



TSX Symbol: GSY

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**Press
Release**
August 7, 2018

goeasy Ltd. Reports Record Results for the Second Quarter Ended June 30, 2018 and Provides Updated Outlook

Loan Book Growth up 121.7%
Revenue up 26.4%
Diluted EPS of \$0.82 up 30.2%

Mississauga, August 7, 2018: *goeasy* Ltd. (TSX: GSY), ("*goeasy*" or the "**Company**"), a leading full-service provider of goods and alternative financial services that provides everyday Canadians with a chance for a better tomorrow, today, announced its results for the second quarter ended June 30, 2018, and provided updated targets for future periods.

Results for the Second Quarter Ended June 30, 2018

Revenue for the second quarter of 2018 increased to \$123.3 million, up 26.4% from \$97.5 million in the second quarter of 2017. The growth was driven by the expansion of the easyfinancial consumer loans receivable portfolio which grew a record \$84.8 million in the quarter, compared to \$38.3 million in the second quarter of 2017, an increase of 121.7%. The loan portfolio reached \$686.6 million by quarter's end, up 61.4% from June 30, 2017.

"Our strategy of providing everyday Canadian consumers access to the funds they need, while helping put them on a path back to prime rates and better financial outcomes, continues to resonate," said David Ingram, *goeasy*'s Chief Executive Officer. "During the quarter we generated record results across several key performance indicators including loan applications, net customer growth and loan originations. This performance was a direct result of a new multimedia marketing campaign, which drove a 30% increase in web traffic and a 54% increase in total loan applications compared to the prior year. The elevated consumer demand for our loan products was accompanied by a 23% increase in the size of the average unsecured loan, which collectively produced a record \$233.8 million in loan originations, an increase of 67.7% compared with the second quarter of 2017. The evolving product mix combined with our ongoing investments in credit analytics and collections also produced an improvement in the credit performance of the portfolio, as the net charge off rate declined to 12.4% in the second quarter from 14.8% in the prior year."

Operating income for the three-month period ended June 30, 2018 was \$26.8 million, an increase of \$8.2 million or 44.1% compared to the second quarter of 2017. During the first quarter of 2018, the Company adopted IFRS 9, *Financial Instruments* ["IFRS 9"] which increased the size of the provision for future credit losses that the Company maintained on its balance sheet. This new accounting standard was adopted prospectively on January 1, 2018 without the restatement of the prior year's comparative results. The increased size of the provision under IFRS 9 resulted in an additional \$2.5 million in non-cash bad debt expense in the current quarter than would have resulted under the previous accounting standard. The significant increase in loan book growth in

the quarter resulted in an additional \$2.7 million in bad debt expense compared to the second quarter of 2017.

Net income for the quarter was a record \$11.8 million, up \$2.9 million or 33.0% from \$8.9 million in the second quarter of 2017. Diluted earnings per share for the quarter was a record \$0.82, an increase of \$0.19 or 30.2% from \$0.63 in the second quarter of 2017. The Company estimates that net income and diluted earnings per share for the second quarter of 2017 would have been \$7.3 million and \$0.52, respectively, if the allowance for credit losses was calculated on the same IFRS 9 basis as the current quarter. On this basis, net income increased 62.6% and diluted earnings per share increased 57.7%.

Secured Access to Growth Capital

The Company was also able to secure additional growth capital at a significantly reduced cost. The size of the Company's senior secured revolving credit facility, which is provided by a syndicate of banks, was increased from \$110 million to \$174.5 million. In addition, a number of related covenants were adjusted to make them less restrictive and to provide for greater operational flexibility including an increase in the maximum leverage ratio from 2.50 to 3.25. The North American capital markets also showed their confidence in our business model and our strategy as the Company issued US\$150 million in unsecured notes at a 105 premium to par resulting in a yield to maturity of 6.17%; a significant reduction in the Company's cost of borrowing. Taken together, these activities provided the Company with an additional \$268 million in capital which is expected to fuel the growth of its easyfinancial business through the second quarter of 2020.

"It is clear that investors are confident in our growth and business model as evidenced by our ability to raise capital at increasingly lower rates." said Mr. Ingram. "With the highest revenue and portfolio growth of our benchmarked companies in North America, we continue to be optimistic about the future."

Other highlights for the second quarter of 2018 include:

easyfinancial

- Revenue increased by 41.4% to \$89.0 million from \$63.0 million in the second quarter of 2017.
- Record net customer growth of 9,290, up from 8,116 in the second quarter of 2017, an increase of 14.5%.
- Average loan book per branch of \$2.5M, up from \$1.7M in the second quarter of 2017, an increase of 47%.
- Delinquency rates on the final Saturday of the quarter reduced to a record low of 4.2% from 4.8% on the final Saturday of the second quarter of 2017.
- Operating margin for the second quarter of 2018 increased to 37.5% from 33.9% in the second quarter of 2017.

easyhome

- Same store revenue increased 6.9%.
- Consumer lending portfolio within easyhome leasing stores of \$12.8M up from \$1.1M in the second quarter of 2017.
- Revenue of \$1.6 million from consumer lending versus \$0.1M in the second quarter of 2017.
- Operating income of \$5.1 million in the quarter compared with \$5.3 million in the second quarter of 2017.

Overall

- 33rd consecutive quarter of same store sales growth.
- 68 consecutive quarters of positive net income.
- Operating margin was 21.7% for the quarter, up from 19.1% in the second quarter of 2017.
- The Company's return on equity was 20.9% in the current quarter, versus 17.1% in the second quarter of 2017.
- Net external debt to total capitalization of 67% as at June 30, 2018, within the Company's optimal leverage ratio of 70%.
- Employee retention year to date has improved by 14% over 2017.

Six Months Results

For the first six months of 2018, goeasy achieved revenues of \$238.1 million, up 24.2% compared with \$191.8 million in the same period of 2017. Operating income for the period was \$51.7 million compared with \$39.0 million in the first six months of 2017, an increase of \$12.7 million or 32.6%. Net income for the first six months of 2018 was \$22.9 million and diluted earnings per share was \$1.58 compared with \$19.2 million or \$1.36 per share, increases of 19.5% and 16.2%, respectively.

Revised Outlook

“Given the record growth in the first half of 2018, the strengthening of our balance sheet and our plans for the future, we are providing an updated and more ambitious three-year outlook. We now expect the high end of our loan book in 2018 to be 17% higher than our original targets and the high end of our loan book in 2019 of \$1.2 Billion to be 26% higher than the \$950M target previously set out.” said Mr. Ingram. “These growth targets will be achieved by continuing to build our brand awareness in Canada and executing on our strategic initiatives. We will continue to meet our customer’s needs through risk adjusted pricing, expansion in the Quebec market and growth of our secured lending product. The growth will be further aided by several new initiatives that we are bringing to market in the second half of 2018 including investments in our online digital platforms and continued efforts to build out our laddered suite of products that help

graduate our customers up the credit spectrum, all of which are contributing to our confidence in the future.”

	2018	2019	2020
Gross consumer loans receivable portfolio at year end	\$825 - \$875 million	\$1.1 - \$1.2 billion	\$1.3 - \$1.4 billion
easyfinancial total revenue yield	54% - 56%	49% - 51%	46% - 48%
New easyfinancial locations	20 - 30	10 - 20	10 - 20
Net charge-offs as a percentage of average gross consumer loans receivable	12% - 14%	11.5% - 13.5%	11% - 13%
easyfinancial operating margin	38% - 40%	42% - 44%	44% - 46%
Total revenue growth	26% - 28%	20% - 22%	14% - 16%
Return on equity	21% +	24% +	26% +

Dividend

The Board of Directors has approved a quarterly dividend of \$0.225 per share payable on October 12, 2018 to the holders of common shares of record as at the close of business on September 28, 2018.

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 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 leading full-service provider of goods and alternative financial services that provides everyday Canadians with a chance for a better tomorrow, today. *goeasy* Ltd. serves its customers through two key operating divisions, *easyfinancial* and *easyhome*. *easyfinancial* is a non-prime consumer lender that bridges the gap between traditional financial institutions and costly payday lenders. It is supported by a strong central credit adjudication process and industry leading risk analytics. *easyfinancial* also operates an indirect lending channel, offering loan products to consumers at the point-of-sale of third party merchants. *easyhome* is Canada's largest lease-to-own company, offering brand-name household furniture, appliances and electronics to consumers under weekly or monthly leasing agreements through both corporate and franchise stores. Both operating divisions of *goeasy* Ltd. offer the highest level of customer service and



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enable customers to transact through a national store and branch network and through its online and mobile eCommerce enabled platforms.

goeasy Ltd.'s common shares are listed for trading on the TSX under the trading symbol "GSY" and *goeasy*'s convertible debentures are traded on the TSX under the trading symbol "GSY-DB". *goeasy* is rated BB- with a stable trend from S&P and Ba3 with a stable trend from Moody's. For more information, visit www.goeasy.com.

goeasy Ltd. is listed on the TSX under the symbol 'GSY'. For more information, visit www.goeasy.com.

For further information contact:

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goeasy Ltd.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

(expressed in thousands of Canadian dollars)

	As At June 30, 2018	As At December 31, 2017
ASSETS		
Cash	19,243	109,370
Amounts receivable	16,305	14,422
Prepaid expenses	5,380	3,545
Consumer loans receivable	646,298	513,425
Lease assets	51,103	54,318
Property and equipment	16,022	15,941
Deferred tax assets	10,418	2,121
Intangible assets	14,706	15,163
Goodwill	21,310	21,310
Derivative financial asset	4,316	-
TOTAL ASSETS	805,101	749,615
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	42,738	43,071
Income taxes payable	2,658	9,445
Dividends payable	3,077	2,426
Deferred lease inducements	1,003	1,294
Unearned revenue	5,810	4,819
Convertible debentures	48,095	47,985
Loan from revolving credit facility	49,738	-
Notes payable	420,552	401,193
Derivative financial liability	-	11,138
TOTAL LIABILITIES	573,671	521,371
Shareholders' equity		
Share capital	89,512	85,874
Contributed surplus	12,623	15,305
Accumulated other comprehensive (loss) income	(1,731)	141
Retained earnings	131,026	126,924
TOTAL SHAREHOLDERS' EQUITY	231,430	228,244
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	805,101	749,615

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

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

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
REVENUE				
Interest income	60,775	40,781	114,566	78,915
Lease revenue	30,133	31,525	60,802	63,435
Commissions earned	29,188	21,936	56,127	42,909
Charges and fees	3,247	3,304	6,625	6,532
	123,343	97,546	238,120	191,791
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	29,715	25,793	58,190	49,615
Stock-based compensation	1,735	1,266	3,354	2,332
Advertising and promotion	5,661	5,295	9,590	8,727
Bad debts	27,549	17,173	51,927	31,290
Occupancy	8,668	8,304	17,230	16,616
Other expenses	10,320	8,317	19,823	18,152
	83,648	66,148	160,114	126,732
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	10,051	10,220	20,053	20,942
Depreciation of property and equipment	1,391	1,330	3,009	2,654
Amortization of intangible assets	1,451	1,242	3,218	2,444
	12,893	12,792	26,280	26,040
Total operating expenses	96,541	78,940	186,394	152,772
Operating income	26,802	18,606	51,726	39,019
Finance costs	10,425	6,578	20,095	12,403
Income before income taxes	16,377	12,028	31,631	26,616
Income tax expense (recovery)				
Current	6,413	(1,310)	11,335	4,137
Deferred	(1,857)	4,448	(2,599)	3,319
	4,556	3,138	8,736	7,456
Net income	11,821	8,890	22,895	19,160
Basic earnings per share	0.86	0.66	1.67	1.42
Diluted earnings per share	0.82	0.63	1.58	1.36

Segmented Reporting

(\$ in 000's except earnings per share)	Three Months Ended June 30, 2018			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	59,669	1,106	-	60,775
Lease revenue	-	30,133	-	30,133
Commissions earned	27,601	1,587	-	29,188
Charges and fees	1,745	1,502	-	3,247
	89,015	34,328	-	123,343
Total operating expenses before depreciation and amortization	53,663	18,642	11,343	83,648
Depreciation and amortization	1,996	10,588	309	12,893
Segment operating income (loss)	33,356	5,098	(11,652)	26,802
Finance costs				10,425
Income before income taxes				16,377
Income taxes				4,556
Net Income				11,821
Diluted earnings per share				0.82

(\$ in 000's except earnings per share)	Three Months Ended June 30, 2017			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	40,732	49	-	40,781
Lease revenue	-	31,525	-	31,525
Commissions earned	20,753	1,183	-	21,936
Charges and fees	1,488	1,816	-	3,304
	62,973	34,573	-	97,546
Total operating expenses before depreciation and amortization	39,889	18,465	7,794	66,148
Depreciation and amortization	1,727	10,822	243	12,792
Segment operating income (loss)	21,357	5,286	(8,037)	18,606
Finance costs				6,578
Income before income taxes				12,028
Income taxes				3,138
Net Income				8,890
Diluted earnings per share				0.63

(\$ in 000's except earnings per share)	Six Months Ended June 30, 2018			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	112,755	1,811	-	114,566
Lease revenue	-	60,802	-	60,802
Commissions earned	53,101	3,026	-	56,127
Charges and fees	3,525	3,100	-	6,625
	169,381	68,739	-	238,120
Total operating expenses before depreciation and amortization	102,200	37,073	20,841	160,114
Depreciation and amortization	4,364	21,154	762	26,280
Segment operating income (loss)	62,817	10,512	(21,603)	51,726
Finance costs				20,095
Income before income taxes				31,631
Income taxes				8,736
Net Income				22,895
Diluted earnings per share				1.58

(\$ in 000's except earnings per share)	Six Months Ended June 30, 2017			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	78,866	49	-	78,915
Lease revenue	-	63,435	-	63,435
Commissions earned	40,693	2,216	-	42,909
Charges and fees	2,967	3,565	-	6,532
	122,526	69,265	-	191,791
Total operating expenses before depreciation and amortization	73,211	36,664	16,857	126,732
Depreciation and amortization	3,415	22,147	478	26,040
Segment operating income (loss)	45,900	10,454	(17,335)	39,019
Finance costs				12,403
Income before income taxes				26,616
Income taxes				7,456
Net Income				19,160
Diluted earnings per share				1.36