



goeasy

**FOURTH QUARTER 2020**

Earnings Presentation  
February 18, 2021

# IMPORTANT INFORMATION

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## Cautionary Note Regarding Forward-Looking Statements

This presentation 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, those with respect to the estimated number of new locations to be opened, forecasts for growth of the consumer loans receivable portfolio, 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 goeasy, plans and references to future operations and results, critical accounting estimates, expected lower charge-off rates on loans with real estate collateral and the benefits resulting from such lower rates, the size and characteristics of the Canadian non-prime lending market, 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 goeasy'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 goeasy. 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 favorable 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 favorable 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.

goeasy 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.

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.

# IMPROVING CONSUMER DEMAND RESULTED IN STRONG FINANCIAL RESULTS

## ORIGINATION GROWTH

- Customer demand continues to improve, with loan originations up \$48M or 16.6% QoQ
- Omnichannel model leveraging point-of-sale and digital platforms to drive customer growth
- Next generation credit models leveraging banking data to better underwrite unique segments of the population, including new Canadians and students

## STRONG CREDIT PERFORMANCE

- Implemented additional risk-based employment verification and underwriting procedures in select geographies and industries
- Net charge offs reduced to 9.0%, 430bps lower compared to 13.3% in Q4 2019

## SIGNIFICANT LIQUIDITY AND CAPITAL

- Established \$200M revolving securitization warehouse facility, lowering cost of borrowing and increasing liquidity to \$403M to fund organic growth to Q3 2023
- PayBright investment increased to \$56M following sale to Affirm, with unrealized cumulative FV gain of \$22M as at Q4 2020
- Increased annual dividend by 46.7% to \$2.64 per share, reflecting sustainable, strong capital generation

## OPERATING LEVERAGE AND PROFITABILITY

- Operating margin of 35.4%, up from 28.1% in Q4 2019, aided by operating leverage achieved from scale
- Record adjusted net income of \$35M and adjusted diluted earnings per share of \$2.24, up 54.5% YoY

## SUCCESSFULLY NAVIGATING THE PANDEMIC

- No reduction of personnel during COVID-19, new health and wellness benefits introduced, record employee engagement
- Fully digital lending capabilities allow for remote work arrangements for extended periods
- Major strategic initiatives remain on track

# Q4 2020 FINANCIAL PERFORMANCE HIGHLIGHTS

(\$ in millions, except per share statistics)

## LOAN ORIGINATIONS AND RECEIVABLES

	Q4 19	Q4 20	YoY Chg.	YoY Chg. %
Originations	\$314	\$334	\$21	6.6%
Gross consumer loans receivable	\$1,111	\$1,247	\$136	12.3%

- Growth fueled by point-of-sale channel, increased penetration of risk adjusted rate and secured loans, and expansion in Quebec

## NET CHARGE OFF AND PROVISION RATES

	Q4 19	Q4 20	YoY Chg.	YoY Chg. %
Net charge off rate	13.3%	9.0%	430bps	32.3%
Provision rate	9.64%	10.08%	(44bps)	(4.6%)

- Material improvement in credit and payment performance
- Provision rate broadly flat at 10.08% due to uncertain timing and pace of economic recovery

## REVENUE AND PORTFOLIO YIELD

	Q4 19	Q4 20	YoY Chg.	YoY Chg. %
Revenue	\$166	\$173	\$8	4.6%
Total yield on consumer loans <sup>1</sup>	49.8%	46.6%	(320bps)	(6.4%)

- Portfolio yield in line with strategic plan, with increased penetration of risk adjusted rate and secured loans to more creditworthy customers

## NET INCOME AND EPS

	Q4 19	Q4 20	YoY Chg.	YoY Chg. %
Operating income	\$46	\$61	\$15	31.8%
Adj. net income <sup>2</sup>	\$23	\$35	\$12	54.5%
Adj. diluted EPS <sup>2</sup>	\$1.45	\$2.24	\$0.79	54.5%

- Record operating income of \$61M
- Excluding unrealized fair value gain on PayBright investment, adjusted net income of \$35M or \$2.24 per share on diluted basis, up 54.5% YoY

1. Total yield on consumer loans including ancillary products

2. Q4 2019 adjusted for \$16.0M after-tax impact of refinancing cost. Q4 2020 adjusted for \$13.9M after-tax impact of unrealized fair value gain on PayBright investment

# CONSUMER DEMAND IS IMPROVING

(\$ in millions)

## GROSS LOAN ORIGINATIONS



## GROSS CONSUMER LOANS RECEIVABLE



## Q4 2020 OBSERVATIONS

- Customer demand and loan originations gradually improved throughout the quarter, resulting in \$64M loan book growth
- Originations of \$334M in Q4 2020 compared to \$314M in Q4 2019, up 6.6%
- 12.5% of consumer loan portfolio now secured, up from 10.4% in Q4 2019

# CONTINUED INVESTMENT IN STRATEGIC GROWTH INITIATIVES

## NEXT GENERATION CREDIT MODELS

- Enhanced credit underwriting and adjudication practices with launch of next generation credit models that leverage consumer banking data
- Better underwrite unique segments of population, including new Canadians, students and those denied credit

**MORE THAN 1,500 LOANS  
ORIGINATED IN 2020 USING  
NEW MODELS**

## RECORD SECURED LOANS ORIGINATION

- Q4 2020 marked highest single quarter origination since launch of secured loans in Q3 2017
- ~20% of goeasy customers are homeowners
- Increased penetration of secured loans with risk adjusted rates to more creditworthy borrowers

**12.5% OF CONSUMER  
PORTFOLIO NOW SECURED**

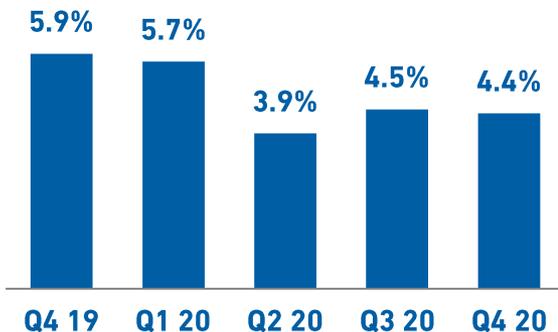
## EXPANSION OF POINT-OF-SALE CHANNEL

- Continued capturing shift in consumer behaviour to eCommerce
- Point-of-sale represents attractive \$30B annual origination market
- In Q4 2020 enabled second look financing for partners including Sleep Country eCommerce and Samsung In-Store
- Attractive opportunity to offer other goeasy products

**MORE THAN 22% OF NEW  
CUSTOMERS IN Q4 2020 FROM  
POINT-OF-SALE CHANNEL**

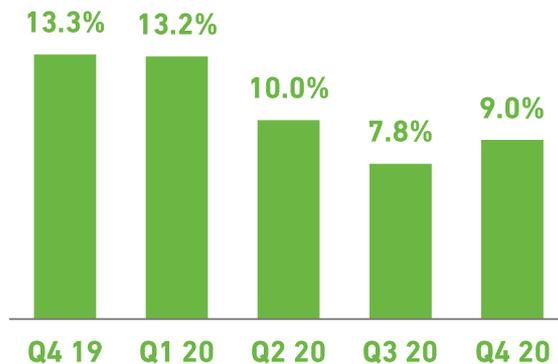
# CREDIT TRENDS REMAIN STABLE

## TOTAL DELINQUENCY



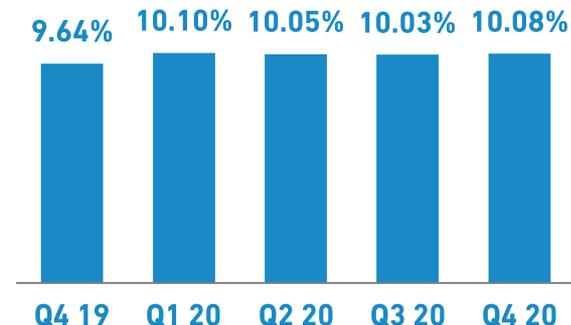
Total delinquency down 150bps YoY, reflecting strong payment trends

## NET CHARGE OFFS



Net charge off rate down 430bps YoY, reflecting strong payment trends

## ALLOWANCE FOR CREDIT LOSSES

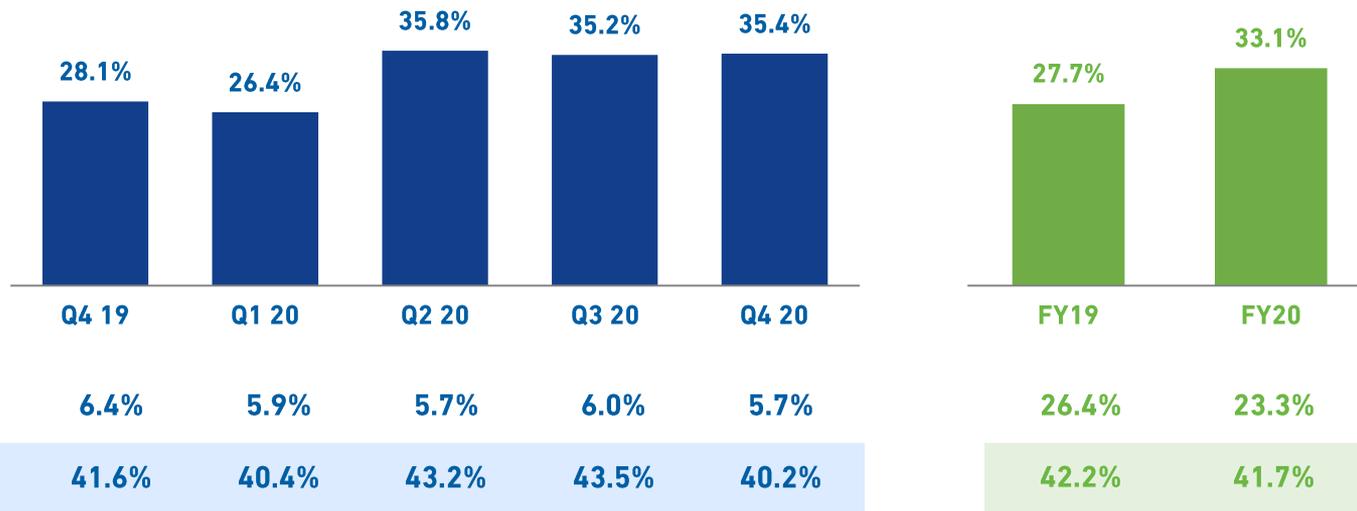


Provision rate broadly flat QoQ

INDUSTRY SECTOR UNDERWRITING PROTOCOLS IMPLEMENTED AT REGIONAL LEVEL TO ADDRESS COVID-19 RESTRICTIONS

# INCREASING OPERATING LEVERAGE FROM SCALE

## Operating Margin



**QUARTERLY OPERATING MARGIN INCREASED 730BPS YOY**

1. Efficiency ratio defined as operating expense (opex) divided by revenue; opex excludes bad debt expense, depreciation and amortization, and financing costs; includes depreciation of lease assets

# SIGNIFICANT VALUE FROM CONTINUED INVESTMENT IN BUY-NOW-PAY-LATER PLATFORM

- Initially invested \$34M to acquire minority equity interest in PayBright in September 2019
- Announced sale in December 2020 related to sale of PayBright to Affirm, one of North America's most innovative and consumer focused buy-now-pay-later platforms
- Following closing of sale transaction in January 2021, goeasy received i) total cash of \$23M, ii) 655,416 common shares of Affirm, and iii) 468,154 common shares of Affirm held in escrow and subject to revenue based earn-out
- Affirm recently completed successful initial public offering and goeasy hedged non-escrow holdings (~655K shares) at US\$108.87 per share by entering into total return swap agreement, delivering significant value for shareholders
- Ongoing equity investment in Affirm through unhedged escrow holdings (~468K shares); well-positioned with continued growth of channel and expanded scale of platform through Affirm partnership



CANADA'S ONLY INTEGRATED,  
FRICTIONLESS FULL CREDIT  
SPECTRUM POINT-OF-SALE  
SOLUTION

CONTINUING POINT-OF-SALE COMMERCIAL PARTNERSHIP WITH AFFIRM IN ATTRACTIVE \$30B ANNUAL CANADIAN MARKET

# Q4 2020 FINANCIAL HIGHLIGHTS

(\$ in millions)

## SUMMARY FINANCIAL RESULTS

	Q4 19	Q3 20	Q4 20	YoY Chg. %
Revenue	166	162	173	4.6%
EBITDA	53	66	85	59.4%
EBITDA margin	32.3%	40.8%	49.1%	52.0%
Operating income	46	57	61	31.8%
Operating margin	28.1%	35.2%	35.4%	26.0%
<b>Net income</b>	<b>7</b>	<b>33</b>	<b>49</b>	<b>631.9%</b>
Diluted EPS	0.46	2.09	3.14	582.6%
<b>Adj. net income</b>	<b>23</b>	<b>32</b>	<b>35</b>	<b>54.5%</b>
Adj. diluted EPS	1.45	2.00	2.24	54.5%
<b>Adj. return on equity</b>	<b>27.0%</b>	<b>33.1%</b>	<b>32.8%</b>	<b>21.5%</b>

## SUMMARY EASYFINANCIAL RESULTS

	Q4 19	Q3 20	Q4 20	YoY Chg. %
<b><u>Portfolio indicators</u></b>				
Gross consumer loans receivable	1,111	1,183	1,247	12.3%
Gross loan originations	314	287	334	6.6%
Total yield on consumer loans	49.8%	45.1%	46.6%	(6.4%)
Net charge off rate	13.3%	7.8%	9.0%	32.3%
<b><u>easyfinancial performance</u></b>				
easyfinancial revenue	130	126	137	5.0%
easyfinancial operating margin	41.0%	50.7%	49.2%	20.0%

# FY 2020 FINANCIAL HIGHLIGHTS

(\$ in millions)

## SUMMARY FINANCIAL RESULTS

	FY19	FY20	YoY Chg. %
Revenue	609	653	7.1%
EBITDA	196	267	36.5%
EBITDA margin	32.1%	40.9%	27.4%
Operating income	169	216	28.2%
Operating margin	27.7%	33.1%	19.5%
<b>Net income</b>	<b>64</b>	<b>137</b>	<b>112.1%</b>
Diluted EPS	4.17	8.76	110.1%
<b>Adj. net income<sup>1</sup></b>	<b>80</b>	<b>118</b>	<b>46.5%</b>
Adj. diluted EPS <sup>1</sup>	5.17	7.57	46.4%
<b>Adj. return on equity<sup>1</sup></b>	<b>25.3%</b>	<b>31.1%</b>	<b>22.9%</b>

## SUMMARY EASYFINANCIAL RESULTS

	FY19	FY20	YoY Chg. %
<b><u>Portfolio indicators</u></b>			
Gross consumer loans receivable	1,111	1,247	12.3%
Gross loan originations	1,095	1,033	(5.7%)
Total yield on consumer loans	50.1%	45.5%	(9.2%)
Net charge off rate	13.3%	10.0%	24.8%
<b><u>easyfinancial performance</u></b>			
easyfinancial revenue	470	510	8.4%
easyfinancial operating margin	40.2%	47.6%	18.4%

1. FY 2019 adjusted for \$16.0M after-tax impact of refinancing cost. FY 2020 adjusted for \$18.9M after-tax impact of unrealized fair value gain on PayBright investment



# LIQUIDITY AND CAPITAL

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# MAINTAINING STRONG BALANCE SHEET AND SIGNIFICANT LIQUIDITY

(\$ in millions)

## KEY HIGHLIGHTS

- Established \$200M revolving securitization warehouse facility, lowering cost of borrowing and increasing liquidity to \$403M to fund organic growth to Q3 2023
- At Q4 2020, fully drawn weighted average cost of borrowing reduced to 4.8%, down from 5.5% in prior year
- Net leverage at 64% continues to run lower than target leverage ratio of 70%

### OPERATING CASH FLOW<sup>1</sup>



### NET LEVERAGE<sup>2</sup> (NET DEBT TO NET CAPITALIZATION)



1. Cash provided by operating activities before net growth in gross consumer loans receivable

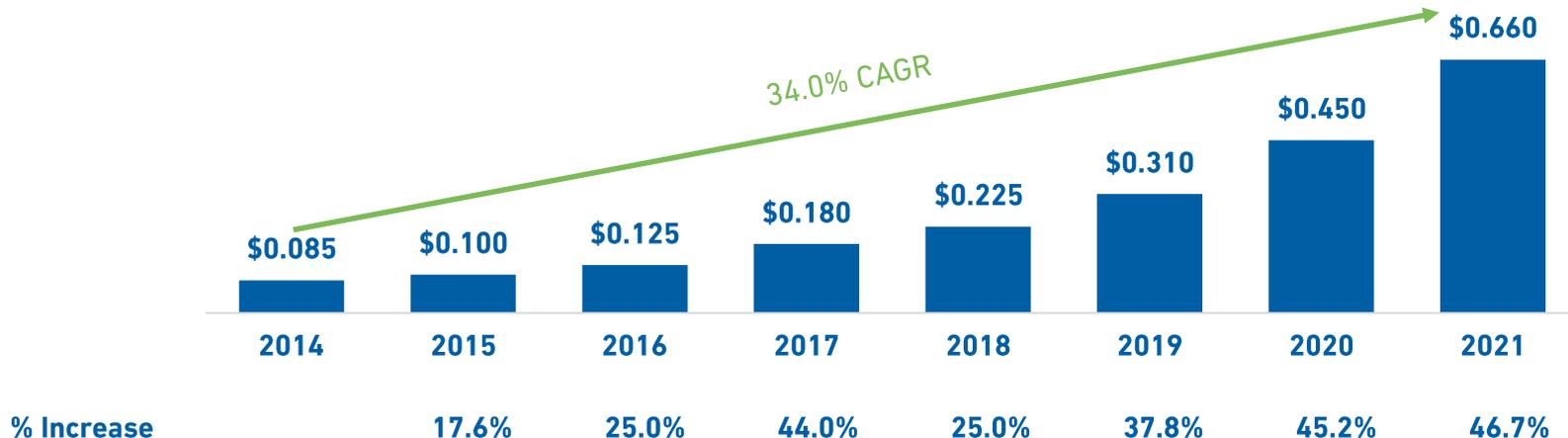
2. Net debt is calculated as external debt less cash. Net debt to net capitalization is net debt divided by the sum of net debt and shareholders' equity

# STRONG CAPITAL RETURNS

## KEY HIGHLIGHTS

- Quarterly dividend increased 46.7% to \$0.66 with improved earnings in 2020 and confidence in continued growth
- 2021 marks 17th consecutive year of paying a dividend and 7th consecutive year of increase in dividend
- In FY 2020 goeasy repurchased and cancelled 767,855 common shares under Normal Course Issuer Bid at average price of \$55.18 for total cost of \$42M
- \$68M returned to shareholders in FY 2020 through dividends and share buybacks

## QUARTERLY DIVIDEND



A man with glasses is holding a baby in his arms, looking up at the baby. The background is a solid blue color with a subtle bokeh effect. The text 'FUTURE OUTLOOK' is written in large, white, bold, sans-serif capital letters on the left side of the image.

# FUTURE OUTLOOK

# BUILDING CANADA'S BEST PERFORMING NON-PRIME LENDING PLATFORM



**Product Range**



**Channel Expansion**



**Geographic Expansion**



**Customer Experience**

**EARLY STAGES OF PRODUCT, CHANNEL AND GEOGRAPHIC EXPANSION**

# INTRODUCING 3-YEAR FORECASTS

KEY PERFORMANCE INDICATOR	2021	2022	2023
Gross consumer loans receivable at year end	\$1.45 to \$1.55 billion	\$1.65 to \$1.85 billion	\$1.90 to \$2.10 billion
New easyfinancial locations to be opened during the year	20 to 25	15 to 20	10 to 15
easyfinancial total revenue yield	44% to 46%	42% to 44%	41% to 43%
Total Company revenue growth	12.5% to 14.5%	11.0% to 13.0%	10.5% to 12.5%
Net charge offs as a percentage of average gross consumer loans receivable	10.5% to 12.5%	10.5% to 12.5%	10.5% to 12.5%
Total Company operating margin	30% to 33%	31% to 34%	32% to 35%
Return on equity	25% +	25% +	25% +
Cash provided by operating activities before net growth in gross consumer loans receivable	\$180 to \$220 million	\$190 to \$230 million	\$230 to \$270 million
Net debt to net capitalization	63% to 65%	62% to 64%	60% to 62%

**FORECASTING ~\$2B CONSUMER LOAN PORTFOLIO BY END OF 2023**

# STRATEGIC INITIATIVES REMAIN WELL UNDERWAY

## EXPANDING POINT-OF-SALE



- Continue developing point-of-sale business in partnership with Affirm and directly with select retail merchants
- Onboard new partners, further optimize tech platform and expand into new verticals
- Expect increasing contribution of new customers from channel with continued strong conversion into other lending products

## LAUNCHING AUTO LOANS



- Direct to consumer auto loan product in development to support strategy of providing non-prime consumers a full product suite
- Targeted to launch in 2021
- Non-prime auto financing represents attractive \$40B financing market

## UPGRADING LENDING SYSTEM



- Initiative underway to replace lending legacy technology with modern cloud-based platform
- Will enable multi-product, multi-language, multi-currency capabilities
- Implementation remains on track for deployment in 2021

# QUARTERLY OUTLOOK

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GROSS CONSUMER LOAN PORTFOLIO GROWTH IN Q1 2021 BETWEEN \$25M AND \$40M

TOTAL YIELD ON LOAN PORTFOLIO IN Q1 2021 BETWEEN 44% AND 45%

NET CHARGE OFF RATE IN Q1 2021 BETWEEN 9% AND 10%



# Q & A

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# APPENDIX

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# CONSOLIDATED INCOME STATEMENTS

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	2019	2020
<b>REVENUE</b>							
Interest income	96,403	100,100	100,866	101,833	106,784	345,997	409,583
Lease revenue	28,268	27,814	28,002	28,416	28,564	113,236	112,796
Commissions earned	37,169	35,278	19,348	28,540	34,747	135,510	117,913
Charges and fees	3,696	4,010	2,461	3,035	3,124	14,640	12,630
	<b>165,536</b>	<b>167,202</b>	<b>150,677</b>	<b>161,824</b>	<b>173,219</b>	<b>609,383</b>	<b>652,922</b>
<b>EXPENSES</b>							
Salaries and benefits	31,166	31,702	34,124	36,457	34,023	120,414	136,306
Stock-based compensation	2,858	2,098	1,771	1,718	1,988	8,686	7,575
Advertising and promotion	7,488	6,314	4,504	7,377	8,591	26,699	26,786
Bad debts	43,257	48,618	24,666	27,221	34,493	156,742	134,998
Occupancy	5,484	5,682	5,805	5,639	5,375	20,573	22,501
Technology costs	3,222	3,369	3,313	3,817	3,692	12,293	14,191
Other expenses	9,315	9,295	6,459	6,624	7,028	30,819	29,406
	<b>102,790</b>	<b>107,078</b>	<b>80,642</b>	<b>88,853</b>	<b>95,190</b>	<b>376,226</b>	<b>371,763</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>16,263</b>	<b>15,905</b>	<b>16,041</b>	<b>16,025</b>	<b>16,752</b>	<b>64,364</b>	<b>64,723</b>
<b>Total Operating Expenses</b>	<b>119,053</b>	<b>122,983</b>	<b>96,683</b>	<b>104,878</b>	<b>111,942</b>	<b>440,590</b>	<b>436,486</b>
<b>OPERATING INCOME</b>	<b>46,483</b>	<b>44,219</b>	<b>53,994</b>	<b>56,946</b>	<b>61,277</b>	<b>168,793</b>	<b>216,436</b>
<b>OTHER INCOME</b>	-	-	4,000	1,700	16,040	-	21,740
<b>FINANCE COSTS</b>	<b>37,123</b>	<b>14,344</b>	<b>14,072</b>	<b>13,233</b>	<b>13,343</b>	<b>79,281</b>	<b>54,992</b>
<b>INCOME TAX EXPENSE</b>	<b>2,677</b>	<b>7,896</b>	<b>11,380</b>	<b>12,340</b>	<b>15,063</b>	<b>25,163</b>	<b>46,679</b>
<b>NET INCOME</b>	<b>6,683</b>	<b>21,979</b>	<b>32,542</b>	<b>33,073</b>	<b>48,911</b>	<b>64,349</b>	<b>136,505</b>
<b>ADJUSTED NET INCOME</b>	<b>22,649</b>	<b>21,979</b>	<b>29,072</b>	<b>31,598</b>	<b>34,996</b>	<b>80,315</b>	<b>117,646</b>

# CONSOLIDATED BALANCE SHEETS

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
<b>ASSETS</b>					
Cash	46,341	34,252	54,765	39,477	93,053
Consumer loans receivable, net	1,040,552	1,088,157	1,057,337	1,100,998	1,152,378
Investment	34,300	34,300	38,300	40,000	56,040
Lease assets	48,696	47,711	44,538	46,351	49,384
Property and equipment, net	23,007	24,076	27,868	28,905	31,322
Intangible assets, net	17,749	19,991	21,077	22,677	25,244
Goodwill	21,310	21,310	21,310	21,310	21,310
Right of use asset, net	46,147	46,610	45,153	46,943	46,335
Other assets	40,520	91,262	41,871	20,614	26,850
<b>TOTAL ASSETS</b>	<b>1,318,622</b>	<b>1,407,669</b>	<b>1,352,219</b>	<b>1,367,275</b>	<b>1,501,916</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	41,350	40,969	37,481	47,564	46,065
Convertible debentures	40,656	40,721	41,020	-	-
Revolving credit facility	112,563	127,801	102,934	98,221	198,339
Notes payable	701,549	760,957	734,824	721,292	689,410
Lease liabilities	52,573	53,029	51,439	53,056	53,902
Other liabilities	37,510	34,483	31,176	36,919	70,688
<b>Total liabilities</b>	<b>986,201</b>	<b>1,057,960</b>	<b>998,874</b>	<b>957,052</b>	<b>1,058,404</b>
<b>Total shareholders' equity</b>	<b>332,421</b>	<b>349,709</b>	<b>353,345</b>	<b>410,223</b>	<b>443,512</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,318,622</b>	<b>1,407,669</b>	<b>1,352,219</b>	<b>1,367,275</b>	<b>1,501,916</b>