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## **NEWS RELEASE**

### **SOLUTION FINANCIAL REPORTS YEAR END 2023 FINANCIAL RESULTS**

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**Vancouver, B.C., January 29, 2024, – Solution Financial Inc. (TSX: SFI)** (the “Company”) a leading provider of luxury and ultra luxury asset leasing in Canada, today announced its financial results for the year ending October 31, 2023.

#### **Earnings Highlights for the Year Ending October 31, 2023:**

- Net income for the year decreased to \$38,672 compared to \$837,554 in 2022.
- Adjusted net income<sup>(1)</sup> decreased to \$451,826 compared to \$1,613,436 in 2022.
- Revenue decreased to \$15,377,450 compared to \$20,347,916 in 2022.
- Total leasing portfolio decreased 2.4% to \$25,578,287 at the end of the year.

#### **Operational Highlights for the Year End:**

- Leveraged the Company’s new Securitization Financing facility to further strengthen the Company’s working capital position, secure more favourable fixed interest rates and position the Company for market expansion opportunities.
- Completed several enhancements to the company’s lease quote administrative system to streamline quote generation with dealership networks.
- Launched the Company’s inaugural Lease Club annual leasing and business planning program.

Despite 2023's turbulence in the lending sector, largely fueled by the Bank of Canada's measures to combat inflation through increased Prime lending rates, Solution Financial adeptly steered through these challenges. “We not only preserved our profitability in fiscal 2023, but also avoided any credit losses all the while strengthening our balance sheet and securing debt facilities to support our growth objectives for 2024. This is a notable accomplishment, especially when viewed against the backdrop of difficulties faced by other more heavily leveraged auto lenders,” remarked Bryan Pang, CEO of Solution Financial.

"While the heightened prime lending rates indeed impacted our financial performance, our historical profits facilitated favorable tax savings, cushioning the impact. In the public markets, where challenges abound, Solution Financial outperformed many of our counterparts. This success can be attributed to our robust balance sheet, composed of real, performing assets rather than acquired goodwill and excellent new banking and funding partners. Our historically conservative credit policies and financial management were helpful with this achievement but also present a tremendous opportunity for us to fill a rapidly developing market opportunity from other more traditional auto lenders who are under pressure to raise their rates significantly to make up for rising industry credit defaults. We see this growing opportunity as well timed, considering potential reductions in the number of international students coming to Canada, albeit



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more likely those students who do not have the financial means to fully support themselves while in Canada, which is not the prevalence of our historical clientele.

As we look ahead to 2024, our focus remains steadfast on educating the Canadian auto market on our unique approach to leasing and expanding our network of supported dealerships in Alberta and Ontario. Our hybrid leasing approach has been a key driver in the vibrancy of Western Canada's luxury and ultra-luxury vehicle markets over the past decades and very well suited to a greater audience of consumers across Canada who are looking for a more flexible and engaged lending partner to help them finance their luxury assets. We are committed to continuing this trajectory, ensuring the market's vitality for years to come."

### **Financial Results**

Solution is reporting net income of \$38,672 or \$0.0004, per share for the year ending October 31, 2023. This compares to net income of \$837,544 or \$0.009 per share for the year ending October 31, 2022.

Adjusted net income, which is more reflective of actual cash earnings, for the year ending October 31, 2023, was \$451,826<sup>(1)</sup> or \$0.005 per share compared to \$1,613,436 or \$0.018 per share for the year ending October 31, 2022. Adjusted Net Income excludes the non-cash accretion expense related to the convertible debentures and right of use assets of \$185,062, income tax recovery of \$408,000, amortization of \$85,681, provision for credit losses of \$89,114 and non-recurring listing and financing fees of \$461,297.

### **Lease Portfolio**

At October 31, 2023, Solution had 306 vehicles in its lease portfolio, a net decrease of three vehicles over the year to bring the total lease portfolio to \$25.6 million.

At October 31, 2023 the average remaining lease term for the portfolio was 1.7 years, weighted by net book value for each vehicle. At October 31, 2023, Solutions' 306 leases were generating annualized gross rental and lease cash flows of approximately \$7.0 million.

### **About Solution**

Solution Financial commenced operations in 2004 and specializes in sourcing and leasing luxury and exotic vehicles, yachts and other high value assets. Solution works with a select group of luxury automotive and marine dealerships providing lending solutions to clients who prefer more flexible leasing options than those traditionally offered by banks and other lease providers. Typical customers include new immigrants, business owners and international students who tend to upgrade their vehicles more frequently than traditional lease agreements allow. Solution Financial provides a unique leasing experience whereby it partners with its clients to help source limited edition and difficult to acquire vehicles as well as providing white glove services to clients for insuring, maintaining, upgrading, and reselling their vehicles.

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**Note 1- Non-IFRS Financial Metrics**

Solution provides all financial information in accordance with International Financial Reporting Standards (“IFRS”). To supplement our consolidated financial statements presented in accordance with IFRS, we are also providing with this press release, certain non-IFRS financial measures, including Adjusted Net Income. In calculating these non-IFRS financial measures, we have excluded certain transactions that are not necessarily indicative of our ongoing operations or do not impact cash flows. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

**Cautionary Statement Regarding Forward- Looking Statements**

This press release contains “forward-looking information” as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements concerning our objectives, our strategies to achieve those objectives, as well as statements made with respect to management's beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans” or “continue”, or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Although forward-looking information contained in this press release is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this press release may be considered a “financial outlook” for purposes of applicable Canadian securities laws, and as such the financial outlook may not be appropriate for purposes other than this press release.

The forward-looking information contained in this press release is made as of the date of this press release and should not be relied upon as representing Solution's views as of any date subsequent to the date of this press release. Except as required by applicable law, management and Solution's Board of Directors undertake no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

For further information please contact Sean Hodgins at (778) 318-1514.

**ON BEHALF OF THE BOARD**

(signed) “Bryan Pang”

Brian Pang

President, CEO and Director

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