

goeasy Ltd.

Interim Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2024

goeasys Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in thousands of Canadian dollars)

| | As At June 30, 2024 | As At December 31, 2023 |
|--------------------------------------------------------|---------------------------|-------------------------------|
| ASSETS | | |
| Cash (note 4) | 135,918 | 144,577 |
| Accounts receivable | 40,059 | 30,762 |
| Prepaid expenses | 12,801 | 9,462 |
| Consumer loans receivable, net (note 5) | 3,917,944 | 3,447,588 |
| Investments (note 6) | 54,326 | 61,464 |
| Lease assets | 41,860 | 45,187 |
| Derivative financial assets (note 10) | 35,638 | 21,904 |
| Property and equipment, net | 34,413 | 35,382 |
| Right-of-use assets, net | 55,806 | 61,987 |
| Intangible assets, net | 115,902 | 124,931 |
| Goodwill | 180,923 | 180,923 |
| TOTAL ASSETS | 4,625,590 | 4,164,167 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Revolving credit facility (note 9) | 119,403 | 190,921 |
| Accounts payable and accrued liabilities | 73,304 | 72,409 |
| Income taxes payable | 4,220 | 24,691 |
| Dividends payable (note 11) | 19,651 | 15,960 |
| Unearned revenue | 26,296 | 26,965 |
| Accrued interest | 27,359 | 12,875 |
| Deferred income tax liabilities, net (note 14) | 17,683 | 24,259 |
| Lease liabilities | 64,158 | 70,809 |
| Secured borrowings (note 8) | 131,729 | 143,177 |
| Revolving securitization warehouse facilities (note 7) | 1,280,973 | 1,364,741 |
| Derivative financial liabilities (notes 7 and 10) | 18,816 | 42,457 |
| Notes payable (note 10) | 1,697,135 | 1,120,826 |
| TOTAL LIABILITIES | 3,480,727 | 3,110,090 |
| Shareholders' equity | | |
| Share capital (note 11) | 440,811 | 428,328 |
| Contributed surplus | 22,914 | 24,817 |
| Accumulated other comprehensive loss | (14,635) | (9,721) |
| Retained earnings | 695,773 | 610,653 |
| TOTAL SHAREHOLDERS' EQUITY | 1,144,863 | 1,054,077 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 4,625,590 | 4,164,167 |

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 | | Six Months Ended | |
|------------------------------------------------|--------------------|------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| REVENUE | | | | |
| Interest income | 274,722 | 213,563 | 534,794 | 414,991 |
| Lease revenue | 24,014 | 25,052 | 48,755 | 50,617 |
| Commissions earned | 70,967 | 57,532 | 134,931 | 111,448 |
| Charges and fees | 8,092 | 6,781 | 16,429 | 13,169 |
| | 377,795 | 302,928 | 734,909 | 590,225 |
| OPERATING EXPENSES | | | | |
| BAD DEBTS (NOTE 5) | 112,499 | 84,634 | 217,694 | 160,530 |
| OTHER OPERATING EXPENSES | | | | |
| Salaries and benefits | 54,569 | 50,546 | 107,019 | 101,709 |
| Share-based compensation (note 12) | 4,338 | 2,974 | 8,590 | 5,998 |
| Technology costs | 9,990 | 6,459 | 18,330 | 13,748 |
| Advertising and promotion | 9,166 | 8,992 | 16,940 | 16,239 |
| Occupancy | 5,168 | 6,396 | 10,494 | 13,040 |
| Underwriting and collections | 5,189 | 4,093 | 9,891 | 8,078 |
| Other expenses | 8,664 | 6,715 | 19,150 | 15,140 |
| | 97,084 | 86,175 | 190,414 | 173,952 |
| DEPRECIATION AND AMORTIZATION | | | | |
| Depreciation of lease assets | 7,242 | 8,406 | 14,322 | 16,913 |
| Amortization of intangible assets | 5,885 | 5,482 | 11,727 | 10,791 |
| Depreciation of right-of-use assets | 5,348 | 5,271 | 10,754 | 10,517 |
| Depreciation of property and equipment | 2,527 | 2,309 | 5,077 | 4,804 |
| | 21,002 | 21,468 | 41,880 | 43,025 |
| TOTAL OPERATING EXPENSES | 230,585 | 192,277 | 449,988 | 377,507 |
| OPERATING INCOME | 147,210 | 110,651 | 284,921 | 212,718 |
| OTHER (LOSS) INCOME (NOTE 6) | (2,740) | 2,330 | (7,138) | 4,313 |
| FINANCE COSTS (NOTE 13) | (54,684) | (37,653) | (105,997) | (71,879) |
| INCOME BEFORE INCOME TAXES | 89,786 | 75,328 | 171,786 | 145,152 |
| INCOME TAX EXPENSE (RECOVERY) (NOTE 14) | | | | |
| Current | 27,477 | 23,436 | 52,334 | 42,996 |
| Deferred | (3,092) | (3,658) | (4,893) | (4,830) |
| | 24,385 | 19,778 | 47,441 | 38,166 |
| NET INCOME | 65,401 | 55,550 | 124,345 | 106,986 |
| BASIC EARNINGS PER SHARE (NOTE 15) | 3.82 | 3.29 | 7.29 | 6.36 |
| DILUTED EARNINGS PER SHARE (NOTE 15) | 3.76 | 3.26 | 7.17 | 6.27 |

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 | | Six Months Ended | |
|---------------------------------------------------------------------------------------------------------------------------|--------------------|---------------|------------------|----------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Net income | 65,401 | 55,550 | 124,345 | 106,986 |
| Other comprehensive income (loss) to be reclassified to the consolidated statement of income in subsequent periods | | | | |
| Change in costs of hedging, net of taxes | 4,127 | (1,672) | 16,278 | (1,426) |
| Change in fair value of cash flow hedge, net of taxes | (15,367) | 10,140 | (21,192) | 7,356 |
| | (11,240) | 8,468 | (4,914) | 5,930 |
| Comprehensive income | 54,161 | 64,018 | 119,431 | 112,916 |

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 (Loss) Income | Total Shareholders' Equity |
|---------------------------------------------------------------------------------------|----------------|---------------------|----------------|-------------------|-----------------------------------------------|----------------------------|
| Balance, December 31, 2023 | 428,328 | 24,817 | 453,145 | 610,653 | (9,721) | 1,054,077 |
| Common shares issued | 12,483 | (5,092) | 7,391 | - | - | 7,391 |
| Share-based compensation (note 12) | - | 8,590 | 8,590 | - | - | 8,590 |
| Repurchase of equity interest related to deferred share units, net of tax (note 12) | - | (1,190) | (1,190) | - | - | (1,190) |
| Repurchase of equity interest related to restricted share units, net of tax (note 12) | - | (4,211) | (4,211) | - | - | (4,211) |
| Comprehensive income (loss) | - | - | - | 124,345 | (4,914) | 119,431 |
| Dividends | - | - | - | (39,225) | - | (39,225) |
| Balance, June 30, 2024 | 440,811 | 22,914 | 463,725 | 695,773 | (14,635) | 1,144,863 |
| Balance, December 31, 2022 | 419,046 | 21,499 | 440,545 | 426,367 | 2,776 | 869,688 |
| Common shares issued | 4,562 | (1,494) | 3,068 | - | - | 3,068 |
| Share-based compensation (note 12) | - | 5,998 | 5,998 | - | - | 5,998 |
| Repurchase of equity interest related to restricted share units, net of tax (note 12) | - | (6,621) | (6,621) | - | - | (6,621) |
| Comprehensive income | - | - | - | 106,986 | 5,930 | 112,916 |
| Dividends | - | - | - | (31,747) | - | (31,747) |
| Balance, June 30, 2023 | 423,608 | 19,382 | 442,990 | 501,606 | 8,706 | 953,302 |

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 | | Six Months Ended | |
|---------------------------------------------------------------------------------------|--------------------|------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| OPERATING ACTIVITIES | | | | |
| Net income | 65,401 | 55,550 | 124,345 | 106,986 |
| Add (deduct) items not affecting cash | | | | |
| Bad debts (note 5) | 112,499 | 84,634 | 217,694 | 160,530 |
| Depreciation of lease assets | 7,242 | 8,406 | 14,322 | 16,913 |
| Amortization of intangible assets | 5,885 | 5,482 | 11,727 | 10,791 |
| Depreciation of right-of-use assets | 5,348 | 5,271 | 10,754 | 10,517 |
| Share-based compensation (note 12) | 4,338 | 2,974 | 8,590 | 5,998 |
| Other loss (income) (note 6) | 2,740 | (2,330) | 7,138 | (4,313) |
| Depreciation of property and equipment | 2,527 | 2,309 | 5,077 | 4,804 |
| Amortization of deferred financing charges | 2,011 | 1,863 | 3,855 | 3,674 |
| Amortization of premium on notes payable | (618) | - | (1,154) | - |
| Fair value change on prepayment options (note 10) | (961) | - | (2,158) | - |
| Deferred income tax recovery | (3,092) | (3,658) | (4,893) | (4,830) |
| | 203,320 | 160,501 | 395,297 | 311,070 |
| Net change in other operating assets and liabilities (note 16) | (14,076) | (2,030) | (19,004) | 4,451 |
| Net issuance of consumer loans receivable | (377,006) | (283,821) | (688,050) | (548,056) |
| Purchase of lease assets | (5,230) | (7,704) | (10,970) | (14,410) |
| Cash used in operating activities | (192,992) | (133,054) | (322,727) | (246,945) |
| INVESTING ACTIVITIES | | | | |
| Investments in intangible assets | (1,297) | (1,860) | (2,698) | (3,824) |
| Purchase of property and equipment | (2,054) | (631) | (4,136) | (970) |
| Cash used in investing activities | (3,351) | (2,491) | (6,834) | (4,794) |
| FINANCING ACTIVITIES | | | | |
| Issuance of notes payable, net of financing charges | - | - | 534,619 | - |
| Advances from revolving credit facilities, net of financing charges | 127,983 | 156,000 | 280,971 | 325,399 |
| Advances from revolving securitization warehouse facilities, net of financing charges | 54,985 | 117,031 | 69,775 | 237,177 |
| Advances from secured borrowings, net of financing charges | 13,157 | 33,505 | 36,140 | 33,505 |
| Issuance of common shares, net of issuance costs | 3,390 | - | 6,258 | 2,691 |
| Lease incentive received | - | 162 | 18 | 508 |
| Payment of deferred share units (note 12) | (882) | - | (882) | - |
| Payment of restricted share units (note 12) | (404) | (236) | (4,597) | (8,106) |
| Payment of lease liability | (5,599) | (5,447) | (11,242) | (10,836) |
| Payment of common share dividends (note 11) | (19,033) | (15,450) | (34,546) | (30,184) |
| Payment of loan from secured borrowings | (24,739) | (11,815) | (47,612) | (25,566) |
| Payment of advances from revolving securitization warehouse facilities | - | (35,000) | (155,000) | (60,000) |
| Payment of advances from revolving credit facilities | (8,000) | (101,000) | (353,000) | (201,000) |
| Cash provided by financing activities | 140,858 | 137,750 | 320,902 | 263,588 |
| Net (decrease) increase in cash during the period | (55,485) | 2,205 | (8,659) | 11,849 |
| Cash, beginning of period | 191,403 | 72,298 | 144,577 | 62,654 |
| Cash, end of period | 135,918 | 74,503 | 135,918 | 74,503 |

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 June 30, 2024 and 2023

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 10,300 merchant partners across Canada.

The Company operates in two reportable segments: easyfinancial and easyhome. As at June 30, 2024, the Company operated 298 easyfinancial locations (including 2 kiosks within easyhome stores and 3 operation centres) and 142 easyhome stores (including 34 franchises). As at December 31, 2023, the Company operated 300 easyfinancial locations (including 2 kiosks within easyhome stores and 3 operation centres) and 144 easyhome stores (including 34 franchises).

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 8, 2024.

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 June 30, 2024, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended June 30, 2024 and 2023

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

The unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2024 were prepared in accordance with International Accounting Standard 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 and for the year ended December 31, 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements as at and for the year ended December 31, 2023. 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, 2024 that have a material impact on the Company’s interim condensed consolidated financial statements.

(c) Interest Rate Benchmark Reform

In December 2021, the Canadian Alternative Reference Rate working group (“CARR”) recommended that the Canadian Dollar Offered Rate (“CDOR”) should cease calculation and publication after June 2024 with the Canadian Overnight Repo Rate Average (“CORRA”) suggested as the replacement benchmark rate. On May 16, 2022, the CDOR administrator announces the cessation of CDOR consistent with the recommendations outlined by CARR. Additionally, on January 11, 2023, CARR announced the development of a forward-looking term CORRA rate (“Term CORRA”).

All of the Company’s existing credit facilities that reference CDOR or the Canadian Bankers’ Acceptance rate (“BAS”) have transitioned to CORRA as administered by the Bank of Canada or the Term CORRA administered and published by CanDeal Benchmark Solutions and TMX Datalinx on or before June 28, 2024. The transition from CDOR to CORRA had no impact to the Company’s interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended June 30, 2024 and 2023

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 June 30, 2024, the fair value of the cash pledged by the counterparties as cash collateral in respect of its cross-currency swap contracts was \$14.8 million (December 31, 2023 – \$24.2 million cash pledged by the Company).

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 June 30, 2024, the cash held back as a reserve for the Revolving Securitization Warehouse Facilities and Secured Borrowings were \$56.2 million and \$18.6 million, respectively (December 31, 2023 – \$52.3 million and \$15.2 million, respectively).

Cash includes a total of \$74.8 million (December 31, 2023 - \$91.7 million) of cash collateral pledged by the Company where access to the cash is restricted.

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 20 years.

| | June 30, 2024 | December 31, 2023 |
|-----------------------------------------|------------------|----------------------|
| Gross consumer loans receivable | 4,138,155 | 3,645,202 |
| Interest receivable from consumer loans | 71,320 | 53,545 |
| Unamortized deferred acquisition costs | 57,959 | 50,342 |
| Unamortized deferred revenue | (46,824) | (36,142) |
| Allowance for credit losses | (302,666) | (265,359) |
| | 3,917,944 | 3,447,588 |

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

| | June 30, 2024 | | December 31, 2023 | |
|----------------------------|------------------|---------------------|-------------------|---------------------|
| | \$ | % of Total Loans | \$ | % of Total Loans |
| Unsecured instalment loans | 2,311,387 | 55.9% | 2,116,869 | 58.1% |
| Secured instalment loans | 1,826,768 | 44.1% | 1,528,333 | 41.9% |
| | 4,138,155 | 100.0% | 3,645,202 | 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 June 30, 2024 and 2023

The scheduled principal repayment aging analyses of the gross consumer loans receivable portfolio as at June 30, 2024 and December 31, 2023 are as follows:

| | June 30, 2024 | | December 31, 2023 | |
|---------------|------------------|---------------------|-------------------|---------------------|
| | \$ | % of Total Loans | \$ | % of Total Loans |
| 0 – 6 months | 269,175 | 6.5% | 273,572 | 7.5% |
| 6 – 12 months | 189,588 | 4.6% | 172,645 | 4.7% |
| 1 – 2 years | 409,000 | 9.9% | 380,715 | 10.4% |
| 2 – 3 years | 527,630 | 12.8% | 510,311 | 14.0% |
| 3 – 4 years | 639,938 | 15.5% | 567,582 | 15.6% |
| 4 – 5 years | 652,220 | 15.8% | 557,254 | 15.3% |
| 5 – 6 years | 609,927 | 14.7% | 509,651 | 14.0% |
| 6 – 7 years | 475,209 | 11.5% | 361,083 | 9.9% |
| 7 years + | 365,468 | 8.7% | 312,389 | 8.6% |
| | 4,138,155 | 100.0% | 3,645,202 | 100.0% |

The gross consumer loans receivable portfolio categorized by the contractual time to maturity as at June 30, 2024 and December 31, 2023 are summarized as follows:

| | June 30, 2024 | | December 31, 2023 | |
|-------------|------------------|---------------------|-------------------|---------------------|
| | \$ | % of Total Loans | \$ | % of Total Loans |
| 0 – 1 year | 78,920 | 1.9% | 72,892 | 2.0% |
| 1 – 2 years | 153,862 | 3.7% | 144,303 | 4.0% |
| 2 – 3 years | 265,030 | 6.4% | 277,715 | 7.6% |
| 3 – 4 years | 513,128 | 12.4% | 529,764 | 14.5% |
| 4 – 5 years | 606,186 | 14.6% | 554,585 | 15.2% |
| 5 – 6 years | 806,002 | 19.5% | 651,882 | 17.9% |
| 6 – 7 years | 902,643 | 21.8% | 724,442 | 19.9% |
| 7 years + | 812,384 | 19.7% | 689,619 | 18.9% |
| | 4,138,155 | 100.0% | 3,645,202 | 100.0% |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended June 30, 2024 and 2023

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

| | June 30, 2024 | | December 31, 2023 | |
|----------------|----------------|------------------|-------------------|------------------|
| | \$ | % of Total Loans | \$ | % of Total Loans |
| 1 – 30 days | 124,626 | 3.0% | 125,229 | 3.4% |
| 31 – 44 days | 38,340 | 0.9% | 24,280 | 0.7% |
| 45 – 60 days | 42,602 | 1.0% | 20,354 | 0.6% |
| 61 – 90 days | 52,848 | 1.3% | 22,797 | 0.6% |
| 91 – 120 days | 27,431 | 0.7% | 7,687 | 0.2% |
| 121 – 150 days | 21,383 | 0.5% | 6,422 | 0.2% |
| 151 – 180 days | 13,815 | 0.3% | 4,043 | 0.1% |
| | 321,045 | 7.7% | 210,812 | 5.8% |

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 June 30, 2024 | | | | Total |
|--------------|------------------------------|----------------------|----------------------------|--------------------------|------------------|
| | Median TransUnion Risk Score | Stage 1 (Performing) | Stage 2 (Under-Performing) | Stage 3 (Non-Performing) | |
| Low risk | 626 | 2,583,885 | 7,876 | 444 | 2,592,205 |
| Normal risk | 549 | 940,443 | 20,798 | 739 | 961,980 |
| High risk | 496 | 215,863 | 173,845 | 194,262 | 583,970 |
| Total | 585 | 3,740,191 | 202,519 | 195,445 | 4,138,155 |

| | As at December 31, 2023 | | | | Total |
|--------------|------------------------------|----------------------|----------------------------|--------------------------|------------------|
| | Median TransUnion Risk Score | Stage 1 (Performing) | Stage 2 (Under-Performing) | Stage 3 (Non-Performing) | |
| Low risk | 635 | 2,025,764 | 2,914 | 150 | 2,028,828 |
| Normal risk | 548 | 1,046,233 | 12,576 | 279 | 1,059,088 |
| High risk | 498 | 286,405 | 191,068 | 79,813 | 557,286 |
| Total | 580 | 3,358,402 | 206,558 | 80,242 | 3,645,202 |

goeasy Ltd.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended June 30, 2024 and 2023

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

| | Three Months Ended June 30, 2024 | | | Total |
|-----------------------------------------------------------------|----------------------------------|-----------------------------------|---------------------------------|------------------|
| | Stage 1 (Performing) | Stage 2 (Under- Performing) | Stage 3 (Non- Performing) | |
| Balance as at April 1, 2024 | 3,526,795 | 215,182 | 110,102 | 3,852,079 |
| Gross loans originated | 826,659 | - | - | 826,659 |
| Principal payments and other adjustments | (419,734) | 655 | (10,294) | (429,373) |
| Transfers to (from) | | | | |
| Stage 1 (Performing) | 202,668 | (173,225) | (29,443) | - |
| Stage 2 (Under-Performing) | (205,769) | 212,303 | (6,534) | - |
| Stage 3 (Non-Performing) | (173,047) | (43,573) | 216,620 | - |
| Gross charge offs | (17,381) | (8,823) | (85,006) | (111,210) |
| Net growth in gross consumer loans receivable during the period | 213,396 | (12,663) | 85,343 | 286,076 |
| Balance as at June 30, 2024 | 3,740,191 | 202,519 | 195,445 | 4,138,155 |
| | Three Months Ended June 30, 2023 | | | Total |
| | Stage 1 (Performing) | Stage 2 (Under- Performing) | Stage 3 (Non- Performing) | |
| Balance as at April 1, 2023 | 2,752,746 | 164,053 | 73,887 | 2,990,686 |
| Gross loans originated | 666,783 | - | - | 666,783 |
| Principal payments and other adjustments | (367,414) | 6,324 | (15,483) | (376,573) |
| Transfers to (from) | | | | |
| Stage 1 (Performing) | 118,403 | (96,444) | (21,959) | - |
| Stage 2 (Under-Performing) | (144,203) | 149,272 | (5,069) | - |
| Stage 3 (Non-Performing) | (71,681) | (35,507) | 107,188 | - |
| Gross charge offs | (15,716) | (7,230) | (57,737) | (80,683) |
| Net growth in gross consumer loans receivable during the period | 186,172 | 16,415 | 6,940 | 209,527 |
| Balance as at June 30, 2023 | 2,938,918 | 180,468 | 80,827 | 3,200,213 |

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(Unaudited)

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

For the periods ended June 30, 2024 and 2023

| | Six Months Ended June 30, 2024 | | | Total |
|-----------------------------------------------------------------|--------------------------------|-----------------------------------|---------------------------------|------------------|
| | Stage 1 (Performing) | Stage 2 (Under- Performing) | Stage 3 (Non- Performing) | |
| Balance as at January 1, 2024 | 3,358,402 | 206,558 | 80,242 | 3,645,202 |
| Gross loans originated | 1,513,092 | - | - | 1,513,092 |
| Principal payments and other adjustments | (805,214) | 6,943 | (11,587) | (809,858) |
| Transfers to (from) | | | | |
| Stage 1 (Performing) | 361,887 | (298,482) | (63,405) | - |
| Stage 2 (Under-Performing) | (381,045) | 394,058 | (13,013) | - |
| Stage 3 (Non-Performing) | (270,867) | (89,002) | 359,869 | - |
| Gross charge offs | (36,064) | (17,556) | (156,661) | (210,281) |
| Net growth in gross consumer loans receivable during the period | 381,789 | (4,039) | 115,203 | 492,953 |
| Balance as at June 30, 2024 | 3,740,191 | 202,519 | 195,445 | 4,138,155 |

| | Six Months Ended June 30, 2023 | | | Total |
|-----------------------------------------------------------------|--------------------------------|-----------------------------------|---------------------------------|------------------|
| | Stage 1 (Performing) | Stage 2 (Under- Performing) | Stage 3 (Non- Performing) | |
| Balance as at January 1, 2023 | 2,563,395 | 154,535 | 76,764 | 2,794,694 |
| Gross loans originated | 1,282,402 | - | - | 1,282,402 |
| Principal payments and other adjustments | (710,758) | 15,982 | (26,938) | (721,714) |
| Transfers to (from) | | | | |
| Stage 1 (Performing) | 238,270 | (189,568) | (48,702) | - |
| Stage 2 (Under-Performing) | (274,679) | 284,332 | (9,653) | - |
| Stage 3 (Non-Performing) | (130,828) | (70,886) | 201,714 | - |
| Gross charge offs | (28,884) | (13,927) | (112,358) | (155,169) |
| Net growth in gross consumer loans receivable during the period | 375,523 | 25,933 | 4,063 | 405,519 |
| Balance as at June 30, 2023 | 2,938,918 | 180,468 | 80,827 | 3,200,213 |

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

| | Six Months Ended June 30, 2024 | Year Ended December 31, 2023 |
|---------------------------------------------------------|-----------------------------------|---------------------------------|
| Allowance for credit losses, beginning of period | 265,359 | 213,041 |
| Net charge offs against allowance | (180,387) | (289,321) |
| Increase due to lending activities | 217,694 | 341,639 |
| Allowance for credit losses, end of period | 302,666 | 265,359 |

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

| | Three Months Ended June 30, 2024 | | | Total |
|---------------------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------|
| | Stage 1 (Performing) | Stage 2 (Under- Performing) | Stage 3 (Non- Performing) | |
| Balance as at April 1, 2024 | 161,671 | 70,771 | 51,785 | 284,227 |
| Gross loans originated | 35,412 | - | - | 35,412 |
| Principal payments and other adjustments | (4,468) | (1,738) | (47,024) | (53,230) |
| Transfers to (from) including remeasurement | | | | |
| Stage 1 (Performing) | 26,246 | (38,887) | (16,999) | (29,640) |
| Stage 2 (Under-Performing) | (20,315) | 59,872 | (4,433) | 35,124 |
| Stage 3 (Non-Performing) | (11,391) | (12,690) | 148,914 | 124,833 |
| Net charge offs against allowance | (15,205) | (7,718) | (71,137) | (94,060) |
| Balance as at June 30, 2024 | 171,950 | 69,610 | 61,106 | 302,666 |

| | Three Months Ended June 30, 2023 | | | Total |
|---------------------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------|
| | Stage 1 (Performing) | Stage 2 (Under- Performing) | Stage 3 (Non- Performing) | |
| Balance as at April 1, 2023 | 126,662 | 54,026 | 43,152 | 223,840 |
| Gross loans originated | 29,322 | - | - | 29,322 |
| Principal payments and other adjustments | (16,493) | (625) | (16,421) | (33,539) |
| Transfers to (from) including remeasurement | | | | |
| Stage 1 (Performing) | 30,037 | (20,397) | (12,554) | (2,914) |
| Stage 2 (Under-Performing) | (13,278) | 39,298 | (3,641) | 22,379 |
| Stage 3 (Non-Performing) | (7,380) | (10,051) | 86,817 | 69,386 |
| Net charge offs against allowance | (13,620) | (6,266) | (51,278) | (71,164) |
| Balance as at June 30, 2023 | 135,250 | 55,985 | 46,075 | 237,310 |

goeasy Ltd.

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

For the periods ended June 30, 2024 and 2023

| | Six Months Ended June 30, 2024 | | | Total |
|---------------------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| | Stage 1 (Performing) | Stage 2 (Under- Performing) | Stage 3 (Non- Performing) | |
| Balance as at January 1, 2024 | 149,860 | 67,304 | 48,195 | 265,359 |
| Gross loans originated | 67,328 | - | - | 67,328 |
| Principal payments and other adjustments | (22,057) | (1,927) | (70,394) | (94,378) |
| Transfers to (from) including remeasurement | | | | |
| Stage 1 (Performing) | 66,167 | (66,058) | (36,731) | (36,622) |
| Stage 2 (Under-Performing) | (37,172) | 111,385 | (8,985) | 65,228 |
| Stage 3 (Non-Performing) | (20,545) | (25,694) | 262,377 | 216,138 |
| Net charge offs against allowance | (31,631) | (15,400) | (133,356) | (180,387) |
| Balance as at June 30, 2024 | 171,950 | 69,610 | 61,106 | 302,666 |

| | Six months ended June 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 | 55,630 | - | - | 55,630 |
| Principal payments and other adjustments | (29,599) | 364 | (28,467) | (57,702) |
| Transfers to (from) including remeasurement | | | | |
| Stage 1 (Performing) | 56,793 | (40,943) | (27,872) | (12,022) |
| Stage 2 (Under-Performing) | (25,257) | 75,544 | (6,951) | 43,336 |
| Stage 3 (Non-Performing) | (14,150) | (20,238) | 165,676 | 131,288 |
| Net charge offs against allowance | (25,136) | (12,123) | (99,002) | (136,261) |
| Balance as at June 30, 2023 | 135,250 | 55,985 | 46,075 | 237,310 |

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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 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") growth rates, inflation growth 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 June 30, 2024 and December 31, 2023, respectively:

| 12-Month Forward-Looking Macroeconomic Variables (Average Annual) | Forecast Scenarios | | | | |
|-------------------------------------------------------------------------|--------------------|--------------------------|-------------------------|---------------------------|--------------------------|
| | Neutral | Moderately Optimistic | Extremely Optimistic | Moderately Pessimistic | Extremely Pessimistic |
| June 30, 2024 | | | | | |
| Unemployment rate ¹ | 6.35% | 6.10% | 5.72% | 7.61% | 8.01% |
| GDP growth rate ² | 1.56% | 2.41% | 3.26% | (0.97%) | (1.98%) |
| Inflation growth rate ³ | 1.74% | 1.97% | 2.18% | 1.58% | 1.37% |
| Oil prices ⁴ | \$79.09 | \$81.86 | \$84.04 | \$63.83 | \$53.90 |
| 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 |

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's 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 \$332.4 million, \$29.7 million or 9.8% higher than the reported allowance for credit losses as at June 30, 2024 (December 31, 2023 – \$295.2 million, \$29.8 million or 11.2% 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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(Unaudited)

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

For the periods ended June 30, 2024 and 2023

6. INVESTMENTS

Investments include the following:

| | June 30, 2024 | December 31, 2023 |
|--------------------------------------|------------------|----------------------|
| Listed and actively traded companies | 12,408 | 19,546 |
| Unlisted companies | 41,918 | 41,918 |
| | 54,326 | 61,464 |

Changes in the holdings, fair values of investments, and net investment income (loss) recorded in other income (loss) (including realized and unrealized gains and losses) in the interim condensed consolidated statements of income are summarized below:

| | Fair Value, Beginning of Period | Additions | Sales/ Settlements | Net Investment Income (Loss) | Fair Value, End of Period |
|-----------------------------------------------|---------------------------------------|-----------|-----------------------|---------------------------------------|---------------------------------|
| For the six months ended June 30, 2024 | | | | | |
| Listed and actively traded companies | 19,546 | - | - | (7,138) | 12,408 |
| Unlisted companies | 41,918 | - | - | - | 41,918 |
| | 61,464 | - | - | (7,138) | 54,326 |
| For the year ended December 31, 2023 | | | | | |
| Listed and actively traded companies | 6,226 | - | (5,556) | 18,876 | 19,546 |
| Unlisted companies | 51,078 | - | (55) | (9,105) | 41,918 |
| | 57,304 | - | (5,611) | 9,771 | 61,464 |

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.

For the three and six-month periods ended June 30, 2024, the Company has recognized an investment loss on its investments in listed and actively traded companies of \$2.7 million and \$7.1 million, respectively (for the three and six-month periods ended June 30, 2023 – investment income of \$2.3 million and \$3.3 million, respectively), included in other income (loss) in the interim condensed consolidated statements of income.

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Unlisted Companies

The Company's investments in unlisted companies were classified at initial recognition at FVTPL. For the three and six-month periods ended June 30, 2024, the Company has recognized nil (for the three and six-month periods ended June 30, 2023 – investment income of nil and \$1 million, respectively) investment income or loss on its investments in unlisted companies, 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 June 30, 2024:

| | Valuation Techniques | Significant Unobservable Inputs | Range | Sensitivity of the Input to Fair Value |
|--------------------|----------------------------|--------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Unlisted companies | Public company comparables | Revenue multiples | 1.6x – 16.6x | 0.6x increase (decrease) in the revenue multiples would result in an increase (decrease) in fair value by \$0.9 million |
| | Public company comparables | Enterprise value to gross profit multiples | 4.5x – 14.9x | 0.9x increase (decrease) in the enterprise value to gross profit multiples would result in an increase (decrease) in fair value by \$0.7 million |
| | Recent transactions | Price per share | Not applicable | Valuation was based on private recent transactions |

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.

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 is 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 I matures on October 31, 2025 and bears interest equal to the 1-month Canadian Dollar Offered Rate ("CDOR") plus 195 basis points ("bps").

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Following CARR's recommendation to transition from CDOR to CORRA as a benchmark rate, as disclosed in Note 3, on June 15, 2024, the Company has amended its Revolving Securitization Warehouse Facility I to change its benchmark rate from CDOR to CORRA. The Revolving Securitization Warehouse Facility I bears interest on drawn amounts at the rate of the daily compounded CORRA plus (a) a market standard CORRA spread adjustment of 29.547 bps, and (b) 195 bps; provided further that the interest rate shall not fall below 195 bps. The Revolving Securitization Warehouse Facility I will mature on October 31, 2025.

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.

On May 9, 2024, the Company amended its existing interest rate swap to change the benchmark rate for the variable interest rate from 1-month CDOR to the daily compounded CORRA plus a market standard CORRA spread adjustment of 29.547 bps.

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

| | June 30, 2024 | December 31, 2023 |
|--------------------------------------|------------------|----------------------|
| Drawn amount | 1,015,000 | 1,125,000 |
| Unamortized deferred financing costs | (2,897) | (3,968) |
| | 1,012,103 | 1,121,032 |

As at June 30, 2024, \$1.89 billion (December 31, 2023 – \$1.81 billion) of consumer loans receivable were pledged by the Company as collateral against its Revolving Securitization 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.

The primary purpose of Trust II is to provide the Company with funding for automotive consumer loans. Trust II has a \$500 million revolving securitization warehouse facility (the "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") with a syndicate of lenders, and as collateral for the drawn amount, automotive consumer loans are sold from easyfinancial Services Inc. and LendCare Capital Inc. into Trust II. As the economic exposure associated with the rights related to these automotive consumer loans is 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, 2025 and bears interest equal to the 1-month CDOR plus 185 bps.

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Following CARR's recommendation to transition from CDOR to CORRA as a benchmark rate, as disclosed in Note 3, on May 15, 2024, the Company has amended its Revolving Securitization Warehouse Facility II to change its benchmark rate from CDOR to CORRA. The Revolving Securitization Warehouse Facility II bears interest on drawn amounts at the rate of the daily compounded CORRA plus (a) a market standard CORRA spread adjustment of 29.547 bps, and (b) 185 bps; provided further that the interest rate shall not fall below 185 bps. The Revolving Securitization Warehouse Facility II will mature on December 16, 2025.

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.

On May 16, 2024, the Company amended its existing interest rate swap to change the benchmark rate for the variable interest rate from 1-month CDOR to the daily compounded CORRA plus a market standard CORRA spread adjustment of 29.547 bps.

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

| | June 30, 2024 | December 31, 2023 |
|------------------------------------|------------------|----------------------|
| Drawn amount | 270,000 | 245,000 |
| Unamortized deferred finance costs | (1,130) | (1,291) |
| | 268,870 | 243,709 |

As at June 30, 2024, \$514.7 million (December 31, 2023 – \$439.3 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 Facilities is as follows:

| Financial Covenant | Requirements | June 30, 2024 | December 31, 2023 |
|--------------------------------------------------|--------------|------------------|----------------------|
| Minimum consolidated fixed charge coverage ratio | > 2.0 | 3.42 | 3.81 |

As at June 30, 2024 and December 31, 2023, the Company was in compliance with its financial covenant under the Revolving Securitization Warehouse Facilities.

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

| | June 30, 2024 | December 31, 2023 |
|------------------------------------------------|------------------|----------------------|
| Revolving Securitization Warehouse Facility I | 1,012,103 | 1,121,032 |
| Revolving Securitization Warehouse Facility II | 268,870 | 243,709 |
| | 1,280,973 | 1,364,741 |

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 six-month periods ended June 30, 2024 and 2023.

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 (loss) ("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:

| | June 30, 2024 | December 31, 2023 |
|------------------------------------------------|------------------|----------------------|
| Derivative financial liabilities | | |
| Revolving Securitization Warehouse Facility I | (1,464) | (2,496) |
| Revolving Securitization Warehouse Facility II | (1,305) | (1,670) |

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 ("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.

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- 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. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity.

On April 30, 2023, the Company amended this securitization facility to provide for \$150 million of incremental funding (“\$150 million Securitization Facility”), bearing an interest equal to an interpolated GOCB rate plus an initial spread of 310 bps. The loan sale agreement to sell loans into the facility expired on April 30, 2024. The balance of the loans that were sold into the facility will amortize down based on their contractual time to maturity.

On May 28, 2024, the Company further amended this securitization facility to provide for \$125 million of incremental funding (“\$125 million Securitization Facility”) through the sale of consumer loans until May 31, 2025. The facility continues to bear an interest equal to an interpolated GOCB rate plus an initial spread of 310 bps.

As at June 30, 2024, \$131.7 million (December 31, 2023 – \$143.2 million) was drawn against the Secured Borrowings and \$229.5 million (December 31, 2023 – \$216.9 million) of consumer loans receivable were pledged by the Company as collateral for these Secured Borrowings. As at June 30, 2024, the Company had a borrowing capacity of \$111.6 million (December 31, 2023 – \$50.0 million) from the Secured Borrowings.

As at June 30, 2024 and December 31, 2023, the Company was in compliance with its financial covenants for the \$105 million Securitization Facility, which are based on the tangible net worth of the LendCare Capital Inc. legal entity.

As at June 30, 2024 and December 31, 2023, the Company was in compliance with its financial covenants for the \$85 million Securitization Facility, \$150 million Securitization Facility and \$125 million Securitization Facility, which are based on the Company’s tangible net worth and leverage ratio.

9. REVOLVING CREDIT FACILITY

The Company’s Revolving Credit Facility consists of a \$370 million senior secured revolving credit facility that matures on January 27, 2025. The Revolving Credit Facility was provided by a syndicate of banks. Interest on advances is payable at either the BA plus 225 bps or the lender’s prime rate plus 75 bps, at the option of the Company.

Following CARR’s recommendation to transition from CDOR to CORRA as a benchmark rate, as disclosed in Note 3, on May 31, 2024, the Company amended its Revolving Credit Facility to change the interest rate on advances payable, at the option of the Company, from either the lender’s prime rate plus 75 bps or BA plus 225 bps to either the lender’s prime rate plus 75 bps or 225 bps plus either (i) the forward-looking Term CORRA for the applicable period plus a market standard CORRA spread adjustment of (a) 29.547 bps for a one month interest period, or (b) 32.138 bps for a three month interest period; or (ii) the daily compounded CORRA for the applicable period plus a market standard CORRA spread adjustment of 29.547 bps; provided further that the interest rate shall not fall below 225 bps.

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

| | June 30, 2024 | December 31, 2023 |
|--------------------------------------|------------------|----------------------|
| Drawn amount | 120,000 | 192,000 |
| Unamortized deferred financing costs | (597) | (1,079) |
| | 119,403 | 190,921 |

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

| Financial Covenants | Requirements as at June 30, 2024 and December 31, 2023 | June 30, 2024 | December 31, 2023 |
|--------------------------------------------------|--------------------------------------------------------------|------------------|----------------------|
| Maximum consolidated leverage ratio | < 4.50 | 3.76 | 3.72 |
| Minimum consolidated fixed charge coverage ratio | > 1.25 | 2.11 | 2.27 |
| Minimum consolidated asset coverage ratio | > 1.75 | 5.14 | 3.03 |
| Maximum net charge off ratio | < 15.0% | 9.0% | 8.9% |

As at June 30, 2024 and December 31, 2023, the Company was in compliance with all of its financial covenants under its Revolving Credit Facility agreement.

10. NOTES PAYABLE

On April 29, 2021, the Company issued US\$320.0 million of 4.375% senior unsecured notes payable (“2026 Notes”) 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”) 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:

| | June 30, 2024 | December 31, 2023 |
|------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------|
| 2026 Notes in CAD at issuance | 400,032 | 400,032 |
| Change in fair value of the 2026 Notes since the issuance date due to changes in the foreign exchange rate | 37,856 | 24,032 |
| | 437,888 | 424,064 |
| Unamortized deferred financing costs | (2,461) | (3,094) |
| | 435,427 | 420,970 |

On November 28, 2023, the Company issued US\$550.0 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 and mature on December 1, 2028. The proceeds of the 2028 Notes were used to extinguish the Company’s 2024 Notes.

The 2028 Notes include certain prepayment options, which are derivatives embedded in the notes. These embedded derivatives are presented within the 2028 Notes and are measured at FVTPL with changes in fair value recognized in finance costs in the interim condensed consolidated statements of income.

Concurrent with the issuance of the 2028 Notes, the Company entered into derivative financial instruments (the “2027 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 payments of principal and interest under the 2028 Notes until December 1, 2027, at a fixed exchange rate of US\$1.000 = CAD1.3832, thereby hedging the US\$550.0 million 2028 Notes at a CAD interest rate of 8.79% until December 1, 2027.

The following table summarizes the details of the 2028 Notes:

| | June 30, 2024 | December 31, 2023 |
|--------------------------------------------------------------------|--------------------------|------------------------------|
| 2028 Notes in CAD at issuance | 760,760 | 760,760 |
| Prepayment options related to 2028 Notes at issuance | (7,469) | (7,469) |
| Change in fair value of the 2028 Notes since the issuance date | (8,140) | (31,900) |
| Change in fair value of prepayment options since the issuance date | (18,662) | (19,035) |
| | 726,489 | 702,356 |
| Unamortized premium | 6,750 | 7,469 |
| Unamortized deferred financing costs | (9,159) | (9,969) |
| | 724,080 | 699,856 |

On February 23, 2024, the Company issued US\$400.0 million of 7.625% senior unsecured notes payable (the “2029 Notes”) (the 2026 Notes, 2028 Notes and 2029 Notes are collectively referred to as “Notes Payable”) with interest payable semi-annually on January 1 and July 1 of each year and mature on July 1, 2029.

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The 2029 Notes include certain prepayment options, which are derivatives embedded in the notes. These embedded derivatives are presented within the 2029 Notes and are measured at FVTPL with changes in fair value recognized in finance costs in the interim condensed consolidated statements of income.

Concurrent with the issuance of the 2029 Notes, the Company entered into derivative financial instruments (the “2028 cross-currency swaps”) (the 2026 cross-currency swaps, 2027 cross-currency swaps and 2028 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 payments of principal and interest under the 2029 Notes until July 1, 2028, at a fixed exchange rate of US\$1.000 = CAD1.353, thereby hedging the US\$400.0 million 2029 Notes at a CAD interest rate of 7.195% until July 1, 2028.

The following table summarizes the details of the 2029 Notes:

| | June 30, 2024 |
|--------------------------------------------------------------------|--------------------------|
| 2029 Notes in CAD at issuance | 541,200 |
| Prepayment options related to 2029 Notes at issuance | (7,934) |
| Change in fair value of the 2029 Notes since the issuance date | 6,160 |
| Change in fair value of prepayment options since the issuance date | (2,531) |
| | 536,895 |
| Unamortized premium | 7,500 |
| Unamortized deferred financing costs | (6,767) |
| | 537,628 |

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

| | June 30, 2024 | December 31, 2023 |
|------------|--------------------------|------------------------------|
| 2026 Notes | 435,427 | 420,970 |
| 2028 Notes | 724,080 | 699,856 |
| 2029 Notes | 537,628 | - |
| | 1,697,135 | 1,120,826 |

The Company has elected to use hedge accounting for the Notes Payable and the cross-currency swaps (i.e., the same notional amount, interest rate, and interest payment dates, covering either full or partial term). The Company has elected to designate the 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 six-month periods ended June 30, 2024 and 2023.

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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:

| | June 30, 2024 | December 31, 2023 |
|-------------------------------------------|------------------|----------------------|
| Derivative financial assets (liabilities) | | |
| 2026 cross-currency swaps | 32,889 | 21,904 |
| 2027 cross-currency swaps | (16,047) | (38,291) |
| 2028 cross-currency swaps | 2,749 | - |

11. SHARE CAPITAL

Common Shares Issued and Outstanding

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

| | Six Months Ended June 30, 2024 | | Year Ended December 31, 2023 | |
|-------------------------------------|-----------------------------------|---------|---------------------------------|---------|
| | # of Shares (in 000s) | \$ | # of Shares (in 000s) | \$ |
| Balance, beginning of period | 16,625 | 428,328 | 16,445 | 419,046 |
| Exercise of share options | 131 | 8,097 | 143 | 7,227 |
| Exercise of restricted share units | 30 | 3,351 | 22 | 923 |
| Dividend reinvestment plan | 6 | 989 | 15 | 1,673 |
| Exercise of deferred share units | 4 | 309 | - | - |
| Other | - | (263) | - | (541) |
| Balance, end of period | 16,796 | 440,811 | 16,625 | 428,328 |

Dividends on Common Shares

For the three and six-month periods ended June 30, 2024, the Company paid dividends of \$19.6 million and \$35.5 million, respectively (for the three and six-month periods ended June 30, 2023 – \$15.9 million and \$30.8 million, respectively) or \$1.17 per share and \$2.13 per share, respectively (for the three and six-month periods ended June 30, 2023 – \$0.96 per share and \$1.87 per share, respectively). On May 7, 2024, the Company declared a dividend of \$1.17 per share to shareholders of record on June 28, 2024, payable on July 12, 2024. The dividend paid on July 12, 2024 was \$19.7 million.

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Shares Purchased for Cancellation

On December 16, 2022, 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, 2022 (the "2022 NCIB") and expired on December 20, 2023. During the year ended December 31, 2023, the Company has not purchased and cancelled any common shares, pursuant to the 2022 NCIB.

On December 19, 2023, the Company renewed its NCIB, which allows for a total purchase of up to 1,270,245 common shares (the "2023 NCIB") and expires on December 20, 2024. During the three and six-month periods ended June 30, 2023, the Company has not purchased and cancelled any common shares, pursuant to the 2023 NCIB.

12. SHARE-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 six-month periods ended June 30, 2024, nil and 33,324 options, respectively, were granted by the Company (for the three and six-month periods ended June 30, 2023 – nil for both periods). For the three and six-month periods ended June 30, 2024, the Company recorded an expense of \$0.3 million and \$0.7 million, respectively (for the three and six-month periods ended June 30, 2023 – \$0.3 million and 0.6 million, respectively) in share-based compensation expense related to its share 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 ("RSUs") 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 six-month periods ended June 30, 2024, the Company granted 1,538 and 56,775 RSUs, respectively (for the three and six-month periods ended June 30, 2023 – nil and 1,076 RSUs, respectively) to employees of the Company under its ESU Plan. Additionally, for the three and six-month periods ended June 30, 2024, an additional 1,847 and 3,375 RSUs, respectively (for the three and six-month periods ended June 30, 2023 – 1,963 and 4,221 RSUs, respectively) were granted as a result of dividends payable.

For the three and six-month periods ended June 30, 2024, the Company repurchased the equity interest related to a portion of fully vested RSUs amounting to \$0.4 million or \$0.2 million, net of tax and \$4.6 million or \$4.2 million, net of tax, respectively (for the three and six-months period ended June 30, 2023 – \$0.23 million or \$0.20 million, net of tax and \$8.1 million or \$6.6 million, net of tax, respectively).

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

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For the three and six-month periods ended June 30, 2024, the Company recorded an expense of \$2.1 and \$4.4 million, respectively (for the three and six-month periods ended June 30, 2023 – \$1.4 million and \$2.9 million, respectively) in share-based compensation expense related to the Company's RSUs in the interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

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 six-month periods ended June 30, 2024, the Company granted nil and 24,107 Executive DSUs, respectively (for the three and six-month periods ended June 30, 2023 – nil and 3,568 Executive DSUs, respectively) to employees of the Company under its ESU Plan. Additionally, for the three and six-month periods ended June 30, 2024, an additional 805 and 1,365 Executive DSUs, respectively (for the three and six-month periods ended June 30, 2023 – 643 and 1,133 Executive DSUs, respectively) were granted as a result of dividends payable.

For the three and six-month periods ended June 30, 2024, the Company recorded an expense of \$0.9 million and \$1.6 million, respectively (for the three and six-month periods ended June 30, 2023 – \$0.4 million and \$0.8 million, respectively) in share-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 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 six-month periods ended June 30, 2024, the Company granted 1,502 and 10,354 Board DSUs, respectively (for the three and six-month periods ended June 30, 2023 – 2,745 and 16,191 Board DSUs, respectively) to Board Directors under its DSU Plan. Additionally, for the three and six-month periods ended June 30, 2024, an additional 2,389 and 4,416 Board DSUs, respectively (for the three and six-month periods ended June 30, 2023 – 3,215 and 5,689 Board DSUs, respectively) were granted for dividends announced during the period.

For the three and six-month periods ended June 30, 2024, 9,064 Board DSUs (three and six-month periods ended June 30, 2023 – nil for both periods) were settled, of which, 4,212 Board DSUs were settled in shares. The Company repurchased the equity interest related to the remaining 4,852 Board DSUs amounting to \$1.2 million or \$0.9 million, net of tax.

For the three and six-month periods ended June 30, 2024, \$1.0 million and \$1.9 million, respectively (for the three and six-month periods ended June 30, 2023 – \$0.9 million and \$1.7 million, respectively) were recorded as share-based compensation expense under the Board DSU Plan in the interim condensed consolidated statements of income, with a corresponding adjustment to contributed surplus.

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Share-based Compensation Expense

Share-based compensation expense for the three and six-month periods ended June 30, 2024 was \$4.3 million and \$8.6 million, respectively (for the three and six-month periods ended June 30, 2023 – \$3.0 million and \$6.0 million, respectively).

13. FINANCE COSTS

Finance costs include the following:

| | Three Months Ended | | Six Months Ended | |
|-----------------------------------------------------------------|--------------------|------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Interest expense | | | | |
| Notes Payable | 31,457 | 15,106 | 57,273 | 30,212 |
| Revolving securitization warehouse facilities | 20,314 | 13,623 | 41,801 | 26,599 |
| Revolving credit facility | 871 | 5,673 | 3,715 | 8,728 |
| Secured borrowings | 2,191 | 1,153 | 4,525 | 2,205 |
| Amortization of deferred financing costs and accretion expenses | 2,013 | 1,864 | 3,833 | 3,675 |
| Interest expense on lease liabilities | 894 | 956 | 1,815 | 1,916 |
| Amortization of premium on Notes Payable | (618) | - | (1,154) | - |
| Fair value change on prepayment options (note 10) | (961) | - | (2,158) | - |
| Interest income on cash in bank, net | (1,477) | (722) | (3,653) | (1,456) |
| | 54,684 | 37,653 | 105,997 | 71,879 |

14. INCOME TAXES

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

| | Six Months Ended | |
|--------------------------------------------------------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 |
| Combined basic federal and provincial income tax rates | 26.5% | 26.5% |
| Expected income tax expense | 45,523 | 38,465 |
| Non-deductible expenses | 1,172 | 890 |
| Effect of capital losses (gains) on sale of assets and investments | 428 | (648) |
| Others | 318 | (541) |
| | 47,441 | 38,166 |

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

| | June 30, 2024 | December 31, 2023 |
|-------------------------------------------------------------------|------------------|----------------------|
| Accounts receivable and allowance for credit losses | 14,253 | 13,096 |
| Revaluation of notes payable and derivative financial instruments | 3,438 | 1,976 |
| Loss carry forwards | 2,311 | 623 |
| Share-based compensation | 2,052 | 2,746 |
| Right-of-use assets, net of lease liabilities | 1,436 | 1,424 |
| Financing fees | 857 | 1,222 |
| Unrealized fair value change on investments | (1,616) | (827) |
| Fair value change on prepayment options | (5,617) | (5,044) |
| Lease assets and property and equipment | (11,237) | (14,359) |
| Intangible asset arising from business acquisition | (23,722) | (25,458) |
| Other | 162 | 342 |
| | (17,683) | (24,259) |

As at June 30, 2024 and December 31, 2023, there were no recognized deferred income tax liabilities for taxes that would be payable on the undistributed earnings of the Company's subsidiaries.

15. 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 vested Board and Executive DSUs. Board DSUs granted to Board Directors are included in the calculation of the weighted average number of common shares outstanding as they vest upon grant. Executive DSUs granted to officers generally vest at the end of a three-year period based on achieving long-term financial targets.

| | Three Months Ended | | Six Months Ended | |
|----------------------------------------------------------------|--------------------|------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Net income | 65,401 | 55,550 | 124,345 | 106,986 |
| Weighted average number of common shares outstanding (in 000s) | 17,103 | 16,859 | 17,061 | 16,830 |
| Basic earnings per common share | 3.82 | 3.29 | 7.29 | 6.36 |

For the three and six-month periods ended June 30, 2024, 350,119 and 349,309 vested Board and Executive DSUs (for the three and six-month periods ended June 30, 2023 – 322,943 and 319,867 vested Board and Executive DSUs) were included in the weighted average number of common shares outstanding.

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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 share method.

| | Three Months Ended | | Six Months Ended | |
|-----------------------------------------------------------------|--------------------|------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Net income | 65,401 | 55,550 | 124,345 | 106,986 |
| Weighted average number of common shares outstanding (in 000s) | 17,103 | 16,859 | 17,061 | 16,830 |
| Dilutive effect of share-based compensation (in 000s) | 274 | 202 | 278 | 234 |
| Weighted average number of diluted shares outstanding (in 000s) | 17,377 | 17,061 | 17,339 | 17,064 |
| Diluted earnings per common share | 3.76 | 3.26 | 7.17 | 6.27 |

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

| | Three Months Ended | | Six Months Ended | |
|------------------------------------------|--------------------|------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Share options (in 000s) | 33 | 88 | 62 | 88 |
| Restricted share units (in 000s) | 1 | 2 | 57 | 3 |
| Executive deferred share units (in 000s) | - | - | 23 | 1 |
| | 34 | 90 | 142 | 92 |

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16. NET CHANGE IN OTHER OPERATING ASSETS AND LIABILITIES

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

| | Three Months Ended | | Six Months Ended | |
|------------------------------------------|--------------------|------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Accounts receivable | (8,148) | 50 | (9,297) | (552) |
| Prepaid expenses | (763) | (2,101) | (3,339) | (3,358) |
| Accounts payable and accrued liabilities | 7,670 | 10,035 | 288 | 7,274 |
| Income taxes recoverable / payable | (1,999) | 7,472 | (20,471) | 3,874 |
| Unearned revenue | 970 | (488) | (669) | 976 |
| Accrued interest | (11,806) | (16,998) | 14,484 | (3,763) |
| | (14,076) | (2,030) | (19,004) | 4,451 |

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

| | Three Months Ended | | Six Months Ended | |
|-----------------------|--------------------|------------------|------------------|------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Income taxes paid | 30,574 | 16,039 | 73,903 | 39,197 |
| Income taxes refunded | 1,098 | 75 | 1,098 | 75 |
| Interest paid | 66,637 | 52,554 | 92,830 | 71,505 |
| Interest received | 237,921 | 213,793 | 525,535 | 405,733 |

17. CONTINGENCIES

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

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

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18. FINANCIAL INSTRUMENTS

Recognition and Measurement of Financial Instruments

The Company classified its financial instruments as follows:

| Financial Instruments | Measurement | June 30, 2024 | December 31, 2023 |
|-----------------------------------------------|----------------|------------------|----------------------|
| Cash | Fair value | 135,918 | 144,577 |
| Accounts receivable | Amortized cost | 40,059 | 30,762 |
| Consumer loans receivable, net | Amortized cost | 3,917,944 | 3,447,588 |
| Investments | Fair value | 54,326 | 61,464 |
| Derivative financial assets | Fair value | 35,638 | 21,904 |
| Revolving credit facility | Amortized cost | 119,403 | 190,921 |
| Accounts payable and accrued liabilities | Amortized cost | 73,304 | 72,409 |
| Accrued interest | Amortized cost | 27,359 | 12,875 |
| Secured borrowings | Amortized cost | 131,729 | 143,177 |
| Revolving securitization warehouse facilities | Amortized cost | 1,280,973 | 1,364,741 |
| Derivative financial liabilities | Fair value | 18,816 | 42,457 |
| Notes payable | Amortized cost | 1,697,135 | 1,120,826 |

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 June 30, 2024 and December 31, 2023:

| June 30, 2024 | Total | Level 1 | Level 2 | Level 3 |
|-----------------------------------------------|--------------|----------------|----------------|----------------|
| Cash | 135,918 | 135,918 | - | - |
| Accounts receivable | 40,059 | - | - | 40,059 |
| Consumer loans receivable, net | 3,917,944 | - | - | 3,917,944 |
| Investments | 54,326 | 12,408 | - | 41,918 |
| Derivative financial assets | 35,638 | - | 35,638 | - |
| Revolving credit facility | 119,403 | - | - | 119,403 |
| Accounts payable and accrued liabilities | 73,304 | - | - | 73,304 |
| Accrued interest | 27,359 | - | - | 27,359 |
| Secured borrowings | 131,729 | - | - | 131,729 |
| Revolving securitization warehouse facilities | 1,280,973 | - | - | 1,280,973 |
| Derivative financial liabilities | 18,816 | - | 18,816 | - |
| Notes payable | 1,697,135 | - | - | 1,697,135 |
| December 31, 2023 | Total | Level 1 | Level 2 | Level 3 |
| Cash | 144,577 | 144,577 | - | - |
| Accounts receivable | 30,762 | - | - | 30,762 |
| Consumer loans receivable, net | 3,447,588 | - | - | 3,447,588 |
| Investments | 61,464 | 19,546 | - | 41,918 |
| Derivative financial assets | 21,904 | - | 21,904 | - |
| Revolving credit facility | 190,921 | - | - | 190,921 |
| Accounts payable and accrued liabilities | 72,409 | - | - | 72,409 |
| Accrued interest | 12,875 | - | - | 12,875 |
| Secured borrowings | 143,177 | - | - | 143,177 |
| Revolving securitization warehouse facilities | 1,364,741 | - | - | 1,364,741 |
| Derivative financial liabilities | 42,457 | - | 42,457 | - |
| Notes payable | 1,120,826 | - | - | 1,120,826 |

There were no transfers between Level 1, Level 2 or Level 3 for the three and six-month periods ended June 30, 2024 and year ended December 31, 2023.

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19. 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 legislation 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).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended June 30, 2024 and 2023

The following tables summarize the relevant information for the three and six-month periods ended June 30, 2024 and 2023:

| Three Months Ended June 30, 2024 | easyfinancial | easyhome | Corporate | Total |
|-----------------------------------------|----------------------|-----------------|------------------|----------------|
| Revenue | | | | |
| Interest income | 264,799 | 9,923 | - | 274,722 |
| Lease revenue | - | 24,014 | - | 24,014 |
| Commissions earned | 67,418 | 3,549 | - | 70,967 |
| Charges and fees | 7,294 | 798 | - | 8,092 |
| | 339,511 | 38,284 | - | 377,795 |
| Operating expenses | | | | |
| Bad debts | 109,530 | 2,969 | - | 112,499 |
| Other operating expenses | 55,265 | 14,002 | 27,817 | 97,084 |
| Depreciation and amortization | 9,872 | 9,426 | 1,704 | 21,002 |
| | 174,667 | 26,397 | 29,521 | 230,585 |
| Segment operating income (loss) | 164,844 | 11,887 | (29,521) | 147,210 |
| Other loss | | | | (2,740) |
| Finance costs | | | | (54,684) |
| Income before income taxes | | | | 89,786 |
| | | | | |
| Three Months Ended June 30, 2023 | easyfinancial | easyhome | Corporate | Total |
| Revenue | | | | |
| Interest income | 204,912 | 8,651 | - | 213,563 |
| Lease revenue | - | 25,052 | - | 25,052 |
| Commissions earned | 53,973 | 3,559 | - | 57,532 |
| Charges and fees | 5,868 | 913 | - | 6,781 |
| | 264,753 | 38,175 | - | 302,928 |
| Operating expenses | | | | |
| Bad debts | 81,181 | 3,453 | - | 84,634 |
| Other operating expenses | 48,846 | 14,978 | 22,351 | 86,175 |
| Depreciation and amortization | 9,305 | 10,544 | 1,619 | 21,468 |
| | 139,332 | 28,975 | 23,970 | 192,277 |
| Segment operating income (loss) | 125,421 | 9,200 | (23,970) | 110,651 |
| Other income | | | | 2,330 |
| Finance costs | | | | (37,653) |
| Income before income taxes | | | | 75,328 |

goeasy Ltd.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended June 30, 2024 and 2023

| Six Months Ended June 30, 2024 | easyfinancial | easyhome | Corporate | Total |
|---------------------------------------|----------------------|-----------------|------------------|----------------|
| Revenue | | | | |
| Interest income | 514,938 | 19,856 | - | 534,794 |
| Lease revenue | - | 48,755 | - | 48,755 |
| Commissions earned | 127,912 | 7,019 | - | 134,931 |
| Charges and fees | 14,717 | 1,712 | - | 16,429 |
| | 657,567 | 77,342 | - | 734,909 |
| Operating expenses | | | | |
| Bad debts | 210,833 | 6,861 | - | 217,694 |
| Other operating expenses | 107,276 | 28,564 | 54,574 | 190,414 |
| Depreciation and amortization | 19,747 | 18,709 | 3,424 | 41,880 |
| | 337,856 | 54,134 | 57,998 | 449,988 |
| Segment operating income (loss) | 319,711 | 23,208 | (57,998) | 284,921 |
| Other loss | | | | (7,138) |
| Finance costs | | | | (105,997) |
| Income before income taxes | | | | 171,786 |
| Six Months Ended June 30, 2023 | easyfinancial | easyhome | Corporate | Total |
| Revenue | | | | |
| Interest income | 398,091 | 16,900 | - | 414,991 |
| Lease revenue | - | 50,617 | - | 50,617 |
| Commissions earned | 104,357 | 7,091 | - | 111,448 |
| Charges and fees | 11,282 | 1,887 | - | 13,169 |
| | 513,730 | 76,495 | - | 590,225 |
| Operating expenses | | | | |
| Bad debts | 154,446 | 6,084 | - | 160,530 |
| Other operating expenses | 96,624 | 30,826 | 46,502 | 173,952 |
| Depreciation and amortization | 18,511 | 21,278 | 3,236 | 43,025 |
| | 269,581 | 58,188 | 49,738 | 377,507 |
| Segment operating income (loss) | 244,149 | 18,307 | (49,738) | 212,718 |
| Other income | | | | 4,313 |
| Finance costs | | | | (71,879) |
| Income before income taxes | | | | 145,152 |

As at June 30, 2024 and December 31, 2023, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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

For the periods ended June 30, 2024 and 2023

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 \$2.6 million and \$2.8 million for the three-month periods ended June 30, 2024 and 2023, respectively and \$5.3 million and \$5.6 million for the six-month periods ended June 30, 2024 and 2023, 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 six-month periods ended June 30, 2024 and 2023 were as follows:

| | Six Months Ended | |
|-------------|-------------------------|-------------------------|
| | June 30, 2024 (%) | June 30, 2023 (%) |
| Furniture | 42 | 41 |
| Electronics | 32 | 33 |
| Appliances | 16 | 16 |
| Computers | 10 | 10 |
| | 100 | 100 |

20. SUBSEQUENT EVENTS

On July 19, 2024, the Company amended its Revolving Credit Facility to increase the size of the facility from \$370 million to \$550 million, with the maturity extended to July 18, 2027. The Company also has an ability to exercise the accordion feature under its Revolving Credit Facility to add an additional \$150 million in borrowing capacity. The Revolving Credit Facility continued to be underwritten by the same lenders, with the addition of three new lenders to the syndicate. Advances under the Revolving Credit Facility bear interest, at the option of the Company, at 225 bps plus either (i) the forward-looking Term CORRA for the applicable period plus a market standard CORRA spread adjustment of (a) 29.547 bps for a one month interest period, or (b) 32.138 bps for a three month interest period; or (ii) the daily compounded CORRA for the applicable period plus a market standard CORRA spread adjustment of 29.547 bps; provided further that the interest rate shall not fall below 225 bps.

On July 25, 2024, the Company issued an additional US\$200 million of 7.625% senior unsecured notes payable due on July 1, 2029 (the “Additional 2029 Notes”) at a price of US\$1,018.75 per US\$1,000 principal amount. Concurrent with the issuance of the Additional 2029 Notes, the Company entered into cross-currency swaps to fix the foreign exchange rate for the proceeds from the issuance and for payments of principal and interest under these Additional 2029 Notes until July 1, 2028, at a fixed exchange rate of US\$1.000 = CAD1.3758, thereby hedging the Additional 2029 Notes at a CAD interest rate of 6.936% until July 1, 2028. The issuance of the Additional 2029 Notes was at a 101.875 premium to par resulting in an interest rate excluding the effect of financing charges of 6.38%.