goeasy Ltd.
TSX Symbol: **GSY**

goeasy Ltd.
33 City Centre Drive
Suite 510
Mississauga, Ontario
L5B 2N5 Canada
Tel: 905-272-2788
Fax: 905-272-9886

Press Release
May 11, 2021

goeasy Ltd. Reports Record Results for the First Quarter

Loan Portfolio of $1.28 billion, up 10%
Net Charge-Off Rate of 9.1%, down from 13.2%
Adjusted Quarterly Net Income of $36.7 million, up 67%
Adjusted Quarterly Diluted Earnings per Share of $2.34, up 66%

Mississauga, May 11, 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 first quarter ended March 31, 2021.

First Quarter Results

During the quarter, the Company continued to experience a gradually improving level of demand, complemented by stable credit performance, leading to record financial results.

The Company generated $272 million in total loan originations in the first quarter, up 13% compared to the $242 million produced in the first quarter of 2020. The improved originations led to growth in the loan portfolio of $30.5 million during the quarter, which finished at $1.28 billion, up 10% from $1.17 billion as of March 31, 2020. The growth in the consumer loan portfolio, which was partially impacted by lower commissions related to higher levels of loan protection insurance claims, led to an increase in revenue to $170 million in the quarter, up 2% over the same period in 2020.

During the quarter, the Company also continued to experience strong credit and payment performance. The net charge-off rate for the first quarter was 9.1%, compared to 13.2% in the first quarter of 2020. Although there remains uncertainty about the exact timing and pace of an economic recovery, the improvement in underlying credit performance and the general macroeconomic environment resulted in the Company decreasing its allowance for future credit losses to 9.88% from 10.08% in the prior quarter.

Improved operating leverage and lower credit losses, led to record operating income of $63.9 million, up 45% from $44.2 million in the first quarter of 2020, while the operating margin expanded to a record 37.6%, up from 26.4% in the prior year. During the quarter, the Company also recorded an additional $87.3 million pre-tax unrealized fair value gain related to the investment in shares of Affirm Holdings Inc. ("**Affirm**").

Net income in the first quarter was a record $112.0 million, up from $22.0 million in the same period of 2020, which resulted in diluted earnings per share of $7.14, up from $1.41 in the first quarter of 2020. Return on equity was 90.1%, up from 25.8% in the first quarter of 2020. After adjusting for $75.8 million after-tax unrealized fair value gains on investments recorded in the first quarter of 2021 and $0.5 million of after-tax transaction costs related to the acquisition of LendCare Holdings Inc. ("**LendCare**") incurred in the quarter, adjusted net income was a record $36.7 million, up 67% from $22.0 million in 2020, resulting in adjusted diluted earnings per share of $2.34, up 66% from $1.41 in the first quarter of 2020. Adjusted return on equity was 29.5% in the quarter, up from adjusted return on equity of 25.8% in 2020.

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"The first quarter continued to highlight the strength and resilience of our business. With improved originations, structurally lower credit losses and strong operating margins, we delivered record adjusted earnings per share of $2.34, an increase of 66%. We were also pleased to report an $87.3 million pre-tax gain related to the performance of our investment in Affirm and the associated benefits of our hedging strategy," said Jason Mullins, goeasy's President and Chief Executive Officer, "Most of all, I am incredibly proud of the work done by our team to prepare for the successful acquisition of LendCare, which we announced in April. The positive response from the capital markets led to both our equity and unsecured notes offering being oversubscribed by 2.5 times, enabling us to confidently execute the transaction with an improved balance sheet and reduced cost of borrowing."

Other Key First Quarter Highlights

easyfinancial

- Revenue of $133 million, up 1%
- Secured loan portfolio grew to $162 million, up 33%,
- 56% of net loan advances in the quarter were issued to new customers, down from 59%
- 51% of applications were acquired online, up from 46%
- Average loan book per branch improved to $3.8 million, an increase of 2%
- The delinquency rate on the final Saturday of the quarter was 4.4%, down from 5.4%
- Record operating income of $71.7 million, up 39%
- Operating margin of 54%, up from 39%

easyhome

- Record revenue of $36.8 million, up 4%
- Same store revenue growth of 4.9%
- Consumer loan portfolio within easyhome stores increased to $53.1 million, up 30%
- Revenue from consumer lending increased to $6.6 million, up 20%
- Record operating income of $9.0 million, up 29%
- Record operating margin of 24.5%, up from 19.8%

Overall

- 44th consecutive quarter of same store sales growth
- 79th consecutive quarter of positive net income
- 2021 marks the 17th consecutive year of paying dividends and the 7th consecutive year of dividend increases
- Total same store revenue growth of 1.7%
- $6.9 million in loan protection claims payments, up 19% from $5.8 million in 2020
- Adjusted return on equity of 29.5% in the quarter, up from 25.8%
- Fully drawn weighted average cost of borrowing reduced to 4.8%, down from 5.5%

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- Net external debt to net capitalization of 58% on March 31, 2021, down from 72% in the prior year and below the Company's target leverage ratio of 70%

Balance Sheet and Liquidity

Total assets were $1.61 billion as of March 31, 2021, an increase of 15% from $1.41 billion as of March 31, 2020, driven by the growth in the consumer loan portfolio and return on the Company's investment in Affirm.

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 Affirm as at March 31, 2021 amounts to $89.4 million. During the first quarter, the Company recognized an unrealized fair value gain amounting to $56.4 million ($48.9 million after-tax) in the consolidated statement of income.

Subsequent to the sale transaction, 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. The change in fair value of the TRS during the first quarter amounts to $30.9 million. The pre-tax unrealized fair value gain on Affirm shares and the TRS combined is a total of $87.3 million ($75.7 million after tax). The total fair value of investment in Affirm, inclusive of the TRS, is $120.3 million as at March 31, 2021.

During the quarter, the Company invested $6.5 million to acquire a minority equity interest in Brim Financial Inc. ("Brim"). Brim, a Canadian fintech company and globally certified credit card issuer, offers a full product suite of consumer and business credit cards, consumer digital banking services, a globally open rewards and loyalty ecosystem, and financial products including buy now pay later capabilities seamlessly integrated in all business and consumer revolving credit card products. The investment in Brim aligns with the Company's strategic vision of broadening its near-prime product range.

In support of the acquisition of LendCare, The Company completed an equity offering of 1,404,265 subscription receipts of the Company ("Subscription Receipts"), at a price of $122.85 per Subscription Receipt, for gross aggregate proceeds of $172.5 million. As a result of the completion of the acquisition on April 30, 2021, each of the 1,404,265 outstanding Subscription Receipts were automatically exchanged for one common share of the Company. In addition, subsequent to quarter-end, the Company also closed

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its offering of US$320 million 4.375% senior unsecured notes maturing on May 1, 2026. Concurrently with the offering, the Company entered into a cross currency swap agreement, effectively hedging the obligation at $400 million with a Canadian dollar interest rate of 4.818%.

Cash provided by operating activities before net growth in gross consumer loans receivable in the quarter was $63.2 million, an increase of 17% over 2020. 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 $435 million in total funding capacity. At quarter-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 3.5% and incremental draws on its revolving securitization warehouse facility bearing a rate of approximately 3.4%.

As of March 31, 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 $150 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 $2.3 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.

Future Outlook

On February 17, 2021, the Company provided a 3-year forecast for the years 2021 through 2023, which did not contemplate the acquisition of LendCare. As a result, the Company is withdrawing its 3-year forecast and intends to provide a new long-term forecast, incorporating the contribution from LendCare, as part of the Company's release of second quarter financial results.

"Looking forward, we expect consumer demand to continue improving throughout the summer months as vaccination distribution accelerates. Our expansion through the acquisition of LendCare into point-of-sale financing verticals such as power sports and home improvement, will also aid in driving growth of the portfolio," Mr. Mullins concluded, "On a consolidated basis, we expect to finish the second quarter with nearly $1.8 billion in consumer loan balances. With the economy on the road to recovery, the upcoming launch of our auto-loan product, and the addition of LendCare, we remain on track to our goal of becoming the largest and best performing lender in the $200 billion non-prime consumer credit market."

Dividend

The Board of Directors has approved a quarterly dividend of $0.66 per share payable on July 9, 2021 to the holders of common shares of record as at the close of business on June 25, 2021.

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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.

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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 3,000 merchants across Canada. Throughout the Company's history, it has acquired and organically served over 1 million Canadians and originated over $6.4 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.

For further information contact:

Jason Mullins
President & Chief Executive Officer
(905) 272-2788

Farhan Ali Khan
Senior Vice President, Corporate Development & Investor Relations
(905) 272-2788

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(expressed in thousands of Canadian dollars)

	As At March 31, 2021	As At December 31, 2020
ASSETS		
Cash	**104,842**	93,053
Amounts receivable	**14,846**	9,779
Prepaid expenses	**7,293**	13,005
Consumer loans receivable, net	**1,184,709**	1,152,378
Investment	**96,896**	56,040
Lease assets	**45,473**	49,384
Property and equipment, net	**30,269**	31,322
Deferred tax assets, net	**-**	4,066
Derivative financial assets	**30,999**	-
Intangible assets, net	**27,136**	25,244
Right-of-use assets, net	**48,111**	46,335
Goodwill	**21,310**	21,310
TOTAL ASSETS	**1,611,884**	1,501,916
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	**38,197**	46,065
Income taxes payable	**25,039**	13,897
Dividends payable	**9,846**	6,661
Unearned revenue	**10,342**	10,622
Deferred tax liabilities, net	**4,281**	-
Derivative financial liabilities	**44,985**	36,910
Lease liabilities	**55,934**	53,902
Accrued interest	**14,261**	2,598
Revolving credit facility	**(1,305)**	198,339
Revolving securitization warehouse facility	**179,046**	-
Notes payable	**680,992**	689,410
TOTAL LIABILITIES	**1,061,618**	1,058,404
Shareholders' equity		
Share capital	**186,679**	181,753
Contributed surplus	**18,621**	19,732
Accumulated other comprehensive loss	**(4,470)**	(5,280)
Retained earnings	**349,436**	247,307
TOTAL SHAREHOLDERS' EQUITY	**550,266**	443,512
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,611,884**	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	
	March 31, 2021	**March 31, 2020**
REVENUE		
Interest income	**105,494**	100,100
Lease revenue	**28,437**	27,814
Commissions earned	**33,337**	35,278
Charges and fees	**2,906**	4,010
	170,174	167,202
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	**35,406**	31,702
Stock-based compensation	**2,086**	2,098
Advertising and promotion	**5,892**	6,314
Bad debts	**29,274**	48,618
Occupancy	**5,524**	5,682
Technology costs	**3,804**	3,369
Other expenses	**7,095**	9,295
	89,081	107,078
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets	**9,243**	9,024
Depreciation of right-of-use assets	**4,344**	3,997
Depreciation of property and equipment	**1,828**	1,612
Amortization of intangible assets	**1,746**	1,272
	17,161	15,905
TOTAL OPERATING EXPENSES	**106,242**	122,983
OPERATING INCOME	**63,932**	44,219
OTHER INCOME	**87,372**	-
FINANCE COSTS		
Interest expense and amortization of deferred financing charges	**13,495**	13,676
Interest expense on lease liabilities	**741**	668
	14,236	14,344
INCOME BEFORE INCOME TAXES	**137,068**	29,875
INCOME TAX EXPENSES		
Current	**16,997**	7,297
Deferred	**8,096**	599
	25,093	7,896
NET INCOME	**111,975**	21,979
BASIC EARNINGS PER SHARE	**7.41**	1.50
DILUTED EARNINGS PER SHARE	**7.14**	1.41

Segmented Reporting

($ in 000's except earnings per share)	Three Months Ended March 31, 2021 easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	**100,504**	**4,990**	**-**	**105,494**
Lease revenue	**-**	**28,437**	**-**	**28,437**
Commissions earned	**30,910**	**2,427**	**-**	**33,337**
Charges and fees	**1,915**	**991**	**-**	**2,906**
	133,329	**36,845**	**-**	**170,174**
Total operating expenses before depreciation and amortization	**57,326**	**16,325**	**15,430**	**89,081**
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	**2,085**	**9,575**	**1,157**	**12,817**
Depreciation of right-of-use assets	**2,221**	**1,908**	**215**	**4,344**
	4,306	**11,483**	**1,372**	**17,161**
Segment operating income (loss)	**71,697**	**9,037**	**(16,802)**	**63,932**
Other income				**87,372**
Finance costs				
Interest expense and amortization of deferred financing charges				**13,495**
Interest expense on lease liabilities				**741**
				14,236
Income before income taxes				**137,068**
Income taxes				**25,093**
Net Income				**111,975**
Diluted earnings per share				**7.14**

($ in 000's except earnings per share)	Three Months Ended March 31, 2020 easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	96,094	4,006	-	100,100
Lease revenue	-	27,814	-	27,814
Commissions earned	32,965	2,313	-	35,278
Charges and fees	2,729	1,281	-	4,010
	131,788	35,414	-	167,202
Total operating expenses before depreciation and amortization	76,756	17,039	13,283	107,078
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,700	9,411	797	11,908
Depreciation of right-of-use-assets	1,849	1,944	204	3,997
	3,549	11,355	1,001	15,905
Segment operating income (loss)	51,483	7,020	(14,284)	44,219
Finance costs				
Interest expense and amortization of deferred financing charges				13,676
Interest expense on lease liabilities				668
				14,344
Income before income taxes				29,875
Income taxes				7,896
Net Income				21,979
Diluted earnings per share				1.41

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Variance $ / bps	Variance % change
Summary Financial Results				
Revenue	**170,174**	167,202	2,972	1.8%
Operating expenses before depreciation and amortization[2]	**89,081**	107,078	(17,997)	(16.8%)
EBITDA[1]	**159,222**	51,100	108,122	211.6%
EBITDA margin[1]	**93.6%**	30.6%	6,300 bps	205.9%
Depreciation and amortization expense	**17,161**	15,905	1,256	7.9%
Operating income	**63,932**	44,219	19,713	44.6%
Operating margin[1]	**37.6%**	26.4%	1,120 bps	42.4%
Other income[3]	**87,372**	-	87,372	100%
Finance costs	**14,236**	14,344	(108)	(0.8%)
Effective income tax rate	**18.3%**	26.4%	(810 bps)	(30.7%)
Net income	**111,975**	21,979	89,996	409.5%
Diluted earnings per share	**7.14**	1.41	5.73	406.4%
Return on equity	**90.1%**	25.8%	6,430 bps	249.2%
Adjusted (Normalized) Financial Results[1,2,3]				
Adjusted EBITDA	**72,530**	51,100	21,430	41.9%
Adjusted EDITDA margin	**42.6%**	30.6%	1,200 bps	39.2%
Adjusted net income	**36,679**	21,979	14,700	66.9%
Adjusted diluted earnings per share	**2.34**	1.41	0.93	66.0%
Adjusted return on equity	**29.5%**	25.8%	370 bps	14.3%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**1.7%**	19.6%	(1,790 bps)	(91.3%)
Same store revenue growth (easyhome)	**4.9%**	4.5%	40 bps	8.9%
Segment Financials				
easyfinancial revenue	**133,329**	131,788	1,541	1.2%
easyfinancial operating margin	**53.8%**	39.1%	1,470 bps	37.6%
easyhome revenue	**36,845**	35,414	1,431	4.0%
easyhome operating margin	**24.5%**	19.8%	470 bps	23.7%
Portfolio Indicators				
Gross consumer loans receivable	**1,277,291**	1,166,055	111,236	9.5%
Growth in consumer loans receivable	**30,451**	55,422	(24,971)	(45.1%)
Gross loan originations	**272,351**	241,603	30,748	12.7%
Total yield on consumer loans (including ancillary products)	**44.3%**	47.7%	(340 bps)	(7.1%)
Net charge offs as a percentage of average gross consumer loans receivable	**9.1%**	13.2%	(410 bps)	(31.1%)
Cash provided by operating activities before net growth in gross consumer loans receivable	**63,167**	53,947	9,220	17.1%
Potential monthly lease revenue	**8,366**	8,272	94	1.1%

[1]See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures" in MD&A.

[2]During the first quarter of 2021, Operating expenses before depreciation and amortization includes $0.7 million before-tax ($0.5 million after-tax) transaction costs related to the acquisition of LendCare, including advisory and consulting costs, legal costs, and other direct transaction costs.

[3]During the first quarter of 2021, the Company recognized $87.4 million before-tax ($75.8 million after-tax) impact of the unrealized fair value gains mainly on investments in Affirm and TRS.