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

Three Months Ended
March 31, 2018

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

Table of Contents

Caution Regarding Forward-Looking Statements....2
Overview of the Business....2
Corporate Strategy....3
Outlook....3
Adoption of IFRS 9....4
Analysis of Results for the Three Months Ended March 31, 2018....8
Selected Quarterly Information....15
Portfolio Analysis....16
Key Performance Indicators and Non-IFRS Measures....23
Financial Condition....26
Liquidity and Capital Resources....27
Outstanding Shares & Dividends....28
Commitments, Guarantees and Contingencies....29
Risk Factors....29
Critical Accounting Estimates....29
Adoption of New Accounting Standards....29
Accounting Standards Issued But Not Yet Effective....29
Internal Controls....30

Date: May 1, 2018

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 March 31, 2018 compared to March 31, 2017, and the consolidated results of operations for the three-month period ended March 31, 2018 compared with the corresponding period of 2017. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2017. 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 2017 annual MD&A: Overview of the Business, Corporate Strategy, Outlook, Commitments, Guarantees and Contingencies, Risk Factors, Critical Accounting Estimates and Standards Issued But Not Yet Effective. Critical Accounting Estimates relating to the Company's implementation of IFRS 9, Financial Instruments are described in the March 31, 2018 notes to the financial statements.

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 and the Company's 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. 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 favorable 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 MD&A, including under the section entitled "Risk Factors".

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 provides everyday Canadians with a chance for a better tomorrow, today. 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. Both operating divisions of goeasy Ltd. offer the highest level of customer service and enable customers to transact through a national store and branch network and through its online and mobile eCommerce enabled platforms.

The Company's overview of the business remains as described in its December 31, 2017 MD&A.

Corporate Strategy

The Company is committed to being a leading full-service provider of goods and alternative financial services that provides everyday Canadians with a chance for a better tomorrow, today. To maintain this position, the Company must continuously improve 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. Ultimately, the Company will continue to be successful if it delivers a best-in-class customer experience.

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

- Enhance the product offering
- Evolve the delivery channels
- Execute with efficiency and effectiveness
- Deliver a best-in-class customer experience

The Company's corporate strategy remains as described in its December 31, 2017 MD&A.

Outlook

The discussion in this section is qualified in its entirety by the cautionary language regarding forward-looking statements found in the "Caution Regarding Forward-Looking Statements" of this MD&A.

The Company's 2018, 2019 and 2020 targets, together with the underlying assumptions and risk factors, remain as described in its December 31, 2017 MD&A. These targets are inherently subject to risks which are referred to in the sections entitled "Outlook" and "Risk Factors" as described in the Company's December 31, 2017 MD&A.

The following table outlines the Company's targets for 2018, 2019 and 2020:

	Targets for 2018	Targets for 2019	Targets for 2020
Gross consumer loans receivable portfolio at year end	**$700 - $750 million**	**$875 - $950 million**	**$1.0 - $1.1 billion**
easyfinancial total revenue yield	**54% - 56%**	**49% - 51%**	**46% - 48%**
New easyfinancial locations opened during the year	**20 - 30**	**10 - 20**	**10 - 20**
Net charge-offs as a percentage of average gross consumer loans receivable	**12% - 14%**	**11% - 13%**	**10% - 12%**
easyfinancial operating margin	**38% - 40%**	**40%+**	**40%+**
Total revenue growth	**16% - 18%**	**14% - 16%**	**10% - 12%**

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

Adoption of IFRS 9

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments ["IFRS 9"]. IFRS 9 introduces a new expected loss impairment model which replaces the existing incurred loss impairment model under IAS 39.

Under the previous accounting standard, IAS 39, a collective allowance for loan loss was 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 the future if a loss event had not yet occurred as at the balance sheet date.

Under IFRS 9, the Company is required to apply an expected credit loss model, where credit losses that are expected to transpire in future years irrespective of whether a loss event has occurred or not as at the balance sheet date, are provided for. Under IFRS 9, the Company is required to assess and segment its loan portfolio into performing (Stage 1), under-performing (Stage 2) and non-performing (Stage 3) categories as at each date of the statement of financial position. Loans are categorized as under-performing if there has been a significant increase in credit risk since the origination of the loan. Loans are categorized as non-performing if there is objective evidence that such loans are impaired and thus likely to charge off in the future.

For performing loans, the Company is required to 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 is required to 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 is calculated based on the probability weighted expected cash collected shortfall against the carrying value of the loan and considers 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.

IFRS 9 also requires that forward-looking indicators ("FLIs") be considered when determining the impact on credit risk and measuring expected credit losses and must be incorporated in the risk parameters as relevant. Based on the analysis performed by the Company, the following FLIs were determined to historically have an impact on the credit performance of the portfolio and were incorporated into its calculation of its allowance for loan losses:

- forecast rate of inflation
- forecast rate of unemployment
- forecast oil prices

The analysis performed by the Company determined that the rate of inflation and rate of unemployment were positively correlated with the Company's historic loss rates while oil prices were negatively correlated with the Company's historic loss rates. For purposes of determining its allowance for loan losses at each balance sheet date, the Company has decided to utilize the forecasts of these FLIs from five large Canadian banks.

It is important to note that the adoption of IFRS 9 does not impact the net charge-off rate of the Company's consumer loans receivable portfolio which is driven by borrowers' credit profile and behaviour. The Company will continue to write off unsecured customer balances that are delinquent greater than 90 days and secured customer balances that are delinquent greater than 180 days. Likewise, the cash flows used in and generated by the Company's consumer loans receivable portfolio are not 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.

IFRS 9 does not require restatement of comparative period financial statements except in limited circumstances related to aspects of hedge accounting. Entities are permitted to restate comparatives provided hindsight is not applied. The Company made the decision not to restate comparative period financial information and has recognized any measurement differences between the previous carrying amounts and the new carrying amounts on January 1, 2018, through an adjustment to opening retained earnings, net of deferred tax implications. Refer to the Company's 2017 Annual Consolidated Financial Statements and the accompanying Notes for accounting policies under IAS 39 applied during 2017.

The Company's allowance for loan losses, as determined under IAS 39, as at December 31, 2017, was $31.7 million which represented 6.0% of the gross consumer loans receivables. The Company determined that its allowance for loan losses, as determined under IFRS 9, as at January 1, 2018, was $49.1 million which represented 9.3% of the gross consumer loans receivable, resulting in an increase to its allowance for loan losses of $17.4 million. This increase in the allowance for loan losses was not indicative of a change in the expected recovery value of the underlying consumer loans receivable but rather a function of extending the allowance for loan losses to provide for expected future losses over a longer future time frame as required under IFRS 9.

The following table summarizes the transition adjustment required to adopt IFRS 9 as at January 1, 2018.

($ in 000's)	IAS 39 Carrying Amount as at Dec. 31, 2017	Transition Adjustment	IFRS 9 Carrying Amount as at Jan. 1, 2018
Consumer loans receivable	513,425	(17,406)	496,019
Income taxes payable	9,445	(4,749)	4,696
Retained earnings	127,065	(12,659)	114,406

In addition to the one-time reduction to retained earnings upon the adoption of IFRS 9 on January 1, 2018, the requirements of IFRS 9 will result in a reduction to IFRS reported net income in periods where the Company experiences growth in its consumer loans receivable portfolio. Due to the transition from an incurred loss model to a future expected credit loss model as required under IFRS 9, the Company's allowance for credit losses as a percentage of the gross consumer loans receivable outstanding will be higher. Operationally, this will require a larger provision to be taken when new consumer loans receivables are originated or purchased. This will result in greater bad debt expense and a corresponding decrease in reported net income when compared to net income reported under the prior standard, IAS 39.

Although the Company has decided not to restate the comparative figures as if IFRS 9 had been applied retroactively, it is important to understand the estimated impact of this change in accounting standards on the comparative financial results. The following tables estimates the financial results for each quarter of the prior fiscal year, as if the company had adopted IFRS 9 on January 1, 2017, and therefore the allowance for credit losses in that prior period would employ a methodology for determining its allowance for credit losses the same as the methodology used in 2018 under IFRS 9. Such information presented is a non-IFRS 9 measure.

($ in 000's)	Three Months Ended Mar. 31, 2017	Jun. 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Year Ended Dec. 31, 2017
Gross Consumer Loans Receivable					
Balance, beginning of period	370,517	387,055	425,324	473,063	370,517
Growth	16,538	38,269	47,739	53,483	156,029
Balance, end of period	387,055	425,324	473,063	526,546	526,546
Allowance for credit losses as reported under IAS 39					
Balance, beginning of period	23,456	24,294	26,355	29,055	23,456
Net amounts written off	(13,279)	(15,112)	(15,029)	(16,156)	(59,576)
Increase due to lending and collecting activities	14,117	17,173	17,729	18,807	67,826
Balance, end of period	24,294	26,355	29,055	31,706	31,706
Allowance expressed as % of gross consumer loan receivable	6.3%	6.2%	6.1%	6.0%	6.0%
Estimated allowance for credit losses under IFRS 9					
Balance, beginning of period	30,494	33,054	37,343	43,190	30,494
Net amounts written off	(13,279)	(15,112)	(15,029)	(16,156)	(59,576)
Increase due to lending and collecting activities	15,839	19,401	20,876	22,078	78,194
Balance, end of period	33,054	37,343	43,190	49,112	49,112
Allowance expressed as % of gross consumer loan receivable	8.5%	8.8%	9.1%	9.3%	9.3%
Estimated net increase in bad debt expense under IFRS 9	**1,722**	**2,228**	**3,147**	**3,271**	**10,368**
Net income as stated	10,270	8,890	11,606	5,366	36,132
Estimated net increase in bad debt expense under IFRS 9	(1,722)	(2,228)	(3,147)	(3,271)	(10,368)
Tax impact	470	608	859	894	2,831
Estimated after tax impact of IFRS 9 on net income	**(1,252)**	**(1,620)**	**(2,288)**	**(2,377)**	**(7,537)**
Estimated net income under IFRS 9	**9,018**	**7,270**	**9,318**	**2,989**	**28,595**
Diluted earnings per share as stated	$0.73	$0.63	$0.81	$0.38	$2.56
Estimated impact of IFRS 9	**($0.09)**	**($0.11)**	**($0.15)**	**($0.15)**	**($0.51)**
Estimated diluted earnings per share under IFRS 9	**$0.64**	**$0.52**	**$0.66**	**$0.23**	**$2.05**

Under IAS 39, the Company's allowance for credit losses as a percentage of the gross consumer loans receivable decreased by 30 bps from 6.3% as at January 1, 2017 to 6.0% as at December 31, 2017. This was due largely to the improved performance of the underlying loan vintages and the shift towards risk adjusted rate loans to a better credit quality borrower.

While the allowance for credit losses as a percentage of the gross consumer loans receivable determined under IAS 39 decreased during 2017, the estimated rate determined using the same methodology as IFRS 9, on the basis presented above, for this same period increased by 100 bps from 8.3% as at January 1, 2017 to 9.3% as at December

31, 2017. The increase in this rate was predominantly due to changes in the FLIs. As at January 1, 2017 the FLIs, in amalgam, were forecasting improved economic performance and therefore indicated that the charge off rates experienced by the Company would also improve. The incorporation of the FLIs at that time resulted in a reduction to the allowance for credit losses. By year's end, this forecasted economic improvement had been realized – oil had increased, unemployment was at structural low levels and the rate of inflation was low – and so the forecasted future change in these indicators was significantly less positive. As a result, the incorporation of the FLIs as at December 31, 2017 resulted in an increase to the allowance for credit losses. All told, the shift in these FLIs during fiscal 2017 resulted in an increase in the allowance for credit losses under IFRS 9.

During a fiscal period, any consumer loans receivable that must be written off as uncollectible in accordance with the Company's policies, net of subsequent recoveries, are applied against the allowance for credit losses. Additionally, the Company recognizes bad debt expenses (provisions for credit losses) during the fiscal period as an increase to the allowance for credit losses such that the balance of the allowance for credit losses at each statement of financial position date is appropriate under IFRS 9.

Under IFRS 9, the required bad debt expense (provision for credit losses) will generally be more volatile than the corresponding bad debt expense determined under IAS 39 due to the inclusion of FLIs. To better understand the financial performance of the Company and compare results between different fiscal periods, the Company is introducing a new, non-IFRS measure – Pre-Tax, Pre-Provision Income ("PTPP Income"). This non-IFRS measure details the financial performance of the Company excluding the impacts of income taxes and bad debt expense (provision for credit losses).

The following table presents a comparison of the financial results for the three-month period ended March 31, 2018 as reported against the estimated financial results for the comparable period ended March 31, 2017 presented under IFRS 9. Certain of these measures for the three-month period ended March 31, 2018 and the measures for the three-month period ended March 31, 2017 estimated using the same methodology as IFRS 9 are non-IFRS measures.

($ in 000's except earnings per share and percentages)	Three Months Ended Mar. 31, 2018 (as reported)	Three Months Ended Mar. 31, 2017 (estimated under IFRS 9)	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**114,777**	94,245	20,532	21.8%
Bad debt expense	**24,378**	15,839	8,539	53.9%
Operating expenses before depreciation and amortization	**76,466**	62,306	14,160	22.7%
EBITDA[1]	**28,309**	21,217	7,092	33.4%
EBITDA margin[1]	**24.7%**	22.5%	2.2%	-
Depreciation and amortization expense	**13,387**	13,248	139	1.0%
Operating income	**24,924**	18,691	6,233	33.3%
Operating margin[1]	**21.7%**	19.8%	1.9%	-
Interest expense and amortization of deferred financing charges	**9,670**	5,825	3,845	66.0%
PTPP income[1]	**39,632**	28,705	10,927	38.1%
Effective income tax rate	**27.4%**	29.9%	(2.5%)	-
Net income	**11,074**	9,018	2,056	22.8%
Diluted earnings per share	**0.77**	0.64	0.13	20.3%
Return on equity	**19.8%**	18.6%	2.2%	-

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

Analysis of Results for the Three Months Ended March 31, 2018

First Quarter Highlights

- As previously described, the Company adopted IFRS 9 on January 1, 2018. The adoption of IFRS 9 resulted in an increase in the allowance for credit losses and will result in higher bad debt expense and lower net income than under the previous accounting standard in periods of loan book growth. In addition, IFRS 9 will likely result in increased volatility in the allowance for credit losses due to the required incorporation of FLIs. The company has applied IFRS 9 effective January 1, 2018 and, as such, the financial results of 2018 have been reported under IFRS 9 while the comparable financial results from 2017 have been reported under the previous incurred loss model of IAS 39.

- goeasy continued to grow revenue during the first quarter of 2018. Revenue for the quarter increased to $114.8 million from the $94.2 million reported in the first quarter of 2017, an increase of $20.5 million or 21.8%. The increase was driven by the growth of easyfinancial.

- The gross consumer loans receivable portfolio increased from $387.1 million as at March 31, 2017 to $601.7 million as at March 31, 2018, an increase of $214.7 million or 55.5%. The loan book grew $75.2 million in the quarter against growth of $16.5 million in the first quarter of 2017. Loan originations in the quarter were $202.4 million, almost doubling the origination volume of the first quarter of 2017. 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, the launch of the Company's secured lending product, slowing paydown rates due to longer term loans and improved customer retention, ongoing enhancements to the Company's digital properties and an increased level of advertising spend.

- Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 12.4% in the quarter compared with 13.9% in the first quarter of 2017. 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 net charge-off rates.

- easyfinancial's operating income increased by $4.9 million in the quarter compared with the first quarter of 2017, driven by the growth of the loan book. The operating margin, however, declined to 36.7% in the quarter compared with 41.2% in the first quarter of 2017. The moderation of the operating margin was due to the strong loan book growth in the quarter and adoption of IFRS 9, both of which resulted in larger provisions for future charge-offs. The provisions for future charge offs due to the growth in the gross consumer loans receivable portfolio impacted diluted earnings per share in the first quarter of 2018 by $0.36 and in the first quarter of 2017 by $0.05.

- Operating income for the first quarter of 2018 was $24.9 million, up $4.5 million or 22.1% when compared with the first quarter of 2017. Operating margin in the quarter was 21.7% which was consistent with the prior year. The increased rate of provisioning for future charge offs associated with the strong growth in the consumer loans receivable portfolio during the quarter and required by the adoption of IFRS 9 resulted in a 6.0 million non-cash reduction in operating income in the current quarter.

- PTPP Income, which is income before the impact of income taxes and loan provisioning, increased to $39.6 million for the quarter from $28.7 million reported in the first quarter of 2017, an increase of 38.1%.

- Net income for the first quarter of 2018 was $11.1 million or $0.77 per share on a diluted basis. This compares with the $10.3 million or $0.73 reported in the first quarter of 2017. Net income and diluted earnings per share increased by 7.8% and 5.5%, respectively. The Company estimates that net income and diluted earnings per share for the first quarter of 2017 would have been $9.0 million and $0.64, respectively, if the allowance for credit losses was determined on the same basis as that employed under IFRS 9 in 2018, rather than under the previous accounting standard, IAS 39.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended		Variance	Variance
	Mar. 31, 2018	**Mar. 31, 2017**	**$ / %**	**% change**
Summary Financial Results				
Revenue	**114,777**	94,245	20,532	21.8%
Operating expenses before depreciation and amortization	**76,466**	60,584	15,882	26.2%
EBITDA[1]	**28,309**	22,939	5,370	23.4%
EBITDA margin[1]	**24.7%**	24.3%	0.4%	-
Depreciation and amortization expense	**13,387**	13,248	139	1.0%
Operating income	**24,924**	20,413	4,511	22.1%
Operating margin[1]	**21.7%**	21.7%	-	-
Interest expense and amortization of deferred financing charges	**9,670**	5,825	3,845	66.0%
PTPP income[1]	**39,632**	28,705	10,927	38.1%
Effective income tax rate	**27.4%**	29.6%	(2.2%)	-
Net income	**11,074**	10,270	804	7.8%
Diluted earnings per share	**0.77**	0.73	0.04	5.5%
Return on equity	**19.8%**	20.6%	(0.8%)	-
Key Performance Indicators[1]				
Same store revenue growth	**23.1%**	17.9%	5.2%	-
Same store revenue growth excl. easyfinancial	**3.6%**	(1.7%)	5.3%	-
Segment Financials				
easyfinancial revenue	**80,366**	59,553	20,813	34.9%
easyfinancial operating margin	**36.7%**	41.2%	(4.5%)	-
easyhome revenue	**34,411**	34,692	(281)	(0.8%)
easyhome operating margin	**15.7%**	14.9%	(0.8%)	-
Portfolio Indicators				
Gross consumer loans receivable	**601,724**	387,055	214,669	55.5%
Growth in consumer loans receivable	**75,178**	16,538	58,640	354.6%
Gross loan originations	**202,366**	106,103	96,263	90.7%
Bad debt expense as a percentage of Financial Revenue	**29.9%**	23.7%	6.2%	-
Net charge-offs as a percentage of average gross consumer loans receivable	**12.4%**	13.9%	(1.5%)	-
Potential monthly lease revenue	**9,252**	9,707	(455)	(4.7%)
Change in potential monthly lease revenue due to ongoing operations	**(93)**	(158)	65	41.1%

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

Store Locations Summary

	Locations as at Dec. 31, 2017	Locations opened during period	Locations closed during period	Conversions	Locations as at Mar. 31, 2018
easyfinancial					
Kiosks (in store)	42	-	-	(1)	**41**
Stand-alone locations	185	5	-	1	**191**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	228	5	-	-	**233**
easyhome					
Corporately owned stores	140	-	(6)	(1)	**133**
Consolidated franchise locations	1	-	-	-	**1**
Total consolidated stores	141	-	(6)	(1)	**134**
Total franchise stores	30	-	-	1	**31**
Total easyhome stores	171	-	(6)	-	**165**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended March 31, 2018			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	**80,366**	**34,411**	**-**	**114,777**
Total operating expenses before depreciation and amortization	**48,537**	**18,431**	**9,498**	**76,466**
Depreciation and amortization	**2,368**	**10,566**	**453**	**13,387**
Operating income (loss)	**29,461**	**5,414**	**(9,951)**	**24,924**
Finance costs				**9,670**
Income before income taxes				**15,254**
Income taxes				**4,180**
Net income				**11,074**
Diluted earnings per share				**0.77**

($ in 000's except earnings per share)	Three Months Ended March 31, 2017			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	59,553	34,692	-	94,245
Total operating expenses before depreciation and amortization	33,322	18,199	9,063	60,584
Depreciation and amortization	1,688	11,325	235	13,248
Operating income (loss)	24,543	5,168	(9,298)	20,413
Finance costs				5,825
Income before income taxes				14,588
Income taxes				4,318
Net income				10,270
Diluted earnings per share				0.73

Portfolio Performance

Consumer Loans Receivable Portfolio – The gross consumer loans receivable portfolio increased from $387.1 million as at March 31, 2017 to $601.7 million as at March 31, 2018, an increase of $214.7 million or 55.5%. Originations in the quarter were very strong at $202.4 million, almost double the originations recorded in the first quarter of 2017 of $106.1 million. The loan book grew $75.2 million in the quarter against growth of $16.5 million in the first quarter of 2017. The growth in the loan book was fueled by strong demand for the Company's risk adjusted lending products, the Quebec expansion, the launch of the secured lending product, the expansion of lending into the easyhome business, slowing paydown rates due to longer term loans and improved customer retention, ongoing enhancements to the Company's digital properties and an increased level of advertising spend.

The annualized yield realized by the Company on its average consumer loans receivable portfolio decreased by 640 bps in the first quarter of 2018 when compared to the first quarter of 2017. The decrease in the yield was due to the increased penetration of risk adjusted interest rate loans to a more credit worthy customer, a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products, as well as increased amortization of deferred loan acquisition costs. In addition, the first quarter in 2017 included a one-time benefit associated with the transition to a new provider of the Company's creditor life insurance product.

Bad debt expense increased to $24.4 million for the first quarter of 2018 from $14.1 million during the comparable period in 2017, an increase of $10.3 million or 72.7%. The following table details the components of bad debt expense:

	Three Months Ended	
($ in 000's)	**Mar. 31, 2018**	**Mar. 31, 2017**
Provision required due to net charge-offs	**18,026**	13,279
Impact of loan book growth – Historic rate	**4,759**	1,047
Impact of loan book growth – Incremental IFRS 9 rate	**2,253**	-
Impact of change in provision rate during period	**(660)**	(209)
Net change in allowance for credit losses	**6,352**	838
Bad debt expense	**24,378**	14,117

Bad debt expense increased due to four factors:

(i) Net charge offs increased from $13.3 million in the first quarter of 2017 to $18.0 million in the current quarter, up $4.7 million. This represented an increase of 35.7% against the 55.5% growth in the loan book over the same period. Similarly, the net charge off rate declined markedly in the current quarter. Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 12.4% in the quarter compared with 13.9% in the first quarter of 2017. The Company achieved an improvement in delinquency rates in the current quarter through the increased penetration of risk adjusted rate loans to more credit worthy customers, strong collection activities and lower rates of bankruptcy losses.

(ii) The loan book growth in the quarter increased from $16.5 million in the first quarter of 2017 to $75.2 million in the current quarter, excluding the impact of the adoption of IFRS 9 (which served to increase the provision rate) this resulted in a $3.7 million increase in bad debt expense in the quarter.

(iii) The implementation of IFRS 9 resulted in the provision taken on loan book growth in the quarter increasing from 6.3% in the first quarter of 2017 to 9.2% in the current quarter. This resulted in an additional $2.3 million increase in bad debt expense in the current quarter.

(iv) The provision rate declined slightly in the first quarter of 2017 resulting in a reduction to bad debts expense of $0.2 million. The provision rate in the first quarter of 2018 also declined slightly, resulting in a reduction to bad debts expense of $0.7 million.

easyhome Leasing Portfolio – the leasing portfolio as measured by potential monthly lease revenue as at March 31, 2018 was $9.3 million, down from the $9.7 million reported at March 31, 2017. The decline of $0.5 million over the past 12 months was entirely related to the sale of stores to franchisees. Organic potential monthly lease revenue was essentially flat.

Revenue

Revenue for the three-month period ended March 31, 2018 was $114.8 million compared to $94.2 million in the same period in 2017, an increase of $20.5 million or 21.8%. Same store sales growth for the quarter was 23.1%. Revenue growth was driven primarily by the growth of easyfinancial.

e*asyfinancial* – Revenue for the three-month period ended March 31, 2018 was $80.4 million, an increase of $20.8 million or 34.9% from the comparable period of 2017. The increase in revenue was driven by the growth of the gross consumer loans receivable portfolio and offset by the reduction in yield (as described above).

easyhome – Revenue for the three-month period ended March 31, 2018 was $34.4 million, a decrease of $0.3 million when compared with the first quarter of 2017. Store sales and closures resulted in a $1.3 million reduction in revenue which was offset by a $1.0 million increase in financial revenue related to consumer lending in easyhome which was introduced in the second quarter of 2017 (no such revenue was generated in the first quarter of 2017). Organic leasing revenue for the remaining stores was flat in the quarter compared to the comparable period of 2017.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $76.5 million for the three-month period ended March 31, 2018, an increase of $15.9 million or 26.2% from the comparable period in 2017. The increase in operating expenses was driven primarily by the higher costs associated with the expanding easyfinancial business and the impact on bad debt expense of the transition to IFRS 9. Also contributing to the increase was increased advertising spend to support the large growth in loan originations and higher corporate costs. Total operating expenses before depreciation and amortization represented 66.6% of revenue for the first quarter of 2018, an increase from the 64.3% reported in the first quarter of 2017.

easyfinancial – Total operating expenses before depreciation and amortization were $48.5 million for the first quarter of 2018, an increase of $15.2 million or 45.7% from the first quarter of 2017. Operating expenses, excluding bad debt, increased by $5.5 million or 28.4% in the quarter driven by: i) an additional $0.6 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 loan book at existing branches, iii) increased branch count (including new branches in Quebec), and iv) higher branch level incentives (driven by the large growth in originations and loan book and significant improvements in delinquency and charge off rates). Overall branch count increased from 209 as at March 31, 2017 to 233 as at March 31, 2018. Bad debt expense for easyfinancial, increased to $23.9 million for the first quarter of 2018 from $14.1 million during the comparable period in 2017 for the reasons described above.

easyhome – Total operating expenses before depreciation and amortization were $18.4 million for the first quarter of 2018, which was $0.2 million higher than the first quarter of 2017. The increase was primarily related to higher salary and incentive costs related to the addition of consumer lending in easyhome stores. These cost increases were offset in part by the reduced store count. Consolidated leasing store count declined by thirteen from 147 as at March 31, 2017 to 134 as at March 31, 2018.

Corporate – Total operating expenses before depreciation and amortization were $9.5 million for the first quarter of 2018 compared to $9.1 million in the first quarter of 2017, an increase of $0.4 million. The increase was primarily related to higher salary and incentive compensation costs in the current quarter due to the strong financial results of the Company which have exceeded the Company's internal targets. Corporate expenses before depreciation and amortization represented 8.3% of revenue in the first quarter of 2018 compared to 9.6% of revenue in the first quarter of 2017.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended March 31, 2018 was $13.4 million, an increase of $0.2 million from the first quarter of 2017. Overall, depreciation and amortization represented 11.7% of revenue for the three months ended March 31, 2018, a decrease from the 14.1% reported in the comparable period of 2017.

easyfinancial – The $0.7 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 $0.8 million in the first quarter of 2018 compared to the first quarter of 2017 due to reductions in the lease portfolio (as described in the analysis of easyhome's revenue) and lower charge-offs. easyhome's depreciation and amortization expense expressed as a percentage of easyhome revenue for the quarter was 30.7%, a decrease from the 32.6% reported in the first quarter of 2017. Improved product pricing and margins contributed to this rate reduction.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three-month period ended March 31, 2018 was $24.9 million, up $4.5 million or 22.1% when compared with the first quarter of 2017. Operating margin in the quarter was 21.7%, which was consistent with the comparable period of 2017. The transition to IFRS 9 in the current quarter served to reduce operating income by $2.1 million as compared to the previous accounting standard.

easyfinancial – Operating income was $29.5 million for the first quarter of 2018 compared with $24.5 million for the comparable period in 2017, an increase of $5.0 million or 20.4%. The benefits of the larger loan book and related revenue increases of $20.7 million were partially offset by: i) the $0.6 million increase in advertising spend; ii) the higher provisions for future charge offs driven by the strong loan book growth; iii) the adoption of IFRS 9; and iv) incremental expenditures to manage the growing customer base, enhance the product offering and expand the easyfinancial footprint. Operating margin in the quarter was 36.1% compared with 41.1% reported in the first quarter of 2017.

easyhome – Operating income was $5.4 million for the first quarter of 2018, an increase of $0.2 million when compared with the first quarter of 2017. Revenue declined by $0.3 million driven largely by the sale of stores to franchisees. This was offset by reduced store operating costs due to the lower store count and a reduction in depreciation and amortization due to the smaller lease portfolio. Operating margin for the first quarter of 2018 was 15.7%, an increase from the 14.9% reported in the first quarter of 2017.

Finance Costs

Finance costs for the quarter ended March 31, 2018 were $9.7 million compared with $5.8 million in the first quarter of 2017. This increase in finance costs was driven by higher average borrowing levels offset somewhat by the reduced cost of borrowing.

PTPP Income

Pre-tax pre-provision income ("PTPP income") for the first quarter of 2018 was $39.6 million, an increase of $10.9 million or 38.1% when compared to the first quarter of 2017. The increased revenue associated with the larger consumer loans receivable portfolio more than offset the additional operating costs (excluding bad debt expense) in the quarter when compared to the first quarter of 2017.

Income Tax Expense

The effective income tax rate for the first quarter of 2018 was 27.4% which was lower than the 29.6% reported in the first quarter of 2017. The effective tax rate in the current quarter is comparable to the statutory rate. However, the effective tax rate in the prior quarter was elevated due to charges taken in relation to the wind down of the remaining US franchise business for which a tax deduction was not available.

Net Income and EPS

Net income for the first quarter of 2018 was $11.1 million or $0.77 per share on a diluted basis, an increase of $0.8 million or $0.04 per share when compared to the first quarter of 2017. Net income and diluted earnings per share increased by 7.8% and 5.5%, respectively. The Company estimates that net income and diluted earnings per share for the first quarter of 2017 would have been $9.0 million and $0.64, respectively, if the allowance for credit losses was determined on the same basis as that employed under IFRS 9 in 2018, rather than under the previous accounting standard, IAS 39.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	**Mar. 2018**	Dec. 2017[3]	Sep. 2017[3]	Jun. 2017[3]	Mar. 2017[3]	Dec. 2016[3]	Sep. 2016[3]	Jun. 2016[3]	Mar. 2016[3]
Revenue	**114.8**	107.2	102.7	97.5	94.2	91.1	87.6	86.0	82.3
Net income	**11.1**	5.4	11.6	8.9	10.3	8.3	4.9	10.5	7.3
Adjusted net income[2]	**11.1**	11.4	11.6	8.9	10.3	8.3	8.8	8.4	7.6
Adjusted net income as a percentage of revenue	**9.7%**	10.6%	11.3%	9.1%	10.9%	9.1%	10.1%	9.7%	9.2%
Earnings per share[1]									
Basic	**0.81**	0.39	0.86	0.66	0.76	0.62	0.37	0.77	0.54
Diluted	**0.77**	0.38	0.81	0.63	0.73	0.60	0.36	0.75	0.52
Adjusted diluted[2]	**0.77**	0.79	0.81	0.63	0.73	0.60	0.64	0.60	0.54

[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.
[2]Adjusted for certain non-recurring or unusual transactions.
[3]Prepared under IAS 39 rather than IFRS 9.

Portfolio Analysis

The Company generates its revenue from a portfolio of consumer loans receivable and lease agreements that are originated 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 has historically resulted 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	
($ in 000's)	**Mar. 31, 2018**	**Mar. 31, 2017**
Loan originations to new customers	**85,160**	39,308
Loan originations to existing customers	**117,206**	66,795
Less: Proceeds applied to repay existing loans	**(55,944)**	(34,986)
Net advance to existing customers	**61,262**	31,809
Net principal written	**146,422**	71,117

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	
($ in 000's)	**Mar. 31, 2018**	**Mar. 31, 2017**
Opening gross consumer loans receivable	**526,546**	370,517
Gross loan originations	**202,366**	106,103
Gross principal payments and other adjustments	**(107,372)**	(74,900)
Gross charge-offs before recoveries	**(19,816)**	(14,665)
Net growth in gross consumer loans receivable during the period	**75,178**	16,538
Ending gross consumer loans receivable	**601,724**	387,055

Loan are originated and serviced by both the easyfinancial and easyhome business units. A breakdown of the gross consumer loans receivable portfolio between these segments is as follows:

	Three Months Ended	
($ in 000's)	**Mar. 31, 2018**	**Mar. 31, 2017**
Ending gross consumer loans receivable, easyfinancial	**593,193**	387,055
Ending gross consumer loans receivable, easyhome	**8,531**	-
Ending gross consumer loans receivable	**601,724**	387,055

Financial Revenue and Net Financial Income

Financial revenue is generated by both the easyfinancial and easyhome segments. 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	
($ in 000's)	**Mar. 31, 2018**	**Mar. 31, 2017**
Financial revenue, easyfinancial	**80,366**	59,553
Financial revenue, easyhome	**1,060**	-
Financial revenue	**81,426**	59,553
Less: Finance costs	**(9,670)**	(5,825)
Less: Bad debt expense	**(24,378)**	(14,117)
Net Financial Income	**47,378**	39,611

Net Charge-Offs

In addition to loan originations, the consumer loans receivable portfolio during a period is impacted by charge-offs of delinquent customers. Unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days are charged off. In addition, customer loan balances are charged off 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	
($ in 000's except percentages)	**Mar. 31, 2018**	**Mar. 31, 2017**
Net charge-offs	**18,026**	13,279
Average gross consumer loans receivable	**580,788**	381,474
Net charge-offs as a percentage of average gross consumer loans receivable (annualized)	**12.4%**	13.9%

Allowance for Credit Losses

The allowance for expected credit 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 expected credit losses provides for credit losses that are expected to transpire in future periods and is calculated in accordance with IFRS 9. Customer loans for which we have received a notification of bankruptcy, unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days are charged off against the allowance for loan losses.

	Three Months Ended	
($ in 000's except percentages)	**Mar. 31, 2018**	**Mar. 31, 2017**
Allowance for credit losses, beginning of period	**49,112**	23,456
Net charge-offs written off against the allowance	**(18,026)**	(13,279)
Bad debt expense	**24,378**	14,117
Allowance for credit losses, end of period	**55,464**	24,294
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**9.2%**	6.3%

Bad Debt Expense (Provision for Credit Losses)

The Company's bad debt expense is the amount that its allowance for credit losses must be increased, after considering net-charge offs, such that the balance of the allowance for credit losses at each statement of financial position date is appropriate under IFRS 9. An analysis of the Company's bad debt expense for the periods was as follows:

	Three Months Ended	
($ in 000's except percentages)	**Mar. 31, 2018**	**Mar. 31, 2017**
Bad debt expense	**24,378**	14,117
Financial revenue	**81,426**	59,553
Bad debt expense as a percentage of Financial Revenue	**29.9%**	23.7%

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)	March 31, 2018		March 31, 2017	
	$	**% of total**	**$**	**% of total**
Current	**574,434**	**95.5%**	367,624	95.0%
Days past due				
1 - 30 days	**15,486**	**2.6%**	10,768	2.8%
31 - 44 days	**3,879**	**0.6%**	3,054	0.8%
45 - 60 days	**3,030**	**0.5%**	2,299	0.6%
61 - 90 days	**4,895**	**0.8%**	3,310	0.8%
91 – 180 days	**-**	**0.0%**	-	0.0%
	27,290	**4.5%**	19,431	5.0%
Gross consumer loans receivable	**601,724**	**100.0%**	387,055	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, Mar. 31, 2018	Saturday, Mar. 25, 2017
	% of total	**% of total**
Current	**95.5%**	94.8%
Days past due		
1 - 30 days	**2.6%**	3.0%
31 - 44 days	**0.6%**	0.6%
45 - 60 days	**0.5%**	0.7%
61 - 90 days	**0.8%**	0.9%
91 – 180 days	**0.0%**	0.0%
	4.5%	5.2%
Gross consumer loans receivable	**100.0%**	100.0%

Consumer Loans Receivable Portfolio by Geography

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

($ in 000's)	March 31, 2018		March 31, 2017	
	$	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**26,705**	**4.4%**	19,286	5.0%
Nova Scotia	**39,086**	**6.5%**	28,169	7.3%
Prince Edward Island	**7,150**	**1.2%**	5,259	1.4%
New Brunswick	**31,307**	**5.2%**	21,985	5.7%
Quebec	**30,462**	**5.1%**	-	-
Ontario	**260,677**	**43.3%**	172,679	44.6%
Manitoba	**24,622**	**4.1%**	16,327	4.1%
Saskatchewan	**29,870**	**5.0%**	20,863	5.4%
Alberta	**77,206**	**12.8%**	51,470	13.3%
British Columbia	**68,043**	**11.3%**	46,354	12.0%
Territories	**6,596**	**1.1%**	4,663	1.2%
Gross consumer loans receivable	**601,724**	**100.0%**	387,055	100.0%

Consumer Loans Receivable Portfolio by Loan Type

At the end of the periods, the Company's consumer loans receivable portfolio was allocated among the following loan types:

($ in 000's)	March 31, 2018		March 31, 2017	
	$	**% of total**	**$**	**% of total**
Unsecured Instalment Loans	**582,026**	**96.7%**	387,055	100.0%
Secured Instalment Loans	**19,698**	**3.3%**	-	-
Gross consumer loans receivable	**601,724**	**100.0%**	387,055	100.0%

Leasing 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 Mar. 31, 2018	Mar. 31, 2017
Opening potential monthly lease revenue	**9,481**	9,886
Decrease due to store closures or sales during the period	**(136)**	(21)
Increase/(decrease) due to ongoing operations	**(93)**	(158)
Net change	**(229)**	(179)
Ending potential monthly lease revenue	**9,252**	9,707

Leasing 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)	Mar. 31, 2018	Mar. 31, 2017
Furniture	**4,214**	4,246
Electronics	**2,859**	3,131
Computers	**1,109**	1,210
Appliances	**1,070**	1,120
Potential monthly lease revenue	**9,252**	9,707

Leasing 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)	March 31, 2018		March 31, 2017	
	$	% of total	$	% of total
Newfoundland & Labrador	**789**	**8.5%**	803	8.3%
Nova Scotia	**816**	**8.8%**	825	8.5%
Prince Edward Island	**155**	**1.7%**	169	1.7%
New Brunswick	**680**	**7.3%**	721	7.4%
Quebec	**568**	**6.1%**	603	6.2%
Ontario	**3,118**	**33.8%**	3,385	34.9%
Manitoba	**251**	**2.7%**	260	2.7%
Saskatchewan	**434**	**4.7%**	496	5.1%
Alberta	**1,383**	**15.0%**	1,321	13.6%
British Columbia	**966**	**10.4%**	989	10.2%
USA	**92**	**1.0%**	135	1.4%
Potential monthly lease revenue	**9,252**	**100.0%**	9,707	100.0%

Leasing 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.

	Three Months Ended	
($ in 000's except percentages)	**Mar. 31, 2018**	**Mar. 31, 2017**
Net charge-offs	**958**	1,058
Leasing revenue	**33,351**	34,692
Net charge-offs as a percentage of easyhome revenue	**2.9%**	3.0%

<u>Key Performance Indicators and Non-IFRS Measures</u>

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	
	Mar. 31, 2018	**Mar. 31, 2017**
Same store revenue growth	**23.1%**	17.9%
Same store revenue growth excluding easyfinancial	**3.6%**	(1.7%)

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 efficiency of its operations.

($ in 000's except percentages)	Three Months Ended Mar. 31, 2018	Three Months Ended Mar. 31, 2017
Operating expenses before depreciation and amortization	**76,466**	60,584
Divided by revenue	**114,777**	94,245
Operating expenses before depreciation and amortization as % of revenue	**66.6%**	64.3%

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.

($ in 000's except percentages)	Three Months Ended Mar. 31, 2018	Three Months Ended Mar. 31, 2017
easyfinancial		
Operating income	**29,461**	24,543
Divided by revenue	**80,366**	59,553
easyfinancial operating margin	**36.7%**	41.2%
easyhome		
Operating income	**5,414**	5,168
Divided by revenue	**34,411**	34,692
easyhome operating margin	**15.7%**	14.9%
Total		
Operating income	**24,924**	20,413
Divided by revenue	**114,777**	94,245
Total operating margin	**21.7%**	21.7%

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 Mar. 31, 2018	Three Months Ended Mar. 31, 2017
Net income	**11,074**	10,270
Finance costs	**9,670**	5,825
Income tax expense	**4,180**	4,318
Depreciation and amortization, excluding dep. of lease assets	**3,385**	2,526
EBITDA	**28,309**	22,939
Divided by revenue	**114,777**	94,245
EBITDA margin	**24.7%**	24.3%

Pre-Tax, Pre-Provision Income ["PTPP Income"]

The Company defines PTPP Income as earnings before taxes and bad debt expense (provision for credit losses). The Company uses PTPP, among other measures, to assess the operating performance of its ongoing businesses excluding the impact of bad debt expense (provision for credit losses) which could be volatile and reduce the comparability of results between periods due to the incorporation of FLIs.

($ in 000's except percentages)	Three Months Ended Mar. 31, 2018	Three Months Ended Mar. 31, 2017
Net income	**11,074**	10,270
Income tax expense	**4,180**	4,318
Bad debt expense	**24,378**	14,117
PTPP Income	**39,632**	28,705

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 Mar. 31, 2018	 Mar. 31, 2017
Net income	**11,074**	10,270
Multiplied by number of periods in year	**X 4/1**	X 4/1
Divided by average shareholders' equity for the period	**223,561**	199,798
Return on equity	**19.8%**	20.6%

<u>**Financial Condition**</u>

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at March 31, 2018 and March 31, 2017.

($ in 000's, except for ratios)	Mar. 31, 2018	Mar. 31, 2017
Consumer loans receivable, net	**565,407**	371,662
Cash	**57,292**	24,193
Lease assets	**51,663**	54,835
Property and equipment	**15,525**	15,737
Intangible assets	**14,304**	14,875
Other assets	**51,162**	45,159
Total assets	**755,353**	526,461
External debt	**467,674**	276,284
Derivative financial instruments	**4,281**	-
Other liabilities	**63,299**	46,612
Total liabilities	**535,254**	322,896
Shareholders' equity	**220,099**	203,565
Total capitalization (total debt plus total shareholders' equity)	**687,773**	479,849
External debt to shareholders' equity	**2.12**	1.36
External debt to total capitalization	**0.68**	0.58
External debt to Adjusted EBITDA [1]	**4.51**	3.54

[1] Adjusted EBITDA excludes the impact of non-recurring or unusual items.

Total assets were $755.4 million as at March 31, 2018, an increase of $228.9 million or 43.5% compared to March 31, 2017. 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 $193.7 million over the past 12 months, and ii) a $33.1 million increase in cash on hand related to the issuance of Notes in the fourth quarter of 2017 which were used to fund the growth of the consumer loans receivable portfolio and to repay the term loan.

The $228.9 million growth in total assets was financed by: i) a $191.4 million increase in external debt (including the issuance of USD $325 million in Notes and the issuance of $53 million in Convertible Debentures offset by the repayment of the $280.0 million Term Loan); ii) a $16.5 million increase in total shareholder's equity; and iii) a $21.0 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.

goeasy funds its business through a combination of equity and debt instruments. goeasy's common shares are listed for trading on the TSX under the trading symbol "GSY" and goeasy's convertible debentures are traded on the TSX under the trading symbol "GSY-DB". goeasy is rated BB- with a stable trend from S&P and Ba3 with a stable trend from Moody's.

At March 31, 2018, the Company's external debt consisted of USD $325 million Notes and $53 million of Convertible Debentures with net carrying values of $420.6 million and $47.0 million, respectively. The Company's credit facilities also consisted of an undrawn $110 million Revolving Credit Facility.

Borrowings under the Notes bore a US$ coupon rate of 7.875%. Through a currency swap agreement arranged concurrent with the offering of the Notes, the company fixed the foreign exchange rate for the proceeds from the offering and for all required payments of principal and interest under these Notes, effectively hedging the obligation at $418.9 million with a Canadian dollar interest rate of 7.84%. Borrowings under the Convertible Debenture bore interest at 5.75% while borrowings under the Revolving Credit Facility bore interest at the Canadian Bankers' Acceptance rate plus 450 bps or lender's prime rate plus 350 bps, at the option of the Company. The Company's Notes are due on November 1, 2022, the Revolving Credit Facility matures on October 31, 2020, and the Convertible Debentures will mature on July 31, 2022.

Liquidity and Capital Resources

Summary of Cash Flow Components

	Three Months Ended	
($ in 000's)	Mar. 31, 2018	Mar. 31, 2017
Cash provided by operating activities before issuance of consumer loans receivable	**55,498**	33,668
Net issuance of consumer loans receivable	**(93,768)**	(31,280)
Cash provided by operating activities	**(38,270)**	2,388
Cash used in investing activities	**(8,881)**	(13,073)
Cash provided by financing activities	**(4,927)**	9,950
Net increase (decrease) in cash for the period	**(52,078)**	(735)

Cash flows used by operating activities for the three-month period ended March 31, 2018 were $38.3 million. Included in this amount was a net investment of $93.8 million to increase the easyfinancial consumer loans receivable portfolio. If this net investment in the easyfinancial consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $55.5 million in the first quarter of 2018, up $21.8 million compared to the same period of 2017. The increase was due to higher net income and higher non-cash expenses such as bad debts (which includes the higher IFRS 9 provision in the current period) and an improvement in working capital.

During the first quarter of 2018, the Company used $4.9 million in cash flow from financing activities, which included a $2.4 million dividend payment.

During the current quarter the Company also invested $8.9 in the business including: i) investing $7.8 million in new lease assets and iii) investing $2.2 million in additional property and equipment and intangible assets.

Outstanding Shares & Dividends

As at May 1, 2018 there were 13,596,936 common shares, 171,753 DSUs, 660,044 options, 592,404 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, 2018 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 March 31, 2018, the Company had not cancelled any of its common shares pursuant to this June 22, 2017 NCIB.

Dividends

During the quarter ended March 31, 2018, the Company paid a $0.18 per share quarterly dividend on outstanding common shares.

On February 20, 2018, the Company increased the dividend rate by 25% from 0.18 to 0.225. For the quarter ended March 31, 2018, the Company paid a $0.225 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.

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

	2018	2017	2016	2015	2014	2013	2012
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, 2017 MD&A.

Risk Factors

Overview

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.

The Company's risk factors remain as described in its December 31, 2017 MD&A.

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, 2017 Notes to the Financial Statements.

Adoption of New Accounting Standards

On January 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The new standard did not result in any financial adjustments to the Company's interim condensed consolidated financial statements. Additional required disclosures were as provided in the notes to the Company's interim condensed consolidated financial statements for the period ending March 31, 2018.

On January 1, 2018, the Company also adopted IFRS 9, Financial Instruments, the impact of which has been described earlier in this MD&A and in the notes to the Company's interim condensed consolidated financial statements for the period ending March 31, 2018.

Accounting Standards Issued But Not Yet Effective

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 fiscal 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 applicable Canadian securities laws 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 March 31, 2018.

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 March 31, 2018, 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 March 31, 2018 that materially affected, or were reasonably likely to materially affect, the ICFR.