goeasy Ltd.

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

Year Ended December 31, 2017

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

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Date: February 20, 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 December 31, 2017 compared to December 31, 2016, and the consolidated results of operations for the three month period and year ended December 31, 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 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.

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 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 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

General Overview

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. Effective in September 2015, the Company changed its name from easyhome Ltd. to goeasy Ltd.

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.

goeasy serves its customers through our two operating divisions: easyfinancial and easyhome.

easyfinancial is the Company's financial services arm that provides fully-amortizing consumer installment loans to non-prime customers who have limited or no access to traditional bank financing products. easyfinancial is supported by a strong central credit adjudication process and industry leading risk analytics. easyfinancial also operates an indirect lending channel, offering loan products to consumers at the point-of-sale of third-party merchants.

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.

goeasy offers a high level of customer service and enables customers to transact through a national store and branch network and through its online and mobile e-commerce enabled platforms. At the core of the business is a community-based network of easyfinancial and easyhome branches. The Company believes that direct, personal relationships with its customers are best achieved through a physical location. For this reason, the extensive store and branch network continues to be a core element of the Company's business and product delivery strategy.

All loan and pricing decisions are made centrally using proprietary credit risk and underwriting models developed over the past decade by analyzing historical customer performance data. Additionally, the easyfinancial and easyhome businesses offer different products to a common customer segment and share many operational practices such as customer relationship management, collections and contract administration. Through the Company's multiple delivery channels and utilizing an extensive analysis of the historic performance of its consumer lending portfolio, the Company has created a business model that aims to provide an optimal balance between growth and prudent risk management.

goeasy uses online advertising, coupled with mobile responsive transactional websites, to create a cost-effective way to attract new customers and optimize the application process. The Company also believes that its national footprint of retail branch locations promotes its brand and allows customers to apply in-person if that is their preferred means of interaction. goeasy's recent customer surveys indicate that a large portion of its easyfinancial customers became aware of easyfinancial through its physical retail presence.

While digital properties and the Company's indirect lending arrangements are important application channels, goeasy believes that servicing its customers through a coast-to-coast network of branches optimizes their lifetime value. While the Company uses a multi-channel origination process, a large majority of its consumer loans are funded and managed in its branches. The customer loyalty developed through direct personal relationships increases the penetration of ancillary products, extends the length of the customer relationships and encourages the repayment of loans, which ultimately leads to lower charge-offs. goeasy has been a stable and positive community presence using its industry leading technology platform, proprietary underwriting process and data analytics to originate, price, manage and monitor risk effectively.

Prominent Player in an Underserved Market Represents a Unique Growth Opportunity	• A leading player in Canada's C$165B non-prime consumer lending sector • Well-positioned to capitalize on attractive industry fundamentals
Diversified Sources of Revenue and Funding	• Diversified and successful at growing lending operations while maintaining focus on stable leasing operations • Actively pursuing strategic growth opportunities in non-prime consumer credit spectrum
Strong Culture of Risk Management	• Robust risk management framework with centralization of all lending decisions • Stable charge-offs of ~14% to 16% of average receivables since 2011, trending lower in recent quarters
Predictable Losses and Stable Growth	• Stable cash flow and growth since inception of easyfinancial business in 2006 • 16 consecutive years of positive net income (CAGR of 29.4% from 2001 – 2017; 25.0% since 2011) and increasing book value
Balance Sheet Management	• Conservative approach to leverage – target debt to total capital of 70%
Experienced Leadership Team with Alignment of Interests	• Average of 25 years experience for senior management • Board and management own ~29% of the company (Chairman of the Board owns 22.9%)
Stable Regulatory Environment in Canada with Few Competitors	• Canada has a well established regulatory environment • Industry has become less competitive following the exit of several large banks

Overview of easyfinancial

easyfinancial is the Company's financial services arm that primarily provides fully-amortizing consumer installment loans to non-prime customers who may have diminished access to traditional bank financing products. easyfinancial is supported by a strong central credit adjudication process and industry leading risk analytics. easyfinancial also operates an indirect lending channel, offering loan products to consumers at the point-of-sale of third party merchants.

easyfinancial's product offering consists of unsecured and real estate secured installment loans available to Canadian consumers plus a suite of complementary ancillary products. These installment loans range in size from $500 to $25,000 at interest rates starting at 19.99% with repayment periods from nine to 60 months for unsecured loans and terms of up to 10 years for secured loans. The required regular installment payments on these loans from customers include both principal and interest and result in the entire principal balance being repaid over the stated amortization period, provided all contractual payments are made as scheduled.

Traditional financial institutions are generally unwilling to effectively offer credit solutions to consumers that are deemed to be a higher credit risk due to the consumer's financial situation or less-than-perfect credit history. Historically, approximately 60% of easyfinancial's customers have been denied credit by traditional financial institutions. These same consumers prefer to avoid the high fees and onerous repayment terms set by payday lenders (which could have loan that carry an annualized interest rate in excess of 500% and may be repayable within two weeks of borrowing). easyfinancial's products appeal to these consumers who are looking for better alternatives.

Historically, the consumer demand for loans such as these was satisfied by the consumer-lending arms of several large, international financial institutions. Since 2009, many of the largest branch-based participants in this market (including Wells Fargo, HSBC Finance and CitiFinancial) have either closed their operations or dramatically reduced their size due to changes in banking regulations related to risk adjusted capital requirements, leaving easyfinancial as one of a small number of coast-to-coast non-prime lenders with stated growth aspirations.

The Company believes that there is significant demand for non-prime lending in the Canadian marketplace and estimates that the size of the Canadian market for non-prime consumer lending, excluding mortgages, is in excess of $165 billion. This demand is currently being met by a wide variety of industry participants who 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 rather than providing consumers with a broad integrated suite of financial products and services. As a result, the suppliers to the marketplace are quite diverse.

The Company has made significant investments in its processes, systems and infrastructure to position its easyfinancial business for long-term sustainable growth, including making the following key enhancements:

- The Company has developed an internal competence in evaluating and managing credit risk. Using leading-edge, data-driven modeling and analytical techniques, underwriting and credit adjudication policies have been continuously enhanced in response to changing market conditions with the goal of optimizing returns while balancing throughput and charge-offs.
- An industry-standard banking platform was implemented in 2012 to ensure that the loans receivable portfolio could be appropriately managed and information could be securely maintained on a scalable infrastructure.
- In 2014, the Company implemented a proprietary loan application management system to process applications originated in its retail and on-line channels. This system was supported by a credit decision engine, built in partnership with a global leader in risk management technology solutions, and is fully integrated with the Company's customer relationship management platform enabling it to meet the changing needs of its growing customer base.
- The easyfinancial management team was enhanced through the recruitment of senior managers with broad experience in financial services.
- Through a combination of equity offerings, debt offerings and renegotiation of existing lending relationships, the Company has been able to secure the necessary capital to fund its expected growth over the near-term. The continued successful growth of the easyfinancial portfolio and the strengthened balance sheet should provide access to further levels of capital in the future at reduced costs.

To this point, easyfinancial has focussed on providing consumer installment loans. Unlike payday loans, consumer installment loans are amortizing, equal payment loans that require borrowers to pay down balances over time rather than in a "bullet" maturity at the end of a short timeframe. Consumer installment loans are underwritten in such a way that the ability of the borrower to repay the loan is a key factor.

The easyfinancial business model has continued to evolve in response to changing consumer expectations and technological developments.

- The offering of consumer installment loans was initially piloted in 2006 using a kiosk that was physically located within an existing easyhome location.
- In 2011, to better meet customer demand for its products, the Company determined that the easyfinancial business would scale more successfully by operating out of stand-alone locations that were physically separated from the easyhome stores. The first easyfinancial stand-alone location was opened in July 2011. These larger and higher capacity stand-alone locations also exhibited a more rapid growth trajectory.
- Once the business model was finalized and prior to its large-scale expansion, easyfinancial launched a centralized loan decision platform in 2011 and deployed a highly scalable core banking platform in 2012.
- In 2013, a transactional website was launched by easyfinancial for securing consumer installment loans. This new delivery channel allowed the Company to reach consumers who may not have had access to a

physical location or who preferred to interact through the privacy and convenience of their home or on their mobile device.

- In 2014, the Company launched an internally developed and proprietary loan application management system that was fully integrated with its customer relationship management and collections activities.
- In 2015, easyfinancial launched its indirect lending platform, significantly expanding the number of distribution points. Indirect lending involves creating partnerships with merchants to provide financing for their customers who do not qualify for the traditional credit products offered by these merchants. Under such a delivery channel, these customers are given the opportunity to apply for a loan through easyfinancial at the point of purchase, thereby allowing them to purchase the desired products or services from the merchant partner.
- The Company is committed to helping Canadians improve their financial literacy. In 2015, the Company developed a free on-line financial education platform that included articles, videos and other educational content.
- In 2016, the Company further enhanced its indirect lending platform by launching the industry's first single source point-of-sale application system to provide financing for customers across the entire credit spectrum. Depending on the customer credit profile, the retail partner or easyfinancial can extend credit for such purchases with easyfinancial providing the application platform and back-end support needed.
- In 2016, the Company introduced risk-adjusted interest rates where consumers that are determined to be lower credit risk are offered a lower cost of borrowing. The consumer benefits with a lower-cost loan and the Company benefits by retaining its best customers as they work to rebuild their credit profile.
- In 2017, the Company complemented its unsecured installment loans with loans that are secured by residential real estate. These secured installment loans offer larger loan values and a reduced rate of interest in recognition of the expected lower charge-off rates stemming from the real estate collateral pledged by customers. While the yields are lower on such loans, the Company benefits from lower rates of charge off, longer customer tenure and lower relative acquisition and administration costs, which are expected to ultimately increase overall customer profitability.

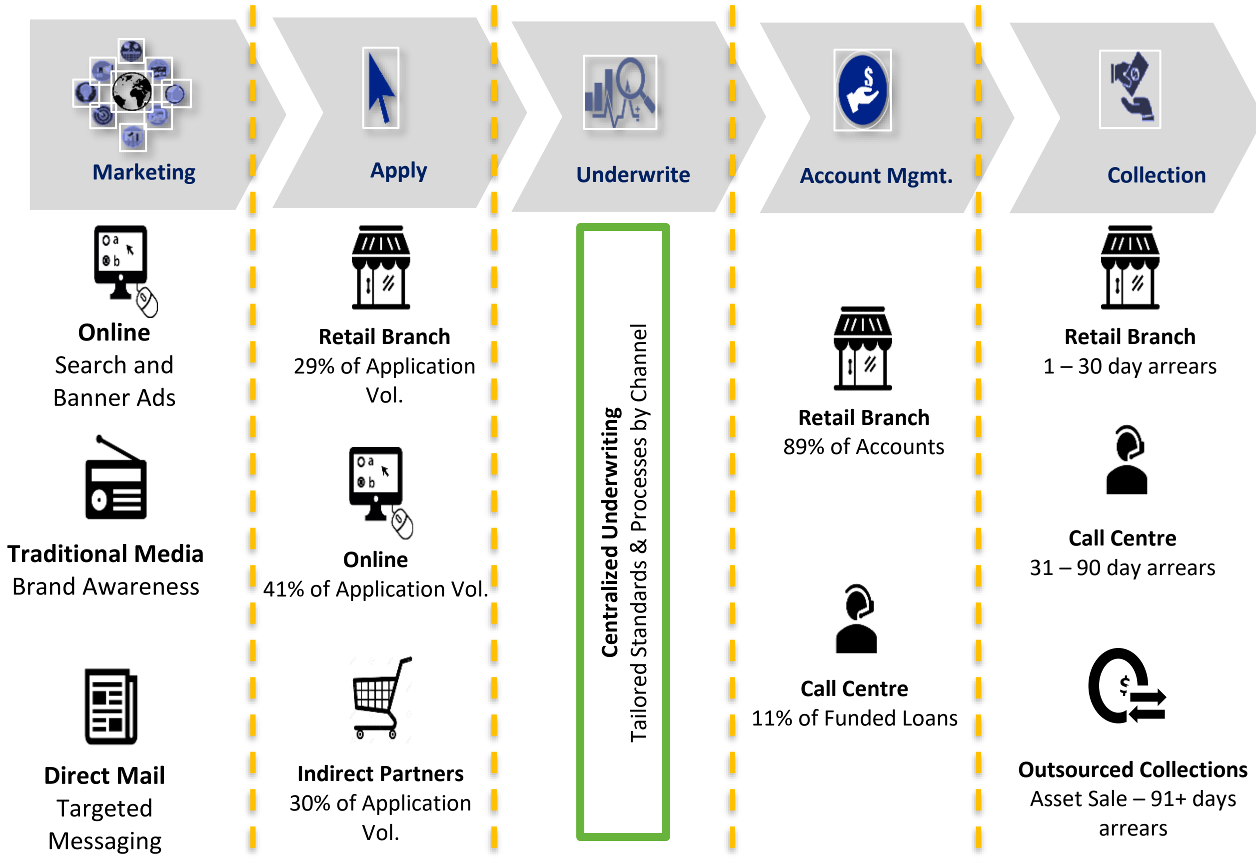
easyfinancial's national scale distribution and servicing remains a key differentiator in its non-prime lending practice. In the non-prime lending sector, it is the Company's experience that multi-channel platforms supported by a national branch presence generally outperform online-only loan origination and account management, as the personal vetting of the loan applicant and the management of the customer relationship throughout a loan's repayment period leads to improved collections activity and ultimately lower loan losses.

Through its multiple delivery channels and utilizing an extensive analysis of the historic performance of its consumer lending portfolio, easyfinancial has created a business model that is somewhat unique within its industry.

- On-line advertising, coupled with the Company's mobile responsive transactional website, create a cost-effective way to attract new customers and optimize the application process.
- The Company believes that originating loans through a combination of online activities along with a coast-to-coast network of branches provides an optimal balance between growth and credit risk management. Bricks-and-mortar branches remain an integral part of the Company's customer acquisition and servicing strategy.
- Indirect lending significantly expands the Company's distribution points without significant incremental costs by leveraging an industry leading, proprietary mobile solution.
- By analyzing all of its loan transactions originated since 2006, the Company has developed underwriting practices and credit scoring models that are able to predict the performance of its customers with a far greater degree of accuracy than the traditional generic scoring models utilized by credit rating agencies and other lenders.
- While digital properties and the Company's indirect lending arrangements are important application channels, the Company believes that servicing its customers through a coast-to-coast network of branches optimizes their lifetime value. The customer loyalty developed through direct personal relationships increases the penetration of ancillary products, extends the length of the customer relationships and encourages the repayment of loans which ultimately leads to lower charge-offs.

- Subsequent to a successful loan application, the responsibility for loan closing and funding and ongoing customer relationship management, including early stage collections, is assigned to a retail branch that is conveniently located near the customer.
- Since ongoing customer relationship management is performed at the local branch level, the Company is able to establish stronger relationships with its customers that enable it to more effectively address and resolve various unplanned financial challenges that may occur. In this way, the Company believes bad debts are able to be reduced more effectively, particularly when compared to a non-prime consumer loan originated through an online-only lender.

The following chart depicts the easyfinancial lending life-cycle.



The Company recognizes that the loan products it offers to consumers carry a higher risk of default than the loan products offered by traditional banks and, as such, the Company incurs a higher level of delinquencies and charge offs, but that is offset by the higher yield generated on its installment loans. To assist with the management of this risk, the Company has developed proprietary underwriting practices and credit scoring models using the historical performance of its consumer loan portfolio.

easyfinancial's credit adjudication models and underwriting process optimize the balance between loan origination volume and loss rates. Having underwritten over $2 billion in loans over the past decade, the Company has developed proprietary credit scoring models based on its own historical data that better assess customer risk profiles than those employed by credit reporting agencies. The Company utilizes these proprietary models in its credit underwriting and collection activities.

The following summary provides certain information about the Company's credit approval process and credit risk management expertise.

- Application
  - Customer application includes a mix between personal identification and financial details

  - No additional credit granted to customers in arrears
- Credit Adjudication
  - Application information is combined with underlying data from a customer's credit report
  - Proprietary custom risk models based on demographic and behavioural attributes unique to easyfinancial's consumer population
  - Champion/challenger strategy in refining models
  - Determines customer acceptability, lending limit and interest rate
- Affordability
  - Detailed debt to income calculation
  - Establishes a maximum loan amount based on ability to repay
- Verification
  - Supporting documentation validation including identity, customer consent, residency, credit report, banking history, income, expenses
  - Performed independent of operations
- Fulfillment
  - Loan document generation/signatures
  - Centralized funding control
- Loan Payments
  - All loan payments made via electronic pre-authorized payment from the customer's bank account
  - Loan repayment schedule coincides with customer's payroll deposit

Overview of easyhome

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.

easyhome's programs appeal to a wide variety of consumers who are looking for alternatives to traditional retailers and who are attracted to a leasing transaction that does not involve a credit check, does not require an initial down payment, includes delivery and set up and offers them the flexibility to terminate the lease at any time. These consumers may not be able to purchase merchandise due to a lack of credit or insufficient cash resources, may have a short-term or otherwise temporary need for the merchandise, or may simply want to use the merchandise, with no long-term obligation, before making a purchase decision.

Customers who wish to lease merchandise with an option to purchase from easyhome are required to enter into easyhome's standard form merchandise leasing agreement. This lease agreement provides that the customer will lease merchandise for a set term and make payments on a weekly or monthly basis. Generally, customers are required to make an initial up-front lease payment and thereafter the periodic payments are collected in advance for each payment period. If the customer makes all of the periodic payments throughout the lease term, he or she will obtain ownership of the merchandise at the end of the term. In addition, at specified times during the term of the lease, customers can exercise an option to purchase the leased merchandise at a predetermined price. easyhome maintains ownership of its merchandise until this purchase option is exercised. Ultimately, easyhome's customers have the flexibility to return the merchandise at any time without any further obligations.

easyhome operates through both corporately owned stores located across Canada and through a network of franchised locations. Additionally, since 2013, the Company operates an e-commerce platform that allows customers to enter into merchandise leasing transactions through on-line channels.

Corporate Strategy

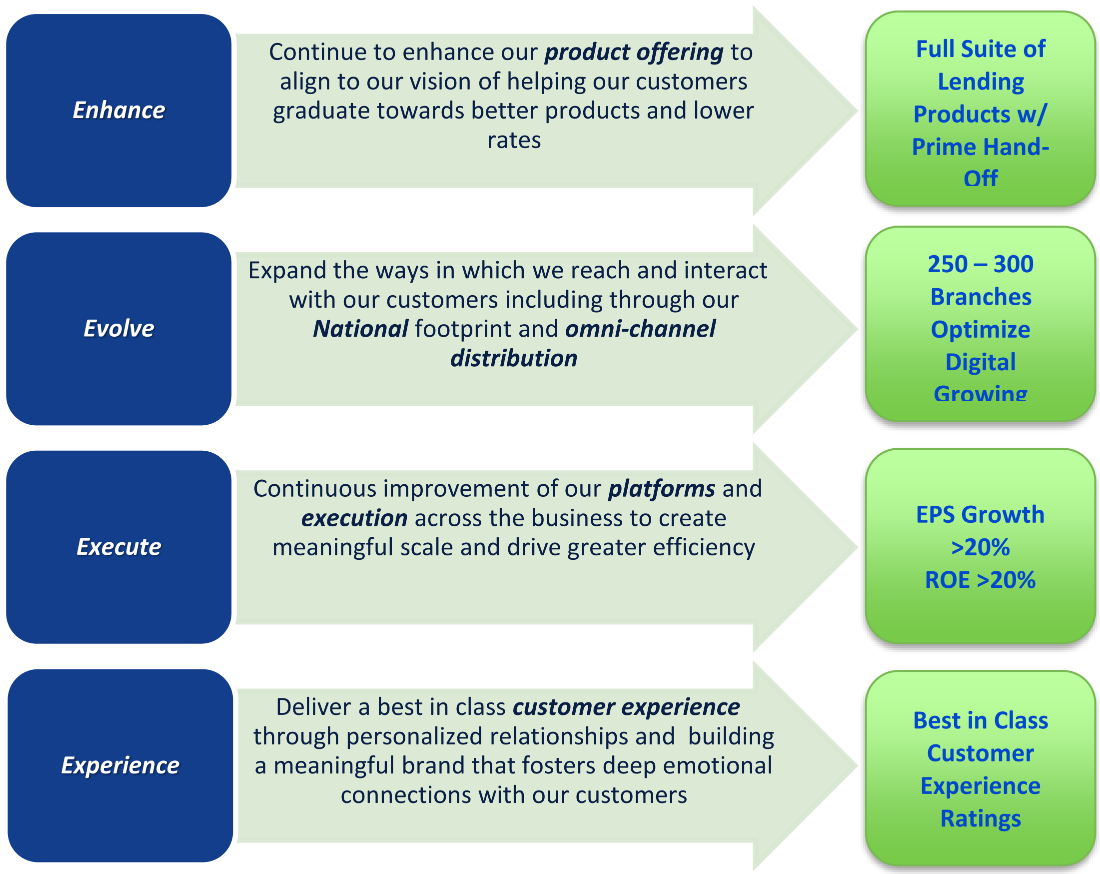
The Company is committed to being a leading full-service provider of goods and alternative financial services that provides everyday Canadians with a chance for a better tomorrow, today. To maintain this position, the Company must continuously improve to meet the needs of its chosen customer segment. 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.

Throughout 2016, the Company completed an in-depth strategic review, including gaining a greater understanding of the non-prime market for consumer lending in Canada. Through this process, the Company gained valuable insights into the opportunities available for non-prime lending within the Canadian marketplace. These insights confirmed that the Company's corporate strategy continues to be appropriate and will guide the tactics employed by the Company to achieve its goals in the future. These key insights include:

- Although the market for non-prime lending in Canada is in excess of $165 billion, the supply is fragmented by both product and credit segments. It is satisfied by a large number of diverse lenders with each focusing on a relatively narrow range of products. Opportunities for growth exist for those lenders who are able to effectively offer multiple products spanning the non-prime consumer credit spectrum across various distribution channels.
- Competition within the non-prime consumer lending market is in a state of transition. While many large participants have exited the market in recent years, new competition from non-traditional sources such as payday lenders, on-line lenders and marketplace lenders has emerged.
- The activities of the Company over the past several years to both build out its retail footprint and develop a scalable platform provide it with a strong base to expand and diversify its product offering to ultimately meet consumer demand and competitive challenges.
- Within the non-prime market, the Company has traditionally focused on a relatively higher risk consumer and offered a product with higher interest rates that was commensurate with that risk. Greater opportunities exist for lower rate products where the reduced yield is offset by lower credit losses and relative costs to administer.
- The opportunity for installment lending secured by real estate or other assets is large, with significant unsatisfied demand. This demand is likely to increase in the future as Canadian mortgage rules continue to change. The reduced yield for this type of product is offset by lower credit losses and relative costs to administer.
- There continues to be an opportunity to provide retail point-of-sale financing alternatives to traditional retail organizations, many of which do not have financing options for customers in the non-prime credit segment. While the opportunity for non-prime retail financing is large with few suppliers of scale, even more significant prospects exist for companies that can provide retail financing across the entire credit spectrum (from prime to non-prime) that minimizes or eliminates the level of credit friction in the customer application process.
- Securing adequate financing for a non-prime consumer lending business can be difficult. Reasonable capital (both rate and leverage ratios) is available to those companies that can demonstrate strong underwriting, risk management and collection capabilities, sufficient scale, predictable credit loss rates and a history of performance.

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



Enhance the Product Offering

The continued growth of easyfinancial will be aided by the enhancement of its product offering. These enhancements will include the introduction of new lending products as well as additional ancillary products that provide value to customers.

It is the Company's mission to help customers improve their credit risk profile and "graduate" the customer back to lower cost prime lending. In cases where the Company has the expertise and resources to offer these products directly, it will do so. In other cases, it will look to partner with primary providers of these products and offer such products to the Company's customers under a commission or fee-type arrangement. As an example, in 2015 the Company began offering a credit monitoring service to its customers, allowing them to take better control of their financial situation by monitoring their credit score and borrowing activity on an ongoing basis. We partnered with Transunion to use their product and price it to our customers identical to what they would pay if they purchased it directly.

The extent of the Company's risk adjusted pricing offering will continue to be increased as the Company responds to evolving market conditions and analyzes the overall impact of these activities on the behaviour of its customers and its business model. Increasing the ratio of lower rate products within the Company's consumer loans receivable portfolio provides its customers with many benefits including i) lower borrowing costs; ii) access to larger dollar sized loans; and iii) incentives to improve their overall credit score which should ultimately assist them in returning to lower cost prime financing alternatives. In addition to generating incremental growth; the Company benefits from increasing the relative size of its consumer loans receivable portfolio that has lower interest rates by i) reducing the overall risk of its consumer loans receivable portfolio; ii) offsetting the inherent decline in yields with reduced per loan acquisition and administrative costs and lower charge offs; iii) attracting a greater number of new customers; and iv) increasing its ability to retain customers that have improved their credit standing.

In 2017, the Company complemented its unsecured installment loan product with a secured installment loan product that is secured by residential real estate. These secured installment loans offer larger loan values and a reduced rate of interest in recognition of the expected lower charge-off rates stemming from the real estate collateral pledged by customers. While the yields are lower on such loans, the Company benefits from lower rates of charge off, longer customer tenure and lower relative acquisition and administration costs, which are expected to ultimately increase overall customer profitability.

In the future, the Company will look to introduce additional loan products that satisfy the needs of consumers and help them graduate towards lower cost lending solutions. Any new product launches will only be undertaken after i) a thorough review of the market dynamics and competition, ii) rigorous development of credit underwriting standards, iii) configuration of required systems and operating procedures and iv) product trials and testing. Ultimately, successful new products will be determined based on satisfactory consumer acceptance and the achievement of the Company's internal targets for return.

Evolve the Delivery Channels

Over the last several years, the Company has developed multiple delivery channels in response to changing customer needs, technological advancements and market opportunities. Up until 2013, all of goeasy's interactions with its customers occurred at a physical retail location.

The Company continues to believe that direct, personal relationships with its customers are best achieved through a physical location where its customers live and work. For this reason, the Company's extensive branch network continues to be a core element of its business and product delivery strategy. The establishment of direct personal relationships provides the following significant benefits to both the Company and its customers:

- A greater ability to explain the product offering provides the customer with clarity on their obligations and alternatives and results in greater penetration of ancillary products that provide value to the customer.
- A continuing dialogue with the customer allows both the customer and the Company to more effectively deal with financial challenges that may arise for the customer. This approach leads to greater customer satisfaction and lower charge off rates.
- Establishing easyfinancial as a financial partner to the customer aids in the ongoing retention of the customer relationship and allows easyfinancial to assist the customer in managing their financial needs as their circumstances change and ultimately returning to lower rate prime financing options.

The Company estimates that its retail footprint for easyfinancial could expand to between 250 and 300 locations across Canada. Total easyfinancial branch count at the end of 2017 was 228. Over the next few years, the Company will continue to add incremental locations in select markets as it works towards this target. In particular, the retail branch expansion will be focused on the expansion into Quebec which represents a large market opportunity.

In 2013, transactional websites were launched by easyfinancial and easyhome, allowing consumers to initiate their transactions on-line. These delivery channels allowed the Company to reach consumers who may not have had access to a physical location or who preferred to interact through the privacy and convenience of their home or on their mobile device. These transactional websites require continued evolution to stay abreast of changing technologies and to offer improved levels of service. Further optimization of the digital channels will be ongoing utilizing analysis of website utilization and performance data with the goals of further streamlining the application process, increasing traffic and improving the conversion rate of qualifying lease or loan applications to completed transactions. Ultimately, the transactional websites will be personalized to the unique needs of each user.

In 2015, the Company launched its mobile indirect lending platform to provide financing solutions to the customers of merchant partners who did not qualify for the traditional credit products offered by these merchants. Under such a delivery channel, these customers are given the opportunity to apply for a loan through easyfinancial at the point of purchase, thereby allowing them to purchase the desired products or services from the merchant partner.

In 2016, the Company further enhanced its mobile indirect lending platform by launching the industry's first single source application system for point-of-sale financing across the entire credit spectrum. Depending on a customer's credit profile, either the retail partner or easyfinancial will extend credit for such purchases with easyfinancial's point-of-sale financing platform providing the back-end support system and loan servicing needed.

The initial launch of the indirect lending platform was the first step in a broader strategy of developing the indirect lending channel, where the Company will offer its lending products at the point-of-sale in the home furnishing, health care and automotive industries. The internally developed mobile tablet solution allows merchant partners to process credit applications right in their store and receive an instant credit decision. By leveraging automated authentication tools, custom credit models, personal identification scanning technology and digital documents, the Company is able to process loans in a fully paperless manner in minutes. As the indirect lending channel expands, the Company will need to enhance the mobile tablet solution, taking advantage of developments in technology to further streamline and expedite the in-store loan application process.

Execute with Efficiency and Effectiveness

The Company believes that the products and services presented to its customers are clearly differentiated from its competitors. easyfinancial provides consumers with a financing alternative that is less costly than payday loans and quicker and more convenient than traditional banks, all in a welcoming and respectful retail or electronic environment. easyhome has established itself as the Canadian market leader having created a more inviting retail experience than its competitors, providing consumers with the guaranteed lowest weekly payment rates, and by employing more engaged and better trained retail associates.

To meet the demands of its customers and to maximize the profitability of the overall business, the Company will continue to focus on improving its level of execution across all areas of the business.

Increase Store Level Efficiency

The Company must continue to responsibly manage all discretionary spending. Supplier relationships and economies of scale are leveraged to reduce overall cost ratios. Idle inventory levels are maintained at optimum levels, balancing the need to provide customers with the choice and selection they require with the capital committed and management effort required to maintain this inventory. Other costs, particularly labour, are tightly controlled centrally through established thresholds, allowing spending to occur only when it will result in improved revenues. In addition, the Company does remediate and, if necessary, close underperforming stores, merging their portfolios with other nearby locations.

Utilize Data Analytics as a Competitive Advantage

The Company has a tremendous volume of customer data that it has gained from years of operating its merchandise leasing and consumer lending businesses. The Company has made significant investments in information technology to safeguard the privacy of this data and also to allow the business to analyze this data to make better business decisions. The intelligent use of this data allows easyfinancial to continually enhance its underwriting practices and credit scoring models to make better lending decisions. It allows easyhome to better understand the retention patterns of its customers and develop marketing and customer relationship programs that are tailored to each customer's needs while maximizing profitability to the Company.

Continue to Invest in New Technologies

As indicated previously, the Company has made significant investments in technology over the past several years to provide easyfinancial with a scalable platform on which to support significant future growth and to allow new delivery channels to be developed. As an example, in 2014 the Company implemented a proprietary loan application management system on the Salesforce platform to process applications originated in its retail and on-line channels. This investment in new technologies will continue in the future as the Company evolves its delivery channels and expands the size and scope of easyfinancial. Investments in new technology will also be made to provide operators and support staff with additional tools so that they can better service their customers and obtain greater levels of efficiency as well as enhanced systems, management and processes to ensure the Company's proprietary data is protected against cyber and other security threats.

Optimize the Capital Structure

Over the past several years, the Company has improved its return on equity by delivering increasing net income and improving its capital structure. At the end of 2006, the Company was almost entirely funded by equity. Since then, the growth of easyfinancial has been funded by the retention of earnings in the business and the acquisition of third-party debt financing, at ever improving interest rates and flexibility of terms. At the end of 2017, net external debt (adjusting for surplus cash on hand) represented almost 60% of the Company's funding requirements, approaching the Company's stated goal of funding its balance sheet on the basis of 70% debt and 30% equity.

The Company is confident that it will continue to have access to additional debt capital to fund the growth of its business into the future. The Company has established relationships with many alternative providers of such debt capital and continues to explore funding alternatives that represent an optimal balance between interest rates, term, flexibility and security.

Deliver a Best-in-class Customer Experience

Customer retention is of paramount importance. Frequent and positive customer interactions encourage repeat business and provide high levels of service and satisfaction. As part of its effort to provide superior customer service, the Company offers quick delivery of its merchandise and rapid loan decisioning and funding. The Company believes that competent, knowledgeable and motivated personnel are necessary in order to achieve high levels of customer service and satisfaction. Accordingly, the Company has developed intensive employee training programs, as well as performance measurement programs, incentive-driven compensation plans and other tools to drive a positive customer experience and ensure customer retention. Also, by offering a lower cost lending product, the Company allows its customers to graduate to lower interest rates thereby enhancing customer satisfaction and retention.

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.

Update on 2017 Targets

The Company's 2017 targets along with the underlying assumptions and risk factors were most recently revised and communicated in its September 30, 2017 MD&A. The Company's actual performance against its targets for fiscal 2017 is as follows:

	Actual Results for 2017	Revised Targets for 2017	Outcome
Gross consumer loans receivable portfolio at year end	**$526.5 million**	$500 - $520 million	Target achieved.
easyfinancial total revenue yield	**61.2%**	60% - 62%	Target achieved.
New easyfinancial locations opened in year	**29**	27 – 32 locations opened during the year	Target achieved.
Net charge-offs as a percentage of average gross consumer loans receivable	**13.6%**	13% - 15%	Target achieved.
easyfinancial operating margin	**38.3%**	37% - 40%	Target achieved.
Total revenue growth	**16.6%**	15% - 17%	Target achieved.
Adjusted return on equity	**19.8%**	19% - 20%	Target achieved.

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 opened during the year	**20 - 30**	**10 - 20**	**10 - 20**	• 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 Year Ended December 31, 2017

Financial Highlights and Accomplishments

- During 2017, the Company completed a recapitalization of its balance sheet which will facilitate the long-term growth of its easyfinancial business.
    - On June 2, 2017, the Company completed an offering of convertible unsecured subordinated debentures [“Convertible Debentures”] due July 31, 2022 for aggregate gross proceeds of $53 million. This offering was a positive first step towards achieving the Company's objective of diversifying its funding sources and optimizing its capital structure at attractive levels.
    - On November 1, 2017, the Company completed an offering of US$325 million senior unsecured notes [“Notes”], due November 1, 2022. 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 Notes, effectively hedging the obligation under these instruments to $418.9 million.
    - Additionally, on November 1, 2017, the Company entered into a new senior secured $110 million revolving credit facility [“Revolving Credit Facility”] maturing in 2020 with a syndicate of banks.

- During 2017, the Company also made significant progress in expanding its product offering and the footprint of its easyfinancial business.
    - The Company always believed that the province of Quebec represented a large opportunity for non-prime lending. During the second quarter of 2017, the Company expanded into Quebec with its first branch. By year’s end Quebec had grown to 11 branches and a loan book of $23.5 million.
    - Beginning in the second quarter of 2017, the Company introduced its easyfinancial loan product into almost 100 of its easyhome leasing stores. The existing easyhome stores created an opportunity for the Company to further expand the easyfinancial footprint since i) the credit and risk decisions were already made centrally; ii) the easyfinancial systems were developed and had capacity; and iii) the easyfinancial lending practices were documented and well established.
    - Finally, during the fourth quarter of 2017, the Company launched its secured lending product. This lending product is offered to qualifying borrowers who own and reside within their home and who are looking for lower cost forms of financing.

- 2017 was the sixteenth consecutive year of growing revenues and delivering profits. Since 2001, total revenue has seen a compounded annual growth rate of 12.0% while net income has grown from a loss of $1.9 million in 2001 to adjusted net income of $42.2 million in 2017 resulting in a compounded annual growth rate of 29.4%. The Company again delivered record levels of revenue, net income and earnings per share in 2017.

- In consideration of the improved earnings achieved in 2017 compared to the prior year and the Company's confidence of its continued growth and access to capital going forward, the Board of Directors approved a 25% increase to the quarterly dividend from $0.18 per share to $0.225 per share in the first quarter of 2018.

- goeasy continued to reach record levels of revenue during 2017. Revenue increased to $405.2 million from the $347.5 million reported in 2016, an increase of $57.7 million or 16.6%. The increase in revenue was driven by the growth of the Company’s easyfinancial business.

- The Company’s easyfinancial business generated record levels of new customer acquisition, loan originations and loan book growth during the year. 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 secured lending product, the ongoing enhancements to the Company’s digital properties and additional investment in advertising. The gross consumer loans receivable portfolio increased from $370.5 million as at December 31, 2016 to $526.5 million as at December 31, 2017, an increase of $156.0 million or 42.1%. Gross loan originations in the current year were $579.5 million, an increase of 45.3% compared to the prior year.

- The continuing investments in credit analytics, underwriting and collections had the desired effect during 2017. Net charge-offs as a percentage of the average gross consumer loans receivable were 13.6% for the year, down from 15.4% in 2016. The Company achieved an improvement in delinquency rates and experienced lower bankruptcy losses during the year. 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 38.3%, up from the 36.6% reported in 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, increased operating expenses to expand the easyfinancial product suite and distribution and a higher provision for future charge-offs necessitated by the accelerated growth achieved in 2017 all served to moderate the improvement in operating margin.

- Operating income in 2017 was $87.4 million. Operating income in 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 2016 was $65.9 million. On this normalized basis, adjusted operating income increased by $21.5 million or 32.6% in 2017 when compared to 2016. Operating margin in 2017 was 21.6% compared to the 19.0% normalized operating margin reported in 2016.

- As a result of repaying the term loan in 2017, the Company incurred refinancing costs of $8.2 million.

- Net income for 2017 was $36.1 million or $2.56 per share on a diluted basis. Excluding the after tax impact of the $8.2 million refinance costs, adjusted net income for 2017 was $42.2 million or $2.97 per share. As mentioned, the prior year 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 2016 were $33.2 million or $2.38 per share, respectively. On this normalized basis, net income and diluted earnings per share increased by 27.2% and 24.8%, respectively.

- Return on equity, adjusted for non-recurring items, was 19.8% in 2017 as compared to 17.9% reported in 2016. The improvement was related to both earnings growth and increased balance sheet leverage.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**405,224**	347,505	57,719	16.6%
Other income[2]	**-**	3,000	(3,000)	(100.0%)
Operating expenses before depreciation and amortization and transaction advisory costs	**265,623**	227,270	38,353	16.9%
Transaction advisory costs[3]	**-**	6,382	(6,382)	(100.0%)
EBITDA[1]	**98,380**	72,623	25,757	35.5%
EBITDA margin[1]	**24.3%**	20.9%	3.4%	-
Depreciation and amortization expense	**52,208**	54,337	2,129	(3.9%)
Operating income	**87,393**	62,516	24,877	39.8%
Operating margin[1]	**21.6%**	18.0%	3.6%	-
Interest expense and amortization of deferred financing charges	**28,642**	21,048	7,594	36.1%
Refinancing costs[4]	**8,198**	-	8,198	100.0%
Effective income tax rate	**28.5%**	25.1%	3.4%	-
Net income	**36,132**	31,049	5,083	16.4%
Diluted earnings per share	**2.56**	2.23	0.33	14.8%
Return on Equity[1]	**17.0%**	16.8%	0.2%	-
Adjusted (Normalized) Financial Results[1,2,3]				
Adjusted EBITDA margin	**24.3%**	21.9%	2.4%	-
Adjusted operating income	**87,393**	65,898	21,495	32.6%
Adjusted operating margin	**21.6%**	19.0%	2.6%	-
Adjusted net income	**42,158**	33,155	9,003	27.2%
Adjusted earnings per share	**2.97**	2.38	0.59	24.8%
Adjusted return on equity	**19.8%**	17.9%	1.9%	-
Key Performance Indicators[1]				
Same store revenue growth	**18.3%**	12.1%	6.2%	-
Same store revenue growth excl. easyfinancial	**(0.7%)**	(1.1%)	0.4%	-
Segment Financials				
easyfinancial revenue	**267,964**	204,076	63,888	31.3%
easyfinancial operating margin	**38.3%**	36.6%	1.7%	-
easyhome revenue	**137,260**	143,429	(6,169)	(4.3%)
easyhome operating margin	**15.2%**	15.0%	0.2%	-
Portfolio Indicators				
Gross consumer loans receivable	**526,546**	370,517	156,029	42.1%
Growth in consumer loans receivable	**156,029**	81,091	74,938	92.4%
Gross loan originations	**579,494**	398,739	180,755	45.3%
Bad debt expense as a percentage of easyfinancial Revenue	**25.3%**	27.3%	(2.0%)	-
Net charge-offs as a percentage of average gross consumer loans receivable	**13.6%**	15.4%	(1.8%)	-
Potential monthly lease revenue	**9,481**	9,886	(405)	(4.1%)
Change in potential monthly lease revenue due to ongoing operations	**(87)**	(315)	228	72.4%

[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 year ended December 31, 2016, the Company incurred $6.4 million in transaction advisory costs related to a potential acquisition.
[4] During the fourth quarter of 2017, the company repaid its Term Loan incurring an early repayment penalty and amortizing the remaining unamortized deferred financing costs associated with the Term Loan which resulted in a one-time before tax charge of $8.2 million.

Store Locations Summary

	Locations as at Dec. 31, 2016	Locations opened during period	Locations closed during period	Conversions	Locations as at Dec. 31, 2017
easyfinancial					
Kiosks (in store)	46	3	-	(7)	**42**
Stand-alone locations	161	19	(2)	7	**185**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	208	22	(2)	-	**228**
easyhome					
Corporately owned stores	146	-	(3)	(3)	**140**
Consolidated franchise locations	2	-	(1)	-	**1**
Total consolidated stores	148	-	(4)	(3)	**141**
Total franchise stores	28	-	(1)	3	**30**
Total easyhome stores	176	-	(5)	-	**171**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Year Ended December 31, 2017 easyfinancial	easyhome	Corporate	Total
Revenue	**267,964**	**137,260**	**-**	**405,224**
Total operating expenses before depreciation and amortization	**158,055**	**72,570**	**34,998**	**265,623**
Depreciation and amortization	**7,255**	**43,808**	**1,145**	**52,208**
Operating income (loss)	**102,654**	**20,882**	**(36,143)**	**87,393**
Finance costs				
Interest expense and amortization of deferred financing charges				**28,642**
Refinancing cost[3]				**8,198**
				36,840
Income before income taxes				**50,553**
Income taxes				**14,421**
Net income				**36,132**
Diluted earnings per share				**2.56**

($ in 000's except earnings per share)	Year Ended December 31, 2016 easyfinancial	easyhome	Corporate	Total
Revenue	204,076	143,429	-	347,505
Other income[1]	-	-	3,000	3,000
Total operating expenses before depreciation and amortization and transaction advisory costs	122,843	74,708	29,719	227,270
Transaction advisory costs[2]	-	-	6,382	6,382
Depreciation and amortization	6,479	47,184	674	54,337
Operating income (loss)	74,754	21,537	(33,775)	62,516
Finance costs				
Interest expense and amortization of deferred financing charges				21,048
				21,048
Income before income taxes				41,468
Income taxes				10,419
Net income				31,049
Diluted earnings per share				2.23

[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 year ended December 31, 2016, the Company incurred $6.4 million in transaction advisory costs related to a potential acquisition.

[3] During the fourth quarter of 2017, the company repaid its Term Loan incurring an early repayment penalty and amortizing the remaining unamortized deferred financing costs associated with the Term Loan which resulted in a one-time before tax charge of $8.2 million.

Revenue and Other Income

Revenue for 2017 was $405.2 million compared to $347.5 million in 2016, an increase of $57.7 million or 16.6%. The increase was driven by the growth of the easyfinancial business.

easyfinancial – Revenue for 2017 was $268.0 million, an increase of $63.9 million or 31.3% from 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 $370.5 million as at December 31, 2016 to $526.5 million as at December 31, 2017, an increase of $156.0 million or 42.1%. Gross loan originations in the current year were $579.5 million, an increase of 45.3% compared to the prior year.

The annualized yield realized by the Company on its average consumer loans receivable portfolio in the current year declined by 80 bps when compared with 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 yields. This downward pressure on yield was partially offset in 2017 by the benefits of 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 half of 2017.

easyhome – Revenue for the year ended December 31, 2017 was $137.3 million, a decrease of $6.2 million from 2016. The year over year change in revenue was driven by the closure or sale of a number of merchandise leasing stores over the past 24 months which reduced revenue by $5.1 million in 2017 when compared to 2016 and by a decline in revenue across the organic store network of $1.1 million.

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

Total operating expenses before depreciation and amortization and transaction advisory costs were $265.6 million in 2017, an increase of $38.4 million or 16.9% when compared to the prior year. The increase in operating expenses was driven primarily by the higher costs associated with the expanding easyfinancial business, including higher advertising expenditures, and by higher corporate costs but was somewhat offset by lower costs within the easyhome business. Total operating expenses before depreciation and amortization and transaction advisory costs represented 65.5% of revenue in 2017 consistent with the 65.4% reported in 2016.

easyfinancial – Total operating expenses before depreciation and amortization were $158.1 million in 2017, an increase of $35.2 million or 28.7% from 2016. Operating expenses, excluding bad debt, increased by $23.2 million or 34.5% in the current year driven by: i) an additional $5.7 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), iv) incremental expenditures to enhance the product offering (such as secured lending which launched 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 208 as at December 31, 2016 to 228 as at December 31, 2017.

Bad debt expense increased to $67.8 million in 2017 from $55.7 million during the prior year, an increase of $12.1 million or 21.7%. Included in bad debt expense in the current year was an incremental $3.3 million provision for future charge offs when compared to the same period of 2016 due to the strong loan book growth (particularly during the second half of 2017). Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 13.6% in the current year compared with 15.4% in 2016. The Company achieved an improvement in delinquency rates through strong collection activities and experienced lower bankruptcy losses in 2017. 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 for the year ended December 31, 2017 were $72.6 million, a decrease of $2.1 million or 2.9% from 2016. The decline was driven primarily by the reduced store count but was partially offset by a $1.0 million increase in advertising spend. Consolidated leasing store count declined by seven from 148 as at December 31, 2016 to 141 as at December 31, 2017.

Corporate – Total operating expenses before depreciation and amortization and transaction advisory costs were $35.0 million for the current year compared to $29.7 million in 2016, an increase of $5.3 million. The increase was related to i) higher salary and 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 $1.6 million allowance against certain remaining receivables relating to the US business which is being wound down.

Transaction Advisory Costs – During 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. No transaction advisory costs were incurred in 2017.

Depreciation and Amortization

Depreciation and amortization expense in 2017 was $52.2 million, down $2.1 million from 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 12.9% of revenue in 2017, a decrease from 15.6% reported in 2016.

easyfinancial – The $0.8 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 $3.4 million in the year compared with 2016 due to the reductions in the lease portfolio and improved pricing and product margins. easyhome's depreciation and amortization expense expressed as a percentage of easyhome's revenue for the year was 31.9%, down from the 32.9% reported in 2016.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income in 2017 was $87.4 million. Operating income in 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 2016 was $65.9 million. On this normalized basis, adjusted operating income increased by $21.5 million or 32.6% in 2017 when compared to 2016. Operating margin in 2017 was 21.6% compared to the 19.0% normalized operating margin reported in 2016.

easyfinancial – Operating income was $102.7 million in 2017 compared with $74.8 million in 2016, an increase of $27.9 million or 37.3%. The benefits of the larger loan book and related revenue increases of $63.9 million were partially offset by the $5.7 million increase in advertising spend, the $12.2 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 compared with 36.6% reported in 2016.

easyhome – Operating income was $20.9 million for 2017, a decrease of $0.7 million compared to 2016. The impact of a lower lease portfolio and associated lower revenue (primarily related to store transactions) coupled with the higher advertising spend were partially offset by lower store operating expenses and lower depreciation and amortization. Operating margin for 2017 was 15.2% compared to the 15.0% reported in 2016.

Finance Costs

Finance costs in 2017 consisted of: i) interest expense and amortization of deferred financing charges and ii) non-recurring refinancing costs.

Interest expense and amortization of deferred financing charges increased from $21.0 million in 2016 to $28.6

million in 2017. The increase was related to higher average borrowing levels offset somewhat by a lower cost of borrowing. Total debt as at December 31, 2017 was $449.2 million compared to $263.3 million as at December 31, 2016.

As a result of repaying the term loan in the fourth quarter of 2017, the Company incurred $8.2 million in refinancing costs which consisted of an early repayment penalty and accelerated amortization of the remaining unamortized deferred financing costs associated with the prior term loan.

Income Tax Expense

The effective income tax rate in 2017 was 28.5%, higher than the 25.1% reported in 2016. The higher effective tax rate in 2017 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 2017 was $36.1 million or $2.56 per share on a diluted basis. Excluding the after-tax impact of the $8.2 million refinancing costs, adjusted net income for 2017 was $42.2 million or $2.97 per share. As mentioned, the prior year 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 2016 were $33.2 million or $2.38 per share, respectively. On this normalized basis, net income and diluted earnings per share increased by 27.2% and 24.8%, respectively.

Selected Annual Information

Operating Results

($ in 000's except per share amounts)	2017	2016	2015	2014	2013
Revenue	**405,224**	347,505	304,273	259,150	218,814
Net income	**36,132**	31,049	23,728	19,748	14,182
Adjusted net income [1]	**42,158**	33,155	23,728	18,600	14,182
Dividends declared on common shares	**9,659**	6,699	5,370	4,530	4,178
Cash dividends declared per common share	**0.72**	0.49	0.40	0.34	0.34
Earnings Per Share					
Basic	**2.67**	2.29	1.75	1.47	1.16
Diluted	**2.56**	2.23	1.69	1.42	1.15
Adjusted diluted [1]	**2.97**	2.38	1.69	1.34	1.15

[1] Adjusted for certain non-recurring or unusual transactions.

Assets and Liabilities

($ in 000's)	As at Dec. 31, 2017	As at Dec. 31, 2016	As at Dec. 31, 2015	As at Dec. 31, 2014	As at Dec. 31, 2013
Total Assets	**749,615**	503,062	418,502	319,472	232,900
Total Liabilities					
Bank debt	**-**	-	-	1,756	23,496
Term loan	**-**	263,294	211,720	120,743	38,206
Convertible debentures	**47,985**	-	-	-	-
Senior secured credit facilities	**401,193**	-	-	-	-
Derivative financial instruments	**11,138**	-	-	-	-
Other	**61,055**	43,737	30,723	43,005	35,565
	521,371	307,031	242,443	165,504	97,267

Analysis of Results for the Three Months Ended December 31, 2017

Fourth Quarter Highlights

- goeasy continued to grow revenue during the fourth quarter of 2017. Revenue for the quarter increased to $108.6 million from the $91.3 million reported in the fourth quarter of 2016, an increase of $17.3 million or 18.9%.

- The gross consumer loans receivable portfolio increased from $370.5 million as at December 31, 2016 to $526.5 million as at December 31, 2017, an increase of $156.0 million or 42.1%. Gross loan originations in the quarter were $176.4 million, an increase of 50.1% when compared to the fourth 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, the launch of the Company's secured lending product, ongoing enhancements to the Company's digital properties and an increased level of advertising spend.

- easyfinancial revenue for the three month period ended December 31, 2017 was $74.6 million, an increase of $18.6 million or 33.2% 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 270 bps reduction in yield. As the Company's risk adjusted and secured lending products become a larger proportion of the overall loan book, yields will moderate.

- Net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis were 12.8% in the quarter compared with 15.8% in the fourth 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 net charge-off rates.

- easyfinancial generated a strong operating margin of 38.4% in the fourth quarter of 2017, up from the 34.9% reported in the fourth quarter of 2016. The increase in operating margin was driven primarily by the growth of the consumer loans receivable portfolio and associated revenue, the improvement in charge off rates and the slowing of branch openings.

- Operating income for the three month period ended December 31, 2017 was $24.5 million, up $7.3 million or 42.4% when compared with the fourth quarter of 2016. Operating margin in the quarter was 22.5% against the 18.8% reported in the fourth quarter of 2016.

- As a result of repaying the term loan in the fourth quarter of 2017, the Company incurred $8.2 million in refinancing costs which consisted of an early repayment penalty and accelerated amortization of the remaining unamortized deferred financing costs associated with the prior term loan.

- Net income for the third quarter of 2017 was $5.4 million or $0.38 per share on a diluted basis. Excluding the after tax impact of the $8.2 million refinance costs, adjusted net income was $11.4 million or $0.79 per share. This compares with the $8.3 million or $0.60 reported in the fourth quarter of 2016. On this normalized basis, net income and diluted earnings per share increased by 36.6% and 31.7%, respectively.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended Dec. 31, 2017	Three Months Ended Dec. 31, 2016	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**108,586**	91,294	17,292	18.9%
Operating expenses before depreciation and amortization	**70,684**	60,702	9,982	16.4%
EBITDA[1]	**27,662**	19,803	7,859	39.7%
EBITDA margin[1]	**25.5%**	21.7%	3.8%	-
Depreciation and amortization expense	**13,452**	13,417	35	0.3%
Operating income	**24,450**	17,175	7,275	42.4%
Operating margin[1]	**22.5%**	18.8%	3.7%	-
Interest expense and amortization of deferred financing charges	**8,774**	5,702	3,072	53.9%
Refinancing costs[2]	**8,198**	-	8,198	100.0%
Effective income tax rate	**28.2%**	27.3%	0.9%	-
Net income	**5,366**	8,342	(2,976)	(35.7%)
Diluted earnings per share	**0.38**	0.60	(0.22)	(36.7%)
Return on equity	**9.5%**	17.4%	(7.9%)	-
Adjusted (Normalized) Financial Results[2]				
Adjusted EBITDA margin	**25.5%**	21.7%	3.8%	-
Adjusted operating income	**24,450**	17,175	7,275	42.4%
Adjusted operating margin	**22.5%**	18.8%	3.7%	-
Adjusted net income	**11,392**	8,342	3,050	36.6%
Adjusted earnings per share	**0.79**	0.60	0.19	31.7%
Adjusted return on equity	**20.1%**	17.4%	2.7%	-
Key Performance Indicators[1]				
Same store revenue growth	**20.0%**	12.6%	7.4%	-
Same store revenue growth excl. easyfinancial	**0.1%**	(1.9%)	2.0%	-
Segment Financials				
easyfinancial revenue	**74,573**	55,999	18,574	33.2%
easyfinancial operating margin	**38.4%**	34.9%	3.5%	-
easyhome revenue	**34,013**	35,295	(1,282)	(3.6%)
easyhome operating margin	**14.3%**	15.6%	(1.3%)	-
Portfolio Indicators				
Gross consumer loans receivable	**526,546**	370,517	156,029	42.1%
Growth in consumer loans receivable	**53,483**	26,806	26,677	99.5%
Gross loan originations	**176,383**	117,525	58,858	50.1%
Bad debt expense as a percentage of Financial Revenue	**25.2%**	28.5%	(3.3%)	-
Net charge-offs as a percentage of average gross consumer loans receivable	**12.8%**	15.8%	(3.0%)	-
Potential monthly lease revenue	**9,481**	9,886	(405)	(4.1%)
Change in potential monthly lease revenue due to ongoing operations	**361**	355	6	1.7%

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

[2] During the fourth quarter of 2017, the company repaid its Term Loan incurring an early repayment penalty and amortizing the remaining unamortized deferred financing costs associated with the Term Loan which resulted in a one-time before tax charge of $8.2 million.

Store Locations Summary

	Locations as at Sep. 30, 2017	Locations opened during period	Locations closed during period	Conversions	Locations as at Dec. 31, 2017
easyfinancial					
Kiosks (in store)	42	-	-	-	**42**
Stand-alone locations	177	9	(1)	-	**185**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	220	9	(1)	-	**228**
easyhome					
Corporately owned stores	141	-	-	(1)	**140**
Consolidated franchise locations	1	-	-	-	**1**
Total consolidated stores	142	-	-	(1)	**141**
Total franchise stores	29	-	-	1	**30**
Total easyhome stores	171	-	-	-	**171**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended December 31, 2017			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	**74,573**	**34,013**	**-**	**108,586**
Total operating expenses before depreciation and amortization	**43,891**	**18,194**	**8,599**	**70,684**
Depreciation and amortization	**2,068**	**10,955**	**429**	**13,452**
Operating income (loss)	**28,614**	**4,864**	**(9,028)**	**24,450**
Finance costs				
Interest expense and amortization of deferred financing charges				**8,774**
Refinancing cost[1]				**8,198**
				16,972
Income before income taxes				**7,478**
Income taxes				**2,112**
Net income				**5,366**
Diluted earnings per share				**0.38**

($ in 000's except earnings per share)	Three Months Ended December 31, 2016			
	easyfinancial	**easyhome**	**Corporate**	**Total**
Revenue	55,999	35,295	-	91,294
Total operating expenses before depreciation and amortization	34,772	18,244	7,686	60,702
Depreciation and amortization	1,675	11,558	184	13,417
Operating income (loss)	19,552	5,493	(7,870)	17,175
Finance costs				
Interest expense and amortization of deferred financing charges				5,702
Finance costs				5,702
Income before income taxes				11,473
Income taxes				3,131
Net income				8,342
Diluted earnings per share				0.60

[1] During the fourth quarter of 2017, the company repaid its Term Loan incurring an early repayment penalty and amortizing the remaining unamortized deferred financing costs associated with the Term Loan which resulted in a one-time before tax charge of $8.2 million.

Revenue and Other Income

Revenue for the three month period ended December 31, 2017 was $108.6 million compared to $91.3 million in the same period in 2016, an increase of $17.3 million or 18.9%. Same store sales growth for the quarter was 20.0%. Revenue growth was driven primarily by the growth of easyfinancial.

e*asyfinancial* – Revenue for the three month period ended December 31, 2017 was $74.6 million, an increase of $18.6 million or 33.2% 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 $370.5 million as at December 31, 2016 to $526.5 million as at December 31, 2017, an increase of $156.0 million or 42.1%. Gross loan originations in the quarter were $176.4 million, an increase of 50.1% when compared to the fourth quarter of 2016.

The annualized yield realized by the Company on its average consumer loans receivable portfolio decreased by 270 bps in the fourth quarter of 2017 when compared to the fourth quarter of 2016. The decrease in the yield was due to the increased penetration of risk adjusted interest rate loans to a more credit worthy customer and a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products.

easyhome – Revenue for the three month period ended December 31, 2017 was $34.0 million, a decrease of $1.3 million when compared with the fourth quarter of 2016. The decline in revenue was driven primarily by store sales to franchisees or closures which occurred over the past 15 months. These transactions in aggregate reduced revenue by $1.2 million in the fourth quarter of 2017 when compared to the fourth quarter of 2016. Excluding the impact of such store transactions, the decline in revenue across the store network was $0.1 million in the current quarter compared with the fourth quarter of 2016.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $70.7 million for the three month period ended December 31, 2017, an increase of $10.0 million or 16.4% 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, higher provisions for future charge offs driven by the strong loan book growth and increased corporate costs. Total operating expenses before depreciation and amortization represented 65.1% of revenue for the fourth quarter of 2017, down from the 66.5% reported in the fourth quarter of 2016.

easyfinancial – Total operating expenses before depreciation and amortization were $43.9 million for the fourth quarter of 2017, an increase of $9.1 million or 26.2% from the fourth quarter of 2016. Operating expenses, excluding bad debt, increased by $6.2 million or 32.8% in the quarter driven by: i) an additional $1.6 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), iv) incremental expenditures to enhance the product offering (such as secured lending which launched 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 208 as at December 31, 2016 to 228 as at December 31, 2017.

Bad debt expense increased to $18.8 million for the fourth quarter of 2017 from $15.9 million during the comparable period in 2016, an increase of $2.9 million or 18.2%. The increase in bad debt expense of 18.2% was compared to the 42.1% growth in the loan book over the same period. Included in the bad debt expense was an incremental $0.9 million provision for future charge offs when compared to the fourth 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 12.8% in the quarter compared with 15.8% in the fourth 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 $18.2 million for the fourth quarter of 2017, which was consistent with the fourth quarter of 2016. Advertising spend increased by $0.5 million in the current quarter, which was offset by a decrease in overall store operating expenses due, in part, to the reduced store count. Consolidated leasing store count declined by seven from 148 as at December 31, 2016 to 141 as at December 31, 2017.

Corporate – Total operating expenses before depreciation and amortization were $8.6 million for the fourth quarter of 2017 compared to $7.7 million in the fourth quarter of 2016, an increase of $0.9 million. The increase was primarily related to higher salary and incentive compensation costs (including accrued bonus and stock based compensation) due to the strong financial results of the Company. Corporate expenses before depreciation and amortization represented 7.9% of revenue in the fourth quarter of 2017 compared to 8.4% of revenue in the fourth quarter of 2016.

Depreciation and Amortization

Depreciation and amortization for the three month period ended December 31, 2017 was $13.5 million, consistent with the fourth quarter of 2016. Overall, depreciation and amortization represented 12.4% of revenue for the three months ended December 31, 2017, a decrease from the 14.7% reported in the comparable period of 2016.

easyfinancial – The $0.4 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 $0.6 million in the fourth quarter of 2017 compared to the fourth quarter of 2016 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 32.2%, a decrease from the 32.7% reported in the fourth 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 December 31, 2017 was $24.5 million, up $7.3 million or 42.4% when compared with the fourth quarter of 2016. Operating margin in the quarter was 22.5% against the 18.8% reported in the fourth quarter of 2016. The improvement was driven by the higher operating margin generated by easyfinancial and by the fact that the higher margin easyfinancial business is generating an ever increasing proportion of total operating income.

easyfinancial – Operating income was $28.6 million for the fourth quarter of 2017 compared with $19.6 million for the comparable period in 2016, an increase of $9.1 million or 46.3%. The benefits of the larger loan book and related revenue increases of $18.6 million were partially offset by the $1.6 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 38.4% compared with 34.9% reported in the fourth quarter of 2016.

easyhome – Operating income was $4.9 million for the fourth quarter of 2017, a decrease of $0.6 million when compared with the fourth quarter of 2016. Revenue declined by $1.3 million driven largely by the sale of stores to franchisees coupled with the $0.5 million increase in advertising spend. This was offset by reduced store operating costs due to the lower store count and a $0.6 million reduction in depreciation and amortization due to the smaller lease portfolio. Operating margin for the fourth quarter of 2017 was 14.3%, a decrease from the 15.6% reported in the fourth quarter of 2016.

Finance Costs

Finance costs for the three month period ended December 31, 2017 consisted of: i) interest expense and amortization of deferred financing charges and ii) non-recurring refinancing costs.

Interest expense and amortization of deferred financing charges increased from $5.7 million in the fourth quarter of 2016 to $8.8 million in the current quarter. The increase was related to higher average borrowing levels offset somewhat by a lower cost of borrowing. Total debt as at December 31, 2017 was $449.2 million compared to $263.3 million as at December 31, 2016.

As a result of repaying the term loan in the fourth quarter of 2017, the Company incurred $8.2 million in refinancing costs which consisted of an early repayment penalty and accelerated amortization of the remaining unamortized deferred financing costs associated with the prior term loan.

Income Tax Expense

The effective income tax rate for the fourth quarter of 2017 was 28.2% which was higher than the 27.3% reported in the fourth quarter of 2016. The effective tax rate in the current quarter was higher than the statutory rate of approximately 27.5% due to various non-deductible expenses in Canada and expenses related to the winddown of the US business.

Net Income and EPS

Net income for the fourth quarter of 2017 was $5.4 million or $0.38 per share on a diluted basis. Excluding the after-tax impact of the $8.2 million refinancing costs, adjusted net income was $11.4 million or $0.79 per share. This compares with the $8.3 million or $0.60 per share reported in the fourth quarter of 2016. On this normalized basis, net income and diluted earnings per share increased by 36.6% and 31.7%, respectively.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	**Dec. 2017**	Sep. 2017	Jun. 2017	Mar. 2017	Dec. 2016	Sep. 2016	Jun. 2016	Mar. 2016	Dec. 2015
Revenue	**108.6**	103.7	98.2	94.7	91.3	87.8	86.1	82.3	82.9
Net income	**5.4**	11.6	8.9	10.3	8.3	4.9	10.5	7.3	7.5
Adjusted net income [2]	**11.4**	11.6	8.9	10.3	8.3	8.8	8.4	7.6	7.5
Adjusted net income as a percentage of revenue	**10.5%**	11.2%	9.1%	10.8%	9.1%	10.1%	9.7%	9.2%	9.1%
Earnings per share[1]									
Basic	**0.39**	0.86	0.66	0.76	0.62	0.37	0.77	0.54	0.56
Diluted	**0.38**	0.81	0.63	0.73	0.60	0.36	0.75	0.52	0.54
Adjusted diluted [2]	**0.79**	0.81	0.63	0.73	0.60	0.64	0.60	0.54	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.

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		**Year Ended**	
($ in 000's)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Loan originations to new customers	**73,424**	47,310	**249,472**	168,347
Loan originations to existing customers	**102,959**	70,215	**330,023**	230,392
Less: Proceeds applied to repay existing loans	**(52,231)**	(36,796)	**(170,573)**	(119,073)
Net advance to existing customers	**50,728**	33,419	**159,450**	111,319
Net principal written	**124,152**	80,729	**408,922**	279,666

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		**Year Ended**	
($ in 000's)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Opening gross consumer loans receivable	**473,063**	343,711	**370,517**	289,426
Gross loan originations	**176,383**	117,525	**579,494**	398,739
Gross principal payments and other adjustments	**(104,796)**	(74,796)	**(357,664)**	(260,476)
Gross charge-offs before recoveries	**(18,104)**	(15,923)	**(65,801)**	(57,172)
Net growth in gross consumer loans receivable during the period	**53,483**	26,806	**156,029**	81,091
Ending gross consumer loans receivable	**526,546**	370,517	**526,546**	370,517

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		**Year Ended**	
($ in 000's)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Financial revenue	**74,573**	55,999	**267,964**	204,076
Less: Interest expense and amortization of deferred financing charges	**(8,774)**	(5,702)	**(28,642)**	(21,048)
Less: Bad debt expense	**(18,807)**	(15,936)	**(67,826)**	(55,668)
Net Financial Income	**46,992**	34,361	**171,496**	127,360

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		Year Ended	
($ in 000's except percentages)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Net charge-offs	**16,156**	14,196	**59,576**	50,677
Average gross consumer loans receivable	**506,009**	360,367	**439,348**	329,019
Net charge-offs as a percentage of average gross consumer loans receivable (annualized)	**12.8%**	15.8%	**13.6%**	15.4%

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		Year Ended	
($ in 000's except percentages)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Net charge-offs	**16,156**	14,196	**59,576**	50,677
Net change in allowance for loan losses	**2,651**	1,740	**8,250**	4,991
Bad debt expense	**18,807**	15,936	**67,826**	55,668
Financial Revenue	**74,573**	55,999	**267,964**	204,076
Bad debt expense as a percentage of Financial Revenue	**25.2%**	28.5%	**25.3%**	27.3%

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 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		**Year Ended**	
($ in 000's except percentages)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Allowance for loan losses, beginning of period	**29,055**	21,716	**23,456**	18,465
Net charge-offs written off against the allowance	**(16,156)**	(14,196)	**(59,576)**	(50,677)
Increase in allowance due to lending and collection activities	**18,807**	15,936	**67,826**	55,668
Allowance for loan losses, end of period	**31,706**	23,456	**31,706**	23,456
Allowance for loan losses as a percentage of the ending gross consumer loans receivable	**6.0%**	6.3%	**6.0%**	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:

	December 31, 2017		**December 31, 2016**	
($ in 000's)	**$**	**% of total**	**$**	**% of total**
Current	**497,992**	**94.6%**	348,877	94.2%
Days past due				
1 - 30 days	**17,274**	**3.3%**	13,468	3.6%
31 - 44 days	**3,601**	**0.7%**	2,712	0.7%
45 - 60 days	**3,330**	**0.6%**	2,366	0.6%
61 - 90 days	**4,349**	**0.8%**	3,094	0.8%
	28,554	**5.4%**	21,640	5.8%
Gross consumer loans receivable	**526,546**	**100.0%**	370,517	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, Dec. 30, 2017 % of total	Saturday, Dec. 31, 2016 % of total
Current	**94.7%**	94.2%
Days past due		
1 - 30 days	**3.2%**	3.6%
31 - 44 days	**0.7%**	0.7%
45 - 60 days	**0.6%**	0.6%
61 - 90 days	**0.8%**	0.8%
	5.3%	5.8%
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)	December 31, 2017		December 31, 2016	
	$	% of total	$	% of total
Newfoundland & Labrador	**25,019**	**4.8%**	19,032	5.1%
Nova Scotia	**36,389**	**6.9%**	27,434	7.4%
Prince Edward Island	**6,505**	**1.2%**	5,066	1.4%
New Brunswick	**29,116**	**5.5%**	21,060	5.7%
Quebec	**23,457**	**4.5%**	-	-
Ontario	**224,964**	**42.7%**	164,541	44.4%
Manitoba	**21,606**	**4.1%**	15,290	4.1%
Saskatchewan	**26,323**	**5.0%**	19,832	5.4%
Alberta	**68,072**	**12.9%**	49,811	13.4%
British Columbia	**58,920**	**11.2%**	44,186	11.9%
Territories	**6,175**	**1.2%**	4,265	1.2%
Gross consumer loans receivable	**526,546**	**100.0%**	370,517	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 Dec. 31, 2017	Three Months Ended Dec. 31, 2016	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016
Opening potential monthly lease revenue	**9,226**	9,714	**9,886**	10,651
Change due to store openings or acquisitions during the period	**(15)**	-	**28**	-
Decrease due to store closures or sales during the period	**(91)**	(183)	**(346)**	(450)
Increase/(decrease) due to ongoing operations	**361**	355	**(87)**	(315)
Net change	**255**	172	**(405)**	(765)
Ending potential monthly lease revenue	**9,481**	9,886	**9,481**	9,886

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)	Dec. 31, 2017	Dec. 31, 2016
Furniture	**4,241**	4,243
Appliances	**1,095**	1,133
Electronics	**2,980**	3,228
Computers	**1,165**	1,282
Potential monthly lease revenue	**9,481**	9,886

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)	December 31, 2017		December 31, 2016	
	$	% of total	$	% of total
Newfoundland & Labrador	**829**	**8.8%**	814	8.2%
Nova Scotia	**836**	**8.8%**	837	8.5%
Prince Edward Island	**165**	**1.7%**	172	1.7%
New Brunswick	**698**	**7.4%**	746	7.6%
Quebec	**580**	**6.1%**	593	6.0%
Ontario	**3,205**	**33.8%**	3,454	34.9%
Manitoba	**250**	**2.6%**	263	2.7%
Saskatchewan	**448**	**4.7%**	527	5.3%
Alberta	**1,391**	**14.7%**	1,341	13.6%
British Columbia	**987**	**10.4%**	1,002	10.1%
USA	**92**	**1.0%**	137	1.4%
Potential monthly lease revenue	**9,481**	**100.0%**	9,886	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		Year Ended	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net charge-offs	**1,118**	1,191	**4,146**	4,821
Leasing revenue	**34,013**	35,295	**137,260**	143,429
Net charge-offs as a percentage of easyhome revenue	**3.3%**	3.4%	**3.0%**	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		**Year Ended**	
	Dec. 31, 2017	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Same store revenue growth	**20.0%**	12.6%	**18.3%**	12.1%
Same store revenue growth excluding easyfinancial	**0.1%**	(1.9%)	**(0.7%)**	(1.1%)

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. 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 operating margin as operating income divided by revenue. 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 twelve month periods ended December 31, 2017 and 2016 include those indicated in the chart below:

	Three months ended		Year ended	
($ in 000's except earnings per share)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Operating income as stated	**24,450**	17,175	**87,393**	62,516
Divided by revenue	**108,586**	91,294	**405,224**	347,505
Operating margin	**22.5%**	18.8%	**21.6%**	18.0%
Operating income as stated	**24,450**	17,175	**87,393**	62,516
Other income[1]	**-**	-	**-**	(3,000)
Transaction advisory costs[2]	**-**	-	**-**	6,382
Adjusted operating earnings	**24,450**	17,175	**87,393**	65,898
Divided by revenue	**108,586**	91,294	**405,224**	347,505
Adjusted operating margin	**22.5%**	18.8%	**21.6%**	19.0%
Net income as stated	**5,366**	8,342	**36,132**	31,049
Refinancing costs[1]	**8,198**		**8,198**	
Other income[2]	**-**	-	**-**	(3,000)
Transaction advisory costs[3]	**-**	-	**-**	6,382
Tax impact of above items	**(2,172)**	-	**(2,172)**	(1,276)
After tax impact of above item	**6,026**	-	**6,026**	2,106
Adjusted earnings	**11,392**	8,342	**42,158**	33,155
After tax impact of convertible debentures	**773**	-	**1,790**	-
Fully diluted net income	**12,165**	8,342	**43,948**	33,155
Weighted average number of diluted shares outstanding	**15,403**	13,991	**14,805**	13,908
Diluted earnings per share as stated [4]	**0.38**	0.60	**2.56**	2.23
Per share impact of normalized items [4]	**0.41**	**-**	**0.41**	0.15
Adjusted earnings per share	**0.79**	0.60	**2.97**	2.38

[1] During the fourth quarter of 2017, the company repaid its Term Loan incurring an early repayment penalty and amortizing the remaining unamortized deferred financing costs associated with the Term Loan which resulted in a one-time before tax charge of $8.2 million.

[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 year ended December 31, 2016, the Company incurred transaction advisory costs related to a potential acquisition of $6.4 million.

[4] During the fourth quarter of 2017, the impact of convertible debentures on diluted earnings per share was anti-dilutive. As such, diluted earnings per share as stated was calculated based on net income as stated divided by weighted average number of diluted shares outstanding excluding convertible shares ($5,366 / (15,403 – 1,205 shares) = $0.38). The normalization of refinancing costs resulted in the convertible debentures becoming dilutive in the quarter. The impact of the change from anti-dilutive to dilutive convertible debentures is included in the per share impact of normalized items.

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	
	Dec. 31, 2017	**Dec. 31, 2016**
Operating expenses before depreciation and amortization	**70,684**	60,702
Divided by revenue	**108,586**	91,294
Operating expenses before depreciation and amortization as % of revenue	**65.1%**	66.5%

($ in 000's except percentages)	Year Ended		
	Dec. 31, 2017	**Dec. 31, 2016**	**Dec. 31, 2016 (adjusted)**
Operating expenses before depreciation and amortization	**265,623**	233,652	233,652
Transaction advisory costs included in operating expenses	**-**	-	(6,382)
Adjusted operating expenses before depreciation and amortization	**265,623**	233,652	227,270
Divided by revenue	**405,224**	347,505	347,505
Operating expenses before depreciation and amortization as % of revenue	**65.5%**	67.2%	65.4%

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 Dec. 31, 2017	Three Months Ended Dec. 31, 2016	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2016
easyfinancial				
Operating income	**28,614**	19,552	**102,654**	74,754
Divided by revenue	**74,573**	55,999	**267,964**	204,076
easyfinancial operating margin	**38.4%**	34.9%	**38.3%**	36.6%
easyhome				
Operating income	**4,864**	5,493	**20,882**	21,537
Divided by revenue	**34,013**	35,295	**137,260**	143,429
easyhome operating margin	**14.3%**	15.6%	**15.2%**	15.0%
Total				
Operating income	**24,450**	17,175	**87,393**	62,516
Divided by revenue	**108,586**	91,294	**405,224**	347,505
Total operating margin	**22.5%**	18.8%	**21.6%**	18.0%
Total (adjusted)				
Operating income as stated	**24,450**	17,175	**87,393**	62,516
Other income	**-**	-	**-**	(3,000)
Transaction advisory costs	**-**	-	**-**	6,382
Adjusted operating income	**24,450**	17,175	**87,393**	65,898
Divided by revenue	**108,586**	91,294	**405,224**	347,505
Total (adjusted) operating margin	**22.5%**	18.8%	**21.6%**	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	
	Dec. 31, 2017	**Dec. 31, 2016**
Net income	**5,366**	8,342
Finance costs	**16,972**	5,702
Income Tax Expense	**2,112**	3,131
Depreciation and amortization, excluding dep. of lease assets	**3,212**	2,628
EBITDA	**27,662**	19,803
Divided by revenue	**108,586**	91,294
EBITDA margin	**25.5%**	21.7%

($ in 000’s except percentages)	Year Ended		
	Dec. 31, 2017	**Dec. 31, 2016**	**Dec. 31, 2016 (adjusted)**
Net income as stated	**36,132**	31,049	31,049
Finance costs	**36,840**	21,048	21,048
Income Tax Expense	**14,421**	10,419	10,419
Depreciation and amortization, excluding depreciation of lease assets	**10,987**	10,107	10,107
EBITDA	**98,380**	72,623	72,623
Other income	**-**		(3,000)
Transaction advisory costs	**-**	-	6,382
Adjusted EBITDA	**98,380**	72,623	76,005
Divided by revenue	**405,224**	347,505	347,505
EBITDA margin	**24.3%**	20.9%	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		
	Dec. 31, 2017	Dec. 31, 2017 (adjusted)	Dec. 31, 2016
Net income as stated	5,366	5,366	8,342
Refinancing costs	-	8,198	-
Tax impact of above item	-	(2,172)	-
After tax impact	-	6,026	-
Adjusted net income	5,366	11,392	8,342
Multiplied by number of periods in year	X 4/1	X 4/1	X 4/1
Divided by average shareholders' equity for the period	226,165	226,165	192,049
Return on equity	9.5%	20.1%	17.4%

($ in 000's except periods and percentages)	Year Ended			
	Dec. 31, 2017	Dec. 31, 2017 (adjusted)	Dec. 31, 2016	Dec. 31, 2016 (adjusted)
Net income as stated	36,132	36,132	31,049	31,049
Refinancing costs	-	8,198	-	-
Other income	-	-	-	(3,000)
Transaction advisory costs	-	-	-	6,382
Tax impact of above items	-	(2,172)	-	(1,276)
After tax impact	-	6,026	-	2,106
Adjusted net income	36,132	42,158	31,049	33,155
Divided by average shareholders' equity for the period	212,757	212,757	185,210	185,210
Return on equity	17.0%	19.8%	16.8%	17.9%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at December 31, 2017 and December 31, 2016.

($ in 000's, except for ratios)	Dec. 30, 2017	Dec. 31, 2016
Consumer loans receivable, net	**513,425**	354,499
Cash	**109,370**	24,928
Lease assets	**54,318**	55,288
Property and equipment	**15,941**	16,103
Intangible assets	**15,163**	14,312
Other assets	**41,398**	37,932
Total assets	**749,615**	503,062
External debt	**449,178**	263,294
Derivative financial instruments	**11,138**	-
Other liabilities	**61,055**	43,737
Total liabilities	**521,371**	307,031
Shareholders' equity	**228,244**	196,031
Total capitalization (total debt plus total shareholders' equity)	**677,422**	459,325
External debt to shareholders' equity	**1.97**	1.34
External debt to total capitalization	**0.66**	0.57
External debt to Adjusted EBITDA [1]	**4.57**	3.46

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

Total assets were $749.6 million as at December 31, 2017, an increase of $246.6 million or 49.0% compared to December 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 $158.9 million over the past 12 months, and ii) a $84.4 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 $246.6 million growth in total assets was financed by: i) a $185.9 million increase in external debt (including the issuance of USD $325 million in Notes and the issuance of Convertible Debentures offset by the repayment of the $280.0 million Term Loan); ii) a $32.2 million increase in total shareholder's equity; and iii) a $17.3 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 December 31, 2017, the Company's external debt consisted of USD $325 million Notes, and $53 million of Convertible Debentures with net carrying values of $401.2 million and $48.0 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		Year Ended	
($ in 000's)	**Dec. 31, 2017**	**Dec. 31, 2016**	**Dec. 31, 2017**	**Dec. 31, 2016**
Cash provided by operating activities	**48,361**	39,390	**179,400**	153,305
Cash used in investing activities	**(88,394)**	(55,817)	**(275,938)**	(177,202)
Cash provided by financing activities	**127,035**	11,603	**180,980**	37,436
Net increase (decrease) in cash for the period	**87,002**	(4,824)	**84,442**	13,539

Cash flows provided by operating activities for the three month period ended December 31, 2017 were $48.4 million, an increase of $9.0 million compared to the same period of 2016. While reported net income declined (due to the non-recurring refinancing costs) this was somewhat offset by an increased proportion of non-cash expenses.

During the fourth quarter of 2017, the Company generated $127.0 million in cash flow from financing activities, which included the net $405.6 million issuance of Notes offset by the $280.0 million repayment of the Term Loan and a $2.4 million dividend payment.

Cash flows provided by operating and financing activities in the fourth quarter of 2017 enabled the Company to: i) fund the $73.3 million net growth of the consumer loans receivable portfolio; ii) invest $14.1 million in new lease assets and iii) invest $2.4 million in additional property and equipment and intangible assets (specifically internally developed software).

Cash flows provided by operating activities during the year ended December 31, 2017 were $179.4 million, up $26.1 million compared to 2016. The increase was related to i) higher net income; ii) an increased proportion of non-cash expenses and iii) partially offset by a net investment in working capital.

Also during the 2017, the Company generated $181.0 million in cash from financing activities which included: i) the net proceeds of $405.6 million from the issuance of Notes; ii) the net proceeds of $49.9 million from the issuance of Convertible Debentures and iii) offset by the repayment of the Term Loan and payment of dividends.

Cash flows provided by operating and financing activities in 2017 enabled the Company to: i) fund the $226.8 million of net growth in the consumer loan receivable portfolio; ii) invest $42.0 million in new lease assets and iii) invest $12.1 million in property and equipment and intangible assets (primarily software development).

Outstanding Shares & Dividends

As at February 20, 2018 there were 13,478,476 common shares, 167,142 DSUs, 525,610 options, 643,536 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 December 31, 2017, the Company had not cancelled any of its common shares pursuant to this June 22, 2017 NCIB.

Dividends

During the quarter ended December 31, 2017, the Company paid a $0.18 per share quarterly dividend on outstanding common shares.

On February 15, 2017, the Company increased the dividend rate by 44% from 0.125 to 0.18. For the quarter ended December 31, 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.

The following table sets forth the quarterly dividends paid by the Company in the fourth 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

Commitments

The Company is committed to long-term service contracts and operating leases for premises, equipment, vehicles and signage. The minimum annual lease payments plus estimated operating costs and other commitments required for the next five years and thereafter are as follows:

($ in 000's)	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Premises	22,693	41,066	7,183
Other operating lease obligations	1,069	2,510	36
Other	8,175	17,681	-
Total contractual obligations	**31,937**	**61,257**	**7,219**

Contingencies

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, financial performance or cash flows.

The Company has agreed to indemnify its directors and officers and particular employees in accordance with the Company's policies. The Company maintains insurance policies that may provide coverage against certain claims.

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.

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 assesses 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.

The Company's ability to attract and retain customers is highly dependent upon the external perceptions of its 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 these 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 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 government 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 the Company 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 credit facility until such default is waived or cured as required. In addition, such a failure could constitute an event of default under the Company's lending agreements 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 issued US$ denominated Notes. Concurrent with this offering, the Company entered into a currency swap agreement to fix the foreign exchange rate for the obligation under this offering and for all required payments of principal and interest.

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 2008 - 2009 credit crisis and related recession, economic shocks such as the 2015 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.

Credit Ratings

The Company received credit ratings in connection with the issuance of Notes. Any credit ratings applied to the Notes are an assessment of the Company's ability to pay its obligations. The Company is under no obligation to maintain any credit rating with credit rating agencies and there is no assurance that any credit rating assigned to the Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering, withdrawal or failure to maintain any credit ratings applied to the Notes may have an adverse effect on the market price or value and the liquidity of the Notes and, in addition, any such action could make it more difficult or more expensive for the Company to obtain additional debt financing.

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 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.

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

Amendments to IFRS 2, *Share-based Payment*

On June 20, 2016, the International Accounting Standards Board ["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 were 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

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 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 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 and system work required to support the Company's transition to IFRS 9 is largely complete subject to refinement.

The Company's current 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 estimates that implementing the requirements of IFRS 9 as at December 31, 2017 would result in an increase to its allowance for loan losses of $15.8 million to $19.0 million. This increase in the allowance for loan losses is 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.

The Company estimates that the implementation of the requirements of IFRS 9 on January 1, 2018, will result in an after-tax reduction to retained earnings of between $11.5 million and $13.8 million. The primary impact is attributable to increases in the allowance for credit losses under the new impairment requirements. Management continues to monitor and refine certain elements of the IFRS 9 loan impairment process in advance of Q1 2018 reporting. All estimates reported above with respect to the expected impact of the adoption of IFRS 9 are 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 fiscal 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 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 December 31, 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.

Changes to ICFR During 2017

There were no material changes in the Company's ICFR that occurred or were finalized during the year ended December 31, 2017.

Evaluation of ICFR at December 31, 2017

As at December 31, 2017, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 31, 2016.