



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

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

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

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Date: February 13, 2024

The following Management's Discussion and Analysis ("MD&A") presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries (collectively referred to as "goeasy" or the "Company") as at December 31, 2023 compared to December 31, 2022, and the consolidated results of operations for the three-month period and year ended December 31, 2023, compared with the corresponding periods of 2022. 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, 2023. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

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

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

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

Caution Regarding Forward-Looking Statements

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

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

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

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

Overview of the Business

goeasy Ltd. is one of Canada's leading non-prime consumer lenders offering a full suite of leasing and lending products to the non-prime consumer. Founded in 1990 and headquartered in Mississauga, Ontario, goeasy operates under its easyhome, easyfinancial and LendCare operating segments. Supported by over 2,400 employees, the Company offers a wide variety of financial products and services including unsecured and secured instalment loans, merchant financing through a variety of verticals and lease-to-own merchandise. Customers can transact seamlessly through an omnichannel model that includes online and mobile platforms, over 400 locations across Canada, and point-of-sale financing offered in the retail, powersports, automotive and healthcare verticals, through over 9,500 merchant partners across Canada. Throughout the Company's history, it has acquired and organically served over 1.3 million Canadians and originated over \$12.8 billion in loans.

With 33 years of leasing and lending experience, goeasy has developed a deep understanding of the non-prime Canadian consumer. Of the 31.8 million Canadians with an active credit file as at December 31, 2023, 9.3 million had credit scores less than 720 and are deemed to be non-prime, up from 8.5 million in 2022 due to the normalization of consumer credit scores following the end of government-supported stimulus and the onset of generally weaker macroeconomic conditions over the last 12-18 months. Collectively, these Canadians carry \$217.9 billion in non-mortgage credit balances, up from \$193.6 billion in 2022, and represent the Company's target market. These consumers, many of which are unable to access credit from banks and traditional financial institutions, turn to goeasy as a reliable source of consumer credit for everyday financial needs. goeasy aspires to help non-prime customers rebuild their credit and put them on a path to a better financial future. By graduating customers to progressively lower rates of interest in recognition of on-time payment behaviour, and eventually helping them graduate back to prime lending, goeasy is uniquely positioned to deliver on its vision of providing everyday Canadians a path to a better tomorrow, today.

goeasy funds its business through a combination of equity and a variety of debt instruments, including US\$870 million senior unsecured notes, \$150 million secured borrowings and a \$370 million revolving credit facility. In addition, the Company has a revolving securitization warehouse facility of \$1.4 billion collateralized by unsecured personal loans and home equity loans and another \$500 million revolving securitization warehouse facility collateralized by automotive consumer loans. The Company remains confident that capacity available under its existing funding facilities, and its ability to raise additional debt financing, is sufficient to fund its organic growth plans. goeasy's senior unsecured notes payable are rated BB- and Ba3, with a stable trend, by the Standard and Poors and Moody's rating agencies, respectively. goeasy's common shares ("Common Shares") are listed for trading on the Toronto Stock Exchange ("TSX") under the trading symbol "GSY".

Accredited by the Better Business Bureau, goeasy is the proud recipient of several awards in recognition of its exceptional culture and continued business growth including 2023 Best Workplaces™ in Financial Services & Insurance, Waterstone Canada's Most Admired Corporate Cultures, ranking on the 2022 Report on Business Women Lead Here executive gender diversity benchmark, placing on the Report on Business ranking of Canada's Top Growing Companies, ranking on the TSX30, Greater Toronto Top Employers Award and has been certified as a Great Place to Work®. The Company is represented by a diverse group of team members from 78 nationalities who believe strongly in giving back to communities in which it operates. To date, goeasy has raised and donated over \$5.5 million to support its long-standing partnerships with BGC Canada and many other local charities. In 2023, the Company announced a 3-year, \$1.4 million commitment to BGC Canada's Food Fund to help address the rising issue of food insecurity amongst Canadian households.

Reportable segments

For management reporting purposes, the Company has two reportable segments: easyfinancial and easyhome. The Company aggregates the operations of its easyfinancial and LendCare operating segments into one reportable segment called easyfinancial, on the basis of their similar economic characteristics, customer profile, nature of products, and regulatory environment. Refer to the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2023, for further details.

Overview of easyfinancial

easyfinancial is goeasy's consumer lending arm that provides instalment loans with the goal of bridging the gap between traditional financial institutions and costly payday lenders. To further serve customers' needs and diversify its product offerings, goeasy acquired LendCare, a Canadian point-of-sale consumer finance and technology company, in 2021. The addition of LendCare accelerated goeasy's point-of-sale channel into relatively new untapped verticals, such as powersports and healthcare financing. Shortly after, the company launched an automotive financing program designed to help non-prime consumer purchase and finance a vehicle. easyfinancial and LendCare operating segments now comprise goeasy's consumer lending segment, which is a leading provider of non-prime credit in Canada.

Prior to 2010, consumer demand for non-prime loans in Canada was satisfied by the consumer-lending arms of several large, international financial institutions. Today, traditional financial institutions are generally unwilling or unable to offer credit solutions to consumers that are deemed to be a higher credit risk due to the consumer's financial situation or less-than-perfect credit history. As this shift in supply for non-prime consumer lending has taken place, a range of industry participants who offer diverse products including auto lending, credit cards, instalment loans, retail finance programs, small business lending and real estate secured lending have emerged. Generally, these industry participants have tended to focus on a single product rather than providing consumers with a broad integrated suite of financial products and services. As a result, easyfinancial has emerged as one of a number of national companies focused on serving the entire non-prime credit spectrum.

easyfinancial's product offering consists of secured and unsecured installment loans available to Canadian consumers who are generally unable to access credit from traditional sources such as major banks. The Company originates loans up to \$100,000 with rates between 9.9% and 46.9%, which are fixed payment instalment products. When a loan is secured, the collateral provided by the borrower may include residential property, an automobile, a recreational vehicle or personal property. Unsecured installment loans typically range in size from \$500 to \$27,500 with repayment periods from 9 to 84 months, while secured installment loans typically range in size from \$15,000 to \$100,000 with repayment periods of 48 to 120 months. The required regular installment payments on these loans from customers include both principal and interest and result in the entire principal balance being repaid over the stated amortization period, provided all contractual payments are made as scheduled. All payments made by borrowers are reported to credit reporting agencies to help customers rebuild their credit.

easyfinancial also offers a number of optional ancillary products including a customer protection program that provides creditor insurance, a home and auto benefits product which provides roadside assistance, a gap insurance product which covers buyer and lender from any shortfall in cases of total loss insurance claims, warranty coverage on select financial products, and a credit monitoring and optimization tool that helps customers understand the steps to take to rebuild their credit. The Company also charges its customers interest on the money it lends and may also receive a commission for the sale of optional ancillary products offered through third party providers. The interest, additional commissions and various fees, collectively produce the total portfolio yield the Company generates on its loan book. The Company's total portfolio yield, relative to its cost of capital and loan losses, is a key driver of profitability.

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

The Company offers its products and services through an omnichannel business model, including a retail branch network, digital platform, merchant partners and indirect lending partnerships. The Company had 300 easyfinancial locations (including two kiosks within easyhome stores and three operations centres) in 10 Canadian provinces as at December 31, 2023. In addition to its retail branch network, customers can also transact online, which remains a key source of new customer acquisition. The Company also originates loans through its point-of-sale and dealership channel, which includes over 9,500 merchant partners across Canada.

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

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

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

Overview of easyhome

easyhome is Canada's largest lease-to-own company by store count, offering customers brand-name household furniture, appliances and electronics through flexible lease agreements. easyhome operates through both corporately owned stores located across Canada and through a network of franchised locations and has been in operation since 1990. In 2023, easyhome accounted for 12% of consolidated revenue (2022 – 15%) and leasing revenue accounted for 69% of easyhome revenue (2022 – 73%).

Through its 144 locations, which includes 34 franchise stores or through its eCommerce platform, Canadians turn to easyhome as an alternative to purchasing or financing their goods. With no down payment or credit check required, easyhome offers a flexible solution that helps consumers get access to the goods they need, with the flexibility to terminate their lease at any time without penalty. These consumers may not be able to purchase merchandise due to a lack of credit or insufficient cash resources, may have a short-term or otherwise temporary need for the merchandise, or may simply want to use the merchandise, with no long-term obligation, before making a purchase decision.

In 2017, easyhome began offering unsecured lending products. As at December 31, 2023, there are 108 easyhome locations offering unsecured loans to its customers. This expansion allowed the Company to further increase its distribution footprint for its financial services products by leveraging its existing real estate and employee base. This transition has enabled easyhome stores to diversify its product offering and meet the broader financial needs of its customers.

easyhome also offers a number of optional ancillary products to its customers including a customer protection program. This product is designed to give its customers peace of mind by waiving the customer's payments for a period of time should they be met with unexpected circumstances, including involuntary loss of employment, accident and illness and critical illness or death. easyhome also offers its customers a liability damage waiver product when entering into a lease agreement. The product provides protection to a customer from the obligation to make any additional payments in the event that merchandise is damaged, destroyed or lost while on lease.

In 2019, easyhome began reporting customer's lease payments to the credit reporting agencies as a way to further support its customers' ability to secure access to credit and improve their credit profile. With every on-time lease payment, easyhome customers can now build their credit and ultimately use the easyhome transaction as a steppingstone into other financial products and services offered by easyfinancial.

Corporate Strategy

goeasy is committed to being a leading full-service provider of financial products and services that provide everyday Canadians a path to a better tomorrow, today. To achieve its long-term goals, the Company has developed a strategy based on four key strategic pillars. These priorities have remained consistent since 2017 and align to the Company's strategic initiatives, as it furthers its vision of becoming the one stop shop for credit for non-prime consumers. In addition to providing access to a wide range of responsible financial products, the Company also aims to help their customers improve their credit and gradually lower their borrowing costs.

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

Product Range

The Company's objective is to build a full suite of non-prime consumer credit products, which includes unsecured and secured lending products at various risk-adjusted interest rates, along with a broad suite of value-add ancillary services. As of December 31, 2023, the Company's specific product offering includes traditional unsecured instalment loans, home equity loans, automotive vehicle financing, and loans to finance the purchase of retail goods, powersports and recreational vehicles, home improvement projects and healthcare related products and services. Over time, the Company will continue to expand and grow the products it offers to provide non-prime consumers with the same type of choices and options available to prime consumers through a traditional bank. As the Company brings new products to market, it will explore existing conventional products as well as develop new forms of credit that meet the unique needs of its customers.

Channel Expansion

The Company operates three distinct and complementary distribution and acquisition channels including 405 retail lending outlets (297 easyfinancial branches and 108 easyhome stores where loans are offered as of December 31, 2023), a robust digital platform (web and mobile) and point-of-sale financing available through over 9,500 merchant partners. Based on the unit volume of applications and originations in the most recent quarter, the retail branch channel represented 13% of application volume and 39% of loan originations, online represented 64% of application volume and 34% of originations and point-of-sale financing represented 23% applications and 27% of originations. 53% of loan originations were funded and/or serviced in a branch location, 36% were funded and/or serviced through a point-of-sale channel, with the remaining 11% serviced in the Company's national shared services centre. The Company will continue to pursue new opportunities that include expanding its retail network, developing more dynamic and personalized digital experiences supported by its new mobile app, adding new automotive and powersports dealerships, adding new merchant partnerships and seeking new third-party lending and referral partnerships.

Geographic Diversification

The Company believes Canada will continue to provide strong growth for goeasy with over 9.3 million non-prime Canadians facing limited options for credit. The Company also remains focused on adding new dealer and merchant partners across Canada to increase the distribution of its products and make them more accessible to all Canadians.

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

Financial Wellness

The Company competes on a unique point of differentiation, which is a focus on its customers' financial wellness and more specifically, the journey of providing customers a path to gradually reduce their rate of interest, improve their credit and graduate back to prime lending rates. With 9.3 million non-prime Canadians, of which 72% have been denied credit by banks and other financial institutions, goeasy plays an extremely important role in the financial system. By providing access to credit and a second chance for its customers, the Company serves as a key steppingstone in helping them rebuild their credit through products that report each payment to the credit reporting agencies. The Company is also focused on providing its customers a path to reducing their cost of borrowing over time by progressively offering those customers that demonstrate positive payment behaviour, access to products with lower rates of interest. Between 2017 and 2023, the company has reduced the weighted average interest charged on its loans from approximately 46% to approximately 30.3%.

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

As the Company continues to evolve, ensuring its suite of products and services are designed to meet its customer's needs across the entire credit spectrum is critically important. goeasy views its business as a lending ecosystem for non-prime Canadians, a one-stop shop where they can get access to all the financial products and services, they need to meet their borrowing needs from a single trusted provider. In 2023, the Company brought this ecosystem to life as it launched its industry leading mobile app, 'goeasy Connect', to provide customers with access to their account information as well as goeasy's entire range of products and services directly from their mobile device. The digital portal provides customers with seamless access to build their credit, borrow money and shop for the products they need through a best-in-class customer experience. Through the app, customers can also access pre-approved loan offers tailored to their credit profile and borrowing needs so that they know exactly how much they have been approved for and at what rates.

Outlook

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

Updates on 2023 Forecasts

The Company experienced strong commercial performance, including stable credit performance, improved operating leverage, and record adjusted operating income, adjusted net income and adjusted earnings per share. The Company ended the year in a strong financial position, driven by record organic growth and improvements in the credit quality of the Company’s consumer loan portfolio. Furthermore, the Company remained well capitalized throughout the year, with approximately \$900.6 million in total liquidity and funding capacity, along with an appropriate level of financial leverage. The business also continued to prove its strength and resilience amidst economic volatility.

The Company’s 2023 forecasts, assumptions and risk factors were disclosed in its December 31, 2022 MD&A. The Company has revised its forecasts in its March 31, 2023 MD&A. The Company’s actual performance against its forecast for fiscal 2023 is as follows:

	Actual results for 2023	Updated forecasts for 2023	Outcome
Gross consumer loans receivable at year-end	\$3.65 billion	\$3.40 - \$3.60 billion	Exceeded the forecast
Total Company revenue	\$1.25 billion	\$1.20 - \$1.25 billion	Consistent with forecast
Total yield on consumer loans (including ancillary products) ¹	35.3%	34.5% - 36.5%	Consistent with forecast
Net charge offs as a percentage of average gross consumer loans receivable	8.9%	8.0% - 10.0%	Consistent with forecast
Total Company operating margin (reported/adjusted ^{1,2})	38.1%/39.3%	36% +	Consistent with forecast
Return on equity (reported/adjusted ^{1,2})	25.9%/25.4%	22% +	Consistent with forecast

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

² During the year, the Company incurred adjusting items that were outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of underlying business performance. These adjusting items include LendCare integration costs, amortization of intangible assets acquired through the acquisition, one-time refinancing costs related to notes payable, one-time contract exit fee and investment income. These adjusting items are discussed in the “Key Performance Indicators and Non-IFRS Measures” section.

Three-Year Forecasts

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

The Company's strong financial profile positions it well to continue on its long-track record of achieving its corporate growth objectives. The Company has provided a new 3-year forecast for the years 2024 through 2026. The periods of 2024 and 2025 have been updated to reflect the most recent outlook.

	Forecasts for 2024	Forecasts for 2025	Forecasts for 2026
Gross consumer loans receivable at year end	\$4.35 - \$4.55 billion	\$5.10 - \$5.40 billion	\$5.80 - \$6.20 billion
Total Company revenue	\$1.45 - \$1.55 billion	\$1.55 - \$1.75 billion	\$1.70 - \$1.90 billion
Total yield on consumer loans (including ancillary products) ¹	33.0% - 35.0%	31.0% - 33.0%	29.5% - 31.5%
Net charge offs as a percentage of average gross consumer loans receivable	8.0% - 10.0%	7.5% - 9.5%	7.25% - 9.25%
Total Company operating margin	39% +	40% +	41% +
Return on equity	21% +	21% +	21% +

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

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

Key Assumptions

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

Environmental Conditions

- Stability in the macroeconomic environment.
- Continued demand for non-prime credit.

Portfolio Growth

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

Liquidity & Funding

- The Company continues to be able to access growth capital and at reasonable rates.

Revenue Yield

- The Company expects the total portfolio yield to moderate over the outlook period, due to a shift in product mix, growth in indirect point-of-sale financing and secured lending products.
- The effective yield earned on the sale of ancillary products gradually reduces as the average loan size increases.
- The total yield on consumer loans include the impact of the reduced maximum allowable rate of interest to an annual percentage rate ("APR") of 35% that the Government of Canada announced through the Federal Budget on March 28, 2023.

- Total portfolio yield and net loss rates of its lending products are as estimated in the Company's budget and strategic plan.

Credit Performance

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

Investment Performance

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

Mergers and Acquisitions

- No mergers and acquisitions were contemplated in the forecasts.

Key Risk Factors

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

Environmental & Market Conditions

- Uncertainty around overall consumer demand during times of business disruption.
- Increased levels of unemployment or economic instability that may adversely affect the Company's forward-looking indicators that contribute to credit risk and losses within the Company's loan portfolio.
- Business conditions are within acceptable parameters with respect to consumer demand, competition and margins.

Real Estate

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

Access to Capital & Funding

- Continued access to required capital and funding.

Regulatory Environment

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

Credit Performance

- Material increase of net charge off rates.

Merchant Partnerships and Point-of-Sale Channel

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

Analysis of Results for the Year Ended December 31, 2023

Financial Highlights and Accomplishments

- In 2023, the Company continued strengthening its balance sheet and liquidity position by expanding its borrowing capacity and extending facility maturity dates. These enhancements to the Company's funding sources facilitate its long-term growth plan and contemplated strategic business initiatives.
 - On March 13, 2023, the Company exercised the accordion feature of its existing senior secured revolving credit facility ("Revolving Credit Facility") through its existing syndicate of banks and increased the maximum amount available under the facility by \$100 million to \$370 million, while maintaining the current interest rate payable on advances at the Canadian Bankers' Acceptance rate ("BA") plus 225 bps or the lender's prime rate ("Prime") plus 75 bps, at the option of the Company.
 - On April 30, 2023, the Company amended its securitization facility with a leading Canadian insurance company, to provide for \$150 million (" \$150 million Securitization Facility") of funding through the sale of consumer loans until April 30, 2024. The funding rate is equal to an interpolated Government of Canada Bond ("GOCB") rate plus an initial spread of 310 bps.
 - On June 15, 2023, the Company amended its \$1.4 billion revolving securitization warehouse facility ("Revolving Securitization Warehouse Facility I") to extend the maturity date to October 31, 2025, and the applicable interest rate on advances was changed from 1-month Canadian Dollar Offered Rate ("CDOR") plus 185 bps to 1-month CDOR plus 195 bps, an increase of 10 bps. The Company continues to utilize an interest rate swap agreement to generate fixed rate payments on the amounts drawn to mitigate the impact of increase in interest rate.
 - On September 28, 2023, the Company increased its \$200 million revolving securitization warehouse facility ("Revolving Securitization Warehouse Facility II") (the Revolving Securitization Warehouse Facility I and Revolving Securitization Warehouse Facility II are collectively referred to as "Revolving Securitization Warehouse Facilities"), which is collateralized by automotive consumer loans, from \$200 million to \$375 million and continues to be underwritten by the same lender, with the addition of a new lender to the syndicate. The facility continues to bear interest equal to the 1-month CDOR plus 185 bps.
 - On November 28, 2023, the Company issued US\$550 million of 9.250% senior unsecured notes payable (the "2028 Notes") with interest payable semi-annually on June 1 and December 1 of each year. The 2028 Notes mature on December 1, 2028. The 2028 Notes include certain prepayment options which are derivatives embedded in the notes. Concurrent with the issuance of the 2028 Notes, the Company entered into cross-currency swaps to fix the foreign exchange rate for the proceeds from the offering and for payments of principal and interest under these 2028 Notes at a fixed exchange rate of USD1.000 = CAD1.3832, thereby hedging the US\$550.0 million 2028 Notes at a CAD interest rate of 8.79% until December 1, 2027. The Company used the proceeds from the issuance of the 2028 Notes to fund the extinguishment of its US\$550.0 million of 5.375% senior unsecured notes payable (the "2024 Notes").

For the year ended December 31, 2023, the Company recognized a fair value change on prepayment options related to 2028 Notes amounting to \$19.0 million.

- On December 1, 2023, the Company extinguished its 2024 Notes and unwound the related cross-currency swaps. As a result of repaying these notes, the Company recognized the remaining unamortized deferred financing costs related to these notes, realized derivative loss on the settlement of the related cross-currency swaps, and reclassified the net change in cash flow hedge from other comprehensive income (loss) to the consolidated statement of income resulting in a total refinancing cost of \$9.5 million.

- On December 20, 2023, the Company further increased its Revolving Securitization Warehouse Facility II to \$500 million and extended the maturity date to December 16, 2025. The facility continues to be underwritten by the same syndicate of lenders. The Company continues to utilize an interest rate swap agreement to generate fixed rate payments on the amounts drawn to mitigate the impact of increase in interest rate.
- As at December 31, 2023, the Company had a cash position of \$144.6 million, which included \$24.2 million of restricted cash related to its cross-currency swaps and \$67.5 million in restricted cash related to its revolving securitization warehouse facility and secured borrowings reserve. As at December 31, 2023, the Company has borrowing capacities of \$756 million under its existing revolving credit facilities. The Company's total liquidity as at December 31, 2023 was \$900.6 million. The current total liquidity, excluding future enhancements or diversification of funding sources, provide adequate growth capital for the Company to execute its organic growth plans.
- The Company reported record revenue for the year ended December 31, 2023 of \$1.25 billion, an increase of \$230.7 million, or 22.6% compared to 2022. The increase was primarily driven by record organic growth of the Company's consumer loan portfolio.
- Gross consumer loans receivable increased to \$3.65 billion as at December 31, 2023 from \$2.79 billion as at December 31, 2022, an increase of \$850.5 million, or 30.4%. The increase in consumer loans receivable was driven by a strong volume of applications for credit, leading to a record loan originations across several product and acquisition channels, including unsecured lending, point-of-sale lending and automotive financing.
- Net charge offs for the year as a percentage of average gross consumer loans receivable were 8.9%, 20 bps lower compared to 2022 of 9.1%. The stable credit performance reflects the improved credit and product mix of the loan portfolio and the proactive credit and underwriting enhancements made since the fourth quarter of 2021. The Company's net charge off rate was in line with the Company's targeted range for 2023 of 8.0% to 10.0%.
- During the year, the net change in allowance for future credit losses was \$52.3 million, compared to \$53.3 million in 2022, a decrease of \$1.0 million due primarily to lower provision rate in the year. The provision rate for the year decreased to 7.28% from 7.62% in 2022, primarily due to the continued improvement in the product and credit mix of the loan portfolio.
- Total Company reported record total operating income of \$476.5 million, up \$144.1 million, or 43.4% compared to 2022. The Company also reported a record operating margin of 38.1%, up from the 32.6% in 2022. During the year, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of the Company's underlying business performance. These adjusting items include a one-time contract exit fee, and integration costs and amortization of intangible assets related to the acquisition of LendCare. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of these adjusting items, the Company reported record adjusted operating income¹ of \$491.2 million, up \$121.8 million, or 33.0%, compared to 2022. The increase in adjusted operating income was mainly driven by higher revenue associated with the record loan growth in the year, stable credit performance of the loan book and continued improvement in operating leverage. The Company also reported a record adjusted operating margin¹ of 39.3%, up from the 36.2% in 2022.

- The easyfinancial reportable segment reported record operating income of \$534.5 million, compared to \$394 million in 2022, an increase of \$140.5 million, or 35.7%. The improved operating income was mainly driven by higher revenue associated with the record loan growth in the year, stable credit performance of the loan book and continued improvement in operating leverage. easyfinancial's operating margin was 48.7%, 340 bps higher compared to 45.3% in 2022.
- The easyhome reportable segment operating income was \$36.9 million, compared to \$34.6 million in 2022, an increase of \$2.4 million, or 6.8%. The increase was mainly driven by higher lending revenues associated with the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage, partially offset by lower leasing revenues. easyhome's operating margin was 24.1%, compared to 23.1% in 2022.
- During the year, the Company recognized net investment income of \$9.8 million, mainly due to fair value changes on the Company's investments, compared to \$28.7 million of net investment loss in 2022.
- The Company's net income was \$247.9 million, or \$14.48 per share on a diluted basis, up 76.9% and 72.0%, respectively, compared to \$140.2 million, or \$8.42 per share on a diluted basis in 2022. During the year, the Company incurred adjusting items including a one-time contract exit fee, integration costs and amortization of intangible assets related to the acquisition of LendCare, net investment income, refinancing costs related to notes payable and fair value change on prepayment options related to 2028 Notes. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of these adjusting items, the Company achieved record adjusted net income¹ and record adjusted diluted earnings per share¹ of \$243.2 million and \$14.21 per share on a diluted basis, respectively. On this basis, adjusted net income and adjusted diluted earnings per share increased by 26.5% and 23.0%, respectively. The increase in adjusted net income was primarily driven by the record operating income, partially offset by incremental finance costs driven by higher borrowing levels to fund growth of the Company's lending business and a higher cost of borrowing.
- Return on equity was 25.9%, up from 17.6% in 2022, primarily due to the higher net income discussed above. Adjusted return on equity¹ was 25.4%, up from 24.2% in 2022, mainly driven by the record net income, partially offset by the higher level of shareholders' equity. Excluding goodwill and acquired intangible assets, the adjusted return on tangible common equity¹ was 34.6%, down from 36.4% in 2022. The decline in adjusted return on tangible common equity was mainly driven by a higher level of tangible common equity, partially offset by record adjusted net income, as discussed above.
- In consideration of the improved earnings achieved in 2023 and the Company's confidence in its continued growth and access to capital going forward, the Board of Directors approved a 21.9% increase to the annual dividend from \$3.84 per share to \$4.68 per share in 2024.

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

Summary of Financial Results and Key Performance Indicators

(\$ in 000's except earnings per share and percentages)	Year Ended		Variance \$ / bps	Variance % Change
	December 31, 2023	December 31, 2022		
Summary Financial Results				
Revenue	1,250,069	1,019,336	230,733	22.6%
Bad debts	341,639	272,893	68,746	25.2%
Other operating expenses	345,581	332,730	12,851	3.9%
EBITDA ¹	539,085	351,507	187,578	53.4%
EBITDA margin ¹	43.1%	34.5%	860 bps	24.9%
Depreciation and amortization	86,331	81,306	5,025	6.2%
Operating income	476,518	332,407	144,111	43.4%
Operating margin	38.1%	32.6%	550 bps	16.9%
Other income (loss)	9,771	(28,659)	38,430	134.1%
Finance costs	149,334	107,972	41,362	38.3%
Effective income tax rate	26.4%	28.4%	(200 bps)	(7.0%)
Net income	247,898	140,161	107,737	76.9%
Diluted earnings per share	14.48	8.42	6.06	72.0%
Return on receivables	7.6%	5.8%	180 bps	31.0%
Return on assets	6.7%	4.8%	190 bps	39.6%
Return on equity	25.9%	17.6%	830 bps	47.2%
Return on tangible common equity ¹	36.7%	28.4%	830 bps	29.2%
Adjusted Financial Results ^{1,2}				
Other operating expenses	377,574	342,422	35,152	10.3%
Efficiency ratio	30.2%	33.6%	(340 bps)	(10.1%)
Operating income	491,160	369,362	121,798	33.0%
Operating margin	39.3%	36.2%	310 bps	8.6%
Net income	243,175	192,261	50,914	26.5%
Diluted earnings per share	14.21	11.55	2.66	23.0%
Return on receivables	7.5%	8.0%	(50 bps)	(6.3%)
Return on assets	6.5%	6.6%	(10 bps)	(1.5%)
Return on equity	25.4%	24.2%	120 bps	5.0%
Return on tangible common equity	34.6%	36.4%	(180 bps)	(4.9%)
Key Performance Indicators				
Segment Financials				
easyfinancial revenue	1,096,817	869,528	227,289	26.1%
easyfinancial operating margin	48.7%	45.3%	340 bps	7.5%
easyhome revenue	153,252	149,808	3,444	2.3%
easyhome operating margin	24.1%	23.1%	100 bps	4.3%
Portfolio Indicators				
Gross consumer loans receivable	3,645,202	2,794,694	850,508	30.4%
Growth in consumer loans receivable	850,508	764,355	86,153	11.3%
Gross loan originations	2,709,194	2,377,606	331,588	13.9%
Total yield on consumer loans (including ancillary products) ¹	35.3%	37.7%	(240 bps)	(6.4%)
Net charge offs as a percentage of average gross consumer loans receivable	8.9%	9.1%	(20 bps)	(2.2%)
Free cash flows from operations before net growth in gross consumer loans receivable ¹	377,291	258,474	118,817	46.0%
Potential monthly leasing revenue ¹	7,654	7,868	(214)	(2.7%)

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

² Adjusting items are discussed in the “Key Performance Indicators and Non-IFRS Measures” section.

Locations Summary

	Locations as at December 31, 2022	Locations opened in the year	Locations closed in the year	Conversions	Locations as at December 31, 2023
easyfinancial					
Kiosks (in store)	2	-	-	-	2
Stand-alone locations	297	4	(6)	-	295
Operations Centres	3	-	-	-	3
Total easyfinancial locations	302	-	-	-	300
easyhome					
Corporately owned stores	120	-	(10)	-	110
Franchise stores	34	-	-	-	34
Total easyhome stores	154	-	(10)	-	144
Corporate					
Corporate office	1	-	-	-	1
Total corporate office	1	-	-	-	1

In 2023, the Company closed six easyfinancial locations and 10 easyhome stores as part of its continued efforts to optimize its geographic footprint. The Company continued to offer its products and services through an omnichannel business model, that includes retail locations, online and mobile platforms, and indirect lending partnerships.

Summary of Financial Results by Reporting Segment

(\$ in 000's except earnings per share)	Year Ended December 31, 2023			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	853,228	35,700	-	888,928
Lease revenue	-	99,848	-	99,848
Commissions earned	220,363	14,122	-	234,485
Charges and fees	23,226	3,582	-	26,808
	1,096,817	153,252	-	1,250,069
Operating expenses				
Bad debts	327,196	14,443	-	341,639
Other operating expenses	197,358	59,610	88,613	345,581
Depreciation and amortization	37,747	42,259	6,325	86,331
	562,301	116,312	94,938	773,551
Operating income (loss)	534,516	36,940	(94,938)	476,518
Other income				9,771
Finance costs				(149,334)
Income before income taxes				336,955
Income taxes				89,057
Net income				247,898
Diluted earnings per share				14.48

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

Portfolio Performance

Consumer Loans Receivable

The gross consumer loans receivable portfolio increased to \$3.65 billion as at December 31, 2023, from \$2.79 billion as at December 31, 2022, an increase of \$850.5 million, or 30.4%. Loan originations for the year were \$2.71 billion, up 13.9% from 2022. The increase in consumer loans receivable was driven by a strong volume of applications for credit, leading to a record loan originations across several product and acquisition channels, including unsecured lending, point-of-sale lending and automotive financing. Loan originations for the year has an increased proportion of secured loans with longer payment terms, compared to 2022.

The total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 35.3%, down 240 bps from 2022. Total annualized yield decreased due to: i) organic growth of certain products which carry lower rates of interest such as home equity loans, automotive financing, point-of-sale financing in the powersports, and healthcare and retail categories; ii) increased lending activity in the province of Quebec, where loans have lower rates of interest; iii) a higher proportion of larger dollar value loans which have reduced pricing on certain ancillary products; iv) a modest reduction in penetration rates on ancillary products; and v) the Company's strategy to reward borrowers for on-time payment behaviour, by gradually reducing the rate of interest charged.

Bad debt expense increased to \$341.6 million for the year ended December 31, 2023, from \$272.9 million in 2022, an increase of \$68.7 million, or 25.2%. The following table details the components of bad debt expense:

(\$in 000's)	Year Ended	
	December 31, 2023	December 31, 2022
Provision required due to net charge offs	289,321	219,614
Impact of loan book growth	57,466	53,617
Impact of change in allowance for expected credit losses rate	(5,148)	(338)
Net change in allowance for credit losses	52,318	53,279
Bad debt expense	341,639	272,893

Bad debt expense increased by \$68.7 million due to the following factors:

- Net charge offs increased from \$219.6 million for the year ended December 31, 2022 to \$289.3 million in 2023, an increase of \$69.7 million. Net charge offs as a percentage of the average gross consumer loans receivable on an annualized basis were 8.9%, compared to 9.1% in 2022. The stable credit performance reflects the resilience of the non-prime consumer, coupled with improved product mix of the loan portfolio and the proactive credit and underwriting enhancements made since the fourth quarter of 2021. The net charge off rate was in line with the Company's targeted range for 2023 of 8.0% to 10.0%.
- The net change in allowance for credit losses was \$52.3 million, compared to \$53.3 million in 2022, a decrease of \$1.0 million. For the year ended December 31, 2023, the provision rate decreased to 7.28% from 7.62% in 2022, primarily due to the continued improvement in the product and credit mix of the loan portfolio and the proportion of loans secured by assets.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly leasing revenue as at December 31, 2023 was \$7.7 million, down from \$7.9 million in 2022. The easyhome leasing business is a mature business that has experienced a gradual decline in sales volume, as consumer demand has shifted to alternate forms of financing purchases of everyday household items.

Revenue

Revenue for the year was \$1.25 billion, compared to \$1.02 billion in the same period of 2022, an increase of \$230.7 million, or 22.6%. Revenue growth was mainly driven by the organic growth of the Company's consumer loan portfolio.

easyfinancial – Revenue in 2023 was \$1.10 billion, an increase of \$227.3 million, or 26.1%, compared to the same period of 2022. The components of the increased revenue include:

- (i) Interest income increased by \$184.4 million, or 27.6%, driven by the growth in the loan portfolio, which includes growth of unsecured lending, automotive financing, home equity loans, point-of-sale financing and cross-selling activity across its consumer base, partially offset by lower interest yields due to improved product mix;
- (ii) Commissions earned from sales of ancillary products and services increased by \$36.4 million, or 19.8%, due to the larger consumer loan portfolio; and
- (iii) Charges and fees increased by \$6.5 million, or 38.8%, due to the larger consumer loan portfolio.

easyhome – Revenue in 2023 was \$153.3 million, an increase of \$3.4 million, or 2.3%, compared to the same period of 2022. Lending revenue within the easyhome stores increased by \$7.5 million, compared to the same period of 2022. Traditional leasing revenue, including fees, was \$4.1 million lower compared to the same period of 2022. Components of the increased revenue include:

- (i) Interest revenue increased by \$6.3 million, or 21.5%, driven by the growth in the loan portfolio related to the easyhome business;
- (ii) Leasing revenue decreased by \$3.6 million, or 3.4%, due to a smaller lease portfolio; and
- (iii) Commissions earned on the sale of ancillary products, charges and fees increased by \$0.7 million.

Other Operating Expenses

Other operating expenses for the year were \$345.6 million, an increase of \$12.9 million, or 3.9%, compared to the same period in 2022. The increase in other operating expenses was mainly driven by higher operating costs to support the growing loan portfolio, moderated by a one-time intangible asset write off in 2022 and the continued improvement in operating efficiency.

easyfinancial – Other operating expenses were \$197.4 million, an increase of \$16.5 million, or 9.1%, compared to 2022. The increase in other operating expenses was driven by incremental volume related costs to operate and manage the growing loan portfolio, partially offset by improved operating efficiency.

easyhome – Other operating expenses were \$59.6 million, a decrease of \$2.1 million, or 3.5%, compared to the same period of 2022. The decrease in other operating expenses was driven by lower store costs due to the continued improvement in operating efficiency.

Corporate – Total other operating expenses for the year ended December 31, 2023 were \$88.6 million, a decrease of \$1.5 million, or 1.7%, from 2022. The decrease in other operating expenses was primarily due to a one-time intangible asset write off in 2022, partially offset by incremental volume related costs to support the growing loan portfolio. Excluding the effects of the adjusting items discussed in “Key Performance Indicators and Non-IFRS Measures”, corporate expenses before depreciation and amortization represented 7.0% of revenues in 2023, compared to 6.5% of revenues in 2022.

Depreciation and Amortization

Depreciation and amortization for the year was \$86.3 million, an increase of \$5.0 million, or 6.2%, from the same period in 2022, driven primarily by higher amortization of intangible assets and depreciation of right-of-use assets. Overall, depreciation and amortization represented 6.9% of revenue, a decline from 8.0% in 2022.

easyfinancial – Total depreciation and amortization was \$37.7 million, an increase of \$5.1 million, or 15.5%, when compared to 2022, driven primarily by higher amortization of intangible assets and depreciation of right-of-use assets due to new and renewal of lease agreements for retail locations since December 31, 2022.

easyhome – Total depreciation and amortization expense was \$42.3 million, relatively flat from 2022.

Corporate – Depreciation and amortization was \$6.3 million, relatively flat from 2022.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income was \$476.5 million, up \$144.1 million, or 43.4%, when compared to 2022. The Company's operating margin was 38.1%, up from 32.6% reported in 2022. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures", the Company reported record adjusted operating income of \$491.2 million, up \$121.8 million, or 33.0%, when compared to 2022. The increase in adjusted operating income was mainly driven by higher revenue associated with the record loan growth in the year, stable credit performance of the loan book and continued improvement in operating leverage. The Company also reported a record adjusted operating margin¹ of 39.3%, up from 36.2% in 2022.

easyfinancial – Operating income was \$534.5 million, compared to \$394.0 million in 2022, an increase of \$140.5 million, or 35.7%. The improved operating income was mainly driven by higher revenue associated with record loan growth in the year, stable credit performance of the loan book and continued improvement in operating leverage. *easyfinancial* revenue increased by \$227.3 million, partially offset by an increase of \$65.2 million in bad debt expense and an increase of \$21.6 million in other costs to support the growing customer base and enhanced product offerings. *easyfinancial*'s operating margin was 48.7%, 340 bps higher compared to 45.3% in 2022.

easyhome – Operating income was \$36.9 million, compared to \$34.6 million in 2022, an increase of \$2.4 million, or 6.8%. The increase was mainly driven by higher lending revenues associated with the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage, partially offset by lower leasing revenues. *easyhome*'s operating margin was 24.1%, compared to 23.1% in 2022.

Other Income

During the year, the Company recognized net investment income of \$9.8 million, mainly due to fair value changes on the Company's investments, compared to \$28.7 million of net investment loss in 2022.

Finance Costs

Finance costs were \$149.3 million, an increase of \$41.4 million from 2022. The increase was mainly driven by one-time refinancing costs related to notes payable, higher borrowing levels to fund growth of the Company's lending business and a higher cost of borrowing, partially offset by the fair value change on prepayment options related to 2028 Notes. The Company utilizes derivative financial instruments as cash flow hedges to assist in the management of interest rate volatility. As at December 31, 2023, 93% of the Company's drawn debt balances effectively bear fixed rates due to the type of debt and the interest rate swap agreements on Revolving Securitization Warehouse Facilities. The average blended interest rate on drawn balances for the Company's debt as at December 31, 2023 was 6.4%, up from 5.2% as at December 31, 2022.

Income Tax Expense

The effective income tax rate for the year was 26.4%, lower than the 28.4% in 2022. The decrease was mainly due to net investment gains in 2023, compared to net investment losses in 2022, which were taxed at a lower capital gains effective tax rate.

Net Income and EPS

The Company's net income was \$247.9 million, or \$14.48 per share on a diluted basis, up 76.9% and 72.0%, respectively, against the \$140.2 million, or \$8.42 per share on a diluted basis reported in 2022. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures" section, the Company achieved record adjusted net income and record adjusted diluted earnings per share of \$243.2 million, or \$14.21 per share on a diluted basis, an increase of 26.5% and 23.0%, respectively, compared to 2022. The increase in adjusted net income was primarily driven by record operating income, partially offset by incremental finance costs driven by higher borrowing levels to fund growth of the Company's lending business and a higher cost of borrowing.

Selected Annual Information

(\$ in 000's except percentages and per share amounts)	2023 ³	2022 ³	2021 ³	2020	2019
Gross Consumer Loans Receivable	3,645,202	2,794,694	2,030,339	1,246,840	1,110,633
Revenue	1,250,069	1,019,336	826,722	652,922	609,383
Net income	247,898	140,161	244,943	136,505	64,349
Adjusted net income ¹	243,175	192,261	174,759	117,646	80,315
Return on receivables ²	7.6%	5.8%	-	-	-
Adjusted return on receivables ^{1,2}	7.5%	8.0%	-	-	-
Return on assets	6.7%	4.8%	11.5%	9.8%	5.5%
Adjusted return on assets ¹	6.5%	6.6%	8.2%	8.5%	6.8%
Return on equity	25.9%	17.6%	36.7%	36.1%	20.2%
Adjusted return on equity ¹	25.4%	24.2%	26.2%	31.1%	25.3%
Return on tangible common equity ^{1,2}	36.7%	28.4%	50.7%	38.3%	-
Adjusted return on tangible common equity ^{1,2}	34.6%	36.4%	35.3%	33.0%	-
Net income as a percentage of revenue	19.8%	13.8%	29.6%	20.9%	10.6%
Adjusted net income as a percentage of revenue ¹	19.5%	18.9%	21.1%	18.0%	13.2%
Dividends declared on Common Shares	63,614	58,338	42,312	26,103	17,855
Cash dividends declared per common share	3.84	3.64	2.64	1.80	1.24
Earnings per share					
Basic	14.70	8.61	15.12	9.21	4.40
Diluted	14.48	8.42	14.62	8.76	4.17
Adjusted diluted ¹	14.21	11.55	10.43	7.57	5.17

¹ Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on receivables, adjusted return on assets and reported and adjusted return on tangible common equity are non-IFRS ratios. See description in section "Key Performance Indicators and Non-IFRS Measures". Please refer to page 43 of the December 31, 2022 MD&A, page 50 of December 31, 2021 MD&A, page 42 of the December 31, 2020 MD&A, and page 39 of the December 31, 2019 MD&A, for the respective "Key Performance Indicators and Non-IFRS Measures" section for those years. These MD&As are available on www.sedarplus.ca.

² Comparable reported and adjusted return on receivables financial measures for the years 2019 to 2021 and reported and adjusted return on tangible common equity financial measures for the year 2019 were not published.

³ Selected annual information above for years ended December 31, 2023, 2022 and 2021 include financial information related to LendCare.

Key financial measures for each of the last five years are summarized in the table above and include gross consumer loans receivable, revenue, net income, earnings per share, return on receivables, return on assets, return on equity, return on tangible common equity and net income as a percentage of revenue over this time frame. Revenue growth over this time frame was primarily related to growth of gross consumer loans receivable. The increase in the Company's adjusted net income and adjusted diluted earnings per share was driven by higher revenue due to the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage. The increased scale of the business resulted in adjusted net income as a percentage of revenue also increasing, declining in the prior year mainly due to the shift in product mix towards a higher proportion of secured loans, which carry lower rates of interest. Adjusted return on assets, adjusted return on equity and adjusted return of tangible common equity decreased in the past years, mainly driven by the shift in credit and product mix to higher credit quality borrowers, lower rates on its loans, and incremental financing costs, combined with the higher level of assets and shareholders' equity.

Assets and Liabilities

(\$ in 000's)	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Total assets	4,164,167	3,302,889	2,596,153	1,501,916	1,318,622
Consumer loans receivable, net	3,447,588	2,627,357	1,899,631	1,152,378	1,040,552
Cash	144,577	62,654	102,479	93,053	46,341
Total liabilities	3,110,090	2,433,201	1,806,240	1,058,404	986,201
Revolving credit facility	190,921	148,646	-	198,339	112,563
Secured borrowings	143,177	105,792	173,959	-	-
Revolving securitization warehouse facilities	1,364,741	805,825	292,814	-	-
Notes payable	1,120,826	1,168,997	1,085,906	689,410	701,549
Convertible debentures	-	-	-	-	40,656

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

The Company finances the growth of its consumer loans receivable through a combination of external debt, common shares and retained earnings. The Company's external debt includes Revolving Credit Facility, Revolving Securitization Warehouse Facilities, secured borrowings and notes payable. At the end of 2023, the Company's ratio of net debt to net capitalization was 72%, a level that is conservative against several of the Company's peers and consistent with the Company's desired leverage position.

Analysis of Results for the Three Months Ended December 31, 2023

Fourth Quarter Highlights

- The Company reported record revenue of \$338.1 million during the three-month period ended December 31, 2023, an increase of \$64.8 million, or 23.7%, when compared to the same period of 2022. Revenue growth was mainly driven by the strong organic growth in the Company's consumer loan portfolio.
- Gross consumer loans receivable increased to \$3.65 billion as at December 31, 2023 from \$2.79 billion as at December 31, 2022, an increase of \$850.5 million, or 30.4%. The increase in consumer loans receivable was driven by a strong volume of applications for credit, leading to a strong performance across several product and acquisition channels, including unsecured lending, point-of-sale lending and automotive financing.
- Net charge offs for the three-month period ended December 31, 2023 as an annualized percentage of average gross consumer loans receivable were 8.8%, 20 bps lower compared to 9.0% in the same period of 2022, and in line with the Company's targeted range for 2023 of 8.0% to 10.0%. The stable credit performance reflects the improved credit and product mix of the loan portfolio and the proactive credit and underwriting enhancements made since the fourth quarter of 2021.
- For the three-month period ended December 31, 2023, the net change in allowance for credit losses was \$12.6 million, compared to \$16.7 million in the same period of 2022, a decrease of \$4.1 million due to the continued improvement in the product and credit mix of the loan portfolio and the proportion of loans secured by assets. The provision rate for the three-month period ended December 31, 2023 decreased to 7.28% from 7.37% in the third quarter of 2023, primarily due to continued improvement in the product and credit mix of the loan portfolio.
- The Company reported record total operating income for the three-month period ended December 31, 2023 of \$137.2 million, up \$61.4 million, or 80.9%, when compared to the same period of 2022. The Company also reported a record operating margin of 40.6%, up from 27.8% reported in the same period of 2022. During the year, the Company incurred adjusting items that are outside of its normal business activities and are significant in amount and scope, which management believes are not reflective of the Company's underlying business performance. These adjusting items include integration costs and amortization of intangible assets related to the acquisition of LendCare. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of the adjusting items, the Company reported record adjusted operating income¹ for the three-month period ended December 31, 2023 of \$140.6 million, up \$40.9 million, or 41.0%, when compared to the same period of 2022. The increase in adjusted operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage. The Company reported record adjusted operating margin¹ of 41.6% in the quarter, up from 36.5% in the same period of 2022.
- The easyfinancial segment reported record operating income of \$150.2 million for the three-month period ended December 31, 2023, an increase of \$44.0 million, or 41.4%, when compared to the same period of 2022. The improved operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage. easyfinancial's operating margin was 50.2%, 510 bps higher compared to 45.1% in the same period of 2022.
- The easyhome segment reported operating income for the three-month period ended December 31, 2023 of \$9.4 million, an increase of \$0.7 million, or 8.3%. The increase was mainly driven by higher lending revenues during the period associated with the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage, partially offset by lower leasing revenues. easyhome's operating margin was 24.3%, compared to 23.2% in the same period of 2022.

- During the quarter, the Company recognized net investment income of \$1.3 million, mainly due to fair value changes on the Company's investments, compared to \$5.6 million of net investment loss in the same period of 2022.
- The three-month period ended December 31, 2023 was the 90th consecutive quarter of positive net income and diluted earnings per share. The Company's net income for the three-month period ended December 31, 2023 was \$74.6 million, or \$4.34 per share on a diluted basis, up 161.1% and 153.8%, respectively, compared to \$28.6 million, or \$1.71 per share on a diluted basis reported in the same period of 2022. During the period, the Company incurred adjusting items including integration costs and amortization of intangible assets related to the acquisition of LendCare, net investment income, refinancing costs related to notes payable and fair value change on prepayment options related to 2028 Notes. These adjusting items are discussed in the "Key Performance Indicators and Non-IFRS Measures" section. Excluding the effects of these adjusting items, goeasy achieved record adjusted net income¹ and record adjusted diluted earnings per share¹ during the three-month period ended December 31, 2023 of \$69.0 million and \$4.01 per share on a diluted basis, respectively. Adjusted net income and adjusted diluted earnings per share increased by 35.1% and 31.5%, respectively, when compared to the same period of 2022. The increase in adjusted net income was primarily driven by the record operating income, partially offset by incremental finance costs driven by higher borrowing levels to fund growth of the Company's lending business and a higher cost of borrowing.
- Return on equity was 28.9% for the three-month period ended December 31, 2023, up from 13.8% reported in the same period of 2022, primarily due to the higher net income discussed above. Adjusted return on equity¹ for the three-month period ended December 31, 2023 was 26.7%, up from the 24.6% reported in the same period of 2022, mainly driven by the record net income, partially offset by the higher level of shareholders' equity. Excluding goodwill and acquired intangible assets, the adjusted return on tangible common equity¹ for the three-month period ended December 31, 2023 was 35.3%, slightly down from 35.9% in the same period of 2022. The decline in adjusted return on tangible common equity was mainly driven by a higher level of tangible common equity, partially offset by record adjusted net income, as discussed above.

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

Summary of Financial Results and Key Performance Indicators

(\$ in 000's except earnings per share and percentages)	Three Months Ended		Variance \$ / bps	Variance % Change
	December 31, 2023	December 31, 2022		
Summary Financial Results				
Revenue	338,112	273,326	64,786	23.7%
Bad debts	91,570	78,257	13,313	17.0%
Other operating expenses	87,734	99,943	(12,209)	(12.2%)
EBITDA ¹	151,911	81,001	70,910	87.5%
EBITDA margin ¹	44.9%	29.6%	1,530 bps	51.7%
Depreciation and amortization	21,571	19,245	2,326	12.1%
Operating income	137,237	75,881	61,356	80.9%
Operating margin	40.6%	27.8%	1,280 bps	46.0%
Other income	1,310	(5,609)	6,919	123.4%
Finance costs	36,580	31,551	5,029	15.9%
Effective income tax rate	26.8%	26.2%	60 bps	2.3%
Net income	74,602	28,576	46,026	161.1%
Diluted earnings per share	4.34	1.71	2.63	153.8%
Return on receivables	8.3%	4.2%	410 bps	97.6%
Return on assets	7.4%	3.6%	380 bps	105.6%
Return on equity	28.9%	13.8%	1,510 bps	109.4%
Return on tangible common equity ¹	39.5%	21.8%	1,770 bps	81.2%
Adjusted Financial Results ^{1,2}				
Other operating expenses	95,810	87,877	7,933	9.0%
Efficiency ratio	28.3%	32.2%	(390 bps)	(12.1%)
Operating income	140,643	99,738	40,905	41.0%
Operating margin	41.6%	36.5%	510 bps	14.0%
Net income	68,961	51,026	17,935	35.1%
Diluted earnings per share	4.01	3.05	0.96	31.5%
Return on receivables	7.7%	7.5%	20 bps	2.7%
Return on assets	6.8%	6.3%	50 bps	7.9%
Return on equity	26.7%	24.6%	210 bps	8.5%
Return on tangible common equity	35.3%	35.9%	(60 bps)	(1.7%)
Key Performance Indicators				
Segment Financials				
easyfinancial revenue	299,465	235,886	63,579	27.0%
easyfinancial operating margin	50.2%	45.1%	510 bps	11.3%
easyhome revenue	38,647	37,440	1,207	3.2%
easyhome operating margin	24.3%	23.2%	110 bps	4.7%
Portfolio Indicators				
Gross consumer loans receivable	3,645,202	2,794,694	850,508	30.4%
Growth in consumer loans receivable	214,926	206,038	8,888	4.3%
Gross loan originations	704,875	632,355	72,520	11.5%
Total yield on consumer loans (including ancillary products) ¹	34.9%	36.2%	(130 bps)	(3.6%)
Net charge offs as a percentage of average gross consumer loans receivable	8.8%	9.0%	(20 bps)	(2.2%)
Free cash flows from operations before net growth in gross consumer loans receivable ¹	85,142	66,040	19,102	28.9%
Potential monthly leasing revenue ¹	7,654	7,868	(214)	(2.7%)

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

² Adjusting items are discussed in the “Key Performance Indicators and Non-IFRS Measures” section.

Locations Summary

	Locations as at September 30, 2023	Locations opened in the period	Locations closed in the period	Conversions	Locations as at December 31, 2023
easyfinancial					
Kiosks (in store)	2	-	-	-	2
Stand-alone locations	295	-	-	-	295
Operations centres	3	-	-	-	3
Total easyfinancial locations	300	-	-	-	300
easyhome					
Corporately owned stores	110	-	-	-	110
Franchise stores	34	-	-	-	34
Total easyhome stores	144	-	-	-	144
Corporate					
Corporate office	1	-	-	-	1
Total corporate office	1	-	-	-	1

Summary of Financial Results by Reportable Segment

(\$ in 000's except earnings per share)	Three Months Ended December 31, 2023			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	235,142	9,526	-	244,668
Lease revenue	-	24,691	-	24,691
Commissions earned	58,015	3,495	-	61,510
Charges and fees	6,308	935	-	7,243
	299,465	38,647	-	338,112
Operating expenses				
Bad debts	87,076	4,494	-	91,570
Other operating expenses	52,533	14,330	20,871	87,734
Depreciation and amortization	9,614	10,419	1,538	21,571
	149,223	29,243	22,409	200,875
Operating income (loss)	150,242	9,404	(22,409)	137,237
Other income				1,310
Finance costs				(36,580)
Income before income taxes				101,967
Income taxes				27,365
Net income				74,602
Diluted earnings per share				4.34

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

Portfolio Performance

Consumer Loans Receivable

Loan originations in the three-month period ended December 31, 2023 were \$704.9 million, up 11.5% compared to the same period of 2022. The consumer loan portfolio grew by \$214.9 million during the quarter, compared to \$206.0 million in the same period of 2022. Gross consumer loans receivable increased to \$3.65 billion as at December 31, 2023, from \$2.79 billion as at December 31, 2022, an increase of \$850.5 million, or 30.4%. The increase in consumer loans receivable was driven by a strong volume of applications for credit, leading to a strong performance across several product and acquisition channels, including unsecured lending, point-of-sale lending and automotive financing. Loan originations for the three-month period ended December 31, 2023 has an increased proportion of secured loans with longer payment terms, compared to the same period of 2022.

Total annualized yield, including loan interest, fees and ancillary products, realized by the Company on its average consumer loans receivable was 34.9% in the three-month period ended December 31, 2023, down 130 bps from the same period of 2022. Total annualized yield decreased due to: i) organic growth of certain products which carry lower rates of interest such as home equity loans, automotive financing, point-of-sale financing in the powersports, and healthcare and retail categories; ii) increased lending activity in the province of Quebec, where loans have lower rates of interest; iii) a higher proportion of larger dollar value loans which have reduced pricing on certain ancillary products; iv) a modest reduction in penetration rates on ancillary products; and v) the Company's strategy to reward borrowers for on-time payment behavior by gradually reducing the rate of interest charged.

Bad debt expense increased to \$91.6 million for the three-month period ended December 31, 2023, from \$78.3 million during the same period of 2022, an increase of \$13.3 million, or 17.0%. The following table details the components of bad debt expense.

(\$ in 000's)	Three Months Ended	
	December 31, 2023	December 31, 2022
Provision required due to net charge offs	79,006	61,511
Impact of loan book growth	14,472	14,346
Impact of change in allowance for expected credit losses rate	(1,908)	2,400
Net change in allowance for credit losses	12,564	16,746
Bad debt expense	91,570	78,257

Bad debts expense increased by \$13.3 million due to the following factors:

- Net charge offs increased from \$61.5 million in the fourth quarter of 2022 to \$79.0 million in the current quarter, an increase of \$17.5 million. Net charge offs in the quarter as a percentage of average gross consumer loans receivable on an annualized basis were 8.8%, 20 bps lower compared to 9.0% in the same period of 2022. The stable credit performance reflects the resilience of the non-prime consumer, coupled with improved product mix of the loan portfolio and the proactive credit and underwriting enhancements made since the fourth quarter of 2021. The net charge off rate was in line with the Company's targeted range for 2023 of 8.0% to 10.0%.
- The net change in allowance for credit losses was \$12.6 million, compared to \$16.7 million in the same period of 2022, a decrease of \$4.2 million. The provision rate for the three-month period ended December 31, 2023 decreased to 7.28% from 7.37% in the third quarter of 2023, primarily due to continued improvement in the product and credit mix of the loan portfolio.

easyhome Leasing Portfolio

The leasing portfolio as measured by potential monthly leasing revenue as at December 31, 2023 was \$7.7 million, down from \$7.9 million in the same period of 2022. The easyhome leasing business is a mature business that has experienced a gradual decline in sales volume, as consumer demand has shifted to alternate forms of financing purchases of everyday household items.

Revenue

Revenue for the three-month period ended December 31, 2023 was \$338.1 million, an increase of \$64.8 million, or 23.7%, when compared to the same period of 2022. Revenue growth was mainly driven by the record organic growth of the Company's consumer loan portfolio.

easyfinancial – Revenue for the three-month period ended December 31, 2023 was \$299.5 million, an increase of \$63.6 million, when compared to the same period of 2022. Components of the increased revenue include:

- (i) Interest income increased by \$51.8 million, or 28.3%, driven by growth in the loan portfolio, which includes growth of unsecured lending, automotive financing, home equity loans, point-of-sale financing and cross-selling activity across its consumer base, partially offset by lower interest yields due to improved product mix;
- (ii) Commissions earned on the sale of ancillary products and services increased by \$10.0 million, or 20.8%, due to the larger consumer loan portfolio; and
- (iii) Charges and fees increased by \$1.8 million.

easyhome – Revenue for the three-month period ended December 31, 2023 was \$38.6 million, an increase of \$1.2 million, when compared to the same period of 2022. Lending revenue within the easyhome stores increased by \$1.7 million, when compared to the same period of 2022. Traditional leasing revenue, including fees, was \$0.5 million lower compared to the same period of 2022. Components of the increased revenue include:

- (i) Interest income increased by \$1.6 million, driven by the growth in the loan portfolio related to the easyhome business;
- (ii) Leasing revenue decreased by \$0.5 million due to a smaller lease portfolio; and
- (iii) Commissions earned on the sale of ancillary products, charges and fees increased by \$0.2 million.

Other Operating Expenses

Other operating expenses were \$87.7 million for the three-month period ended December 31, 2023, a decrease of \$12.2 million, or 12.2%, when compared to the same period of 2022. The decrease in other operating expenses was mainly driven by a one-time intangible asset write off in 2022 and continued improvement in operating efficiency, moderated by higher operating costs to support the growing loan portfolio.

easyfinancial – Other operating expenses were \$52.5 million for the three-month period ended December 31, 2023, an increase of \$5.0 million, or 10.5%, when compared to the same period of 2022. The increase in other operating expenses was driven by incremental volume related costs to operate and manage the growing loan portfolio, partially offset by improved operating efficiency.

easyhome – Other operating expenses were \$14.3 million for the three-month period ended December 31, 2023, a decrease of \$0.6 million, or 4.1%, when compared to the same period of 2022. The decrease in other operating expenses was driven by lower store costs due to the continued improvement in operating efficiency.

Corporate – Other operating expenses were \$20.9 million for the three-month period ended December 31, 2023, a decrease of \$16.6 million, or 44.3%, when compared to the same period of 2022. The decrease in other operating expenses was primarily due to a one-time intangible asset write off in 2022, partially offset by incremental volume related costs to support the growing loan portfolio. Excluding the effects of the adjusting items discussed in "Key Performance Indicators and Non-IFRS Measures", corporate expenses before depreciation and amortization represented 6.1% of revenues in the fourth quarter of 2023, compared to 6.2% of revenues in the same period of 2022.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended December 31, 2023 was \$21.6 million, an increase of \$2.3 million, or 12.1%, when compared to the same period of 2022, driven primarily by higher amortization of intangible assets and depreciation of right-of-use assets. Overall, depreciation and amortization represented 6.4% of revenues for the three-month period ended December 31, 2023, compared to 7.0% in the same period of 2022.

easyfinancial – Depreciation and amortization was \$9.6 million for the three-month period ended December 31, 2023, an increase of \$2.8 million, or 40.4%, when compared to the same period of 2022. The increase was primarily due to the reversal of an impairment reserve recognized on the existing core loan management software in the fourth quarter of 2022.

easyhome – Depreciation and amortization was \$10.4 million for the three-month period ended December 31, 2023, a decrease of \$0.4 million, or 3.3%, when compared to the same period of 2022, mainly due to a smaller lease asset portfolio.

Corporate – Depreciation and amortization was \$1.5 million in the three-month period ended December 31, 2023, relatively flat from the comparable period of 2022.

Operating Income (Income before Finance Costs and Income Taxes)

The Company reported record total operating income for the three-month period ended December 31, 2023 of \$137.2 million, up \$61.4 million, or 80.9%, when compared to the same period of 2022. The Company also reported a record operating margin of 40.6%, up from 27.8% reported in the same period of 2022. Excluding the effects of the adjusting items, the Company reported record adjusted operating income¹ for the three-month period ended December 31, 2023 of \$140.6 million, up \$40.9 million, or 41.0%, when compared to the same period of 2022. The increase in adjusted operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage. The Company reported an adjusted operating margin of 41.6% in the quarter, up from 36.5% in the same period of 2022.

easyfinancial – Operating income for the three-month period ended December 31, 2023 was \$150.2 million, an increase of \$44.0 million, or 41.4%, when compared to the same period of 2022. The improved operating income was mainly driven by higher revenue during the period associated with the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage. *easyfinancial* revenue increased by \$63.6 million, partially offset by an increase of \$11.9 million in bad debt expense and an increase of \$7.7 million in other costs to support the growing customer base and enhanced product offerings. *easyfinancial*'s operating margin was 50.2%, 510 bps higher compared to 45.1% in the same period of 2022.

easyhome – Operating income for the three-month period ended December 31, 2023 was \$9.4 million, an increase of \$0.7 million, or 8.3%. The increase was mainly driven by higher lending revenues during the period associated with the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage, partially offset by lower leasing revenues. *easyhome*'s operating margin was 24.3%, compared to 23.2% in the same period of 2022.

Other Income

During the three-month period ended December 31, 2023, the Company recognized net investment income of \$1.3 million, mainly due to fair value changes on the Company's investments, compared to \$5.6 million of net investment loss in the same period of 2022.

Finance Costs

Finance costs for the three-month period ended December 31, 2023 were \$36.6 million, an increase of \$5.0 million, or 15.9%, when compared to the same period of 2022. The increase was mainly driven by one-time refinancing costs related to notes payable, higher borrowing levels to fund growth of the Company's lending business and a higher cost of borrowing partially offset by the fair value change on prepayment options related to 2028 Notes. The Company utilizes derivative financial instruments as cash flow hedges to assist in the management of interest rate volatility. As at December 31, 2023, 93% of the Company's drawn debt balances effectively bear fixed rates due to the type of debt and the interest rate swap agreements on Revolving Securitization Warehouse Facilities. The average blended interest rate on drawn balances for the Company's debt as at December 31, 2023 was 6.4%, up from 5.2% as at December 31, 2022.

Income Tax Expense

The effective income tax rate for the three-month period ended December 31, 2023 was 26.8%, higher than the 26.2% reported in the same period of 2022. The increase was mainly due to higher non-deductible expenses and lower adjustments in respect of prior years.

Net Income and Diluted Earnings Per Share

The Company's net income for the three-month period ended December 31, 2023 was \$74.6 million, or \$4.34 per share on a diluted basis, up 161.1% and 153.8%, respectively, compared to \$28.6 million, or \$1.71 per share on a diluted basis reported in the same period of 2022. Excluding the effects of adjusting items discussed in the "Key Performance Indicators and Non-IFRS Measures" section, the Company achieved record adjusted net income and record adjusted diluted earnings per share during the three-month period ended December 31, 2023 of \$69.0 million and \$4.01 per share on a diluted basis, respectively. Adjusted net income and adjusted diluted earnings per share increased by 35.1% and 31.5%, respectively, when compared to the same period of 2022. The increase in adjusted net income was primarily driven by record operating income, partially offset by incremental finance costs driven by higher borrowing levels to fund growth of the Company's lending business and a higher cost of borrowing.

Selected Quarterly Information

(\$ in millions except percentages and per share amounts)	December 2023	September 2023	June 2023	March 2023	December 2022	September 2022	June 2022	March 2022	December 2021
Gross consumer loans receivable	3,645.2	3,430.3	3,200.2	2,990.7	2,794.7	2,588.7	2,369.8	2,154.3	2,030.3
Revenue	338.1	321.7	302.9	287.3	273.3	262.2	251.7	232.1	234.4
Net income	74.6	66.3	55.6	51.4	28.6	47.2	38.3	26.1	50.0
Adjusted net income ¹	69.0	65.2	56.0	52.9	51.0	48.6	46.8	45.8	47.6
Return on receivables ³	8.3%	-	-	-	4.2%	-	-	-	-
Adjusted return on receivables ^{1,3}	7.7%	-	-	-	7.5%	-	-	-	-
Return on assets	7.4%	7.0%	6.2%	6.1%	3.6%	6.3%	5.5%	4.0%	7.9%
Adjusted return on assets ¹	6.8%	6.9%	6.2%	6.2%	6.3%	6.5%	6.7%	6.9%	7.5%
Return on equity	28.9%	27.0%	24.0%	23.2%	13.8%	24.2%	20.2%	13.5%	25.0%
Adjusted return on equity ¹	26.7%	26.6%	24.2%	23.9%	24.6%	24.9%	24.7%	23.8%	23.9%
Return on tangible common equity ¹	39.5%	37.8%	34.6%	34.4%	21.8%	38.5%	33.0%	22.8%	39.8%
Adjusted return on tangible common equity ¹	35.3%	35.9%	33.4%	33.8%	35.9%	37.7%	38.0%	36.5%	36.2%
Net income as a percentage of revenue	22.1%	20.6%	18.3%	17.9%	10.5%	18.0%	15.2%	11.2%	21.3%
Adjusted net income as a percentage of revenue ¹	20.4%	20.3%	18.5%	18.4%	18.7%	18.5%	18.6%	19.7%	20.3%
Earnings per share²									
Basic	4.41	3.93	3.29	3.06	1.74	2.92	2.37	1.59	3.00
Diluted	4.34	3.87	3.26	3.01	1.71	2.86	2.32	1.55	2.90
Adjusted diluted ¹	4.01	3.81	3.28	3.10	3.05	2.95	2.83	2.72	2.76

¹ Adjusted net income is a non-IFRS measure. Adjusted diluted earnings per share, adjusted return on equity, adjusted return on receivables, adjusted return on assets and reported and adjusted return on tangible common equity are non-IFRS ratios. See descriptions in “Key Performance Indicators and Non-IFRS Measures” section. Please refer to page 31 of the September 30, 2023 MD&A, page 32 of the June 30, 2023 MD&A, page 26 of the March 31, 2023 MD&A, page 43 of the December 31, 2023 MD&A, page 38 of the September 30, 2022 MD&A, page 37 of the June 30, 2022 MD&A, page 27 of the March 31, 2022 MD&A, and page 50 of the December 31, 2022 MD&A for the respective “Key Performance Indicators and Non-IFRS Measures” section for those periods. These MD&As are available on www.sedarplus.ca.

² Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of shares issued or repurchased during the period on the basic weighted average number of common shares outstanding together with the effects of rounding.

³ Comparable reported and adjusted return on receivables financial measures for the three-months periods ended September 30, 2023 and 2022, June 30, 2023 and 2022, March 31, 2023 and 2022, and December 31, 2021 were not published.

Key financial measures for each of the last nine quarters are summarized in the table above and include the gross consumer loans receivable, revenue, net income, earnings per share, return on receivables, return on assets, return on equity, return on tangible common equity, and net income as a percentage of revenue over this timeframe. Revenue growth over this timeframe was primarily related to the growth of the Company’s consumer loan portfolio. The larger revenue base together with operating expense management, increased the Company’s adjusted net income and adjusted earnings per share. Adjusted return on assets, adjusted return on equity and adjusted return on tangible common equity increased in the most recent quarters due to the increase in earnings driven by the larger consumer loan portfolio, stable credit performance of the loan book and continued improvement in operating leverage.

Portfolio Analysis

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

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

Consumer Loans Receivable

Loan Originations and Net Principal Written

Gross loan originations are the value of all consumer loans receivable advanced to the Company's customers during a period where new credit underwritings have been performed. Included in gross loan originations are loans to new customers and new loans to existing customers, a portion of which may be applied to eliminate prior borrowings. When the Company extends additional credit to an existing customer, a centralized credit analysis or full credit underwriting is performed using up-to-date information. Additionally, the loan repayment history of that customer throughout their relationship with the Company, along with their other borrowing and repayment activities, are considered in the credit decision. As a result, the quality of the credit decision made when evaluating an existing or prior customer is improved and has historically resulted in better performance.

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

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

(\$ in 000's)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Gross loan originations	704,875	632,355	2,709,194	2,377,606
Loan originations to new customers	345,339	299,458	1,354,907	1,117,146
Loan originations to existing customers	359,536	332,897	1,354,287	1,260,460
Less: Proceeds applied to repay existing loans	(191,978)	(177,848)	(724,702)	(649,509)
Net advance to existing customers	167,558	155,049	629,585	610,951
Net principal written	512,897	454,507	1,984,492	1,728,097

Gross Consumer Loans Receivable

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

(\$ in 000's)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Opening gross consumer loans receivable	3,430,276	2,588,656	2,794,694	2,030,339
Gross loan originations	704,875	632,355	2,709,194	2,377,606
Gross principal payments and other adjustments	(398,774)	(355,334)	(1,528,306)	(1,359,667)
Gross charge offs before recoveries	(91,175)	(70,983)	(330,380)	(253,584)
Net growth in gross consumer loans receivable during the period	214,926	206,038	850,508	764,355
Ending gross consumer loans receivable	3,645,202	2,794,694	3,645,202	2,794,694

The scheduled principal repayment aging analyses of the gross consumer loans receivable portfolio as at December 31, 2023 and 2022 are as follows:

(\$ in 000's except percentages)	December 31, 2023		December 31, 2022	
	\$	% of total	\$	% of total
0 – 6 months	273,572	7.5%	236,026	8.4%
6 – 12 months	172,645	4.7%	161,441	5.8%
12 – 24 months	380,715	10.4%	363,437	13.0%
24 – 36 months	510,311	14.0%	433,895	15.5%
36 – 48 months	567,582	15.6%	480,990	17.2%
48 – 60 months	557,254	15.3%	346,560	12.4%
60 months +	1,183,123	32.5%	772,345	27.7%
Gross consumer loans receivable	3,645,202	100.0%	2,794,694	100.0%

Gross consumer loans receivable with principal repayments beyond 60 months as at December 31, 2023 increased by 480 bps, when compared to December 31, 2022, primarily due to the shift in product mix towards a higher proportion of secured loans, which have longer payment terms.

The gross consumer loans receivable portfolio categorized by the contractual time to maturity as at December 31, 2023 and 2022 are summarized as follows:

(\$ in 000's except percentages)	December 31, 2023		December 31, 2022	
	\$	% of total	\$	% of total
0 – 1 year	72,892	2.0%	65,485	2.3%
1 – 2 years	144,303	4.0%	139,143	5.0%
2 – 3 years	277,715	7.6%	312,612	11.2%
3 – 4 years	529,764	14.5%	573,567	20.5%
4 – 5 years	554,585	15.2%	493,336	17.7%
5 years +	2,065,943	56.7%	1,210,551	43.3%
Gross consumer loans receivable	3,645,202	100.0%	2,794,694	100.0%

Gross consumer loans receivable with contractual times to maturity beyond 5 years as at December 31, 2023 increased by 1,340 bps, when compared to December 31, 2022, primarily due to the shift in product mix towards a higher proportion of secured loans, which have longer payment terms.

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

(\$ in 000's except percentages)	December 31, 2023		December 31, 2022	
	\$	% of total	\$	% of total
easyfinancial	3,538,943	97.1%	2,705,943	96.8%
easyhome	106,259	2.9%	88,751	3.2%
Gross consumer loans receivable	3,645,202	100.0%	2,794,694	100.0%

Financial Revenue and Net Financial Income

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

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

(\$ in 000's)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Total Company revenue	338,112	273,326	1,250,069	1,019,336
Less: Leasing revenue	(26,236)	(26,772)	(105,925)	(110,053)
Financial revenue	311,876	246,554	1,144,144	909,283
Less: Finance costs	(36,580)	(31,551)	(149,334)	(107,972)
Add: Interest expense on lease liabilities	951	991	3,822	3,577
Less: Bad debt expense	(91,570)	(78,257)	(341,639)	(272,893)
Net financial income	184,677	137,737	656,993	531,995

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

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

(\$in 000's except percentages)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Total Company revenue	338,112	273,326	1,250,069	1,019,336
Less: Leasing revenue	(26,236)	(26,772)	(105,925)	(110,053)
Financial revenue	311,876	246,554	1,144,144	909,283
Multiplied by number of periods in a year	X 4	X 4	X 4/4	X 4/4
Divided by average gross consumer loans receivable	3,577,393	2,726,446	3,245,686	2,409,890
Total yield on consumer loans as a percentage of average gross consumer loans receivable (annualized)	34.9%	36.2%	35.3%	37.7%

Net Charge Offs

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

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

(\$in 000's except percentages)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net charge offs against allowance	79,006	61,511	289,321	219,614
Multiplied by number of periods in a year	X 4	X 4	X 4/4	X 4/4
Divided by average gross consumer loans receivable	3,577,393	2,726,446	3,245,686	2,409,890
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	8.8%	9.0%	8.9%	9.1%

Allowance for Credit Losses

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

(\$in 000's except percentages)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Allowance for credit losses, beginning of period	252,795	196,295	213,041	159,762
Net charge offs against allowance	(79,006)	(61,511)	(289,321)	(219,614)
Bad debt expense	91,570	78,257	341,639	272,893
Allowance for credit losses, end of period	265,359	213,041	265,359	213,041
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	7.28%	7.62%	7.28%	7.62%

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

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

The following table shows the key macroeconomic variables used in the determination of the probability weighted allowance during the forecast periods as at December 31, 2023 and 2022, respectively.

12-Month Forward-Looking Macroeconomic Variables (Average annual)	Forecast Scenarios				
	Neutral	Moderately Optimistic	Extremely Optimistic	Moderately Pessimistic	Extremely Pessimistic
December 31, 2023					
Unemployment rate ¹	6.18%	5.39%	4.70%	8.41%	9.83%
GDP growth rate ²	0.53%	1.57%	2.38%	(1.51%)	(2.71%)
Inflation growth rate ³	2.11%	2.12%	2.15%	2.09%	1.93%
Oil prices ⁴	\$79.35	\$81.93	\$84.05	\$62.73	\$52.79
December 31, 2022					
Unemployment rate ¹	6.07%	5.28%	4.59%	8.30%	9.72%
GDP growth rate ²	0.15%	1.20%	2.08%	(1.88%)	(3.08%)
Inflation growth rate ³	4.08%	3.78%	3.46%	4.95%	5.31%
Oil prices ⁴	\$86.85	\$89.40	\$91.49	\$71.65	\$60.58

¹ An average of the projected monthly unemployment rates over the next 12-month forecast period.

² A projected year-over-year GDP growth rate.

³ A projected year-over-year inflation growth rate.

⁴ An average of the projected monthly oil prices over the next 12-month forecast period.

The assignment of the probability weighting for the various scenarios using these variables involves management judgment through a robust internal review and analysis to arrive at a collective view on the likelihood of each scenario taking into account current economic conditions and the implications for near-term macroeconomic performance. If management were to assign 100% probability to the extremely pessimistic scenario forecast, the allowance for credit losses would have been \$295.2 million, \$29.8 million or 11.2% higher than the reported allowance for credit losses as at December 31, 2023 (December 31, 2022 – \$244.4 million, \$31.4 million or 14.7% higher than the reported allowance for credit losses). This sensitivity above does not consider the migration of exposure and/or changes in credit risk that would have occurred in the loan portfolio due to risk mitigation actions or other factors.

Aging of Gross Consumer Loans Receivable

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

(\$ in 000's except percentages)	December 31, 2023		December 31, 2022	
	\$	% of total	\$	% of total
Current	3,434,390	94.2%	2,628,884	94.1%
Days past due				
1 – 30 days	125,229	3.4%	86,687	3.1%
31 – 44 days	24,280	0.7%	22,027	0.8%
45 – 60 days	20,354	0.6%	18,245	0.6%
61 – 90 days	22,797	0.6%	25,285	0.9%
91 – 120 days	7,687	0.2%	6,157	0.2%
121 – 150 days	6,422	0.2%	5,020	0.2%
151 – 180 days	4,043	0.1%	2,389	0.1%
	210,812	5.8%	165,810	5.9%
Gross consumer loans receivable	3,645,202	100.0%	2,794,694	100.0%

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

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

	Saturday, December 30, 2023	Saturday, December 31, 2022
	% of total	% of total
Current	94.3%	94.1%
Days past due		
1 – 30 days	3.4%	3.1%
31 – 44 days	0.6%	0.8%
45 – 60 days	0.6%	0.6%
61 – 90 days	0.6%	0.9%
91 – 120 days	0.2%	0.2%
121 – 150 days	0.2%	0.2%
151 – 180 days	0.1%	0.1%
	5.7%	5.9%
Gross consumer loans receivable	100.0%	100.0%

Gross Consumer Loans Receivable by Geography

As at December 31, 2023 and 2022, the Company's gross consumer loans receivable were allocated among the following geographic regions:

(\$ in 000's except percentages)	December 31, 2023		December 31, 2022	
	\$	% of total	\$	% of total
Newfoundland & Labrador	99,581	2.7%	82,931	3.0%
Nova Scotia	173,536	4.8%	137,746	4.9%
Prince Edward Island	21,968	0.6%	18,027	0.6%
New Brunswick	148,529	4.1%	123,635	4.4%
Quebec	447,714	12.3%	349,936	12.5%
Ontario	1,408,224	38.6%	1,059,314	37.9%
Manitoba	150,319	4.1%	113,146	4.0%
Saskatchewan	162,038	4.4%	129,596	4.6%
Alberta	627,148	17.2%	465,297	16.7%
British Columbia	375,916	10.3%	290,711	10.4%
Territories	30,229	0.9%	24,355	1.0%
Gross consumer loans receivable	3,645,202	100.0%	2,794,694	100.0%

Gross Consumer Loans Receivable by Loan Type

As at December 31, 2023 and 2022, the allocation of the Company's gross consumer loans receivable based on loan type is as follows:

(\$ in 000's except percentages)	December 31, 2023		December 31, 2022	
	\$	% of total	\$	% of total
Unsecured instalment loans	2,116,869	58.1%	1,703,593	61.0%
Secured instalment loans ¹	1,528,333	41.9%	1,091,101	39.0%
Gross consumer loans receivable	3,645,202	100.0%	2,794,694	100.0%

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

Leasing Portfolio Analysis

Potential Monthly Leasing Revenue

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

Potential monthly leasing revenue is calculated as follows:

	December 31, 2023	December 31, 2022
Total number of lease agreements	70,733	73,895
Multiplied by the average required monthly lease payment per agreement	108.21	106.47
Potential monthly leasing revenue (\$ in 000's)	7,654	7,868

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

(\$in 000's)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Opening potential monthly leasing revenue	7,411	7,623	7,868	8,193
Increase due to store openings or acquisitions during the period	133	-	133	-
Decrease due to store closures or sales during the period	(38)	(24)	(196)	(111)
Increase (decrease) due to ongoing operations	148	269	(151)	(214)
Net change	243	245	(214)	(325)
Ending potential monthly leasing revenue	7,654	7,868	7,654	7,868

Potential Monthly Leasing Revenue by Product Category

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

(\$ in 000's except percentages)	December 31, 2023		December 31, 2022	
	\$	% of total	\$	% of total
Furniture	3,259	42.6%	3,238	41.2%
Electronics	2,478	32.4%	2,626	33.4%
Appliances	1,110	14.5%	1,119	14.2%
Computers	807	10.5%	885	11.2%
Potential monthly leasing revenue	7,654	100.0%	7,868	100.0%

Potential Monthly Leasing Revenue by Geography

As at December 31, 2023 and 2022, the Company's leasing portfolio as measured by potential monthly leasing revenue, was allocated among the following geographic regions:

(\$ in 000's except percentages)	December 31, 2023		December 31, 2022	
	\$	% of total	\$	% of total
Newfoundland & Labrador	671	8.7%	688	8.7%
Nova Scotia	763	10.0%	753	9.6%
Prince Edward Island	128	1.7%	136	1.7%
New Brunswick	646	8.4%	642	8.2%
Quebec	550	7.2%	552	7.0%
Ontario	2,310	30.2%	2,442	31.0%
Manitoba	294	3.8%	233	3.0%
Saskatchewan	320	4.2%	356	4.5%
Alberta	1,230	16.1%	1,217	15.5%
British Columbia	742	9.7%	849	10.8%
Potential monthly leasing revenue	7,654	100.0%	7,868	100.0%

Leasing Charge Offs as a Percentage of Leasing Revenue

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

(\$in 000's except percentages)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Depreciation of lease assets	8,207	8,516	33,535	33,547
Less: Lease asset depreciation excluding net charge offs	(7,257)	(7,678)	(29,939)	(29,992)
Net charge offs	950	838	3,596	3,555
Total Company revenue	338,112	273,326	1,250,069	1,019,336
Less: Financial revenue	(311,876)	(246,554)	(1,144,144)	(909,283)
Leasing revenue	26,236	26,772	105,925	110,053
Net charge offs as a percentage of leasing revenue	3.6%	3.1%	3.4%	3.2%

Key Performance Indicators and Non-IFRS Measures

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

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

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

Adjusted Net Income and Adjusted Diluted Earnings Per Share

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

Items used to calculate adjusted net income and adjusted diluted earnings per share for the three-month periods and years ended December 31, 2023 and 2022 include those indicated in the chart below:

(\$ in 000's except earnings per share)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net income as stated	74,602	28,576	247,898	140,161
Impact of adjusting items				
<i>Other operating expenses</i>				
Contract exit fee ¹	-	-	934	-
Integration costs ²	131	122	608	1,081
Write off of an intangible asset ¹	-	20,460	-	20,460
Corporate development costs ⁴	-	-	-	2,314
<i>Depreciation and amortization</i>				
Amortization of acquired intangible assets ³	3,275	3,275	13,100	13,100
<i>Other (income) loss</i> ⁵	(1,310)	5,609	(9,771)	28,659
<i>Finance costs</i>				
Refinancing costs related to notes payable ⁶	9,501	-	9,501	-
Fair value change on prepayment options related to 2028 Notes ⁷	(19,035)	-	(19,035)	-
Total pre-tax impact of adjusting items	(7,438)	29,466	(4,663)	65,614
<i>Income tax impact of above adjusting items</i>	1,797	(7,016)	(60)	(13,514)
After-tax impact of adjusting items	(5,641)	22,450	(4,723)	52,100
Adjusted net income	68,961	51,026	243,175	192,261
Weighted average number of diluted shares outstanding	17,207	16,753	17,117	16,650
Diluted earnings per share as stated	4.34	1.71	14.48	8.42
Per share impact of adjusting items	(0.33)	1.34	(0.27)	3.13
Adjusted diluted earnings per share	4.01	3.05	14.21	11.55

Adjusting items related to the write off of an intangible asset

¹ In the fourth quarter of 2022, the Company decided to terminate its agreement with a third-party technology provider that was contracted in 2020 to develop a new loan management system. After careful evaluation, the Company determined that the performance to date was unsatisfactory, and the additional investment necessary to complete the development was no longer economical, relative to the anticipated business value and other available options. As such, the Company elected to write off capitalized software costs in 2022 in the amount of \$20.5 million, associated with this loan management system being developed by the third-party. In the first quarter of 2023, the Company settled its dispute with the third-party technology provider for \$0.9 million.

Adjusting items related to the LendCare Acquisition

² Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance costs, and other integration costs related to the acquisition of LendCare.

³ Amortization of the \$131 million intangible asset related to the acquisition of LendCare with an estimated useful life of ten years.

Adjusting items related to the corporate development costs

⁴ Corporate development costs in the first quarter of 2022 were related to the exploration of a strategic acquisition opportunity, which the Company elected to not pursue, including advisory, consulting and legal costs.

Adjusting item related to other income (loss)

⁵ For the three-month periods and years ended December 31, 2023 and 2022, net investment income (losses) were mainly due to fair value changes on the Company's investments.

Adjusting item related to the refinancing of 2024 Notes

⁶ During the fourth quarter of 2023, the Company repaid its 2024 Notes that would have matured on December 1, 2024, incurring a \$9.5 million refinancing costs, which included the recognition of the remaining unamortized deferred financing costs, realized derivative loss on the settlement of the cross-currency swaps associated to 2024 Notes, and the net change in cash flow hedge that was reclassified from other comprehensive income to consolidated statement of income.

Adjusting item related to prepayment options embedded in the 2028 Notes

⁷ For the three-month period and year ended December 31, 2023, the Company recognized a fair value change on the prepayment options related to 2028 Notes amounting to \$19.0 million.

Adjusted Net Income as a Percentage of Revenue

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

(\$ in 000's except percentages)	Three Months Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	74,602	74,602	28,576	28,576
After-tax impact of adjusting items ¹	-	(5,641)	-	22,450
Adjusted net income	74,602	68,961	28,576	51,026
Divided by revenue	338,112	338,112	273,326	273,326
Net income as a percentage of revenue	22.1%	20.4%	10.5%	18.7%

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

(\$ in 000's except percentages)	Year Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	247,898	247,898	140,161	140,161
After-tax impact of adjusting items ¹	-	(4,723)	-	52,100
Adjusted net income	247,898	243,175	140,161	192,261
Divided by revenue	1,250,069	1,250,069	1,019,336	1,019,336
Net income as a percentage of revenue	19.8%	19.5%	13.8%	18.9%

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

Adjusted Other Operating Expenses and Efficiency Ratio

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

(\$ in 000's except earnings per share)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Other operating expenses as stated	87,734	99,943	345,581	332,730
Impact of adjusting items ¹				
<i>Other operating expenses</i>				
Contract exit fee	-	-	(934)	-
Integration costs	(131)	(122)	(608)	(1,081)
Write off of an intangible asset	-	(20,460)	-	(20,460)
Corporate development costs	-	-	-	(2,314)
<i>Depreciation and amortization</i>				
Depreciation of lease assets	8,207	8,516	33,535	33,547
Total impact of adjusting items	8,076	(12,066)	31,993	9,692
Adjusted other operating expenses	95,810	87,877	377,574	342,422
Total revenue	338,112	273,326	1,250,069	1,019,336
Efficiency ratio	28.3%	32.2%	30.2%	33.6%

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

Adjusted Operating Margin

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

(\$ in 000's except percentages)	Three Months Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
easyfinancial				
Operating income	150,242	150,242	106,277	106,277
Divided by revenue	299,465	299,465	235,886	235,886
easyfinancial operating margin	50.2%	50.2%	45.1%	45.1%
easyhome				
Operating income	9,404	9,404	8,687	8,687
Divided by revenue	38,647	38,647	37,440	37,440
easyhome operating margin	24.3%	24.3%	23.2%	23.2%
Total				
Operating income	137,237	137,237	75,881	75,881
<i>Other operating expenses</i> ¹				
Integration costs	-	131	-	122
Write off of an intangible asset	-	-	-	20,460
<i>Depreciation and amortization</i> ¹				
Amortization of acquired intangible assets	-	3,275	-	3,275
Adjusted operating income	137,237	140,643	75,881	99,738
Divided by revenue	338,112	338,112	273,326	273,326
Total operating margin	40.6%	41.6%	27.8%	36.5%

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

(\$ in 000's except percentages)	Year Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
easyfinancial				
Operating income	534,516	534,516	393,996	393,996
Divided by revenue	1,096,817	1,096,817	869,528	869,528
easyfinancial operating margin	48.7%	48.7%	45.3%	45.3%
easyhome				
Operating income	36,940	36,940	34,578	34,578
Divided by revenue	153,252	153,252	149,808	149,808
easyhome operating margin	24.1%	24.1%	23.1%	23.1%
Total				
Operating income	476,518	476,518	332,407	332,407
<i>Other operating expenses¹</i>				
Contract exit fee	-	934	-	-
Integration costs	-	608	-	1,081
Write off of an intangible asset	-	-	-	20,460
Corporate development costs	-	-	-	2,314
<i>Depreciation and amortization¹</i>				
Amortization of acquired intangible assets	-	13,100	-	13,100
Adjusted operating income	476,518	491,160	332,407	369,362
Divided by revenue	1,250,069	1,250,069	1,019,336	1,019,336
Total operating margin	38.1%	39.3%	32.6%	36.2%

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

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

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

(\$in 000's except percentages)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net income as stated	74,602	28,576	247,898	140,161
Finance cost	36,580	31,551	149,334	107,972
Income tax expense	27,365	10,145	89,057	55,615
Depreciation and amortization	21,571	19,245	86,331	81,306
Depreciation of lease assets	(8,207)	(8,516)	(33,535)	(33,547)
EBITDA	151,911	81,001	539,085	351,507
Divided by revenue	338,112	273,326	1,250,069	1,019,336
EBITDA margin	44.9%	29.6%	43.1%	34.5%

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

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

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cash used in operating activities	(129,784)	(139,998)	(473,217)	(505,881)
Net growth in gross consumer loans receivable during the period	214,926	206,038	850,508	764,355
Free cash flows from operations before net growth in gross consumer loans receivable	85,142	66,040	377,291	258,474

Adjusted Return on Receivables

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

(\$in 000's except percentages)	Three Months Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	74,602	74,602	28,576	28,576
After-tax impact of adjusting items ¹	-	(5,641)	-	22,450
Adjusted net income	74,602	68,961	28,576	51,026
Multiplied by number of periods in a year	X 4	X 4	X 4	X 4
Divided by average gross consumer loans receivable	3,577,393	3,577,393	2,726,446	2,726,446
Return on receivables	8.3%	7.7%	4.2%	7.5%

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

(\$in 000's except percentages)	Year Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	247,898	247,898	140,161	140,161
After-tax impact of adjusting items ¹	-	(4,723)	-	52,100
Adjusted net income	247,898	243,175	140,161	192,261
Divided by average gross consumer loans receivable	3,245,686	3,245,686	2,409,890	2,409,890
Return on receivables	7.6%	7.5%	5.8%	8.0%

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

Adjusted Return on Assets

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

(\$in 000's except percentages)	Three Months Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	74,602	74,602	28,576	28,576
After-tax impact of adjusting items ¹	-	(5,641)	-	22,450
Adjusted net income	74,602	68,961	28,576	51,026
Multiplied by number of periods in a year	X 4	X 4	X 4	X 4
Divided by average total assets for the period	4,050,068	4,050,068	3,216,403	3,216,403
Return on assets	7.4%	6.8%	3.6%	6.3%

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

(\$in 000's except percentages)	Year Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	247,898	247,898	140,161	140,161
After-tax impact of adjusting items ¹	-	(4,723)	-	52,100
Adjusted net income	247,898	243,175	140,161	192,261
Divided by average total assets for the year	3,715,531	3,715,531	2,922,605	2,922,605
Return on assets	6.7%	6.5%	4.8%	6.6%

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

Adjusted Return on Equity

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

(\$in 000's except percentages)	Three Months Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	74,602	74,602	28,576	28,576
After-tax impact of adjusting items ¹	-	(5,641)	-	22,450
Adjusted net income	74,602	68,961	28,576	51,026
Multiplied by number of periods in a year	X 4	X 4	X 4	X 4
Divided by average shareholders' equity for the period	1,033,259	1,033,259	830,820	830,820
Return on equity	28.9%	26.7%	13.8%	24.6%

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

(\$in 000's except percentages)	Year Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	247,898	247,898	140,161	140,161
After-tax impact of adjusting items ¹	-	(4,723)	-	52,100
Adjusted net income	247,898	243,175	140,161	192,261
Divided by average shareholders' equity for the year	958,322	958,322	794,269	794,269
Return on equity	25.9%	25.4%	17.6%	24.2%

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

Reported and Adjusted Return on Tangible Common Equity

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

(\$ in 000's except percentages)	Three Months Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	74,602	74,602	28,576	28,576
Amortization of acquired intangible assets	3,275	3,275	3,275	3,275
Income tax impact of the above item	(868)	(868)	(868)	(868)
Net income before amortization of acquired intangible assets, net of income tax	77,009	77,009	30,983	30,983
Impact of adjusting items ¹				
<i>Other operating expenses</i>				
Integration costs	-	131	-	122
Write off of an intangible asset	-	-	-	20,460
<i>Other (income) loss</i>	-	(1,310)	-	5,609
<i>Finance costs</i>				
Refinancing costs related to notes payable	-	9,501	-	-
Fair value change on prepayment options related to 2028 Notes	-	(19,035)	-	-
Total pre-tax impact of adjusting items	-	(10,713)	-	26,191
Income tax impact of above adjusting items	-	2,665	-	(6,148)
After-tax impact of adjusting items	-	(8,048)	-	20,043
Adjusted net income	77,009	68,961	30,983	51,026
Multiplied by number of periods in a year	X 4	X 4	X 4	X 4
Average shareholders' equity	1,033,259	1,033,259	830,820	830,820
Average goodwill	(180,923)	(180,923)	(180,923)	(180,923)
Average acquired intangible assets ²	(97,704)	(97,704)	(110,804)	(110,804)
Average related deferred tax liabilities	25,892	25,892	29,363	29,363
Divided by average tangible common equity	780,524	780,524	568,456	568,456
Return on tangible common equity	39.5%	35.3%	21.8%	35.9%

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

² Excludes intangible assets relating to software.

(\$ in 000's except percentages)	Year Ended			
	December 31, 2023	December 31, 2023 (adjusted)	December 31, 2022	December 31, 2022 (adjusted)
Net income as stated	247,898	247,898	140,161	140,161
Amortization of acquired intangible assets	13,100	13,100	13,100	13,100
Income tax impact of the above item	(3,471)	(3,471)	(3,471)	(3,471)
Net income before amortization of acquired intangible assets, net of income tax	257,527	257,527	149,790	149,790
Impact of adjusting items ¹				
<i>Other operating expenses</i>				
Contract exit fee	-	934	-	-
Integration costs	-	608	-	1,081
Write off of an intangible asset	-	-	-	20,460
Corporate development costs	-	-	-	2,314
<i>Other (income) loss</i>	-	(9,771)	-	28,659
<i>Finance costs</i>				
Refinancing costs related to notes payable	-	9,501	-	-
Fair value change on prepayment options related to 2028 Notes	-	(19,035)	-	-
Total pre-tax impact of adjusting items	-	(17,763)	-	52,514
Income tax impact of above adjusting items	-	3,411	-	(10,043)
After-tax impact of adjusting items	-	(14,352)	-	42,471
Adjusted net income	257,527	243,175	149,790	192,261
Average shareholders' equity	958,322	958,322	794,269	794,269
Average goodwill	(180,923)	(180,923)	(180,923)	(180,923)
Average acquired intangible assets ²	(102,617)	(102,617)	(115,717)	(115,717)
Average related deferred tax liabilities	27,194	27,194	30,665	30,665
Divided by average tangible common equity	701,976	701,976	528,294	528,294
Return on tangible common equity	36.7%	34.6%	28.4%	36.4%

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

² Excludes intangible assets relating to software.

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at December 31, 2023 and 2022.

(\$ in 000's, except for ratios)	December 31, 2023	December 31, 2022
Consumer loans receivable, net	3,447,588	2,627,357
Cash	144,577	62,654
Accounts receivable	30,762	25,697
Prepaid expenses	9,462	8,334
Income taxes recoverable	-	2,323
Investments	61,464	57,304
Lease assets	45,187	48,437
Derivative financial assets	21,904	49,444
Property and equipment, net	35,382	35,856
Right-of-use assets, net	61,987	65,758
Intangible assets, net	124,931	138,802
Goodwill	180,923	180,923
Total assets	4,164,167	3,302,889
Notes payable	1,120,826	1,168,997
Revolving securitization warehouse facilities	1,364,741	805,825
Revolving credit facility	190,921	148,646
Secured borrowings	143,177	105,792
External debt	2,819,665	2,229,260
Accounts payable and accrued liabilities	72,409	51,136
Income taxes payable	24,691	-
Dividends payable	15,960	14,965
Unearned revenue	26,965	28,661
Accrued interest	12,875	10,159
Deferred tax liabilities, net	24,259	24,692
Lease liabilities	70,809	74,328
Derivative financial liabilities	42,457	-
Total liabilities	3,110,090	2,433,201
Shareholders' equity	1,054,077	869,688
Total capitalization (external debt plus total shareholders' equity)	3,873,742	3,098,948
Capital management measures		
External debt to shareholders' equity ¹	2.68	2.56
Net debt to net capitalization ²	0.72	0.71

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

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

Total assets were \$4.16 billion as at December 31, 2023, an increase of \$861.3 million or 26.1%, compared to December 31, 2022. The increase was related primarily to an \$820.2 million increase in net consumer loans receivable driven by record loan originations and an \$81.9 million increase in cash driven by increase in cash held back as a reserve for the Revolving Securitization Warehouse Facilities and Secured Borrowings, partially offset by a \$27.5 million decrease in derivative financial assets and the decrease in intangible assets of \$13.9 million mainly due to the amortization of intangible asset related to the acquisition of LendCare.

The \$861.3 million of growth in total assets was primarily financed by: i) a \$590.4 million increase in external debt mainly from Revolving Securitization Warehouse Facilities and Revolving Credit Facility; and ii) a \$184.4 million increase in total shareholders' equity, which was driven by the earnings generated by the Company, partially offset by dividends paid. While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings have been retained to fund growth of its consumer lending business.

Liquidity and Capital Resources

Cash Flow Review

The table below provides a summary of cash flow components for the three-month periods and years ended December 31, 2023 and 2022.

(\$in 000's)	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cash provided by operating activities before net issuance of consumer loans receivable and purchase of lease assets	183,338	141,600	718,767	529,528
Net issuance of consumer loans receivable	(302,947)	(270,167)	(1,161,870)	(1,000,619)
Purchase of lease assets	(10,175)	(11,431)	(30,114)	(34,790)
Cash used in operating activities	(129,784)	(139,998)	(473,217)	(505,881)
Cash used in investing activities	(2,763)	(32,653)	(11,749)	(42,491)
Cash provided by financing activities	193,062	161,296	566,889	508,547
Net increase (decrease) in cash for the period	60,515	(11,355)	81,923	(39,825)

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

Cash Flow Analysis for the Three Months Ended December 31, 2023

Cash used in operating activities for the three-month period ended December 31, 2023 was \$129.8 million, compared with \$140.0 million in the same period of 2022. Included in cash used in operating activities for the three-month period ended December 31, 2023 were: i) a net issuance of consumer loans receivable of \$302.9 million; and ii) the purchase of lease assets of \$10.2 million. If the net issuance of consumer loans receivable and the purchase of lease assets were treated as cash flows from investing activities, the cash flows generated by operating activities would have been \$183.3 million for the three-month period ended December 31, 2023, up from \$141.6 million in the same period of 2022. The increase of \$41.7 million was mainly driven by higher earnings.

During the three-month period ended December 31, 2023, cash used in investing activities was \$2.8 million, mainly due to purchases of property and equipment and investments in intangible assets, partially offset by the proceeds on sale of investments. During the three-month period ended December 31, 2022, cash used in investing activities was \$32.7 million, mainly due to a \$25 million increase in the Company's investments, purchases of property and equipment and investments in intangible assets.

During the three-month period ended December 31, 2023, the Company generated \$193.1 million in cash flow from financing activities, compared to \$161.3 million in the same period of 2022. The increase was mainly from higher net borrowings on the Company's credit facilities in the current period.

Cash Flow Analysis for the Year Ended December 31, 2023

Cash used in operating activities during the year was \$473.2 million, compared with \$505.9 million in the same period of 2022. Included in cash used in operating activities for the year ended December 31, 2023 were: i) a net issuance of consumer loans receivable of \$1.16 billion; and ii) the purchase of \$30.1 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 \$718.8 million for the year, up from \$529.5 million in the same period of 2022. The increase of \$189.2 million was mainly driven by higher earnings and favourable changes in working capital.

During the year, the Company used \$11.7 million in investing activities, mainly due to purchases of property and equipment and investments in intangible assets, partially offset by proceeds from the sale of investments. During the year ended December 31, 2022, the Company used \$42.5 million in investing activities, mainly due to the \$40 million increase in the Company's investments, purchases of property and equipment and investments in intangible assets, partially offset by \$25.4 million proceeds from the sale of investments.

During the year, the Company generated \$566.9 million in cash flow from financing activities, compared to \$508.5 million in the same period of 2022. The increase was mainly due to repurchases of common shares through the Company's NCIB in the prior period and the higher net borrowings on the Company's credit facilities in the year.

Capital and Funding Resources

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

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

As at December 31, 2023, the Company's external debt consisted of 2028 Notes with a net carrying value of \$699.9 million, 2026 Notes with a net carrying value of \$421 million, \$1.37 billion drawn against the Company's Revolving Securitization Warehouse Facilities, \$192 million drawn against the Company's Revolving Credit Facility and \$143.2 million drawn against the Company's secured borrowings.

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

Borrowings under the 2028 Notes bore a US\$ coupon rate of 9.250%. Through a cross-currency swap agreement arranged concurrently with the US\$550 million offering of the 2028 Notes in November 2023, the Company hedged the risk of changes in the foreign exchange rate for payments of principal and interest until December 1, 2027, effectively hedging the obligation at a Canadian dollar interest rate of 8.79%. These 2028 Notes mature on December 1, 2028.

Borrowings under the Company's Revolving Securitization Warehouse Facility I bear interest at the rate of 1-month CDOR plus 195 bps and has a maturity date of October 31, 2025. Borrowings under the Company's Revolving Securitization Warehouse Facility II bear interest at the rate of 1-month CDOR plus 185 bps and has a maturity date of December 16, 2025. Concurrent with the establishment of the Revolving Securitization Warehouse Facilities, the Company entered into interest rate swap agreements as cash flow hedges to protect against the risk of changes in the variability of future interest rates by paying a fixed rate on each draw based on the weighted average life of the securitized loans and receiving a variable rate equivalent to 1-month CDOR.

Borrowings under the Company's Revolving Credit Facility bear interest at either the BA rate plus 225 bps or Prime plus 75 bps, at the option of the Company.

The Company has two secured borrowing facilities as follows:

- A \$105 million securitization facility ("A\$105 million Securitization Facility"), which bears interest at the Government of Canada Bonds ("GOCB") rate (with a floor rate of 0.95%) plus 395 bps. The loan sale agreement to sell loans into the facility expired on July 31, 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity; and
- An \$85 million securitization facility ("A\$85 million Securitization Facility"), which bears interest at the GOCB rate (with a floor rate of 0.25%) plus 325 bps. The loan sale agreement to sell loans into the facility expired on November 30, 2021. On April 30, 2023, the Company amended this securitization facility to provide for \$150 million funding ("A\$150 million Securitization Facility") through the sale of consumer loans until April 30, 2024, but can be extended to a specified period agreed by both parties. The facility bears interest equal to an interpolated GOCB rate plus an initial spread of 310 bps.

The average blended coupon interest rate for the Company's debt as at December 31, 2023 was 6.4%, up from 5.2% as at December 31, 2022.

Including the cash position of \$144.6 million, the Company's total liquidity as at December 31, 2023 was \$900.6 million.

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

(\$ in 000's)	Less than 1 Year	1 to 3 Years	4 to 5 Years	5 Years +	Total
December 31, 2023					
Accounts payable and accrued liabilities	72,409	-	-	-	72,409
Accrued interest	12,875	-	-	-	12,875
Revolving credit facility	-	192,000	-	-	192,000
Revolving securitization warehouse facilities	-	1,370,000	-	-	1,370,000
Secured borrowings	69,450	67,925	5,224	578	143,177
Derivative financial liabilities	-	4,166	38,291	-	42,457
Notes payable	-	424,064	709,825	-	1,133,889
December 31, 2022					
Accounts payable and accrued liabilities	51,136	-	-	-	51,136
Accrued interest	10,159	-	-	-	10,159
Revolving credit facility	-	150,000	-	-	150,000
Revolving securitization warehouse facilities	-	810,000	-	-	810,000
Secured borrowings	30,901	53,996	16,205	4,690	105,792
Notes payable	-	745,195	433,568	-	1,178,763

Outstanding Shares and Dividends

As at February 13, 2024, there were 16,627,755 Common Shares, 345,043 Board deferred share units, 241,521 share options, 294,308 restricted share units, 94,636 Executive deferred share units and no warrants outstanding.

Normal Course Issuer Bid

On December 19, 2023, the Company announced the acceptance by the TSX of the Company's Notice of Intention to make an NCIB (the "2023 NCIB"). Pursuant to the 2023 NCIB, the Company proposed to purchase, from time to time, up to an aggregate of 1,270,245 common shares being approximately 10% of goeasy's public float as of December 13, 2023. As at December 13, 2023, goeasy had 16,603,531 common shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2023, was 29,210. Under 2023 NCIB, daily purchases will be limited to 7,302 common shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The purchases were permitted to commence on December 21, 2023, and will terminate on December 20, 2024, or on such earlier date as the Company may complete its purchases pursuant to the 2023 NCIB. The 2023 NCIB will be conducted through facilities of the TSX or alternative trading systems, if eligible and will conform to their regulations. Purchases under the 2023 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. For the year ended December 31, 2023, the Company has not purchased and cancelled any common shares, under the 2023 NCIB.

On December 16, 2022, the Company announced the acceptance by the TSX of the Company's Notice of Intention to make an NCIB (the "2022 NCIB"). Pursuant to the 2022 NCIB, the Company proposed to purchase, from time to time, up to an aggregate of 1,252,730 common shares being approximately 10% of goeasy's public float as of December 9, 2022. As at December 9, 2022, goeasy had 16,438,926 common shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2022, was 49,253. Under 2022 NCIB, daily purchases will be limited to 12,313 common shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The purchases were permitted to commence on December 21, 2022, and terminated on December 20, 2023. For the year ended December 31, 2023, the Company has not purchased and cancelled any common shares, under the 2022 NCIB.

On December 14, 2021, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make an NCIB (the "2021 NCIB"). Pursuant to the 2021 NCIB, the Company proposed to purchase, from time to time, if considered advisable, up to an aggregate of 1,243,781 Common Shares being approximately 10% of goeasy's public float as of December 7, 2021. As at December 7, 2021, goeasy had 16,254,135 Common Shares issued and outstanding, and the average daily trading volume for the six months prior to November 30, 2021, was 62,825. Under the 2021 NCIB, daily purchases were limited to 15,706 Common Shares, representing 25% of the average daily trading volume, other than block purchase exemptions. Purchases were permitted to commence on December 21, 2021, and terminated on December 20, 2022. The purchases made by goeasy pursuant to the 2021 NCIB were effected through facilities of the TSX, as well as alternative trading systems and in accordance with the rules of the TSX. The price the Company paid for repurchased Common Shares was the market price of such shares at the time of acquisition. The Company did not purchase any Common Shares other than by open-market purchases. For the year ended December 31, 2022, the Company completed the purchase for cancellation through the facilities of the TSX of 450,058 of its Common Shares for a total cost of \$61.0 million, under the 2021 NCIB.

Dividends

During the quarter ended December 31, 2023, the Company declared a \$0.96 per share quarterly dividend on outstanding Common Shares. This dividend was paid on January 12, 2024.

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

On February 14, 2024, the Company increased the quarterly dividend rate by 21.9% from \$0.96 to \$1.17 per share. 2024 marks the 20th consecutive year of paying a dividend to shareholders and the 10th consecutive year of an increase in the dividend rate per share to shareholders.

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

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

	2023	2022	2021	2020	2019	2018	2017
Quarterly dividend per share	\$0.960	\$0.910	\$0.660	\$0.450	\$0.310	\$0.225	\$0.180
Percentage increase	5.5%	37.9%	46.7%	45.2%	37.8%	25.0%	44.0%

Commitments, Guarantees and Contingencies

The Company is committed to software maintenance, development and licensing service agreements, and operating leases for premises and vehicles. Some of the Company's lease contracts for premises include extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. As at December 31, 2023, no extension option for lease contracts for premises is expected to be exercised.

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

(\$ in 000's)	Within 1 year	After 1 year, but not more than 5 years	More than 5 years
Premises	23,610	47,251	5,928
Technology commitments	20,289	30,646	-
Vehicles	607	965	-
Total contractual obligations	44,506	78,862	5,928

Contingencies

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

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

Risk Factors

Overview

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

Strategic Risk

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

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

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

Market Risk

Macroeconomic Conditions

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

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

Interest Rate Risk

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

The 2026 Notes and 2028 Notes maturing on May 1, 2026 and December 1, 2028, respectively, have fixed rates of interest.

The Revolving Securitization Warehouse Facility I and Revolving Securitization Warehouse Facility II have variable interest rates at 1-month CDOR plus 195 bps and at 1-month CDOR plus 185 bps, respectively. The Company entered into interest rate swap agreements as cash flow hedges to protect itself against the variability of future interest payments by paying a fixed rate based on the weighted average life of the securitized loans and receiving variable rate equivalent to 1-month CDOR. As such, each incremental swap that is taken on has a hedge implemented that results in interest rates becoming fixed for the duration of that swap.

The \$105 million Securitization Facility bears interest at the GOCB rate (with a floor rate of 0.95%) plus 395 bps and the \$85 million Securitization Facility bears interest at the GOCB (with a floor rate of 0.25%) plus 325 bps. The loan sale agreements to sell loans into these facilities expired in 2021. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity. The \$150 million Securitization Facility bears interest at an interpolated GOCB rate plus 310 bps. The interpolated rate is determined using the remaining maturity of each loan sold into the facility, and the rate remains fixed for the life of the loan.

As at December 31, 2023, 93% of the Company's drawn debt balances effectively bear fixed rates due to the type of debt and the aforementioned interest rate swap agreement on the Revolving Securitization Warehouse Facilities.

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

Foreign Currency Risk

The 2026 Notes and 2028 Notes are United States dollar denominated. In connection with the offering of these notes, the Company entered into cross-currency swap agreements to hedge the risk of changes in the foreign exchange rate for the proceeds from the offerings and for payments of principal and interest under these notes, effectively hedging the obligation. The hedge is designed to match the cash flow obligations of the Company under the notes payable over the expected term that the Company expects it to be at risk of changes in the foreign currency exchange rate.

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

Competition

The Company estimates the size of the Canadian market for non-prime consumer lending, excluding mortgages, is approximately \$217.9 billion. This demand is currently being met by a wide variety of industry participants that offer diverse products, including auto lending, credit cards, installment loans, retail finance programs, small business lending and real estate secured lending. Generally, industry participants have tended to focus on a single product offering rather than providing consumers with multiple alternatives. As a result, the suppliers to the marketplace are quite diverse.

Competition in the non-prime consumer lending market is based primarily on access, flexibility and cost (interest rates). Consumers are generally able to transition between different types of lending products that are available in the marketplace to satisfy their need for these different characteristics. While traditional financial institutions are likely to decrease their risk tolerance and move farther away from non-prime lending, regional financial institutions such as credit unions, payday lenders, marketplace lenders and online lenders may consider expansion into the non-prime market. In addition, the change to the maximum allowable rate of interest in Canada may impact the competitiveness of the Canadian non-prime market in the near term.

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

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

Credit Risk

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

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

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

The Company maintains an allowance for credit losses as prescribed by IFRS 9 and as described fully in the notes to the Company's consolidated financial statements for the year ended December 31, 2023. The process for establishing an allowance for loan losses is critical to the Company's results of operations and financial conditions and is based on historical data, the underlying health and quality of the consumer loan portfolio at a point in time, and forward-looking indicators. To the extent that such inputs used to develop its allowance for credit losses are not representative or predictive of current loan book performance, the Company could suffer increased loan losses greater than those provided for on its consolidated financial statements.

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

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

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

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

Liquidity and Funding Risk

Liquidity Risk

The Company has been funded through various sources, including the Revolving Credit Facility, the Revolving Securitization Warehouse Facilities, secured borrowings, the 2026 Notes and 2028 Notes, and public market equity offerings. The availability of additional financing will depend on a variety of factors, including the availability of credit and equity financing to the financial services industry and the Company's financial performance and credit ratings.

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

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

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

The Company has strengthened its banking relationships and diversified its funding sources over the past years. In 2023, the Company extended the term of its Revolving Securitization Warehouse Facility I to October 2025 and added an additional major bank to the Revolving Securitization Warehouse II, extended its term to December 2025, and increased the size of such facility from \$200 million to \$500 million. The Company also exercised the accordion facility under its Revolving Credit Facility, increasing the size of such facility from \$270 million to \$370 million. In addition, the Company amended its securitization facility with a leading Canadian insurance company, to provide for \$150 million of funding through the sale of consumer loans. If the Company is unable to renew these facilities on acceptable terms when they become due, there could be a material adverse effect on the Company's financial condition, liquidity and results of operations.

Debt Service

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

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

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

Debt Covenants

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

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

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

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

Credit Ratings

The Company received credit ratings in connection with the issuance of its 2026 Notes and 2028 Notes. Any credit ratings applied to the 2026 Notes and 2028 Notes are an assessment of the Company's ability to pay its obligations. The Company is under no obligation to maintain any credit rating with credit rating agencies and there is no assurance that any credit rating assigned to the 2026 Notes and 2028 Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering, withdrawal or failure to maintain any credit ratings applied to the 2026 Notes and 2028 Notes may have an adverse effect on the market price or value and the liquidity of the 2026 Notes and 2028 Notes and, in addition, any such action could make it more difficult or more expensive for the Company to obtain additional debt financing in the future.

Possible Movement of Stock Price

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

Operational Risk

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

Dependence on Key Personnel

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

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

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

Outsource Risk

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

Fraud Risk

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

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

Technology Risk

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

Breach of Information Security

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

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

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

Privacy, Information Security, and Data Protection Regulations

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

Risk Management Processes and Procedures

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

Compliance Risk

Internal Controls Over Financial Reporting

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

Government Regulation and Compliance

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

Section 347 of the Criminal Code prohibits the charging of an effective annual rate of interest that exceeds sixty percent for an agreement or arrangement for credit advanced. The Company believes that easyfinancial is subject to section 347 of the Criminal Code and closely monitors any legislative activity in this area, including the changes noted above. The application of additional capital requirements or a reduction in the maximum cost of borrowing could have a material adverse effect on the Company's financial condition, liquidity and results of operations. The Company believes that the changes announced by the federal government in March of 2023 will not impact the projected annual increase in its adjusted diluted earnings per share going forward. At present, additional provincial regulation in certain geographic areas focusing on high-cost credit loans have been adopted, but do not materially impact the Company's business operations.

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

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

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

Accounting Standards

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

Legal and Reputational Risk

Reputation

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

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

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

Litigation

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

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

Insurance Risk

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

Financial Instruments

The Company's assets and liabilities include financial instruments.

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

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

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

Critical Accounting Estimates

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

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

The Company's critical accounting estimates are as described in the December 31, 2023 notes to the consolidated financial statements.

Changes in Accounting Policy and Disclosures

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

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

(b) Standards issued but not yet effective

There are no new standards issued but not yet effective as at January 1, 2023 that have a material impact on the Company's consolidated financial statements.

Internal Controls

Disclosure Controls and Procedures ("DC&P")

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

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, *"Certification of Disclosure in Issuers' Annual and Interim Filings"*. Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company's disclosure controls and procedures were effective as at December 31, 2023.

Internal Controls over Financial Reporting ("ICFR")

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

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

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

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

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

Changes to ICFR during 2023

No changes were made in the Company's internal controls over financial reporting during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of ICFR as at December 31, 2023

As at December 31, 2023, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 31, 2023.