# Solution Financial Reports Q1 2021 Financial Results

Vancouver, British Columbia--(Newsfile Corp. - March 31, 2021) - **Solution Financial Inc. (TSXV: SFI)** (the "**Company")** a leading provider of luxury automotive and yacht leasing in western Canada, today announced its financial results for the first quarter ending January 31, 2021.

Earnings Highlights for the Quarter:

- Net income increased to $94,133 and Adjusted net income(1) increased to $267,451.
- Net revenue increased 30% over the prior year quarter to $3,882,792.
- Total lease and finance portfolio decreased 3% to $24,516,370 over the prior quarter.
- Quarterly dividend on common shares of $0.001 per share or roughly 0.8% returns at the Company's current share trading price of $0.48 per share.

"Our Q1 earnings were very much in line with expectations and our ninth consecutive profitable quarter since going public. Leasing activities remained steady, but we saw a significant increase in the demand for second hand vehicles as a result of slow downs in new vehicle releases due to COVID. As a result, we took advantage of this market opportunity to sell more vehicles from our portfolio than we typically see," began Bryan Pang.

"In addition to the high demand for luxury vehicles, we were very busy this quarter initiating our expansion plans into Ontario by applying and successfully obtaining our Ontario Motor Vehicle Industry Council ("OMVIC") license, securing our new leasing office in Vaughan, Ontario, hiring Jason Manuel as our new Account Manager-Ontario, and engaging iA Private Wealth Inc. to assist with a key capital raise to fuel our 2021 growth plans," continued Bryan.

"This was an exciting week for us as we finalized our Short form Prospectus Offering to raise additional capital which is a fantastic milestone for our growth as a public Company and we look forward to connecting with interested new investors," concluded Bryan.

The purposes of completing a Short-Form Prospectus offering which the Company intends to close on or around April 20, 2021 are as follow:

1. Raise additional capital to provide proceeds for operating lease capital to support existing and new dealership leasing opportunities in Western Canada and Ontario.

2. Introduce our Company to a wider network of retail investors looking for recurring dividend income as well as the potential for long term equity growth.

3. Support our application to move from the TSXV to the TSX.

4. Bring wider attention to our unique leasing model. COVID has highlighted the need for more flexible car ownership arrangements. Solution's long term car rental type arrangements is a very pragmatic solution already embraced by many clients needing lease arrangements not offered by other traditional Canadian auto lenders and banks.

**Financial Results**

Solution is reporting net income of $94,133, or $0.001, per share for the quarter ending January 31, 2021. This compares to a net income of $76,399 or $0.001 per share for the quarter ending January 31, 2020.

Adjusted net income for the quarter ending January 31, 2021 was $267,451(1) or $0.003 per share compared to $241,854 or $0.003 per share for the quarter ending January 31, 2020. Adjusted Net Income excludes the non-cash accretion expense related to the convertible debentures of $14,677, share-based compensation expense of $72,511 for stock compensation, deferred income tax provision of $78,000 and amortization expense of $8,130.

Our operating cash flow for the quarter ended January 31, 2021 decreased moderately to $1,403,042, compared to $1,520,329 for the quarter ended January 31, 2020.

## Lease Portfolio

At January 31, 2021, Solution had 301 vehicles in the In House lease portfolio, a net decease of 33 vehicles and $0.68 million during the quarter to bring the total lease portfolio to $24.5 million.

At January 31, 2021, the average remaining lease term for the portfolio was 1.6 years, weighted by net book value for each vehicle. At January 31, 2021, Solutions' 301 leases were generating annualized rental revenue of approximately $6.1 million, a 3.93% decrease during the quarter.

## 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 automotive and marine dealerships providing lending solutions to clients who cannot obtain leasing terms with traditional Canadian financial institutions or other lenders. Typical customers include new immigrants, business owners and international students. Solution Financial provides a unique leasing experience whereby it partners with its clients to help them navigate the challenges of acquiring, insuring, maintaining and upgrading vehicles and luxury assets in Canada.

## 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*"
Bryan Pang
President, CEO and Director

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