

Rifco Reports Second Quarter Results

Red Deer, Alberta, November 9, 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 second quarter results for the period ended September 30, 2020.

Second Quarter Highlights

- Rifco reported year-to-date Adjusted Net Income before Taxes of \$3.1M and \$0.15 per share. This is 345% higher than the prior year. This is the best Adjusted Net Income before Taxes the Company has achieved since 2016 despite the ongoing COVID-19 pandemic. 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 including these items and taxes, was \$3.9M and \$0.18 per share.
- The annualized Credit Loss Rate for the period decreased for the fourth straight quarter, by 216 basis points to 3.24% from 5.40% in the prior quarter and 7.72% in the comparable quarter. The Company has not experienced a Credit Loss Rate this low since 2017. The Company believes this is partially a product of the strength of the new credit model implemented in fiscal 2018.
- The year-to-date Credit Spread Rate improved 232 basis points over the comparable period from 10.38% to 12.70%. The Credit Spread rate improved to 14.24% during the period, an increase of 296 basis points over the preceding quarter and 440 basis points over the comparable quarter. This is the best Credit Spread Rate since 2014. The Company believes the pricing model implemented alongside the credit model has contributed to improved Credit Spread.
- The Delinquency Rate (over 30 days) is at an exceptionally low level of 3.43%. This is a decrease of 272 basis points over the comparable quarter. Continued government support programs for those impacted by COVID-19 has had an impact on the Company’s Delinquency Rate. Loan modification and payment deferral programs are no longer having a meaningful impact on the delinquency results as the majority of these arrangements concluded in July 2020.
- The Company demonstrates a very strong liquidity position with nearly \$11M in cash on hand and \$160M of active funding facilities.

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

Rifco Quarterly Comparative Results

	Current Quarter 3 Months Ended September 30, 2020		Prior Quarter 3 Months Ended June 30, 2020		Comparable Quarter 3 Months Ended September 30, 2019	
Statements of income						
(\$,000’s, except per share, % of average loan receivables)						
Average loan receivables for the period	204,689		216,988		226,248	
Financial revenue	8,947	17.48%	9,047	16.68%	9,926	17.56%
Credit losses	1,660	3.24%	2,934	5.40%	4,372	7.72%
Credit Spread	7,287	14.24%	6,113	11.28%	5,554	9.84%

Financial expenses	2,458	4.80%	2,660	4.90%	2,814	4.96%
Adjusted Net Financial Income before Operating Expenses	4,829	9.44%	3,453	6.38%	2,740	4.88%
Adjusted Operating Expenses	2,534	4.95%	2,626	4.84%	2,627	4.63%
Adjusted Net Income before Taxes	2,295	4.49%	827	1.54%	113	0.25%
Strategic review process	18	0.04%	482	0.89%	(6)	(0.01%)
Decrease (increase) in provision for impairment	439	0.86%	1,344	2.48%	(599)	(1.04%)
Net income (loss) before taxes	2,752	5.39%	2,653	4.91%	(492)	(0.80%)
Income tax (expense) recovery	(649)	(1.27%)	(843)	(1.55%)	55	0.08%
Net income (loss)	2,103	4.12%	1,810	3.36%	(437)	(0.72%)
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	\$0.106		\$0.038		\$0.005	
Diluted	\$0.106		\$0.038		\$0.005	
Net income (loss) per common share basic	\$0.097		\$0.084		\$(0.020)	
Diluted	\$0.097		\$0.084		\$(0.020)	

Rifco, today, filed its quarterly financial statements and management discussion and analysis for the period ended September 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 September 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.



PRESS RELEASE

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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It's about time.

PRESS RELEASE

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.



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