



goeasy Ltd. Reports Record Results for the Second Quarter

Loan Portfolio of \$1.13 billion, up 18%
Net Charge-Off Rate of 10%, down 350 bps
Adjusted Diluted Earnings per Share of \$1.89, up 50%
Total Liquidity of \$260 million, up 30%

MISSISSAUGA, Ontario, Aug. 12, 2020 -- goeasy Ltd. (TSX: GSY) ("**goeasy**" or the "**Company**"), a leading full-service provider of goods and alternative financial services, announced its results for the second quarter ended June 30, 2020.

Second Quarter Results

During the quarter, the Company generated record financial results, driven by strong credit performance and prudent expense controls, leading to an increase in cash flows and liquidity.

The effects of the COVID-19 pandemic, which included stay at home orders, increased government subsidies and reduced living expenses for consumers, served to temporarily reduce overall demand. As such, the Company generated \$171 million in total loan originations, down 38% from the \$276 million in the second quarter of 2019. The lower level of originations, combined with the Company's focus on managing its existing consumer loan book, led to a reduction in the loan portfolio of -\$31.6 million during the quarter, which finished at \$1.13 billion, up 18% from \$960 million as of June 30, 2019. Revenue for the second quarter, which was partially impacted by lower commissions on ancillary products primarily related to higher levels of loan protection insurance claims, was \$151 million, up 2% over the same period in 2019.

The Company also continued to experience strong credit and payment performance. Use of the Company's loan protection insurance program, increased government subsidies, assistance provided by banks and other lenders such as payment deferral programs and reduced living expenses, combined with previous credit model enhancements, resulted in an improvement to credit losses. The net charge-off rate for the second quarter was a record low 10%, compared to 13.5% in the second quarter of 2019 and 13.2% in the first quarter of 2020. Although there remains uncertainty about the exact timing and pace of an economic recovery, improvements in underlying credit performance and the general macroeconomic environment, resulted in the Company holding its allowance for future credit losses broadly flat at 10.05%.

Reduced operating expenses and record low credit losses led to operating income of \$54 million, up 32% from \$40.9 million in the second quarter of 2019, while the operating margin expanded to 35.8%, up from 27.7% in the prior year. During the quarter, the Company also recorded a \$4 million pre-tax increase to the carrying value of its minority equity investment in PayBright, a Canadian payments platform focused on instant point-of-sale consumer financing and buy-now-pay-later programs.

Net income in the second quarter was a record \$32.5 million, up 66% from \$19.6 million in 2019, which resulted in diluted earnings per share of \$2.11, up 67% from the \$1.26 in the second quarter of 2019. Return on equity was a record 37%, up from 25.2% in the second quarter of 2019. After adjusting for the increase in the carrying value of the Company's minority equity investment, net income was a record \$29.1 million and diluted earnings per share was \$1.89, an increase of 49% and 50% respectively, while return on equity was 33.1%.

"As we continued to prioritize the safety and well-being of our team, customers, and communities throughout the pandemic, the second quarter also highlighted the unique strength and resiliency of our business model. Record low credit losses and reduced originations combined to produce excess cash flows, which lifted our total liquidity to \$260 million during the quarter and enabled us to repurchase an additional \$20 million of our shares at an attractive return level," said Jason Mullins, goeasy's President and Chief Executive Officer, "During the quarter we also recognized a gain on our investment in PayBright, as their annualized revenues have now increased by over 85% since we arranged our equity position. Together with the strong operating results and prudent expense controls, we were pleased to produce record earnings in the quarter."

Other Key Second Quarter Highlights

easyfinancial

- Secured loan portfolio grew to \$126 million, up 42%
- 49% of net loan advances in the quarter were issued to new customers, down from 66%
- 42% of applications acquired online, down from 46%
- Aided brand awareness of 84%, up from 83%
- Average loan book per branch improved to \$3.6 million, an increase of 11%
- The delinquency rate on the final Saturday of the quarter was a record low 3.7%, down from 4.3%
- Operating income of \$60.1 million, up 28%
- Operating margin of 51.9%, up from 41.4%

easyhome

- Revenue of \$34.9 million, up 1%
- Same store revenue growth of 2.1%
- Consumer lending portfolio within easyhome stores increased to \$40.4 million, up 37%
- Revenue from consumer lending increased to \$5.1 million, up 32%
- Operating income of \$7.5 million, up 34%
- Operating margin of 21.4%, up from 16.1%

Overall

- 41st consecutive quarter of same store sales growth
- 76th consecutive quarter of positive net income
- 16th consecutive year of paying dividends and 6th consecutive year of dividend increases
- Total same store revenue growth of 1.1%
- Record return on equity of 37% in the quarter, up from 25.2%
- Fully drawn weighted average cost of borrowing reduced to 5.1%, down from 6.8%
- Net external debt to net capitalization of 70% on June 30, 2020, in line with the Company's target leverage ratio of 70%
- Repurchased 375,185 common shares at a weighted average price of \$53.31 through the Company's Normal Course Issuer Bid, bringing total share repurchases year to date to 579,335
- No reduction of personnel during COVID-19

Six Months Results

For the first six months of 2020, goeasy produced revenues of \$318 million, up 11% compared with \$288 million in the same period of 2019. Operating income for the period was \$98.2 million compared with \$79.7 million in the first six months of 2019, an increase of \$18.5 million or 23%. Net income for the first six months of 2020 was \$54.5 million and diluted earnings per share was \$3.51 compared with \$37.8 million or \$2.44 per share, increases of 44%. After adjusting for the increase in the carrying value of the Company's minority equity investment, net income for the first six months of 2020 was \$51.1 million and diluted earnings per share was \$3.29, increases of 35%, while return on equity was 29.6%.

Balance Sheet and Liquidity

Total assets were \$1.35 billion as of June 30, 2020, an increase of 21% from \$1.12 billion as of June 30, 2019, driven by the growth in the consumer loan portfolio.

On June 29, 2020, the Company issued a notice of its intention to redeem all 5.75% convertible unsecured subordinated debentures maturing on July 31, 2022 (the "Convertible Debentures") that are issued and outstanding on July 31, 2020 (the "Redemption Date"). The Convertible Debentures are redeemable at a redemption price equal to their principal amount, plus accrued and unpaid interest thereon up to, but excluding, the Redemption Date. As of the close of business on June 28, 2020, there was \$43,806,000 principal amount of Convertible Debentures issued and outstanding, of which the holders of approximately \$41,379,000 aggregate principal amount elected to convert their Convertible Debentures into approximately 954,302 common shares prior to the Redemption Date. On the Redemption Date, the Company redeemed the \$2,427,000 aggregate principal amount of Convertible Debentures that remained unconverted on that date.

Cash provided by operating activities before the net issuance of consumer loans receivable and purchase of lease assets was \$83.4 million during the quarter, an increase of 24% from \$67.3 million in the second quarter of 2019.

Based on the cash on hand at the end of the quarter and the borrowing capacity under the Company's revolving credit facility, goeasy had approximately \$260 million in total funding capacity, which it estimates is sufficient to fund its growth through the fourth quarter of 2022. At quarter-end, the Company's fully drawn weighted average cost of borrowing reduced to 5.1%, down from 6.8% in the prior year, with incremental draws on its senior secured revolving credit facility bearing a rate of approximately 3.6% due to the lower interest rate environment. The Company also estimates that once its existing and available sources of capital are fully utilized, it could continue to grow the loan portfolio by approximately \$150 million per year solely from internal cash flows.

The Company also estimates that as of June 30, 2020, if it were to run-off its consumer loan and consumer leasing portfolios, the value of the total cash repayments paid to the Company over the remaining life of its contracts would be approximately \$2 billion. If during such a run-off scenario all excess cash flows were applied directly to debt, the Company estimates it would extinguish all external debt within 18 months.

COVID-19 & Future Outlook

Due to the current uncertainty relating to the impacts of COVID-19, the Company intends to re-publish a 3-year forecast when the economic conditions and outlook stabilize. However, the Company remains confident that it is well positioned to navigate through the current economic downturn and has begun to see conditions gradually improve. Recent trends include:

- **Improving Consumer Demand:** The effects of the pandemic, which included stay at home orders, increased government subsidies and reduced expenses for consumers, led to temporarily reduced demand. In April, during the peak period of the economic shutdown, loan originations were \$38 million, down -56% year-over-year. In May, loan origination volume improved to \$51 million, down -50%, followed by \$83 million in June, down only -8%. In July, demand elevated further, as loan originations climbed to approximately \$97 million, down only -7% compared to the same period of the prior year, and the highest month year to date in 2020.

- **Declining Loan Protection Insurance Claims:** The majority of easyfinancial customers have Loan Protection Insurance, offered by Assurant Inc., a global provider of risk-management solutions, which covers a borrower's full loan payment for a period of 6 consecutive months in the event of unemployment. At the peak period in April, approximately \$7.8 million of claims payments were made to easyfinancial on behalf of its customers. In May the total claims paid reduced slightly to \$7.7 million, while in June they reduced further to \$6.2 million. In the month of July claims paid have subsequently declined to \$4.4 million and more than half of all customers who previously submitted an insurance claim have returned to making their regularly scheduled payments.
- **Solutions to Support Borrowers below Pre-COVID Levels:** easyfinancial has a suite of loan amendment solutions that it can offer borrowers to support them through a difficult financial period. These include temporarily deferring loan payments or extending the term of a loan to reduce the regular payment obligation. In April approximately 12% of customers utilized a form of support, as compared to approximately 7%-8% in a typical month prior to the pandemic. In May the portion of borrowers utilizing a form of support reduced to below pre-COVID levels at approximately 6.3%, followed by 6% in June. In July, the portion of customers that used support continued to remain below pre-COVID levels at approximately 6.8%.
- **Strong Customer Payment Performance:** The Company has continued to observe a strong level of true overall payment performance. In the month of April, the Company collected 93% of the customer payments it would collect under normal conditions, relative to the size of its consumer loan portfolio. In May this figure increased to 95%, rising further to 100% in June. In July, the Company collected 102% of the customer payment volume it would normally collect prior to the pandemic, highlighting the condition of the consumer to meet their debt obligations.

"We remain optimistic that the worst of the health and economic crisis is behind us and have begun to see many positive trends emerge in the business. After experiencing moderate growth in the loan portfolio in both June and July, consumer demand for credit appears to be gradually rebuilding and we expect to grow the loan portfolio by approximately 3% to 5% in the third quarter, improving further thereafter. We also continue to experience record low credit losses, with the net charge-off rate expected to finish at, or below, 10% in the third quarter," Mr. Mullins concluded, "Thanks to the passion and commitment of our goeasy team members, we have been able to support our customers through this difficult period, while demonstrating the strength of our business model. With gradually improving operating results, stable credit performance and sufficient liquidity to fund our organic business growth for several years into the future, we are well positioned to execute on our strategy and pursue the many new growth opportunities that lie ahead."

Dividend

The Board of Directors has approved a quarterly dividend of \$0.45 per share payable on October 9, 2020 to the holders of common shares of record as at the close of business on September 25, 2020.

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.

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 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.

About goeasy

goeasy Ltd., a Canadian company, headquartered in Mississauga, Ontario, provides non-prime leasing and lending services through its [easyhome](#) and [easyfinancial](#) divisions. With a wide variety of financial products and services including [unsecured and secured instalment loans](#), goeasy aspires to help put Canadians on a path to a better financial future, as they rebuild their credit and graduate to prime lending. Customers can transact seamlessly with easyhome and easyfinancial through an omnichannel model that includes online and mobile, as well as over 400 leasing and lending locations across Canada supported by more than 2,000 employees. Throughout the company's history, it has served over 1 million Canadians and originated over \$4.4 billion in loans, with one in three customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing.

goeasy is the proud recipient of several awards including Waterstone Canada's Most Admired Corporate Cultures, Glassdoor Top CEO Award, Achievers Top 50 Most Engaged Workplaces in North America, Greater Toronto Top Employers Award, the Digital Finance Institute's Canada's Top 50 FinTech Companies, ranking on the TSX30 and placing on the Report on Business ranking of Canada's Top Growing Companies. The company and its employees believe strongly in giving back to the communities in which it operates and has raised over \$3 million to support its long-standing partnerships with the Boys & Girls Clubs of Canada and Habitat for Humanity.

goeasy Ltd.'s common shares are listed 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. 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 June 30, 2020	As At December 31, 2019
ASSETS		
Cash	54,765	46,341
Amounts receivable	7,286	18,482
Prepaid expenses	4,088	7,077
Consumer loans receivable, net	1,057,337	1,040,552
Investment	38,300	34,300
Lease assets	44,538	48,696
Property and equipment, net	27,868	23,007
Deferred tax assets	6,912	14,961
Derivative financial assets	23,585	-
Intangible assets, net	21,077	17,749
Right-of-use assets, net	45,153	46,147
Goodwill	21,310	21,310
TOTAL ASSETS	1,352,219	1,318,622

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Revolving credit facility	102,934	112,563
Accounts payable and accrued liabilities	37,481	41,350
Income taxes payable	11,575	4,187
Dividends payable	6,282	4,448
Unearned revenue	9,131	8,082
Derivative financial liabilities	-	16,435

Lease liabilities	51,439	52,573
Accrued interest	4,188	4,358
Convertible debentures	41,020	40,656
Notes payable	734,824	701,549
TOTAL LIABILITIES	998,874	986,201
Shareholders' equity		
Share capital	142,061	141,956
Contributed surplus	17,702	20,296
Accumulated other comprehensive income (loss)	4,824	(915)
Retained earnings	188,758	171,084
TOTAL SHAREHOLDERS' EQUITY	353,345	332,421
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,352,219	1,318,622

goeasy Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

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

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
REVENUE				
Interest income	100,866	82,560	200,966	159,290
Lease revenue	28,002	28,352	55,816	57,834
Commissions earned	19,348	33,352	54,626	63,432
Charges and fees	2,461	3,590	6,471	7,158
	150,677	147,854	317,879	287,714
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	34,124	30,430	65,826	59,107
Stock-based compensation	1,771	2,189	3,869	4,076
Advertising and promotion	4,504	6,936	10,818	12,786
Bad debts	24,666	35,765	73,284	70,159
Occupancy	5,805	5,023	11,487	10,003
Technology costs	3,313	3,019	6,682	5,757
Other expenses	6,459	7,566	15,754	13,767
	80,642	90,928	187,720	175,655
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	9,065	9,378	18,089	19,028
Depreciation of right-of-use assets	3,944	3,677	7,941	7,468
Depreciation of property and equipment	1,425	1,549	3,037	3,050
Amortization of intangible assets	1,607	1,391	2,879	2,772
	16,041	15,995	31,946	32,318
TOTAL OPERATING EXPENSES	96,683	106,923	219,666	207,973
OPERATING INCOME	53,994	40,931	98,213	79,741
OTHER INCOME				
Unrealized fair value gain on investment	4,000	-	4,000	-
FINANCE COSTS				

Interest expense and amortization of deferred financing charges	13,405	13,244	27,081	26,142
Interest expense on lease liabilities	667	592	1,335	1,195
	14,072	13,836	28,416	27,337
INCOME BEFORE INCOME TAXES	43,922	27,095	73,797	52,404
INCOME TAX EXPENSE				
Current	6,001	6,497	13,298	13,854
Deferred	5,379	1,030	5,978	709
	11,380	7,527	19,276	14,563
NET INCOME	32,542	19,568	54,521	37,841
BASIC EARNINGS PER SHARE	2.25	1.34	3.74	2.58
DILUTED EARNINGS PER SHARE	2.11	1.26	3.51	2.44

Segmented Reporting

(\$ in 000's except earnings per share)	Three Months Ended June 30, 2020			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	96,846	4,020	-	100,866
Lease revenue	-	28,002	-	28,002
Commissions earned	17,346	2,002	-	19,348
Charges and fees	1,545	916	-	2,461
	115,737	34,940	-	150,677
Total operating expenses before depreciation and amortization	51,999	16,181	12,462	80,642
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,770	9,441	886	12,097
Depreciation of right-of-use assets	1,865	1,827	252	3,944
	3,635	11,268	1,138	16,041
Segment operating income (loss)	60,103	7,491	(13,600)	53,994
Other income				
Unrealized fair value gain on investment				4,000
Finance costs				
Interest expense and amortization of deferred financing charges				13,405
Interest expense on lease liabilities				667
				14,072
Income before income taxes				43,922
Income taxes				11,380
Net Income				32,542
Diluted earnings per share				2.11
(\$ in 000's except earnings per share)	Three Months Ended June 30, 2019			
	easyfinancial	easyhome	Corporate	Total

Revenue				
Interest income	79,817	2,743	-	82,560
Lease revenue	-	28,352	-	28,352
Commissions earned	31,277	2,075	-	33,352
Charges and fees	2,242	1,348	-	3,590
	113,336	34,518	-	147,854
Total operating expenses before depreciation and amortization	63,085	17,172	10,671	90,928
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,777	9,829	712	12,318
Depreciation of right-of-use-assets	1,539	1,945	193	3,677
	3,316	11,774	905	15,995
Segment operating income (loss)	46,935	5,572	(11,576)	40,931
Finance costs				
Interest expense and amortization of deferred financing charges				13,244
Interest expense on lease liabilities				592
				13,836
Income before income taxes				27,095
Income taxes				7,527
Net Income				19,568
Diluted earnings per share				1.26

(\$ in 000's except earnings per share)	Six Months Ended June 30, 2020			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	192,940	8,026	-	200,966
Lease revenue	-	55,816	-	55,816
Commissions earned	50,311	4,315	-	54,626
Charges and fees	4,274	2,197	-	6,471
	247,525	70,354	-	317,879
Total operating expenses before depreciation and amortization	128,755	33,220	25,745	187,720
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	3,470	18,852	1,683	24,005
Depreciation of right-of-use assets	3,714	3,771	456	7,941
	7,184	22,623	2,139	31,946
Segment operating income (loss)	111,586	14,511	(27,884)	98,213
Other income				
Unrealized fair value gain on investment				4,000
Finance costs				
Interest expense and amortization of deferred financing charges				27,081
Interest expense on lease liabilities				1,335
				28,416

Income before income taxes	73,797
Income taxes	19,276
Net Income	54,521
Diluted earnings per share	3.51

(\$ in 000's except earnings per share)	Six Months Ended June 30, 2019			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	154,234	5,056	-	159,290
Lease revenue	-	57,834	-	57,834
Commissions earned	59,323	4,109	-	63,432
Charges and fees	4,390	2,768	-	7,158
	217,947	69,767	-	287,714
Total operating expenses before depreciation and amortization	123,011	33,090	19,554	175,655
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	3,595	19,930	1,325	24,850
Depreciation of right-of-use-assets	3,056	4,027	385	7,468
	6,651	23,957	1,710	32,318
Segment operating income (loss)	88,285	12,720	(21,264)	79,741
Finance costs				
Interest expense and amortization of deferred financing charges				26,142
Interest expense on lease liabilities				1,195
				27,337
Income before income taxes				52,404
Income taxes				14,563
Net Income				37,841
Diluted earnings per share				2.44

Summary of Financial Results and Key Performance Indicators

(\$ in 000's except earnings per share and percentages)	Three Months Ended		Variance \$ / bps	Variance % change
	June 30, 2020	June 30, 2019		
Summary Financial Results				
Revenue	150,677	147,854	2,823	1.9%
Operating expenses before depreciation and amortization	80,642	90,928	(10,286)	(11.3%)
EBITDA	64,970	47,548	17,422	36.6%
EBITDA margin	43.1%	32.2%	1,090 bps	33.9%
Depreciation and amortization expense	16,041	15,995	46	0.3%
Operating income	53,994	40,931	13,063	31.9%
Operating margin	35.8%	27.7%	810 bps	29.2%
Other income ¹	4,000	-	4,000	100.0%
Finance costs	14,072	13,836	236	1.7%

Effective income tax rate	25.9%	27.8%	(190 bps)	(6.8%)
Net income	32,542	19,568	12,974	66.3%
Diluted earnings per share	2.11	1.26	0.85	67.5%
Return on equity	37.0%	25.2%	1,180 bps	46.8%
Adjusted (Normalized) Financial Results¹				
Adjusted EBITDA	60,970	47,548	13,422	28.2%
Adjusted EBITDA margin	40.5%	32.2%	830 bps	25.8%
Adjusted net income	29,072	19,568	9,504	48.6%
Adjusted diluted earnings per share	1.89	1.26	0.63	50.0%
Adjusted return on equity	33.1%	25.2%	790 bps	31.3%
Key Performance Indicators				
Same store revenue growth (overall)	1.1%	19.9%	(1,880 bps)	(94.5%)
Same store revenue growth (easyhome)	2.1%	3.8%	(170 bps)	(44.7%)
Segment Financials				
easyfinancial revenue	115,737	113,336	2,401	2.1%
easyfinancial operating margin	51.9%	41.4%	1,050 bps	25.4%
easyhome revenue	34,940	34,518	422	1.2%
easyhome operating margin	21.4%	16.1%	530 bps	32.9%
Portfolio Indicators				
Gross consumer loans receivable	1,134,482	959,708	174,774	18.2%
Growth in consumer loans receivable	(31,573)	80,338	(111,911)	(139.3%)
Gross loan originations	170,842	276,355	(105,513)	(38.2%)
Total yield on consumer loans (including ancillary products)	42.6%	50.4%	(780 bps)	(15.5%)
Net charge-offs as a percentage of average gross consumer loans receivable	10.0%	13.5%	(350 bps)	(25.9%)
Potential monthly lease revenue	8,204	8,365	(161)	(1.9%)

(\$ in 000's except earnings per share and percentages)	Six Months Ended		Variance \$ / bps	Variance % change
	June 30, 2020	June 30, 2019		
Summary Financial Results				
Revenue	317,879	287,714	30,165	10.5%
Operating expenses before depreciation and amortization	187,720	175,655	12,065	6.9%
EBITDA	116,070	93,031	23,039	24.8%
EBITDA margin	36.5%	32.3%	420 bps	13.0%
Depreciation and amortization expense	31,946	32,318	(372)	(1.2%)
Operating income	98,213	79,741	18,472	23.2%
Operating margin	30.9%	27.7%	320 bps	11.6%
Other income ¹	4,000	-	4,000	100.0%
Finance costs	28,416	27,337	1,079	3.9%
Effective income tax rate	26.1%	27.8%	(170 bps)	(6.1%)
Net income	54,521	37,841	16,680	44.1%
Diluted earnings per share	3.51	2.44	1.07	43.9%
Return on equity	31.6%	24.7%	690 bps	27.9%
Adjusted (Normalized) Financial Results¹				
Adjusted EBITDA	112,070	93,031	19,039	20.5%
Adjusted EBITDA margin	35.3%	32.3%	300 bps	9.3%
Adjusted net income	51,051	37,841	13,210	34.9%
Adjusted diluted earnings per share	3.29	2.44	0.85	34.8%
Adjusted return on equity	29.6%	24.7%	490 bps	19.8%
Key Performance Indicators				
Same store revenue growth (overall)	10.0%	20.3%	(1,030 bps)	(50.7%)
Same store revenue growth (easyhome)	3.3%	4.2%	(90 bps)	(21.4%)

Segment Financials

easyfinancial revenue	247,525	217,947	29,578	13.6%
easyfinancial operating margin	45.1%	40.5%	460 bps	11.4%
easyhome revenue	70,354	69,767	587	0.8%
easyhome operating margin	20.6%	18.2%	240 bps	13.2%

Portfolio Indicators

Gross consumer loans receivable	1,134,482	959,708	174,774	18.2%
Growth in consumer loans receivable	23,849	125,929	(102,080)	(81.1%)
Gross loan originations	412,445	495,793	(83,348)	(16.8%)
Total yield on consumer loans (including ancillary products)	45.2%	50.2%	(500 bps)	(10.0%)
Net charge-offs as a percentage of average gross consumer loans receivable	11.6%	13.4%	(180 bps)	(13.4%)
Potential monthly lease revenue	8,204	8,365	(161)	(1.9%)

¹During the second quarter of 2020, the Company recognized an unrealized fair value gain before-tax of \$4.0 million on its investment in PayBright.