goeasy Ltd.

Annual Information Form

February 15, 2017

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CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form includes forward-looking statements about goeasy Ltd. (“goeasy” or the “Company”), 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, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. 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 ‘expects’, ‘anticipates’, ‘intends’, ‘plans’, ‘believes’, ‘budgeted’, ‘estimates’, ‘forecasts’, ‘targets’ 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 the Company’s operations, economic factors and the industry generally, as well as those factors referred to in the section entitled “Risk Factors”. 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 the Company, due to, but not limited to important factors such as the Company’s ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, secure new franchised locations, purchase products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, 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. The Company cautions that the foregoing list is not exhaustive.

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.

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

OVERVIEW OF GOEASY

General Overview

goeasy Ltd. is a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians. goeasy Ltd. serves its customers through its two key operating divisions: easyfinancial and easyhome.

The activities of both easyfinancial and easyhome are governed by federal laws which set a maximum rate of interest and by various consumer protection acts that exist in each province. goeasy Ltd. is not subject to payday loan legislation and is not regulated by the Office of the Superintendent of Financial Institutions.

Overview of easyfinancial

easyfinancial is the Company's financial services arm, operating in the non-prime consumer lending marketplace by bridging the gap between traditional financial institutions and costly payday lenders.

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 these same traditional financial institutions. These same consumers prefer to avoid the high fees and onerous repayment terms set by payday lenders (which could have an annualized interest rate in excess of 500% and be repayable within two weeks of borrowing). easyfinancial's products appeal to these consumers who are looking for better alternatives.

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 rules 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. 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 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, both on-line and offline, 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 through goeasy Academy 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.

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.
- While digital channels are important to the growth of easyfinancial, the Company believes that originating loans and servicing its customers through a combination of on-line activities along with its 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 our 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.

- The Company's national footprint of retail branch locations further promote the Company's brand and allow customers to apply in-person if that is their preferred means of application. Recent surveys indicated that over 48% of easyfinancial customers became aware of easyfinancial through the physical retail presence.
- 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.
- 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. In this way, the customer lifetime value is enhanced as the sale of ancillary products is improved, customer retention is extended and lower delinquency rates are experienced due to the local relationship and direct engagement with 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 effectively address and resolve various unplanned financial challenges that may occur. In this way, bad debts are able to be reduced more effectively, particularly when compared to a non-prime consumer loan originated through an on-line-only on-line lender.

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. Additionally, the Company continuously explores and incorporates, where appropriate, leading edge data sources, incorporating them in controlled tests as they become available. Taking advantage of its underwriting experience gained since 2006 and including almost $1.4 billion in credit originations, the Company regularly optimizes these practices and scoring models to make better lending decisions, with a goal of maximizing total returns.

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.

Incorporation and Address

The Company was incorporated as RTO Enterprises Inc. ("RTO) under the laws of Alberta by Certificate and Articles of Incorporation dated December 14, 1990, and was continued as an Ontario corporation pursuant to Articles of Continuance dated July 22, 1993. Effective August 1, 1993, RTO acquired Aumo Explorations Inc. ("Aumo"), a reporting issuer in the Province of Ontario. Aumo was incorporated under the laws of Ontario by Articles of Incorporation dated December 15, 1980. Pursuant to Articles of Amalgamation dated July 31, 1993, and the terms of an Amalgamation Agreement dated June 24, 1993, Aumo and RTO were amalgamated. At the date of amalgamation, Aumo had no significant assets or liabilities. The purpose of the amalgamation was to acquire a public company such that shareholders of RTO would have greater liquidity and marketability in respect of their Common Shares.

On July 30, 2002, the articles of the Company were amended to consolidate the Company's issued and outstanding common shares in the capital of the Company ("Common Shares") on a one for ten basis.

On December 2, 2002, the articles of the Company were amended to create a class of Preference Shares. On October 30, 2003, the articles of the Company were further amended to remove a limitation on the redemption of Preference Shares.

At the Company's annual and special meeting held on May 1, 2003, shareholders approved the change of the Company's name from RTO Enterprises Inc. to easyhome Ltd. ("easyhome") and that change became effective on July 2, 2003.

On May 11, 2005, the articles of the Company were amended to split the Company's issued and outstanding shares on a one and a half for one basis.

On January 2, 2007, easyhome incorporated a U.S. subsidiary, EH US Holdings Inc. under the laws of Delaware. On December 31, 2007, its name was changed to easyhome U.S. Ltd. ("easyhome U.S.").

On January 1, 2008, three of easyhome's Canadian subsidiaries, RTO (Rentown) Inc., RTO (Rentown) 2000 and RTO Asset Management Inc., amalgamated pursuant to the laws of Alberta under the name RTO Asset Management Inc.

On September 25, 2008 easyhome acquired 89% of the outstanding shares of Insta-rent Inc. ("Insta-rent"), an Edmonton based merchandise leasing company which was listed on the TSX Venture Exchange. The Company subsequently acquired the remaining 11% of Insta-rent's outstanding shares and delisted that company.

On December 23, 2010, all of the assets and liabilities of Insta-rent Inc. were transferred to its parent company, easyhome Ltd., including 100% of the common shares of Insta-rent Ltd. As a result, Insta-rent Ltd. became a direct wholly owned subsidiary of easyhome Ltd. Additionally, on January 1, 2011, RTO Distribution Inc. and RTO Asset Management Inc. amalgamated pursuant to the laws of Alberta under the name RTO Asset Management Inc. RTO Asset Management Inc. remains a wholly owned subsidiary of easyhome Ltd. After this reorganization, Insta-rent Ltd. held 100% of the preferred shares of RTO Asset Management Inc.

On November 29, 2013, easyhome incorporated easyfinancial mortgages Inc. (o/a easymortgages) which acts as a registered mortgage broker in numerous provinces.

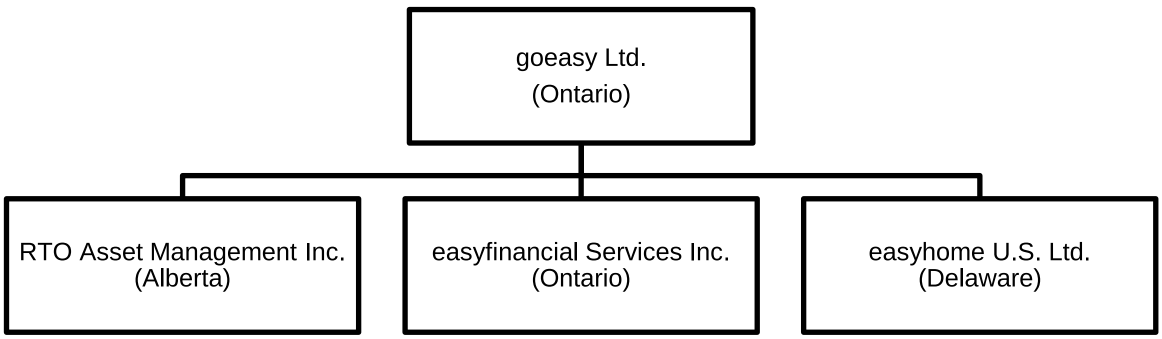
On December 31, 2014, all of the assets and liabilities of Insta-rent Ltd. were transferred to its parent company, easyhome Ltd., and subsequently dissolved on May 6, 2015.

On July 29, 2015, the Company held a special meeting of shareholders, where shareholders approved the change of the Company's name from easyhome Ltd. to goeasy Ltd. and that change became effective on September 14, 2015.

The registered office, head office and executive office of goeasy is located at 33 City Centre Drive, Suite 510, Mississauga, Ontario, L5B 2N5.

Intercorporate Relationships

goeasy is the holder of all of the common shares in the capital of its principal subsidiaries, RTO Asset Management Inc., easyfinancial Services Inc. and easyhome U.S. Ltd. goeasy Ltd. holds 100% of the preferred shares of RTO Asset Management Inc. goeasy's principal subsidiaries are as set forth in the following chart:



RTO Asset Management Inc. operates the Company's Canadian merchandise leasing business, including acquiring the assets for lease and holding the facility leases for the Company's Canadian stores while easyfinancial Services Inc. operates the Company's consumer lending operations. The Company has taken steps to wind down its operations in the U.S. easyhome U.S. Ltd. previously operated the Company's U.S. merchandise leasing business including franchise operations prior to the sale of its corporately owned U.S. stores on December 31, 2012 and the sale of most of its U.S. franchise and royalty rights on December 31, 2014. easyhome U.S. Ltd. continued to hold a reduced number of franchise rights and certain financial and lease obligations in accordance with contractual relationships.

Store Locations Summary

	Locations as at Dec. 31, 2015	Locations opened during 2016	Locations closed / sold during 2016	Conversions	Locations as at Dec.31, 2016
easyfinancial					
Kiosks (in store)	51	4	(1)	(8)	**46**
Stand-alone locations	150	5	(2)	8	**161**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	202	9	(3)	-	**208**
easyhome					
Corporately owned stores	155	-	(6)	(3)	**146**
Consolidated franchise locations	3	-	-	(1)	**2**
Total consolidated stores	169	-	(6)	(4)	**148**
Total franchise stores	26	-	(2)	4	**28**
Total easyhome stores	184	-	(8)	-	**176**

As at December 31, 2016, easyfinancial had 46 kiosks located within an easyhome store, 161 stand-alone locations and one National loan office. The easyfinancial locations were located in all Canadian provinces except Quebec.

At the end of 2016, easyhome had 176 leasing stores (including 28 franchises and 2 consolidated franchise locations). All of the corporately owned stores were located in Canada with a province-by-province breakdown as follows: British Columbia 15; Alberta 18; Saskatchewan 6; Manitoba 4; Ontario 55; Quebec 9; New Brunswick 11; Nova Scotia 14; Prince Edward Island 2; and Newfoundland and Labrador 12. The remaining 2 consolidated easyhome stores (both being consolidated franchise locations) were located in the U.S. states of Vermont and Florida.

At the end of 2016, easyhome had 28 franchise stores in Canada in the provinces of Ontario, Alberta and Manitoba.

GENERAL DEVELOPMENT OF THE BUSINESS

goeasy is a leading full-service provider of goods and alternative financial services that improve the lives of everyday Canadians. Although the initial operations consisted of operating a network of merchandise leasing locations, the Company has continuously evolved to provide a greater level of goods and services to its consumers, take advantage of market opportunities and improve its capital and operating structure.

In addition to the development and expansion of the easyfinancial business described in the "Overview of easyfinancial" and "Corporate Strategy" sections, the Company has completed many other significant initiatives over the past several years as it executed against its stated strategy.

Reorganization of the Leasing Business

During the second quarter of 2012, the Company completed a restructuring of its leasing business. 13 locations with unsatisfactory performance were closed and a large portion of their active lease portfolios and assets were transferred to nearby locations. Changes were made to the leadership of the leasing business and a number of senior positions were eliminated. Finally, operating procedures were adjusted to return the focus of field staff from administration processes to leasing, collecting and customer relationships.

On December 31, 2012, the Company completed an exchange of stores with a large U.S. based rent-to-own company. The exchange consisted of the concurrent sale of the assets and operations of 15 leasing stores owned by easyhome in the U.S. and the purchase of the assets and operations of 15 leasing stores in Canada. In early 2013, most of these acquired stores were closed and their customer lease portfolios were merged with pre-existing easyhome stores.

On July 13, 2015, the Company acquired 14 Canadian merchandise leasing stores from this same large U.S. based rent-to-own company, effectively removing the U.S. based competitor from the Canadian market.

Capital Raised to Support the Growth of easyfinancial

The Company has been able to raise the capital required to support the growth of easyfinancial when needed and at a progressively lower cost of borrowing with greater levels of capital flexibility.

On October 4, 2012, the Company entered into a $20.0 million term loan facility with a pair of U.S. based debt providers to support the growth of easyfinancial. On June 18, 2013, the Company amended this term loan facility which increased the total maximum credit limit available under the term loan facility to $50.0 million. All previous borrowings under the term loan facility were rolled into the amended $50.0 million facility.

On November 12, 2013, the Company and a syndicate of underwriters completed a common share equity offering of 1,346,900 common shares of the Company at a price of $14.85 per common share. The Company received gross proceeds of $20.0 million and net proceeds of $19.0 million.

On July 28, 2014, the Company entered into a $200.0 million credit facility, which replaced the Company's then existing bank revolving credit facility and term loan facility. The credit facility was comprised of a $180.0 million term loan and a $20.0 million revolving operating facility.

On July 31, 2015, the Company amended its existing credit facilities and increased its total credit available by $100.0 million from $200.0 million to $300.0 million. The Company's amended credit facilities consisted of a $280.0 million term loan and a $20.0 million revolving operating facility. This amended facility will support the growth of easyfinancial through mid 2017.

Launch and Enhancement of E-Commerce Websites

While both of goeasy's business units have had an on-line presence for many years, they have been purely informational. In 2013, transactional websites were launched by easyhome for the leasing of new furniture, appliances and electronics, and easyfinancial for originating consumer installment loans. These new delivery channels allow the Company to reach consumers who may not have access to a physical location or those who prefer to interact through the privacy and convenience of the internet. Further optimization of these channels will be achieved through ongoing analysis of transactional performance data and the enhancement of the transactional websites.

In 2015, all of goeasy's web properties, including the transactional sites of both easyhome and easyfinancial, were completely redesigned to improve the customer experience, better highlight the value of the Company's products to the customer, streamline the application process and ultimately enhance the conversion of on-line traffic to loans or leases.

Opening of Shared Service Centre

In the fourth quarter of 2013, the Company opened a new Shared Service Centre to provide operational support for both business units in areas such as collections, customer retention and customer care and to support the delivery channels that did not operate with a dedicated local presence. The Company believes that this hybrid structure will allow local operators to continue to provide a strong level of service directly to their customers, and will enable many administrative and support functions to be performed at a reduced cost, employing best practices.

Renaming easyhome Ltd. to goeasy Ltd.

On September 14, 2015, the Company changed its name from easyhome Ltd. to goeasy Ltd. to provide a corporate umbrella that unites and supports its sub-brands of easyfinancal and easyhome. The change reflected both the evolution and growth in the business as it moved from a name that was aligned with the legacy leasing business to a corporate name that encompassed all of the Company's business units and its ambition to add new goeasy brands as it executed against its strategic goals. With easyfinancial generating a greater portion of the Company's revenue and earnings, and as the Company has become more recognized for our financial services, the distinction from its legacy business was important.

Wind Down of U.S. Operations

In 2014, the Company decided to wind down its operations in the U.S. and focus on the Canadian market. This followed the sale in 2012 of the Company's corporately owned merchandise leasing stores in the U.S. On December 31, 2014, the Company sold most of its remaining rights to receive future royalty payments from its U.S. franchisees including the sale of a number of its remaining consolidated franchise locations. The Company's remaining U.S. operations consists of two consolidated franchise locations and various other financial or lease obligations.

Acquisition of Cash Store Locations

On February 10, 2015, the Company acquired the lease rights and obligations as well as certain related assets of 45 retail locations across Canada. During the first quarter of 2015, these acquired locations were opened as easyfinancial branches. This acquisition accelerated the real estate build out for the easyfinancial branch network.

Launch of Indirect Lending Channel

On July 28, 2015, the Company launched its indirect lending channel with a national retail furniture partner to provide customers of the retail furniture partner that did not qualify for traditional prime credit with a new point-of-sale financing alternative through easyfinancial. Through the use of a new, point-of-sale mobile tablet solution, customers were offered an easyfinancial loan to finance their purchase.

On November 2, 2016, the Company further enhanced its indirect lending platform by launching the industry's first single source application system for point-of-sale financing for consumers across the entire credit spectrum. Depending on a customer's credit profile, either the retail partner or easyfinancial extends credit for such purchases with easyfinancial's point-of-sale financing platform providing the back-end support system and loan servicing needed.

Launch of Risk Adjusted Pricing

From its initial launch in 2006 until the end of 2015, easyfinancial's core offering consisted of installment loans that had variable principal amounts and amortization terms but only one interest rate. Beginning in 2016, the Company introduced risk adjusted pricing that provided lower interest rate loans to customers that were considered to be a lower credit risk. The introduction of risk adjusted pricing allowed the Company to provide lower cost alternatives to its lower risk customers and attract a new set of customers that were choosing to transact with competitors of the Company that offered lower rate products.

CORPORATE STRATEGY

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

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 the customers of 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:

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

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.

In 2013, transactional websites were launched by easyfinancial and easyhome, allowing consumers to initiate their transactions on-line. These new 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. All of the Company's websites were significantly enhanced in 2015 and these investments in technology will be ongoing. Further optimization of the digital channels will be achieved through ongoing 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.

The continued enhancement of the easyfinancial transactional website and the shift from traditional advertising channels towards digital media has resulted in a large portion of easyfinancial loans originating from on-line applications. This shift has resulted in reduced transaction support costs (labour, real estate, etc.). This cost reduction, however, has been offset by a modest increase in the overall charge-off rate. The Company's experience has shown that on-line-originated consumers have a higher charge-off rate than retail originated consumers. On a net basis, the achieved margins from each of these two origination channels are similar and the Company benefits from an overall increase in volume.

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.

easyhome will complement the expansion into indirect lending. Consumer loans made by easyfinancial to consumers for the purchase of product categories that are similar to those offered by easyhome will be secured by the purchased merchandise. In the event that the loan goes into default, the goods can be repossessed and the value of these recovered goods can be realized by leasing or selling the assets through the easyhome store network. In this manner, the Company can better manage its risk and has a significant competitive advantage over potential competitors that lack a viable outlet for realizing any significant value against the security.

Expand the easyfinancial Footprint

The Company believes 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 customers.
- 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 previously estimated that its retail footprint for easyfinancial outside of Quebec could expand to over 250 locations across Canada. Total easyfinancial branch count at the end of 2016 was 208. Over the next few years, the Company will continue to add incremental locations in select markets as it works towards this target. In addition to providing more convenient access to the customers that wish to transact in a physical retail environment, the critical mass of physical locations will strengthen the Company's financial services brand, establishing easyfinancial as the leader in providing financing solutions to consumers who are looking for an alternative to traditional banks and payday lenders.

In addition to the easyfinancial branch network, the Company also operates 176 easyhome stores that offer customers access to furniture, appliances, electronics and computers through lease agreements. These easyhome stores are located in areas that overlap with the easyfinancial target populations, have existing relationships with customers that are likely consumers of the products offered by easyfinancial and are staffed with dedicated employees that have significant experience in managing the relationships, including collections, with non-prime consumers.

The existing easyhome stores create an immediate opportunity for the Company to expand its consumer lending footprint. Since i) credit and risk decisions are already made centrally; ii) the easyfinancial systems are developed and have capacity; and iii) the easyfinancial lending practices are documented and well established, offering easyfinancial products across the easyhome store network (where not restricted by landlord covenants) can be completed with limited effort and no additional risk. The Company intends to begin offering consumer lending products through its easyhome stores in 2017.

Since its launch in 2006 until 2016, the Company has focused on developing its easyfinancial business across Canada with the exception of the province of Quebec. Although the easyhome business has a long and successful history of operating in Quebec, the Quebec market for non-prime lending created additional complexities for the Company due to a different legal and regulatory environment.

The Company has always believed that Quebec represented a large opportunity for non-prime lending. Now that easyfinancial has been firmly established across the rest of the country, the Company intends to expand the easyfinancial footprint into Quebec. Although the easyfinancial product offering will differ somewhat from the product offering across the rest of Canada, the Company's focus in Quebec will be consistent with its overall goal of being a leading full-service provider of alternative goods and financial services that improve the lives of everyday Canadians.

Over the long-term, the Company expects the operating margin of its easyfinancial business unit to exceed 35% (before any allocation of indirect corporate costs and interest). This operating margin, however, will be moderated in periods of rapid expansion. Additional easyfinancial store openings will results in an initial drag on margins as the relatively fixed cost base of a new location in the months after opening will be disproportionately large until the consumer loans receivable portfolio for that location has grown to a sufficient size to generate larger revenues.

Enhance the Product Offering

The continued growth of easyfinancial will also 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.

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 consumers 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.

The Company believes that a substantial opportunity exists to complement its current unsecured installment loan product with loan products that are secured by assets. For these new products, the interest rate charged to customers can be reduced due to the expected lower charge off rates stemming from the collateral security pledged by the customers, thereby generating an acceptable return on equity. Initially, the Company will explore an installment loan product secured by real estate while future products may include loans secured by other assets such as automobiles.

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.

Offer High Levels of Customer Service and Satisfaction

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 decisions 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.

Increase Store Level Efficiency

Although the Company will pursue the previously described methods to encourage customer retention and growth, it must also 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.

Leverage the Synergies of Both Business Units

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. Historically, and as is common within both industries, these practices have been performed by each business unit at the local operating store level. While this approach results in more direct contact with customers, it makes it difficult to foster best practices and achieve economies of scale.

In the fourth quarter of 2013, the Company opened a new Shared Service Centre to provide operational support for both business units in areas such as collections, customer retention and customer care and to support the new delivery channels that do not operate with a dedicated local presence. The Company believes that this hybrid structure allows local operators to continue to provide a strong level of service directly to their customers, and enables many administrative and support functions to be performed at a reduced cost, employing best practices. Going forward, additional opportunities for providing coordinated operational support for all business units will be explored.

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 2016, external debt represented almost 60% of the Company's funding requirements.

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.

NARRATIVE DESCRIPTION OF THE BUSINESS

Competition

The Company estimates that 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 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.

Traditionally, the non-prime consumer lending market resided between traditional financial institutions and short-term payday lenders. As such, easyfinancial competes both with non-prime lenders and with companies from each of these sectors. Since the Company's products are more affordable than payday loans while being more accessible and flexible than banks, the Company offers alternatives to customers that are not adequately served by the incumbent participants in either of these market.

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.

Historically, the Company has focussed on providing only one product to the consumer, an unsecured installment loan. The Company believes that there is significant demand for the products offered by easyfinancial as, in the past, the consumer demand for loans of this type was satisfied by the consumer lending arms of several large, international financial institutions. Since 2009, many of the largest financial institutions in this market have either closed their operations or dramatically reduced their size due to changes in banking regulations related to risk adjusted capital requirements.

More recently, a number of on-line lenders with similar products targeting comparable customers have appeared. Although these lenders lack the comparable branch network, customer database and brand presence of easyfinancial, they have been successful in attracting customers to their products. However, the potential marketplace is sufficiently large that such introductions will not adversely affect the Company's operational results. Additionally, while these on-line lenders have been able to attract customers, they have not been able to do so at reasonable rates of return which calls into question their long-term viability as operators in the market.

The Company expects that 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 on-line lenders are expected to continue their expansion into the non-prime market.

Over the past ten years, the Company has underwritten more than $1.4 billion in loans, compiling a large and comprehensive database that is relied upon to inform and optimize underwriting, credit risk and operational decisions. Lack of access to such data represents a meaningful barrier to entry for potential competitors.

easyhome faces competition for both customers and employees from U.S. based merchandise leasing companies and other smaller competitors within the Canadian market. Although the merchandise leasing industry in Canada is mature, competition could have a material adverse effect on the Company's operational results should the Company not be able to adequately respond to it.

easyhome also faces competition from on-line retailers of both new and used furniture, appliances and electronics. The Company has made significant investments over the past three years to develop its easyhome transactional websites in response to changing consumer expectations and market competition.

The Company also competes with discount stores and other retail outlets that offer an installment sales program or offer comparable products and prices with various financing options and with financial institutions and payday lenders that offer consumer loans. Furthermore, additional competitors, both domestic and international, may emerge since barriers to entry are relatively low.

Finally, easyhome now faces competition from consumer finance companies that are offering retail financing products at the point-of-sale of traditional retail stores, including those offered by easyfinancial. This competition is likely to increase in the upcoming years as additional companies enter the marketplace and achieve scale. The Company is ideally suited to meet this new competitive threat by coordinating the activities of both easyfinancial and easyhome.

Business Cycles

The Company's financial services and merchandise leasing businesses are both portfolio businesses and therefore, are less susceptible to seasonal variations in revenue when compared to other retail businesses which generate a significant portion of their sales and profits in the Christmas season. For example, quarterly revenue generally does not vary seasonally by more than 10%, when normalized for portfolio growth, store openings and acquisitions. There is some seasonality, however, in the relative growth of the portfolios, as there is greater demand for the Companies products during certain times of the year, particularly the fourth quarter which includes the Christmas season.

Systems and Processes

The Company maintains an extensive information technology system to monitor and control all aspects of its operations and to facilitate its store expansion program.

The Company maintains a central information technology system to manage the easyfinancial consumer loans receivable portfolio, customer information and lending transactions. In 2012, the Company replaced and upgraded its core loan administration software system which improved the monitoring of key performance indicators, established stronger authentication controls and provided a platform that is scalable as the size of the business increases in the future. The core loan administration software system provides extensive management and exception reporting which enables management to continuously monitor the business for performance, compliance and risk. In 2014, the Company implemented a proprietary loan application management system to process applications originated in its retail and on-line channels. This system is supported by a new 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 more efficiently meet the needs of its growing customer base.

The Company has also developed an internal competence in evaluating and managing credit risk. The Company has developed new, proprietary custom risk models based on demographic and behavioural attributes unique to the Company's customer population and market segment. The Company constantly challenges and re-evaluates its underwriting models. These models, which leverage a broad array of data, provide the Company with the ability to manage volume and profitability in response to real-time changes in growth objectives, risk appetites and market conditions with the ultimate goal of optimizing returns while balancing loan originations and charge offs.

Within easyhome, each store has an on-site customized computer system on which all inventory data, customer information and leasing transactions are recorded. Transaction records and reports from each store are electronically transmitted periodically to goeasy's data centre. In addition, the Company receives daily status reports from the Company's bankers confirming deposits made by each store location. This extensive reporting system enables management to consistently monitor compliance. The leasing system was installed by a leading provider of point-of-sales software.

Over the past several years, the Company has made significant investments to enhance its technology systems, particularly in the areas of Customer Relationship Management and e-commerce capabilities:

- In 2013, transactional websites were launched by both business units for securing on-line customers. These new delivery channels allowed the Company to reach consumers who may not have had access to a physical location or those who preferred to interact through the privacy and convenience of their home. Today, approximately 45% of easyfinancial's new loan applications originate on-line.
- 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. Indirect lending involves creating partnerships with merchants, both on-line and offline, 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-sale, thereby allowing them to purchase the desired products or services from the merchant partner.
- In 2016, the Company further enhanced its indirect lending platform by launching the industry's first single source application system for point-of-sale financing for customers across the entire credit spectrum.

easyfinancial Product Offering

Through easyfinancial, the Company offers short-term unsecured consumer loans and related financial services such as loan protection plans, home and auto benefit plans and credit monitoring services. The consumer loans are available in amounts from $500 to $15,000 over repayment terms generally ranging from 9 to 60 months.

Beginning in 2016, the Company introduced risk adjusted pricing that provided lower interest rate loans to customers that were determined to be a lower credit risk. The introduction of risk adjusted pricing allowed the Company to provide lower cost alternatives to lower risk customers and attract a new set of customers that were choosing to transact with competitors of the Company that offered lower rate products.

easyfinancial also offers its lending products through various merchant partners, allowing the merchant partners to convert customers that did not otherwise qualify for their own financing programs into incremental sales. The loan application is completed in-store on a proprietary tablet based application which provides a decision to the customer within minutes. Consumer loans made by easyfinancial to consumers through this indirect lending channel for the purchase of product categories that are similar to those offered by easyhome are secured by the underlying purchased merchandise.

On November 2, 2016, the Company further enhanced its indirect lending platform by launching the industry's first single source application system for point-of-sale financing for customers 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.

Customer Protection Programs

The Company offers customers of both its easyfinancial and easyhome businesses an optional customer protection program that provides creditor insurance. In the event a customer who has elected to participate in one of the customer protection programs is unable to make scheduled payments due to involuntary loss of employment, accident and illness, critical illness or death, the creditor insurance provides payments on the customer's behalf for a period of time.

easyhome Products

easyhome offers brand name household furnishing, appliances and home electronic products. easyhome's major product lines currently include the following brand names:

Home Electronics	Appliances	Furniture and Accessories	Computers and Video Game Stations
Ericsson	GE	Ashley Furniture	Dell
Hisense	Samsung	Core Living	HP
LG Electronics	Whirlpool	Dynasty	Acer
Samsung		Eztia	Lenovo
Sony		Mazin	Asus
		Primo	Nintendo
		Serta	Microsoft
		Springwell	Sony

easyhome purchases products directly from manufacturers or distributors. All merchandise is delivered directly to the stores, and accordingly, warehouse facilities are generally not required. Product mix is determined by senior management based on historical lease patterns and the expected demand for new products.

Each easyhome store is required to carry a pre-determined number of the Company's core selection of products, but store management is able to select the remainder of inventory based on local customer preferences. The Company maintains good relationships with its suppliers. Given the variety of suppliers able to meet the Company's inventory requirements for any particular product line, the Company does not believe that it is necessary to limit itself to one supplier, and does not enter into long-term supply contracts with its suppliers. However, because of the volume of products purchased, the Company is able to negotiate favourable terms with its suppliers.

The following chart indicates the percentage of the Company's total lease revenue by the product categories for the periods indicated. The Company realizes greater margins on furniture and accessories than other product categories.

	Year ended December 31					
	2016	2015	2014	2013	2012	2011
Home Electronics	33%	34%	34%	32%	33%	33%
Appliances	12%	12%	12%	12%	13%	12%
Furniture and Accessories	42%	40%	38%	38%	38%	37%
Computers and Video Game Consoles	13%	14%	16%	18%	16%	18%

Liability Damage Waiver Policy

easyhome's Liability Damage Waiver Policy is an optional loss/damage waiver program made available to customers when entering into a Merchandise Lease Agreement. The plan provides protection to a customer from the obligation to make any additional payments under a Merchandise Lease Agreement in the event that merchandise is damaged, destroyed or lost through fire, flood, lightning, smoke, wind, storm or theft in exchange for payment of a pre-determined amount over the term of the Merchandise Lease Agreement. Subject to manufacturers' warranties, a customer that does not purchase the optional Liability Damage Waiver Policy is fully liable for damage in excess of normal wear and tear. Currently, the majority of all new customers who enter into Merchandise Lease Agreements elect to participate in easyhome's Liability Damage Waiver Policy.

Advertising

Historically, the Company's primary advertising media was direct mail, flyers and in-store marketing programs. In an effort to continue to expand its brand awareness, the Company also invested in TV media including a national English language television campaign for easyfinancial focused on promoting its ability to provide access to credit when traditional lending institutions were not an option.

In recent years, the Company has also directed an ever-increasing share of its advertising spend towards digital media. Through ongoing digital optimization and an enhanced mobile experience, the Company has been able to continue to drive significant volume to its web properties to promote its brands and to increase the transaction flow from its E-Commerce websites. Advertising expense as a percentage of total revenue for the year ended December 31, 2016 was 3.9% (2015: 3.5%).

Employees

As at December 31, 2016, goeasy had 1,587 full-time employees, of which 147 were employed at the corporate office, 571 were employed in easyfinancial, 718 were employed in easyhome and 151 were employed at the Shared Service Centre. The Company also employs a number of part-time employees. None of goeasy's employees are unionized. goeasy considers its relations with its employees to be positive.

Typically, each easyfinancial stand-alone location requires a staff of two to five employees, each easyfinancial kiosk requires a staff of two to three employees and each easyhome store requires a staff of four to seven employees. In-store staffing will vary depending on the size of the loan or lease portfolio. Promotions generally come from within the ranks of store employees. The Company has in place an employee training program which outlines a 90-day training and certification process which all employees must complete, as well as comprehensive management training and certification programs.

Each easyfinancial manager reports to a regional manager, who supervises the management of all the kiosks and stand-alone locations within a particular region, with each region having an average of 10 to 15 kiosks and stand-alone locations. Each regional manager reports to one of three divisional vice presidents. Managers, regional managers and divisional vice presidents receive a significant portion of their compensation in the form of cash bonuses determined under a profit incentive arrangement. This arrangement is designed to promote growth, optimize revenues and maximize store profitability. Periodic bonuses are paid for achievement of growth and cash collection targets.

Each easyhome store manager reports to a regional manager, who supervises the management of all stores within a particular region, with each region having an average of 8 to 12 stores. Each regional manager reports to one of two divisional vice presidents. Store managers, regional managers and divisional vice presidents receive a significant portion of their compensation in the form of cash bonuses determined under a profit incentive arrangement. This arrangement is designed to promote growth, optimize revenues and maximize store profitability. Periodic bonuses are paid for achievement of growth and cash collection targets.

Facilities

The Company leases all of its store locations, which are generally located in strip shopping centres, plazas, or stand-alone buildings in moderate to low income neighbourhoods. All easyfinancial kiosks are located within existing easyhome stores.

The terms of the Company's leases are generally five to seven years and contain renewal options at fair market value rates. goeasy is generally required to pay a proportional share of real estate taxes, as well as insurance and utilities. goeasy believes that its policy of leasing all of its premises gives it the flexibility to respond to shifting consumer patterns and changing space requirements. goeasy has not experienced substantial difficulty in renewing leases or acquiring substitute facilities for its stores and stand-alone locations, although Canadian lease rates have been trending upwards in recent years.

The Company's corporate office in Mississauga consists of 30,843 square feet of leased premises with a 10-year lease term expiring on April 14, 2020 and an optional 5-year renewal term at market rates.

The Company's shared service center in Hamilton consists of 14,286 square feet of leased premises with a 10-year lease term expiring on April 14, 2020 and an optional 5-year renewal term at market rates.

As of December 31, 2016, goeasy Ltd. operated 208 easyfinancial locations (including 46 kiosks within easyhome stores) and 176 easyhome stores (including 28 franchises and 2 consolidated franchise locations).

Insurance

The Company believes that it has sufficient property insurance to cover the maximum replacement costs of any one leasing store, subject to a $5,000 deductible. The Company carries commercial general liability insurance in the amount of $2.0 million for bodily injury and property damage, subject to a $10,000 deductible. The Company's automobile insurance includes coverage of $2.0 million bodily and property damage per occurrence, subject to a $5,000 deductible. The Company's umbrella policy provides additional liability coverage up to $18.0 million. The Company has Directors' and Officers' liability insurance with a limit amount of $30.0 million for each policy period, subject to a $100,000 deductible or a $150,000 deductible for securities claims, the annual premiums of which are paid by the Company. The Company has a $5.0 million crime policy with a $25,000 deductible. The Company has a $10.0 million network security and privacy liability policy with a $150,000 deductible. The Company has a $2.0 million employment practices liability policy with a $100,000 deductible. Lastly the Company carries a $5.0 million errors and omissions policy with a $100,000 deductible.

Regulatory Matters

The activities of both easyfinancial and easyhome are governed by federal laws which set a maximum rate of interest and by the various consumer disclosure acts that exist in each province. goeasy Ltd. is not subject to payday loan legislation and is not regulated by the Office of the Superintendent of Financial Institutions.

Section 347 of the federal *Criminal Code*, prohibits the charging of an effective annual rate of interest that exceeds sixty percent for an agreement or arrangement for credit advanced. For the purposes of section 347, "interest" is broadly defined to include the aggregate of all charges and expenses, whether in the form of a fee, fine, penalty, commission or other similar charge or expense or in any other form, paid or payable for the advancing of credit under the agreement or arrangement. The Company believes that easyfinancial is subject to section 347 of the federal Criminal Code.

There is no federal legislation in Canada that specifically regulates the Company's merchandise leasing transactions. While Senior Management of the Company is of the view that its merchandise leasing business does not involve the provision of credit, it could be determined that aspects of easyhome's merchandise leasing business is subject to section 347 of the federal Criminal Code. The Company has implemented measures to ensure that the aggregate of all charges and expenses under the Merchandise Lease Agreement do not exceed the maximum interest rate allowed by law. Where aspects of easyhome's business are subject to section 347 of the federal Criminal Code, and the Company has not complied with the requirements thereof, the Company 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) criminal prosecution for violation of the Criminal Code, any of which outcomes could have a material adverse effect on the Company.

Consumer Protection Legislation in the provinces in which the Company operates specify that if the Company's business involves future performance agreements, leases with terms of a specified length, the sale of goods or the provision of credit, as defined in certain of such legislation, the Company may be required to comply with various disclosure requirements, including in some instances disclosure requirements concerning the costs of purchase and credit.

Senior Management of the Company has reviewed and revised its business model to ensure it is in compliance with the applicable provincial legislation. However, 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, the Company 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.

Legal Proceedings

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

easyfinancial - The Company estimates that 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 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 on-line lenders are expected to continue their expansion into the non-prime market.

Although there may be other, larger companies that offer non-prime lending products to Canadian consumers, the Company believes that the potential marketplace is sufficiently large enough that such competition will not adversely affect the Company's operational results in the near term. Additionally, the large volume of data relating to its customers and related loan performance which the Company has compiled and uses to create its loan underwriting models forms an effective barrier to entry.

easyhome – The Company faces limited 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 on-line and 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.

Macroeconomic Conditions

Certain changes in macroeconomic conditions can have a negative impact on the Company's 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 the Company's 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.

Litigation

From time to time and in the normal course of business the Company may be involved in material litigation. There can be no assurance that any litigation 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.

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 believes it has the correct strategy to address the current market opportunities. 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 the Company's customers and in circumstances where its policies and procedures are not complied with.

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

The Company maintains an allowance for loan losses (i.e. expected losses that will be incurred in relation to the Company's consumer loan's portfolio). The process for establishing an allowance for loan losses is critical to the Company's results of operations and financial conditions. 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. 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.

For easyhome, 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. The Company has a standard collection process in place in the event of payment default, which concludes with the recovery of the lease asset if satisfactory payment terms cannot be worked out, as the Company maintains ownership of the lease assets until payment options are exercised.

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.

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.

The Company's operations rely heavily on the secure processing, storage and transmission of confidential customer information. While the Company has taken reasonable steps to protect its data and that of its customers, the risk of the Company's inability to protect customer information, or breaches in the Company's information systems, may adversely affect the Company's reputation and result in significant costs or regulatory penalties and remedial action.

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 its leasing or lending portfolios which could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

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

Inadequate Access to Financing

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, it will 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 favourable to the Company. The inability to access adequate sources of financing, or to do so on favourable terms, may adversely affect the Company's capital structure and the Company's ability to fund operational requirements and satisfy financial obligations. If additional funds are raised by issuing equity securities, shareholders may incur dilution.

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. The Company is subject to interest rate risk as all credit facilities bear interest at variable rates. The Company does not hedge its interest rate risks and future changes in interest rates will affect the amount of interest expense payable by the Company.

Foreign Exchange

The Company sources some of its merchandise out of the U.S. and, as such, the Company's Canadian operations have U.S. denominated cash and payable balances. While the Company sold off most of its U.S. franchise rights in 2014, it continues to have some operations in the U.S. As a result, the Company has both foreign exchange transaction and translation risk.

Although easyhome has U.S. dollar denominated purchases, the Company 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 the Company's financial performance. The Company currently does not actively hedge foreign currency risk and transacts in foreign currencies on a spot basis.

Liquidity Risk

Liquidity risk is the risk that the Company's financial condition is adversely affected by an inability to meet funding obligations and support its 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 capital structure of the Company consists of external debt and shareholders' equity, which comprises issued capital, contributed surplus and retained earnings.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances, share repurchases, the payment of dividends, increasing or decreasing debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company's strategy, objectives, measures, definitions and targets have not changed significantly from the prior period.

The Company's revolving operating facility and term debt facility 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 operations of the Company 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 were unable to renew these facilities on acceptable terms when they became due, there could be a material adverse effect on the Company's financial condition, liquidity and results of operations.

The Company has significant debt that is subject to certain financial and non-financial covenants. A violation of any or all of the debt covenants may result in the lender requiring the Company to repay the outstanding debt, which would have a material adverse effect on the Company's financial position, liquidity and results of operation.

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, as well as variations in the annual or quarterly financial results of the Company, timing of announcements of acquisitions or material transactions by the Company or its competitors, other conditions in the economy in general or in the industry in particular, changes in applicable laws and regulations and other factors. Moreover, from time to time, the stock markets experience significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to the Company's performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of shares for future sale (including shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of such shares or the perception that such sales could occur may adversely affect the prevailing price of the Common Shares. Significant changes in the stock price could jeopardize the Company's ability to raise growth capital through an equity offering without significant dilution to existing shareholders.

Regulatory Risks

Government Regulation and Compliance

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

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

The Company currently operates in an unregulated environment with regard to capital requirements. The *Criminal Code* of Canada, however, imposes a restriction on the cost of borrowing in any lending transaction to 60% per year. The application of 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.

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Preference Shares, issuable in series, with the attributes of each series to be determined by the Board of Directors. The issued and outstanding capital of the Company as at December 31, 2016, consists of 13,325,258 Common Shares.

In December 2002, the articles of the Company were amended to create the first series of Preference Shares. In 2003, these Preference Shares were redeemed and at this time there are no Preference Shares outstanding.

Common Shares

The following is a summary of the principal attributes of the Common Shares.

Voting Rights

Holders of the Common Shares are entitled to receive notice of, and to attend all meetings of the shareholders of the Company. At any such meeting, other than a meeting at which only the holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series, each Common Share confers one vote.

Dividends

The holders of Common Shares are entitled to receive on a pro-rata basis such dividends as may be declared by the Board of Directors of the Company, out of funds legally available therefore, subject to the preferential rights of any shares ranking prior to the Common Shares with respect to the payment of dividends.

Rights on Dissolution

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares will be entitled to receive on a pro-rata basis all the assets of the Company remaining after payment of all the Company's liabilities, subject to the preferential rights of any shares ranking prior to the Common Shares with respect to the distribution of assets upon liquidation, dissolution or winding-up of the Company.

Pre-emptive and Conversion Rights

No pre-emptive or conversion rights attach to the Common Shares and the Common Shares, when fully paid, are not liable to further call or assessment. No other class of voting shares may be created without the approval of the holders of the Common Shares voting separately as a class.

Preference Shares

The following is a summary of the principal attributes of the authorized Preference Shares, none of which are outstanding.

Issuance in One or More Series

The Board of Directors of the Company may authorize the issuance of Preference Shares at any time and from time to time in one or more series. Before any shares of a particular series are issued, the Board of Directors of the Company shall fix the number of shares and such series and determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to be attached to the shares of such series.

Ranking

No rights, privileges, restrictions or conditions attaching to a series of Preference Shares shall confer upon the shares of the series a priority in respect of dividends or in respect of return of capital in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, over the shares of any other series of Preference Shares.

Preference Shares are entitled to priority over the Common Shares and over any other shares of any other class of the Company ranking junior to the Preference Shares with respect to the payment of dividends and/or the return of capital in the distribution of assets in the event of liquidation or dissolution or winding-up of the Company whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs as the Directors of the Company shall determine at the time of determining the number and designation of, and the rights, privileges, restrictions and conditions attaching to, the series of Preference Shares.

If any amount of cumulative dividends, whether or not declared, or declared non-cumulative dividends or amounts payable on a return of capital in the event of the liquidation, dissolution or winding-up of the Company in respect of a series of Preference Shares is not paid in full, the Preference Shares of all series shall participate rateably in respect of all accumulated cumulative dividends, whether or not declared, and all declared non-cumulative dividends, and in respect of amounts payable on return of capital in the event of liquidation, dissolution or winding-up of the Company; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Preference Shares with respect to amounts payable on return of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends.

Voting Rights

The holders of Preference Shares are not entitled as such to receive notice of, to attend or to vote at any meetings of the shareholders of the Company. The holders of Preference Shares are entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all the property of the Company other than in the ordinary course of business.

Modifications

The rights, privileges, restrictions and conditions attaching to Preference Shares, as a class, may not be amended, modified or varied in whole or in part except with prior approval of not less than two-thirds of the holders of Preference Shares present (in person or by proxy) at a meeting of the holders of Preference Shares duly called for such purposes in addition to any other approval required by law.

Dividends

Prior to May 10, 2004, the Company had not declared or paid a dividend on the Common Shares. The Company declared its first dividend on May 10, 2004 in the amount of $0.04 per Common Share, payable on July 2, 2004 with a record date of May 31, 2004. In total, dividends of $485,000 were paid to holders of Common Shares in 2004, $1,410,000 in 2005, $2,222,000 in 2006, $2,772,000 in 2007, $3,406,000 in 2008, $3,561,000 in 2009, $3,562,000 in 2010, $3,913,000 in 2011, $4,038,000 in 2012, $4,060,000 in 2013, $4,527,000 in 2014, $5,164,000 in 2015 and $6,374,000 in 2016.

On each of April 8, 2016, July 8, 2016, October 14, 2016 and January 13, 2017 the Company paid a dividend of $0.125 per Common Share. On February 15, 2017, the Board of Directors declared a quarterly dividend of $0.18 per Common Share payable on April 14, 2017 to shareholders of record on March 31, 2017.

The historic dividend policy of the Company is to declare and pay quarterly cash dividends at the discretion of the Board of Directors, as circumstances permit. The Company's dividend policy and practice will be reviewed from time to time in the context of the Company's earnings, financial condition, the need to retain earnings to fund future growth of the business of the Company and other relevant factors. The declaration of a dividend will always be at the discretion of the Board of Directors.

Dividend Reinvestment Plan

On March 5, 2012, the Board of Directors approved a Dividend Reinvestment Plan ("DRIP") effective beginning with dividends in respect of Shareholders of record on April 5, 2012. The DRIP enables registered holders of Common

Shares of the Company who are eligible for the DRIP to reinvest their cash dividends paid on the Common Shares to purchase additional Common Shares. No commissions, service charges or brokerage fees are payable by participants under the DRIP. The Common Shares acquired under the DRIP will, at the discretion of the Company, either be purchased on the Canadian open market including through the facilities of the Toronto Stock Exchange or issued by the Company from treasury.

Normal Course Issuer Bid

During the year ended December 31, 2016, the Company repurchased and cancelled 435,800 (2015 – 111,041) of its common shares on the open market at an average price of $18.21 (2015 - $17.75) per share pursuant to a normal course issuer bid for a total cost of $7.9 million (2015 - $2.0 million). The normal course issuer bid in effect at December 31, 2016 allows for a total purchase of up to 986,105 common shares and expires on June 26, 2017.

Market for Securities

The Company's Common Shares are listed on The Toronto Stock Exchange under the symbol "GSY" ("EH" prior to September 17, 2015). The volume and price range for the Common Shares for each month in 2016 was as follows:

2016		**Price Range**	
	Volume of shares traded	**Low $**	**High $**
December	404,633	23.25	24.40
November	887,149	20.97	25.64
October	621,825	24.00	27.00
September	903,570	19.89	25.25
August	630,189	17.59	20.94
July	383,354	16.25	18.30
June	336,652	17.50	19.93
May	854,644	16.84	19.45
April	442,401	17.76	19.48
March	749,161	17.93	21.18
February	296,400	16.70	20.93
January	573,371	15.34	19.73

DIRECTORS AND OFFICERS

Under the by-laws of the Company, Directors of the Company are elected annually. Each Director holds office until the next annual meeting or until the successor of such Director is duly elected or appointed, unless such office is earlier vacated in accordance with the by-laws.

Name, Address, Occupation and Security Holdings

The names, provinces or states of residence, positions, principal occupations and shareholdings of the Directors and executive Officers of goeasy as at December 31, 2016 were as follows:

Name and Place of Residence	Principal Occupation(s) (for the past 5 years or more)	Became a Director or Officer	Common Shares Beneficially Owned Directly or Indirectly or Over Which Control or Direction is Exercised
Donald K. Johnson O.C. Ontario, Canada	Member, Advisory Board, BMO Capital Markets since November 2009. Prior to that, Mr. Johnson was Senior Advisor, BMO Capital Markets from November 2004 to November 2009, and prior to that he was Vice-Chairman of BMO Nesbitt Burns Inc. Mr. Johnson also serves as the Chairman Emeritus and a Director of Business for the Arts, a Director of the Toronto General & Western Hospital Foundation, a member of the Advisory Board of the Ivey Business School at Western University, a member of the 2017 Major Individual Giving Cabinet of the United Way of Greater Toronto and a Director of Murichison Minerals Inc.	June 1999	3,000,609
David Ingram Ontario, Canada	President and Chief Executive Officer of goeasy Ltd. since May 24, 2001. Prior to that, Mr. Ingram was Executive Vice President and Chief Operating Officer of goeasy Ltd. since December 2000. Prior to that Mr. Ingram was an executive with Kingfisher plc (a retail conglomerate) in the United Kingdom. He is also Vice Chair and a Trustee of the Boys & Girls Club of Canada Foundation and a Member of the Board of Directors.	December 2000	361,028
David Appel(1)(2)(3) Ontario, Canada	Corporate Director. Mr. Appel has had a career in law, business, and government service, and is a Director of a number of charitable organizations. Mr. Appel is a retired member of the Quebec Bar.	August 2010	96,855
Sean Morrison(1)(2) British Columbia, Canada	Corporate Director. Mr. Morrison is the Co-Founder and a Managing Partner of Maxam Capital Corporation and the Chief Executive Officer of Diversified Royalty Corp. Prior to forming Maxam, Mr. Morrison was a partner at Capital West Partners, a Vancouver-based investment banking firm. Mr. Morrison is a Chartered Accountant.	January 2012	45,944
David Thomson(1)(2)(3) Ontario, Canada	Corporate Director. Mr. Thomson is a former President of Great West Life Properties. Prior to joining Great West, he was Executive Vice President of Oxford Development Group. He is Chairman of the Toronto Dominion Bank Private Giving Foundation.	January 2012	5,000

Karen Basian(1)(2)(3) Ontario, Canada	Corporate Director. Ms. Basian is member of the Board of Directors of BookJane and is also the Managing Director of Newtopia and a Principal at Firefly Strategy Capital Inc., a strategy consulting and financial advisory firm. Ms. Basian is a Chartered Accountant and has an M.B.A. from IMD in Lausanne, Switzerland.	November 2014	15,000
Susan Doniz(1)(2)(3) Ontario, Canada	Corporate Director. Ms. Doniz is the Chief Information Officer of Qantas Airways. Prior to joining Qantas she was Global Chief Information Officer for Aimia. Ms. Doniz sits on numerous Boards of Directors including SNIPP Interactive Inc. and Bayshore HealthCare.	May 2016	-
Steven Goertz Ontario, Canada	Executive Vice President and Chief Financial Officer of goeasy Ltd. Mr. Goertz was Vice President, Finance, for Sobeys Ontario from 2003 to 2009. Prior to that, Mr. Goertz was Vice President, Finance for Maple Leaf Foods Inc. from 1999 to 2003. Mr. Goertz is a Chartered Accountant and holds an Honours degree, Bachelor of Mathematics from the University of Waterloo.	August 2009	69,203
Jason Mullins Ontario, Canada	Mr. Mullins is the Executive Vice President and Chief Operating Officer having joined goeasy Ltd. in 2010. Previously Mr. Mullins was the Senior Vice President Operations for the company's easyfinancial business. Mr. Mullins has an extensive career in financial services coming to the Company in 2010 from Mogo Finance Technology where he was Vice President of Sales and Operations. He has held previous operations management roles at CIBC and Allied International Credit, and has an MBA from the Ivey School of Business at the University of Western Ontario.	April 2011	9,431
Andrea Fiederer Ontario, Canada	Executive Vice President and Chief Marketing Officer of goeasy Ltd. Ms. Fiederer joined goeasy in January of 2015. Prior to joining goeasy, Ms. Fiederer held senior marketing roles at Mobilicity and XM Satellite Radio. Ms. Fiederer has also held roles at TELUS and BearingPoint where she worked as a Management Consultant. She has a Master in Business Administration degree from the Schulich School of Business and a Bachelor of Commerce degree from McGill University.	January 2015	1,920
Jason Appel Ontario, Canada	Senior Vice President, Risk & Analytics and Chief Risk Officer of goeasy Ltd. Mr. Appel was previously Vice President, Risk and Analytics of goeasy Ltd. having joined the Company in December 2012. Mr. Appel was previously Senior Vice President, Decision Management, with Citigroup from 2006 to 2012, and prior to that held senior positions in the mortgages and lending division of CIBC. Mr. Appel holds a Master of Business Administration from the Schulich School of Business and a Bachelor's Degree from the University of Toronto.	January 2015	7,479
Shadi Khatib Ontario, Canada	Senior Vice President, Information Technology and Chief Information Officer of goeasy Ltd. Mr. Khatib joined goeasy in 2016. Prior to joining goeasy, Mr. Khatib held multiple leadership roles in financial services, pharmaceutical, logistics and technology organizations ranging from startup to fortune 500. He has a Bachelor of Commerce degree from Ryerson University.	May 2016	-

Shane Pennell Ontario, Canada	Senior Vice President, easyfinancial Operations for goeasy Ltd. Mr. Pennell was previously Vice President of Operations and Shared Services for goeasy Ltd. He brings over 15 years of financial services experience to goeasy. Mr. Pennell came to the Company in 2013 from HSBC Financial where he was Vice President of Consumer Lending and Marketing and held previous management roles at CitiFinancial.	January 2015	3,500
David Yeilding Ontario, Canada	Senior Vice President, Finance of goeasy Ltd. and was previously Vice President Finance with goeasy Ltd. having joined the Company in 2010. Prior to joining goeasy, David was Vice President Finance with Fidelity Investments and a Director in PricewaterhouseCoopers Transaction Services practice where he advised clients on investments, financing, mergers and acquisitions. David is a Chartered Accountant and holds a Masters in Business Administration degree from the DeGroote School of Business at McMaster University and a Bachelors Degree in Economics from Queens University.	January 2015	10,300

Notes:
(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Corporate Governance Committee.

As of December 31, 2016, the Directors and executive Officers of the Company beneficially own directly or indirectly or exercised control or direction over 3,626,269 Common Shares or approximately 27.2% of the issued and outstanding Common Shares.

AUDIT COMMITTEE INFORMATION

The Company's Audit Committee Mandate sets out its responsibilities and duties, membership qualifications and procedures for reporting to the Board of directors. A copy of the mandate is attached hereto as Schedule "A". As at December 31, 2016, the Audit Committee was comprised of five Directors, all of whom are independent Directors: David Thomson (chair), David Appel, Sean Morrison, Karen Basian and Susan Doniz. Each member of the Audit Committee is considered by the Board of Directors to be financially literate within the meaning of applicable securities laws by way of their business experience and educational background. The following is a brief summary of the education and experience that is relevant to the performance of their responsibilities as Committee members.

David Thomson (Chair)
Mr. Thomson is a former President of Great West Life Properties. Prior to joining Great West, he was Executive Vice President of Oxford Development Group. He is Chairman of the Toronto Dominion Bank Private Giving Foundation.

David Appel
Mr. Appel has had a career in law, business, and government service and is a director of a number of charitable organizations. Mr. Appel is a member of the Quebec Bar and has been a registered investment advisor.

Sean Morrison
Mr. Morrison is the Co-Founder and a Managing Partner of Maxam Capital Corporation and the Chief Executive Officer of Diversified Royalty Corp. Prior to forming Maxam, Mr. Morrison was a partner at Capital West Partners, a Vancouver-based investment banking firm. Mr. Morrison is a Chartered Accountant.

Karen Basian

Ms. Basian is the Co-Founder and CEO of Beehive5, and is also the Managing Director of Newtopia and a Principal at Firefly Strategy Capital Inc., a strategy consulting and financial advisory firm. Ms. Basian is a Chartered Accountant and has an M.B.A. from IMD in Lausanne, Switzerland.

Susan Doniz

Ms. Doniz is the Chief Information Officer of Quantas Airways. Prior to joining Quantas she was Global Chief Information Officer for Aimia. Ms. Doniz sits on numerous Boards of Directors including SNIPP Interactive Inc., Bayshore HealthCare, Women's College Hospital Foundation and the Ontario Science Center.

External Auditor Service Fees

During the two most recently completed fiscal years, the Company paid the following fees to Ernst & Young LLP, the Company's external auditor, for audit, audit-related and tax services:

Audit Fees

Ernst & Young LLP has performed audit services for the Company during the last two fiscal years, which included the audit of the Company's consolidated financial statements for the fiscal years ended December 31, 2015 and December 31, 2016. Aggregate fees for audit services for the Company were $592,500 in 2015 and $624,500 in 2016.

Audit-Related Fees

Ernst & Young LLP has provided due diligence assistance to the Company during the last two fiscal years. Aggregate fees for due diligence services were nil in 2015 and $1,200,000 in 2016.

Tax Fees

Ernst & Young LLP has provided tax advice to the Company during the last two fiscal years, which included corporate income tax return compliance and tax structuring. Aggregate fees for tax related services were $59,247 in 2015 and $157,069 in 2016.

All Other Fees

No other services were performed by Ernst & Young LLP in 2015 and 2016.

Interest of Experts

Ernst & Young LLP, the Company's external auditor, has provided an audit report on the Company's consolidated financial statements for the year ended December 31, 2016. Ernst & Young was independent of the Company in accordance with the rules or professional conduct in Ontario.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent for all classes of stock is TSX Trust Company located in Toronto, Ontario. The register of transfers is located at the offices of the Company's transfer agent.

ADDITIONAL INFORMATION

Additional information including Directors' and Officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the Company's management information circular for the Company's annual meeting to be held on May 3, 2017. Additional financial information is provided in the Company's audited consolidated financial statements for the year ended December 31, 2016 and the accompanying management's discussion and analysis of financial condition and results of operations dated February 15, 2017.

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company's website at www.goeasy.com.

SCHEDULE "A"
goeasy Ltd.
AUDIT COMMITTEE MANDATE
(revised January 11th, 2011)

Purpose

The Audit Committee ("A/C") shall assist the Board in its oversight role with respect to:

- The quality and integrity of financial information.
- The effectiveness of goeasy's risk management, internal controls and regulatory compliance practices.
- The external auditor's performance, qualifications and independence.
- Reviewing and approving applicable financial information and documents prior to public disclosure.

Composition

The A/C shall serve as a standing committee of the Board of Directors (the "Board").

The A/C shall consist of three or more Directors of goeasy appointed by the Board of Directors. None shall be officers or employees of goeasy or any of its affiliates. Each of the members shall satisfy the applicable independence requirements of the laws governing the Corporation, including National Instrument 52-110 Audit Committees.

Each member of the A/C shall be financially literate as defined by the applicable legislation. Financially literate shall mean he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. An A/C member who is not financially literate may be appointed to the A/C provided that the member becomes financially literate within a reasonable period of time following his or her appointment.

Members of the Committee are appointed or reappointed annually by the Board of Directors. The Board of Directors shall designate one member to chair the A/C.

Meetings

The A/C shall meet as often as it determines but not less frequently than quarterly to ensure review by the A/C of the company's quarterly results and proposed filings. A secretary shall be appointed for every meeting of the A/C who shall be responsible for the production and distribution of meeting minutes. The Chairman of the A/C shall report to the Board of Directors on its activities after each of its meetings or upon request of the Board of Directors.

An affirmative vote of a majority of the members of the Committee participating in any meeting is required for the adoption of a resolution. A quorum shall be not less than two members. If only two members form the quorum, one of those members must be the Chairman of the Committee. In the event of deadlock, the Chairman shall cast the deciding vote.

The A/C will have the opportunity for an in-camera session at the end of every meeting.

Authority

The A/C has the authority to:

- Conduct or authorize an independent investigation and retain outside consultants for any matters that come under its scope of responsibilities, with the cost to be borne by the Corporation.
- Communicate and meet with the external auditor or outside counsel, without the presence of Management.
- Call a meeting of the Board of Directors to consider any matter of concern to the A/C.

Administration

The A/C shall review its charter and assess annually the adequacy of this mandate, the effectiveness of its performance and, when necessary, will recommend changes to the Corporate Governance and Nominating Committee.

Functions and Responsibilities

The A/C has the following functions and responsibilities:

External Auditor

- Annually approve and recommend for appointment the external auditor to the Board. The external auditor shall report and be directly accountable to the A/C.
- Review and approve the external auditor's proposed annual audit scope, plan and staffing, including the annual audit fees and terms of the engagement.
- Review and pre-approve all engagements for non-audit services, unless in the aggregate, they are not in excess of 5 percent of the total amount of fees paid by the Corporation to the external auditor during the fiscal year in which the services are provided.
- Oversee the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting, accounting policies and internal controls.
- Review the external auditor's management comment letter and management's responses thereto, and enquire as to any disagreements between management and external auditors or restrictions imposed by management on external auditors.
- Evaluate the qualifications, expertise and performance of the external auditors (at least annually). If necessary, initiate the termination of the external auditors, subject to the Board and shareholder approval as required by applicable law.
- Review the relationships or services that may impact the objectivity and independence of the external auditor, including annual review of the auditor's written statement of all relationships between the auditor and the Corporation.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditor.
- Provide an open avenue of communication between management, the external auditors and the Board.

Financial Reporting

- Review and recommend to the Board of Directors approval of the Corporation's annual and interim financial statements, MD&A and press releases prior to the public disclosure of this information.
- Review and recommend to the Board of Directors approval of the financially related information and disclosures contained in the Corporation's Annual Report, the Annual Information Form and the Information Circular prior to public disclosure.
- Review and discuss with management and the external auditor at least annually significant financial reporting issues and judgments made in connection with the preparation and presentation of the financial

statements, including any significant changes in the Corporation's selection and application of accounting principles, any major issues as to the Corporation's internal controls and any special steps adopted in light of material control deficiencies.

- Review any change in the Corporation's accounting policies including alternative treatments and their impacts.
- Review with legal counsel any legal matters having a significant impact on the financial reports.

Internal Controls

- Annually review Management's process for assessing the Corporation's system of internal controls over financial reporting, including any significant or material deficiencies.
- Review the Corporation's disclosure controls and procedures and periodically assess the adequacy of those disclosure controls and procedures.
- Review the minutes of the quarterly Disclosure Committee meetings.
- Review and approve the Corporation's policy on external communication and disclosure of material information, including the form and generic content of any quarterly earnings guidance and of any financial disclosure provided to investment analysts and rating agencies.
- Establish and review procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.
- Establish and review procedures for the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.
- Review management's practices in effect over officers' expenses and perquisites.

Risk Management and Fraud

- Review the Corporation's Risk Management practices on an annual basis and make recommendations to the Board regarding any proposed changes.
- Review on a periodic basis, significant risks inherent in the Corporation's business and ensure appropriate risk management techniques are in place.
- Review the effectiveness of the Corporation's procedures in relation to the prevention, detection, reporting and investigation of fraud.
- Annually review the adequacy and quality of insurance coverage maintained by the Corporation.
- Oversee the investigation into occurrences of material fraud
- Review, as required, the Corporation's regulatory compliance with provincial & federal legislation.
- Review major changes to the Corporation's IT systems.
- Communicate and meet with the Corporation's VP of Internal Audit, without the presence of Management, to obtain updates and feedback on the Corporation's Risk Management practices.
- Review and approve the variable compensation program for the VP of Internal Audit.

Other

- Review recommended appointees to the office of Chief Financial Officer.
- Review and/or approve other financial matters delegated specifically to it by the Board of Directors.

APPENDIX “A”
MULTILATERAL INSTRUMENT 52-110 – AUDIT COMMITTEES
MEANING OF INDEPENDENCE

Meaning of Independence

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a “material relationship” is a relationship, which could, in the view of the issuer’s board of directors, is reasonably expected to interfere with the exercise of a member’s independent judgment.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
- (c) an individual who:
  - (i) is a partner of a firm that is the issuer’s internal or external auditor,
  - (ii) is an employee of that firm, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - (i) is a partner of a firm that is the issuer’s internal or external auditor,
  - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12-month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2006 or (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2007.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of this section, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Additional Independence Requirements

(1) Despite any determination made pursuant to the meaning of independence set forth above, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) An individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.