goeasy Ltd.
TSX Symbol: **GSY**

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Press Release
May 9, 2023

goeasy Ltd. Reports Record Results for the First Quarter & Provides Updated Forecast

Loan Originations of $616 million, up 29% from $477 million
Loan Growth of $196 million, up 58% from $124 million
Loan Portfolio of $2.99 billion, up 39% from $2.15 billion
Revenue of $287 million, up 24% from $232 million
Diluted EPS of $3.01 up 94%; Adjusted Diluted EPS[1] of $3.10, up 14% from $2.72

Mississauga, Ontario, May 9, 2023: *goeasy* Ltd. (TSX: GSY), ("***goeasy***" or the "**Company**"), one of Canada's leading non-prime consumer lenders, today reported results for the first quarter ended March 31, 2023.

First Quarter Results

During the quarter, the Company produced loan originations of $616 million, up 29% compared to $477 million originated in the first quarter of 2022. The increase in lending was driven by strong performance across the Company's entire range of products and acquisition channels, including unsecured lending, home equity loans, point-of-sale lending, and automotive financing.

The increased loan originations led to record first quarter growth in the loan portfolio of $196 million, which was up 58% from $124 million of loan growth in the first quarter of 2022. At quarter end, the gross consumer loan receivable portfolio was $2.99 billion, up 39% from $2.15 billion in the first quarter of 2022. The growth in consumer loans led to an increase in revenue, which was a record $287 million in the quarter, up 24% from the $232 million in the first quarter of last year.

During the quarter, the Company continued to experience stable credit and payment performance. The net charge off rate in the first quarter was 8.9%, in line with the Company's updated reduced target range of between 8% and 10% on an annualized basis, and consistent with 8.8% in the first quarter of 2022. The stable credit performance reflects the resilience of the non-prime consumer, coupled with the improved product mix of the loan portfolio and the proactive credit and underwriting enhancements made since the fourth quarter of 2021. The Company's allowance for future credit losses declined slightly to 7.48%, compared to 7.62% in the fourth quarter of 2022, due to improved portfolio mix and delinquency performance.

Operating income for the first quarter of 2023 was a record $102 million, up 28% from $80 million in the first quarter of 2022. Operating margin for the first quarter was 35.5%, up from 34.4% in the same period last year.

After adjustments, including unusual items and non-recurring expenses, the Company reported record adjusted operating income[2] of $106 million, an increase of 24% compared to $86 million in the first quarter of 2022. Adjusted operating margin[1] for the first quarter was 37.1%, flat compared to the same period in 2022, primarily due to a higher level of loan growth resulting in an increase in the loan loss provision expense compared to the prior period. The efficiency ratio[1] for the first quarter of 2023 was 33.1%, down 260 bps from 35.7% in the first quarter of 2022, reflecting improved operating leverage.

Net income in the first quarter was $51.4 million, up 97% from $26.1 million in the same period of 2022, which resulted in diluted earnings per share of $3.01, up 94% from the $1.55 reported in the first quarter of 2022. After adjusting for non-recurring and unusual items on an after-tax basis in both periods, adjusted net income[2] was a record $52.9 million, up 16% from $45.8 million in the first quarter of 2022. Adjusted diluted earnings per share[1] was a record $3.10, up 14% from $2.72 in the first quarter of 2022. Return on equity during the quarter was 23.2%, compared to 13.5% in the first quarter of 2022. Adjusted return on equity[1] was 23.9% in the quarter, up from 23.8% in the same period of 2022.

"2023 is off to a great start, driven by record first quarter loan growth, stable credit performance and record earnings," said Jason Mullins, goeasy's President and Chief Executive Officer, "Despite ongoing concerns about the economic environment, our tactics to ensure highly stable and resilient credit performance, including credit model enhancements and improved product mix, continue to produce the desired results. Furthermore, the confidence in our business has been reaffirmed with over $250 million of additional funding being provided by a combination of our bank syndicate and a facility provided by SLC Management. With record results to start the year, we are confident we are on track to achieve our full year guidance and produce record earnings," Mr. Mullins concluded, "We are also pleased to publish a new commercial forecast, which incorporates the impact of the pending change to legislation. While our yield will moderate slightly in the outer years, we also believe there will be an increase in lending volume and further improvements to credit performance. All together, we remain confident we can continue to produce a record level of annual earnings going forward."

Other Key First Quarter Highlights

easyfinancial

- Record revenue of $249 million, up 28%
- 41% of the loan portfolio secured, up from 34%
- Record 67% of net loan advances[1] in the quarter were issued to new customers, up from 64%
- Record origination volumes in automotive financing
- Net customer growth during the quarter of 8,955
- Average loan book per branch[3] improved to $5.1 million, an increase of 25.2%
- Weighted average interest rate[3] on consumer loans of 30.2%, down from 32.7%
- Record operating income of $119 million, up 31%
- Operating margin of 47.7%, up from 46.4%

easyhome

- Revenue of $38.3 million, up 2%
- Consumer loan portfolio within easyhome stores increased to $92.0 million, up 27%
- Financial revenue[2] from consumer lending increased to $11.2 million, up 24.6% from $9.0 million
- Operating income of $9.1 million, down 3%
- Operating margin of 23.8%, down from 25.0%

Overall

- 87th consecutive quarter of positive net income
- 19th consecutive year of paying dividends and 9th consecutive year of a dividend increase

- 52nd consecutive quarter of same store revenue growth
- Total customers served over 1.3 million
- Adjusted return on equity[1] of 23.9%, up from 23.8%
- Adjusted return on tangible common equity[1] of 33.8%, down from 36.5%
- Fully drawn weighted average cost of borrowing at 5.7%, up from 4.3%
- Net debt to net capitalization[4] of 72% on March 31, 2023, in line with the Company's target leverage profile

Balance Sheet and Liquidity

Total assets were $3.49 billion as of March 31, 2023, an increase of 30% from $2.69 billion as of March 31, 2022, primarily driven by growth in the consumer loan portfolio.

During the quarter, the Company exercised the accordion feature of its senior secured revolving credit facility ("**Credit Facility**"), increasing the size of the facility from $270 million to $370 million. The Credit Facility, which matures January 27, 2025, continues to be underwritten by Bank of Montreal, Royal Bank of Canada, Wells Fargo Bank, CIBC, National Bank of Canada and Toronto-Dominion Bank. On lenders prime rate ("**Prime**") advances, the interest rate payable remains at Prime plus 75 bps, and on draws elected to be taken utilizing the Canadian Bankers' Acceptance rate ("**BA**"), the interest rate payable remains at BA plus 225 bps.

In May 2023, the Company increased its securitization facility, structured by SLC Management, the institutional asset management business of Sun Life Financial Inc, by $150 million. The facility will be securitized by consumer loans originated by goeasy's wholly owned subsidiary, LendCare Capital Inc. ("**LendCare**"), and the amendment will have an initial term of one year and interest on advances payable at the rate of interpolated Government of Canada Bond ("**GOCB**") yields plus an initial spread of 310 bps. The interpolated rate is determined using the remaining maturity of each loan sold into the facility, and the rate remains fixed for the life of the loan. The new securitization facility complements the Company's existing $1.6 billion revolving securitization warehouse facilities, and will be used for general corporate purposes, including funding growth of the consumer loan portfolio.

During the quarter, the Company recognized net investment income of $2.0 million, due to fair value changes in the Company's strategic minority investments in Affirm Holdings Inc. ("Affirm"), Brim Financial Inc. ("Brim") and 1195407 B.C. Ltd. ("Canada Drives").

Free cash flow from operations before net growth in gross consumer loans receivable[2] in the quarter was $82.1 million, up 106% from $39.9 million in the first quarter of 2022. Based on the cash on hand at the end of the quarter and the borrowing capacity under the Company's existing revolving credit facilities, the Company had approximately $917 million in total debt capacity as of March 31, 2023. The Company remains confident that the capacity available under its existing funding facilities, and its ability to raise additional debt financing, is sufficient to fund its organic growth forecast.

At quarter-end, the Company's weighted average cost of borrowing was 5.4%, and the fully drawn weighted average cost of borrowing was 5.7%. The Company estimates that it could currently grow the consumer loan portfolio by approximately $250 million per year solely from internal cash flows, without utilizing external debt. The Company also estimates that once its existing and available sources of debt are fully utilized, it could continue to grow the loan portfolio by approximately $400 million per year solely from internal cash flows. The Company also estimates that if it were to run-off its consumer loan and leasing portfolios, the value of the total cash repayments paid to the Company over the remaining life of its contracts would be approximately $3.8 billion. If, during such a run-off scenario with reasonable cost reductions, all excess cash flows were applied directly to debt, the Company estimates it would extinguish all external debt within 15 months.

Future Outlook

On February 15, 2023, the Company provided a 3-year forecast for the years 2023 through 2025. Subsequently, as previously disclosed, on March 28, 2023, the Government of Canada announced through the Federal Budget its intent to reduce the maximum allowable rate of interest to an annual percentage rate ("APR") of 35%. The corresponding Budget Implementation Act indicates the effective date of the new maximum allowable rate will be determined at a later date, to be noted by a future Order in Council. It also references the new maximum allowable rate will only be applicable to credit agreements entered into subsequent to the effective date, and that a regulatory process will consider and incorporate exemptions to the law. The date that the new regulation will be drafted and published remains unknown at this time, as does the effective date of the new legislation. The Company intends to make enhancements to its products, pricing, and cost structure, with the objective of mitigating the future impact of a lower maximum allowable rate on its commercial results. As a result of the above considerations, the Company has assessed the anticipated impact of the reduced maximum allowable rate and has revised its forecasts, assuming that the new legislation, does not become effective prior to the end of 2023.

The following tables outline the Company's revised forecast for the years 2023 through 2025, and the prior forecast, which was issued in February 2023. Despite the pending change in legislation, the Company does not expect a significant impact to its business outlook and believes the change will benefit goeasy, and those with scale, in the long term. As such, the Company remains confident it will continue to produce a record level of annual earnings going forward.

<u>New Updated Forecast</u>

	Updated Forecast for 2023	**Updated Forecast for 2024**	**Updated Forecast for 2025**
Gross consumer loans receivable at year end	**$3.40 - $3.60 billion**	**$4.10 - $4.35 billion**	**$4.70 - $5.10 Billion**
Total Company revenue	**$1.20 - $1.25 billion**	**$1.35 - $1.45 billion**	**$1.50 - $1.70 billion**
Total yield on consumer loans (including ancillary products)[1]	**34.5% - 36.5%**	**33.0% - 35.0%**	**32.0% - 34.0%**
Net charge offs as a percentage of average gross consumer loans receivable	**8.0% - 10.0%**	**8.0% - 10.0%**	**7.5% - 9.5%**
Total Company operating margin	**36% +**	**37% +**	**38% +**
Return on equity	**22% +**	**21% +**	**21% +**

Previous Forecast

	Prior Forecast for 2023	Prior Forecasts for 2024	Prior Forecasts for 2025
Gross consumer loans receivable at year end	$3.4B - $3.6B	$4.1B - $4.3B	$4.7B - $5.0B
Total Company revenue	$1.15B - $1.25B	$1.38B - $1.48B	$1.56B - $1.70B
Total yield on consumer loans (including ancillary products) [1]	34.5% - 36.5%	33.5% - 35.5%	33.0% - 35.0%
Net charge offs as a percentage of average gross consumer loans receivable	8.5% - 10.5%	8.0% - 10.0%	8.0% - 10.0%
Total Company operating margin	36%+	37%+	38%+
Return on equity	22%+	22%+	22%+

goeasy has been on a multi-year journey to reduce the weighted average annual interest rate for its customers, which currently sits at approximately 30% today. Furthermore, the Company's existing strategy has already been to continuously reduce the weighted average interest rate charged to its borrowers going forward. By widening its range of products and rates, the Company has been able to attract more near-prime consumers and extend the life of its customer relationships, providing a path for consumers to receive a lower interest rate in reward for positive payment behavior. This strategy has enabled the organization to scale to nearly $3 billion in consumer loans, while originating over $10.7 billion in loans and serving over 1.3 million Canadians.

Dividend

The Board of Directors has approved a quarterly dividend of $0.96 per share payable on July 14, 2023 to the holders of common shares of record as at the close of business on June 30, 2023.

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 and expected financial performance and condition. Forward-looking statements include, but are not limited to, statements with respect to forecasts for growth of the consumer loans receivable, annual revenue growth forecasts, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements and the Company's ability to secure sufficient capital, liquidity of the Company, plans and references to future operations and results, critical accounting estimates, expected future yields and net charge off rates on loans, the estimated number of new locations to be opened, the dealer relationships, the size and characteristics of the Canadian non-prime lending market and the continued development of the type and size of competitors in the market. In certain cases, forward-looking 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 "expect", "continue", "anticipate", "intend", "aim", "plan", "believe", "budget", "estimate", "forecast", "foresee", "target" 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. 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. Some important factors that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to, goeasy'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, offer 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, compete, 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. These and other factors could cause actual results to differ materially from our expectations expressed in the forward-looking statements, and further details and descriptions of these and other factors are disclosed in the Company's Management's Discussion and Analysis ("**MD&A**"), including under the section entitled "Risk Factors".

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. is a Canadian company, headquartered in Mississauga, Ontario, that provides non-prime leasing and lending services through its easyhome, easyfinancial and LendCare brands. Supported by approximately 2,400 employees, the Company offers a wide variety of financial products and services including unsecured and secured instalment loans, merchant financing through a variety of verticals and lease-to-own merchandise. Customers can transact seamlessly through an omnichannel model that includes online and mobile platforms, over 400 locations across Canada, and point-of-sale financing offered in the retail, powersports, automotive, home improvement and healthcare verticals, through over 7,500 merchant partners across Canada. Throughout the Company's history, it has acquired and organically served over 1.3 million Canadians and originated over $10.7 billion in loans.

Accredited by the Better Business Bureau, goeasy is the proud recipient of several awards in recognition of its exceptional culture and continued business growth including Waterstone Canada's Most Admired Corporate Cultures, ranking on the 2022 Report on Business Women Lead Here executive gender diversity benchmark, placing on the Report on Business ranking of Canada's Top Growing Companies, ranking on the TSX30, Greater Toronto Top Employers Award and has been certified as a Great Place to Work®. The Company is represented by a diverse group of team members from 78 nationalities who believe strongly in giving back to communities in which it operates. To date, goeasy has raised and donated over $4.8 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.

For more information about goeasy and our business units, visit www.goeasy.com, www.easyfinancial.com, www.lendcare.ca, www.easyhome.ca.

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Notes:

[1] These are non-IFRS ratios. Refer to "Non-IFRS Measures and Other Financial Measures" section in this press release.

[2] These are non-IFRS measures. Refer to "Non-IFRS Measures and Other Financial Measures" section in this press release.

[3] These are supplementary financial measures. Refer to "Non-IFRS Measures and Other Financial Measures" section in this press release.

[4] These are capital management measures. Refer to "Non-IFRS Measures and Other Financial Measures" section in this press release.

[5] Non-IFRS ratios, non-IFRS measures, supplementary financial measures and capital management measures are not determined in accordance with IFRS, do not have standardized meanings and may not be comparable to similar financial measures presented by other companies.

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(Expressed in thousands of Canadian dollars)

	As At March 31, 2023	As At December 31, 2022
ASSETS		
Cash	**72,298**	62,654
Accounts receivable	**26,299**	25,697
Prepaid expenses	**9,591**	8,334
Income taxes recoverable	**5,921**	2,323
Consumer loans receivable, net	**2,815,696**	2,627,357
Investments	**59,287**	57,304
Lease assets	**46,687**	48,437
Property and equipment, net	**33,649**	35,856
Derivative financial assets	**44,546**	49,444
Intangible assets, net	**135,457**	138,802
Right-of-use assets, net	**63,704**	65,758
Goodwill	**180,923**	180,923
TOTAL ASSETS	**3,494,058**	3,302,889
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving credit facility	**218,235**	148,646
Accounts payable and accrued liabilities	**48,388**	51,136
Dividends payable	**15,871**	14,965
Unearned revenue	**30,125**	28,661
Accrued interest	**23,394**	10,159
Deferred tax liabilities, net	**22,619**	24,692
Lease liabilities	**72,477**	74,328
Secured borrowings	**92,041**	105,792
Revolving securitization warehouse facilities	**901,615**	805,825
Notes payable	**1,167,190**	1,168,997
TOTAL LIABILITIES	**2,591,955**	2,433,201
Shareholders' equity		
Share capital	**423,282**	419,046
Contributed surplus	**16,651**	21,499
Accumulated other comprehensive income	**238**	2,776
Retained earnings	**461,932**	426,367
TOTAL SHAREHOLDERS' EQUITY	**902,103**	869,688
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,494,058**	3,302,889

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended	
	March 31, 2023	**March 31, 2022**
REVENUE		
Interest income	**201,428**	156,824
Lease revenue	**25,565**	26,878
Commissions earned	**53,916**	43,858
Charges and fees	**6,388**	4,582
	287,297	232,142
OPERATING EXPENSES		
BAD DEBTS	**75,896**	54,149
OTHER OPERATING EXPENSES		
Salaries and benefits	**51,163**	41,964
Stock-based compensation	**3,024**	2,300
Advertising and promotion	**7,247**	9,510
Occupancy	**6,644**	6,379
Technology costs	**7,289**	5,240
Underwriting and collections	**3,985**	3,091
Other expenses	**8,425**	8,772
	87,777	77,256
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets	**8,507**	8,465
Amortization of intangible assets	**5,309**	5,213
Depreciation of right-of-use assets	**5,246**	4,869
Depreciation of property and equipment	**2,495**	2,225
	21,557	20,772
TOTAL OPERATING EXPENSES	**185,230**	152,177
OPERATING INCOME	**102,067**	79,965
OTHER INCOME (LOSS)	**1,983**	(17,525)
FINANCE COSTS	**(34,226)**	(23,479)
INCOME BEFORE INCOME TAXES	**69,824**	38,961
INCOME TAX EXPENSE (RECOVERY)		
Current	**19,560**	16,296
Deferred	**(1,172)**	(3,431)
	18,388	12,865
NET INCOME	**51,436**	26,096
BASIC EARNINGS PER SHARE	**3.06**	1.59
DILUTED EARNINGS PER SHARE	**3.01**	1.55

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

	Three Months Ended March 31, 2023			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	**193,179**	**8,249**	**-**	**201,428**
Lease revenue	**-**	**25,565**	**-**	**25,565**
Commissions earned	**50,384**	**3,532**	**-**	**53,916**
Charges and fees	**5,414**	**974**	**-**	**6,388**
	248,977	**38,320**	**-**	**287,297**
Operating expenses				
Bad debts	**73,265**	**2,631**	**-**	**75,896**
Other operating expenses	**47,778**	**15,848**	**24,151**	**87,777**
Depreciation and amortization	**9,206**	**10,734**	**1,617**	**21,557**
	130,249	**29,213**	**25,768**	**185,230**
Operating income (loss)	**118,728**	**9,107**	**(25,768)**	**102,067**
Other income				**1,983**
Finance costs				**(34,226)**
Income before income taxes				**69,824**
Income taxes				**18,388**
Net income				**51,436**
Diluted earnings per share				**3.01**

	Three Months Ended March 31, 2022			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue				
Interest income	150,149	6,675	-	156,824
Lease revenue	-	26,878	-	26,878
Commissions earned	40,857	3,001	-	43,858
Charges and fees	3,604	978	-	4,582
	194,610	37,532	-	232,142
Operating expenses				
Bad debts	52,119	2,030	-	54,149
Other operating expenses	43,533	15,418	18,305	77,256
Depreciation and amortization	8,633	10,713	1,426	20,772
	104,285	28,161	19,731	152,177
Operating income (loss)	90,325	9,371	(19,731)	79,965
Other loss				(17,525)
Finance costs				(23,479)
Income before income taxes				38,961
Income taxes				12,865
Net income				26,096
Diluted earnings per share				1.55

SUMMARY OF FINANCIAL RESULTS AND KEY PERFORMANCE INDICATORS

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

	Three Months Ended			
	March 31, 2023	**March 31, 2022**	**Variance $ / bps**	**Variance % change**
Summary Financial Results				
Revenue	**287,297**	232,142	55,155	23.8%
Bad debts	**75,896**	54,149	21,747	40.2%
Other operating expenses	**87,777**	77,256	10,521	13.6%
EBITDA[1]	**117,100**	74,747	42,353	56.7%
EBITDA margin[1]	**40.8%**	32.2%	860 bps	26.7%
Depreciation and amortization	**21,557**	20,772	785	3.8%
Operating income	**102,067**	79,965	22,102	27.6%
Operating margin	**35.5%**	34.4%	110 bps	3.2%
Other income (loss)	**1,983**	(17,525)	19,508	111.3%
Finance costs	**34,226**	23,479	10,747	45.8%
Effective income tax rate	**26.3%**	33.0%	(670 bps)	(20.3%)
Net income	**51,436**	26,096	25,340	97.1%
Diluted earnings per share	**3.01**	1.55	1.46	94.2%
Return on assets	**6.1%**	4.0%	210 bps	52.5%
Return on equity	**23.2%**	13.5%	970 bps	71.9%
Return on tangible common equity[1]	**34.4%**	22.8%	1,160 bps	50.9%
Adjusted Financial Results[1]				
Other operating expenses	**95,181**	82,900	12,281	14.8%
Efficiency ratio	**33.1%**	35.7%	(260 bps)	(7.3%)
Operating income	**106,445**	86,061	20,384	23.7%
Operating margin	**37.1%**	37.1%	-	-
Net income	**52,933**	45,779	7,154	15.6%
Diluted earnings per share	**3.10**	2.72	0.38	14.0%
Return on assets	**6.2%**	6.9%	(70 bps)	(10.1%)
Return on equity	**23.9%**	23.8%	10 bps	0.4%
Return on tangible common equity	**33.8%**	36.5%	(270 bps)	(7.4%)
Key Performance Indicators				
Segment Financials				
easyfinancial revenue	**248,977**	194,610	54,367	27.9%
easyfinancial operating margin	**47.7%**	46.4%	130 bps	2.8%
easyhome revenue	**38,320**	37,532	788	2.1%
easyhome operating margin	**23.8%**	25.0%	(120 bps)	(4.8%)
Portfolio Indicators				
Gross consumer loans receivable	**2,990,686**	2,154,300	836,386	38.8%
Growth in consumer loans receivable	**195,992**	123,961	72,031	58.1%
Gross loan originations	**615,619**	476,542	139,077	29.2%
Total yield on consumer loans (including ancillary products)[1]	**35.6%**	38.7%	(310 bps)	(8.0%)
Net charge offs as a percentage of average gross consumer loans receivable	**8.9%**	8.8%	10 bps	1.1%
Free cash flows from operations before net growth in gross consumer loans receivable[1]	**82,101**	39,928	42,173	105.6%
Potential monthly lease revenue[1]	**7,729**	7,841	(112)	(1.4%)

[1] EBITDA, adjusted other operating expenses, adjusted operating income, adjusted net income and free cash flows from operations before net growth in gross consumer loans receivable are non-IFRS measures. EBITDA margin, efficiency ratio, adjusted operating margin, adjusted diluted earnings per share, adjusted return on equity, adjusted return on assets, reported and adjusted return on tangible common equity and total yield on consumer loans (including ancillary products) are non-IFRS ratios. Refer to "Non-IFRS Measures and Other Financial Measures" section in this press release.

Non-IFRS Measures and Other Financial Measures

The Company uses a number of financial measures to assess its performance. Some of these measures are not calculated in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB), are not identified by IFRS and do not have standardized meanings that would ensure consistency and comparability among companies using these measures. The Company believes that non-IFRS measures are useful in assessing ongoing business performance and provide readers with a better understanding of how management assesses performance. These non-IFRS measures are used throughout this press release and listed below. An explanation of the composition of non-IFRS measures and other financial measures can be found in the Company's MD&A, available on www.sedar.com.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

Adjusted net income is a non-IFRS measure, while adjusted diluted earnings per share is a non-IFRS ratio. Refer to “Key Performance Indicators and Non-IFRS Measures” section on page 26 of the Company’s MD&A for the three-month period ended March 31, 2023. Items used to calculate adjusted net income and adjusted earnings per share for the three-month periods ended March 31, 2023 and 2022 include those indicated in the chart below:

($ in 000’s except earnings per share)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net income as stated	**51,436**	26,096
Impact of adjusting items		
Other operating expenses		
Contract exit fee[1]	**934**	-
Integration costs[3]	**169**	507
Corporate development costs[2]	**-**	2,314
Depreciation and amortization		
Amortization of acquired intangible assets[4]	**3,275**	3,275
Other (income) loss[5]	**(1,983)**	17,525
Total pre-tax impact of adjusting items	**2,395**	23,621
Income tax impact of above adjusting items	**(898)**	(3,938)
After-tax impact of adjusting items	**1,497**	19,683
Adjusted net income	**52,933**	45,779
Weighted average number of diluted shares outstanding	**17,072**	16,834
Diluted earnings per share as stated	**3.01**	1.55
Per share impact of adjusting items	**0.09**	1.17
Adjusted diluted earnings per share	**3.10**	2.72

Adjusting item related to a contract exit fee

[1] In the fourth quarter of 2022, the Company decided to terminate its agreement with a third-party technology provider that was contracted in 2020 to develop a new loan management system. After careful evaluation, the Company determined that the performance to date was unsatisfactory, and the additional investment necessary to complete the development was no longer economical, relative to the anticipated business value and other available options. In the first quarter of 2023, the Company settled its dispute with the third-party technology provider for $0.9 million, reported under Other operating expenses.

Adjusting items related to the corporate development costs

[2] Corporate development costs in the first quarter of 2022 were related to the exploration of a strategic acquisition opportunity, which the Company elected to not pursue, including advisory, consulting and legal costs, reported under Other operating expenses.

Adjusting items related to the LendCare Acquisition

[3] Integration costs related to advisory and consulting costs, employee incentives, representation and warranty insurance costs, other integration costs related to the acquisition of LendCare as a result of the integration with LendCare.

[4] Amortization of the $131 million intangible asset related to the acquisition of LendCare with an estimated useful life of ten years.

Adjusting item related to other income (loss)

[5] For the three-month period ended March 31, 2023, investment income was mainly due to fair value changes on the Company’s investments in Affirm, Brim and Canada Drives. For the three-month period ended March 31, 2022, investment loss was mainly due to fair value changes on the Company’s investment in Affirm and its related Total Return Swap.

Adjusted Other Operating Expenses and Efficiency Ratio

Adjusted other operating expenses is a non-IFRS measure, while efficiency ratio is a non-IFRS ratio. Refer to "Key Performance Indicators and Non-IFRS Measures" section on page 26 of the Company's MD&A for the three-month period ended March 31, 2023. Items used to calculate adjusted other operating expenses and efficiency ratio for the three-month periods ended March 31, 2023 and 2022 include those indicated in the chart below:

($ in 000's)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Other operating expenses as stated	**87,777**	77,256
Impact of adjusting items[1]		
Other operating expenses		
Contract exit fee	**(934)**	-
Integration costs	**(169)**	(507)
Corporate development costs	**-**	(2,314)
Depreciation and amortization		
Depreciation of lease assets	**8,507**	8,465
Total impact of adjusting items	**7,404**	5,644
Adjusted other operating expenses	**95,181**	82,900
Total revenue	**287,297**	232,142
Efficiency ratio	**33.1%**	35.7%

[1] For explanation of adjusting items, refer to the corresponding "Adjusted Net Income and Adjusted Diluted Earnings Per Share" section.

Adjusted Operating Income and Adjusted Operating Margin

Adjusted operating income is a non-IFRS measure, while adjusted operating margin is a non-IFRS ratio. Refer to "Key Performance Indicators and Non-IFRS Measures" section on page 26 of the Company's MD&A for the three-month period ended March 31, 2023. Items used to calculate adjusted operating income and adjusted operating margins for the three-month periods ended March 31, 2023 and 2022 include those indicated in the chart below:

	Three Months Ended			
($ in 000's except percentages)	**March 31, 2023**	**March 31, 2023 (adjusted)**	**March 31, 2022**	**March 31, 2022 (adjusted)**
easyfinancial				
Operating income	**118,728**	**118,728**	90,325	90,325
Divided by revenue	**248,977**	**248,977**	194,610	194,610
easyfinancial operating margin	**47.7%**	**47.7%**	46.4%	46.4%
easyhome				
Operating income	**9,107**	**9,107**	9,371	9,371
Divided by revenue	**38,320**	**38,320**	37,532	37,532
easyhome operating margin	**23.8%**	**23.8%**	25.0%	25.0%
Total				
Operating income	**102,067**	**102,067**	79,965	79,965
Other operating expenses[1]				
Contract exit fee	**-**	**934**		
Integration costs	**-**	**169**	-	507
Corporate development costs	**-**	**-**	-	2,314
Depreciation and amortization[1]				
Amortization of acquired intangible assets	**-**	**3,275**	-	3,275
Adjusted operating income	**102,067**	**106,445**	79,965	86,061
Divided by revenue	**287,297**	**287,297**	232,142	232,142
Total operating margin	**35.5%**	**37.1%**	34.4%	37.1%

[1] For explanation of adjusting items, refer to the corresponding "Adjusted Net Income and Adjusted Diluted Earnings Per Share" section.

Free Cash Flow from Operations before Net Growth in Gross Consumer Loans Receivable

Free cash flow from operations before net growth in gross consumer loans receivable is a non-IFRS measure. Refer to "Key Performance Indicators and Non-IFRS Measures" section on page 26 of the Company's MD&A for the three-month period ended March 31, 2023. Items used to calculate free cash flow from operations before net growth in gross consumer loans receivable for the three-month periods ended March 31, 2023 and 2022 include those indicated in the chart below:

	Three Months Ended	
($ in 000's)	**March 31, 2023**	**March 31, 2022**
Cash used in operating activities	**(113,891)**	(84,033)
Net growth in gross consumer loans receivable during the period	**195,992**	123,961
Free cash flows from operations before net growth in gross consumer loans receivable	**82,101**	39,928

Adjusted Return on Equity

Adjusted return on equity is a non-IFRS ratio. Refer to "Key Performance Indicators and Non-IFRS Measures" section on page 26 of the Company's MD&A for the three-month period ended March 31, 2023. Items used to calculate adjusted return on equity for the three-month periods ended March 31, 2023 and 2022 include those indicated in the chart below:

	Three Months Ended			
($ in 000's except percentages)	**March 31, 2023**	**March 31, 2023 (adjusted)**	**March 31, 2022**	**March 31, 2022 (adjusted)**
Net income as stated	**51,436**	**51,436**	26,096	26,096
After-tax impact of adjusting items[1]	**-**	**1,497**	-	19,683
Adjusted net income	**51,436**	**52,933**	26,096	45,779
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Divided by average shareholders' equity for the period	**885,896**	**885,896**	770,614	770,614
Return on equity	**23.2%**	**23.9%**	13.5%	23.8%

[1] For explanation of adjusting items, refer to the corresponding "Adjusted Net Income and Adjusted Diluted Earnings Per Share" section.

Return on Tangible Common Equity

Reported and adjusted return on tangible common equity are non-IFRS ratios. Refer to "Key Performance Indicators and Non-IFRS Measures" section on page 26 of the Company's MD&A for the three-month period ended March 31, 2023. Items used to calculate reported and adjusted return on tangible common equity for the three-month periods ended March 31, 2023 and 2022 include those indicated in the chart below:

	Three Months Ended			
($ in 000's except percentages)	**March 31, 2023**	**March 31, 2023 (adjusted)**	**March 31, 2022**	**March 31, 2022 (adjusted)**
Net income as stated	**51,436**	**51,436**	26,096	26,096
Amortization of acquired intangible assets	**3,275**	**3,275**	3,275	3,275
Income tax impact of the above item	**(868)**	**(868)**	(869)	(869)
Net income before amortization of acquired intangible assets, net of income tax	**53,843**	**53,843**	28,502	28,502
Impact of adjusting items[1]				
Other operating expenses				
Contract exit fee	**-**	**934**	-	-
Integration costs	**-**	**169**	-	507
Corporate development costs	**-**	**-**	-	2,314
Other loss (income)	**-**	**(1,983)**	-	17,525
Total pre-tax impact of adjusting items	**-**	**(880)**	-	20,346
Income tax impact of above adjusting items	**-**	**(30)**	-	(3,069)
After-tax impact of adjusting items	**-**	**(910)**	-	17,277
Adjusted net income	**53,843**	**52,933**	28,502	45,779
Multiplied by number of periods in a year	**X 4**	**X 4**	X 4	X 4
Average shareholders' equity	**885,896**	**885,896**	770,614	770,614
Average goodwill	**(180,923)**	**(180,923)**	(180,923)	(180,923)
Average acquired intangible assets[2]	**(107,529)**	**(107,529)**	(120,629)	(120,629)
Average related deferred tax liabilities	**28,495**	**28,495**	31,967	31,967
Divided by average tangible common equity	**625,939**	**625,939**	501,029	501,029
Return on tangible common equity	**34.4%**	**33.8%**	22.8%	36.5%

[1] For explanation of adjusting items, refer to the corresponding "Adjusted Net Income and Adjusted Diluted Earnings Per Share" section.
[2] Excludes intangible assets relating to software.

easyhome Financial Revenue

easyhome financial revenue is a non-IFRS measure. It's calculated as total company revenue less easyfinancial revenue and leasing revenue. The Company believes that easyhome financial revenue is an important measure of the performance of the easyhome segment. Items used to calculate easyhome financial revenue for the three-month periods ended March 31, 2022 and 2021 include those indicated in the chart below:

($in 000's)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Total company revenue	**287,297**	232,142
Less: easyfinancial revenue	**(248,977)**	(194,610)
Less: leasing revenue	**(27,148)**	(28,566)
easyhome financial revenue	**11,172**	8,966

Total Yield on Consumer Loans as a Percentage of Average Gross Consumer Loans Receivable

Total yield on consumer loans as a percentage of average gross consumer loans receivable is a non-IFRS ratio. See description in section "Portfolio Analysis" on page 16 of the Company's MD&A for the three-month period ended March 31, 2023. Items used to calculate total yield on consumer loans as a percentage of average gross consumer loans receivable for the three-month periods ended March 31, 2023 and 2022 include those indicated in the chart below:

($ in 000's except percentages)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Total Company revenue	**287,297**	232,142
Less: Leasing revenue	**(27,148)**	(28,566)
Financial revenue	**260,149**	203,576
Multiplied by number of periods in a year	**X 4**	X 4
Divided by average gross consumer loans receivable	**2,924,908**	2,101,759
Total yield on consumer loans as a percentage of average gross consumer loans receivable (annualized)	**35.6%**	38.7%

Net Principal Written and Percentage Net Principal Written to New Customers

Net principal written (Net loan advances) is a non-IFRS measure. See description in section "Portfolio Analysis" on page 16 of the Company's MD&A for the three-month period ended March 31, 2023. Percentage of net loan advances issued to new customers is a non-IFRS ratio. It is calculated as loan originations to new customers divided by net principal written. The Company uses percentage of net loan advances issued to new customers, among other measures, to assess the operating performance of its lending business. Items used to calculate percentage of net loan advances issued to new customers for the three-month periods ended March 31, 2023 and 2022 include those indicated in the chart below:

($in 000's except percentages)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Gross loan originations	**615,619**	476,542
Loan originations to new customers	**302,543**	217,694
Loan originations to existing customers	**313,076**	258,848
Less: Proceeds applied to repay existing loans	**(162,954)**	(134,036)
Net advance to existing customers	**150,122**	124,812
Net principal written	**452,665**	342,506
Percentage net advances to new customers	**67%**	64%

Net Debt to Net Capitalization

Net debt to net capitalization is a capital management measure. Refer to "Financial Condition" section on page 33 of the Company's MD&A for the three-month period ended March 31, 2023.

Average Loan Book Per Branch

Average loan book per branch is a supplementary financial measure. It is calculated as gross consumer loans receivable held by easyfinancial branch locations divided by number of total easyfinancial branch locations.

Weighted Average Interest Rate

Weighted average interest rate is a supplementary financial measure. It Is calculated as the sum of individual loan balance multiplied by interest rate divided by gross consumer loans receivable.