

Corrected – Rifco Reports Third Quarter Results

Red Deer, Alberta, February 25, 2020: Rifco Inc. (TSXV: RFC) (“Rifco” or the “Company”), is pleased to announce its consolidated third quarter results for the period ended December 31, 2020.

Third Quarter Highlights

- On November 27, 2020, Rifco declared a \$0.35 per common share special dividend. The dividend was paid in cash on December 7, 2020 in the amount of \$7.6M.
- Rifco reported year-to-date Adjusted Net Income before Taxes of \$3.8M and \$0.18 per share. This is 518% 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 \$4.1M and \$0.19 per share.
- The annualized Credit Loss Rate for the period decreased by 332 basis points to 4.34% from 7.66% in the comparable quarter. The Company believes this is partially a product of the operational improvements it has made and the strength of the custom credit model implemented in fiscal 2018.
- The year-to-date Credit Spread Rate improved 263 basis points over the comparable period from 10.17% to 12.80%. The Company believes the latest pricing model implemented alongside the custom credit model has contributed to improved Credit Spread.
- The Delinquency Rate (over 30 days) is at an exceptionally low level of 3.97%. This is a decrease of 135 basis points over the comparable quarter. Government support programs for those impacted by COVID-19 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.

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 December 31, 2020		Prior Quarter 3 Months Ended September 30, 2020		Comparable Quarter 3 Months Ended December 31, 2019	
Statements of income						
(\$,000’s, except per share, % of average loan receivables)						
Average loan receivables for the period	197,611		204,689		225,815	
Financial revenue	8,584	17.38%	8,947	17.48%	9,819	17.38%
Credit losses	2,145	4.34%	1,660	3.24%	4,327	7.66%
Credit Spread	6,439	13.04%	7,287	14.24%	5,492	9.72%
Financial expenses	2,325	4.71%	2,458	4.80%	2,798	4.96%
Adjusted Net Financial Income before Operating Expenses	4,114	8.33%	4,829	9.44%	2,694	4.76%
Adjusted Operating Expenses	3,403	6.89%	2,534	4.95%	2,775	4.93%
Adjusted Net Income (Loss) before Taxes	711	1.44%	2,295	4.49%	(81)	(0.17%)
Strategic review process	-	0.00%	18	0.04%	(123)	(0.20%)
(Increase) decrease in provision for impairment	(503)	(1.02%)	439	0.86%	602	(1.07%)
Net income (loss) before taxes	208	0.42%	2,752	5.39%	398	0.70%

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Income tax expense	(31) (0.06%)	(649) (1.27%)	(213) (0.38%)
Net income	177 0.36%	2,103 4.12%	185 0.32%
Weighted average number of outstanding shares at period end	21,628	21,597	21,597
Fully diluted basis	21,628	21,597	21,597
Adjusted Net Income before taxes per Common Share basic	\$0.033	\$0.106	(\$0.004)
Diluted	\$0.033	\$0.106	(\$0.004)
Net income (loss) per common share basic	\$0.008	\$0.097	\$0.009
Diluted	\$0.008	\$0.097	\$0.009

Rifco, today, filed its quarterly financial statements and management discussion and analysis for the period ended December 31, 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 December 31, 2020.

About Rifco

Rifco National Auto Finance Corporation ("RNAF"), Rifco's sole, wholly owned, subsidiary operates with a purpose to help its clients obtain a safe and reliable vehicle by providing alternative finance solutions. RNAF currently distributes its alternative finance products indirectly through select automotive dealer partners.

Rifco is built on a foundation of trust, respect, empowerment, accountability and passion which are exhibited by each and every member of the Rifco team, as we collaboratively pursue our collective vision and do so in a manner that is consistent with our purpose.

The common shares of Rifco Inc. are traded on the TSX Venture Exchange under the symbol "RFC". There are 21.75 million shares (basic) outstanding and 23.17 million (fully diluted) shares.

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