



TSX Symbol: GSY

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Press Release

November 1, 2017

goeasy Ltd. Reports Results for the Third Quarter Ended September 30, 2017 and Provides Updated Outlook

Record Loan Book Growth, Revenue and Earnings

Mississauga, November 1, 2017: *goeasy* Ltd. (TSX: GSY), ("*goeasy*" or the "**Company**"), a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians, today announced its results for the third quarter ended September 30, 2017 and provided updated targets for future periods.

Results for the Third Quarter Ended September 30, 2017

Revenue for the third quarter of 2017 increased to \$103.7 million, an increase of 18.1% from \$87.8 million in the third quarter of 2016. Total same store sales growth in the quarter was 21.3%. The growth was driven by the expansion of easyfinancial and the related growth of its consumer loans receivable portfolio which reached \$473.1 million by quarter's end, up 37.6% from September 30, 2016.

During the quarter, the Company generated record levels of new customer acquisition, loan originations and loan book growth. The strong growth was fueled by the continued maturation of the Company's retail branch network, the increased penetration of risk adjusted rate loans to more credit worthy borrowers, the Company's expansion into Quebec and the ongoing enhancements to the Company's digital properties. Additionally, strong growth in the quarter was supported by an increased investment in advertising which led to record new customer additions. Loan originations in the quarter reached \$157.6 million, an increase of 55.9% compared with the third quarter of 2016. The growth of the loan book in the quarter was \$47.7 million compared to \$17.5 million in the third quarter of 2016, an increase of 172.7%.

Operating income for the three-month period ended September 30, 2017 was \$23.9 million, an increase of \$6.2 million or 34.8% when compared to the normalized operating income in the third quarter of 2016. The 2016 results have been normalized to exclude \$5.3 million in transaction advisory costs. Net income for the quarter was \$11.6 million, up \$2.8 million or 31.4% from the normalized net income of \$8.8 million in the third quarter of 2016. Diluted earnings per share for the quarter was \$0.81, an increase of \$0.45 from the reported diluted earnings per share of \$0.36 in the third quarter of 2016 and up \$0.17 or 26.6% from the normalized diluted earnings per share of \$0.64 in the third quarter of 2016.

"Our record results in the quarter demonstrate our ability to consistently achieve our ambitious growth objectives," said David Ingram, *goeasy*'s President and Chief Executive Officer. "These results were not only driven by the increased level of customer acquisition and loan originations, but also by continued strong credit performance of our consumer loans receivable portfolio. Our ongoing investments in credit analytics, underwriting and collections are having the desired

effect. Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 13.1% in the quarter, down from 15.4% in the third quarter of 2016.”

Other highlights for the third quarter of 2017 include:

easyfinancial

- Revenue increased by 32.4% to \$69.7 million from \$52.6 million in the third quarter of 2016.
- Gross loan originations increased by 55.9% to a record of \$157.6 million from \$101.1 million in the third quarter of 2016.
- Net customer growth of 9,095, up from 2,698 in the third quarter of 2016, an increase of 337%.
- Loans funded through online acquisition in the third quarter increased by 65% year over year.
- Delinquency rates on the final Saturday of the quarter reduced to a record low of 4.5% from 6.0% on the final Saturday of the third quarter of 2016.
- Operating margin for the third quarter of 2017 increased from 39.9% to 40.4%.
- Cash generated from easyfinancial customer payments was \$118.3 million in the third quarter of 2017 compared to \$89.0 million in the third quarter of 2016.

easyhome

- Same store revenue increased 3.0%.
- The operating margin for easyhome for the third quarter of 2017 was 16.4%, up from the 14.4% reported for the same period in 2016.

Overall

- Record net income and earnings per share.
- 30th consecutive quarter of same store sales growth.
- Operating margin was 23.1% for the quarter, up from the normalized operating margin of 20.2% in the third quarter of 2016.
- The Company's return on equity was 21.3% in the current quarter.

Nine Months Results

For the first nine months of 2017, goeasy achieved revenues of \$296.6 million, up 15.8% compared with \$256.2 million in the first nine months of 2016. Operating income for the period was \$62.9 million compared with \$45.3 million in the first nine months of 2016, an increase of \$17.6 million or 38.8%. The results for the first nine months of 2016 included a \$3.0 million gain on the sale of an investment and \$6.4 million in transaction advisory costs. Excluding these items from the 2016 results, normalized operating income increased \$14.2 million or 29.2%. Net income for the first nine months of 2017 was \$30.8 million and diluted earnings per share was \$2.17. On

a normalized basis, net income in the first nine months of 2016 was \$24.8 million and diluted earnings per share was \$1.78, increases of 24.0% and 21.9%, respectively.

Outlook

The outlook for 2017 has improved. The ending easyfinancial gross consumer loans receivable target has been increased to \$500 to \$520 million (from \$475 to \$500 million) while the easyfinancial operating margin target has been increased to a range of 37% to 40% (from 35% to 37%). The Company expects easyfinancial's revenue yield to remain at 60% to 62% for 2017 but has reduced its loan loss rate target to 13% to 15% (from 14% to 16%). The Company's targets for new easyfinancial locations during 2017 is 27 to 32 locations. Finally, given the strong growth of the consumer loans receivable portfolio, the Company's revenue growth target has been increased to a range of 15% to 17% (from 10% to 12%).

The Company has also provided 3 year targets for 2018 through 2020, including increasing the loan portfolio target in 2019 by \$100 million.

	2018	2019	2020
New easyfinancial locations	20 - 30 openings	10 - 20 openings	10 - 20 Openings
Gross consumer loans receivable portfolio at year end	\$700 - \$750 million	\$875 - \$950 million	\$1.0 - \$1.1 billion
easyfinancial total revenue yield	54% - 56%	49% - 51%	46% - 48%
Net charge-offs as a percentage of average gross consumer loans receivable	12% - 14%	11% - 13%	10% - 12%
easyfinancial operating margin	38% - 40%	40%+	40%+
Total revenue growth	16% - 18%	14% - 16%	10% - 12%
Return on Equity	18% - 20%	20%+	20%+

The achievement of these targets by the Company, however, is predicated on a number of factors, including the pace of expansion of easyfinancial.

"The significant progress made by goeasy over the past few years has positioned the Company to be the leading non-prime lender for everyday Canadians. We remain unwavering in our commitment to provide our customers with the opportunity to achieve better financial outcomes and the ability to graduate towards prime credit," said Mr. Ingram. "We are better positioned than ever before to capture a greater share of the \$165 billion non-prime consumer credit market. The recently announced debt financing provides us with both sufficient capital to fund our growth over the next several quarters and a long-term structure that will enable further access to debt capital as required. The strength and experience of our team, coupled with our expanded product range and the investments we have made in credit risk and technology, will help fuel our loan growth while expanding EPS over the next several years."

Update on IFRS 9

The Company will be required to adopt a new accounting standard, IFRS 9, Financial Instruments ["IFRS 9"], beginning on or after January 1, 2018. IFRS 9 introduces a new expected loss impairment model which will replace the existing incurred loss impairment model under IAS 39.

It is important to note that the adoption of IFRS 9 in 2018 will not impact the credit performance (including the net charge-off rate) of the Company's consumer loans receivable portfolio which will be driven by borrowers' credit profiles and behaviours. The Company will continue to write off customer balances that are delinquent greater than 90 days and so the net charge-off rate as a percentage of the average gross consumer loans receivable will not be affected. Likewise, the cash flows used in and generated by the Company's consumer loans receivable portfolio will not be impacted by the adoption of IFRS 9 as the periodic increase in the allowance for loan losses as a result of growth in the consumer loans receivable is a non-cash item.

The Company has established a project team for the transition to IFRS 9 which includes senior stakeholders from the Company's Risk and Finance groups with senior executive oversight. The Company's current allowance for loan losses, as determined under IAS 39, as a percentage of the ending gross consumer loans receivable equals approximately 6.1%. The Company's project team estimates that implementing the requirements of IFRS 9 would result in an increase to this percentage of between 2.5% and 3.5%, assuming the composition and credit performance of the Company's consumer loans receivable portfolio as at September 30, 2017. This increase in the allowance for loan losses is not indicative of a change in the expected recovery value of underlying loans receivable after charge-offs but rather a function of extending the allowance for loan losses to provide for expected future losses for a period greater than the five months currently provided for.

Once IFRS 9 is implemented, beginning with the first quarter of 2018, the Company anticipates that this implementation will have a modestly adverse impact on retained earnings and the

carrying value of net consumer loans receivable recorded on our balance sheet and a modestly adverse non-cash impact on its net income.

The Company is on track to finalize its analytical and systems work and complete the implementation of IFRS 9 within the required timeframe.

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. All figures reported above with respect to the estimated impact of the adoption of IFRS 9 are highly preliminary and are subject to change and adjustment as the Corporation's transition to IFRS 9 is completed. Accordingly, investors are cautioned not to place undue reliance on the foregoing guidance. The outlook and estimates of the expected impacts of IFRS 9 provided in this news release constitute forward-looking statements within the meaning of applicable securities laws, are based on a number of assumptions and are subject to a number of risks and uncertainties. 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



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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 improve the lives of everyday Canadians. 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 enable customers to transact through a national store and branch network and through its online and mobile eCommerce enabled platforms.

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

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

(Unaudited)

(expressed in thousands of Canadian dollars)

	As At September 30, 2017	As At December 31, 2016
ASSETS		
Cash	22,368	24,928
Amounts receivable	13,025	7,857
Prepaid expenses	4,175	1,909
Consumer loans receivable	458,914	354,499
Lease assets	50,900	55,288
Property and equipment	15,917	16,103
Deferred tax assets	2,453	6,856
Intangible assets	16,034	14,312
Goodwill	21,310	21,310
TOTAL ASSETS	605,096	503,062
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	38,679	31,879
Income taxes payable	9,083	2,874
Dividends payable	2,421	1,666
Deferred lease inducements	1,172	1,506
Unearned revenue	5,662	5,204
Provisions	442	608
Term loan	276,614	263,294
Convertible debentures	46,937	-
TOTAL LIABILITIES	381,010	307,031
Shareholders' equity		
Share capital	85,307	82,598
Contributed surplus	13,894	9,943
Accumulated other comprehensive income	902	880
Retained earnings	123,983	102,610
TOTAL SHAREHOLDERS' EQUITY	224,086	196,031
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	605,096	503,062

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

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

	Three Months Ended		Nine Months Ended	
	September 30 , 2017	September 30 , 2016	September 30 , 2017	September 30 , 2016
REVENUE				
Interest income	46,011	35,776	126,064	101,305
Lease revenue	32,224	33,825	98,609	104,017
Other	25,475	18,187	71,965	50,889
	103,710	87,788	296,638	256,211
Other income	-	-	-	3,000
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	26,355	22,761	75,970	68,543
Stock-based compensation	1,764	1,134	4,096	3,133
Advertising and promotion	3,930	2,595	13,794	9,215
Bad debts	17,729	14,037	49,019	39,732
Occupancy	8,352	8,334	24,968	24,543
Other expenses	8,940	7,656	27,092	21,402
Transaction advisory costs	-	5,308	-	6,382
	67,070	61,825	194,939	172,950
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	10,039	10,854	30,981	33,441
Depreciation of property and equipment	1,389	1,592	4,044	4,401
Amortization of intangible assets	1,288	1,073	3,731	3,078
	12,716	13,519	38,756	40,920
Total operating expenses	79,786	75,344	233,695	213,870
Operating income	23,924	12,444	62,943	45,341
Finance costs	7,465	5,411	19,868	15,346
Income before income taxes	16,459	7,033	43,075	29,995
Income tax expense (recovery)				
Current	4,938	2,090	9,075	9,317
Deferred	(85)	11	3,234	(2,029)
	4,853	2,101	12,309	7,288
Net income	11,606	4,932	30,766	22,707
Basic earnings per share	0.86	0.37	2.28	1.67
Diluted earnings per share	0.81	0.36	2.17	1.63

Segmented Reporting

(\$ in 000's except earnings per share)	Three Months Ended September 30, 2017			
	easyfinancial	easyhome	Corporate	Total
Revenue	69,728	33,982	-	103,710
Total operating expenses before depreciation and amortization	39,815	17,713	9,542	67,070
Depreciation and amortization	1,772	10,706	238	12,716
Operating income (loss)	28,141	5,563	(9,780)	23,924
Finance costs			7,465	7,465
Income before income taxes	28,141	5,563	(17,245)	16,459
Income taxes				4,853
Net income				11,606
Diluted earnings per share				0.81

(\$ in 000's except earnings per share)	Three Months Ended September 30, 2016			
	easyfinancial	easyhome	Corporate	Total
Revenue	52,648	35,140	-	87,788
Total operating expenses before depreciation and amortization and transaction advisory costs	30,011	18,369	8,137	56,517
Transaction advisory costs	-	-	5,308	5,308
Depreciation and amortization	1,652	11,705	162	13,519
Operating income (loss)	20,985	5,066	(13,607)	12,444
Finance costs			5,411	5,411
Income before income taxes	20,985	5,066	(19,018)	7,033
Income taxes				2,101
Net income				4,932
Diluted earnings per share				0.36

(\$ in 000's except earnings per share)	Nine Months Ended September 30, 2017			
	easyfinancial	easyhome	Corporate	Total
Revenue	193,391	103,247	-	296,638
Total operating expenses before depreciation and amortization	114,164	54,376	26,399	194,939
Depreciation and amortization	5,187	32,853	716	38,756
Operating income (loss)	74,040	16,018	(27,115)	62,943
Finance costs			19,868	19,868
Income before income taxes	74,040	16,018	(46,983)	43,075
Income taxes				12,309
Net income				30,766
Diluted earnings per share				2.17

(\$ in 000's except earnings per share)	Nine Months Ended September 30, 2016			
	easyfinancial	easyhome	Corporate	Total
Revenue	148,077	108,134	-	256,211
Other income	-	-	3,000	3,000
Total operating expenses before depreciation and amortization and transaction advisory costs	88,071	56,464	22,033	166,568
Transaction advisory costs	-	-	6,382	6,382
Depreciation and amortization	4,804	35,626	490	40,920
Operating income (loss)	55,202	16,044	(25,905)	45,341
Finance costs			15,346	15,346
Income before income taxes	55,202	16,044	(41,251)	29,995
Income taxes				7,288
Net income				22,707
Diluted earnings per share				1.63