



TSX Symbol: GSY

goeasy Ltd.
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Press Release

February 17, 2021

goeasy Ltd. Reports Record Results for the Fourth Quarter and Full Year

Loan Portfolio of \$1.25 billion, up 12%
Adjusted Quarterly Diluted Earnings per Share of \$2.24, up 55%
Adjusted Annual Net Income of \$118 million, up 47%
Adjusted Annual Diluted Earnings per Share of \$7.57, up 46%
Annual Dividend per Share Increased to \$2.64, up 47%

Mississauga, February 17, 2021: *goeasy* Ltd. (TSX: GSY), ("*goeasy*" or the "**Company**"), a leading full-service provider of goods and alternative financial services, announced its results for the fourth quarter and full year ended December 31, 2020.

Fourth Quarter Results

The Company continued to experience an improving level of loan originations, complemented by strong credit performance, leading to record financial results.

During the quarter, the Company generated a record \$334 million in total loan originations, up 7% compared to the \$314 million produced in the fourth quarter of 2019. The improved originations led to growth in the loan portfolio of \$64 million during the quarter, which finished at \$1.25 billion, up 12% from \$1.11 billion as of December 31, 2019. The growth in the consumer loan portfolio, combined with a decline in claims paid under the Company's loan protection plan, led to an increase in revenue, which was a record \$173 million in the quarter, up 5% over the same period in 2019.

During the quarter, the Company also continued to experience strong credit and payment performance. The net charge-off rate for the fourth quarter was 9.0%, compared to 13.3% in the fourth quarter of 2019. Although the Company has experienced an overall improvement in the underlying credit performance of its consumer loan portfolio, the exact timing and pace of an economic recovery remains uncertain. As such, the Company held its allowance for future credit losses broadly flat at 10.08%, versus 10.03% in the third quarter.

Improved operating leverage and lower credit losses, led to record operating income of \$61.3 million, up 32% from \$46.5 million in the fourth quarter of 2019, while the operating margin expanded to 35.4%, up from 28.1% in the prior year. During the quarter, the Company recorded an additional \$13.9 million after-tax unrealized fair value gain related to the sale of its minority equity investment in PayBright, in connection with the previously announced sale of its shares of PayBright to Affirm Holdings Inc. ("**Affirm**").

Net income in the fourth quarter was a record \$48.9 million, up from \$6.7 million in the same period of 2019, which resulted in diluted earnings per share of \$3.14, up from \$0.46 in the fourth quarter of 2019. Return on equity was 45.8%, up from 8% in the fourth quarter of 2019. After adjusting for a \$13.9 million after-tax unrealized fair value gain recorded in the fourth quarter of 2020 related to the sale of the Company's minority equity investment in PayBright and adjusting for the one-time \$16 million after-tax charge associated with the refinancing of the Company's notes payable completed in the fourth quarter



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of 2019, adjusted net income was a record \$35.0 million, up 55% from \$22.6 million in 2019, resulting in adjusted diluted earnings per share of \$2.24, up 55% from \$1.45 in the fourth quarter of 2019. Adjusted return on equity was 32.8% in the quarter, up from adjusted return on equity of 27.0% in 2019.

“It was a strong finish to 2020, in a year that highlighted the resilience of our customer, our team and our business model. Loan originations during the quarter lifted above prior year levels, leading to \$64 million of loan growth, while credit performance improved to a net charge off rate of 9.0%, down from 13.3% in the prior year,” said Jason Mullins, goeasy’s President and Chief Executive Officer, “We were also pleased to complete the sale of our minority equity interest in PayBright at a meaningful return to our shareholders, while concurrently becoming investors in Affirm and continuing our leading point-of-sale financing partnership. Lastly, we implemented a new securitization facility that lifted our total liquidity at year end to \$403 million and reduced our fully drawn weighted average cost of borrowing from 5.5% to 4.8%. After normalizing for the one-time adjustments to each period, adjusted diluted earnings per share for the full year was \$7.57, an increase of 46% versus the \$5.17 in 2019. As a result, the Board of Directors have approved a 47% increase in the annual dividend from \$1.80 to \$2.64 per share in 2021.”

Other Key Fourth Quarter Highlights

easyfinancial

- Record revenue of \$137 million, up 5%
- Secured loan portfolio grew to \$155 million, up 34%,
- 51% of net loan advances in the quarter were issued to new customers, down from 62%
- 51% of applications were acquired online, up slightly from 50%
- Average loan book per branch improved to \$3.8 million, an increase of 4%
- The delinquency rate on the final Saturday of the quarter was 5.1%, flat to 5.1%
- Record operating income of \$67.2 million, up 26%
- Operating margin of 49.2%, up from 41%

easyhome

- Record revenue of \$36.7 million, up 3%
- Same store revenue growth of 4.4%
- Consumer loan portfolio within easyhome stores increased to \$50.3 million, up 32%
- Revenue from consumer lending increased to \$6.2 million, up 22%
- Record operating income of \$8.6 million, up 32%
- Record operating margin of 23.6%, up from 18.3%

Overall

- 43rd consecutive quarter of same store sales growth
- 78th consecutive quarter of positive net income
- 2021 will mark the 17th consecutive year of paying dividends and 7th consecutive year of dividend increases
- Total same store revenue growth of 4.2%



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- \$50.3 million in loan protection claims payments, up 155% from \$19.7 million in 2019
- Adjusted return on equity of 32.8% in the quarter, up from 27%
- Fully drawn weighted average cost of borrowing reduced to 4.8%, down from 5.5%
- Net external debt to net capitalization of 64% on December 31, 2020, down from 71% in the prior year and below the Company's target leverage ratio of 70%
- 79,860 common shares repurchased during the quarter at a weighted average price of \$68.44, through the Company's NCIB, bringing total share repurchases in 2020 to 767,855 at a weighted average price of \$55.18
- No reduction of personnel during COVID-19 and a decline in employee turnover of almost 10%
- Annual employee engagement score improved to record level of 83%, up 2% over the prior year

Full Year Results

For the full year of 2020, the Company funded \$1.03 billion in loan originations, down slightly from \$1.10 billion in 2019. The consumer loan portfolio grew to \$1.25 billion, up 12% from \$1.11 billion as of December 31, 2019. Revenue for the full year, which was partially impacted by lower commissions on ancillary products primarily related to higher levels of loan protection insurance claims, was \$653 million, up 7% compared with \$609 million in the same period of 2019. Operating income for the full year was \$216 million compared with \$169 million in 2019, an increase of \$47.6 million or 28%. Net income for the full year of 2020 was \$137 million and diluted earnings per share was \$8.76 compared with \$64.3 million or \$4.17 per share, increases of 112% and 110% respectively.

After adjusting for a \$18.9 million after-tax unrealized fair value gain recorded in 2020 related to the sale of the Company's minority equity investment in PayBright and adjusting for the one-time \$16 million after-tax charge associated with the refinancing of the Company's notes payable completed in 2019, adjusted net income for the full year of 2020 was \$118 million and adjusted diluted earnings per share was \$7.57, increases of 47% and 46% compared to the adjusted net income of \$80.3 million and adjusted diluted earnings per share of \$5.17 in 2019.

Balance Sheet and Liquidity

Total assets were \$1.50 billion as of December 31, 2020, an increase of 14% from \$1.32 billion as of December 31, 2019, driven by the growth in the consumer loan portfolio and return on the Company's investment in PayBright.

During the quarter, the Company completed the establishment of a new \$200 million revolving securitization warehouse facility, structured and underwritten by National Bank Financial Markets. The securitization facility, which will be collateralized by consumer loans originated by goeasy's wholly owned subsidiary, easyfinancial Services Inc., will have an initial term of three years and interest on advances will be payable at the rate of 1-month CDOR (Canadian Dollar Offered Rate) plus 295 bps. The Company also intends to establish an interest rate swap agreement on draws from the facility to generate fixed rate payments and mitigate the impact of interest rate volatility.



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In September 2019, the Company invested \$34.3 million to acquire a minority equity interest in PayBright. On December 3, 2020, PayBright announced that the shareholders of PayBright had reached a definitive agreement to sell 100% of the PayBright shares to Affirm, including the Company's minority equity interest in PayBright. The sale transaction closed on January 1, 2021. Under the terms of the sale transaction, the Company received consideration of C\$23 million in cash, 655,416 common shares in Affirm and 468,154 common shares of Affirm held in escrow, subject to revenue performance achieved in 2021 and 2022. After considering the likelihood of achieving the contingent equity, a total consideration of \$56 million was recognized. The fair value of investment in PayBright as at December 31, 2020 equivalent to \$56 million was determined based on the sale transaction. For the full year-ended December 31, 2020, the Company recognized an unrealized fair value gain amounting to \$21.7 million (\$18.9 million after-tax) in the consolidated statement of income.

Subsequent to quarter-end, the Company entered into a 6-month total return swap agreement (the "TRS") to substantively hedge its market exposure related to its 655,416 common shares held in Affirm, which represents the non-contingent portion of the equity consideration received, pursuant to the sale of its investment in PayBright. The TRS effectively results in the economic value of the Company's investment in Affirm shares being settled in cash at maturity for US\$108.87 per share, net of applicable fees.

Cash provided by operating activities before net growth in gross consumer loans receivable and purchase of lease assets was \$41 million during the quarter and \$211 million during the full year of 2020, an increase of 89% and 74% respectively. Based on the cash on hand at the end of the quarter and the borrowing capacity under the Company's revolving credit facilities, goeasy had approximately \$403 million in total funding capacity, which it estimates is sufficient to fund its organic growth through the third quarter of 2023. At year-end, the Company's fully drawn weighted average cost of borrowing reduced to 4.8%, down from 5.5% in the prior year, with incremental draws on its senior secured revolving credit facility bearing a rate of approximately 3.6% and incremental draws on its revolving securitization warehouse facility bearing a rate of approximately 3.4%.

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 \$150 million per year solely from internal cash flows. The Company also estimates that as of December 31, 2020, 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 \$2.2 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 17 months.



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Future Outlook

The Company has provided a new 3-year forecast for the years 2021 through 2023. The periods of 2021 and 2022 have been updated to reflect the most recent outlook. 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 offers, which increase the average loan size and extend 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 mergers or acquisitions, or the associated gains or losses associated with its investments.

| | 2021 Forecast | 2022 Forecast | 2023 Forecast |
|--|----------------------------------|----------------------------------|----------------------------------|
| Gross Loan Receivable Portfolio at Year End | \$1.45B - \$1.55B | \$1.65B - \$1.85B | \$1.9B - \$2.1B |
| New easyfinancial locations | 20 - 25 | 15 - 20 | 10 - 15 |
| easyfinancial Total Revenue Yield | 44% - 46% | 42% - 44% | 41% - 43% |
| Total Revenue Growth | 12.5% - 14.5% | 11% - 13% | 10.5% - 12.5% |
| Net charge-off Rate (Average Receivables) | 10.5% - 12.5% | 10.5% - 12.5% | 10.5% - 12.5% |
| Total Company Operating Margin | 30% - 33% | 31% - 34% | 32% - 35% |
| Return on Equity | 25%+ | 25%+ | 25%+ |
| Cash Provided by Operating Activities before Net Growth in Gross Consumer Loans Receivable | \$180 million - \$220 million | \$190 million - \$230 million | \$230 million - \$270 million |
| Net Debt to Total Capitalization | 63% - 65% | 62% - 64% | 60% - 62% |

"We continue to see positive trends in the business and remain confident in navigating through a second wave of the pandemic. Looking forward, we are well positioned to capture the demand for consumer credit that will be fueled by an economic recovery. Our updated three-year forecast reflects growing our consumer loan portfolio to approximately \$2 billion by the end of 2023, with stable credit performance, expanding margins and declining leverage," Mr. Mullins concluded, "Our strategy to expand the product range, develop our channels of distribution, increase our geographic footprint and deliver a best-in-class customer experience, will enable us to become the leading consumer lender for the 9 million Canadians with non-prime credit. I want to thank all 2,000 goeasy team members for their unwavering commitment to stand by our customers during such a challenging year. With a well-capitalized balance sheet and award-winning culture, we are just getting started on our journey to providing everyday Canadians with a path to a better tomorrow."



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Dividend

Based on its 2020 adjusted earnings and the Company's confidence in its continued growth and access to capital going forward, the Board of Directors has approved an increase to the annual dividend from \$1.80 per share to \$2.64 per share, an increase of 47%. This year marks the 7th consecutive year of an increase in the dividend to shareholders. As such, the Board of Directors has approved a quarterly dividend of \$0.66 per share payable on April 9, 2021 to the holders of common shares of record as at the close of business on March 26, 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.



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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 and easyfinancial divisions. With a wide variety of financial products and services including unsecured and secured instalment loans, goeasy aspires to help put Canadians on a path to a better financial future, as they rebuild their credit and graduate to prime lending. Customers can transact seamlessly with easyhome and easyfinancial through an omni-channel model that includes online and mobile, as well as over 400 leasing and lending locations across Canada supported by more than 2,000 employees. Throughout the company's history, it has served over 1 million Canadians and originated \$5.0 billion in loans, with one in three customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing.

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 \$3.5 million to support its long-standing partnerships with the Boys & Girls Clubs of Canada and Habitat for Humanity.

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.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(expressed in thousands of Canadian dollars)

| | As At December 31, 2020 | As At December 31, 2019 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Cash | 93,053 | 46,341 |
| Amounts receivable | 9,779 | 18,482 |
| Prepaid expenses | 13,005 | 7,077 |
| Consumer loans receivable, net | 1,152,378 | 1,040,552 |
| Investment | 56,040 | 34,300 |
| Lease assets | 49,384 | 48,696 |
| Property and equipment, net | 31,322 | 23,007 |
| Deferred tax assets | 4,066 | 14,961 |
| Intangible assets, net | 25,244 | 17,749 |
| Right-of-use assets, net | 46,335 | 46,147 |
| Goodwill | 21,310 | 21,310 |
| TOTAL ASSETS | 1,501,916 | 1,318,622 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Revolving credit facility | 198,339 | 112,563 |
| Accounts payable and accrued liabilities | 46,065 | 41,350 |
| Income taxes payable | 13,897 | 4,187 |
| Dividends payable | 6,661 | 4,448 |
| Unearned revenue | 10,622 | 8,082 |
| Derivative financial liabilities | 36,910 | 16,435 |
| Lease liabilities | 53,902 | 52,573 |
| Accrued interest | 2,598 | 4,358 |
| Convertible debentures | - | 40,656 |
| Notes payable | 689,410 | 701,549 |
| TOTAL LIABILITIES | 1,058,404 | 986,201 |
| Shareholders' equity | | |
| Share capital | 181,753 | 141,956 |
| Contributed surplus | 19,732 | 20,296 |
| Accumulated other comprehensive loss | (5,280) | (915) |
| Retained earnings | 247,307 | 171,084 |
| TOTAL SHAREHOLDERS' EQUITY | 443,512 | 332,421 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,501,916 | 1,318,622 |

goeasy Ltd.

CONSOLIDATED STATEMENTS OF INCOME

(expressed in thousands of Canadian dollars except earnings per share)

| | Three Months Ended | | Year Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 |
| REVENUE | | | | |
| Interest income | 106,784 | 96,403 | 409,583 | 345,997 |
| Lease revenue | 28,564 | 28,268 | 112,796 | 113,236 |
| Commissions earned | 34,747 | 37,169 | 117,913 | 135,510 |
| Charges and fees | 3,124 | 3,696 | 12,630 | 14,640 |
| | 173,219 | 165,536 | 652,922 | 609,383 |
| EXPENSES BEFORE DEPRECIATION AND AMORTIZATION | | | | |
| Salaries and benefits | 34,023 | 31,166 | 136,306 | 120,414 |
| Stock-based compensation | 1,988 | 2,858 | 7,575 | 8,686 |
| Advertising and promotion | 8,591 | 7,488 | 26,786 | 26,699 |
| Bad debts | 34,493 | 43,257 | 134,998 | 156,742 |
| Occupancy | 5,375 | 5,484 | 22,501 | 20,573 |
| Technology costs | 3,692 | 3,222 | 14,191 | 12,293 |
| Other expenses | 7,028 | 9,315 | 29,406 | 30,819 |
| | 95,190 | 102,790 | 371,763 | 376,226 |
| DEPRECIATION AND AMORTIZATION | | | | |
| Depreciation of lease assets | 8,980 | 9,351 | 35,770 | 37,402 |
| Depreciation of right-of-use assets | 4,189 | 3,933 | 16,183 | 15,199 |
| Depreciation of property and equipment | 1,509 | 1,624 | 5,997 | 6,281 |
| Amortization of intangible assets | 2,074 | 1,355 | 6,773 | 5,482 |
| | 16,752 | 16,263 | 64,723 | 64,364 |
| TOTAL OPERATING EXPENSES | 111,942 | 119,053 | 436,486 | 440,590 |
| OPERATING INCOME | 61,277 | 46,483 | 216,436 | 168,793 |
| OTHER INCOME | | | | |
| Unrealized fair value gain on investment | 16,040 | - | 21,740 | - |
| FINANCE COSTS | | | | |
| Interest expense and amortization of deferred financing charges | 12,624 | 14,744 | 52,248 | 55,094 |
| Interest expense on lease liabilities | 719 | 656 | 2,744 | 2,464 |
| Refinancing cost relating to notes payable | - | 21,723 | - | 21,723 |
| | 13,343 | 37,123 | 54,992 | 79,281 |
| INCOME BEFORE INCOME TAXES | 63,974 | 9,360 | 183,184 | 89,512 |
| INCOME TAX EXPENSE (RECOVERY) | | | | |
| Current | 9,753 | 5,812 | 33,041 | 27,763 |
| Deferred | 5,310 | (3,135) | 13,638 | (2,600) |
| | 15,063 | 2,677 | 46,679 | 25,163 |
| NET INCOME | 48,911 | 6,683 | 136,505 | 64,349 |
| BASIC EARNINGS PER SHARE | 3.24 | 0.46 | 9.21 | 4.40 |
| DILUTED EARNINGS PER SHARE | 3.14 | 0.46 | 8.76 | 4.17 |

Segmented Reporting

| (\$ in 000's except earnings per share) | Three Months Ended December 31, 2020 | | | |
|---|--------------------------------------|----------|-----------|---------|
| | easyfinancial | easyhome | Corporate | Total |
| Revenue | | | | |
| Interest income | 101,967 | 4,817 | - | 106,784 |
| Lease revenue | - | 28,564 | - | 28,564 |
| Commissions earned | 32,461 | 2,286 | - | 34,747 |
| Charges and fees | 2,095 | 1,029 | - | 3,124 |
| | 136,523 | 36,696 | - | 173,219 |
| Total operating expenses before depreciation and amortization | 65,053 | 16,833 | 13,304 | 95,190 |
| Depreciation and amortization | | | | |
| Depreciation and amortization of lease assets, property and equipment and intangible assets | 2,181 | 9,306 | 1,076 | 12,563 |
| Depreciation of right-of-use assets | 2,062 | 1,894 | 233 | 4,189 |
| | 4,243 | 11,200 | 1,309 | 16,752 |
| Segment operating income (loss) | 67,227 | 8,663 | (14,613) | 61,277 |
| Other income | | | | |
| Unrealized fair value gain on investment | | | | 16,040 |
| Finance costs | | | | |
| Interest expense and amortization of deferred financing charges | | | | 12,624 |
| Interest expense on lease liabilities | | | | 719 |
| | | | | 13,343 |
| Income before income taxes | | | | 63,974 |
| Income taxes | | | | 15,063 |
| Net Income | | | | 48,911 |
| Diluted earnings per share | | | | 3.14 |
| | | | | |
| (\$ in 000's except earnings per share) | Three Months Ended December 31, 2019 | | | |
| | easyfinancial | easyhome | Corporate | Total |
| Revenue | | | | |
| Interest income | 92,803 | 3,600 | - | 96,403 |
| Lease revenue | - | 28,268 | - | 28,268 |
| Commissions earned | 34,777 | 2,392 | - | 37,169 |
| Charges and fees | 2,425 | 1,271 | - | 3,696 |
| | 130,005 | 35,531 | - | 165,536 |
| Total operating expenses before depreciation and amortization | 73,062 | 17,309 | 12,419 | 102,790 |
| Depreciation and amortization | | | | |
| Depreciation and amortization of lease assets, property and equipment and intangible assets | 1,805 | 9,757 | 768 | 12,330 |
| Depreciation of right-of-use-assets | 1,793 | 1,965 | 175 | 3,933 |
| | 3,598 | 11,722 | 943 | 16,263 |
| Segment operating income (loss) | 53,345 | 6,500 | (13,362) | 46,483 |
| Finance costs | | | | |
| Interest expense and amortization of deferred financing charges | | | | 14,744 |
| Interest expense on lease liabilities | | | | 656 |
| Refinancing cost relating to notes payable | | | | 21,723 |
| | | | | 37,123 |
| Income before income taxes | | | | 9,360 |
| Income taxes | | | | 2,677 |
| Net Income | | | | 6,683 |
| Diluted earnings per share | | | | 0.46 |

| (\$ in 000's except earnings per share) | Year Ended December 31, 2020 | | | |
|---|------------------------------|----------|-----------|---------|
| | easyfinancial | easyhome | Corporate | Total |
| Revenue | | | | |
| Interest income | 392,450 | 17,133 | - | 409,583 |
| Lease revenue | - | 112,796 | - | 112,796 |
| Commissions earned | 109,246 | 8,667 | - | 117,913 |
| Charges and fees | 8,208 | 4,422 | - | 12,630 |
| | 509,904 | 143,018 | - | 652,922 |
| Total operating expenses before depreciation and amortization | 251,897 | 67,261 | 52,605 | 371,763 |
| Depreciation and amortization | | | | |
| Depreciation and amortization of lease assets, property and equipment and intangible assets | 7,665 | 37,209 | 3,666 | 48,540 |
| Depreciation of right-of-use assets | 7,753 | 7,489 | 941 | 16,183 |
| | 15,418 | 44,698 | 4,607 | 64,723 |
| Segment operating income (loss) | 242,589 | 31,059 | (57,212) | 216,436 |
| Other income | | | | |
| Unrealized fair value gain on investment | | | | 21,740 |
| Finance costs | | | | |
| Interest expense and amortization of deferred financing charges | | | | 52,248 |
| Interest expense on lease liabilities | | | | 2,744 |
| | | | | 54,992 |
| Income before income taxes | | | | 183,184 |
| Income taxes | | | | 46,679 |
| Net Income | | | | 136,505 |
| Diluted earnings per share | | | | 8.76 |
| | | | | |
| (\$ in 000's except earnings per share) | Year Ended December 31, 2019 | | | |
| | easyfinancial | easyhome | Corporate | Total |
| Revenue | | | | |
| Interest income | 334,124 | 11,873 | - | 345,997 |
| Lease revenue | - | 113,236 | - | 113,236 |
| Commissions earned | 126,806 | 8,704 | - | 135,510 |
| Charges and fees | 9,278 | 5,362 | - | 14,640 |
| | 470,208 | 139,175 | - | 609,383 |
| Total operating expenses before depreciation and amortization | 267,356 | 67,253 | 41,617 | 376,226 |
| Depreciation and amortization | | | | |
| Depreciation and amortization of lease assets, property and equipment and intangible assets | 7,194 | 39,140 | 2,831 | 49,165 |
| Depreciation of right-of-use-assets | 6,521 | 7,943 | 735 | 15,199 |
| | 13,715 | 47,083 | 3,566 | 64,364 |
| Segment operating income (loss) | 189,137 | 24,839 | (45,183) | 168,793 |
| Finance costs | | | | |
| Interest expense and amortization of deferred financing charges | | | | 55,094 |
| Interest expense on lease liabilities | | | | 2,464 |
| Refinancing cost relating to notes payable | | | | 21,723 |
| | | | | 79,281 |
| Income before income taxes | | | | 89,512 |
| Income taxes | | | | 25,163 |
| Net Income | | | | 64,349 |
| Diluted earnings per share | | | | 4.17 |

Summary of Financial Results and Key Performance Indicators

| (\$ in 000's except earnings per share and percentages) | Three Months Ended | | Variance \$ / bps | Variance % change |
|---|--------------------|-------------------|----------------------|----------------------|
| | December 31, 2020 | December 31, 2019 | | |
| Summary Financial Results | | | | |
| Revenue | 173,219 | 165,536 | 7,683 | 4.6% |
| Operating expenses before depreciation and amortization | 95,190 | 102,790 | (7,600) | (7.4%) |
| EBITDA | 85,089 | 53,395 | 31,694 | 59.4% |
| EBITDA margin | 49.1% | 32.3% | 1,680 bps | 52.0% |
| Depreciation and amortization expense | 16,752 | 16,263 | 489 | 3.0% |
| Operating income | 61,277 | 46,483 | 14,794 | 31.8% |
| Operating margin | 35.4% | 28.1% | 730 bps | 26.0% |
| Other income ¹ | 16,040 | - | 16,040 | 100.0% |
| Interest expense and amortization of deferred financing charges and interest expense on lease liabilities | 13,343 | 15,400 | (2,057) | (13.4%) |
| Refinancing costs ² | - | 21,723 | (21,723) | (100.0%) |
| Effective income tax rate | 23.5% | 28.6% | (510 bps) | (17.8%) |
| Net income | 48,911 | 6,683 | 42,228 | 631.9% |
| Diluted earnings per share | 3.14 | 0.46 | 2.68 | 582.6% |
| Return on equity | 45.8% | 8.0% | 3,780 bps | 472.5% |
| Adjusted (Normalized) Financial Results^{1,2} | | | | |
| Adjusted EBITDA | 69,049 | 53,395 | 15,654 | 29.3% |
| Adjusted EBITDA margin | 39.9% | 32.3% | 760 bps | 23.5% |
| Adjusted net income | 34,996 | 22,649 | 12,347 | 54.5% |
| Adjusted diluted earnings per share | 2.24 | 1.45 | 0.79 | 54.5% |
| Adjusted return on equity | 32.8% | 27.0% | 580 bps | 21.5% |
| Key Performance Indicators | | | | |
| Same store revenue growth (overall) | 4.2% | 19.7% | (1,550 bps) | (78.7%) |
| Same store revenue growth (easyhome) | 4.4% | 6.2% | (180 bps) | (29.0%) |
| Segment Financials | | | | |
| easyfinancial revenue | 136,523 | 130,005 | 6,518 | 5.0% |
| easyfinancial operating margin | 49.2% | 41.0% | 820 bps | 20.0% |
| easyhome revenue | 36,696 | 35,531 | 1,165 | 3.3% |
| easyhome operating margin | 23.6% | 18.3% | 530 bps | 29.0% |
| Portfolio Indicators | | | | |
| Gross consumer loans receivable | 1,246,840 | 1,110,633 | 136,207 | 12.3% |
| Growth in consumer loans receivable | 64,039 | 75,037 | (10,998) | (14.7%) |
| Gross loan originations | 334,102 | 313,514 | 20,588 | 6.6% |
| Total yield on consumer loans (including ancillary products) | 46.6% | 49.8% | (320 bps) | (6.4%) |
| Net charge-offs as a percentage of average gross consumer loans receivable | 9.0% | 13.3% | (430 bps) | (32.3%) |
| Cash provided by operating activities before net growth in gross consumer loans receivable | 40,980 | 21,703 | 19,277 | 88.8% |
| Potential monthly lease revenue | 8,461 | 8,643 | (182) | (2.1%) |

¹ During the fourth quarter of 2020, the Company recognized \$13.9 million after-tax impact of the unrealized fair value gain in the PayBright investment.

² During the fourth quarter of 2019, the Company repaid its 2022 Notes incurring a \$16.0 million after-tax impact of refinancing cost.

| (\$ in 000's except earnings per share and percentages) | Year Ended | | Variance \$ / bps | Variance % change |
|---|-------------------|-------------------|----------------------|----------------------|
| | December 31, 2020 | December 31, 2019 | | |
| Summary Financial Results | | | | |
| Revenue | 652,922 | 609,383 | 43,539 | 7.1% |
| Operating expenses before depreciation and amortization | 371,763 | 376,226 | (4,463) | (1.2%) |
| EBITDA | 267,129 | 195,755 | 71,374 | 36.5% |
| EBITDA margin | 40.9% | 32.1% | 880 bps | 27.4% |
| Depreciation and amortization expense | 64,723 | 64,364 | 359 | 0.6% |
| Operating income | 216,436 | 168,793 | 47,643 | 28.2% |
| Operating margin | 33.1% | 27.7% | 540 bps | 19.5% |
| Other income ¹ | 21,740 | - | 21,740 | 100.0% |
| Interest expense and amortization of deferred financing charges and interest expense on lease liabilities | 54,992 | 57,558 | (2,566) | (4.5%) |
| Refinancing costs ² | - | 21,723 | (21,723) | (100.0%) |
| Effective income tax rate | 25.5% | 28.1% | (260 bps) | (9.3%) |
| Net income | 136,505 | 64,349 | 72,156 | 112.1% |
| Diluted earnings per share | 8.76 | 4.17 | 4.59 | 110.1% |
| Return on equity | 36.1% | 20.2% | 1,590 bps | 78.7% |
| Adjusted (Normalized) Financial Results^{1,2} | | | | |
| Adjusted EBITDA | 245,389 | 195,755 | 49,634 | 25.4% |
| Adjusted EBITDA margin | 37.6% | 32.1% | 550 bps | 17.1% |
| Adjusted net income | 117,646 | 80,315 | 37,331 | 46.5% |
| Adjusted diluted earnings per share | 7.57 | 5.17 | 2.40 | 46.4% |
| Adjusted return on equity | 31.1% | 25.3% | 580 bps | 22.9% |
| Key Performance Indicators | | | | |
| Same store revenue growth (overall) | 6.3% | 19.5% | (1,320 bps) | (67.7%) |
| Same store revenue growth (easyhome) | 4.5% | 4.3% | 20 bps | 4.7% |
| Segment Financials | | | | |
| easyfinancial revenue | 509,904 | 470,208 | 39,696 | 8.4% |
| easyfinancial operating margin | 47.6% | 40.2% | 740 bps | 18.4% |
| easyhome revenue | 143,018 | 139,175 | 3,843 | 2.8% |
| easyhome operating margin | 21.7% | 17.8% | 390 bps | 21.9% |
| Portfolio Indicators | | | | |
| Gross consumer loans receivable | 1,246,840 | 1,110,633 | 136,207 | 12.3% |
| Growth in consumer loans receivable | 136,207 | 276,854 | (140,647) | (50.8%) |
| Gross loan originations | 1,033,130 | 1,095,375 | (62,245) | (5.7%) |
| Total yield on consumer loans (including ancillary products) | 45.5% | 50.1% | (460 bps) | (9.2%) |
| Net charge-offs as a percentage of average gross consumer loans receivable | 10.0% | 13.3% | (330 bps) | (24.8%) |
| Cash provided by operating activities before net growth in gross consumer loans receivable | 210,619 | 120,985 | 89,634 | 74.1% |
| Potential monthly lease revenue | 8,461 | 8,643 | (182) | (2.1%) |

¹ For the year-ended December 31, 2020, the Company recognized \$18.9 million after-tax impact of the unrealized fair value gain in the PayBright investment.

² For the year-ended December 31, 2019, the Company repaid its 2022 Notes incurring a \$16.0 million after-tax impact of refinancing cost.