



Court File No.: CV-26-_____ -00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

SARAH DODDS and ZIAD HOCHEIMY

Plaintiffs

– and –

**GOEASY LTD., JASON MULLINS, DAVID INGRAM, DANIEL REES, HAL
KHOURI, FARHAN ALI KHAN, JAMES OBRIGHT, KAREN BASIAN, DAVID
APPEL, SEAN MORRISON, JAMES MOORE, JONATHAN TÉTRAULT, AND
ERNST & YOUNG LLP**

Defendants

Proceeding under the *Class Proceedings Act, 1992*

STATEMENT OF CLAIM

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyers or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFFS' CLAIM, and \$5,000.00 for costs, within the time for serving and filing your statement of defence you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

Date Issued:	Issued by: <hr/> Local Registrar
	<i>Address of Court Office:</i> Superior Court of Justice 330 University Avenue, 8th Floor Toronto, Ontario, M5G 1R7

TO:

GOEASY LIMITED

Legal Department
33 City Centre Dr., 5th Floor
Mississauga, Ontario, L5B 2N5
Tel: (844) 446-3279

On behalf of the corporation and individual defendants

ERNST & YOUNG LLP

Legal Department
100 Adelaide Str. W.
Toronto, Ontario, M5H 0B3
Tel: (416) 864-1234

DEFINED TERMS

1. In addition to the terms defined in ss. 1(1) and 138.1 of the *Securities Act*, R.S.O. 1990, c. S. 5, and elsewhere herein, the following capitalized terms used throughout this Statement of Claim have the meanings indicated below:

- (a) “**Audit Committee**” means Goeasy’s Audit Committee, comprised of Karen Basian (chair), David Appel, Sean Morrison, James Moore and Jonathan Tétrault;
- (b) “**Class**” means (i) Statutory: all beneficial owner entities and persons, other than Excluded Persons, who acquired Goeasy’s common shares during the Class Period and who held some or all of those common shares until after the release of the Public Corrective Disclosure; and (ii) Common Law: all Canadian beneficial owner entities and persons, other than Excluded Persons, who acquired Goeasy’s common shares and who held some or all of those common shares until after the release of the Public Corrective Disclosure;
- (c) “**Class Period**” means May 7, 2024, through March 9, 2026;
- (d) “**Company**” or “**Goeasy**” means goeasy Ltd.;
- (e) “**CPA**” means the *Class Proceedings Act, 1992*, S.O. 1992, c. 6, as amended;
- (f) “**E&Y**” means Ernst & Young LLP;
- (g) “**Excluded Persons**” means any of the Defendants, their executives, family members and business partners during the Class Period;
- (h) “**ICFR**” means internal controls over financial reporting and, specifically, the controls designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS, and that the receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company;
- (i) “**IFRS**” means the International Financial Reporting Standards;
- (j) “**Impugned Documents**” means the documents and statements released on May 7, August 8, and November 7, 2024; February 13, May 7, August 6, September 24, October 31, and November 5, 2025;

- (k) “**Individual Defendants**” means Jason Mullins, David Ingram, Daniel Rees, Hal Khouri, Farhan Ali Khan, James Obright, Karen Basian, David Appel, Sean Morrison, James Moore, and Jonathan Tétrault;
- (l) “**Khouri**” means Hal Khouri, the Chief Financial Officer of Goeasy until November 7, 2024;
- (m) “**LendCare**” means LendCare Capital, Inc., a principal subsidiary of Goeasy;
- (n) “**MD&A**” means Management’s Discussion and Analysis;
- (o) “**Misrepresentations**” means the overlapping impugned material facts identified in the “Short Seller Report” and the “Public Corrective Disclosure”;
- (p) “**OSA**” means the *Securities Act*, R.S.O. 1990 c. S.5, as amended;
- (q) “**Public Corrective Disclosure**” means the material facts released by Goeasy on March 10, 2026, within the news release titled “New management takes action to prepare Goeasy Ltd., for the Future;”
- (r) “**Rees**” means Daniel Rees, the Chief Executive Officer of Goeasy during the Class Period until December 31, 2025; and
- (s) “**Short Seller Report**” means the research analyst report published by Jehoshaphat Research on September 16, 2025.

CAUSES OF ACTION

2. The causes of action asserted by the Plaintiffs, on behalf of themselves and the Class in this proceeding, are:

- (a) Common law secondary market negligent misrepresentations; and,
- (b) If Part XXIII.1, s. 138.8 of the *OSA* is granted, statutory secondary market misrepresentations, pursuant to Part XXIII.1, s. 138.3 of the *OSA*.

RELIEF CLAIMED

3. The Plaintiffs claim on their own behalf and on behalf of the members of the Class, subject to further disclosures, discovery and due diligence:

- (a) a declaration that the Impugned Documents released by the Defendants contained misrepresentations related to the Company's business, operations and finances because the documents omitted material facts and misreported material facts as reflected in the Public Corrective Disclosure;
- (b) an order pursuant to s. 138.8 of the *OSA* granting the Plaintiffs leave to advance the s. 138.3 of the *OSA* cause of action;
- (c) an order pursuant to s. 5 of the *CPA* certifying this action as a class proceeding and appointing them as the representative plaintiffs for the Class advancing the causes of action identified herein;
- (d) subject to common law and Part XXIII.1 of the *OSA*, damages in a sum to be determined, or such other sum as this Court finds appropriate at the trial of the common issues or at a reference or references;
- (e) an order directing a reference or giving such other directions as may be necessary to determine issues not determined in the trial of the common issues;
- (f) prejudgment and post-judgment interest, compounded, or pursuant to ss. 128 and 129 of the *CJA*;
- (g) costs of this action on a full indemnity scale, or in an amount that provides substantial indemnity, plus, pursuant to s. 26(9) of the *CPA*, the costs of administering the plan of distribution of the recovery in this action; and
- (h) such further and other relief that this Honourable Court deems just.

NATURE OF THIS ACTION

4. Goeasy is a large, publicly traded Canadian corporation that is a reporting and responsible issuer under the *OSA*. It reports itself as a holding company whose subsidiaries engage in the business of providing non-prime leasing and lending services through its easyhome, easyfinancial and LendCare brands. The Company offers a variety of financial products and services including unsecured and secured installment loans, merchant financing through a variety of verticals and lease-to-own merchandise.

5. During the Class Period Goeasy published material fact information that (a) investors could rely upon its published financial statements and MD&As as being accurate; (b) its E&Y audited F/2014 financial statements were accurate; and (c) investors should not believe the allegations published in the Short Seller Report.

6. On March 10, 2026, however, Goeasy released the Public Corrective Disclosure and reported that:

- (a) it expects to incur an incremental charge off in Q4 2025 of approximately \$178M relating to the LendCare business;
- (b) it expects to incur a related write down of approximately \$55M for loan interest and fees;
- (c) charge offs (including the incremental charge off above) in the quarter are expected to be approximately \$331M;
- (d) the Company is withdrawing its previously issued Q4 2025 outlook and three-year forecast;
- (e) after giving effect to the anticipated incremental net charge offs, the Company expects its net charge off rate for 2025 (full-year) to be approximately 12.9%, and with 2026 increasing to the mid-teens (i.e., compared to below 9%);
- (g) the anticipated incremental net charge offs and increase in loan loss provision is expected to result in the Company not complying with certain financial covenants, as currently formulated, under its syndicated credit facility, securitization facilities and receivables purchase arrangements;

- (h) its management will need to revise LendCare's historical results for 2024 and the interim periods of 1Q - 3Q 2025; and
- (j) the Company was suspending its dividend and was revoking its previously announced share buy back program and 3-year *pro-formas*.

7. The market impact of this negative material fact news called into question all of the Company's disclosure documents going back to 1Q 2024. The market's reaction was harsh and immediate on the price for Goeasy's securities: \$115.55 to \$49.72, a 59% drop in price, i.e., over \$60.00 per share purchased during the Class Period and held after March 9, 2026. Moreover, S&P Global reduced Goeasy's credit rating from BB- to B- and put it on its negative credit watch.

8. The Plaintiffs and putative Class suffered a foreseeable economic loss from the market impact of the Public Corrective Disclosure which contradicted the previous material fact statements within the Impugned Documents as described herein.

THE PLAINTIFFS

Ziad Hocheimy

9. Ziad Hocheimy is located in Oshawa, Ontario, and he purchased shares of Goeasy beginning on December 17, 2024, holding said shares until after the release of the Public Corrective Disclosure.

10. Prior to and during the Class Period and in relying upon the Company's core and non-core documents, Mr. Hocheimy purchased the Defendant's securities. Had Goeasy reported that its continuous disclosure documents did not accurately reflect its revenues, charge offs, or that there may have been some truth to the Short Seller Report's allegations, Mr. Hocheimy would have sold his investment in Goeasy when the disclosures were made.

11. On March 10, 2026, Mr. Hocheimy suffered an economic injury of over \$100,000, as a direct and foreseeable result of the Defendants releasing investor documents containing misrepresentations and being linked to the Public Corrective Disclosure.

Sarah Dodds

12. Sarah Dodds is located in Victoria, British Columbia. She purchased shares of Goeasy on May 2, 2019; June 5, 2019; December 9, 2020; May 25, 2022; November 14, 2022; February 14, 2024; December 2, 2025; and February 19, 2026, and held some or all of these shares after the release of the Public Corrective Disclosure.

13. Prior to and during the Class Period and in relying upon the Company's core and non-core documents, Ms. Dodds purchased the Defendant's securities. Had Goeasy reported that its continuous disclosure documents did not accurately reflect its revenues, charge offs, or that there may have been some truth to the Short Seller Report's allegations, Ms. Dodds would have sold her investment in Goeasy when the disclosures were made.

14. On March 10, 2026, Ms. Dodds suffered an economic injury of over \$100,000, as a direct and foreseeable result of the Defendants releasing investor documents containing misrepresentations and being linked to the Public Corrective Disclosure.

THE DEFENDANTS

Goeasy Ltd.

15. Goeasy is a holding company incorporated pursuant to the laws of Ontario that is headquartered in Mississauga, whose subsidiaries engage in the business of specialty finance for non-prime consumers under the brands and/or subsidiaries: (a) easyfinancial Services, Inc; (b) LendCare Capital, Inc; and (c) RTO Asset Management Inc.

16. Goeasy's common shares, which have a CUSIP identifier number of 380355, were listed under the ticker symbol "GSY" on the TSX. Goeasy's common shares also trade on numerous other electronic market places, including the US OTC. As of February 13, 2025, Goeasy had 16,470,723 common shares afloat. As of February 13, 2024, Goeasy had 16,627,755 common shares afloat.

17. Goeasy reported in its documents presented to investors and published on SEDAR that they were prepared in accordance with IFRS, and that its quarterly reports should be read together with its most recent audited annual consolidated financial statements.

18. Goeasy's Audit Committee's mandate included oversight of the accounting and financial reporting practices of the Company, ensuring the quality and integrity of financial information provided to the Board and the effectiveness of Goeasy's ICFR, and reviewing and approving applicable financial information and documents prior to public disclosure.

19. Goeasy's Credit Committee, which is composed of senior management that reports to the Audit Committee and Risk Committee, creates and relies upon alleged proprietary credit models and individual credit assessments, and is responsible for collections.

20. Goeasy has two reporting segments: easyfinancial and easyhome. Within easyfinancial the main business is LendCare. The LendCare operating segment specializes in financing secured and unsecured consumer purchases in the powersports, automotive, retail, healthcare, and home improvement categories to non-prime borrowers. It reports that it maintains an allowance for credit losses as prescribed by IFRS.

21. 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.

22. Goeasy reported that “late-stage” delinquent loans are defined as those unsecured loans where payments are over 90 days past due; and for secured loans the charge off is 180 days post initial delinquency.

23. Goeasy is a reporting and responsible issuer for purposes of Ontario securities laws and subject to the continuous disclosure requirements of the *OSA* and Part XXIII.1 of the *OSA*; its head office is located at 33 City Centre Dr., 5th Floor, Mississauga, Ontario, L5B 2N5, Canada.

Goeasy’s Chief Executives and Presidents

Jason Mullins

24. Mullins served as Goeasy’s President and CEO until 2024, and continues to serve as a member of the Board of Directors. He also served as Goeasy’s chief operating decision maker. He was jointly responsible for Goeasy’s ICFR and he certified that Goeasy’s ICFR were effective in the quarterly and annual Impugned Documents.

25. In this position he had, or should have had, access to all material fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy’s collection efforts and success rates; (iv) Goeasy’s historical and current charge off ratios; and (v) whether Goeasy was in compliance with all debt covenants.

26. Mullins is a defendant in this action because he authorized the publication and certification of the Impugned Documents dated May 7, August 8, and November 7, 2024.

David Ingram

27. Ingram served as Goeasy’s President, CEO, and then Executive CEO until February 13, 2024. He also served as Goeasy’s chief operating decision maker. He was jointly responsible for Goeasy’s ICFR and he certified that Goeasy’s ICFR were effective in the quarterly and annual Impugned Documents.

28. In this position he had, or should have had, access to all material fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy's collection efforts and success rates; (iv) Goeasy's historical and current charge off ratios; and (v) whether Goeasy was in compliance with all debt covenants.

29. Ingram is a defendant in this action because he authorized the publication and certification of the Impugned Document dated February 13, 2025.

Daniel Rees

30. Rees served as Goeasy's CEO at all relevant times until December 31, 2025. He also served as the Goeasy's chief operating decision maker. He was jointly responsible for Goeasy's ICFR and he certified that Goeasy's ICFR were effective in the quarterly and annual Impugned Documents.

31. In this position he had, or should have had, access to all material fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy's collection efforts and success rates; (iv) Goeasy's historical and current charge off ratios; (v) whether Goeasy was in compliance with all debt covenants; and (vi) how and why Goeasy categorically denied the accuracy of any aspect of the Short Seller Report.

32. Rees is a defendant in this action because he authorized the publication and certification of the Impugned Documents.

Goeasy's Chief Financial Officers

Hal Khouri

33. Khouri served as Goeasy's CFO and executive vice president at all relevant times until November 7, 2025. He has been instrumental in managing Goeasy's balance sheet and financial

reporting. He was also jointly responsible for Goeasy's ICFR and he certified through the release of Goeasy's 3Q 2025 MD&A that Goeasy's ICFR were effective.

34. In this position he had, or should have had, access to all material fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy's collection efforts and success rates; (iv) Goeasy's historical and current charge off ratios; (v) whether Goeasy was in compliance with all debt covenants; and (vi) how and why Goeasy categorically denied the accuracy of any aspect of the Short Seller Report.

35. Khouri is a defendant in this action because he authorized the publication and certification of Goeasy's 1Q 2024 through 3Q 2025 financial statements and MD&A.

Goeasy's Senior Officers

Farahan Ali Khan

36. During September 2020, Khan joined Goeasy and has served multiple roles. As relevant to this lawsuit, Khan has served as the Executive Vice President and Head of LendCare, Chief Revenue Officer of LendCare, and Chief Strategy and Corporate Development Officer.

37. Khan signed the news releases for each of the impugned quarterly results. In this position he had, or should have had, access to all material fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy's collection efforts and success rates; (iv) Goeasy's historical and current charge off ratios; (v) whether Goeasy was in compliance with all debt covenants; and (vi) how and why Goeasy categorically denied the accuracy of any aspect of the Short Seller Report.

38. Khan is a defendant in this action because he authorized the publication of Goeasy's news releases that reported Goeasy's 1Q 2024 through 1Q 2025 financial results.

James Obright

39. During June 2025, Obright joined Goeasy as a Senior Vice President, Investor Relations & Capital Markets.

40. In this position he had, or should have had, access to all material fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy's collection efforts and success rates; (iv) Goeasy's historical and current charge off ratios; (v) whether Goeasy was in compliance with all debt covenants; and (vi) how and why he, on behalf of Goeasy, categorically denied the accuracy of any aspect of the Short Seller Report.

41. Obright is a defendant in this action because he authorized the publication of Goeasy's new release dated September 24, 2025, that reported that Goeasy categorically denied all conclusions presented within the Short Seller Report; as well as the news releases that reported Goeasy's 2Q and 3Q 2025 financial results.

Goeasy's Audit Committee Members

42. As reflected by Goeasy's F/2024 Annual Report, *et al.*, the Audit Committee was responsible for designing Goeasy's ICFR and reviewing each investor document for accuracy prior to public disclosure.

Karen Basian

43. Since November 2014, Basian has been a director of Goeasy and was a member of the Audit Committee during the Class Period.

David Appel

44. Since August 2010, Appel has been a director of Goeasy and was a member of the Audit Committee during the Class Period.

Sean Morrison

45. Since January 2012, Morrison has been a director of Goeasy and was a member of the Audit Committee during the Class Period.

James Moore

46. Since March 2020, Moore has been a director of Goeasy and was a member of the Audit Committee during the Class Period.

Jonathan Tétrault

47. Since July 2022, Tétrault has been a director of Goeasy and was a member of the Audit Committee during the Class Period.

48. In this position each member of the Audit Committee had, or should have had, access to all material fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy's collection efforts and success rates; (iv) Goeasy's historical and current charge off ratios; (v) whether Goeasy was in compliance with all debt covenants; and (vi) how and why Goeasy categorically denied the accuracy of any aspect of the Short Seller Report.

49. Each member of the Audit Committee is a defendant in this action because, at the minimum, they authorized the publication and certification of Goeasy's F/2024 AIF, Annual Report as well as Goeasy's 1Q 2025 through 3Q 2025 financial statements and MD&A as well as Goeasy's news release dated September 24, 2025, whereby Goeasy categorically denied the allegations contained within the Short Seller Report.

Goeasy's Auditor: Ernst & Young LLP

50. E&Y provided auditing services to Goeasy and, specifically, audited the consolidated financial statements of Goeasy and its subsidiaries for the periods ending December 31, 2024

and 2023. The consolidated financial statements, defined by E&Y, include the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

51. In this position E&Y had, or should have had, access to all material fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy's collection efforts and success rates; (iv) Goeasy's historical and current charge off ratios; (v) whether Goeasy was in compliance with all debt covenants as of December 31, 2024.

52. On February 13, 2025, Goeasy published E&Y's Independent Auditor's Report that read, "In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs)."

53. E&Y is a defendant in this action because on February 13, 2025, it authorized Goeasy to release its audited financial opinion over Goeasy's F/2024 financial statements which were published on SEDAR and Goeasy's website.

THE TOTAL MIX OF INFORMATION

54. On **February 13, 2024**, Goeasy released its F/2023 audited annual financial statements, MD&A, F/2023 AIF, and Code of Conduct, including NI-52-109s, affirming that the Audit Committee, Dees, and Khouri certified that the data was being presented in a manner consistent

with IFRS, that Goeasy's ICFR were effective, and that there were no misrepresentations and affirmed that:

- (a) Goeasy, as a reporting issuer, intentionally accepted the responsibilities of the OSA and reported that it presented its financial information in accordance with Canadian generally accepted accounting standards and IFRS;
- (b) store managers, regional managers and divisional vice presidents receive a portion of their compensation in the form of bonuses determined under a profit incentive arrangement, which measures both selling activity and responsible credit and collection behaviours. This arrangement is designed to promote growth and optimize revenues, while ensuring a healthy portfolio of performing loans and a best-in-class customer experience;
- (c) the Company's analysis of annualized net charge off rates are 200% more predictive when compared to a traditional credit score;
- (d) Goeasy funds its business through a combination of equity and a variety of debt instruments, including US\$870 million senior unsecured notes, \$150 million secured borrowings and a \$370 million revolving credit facility. In addition, the Company has a revolving securitization warehouse facility of \$1.4 billion collateralized by unsecured personal loans and home equity loans and another \$500 million revolving securitization warehouse facility collateralized by automotive consumer loans. The Company remains confident that capacity available under its existing funding facilities, and its ability to raise additional debt financing, is sufficient to fund its organic growth plans;
- (e) the allowance for expected credit losses is a provision that is reported on the Company's statement of financial position that is netted against gross consumer loans receivable to arrive at net consumer loans receivable. The allowance for expected credit losses provides for credit losses that are expected to transpire in future periods. Customer loans for which the Company has received a notification of bankruptcy, unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days where no further collection measures are deemed practicable are charged off against the allowance for loan losses (i.e., new language from prior disclosures) [emphasis added];
- (f) on June 15, 2023, the Company amended its \$1.4 billion revolving securitization warehouse facility ("Revolving Securitization Warehouse Facility I") to extend the maturity date to October 31, 2025, and the applicable interest rate on advances was changed from 1-month Canadian Dollar Offered Rate ("CDOR") plus 185 bps to 1-month CDOR plus 195 bps, an increase of 10 bps;

- (g) on December 20, 2023, the Company increased revolving securitization warehouse facility (“Revolving Securitization Warehouse Facility II”) (the Revolving Securitization Warehouse Facility I and Revolving Securitization Warehouse Facility II are collectively referred to as “Revolving Securitization Warehouse Facilities”), which is collateralized by automotive consumer loans, \$500 million and continues to be underwritten by the same lender, with the addition of a new lender to the syndicate maturing to December 16, 2025; and
- (h) the agreements governing the Company’s credit facilities contain restrictive covenants that may limit its discretion with respect to certain business matters. These covenants may place significant restrictions on, among other things, the Company’s ability to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees, and to sell or otherwise dispose of assets. In addition, the agreements governing the Company’s credit facilities may contain financial covenants that require it to meet certain financial ratios and financial condition tests. A breach could constitute an event of default under the Company’s lending agreements entitling the lenders to accelerate the outstanding indebtedness thereunder unless such event of default is cured as required by the agreement.

55. On a quarterly basis, *i.e.*, ending **December 31, 2023** (a/k/a/, Q4 2023), and creating the foundation to identify material facts for the Impugned documents, Goeasy reported:

- (a) Total Revenues as \$338M, with net income of \$74.6M;
- (b) easyfinancial revenue of \$299M, operating income of \$150.2M;
- (c) 58.1% v. 41.9%, between unsecured and secured loans;
- (d) Aging gross consumer loans as \$210,812,000, or 5.8%;
- (e) Bad debt expenses as \$91,570,000;
- (f) Net charge offs as \$79,006,000, or 8.8%;
- (g) IFRS as being followed;
- (h) ICFR as being effective as determined by the CEO and CFO; and
- (i) that the Company was not in breach of any debt covenants and enjoyed substantial intangible assets and goodwill.

The Impugned Documents

56. On **May 7, 2024**, Goeasy updated the total mix of information to the market about its capital, financials, and operations by releasing a news release, its Q1 2024 financial statements and MD&A for the period ending March 31, 2024, including NI-52-109s, affirming:

- (a) Total Revenues as \$357M, with net income of \$58.9M;
- (b) easyfinancial revenues as \$318M;
- (c) 57.3% v. 42.7%, between unsecured and secured loans;
- (d) Aging gross consumer loans as \$243,814,000, or 6.3%;
- (e) Bad debt expenses as \$105,195;
- (f) Net charge offs as \$86,327,000, or 9.1%;
- (g) IFRS as being followed;
- (h) ICFR as being effective as determined by the CEO and CFO; and
- (i) that the Company was not in breach of any debt covenants and enjoyed substantial intangible assets and goodwill.

57. Individual Defendants Mullins and Khouri certified the accuracy of these core documents. Defendant Khan authorized and prepared the News Release.

58. As reflected in the Public Corrective Disclosure described below, Goeasy reported that its 2025 quarterly charge offs would increase by approximately 33%; F/2025 charge off rate would increase to approximately 12.9%; F/2026 charge off rates would increase to the mid-teens during 2026; the Company learned that certain previously booked revenues were actually received in subsequent months or not collected at all; the Company was in breach of debt covenants relating to its syndicated credit facility (but it did not disclose whether it was the pre-

October 13, 2025 amendment), it would suspend dividends; and revise F/2024 through Q3 2025 interim financial statements.

59. On **August 8, 2024**, Goeasy updated the total mix of information to the market about its capital, financials, and operations by releasing its Q2 2024 financial statements, MD&A, and other core documents, including NI-52-109s, affirming:

- (a) Total Revenues as \$378M, with net income of \$65.4M;
- (b) easyfinancial revenues as \$339M;
- (c) 55.9% v. 44.1%, between unsecured and secured loans;
- (d) Aging gross consumer loans as \$321,045,000, or 7.7%;
- (e) Bad debt expenses as \$112,499,000;
- (f) Annualized net charge offs as \$94,060,000, or 9.3%;
- (g) IFRS as being followed;
- (h) ICFR as being effective as determined by the CEO and CFO; and
- (i) that the Company was not in breach of any debt covenants and enjoyed substantial intangible assets and goodwill.

60. Individual Defendants Mullins and Khouri certified the accuracy of these core documents. Defendants Mullins and Khan authorized and prepared the News Release.

61. As reflected in the Public Corrective Disclosure described below, Goeasy reported that its 2025 quarterly charge offs would increase by approximately 33%; F/2025 charge off rate would increase to approximately 12.9%; F/2026 charge off rates would increase to the mid-teens during 2026; the Company learned that certain previously booked revenues were actually received in subsequent months or not collected at all; the Company was in breach of debt covenants relating to its syndicated credit facility (but it did not disclose whether it was the pre-

October 13, 2025 amendment), it would suspend dividends; and revise F/2024 through Q3 2025 interim financial statements.

62. On **November 7, 2024**, Goeasy updated the total mix of information to the market about its capital, financials, and operations by releasing its Q3 2024 financial statements, MD&A, for the period ending September 30, 2024, including NI-52-109s, affirming that:

- (a) Total Revenues as \$383M, with net income of \$84.9M;
- (b) easyfinancial revenues as \$345M;
- (c) 55% v. 45%, between unsecured and secured loans;
- (d) Aging gross consumer loans as \$324,755,000, or 7.4%;
- (e) Bad debt expenses as \$117,391,000;
- (f) Annualized net charge offs as \$99,359,000, or 7.38%;
- (g) IFRS as being followed;
- (h) ICFR as being effective as determined by the CEO and CFO; and
- (i) that the Company was not in breach of any debt covenants and enjoyed substantial intangible assets and goodwill.

63. Individual Defendants Mullins and Khouri certified the accuracy of these core documents. Defendants Mullins and Khan authorized and prepared the News Release.

64. As reflected in the Public Corrective Disclosure described below, Goeasy reported that its 2025 quarterly charge offs would increase by approximately 33%; F/2025 charge off rate would increase to approximately 12.9%; F/2026 charge off rates would increase to the mid-teens during 2026; the Company learned that certain previously booked revenues were actually received in subsequent months or not collected at all; the Company was in breach of debt covenants relating to its syndicated credit facility (e.g. but it did not disclose whether it was the

pre-October 13, 2025 amendment), it would suspend dividends; and revise F/2024 through Q3 2025 interim financial statements.

65. On **February 13, 2025**, Goeasy updated the total mix of information to the market about its capital, financials, and operations by releasing a news release and its F/2024 audit financial statements, MD&A, and other financial statements ending December 31, 2024, including NI-52-109s, affirming that:

The Independent Auditor's Report (F/2024):

- (a) In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs);
- (b) We conducted our audit in accordance with Canadian generally accepted auditing standards;
- (c) Goeasy has used expected credit loss (ECL) models to recognize \$349.6 million in allowances for credit losses on its consolidated balance sheet; and
- (d) We independently recalculated the ECL using source data with the objectives to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

The Financial Statement and MD&A (Q4 2024):

- (a) Total Revenues as \$405M, with net income of \$73.8M;
- (b) easyfinancial revenues as \$367M;
- (c) 54.7% v. 45.3%, between unsecured and secured loans;
- (d) Aging gross consumer loans as \$345,385,000, or 7.5%;
- (e) Bad debt expenses as \$129M;
- (f) Net charge offs as \$103,700,000, or 9.1%;
- (g) IFRS as being followed;

- (h) ICFR as being effective as determined by the CEO and CFO; and
- (i) that the Company was not in breach of any debt covenants and enjoyed substantial intangible assets and goodwill.

66. As reflected in the Public Corrective Disclosure, below:

- (a) E&Y's F/2024 audited opinion contained a misrepresentation because Goeasy negligently reported its financial statements in the manner described in its March 10, 2026 news release or, alternatively, Goeasy provided E&Y with inaccurate financial data; and
- (b) Goeasy reported that its 2025 quarterly charge offs would increase by approximately 33%; F/2025 charge off rate would increase to approximately 12.9%; F/2026 charge off rates would increase to the mid-teens during 2026; the Company learned that certain previously booked revenues were actually received in subsequent months or not collected at all; the Company was in breach of debt covenants relating to its syndicated credit facility (but it did not disclose whether it was the pre-October 13, 2025 amendment), it would suspend dividends; and revise F/2024 through Q3 2025 interim financial statements.

67. Individual Defendants Ingram and Khouri certified the accuracy of these core documents. Defendant Khan authorized and prepared the News Release.

68. On **May 7, 2025**, Goeasy updated the total mix of information to the market about its capital, financials, and operations by releasing its Q1 2025 financial statements, MD&A, and the F/2024 Annual Report for the period ending March 31, 2025, including NI-52-109s, affirming:

- (a) Total Revenues as \$393M, with adjusted net income of \$39.4M;

- (b) easyfinancial revenues as \$345M;
- (c) 54% v. 46%, between unsecured and secured loans;
- (d) Aging gross consumer loans as \$331,630,000, or 6.9%;
- (e) Bad debt expenses as \$131M;
- (f) Annualized net charge offs as \$104,428,000, or 8.9%;
- (g) IFRS as being followed;
- (h) ICFR as being effective as determined by the CEO and CFO; and
- (i) that the Company was not in breach of any debt covenants and enjoyed substantial intangible assets and goodwill.

69. Individual Defendants Ingram and Khouri certified the accuracy of these core documents. Defendant Khan authorized and prepared the News Release.

70. As reflected in the Public Corrective Disclosure described below, Goeasy reported that its 2025 quarterly charge offs would increase by approximately 33%; F/2025 charge off rate would increase to approximately 12.9%; F/2026 charge off rates would increase to the mid-teens during 2026; the Company learned that certain previously booked revenues were actually received in subsequent months or not collected at all; the Company was in breach of debt covenants relating to its syndicated credit facility (but it did not disclose whether it was the pre-October 13, 2025 amendment), it would suspend dividends; and revise F/2024 through Q3 2025 interim financial statements.

71. On **August 6, 2025**, Goeasy updated the total mix of information to the market about its capital, financials, and operations by releasing its Q2 2025 financial statements, MD&A, and other core documents, including NI-52-109s, affirming:

- (a) Total Revenues as \$418M, with net income of \$86.5M;

- (b) easyfinancial revenues as \$380M;
- (c) 52.4% v. 47.6% between unsecured and secured loans;
- (d) Aging gross consumer loans past due as \$339.9M, or 6.7%;
- (e) Bad debt expenses as \$136.4M;
- (f) Annualized net charge offs as 8.8%;
- (g) IFRS as being followed;
- (h) ICFR as being effective; and
- (i) that the Company was not in breach of any debt covenants and enjoyed substantial intangible assets and goodwill.

72. Individual Defendants Rees and Khouri certified the accuracy of these core documents. Defendant Khan authorized and prepared the News Release.

73. As reflected in the Public Corrective Disclosure described below, Goeasy reported that its 2025 quarterly charge offs would increase by approximately 33%; F/2025 charge off rate would increase to approximately 12.9%; F/2026 charge off rates would increase to the mid-teens during 2026; the Company learned that certain previously booked revenues were actually received in subsequent months or not collected at all; the Company was in breach of debt covenants relating to its syndicated credit facility (but it did not disclose whether it was the pre-October 13, 2025 amendment), it would suspend dividends; and revise F/2024 through Q3 2025 interim financial statements.

74. On **September 16, 2025**, the Short Seller Report was published. Goeasy also updated the total mix of information to the market about its operations by reporting that Khouri would be resigning as CFO upon the release of Goeasy's 3Q 2025 financial results and MD&A.

75. On **September 24, 2025**, Goeasy updated the total mix of information to the market about its capital, financial position, and operations by reporting that it categorically denied all conclusions of financial misreporting alleged by Jehoshaphat Research. However, on March 10, 2026, Goeasy published the Public Corrective Disclosure confirming the allegations of misrepresentations identified herein.

76. On **October 31, 2025**, Goeasy updated the total mix of information to the market about its capital and financial position by reporting that it renewed its securitization facility maintained at \$1.4 billion on substantially similar terms from the same three Canadian Schedule 1 banks.

77. The Defendants Goeasy and Obright, and by implication Dees and the Audit Committee, negligently omitted the material fact terms and debt covenants therein but, pursuant to the Public Corrective Disclosure, the Defendants also negligently omitted to disclose that it was already in breach of certain debt covenants therein.

78. On **November 5, 2025**, Goeasy updated the total mix of information to the market about its capital, financials, and operations by releasing its Q3 2025 financial statements, MD&A, and other core documents, including NI-52-109s, affirming:

- (a) Total Revenues as \$418M, with net income of \$86.5M;
- (b) easyfinancial revenues as \$380M;
- (c) 52.2% v. 47.8% between unsecured and secured loans;
- (d) Aging gross consumer loans past due as \$397M, or 7.3%;
- (e) Bad debt expenses as \$150.4M;
- (f) Annualized net charge offs as 8.9% and F/2025 was projected to be 7.75% to 9.75%;
- (g) IFRS as being followed;

- (h) ICFR as being effective; and
- (i) that the Company was not in breach of any debt covenants and enjoyed substantial intangible assets and goodwill.

79. Individual Defendants Dees and Khouri certified the accuracy of these core documents. Defendant Obright authorized and prepared the News Release.

80. As reflected in the Public Corrective Disclosure described below, Goeasy reported that its 2025 quarterly charge offs would increase by approximately 33%; F/2025 charge off rate would increase to approximately 12.9%; F/2026 charge off rates would increase to the mid-teens during 2026; the Company learned that certain previously booked revenues were actually received in subsequent months or not collected at all; the Company was in breach of debt covenants relating to its syndicated credit facility (but it did not disclose whether it was the pre-October 13, 2025 amendment), it would suspend dividends; and revise F/2024 through Q3 2025 interim financial statements.

81. Moreover, Goeasy did not retract its prior statement released on September 24, 2025 that the Short Seller Report was categorically incorrect, misleading, and wrong as reflected by the Public Corrective Disclosure.

**THE SHORT SELLER REPORT (SEPTEMBER 16, 2025) compared to
THE DEFENDANTS' PUBLIC CORRECTIVE DISCLOSURE (MARCH 10, 2026)**

82. On **September 16, 2025**, the Short Seller Report emphasised the following facts:
- (a) Goeasy was under reporting approximately \$300M of credit losses and seriously delinquent loans;
 - (b) Hundreds of millions of dollars worth of bad debt and expenses shifting the problems to future executives;
 - (c) Goeasy's true delinquency rate should be reported as 15% not 9%; and
 - (d) The focus was how Goeasy changed the language of certain clauses within its annual reports between 2023 and 2024.

83. On **September 24, 2025**, the Defendants made an affirmative statement to the market about its capital, financial position, and operations by reporting that it categorically denied all conclusions of financial misreporting alleged by the Short Seller Report.

84. The Defendants made this statement either without gaining knowledge of the allegations, or intentionally released a misleading statement of material fact.

85. On **March 10, 2026**, Goeasy released a document, “New management takes action to prepare goeasy Ltd., for the Future” reporting that:

- (a) it expects to incur an incremental charge off in Q4 2025 of approximately \$178M relating to the LendCare business (i.e., under the easyfinancial segment of reporting);
- (b) it expects to incur a related write down of approximately \$55M for loan interest and fees;
- (c) charge offs (including the incremental charge off above) in the quarter are expected to be approximately \$331M;
- (d) The Company is withdrawing its previously issued Q4 2025 outlook and three-year forecast;
- (e) After giving effect to the anticipated incremental net charge offs, the Company expects its net charge off rate for 2025 (full-year) to be approximately 12.9%, and with 2026 increasing to the mid-teens (i.e., compared to below 9%);
- (g) Although the anticipated incremental net charge offs and increase in loan loss provision is expected to result in the Company not complying with certain financial covenants, as currently formulated, under its syndicated credit facility, securitization facilities and receivables purchase arrangements;
- (h) Management will need to re-report LendCare’s historical results for 2024 and the interim periods of 1Q - 3Q 2025; and
- (j) Suspending its dividend and was revoking its previously announced share buy back program and 3-year *pro formas*.

86. The market impact of this negative material fact news was harsh and immediate on the price for Goeasy's securities, sending Goeasy's share price from \$115.55 to \$49.72, a 59% drop in value.

87. Additionally, S&P Global reduced Goeasy's credit rating from BB- to B- with a negative credit watch because, among other reasons, it was in breach of its debt covenants and its May 2026 unsecured debt maturity could be in danger of disruption.

COMMON LAW

Directors and Officers

88. Each of the Individual Defendants owed a duty of care to the Plaintiffs and members of the Class based upon a special relationship by (i) being voted into their position by the Plaintiffs and members of the Class; and (ii) certifying certain of the Impugned Documents did not contain misrepresentations.

89. The Plaintiffs relied upon the material fact statements within the Impugned Documents and in other related non-core documents/statements released on SEDAR in making a decision to purchase the Goeasy's securities and to hold all of those securities until the release of the Public Corrective Disclosure.

90. It was reasonable for members of the Class to rely upon the Impugned Documents in making a decision to invest; as reflected by the act of purchasing the Goeasy's securities for an investment that the price or value of the Goeasy's securities would go up in price or value and continue to pay dividends.

91. The Impugned Documents contain misrepresentations of material fact as reflected in the Public Corrective Disclosure.

92. The Individual Defendants breached the applicable standard of care as set out above by either negligently monitoring fact information about: (i) how and when Goeasy booked revenues; (ii) how Goeasy was defining late-stage delinquent loans; (iii) Goeasy's collection efforts and success rates; (iv) Goeasy's historical and current charge off ratios; (v) whether Goeasy was in compliance with all debt covenants; and (vi) how and why Goeasy categorically denied the accuracy of any aspect of the Short Seller Report); or, alternatively, having the accurate material facts but negligently reporting the material facts within the Impugned Documents.

93. The Plaintiffs and members of the Class suffered a direct and foreseeable economic injury by purchasing Goeasy's securities at a time when the investment price and value was artificially inflated and holding all or some of the artificially priced securities until after Goeasy released the Public Corrective Disclosures.

94. Goeasy is vicariously liable for the acts and omissions of the Individual Defendants and its officers and employees because their acts and omissions with respect to the misrepresentations were carried out while they were engaged in the management, direction and control of the business affairs of Goeasy and LendCare.

Auditor

95. E&Y owed a duty of care to the Plaintiffs and Class Members based upon a special relationship by certifying that Goeasy's F/2024 financial statements and intentionally reporting that, "In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs)."

96. The Plaintiffs relied upon the material fact statements within the audited F/2024 financial statements in making a decision to purchase the Goeasy's securities and to hold all of those securities until the release of the Public Corrective Disclosure.

97. It was reasonable for members of the Class to rely upon E&Y's audit opinion in making a decision to invest; as reflected by the act of purchasing the Goeasy's securities for an investment that the price or value of the Goeasy's securities would go up in price or value and continue to pay dividends.

98. E&Y breached its duty of care to the Plaintiffs and Class Members.

99. The audited F/2024 financial statement did contain misrepresentations of material fact as reflected by the Public Corrective Disclosure.

100. Upon the release of the Public Corrective Disclosure, the Plaintiffs suffered damages as a consequence of relying upon Goeasy's audited F/2024 financial statements.

ONTARIO SECURITIES ACT

101. Pursuant to the *OSA*, Goeasy is a responsible issuer and subject to the continuous disclosure requirements of the *OSA*.

102. Pursuant to the *OSA*, the Individual Defendants were Influential Persons and Directors or Officers of Goeasy.

103. Pursuant to the *OSA*, E&Y was the auditor of Goeasy that reported that Goeasy's F/2024 financial statements fairly represented Goeasy's consolidated financial position for annual 2023 and 2024.

104. Subject to s. 138.8 of the *OSA*, the Plaintiffs will advance the cause of action under s. 138.3 of the *OSA*.

105. Subject to disclosures or discovery, the Plaintiffs may invoke s. 138.7(2) of the *OSA*.

REAL AND SUBSTANTIAL CONNECTION WITH ONTARIO

106. The Plaintiffs plead that this action has a real and substantial connection with Ontario and for the application of Ontario substantive and procedural laws on behalf of all Class Members for the following non-exhaustive reasons:

- (a) Goeasy is a reporting issuer in Ontario, incorporated pursuant to the laws of Ontario, and is headquartered in the city of Mississauga; and
- (b) Mr. Hocheimy is a resident of Ontario.

RELEVANT LEGISLATION, PLACE OF TRIAL AND JURY TRIAL

107. The Plaintiffs plead and rely upon the *CJA*, *CPA*, and *OSA*.

108. The Plaintiffs propose that this action be tried in the City of Toronto, in the Province of Ontario, as a proceeding under the *CPA*.

109. The Plaintiffs may serve a jury notice.

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and

GOEASY LTD. et al.
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ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDINGS COMMENCED AT TORONTO

STATEMENT OF CLAIM

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