goeasy Ltd. Reports Record Results for the Second Quarter & Announces Enhancements to Securitization Facility

August 5, 2021

Loan Portfolio of $1.80 billion, up 58%
Revenue of $202 million, up 34%
Net Charge Off Rate of 8.2%, down from 10.0%
Adjusted Quarterly Net Income of $43.7 million, up 50%
Adjusted Quarterly Diluted Earnings per Share of $2.61, up 38%
Securitization Facility Increased from $200 million to $600 million, with Interest Reduction of 110 bps

MISSISSAUGA, Ontario, Aug. 05, 2021 (GLOBE NEWSWIRE) -- *goeasy* Ltd. (TSX: GSY), ("***goeasy***" or the "**Company**"), a leading full-service provider of goods and alternative financial services, today reported results for the second quarter ended June 30, 2021 and announced a commitment from National Bank Financial Markets to increase its existing revolving securitization warehouse facility (the "**Securitization Facility**") from $200 million to $600 million, including a new 3-year term extension, improved eligibility criteria and a 110 basis point reduction in the interest rate payable on advances from 1-month Canadian Dollar Offered Rate ("**CDOR**") plus 295 bps to CDOR plus 185 bps.

Second Quarter Results

During the quarter, the Company experienced an increased level of demand within its direct-to-consumer lending channels, aided by strong growth in its point-of-sale finance channel. Increased originations and loan growth, complemented by improved credit performance and the April 30, 2021 closing of the previously announced acquisition of LendCare Holdings Inc. ("**LendCare**"), led to record financial results.

The Company generated a record $379 million in total loan originations in the second quarter, up 122% compared to the $171 million produced in the second quarter of 2020, and a sequential increase of 39% from the $272 million in loan originations in the first quarter of 2021. In addition to the approximately $445 million gross consumer loan portfolio acquired through the acquisition of LendCare, the increase in loan origination volume led to organic growth in the loan portfolio of an additional $74 million during the quarter, resulting in a total gross consumer loan receivable portfolio of $1.80 billion, up 58% from $1.13 billion as at June 30, 2020. The growth in consumer loans led to an increase in revenue, which was a record $202 million in the quarter, up 34% over the same period in 2020.

During the quarter, the Company also continued to experience strong credit and payment performance. When combined with the amalgamation of the structurally lower credit risk of the LendCare portfolio, the net charge off rate for the second quarter was 8.2%, compared to 10.0% in the second quarter of 2020. As a result of the continued improvement in underlying credit quality, the improving economic recovery, and the amalgamation of LendCare, the Company reduced its overall allowance for future credit losses to 7.90% from 9.88% in the prior quarter.

Operating income for the second quarter of 2021 was $56.1 million, up 4% from $54.0 million in the second quarter of 2020, while the operating margin for the second quarter was 27.7%, down from 35.8% in the prior year. After adjusting for items related to the acquisition of LendCare and an unrealized fair value loss on investments recorded in the quarter, the Company reported record adjusted operating income of $79.9 million, up $25.9 million or 48% over the second quarter of 2020. Adjusted operating margin for the second quarter was 39.5%, up from 35.8% in the prior year.

Net income in the second quarter was $19.5 million, compared to $32.5 million in the same period of 2020, which resulted in diluted earnings per share of $1.16, compared to $2.11 in the second quarter of 2020. After adjusting for non-recurring and unusual items on an after-tax basis, including $8.6 million of transaction and integration costs related to the acquisition of LendCare, $1.6 million in amortization of acquired intangible assets, a $10.5 million day one IFRS loss provision related to the acquired LendCare loan portfolio and a $3.5 million unrealized fair value loss on investments recorded in the second quarter of 2021, adjusted net income was a record $43.7 million, up 50% from $29.1 million in 2020, resulting in adjusted diluted earnings per share of $2.61, up 38% from $1.89 in the second quarter of 2020.

Return on equity during the quarter was 12.0%, compared to 37.0% in the second quarter of 2020. After adjusting for the non-recurring and unusual items previously noted, adjusted return on equity was 26.9% in the quarter, compared to adjusted return on equity of 33.1% in the same period of 2020.

"The second quarter was highlighted by a significant increase in loan originations, continued strength in the credit performance of our portfolio, and the expansion of our point-of-sale lending channel through the acquisition of LendCare," said Jason Mullins, goeasy's President and Chief Executive Officer, "As we have now entered a period of accelerated growth, revenues lifted 34%, while adjusted diluted earnings per share rose 38%. To support our future growth, we were also pleased to announce a $400 million increase to our securitization facility, supplemented by a material pricing reduction to a variable coupon rate of approximately 2.3%," Mr. Mullins concluded, "I'd like to extend my sincere appreciation to the entire goeasy team for successfully navigating through another period of pandemic related disruption and for the excellent job integrating our new colleagues at LendCare into the Company."

Other Key Second Quarter Highlights

easyfinancial (including the acquired LendCare portfolio)

- Revenue of $165 million, up 43%
- 33% of the loan portfolio secured, up from 11.1%

- 65% of net loan advances in the quarter were issued to new customers, up from 49%
- 38% of applications were acquired online, consistent with 39%
- 34% of new customers acquired through point-of-sale, up from 23%
- Average loan book per branch improved to $3.8 million, an increase of 5%
- Weighted average interest yield of 33.7%, down from 38.7%
- Record operating income of $74.9 million, up 25%
- Operating margin of 45.4%, down from 51.9% due to the higher rate of growth

easyhome

- Record revenue of $37.5 million, up 7%
- Same store revenue growth of 7.9%
- Consumer loan portfolio within easyhome stores increased to $56.9 million, up 41%
- Revenue from consumer lending increased to $7.3 million, up 43%
- Record operating income of $9.3 million, up 24%
- Record operating margin of 24.9%, up from 21.4%

Overall

- 45th consecutive quarter of same store sales growth
- 80th consecutive quarter of positive net income
- 2021 marks the 17th consecutive year of paying dividends and the 7th consecutive year of a dividend increase
- Total same store revenue growth of 20.2%
- Adjusted return on equity of 26.9% in the quarter and adjusted return on tangible common equity of 38.5%
- Fully drawn weighted average cost of borrowing reduced to 4.8%, down from 5.1%
- Net external debt to net capitalization of 64% on June 30, 2021, down from 70% in the prior year and below the Company's target leverage ratio of 70%

Six Months Results

For the first six months of 2021, goeasy produced revenues of $373 million, up 17% compared with $318 million in the same period of 2020. Operating income for the period was $120.0 million compared with $98.2 million in the first six months of 2020, an increase of $21.8 million or 22%. Net income for the first six months of 2021 was $131 million and diluted earnings per share was $8.10 compared with $54.5 million or $3.51 per share, increases of 141% and 131%, respectively. Excluding the effects of the adjusting items related to the acquisition of LendCare and unrealized fair value gains on investments, adjusted net income for the first six months of 2021 was $80.4 million and adjusted diluted earnings per share was $4.95, increases of 57% and 51%, respectively, while adjusted return on equity was 27.7%.

Balance Sheet and Liquidity

Total assets were $2.45 billion as of June 30, 2021, an increase of 81% from $1.35 billion as of June 30, 2020, driven by growth in the consumer loan portfolio, including the $445 million gross consumer loan portfolio acquired through the acquisition of LendCare, the intangible assets and goodwill arising from the LendCare acquisition, and the return on the Company's investment in Affirm Holdings Inc. ("Affirm").

During the second quarter of 2021, the Company recognized a $3.5 million after-tax unrealized fair value loss on its investments, which was mainly related to the unhedged contingent shares of its investment in Affirm. Year to date, the Company has recorded total unrealized fair value gains related to its investment in Affirm and the total return swap (the "TRS"), which was put in place to substantively hedge the market exposure related to the non-contingent portion of the equity held in Affirm, of $83.5 million.

During the quarter, the Company also invested an additional $4.0 million to increase its minority equity interest in Brim Financial Inc. ("Brim"), a Canadian fintech platform company and globally certified credit card issuer, bringing the Company's total investment in Brim to $10.5 million as at June 30, 2021. The investment in Brim aligns with the Company's strategic vision of broadening its digital platform and near-prime product range.

The Company also announced today that it has obtained a commitment to increase its existing revolving securitization warehouse facility to $600 million, from its current $200 million capacity. The Securitization Facility, originally established in December 2020, will continue to be structured and underwritten by National Bank Financial Markets under a new three-year agreement, which incorporates favourable key modifications, including improvements to eligibility criteria and advance rates. The interest on advances will be payable at the rate of 1-month Canadian Dollar Offered Rate plus 185 bps, an improvement of 110 bps over the previous rate. Based on the current 1-month CDOR rate of 0.42% as of August 4, 2021, the interest rate would be 2.27%. The Company will continue utilizing an interest rate swap agreement to generate fixed rate payments on the amounts drawn and mitigate the impact of interest rate volatility. Proceeds from the Securitization Facility will be used for general corporate purposes, primarily funding growth of the Company's consumer loan portfolio, originated by both its easyfinancial Services Inc. and LendCare subsidiaries.

Cash provided by operating activities before the net growth in gross consumer loans receivable in the quarter was $48.3 million. Based on the cash on hand at the end of the quarter and the borrowing capacity under the Company's revolving credit facilities, including the aforementioned expansion of the Securitization Facility, goeasy has approximately $870 million in total funding capacity, which it estimates is sufficient to fund its organic growth through the fourth quarter of 2023. At quarter-end, the Company's fully drawn weighted average cost of borrowing reduced to 4.8%, down from 5.1% in the prior year, with incremental draws on its senior secured revolving credit facility bearing a rate of approximately 3.5% and incremental draws on its amended Securitization Facility bearing a rate of approximately 2.3%.

As of June 30, 2021, the Company also estimates that once its existing and available sources of capital are fully utilized, it could continue to grow the loan portfolio by approximately $200 million per year solely from internal cash flows. The Company also estimates that if it were to run-off its consumer loan and consumer leasing portfolios, the value of the total cash repayments paid to the Company over the remaining life of its contracts would be approximately $2.9 billion. If, during such a run-off scenario, all excess cash flows were applied directly to debt, the Company estimates it would extinguish all external debt within 18 months.

Future Outlook

The Company has provided a new 3-year forecast for the years 2021 through 2023. The Company continues to pursue a long-term strategy that includes expanding its product range, developing its channels of distribution and leveraging risk-based pricing, which increase the average loan size and extends the life of its customer relationships. As such, the total yield earned on its consumer loan portfolio will gradually decline, while net charge-off rates moderate and operating margins expand. The forecasts outlined below contemplate the Company's expected domestic organic growth plan and do not include the impact of any future mergers or acquisitions, or the associated gains or losses associated with its investments.

“With the economic recovery underway, the launch of our new auto loan product and the rapid expansion of our point-of-sale platform, we expect the growth of our portfolio to accelerate as we capture a larger share of the $200 billion non-prime consumer credit market,” said Mr. Mullins, “Our updated three-year forecast reflects growing our consumer loan book to nearly $3 billion by the end of 2023, while gradually reducing the cost of borrowing for our consumers, improving the underlying credit performance and expanding our margins through operating leverage. We remain focused on our goal of becoming the largest and best-performing non-prime consumer lender in Canada, while continuing to deliver market leading returns for our shareholders.”

	Forecasts for 2021	**Forecasts for 2022**	**Forecasts for 2023**
Gross Loan Receivable Portfolio at Year End	$1.95 billion – $2.05 billion	$2.35 billion – $2.55 billion	$2.8 billion – $3.0 billion
New easyfinancial locations	20 - 25	15 - 20	10 - 15
easyfinancial Total Revenue Yield	40% - 42%	36% - 38%	35% - 37%
Total Revenue Growth	24% - 27%	17% - 20%	12% - 15%
Net charge-off Rate (Average Receivables)	8.5% - 10.5%	8.5% - 10.5%	8.0% - 10.0%
Adjusted Total Company Operating Margin	35%+	36%+	37%+
Adjusted Return on Equity	22%+	22%+	22%+
Cash provided by Operating Activities before Net Growth in Gross Consumer Loans Receivable	$190 million – $230 million	$270 million – $310 million	$310 million – $350 million
Net Debt to Net Capitalization	64% - 66%	64% - 66%	63% - 65%

Dividend

The Board of Directors has approved a quarterly dividend of $0.66 per share payable on October 8, 2021 to the holders of common shares of record as at the close of business on September 24, 2021.

Forward-Looking Statements

All figures reported above with respect to outlook are targets established by the Company and are subject to change as plans and business conditions vary. Accordingly, investors are cautioned not to place undue reliance on the foregoing guidance. Actual results may differ materially.

This press release includes forward-looking statements about goeasy, including, but not limited to, its business operations, strategy, expected financial performance and condition, the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. In certain cases, forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as ‘expects’, ‘anticipates’, ‘intends’, ‘plans’, ‘believes’, ‘budgeted’, ‘estimates’, ‘forecasts’, ‘targets’ or negative versions thereof and similar expressions, and/or state that certain actions, events or results ‘may’, ‘could’, ‘would’, ‘might’ or ‘will’ be taken, occur or be achieved.

Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company’s operations, economic factors and the industry generally, as well as those factors referred to in the Company’s most recent Annual Information Form and Management Discussion and Analysis, as available on www.sedar.com, in the section entitled “Risk Factors”. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those expressed or implied by forward-looking statements made by the Company, due to, but not limited to, important factors such as the Company’s ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, purchase products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance the system of internal controls. The Company cautions that the foregoing list is not exhaustive.

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

About goeasy

goeasy Ltd., a Canadian company, headquartered in Mississauga, Ontario, provides non-prime leasing and lending services through its easyhome, easyfinancial and LendCare brands. Supported by more than 2,200 employees, the Company offers a wide variety of financial products and services including unsecured and secured instalment loans. Customers can transact seamlessly through an omni-channel model that includes an online and mobile platform, over 400 locations across Canada, and point-of-sale financing offered in the retail, power sports, automotive, home improvement and healthcare verticals, through more than 4,000 merchants across Canada. Throughout the Company's history, it has acquired and organically served over 1 million Canadians and originated over $6.7 billion in loans, with one in three easyfinancial customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing.

Accredited by the Better Business Bureau, goeasy is the proud recipient of several awards including Waterstone Canada's Most Admired Corporate Cultures, Glassdoor Top CEO Award, Achievers Top 50 Most Engaged Workplaces in North America, Greater Toronto Top Employers Award, the Digital Finance Institute's Canada's Top 50 FinTech Companies, ranking on the TSX30 and placing on the Report on Business ranking of Canada's Top Growing Companies. The company and its employees believe strongly in giving back to the communities in which it operates and has raised over $3.8 million to support its long-standing partnerships with BGC Canada, Habitat for Humanity and many other local charities.

goeasy Ltd.'s. common shares are listed on the TSX under the trading symbol "GSY". goeasy is rated BB- with a stable trend from S&P and Ba3 with a stable trend from Moody's. Visit www.goeasy.com.

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goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(expressed in thousands of Canadian dollars)

	As At June 30, 2021	As At December 31, 2020
ASSETS		
Cash	**140,192**	93,053
Amounts receivable	**17,112**	9,779
Prepaid expenses	**8,477**	13,005
Consumer loans receivable, net	**1,682,151**	1,152,378
Investments	**95,138**	56,040
Lease assets	**45,921**	49,384
Property and equipment, net	**34,467**	31,322
Deferred tax assets, net	**-**	4,066
Derivative financial assets	**32,953**	-
Intangible assets, net	**162,379**	25,244
Right-of-use assets, net	**52,656**	46,335
Goodwill	**179,835**	21,310
TOTAL ASSETS	**2,451,281**	1,501,916
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving credit facility	**14,039**	198,339
Accounts payable and accrued liabilities	**53,081**	46,065
Income taxes payable	**7,927**	13,897
Dividends payable	**10,887**	6,661
Unearned revenue	**9,389**	10,622
Accrued interest	**7,860**	2,598
Deferred tax liabilities, net	**43,922**	-
Derivative financial liabilities	**48,027**	36,910
Lease liabilities	**60,600**	53,902
Revolving securitization warehouse facility	**198,731**	-
Secured borrowing	**186,714**	-
Notes payable	**1,061,313**	689,410
TOTAL LIABILITIES	**1,702,490**	1,058,404

Shareholders' equity		
Share capital	**369,617**	181,753
Contributed surplus	**18,401**	19,732
Accumulated other comprehensive income (loss)	**2,757**	(5,280)
Retained earnings	**358,016**	247,307
TOTAL SHAREHOLDERS' EQUITY	**748,791**	443,512
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,451,281**	1,501,916

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, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
REVENUE				
Interest income	**128,483**	100,866	**233,977**	200,966
Lease revenue	**28,348**	28,002	**56,785**	55,816
Commissions earned	**42,435**	19,348	**75,772**	54,626
Charges and fees	**3,090**	2,461	**5,996**	6,471
	202,356	150,677	**372,530**	317,879
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	**43,804**	34,124	**79,210**	65,826
Stock-based compensation	**1,901**	1,771	**3,987**	3,869
Advertising and promotion	**7,172**	4,504	**13,064**	10,818
Bad debts	**48,873**	24,666	**78,147**	73,284
Occupancy	**5,753**	5,805	**11,277**	11,487
Technology costs	**4,017**	3,313	**7,821**	6,682
Other expenses	**15,409**	6,459	**22,504**	15,754
	126,929	80,642	**216,010**	187,720
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	**8,843**	9,065	**18,086**	18,089
Depreciation of right-of-use assets	**4,422**	3,944	**8,766**	7,941
Depreciation of property and equipment	**1,938**	1,425	**3,766**	3,037
Amortization of intangible assets	**4,134**	1,607	**5,880**	2,879
	19,337	16,041	**36,498**	31,946
TOTAL OPERATING EXPENSES	**146,266**	96,683	**252,508**	219,666
OPERATING INCOME	**56,090**	53,994	**120,022**	98,213
OTHER INCOME	**(4,086)**	4,000	**83,286**	4,000
FINANCE COSTS				
Interest expense and amortization of deferred financing charges	**20,066**	13,405	**33,561**	27,081
Interest expense on lease liabilities	**756**	667	**1,497**	1,335
	20,822	14,072	**35,058**	28,416
INCOME BEFORE INCOME TAXES	**31,182**	43,922	**168,250**	73,797
INCOME TAX EXPENSE				

Current	**15,811**	6,001	**32,808**	13,298
Deferred	**(4,096)**	5,379	**4,000**	5,978
	11,715	11,380	**36,808**	19,276
NET INCOME	**19,467**	32,542	**131,442**	54,521
BASIC EARNINGS PER SHARE	**1.20**	2.25	**8.39**	3.74
DILUTED EARNINGS PER SHARE	**1.16**	2.11	**8.10**	3.51

Segmented Reporting

	Three Months Ended June 30, 2021			
($ in 000's except earnings per share)	**easyfinancial[1]**	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	**123,036**	**5,447**	**-**	**128,483**
Lease revenue	**-**	**28,348**	**-**	**28,348**
Commissions earned	**39,665**	**2,770**	**-**	**42,435**
Charges and fees	**2,187**	**903**	**-**	**3,090**
	164,888	**37,468**	**-**	**202,356**
Total operating expenses before depreciation and amortization	**83,291**	**17,066**	**26,572**	**126,929**
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	**4,458**	**9,165**	**1,292**	**14,915**
Depreciation of right-of-use assets	**2,288**	**1,918**	**216**	**4,422**
	6,746	**11,083**	**1,508**	**19,337**
Segment operating income (loss)	**74,851**	**9,319**	**(28,080)**	**56,090**
Other income				**(4,086)**
Finance costs				
Interest expense and amortization of deferred financing charges				**20,066**
Interest expense on lease liabilities				**756**
				20,822
Income before income taxes				**31,182**
Income taxes				**11,715**
Net Income				**19,467**
Diluted earnings per share				**1.16**

[1] LendCare's financial results are reported under the easyfinancial reporting segment.

	Three Months Ended June 30, 2020			
($ in 000's except earnings per share)	**easyfinancial**	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	96,846	4,020	-	100,866
Lease revenue	-	28,002	-	28,002
Commissions earned	17,346	2,002	-	19,348
Charges and fees	1,545	916	-	2,461
	115,737	34,940	-	150,677
Total operating expenses before depreciation and amortization	51,999	16,181	12,462	80,642

Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,770	9,441	886	12,097
Depreciation of right-of-use-assets	1,865	1,827	252	3,944
	3,635	11,268	1,138	16,041
Segment operating income (loss)	60,103	7,491	(13,600)	53,994
Other income				4,000
Finance costs				
Interest expense and amortization of deferred financing charges				13,405
Interest expense on lease liabilities				667
				14,072
Income before income taxes				43,922
Income taxes				11,380
Net Income				32,542
Diluted earnings per share				2.11

	Six Months Ended June 30, 2021			
($ in 000's except earnings per share)	**easyfinancial[1]**	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	**223,540**	**10,437**	**-**	**233,977**
Lease revenue	**-**	**56,785**	**-**	**56,785**
Commissions earned	**70,575**	**5,197**	**-**	**75,772**
Charges and fees	**4,102**	**1,894**	**-**	**5,996**
	298,217	**74,313**	**-**	**372,530**
Total operating expenses before depreciation and amortization	**140,617**	**33,391**	**42,002**	**216,010**
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	**6,543**	**18,740**	**2,449**	**27,732**
Depreciation of right-of-use assets	**4,509**	**3,826**	**431**	**8,766**
	11,052	**22,566**	**2,880**	**36,498**
Segment operating income (loss)	**146,548**	**18,356**	**(44,882)**	**120,022**
Other income				**83,286**
Finance costs				
Interest expense and amortization of deferred financing charges				**33,561**
Interest expense on lease liabilities				**1,497**
				35,058
Income before income taxes				**168,250**
Income taxes				**36,808**
Net Income				**131,442**
Diluted earnings per share				**8.10**

[1] LendCare's financial results are reported under the easyfinancial reporting segment.

	Six Months Ended June 30, 2020			
($ in 000's except earnings per share)	**easyfinancial**	**easyhome**	**Corporate**	**Total**

Revenue				
Interest income	192,940	8,026	-	200,966
Lease revenue	-	55,816	-	55,816
Commissions earned	50,311	4,315	-	54,626
Charges and fees	4,274	2,197	-	6,471
	247,525	70,354	-	317,879
Total operating expenses before depreciation and amortization	128,755	33,220	25,745	187,720
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	3,470	18,852	1,683	24,005
Depreciation of right-of-use-assets	3,714	3,771	456	7,941
	7,184	22,623	2,139	31,946
Segment operating income (loss)	111,586	14,511	(27,884)	98,213
Other income				4,000
Finance costs				
Interest expense and amortization of deferred financing charges				27,081
Interest expense on lease liabilities				1,335
				28,416
Income before income taxes				73,797
Income taxes				19,276
Net Income				54,521
Diluted earnings per share				3.51

Summary of Financial Results and Key Performance Indicators

($ in 000’s except earnings per share and percentages)	**Three Months Ended**		**Variance**	**Variance**
	June 30, 2021	**June 30, 2020**	**$ / bps**	**% change**
Summary Financial Results				
Revenue	**202,356**	150,677	51,679	34.3%
Operating expenses before depreciation and amortization[2]	**126,929**	80,642	46,287	57.4%
EBITDA[1]	**62,498**	64,970	(2,472)	(3.8%)
EBITDA margin[1]	**30.9%**	43.1%	(1,220 bps)	(28.3%)
Depreciation and amortization expense[2]	**19,337**	16,041	3,296	20.5%
Operating income	**56,090**	53,994	2,096	3.9%
Operating margin[1]	**27.7%**	35.8%	(810 bps)	(22.6%)
Other income[2,3]	**(4,086)**	4,000	(8,086)	(202.2%)
Finance costs[2]	**20,822**	14,072	6,750	48.0%
Effective income tax rate	**37.6%**	25.9%	1,170 bps	45.2%
Net income	**19,467**	32,542	(13,075)	(40.2%)
Diluted earnings per share	**1.16**	2.11	(0.95)	(45.0%)
Return on equity	**12.0%**	37.0%	(2,500 bps)	(67.6%)
Return on tangible common equity	**17.1%**	42.0%	(2,490 bps)	(59.3%)
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**79,870**	53,994	25,876	47.9%
Adjusted operating margin	**39.5%**	35.8%	370 bps	10.3%

Adjusted net income	**43,687**	29,072	14,615	50.3%
Adjusted diluted earnings per share	**2.61**	1.89	0.72	38.1%
Adjusted return on equity	**26.9%**	33.1%	(620 bps)	(18.7%)
Adjusted return on tangible common equity	**38.5%**	37.6%	90 bps	2.4%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**20.2%**	1.1%	1,910 bps	1,736.4%
Same store revenue growth (easyhome)	**7.9%**	2.1%	580 bps	276.2%
Segment Financials				
easyfinancial revenue	**164,888**	115,737	49,151	42.5%
easyfinancial operating margin	**45.4%**	51.9%	(650 bps)	(12.5%)
easyhome revenue	**37,468**	34,940	2,528	7.2%
easyhome operating margin	**24.9%**	21.4%	350 bps	16.4%
Portfolio Indicators				
Gross consumer loans receivable	**1,795,844**	1,134,482	661,362	58.3%
Growth in consumer loans receivable[4]	**518,553**	(31,573)	550,126	1,742.4%
Gross loan originations	**379,082**	170,842	208,240	121.9%
Total yield on consumer loans (including ancillary products)	**42.8%**	42.6%	20 bps	0.5%
Net charge offs as a percentage of average gross consumer loans receivable	**8.2%**	10.0%	(180 bps)	(18.0%)
Cash provided by operating activities before net growth in gross consumer loans receivable	**48,246**	52,114	(3,868)	(7.4%)
Potential monthly lease revenue	**8,322**	8,204	118	1.4%

[1] See description in sections “Portfolio Analysis” and “Key Performance Indicators and Non-IFRS Measures” in June 30, 2021 Management’s Discussion and Analysis.

[2] During the second quarter of 2021, the Company had a total of $29.6 million before-tax ($24.2 million after-tax) of adjusting items which include:

Adjusting items related to the LendCare Acquisition

• Transaction costs of $8.4 million before-tax ($8.0 million after-tax) which include advisory and consulting costs, legal costs, and other direct transaction costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $6.7 million which are non tax-deductible and loan commitment fees related to the Acquisition of LendCare reported under Finance costs amounting to $1.7 million before-tax ($1.3 million after-tax);

• Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $0.6 million before-tax ($0.5 million after-tax);

• Bad debt expense related to the day one loan loss provision on the acquired loan portfolio from LendCare amounting to $14.3 million before-tax ($10.5 million after-tax); and

• Amortization of $131 million intangible asset related to the Acquisition of LendCare with an estimated useful life of ten years amounting to $2.2 million before-tax ($1.6 million after-tax).

Adjusting item related to other income

• Unrealized fair value loss mainly on investments in Affirm and TRS amounting to $4.1 million before-tax ($3.5 million after-tax).

[3] During the second quarter of 2020, the Company’s adjusting items include:

• Unrealized fair value gain on investment in PayBright amounting to $4.0 million before-tax ($3.5 million after-tax).

[4] Growth in consumer loan receivable during the period includes gross loan purchased through the LendCare Acquisition amounting to $444.5 million.

($ in 000’s except earnings per share and percentages)	**Six Months Ended**		**Variance**	**Variance**
	June 30, 2021	**June 30, 2020**	**$ / bps**	**% change**
Summary Financial Results				
Revenue	**372,530**	317,879	54,651	17.2%
Operating expenses before depreciation and amortization[2]	**216,010**	187,720	28,290	15.1%
EBITDA[1]	**221,720**	116,070	105,650	91.0%
EBITDA margin[1]	**59.5%**	36.5%	2,300 bps	63.0%
Depreciation and amortization expense[2]	**36,498**	31,946	4,552	14.2%
Operating income	**120,022**	98,213	21,809	22.2%
Operating margin[1]	**32.2%**	30.9%	130 bps	4.2%
Other income[2,3]	**83,286**	4,000	79,286	1,982.2%
Finance costs[2]	**35,058**	28,416	6,642	23.4%
Effective income tax rate	**21.9%**	26.1%	(420 bps)	(16.1%)

Net income	**131,442**	54,521	76,921	141.1%
Diluted earnings per share	**8.10**	3.51	4.59	130.8%
Return on equity	**45.3%**	31.6%	1,370 bps	43.4%
Return on tangible common equity	**60.4%**	35.8%	2,460 bps	68.7%
Adjusted Financial Results[1,2,3]				
Adjusted operating income	**144,481**	98,213	46,268	47.1%
Adjusted operating margin	**38.8%**	30.9%	790 bps	25.6%
Adjusted net income	**80,366**	51,051	29,315	57.4%
Adjusted diluted earnings per share	**4.95**	3.29	1.66	50.5%
Adjusted return on equity	**27.7%**	29.6%	(190 bps)	(6.4%)
Adjusted return on tangible common equity	**36.9%**	33.6%	330 bps	9.8%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**10.4%**	10.0%	40 bps	4.0%
Same store revenue growth (easyhome)	**6.4%**	3.3%	310 bps	93.9%
Segment Financials				
easyfinancial revenue	**298,217**	247,525	50,692	20.5%
easyfinancial operating margin	**49.1%**	45.1%	400 bps	8.9%
easyhome revenue	**74,313**	70,354	3,959	5.6%
easyhome operating margin	**24.7%**	20.6%	410 bps	19.9%
Portfolio Indicators				
Gross consumer loans receivable	**1,795,844**	1,134,482	661,362	58.3%
Growth in consumer loans receivable[4]	**549,004**	23,849	525,155	2,202.0%
Gross loan originations	**651,433**	412,445	238,988	57.9%
Total yield on consumer loans (including ancillary products)	**43.4%**	45.2%	(180 bps)	(4.0%)
Net charge-offs as a percentage of average gross consumer loans receivable	**8.6%**	11.6%	(300 bps)	(25.9%)
Cash provided by operating activities before net growth in gross consumer loans receivable	**111,412**	106,061	5,351	5.0%
Potential monthly lease revenue	**8,322**	8,204	118	1.4%

[1] See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures" in June 30, 2021 Management's Discussion and Analysis.

[2] During the six-month period ended June 30, 2021, the Company had a total of -$57.1 million before-tax (-$51.1 million after-tax) adjusting items which include:

Adjusting items related to the LendCare Acquisition

• Transaction costs of $9.1 million before-tax ($8.7 million after-tax) which include advisory and consulting costs, legal costs, and other direct transaction costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $7.4 million which are non tax-deductible and loan commitment fees related to the Acquisition of LendCare reported under Finance costs amounting to $1.7 million before-tax ($1.3 million after-tax);

• Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance cost, and other integration costs related to the Acquisition of LendCare reported under Operating expenses before depreciation and amortization amounting to $0.6 million before-tax ($0.5 million after-tax); • Bad debt expense related to the day one loan loss provision on the acquired loan portfolio from LendCare amounting to $14.3 million before-tax ($10.5 million after-tax); and

• Amortization of $131 million intangible asset related to the Acquisition of LendCare with an estimated useful life of ten years amounting to $2.2 million before-tax ($1.6 million after-tax).

Adjusting item related to other income

• Unrealized fair value gain mainly on investments in Affirm and TRS amounting to $83.3 million before-tax ($72.3 million after-tax).

[3] During the six-month period ended June 30, 2020, the Company's adjusting items include:

• Unrealized fair value gain on investment in PayBright amounting to $4.0 million before-tax ($3.5 million after-tax).

[4] Growth in consumer loan receivable during the period includes gross loan purchased through the LendCare Acquisition amounting to $444.5 million.

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