

# Dealnet Capital

## Q1 2020 Profitability

May 20, 2020

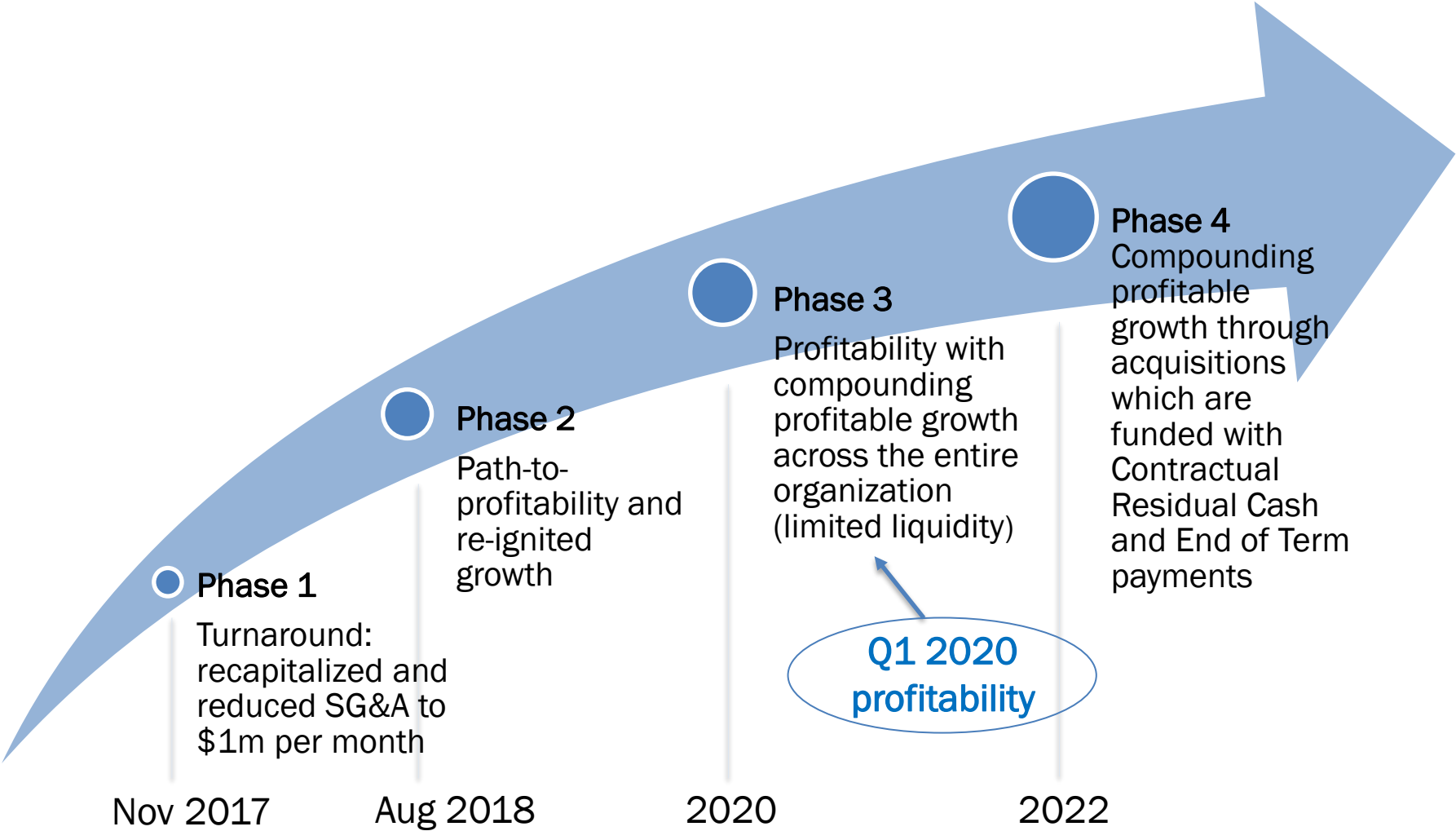
# Cautionary Statement

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This Presentation has been prepared taking into consideration information available and contains forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address Dealnet's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements.

You should not place undue reliance on these forward-looking statements. These statements reflect Management's current view of future events and are subject to certain risks and uncertainties as contained herein and, in the Company's, other filings with Canadian securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's actual results could differ materially from those anticipated in these forward-looking statements. Management undertakes no obligation to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although we believe that these expectations are based on reasonable assumptions, we can give no assurance that those expectations will materialize.

# Built for Compounding Profitable Growth



# Responding to COVID-19

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- **DealNet's priorities are:**
  1. Protecting the well-being of our employees
  2. Maintaining operations and preserving value during COVID-19
  3. Strategic planning to leverage opportunities in the Post-COVID world
- **Impact of COVID-19:**
  - Will decrease originations and fees
  - Will likely increase the level of delinquencies
  - Could result in a short-term closure of the call centres
- **Actions taken to reduce the impact of COVID-19**
  - Headcount reductions
  - Deferral of IT projects
  - Working capital optimization
  - Additional sources of liquidity
  - Preparing for a safe return to the workplace
- As of April 3, 2020, there was a **material uncertainty** regarding the Company's ability to raise external financing during COVID-19. In addition, Capital Partners' nomination of alternate directors created additional uncertainty for potential lenders.

# Sufficient Liquidity to Fund On-going Operations

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The Company's liquidity position has significantly improved:

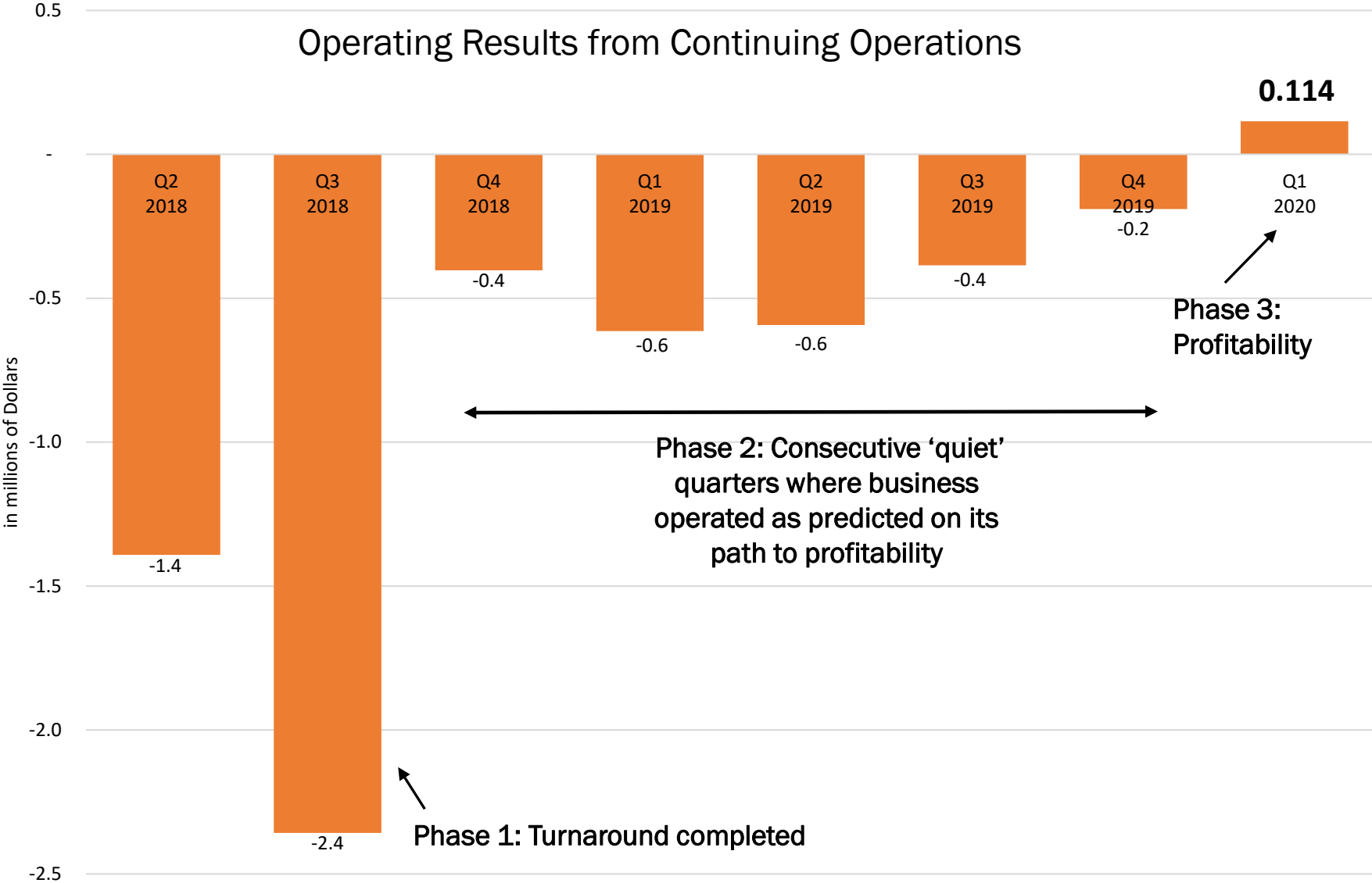
1. Q1 profitability - \$728K improvement over Q1 2019
2. \$6.25M term loan from Schedule 1 Bank with EDC guarantee
3. Repaid Chesswood promissory note of \$1.9M
  - \$700K of immediate cash injection
  - Better matching of future cash flows
4. 2020 compensation has been reduced by more than \$1M
5. Applications for PPP and CEWS
6. Working capital optimization and capital project deferrals - \$1.9M
7. Collected \$1.2M of other assets which were outstanding at 12/31/2019

Additional liquidity is available:

1. Excess warehouse capacity of \$4.3M as of March 31st
2. Funder cash reserves of \$4M available to absorb future credit losses
3. Assets of One Contact are unencumbered

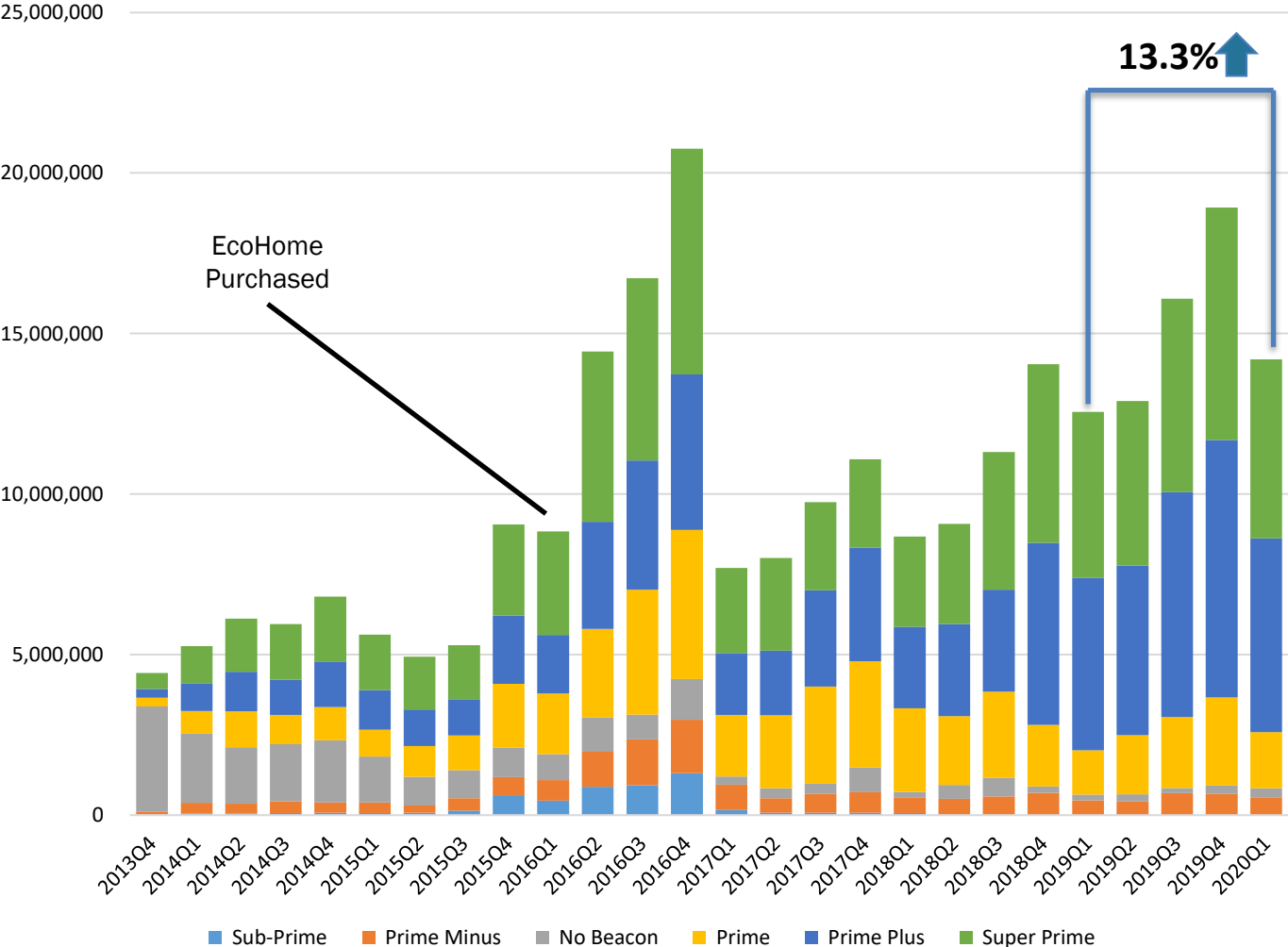
Since the issuance of the 2019 financials, the material uncertainty about raising external financing has been resolved

# Continued Progress on Path to Profitability



# Continued Evidence of Prudent Credit Adjudication

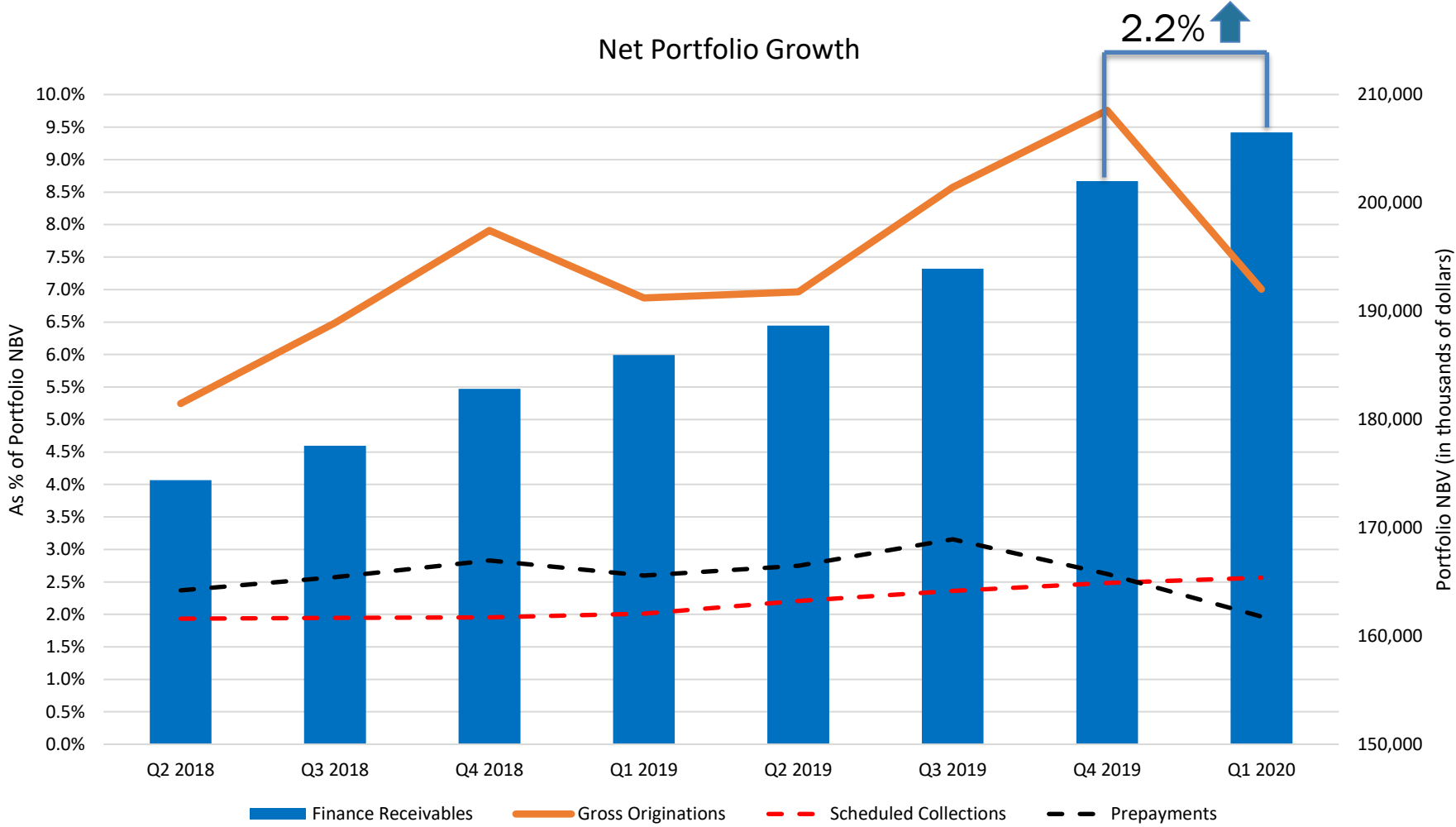
Quarterly Originations  
\$ by Credit Tier



Regional – Q1 2020	%
Ontario	47%
Quebec	33%
Maritimes	10%
Western	10%
Total	100%

Product Split – Q1 2020	%
HVAC	44%
Water	32%
Home Improvement	23%
Pools & Spas	1%
Total	100%

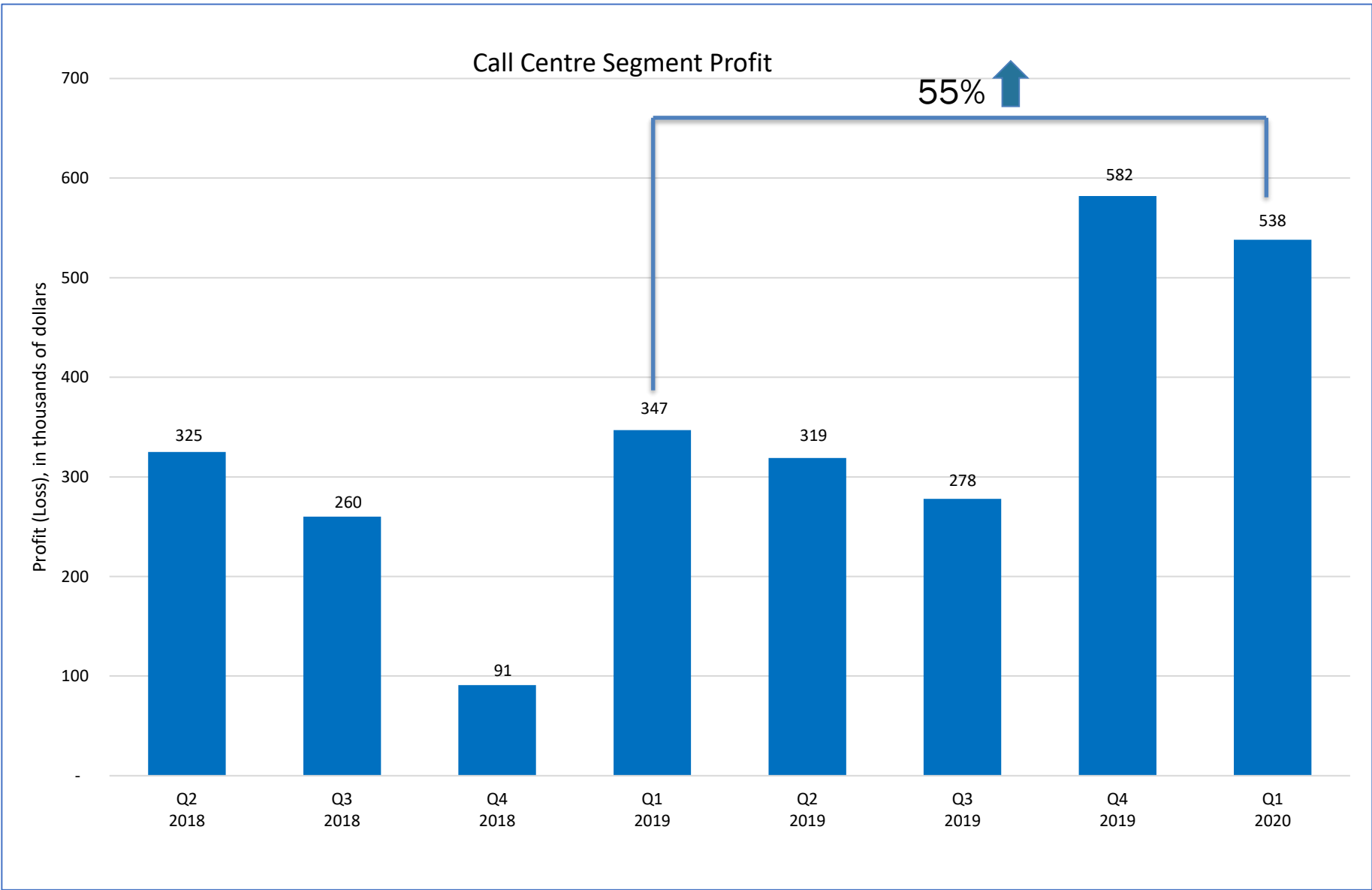
# Continued Portfolio Growth to \$206.5M



Initiatives to reduce prepayments: increase administration fees and clawback of rebates, commissions and promotional incentives

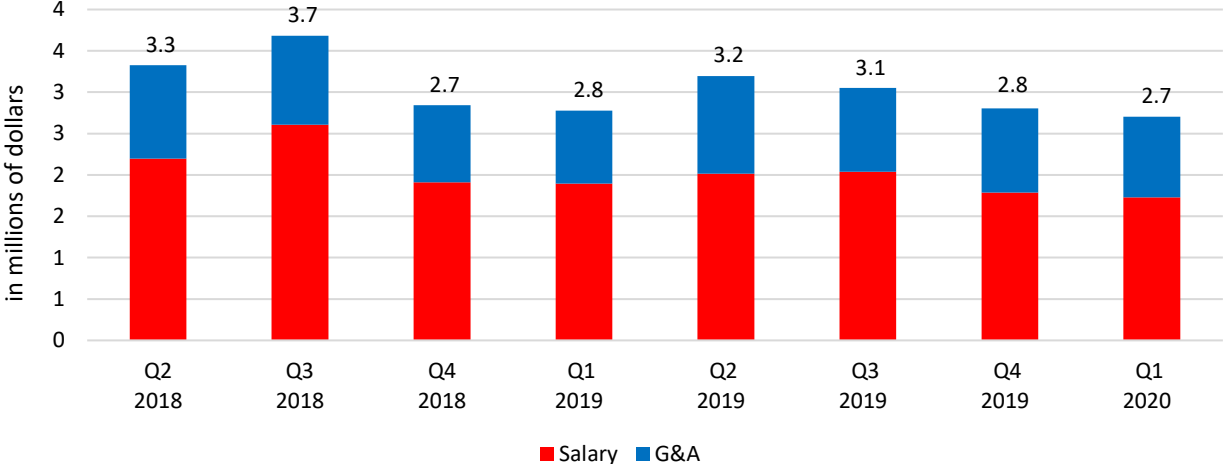


# Continued Performance by One Contact

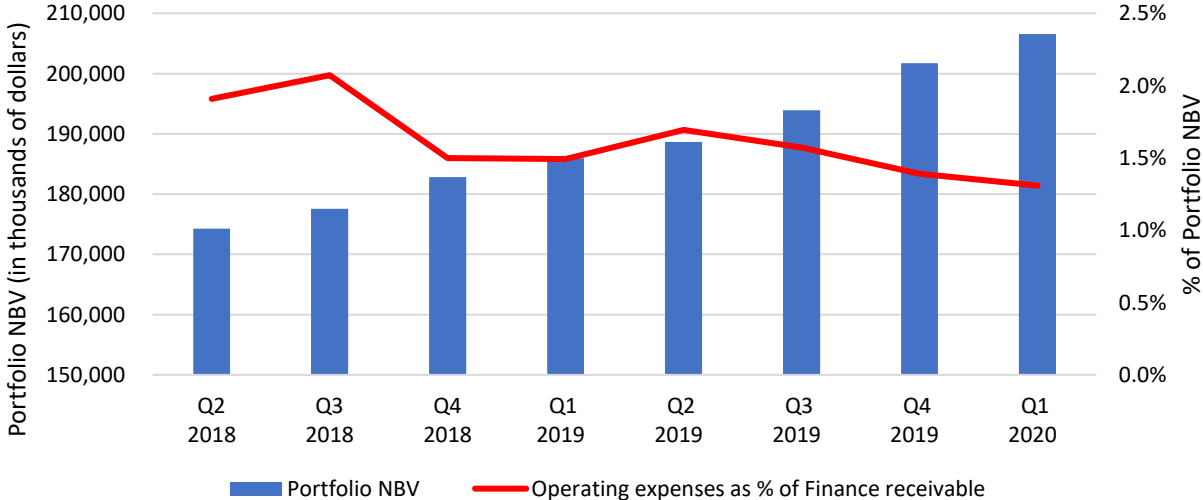


# Continued Cost Containment - <\$1M Per Month

Overhead Expenses



Operating Expenses as % of Portfolio NBV



# Dealnet Vision: Building Compounding Growth

To provide an interconnected network of synergistic organizations that consistently deliver above average growth and profitability

**EcoHome:** To set the standard for profitable growth in specialized consumer finance lending, leveraging strong management expertise and technology to drive innovation, superior service and operational efficiency.

**One Contact:** To deliver our customers best-in-class omni-channel contact centre and back office solutions.



- Originations at 4% risk adjusted margins, dealer network, sales force
- Commencing in 2022, contractual residual cashflows of \$76M
- Rights to end of term payments on 16,000 leases and the opportunity to sell replacement equipment
- Opportunity to cross sell to 39,000 households



- US and Canada ops.
- Profitable niche
- Omnichannel
- Blue chip client base
- Strong sales funnel and renewed existing contracts at higher prices
- Able to exceed the requirements of its most demanding clients
- No service level penalties



- Recapitalized without shareholder dilution
- 6 'quiet' quarters with no surprises
- Q1 profit of \$114K
- Overheads reduced to <\$1M per month - scalable with growth
- \$24M unbooked tax losses
- Sufficient liquidity to fund on-going ops.
- Planning for post CV-19 opportunities