

# Acquisition of LendCare

A LEADING POINT-OF-SALE FINANCING PROVIDER

## INVESTOR PRESENTATION

Strategic acquisition accelerates growth through  
product range and point-of-sale channel expansion

A final base shelf prospectus and the documents incorporated by reference therein containing important information relating to the securities described in this document have been filed with the securities regulatory authorities in each of the provinces of Canada, except Quebec. A copy of the final base shelf prospectus that has been filed, as well as any amendments thereto and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

April 12, 2021

goeasy

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Forward-looking statements in this presentation include, but are not limited to, statements with respect to, among other things, the objectives, vision and strategies of the Company; the pro forma financial profile of the Company; future revenue, pre-tax earnings, and pro forma portfolio size, including expected adjusted earnings per share growth, after tax synergies, pro forma net debt / net capitalization, future pro forma leverage and free cash flow; the need for and cost of additional financing and ability to access such financing; future assets; demand for services; the Company's competitive position; the size and characteristics of the Canadian non-prime lending market (including the market served by LendCare), the continued development of the type and size of competitors in the market, the intention of the Company to complete the Acquisition, the proposed bought deal public offering of subscription receipts pursuant to a prospectus supplement to the Company's base shelf prospectus dated November 23, 2020 (the "Offering") and the related transactions contemplated herein on the terms and conditions described herein, the terms of the Acquisition debt financing, the effect of the Acquisition on the financial performance and other performance measures of the Company, including anticipated benefits of the Acquisition; expected integration, management team and synergies following completion of the Acquisition; the expected timing for completion of the Acquisition and the closing date of the Offering and the use of proceeds of the Offering, including payment of the purchase price of the Acquisition. 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. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. 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, completion of the closing of the Acquisition, the Offering and the related transactions contemplated herein on the terms and conditions described herein, the effect of the Acquisition on the financial performance of the Company, 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, secure new franchised locations, 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 included in the presentation. The forward-looking events and circumstances discussed in this presentation may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the Company, including risks regarding economic factors, risks related to the completion of the acquisition, risks relating to business integration and many other factors beyond the control of the Company. No forward-looking statement can be guaranteed and the Company cannot guarantee future results, levels of activity, performance or achievements. Forward-looking statements by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement. Accordingly, readers should not place undue reliance on any forward-looking statements or information. A discussion of the material risks applicable to the Company can be found in the Company's current Management and Discussion and Analysis, and Annual Information Form, as well as the prospectus supplement to be filed in connection with the Offering, all of which have been or will be filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and the Company disclaims any intention and assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

# TRANSACTION OVERVIEW

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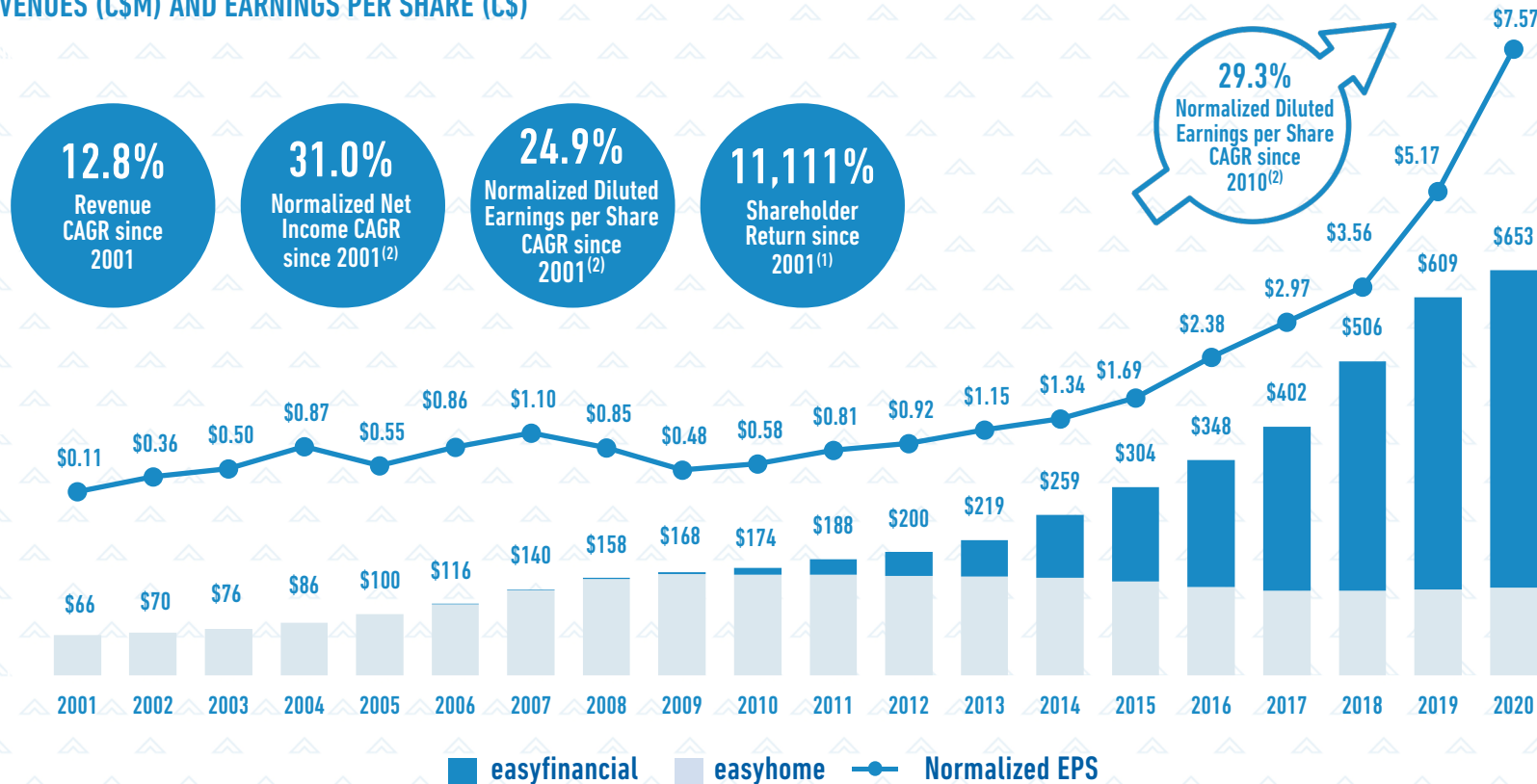
- goeasy Ltd. (“goeasy”) has entered into a definitive agreement to acquire LendCare, Canada’s leading non-prime point-of-sale financing provider
- Purchase price of \$320 million, payable in cash and goeasy common shares
  - \$20 million of consideration to be placed in escrow for payment 12 months following transaction close
  - LendCare founders, Ali Metel and Mark Schell, elected to receive \$10 million of goeasy shares, as part of their consideration
- Acquisition will be funded by concurrent \$130 million bought deal equity offering of subscription receipts, with a senior unsecured notes offering to follow
- LendCare produced ~\$19 million in 2020A EBT <sup>(1)</sup>
- Transaction expected to be **immediately accretive** to adjusted earnings per share<sup>(2)</sup>, increasing to **approximately 10% in 2022**, then further to **approximately 15% in 2023**
- LendCare founders will assume management positions with goeasy, maintaining responsibility for the ongoing operations of LendCare
- Transaction expected to close in Q2 2021, subject to customary closing conditions including Canadian regulatory approvals

<sup>(1)</sup> Audited 2018, 2019 and 2020 LendCare financial statements as calculated under accounting standards for private enterprises (“ASPE”)

<sup>(2)</sup> Adjusted earnings per share refers to earnings per share excluding acquisition-related transaction expenses and the amortization of acquired intangibles, as well as a one-time provision under IFRS

# 19 CONSECUTIVE YEARS OF GOEASY REVENUE GROWTH AND PROFITABILITY

REVENUES (C\$M) AND EARNINGS PER SHARE (C\$)



(1) November 30, 2000 to December 31, 2020 (Indexed at 100) (Source: Factset, Provided by BMO Capital Markets)

(2) Normalized for exceptional one-time expenses or income that are not associated to the regular ongoing operations of the business

# TRANSACTION HIGHLIGHTS



## SIGNIFICANT STRATEGIC FIT ACCELERATES GROWTH

- Highly complementary and meaningful in-market acquisition, increases scale and extends product line for customers
- Expands point-of-sale channel into ~3,000 additional merchants and new industry verticals such as powersports, healthcare and home improvement
- Improves and diversifies goeasy's overall risk profile with higher quality near-prime borrowers and secured loans



## VALUE CREATION FOR GOEASY SHAREHOLDERS

- Incremental revenue growth from credit model optimization and cross-selling opportunities, with synergies from lower cost of funding and the scale of a combined platform
- **Transaction is immediately accretive to goeasy's adjusted earnings per share<sup>(1)</sup>**



## COMPELLING FINANCIAL PROFILE

- Attractive return on capital expected to be above goeasy's hurdle
- In addition to LendCare's growing profit stream, ~\$19 million annualized after-tax run-rate synergies anticipated at year end 2023, split proportionally between revenue and cost
- Pro forma financial leverage expected to decline from strong free cash flows

(1) Adjusted earnings per share refers to earnings per share excluding acquisition-related transaction expenses and the amortization of acquired intangibles, as well as a one-time provision under IFRS

# LENDCARE AT A GLANCE

## LEND CARE PLATFORM HIGHLIGHTS

### EXPANSIVE AND DIVERSE PORTFOLIO<sup>(1)</sup>

- **\$400M+** portfolio size
- Consists of powersports, auto, retail, healthcare and home improvement

### GROWING COLLECTION OF MERCHANTS / OEMS

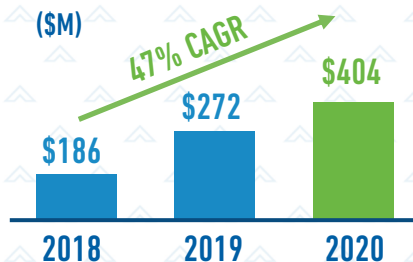
- Network of **~3,000** merchants
- Major brand OEM partnerships



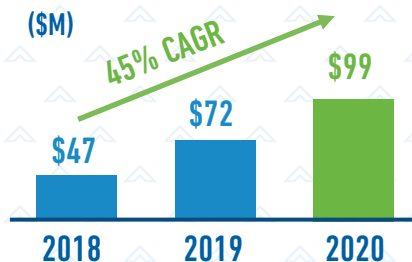
### CUSTOMERS

- **50,000+** customer accounts
- Low cost of acquisition
- Cross-sell opportunity

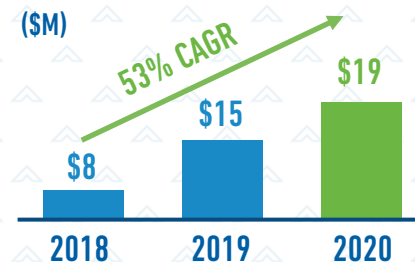
### GROWING PORTFOLIO<sup>(1)</sup>



### MEANINGFUL REVENUE CONTRIBUTION<sup>(1)</sup>



### ROBUST & ACCELERATING PRE-TAX EARNINGS<sup>(1)</sup>

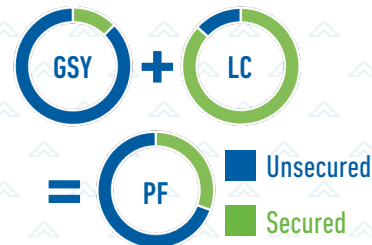
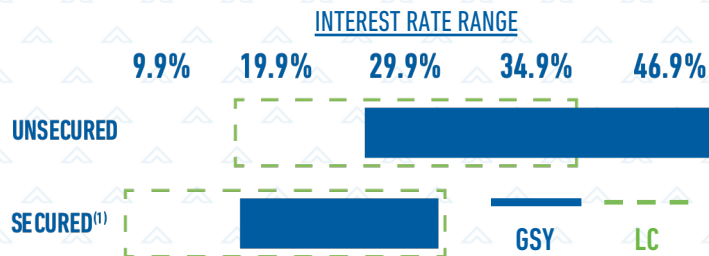


(1) Audited 2018, 2019 and 2020 LendCare financial statements as calculated under accounting standards for private enterprises ("ASPE"). Portfolio is defined as base loan and fee receivables, gross before allowance for credit losses.

# ACCELERATES GOEASY'S GROWTH STRATEGY

## COMPLEMENTARY NEAR-PRIME PRODUCT RANGE

Widens the range of unsecured and secured lending products, reducing the cost of borrowing for consumers



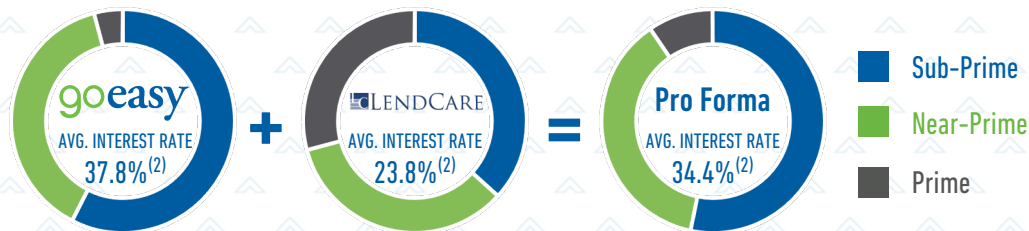
## POINT-OF-SALE CHANNEL EXPANSION

~3,000 merchants within new industry verticals such as powersports, health care and home improvement

	RETAIL	POWER SPORTS	HOME IMPROVEMENT	HEALTH CARE	AUTOMOTIVE
GSY	✓	IN-TEST	PLANNED	PLANNED	PLANNED
LC	✓	✓	✓	✓	✓

## IMPROVES AND DIVERSIFIES CREDIT PROFILE

Further expands goeasy across the credit spectrum with mix of near-prime borrowers, increasing weighted average credit score



<sup>(1)</sup> Loans secured by residential real estate, automotive, or powersports equipment

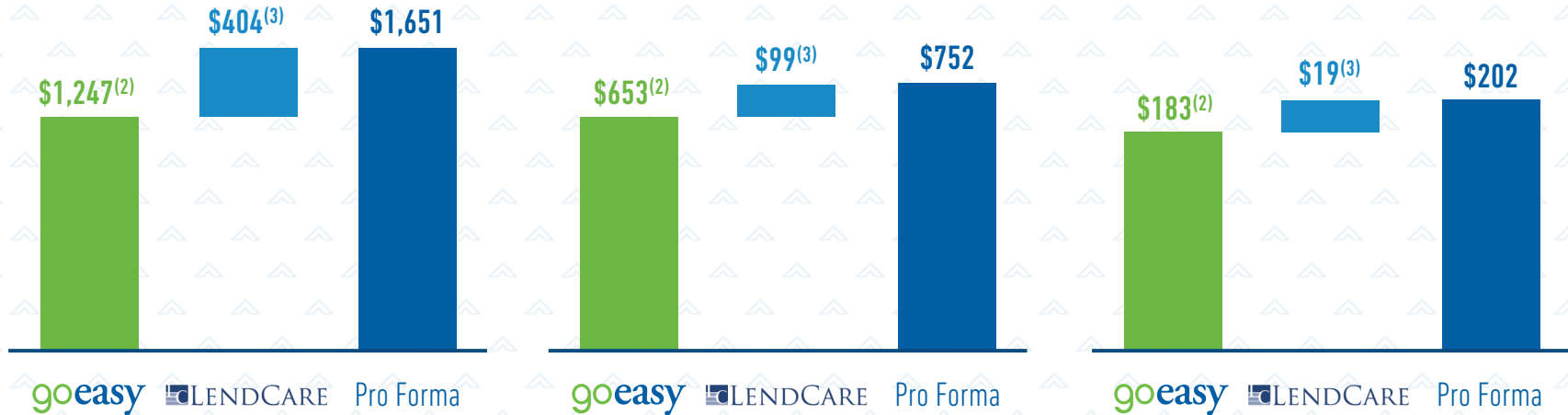
<sup>(2)</sup> Weighted average interest rate of the consumer loans receivable portfolio as of December 31, 2020

# ATTRACTIVE PRO FORMA FINANCIAL PROFILE<sup>(1)</sup>

## PORTFOLIO SIZE (\$M)

## FY2020A REVENUE (\$M)

## FY2020A PRE-TAX EARNINGS (\$M)



LENCARE TO CONTRIBUTE TO GOEASY'S LONG TRACK RECORD OF COMPOUNDING EARNINGS GROWTH AT NEARLY 30%

(1) Calculated for illustrative purposes by adding goeasy historical pre-tax earnings (calculated in accordance with IFRS) and LendCare historical pre-tax earnings (calculated in accordance with ASPE), without any further adjustments. For further information, including information regarding additional adjustments intended to give pro forma effect to goeasy's acquisition of LendCare as if the same had occurred on January 1, 2020, please see goeasy's material change report dated April 12, 2021 and filed on SEDAR. (2) Audited 2020 goeasy Ltd. financial statements as calculated under international financial reporting standards ("IFRS"). Portfolio is defined as consumer loans receivable, gross before allowance for credit losses. (3) Audited 2020 LendCare financial statements as calculated under accounting standards for private enterprises ("ASPE"). Portfolio is defined as base loan and fee receivables, gross before allowance for credit losses.

# HIGHLY ACHIEVABLE REVENUE, FUNDING & COST SYNERGIES

## CREDIT & PRICING OPTIMIZATION

- Combining credit and underwriting expertise to increase approval rates and drive increased originations across non-prime credit spectrum
- Leverage joint data and modelling capabilities to optimize loan pricing, unit economics and lifetime value

## CROSS-SELL OPPORTUNITIES

- Cross market a wide range of loan products between goeasy and LendCare customers
- Offer enhanced ancillary products and services to all goeasy and LendCare customers

## FINANCING SYNERGIES

- Leverage goeasy balance sheet and access to low-cost capital
- Replace high-cost capital with senior unsecured notes and securitization warehouse funding

## SCALE SYNERGIES

- Utilize scale to drive better vendor and supplier pricing
- Combine back-office functions to increase operating efficiencies
- Leverage combined technology platforms

~\$9 MILLION ANNUALIZED AFTER-TAX RUN-RATE SYNERGIES ANTICIPATED AT YEAR END 2022

~\$19 MILLION ANNUALIZED AFTER-TAX RUN-RATE SYNERGIES ANTICIPATED AT YEAR END 2023

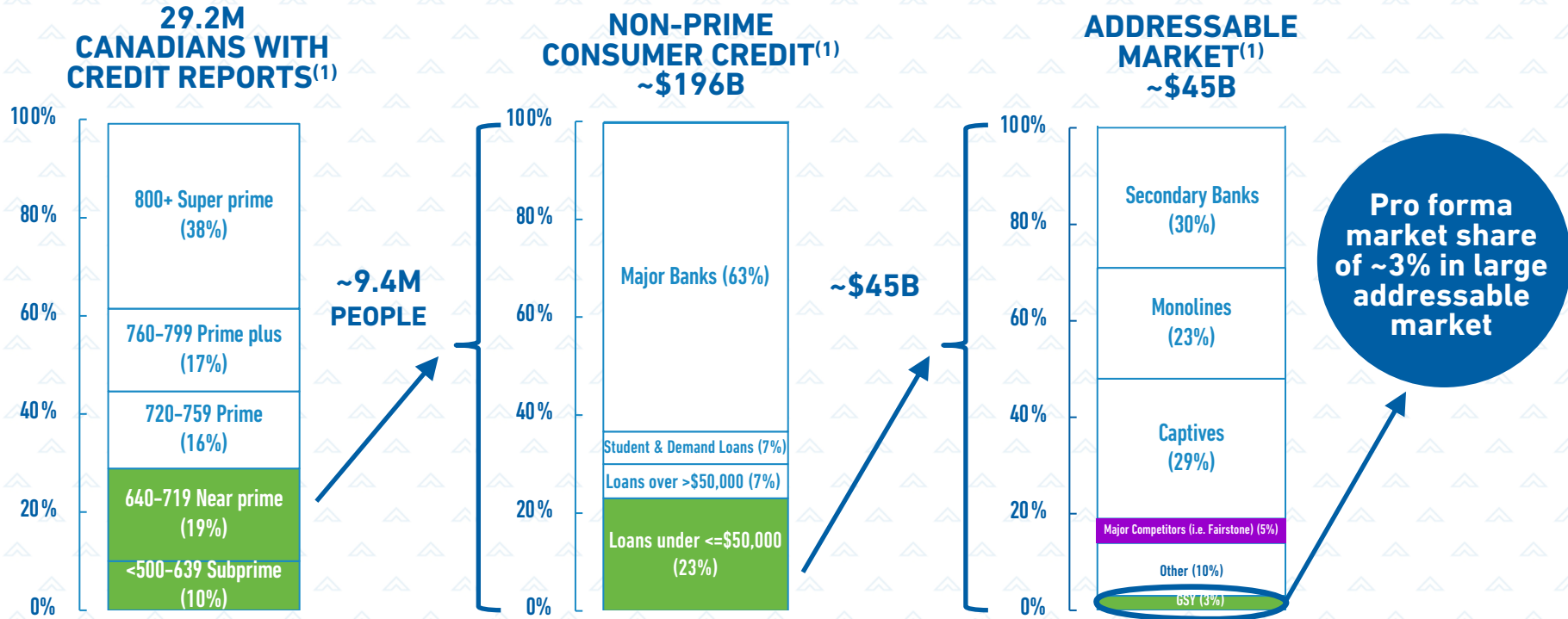
# TRANSACTION SUMMARY & FINANCING

PURCHASE PRICE AND CONSIDERATION	<ul style="list-style-type: none"><li>• \$320 million, consisting of cash and goeasy common equity consideration for 100% of issued and outstanding shares of LendCare<ul style="list-style-type: none"><li>• \$20 million of consideration to be placed in escrow for payment 12 months following transaction close</li><li>• LendCare founders, Ali Metel and Mark Schell, elected to receive \$10 million of goeasy shares, as part of their consideration</li></ul></li></ul>
PURCHASE METRICS	<ul style="list-style-type: none"><li>• Acquisition represents purchase price multiple of ~13x anticipated 2021 adjusted earnings<sup>(1)</sup> of LendCare, calculated under international financial reporting standards (“IFRS”) and excluding synergies</li></ul>
ACCRETIVE TO EPS	<ul style="list-style-type: none"><li>• Transaction is <b>immediately accretive</b> to goeasy’s earnings per share<sup>(1)</sup>, <b>increasing to ~10% in 2022 and ~15% in 2023</b></li></ul>
SYNERGIES	<ul style="list-style-type: none"><li>• In addition to LendCare’s growing profit stream, anticipated ~\$9 million annualized after-tax run-rate synergies at year end 2022 and ~\$19 million at year end 2023</li></ul>
FINANCING PLAN	<ul style="list-style-type: none"><li>• Fully committed financing for 100% of transaction from BMO Capital Markets<ul style="list-style-type: none"><li>• ~\$170 million of existing LendCare debt expected to be maintained</li><li>• Concurrent \$130 million bought deal equity offering of subscription receipts</li><li>• Anticipate issuance of senior unsecured notes; pro forma net debt / net capitalization to be &lt; 70%</li></ul></li></ul>
LEND CARE MANAGEMENT	<ul style="list-style-type: none"><li>• Current management, including founders, to remain with business under goeasy ownership</li></ul>
APPROVALS	<ul style="list-style-type: none"><li>• Subject to customary Canadian regulatory approvals</li></ul>
CLOSING	<ul style="list-style-type: none"><li>• Target closing in Q2 2021</li></ul>

(1) Excludes acquisition related expenses, amortization of acquired intangibles and a one-time provision under IFRS

# ~\$196B NON-PRIME CONSUMER CREDIT MARKET IN CANADA

GOEASY REMAINS AN EARLY-STAGE HIGH GROWTH BUSINESS, WITHIN A LARGE & UNDERSERVED MARKET



(1) Source: goeasy and TransUnion as of December 31, 2020. Data based on TransUnion's Credit Vision Risk Score. Balances include those held by co-borrowers. (1) Excludes credit held by major banks, student & other and balances greater than \$50K



THANK YOU

goeasy