16. Included in lease revenue is certain additional services provided by the Company related to the lease, but which fall under the scope of IFRS 15. These revenues totaled $3.2 million for the three-month periods ended March 31, 2021 and 2020, respectively.

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

The Company's easyhome business consisted of four major product categories: furniture, electronics, computers and appliances. Lease revenue generated by these product categories as a percentage of total lease revenue for the three-month periods ended March 31, 2021 and 2020 were as follows:

	Three Months Ended	
	March 31, 2021 (%)	**March 31, 2020 (%)**
Furniture	**41**	44
Electronics	**32**	32
Appliances	**14**	13
Computers	**13**	11
	100	100

20. SUBSEQUENT EVENTS

Acquisition of LendCare Holdings Inc.

On April 30, 2021 (“Acquisition Date”), 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 (the “Acquisition”) for $320 million, excluding closing adjustments, of which $310 million was paid in cash and $10 million was paid in the Company’s common shares issued to LendCare’s founders as part of their consideration.

The acquisition is accounted for as a business combination under the acquisition method. As at April 30, 2021, the fair value of assets and liabilities acquired were approximately $474.3 million of assets and $400.7 million of liabilities. The excess of accounting consideration over the approximated fair value of the identified net assets is allocated to goodwill and intangible assets of $284.5 million and deferred tax liability of $38.2 million. Goodwill represents the expected synergies from the combined operations of the Company and LendCare. The results of the acquisition will be consolidated from the Acquisition Date. The purchase price allocation is preliminary and still subject to refinement and may be adjusted to reflect new information about facts and circumstances that existed at the Acquisition Date.

During the three-month period ended March 31, 2021, the Company incurred $0.7 million transaction costs related to the acquisition of LendCare, including advisory and consulting costs, legal costs and other direct transaction costs. These transaction costs were recognized under Other expenses in the interim condensed consolidated statement of income.

$172.5 Million Bought Deal Equity Offering

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.

US$320 Million Notes Offering

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, effectively hedging the obligation at $400 million with a Canadian dollar interest rate of 4.818%.