



goeasy

# Earnings Presentation

THIRD QUARTER 2021

November 4, 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.

# PRODUCT & CHANNEL STRATEGY LEADS TO RECORD RESULTS

## ORIGINATION GROWTH

- Record loan originations of \$436M, an increase of 52.2% over prior year
- Record growth of \$101M in consumer loans during the quarter
- Point-of-sale, auto lending and digital platforms driving new customer growth, highlighting strength of multi-product and omnichannel strategy

## CREDIT PERFORMANCE

- Net charge off rate of 8.3%, compared to 7.8% in Q3 2020 and 8.2% in Q2 2021
- Loan loss provision rate declined from 7.90% to 7.83%
- Credit performance begins to normalize to the guided target range with economic reopening

## SIGNIFICANT LIQUIDITY AND CAPITAL

- Upsized \$200M revolving securitization warehouse facility to \$600M and lowered cost of borrowing by 110bps to ~2.3%
- Increased total liquidity to approximately \$910M to fund organic growth through Q4 2023

## OPERATING LEVERAGE AND PROFITABILITY

- Adjusted operating margin of 39.1%, up from 35.2% in Q3 2020, aided by operating leverage achieved from scale
- Record adjusted net income of \$47M and adjusted diluted earnings per share of \$2.70, up 47.9% and 35.0% YoY, respectively

## PROGRESS AGAINST STRATEGIC PRIORITIES

- Widening the product range with growth in auto lending
- Expanding distribution through new merchant partnerships such as HISUN Motors
- Leveraging the retail, digital and point-of-sale channels to serve wide range of customers

# Q3 2021 FINANCIAL PERFORMANCE HIGHLIGHTS

(\$ in millions)

## LOAN ORIGINATIONS AND RECEIVABLES

	Q3 20	Q3 21	YoY Chg.	YoY Chg. %
Originations	\$287	\$436	\$150	52.2%
Gross consumer loans receivable	\$1,183	\$1,897	\$714	60.4%

- Growth fueled by point-of-sale channel, increased penetration of risk adjusted rate and secured loans, and the \$445M loan portfolio acquired through acquisition of LendCare

## NET CHARGE OFF AND PROVISION RATES

	Q3 20	Q3 21	YoY Chg.	YoY Chg. %
Net charge off rate	7.8%	8.3%	(50bps)	(6.4%)
Loan loss provision rate	10.03%	7.83%	220bps	21.9%

- Provision rate reduction due to improved credit quality, acquisition of LendCare and economic outlook

## REVENUE AND PORTFOLIO YIELD

	Q3 20	Q3 21	YoY Chg.	YoY Chg. %
Revenue	\$162	\$220	\$58	35.8%
Total yield on consumer loans <sup>1</sup>	45.1%	40.8%	(430bps)	(9.5%)

- 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

	Q3 20	Q3 21	YoY Chg.	YoY Chg. %
Adj. operating inc. <sup>2</sup>	\$57	\$86	\$29	50.7%
Adj. net income <sup>2</sup>	\$32	\$47	\$15	47.9%
Adj. diluted EPS <sup>2</sup>	\$2.00	\$2.70	\$0.70	35.0%

- Record adjusted operating income of \$86M
- After adjusting for unusual and non-recurring items, adjusted net income of \$47M, or \$2.70 per share on diluted basis, up 47.9% and 35.0% YoY, respectively

1. Total yield on consumer loans including ancillary products

2. Q3 2021 adjusted for fair value gains on investments and non-recurring items related to acquisition of LendCare, Q3 2020 adjusted for unrealized fair value gains on investments

# QUARTERLY HIGHLIGHTS

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## PRODUCT & CHANNEL EXPANSION



- 25% of new loans issued through the point-of-sale channel, up from 18%
- 4% of new loans from automotive financing, a new product category in 2021
- Product enhancements including loan size increases, extended terms, pricing optimization

## CONTINUE TO GENERATE VALUE FROM INVESTMENT IN AFFIRM



- After-tax gains on Affirm shares and total return swap of \$20M during Q3 2021
- Year to date fair value gains on investments of \$92M at Q3 2021
- Hedged a minor portion of contingent equity held in Affirm at US\$110.35 per share by entering into total return swap agreement

## INVESTING IN OUR CULTURE

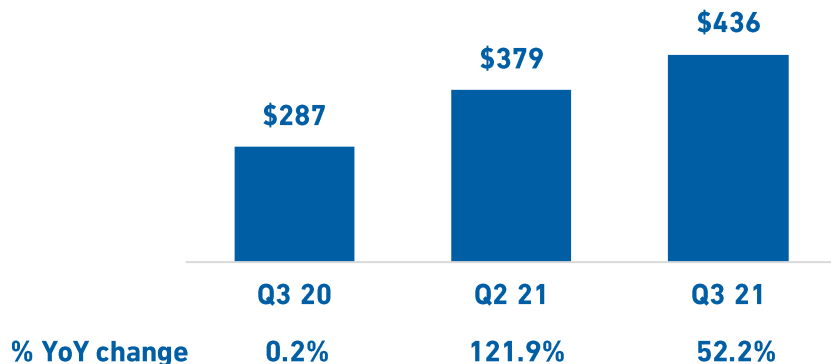


- Certified as a Great Place to Work®, recognizing the Company's focus on employee culture and rewards
- Placed 7<sup>th</sup> on the TSX30 for 2021

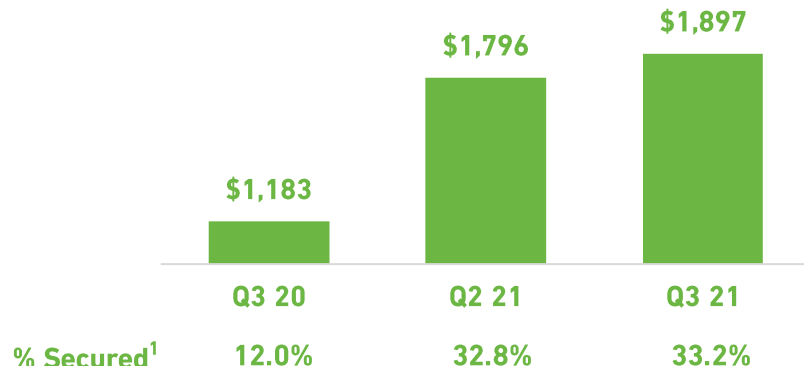
# PRODUCT & CHANNEL STRATEGY DRIVING RECORD ORIGINATIONS

(\$ in millions)

## GROSS LOAN ORIGINATIONS



## GROSS CONSUMER LOANS RECEIVABLE



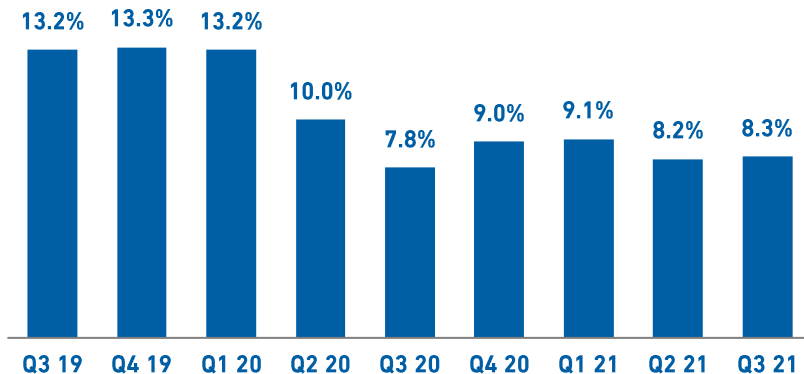
## Q3 2021 OBSERVATIONS

- Direct to consumer demand gradually improving, while point-of-sale financing and auto lending continue to accelerate
- Record originations of \$436M in Q3 2021 compared to \$287M in Q3 2020, up 52.2%, resulting in \$101M of total loan book growth during the quarter
- 33.2% of consumer loan portfolio now secured, up from 12.0% in Q3 2020

1. Secured instalment loans include loans secured by real estate, personal property or by way of a Notice of Security Interest

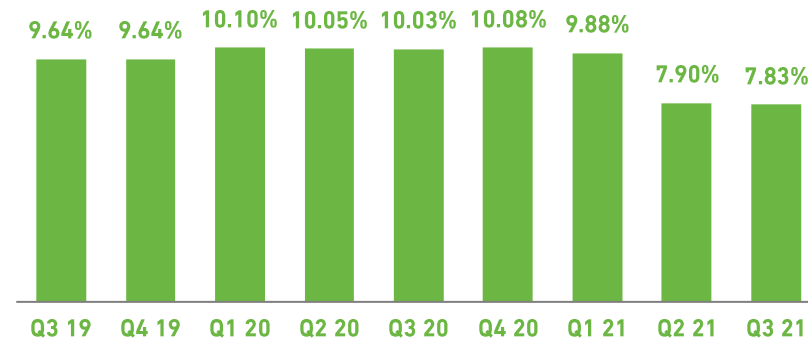
# CREDIT PERFORMANCE

## NET CHARGE OFFS



NET CHARGE OFF RATE REFLECTING STRONG PAYMENT TRENDS  
TARGET RANGE OF BETWEEN 8.5% TO 10.5%

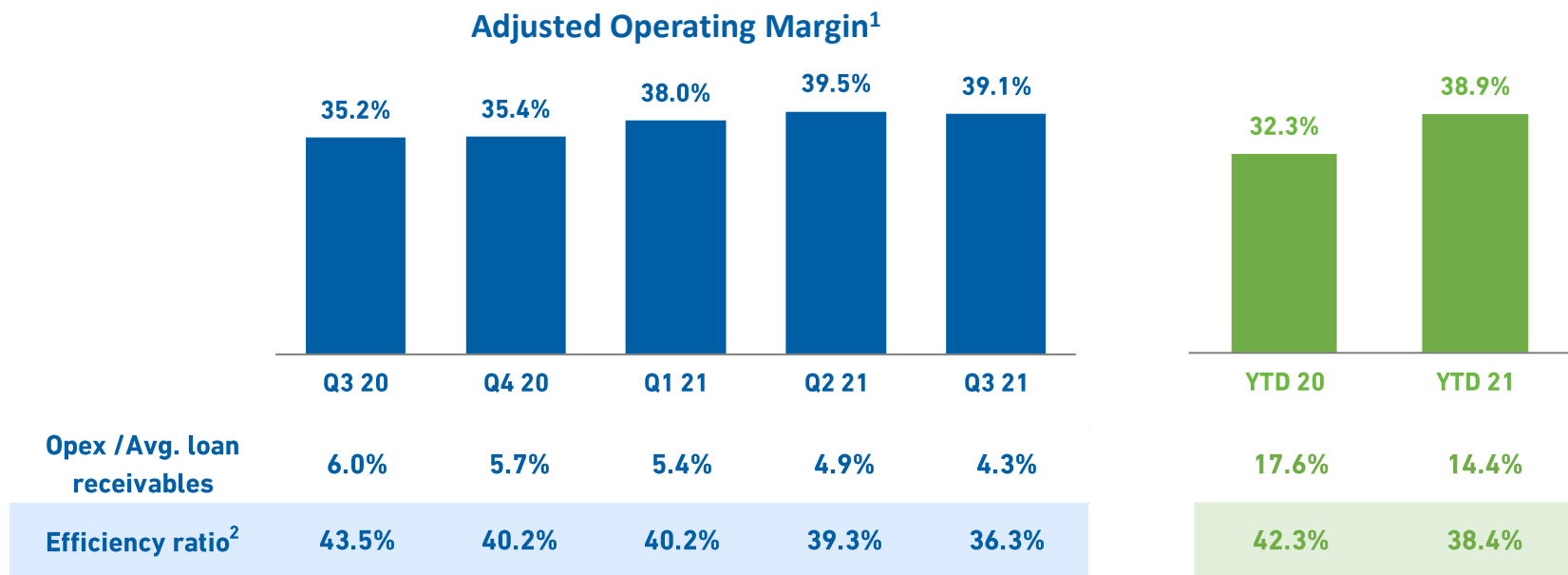
## LOAN LOSS PROVISION RATE



PROVISION RATE DOWN 220BPS YOY  
REFLECTING STRCUTURAL IMPROVEMENT IN THE PORTFOLIO

ECONOMIC REOPENING TO DRIVE PORTFOLIO GROWTH AND NORMALIZED CREDIT PERFORMANCE

# INVESTING IN THE BUSINESS WHILE PRODUCING STRONG OPERATING LEVERAGE



**QUARTERLY ADJUSTED OPERATING MARGIN INCREASED 390BPS YOY**

1. Adjusted for non-recurring items related to acquisition of LendCare

2. 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



# Q3 2021 FINANCIAL HIGHLIGHTS

(\$ in millions)

## SUMMARY FINANCIAL RESULTS

	Q3 20	Q2 21	Q3 21	YoY Chg. %
Revenue	162	202	220	35.8%
Operating income	57	56	81	42.9%
Operating margin	35.2%	27.7%	37.0%	5.1%
Adj. operating income	57	80	86	50.7%
Adj. operating margin	35.2%	39.5%	39.1%	11.1%
<b>Net income</b>	<b>33</b>	<b>19</b>	<b>64</b>	<b>92.1%</b>
Diluted EPS	2.09	1.16	3.66	75.1%
<b>Adj. net income</b>	<b>32</b>	<b>44</b>	<b>47</b>	<b>47.9%</b>
Adj. diluted EPS	2.00	2.61	2.70	35.0%
<b>Adj. return on equity</b>	<b>33.1%</b>	<b>26.9%</b>	<b>24.0%</b>	<b>(27.5%)</b>
Adj. ROTCE <sup>1</sup>	37.3%	38.5%	42.9%	15.0%

## SUMMARY EASYFINANCIAL RESULTS

	Q3 20	Q2 21	Q3 21	YoY Chg. %
<b><u>Portfolio indicators</u></b>				
Gross consumer loans receivable	1,183	1,796	1,897	60.4%
Gross loan originations	287	379	436	52.2%
Total yield on consumer loans	45.1%	42.8%	40.8%	(9.5%)
Net charge off rate	7.8%	8.2%	8.3%	(6.4%)
<b><u>easyfinancial performance</u></b>				
easyfinancial revenue	126	165	182	44.7%
easyfinancial operating margin	50.7%	45.4%	49.7%	(2.0%)

1. Adjusted return on tangible common equity defined as annualized adjusted net income in the period divided by average shareholders' equity for the period excluding intangible assets and goodwill

# YTD 2021 FINANCIAL HIGHLIGHTS

(\$ in millions)

## SUMMARY FINANCIAL RESULTS

	YTD 20	YTD 21	YoY Chg. %
Revenue	480	592	23.5%
Operating income	155	201	29.8%
Operating margin	32.3%	34.0%	5.3%
Adj. operating income	155	230	48.4%
Adj. operating margin	32.3%	38.9%	20.4%
<b>Net income</b>	<b>88</b>	<b>195</b>	<b>122.6%</b>
Diluted EPS	5.64	11.75	108.3%
<b>Adj. net income</b>	<b>83</b>	<b>127</b>	<b>53.8%</b>
Adj. diluted EPS	5.33	7.66	43.7%
<b>Adj. return on equity</b>	<b>30.5%</b>	<b>26.6%</b>	<b>(12.8%)</b>
Adj. ROTCE	34.5%	38.3%	11.0%

## SUMMARY EASYFINANCIAL RESULTS

	YTD 20	YTD 21	YoY Chg. %
<u><b>Portfolio indicators</b></u>			
Gross consumer loans receivable	1,183	1,897	60.4%
Gross loan originations	699	1,088	55.6%
Total yield on consumer loans	45.2%	42.4%	(6.2%)
Net charge off rate	10.3%	8.5%	17.5%
<u><b>easyfinancial performance</b></u>			
easyfinancial revenue	373	480	28.6%
easyfinancial operating margin	47.0%	49.4%	5.1%



# LIQUIDITY AND CAPITAL

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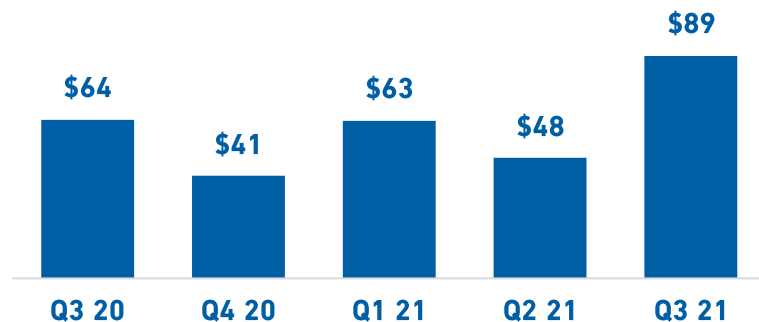
# STRONG FREE CASH FLOW, LOWER LEVERAGE & SIGNIFICANT LIQUIDITY

(\$ in millions)

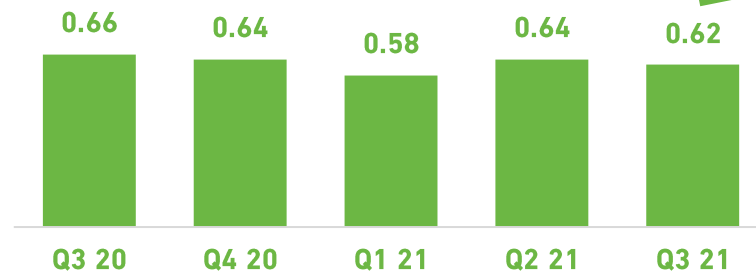
## KEY HIGHLIGHTS

- Upsized the revolving securitization warehouse facility by \$400M to a total \$600M and lowered cost of borrowing by 110bps
- Increased liquidity to approximately \$910M, sufficient to fund organic growth through Q4 2023
- At Q3 2021, fully drawn weighted average cost of borrowing reduced to 4.3%, down from 5.0% in prior year
- Net leverage of 62% 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)



~\$180M  
Excess Capital  
Available for  
Investments

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

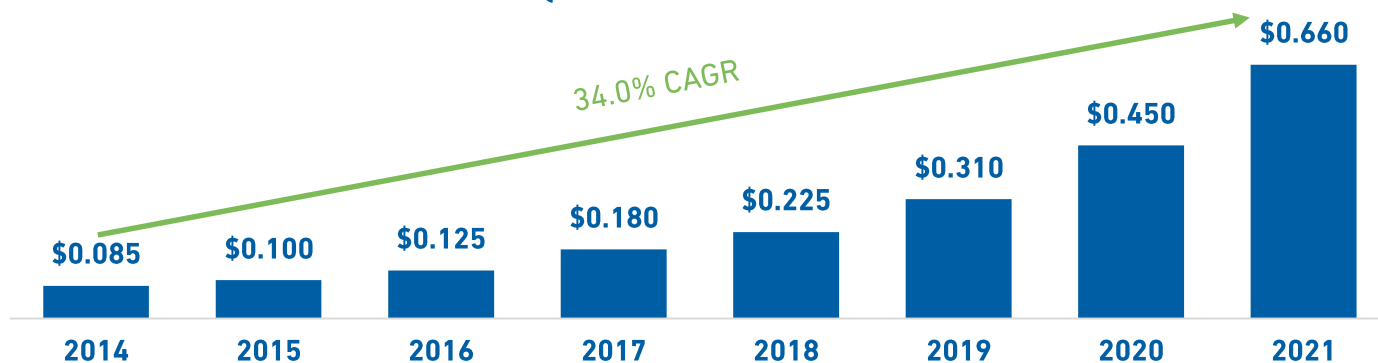
2. Net debt is calculated as external debt less cash. Net debt to net capitalization is net debt divided by the sum of net debt and shareholders' equity

# STRONG CAPITAL RETURNS

## KEY HIGHLIGHTS

- Quarterly dividend of \$0.66 resulting from improved earnings in 2020 and confidence in continued growth
- 2021 marks 17<sup>th</sup> consecutive year of paying a dividend and 7<sup>th</sup> consecutive year of increase in dividend
- Opportunistic and targeted share repurchases an additional form of returning capital to shareholders

## QUARTERLY DIVIDEND



% Dividend Increase	17.6%	25.0%	44.0%	25.0%	37.8%	45.2%	46.7%
Share Repurchases (\$)¹	\$2	\$8	\$3	\$15	\$20	\$42	-
Share Repurchases (#)¹	111	436	85	398	458	768	-

1. \$ in millions, # in thousands

# FUTURE OUTLOOK

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# BUILDING CANADA'S LARGEST NON-PRIME CONSUMER LENDING BUSINESS



Product Range



Channel Expansion



Geographic Expansion



Financial Wellness

EARLY STAGES OF PRODUCT, CHANNEL AND GEOGRAPHIC EXPANSION

# 3-YEAR FORECASTS

KEY PERFORMANCE INDICATOR	2021	2022	2023
Gross consumer loans receivable at year end	\$1.95 to \$2.05 billion	\$2.35 to \$2.55 billion	\$2.8 to \$3.0 billion
New easyfinancial locations to be opened during the year	20 to 25	15 to 20	10 to 15
easyfinancial total revenue yield	40% to 42%	36% to 38%	35% to 37%
Total Company revenue growth	24% to 27%	17% to 20%	12% to 15%
Net charge offs as a percentage of average gross consumer loans receivable	8.5% to 10.5%	8.5% to 10.5%	8.0% to 10.0%
Adjusted total Company operating margin	35%+	36%+	37%+
Adjusted return on equity	22%+	22%+	22%+
Cash provided by operating activities before net growth in gross consumer loans receivable	\$190 to \$230 million	\$270 to \$310 million	\$310 to \$350 million
Net debt to net capitalization	64% to 66%	64% to 66%	63% to 65%

**FORECASTING ~\$3B CONSUMER LOAN PORTFOLIO BY END OF 2023**



# QUARTERLY OUTLOOK

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GROSS CONSUMER LOAN PORTFOLIO GROWTH IN Q4 2021 BETWEEN \$100M AND \$110M

TOTAL YIELD ON LOAN PORTFOLIO IN Q4 2021 BETWEEN 40.5% AND 41.5%

NET CHARGE OFF RATE IN Q4 2021 BETWEEN 9.5% AND 10.5%



# Q & A

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# APPENDIX

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# CONSOLIDATED INCOME STATEMENTS

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	YTD 20	YTD 21
<b>REVENUE</b>							
Interest income	101,833	106,784	105,494	128,483	146,132	302,799	380,109
Lease revenue	28,416	28,564	28,437	28,348	27,923	84,232	84,708
Commissions earned	28,540	34,747	33,337	42,435	42,052	83,166	117,824
Charges and fees	3,035	3,124	2,906	3,090	3,655	9,506	9,651
	<b>161,824</b>	<b>173,219</b>	<b>170,174</b>	<b>202,356</b>	<b>219,762</b>	<b>479,703</b>	<b>592,292</b>
<b>EXPENSES</b>							
Salaries and benefits	36,457	34,023	35,406	43,804	41,776	102,283	120,986
Stock-based compensation	1,718	1,988	2,086	1,901	2,116	5,587	6,103
Advertising and promotion	7,377	8,591	5,892	7,172	7,751	18,195	20,815
Bad debts	27,221	34,493	29,274	48,873	45,297	100,505	123,444
Occupancy	5,639	5,375	5,524	5,753	5,995	17,126	17,272
Technology costs	3,817	3,692	3,804	4,017	4,900	10,499	12,721
Other expenses	6,624	7,028	7,095	15,409	9,852	22,378	32,356
	<b>88,853</b>	<b>95,190</b>	<b>89,081</b>	<b>126,929</b>	<b>117,687</b>	<b>276,573</b>	<b>333,697</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>16,025</b>	<b>16,752</b>	<b>17,161</b>	<b>19,337</b>	<b>20,723</b>	<b>47,971</b>	<b>57,221</b>
<b>Total Operating Expenses</b>	<b>104,878</b>	<b>111,942</b>	<b>106,242</b>	<b>146,266</b>	<b>138,410</b>	<b>324,544</b>	<b>390,918</b>
<b>OPERATING INCOME</b>	<b>56,946</b>	<b>61,277</b>	<b>63,932</b>	<b>56,090</b>	<b>81,352</b>	<b>155,159</b>	<b>201,374</b>
<b>OTHER INCOME</b>	<b>1,700</b>	<b>16,040</b>	<b>87,372</b>	<b>(4,086)</b>	<b>23,219</b>	<b>5,700</b>	<b>106,505</b>
<b>FINANCE COSTS</b>	<b>13,233</b>	<b>13,343</b>	<b>14,236</b>	<b>20,822</b>	<b>21,686</b>	<b>41,649</b>	<b>56,744</b>
<b>INCOME TAX EXPENSE</b>	<b>12,340</b>	<b>15,063</b>	<b>25,093</b>	<b>11,715</b>	<b>19,345</b>	<b>31,616</b>	<b>56,153</b>
<b>NET INCOME</b>	<b>33,073</b>	<b>48,911</b>	<b>111,975</b>	<b>19,467</b>	<b>63,540</b>	<b>87,594</b>	<b>194,982</b>
<b>ADJUSTED NET INCOME</b>	<b>31,598</b>	<b>34,996</b>	<b>36,679</b>	<b>43,687</b>	<b>46,748</b>	<b>82,649</b>	<b>127,114</b>

# CONSOLIDATED BALANCE SHEETS

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
<b>ASSETS</b>					
Cash	39,477	93,053	104,842	140,192	124,685
Consumer loans receivable, net	1,100,998	1,152,378	1,184,709	1,682,151	1,780,073
Investment	40,000	56,040	96,896	95,138	64,178
Lease assets	46,351	49,384	45,473	45,921	44,482
Property and equipment, net	28,905	31,322	30,269	34,467	34,397
Intangible assets, net	22,677	25,244	27,136	162,379	161,189
Goodwill	21,310	21,310	21,310	179,835	180,923
Right of use asset, net	46,943	46,335	48,111	52,656	54,663
Other assets	20,614	26,850	53,138	58,542	27,147
<b>TOTAL ASSETS</b>	<b>1,367,275</b>	<b>1,501,916</b>	<b>1,611,884</b>	<b>2,451,281</b>	<b>2,471,737</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	47,564	46,065	38,197	53,081	61,433
Convertible debentures	-	-	-	-	-
Revolving credit facility	98,221	198,339	(1,305)	14,039	14,339
Notes payable	721,292	689,410	680,992	1,061,313	1,087,397
Securitized notes payable	-	-	179,046	198,731	122,648
Secured borrowings	-	-	-	186,714	191,574
Other liabilities	89,975	124,590	164,688	188,612	187,019
<b>Total liabilities</b>	<b>957,052</b>	<b>1,058,404</b>	<b>1,061,618</b>	<b>1,702,490</b>	<b>1,664,410</b>
<b>Total shareholders' equity</b>	<b>410,223</b>	<b>443,512</b>	<b>550,266</b>	<b>748,791</b>	<b>807,327</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,367,275</b>	<b>1,501,916</b>	<b>1,611,884</b>	<b>2,451,281</b>	<b>2,471,737</b>