



## AXIS REPORTS Q3 FISCAL 2023 FINANCIAL RESULTS

**May 12, 2023 – Toronto, Ontario** – Axis Auto Finance Inc. (“Axis” or the “Company”) ([TSX: AXIS](#)), a rapidly growing financial technology company changing the way Canadians purchase and finance used vehicles, today announced financial results for the third quarter of fiscal 2023, ending March 31, 2023.

### **Q3 2023 Financial Highlights**

- Auto loan portfolio of \$266.1 million, up 28% year-over-year;
- Equipment finance portfolio of \$58.8 million, up 315% year-over-year;
- Total owned and managed finance receivables of \$324.9 million, up 46% year-over-year;
- Revenues were \$9.7 million in the quarter, a decrease of 1.9% year-over-year; and
- Adjusted loss<sup>(1)</sup> of (\$3.9) million and Net loss of (\$4.7) million. The composition of Adjusted earnings (loss) has been amended and further details are contained within.

For the quarter ending March 31, 2023, auto loan originations were \$32.4 million, consisting of \$15.8 million owned and on balance sheet, while \$16.6 million were volumes managed for Westlake Financial Services (“**Westlake**”). Axis’ total owned and managed auto portfolio reached a record \$266.1 million, consisting of \$150.6 million of on balance sheet assets and \$115.5 million in Westlake managed assets.

Equipment finance origination volumes in the quarter were \$21.3 million, consisting of \$9.7 million owned and on balance sheet, with \$11.6 million being brokered for third parties or originated for syndication partners. In aggregate, the Axis on balance sheet portfolio increased 37% year-over-year, to a record \$201.6 million.

Revenues for the quarter were \$9.7 million, a decrease of 1.9% year-over-year.

Annualized realized credit loss rate<sup>(2)</sup> for the quarter was 15.38%, up from 8.84% during the same period in prior year, while the Company concluded the quarter with reportable delinquency of 5.95%.

Adjusted loss<sup>(1)</sup> for the quarter was (\$3.9) million, or (\$0.032) per share, as compared to Adjusted earnings of \$1.0 million or \$0.008 per share for the comparable quarter of 2022. The Company recorded a Net loss for the quarter of (\$4.7) million or (\$0.039) per share, as compared to net income of \$0.3 million or \$0.002 per share in the third quarter of 2022.



**Axis Reconciliation<sup>(3)</sup> of Net Income (Loss) to Adjusted Earnings (Loss)**

	<b><u>Q3 2023</u></b>	<b><u>Q3 2022</u></b>
<b>Net Income (Loss), as reported in financial statements</b>	<b>(4,714,593)</b>	<b>293,388</b>
Adjustments:		
Non-cash interest	341,046	387,936
Depreciation	175,201	196,622
Amortization	167,001	153,904
Acquisitions and integration	8,823	27,260
Stock-based compensation	161,354	66,720
IFRS-16 lease expense	<u>(74,395)</u>	<u>(87,152)</u>
<b>Adjusted Earnings (Loss)</b>	<b><u>(3,935,563)</u></b>	<b><u>1,038,678</u></b>

**Filing of Corrective Disclosures**

Further to a continuous disclosure review by the Ontario Securities Commission (“OSC”) of the Company’s Management Discussion and Analysis for fiscal 2022 and Q2 2023 (“**Fiscal 2022 and Q2 2023 MD&A**”) and related earnings releases, certain corrective disclosures have been completed in the current quarters Q3 2023 MD&A, as well as in the Company’s earnings releases going forward. Corrective disclosures relate to:

- Adjusted Earnings (Loss);
- Adjusted Earnings (Loss) per share;
- Adjusted Equity;
- Reconciliation between Net Income (Loss) and Adjusted Earnings (Loss) for all prior periods as referenced in the Company’s Management Discussion and Analysis (“**MD&A**”) and in the earnings release; and
- Addressing prominence concerns of the OSC, pertaining to MD&A and earnings releases.



More specifically, during the quarter ending March 31, 2023, Axis restated the previously reported Adjusted Earnings (Loss) for fiscal 2021, fiscal 2022 and the first two quarters of fiscal 2023, as reported in the Company's MD&A. Previously reported Adjusted Earnings (Loss) included an adjustment which sought to normalize the provision for credit losses expense, pursuant to IFRS-9, with actual credit losses incurred.

In an ongoing effort to improve non-IFRS disclosures, the change was made to no longer include this adjustment as part of the computation in arriving at Adjusted Earnings (Loss). A full reconciliation of the previously reported Adjusted Earnings (Loss) to the restated Adjusted Earnings (Loss) is summarized on page 14 of the Company's MD&A for the quarter ending March 31, 2023. Furthermore, the Company will no longer be reporting Adjusted Equity, which previously included an adjustment to book value for the after-tax effect of the Allowance for Credit Losses.

These corrective disclosures and improvements have been made at the request of OSC staff in connection with a continuous disclosure review and in order to comply with NI 52-112.

### **About Axis Auto Finance**

Axis is a financial technology company changing the way Canadians buy and finance used vehicles. Through our direct-to-consumer portal, DriveAxis.ca, customers can choose their next used vehicle, arrange financing, and get the car delivered to their home. In addition, the company continues to grow B2B non-prime auto loan originations by delivering innovative technology solutions and superior service to its Dealer Partner Network. All Axis auto loans report to Equifax, resulting in over 70% of customers seeing a significant improvement of their credit scores. Further information on the Company can be found at <https://www.axisfinancegroup.com/investors-press-releases/>.

<sup>(1)</sup> Adjusted loss is a non-IFRS measure as defined in the Company's MD&A, which is published on Sedar. Refer to pages 4 and 5 of the MD&A, that is incorporated by reference.

<sup>(2)</sup> Annualized realized credit loss rate is a non-IFRS measure as defined in the Company's MD&A which is published on Sedar. Refer to pages 4 and 5 of the MD&A, that is incorporated by reference.

<sup>(3)</sup> The reconciliation from Net Income (Loss) to Adjusted Earnings (Loss) for the current quarter and year to date is shown on page 15 of the Company's MD&A, which includes the basis for adjustments.



### ***Non-IFRS Measures***

*The Company's interim unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the accounting policies we adopted in accordance with IFRS. Non-IFRS measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements of the Company to which the non-IFRS measures relate and might not be comparable to similar financial measures disclosed by other issuers.*

*The Company believes that certain Non-IFRS Measures can be useful to investors because they provide a means by which investors can evaluate the Company's underlying key drivers and operating performance of the business, exclusive of certain adjustments and activities that investors may consider to be unrelated to the underlying economic performance of the business of a given period. A full description of these measures can be found in the Management Discussion & Analysis that accompanies the financial statements for the corresponding period, which is published on Sedar.*

*The TSX Exchange has neither approved nor disapproved the contents of this press release. Neither the Exchange 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.*

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