Management's Discussion and Analysis of Financial Condition and Results of Operations

Three and Nine Months Ended September 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Date: November 1, 2017

The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries [collectively referred to as "goeasy" or the "Company"] as at September 30, 2017 compared to September 30, 2016, and the consolidated results of operations for the three and nine month periods ended September 30, 2017 compared with the corresponding period of 2016. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes and MD&A for the year ended December 31, 2016. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ["IFRS"], unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2016 annual MD&A: Overview of the Business, Corporate Strategy, Commitments, Guarantees and Contingencies and Critical Accounting Estimates.

This MD&A is the responsibility of management. The Board of Directors has approved this MD&A after receiving the recommendations of the Company's Audit Committee, which is comprised exclusively of independent directors, and the Company's Disclosure Committee.

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to our financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's Annual Information Form. These filings are available on SEDAR at www.sedar.com and on the Company's website at www.goeasy.com.

Caution Regarding Forward-Looking Statements

This MD&A includes forward-looking statements about goeasy, including, but not limited to, its business operations, strategy and expected financial performance and condition. Forward-looking statements include, but are not limited to, those with respect to the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, ability to secure sufficient capital, liquidity of goeasy, plans and references to future operations and results, critical accounting estimates, expected lower charge-off rates on loans with real estate collateral and the benefits resulting from such lower rates, the size and characteristics of the Canadian non-prime lending market, the continued development of the type and size of competitors in the market and the anticipated impacts of the implementation of IFRS 9. In certain cases, forward-looking statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as “expect”, “continue”, “anticipate”, “intend”, “aim”, “plan”, “believe”, “budget”, “estimate”, “forecast”, “foresee”, “target” or negative versions thereof and similar expressions, and/or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about goeasy’s operations, economic factors and the industry generally. There can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those expressed or implied by forward-looking statements made by goeasy. Some important factors that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to, goeasy’s ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favorable terms, secure new franchised locations, offer products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, compete, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance the system of internal controls. goeasy cautions that the foregoing list is not exhaustive. These and other factors could cause actual results to differ materially from our expectations expressed in the forward-looking statements, and further details and descriptions of these and other factors are disclosed in this management discussion and analysis, including under the section entitled “Risk Factors” in this MD&A.

The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. The Company is under no obligation (and expressly disclaims any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless required by law.

Overview of the Business

goeasy Ltd. is a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians. goeasy Ltd. serves its customers through its two key operating divisions: easyfinancial and easyhome. easyfinancial is the Company's financial services arm, operating in the non-prime consumer lending marketplace and bridging the gap between traditional financial institutions and costly payday lenders. easyhome is Canada's largest lease-to-own company, offering brand-name household furniture, appliances and electronics to consumers under weekly or monthly leasing agreements through both corporate and franchise stores.

The Company's overview of the business remains as described in its December 31, 2016 MD&A.

Corporate Strategy

The Company is committed to being a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians. To maintain this position, the Company must continuously evolve to meet the needs of its chosen customer segment. Additionally, the Company must focus on maintaining its competitive advantage by capitalizing on the key aspects of each business unit, including brand awareness, superior customer service and its cross-country retail network. Cost efficiencies through economies of scale and shared services will enable the Company to meet future competitive challenges, including new entrants into the marketplace.

To achieve its long-term goals, the Company has four key business imperatives:

- Evolve the delivery channels
- Expand the easyfinancial footprint
- Enhance the product offering
- Execute with efficiency and effectiveness

The Company's corporate strategy remains as described in its December 31, 2016 MD&A.

Outlook

The targets disclosed in this section are inherently subject to risks which are referred to in the sections entitled "Outlook" as described in the Company's December 31, 2016 MD&A and "Risk Factors" as described in this MD&A.

Update on 2017 Targets

The Company's 2017 targets and assumptions were disclosed in its December 31, 2016 MD&A. The Company has revised its targets for fiscal 2017 as follows:

	Revised Targets for 2017	**Previously Reported Targets for 2017**	**Explanation for Change in Targets**
Gross consumer loans receivable portfolio at year end	**\$500 - \$520 million**	\$475 - \$500 million	Increasing the range based on the strong year to date growth of the consumer loans receivable portfolio and revised expectations for the fourth quarter.
easyfinancial total revenue yield	**60% - 62%**	60% - 62%	No change
New easyfinancial locations	**27 - 32 locations opened during the year**	20 - 30 locations opened during the year	Tightening the range of branch openings given opening completed year to date and firm openings for the fourth quarter.
Net charge-offs as a percentage of average gross consumer loans receivable	**13% - 15%**	14% - 16%	Reducing the expected range based on the strong performance of the consumer loans receivable portfolio year to date and the revised expectations for the fourth quarter.
easyfinancial operating margin	**37% - 40%**	35% - 37%	Strong consumer loans receivable growth coupled with improving cost efficiencies, particularly in the areas of labour, branch operating expenses and bad debt expense are expected to result in higher levels of operating margin.
Total revenue growth	**15% - 17%**	10% - 12%	Overall revenue growth is expected to increase given the strong year to date growth in the easyfinancial consumer loans receivable portfolio and the revised growth expectation for the fourth quarter.
Return on equity	**19% - 20%**	18% - 19%	Increased due to the strong revenue and earnings growth recorded during the year to date period. Revised target is normalized for the refinancing charge which will occur in the fourth quarter of 2017.

Update on 2019 Targets

The Company's 2019 targets and assumptions were disclosed in its December 31, 2016 MD&A. The Company has revised its targets for fiscal 2019 as follows:

	Revised Targets for 2019	Previously Reported Targets for 2019	Explanation for Change in Targets
Gross consumer loans receivable portfolio at year end	**$875 - $950 million**	$775 - $800 million	Increased guidance based on the strong growth experienced in 2017 and the expectation of growth in 2018 generated by the Company's existing, risk adjusted and secured lending products.
easyfinancial total revenue yield	**49% - 51%**	49% - 51%	No change.
New easyfinancial locations	**10 - 20 locations opened during the year**	260 locations by the end of 2019	Revising guidance to reflect the expected pace of branch openings rather than expected branch count at period end.
easyfinancial operating margin	**40%+**	40%+	No change.

2018, 2019 and 2020 Targets

The following table outlines the Company's targets for 2018, 2019 and 2020 and provides the material assumptions used to develop such forward-looking statements. These targets are inherently subject to risks which are identified in the following tables, as well as those risks, which are referred to in the section entitled "Risk Factors" as described in this MD&A.

	Targets for 2018	Targets for 2019	Targets for 2020	Assumptions	Risk Factors[1]
Gross consumer loans receivable portfolio at year end	**$700 - $750 million**	**$875 - $950 million**	**$1.0 - $1.1 billion**	• The new store opening plan and the development of new delivery channels occur as expected. • The Company successfully completes the growth initiatives outlined in its strategic plan including the increased penetration of its risk adjusted and secured lending products. • The Company continues to be able to access growth capital for its easyfinancial business at a reasonable cost. • Increased expenditures on marketing and advertising within easyfinancial	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand, competition and margins. • The Company's ability to secure new real estate and experienced personnel. • The Company's growth initiatives do not deliver the expected results. • The Company is successful in obtaining regulatory approval for its new markets and products where required. • Continued access to reasonably priced capital.
easyfinancial total revenue yield	**54% - 56%**	**49% - 51%**	**46% - 48%**	• easyfinancial total revenue yield includes the impact of the sale of ancillary products. • The Company successfully completes the growth initiatives outlined in its strategic plan including the increased penetration of its risk adjusted and secured lending products. • The Company expects the yield to moderate over this three year period due to the increased penetration of its risk adjusted, and secured lending, products. • The effective yield earned on the sale of ancillary products reduces as the average loan size increases.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand, competition and margins. • Changes to regulations governing the products offered by the Company. • The Company's growth initiatives do not deliver the expected results. • The Company is successful in obtaining regulatory approval for its new markets and products where required.
New easyfinancial locations	**20 - 30 locations opened during the year**	**10 - 20 locations opened during the year**	**10 - 20 locations opened during the year**	• The Company continues to be able to access growth capital for its easyfinancial business at a reasonable cost. • The Company successfully completes the growth initiatives outlined in its strategic plan. • Virtually all new locations will operate as stand-alone branches.	• The earnings drag from newly opened locations is within acceptable levels. • The Company's ability to secure new real estate and experienced personnel. • Retail business conditions are assumed to be within normal parameters with respect to consumer demand, competition and margins. • The Company is successful in obtaining regulatory approval for its new markets and products where required.

	Targets for 2018	Targets for 2019	Targets for 2020	Assumptions	Risk Factors[1]
Net charge-offs as a percentage of average gross consumer loans receivable	**12% - 14%**	**11% - 13%**	**10% - 12%**	• Net charge off rates for the existing products remain at current levels while net charge off rates for the risk adjusted and secured lending products are lower.	• Net charge off rates for existing products increase or the net charge off rates for the risk adjusted or secured lending products are higher than expected. • Increased levels of unemployment or economic instability
easyfinancial operating margin	**38% - 40%**	**40%+**	**40%+**	• Yield and loss rates at mature locations are indicative of future performance. • Yield and loss rates of risk adjusted and secured lending products are as anticipated. • Net charge off rates for both existing and secured lending products are as expected. • Continued investment in new branches and increased marketing to drive originations moderate earnings.	• The Company's ability to achieve operating efficiencies as the business grows. • The earnings drag from newly opened locations is within acceptable levels. • Retail business conditions are assumed to be within normal parameters with respect to consumer demand, competition and margins. • The Company is able to manage charge-off rates within its desired parameters. • Changes to regulations governing the products offered by the Company. • The Company's growth initiatives do not deliver the expected results. • The Company is successful in obtaining regulatory approval for its new markets and products where required.
Total revenue growth	**16% - 18%**	**14% - 16%**	**10% - 12%**	• Continued accelerated growth of the consumer loans receivable portfolio, driven by new delivery channels, building the Quebec branch network and other additional branch openings, the launch of secured loans and the continued strong growth of the Company's existing lending products. • Revenue growth moderated by a higher proportion of lower yield loans.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand, competition and margins. • Changes to regulations governing the products offered by the Company. • The Company's growth initiatives do not deliver the expected results. • The Company is successful in obtaining regulatory approval for its new markets and products where required. • Continued access to reasonably priced capital. • Revenue generated by easyhome is expected to be flat.

[1] Risk factors include those risks referred to in the section entitled "Risk Factors" as described in this MD&A.

In connection with the achievement of these targets, the Company has targeted a long-term return on equity of 20+%.

Analysis of Results for the Three Months Ended September 30, 2017

Third Quarter Highlights

- Subsequent to the end of the third quarter of 2017, the Company completed a recapitalization of its balance sheet. On November 1, 2017, the Company completed an offering of US $325 million senior unsecured notes, due November 1, 2022 with a US dollar coupon rate of 7.875% ("the Notes"). Concurrent with this offering, the Company entered into a currency swap agreement to fix the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the senior notes, effectively hedging the obligation under the senior notes to $418.9 million at a Canadian dollar interest rate of 7.84%. The Company used the net proceeds from the sale of the senior notes to repay the existing term loan and to pay fees and expenses of the offering. The Company further intends to use the remainder of the proceeds from the offering and the funds available under the senior secured revolving credit facility (as described below) to expand its consumer loan portfolio and for general corporate purposes.

- Additionally, on November 1, 2017, the Company entered into a new senior secured $110 million revolving credit facility maturing in 2020 with a syndicate of banks. The Senior Secured Credit Facility bears interest at either Canadian Bankers' Acceptance rate plus 450 bps or the lender's prime rate plus 350 bps.

- goeasy continued to reach record levels of revenue during the third quarter of 2017. Revenue for the quarter increased to $103.7 million from the $87.8 million reported in the third quarter of 2016, an increase of $15.9 million or 18.1%. The increase in revenue was driven by the growth of the Company's easyfinancial business. Same store revenue growth for the quarter was 21.3%.

- During the quarter, the Company's easyfinancial business generated record levels of new customer acquisition, loan originations and loan book growth. The strong growth was fueled by the continued maturation of the Company's retail branch network, the increased penetration of risk adjusted rate loans to more credit worthy borrowers, the Company's expansion into Quebec and the ongoing enhancements to the Company's digital properties. Additionally, strong growth in the quarter was supported by an increased investment in advertising which led to record new customer additions. The gross consumer loans receivable portfolio as at September 30, 2017 was $473.1 million compared with $343.7 million as at September 30, 2016, an increase of $129.4 million or 37.6%. Loan originations in the quarter reached $157.6 million, an increase of 55.9% compared with the third quarter of 2016. The growth of the loan book in the quarter of $47.7 million was $30.2 million or 173% greater than the loan book growth recorded in the third quarter of 2016.

- The continuing investments in credit analytics, underwriting and collections are having the desired effect. Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 13.1% in the quarter, down from 15.4% in the third quarter of 2016. The Company achieved an improvement in delinquency rates and experienced lower bankruptcy losses during the current quarter. This, and the increased penetration of risk adjusted rate loans to more credit worthy customers, helped to reduce the charge-off rate.

- easyfinancial recorded a strong operating margin of 40.4%, up from the 39.9% reported in the third quarter of 2016. The strong operating margin was driven by the larger loan book and associated impact on revenue, coupled with the reduced net charge off rate. Increased advertising spend to drive loan origination growth and increased operating expenses to expand the easyfinancial product suite and distribution served to moderate the improvement in operating margin.

- The operating income of the easyhome business during the quarter was $5.6 million, up almost 10% against the third quarter of 2016. While easyhome revenue in the quarter declined due to store sales and closures, this was more than offset by a reduction in expenses and improved pricing and product margins. Operating margin for the third quarter of 2017 was 16.4%, an improvement from the 14.4% reported in the third quarter of 2016.

- Operating income for the three month period ended September 30, 2017 was $23.9 million compared to adjusted operating income of $17.8 million in the third quarter of 2016, an increase of $6.2 million or 34.8%. Operating income in the comparable period of 2016 was negatively impacted by $5.3 million in non-recurring transaction advisory costs. Operating margin in the quarter was 23.1% against the 20.2% normalized operating margin in the third quarter of 2016. Operating margin increased due to improvements in the respective operating margins of both business units and the increased proportion of operating margin generated by easyfinancial.

- Net income for the third quarter of 2017 was $11.6 million or $0.81 per share on a diluted basis. Reported net income for the third quarter of 2016 was $4.9 million or $0.36 per share on a diluted basis. As mentioned, the comparable period of 2016 was negatively impacted by $5.3 million in transaction advisory costs. Normalizing for these items, adjusted net income and adjusted earnings per share in the third quarter of 2016 were $8.8 million or $0.64 per share, respectively. On this normalized basis, net income and diluted earnings per share increased by 31.4% and 26.6%, respectively.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended Sep. 30, 2017	Three Months Ended Sep. 30, 2016	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**103,710**	87,788	15,922	18.1%
Operating expenses before depreciation and amortization and transaction advisory costs	**67,070**	56,517	10,553	18.7%
Transaction advisory costs[2]	**-**	5,308	(5,308)	(100.0%)
EBITDA[1]	**26,601**	15,109	11,492	76.1%
EBITDA margin[1]	**25.6%**	17.2%	8.4%	-
Depreciation and amortization expense	**12,716**	13,519	(803)	(5.9%)
Operating income	**23,924**	12,444	11,480	92.3%
Operating margin[1]	**23.1%**	14.2%	8.9%	-
Finance costs	**7,465**	5,411	2,054	38.0%
Effective income tax rate	**29.5%**	29.9%	(0.4%)	-
Net income	**11,606**	4,932	6,674	135.3%
Diluted earnings per share	**0.81**	0.36	0.45	125.0%
Return on Equity[1]	**21.3%**	10.5%	10.8%	-
Adjusted (Normalized) Financial Results[1,2]				
Adjusted EBITDA margin	**25.6%**	23.3%	2.3%	-
Adjusted operating income	**23,924**	17,752	6,172	34.8%
Adjusted operating margin	**23.1%**	20.2%	2.9%	-
Adjusted net income	**11,606**	8,833	2,773	31.4%
Adjusted earnings per share	**0.81**	0.64	0.17	26.6%
Adjusted return on equity	**21.3%**	18.9%	2.4%	-
Key Performance Indicators[1]				
Same store revenue growth	**21.3%**	15.4%	5.9%	-
Same store revenue growth excl. easyfinancial	**3.0%**	(4.1%)	7.1%	-
Segment Financials				
easyfinancial revenue	**69,728**	52,648	17,080	32.4%
easyfinancial operating margin	**40.4%**	39.9%	0.5%	-
easyhome revenue	**33,982**	35,140	(1,158)	(3.3%)
easyhome operating margin	**16.4%**	14.4%	2.0%	-
Portfolio Indicators				
Gross consumer loans receivable	**473,063**	343,711	129,352	37.6%
Growth in consumer loans receivable	**47,739**	17,503	30,236	172.7%
Gross loan originations	**157,589**	101,059	56,530	55.9%
Bad debt expense as a percentage of Financial Revenue	**25.4%**	26.7%	(1.3%)	-
Net charge-offs as a percentage of average gross consumer loans receivable	**13.1%**	15.4%	(2.3%)	-
Potential monthly lease revenue	**9,226**	9,714	(488)	(5.0%)
Change in potential monthly lease revenue due to ongoing operations	**(110)**	(62)	(48)	(77.4%)

[1] See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".

[2] During the three months ended September 30, 2016, the Company incurred $5.3 million in transaction advisory costs related to a potential acquisition.

Store Locations Summary

	Locations as at Jun. 30, 2017	Locations opened during period	Locations closed during period	Conversions	Locations as at Sep. 30, 2017
easyfinancial					
Kiosks (in store)	43	-	-	(1)	**42**
Stand-alone locations	171	5	-	1	**177**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	215	5	-	-	**220**
easyhome					
Corporately owned stores	143	-	(1)	(1)	**141**
Consolidated franchise locations	2	-	(1)	-	**1**
Total consolidated stores	145	-	(2)	(1)	**142**
Total franchise stores	28	-	-	1	**29**
Total easyhome stores	173	-	(2)	-	**171**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended September 30, 2017			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	**69,728**	**33,982**	**-**	**103,710**
Total operating expenses before depreciation and amortization	**39,815**	**17,713**	**9,542**	**67,070**
Depreciation and amortization	**1,772**	**10,706**	**238**	**12,716**
Operating income (loss)	**28,141**	**5,563**	**(9,780)**	**23,924**
Finance costs				**7,465**
Income before income taxes				**16,459**
Income taxes				**4,853**
Net income				**11,606**
Diluted earnings per share				**0.81**

($ in 000's except earnings per share)	Three Months Ended September 30, 2016			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	52,648	35,140	-	87,788
Total operating expenses before depreciation and amortization and transaction advisory costs	30,011	18,369	8,137	56,517
Transaction advisory costs[1]	-	-	5,308	5,308
Depreciation and amortization	1,652	11,705	162	13,519
Operating income (loss)	20,985	5,066	(13,607)	12,444
Finance costs				5,411
Income before income taxes				7,033
Income taxes				2,101
Net income				4,932
Diluted earnings per share				0.36

[1] During the three months ended September 30, 2016, the Company incurred $5.3 million in transaction advisory costs related to a potential acquisition.

Revenue and Other Income

Revenue for the three month period ended September 30, 2017 was $103.7 million compared to $87.8 million in the same period in 2016, an increase of $15.9 million or 18.1%. Same store sales growth for the quarter was 21.3%. Revenue growth was driven primarily by the growth of easyfinancial.

e*asyfinancial* – Revenue for the three month period ended September 30, 2017 was $69.7 million, an increase of $17.1 million or 32.4% from the comparable period of 2016. The increase in revenue was driven by the growth of the gross consumer loans receivable portfolio and offset somewhat by a reduction in yield. The gross consumer loans receivable portfolio increased from $343.7 million as at September 30, 2016 to $473.1 million as at September 30, 2017, an increase of $129.4 million or 37.6%. Gross loan originations in the quarter were $157.6 million, an increase of 55.9% when compared to the third quarter of 2016. Both originations and loan book growth in the quarter reached record levels. The strong growth was fueled by the continued maturation of the Company's retail branch network, the increased penetration of risk adjusted rate loans to more credit worthy borrowers, the Company's expansion into Quebec and the ongoing enhancements to the Company's digital properties. Additionally, strong growth in the quarter was supported by an increased investment in advertising which led to record new customer additions.

The annualized yield realized by the Company on its average consumer loans receivable portfolio decreased by 120 bps in the third quarter of 2017 when compared to the third quarter of 2016. The decrease in the yield was due to i) the increased penetration of risk adjusted interest rate loans to a more credit worthy customer, and ii) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products. Moderating the decline in yield was the strong take up on ancillary products in the quarter.

easyhome – Revenue for the three month period ended September 30, 2017 was $34.0 million, a decrease of $1.2 million when compared with the third quarter of 2016. The decline in revenue was driven primarily by store sales or closures which occurred over the past 15 months. The net impact of store transactions reduced revenue by $1.5 million in the quarter when compared to the third quarter of 2016. Excluding the impact of such store transactions, revenue across the store network was up $0.3 million in the current quarter compared with the third quarter of 2016. Similarly, same store sales growth was 3.0%.

Total Operating Expenses before Depreciation and Amortization and Transaction Advisory Costs

Total operating expenses before depreciation and amortization and transaction advisory costs were $67.1 million for the three month period ended September 30, 2017, an increase of $10.6 million or 18.7% from the comparable period in 2016. The increase in operating expenses was driven primarily by the higher costs associated with the expanding easyfinancial business, greater advertising expenditures to drive the growth of the easyfinancial consumer loans receivable portfolio and higher provisions for future charge offs driven by the strong loan book growth. Total operating expenses before depreciation and amortization and transaction advisory costs represented 64.7% of revenue for the third quarter of 2017, broadly consistent with the 64.4% reported in the third quarter of 2016.

easyfinancial – Total operating expenses before depreciation and amortization were $39.8 million for the third quarter of 2017, an increase of $9.8 million or 32.7% from the third quarter of 2016. Operating expenses, excluding bad debt, increased by $6.1 million or 38.8% in the quarter driven by: i) an additional $1.2 million in advertising and marketing spend to support the strong growth in originations, ii) higher wages and other costs to operate and manage the growing branch network, iii) increased branch count (including new branches in Quebec), iv) incremental expenditures to enhance the product offering (such as secured lending which is scheduled for launch in the fourth quarter of 2017) and v) higher branch level incentives (driven by the record growth in originations and loan book and significant improvements in delinquency and charge off rates). Overall branch count increased from 209 as at September 30, 2016 to 220 as at September 30, 2017.

Bad debt expense increased to $17.7 million for the third quarter of 2017 from $14.0 million during the comparable period in 2016, an increase of $3.7 million or 26.4%. The increase in bad debt expense of 26.4% was compared to the 37.6% growth in the loan book over the same period. Included in the bad debt expense was an incremental $1.7

million provision for future charge offs when compared to the third quarter of 2016 due to the strong loan book growth during the current quarter. Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 13.1% in the quarter compared with 15.4% in the third quarter of 2016. The Company achieved an improvement in delinquency rates through strong collection activities and experienced lower bankruptcy losses during the current quarter. This, and the increased penetration of risk adjusted rate loans to more credit worthy customers, helped to reduce the charge-off rates.

easyhome – Total operating expenses before depreciation and amortization were $17.7 million for the third quarter of 2017, a decrease of $0.7 million when compared with the third quarter of 2016. While advertising spend increased by $0.1 million in the current quarter, overall store operating expenses declined by $0.8 million due in part to the reduced store count. In addition, tight cost controls generated cost reductions across a number of categories including store labour and administrative costs. Consolidated leasing store count declined by nine from 151 as at September 30, 2016 to 142 as at September 30, 2017.

Corporate – Total operating expenses before depreciation and amortization and transaction advisory costs were $9.5 million for the third quarter of 2017 compared to $8.1 million in the third quarter of 2016, an increase of $1.4 million. The increase was primarily related to i) higher incentive compensation costs (including stock based compensation) due to the strong financial results of the Company, higher administrative costs to manage the growing business and an additional $0.5 million allowance against certain remaining receivables relating to the U.S. business which is being wound down. These cost increases were somewhat offset by a $1.0 million gain on the sale of an easyhome store to a franchisee in the current quarter. Corporate expenses before depreciation and amortization and transaction and advisory costs represented 9.2% of revenue in the third quarter of 2017 compared to 9.3% of revenue in the third quarter of 2016.

Transaction Advisory Costs – During the third quarter of 2016, $5.3 million in transaction advisory costs were incurred by the Company to analyze, arrange financing and submit a bid for a potential strategic acquisition. The acquisition was ultimately not completed by the Company as, during the process, the Company determined that it would create greater shareholder value by continuing the growth and expansion of its current business rather than by continuing with the acquisition process.

Depreciation and Amortization

Depreciation and amortization for the three month period ended September 30, 2017 was $12.7 million, a decrease of $0.8 million from the comparable period in 2016. Overall, depreciation and amortization represented 12.3% of revenue for the three months ended September 30, 2017, a decrease from the 15.4% reported in the comparable period of 2016.

easyfinancial – The $0.1 million increase in depreciation and amortization within easyfinancial was attributable to its growing network of branches and the amortization of new systems.

easyhome – Depreciation and amortization expense declined by $1.0 million in the third quarter of 2017 compared to the third quarter of 2016 due to reductions in the lease portfolio (as described in the analysis of easyhome's revenue), lower charge-offs and reduced store level impairment charges. easyhome's depreciation and amortization expense expressed as a percentage of easyhome revenue for the quarter was 31.5%, decreased from the 33.3% reported in the third quarter of 2016. Improved product pricing and margins contributed to this reduction in the rate.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three month period ended September 30, 2017 was $23.9 million. Operating income in the comparable period of 2017 was negatively impacted by $5.3 million in non-recurring transaction advisory costs. On a normalized basis, operating income in the third quarter of 2016 was $17.8 million. On this normalized basis, operating income increased by $6.1 million or 34.3% in the quarter when compared to the third quarter of 2016. Operating margin in the quarter was 23.1% against the 20.2% normalized operating margin reported in the third quarter of 2016.

easyfinancial – Operating income was $28.1 million for the third quarter of 2017 compared with $21.0 million for the comparable period in 2016, an increase of $7.1 million or 33.8%. The benefits of the larger loan book and related revenue increases of $17.1 million were partially offset by the $1.2 million increase in advertising spend, the higher provisions for future charge offs driven by the strong loan book growth and incremental expenditures to manage the growing customer base, enhance the product offering and expand the easyfinancial footprint. Operating margin in the quarter was 40.4% compared with 39.9% reported in the third quarter of 2016.

easyhome – Operating income was $5.6 million for the third quarter of 2017, an increase of $0.5 million when compared with the third quarter of 2016. While revenue in the quarter declined by $1.2 million when compared to the same period of 2016, store operating expenses declined by $0.7 million due primarily to the reduced store count and depreciation and amortization declined by $1.0 million due to lower revenue and improved pricing and product margins. Operating margin for the third quarter of 2017 was 16.4%, an improvement from the 14.4% reported in the third quarter of 2016.

Finance Costs

Finance costs for the three month period ended September 30, 2017 were $7.5 million, an increase of $2.1 million from the same period in 2016. This increase in finance costs was driven by higher average borrowing levels. Total debt as at September 30, 2017 was $323.6 million compared to $248.7 million as at September 30, 2016.

Income Tax Expense

The effective income tax rate for the third quarter of 2017 was 29.5%, consistent with the 29.9% reported in the third quarter of 2016. The effective tax rates in both quarters were higher than the statutory rate of approximately 27% due to non-deductible expenses in Canada and relating to the winddown of the US business.

Net Income and EPS

Net income for the third quarter of 2017 was $11.6 million or $0.81 per share on a diluted basis. Reported net income for the third quarter of 2016 was $4.9 million or $0.36 per share on a diluted basis. As mentioned, the comparable period of 2016 was negatively impacted by $5.3 million in transaction advisory costs. Normalizing for these items, adjusted net income and adjusted earnings per share in the third quarter of 2016 were $8.8 million or $0.64 per share, respectively. On this normalized basis, net income and diluted earnings per share increased by 31.4% and 26.6%, respectively.

Analysis of Results for the Nine Months Ended September 30, 2017

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Nine Months Ended		Variance	Variance
	Sep. 30, 2017	Sep. 30, 2016	$ / %	% change
Summary Financial Results				
Revenue	**296,638**	256,211	40,427	15.8%
Other income[2]	**-**	3,000	(3,000)	(100.0%)
Operating expenses before depreciation and amortization and transaction advisory costs	**194,939**	166,568	28,371	17.0%
Transaction advisory costs[3]	**-**	6,382	(6,382)	(100.0%)
EBITDA[1]	**70,718**	52,820	17,898	33.9%
EBITDA margin[1]	**23.8%**	20.6%	3.2%	-
Depreciation and amortization expense	**38,756**	40,920	(2,164)	(5.3%)
Operating income	**62,943**	45,341	17,602	38.8%
Operating margin[1]	**21.2%**	17.7%	3.5%	-
Finance costs	**19,868**	15,346	4,522	29.5%
Effective income tax rate	**28.6%**	24.3%	4.3%	-
Net income	**30,766**	22,707	8,059	35.5%
Diluted earnings per share	**2.17**	1.63	0.54	33.1%
Return on equity	**19.6%**	16.6%	3.0%	-
Adjusted (Normalized) Financial Results[1]				
Adjusted EBITDA margin	**23.8%**	21.9%	1.9%	-
Adjusted operating income	**62,943**	48,723	14,220	29.2%
Adjusted operating margin	**21.2%**	19.0%	2.2%	-
Adjusted net income	**30,766**	24,813	5,953	24.0%
Adjusted earnings per share	**2.17**	1.78	0.39	21.9%
Adjusted return on equity	**19.6%**	18.1%	1.5%	-
Key Performance Indicators[1]				
Same store revenue growth	**18.7%**	13.3%	5.4%	-
Same store revenue growth excl. easyfinancial	**1.0%**	(0.5%)	1.5%	-
Segment Financials				
easyfinancial revenue	**193,391**	148,077	45,314	30.6%
easyfinancial operating margin	**38.3%**	37.3%	1.0%	-
easyhome revenue	**103,247**	108,134	(4,887)	(4.5%)
easyhome operating margin	**15.5%**	14.8%	0.7%	-
Portfolio Indicators				
Gross consumer loans receivable	**473,063**	343,711	129,352	37.6%
Growth in consumer loans receivable	**102,546**	54,285	48,261	88.9%
Gross loan originations	**403,111**	281,214	121,897	43.3%
Bad debt expense as a percentage of Financial Revenue	**25.3%**	26.8%	(1.5%)	-
Net charge-offs as a percentage of average gross consumer loans receivable	**13.9%**	15.3%	(1.4%)	-
Potential monthly lease revenue	**9,226**	9,714	(488)	(5.0%)
Change in potential monthly lease revenue due to ongoing operations	**(448)**	(670)	222	33.1%

[1] See description in sections "Portfolio Analysis" and "Key Performance Indicators and Non-IFRS Measures".

[2] On June 30, 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The shares were acquired by the Company during the start-up phase of this company and the net book value of those shares was nil.

[3] During the nine months ended September 30, 2016, the Company incurred $6.4 million in transaction advisory costs related to a potential acquisition.

Store Locations Summary

	Locations as at Dec. 31, 2016	Locations opened during period	Locations closed during period	Conversions	Locations as at Sep. 30, 2017
easyfinancial					
Kiosks (in store)	46	3	-	(7)	**42**
Stand-alone locations	161	10	(1)	7	**177**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	208	13	(1)	-	**220**
easyhome					
Corporately owned stores	146	-	(3)	(2)	**141**
Consolidated franchise locations	2	-	(1)	-	**1**
Total consolidated stores	148	-	(4)	(2)	**142**
Total franchise stores	28	-	(1)	2	**29**
Total easyhome stores	176	-	(5)	-	**171**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Nine Months Ended September 30, 2017			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	**193,391**	**103,247**	**-**	**296,638**
Total operating expenses before depreciation and amortization	**114,164**	**54,376**	**26,399**	**194,939**
Depreciation and amortization	**5,187**	**32,853**	**716**	**38,756**
Operating income (loss)	**74,040**	**16,018**	**(27,115)**	**62,943**
Finance costs				**19,868**
Income before income taxes				**43,075**
Income taxes				**12,309**
Net income				**30,766**
Diluted earnings per share				**2.17**

($ in 000's except earnings per share)	Nine Months Ended September 30, 2016			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	148,077	108,134	-	256,211
Other income[1]	-	-	3,000	3,000
Total operating expenses before depreciation and amortization and transaction advisory costs	88,071	56,464	22,033	166,568
Transaction advisory costs[2]	-	-	6,382	6,382
Depreciation and amortization	4,804	35,626	490	40,920
Operating income (loss)	55,202	16,044	(25,905)	45,341
Finance costs				15,346
Income before income taxes				29,995
Income taxes				7,288
Net income				22,707
Diluted earnings per share				1.63

[1] On June 30, 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The shares were acquired by the Company during the start-up phase of this company and the net book value of those shares was nil.

[2] During the nine months ended September 30, 2016, the Company incurred $6.4 million in transaction advisory costs related to a potential acquisition.

Revenue and Other Income

Revenue for the nine month period ended September 30, 2017 was $296.6 million compared to $256.2 million in the same period in 2016, an increase of $40.4 million or 15.8%. The increase was driven by the growth of the easyfinancial business.

easyfinancial – Revenue for the nine month period ended September 30, 2017 was $193.4 million, an increase of $45.3 million or 30.6% from the comparable period in 2016. The increase in revenue was driven by the growth of the gross consumer loans receivable portfolio. The gross consumer loans receivable portfolio increased from $343.7 million as at September 30, 2016 to $473.1 million as at September 30, 2017, an increase of $129.4 million or 37.6%. Gross loan originations in the current year to date period were $403.1 million, an increase of 43.3% compared to the first nine months of 2016.

The annualized yield realized by the Company on its average consumer loans receivable portfolio in the current year to date period was essentially flat when compared with the same period of 2016. The increased proportion of higher dollar loans which have reduced pricing on certain ancillary products and the increased penetration of risk adjusted interest rate loans to more credit worthy customers put downward pressure on rates. This was offset, however, by increased commissions earned on the sale of ancillary products and the one-time impacts associated with the transition of the Company's creditor life insurance product to a new provider which increased the commissions earned by the Company during the first nine months of 2017.

easyhome – Revenue for the nine month period ended September 30, 2017 was $103.2 million, a decrease of $4.9 million from the comparable period in 2016. The decline in revenue was driven by the closure or sale of a number of merchandise leasing stores over the past 21 months which reduced revenue by $3.9 million in the first nine months of 2017 when compared to the same period of 2016 and by lower sales across the existing store network in the current year to date period compared with the same period of 2016.

Other Income – During the second quarter of 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The Company acquired the shares during the start-up phase of this entity and the net book value of the shares was nil.

Total Operating Expenses before Depreciation and Amortization and Transaction Advisory Costs

Total operating expenses before depreciation and amortization and transaction advisory costs were $194.9 million for the nine month period ended September 30, 2017, an increase of $28.4 million or 17.0% from the comparable period in 2016. The increase in operating expenses was driven primarily by the higher costs associated with the expanding easyfinancial business, including higher advertising expenditures, and higher corporate costs and was somewhat offset by lower costs within the easyhome business. Total operating expenses before depreciation and amortization and transaction advisory costs represented 65.7% of revenue for the first nine months of 2017, an increase from the 65.0% reported for the comparable period of 2016.

easyfinancial – Total operating expenses before depreciation and amortization were $114.2 million for the first nine months of 2017, an increase of $26.1 million or 29.6% from the comparable period of 2016. Operating expenses, excluding bad debt, increased by $16.8 million or 34.8% in the current year to date period driven by: i) an additional $4.0 million in advertising and marketing spend to support the strong growth in originations, ii) higher wages and other costs to operate and manage the growing branch network, iii) increased branch count (including new branches in Quebec), iv) incremental expenditures to enhance the product offering (such as secured lending which is scheduled for launch in the fourth quarter of 2017), and v) higher branch level incentives (driven by the record growth in originations and loan book and significant improvements in delinquency and charge off rates). Overall branch count increased from 209 as at September 30, 2016 to 220 as at September 30, 2017.

Bad debt expense increased to $49.0 million for the first nine months of 2017 from $39.7 million during the comparable period in 2016, an increase of $9.3 million or 23.4%. Included in bad debt expense in the current year to date period was an incremental $2.3 million provision for future charge offs when compared to the same period of 2016 due to the strong loan book growth (particularly during the third quarter of 2017). Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 13.9% in the current year to date period compared with 15.3% in the same period of 2016.

easyhome – Total operating expenses before depreciation and amortization for the nine month period ended September 30, 2017 were $54.4 million, a decrease of $2.1 million or 3.7% from the comparable period in 2016. The decline was driven primarily by the reduced store count and cost tightening but was partially offset by a $0.5 million increase in advertising spend. Consolidated leasing store count declined by nine from 151 as at September 30, 2016 to 142 as at September 30, 2017.

Corporate – Total operating expenses before depreciation and amortization and transaction advisory costs were $26.4 million for the nine month period ending September 30, 2017 compared to $22.0 million for the same period of 2016, an increase of $4.4 million. The increase was related to i) higher incentive compensation costs (including stock based compensation) due to the strong financial results of the Company, ii) higher administrative costs (particularly information technology) to manage the growing business and iii) a $1.3 million allowance against certain remaining receivables relating to the US business as previously described.

Transaction Advisory Costs – During the first nine months of 2016, $6.4 million in transaction advisory costs were incurred by the Company to analyze, arrange financing and submit a bid for a potential strategic acquisition.

Depreciation and Amortization

Depreciation and amortization expense for the nine month period ended September 30, 2017 was $38.8 million, down $2.2 million from the comparable period in 2016. Increases in depreciation and amortization expense within the easyfinancial business were more than offset by declines within the easyhome business. Overall depreciation and amortization represented 13.1% of revenue for the nine months ended September 30, 2017, a decrease from 16.0% reported in the comparable period of 2016.

easyfinancial – The $0.4 million increase in depreciation and amortization expense within easyfinancial was attributable to its growing branch network and the amortization of new systems.

easyhome – Depreciation and amortization expense declined by $2.8 million in the first nine months of 2017 compared with the same period of 2016 due to reductions in the lease portfolio, improved pricing and product margins and lower charge-offs. easyhome's depreciation and amortization expense expressed as a percentage of easyhome's revenue for the first nine months of 2017 was 31.8%, down from the 32.9% reported in the comparable period of 2016.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the nine month period ended September 30, 2017 was $62.9 million. Operating income in the comparable period of 2016 was negatively impacted by $6.4 million in transaction advisory costs which were non-recurring and unusual in nature and positively impacted by a $3.0 million gain on the sale of an investment. On a normalized basis, operating income in the first nine months of 2016 was $48.7 million. On this normalized basis, adjusted operating income increased by $14.2 million or 29.2% in the first nine months of 2017 when compared to the same period of 2016. Operating margin in the current year to date period was 21.2% compared to the 19.0% normalized operating margin reported in the same period of 2016.

easyfinancial – Operating income was $74.0 million for the first nine months of 2017 compared with $55.2 million for the same period in 2016, an increase of $18.8 million or 34.1%. The benefits of the larger loan book and related revenue increases of $45.3 million were partially offset by the $4.0 million increase in advertising spend, the $9.3 million increase in bad debt expense and incremental expenditures to enhance the product offering and expand the easyfinancial footprint. Operating margin was 38.3% for the current year to date period compared with 37.3% reported in the same period of 2016.

easyhome – Operating income was $16.0 million for the first nine months of 2017 consistent with the operating income generated in the same period of 2016. The reduced size of the lease portfolio and associated lower revenue (as previously described) coupled with the additional advertising spend were offset by lower store operating expenses and lower depreciation and amortization. Operating margin for the first nine months of 2017 was 15.5% compared to the 14.8% reported for the same period of 2016.

Finance Costs

Finance costs for the nine month period ended September 30, 2017 were $19.9 million, up $4.5 million from the same period in 2016. The increase in finance costs was driven by higher average borrowing levels.

Income Tax Expense

The effective income tax rate for the first nine months of 2017 was 28.6%, higher than the 24.3% reported in the same period of 2016. The higher effective tax rate in the current year to date period is related primarily to the allowance taken against the Company's remaining U.S. receivables. Conversely the lower effective tax rate in the comparable period of 2016 was due to the lower tax rate on the capital gains from investment and asset sales (which were taxed at the lower capital gain rates).

Net Income and EPS

Net income for the first nine months of 2017 was $30.8 million or $2.17 per share on a diluted basis. Reported net income for the first nine months of 2016 was $22.7 million or $1.63 per share. As mentioned, the comparable period benefitted from a $3.0 million gain on the sale of an investment but was negatively impacted by $6.4 million in transaction advisory costs. Normalizing for these items, adjusted net income and adjusted earnings per share in the first nine months of 2016 were $24.8 million or $1.78 per share, respectively. On this normalized basis, net income and diluted earnings per share increased by 24.0% and 21.9%, respectively.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	**Sep. 2017**	Jun. 2017	Mar. 2017	Dec. 2016	Sep. 2016	Jun. 2016	Mar. 2016	Dec. 2015	Sept. 2015
Revenue	**103.7**	98.2	94.7	91.3	87.8	86.1	82.3	82.9	78.0
Net income	**11.6**	8.9	10.3	8.3	4.9	10.5	7.3	7.5	6.3
Net income as a percentage of revenue	**11.2%**	9.1%	10.8%	9.1%	5.6%	12.2%	8.8%	9.1%	8.0%
Earnings per share[1]									
Basic	**0.86**	0.66	0.76	0.62	0.37	0.77	0.54	0.56	0.46
Diluted	**0.81**	0.63	0.73	0.60	0.36	0.75	0.52	0.54	0.45

[1]Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of stock issued or repurchased during the year on the basic weighted average number of common shares outstanding together with the effects of rounding.

Portfolio Analysis

The Company generates its revenue from a portfolio of consumer loans receivable and lease agreements that are originated through the initial transaction with its customers. To a large extent, the business results for a period are determined by the performance of these portfolios, and the make-up of the portfolios at the end of a period are an important indicator of future business results.

The Company measures the performance of its portfolios during a period and their make-up at the end of a period using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Consumer Loans Receivable Portfolio

Loan Originations and Net Principal Written

Gross loan originations is the value of all consumer loans receivable advanced to the Company's customers during the period where new credit underwritings have been performed. Included in gross loan originations are loans to new customers and new loans to existing customers, a portion of which is applied to eliminate their prior borrowings.

When the Company extends additional credit to an existing customer, a full credit underwriting is performed using up-to-date information. Additionally, the loan repayment history of that customer throughout their relationship with the Company is considered in the credit decision. As a result, the quality of the credit decision is improved and is expected to result in better performance.

Net principal written details the Company's gross loan originations during a period, excluding that portion of the originations that has been used to eliminate the prior borrowings.

The gross loan originations and net principal written during the period were as follows:

	Three Months Ended		Nine Months Ended	
($ in 000's)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
Loan originations to new customers	**72,239**	39,611	**176,048**	121,037
Loan originations to existing customers	**85,349**	61,448	**227,063**	160,177
Less: Proceeds applied to repay existing loans	**(44,733)**	(32,410)	**(118,341)**	(82,277)
Net advance to existing customers	**40,616**	29,038	**108,722**	77,900
Net principal written	**112,855**	68,649	**284,770**	198,937

Gross Consumer Loans Receivable

The measure that the Company uses to describe the size of its easyfinancial portfolio is gross consumer loans receivable. Gross consumer loans receivable reflects the period-end balance of the portfolio before provisioning for potential future charge-offs. Growth in gross consumer loans receivable is driven by several factors including an increased number of customers and an increased loan value per customer. The changes in the gross consumer loans receivable portfolio during the periods were as follows:

	Three Months Ended		Nine Months Ended	
($ in 000's)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
Opening gross consumer loans receivable	**425,324**	326,208	**370,517**	289,426
Gross loan originations	**157,589**	101,059	**403,111**	281,214
Gross principal payments and other adjustments	**(93,290)**	(68,792)	**(252,868)**	(185,681)
Gross charge-offs before recoveries	**(16,560)**	(14,764)	**(47,697)**	(41,248)
Net growth in gross consumer loans receivable during the period	**47,739**	17,503	**102,546**	54,285
Ending gross consumer loans receivable	**473,063**	343,711	**473,063**	343,711

Financial Revenue and Net Financial Income

Financial revenue is generated by the easyfinancial segment. Financial revenue includes interest and various other ancillary fees generated by the Company's gross consumer loans receivable portfolio. Net financial income details the profitability of the Company's gross consumer loans receivable portfolio before any costs to originate or administer. Net financial income is calculated by deducting finance costs and bad debt expense from financial revenue. Net financial income is impacted by the size of the gross consumer loans receivable portfolio, the portfolio yield, the amount and cost of the Company's debt, the Company's leverage ratio and the bad debt expense experienced in the period.

	Three Months Ended		Nine Months Ended	
($ in 000's)	**Sep. 30, 2017**	**Sep. 30, 2016**	**Sep. 30, 2017**	**Sep. 30, 2016**
Financial revenue	**69,728**	52,648	**193,391**	148,077
Less: Finance costs	**(7,465)**	(5,411)	**(19,868)**	(15,346)
Less: Bad debt expense	**(17,729)**	(14,037)	**(49,019)**	(39,732)
Net Financial Income	**44,534**	33,200	**124,504**	92,999

Net Charge-Offs

In addition to loan originations, the consumer loans receivable portfolio during a period is impacted by charge-offs of delinquent customers. The Company charges off delinquent customers when they are 90 days contractually in arrears or upon notification that the customer is bankrupt. Subsequent collections of previously charged-off accounts are netted with gross charge-offs during a period to arrive at net charge-offs.

Average gross consumer loans receivable has been calculated based on the average of the month-end loan balances for the indicated period. This metric is a measure of the collection performance of the easyfinancial consumer loans receivable portfolio. For interim periods, the rate is annualized.

	Three Months Ended		Nine Months Ended	
($ in 000's except percentages)	**Sep. 30, 2017**	**Sep. 30, 2016**	**Sep. 30, 2017**	**Sep. 30, 2016**
Net charge-offs	**15,029**	13,021	**43,420**	36,481
Average gross consumer loans receivable	**459,219**	338,590	**417,128**	318,570
Net charge-offs as a percentage of average gross consumer loans receivable (annualized)	**13.1%**	15.4%	**13.9%**	15.3%

easyfinancial Bad Debt Expense

The Company's bad debt expense for a period includes the net charge-offs for that particular period plus any increases or decreases to its allowance for loan losses. The details of the Company's bad debt expense for the periods were as follows:

	Three Months Ended		Nine Months Ended	
($ in 000's except percentages)	**Sep. 30, 2017**	**Sep. 30, 2016**	**Sep. 30, 2017**	**Sep. 30, 2016**
Net charge-offs	**15,029**	13,021	**43,420**	36,481
Net change in allowance for loan losses	**2,700**	1,016	**5,599**	3,251
Bad debt expense	**17,729**	14,037	**49,019**	39,732
Financial Revenue	**69,728**	52,648	**193,391**	148,077
Bad debt expense as a percentage of Financial Revenue	**25.4%**	26.7%	**25.3%**	26.8%

easyfinancial Allowance for Loan Losses

The allowance for loan losses is a provision that is reported on the Company's balance sheet that is netted against the gross consumer loans receivable to arrive at the net consumer loans receivable. The allowance for loan losses provides for a portion of the future charge-offs that have not yet occurred within the portfolio of consumer loans receivable that exist at the end of a period. It is determined by the Company using a standard calculation that considers i) the relative maturity of the loans within the portfolio; ii) the long-term expected charge-off rates based on actual historical performance; and iii) the long-term expected charge-off pattern (timing) for a vintage of loans over their life based on actual historical performance. The allowance for loan losses essentially estimates the charge-offs that are expected to occur over the subsequent five month period for loans that existed as of the balance sheet date. Customer loan balances which are delinquent greater than 90 days are written off against the allowance for loan losses.

	Three Months Ended		Nine Months Ended	
($ in 000's except percentages)	**Sep. 30, 2017**	**Sep. 30, 2016**	**Sep. 30, 2017**	**Sep. 30, 2016**
Allowance for loan losses, beginning of period	**26,355**	20,700	**23,456**	18,465
Net charge-offs written off against the allowance	**(15,029)**	(13,021)	**(43,420)**	(36,481)
Increase in allowance due to lending and collection activities	**17,729**	14,037	**49,019**	39,732
Allowance for loan losses, end of period	**29,055**	21,716	**29,055**	21,716
Allowance for loan losses as a percentage of the ending gross consumer loans receivable	**6.1%**	6.3%	**6.1%**	6.3%

Aging of the Consumer Loans Receivable Portfolio

An aging analysis of the consumer loans receivable portfolio at the end of the periods was as follows:

($ in 000's)	September 30, 2017		September 30, 2016	
	$	**% of total**	**$**	**% of total**
Current	**452,478**	**95.6%**	325,764	94.8%
Days past due				
1 - 30 days	**11,613**	**2.5%**	10,245	3.0%
31 - 44 days	**2,834**	**0.6%**	2,410	0.7%
45 - 60 days	**2,372**	**0.5%**	2,202	0.6%
61 - 90 days	**3,766**	**0.8%**	3,090	0.9%
	20,585	**4.4%**	17,947	5.2%
Gross consumer loans receivable	**473,063**	**100.0%**	343,711	100.0%

A large portion of the Company's consumer loans receivable portfolio operates on a bi-weekly rather than monthly repayment cycle. As such, the aging analysis between different fiscal periods may not be comparable depending upon the day of the week on which the fiscal period ends. An alternate aging analysis prepared as of the last Saturday of the fiscal periods often presents a more relevant comparison.

An aging analysis of the consumer loans receivable portfolio as of the last Saturday of the periods was as follows:

($ in 000's)	Saturday, Sep. 30, 2017	Saturday, Sep. 24, 2016
	% of total	**% of total**
Current	**95.6%**	94.0%
Days past due		
1 - 30 days	**2.5%**	3.5%
31 - 44 days	**0.6%**	0.8%
45 - 60 days	**0.5%**	0.8%
61 - 90 days	**0.8%**	0.9%
	4.4%	6.0%
Gross consumer loans receivable	**100.0%**	100.0%

easyfinancial Consumer Loans Receivable Portfolio by Geography

At the end of the periods, the Company's easyfinancial consumer loans receivable portfolio was allocated among the following geographic regions:

($ in 000's)	September 30, 2017		September 30, 2016	
	$	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**22,633**	**4.8%**	17,645	5.1%
Nova Scotia	**33,028**	**7.0%**	25,716	7.5%
Prince Edward Island	**6,007**	**1.3%**	4,585	1.3%
New Brunswick	**26,135**	**5.5%**	19,395	5.6%
Quebec	**16,193**	**3.4%**	-	-
Ontario	**204,117**	**43.2%**	152,117	44.3%
Manitoba	**19,943**	**4.2%**	14,021	4.1%
Saskatchewan	**24,491**	**5.2%**	18,436	5.4%
Alberta	**61,199**	**12.9%**	47,351	13.8%
British Columbia	**53,680**	**11.3%**	40,745	11.9%
Territories	**5,637**	**1.2%**	3,700	1.1%
Gross consumer loans receivable	**473,063**	**100.0%**	343,711	100.0%

easyhome Portfolio Analysis

Potential Monthly Leasing Revenue

The Company measures its leasing portfolio through potential monthly lease revenue. Potential monthly lease revenue reflects the revenue that the Company's portfolio of leased merchandise would generate in a month providing it collected all lease payments due in that period. Growth in potential monthly lease revenue is driven by several factors including an increased number of customers, an increased number of leased assets per customer as well as an increase in the average price of the leased items.

The change in the potential monthly lease revenue during the periods was as follows:

($ in 000's)	Three Months Ended		Nine Months Ended	
	Sep. 30, 2017	**Sep. 30, 2016**	**Sep. 30, 2017**	**Sep. 30, 2016**
Opening potential monthly lease revenue	**9,419**	9,787	**9,886**	10,651
Change due to store openings or acquisitions during the period	**43**	-	**43**	-
Decrease due to store closures or sales during the period	**(126)**	(11)	**(255)**	(267)
Decrease due to ongoing operations	**(110)**	(62)	**(448)**	(670)
Net change	**(193)**	(73)	**(660)**	(937)
Ending potential monthly lease revenue	**9,226**	9,714	**9,226**	9,714

easyhome Portfolio by Product Category

At the end of the periods, the Company's leasing portfolio as measured by potential monthly lease revenue was allocated among the following product categories:

($ in 000's)	Sep. 30, 2017	Sep. 30, 2016
Furniture	**4,146**	4,172
Appliances	**1,096**	1,158
Electronics	**2,878**	3,120
Computers	**1,106**	1,264
Potential monthly lease revenue	**9,226**	9,714

easyhome Portfolio by Geography

At the end of the periods, the Company's leasing portfolio as measured by potential monthly lease revenue was allocated among the following geographic regions:

($ in 000's)	September 30, 2017		September 30, 2016	
	$	% of total	$	% of total
Newfoundland & Labrador	**804**	**8.7%**	813	8.4%
Nova Scotia	**795**	**8.6%**	797	8.2%
Prince Edward Island	**161**	**1.7%**	178	1.8%
New Brunswick	**678**	**7.4%**	714	7.4%
Quebec	**576**	**6.2%**	571	5.9%
Ontario	**3,170**	**34.4%**	3,512	36.1%
Manitoba	**243**	**2.6%**	247	2.5%
Saskatchewan	**439**	**4.8%**	506	5.2%
Alberta	**1,318**	**14.3%**	1,287	13.3%
British Columbia	**959**	**10.4%**	956	9.8%
USA	**83**	**0.9%**	133	1.4%
Potential monthly lease revenue	**9,226**	**100.0%**	9,714	100.0%

easyhome Charge-Offs

When easyhome enters into a leasing transaction with a customer, a sale is not recorded as the Company retains ownership of the related asset under the lease. Instead, the Company recognizes its leasing revenue over the term of the lease as payments are received from the customer. Periodically, the lease agreement is terminated by the customer or by the Company prior to the anticipated end date of the lease and the assets are returned by the customer to the Company. In some instances, the Company is unable to regain possession of the assets which are then charged off. Net charge-offs (charge-offs less subsequent recoveries of previously charged-off assets) are included in the depreciation of lease assets expense for financial reporting purposes.

($ in 000's except percentages)	Three Months Ended Sep. 30, 2017	Sep. 30, 2016	Nine Months Ended Sep. 30, 2017	Sep. 30, 2016
Net charge-offs	**1,141**	1,209	**3,028**	3,630
Leasing revenue	**33,982**	35,140	**103,247**	108,134
Net charge-offs as a percentage of easyhome revenue	**3.4%**	3.4%	**2.9%**	3.4%

Key Performance Indicators and Non-IFRS Measures

In addition to the reported financial results under IFRS and the metrics described in the Portfolio Analysis section of this MD&A, the Company also measures the success of its strategy using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The discussion in this section refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to the Company's financial statements. The Company discusses these measures because it believes that they facilitate the understanding of the results of its operations and financial position.

Several non-IFRS measures that are used throughout this discussion are defined as follows:

Same Store Revenue Growth

Same store revenue growth measures the revenue growth for all stores that have been open for a minimum of 15 months. To calculate same store revenue growth for a period, the revenue for that period is compared to the same period in the prior year. Same store revenue growth is influenced by both the Company's product offerings as well as the number of stores which have been open for a 12-36 month time frame, as these stores tend to be in the strongest period of growth at this time.

	Three Months Ended Sep. 30, 2017	Sep. 30, 2016	Nine Months Ended Sep. 30, 2017	Sep. 30, 2016
Same store revenue growth	**21.3%**	15.4%	**18.7%**	13.3%
Same store revenue growth excluding easyfinancial	**3.0%**	(4.1%)	**1.0%**	(0.5%)

Adjusted Operating Income, Adjusted Operating Margin, Adjusted Net Income, Adjusted Earnings Per Share

At various times, operating income, operating margin, net income and earnings per share may be affected by unusual items that have occurred in the period and impact the comparability of these measures with other periods. The Company defines operating margin as operating income divided by revenue. Items are considered unusual if they are outside of normal business activities, significant in amount and scope and are not expected to occur on a recurring basis. The Company defines i) adjusted operating income as operating income excluding such unusual and non-recurring items; ii) adjusted net income as net income excluding such items; and iii) adjusted earnings per share as diluted earnings per share excluding such items. The Company believes that adjusted operating income, adjusted net income and adjusted earnings per share are important measures of the profitability of operations adjusted for the effects of unusual items. Items used to adjust operating income, net income and earnings per share for the three and nine month periods ended September 30, 2017 and 2016 include those indicated in the chart below:

	Three months ended		Nine months ended	
($ in 000's except earnings per share)	**Sep. 30, 2017**	**Sep. 30, 2016**	**Sep. 30, 2017**	**Sep. 30, 2016**
Operating income as stated	**23,924**	12,444	**62,943**	45,341
Divided by revenue	**103,710**	87,788	**296,638**	256,211
Operating margin	**23.1%**	14.2%	**21.2%**	17.7%
Operating income as stated	**23,924**	12,444	**62,943**	45,341
Other income[1]	**-**	-	**-**	(3,000)
Transaction advisory costs[2]	**-**	5,308	**-**	6,382
Adjusted operating earnings	**23,924**	17,752	**62,943**	48,723
Divided by revenue	**103,710**	87,788	**296,638**	256,211
Adjusted operating margin	**23.1%**	20.2%	**21.2%**	19.0%
Net income as stated	**11,606**	4,932	**30,766**	22,707
Other income[1]	**-**	-	**-**	(3,000)
Transaction advisory costs[2]	**-**	5,308	**-**	6,382
Tax impact of above items	**-**	(1,407)	**-**	(1,276)
After tax impact of above item	**-**	3,901	**-**	2,106
Adjusted earnings	**11,606**	8,833	**30,766**	24,813
After tax impact of convertible debentures	**761**	-	**1,017**	-
Fully diluted net income	**12,367**	8,833	**31,783**	24,813
Weighted average number of diluted shares outstanding	**15,247**	13,854	**14,619**	13,919
Diluted earnings per share as stated	**0.81**	0.36	**2.17**	1.63
Per share impact of normalized items	**-**	0.28	**-**	0.15
Adjusted earnings per share	**0.81**	0.64	**2.17**	1.78

[1] On June 30, 2016, the Company sold its minority interest in a provider of credit remediation products for cash proceeds of $3.0 million. The shares were acquired by the Company during the start-up phase of this company and the net book value of those shares was nil.
[2] During the three and nine months ended September 30, 2016, the Company incurred $5.3 million and $6.4 million, respectively in transaction advisory costs related to a potential acquisition.

Operating Expenses Before Depreciation and Amortization

The Company defines operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. The Company believes that operating expenses before depreciation and amortization is an important measure of the cost of operations adjusted for the effects of purchasing decisions that may have been made in prior periods.

($ in 000's except percentages)	Three Months Ended		
	Sep. 30, 2017	**Sep. 30, 2016**	**Sep. 30, 2016 (adjusted)**
Operating expenses before depreciation and amortization and transaction advisory costs	**67,070**	61,825	61,825
Transaction advisory costs included in operating expenses	**-**	-	(5,308)
Adjusted operating expenses before depreciation and amortization	**67,070**	61,825	56,517
Divided by revenue	**103,710**	87,788	87,788
Operating expenses before depreciation and amortization as % of revenue	**64.7%**	70.4%	64.4%

($ in 000's except percentages)	Nine Months Ended		
	Sep. 30, 2017	**Sep. 30, 2016**	**Sep. 30, 2016 (adjusted)**
Operating expenses before depreciation and amortization	**194,939**	172,950	172,950
Transaction advisory costs included in operating expenses	**-**	-	(6,382)
Adjusted operating expenses before depreciation and amortization	**194,939**	172,950	166,568
Divided by revenue	**296,638**	256,211	256,211
Operating expenses before depreciation and amortization as % of revenue	**65.7%**	67.5%	65.0%

Operating Margin

The Company defines operating margin as operating income divided by revenue for the Company as a whole and for its operating segments: easyhome and easyfinancial. The Company believes operating margin is an important measure of the profitability of its operations, which in turn assists it in assessing the Company's ability to generate cash to pay interest on its debt and to pay dividends.

	Three Months Ended		Nine Months Ended	
($ in 000's except percentages)	**Sep. 30, 2017**	**Sep. 30, 2016**	**Sep. 30, 2017**	**Sep. 30, 2016**
easyfinancial				
Operating income	**28,141**	20,985	**74,040**	55,202
Divided by revenue	**69,728**	52,648	**193,391**	148,077
easyfinancial operating margin	**40.4%**	39.9%	**38.3%**	37.3%
easyhome				
Operating income	**5,563**	5,066	**16,018**	16,044
Divided by revenue	**33,982**	35,140	**103,247**	108,134
easyhome operating margin	**16.4%**	14.4%	**15.5%**	14.8%
Total				
Operating income	**23,924**	12,444	**62,943**	45,341
Divided by revenue	**103,710**	87,788	**296,638**	256,211
Total operating margin	**23.1%**	14.2%	**21.2%**	17.7%
Total (adjusted)				
Operating income as stated	**23,924**	12,444	**62,943**	45,341
Other income	**-**	-	**-**	(3,000)
Transaction advisory costs	**-**	5,308	**-**	6,382
Adjusted operating income	**23,924**	17,752	**62,943**	48,723
Divided by revenue	**103,710**	87,788	**296,638**	256,211
Total (adjusted) operating margin	**23.1%**	20.2%	**21.2%**	19.0%

Earnings before Interest, Taxes, Depreciation and Amortization [“EBITDA”] and EBITDA Margin

The Company defines EBITDA as earnings before interest, taxes, depreciation and amortization, excluding depreciation of leased assets. The Company uses EBITDA, among other measures, to assess the operating performance of its ongoing businesses. EBITDA margin is calculated as EBITDA divided by revenue.

($ in 000’s except percentages)	Three Months Ended		
	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2016 (adjusted)
Net income as stated	**11,606**	4,932	4,932
Finance costs	**7,465**	5,411	5,411
Income Tax Expense	**4,853**	2,101	2,101
Depreciation and amortization, excluding depreciation of lease assets	**2,677**	2,665	2,665
EBITDA	**26,601**	15,109	15,109
Transaction advisory costs	**-**	-	5,308
Adjusted EBITDA	**26,601**	15,109	20,417
Divided by revenue	**103,710**	87,788	87,788
EBITDA margin	**25.6%**	17.2%	23.3%

($ in 000’s except percentages)	Nine Months Ended		
	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2016 (adjusted)
Net income as stated	**30,766**	22,707	22,707
Finance costs	**19,868**	15,346	15,346
Income Tax Expense	**12,309**	7,288	7,288
Depreciation and amortization, excluding depreciation of lease assets	**7,775**	7,479	7,479
EBITDA	**70,718**	52,820	52,820
Other income	**-**	-	(3,000)
Transaction advisory costs	**-**	-	6,382
Adjusted EBITDA	**70,718**	52,820	56,202
Divided by revenue	**296,638**	256,211	256,211
EBITDA margin	**23.8%**	20.6%	21.9%

Return on Equity

The Company defines return on equity as annualized net income in the period divided by average shareholders' equity for the period. The Company believes return on equity is an important measure of how shareholders' invested capital is utilized in the business.

($ in 000's except periods and percentages)	Three Months Ended		
	Sep. 30, 2017	**Sep. 30, 2016**	**Sep. 30, 2016 (adjusted)**
Net income as stated	**11,606**	4,932	4,932
Transaction advisory costs	**-**	-	5,308
Tax impact of other income & transaction advisory costs	**-**	-	(1,407)
After tax impact	**-**	-	3,901
Adjusted net income	**11,606**	4,932	8,833
Multiplied by number of periods in year	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period	**217,972**	187,119	187,119
Return on equity	**21.3%**	10.5%	18.9%

($ in 000's except periods and percentages)	Nine Months Ended		
	Sep. 30, 2017	**Sep. 30, 2016**	**Sep. 30, 2016 (adjusted)**
Net income as stated	**30,766**	22,707	22,707
Other income	**-**	-	(3,000)
Transaction advisory costs	**-**	-	6,382
Tax impact of other income & transaction advisory costs	**-**	-	(1,276)
After tax impact	**-**	-	2,106
Adjusted net income	**30,766**	22,707	24,813
Multiplied by number of periods in year	**X 4/3**	X 4/3	X 4/3
Divided by average shareholders' equity for the period	**208,885**	182,505	182,505
Return on equity	**19.6%**	16.6%	18.1%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at September 30, 2017 and September 30, 2016.

($ in 000's, except for ratios)	Sep. 30, 2017	Sep. 30, 2016
Consumer loans receivable, net	**458,914**	323,890
Lease assets	**50,900**	54,178
Cash	**22,368**	29,752
Property and equipment	**15,917**	16,757
Intangible assets	**16,034**	14,753
Amounts receivable	**13,025**	11,664
Other assets	**27,938**	32,391
Total assets	**605,096**	483,385
External debt	**323,551**	248,654
Other liabilities	**57,459**	46,665
Total liabilities	**381,010**	295,319
Shareholders' equity	**224,086**	188,066
Total capitalization (total debt plus total shareholders' equity)	**547,637**	436,720
External debt to shareholders' equity	**1.44**	1.32
External debt to total capitalization	**0.59**	0.57
External debt to EBITDA [1]	**3.57**	3.39

[1] EBITDA excludes the impact of transaction advisory costs and is expressed on a trailing 12-month basis.

Total assets were $605.1 million as at September 30, 2017, an increase of $121.7 million or 25.2% compared to September 30, 2016. The growth in total assets was driven primarily by: i) the increased size of the consumer loans receivable portfolio (net of allowance) which increased by $135.0 million over the past 12 months.

The $121.7 million growth in total assets was financed by a $74.9 million increase in external debt (including the issuance of $53.0 million in convertible unsecured subordinated debentures), a $36.0 million increase in total shareholder's equity and a $10.8 million increase in other liabilities. While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings over the prior 12 months have been retained to fund the growth of easyfinancial.

The Company's external debt consisted of a $280 million term loan and a $53 million convertible unsecured subordinated debenture with net carrying values of $276.6 million and $46.9 million, respectively. The Company's credit facilities also consisted of an undrawn $20 million revolving operating facility. Borrowings under the term loan bore interest at the Canadian Bankers' Acceptance rate plus 699 bps with a 799 bps floor, borrowings under the convertible unsecured subordinated debenture bore interest at 5.75% while borrowings under the revolving operating facility bore interest at the lender's prime rate plus 175 to 275 bps depending on the Company's EBITDA ratio. The Company's term loan and revolving operating facility expire on October 4, 2019 and are secured by a first charge over substantially all assets of the Company while the Company's convertible unsecured subordinated debenture will mature on July 31, 2022. As at September 30, 2017, the Company's interest rates under the term loan and revolving operating facility were 8.31% and 5.45%, respectively.

Liquidity and Capital Resources

Summary of Cash Flow Components

($ in 000's)	Three Months Ended Sep. 30, 2017	Three Months Ended Sep. 30, 2016	Nine Months Ended Sep. 30, 2017	Nine Months Ended Sep. 30, 2016
Cash provided by operating activities before issuance of consumer loans receivable	**54,953**	41,058	**129,632**	113,915
Net issuance of consumer loans receivable	**(66,999)**	(31,138)	**(153,434)**	(92,661)
Cash provided (used in) by operating activities	**(12,046)**	9,920	**(23,802)**	21,254
Cash used in investing activities	**(10,556)**	(10,037)	**(34,110)**	(28,724)
Cash provided by financing activities	**142**	9,378	**55,352**	25,833
Net increase (decrease) in cash for the period	**(22,460)**	9,261	**(2,560)**	18,363

Cash flows used in operating activities for the three month period ended September 30, 2017 were $12.0 million. Included in this amount was a net investment of $67.0 million to increase the consumer loans receivable portfolio. If this net investment in the consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $55.0 million in the third quarter of 2017, up $13.9 million compared to the same period of 2016 due to higher adjusted net income and an increased proportion of non-cash expenses and a decrease in working capital.

During the third quarter of 2017, the Company generated $0.1 million in cash flow from financing activities, which included the proceeds from various financing activities offset by a $2.4 million dividends payment.

Cash flows provided by operating and financing activities in the third quarter of 2017 enabled the Company to: i) fund the growth of the consumer loans receivable portfolio as described above; ii) invest $8.4 million in new lease assets; iii) invest $4.0 million in additional property and equipment and intangible assets (specifically internally developed software); and iv) maintain its dividend payments.

Cash flows used by operating activities during the nine month period ended September 30, 2017 were $23.8 million. Included in this amount was a net investment of $153.4 million to increase the consumer loans receivable portfolio. If this net investment in the consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $129.6 million in the first nine months of 2017, up $15.7 million compared to the same period of 2016. The increase was related to higher adjusted net income and an increased proportion of non-cash expenses offset by an increase in working capital.

Also during the current year to date period, the Company generated $55.4 million in cash from financing activities which included: i) net proceeds of $51.3 million from the issuance of convertible unsecured subordinated debentures; and ii) $13.3 million in additional borrowings under the Company's credit facilities; which were offset by i) the purchase of $2.7 million in common shares under the normal course issuer bid; and ii) the payment of $6.5 million in dividends.

Cash flows provided by operating and financing activities in the first nine month of 2017 enabled the Company to: i) fund the growth of the consumer loans receivable portfolio as described above; ii) invest $27.9 million in new lease assets; iii) invest $9.7 million in property and equipment and intangible assets (primarily software development); and iv) maintain its dividend payments.

Subsequent Events

On November 1, 2017, the Company completed an offering of US $325 million senior unsecured notes, due 2022 with a US dollar coupon rate of 7.875% (“the Notes”).

Concurrently, the Company entered into a currency swap agreement (the “Currency Swap”) to fix the foreign currency exchange rate for the proceeds from the offering and for all required payments of principal and interest under the Notes. Through the Currency Swap, the Company established an exchange rate of 1.2890, effectively hedging the obligation under the Notes to $418.9 million at a Canadian dollar interest rate of 7.84%.

Also and concurrently, the Company entered into a new senior secured $110 million revolving credit facility maturing in 2020 (the “Senior Secured Credit Facility). The Senior Secured Credit Facility bears interest at either Canadian Bankers’ Acceptance rate plus 450 bps or the lender’s prime rate plus 350.

The Company used the net proceeds from the sale of the Notes to repay the existing term loan and to pay fees and expenses of the offering of the Notes. The Company intends to use the remainder of the proceeds from the sale of Notes and the funds available under the Senior Secured Credit Facility to expand its consumer loan portfolio and for general corporate purposes.

As a result of repaying the existing term loan, the Company will incur an early repayment penalty and will write-off the remaining unamortized deferred financing costs. The Company expects to recognize a one-time before tax charge of $8.2 million in the fourth quarter of 2017.

Outstanding Shares & Dividends

As at November 1, 2017 there were 13,452,321 common shares, 162,413 DSUs, 549,576 options, 641,910 RSUs, and no warrants outstanding.

Normal Course Issuer Bid (“NCIB”)

On June 22, 2016, the Company announced the acceptance by the Toronto Stock Exchange (the "TSX") of the Company's Notice of Intention to Make a Normal Course Issuer Bid. This NCIB terminated on June 26, 2017. As of June 30, 2017, the Company had purchased and cancelled 179,888 of its common shares on the open market under this NCIB at an average price of $24.40 per share for a total cost of $4.4 million.

On June 22, 2017, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a Normal Course Issuer Bid to commence June 27, 2017, (the “Notice of Intention”). Pursuant to this NCIB, the Company proposed to purchase, from time to time, if it is considered advisable, up to an aggregate of 300,000 common shares which represented approximately 4% of the 13,363,158 common shares issued and outstanding as at June 10, 2016. The Company had an average daily trading volume for the six months prior to May 31, 2017 of 29,980 shares. Under the June 22, 2017 NCIB, daily purchases will be limited to 7,495 common shares, other than block purchase exemptions. The purchases may commence on June 27, 2017 and will terminate on June 26, 2018 or on such earlier date as goeasy may complete its purchases pursuant to the Notice of Intention. The purchases made by goeasy will be effected through the facilities of the TSX, as well as alternative trading systems, and in accordance with the rules of the TSX. The price that the Company will pay for any common shares will be the market price of such shares at the time of acquisition. The Company will not purchase any common shares other than by open-market purchases. As of September 30, 2017, the Company had not cancelled any of its common shares pursuant to this June 22, 2017 NCIB.

Dividends

During the quarter ended September 30, 2017, the Company paid a $0.18 per share quarterly dividend on outstanding common shares.

The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. However, no dividends can be declared in the event there is a default of the loan facility, or where such payment would lead to a default. On February 15, 2017, the Company increased the dividend rate by 44% from 0.125 to 0.18. For the quarter ended September 30, 2017, the Company paid a $0.18 per share quarterly dividend on outstanding common shares.

The following table sets forth the quarterly dividends paid by the Company in the third quarter of the years indicated:

	2017	2016	2015	2014	2013	2012	2011
Dividend per share	**$ 0.18**	$ 0.125	$ 0.100	$ 0.085	$ 0.085	$ 0.085	$ 0.085
Percentage increase	**44.0%**	25.0%	17.6%	0.0%	0.0%	0.0%	0.0%

Commitments, Guarantees and Contingencies

The Company's commitments, guarantees and contingencies remain as described in its December 31, 2016 MD&A.

Risk Factors

The Company's activities are exposed to a variety of commercial, operational, financial and regulatory risks. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the Board of Directors reviews the Company's risk management policies on an annual basis.

Commercial Risks

Dependence on Key Personnel

One of the significant limiting factors in the Company's performance and expansion plans will be the hiring and retention of the best people for the job. Over the past few years, the Company has strengthened its hiring competencies and training programs.

In particular, the Company is dependent upon the abilities, experiences and efforts of its senior management team and other key employees. The loss of these individuals without adequate replacement could have a material adverse impact on its business and operations.

As a consequence of its growth strategy and relatively high employee turnover at the store and branch level, the Company requires a growing number of qualified managers and other store or branch personnel to successfully operate its expanding branch and store network. There is competition for such personnel and there can be no assurances that the Company will be successful in attracting and retaining the personnel it may require. If the Company is unable to attract and retain qualified personnel or its costs to do so increase dramatically, its operations would be materially adversely affected.

Competition

The Company estimates the size of the Canadian market for non-prime consumer lending, excluding mortgages, is approximately $165 billion. This demand is currently being met by a wide variety of industry participants that offer diverse products including auto lending, credit cards, installment loans, retail finance programs, small business lending and real estate secured lending. Generally, industry participants have tended to focus on a single product offering rather than providing consumers with multiple alternatives. As a result, the suppliers to the marketplace are quite diverse.

Competition in the non-prime consumer lending market is based primarily on access, flexibility and cost (interest rates). Consumers are generally able to transition between the different types of lending products that are available in the marketplace to satisfy their need for these different characteristics. The Company expects the competition for non-prime consumer lending in Canada will continue to shift for the foreseeable future. While traditional financial institutions are likely to decrease their risk tolerance and move farther away from non-prime lending, regional financial institutions such as credit unions, payday lenders, marketplace lenders and online lenders are expected to continue their expansion into the non-prime market.

The Company also faces direct competition in the Canadian market from other merchandise leasing companies. Other factors that may adversely affect the performance of the leasing business are increased sales of used furniture and electronics at online and at retail stores that offer a non-prime point-of-sale purchase financing option. Additional competitors, both domestic and international, may emerge since barriers to entry are relatively low.

The Company may be unable to compete effectively with new and existing competitors, which could adversely affect its revenues and results of operations. In addition, investments required to adjust to changing market conditions may adversely affect the Company's business.

Macroeconomic Conditions

Certain changes in macroeconomic conditions, many of which are beyond the Company's control, can have a negative impact on its customers and its performance. The Company's primary customer segment is the cash and credit constrained individual. These customers are affected by adverse macroeconomic conditions such as higher unemployment rates or costs of living, which can lower collection rates and result in higher charge-off rates and adversely affect the Company's performance, financial condition and liquidity. The Company can neither predict the impact current economic conditions will have on its future results, nor predict when the economic environment will change.

There can be no assurance that economic conditions will remain favorable for the Company's business or that demand for loans or default rates by customers will remain at current levels. Reduced demand for loans would negatively impact the Company's growth and revenues, while increased default rates by customers may inhibit the Company's access to capital, hinder the growth of the loan portfolio attributable to its products and negatively impact its profitability. Either such result could have a material adverse effect on the Company's business, prospects, results of operations, financial condition or cash flows.

Reputation

The Company's reputation is very important to attracting new customers to its platform as well as securing repeat lending to existing customers. While the Company believes that it has a good reputation and that it provides customers with a superior experience, there can be no assurance that the Company will continue to maintain a good relationship with customers or avoid negative publicity.

In recent years, consumer advocacy groups and some media reports have advocated governmental action to prohibit or place severe restrictions on non-bank consumer loans. Such consumer advocacy groups and media reports generally focus on the annual percentage rate for this type of consumer loan, which is compared unfavorably to the interest typically charged by banks to consumers with top-tier credit histories. The finance charges the Company assess can attract media publicity about the industry and be perceived as controversial. Customer's acceptance of the interest rates the Company charges on its consumer loans receivable could impact the future rate of the growth.

Additionally, if the negative characterization of these types of loans is accepted by legislators and regulators, the Company could become subject to more restrictive laws and regulations applicable to consumer loan products that could have a material adverse effect on the Company's business, prospects, results of operations, financial condition or cash flows.

In addition, the Company's ability to attract and retain customers is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters — even if related to seemingly isolated incidents, or even if related to practices not specific to short-term loans, such as debt collection — could erode trust and confidence and damage the Company's reputation among existing and potential customers, which would make it difficult to attract new customers and retain existing customers, significantly decrease the demand for the Company's products, result in increased regulatory scrutiny, and have a material adverse effect on the Company's business, prospects, results of operations, financial condition or cash flows.

The Company's former U.S. franchisees and certain other persons operate a lease-to-own business within the U.S. Although the Company does not own these businesses, their use of the easyhome name could adversely affect the Company if these third parties receive negative publicity or if external perceptions of those third parties' levels of service, trustworthiness or business practices are negative.

Litigation

From time to time and in the normal course of business, the Company may be involved in material litigation or may be subject to regulatory actions. There can be no assurance that any litigation or regulatory action in which the Company may become involved in the future will not have a material adverse effect on the Company's business, financial condition or results of operations. Lawsuits or regulatory actions could cause the Company to incur substantial expenditures, generate adverse publicity and could significantly impair the Company's business, force it to cease doing business in one or more jurisdictions or cause it to cease offering one or more products.

The Company is also likely to be subject to further litigation and communications with regulators in the future. An adverse ruling or a settlement of any current or future litigation or regulatory actions against the Company or another lender could cause the Company to have to refund fees and/or interest collected, forego collections of the principal amount of loans, pay treble or other multiple damages, pay monetary penalties and/or modify or terminate its operations in particular jurisdictions. Defense of any lawsuit or regulatory action, even if successful, could require substantial time and attention of the Company's management and could require the expenditure of significant amounts for legal fees and other related costs.

Operational Risks

Operational risk, which is inherent in all business activities, is the potential for loss as a result of external events, human behaviour (including error and fraud, non-compliance with mandated policies and procedures or other inappropriate behaviour) or inadequacy, or the failure of processes, procedures or controls. The impact may include financial loss, loss of reputation, loss of competitive position or regulatory and civil penalties. While operational risk cannot be eliminated, the Company takes reasonable steps to mitigate this risk by putting in place a system of oversight, policies, procedures and internal controls.

Strategic Risk

Strategic risk is the risk from changes in the business environment, fundamental changes in demand for the Company's products or services, improper implementation of decisions, execution of the Company's strategy or inadequate responsiveness to changes in the business environment, including changes in the competitive or regulatory landscape.

The Company's growth strategy is focused on easyfinancial. The Company's ability to increase its customer and revenue base is contingent, in part, on its ability to secure additional locations for easyfinancial, to grow its consumer loans receivable portfolio, to access customers through new delivery channels, to successfully develop and launch new products to meet evolving customer demands, to maintain profitability levels within the mature easyhome business and to execute with efficiency and effectiveness.

The impact of poor execution by management or an inadequate response to changes in the business environment could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Credit Risk

Credit risk is the risk of loss that arises when a customer or third party fails to pay an amount owing to the Company.

The maximum exposure to credit risk is represented by the carrying amount of the amounts receivable, consumer loans receivable and lease assets with customers under merchandise lease agreements. The Company leases products and makes consumer loans to thousands of customers pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any particular individual, company or other entity, although the Company is subject to a higher level of credit risk due to the credit constrained nature of many of its customers and in circumstances where its policies and procedures are not complied with.

The credit risk on the Company's consumer loans receivable made in accordance with policies and procedures is impacted by both the Company's credit policies and the lending practices which are overseen by the Company's Credit Committee comprised of members of senior management. Credit quality of the customer is assessed using proprietary credit scorecards and individual credit limits are defined in accordance with this assessment. The consumer loans receivable are unsecured. The Company evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions and operate independently. The Company develops underwriting models based on the historical performance of groups of customer loans which guide its lending decisions. To the extent that such historical data used to develop its underwriting models is not representative or predictive of current loan book performance, the Company could suffer increased loan losses.

The Company maintains an allowance for loan losses (that provides for a portion of the future charge-offs that have not yet occurred within its portfolio of consumer loans receivable that exists at the end of a fiscal period). The process for establishing an allowance for loan losses is critical to the Company's results of operations and financial conditions. The Company determines it using a standard calculation that considers: (i) the relative maturity of the loans within the portfolio; (ii) the long-term expected charge-off rates based on actual historical performance; and (iii) the long-term expected charge-off pattern (timing) for a vintage of loans over their life based on actual historical performance. To the extent that such historical data used to develop its allowance for loans losses is not representative or predictive of current loan book performance, the Company could suffer increased loan losses above and beyond those provided for on its financial statements.

The Company cannot guarantee that delinquency and loss levels will correspond with the historical levels experienced and there is a risk that delinquency and loss rates could increase significantly and have a material adverse effect on the financial results of the Company.

The credit risk related to assets on lease with customers results from the possibility of customer default with respect to agreed upon payments or in their not returning the leased asset. For amounts receivable from third parties the risk relates to the possibility of default on amounts owing to the Company. The Company deals with credible companies, performs ongoing credit evaluations of debtors and creates an allowance on its financial statements for uncollectible amounts where determined to be appropriate.

The Company has established a credit committee and created processes and procedures to identify, measure, monitor and mitigate significant credit risks. However, to the extent that such risks go unidentified or are not adequately or expeditiously addressed by senior management, the Company could be adversely affected.

Outsource Risk

The Company outsources certain business functions to third-party service providers, which increases its operational complexity and decreases its control. The Company relies on these service providers to provide a high level of service and support, which subjects it to risks associated with inadequate or untimely service. In addition, if these outsourcing arrangements were not renewed or were terminated or the services provided to the Company were otherwise disrupted, the Company would have to obtain these services from an alternative provider. The Company may be unable to replace, or be delayed in replacing, these sources and there is a risk that it would be unable to enter into a similar agreement with an alternate provider on terms that it considers favorable or in a timely manner. In the future, the Company may outsource additional business functions. If any of these or other risks relating to outsourcing were realized, the Company's financial position, liquidity and results of operations could be adversely affected.

Fraud

Employee error and employee and customer misconduct could subject the Company to financial losses or regulatory sanctions and seriously harm the Company's reputation. Misconduct by its employees could include hiding unauthorized activities, improper or unauthorized activities on behalf of customers or improper use of confidential information. It is not always possible to prevent employee error and misconduct, and the precautions the Company takes to prevent and detect this activity may not be effective in all cases. Employee error could also subject the Company to financial claims for negligence.

If the Company's internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured, exceeds applicable insurance limits or if insurance coverage is denied or not available, it could have a material adverse effect on the Company's business, financial condition and results of operations.

Technology Risk

The Company is dependent upon the successful and uninterrupted functioning of its computer, internet and data processing systems. The failure of these systems could interrupt operations or materially impact the Company's ability to enter into new lease or lending transactions and service or collect customer accounts. Although the Company has extensive information technology security and disaster recovery plans, such a failure, if sustained, could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Breach of Information Security

The Company's operations rely heavily on the secure processing, storage and transmission of confidential and sensitive customer and other information through its information technology network. Other risks include the Company's use of third-party vendors with access to its network that may increase the risk of a cyber security breach. Third-party breaches or inadequate levels of cyber security expertise and safeguards may expose the Company, directly or indirectly, to security breaches.

A breach, unauthorized access, computer virus, or other form of malicious attack on the Company's information security may result in the compromise of confidential and/or sensitive customer or employee information, destruction or corruption of data, reputational harm affecting customer and investor confidence, and a disruption in the management of customer relationships or the inability to originate, process and service the Company's leasing or lending portfolios which could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

The Company is subject to various privacy, information security and data protection laws and takes reasonable measures to ensure compliance with all requirements. Legislators and regulators are increasingly adopting new privacy information security and data protection laws which may increase the Company's cost of compliance. A breach in the Company's information security may adversely affect its reputation and also result in fines or penalties from governmental bodies or regulators.

To mitigate the risk of an information security breach, the Company regularly assesses such risks, has a disaster recovery plan in place and has implemented reasonable controls over unauthorized access. The store network and corporate administrative offices, including centralized operations, takes reasonable measures to protect the security of its information systems (including against cyber-attacks). The Chief Information Officer of the Company oversees information security. However, such a cyber-attack or data breach could have a material adverse effect on the Company and its financial condition, liquidity and results of operations.

Privacy, Information Security, and Data Protection Regulations

The Company is subject to various privacy, information security and data protection laws and takes reasonable measures to ensure compliance with all requirements. Legislators and regulators are increasingly adopting new privacy information security and data protection laws which may increase the Company's cost of compliance. While the Company has taken reasonable steps to protect its data and that of its customers, a breach in the Company's information security may adversely affect the Company's reputation and also result in fines or penalties from governmental bodies or regulators.

Internal Controls over Financial Reporting

The effective design of internal controls over financial reporting is essential for the Company to prevent and detect fraud or material errors that may have occurred. The Company is also obligated to comply with the Form 52-109F2 Certification of interim filings of the Ontario Securities Commission, which requires the Company's CEO and CFO to submit a quarterly certificate of compliance. The Company and its management have taken reasonable steps to ensure that adequate internal controls over financial reporting are in place. However, there is a risk that a fraud or material error may go undetected and that such material fraud or error could adversely affect the Company.

Risk Management Processes and Procedures

The Company has established a Risk Oversight Committee and created processes and procedures to identify, measure, monitor and mitigate significant risks to the organization. However, to the extent such risks go unidentified or are not adequately or expeditiously addressed by management, the Company could be adversely affected.

Financial Risks

Liquidity Risk

The Company has historically been funded through various sources such as private placement debt and public market equity offerings. The availability of additional financing will depend on a variety of factors including the availability of credit to the financial services industry and the Company's financial performance and credit ratings.

The Company has publicly stated that it intends to significantly expand its consumer lending business. To achieve this goal, the Company may require additional funds which can be obtained through various sources including debt or equity financing. There can be no assurance, however, that additional funding will be available when needed or will be available on terms favorable to the Company. The inability to access adequate sources of financing, or to do so on favorable terms, may adversely affect the Company's capital structure and ability to fund operational requirements and satisfy financial obligations. If additional funds are raised by issuing equity securities, shareholders may incur dilution.

Liquidity risk is the risk that the Company's financial condition is adversely affected by an inability to meet funding obligations and support the Company's business growth. The Company manages its capital to maintain its ability to continue as a going concern and to provide adequate returns to shareholders by way of share appreciation and dividends. The Company's capital structure consists of external debt and shareholders' equity, which comprises issued capital, contributed surplus and retained earnings.

All of the Company's debt facilities must be renewed on a periodic basis. These facilities contain restrictions on the Company's ability to, among other things, pay dividends, sell or transfer assets, incur additional debt, repay other debt, make certain investments or acquisitions, repurchase or redeem shares and engage in alternate business activities. The facilities also contain a number of covenants that require us to maintain certain specified financial ratios. Failure to meet any of these covenants could result in an event of default under these facilities which could, in turn, allow the lenders to declare all amounts outstanding to be immediately due and payable. In such a case, the financial condition, liquidity and results of the Company's operations could materially suffer.

The Company has been successful in renewing and expanding its credit facilities in the past to meet the needs of its growing easyfinancial business. If the Company is unable to renew these facilities on acceptable terms when they become due, there could be a material adverse effect on the Company's financial condition, liquidity and results of operations.

Debt Service

The Company's ability to make scheduled payments on or refinance its debt obligations, depends on its financial condition and operating performance, which are subject to a number of factors beyond its control. The Company may be unable to maintain a level of cash flows from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, reduce its growth plans, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow it to meet its scheduled debt service obligations. The Company's credit agreements restrict its ability to dispose of assets and use the proceeds from those dispositions and may also restrict its ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. The Company may not be able to consummate any such dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

The Company's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all, would materially and adversely affect its business, results of operations and financial condition.

Contractual Obligations

The terms of the Company's debt govern how it conducts its business. If the Company defaults on its obligations under the instruments governing its indebtedness, it may not be able to make required debt payments.

The Company's failure to comply with its contractual obligations (including restrictive, financial and other covenants), to pay its indebtedness and fixed costs or to post collateral (including under hedging arrangements) could result in a variety of material adverse consequences, including a default under its indebtedness and the exercise of remedies by its creditors, lessors and other contracting parties, and such defaults could trigger additional defaults under other indebtedness or agreements.

In the event of such default, the holders of such indebtedness could elect to declare all of the funds borrowed thereunder to be immediately due and payable, together with accrued and unpaid interest, and the Company could, among other remedies that may be available, be forced into bankruptcy, insolvency or liquidation. If the Company's operating performance declines, it may need to seek waivers from the holders of such indebtedness to avoid being in default under the instruments governing such indebtedness. If the Company breaches its covenants under its indebtedness, it may not be able to obtain a waiver from the holders of such indebtedness on terms acceptable to the Company, or at all. If this occurs, the Company would be in default under such indebtedness, and the holders of such indebtedness could exercise their rights as described above, and the Company could, among other remedies that may be available, be forced into bankruptcy, insolvency or liquidation. A default under the agreements governing certain of our existing or future indebtedness and the remedies sought by the holders of such indebtedness could make the Company unable to pay principal or interest on the debt.

Debt Covenants

The agreements governing the Company's credit facilities contain restrictive covenants that may limit its discretion with respect to certain business matters. These covenants may place significant restrictions on, among other things, the Company's ability to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees, and to sell or otherwise dispose of assets. In addition, the agreements governing the Company's credit facilities may contain financial covenants that require it to meet certain financial ratios and financial condition tests.

If the Company fails to maintain the requisite financial ratios under the agreement governing its credit facilities, it will be unable to draw any amounts under the revolving operating credit facility until such default is waived or cured as required. In addition, such a failure could constitute an event of default under the agreement governing the Term Loan Facility entitling the lenders to accelerate the outstanding indebtedness thereunder unless such event of default is cured as required by the agreement. The Company's ability to comply with these covenants in future periods will depend on its ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond its control.

The restrictions in the agreements governing the Company's credit facilities may prevent the Company from taking actions that it believes would be in the best interest of its business and may make it difficult for it to execute its business strategy successfully or effectively compete with companies that are not similarly restricted. The Company may also incur future debt obligations that might subject it to additional restrictive covenants that could affect its financial and operational flexibility.

The Company's ability to comply with the covenants and restrictions contained in the agreement governing the Company's credit facilities may be affected by economic, financial and industry conditions beyond its control. The breach of any of these covenants or restrictions could result in a default under the agreements that would permit the applicable lenders to declare all amounts outstanding thereunder to be due and payable (including terminating any outstanding hedging arrangements), together with accrued and unpaid interest, or cause cross-defaults under the Company's other debts. If the Company is unable to repay its secured debt, lenders could proceed against the collateral securing the debt. This could have serious consequences to the Company's financial condition and results of operations and could cause it to become bankrupt or insolvent.

Interest Rate Risk

The Company's future success depends in part on its ability to access capital markets and obtain financing on reasonable terms. Its ability to access financial markets and obtain financing on commercially reasonable terms in the future is dependent on a number of factors, many of which it cannot control, including interest rates. Amounts due under the Company's credit facilities may bear interest at a variable rate. The Company may not hedge its interest rate risks and future changes in interest rates may affect the amount of interest expense the Company pays. Any increases in interest rates, or in the Company's inability to access the debt or equity markets on reasonable terms, could have an adverse impact on its financial condition, results of operations and growth prospects.

Foreign Currency Risk

The Company sources some of its merchandise out of the U.S. and, as such, its Canadian operations have some U.S. denominated cash and payable balances. As a result, the Company has both foreign exchange transaction and translation risk. Although the Company has U.S. dollar denominated purchases, it has historically been able to price its lease transactions to compensate for the impact of foreign currency fluctuations on its purchases. However, in periods of rapid change in the Canadian to U.S. dollar exchange rate, the Company may not be able to pass on such changes in the cost of purchased products to its customers which may negatively impact its financial performance.

Possible Volatility of Stock Price

The market price of the Company's Common Shares, similar to that of many other Canadian (and indeed worldwide) companies, has been subject to significant fluctuation in response to numerous factors, including significant shifts in the availability of global credit, swings in macro-economic performance due to volatile shifts in oil prices and unexpected natural disasters, the recent credit crisis and related recession, economic shock such as the recent decline in oil prices and the related impact on the Canadian economy, as well as variations in the annual or quarterly financial results of the Company, timing of announcements of acquisitions or material transactions by the Company or its competitors, other conditions in the economy in general or in the industry in particular, changes in applicable laws and regulations and other factors. Moreover, from time to time, the stock markets experience significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Company's performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of shares for future sale (including shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of such shares or the perception that such sales could occur may adversely affect the prevailing price of the Common Shares. Significant changes in the stock price could jeopardize the Company's ability to raise growth capital through an equity offering without significant dilution to existing shareholders.

Regulatory Risks

Government Regulation and Compliance

The Company takes reasonable measures to ensure compliance with governing statutes, regulations and regulatory policies. A failure to comply with such statutes, regulations or regulatory policies could result in sanctions, fines or other settlements that could adversely affect both its earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could also change the economics of the Company's merchandise leasing and consumer lending businesses including the salability or pricing of certain ancillary products which could have a material adverse effect on the Company.

Numerous consumer protection laws and related regulations impose substantial requirements upon lenders involved in consumer finance, including leasing and lending. Also, federal and provincial laws impose restrictions on consumer transactions and require contract disclosures relating to the cost of borrowing and other matters. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions.

The application of certain provincial legislation to the Company's business model remains uncertain. There is a risk that regulatory bodies or consumers could assert that certain provincial legislation is applicable where the Company had determined that it is not and that the Company is not in compliance with such applicable statutory requirements. If it should be determined that the Company has not complied with the requirements of applicable provincial legislation, it could be subject to either or both (1) civil actions for nullification of contracts, rebate of some or all payments made by customers and damages, and (2) prosecution for violation of the legislation, any of which outcomes could have a material adverse effect on the Company.

easyfinancial is subject to minimal regulatory capital requirements in connection with its operations in Saskatchewan. Otherwise, the Company operates in an unregulated environment with regard to capital requirements.

The Criminal Code, R.S.C. 1985, c. C-46 (the "Criminal Code") imposes a restriction on the cost of borrowing in any lending transaction in excess of 60% per year. The application of additional capital requirements or a reduction in the maximum cost of borrowing could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Accounting Standards

From time to time the Company may be subject to changes in accounting standards issued by accounting standard-setting bodies, which may affect the Company's financial statements and reduce its reported profitability.

The Company will be required to adopt IFRS 9, Financial Instruments ("IFRS 9"), which is the IASB's replacement of IAS 39. IFRS 9 will provide new requirements for the classification and measurement of financial assets and liabilities, impairment and hedge accounting. IFRS 9 is required to be applied for years beginning on or after January 1, 2018.

The transition to IFRS 9 will have a significant impact for financial services companies. The most significant impact on the Company's financial reporting will be as a result of the new impairment standard within IFRS 9. The Company has established a project team for the transition to IFRS 9, which includes senior stakeholders from its Risk and Finance groups. The key responsibilities of the project team include defining IFRS 9 risk methodology and accounting policy, identifying data and system requirements, and developing an appropriate governance framework. The Company will continue to focus on implementation of the standard throughout 2017. See "Accounting Standards Issued But Not Yet Effective" in this MD&A.

Once IFRS 9 is implemented, beginning with the first quarter of 2018, the Company anticipates that this implementation will have a modestly adverse impact on retained earnings and the carrying value of net consumer loans receivable recorded on its balance sheet and a modestly adverse non-cash impact on its net income.

Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual amounts could differ from these estimates.

Significant changes in assumptions, including those with respect to future business plans and cash flows, could change the recorded amounts by a material amount.

The Company's critical accounting estimates are fully described in the Company's December 31, 2016 Notes to the Financial Statements.

Adoption of New Accounting Standards

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment* ["IFRS 2"], which provided clarifications to the classification and measurement of share-based payment transactions. Under the previous requirements of IFRS 2, where a Company issued equity instruments to employees and intended to settle such instruments by withholding a certain number of those equity instruments equal to the monetary value of the employee's tax obligation, such a transaction would be divided into an equity-settled component and a cash-settled component. These amendments permitted the settlement of such instruments to be entirely classified as equity settled, if certain conditions are met. The effective date of the amendments was January 1, 2018, with early adoption permitted. On January 1, 2017, the Company early-adopted and applied, for the first time, the amendments to IFRS 2.

Accounting Standards Issued But Not Yet Effective

IFRS 9, *Financial Instruments*

The Company will be required to adopt IFRS 9, Financial Instruments ["IFRS 9"], for years beginning on or after January 1, 2018. IFRS 9 introduces a new expected loss impairment model which will replace the existing incurred loss impairment model under IAS 39.

Under IAS 39, a collective allowance for loan loss is recorded on those loans, or groups of loans, where a loss event has occurred but has not been reported, as at, or prior to, the balance sheet date. An incurred but not reported loss event provides objective evidence to establish an allowance for loan loss against such loans. IAS 39 prohibited recognizing any allowance for loan losses expected in future if a loss event has not occurred.

Under IFRS 9, credit losses that are expected to transpire in future years irrespective of whether the loss event has occurred or not as at the balance sheet date, will need to be provided for. Under IFRS 9, the Company will be required to assess and segment its loan portfolio into performing, under-performing and non-performing categories as at each date of the statement of financial position. Loans will be categorized as under-performing if there has been a deterioration in the loans credit quality. Loans will be categorized as non-performing if there is objective evidence that such loans will likely charge off in the future. For performing loans, the Company will record an allowance for loan losses equal to the expected losses on that group of loans over the ensuing twelve months. For under-performing and non-performing loans, the Company will record an allowance for loan losses equal to the expected losses on those groups of loans over their remaining life. Ultimately, the expected credit loss will be calculated based on the probability weighted expected cash collected shortfall against the carrying value of the loan and will consider reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions that may impact the credit profile of the loans.

It is important to note that the adoption of IFRS 9 in 2018 will not directly impact the net charge-off rate of the Company's consumer loans receivable portfolio which will be driven by borrowers' credit profile and behaviour. The Company will continue to write off customer balances that are delinquent greater than 90 days. Likewise, the cash flows used in and generated by the Company's consumer loans receivable portfolio will not be impacted by the adoption of IFRS 9 as the periodic increase in the allowance for loan losses as a result of growth in the consumer loans receivable is a non-cash item.

The Company has established a project team for the transition to IFRS 9 which includes senior stakeholders from the Company's Risk and Finance groups with senior executive oversight. The key responsibilities of the project team include defining IFRS 9 risk methodology and accounting policy, identifying data and system requirements, and developing an appropriate governance framework. The analytical work required to support the Company's transition to IFRS 9 is in the process of being finalized and approved.

The Company's current allowance for loan losses, as determined under IAS 39, as a percentage of the ending gross consumer loans receivable equals approximately 6.1%. The Company's project team estimates that implementing the requirements of IFRS 9 would result in an increase to this percentage of between 2.5% and 3.5%, assuming the composition and credit performance of the Company's consumer loans receivable portfolio as at September 30, 2017. This increase in the allowance for loan losses is not indicative of a change in the expected recovery value of underlying loans receivable after charge-offs but rather a function of extending the allowance for loan losses to provide for expected future losses for a period greater than the five months currently provided for.

Once IFRS 9 is implemented, beginning with the first quarter of 2018, the Company anticipates that this implementation will have a modestly adverse impact on retained earnings and the carrying value of net consumer loans receivable recorded on our balance sheet and a modestly adverse non-cash impact on its net income.

All figures reported above with respect to the expected impact of the adoption of IFRS 9 are highly preliminary and are subject to change and adjustment as the Company's transition to IFRS 9 is completed.

The Company is on track to finalize its analytical and systems work and complete the implementation of IFRS 9 within the required timeframe.

IFRS 15, *Revenue from Contracts with Customers*

The Company will be required to adopt IFRS 15, *Revenue from Contracts with Customers* ["IFRS 15"], which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. IFRS 15 is required to be applied for years beginning on or after January 1, 2018, and is to be applied retrospectively.

The Company completed its review of IFRS 15 and determined that additional revenue disclosures will be required, however the new standard will not result in any material financial adjustments on its consolidated financial statements.

IFRS 16, Leases

The Company will be required to adopt IFRS 16, *Leases* ["IFRS 16"], which is the IASB's replacement of IAS 17. IFRS 16 will require lessees to recognize a lease liability that reflects future lease payments and a "right-of-use asset" for most lease contracts. IFRS 16 is required to be applied for years beginning on or after January 1, 2019, with early adoption permitted, but only in conjunction with the adoption of IFRS 15. The Company is in the process of assessing the impact of this standard.

Internal Controls

Disclosure Controls and Procedures [“DC&P”]

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to various securities regulators is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Law and include controls and procedures designed to ensure that information required to be disclosed in the Company’s filings or other reports is accumulated and communicated to the Company’s management, including the Chief Executive Officer [“CEO”] and Chief Financial Officer [“CFO”], so that timely decisions can be made regarding required disclosure.

The Company’s management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company’s DC&P, as required in Canada by National Instrument 52-109, “*Certification of Disclosure in Issuers’ Annual and Interim Filings*”. Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company’s disclosure controls and procedures were effective as at September 30, 2017.

Internal Controls over Financial Reporting [“ICFR”]

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company’s consolidated financial statements in accordance with IFRS.

The Company’s internal control over financial reporting framework includes those policies and procedures that:

(i) Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Company’s consolidated financial statements.

Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework (2013) to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission [“COSO”].

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance and may not prevent or detect all misstatements as a result of, among other things, error or fraud. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and/or procedures may deteriorate.

As at September 30, 2017, under the direction and supervision of the CEO and CFO, the Company has evaluated that the design of the Company's internal controls over financial reporting were effective. In addition, there were no changes in the ICFR during the interim period ended September 30, 2017 that materially affected, or were reasonably likely to materially affect, the Company's ICFR.