



TSX Symbol: GSY

goeasy Ltd.
33 City Centre Drive
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Press Release

August 7, 2019

goeasy Ltd. Reports Record Results for the Second Quarter

Loan Portfolio Increase of 40%, driven by Record New Customers

Revenue Increased from \$123 million to \$148 million, up 20%

Net Income Increased from \$11.8 million to \$19.6 million, up 66%

Quarterly Earnings Per Share Increased from \$0.82 to \$1.26, up 54%

Mississauga, August 7, 2019: *goeasy* Ltd. (TSX: GSY), ("*goeasy*" or the "**Company**"), a leading full-service provider of goods and alternative financial services, announced its results for the second quarter ended June 30, 2019.

Second Quarter Results

During the quarter the Company generated \$276 million of total loan originations, up 18% from the \$234 million in the second quarter of 2018. The increased originations led to growth in the loan portfolio of \$80.3 million, which reached \$960 million at the end of the current quarter, up 40% from \$687 million as at June 30, 2018.

Revenue for the second quarter increased to \$148 million, up 20% over the same period in 2018, driven by the expansion of the consumer loan portfolio. The net charge-off rate for the quarter was 13.5%, up from 12.4% in the second quarter of 2018, as previously expected and within the Company's targeted range of 11.5% to 13.5% for 2019.

Growing revenues and continued improvement in operating leverage led to record margins, net income, earnings per share and return on equity. Operating income grew to \$40.9 million, up 53% from \$26.8 million in the second quarter of 2018, while the operating margin expanded to 28% up from 22%. Net income in the second quarter was \$19.6 million, up 66% from \$11.8 million in 2018, which resulted in diluted earnings per share of \$1.26, up 54% from the \$0.82 in 2018.

"During the second quarter we launched our spring media campaign, which helped produce a record level of new customers and an 18% increase in loan application volume, leading to loan growth that nearly doubled the first quarter of the year," said Jason Mullins, *goeasy*'s President & Chief Executive Officer. "With a sequential increase in our risk-adjusted yield, the credit quality in the province of Quebec performing close to the portfolio average and secured lending representing 11% of our originations, we are striking the right balance between loan growth, yield and credit risk management."

"In addition to strong business results, the last several months have been a rewarding time for our Company, as we have received recognition for our culture and the engagement of our team," Mr. Mullins continued, "After being named one of Canada's Most Admired Corporate Cultures in 2018, we have also been named one of North America's Top 50 Most Engaged Workplaces for 2019 by Achievers and one of Canada's Top 50 FinTech Companies for 2019 by the Digital Finance Institute. These awards are a testament to the passion and dedication that our entire team has for helping our customers improve their financial outcomes. With 1 out of 3 easyfinancial customers graduating to prime credit and 60%



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experiencing an increase in their credit score within 12 months of borrowing from us, we are proud and inspired to see our vision brought to life.”

Other Key Second Quarter Highlights

easyfinancial

- Total application volume increased 18%
- Revenue grew to \$113 million, up 27%
- Secured loan portfolio grew to \$89 million, up from \$32 million
- 66% of net loan advances in the quarter were issued to new customers, the highest level since 2012
- Aided brand awareness of 83%, up from 75%
- Average loan book per branch improved to \$3.3 million, an increase of 32%
- The delinquency rate on the final Saturday of the quarter was 4.3%, consistent with the 4.2% reported in the same period of 2018
- Operating income of \$46.9 million, up 41%
- Operating margin of 41.4%, an increase from the 37.5% reported in the second quarter of 2018

easyhome

- Revenue grew to \$34.5 million, up slightly from \$34.3 million
- Same store revenue increased 3.8%, compared to 6.9%
- Consumer lending portfolio within easyhome stores increased to \$29.5 million, up from \$12.8 million
- Revenue from consumer lending increased to \$3.9 million, up from \$1.6 million
- Operating income of \$5.6 million, up 10%
- Operating margin of 16.1%, an increase from the 14.9% reported in the second quarter of 2018

Overall

- 37th consecutive quarter of same store sales growth
- 72nd consecutive quarter of positive net income
- Total same store revenue growth of 19.9%
- Record return on equity of 25.2% in the quarter, up from 20.9%
- Net external debt to net capitalization of 67% as at June 30, 2019, below the Company's target leverage ratio of 70%
- Repurchased 95,500 shares in the quarter under the Company's Normal Course Issuer Bid, bringing total repurchases since November 2018 to 777,452 shares at a weighted average price of \$40.01
- Named one of North America's Top 50 Most Engaged Workplaces for 2019 by Achievers
- Named one of Canada's Top 50 FinTech Companies for 2019 by the Digital Finance Institute



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Six Months Results

For the first six months of 2019, goeasy achieved revenues of \$288 million, up 21% compared with \$238 million in the same period of 2018. Operating income for the period was \$79.7 million compared with \$51.7 million in the first six months of 2018, an increase of \$28 million or 54%. Net income for the first six months of 2019 was \$37.8 million and diluted earnings per share was \$2.44 compared with \$22.9 million or \$1.58 per share, increases of 65% and 54%, respectively.

Balance Sheet and Liquidity

Total assets were \$1.1 billion as at June 30, 2019, an increase of 39% from \$805 million as at June 30, 2018, driven by the growth in the consumer loan portfolio.

Cash provided by operating activities before the net issuance of consumer loans receivable and purchase of lease assets was \$67.3 million in the second quarter of 2019, an increase of 81% from \$37.2 million in the same period of 2018.

Based on the cash on hand at the end of the quarter and the borrowing capacity under the Company's amended revolving credit facility, goeasy had approximately \$200 million in funding capacity, which will allow it to achieve its targets for the growth of its consumer loan portfolio through to the third quarter of 2020. The Company has historically been able to obtain the additional financing required to fund the growth of its business at steadily lower costs of borrowing, increasing rates of leverage and more favorable terms. 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 June 30, 2019 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 \$1.9 billion.

Outlook

The Company has reaffirmed its 3-year commercial targets for 2019 through 2021. The periods of 2020 and 2021 remain unchanged, with the goal to achieve a consumer loan portfolio between \$1.5 and \$1.7 billion and return on equity that exceeds 26% by 2021.

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, resulting in an increase to return on equity.



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	Updated 2019 Targets	2020 Targets	2021 Targets
Gross Loan Receivable Portfolio at Year End	\$1.1B - \$1.2B	\$1.3B - \$1.4B	\$1.5B - \$1.7B
easyfinancial Total Revenue Yield	49% - 51%	46% - 48%	43% - 45%
New easyfinancial Locations	10 - 20	10 - 20	10 - 20
Net Charge-offs as a Percentage of Average Gross Consumer Loans Receivable	11.5% - 13.5%	11% - 13%	11% - 13%
easyfinancial Operating Margin	40% - 42%	44% - 46%	45% - 47%
Total Revenue Growth	20% - 22%	14 - 16%	10% - 12%
Return on Equity	24%+	26%+	26%+

“As we prepare to cross the \$1 billion loan portfolio milestone in the next few weeks, the confidence in our strategy to provide everyday Canadians with a path to a better tomorrow, today, is stronger than ever,” said Mr. Mullins. “We continue to operate in a stable economic environment supported by wage growth that exceeds the level of inflation and unemployment at all-time lows. Furthermore, as we begin to utilize our lowest cost form of debt through the revolving credit facility, our average blended cost of interest has declined to 7.1% this quarter, from 7.6% a year ago, further reducing the borrowing costs for the business. Our balance sheet remains strong and well capitalized, with \$200 million in available capital to fund the growth of our business through to the third quarter of 2020 and support our ambitious growth plan to become Canada’s top non-prime consumer lender.”

Dividend

The goeasy Board of Directors has approved a quarterly dividend of \$0.31 per share payable on October 11, 2019 to the holders of common shares of record as at the close of business on September 27, 2019.

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



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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. offers leasing and lending services in the alternative financial services market and provides everyday Canadians a path to a better tomorrow, today. goeasy Ltd. serves its customers through two key operating divisions, easyfinancial and easyhome. easyfinancial is a non-prime consumer lending business that bridges the gap between traditional financial institutions and costly payday loans. easyfinancial offers a range of unsecured and secured personal instalment loans supported by a strong central credit adjudication process and industry leading risk analytics. 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 enable customers to transact through an omni channel model that includes over 400 stores and branches across Canada and digital 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.



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Executive Chairman of the Board
(905) 272-2788

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

(Unaudited)

(expressed in thousands of Canadian dollars)

	As At June 30, 2019	As At December 31, 2018
ASSETS		
Cash	29,263	100,188
Amounts receivable	17,417	15,450
Prepaid expenses	4,717	3,835
Consumer loans receivable, net	901,401	782,864
Lease assets	46,701	51,618
Property and equipment	21,924	21,283
Deferred tax assets	9,704	9,445
Derivative financial asset	10,390	35,094
Intangible assets	15,636	14,589
Right-of-use assets	41,592	-
Goodwill	21,310	21,310
TOTAL ASSETS	1,120,055	1,055,676
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	41,508	45,103
Income taxes payable	13,264	7,499
Dividends payable	4,468	3,247
Deferred lease inducements	-	1,234
Unearned revenue	7,232	6,002
Lease liabilities	48,180	-
Revolving credit facility	20,000	-
Convertible debentures	41,146	40,581
Notes payable	624,935	650,481
TOTAL LIABILITIES	800,733	754,147
Shareholders' equity		
Share capital	142,224	138,090
Contributed surplus	15,740	16,105
Accumulated other comprehensive income	4,483	3,624
Retained earnings	156,875	143,710
TOTAL SHAREHOLDERS' EQUITY	319,322	301,529
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,120,055	1,055,676

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, 2019	June 30, 2018	June 30, 2019	June 30, 2018
REVENUE				
Interest income	82,560	60,775	159,290	114,566
Lease revenue	28,352	30,133	57,834	60,802
Commissions earned	33,352	29,188	63,432	56,127
Charges and fees	3,590	3,247	7,158	6,625
	147,854	123,343	287,714	238,120
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	30,430	29,715	59,107	58,190
Stock-based compensation	2,189	1,735	4,076	3,354
Advertising and promotion	6,936	5,661	12,786	9,590
Bad debts	35,765	27,549	70,159	51,927
Occupancy	5,023	8,668	10,003	17,230
Technology costs	3,019	2,666	5,757	5,632
Other expenses	7,566	7,654	13,767	14,191
	90,928	83,648	175,655	160,114
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	9,378	10,051	19,028	20,053
Depreciation of property and equipment	1,549	1,391	3,050	3,009
Depreciation of right-of-use assets	3,677	-	7,468	-
Amortization of intangible assets	1,391	1,451	2,772	3,218
	15,995	12,893	32,318	26,280
Total operating expenses	106,923	96,541	207,973	186,394
Operating income	40,931	26,802	79,741	51,726
Finance costs				
Interest expenses and amortization of deferred financing charges	13,244	10,425	26,142	20,095
Interest expense on lease liabilities	592	-	1,195	-
	13,836	10,425	27,337	20,095
Income before income taxes	27,095	16,377	52,404	31,631
Income tax expense (recovery)				
Current	6,497	6,413	13,854	11,335
Deferred	1,030	(1,857)	709	(2,599)
	7,527	4,556	14,563	8,736
Net income	19,568	11,821	37,841	22,895
Basic earnings per share				
	1.34	0.86	2.58	1.67
Diluted earnings per share				
	1.26	0.82	2.44	1.58

Segmented Reporting

(\$ in 000's except earnings per share)	Three Months Ended June 30, 2019			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	79,817	2,743	-	82,560
Lease revenue	-	28,352	-	28,352
Commissions earned	31,277	2,075	-	33,352
Charges and fees	2,242	1,348	-	3,590
	113,336	34,518	-	147,854
Total operating expenses before depreciation and amortization	63,085	17,172	10,671	90,928
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,777	9,829	712	12,318
Depreciation of right-of-use assets	1,539	1,945	193	3,677
	3,316	11,774	905	15,995
Segment operating income (loss)	46,935	5,572	(11,576)	40,931
Finance costs				
Interest expenses and amortization of deferred financing charges				13,244
Interest expense on lease liabilities				592
				13,836
Income before income taxes				27,095
Income taxes				7,527
Net Income				19,568
Diluted earnings per share				1.26
(\$ 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				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,996	10,588	309	12,893
Segment operating income (loss)	33,356	5,098	(11,652)	26,802
Finance costs				
Interest expense and amortization of deferred financing charges				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)	Six Months Ended June 30, 2019			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	154,234	5,056	-	159,290
Lease revenue	-	57,834	-	57,834
Commissions earned	59,323	4,109	-	63,432
Charges and fees	4,390	2,768	-	7,158
	217,947	69,767	-	287,714
Total operating expenses before depreciation and amortization	123,011	33,090	19,554	175,655
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	3,595	19,930	1,325	24,850
Depreciation of right-of-use assets	3,056	4,027	385	7,468
	6,651	23,957	1,710	32,318
Segment operating income (loss)	88,285	12,720	(21,264)	79,741
Finance costs				
Interest expense and amortization of deferred financing charges				26,142
Interest expense on lease liabilities				1,195
				27,337
Income before income taxes				52,404
Income taxes				14,563
Net Income				37,841
Diluted earnings per share				2.44

(\$ 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				
Depreciation and amortization of lease assets, property and equipment and intangible assets	4,364	21,154	762	26,280
Segment operating income (loss)	62,817	10,512	(21,603)	51,726
Finance costs				
Interest expense and amortization of deferred financing charges				20,095
Income before income taxes				31,631
Income taxes				8,736
Net Income				22,895
Diluted earnings per share				1.58

Summary of Financial Results and Key Performance Indicators

(\$ in 000's except earnings per share and percentages)	Three Months Ended		Variance \$ / bps	Variance % change
	June 30, 2019	June 30, 2018		
Summary Financial Results				
Revenue	147,854	123,343	24,511	19.9%
Operating expenses before depreciation and amortization	90,928	83,648	7,280	8.7%
EBITDA	47,548	29,644	17,904	60.4%
EBITDA margin	32.2%	24.0%	820 bps	34.2%
Depreciation and amortization expense	15,995	12,893	3,102	24.1%
Operating income	40,931	26,802	14,129	52.7%
Operating margin	27.7%	21.7%	600 bps	27.6%
Finance costs	13,836	10,425	3,411	32.7%
Effective income tax rate	27.8%	27.8%	-	-
Net income	19,568	11,821	7,747	65.5%
Diluted earnings per share	1.26	0.82	0.44	53.7%
Return on equity	25.2%	20.9%	430 bps	20.6%
Key Performance Indicators				
Same store revenue growth (overall)	19.9%	28.4%	(850 bps)	(29.9%)
Same store revenue growth (easyhome)	3.8%	6.9%	(310 bps)	(44.9%)
Segment Financials				
easyfinancial revenue	113,336	89,015	24,321	27.3%
easyfinancial operating margin	41.4%	37.5%	390 bps	10.4%
easyhome revenue	34,518	34,328	190	0.6%
easyhome operating margin	16.1%	14.9%	120 bps	8.1%
Portfolio Indicators				
Gross consumer loans receivable	959,708	686,573	273,135	39.8%
Growth in consumer loans receivable	80,338	84,849	(4,511)	(5.3%)
Gross loan originations	276,355	233,811	42,544	18.2%
Total yield on consumer loans (including ancillary products)	50.4%	55.2%	(480 bps)	(8.7%)
Net charge-offs as a percentage of average gross consumer loans receivable	13.5%	12.4%	110 bps	8.9%
Potential monthly lease revenue	8,365	8,973	(608)	(6.8%)

(\$ in 000's except earnings per share and percentages)	Six Months Ended		Variance \$ / bps	Variance % change
	June 30, 2019	June 30, 2018		
Summary Financial Results				
Revenue	287,714	238,120	49,594	20.8%
Operating expenses before depreciation and amortization	175,655	160,114	15,541	9.7%
EBITDA	93,031	57,953	35,078	60.5%
EBITDA margin	32.3%	24.3%	800 bps	32.9%
Depreciation and amortization expense	32,318	26,280	6,038	23.0%
Operating income	79,741	51,726	28,015	54.2%
Operating margin	27.7%	21.7%	600 bps	27.6%
Finance costs	27,337	20,095	7,242	36.0%
Effective income tax rate	27.8%	27.6%	20 bps	0.7%
Net income	37,841	22,895	14,946	65.3%
Diluted earnings per share	2.44	1.58	0.86	54.4%
Return on equity	24.7%	20.6%	410 bps	19.9%
Key Performance Indicators				
Same store revenue growth (overall)	20.3%	26.0%	(570 bps)	(21.9%)
Same store revenue growth excluding easyfinancial (easyhome)	4.2%	6.1%	(190 bps)	(31.1%)
Segment Financials				
easyfinancial revenue	217,947	169,381	48,566	28.7%
easyfinancial operating margin	40.5%	37.1%	340 bps	9.2%
easyhome revenue	69,767	68,739	1,028	1.5%
easyhome operating margin	18.2%	15.3%	290 bps	19.0%
Portfolio Indicators				
Gross consumer loans receivable	959,708	686,573	273,135	39.8%
Growth in consumer loans receivable	125,929	160,027	(34,098)	(21.3%)
Gross loan originations	495,793	436,177	59,616	13.7%
Total yield on consumer loans (including ancillary products)	50.2%	55.6%	(540 bps)	(9.7%)
Net charge-offs as a percentage of average gross consumer loans receivable	13.4%	12.4%	100 bps	8.1%
Potential monthly lease revenue	8,365	8,973	(608)	(6.8%)