goeasy Ltd.
TSX Symbol: **GSY**

goeasy Ltd.
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Press Release

May 1, 2018

goeasy Ltd. Reports Results for the First Quarter ended March 31, 2018
Revenue Growth of 22%
Loan Originations Increased 92% Accompanied by Strong Credit Performance

Mississauga, May 1, 2018: *goeasy* Ltd. (TSX: GSY), ("***goeasy***" or the "**Company**"), a leading full-service provider of goods and alternative financial services that provides everyday Canadians with a chance for a better tomorrow, today, announced its results for the first quarter ended March 31, 2018.

Revenue for the first quarter of 2018 was $114.8 million, an increase of 21.8% from $94.2 million in the first quarter of 2017. The increase was driven by the expansion of easyfinancial and the growth of its consumer loans receivable portfolio which reached $601.7 million by quarter's end, up 55.5% from March 31, 2017.

During the quarter, the Company generated a record level of loan originations and loan book growth. Loan originations in the quarter reached an all-time high of $202.4 million, an increase of 90.7% compared with the first quarter of 2017. The growth of the loan book in the quarter reached a record $75.2 million compared to $16.5 million in the first quarter of 2017, an increase of 354.6%. The strong growth was fueled by the increased penetration of risk adjusted rate loans to more credit worthy borrowers, the improved retention of the portfolio, the Company's expansion into Quebec and the introduction of the Company's new secured loan product. The record growth in the quarter was also complemented by strong credit and collections performance as the Company's net charge-off rate improved from 13.9% in the first quarter of 2017 to 12.4% in the current quarter.

Operating income for the three-month period ended March 31, 2018 was $24.9 million, an increase of $4.5 million or 22.1% when compared to the first quarter of 2017. Net income for the quarter was $11.1 million, up $0.8 million or 7.8% from $10.3 million in the first quarter of 2017. Diluted earnings per share for the quarter was $0.77, an increase of $0.04 or 5.5% from $0.73 in the first quarter of 2017.

During the first quarter of 2018, the Company adopted IFRS 9, *Financial Instruments* ["IFRS 9"] which increased the size of the provision for future credit losses that the Company maintained on its balance sheet, although there has been no impact on credit performance or cash flows. This new accounting standard was adopted on January 1, 2018 without the restatement of the prior year's comparative results which reduces the ability to compare financial results between fiscal periods. The Company estimates that net income and diluted earnings per share for the first quarter of 2017 would have been $9.0 million and $0.64, respectively, if the allowance for credit losses was calculated on the same IFRS 9 basis as the current quarter. On this basis, net income increased 22.8% and diluted earnings per share increased 20.3%.

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"We are delighted to see that the positive momentum from our performance in 2017 has accelerated in the first quarter of 2018", said David Ingram, *goeasy*'s Chief Executive Officer. "With our highest loan book growth in a single quarter and our lowest net charge off rate since 2014, our confidence in the business and our ability to achieve our targets has never been stronger. The execution of our strategy, coupled with our focus on helping our customers rebuild their credit, are working well as we also saw net customer growth increase 70% over Q1 2017. As a result of the incremental growth in the quarter compared to last year, we were required to take a larger provision for future credit losses which impacted diluted earnings per share by an incremental $0.31. Mr. Ingram concluded, "Although we had forecasted our loan book to reach between $700 to $750 million by the end of 2018, we now believe that due to the customer demand we will achieve or exceed the high end of that range and will provide a fresh outlook on our 3-year growth targets when we report Q2 results."

Other highlights for the first quarter of 2018 include:

easyfinancial

- Revenue increased by 34.9% to $80.4 million from $59.6 million in the first quarter of 2017.
- Delinquency rates on the final Saturday of the quarter improved to 4.5% from 5.2% on the final Saturday of the first quarter of 2017.
- Cash generated from easyfinancial customer payments was $131.8 million in the first quarter of 2018 compared to $99.5 million in the first quarter of 2017.
- 5 net new branches opened.

easyhome

- Same store revenue increased 3.6%.
- Generated $1.0 million of revenue related to consumer lending.
- The operating margin for easyhome for the first quarter of 2018 was 15.7%, up from the 14.9% reported for the same period in 2017.

Overall

- 32nd consecutive quarter of same store sales growth.
- 67th consecutive quarter of positive net income.
- Pre-tax, pre-provision income, which is income before income taxes provisions for future credit losses, increased by 38.1% to $39.6 million from $28.7 million in the first quarter of 2017.
- The Company's return on equity was 19.8% in the current quarter.

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Balance Sheet and Liquidity

Total assets were $755.4 million as at March 31, 2018, an increase of 43.5% from $526.5 million as at March 31, 2017 and driven by the $214.7 million growth in the gross consumer loans receivable portfolio.

As at March 31, 2018, the Company had $57.3 million in cash and an additional $110.0 million from committed facilities available to support future growth.

Update on IFRS 9

As detailed in the Company's Management Discussion and Analysis for the three months ended March 31, 2018, effective January 1, 2018, the Company adopted IFRS 9. IFRS 9 introduces a new expected loss impairment model which replaces the existing incurred loss impairment model under IAS 39, *Financial Instruments* ["IAS 39"].

Under the previous accounting standard, IAS 39, a collective allowance for loan loss was recorded on those loans, or groups of loans, where a loss event has occurred but has not been reported, as at, or prior to, the balance sheet date. Under IFRS 9, the Company is required to apply an expected credit loss model, where credit losses that are expected to transpire in future years irrespective of whether a loss event has occurred or not as at the balance sheet date, are provided for.

It is important to note that the adoption of IFRS 9 does not impact the net charge-off rate of the Company's consumer loans receivable portfolio which is driven by borrowers' credit profile and behaviour. The Company will continue to write off unsecured customer balances that are delinquent greater than 90 days and secured customer balances that are delinquent greater than 180 days. Likewise, the cash flows used in and generated by the Company's consumer loans receivable portfolio are not 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's allowance for loan losses, as determined under IAS 39, as at December 31, 2017, was $31.7 million which represented 6.0% of the gross consumer loans receivables. The Company determined that its allowance for loan losses, as determined under IFRS 9, as at January 1, 2018, was $49.1 million which represented 9.3% of the gross consumer loans receivable, resulting in an increase to its allowance for loan losses of $17.4 million. This increase in the allowance for loan losses was not indicative of a change in the expected recovery value of the underlying consumer loans receivable but rather a function of extending the allowance for loan losses to provide for expected future losses over a longer future time frame as required under IFRS 9.

In addition to the one-time reduction to retained earnings upon the adoption of IFRS 9 on January 1, 2018, the requirements of IFRS 9 will result in a reduction to IFRS reported net income in periods

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where the Company experiences growth in its consumer loans receivable portfolio. Due to the transition from an incurred loss model to a future expected credit loss model as required under IFRS 9, the Company's allowance for credit losses as a percentage of the gross consumer loans receivable outstanding will be higher. Operationally, this will require a larger provision to be taken when new consumer loans receivables are originated. This will result in greater bad debt expense and a corresponding decrease in reported net income when compared to net income reported under the prior standard, IAS 39.

Dividend

The Board of Directors has approved a quarterly dividend of $0.225 per share payable on July 13, 2018 to the holders of common shares of record as at the close of business on June 29, 2018.

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 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.

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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. is a leading full-service provider of goods and alternative financial services that provides everyday Canadians with a chance for a better tomorrow, 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.

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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.

For further information contact:

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-or-

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goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(expressed in thousands of Canadian dollars)

	As At March 31, 2018	As At December 31, 2017
ASSETS		
Cash	**57,292**	109,370
Amounts receivable	**15,065**	14,422
Prepaid expenses	**5,954**	3,545
Consumer loans receivable	**565,407**	513,425
Lease assets	**51,663**	54,318
Property and equipment	**15,525**	15,941
Deferred tax assets	**8,833**	2,121
Intangible assets	**14,304**	15,163
Goodwill	**21,310**	21,310
TOTAL ASSETS	**755,353**	749,615
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	**39,098**	43,071
Income taxes payable	**14,369**	9,445
Dividends payable	**3,058**	2,426
Deferred lease inducements	**1,098**	1,294
Unearned revenue	**5,676**	4,819
Convertible debentures	**47,025**	47,985
Notes payable	**420,649**	401,193
Derivative financial instruments	**4,281**	11,138
TOTAL LIABILITIES	**535,254**	521,371
Shareholders' equity		
Share capital	**88,021**	85,874
Contributed surplus	**12,276**	15,305
Accumulated other comprehensive (loss) income	**(2,480)**	141
Retained earnings	**122,282**	126,924
TOTAL SHAREHOLDERS' EQUITY	**220,099**	228,244
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**755,353**	749,615

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Three Months Ended	
	March 31, 2018	**March 31, 2017**
REVENUE		
Interest income	**53,791**	38,134
Lease revenue	**30,669**	31,910
Commissions earned	**26,939**	20,973
Charges and fees	**3,378**	3,228
	114,777	94,245
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION		
Salaries and benefits	**28,475**	23,822
Stock-based compensation	**1,619**	1,066
Advertising and promotion	**3,929**	3,432
Bad debts	**24,378**	14,117
Occupancy	**8,562**	8,312
Other expenses	**9,503**	9,835
	76,466	60,584
DEPRECIATION AND AMORTIZATION		
Depreciation of lease assets	**10,002**	10,722
Depreciation of property and equipment	**1,618**	1,324
Amortization of intangible assets	**1,767**	1,202
	13,387	13,248
Total operating expenses	**89,853**	73,832
Operating income	**24,924**	20,413
Finance costs	**9,670**	5,825
Income before income taxes	**15,254**	14,588
Income tax expense (recovery)		
Current	**4,922**	5,447
Deferred	**(742)**	(1,129)
	4,180	4,318
Net income	**11,074**	10,270
Basic earnings per share	**0.81**	0.76
Diluted earnings per share	**0.77**	0.73

Segmented Reporting

($ in 000's except earnings per share)	Three Months Ended March 31, 2018			
	easyfinancial	easyhome	Corporate	Total
Revenue	**80,366**	**34,411**	**-**	**114,777**
Total operating expenses before depreciation and amortization	**48,537**	**18,431**	**9,498**	**76,466**
Depreciation and amortization	**2,368**	**10,566**	**453**	**13,387**
Operating income (loss)	**29,461**	**5,414**	**(9,951)**	**24,924**
Finance costs				**9,670**
Income before income taxes				**15,254**
Income taxes				**4,180**
Net Income				**11,074**
Diluted earnings per share				**0.77**

($ in 000's except earnings per share)	Three Months Ended March 31, 2017			
	easyfinancial	easyhome	Corporate	Total
Revenue	59,553	34,692	-	94,245
Total operating expenses before depreciation and amortization	33,322	18,199	9,063	60,584
Depreciation and amortization	1,688	11,325	235	13,248
Operating income (loss)	24,543	5,168	(9,298)	20,413
Finance costs				5,825
Income before income taxes				14,588
Income taxes				4,318
Net Income				10,270
Diluted earnings per share				0.73