

goeasy Ltd.

Interim Condensed Consolidated Financial Statements

(Unaudited)

September 30, 2023

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in thousands of Canadian dollars)

	As At September 30, 2023	As At December 31, 2022
ASSETS		
Cash (note 4)	84,062	62,654
Accounts receivable	27,474	25,697
Prepaid expenses	10,987	8,334
Income taxes recoverable	-	2,323
Consumer loans receivable, net (note 5)	3,236,211	2,627,357
Investments (note 6)	62,723	57,304
Lease assets	43,176	48,437
Property and equipment, net	34,260	35,856
Derivative financial assets (notes 7 and 10)	63,532	49,444
Intangible assets, net	128,706	138,802
Right-of-use assets, net	63,915	65,758
Goodwill	180,923	180,923
TOTAL ASSETS	3,935,969	3,302,889
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving credit facility (note 9)	176,700	148,646
Accounts payable and accrued liabilities	67,542	51,136
Income taxes payable	16,599	-
Dividends payable (note 11)	15,906	14,965
Unearned revenue	28,214	28,661
Accrued interest	25,207	10,159
Deferred tax liabilities, net (note 15)	20,307	24,692
Lease liabilities	72,799	74,328
Secured borrowings (note 8)	131,409	105,792
Revolving securitization warehouse facilities (note 7)	1,194,617	805,825
Notes payable (note 10)	1,174,229	1,168,997
TOTAL LIABILITIES	2,923,529	2,433,201
Shareholders' equity		
Share capital (note 11)	425,411	419,046
Contributed surplus	21,760	21,499
Accumulated other comprehensive income	13,260	2,776
Retained earnings	552,009	426,367
TOTAL SHAREHOLDERS' EQUITY	1,012,440	869,688
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,935,969	3,302,889

See accompanying notes to the interim condensed consolidated financial statements.

On behalf of the Board:



David Ingram
Director



Karen Basian
Director

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Expressed in thousands of Canadian dollars, except earnings per share)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
REVENUE				
Interest income	229,269	180,695	644,260	506,830
Lease revenue	24,540	25,369	75,157	78,195
Commissions earned	61,527	50,569	172,975	145,770
Charges and fees	6,396	5,583	19,565	15,215
	321,732	262,216	911,957	746,010
OPERATING EXPENSES				
BAD DEBTS (NOTE 5)	89,539	72,551	250,069	194,636
OTHER OPERATING EXPENSES				
Salaries and benefits	49,886	44,838	151,595	130,710
Stock-based compensation (note 12)	3,262	2,642	9,260	7,432
Advertising and promotion	6,476	7,234	22,715	26,127
Occupancy	6,096	6,265	19,136	18,828
Technology costs	7,244	5,274	20,992	15,974
Underwriting and collections	4,255	3,702	12,333	10,324
Other expenses (note 13)	6,676	7,352	21,816	23,392
	83,895	77,307	257,847	232,787
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	8,415	8,371	25,328	25,031
Amortization of intangible assets	5,656	5,249	16,447	15,377
Depreciation of right-of-use assets	5,323	5,071	15,840	14,911
Depreciation of property and equipment	2,341	2,289	7,145	6,742
	21,735	20,980	64,760	62,061
TOTAL OPERATING EXPENSES	195,169	170,838	572,676	489,484
OPERATING INCOME	126,563	91,378	339,281	256,526
OTHER INCOME (LOSS) (NOTE 6)	4,148	1,294	8,461	(23,050)
FINANCE COSTS (NOTE 14)	(40,875)	(28,497)	(112,754)	(76,421)
INCOME BEFORE INCOME TAXES	89,836	64,175	234,988	157,055
INCOME TAX EXPENSE (RECOVERY) (NOTE 15)				
Current	24,819	17,822	67,815	54,443
Deferred	(1,293)	(836)	(6,123)	(8,973)
	23,526	16,986	61,692	45,470
NET INCOME	66,310	47,189	173,296	111,585
BASIC EARNINGS PER SHARE (NOTE 16)	3.93	2.92	10.29	6.88
DILUTED EARNINGS PER SHARE (NOTE 16)	3.87	2.86	10.14	6.71

See accompanying notes to the interim condensed consolidated financial statements.

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)
(Expressed in thousands of Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income	66,310	47,189	173,296	111,585
Other comprehensive income (loss) to be reclassified to the consolidated statement of income in subsequent periods				
Change in fair value of cash flow hedge, net of taxes	3,423	(13,112)	10,779	(10,771)
Change in costs of hedging, net of taxes	1,131	250	(295)	1,795
Change in foreign currency translation reserve	-	(5)	-	(5)
	4,554	(12,867)	10,484	(8,981)
Comprehensive income	70,864	34,322	183,780	102,604

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)
(Expressed in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Total Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, December 31, 2022	419,046	21,499	440,545	426,367	2,776	869,688
Common shares issued	6,365	(1,870)	4,495	-	-	4,495
Stock-based compensation (note 12)	-	9,260	9,260	-	-	9,260
Repurchase of equity interest related to restricted share units, net of tax (note 12)	-	(7,129)	(7,129)	-	-	(7,129)
Comprehensive income	-	-	-	173,296	10,484	183,780
Dividends	-	-	-	(47,654)	-	(47,654)
Balance, September 30, 2023	425,411	21,760	447,171	552,009	13,260	1,012,440
Balance, December 31, 2021	363,514	22,583	386,097	395,249	8,567	789,913
Common shares issued	6,702	(1,851)	4,851	-	-	4,851
Stock-based compensation (note 12)	-	7,432	7,432	-	-	7,432
Repurchase of equity interest related to restricted share units, net of tax (note 12)	-	(8,473)	(8,473)	-	-	(8,473)
Shares purchased for cancellation (note 11)	(10,296)	-	(10,296)	(50,703)	-	(60,999)
Comprehensive income (loss)	-	-	-	111,585	(8,981)	102,604
Dividends	-	-	-	(43,376)	-	(43,376)
Balance, September 30, 2022	359,920	19,691	379,611	412,755	(414)	791,952

See accompanying notes to the interim condensed consolidated financial statements.

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Expressed in thousands of Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
OPERATING ACTIVITIES				
Net income	66,310	47,189	173,296	111,585
Add (deduct) items not affecting cash				
Bad debts (note 5)	89,539	72,551	250,069	194,636
Depreciation of lease assets	8,415	8,371	25,328	25,031
Amortization of intangible assets	5,656	5,249	16,447	15,377
Depreciation of right-of-use assets	5,323	5,071	15,840	14,911
Stock-based compensation (note 12)	3,262	2,642	9,260	7,432
Depreciation of property and equipment	2,341	2,289	7,145	6,742
Amortization of deferred financing charges	1,953	1,585	5,627	4,584
Deferred income tax recovery	(1,293)	(836)	(6,123)	(8,973)
Other (income) loss (note 6)	(4,148)	(1,294)	(8,461)	23,050
	177,358	142,817	488,428	394,375
Net change in other operating assets and liabilities (note 17)	42,550	26,908	47,001	(6,447)
Net issuance of consumer loans receivable	(310,867)	(284,435)	(858,923)	(730,452)
Purchase of lease assets	(5,529)	(8,515)	(19,939)	(23,359)
Cash used in operating activities	(96,488)	(123,225)	(343,433)	(365,883)
INVESTING ACTIVITIES				
Proceeds on sale of investment	3,042	-	3,042	25,395
Purchase of property and equipment	(4,707)	(2,704)	(5,677)	(6,695)
Investments in intangible assets	(2,527)	(5,190)	(6,351)	(13,538)
Purchase of investments	-	-	-	(15,000)
Cash used in investing activities	(4,192)	(7,894)	(8,986)	(9,838)
FINANCING ACTIVITIES				
Advances from revolving securitization warehouse facilities, net of financing charges	209,666	189,990	446,843	422,691
Advances from revolving credit facilities, net of financing charges	93,978	99,994	419,377	384,850
Advances from secured borrowings	33,610	-	67,115	-
Issuance of common shares, net of issuance costs	967	1,085	3,658	2,908
Lease incentive received	254	210	762	856
Payment of restricted share units (note 12)	(536)	(1,058)	(8,642)	(10,546)
Payment of lease liability	(5,453)	(5,288)	(16,289)	(15,580)
Payment of loan from secured borrowings	(15,963)	(17,171)	(41,529)	(52,752)
Payment of common share dividends	(15,284)	(13,534)	(45,468)	(37,377)
Payment of advances from revolving securitization warehouse facilities	-	-	(60,000)	-
Payment of advances from revolving credit facilities	(191,000)	(145,000)	(392,000)	(286,800)
Purchase of common shares for cancellation	-	-	-	(60,999)
Cash provided by financing activities	110,239	109,228	373,827	347,251
Net increase (decrease) in cash during the period	9,559	(21,891)	21,408	(28,470)
Cash, beginning of period	74,503	95,900	62,654	102,479
Cash, end of period	84,062	74,009	84,062	74,009

See accompanying notes to the interim condensed consolidated financial statements.

goeasy Ltd.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended September 30, 2023 and 2022

1. CORPORATE INFORMATION

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

The Parent Company and all of the companies that it controls (collectively referred to as “goeasy” or the “Company”) are a leading full-service provider of goods and alternative financial services that provide everyday Canadians with a path for a better tomorrow, today. The principal operating activities of the Company include: i) providing loans and other financial services to consumers; and ii) leasing household products to consumers. Customers can transact seamlessly through an omnichannel model that includes online and mobile platforms, over 400 locations across Canada, and point-of-sale financing offered in the retail, powersports, automotive, home improvement and healthcare verticals, through over 9,100 merchant partners across Canada.

The Company operates in two reportable segments: easyfinancial and easyhome. As at September 30, 2023, the Company operated 300 easyfinancial locations (including 2 kiosks within easyhome stores and 3 operation centres) and 144 easyhome stores (including 34 franchises). As at December 31, 2022, the Company operated 302 easyfinancial locations (including 2 kiosks within easyhome stores and 3 operation centres) and 154 easyhome stores (including 34 franchises).

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 7, 2023.

2. BASIS OF PREPARATION

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

As at September 30, 2023, the Parent Company’s principal subsidiaries were:

- easyfinancial Services Inc.
- LendCare Capital Inc.
- RTO Asset Management Inc.

All intra-group transactions and balances were eliminated on consolidation.

Certain comparative amounts have been restated to conform with the presentation adopted in the current period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended September 30, 2023 and 2022

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

The unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2023, were prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company’s most recent audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements do not include all the disclosures included in the Company’s audited annual consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read together with the audited annual consolidated financial statements as at December 31, 2022.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the company’s annual financial statements for the year ended December 31, 2022. There were no new standards, interpretations or amendments that had a material impact on the Company’s interim condensed 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.

4. CASH

Certain cash on deposit at banks earns interest at floating rates based on daily bank deposit rates.

The Company has pledged a portion of its cash to fulfill collateral requirements under its cross-currency swap contracts. As at September 30, 2023, the fair value of the cash pledged by the counterparties as cash collateral in respect of its cross-currency swap contracts was \$35.5 million (December 31, 2022 – \$30.2 million).

Related to its Revolving Securitization Warehouse Facilities and Secured Borrowings, the Company holds back an amount from the proceeds of loan transfers as a reserve against future customer defaults. As at September 30, 2023, the cash held back as a reserve for the Revolving Securitization Warehouse Facilities and Secured Borrowings were \$44.1 million and \$12.6 million, respectively (December 31, 2022 – \$26.2 million and \$13.5 million, respectively).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended September 30, 2023 and 2022

5. CONSUMER LOANS RECEIVABLE

Consumer loans receivable represents amounts advanced to customers and includes both unsecured and secured loans. Unsecured loan terms generally range from 9 to 84 months while secured loan terms generally range from 3.5 to 10 years.

	September 30, 2023	December 31, 2022
Gross consumer loans receivable	3,430,276	2,794,694
Interest receivable from consumer loans	43,654	32,457
Unamortized deferred acquisition costs	47,541	33,026
Unamortized deferred revenue	(32,465)	(19,779)
Allowance for credit losses	(252,795)	(213,041)
	3,236,211	2,627,357

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

	September 30, 2023		December 31, 2022	
	\$	% of total loans	\$	% of total loans
Unsecured instalment loans	2,008,661	58.6%	1,703,593	61.0%
Secured instalment loans	1,421,615	41.4%	1,091,101	39.0%
	3,430,276	100.0%	2,794,694	100.0%

The scheduled principal repayment aging analyses of the gross consumer loans receivable portfolio as at September 30, 2023 and December 31, 2022 are as follows:

	September 30, 2023		December 31, 2022	
	\$	% of total loans	\$	% of total loans
0 – 6 months	240,336	7.0%	236,026	8.4%
6 – 12 months	172,823	5.0%	161,441	5.8%
12 – 24 months	381,493	11.1%	363,437	13.0%
24 – 36 months	495,718	14.5%	433,895	15.5%
36 – 48 months	549,942	16.0%	480,990	17.2%
48 – 60 months	508,468	14.8%	346,560	12.4%
60 months +	1,081,496	31.6%	772,345	27.7%
	3,430,276	100.0%	2,794,694	100.0%

goeasy Ltd.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended September 30, 2023 and 2022

The gross consumer loans receivable portfolio categorized by the contractual time to maturity as at September 30, 2023 and December 31, 2022 are summarized as follows:

	September 30, 2023		December 31, 2022	
	\$	% of total loans	\$	% of total loans
0 – 1 year	70,889	2.1%	65,485	2.3%
1 – 2 years	140,906	4.1%	139,143	5.0%
2 – 3 years	282,880	8.2%	312,612	11.2%
3 – 4 years	550,239	16.0%	573,567	20.5%
4 – 5 years	545,890	15.9%	493,336	17.7%
5 years +	1,839,472	53.7%	1,210,551	43.3%
	3,430,276	100.0%	2,794,694	100.0%

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

	September 30, 2023		December 31, 2022	
	\$	% of total loans	\$	% of total loans
1 – 30 days	107,577	3.1%	86,687	3.1%
31 – 44 days	21,050	0.6%	22,027	0.8%
45 – 60 days	13,351	0.4%	18,245	0.6%
61 – 90 days	21,036	0.6%	25,285	0.9%
91 – 120 days	6,335	0.2%	6,157	0.2%
121 – 150 days	4,868	0.1%	5,020	0.2%
151 – 180 days	2,372	0.1%	2,389	0.1%
	176,589	5.1%	165,810	5.9%

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended September 30, 2023 and 2022

The following tables provide the gross consumer loans receivable segregated by the Company's risk ratings and staging classification. The classification of loans into low, normal and high risk categories is based on the Company's custom behaviour credit scoring model and/or third-party credit scores. The Company's scoring model has been built and refined using analytical techniques and statistical modelling tools for predicting future losses among certain customer segments rather than traditional credit scores available from credit reporting agencies. Loans categorized as low risk have expected future losses that are lower than the average expected loss rate of the overall portfolio. Loans categorized as normal risk have expected future losses that are approximately equal to the average expected loss rate of the overall loan portfolio. Loans categorized as high risk have expected future losses that are higher than the average expected loss rate of the overall loan portfolio. The median TransUnion Risk Score for those borrowers categorized as low, normal and high risk is presented as a reference.

As at September 30, 2023					
	Median TransUnion Risk Score	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Low risk	634	1,904,466	2,490	364	1,907,320
Normal risk	548	987,814	12,107	1,297	1,001,218
High risk	498	274,523	179,072	68,143	521,738
Total	579	3,166,803	193,669	69,804	3,430,276

As at December 31, 2022					
	Median TransUnion Risk Score	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Low risk	634	1,531,982	1,471	239	1,533,692
Normal risk	551	814,108	8,032	679	822,819
High risk	498	217,305	145,032	75,846	438,183
Total	579	2,563,395	154,535	76,764	2,794,694

goeasy Ltd.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended September 30, 2023 and 2022

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

	Three Months Ended September 30, 2023			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	
Balance as at July 1, 2023	2,938,918	180,468	80,827	3,200,213
Gross loans originated	721,917	-	-	721,917
Principal payments and other adjustments	(405,710)	7,998	(10,105)	(407,817)
Transfers to (from)				
Stage 1 (Performing)	146,237	(111,708)	(34,529)	-
Stage 2 (Under-Performing)	(155,897)	160,839	(4,942)	-
Stage 3 (Non-Performing)	(63,638)	(35,761)	99,399	-
Gross charge offs	(15,024)	(8,167)	(60,846)	(84,037)
Net growth in gross consumer loans receivable during the period	227,885	13,201	(11,023)	230,063
Balance as at September 30, 2023	3,166,803	193,669	69,804	3,430,276
	Three Months Ended September 30, 2022			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	
Balance as at July 1, 2022	2,191,144	118,499	60,200	2,369,843
Gross loans originated	640,519	-	-	640,519
Principal payments and other adjustments	(352,203)	8,126	(10,312)	(354,389)
Transfers to (from)				
Stage 1 (Performing)	85,994	(69,673)	(16,321)	-
Stage 2 (Under-Performing)	(131,271)	137,356	(6,085)	-
Stage 3 (Non-Performing)	(51,071)	(38,635)	89,706	-
Gross charge offs	(12,817)	(5,712)	(48,788)	(67,317)
Net growth in gross consumer loans receivable during the period	179,151	31,462	8,200	218,813
Balance as at September 30, 2022	2,370,295	149,961	68,400	2,588,656

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended September 30, 2023 and 2022

	Nine Months Ended September 30, 2023			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Balance as at January 1, 2023	2,563,395	154,535	76,764	2,794,694
Gross loans originated	2,004,319	-	-	2,004,319
Principal payments and other adjustments	(1,116,468)	23,980	(37,044)	(1,129,532)
Transfers to (from)				
Stage 1 (Performing)	384,507	(301,276)	(83,231)	-
Stage 2 (Under-Performing)	(430,576)	445,171	(14,595)	-
Stage 3 (Non-Performing)	(194,466)	(106,647)	301,113	-
Gross charge offs	(43,908)	(22,094)	(173,203)	(239,205)
Net growth in gross consumer loans receivable during the period	603,408	39,134	(6,960)	635,582
Balance as at September 30, 2023	3,166,803	193,669	69,804	3,430,276
	Nine Months Ended September 30, 2022			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Balance as at January 1, 2022	1,868,306	112,810	49,223	2,030,339
Gross loans originated	1,745,251	-	-	1,745,251
Principal payments and other adjustments	(1,002,862)	21,264	(22,735)	(1,004,333)
Transfers to (from)				
Stage 1 (Performing)	279,579	(226,882)	(52,697)	-
Stage 2 (Under-Performing)	(348,429)	366,155	(17,726)	-
Stage 3 (Non-Performing)	(136,283)	(107,289)	243,572	-
Gross charge offs	(35,267)	(16,097)	(131,237)	(182,601)
Net growth in gross consumer loans receivable during the period	501,989	37,151	19,177	558,317
Balance as at September 30, 2022	2,370,295	149,961	68,400	2,588,656

goeasy Ltd.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended September 30, 2023 and 2022

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

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
Balance, beginning of period	213,041	159,762
Net charge offs against allowance	(210,315)	(219,614)
Increase due to lending and collection activities	250,069	272,893
Balance, end of period	252,795	213,041

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

	Three Months Ended September 30, 2023			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	
Balance as at July 1, 2023	135,250	55,985	46,075	237,310
Gross loans originated	33,406	-	-	33,406
Principal payments and other adjustments	(17,751)	23	(15,518)	(33,246)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	32,606	(21,340)	(17,693)	(6,427)
Stage 2 (Under-Performing)	(13,903)	43,295	(3,280)	26,112
Stage 3 (Non-Performing)	(6,870)	(9,711)	86,275	69,694
Net charge offs against allowance	(13,026)	(7,081)	(53,947)	(74,054)
Balance as at September 30, 2023	149,712	61,171	41,912	252,795

	Three Months Ended September 30, 2022			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	
Balance as at July 1, 2022	102,527	43,846	35,628	182,001
Gross loans originated	26,580	-	-	26,580
Principal payments and other adjustments	(13,451)	1,262	(12,357)	(24,546)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	21,593	(15,338)	(9,735)	(3,480)
Stage 2 (Under-Performing)	(13,452)	37,769	(4,290)	20,027
Stage 3 (Non-Performing)	(5,968)	(11,271)	71,209	53,970
Net charge offs against allowance	(11,829)	(5,272)	(41,156)	(58,257)
Balance as at September 30, 2022	106,000	50,996	39,299	196,295

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	Nine Months Ended September 30, 2023			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	
Balance as at January 1, 2023	116,969	53,381	42,691	213,041
Gross loans originated	89,036	-	-	89,036
Principal payments and other adjustments	(47,350)	387	(43,985)	(90,948)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	89,399	(62,283)	(45,565)	(18,449)
Stage 2 (Under-Performing)	(39,160)	118,839	(10,231)	69,448
Stage 3 (Non-Performing)	(21,020)	(29,949)	251,951	200,982
Net charge offs against allowance	(38,162)	(19,204)	(152,949)	(210,315)
Balance as at September 30, 2023	149,712	61,171	41,912	252,795

	Nine Months Ended September 30, 2022			Total
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	
Balance as at January 1, 2022	89,665	40,680	29,417	159,762
Gross loans originated	67,737	-	-	67,737
Principal payments and other adjustments	(31,924)	2,988	(31,178)	(60,114)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	65,151	(49,965)	(31,995)	(16,809)
Stage 2 (Under-Performing)	(35,051)	103,843	(12,622)	56,170
Stage 3 (Non-Performing)	(16,680)	(31,525)	195,857	147,652
Net charge offs against allowance	(32,898)	(15,025)	(110,180)	(158,103)
Balance as at September 30, 2022	106,000	50,996	39,299	196,295

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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 forward-looking indicators (“FLIs”) forecasts produced by Moody’s Analytics, which include neutral, moderately optimistic, extremely optimistic, moderately pessimistic and extremely pessimistic scenarios. These scenarios use a combination of four inter-related macroeconomic variables, being unemployment rates, gross domestic product (“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 September 30, 2023 and December 31, 2022, respectively:

12-Month Forward-Looking Macroeconomic Variables (Average Annual)	Forecast Scenarios				
	Neutral	Moderately Optimistic	Extremely Optimistic	Moderately Pessimistic	Extremely Pessimistic
September 30, 2023					
Unemployment rate ¹	5.92%	5.13%	4.44%	8.15%	9.57%
GDP growth rate ²	1.03%	2.07%	2.86%	(1.03%)	(2.23%)
Inflation growth rate ³	2.50%	2.52%	2.55%	2.50%	2.33%
Oil prices ⁴	\$83.15	\$85.70	\$87.81	\$66.67	\$56.79
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.

Historically, the rates of inflation and unemployment are positively correlated with the Company’s loss rates while oil prices and the rate of GDP growth are negatively correlated. The assignment of the probability weighting for the various scenarios using these variables involves management judgment to arrive at a collective view of the likelihood of each scenario taking into account current economic conditions and 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 \$284.2 million, \$31.4 million or 12.4% higher than the reported allowance for credit losses as at September 30, 2023 (December 31, 2022 – \$244.4 million, \$31.4 million or 14.7% higher than the reported allowance for credit losses). This sensitivity 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.

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6. INVESTMENTS

Investments include the following:

	September 30, 2023	December 31, 2022
Listed and actively traded companies	10,630	6,226
Unlisted companies	52,093	51,078
	62,723	57,304

Changes in the holdings, fair values of investments and the related total return swaps (“TRS”), and investment income (loss) recorded in other income (loss) (including interest income and realized and unrealized gains and losses) in the consolidated statements of income are summarized below:

	Fair Value, Beginning of Period	Additions	Sales/ Settlements	Investment Income (Loss)	Fair Value, End of Period
For the nine months ended September 30, 2023					
Listed and actively traded companies	6,226	-	(2,986)	7,390	10,630
Unlisted companies	51,078	-	-	1,015	52,093
Investments	57,304	-	(2,986)	8,405	62,723
For the year ended December 31, 2022					
Listed and actively traded equities	53,941	-	-	(47,715)	6,226
Unlisted companies	10,500	40,000	-	578	51,078
Investments	64,441	40,000	-	(47,137)	57,304
Total return swaps	6,979	-	(25,395)	18,416	-
Investments including total return swaps	71,420	40,000	(25,395)	(28,721)	57,304

Listed and actively traded companies

The Company’s investments in listed and actively traded companies were classified at initial recognition at fair value through profit or loss (“FVTPL”). Investments in listed and actively traded companies were subsequently measured based on quoted prices in active markets.

In September 2023, the Company disposed certain investments in listed and actively traded companies with a total consideration of \$3.0 million and realized a fair value gain of \$0.4 million included in other income (loss) in the interim condensed consolidated statements of income.

For the three and nine-month periods ended September 30, 2023, the Company has recognized an investment income on its investments in listed and actively traded companies of \$4.1 million and \$7.4 million, respectively (for the three and nine-month periods ended September 30, 2022 – investment income of \$1.1 million and investment loss of \$41.7 million, respectively). The fair value gain or loss on investments is included in other income (loss) in the interim condensed consolidated statements of income.

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The Company had TRS agreements to partially hedge its market exposure related to its investment in a listed and actively traded equity. The TRS were settled in June 2022 for \$25.4 million. For the three and nine-month periods ended September 30, 2022, the Company has recognized an investment income on TRS on listed and actively traded companies of nil and \$18.4 million, respectively, included in other income (loss) in the interim condensed consolidated statements of income.

Unlisted companies

The Company's investments in unlisted companies were classified at initial recognition at FVTPL. For the three and nine-month periods ended September 30, 2023, the Company has recognized an investment income on its investments in unlisted companies of nil and \$1.0 million, respectively (for the three and nine-month periods ended September 30, 2022 – \$0.2 million for both periods), included in other income (loss) in the interim condensed consolidated statements of income.

Set out below are the significant unobservable inputs to valuation as at September 30, 2023:

	Valuation Techniques	Significant Unobservable Inputs	Range	Sensitivity of the Input to Fair Value
Unlisted companies	Public company comparables	Revenue multiples	1.2x – 4.9x	0.3x increase (decrease) in the revenue multiples would result in increase (decrease) in fair value by \$1.2 million
	Public company comparables	Enterprise value to gross profit multiples	3.5x – 26.6x	1x increase (decrease) in the enterprise value to gross profit multiples would result in increase (decrease) in fair value by \$1.9 million
	Recent transactions	Not applicable	Not applicable	Not applicable

7. REVOLVING SECURITIZATION WAREHOUSE FACILITIES

goeasy Securitization Trust

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

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The primary purpose of Trust I is to provide the Company with funding for its operational needs. Trust I has a \$1.4 billion revolving securitization warehouse facility ("Revolving Securitization Warehouse Facility I") with a syndicate of lenders, and as collateral for the drawn amount, consumer loans are sold from easyfinancial Services Inc. and LendCare Capital Inc. into Trust I. As the economic exposure associated with the rights related to these consumer loans are controlled by easyfinancial Services Inc. and LendCare Capital Inc., these consumer loans do not qualify for derecognition in the Company's consolidated statements of financial position. The Revolving Securitization Warehouse Facility bears interest equal to the 1-month Canadian Dollar Offered Rate ("CDOR") plus 185 basis points ("bps") and had a maturity date of August 30, 2024.

On June 15, 2023, the Company amended its 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 basis points to 1-month CDOR plus 195 basis points, an increase of 10 basis points.

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

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

	September 30, 2023	December 31, 2022
Drawn amount	1,015,000	810,000
Unamortized deferred financing costs	(4,499)	(4,175)
	1,010,501	805,825

As at September 30, 2023, \$1.59 billion (December 31, 2022 – \$1.34 billion) of consumer loans receivable were pledged by the Company as collateral against its Revolving Securitization Warehouse Facility I.

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

Financial Covenant	Requirements	September 30, 2023	December 31, 2022
Minimum consolidated fixed charge coverage ratio	> 2.0	3.50	4.11

As at September 30, 2023 and December 31, 2022, the Company was in compliance with its financial covenant under the Revolving Credit Warehouse Facility I.

goeasy Securitization Trust II

On October 24, 2022, the Company established goeasy Securitization Trust II ("Trust II"), a securitization vehicle controlled and consolidated by the Company. The Company's activities include transactions with Trust II, a structured entity, which has been designed to achieve a specific business objective.

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The primary purpose of Trust II is to provide the Company with funding for automotive consumer loans. On December 16, 2022, Trust II entered into a \$200 million revolving securitization warehouse facility (the "Revolving Securitization Warehouse Facility II"). The Revolving Securitization Warehouse Facility II will be collateralized by automotive consumer loans originated by goeasy's wholly owned subsidiaries, easyfinancial Services Inc. and LendCare Capital Inc.. As the economic exposure associated with the rights related to these automotive consumer loans are controlled by easyfinancial Services Inc. and LendCare Capital Inc., these consumer loans do not qualify for derecognition in the Company's consolidated statements of financial position. The Revolving Securitization Warehouse Facility II matures on December 16, 2024 and bears interest equal to the 1-month CDOR plus 185 bps.

On September 28, 2023, the Company increased its Revolving Securitization Warehouse Facility II to \$375 million and continues to be underwritten by the same lender, with the addition of a new lender to the syndicate.

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

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

	September 30, 2023	December 31, 2022
Drawn amount	185,000	-
Unamortized deferred finance costs	(884)	-
	184,116	-

As at September 30, 2023, \$327.5 million of automotive consumer loans were pledged by the Company as collateral against its Revolving Securitization Warehouse Facility II.

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

Financial Covenant	Requirements	September 30, 2023	December 31, 2022
Minimum consolidated fixed charge coverage ratio	> 2.0	3.50	-

As at September 30, 2023, the Company was in compliance with its financial covenant under the Revolving Credit Warehouse Facility II.

The following table summarizes the total carrying value of Revolving Securitization Warehouse Facilities:

	September 30, 2023	December 31, 2022
Revolving Credit Warehouse Facility I	1,010,501	805,825
Revolving Credit Warehouse Facility II	184,116	-
	1,194,617	805,825

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The Company has elected to use hedge accounting for the Revolving Securitization Warehouse Facilities and their related interest rate swaps (i.e., the same notional amount, maturity date, and interest payment dates). The Company has established a hedge ratio of 1:1 for its hedging relationships. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Revolving Securitization Warehouse Facilities and their related interest rate swaps. There was no hedge ineffectiveness recognized in net income for the three and nine-month periods ended September 30, 2023, and 2022.

As the Revolving Securitization Warehouse Facilities and their related interest rate swaps are in effective hedging relationships, changes in the fair value of the related interest rate swaps are recorded in other comprehensive income (“OCI”) and subsequently reclassified into net income upon settlement.

Interest rate swaps have aggregated notional amounts equal to the aggregated principal outstanding of the hedged Revolving Securitization Warehouse Facilities. Fair values of interest rate swaps are determined from swap curves adjusted for credit risks. Swap curves are obtained directly from market sources. Fair values of interest rate swaps are as follows:

	September 30, 2023	December 31, 2022
Derivative financial asset		
Revolving Credit Warehouse Facility I	13,761	10,894
Revolving Credit Warehouse Facility II	2,529	-
	16,290	10,894

8. SECURED BORROWINGS

The Company also securitizes consumer loans through non-structured third parties. The economic exposure associated with the rights related to these consumer loans are retained by the Company. As a result, these consumer loans do not qualify for derecognition in the Company’s consolidated statements of financial position and Secured Borrowings are recognized for the cash proceeds received.

The Company has the following securitization facilities with non-structured third parties:

- A \$105 million securitization facility (“\$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 (“\$85 million Securitization Facility”), which bears interest at the GOCB rate (with a floor rate of 0.25%) plus 325 bps. In addition to the securitization loan facility, there was a \$6 million accumulation loan agreement which advances 85% of the face value of consumer loans for up to a 90-day period, bearing interest at the Canadian Bankers’ Acceptance rate (“BA”) plus 400 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 (“\$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.

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As at September 30, 2023, the drawn amount against the Secured Borrowings was \$131.4 million (December 31, 2022 – \$105.8 million).

As at September 30, 2023, \$188.7 million (December 31, 2022 – \$126.5 million) of consumer loans receivable were pledged by the Company as collateral for these Secured Borrowings.

As at September 30, 2023 and December 31, 2022, the Company was in compliance with its financial covenants for the \$105 million Securitization Facility, which are based on the tangible net worth and leverage ratio of the LendCare Capital Inc. legal entity.

As at September 30, 2023, the Company was in compliance with its financial covenants for the \$150 million Securitization Facility, which are based on the Company's tangible net worth and leverage ratio. On December 31, 2022, the Company was in compliance with its financial covenants for the \$85 million Securitization Facility, which are based on the tangible net worth and leverage ratio of the LendCare Capital Inc. legal entity.

9. REVOLVING CREDIT FACILITY

The Company's Revolving Credit Facility consisted of a \$270 million senior secured revolving credit facility that matures on January 27, 2025. The Revolving Credit Facility was provided by a syndicate of banks. The Company also had the ability to exercise the accordion feature under its Revolving Credit Facility to add an additional \$100 million in borrowing capacity. Interest on advances is payable at either the BA plus 225 bps or the lender's prime rate ("Prime") plus 75 bps, at the option of the Company.

In March 2023, the Company exercised the accordion feature under its Revolving Credit Facility and increased the maximum borrowing capacity by \$100 million to \$370 million.

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

	September 30, 2023	December 31, 2022
Drawn amount	178,000	150,000
Unamortized deferred financing costs	(1,300)	(1,354)
	176,700	148,646

The financial covenants of the Revolving Credit Facility were as follows:

Financial Covenants	Requirements as at September 30, 2023	September 30, 2023	December 31, 2022
Maximum consolidated leverage ratio	< 4.50	3.67	3.87
Minimum consolidated fixed charge coverage ratio	> 1.25	2.04	2.08
Minimum consolidated asset coverage ratio	> 1.75	4.05	4.68
Maximum net charge off ratio	< 15.0%	9.0%	9.2%

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As at September 30, 2023 and December 31, 2022, the Company was in compliance with all of its financial covenants under its Revolving Credit Facility agreement.

10. NOTES PAYABLE

On November 27, 2019, the Company issued US\$550.0 million of 5.375% senior unsecured notes payable (the “2024 Notes”) with interest payable semi-annually on June 1 and December 1 of each year. The 2024 Notes mature on December 1, 2024 and include certain prepayment features.

Concurrent with the issuance of the 2024 Notes, the Company entered into derivative financial instruments (the “2024 cross-currency swaps”) as cash flow hedges to hedge the risk of changes in the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the 2024 Notes at a fixed exchange rate of US\$1.000 = CAD1.3242, thereby fully hedging the US\$550.0 million 2024 Notes at a CAD interest rate of 5.65%. The 2024 cross-currency swaps fully hedge the obligation under the 2024 Notes.

The following table summarizes the details of the 2024 Notes:

	September 30, 2023	December 31, 2022
2024 Notes in CAD at issuance	728,310	728,310
Change in fair value of 2024 Notes since issuance date due to changes in foreign exchange rate	18,315	16,885
	746,625	745,195
Unamortized deferred financing costs	(3,391)	(5,454)
	743,234	739,741

On April 29, 2021, the Company issued US\$320.0 million of 4.375% senior unsecured notes payable (“2026 Notes”) (the 2024 Notes and 2026 Notes are collectively referred to as “Notes Payable”) with interest payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2021. The 2026 Notes mature on May 1, 2026 and include certain prepayment features.

Concurrent with the issuance of the 2026 Notes, the Company entered into derivative financial instruments (the “2026 cross-currency swaps”) (the 2024 cross-currency swaps and 2026 cross-currency swaps are collectively referred to as the “cross-currency swaps”) as cash flow hedges to hedge the risk of changes in the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the 2026 Notes at a fixed exchange rate of US\$1.000 = CAD1.2501, thereby fully hedging the US\$320.0 million 2026 Notes at a CAD interest rate of 4.818%. The 2026 cross-currency swaps fully hedge the obligation under the 2026 Notes.

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The following table summarizes the details of the 2026 Notes:

	September 30, 2023	December 31, 2022
2026 Notes in CAD at issuance	400,032	400,032
Change in fair value of 2026 Notes since issuance date due to changes in foreign exchange rate	34,368	33,536
	434,400	433,568
Unamortized deferred financing costs	(3,405)	(4,312)
	430,995	429,256

The following table summarizes the total carrying value of Notes Payable:

	September 30, 2023	December 31, 2022
2024 Notes	743,234	739,741
2026 Notes	430,995	429,256
	1,174,229	1,168,997

The Company has elected to use hedge accounting for the Notes Payable and the cross-currency swaps (i.e., the same notional amount, maturity date, interest rate, and interest payment dates). The Company has elected to designate foreign currency basis as a cost of hedging, thereby excluding foreign currency basis spreads from the designation of the hedging relationship and has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts is identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. There are no significant sources of hedge ineffectiveness between the Notes Payable and cross-currency swaps. There was no hedge ineffectiveness recognized in net income for the three and nine-month periods ended September 30, 2023 and 2022.

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

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

	September 30, 2023	December 31, 2022
Derivative financial assets		
2024 cross-currency swaps	13,004	7,872
2026 cross-currency swaps	34,238	30,678
	47,242	38,550

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11. SHARE CAPITAL

Common Shares Issued and Outstanding

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

	Nine Months Ended September 30, 2023		Year Ended December 31, 2022	
	# of Shares (in 000s)	\$	# of Shares (in 000s)	\$
Balance, beginning of period	16,445	419,046	16,199	363,514
Exercise of share options	91	4,616	161	6,821
Dividend reinvestment plan	11	1,245	21	2,457
Exercise of restricted share units	22	913	25	1,096
Share issuance	-	-	489	57,917
Shares purchased for cancellation	-	-	(450)	(10,296)
Share issuance costs, net of tax	-	-	-	(2,014)
Others	-	(409)	-	(449)
Balance, end of period	16,569	425,411	16,445	419,046

\$57.9 Million Bought Deal Equity Offering

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

Dividends on Common Shares

For the three and nine-month periods ended September 30, 2023, the Company paid dividends of \$15.9 million and \$46.7 million, respectively (for the three and nine-month periods ended September 30, 2022 - \$14.4 million and \$39.6 million, respectively) or \$0.96 per share and \$2.83 per share, respectively (for the three and nine-month period ended September 30, 2022 - \$0.91 per share and \$2.48 per share, respectively). On August 9, 2023, the Company declared a dividend of \$0.96 per share to shareholders of record on September 29, 2023, payable on October 13, 2023. The dividend paid on October 13, 2023 was \$15.9 million.

Shares Purchased for Cancellation

On December 14, 2021, the Company announced the acceptance by the TSX of the Company's Notice of intention to make normal course issuer bid ("NCIB"), which commenced on December 21, 2021 (the "2021 NCIB"). During the year ended December 31, 2022, the Company purchased and cancelled 450,058 of its common shares on the open market at an average price of \$135.52 per share, for a total cost of \$61.0 million, pursuant to the 2021 NCIB. This normal course issuer bid expired on December 20, 2022.

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On December 16, 2022, the Company renewed its NCIB, which allows for a total purchase of up to 1,252,730 common shares (the "2022 NCIB") and expires on December 20, 2023. During the three and nine-month periods ended September 30, 2023, the Company has not purchased and cancelled any common shares, pursuant to 2022 NCIB.

12. STOCK-BASED COMPENSATION

Share Option Plan

Under the Company's share option plan, options to purchase common shares may be granted by the Board of Directors to officers and employees. During the three and nine-month periods ended September 30, 2023, 42,216 options were granted by the Company for both periods (for the three and nine-month periods ended September 30, 2022 – nil and 28,820 options, respectively). For the three and nine-month periods ended September 30, 2023, the Company recorded an expense of \$0.3 million & \$0.9 million, respectively (for the three and nine-month periods ended September 30, 2022 – \$0.4 million and \$1.3 million, respectively) in stock-based compensation expense related to its stock option plan in the interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

Executive Share Unit ("ESU") Plan

Under the terms of the ESU Plan, the Company's Board of Directors may grant restricted share units ("RSU") and executive deferred share units ("Executive DSUs") to officers and employees.

Restricted Share Units

RSUs are granted at fair market value at the grant date and generally vest at the end of a three-year period based on achieving long-term financial targets. RSUs are paid to officers and employees upon vesting.

During the three and nine-month periods ended September 30, 2023, the Company granted 63,750 and 64,826 RSUs, respectively (for the three and nine-month periods ended September 30, 2022 – 459 and 38,322 RSUs, respectively) to employees of the Company under its ESU Plan. Additionally, for the three and nine-month periods ended September 30, 2023, an additional 1,585 and 5,802 RSUs, respectively (for the three and nine-month periods ended September 30, 2022 – 1,658 and 3,790 RSUs, respectively) were granted for dividend announced during these periods.

For the three and nine-month periods ended September 30, 2023, the Company repurchased the equity interest related to a portion of fully vested RSUs amounting to \$0.54 million or \$0.51 million, net of tax and \$8.6 million or \$7.1 million, net of tax, respectively (for the three and nine-month periods ended September 30, 2022 – \$1.1 million or \$0.9 million, net of tax and \$10.5 million or \$8.5 million, net of tax, respectively).

For the three and nine-month periods ended September 30, 2023, the Company recorded an expense of \$1.6 million and \$4.4 million, respectively (for the three and nine-month periods ended September 30, 2022 – \$1.3 million and \$3.5 million, respectively) in stock-based compensation expense related to the Company's RSUs in the interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

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Executive Deferred Share Units

Executive DSUs are granted at fair market value at the grant date and generally vest at the end of a three-year period based on achieving long-term financial targets. Executive DSUs are paid to officers and employees upon termination of their employment with the Company.

During the three and nine-month periods ended September 30, 2023, the Company granted 26,530 and 30,098 Executive DSUs, respectively (for the three and nine-month periods ended September 30, 2022 – nil and 13,286 Executive DSUs, respectively) to employees of the Company under its ESU Plan. Additionally, for the three and nine-month periods ended September 30, 2023, an additional 533 and 1,666 Executive DSUs, respectively (for the three and nine-month periods ended September 30, 2022 – 123 and 216 Executive DSUs, respectively) were granted for dividend announced during these periods.

For the three and nine-month periods ended September 30, 2023, the Company recorded an expense of \$0.5 million and \$1.3 million, respectively (for the three and nine-month periods ended September 30, 2022 – \$0.09 million and \$0.2 million, respectively) in stock-based compensation expense related to the Company's Executive DSUs in the interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

Board of Directors Deferred Share Unit (“Board DSU”) Plan

Under the terms of the Board DSU Plan, the Company may grant DSUs to Board Directors. DSUs are granted at fair market value at the grant date and vest immediately upon grant.

During the three and nine-month periods ended September 30, 2023, the Company granted 2,515 and 18,706 Board DSUs, respectively (for the three and nine-month periods ended September 30, 2022 – 2,408 and 13,647 Board DSUs, respectively) to Board Directors under its DSU Plan. Additionally, for the three and nine-month periods ended September 30, 2023, an additional 2,690 and 8,379 Board DSUs respectively (for the three and nine-month periods ended September 30, 2022 – 2,685 and 5,827 Board DSUs, respectively) were granted for dividend announced during these periods. During the three and nine-month periods ended September 30, 2023 and 2022, no Board DSUs were settled.

For the three and nine-month periods ended September 30, 2023, \$0.9 million and \$2.6 million, respectively (for the three and nine-month periods ended September 30, 2022 - \$0.8 million and \$2.4 million, respectively) were recorded as stock-based compensation expense under the Board DSU Plan in the interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

Stock-Based Compensation Expense

Stock-based compensation expense for the three and nine-month periods ended September 30, 2023 was \$3.3 million and \$9.3 million, respectively (for the three and nine-month periods ended September 30, 2022 – \$2.6 million and \$7.4 million, respectively).

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13. OTHER EXPENSES

During the three and nine-month periods ended September 30, 2022, the Company incurred corporate development costs of nil and \$2.3 million, respectively, including advisory, consulting, and legal costs, in connection with the exploration of a strategic acquisition opportunity, which the Company elected to not pursue. These corporate development costs were reported under other expenses in the interim condensed consolidated statements of income.

14. FINANCE COSTS

Finance costs include the following:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest expense				
Notes payable	15,106	15,106	45,317	45,317
Revolving securitization warehouse facilities	17,175	8,163	43,774	16,376
Revolving credit facility	4,915	1,871	13,643	3,539
Secured borrowings	1,751	1,420	3,956	4,891
Amortization of deferred financing costs and accretion expense	1,920	1,583	5,595	4,632
Interest expense on lease liabilities	955	895	2,871	2,586
Interest income on cash in bank, net	(947)	(541)	(2,402)	(920)
	40,875	28,497	112,754	76,421

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15. INCOME TAXES

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

	Nine Months Ended	
	September 30, 2023	September 30, 2022
Combined basic federal and provincial income tax rates	26.5%	26.5%
Expected income tax expense	62,272	41,620
Non-deductible expenses	1,370	1,176
Effect of capital (gains) losses on sale of assets and investments	(1,198)	3,081
Others	(752)	(407)
	61,692	45,470

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

	September 30, 2023	December 31, 2022
Accounts receivable and allowance for credit losses	11,031	7,660
Stock-based compensation	2,274	2,107
Revaluation of notes payable and derivative financial instruments	1,424	2,767
Right-of-use assets, net of lease liabilities	1,403	1,303
Financing fees	1,193	1,640
Unrealized fair value change on investments	(757)	233
Tax cost of lease assets and property and equipment in excess of net book value	(10,938)	(11,974)
Intangible asset arising from business acquisition	(26,326)	(28,929)
Others	389	501
	(20,307)	(24,692)

As at September 30, 2023 and December 31, 2022, there were no recognized deferred tax liabilities for taxes that would be payable on the undistributed earnings of the Company's subsidiaries.

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16. EARNINGS PER SHARE

Basic Earnings Per Share

Basic earnings per share amounts were calculated by dividing the net income for the period by the weighted average number of outstanding common shares and Board DSUs. Board DSUs granted to the Board Directors are included in the calculation of the weighted average number of common shares outstanding as they vest upon grant.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income	66,310	47,189	173,296	111,585
Weighted average number of common shares outstanding (in 000s)	16,880	16,149	16,847	16,220
Basic earnings per common share	3.93	2.92	10.29	6.88

For the three and nine-month periods ended September 30, 2023, 328,322 and 322,716 Board DSUs, respectively (for the three and nine-month periods ended September 30, 2022 – 296,346 and 291,612 Board DSUs, respectively) were included in the weighted average number of common shares outstanding.

Diluted Earnings Per Share

Diluted earnings per share reflect the potential dilutive effect that could occur if additional common shares were assumed to be issued under securities or instruments that may entitle their holders to obtain common shares in the future. Dilution could occur through the exercise of share options, the exercise of RSUs, or the exercise of unvested Executive DSUs. The number of additional shares for inclusion in the diluted earnings per share calculation was determined using the treasury stock method.

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income	66,310	47,189	173,296	111,585
Weighted average number of common shares outstanding (in 000s)	16,880	16,149	16,847	16,220
Dilutive effect of stock-based compensation (in 000s)	264	361	243	399
Weighted average number of diluted shares outstanding (in 000s)	17,144	16,510	17,090	16,619
Dilutive earnings per common share	3.87	2.86	10.14	6.71

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The following stock-based compensation grants were considered anti-dilutive using the treasury stock method and therefore were excluded in the calculation of diluted earnings per share:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Share options (in 000s)	81	89	131	89
Restricted share units (in 000s)	65	39	67	28
Executive deferred share units (in 000s)	27	13	28	13
	173	141	226	130

17. NET CHANGE IN OTHER OPERATING ASSETS AND LIABILITIES

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Accounts receivable	(1,225)	(2,689)	(1,777)	(4,735)
Prepaid expenses	705	47	(2,653)	(586)
Accounts payable and accrued liabilities	9,119	3,409	16,393	(7,039)
Income taxes recoverable (payable)	16,563	5,605	20,437	(23,698)
Unearned revenue	(1,423)	3,997	(447)	13,235
Accrued Interest	18,811	16,539	15,048	16,376
	42,550	26,908	47,001	(6,447)

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Income taxes paid	16,283	13,834	55,480	79,758
Income taxes refund	8,027	1,617	8,102	1,617
Interest paid	20,133	10,040	91,638	53,747
Interest received	227,141	177,616	632,874	501,879

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18. 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.

19. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

Financial Instruments	Measurement	September 30, 2023	December 31, 2022
Cash	Fair value	84,062	62,654
Accounts receivable	Amortized cost	27,474	25,697
Consumer loans receivable, net	Amortized cost	3,236,211	2,627,357
Investments	Fair value	62,723	57,304
Derivative financial assets	Fair value	63,532	49,444
Revolving credit facility	Amortized cost	176,700	148,646
Accounts payable and accrued liabilities	Amortized cost	67,542	51,136
Accrued interest	Amortized cost	25,207	10,159
Secured borrowings	Amortized cost	131,409	105,792
Revolving securitization warehouse facilities	Amortized cost	1,194,617	805,825
Notes payable	Amortized cost	1,174,229	1,168,997

Fair Value Measurement

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

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

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The hierarchy required the use of observable market data when available. The following tables provide the fair value measurement hierarchy of the Company's financial assets and liabilities measured as at September 30, 2023 and December 31, 2022:

September 30, 2023	Total	Level 1	Level 2	Level 3
Cash	84,062	84,062	-	-
Accounts receivable	27,474	-	-	27,474
Consumer loans receivable, net	3,236,211	-	-	3,236,211
Investments	62,723	10,630	-	52,093
Derivative financial assets	63,532	-	63,532	-
Revolving credit facility	176,700	-	-	176,700
Accounts payable and accrued liabilities	67,542	-	-	67,542
Accrued interest	25,207	-	-	25,207
Secured borrowings	131,409	-	-	131,409
Revolving securitization warehouse facilities	1,194,617	-	-	1,194,617
Notes payable	1,174,229	-	-	1,174,229
December 31, 2022	Total	Level 1	Level 2	Level 3
Cash	62,654	62,654	-	-
Accounts receivable	25,697	-	-	25,697
Consumer loans receivable, net	2,627,357	-	-	2,627,357
Investments	57,304	6,226	-	51,078
Derivative financial assets	49,444	-	49,444	-
Revolving credit facility	148,646	-	-	148,646
Accounts payable and accrued liabilities	51,136	-	-	51,136
Accrued interest	10,159	-	-	10,159
Secured borrowings	105,792	-	-	105,792
Revolving securitization warehouse facilities	805,825	-	-	805,825
Notes payable	1,168,997	-	-	1,168,997

There were no transfers between Level 1, Level 2, or Level 3 for the nine-month period ended September 30, 2023 and the year ended December 31, 2022.

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20. SEGMENTED REPORTING

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

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

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

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

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

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

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

goeasy Ltd.

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The following tables summarizes the relevant information for the three and nine-month periods ended September 30, 2023 and 2022:

Three Months Ended September 30, 2023	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	219,995	9,274	-	229,269
Lease revenue	-	24,540	-	24,540
Commissions earned	57,991	3,536	-	61,527
Charges and fees	5,636	760	-	6,396
	283,622	38,110	-	321,732
Operating expenses				
Bad debts	85,674	3,865	-	89,539
Other operating expenses	48,201	14,454	21,240	83,895
Depreciation and amortization	9,622	10,562	1,551	21,735
	143,497	28,881	22,791	195,169
Segment operating income (loss)	140,125	9,229	(22,791)	126,563
Other income				4,148
Finance costs				(40,875)
Income before income taxes				89,836
Three Months Ended September 30, 2022	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	173,145	7,550	-	180,695
Lease revenue	-	25,369	-	25,369
Commissions earned	47,236	3,333	-	50,569
Charges and fees	4,537	1,046	-	5,583
	224,918	37,298	-	262,216
Operating expenses				
Bad debts	69,633	2,918	-	72,551
Other operating expenses	44,658	15,970	16,679	77,307
Depreciation and amortization	8,815	10,628	1,537	20,980
	123,106	29,516	18,216	170,838
Segment operating income (loss)	101,812	7,782	(18,216)	91,378
Other income				1,294
Finance costs				(28,497)
Income before income taxes				64,175

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Nine Months Ended September 30, 2023	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	618,086	26,174	-	644,260
Lease revenue	-	75,157	-	75,157
Commissions earned	162,348	10,627	-	172,975
Charges and fees	16,918	2,647	-	19,565
	797,352	114,605	-	911,957
Operating expenses				
Bad debts	240,120	9,949	-	250,069
Other operating expenses	144,825	45,280	67,742	257,847
Depreciation and amortization	28,133	31,840	4,787	64,760
	413,078	87,069	72,529	572,676
Segment operating income (loss)	384,274	27,536	(72,529)	339,281
Other income				8,461
Finance costs				(112,754)
Income before income taxes				234,988
Nine Months Ended September 30, 2022	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	485,434	21,396	-	506,830
Lease revenue	-	78,195	-	78,195
Commissions earned	135,990	9,780	-	145,770
Charges and fees	12,218	2,997	-	15,215
	633,642	112,368	-	746,010
Operating expenses				
Bad debts	186,773	7,863	-	194,636
Other operating expenses	133,328	46,800	52,659	232,787
Depreciation and amortization	25,822	31,814	4,425	62,061
	345,923	86,477	57,084	489,484
Segment operating income (loss)	287,719	25,891	(57,084)	256,526
Other loss				(23,050)
Finance costs				(76,421)
Income before income taxes				157,055

As at September 30, 2023 and December 31, 2022, the Company's goodwill was comprised of \$21.3 million related to its easyhome reportable segment and \$159.6 million related to the LendCare operating segment within the easyfinancial reportable segment.

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In scope under IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) are revenues relating to commissions earned and charges and fees. Lease revenue is covered under IFRS 16, Leases. Included in lease revenue is certain additional services provided by the Company related to the lease, but which fall under the scope of IFRS 15. These revenues totalled \$2.7 million and \$8.3 million for the three and nine-month periods ended September 30, 2023, respectively (for the three and nine-month periods ended September 30, 2022 - \$2.9 million and \$8.9 million, respectively).

The Company's easyhome business consisted of four major product categories: furniture, electronics, appliances, and computers. Lease revenue generated by these product categories as a percentage of total lease revenue for the nine-month periods ended September 30, 2023 and 2022 were as follows:

	Nine Months Ended	
	September 30, 2023 (%)	September 30, 2022 (%)
Furniture	41	40
Electronics	33	32
Appliances	16	16
Computers	10	12
	100	100