

Rifco Agrees To Be Acquired by CanCap Group

Transaction Highlights

All cash consideration of \$1.18 per Rifco Share represents a significant premium of approximately 39% to the closing price of Rifco Shares on January 31, 2020

Transaction resulting from the strategic review process completed by the Special Committee

Special Committee and Board of Directors unanimously recommend the Transaction to Rifco Shareholders

Board of Directors has unanimously determined that the Transaction is in the best interests of Rifco

100% cash consideration provides immediate liquidity and certainty of value for Rifco Shareholders

Red Deer, AB & Toronto, ON – February 3, 2020 – Rifco Inc. (TSXV: RFC) (“Rifco” or the “Company”), a leading Canadian alternative auto finance company, and CanCap Group Inc. (“CanCap”), parent of AutoCapital Canada Inc. (“ACC”), a national originator, servicer and acquirer of automotive loans, today announce that they have entered into a definitive arrangement agreement (the “Agreement”) pursuant to which CanCap will acquire all of the issued and outstanding common shares of Rifco (the “Rifco Shares”) by way of a statutory plan of arrangement under the *Business Corporations Act* of Alberta (the “Transaction”).

Under the terms of the Agreement, each Rifco shareholder (the “Rifco Shareholders”) will receive cash consideration of \$1.18 for each Rifco Share held (the “Consideration”), representing aggregate consideration of approximately \$25.5 million on a fully diluted basis. The Consideration represents an approximately 39% premium to the closing price of Rifco Shares on January 31, 2020, an approximately 46% premium to the volume weighted average price (“VWAP”) of the Rifco Shares over the last 20 trading days, and an approximately 48% premium to the VWAP of the Rifco Shares over the last 60 trading days. The Agreement is not subject to any financing condition.

“The combination of ACC and Rifco creates a strong foundation to accelerate growth nationally in this competitive market,” said Steve Malone, President & COO, CanCap. “We share similar values, approach to credit risk, enjoy complementary market leadership and similar assets under administration that will further strengthen our Canadian auto lending business long term.”

“The Special Committee of the Board of Directors ran an exhaustive process, the completion of which is the proposal we are putting to shareholders today,” stated Bill Graham, President and Chief Executive Officer of Rifco. Mr. Graham continued, “the Special Committee and the Board considered numerous alternatives, and the proposed transaction provides immediate liquidity and certainty of value and we believe it to be in the best interest of shareholders.”

Special Committee and Board of Directors Recommendations

A special committee of Rifco's Board of Directors (the “Special Committee”) was constituted to review strategic alternatives for Rifco, further to which Raymond James was retained as financial advisor to implement a process to solicit proposals from potential Transaction counterparties. Raymond James has provided a fairness opinion to the Special Committee (the “Fairness Opinion”) stating that in its opinion, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be received by the Rifco Shareholders pursuant to the Transaction is fair, from a financial point of view, to the Rifco Shareholders.

The Board of Directors, after receiving financial and legal advice, and following receipt of the Fairness Opinion and the unanimous recommendation of the Special Committee, has unanimously determined that the Transaction is in the best interests of Rifco and is recommending that Rifco Shareholders vote in favour of the Transaction. In approving the Transaction and making its recommendation, the Board of Directors considered, among other things, the results of the strategic review process conducted by the Special Committee. Pursuant to that process, an extensive market check was conducted in which numerous potential strategic and financial Transaction counterparties were approached regarding a potential Transaction. Of those potential counterparties, the Transaction presented by CanCap represented the greatest available consideration to Rifco Shareholders.



It's about time.

Transaction Details

The Agreement will be implemented by way of a statutory plan of arrangement under the *Business Corporations Act* of Alberta and is subject to approval of 66 2/3% of the votes cast by Rifco Shareholders at a special meeting of Rifco Shareholders to be called to approve the Transaction (the “Special Meeting”).

The completion of the Transaction will also be subject to obtaining required court and other approvals and satisfaction of closing conditions customary for a transaction of this nature. The Agreement includes customary deal-protection provisions. Rifco is subject to non-solicitation provisions and in certain circumstances, the Board of Directors may terminate the Agreement in favour of an unsolicited superior proposal, subject to the payment of a termination fee of \$1.0 million and subject to a right of CanCap to match such superior proposal.

It is anticipated that the management information circular (the “Circular”) will be mailed to Rifco Shareholders and the Special Meeting will be held in late-February and late-March, 2020, respectively. Following closing of the Transaction, the Rifco Shares would be delisted from the TSXV. The Transaction is expected to close in the first quarter of 2020.

Advisors and Counsel

Raymond James Ltd. is acting as exclusive financial advisor and provided the Fairness Opinion to Rifco in connection with the Transaction. DLA Piper (Canada) LLP is acting as counsel to Rifco.

RBC Capital Markets is acting as exclusive financial advisor to CanCap in connection with the Transaction. Aird & Berlis LLP is acting as counsel to CanCap.

Additional Information about the Transaction

A copy of the written Fairness Opinion, and a description of the various factors considered by the Board of Directors of the Company in its determination to approve the Transaction, as well as other relevant background information, will be included in the Circular to be sent to the Company's shareholders in advance of the Special Meeting. The Circular, the Arrangement Agreement, including the plan of arrangement, and certain related documents will be filed with the Canadian securities regulators and will be available on SEDAR at www.sedar.com.

About CanCap Group Inc.

CanCap Group Inc. is a privately-held originator, servicer and acquirer of automotive, consumer and merchant credit portfolios. CanCap's businesses include: AutoCapital Canada Inc. an auto financing business of indirect and third-party originations and servicing of automotive loans; ConsumerCapital Canada Inc., an online-based personal loans company; and MerchantCapital Canada Inc., a merchant lending company for emerging retail and fintech financing companies.

About Rifco Inc.

Rifco Inc. is focused on being the best alternative auto finance company through its wholly owned subsidiary Rifco National Auto Finance Corporation. Our mission is to help deserving Canadians own automobiles.

Rifco seeks to create sustainable long-term competitive advantages through personalized partnerships with dealers, innovative products, the use of industry-leading data and analytics, and leading collections practices. Rifco's corporate culture fosters employees that are highly engaged, innovative, and performance driven.



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PRESS RELEASE

Caution Regarding Forward-Looking Information

This press release may contain forward-looking statements with respect to the Company, its products and operations and the contemplated financing. These statements generally can be identified by use of forward looking words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “intends”, “believe” or “continue” or the negative thereof or similar variations. The actual results and performance of the Company discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations, and the factors described under "Risk Factors" in the Management's Discussion and Analysis and Annual Information Form of the Company which are available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to the Company and persons acting on their behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the Company has no obligation to update such statements.

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