Dealnet Capital

News Release

Dealnet Reports 2019 Financial Results

- **Fourth quarter loss of $190 thousand**
- **Re-ignited growth across the entire organization**
- **Contractual Residual Cash Flow commences in 2022**
- **Proactive steps taken to minimize impact of COVID-19**

Toronto, Canada, April 3, 2020 – Dealnet Capital Corp. ("Dealnet" or the "Company") (TSX VENTURE: DLS), reported today its financial results for the year ended December 31, 2019. All results are reported under International Financial Reporting Standards ("IFRS") and in Canadian dollars, unless otherwise specified.

The Company reported a net loss from continuing operations of $1,783 thousand or $(0.01) per share for the year ended 2019, versus a net loss of $8,780 thousand or $(0.03) per share for the year ended 2018. The current year loss represents an improvement of 80% over the prior year.

In 2019, the Company demonstrated continued evidence of compounding profitable growth:

- *YOY EcoHome's Profitable Origination Growth of 36%* - with favourable and improving cost of funds, a growing dealer base, a dealer-friendly rate card, a knowledgeable sales force, and competitive product offerings, EcoHome has significant room for continued origination growth;
- *YOY Net Portfolio Growth of 10.3%* - the Company has introduced targeted initiatives to increase originations and reduce prepayments;
- *YOY Fee Growth of 37%* - future fee growth will be earned by monetizing EcoHome's 39,000 homeowner customer base through strategic partnerships and relationships;
- *YOY Increase in One Contact's Gross Profit of 19%* - higher gross margins and no service level penalties incurred in 2019; and
- *YOY Cost Reduction of 15%* - having streamlined operations in 2018, the Company has continued maintained a steady overhead of $1 million per month in 2019.

"Dealnet's current priority is the safety and well-being of its employees during COVID-19 and ensuring the Company's business continuity plans are carefully executed" said Brent Houlden, Dealnet's President and Chief Executive Officer. "We have built a dynamic organization that delivers compounding profitable growth with a war chest of Contractual Residual Cash Flow of $75 million and the rights to End of Term payments on approximately 16,000 leases" added Mr. Houlden.

2019 Financial Highlights

Originations and Portfolio Growth

Annual originations in 2019 increased by 36% to $60.4 million compared to $44.4 million in 2018. The Company started 2019 with net portfolio of finance receivables of $182.8 million with over 35,000 contracts in place and ended the year at $201.7 million and over 38,000 contracts.

Net Interest Margin

Net interest margin increased by 11% to $2.1 million in the fourth quarter (9.0% yield) from $1.9 million (8.7% yield) for the same quarter last year. For the year ended December 2019, net interest margin increased to $7.8 million (9.0% yield) from $7.5 million (8.8% yield) in the prior year.

Fee Revenue

Fee and ancillary revenue was $1,107 thousand for the fourth quarter of 2019 compared to $574 thousand in the fourth quarter of 2018. For 2019, fee revenue was $3,054 thousand compared to $2,224 thousand in the prior year.

Portfolio Performance

The aging profile of the finance receivable portfolio improved meaningfully over comparative periods. Overall delinquency rates dropped to 4.3% as at December 31, 2019 as compared to 4.6% in the prior quarter and 5.8% in the same quarter in 2018. The primary driver of this decline was in the less than 90 days bucket which fell to 1.0% as compared to 2.0% as at December 31, 2018.

Provision for credit losses was $1.27 million in 2019 ($0.45 million in 2018). The provision recognized in 2019 was a combination of an increase to the underlying provision for future credit losses and actual realized credit losses. The increased credit loss provision was driven by a more refined analysis of the portfolio and the underlying assumptions used to determine expected losses based on actual historical portfolio performance, along with changes to the underlying variables and methodology used for stress testing the portfolio for changes to macroeconomic factors. The allowance for credit losses recognized on the balance sheet as a percentage of finance receivables is 1.05% (0.95% in 2018).

Call Centre Performance

Call Centre gross margin was $1,002 thousand (37%) for the fourth quarter of 2019, as compared to $625 thousand (27%) in the fourth quarter of 2018. Gross margin for the year ended 2019 was $3,395 thousand (36%) compared to $2,852 thousand (28%) for the prior year.

Operating Expenses

Salaries, wages and benefits together with general and administrative expenses totaled $2.8 million, an improvement of 7% compared to the $3.0 million recorded in the prior quarter and in line with the $2.8 million recorded in same quarter last year. For the year ended 2019, overheads totaled $11.8 million, an improvement of 15% compared to the $13.9 million recorded in the prior year.

Key Performance Indicators

The following table summarizes some of the Key Performance Indicators that the Company uses to measure the achievement of its business plan objectives:

	Q4 2019	Q4 2018	FY 2019	FY 2018
Finance Receivables	$201.7M	$182.8M	$201.7M	$182.8M
Organic Originations	$18.9M	$14.1M	$60.4M	$44.4M
Average Yield on Earning Assets[1]	9.0%	8.7%	9.0%	8.8%
Weighted Average Interest Expense[1]	4.7%	4.4%	4.9%	4.5%
Net interest margin[1]	4.3%	4.3%	4.1%	4.3%
Call Centre Gross Margin	37%	27%	36%	28%
Tangible Leverage[1]	5.7	4.9	5.7	4.9
Tangible Net Worth[1]	$34.1M	$34.9M	$34.1M	$34.9M
Direct Operating Expense Ratio[1]	5.6%	6.3%	6.2%	7.9%

[1]This is a non-GAAP measurement. Refer to Non-GAAP Measures on page 23 of management's discussion and analysis for the definition of this measurement.

The financial statements for the fiscal year 2019 together with management's discussion and analysis of these results have been filed on SEDAR. The Company has also posted a slide deck with audio commentary summarizing the financial results. All materials are available on Dealnet's corporate website at www.dealnetcapital.com.

Impact of COVID-19

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There are meaningful direct and indirect effects developing and the Company will continue to monitor the impact of the outbreak on its business. The Company's future cash flows, operating results and financial position may be materially affected as a result of this outbreak.

Management has taken steps in response to COVID-19. All of the operations of EcoHome are being conducted remotely. Since many of the activities of One Contact include credit card payments, confidential customer data and direct access into third party systems, it is not possible for these activities to be performed remotely. Accordingly, One Contact has taken steps to protect its employees including by social distancing, providing access to additional cleaning supplies and ensuring that employees who should be self-isolating are not allowed into the call centres.

COVID-19 will increase the level of delinquencies, decrease originations and fees, reduce call centre volumes, increase credit spreads on securitizations, and could result in the complete closure of either or both call centres. At this time, it is not possible to determine the financial and cash flow impact of COVID-19.

About Dealnet Capital Corp.

Dealnet is the parent company of subsidiaries operating in two market segments, consumer finance and call centre. The Company operates in the consumer finance segment in Canada through EcoHome Financial Inc. ("EcoHome") and its call centre segment under the One Contact banner ("One Contact").

EcoHome is a specialty finance company serving the $20 billion Canadian home improvement finance market. EcoHome develops and supports consumer sales financing programs for approved dealers and distributors under agreements with original equipment manufacturers (OEMs) that supply a wide range of home improvement products to the retail market. Through a dealer network, EcoHome underwrites, originates, funds and services the prime quality loans and leases that homeowners need to finance the acquisition and installation of capital assets that improve the quality, comfort and safety of their homes.

One Contact offers customer support services to both EcoHome and third-party institutions across Canada and the U.S.

For additional information please visit www.sedar.com.

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

Forward-looking Statements

This news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "would", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Forward-looking information is based on the opinions and estimates of management at the date the information is provided, and is subject to a variety of risks, including the effects of Covid-19, and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. For a description of the risks and uncertainties facing the Company and its business and affairs, readers should refer to the Company's Management's Discussion and Analysis. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change, unless required by law. The reader is cautioned not to place undue reliance on forward-looking information.

Contact Information

Brent Houlden
Chief Executive Officer
(905) 695-8557 ext.1145
bhoulden@dealnetcapital.com

Michael Koshan
Chief Financial Officer and Treasurer
(905) 695-8557 ext. 1113
mkoshan@dealnetcapital.com