

Corrected - Rifco Reports First Quarter Results

Red Deer, Alberta, August 20, 2020: Rifco Inc. (TSXV: RFC) (“Rifco” or the “Company”) the largest publicly-traded alternative auto finance company in Canada, is pleased to announce its consolidated first quarter results for the period ended June 30, 2020.

First Quarter Highlights

- Rifco reported Adjusted Net Income before Taxes for the period of \$0.8M and \$0.04 per share. This is 41% higher than the comparable period and 25% higher than the preceding quarter. This is the best Adjusted Net Income before Taxes the Company has achieved since 2016. Adjusted Net Income before Taxes removes the effects of the non-cash change in provision for impairment and one-time strategic review expenses. Net income after these items and taxes, was \$1.8 million.
- The annualized Credit Loss Rate for the period decreased for the third straight quarter, by 124 basis points to 5.40% from 6.64% in the comparable quarter (a 19% improvement). The annualized Credit Loss Rate for the quarter decreased by 77 basis points from 6.17% in the preceding quarter (a 12% improvement). The Company has not seen a Credit Loss Rate this low since 2017.
- The Credit Spread Rate improved 32 basis points over the comparable period from 10.96% to 11.28%. The Credit Spread rate improved during the period by 10 basis points over the preceding quarter. This is the best Credit Spread Rate since 2018.
- Adjusted Operating Expenses continue to improve, both in dollars and as a ratio of average loan receivables, despite some contraction in our portfolio through the pandemic. Adjusted Operating expenses in the current period decreased by 10% to \$2.6M from \$2.9M in the preceding period.
- The Delinquency Rate (over 30 days) is at an historically low level of 1.91%.
- The Company demonstrates a very strong liquidity position with over \$10M in cash on hand and \$160M of active funding facilities.
- The Company has an Adjusted Book Value of \$1.77 of per share and has \$0.48 per share in cash.

Subsequent Events Highlights

- Rifco and CanCap Group Inc. have entered into a full and final mutual release and settlement agreement, whereby the parties have, released each other from all claims in connection with the Arrangement Agreement in exchange for a payment by CanCap and ACC Holdings Inc. of an aggregate of \$1.5M to Rifco. These funds were received by Rifco on July 30, 2020.
- On July 13, 2020, the Company received an early renewal on its securitization facility with Securcor Trust. The annual renewal has a \$50M limit with an expiry date of July 31, 2021. The size and terms of the new facility are consistent with prior facilities. The facility no longer has an EBITDA covenant. The Company is in compliance with all covenants under the renewed facility.

While the Company is cautiously optimistic about recent and near-term results, the economic reality in this COVID-19 environment is uncertain.

Rifco Quarterly Comparative Results

	Current Quarter 3 Months Ended June 30, 2020		Prior Quarter 3 Months Ended March 31, 2020		Comparable Quarter 3 Months Ended June 30, 2019	
Statements of income						
(\$,000's, except per share, % of average loan receivables)						
Average loan receivables for the period	216,988		224,580		224,553	
Financial revenue	9,047	16.68%	9,744	17.35%	9,885	17.60%
Credit losses	2,934	5.40%	3,465	6.17%	3,729	6.64%
Credit Spread	6,113 11.28%		6,279 11.18%		6,156 10.96%	
Financial expenses	2,660	4.90%	2,706	4.82%	2,827	5.04%
Adjusted Net Financial Income before Operating Expenses	3,453 6.38%		3,573 6.36%		3,329 5.92%	
Adjusted Operating Expenses	2,626	4.84%	2,913	5.19%	2,741	4.88%
Adjusted Net Income Before Taxes	827 1.54%		660 1.17%		588 1.04%	
Strategic review process	482	0.89%	(537)	(0.96%)	(34)	(0.06%)
Decrease (increase) in provision for impairment	1,344	2.48%	(3,924)	(6.99%)	(192)	(0.36%)
Net income (loss) before taxes	2,653 4.91%		(3,801) (6.78%)		362 0.62%	
Income tax (expense) recovery	(843)	(1.55%)	771	1.37%	38	0.08%
Net income (loss)	1,810 3.36%		(3,030) (5.41%)		400 0.70%	
Weighted average number of outstanding shares at period end	21,597		21,597		21,597	
Fully diluted basis	21,597		21,597		21,597	
Adjusted Net Income Before Taxes per Common Share basic	\$0.038		\$0.031		\$0.027	
Diluted	\$0.038		\$0.031		\$0.027	
Net income (loss) per common share basic	\$0.084		\$(0.140)		\$0.019	
Diluted	\$0.084		\$(0.140)		\$0.019	

Rifco, today, filed its quarterly financial statements and management discussion and analysis for the period ended June 30, 2020. The previously released financial statements and the related management's discussion and analysis can be viewed at www.sedar.com or at www.rifco.net.

Non-IFRS Measures

Throughout this Press Release, management uses terms and ratios which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other issuers. Specifically, management presents an Adjusted Net Income measure, along with related Adjusted sub-totals and ratios. These measures do not have any standardized meaning under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. A full description of these measures can be found in the management discussion and analysis that accompany the financial statements for the period ended June 30, 2020.

About Rifco

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 is Canada's largest publicly traded alternative auto finance company.

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.

Rifco is committed to creating value for all stakeholders through profitable growth and predictable credit performance, while pursuing its long-term vision of \$500M in annual loan Originations.

The common shares of Rifco Inc. are traded on the TSX Venture Exchange under the symbol "RFC". There are 21.60 million shares (basic) outstanding and 23.17 million (fully diluted) shares.

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