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

Three Months Ended March 31, 2019

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

Table of Contents

Caution Regarding Forward-Looking Statements....2
Overview of the Business 2
Corporate Strategy 3
Outlook 3
Adoption of IFRS 16 3
Analysis of Results for the Three Months Ended March 31, 2019 7
Selected Quarterly Information....16
Portfolio Analysis 16
Key Performance Indicators and Non-IFRS Measures 25
Financial Condition 29
Liquidity and Capital Resources....30
Outstanding Shares & Dividends 31
Commitments, Guarantees and Contingencies....32
Risk Factors 32
Critical Accounting Estimates 32
Adoption of New Accounting Standards 32
Internal Controls....33

Date: May 7, 2019

The following Management's Discussion and Analysis ("MD&A") presents an analysis of the consolidated financial condition of goeasy Ltd. and its subsidiaries (collectively referred to as "goeasy" or the "Company") as at March 31, 2019 compared to March 31, 2018, and the consolidated results of operations for the three-month period ended March 31, 2019 compared with the corresponding period of 2018. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2018. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2018 annual MD&A: Overview of the Business, Corporate Strategy, Outlook, Commitments, Guarantees and Contingencies, Risk Factors and Accounting Standards Issued But Not Yet Effective. Critical Accounting Estimates are as described in the December 31, 2018 notes to the financial statements other than as related to the Company's implementation of IFRS 16, *Leases* which are as described in the March 31, 2019 notes to the financial statements and in this MD&A.

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

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

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

Caution Regarding Forward-Looking Statements

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

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

goeasy cautions that the foregoing list is not exhaustive. These and other factors could cause actual results to differ materially from our expectations expressed in the forward-looking statements, and further details and descriptions of these and other factors are disclosed in this MD&A, including under the section entitled "Risk Factors".

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

Overview of the Business

goeasy Ltd. (TSX: GSY) offers leasing and lending services in the alternative financial services market and provides everyday Canadians a path to a better tomorrow, today. goeasy Ltd. serves its customers through two key operating divisions, easyfinancial and easyhome. easyfinancial is a non-prime consumer lender that bridges the gap between traditional financial institutions and payday loans. easyfinancial offers a range of unsecured and secured personal instalment loans supported by a strong central credit adjudication process and industry leading risk analytics. easyhome is Canada's largest lease-to-own company, offering brand-name household furniture, appliances and electronics to consumers under flexible weekly or monthly leasing agreements through both corporate and franchise stores. Both operating divisions are supported by an omni channel business model that includes a national footprint of over 400 branches and stores across Canada and digital eCommerce enabled platforms.

The Company's overview of the business remains as described in its December 31, 2018 MD&A.

Corporate Strategy

The Company is committed to be a leading full-service provider of goods and alternative financial services that provides everyday Canadians a path to a better tomorrow, today. To maintain this position, the Company remains focused on continuously improving its operations and business model in order to meet the evolving needs of its customers. Additionally, the Company must focus on maintaining its competitive advantage by building brand awareness, delivering a best in class customer experience and effectively managing its sources of capital and funding. Cost efficiencies through economies of scale and shared services will also enable the Company to meet future competitive challenges, including new entrants into the marketplace.

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

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

The Company's corporate strategy remains as described in its December 31, 2018 MD&A.

Outlook

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

The Company's 2019, 2020 and 2021 targets, assumptions and risk factors were disclosed in its December 31, 2018 MD&A. The targets remain consistent and are reported below.

The following table outlines the Company's targets for 2019, 2020 and 2021:

	Targets for 2019	Targets for 2020	Targets for 2021
Gross consumer loans receivable portfolio at year end	**$1.1 - $1.2 billion**	**$1.3 - $1.4 billion**	**$1.5 - $1.7 billion**
easyfinancial total revenue yield	**49% - 51%**	**46% - 48%**	**43% - 45%**
New easyfinancial locations opened during the year	**10 – 20**	**10 - 20**	**10 - 20**
Net charge-offs as a percentage of average gross consumer loans receivable	**11.5% - 13.5%**	**11.0% - 13.0%**	**11.0% – 13.0%**
easyfinancial operating margin	**42% - 44%**	**44% - 46%**	**45 – 47%**
Total revenue growth	**20% - 22%**	**14% - 16%**	**10 – 12%**
Return on equity	**24% +**	**26% +**	**26% +**

Adoption of IFRS 16

IFRS 16 supersedes IAS 17, *Leases* ("IAS 17"), IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases-Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor such as the Company's easyhome merchandise leasing business.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, comparative figures for 2018 were not restated and the cumulative effect of initially applying the standard was recognized as an adjustment to the opening balance of retained earnings as at January 1, 2019.

The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’).

Impact of Adoption of IFRS 16

The following table summarizes the transition adjustment required to adopt IFRS 16 as at January 1, 2019.

	Carrying amount under previous accounting standards as at December 31, 2018	Transition Adjustment	IFRS 16 carrying amount as at January 1, 2019
Right-of-use asset	-	41,763	41,763
Deferred tax asset	9,445	1,244	10,689
Lease liabilities	-	47,523	47,523
Deferred lease inducements	1,234	(1,234)	-
Retained earnings	143,710	(3,282)	140,428

The Company has lease contracts for various premises and vehicles. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease under IAS 17. In such operating leases, the leased property was not capitalized, and the lease payments were recognized as rent expense in the statement of income on a straight-line basis over the lease term.

Upon the adoption of IFRS 16, the Company reviewed all operating leases under IAS 17, except for short-term leases (generally defined as those with a term of less than 12 months). The IFRS 16 standard provides specific exemptions for such short-term leases and hence the accounting for those leases did not change. The Company also applied the available practical expedients whereby the Company:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

In accordance with IFRS 16, the Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases.

The right-of-use assets for leases recognized as at the January 1, 2019 date of adoption is the net carrying amount for the leases assuming that the standard had always been applied. The net carrying amount of the right-of-use assets are measured at the amount of lease liabilities at the date of the lease inception and recognized as if the standard had always been applied, less any accumulated depreciation (from the lease inception to the January 1, 2019 date of adoption) and less any lease incentives received. As such the deferred lease inducements previously reported on the statements of financial position are effectively netted against the right-of-use assets. The lease liabilities were recognized based on the present value of the remaining lease payments as at January 1, 2019, discounted using the incremental borrowing rate on leases at the date of initial application. As mentioned above, the difference between the right-of-use asset and lease liabilities recognized at the date of initial application was recognized as an adjustment to the opening balance of retained earnings as at January 1, 2019.

The lease liability is derived by discounting the lease payments to which the Company is committed (but excluding variable lease payments such as property tax and common area maintenance charges on property leases and short-term leases as allowed under IFRS 16), at the average incremental borrowing rate of the leases.

Accounting Policies under IFRS 16

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized at the inception of the lease, initial direct costs incurred, and lease payments made at or before the lease commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, plus variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments (such as common area maintenance costs or property taxes) that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate on leases at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the premises for additional terms of one to ten years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e., a change in business strategy).

Impact on the Statements of Income

The net effect of adopting IFRS 16 on the statements of income is to decrease operating expenses before depreciation and amortization while increasing depreciation and amortization and financing costs with an insignificant impact on net income. By extension this will result in earnings before interest, income tax, depreciation and amortization (EBITDA) increasing as the depreciation of the right-of-use assets and interest on the lease liability is excluded from this measure. Operating income will also increase as the interest on the lease liability is excluded from this measure. The adoption of IFRS 16 has no impact on the cash flows of the Company. During the first quarter of 2019 the adoption of IFRS 16 increased net income by $8 thousand as set out below.

The following table presents a comparison of the financial results for the three-month period ended March 31, 2019 estimated under the previous accounting standard (IAS 17) against the financial results for the comparable period ended March 31, 2018 as reported.

($ in 000's except earnings per share and percentages)	March 31, 2019 (as reported)	IFRS 16 Adjustments	March 31, 2019 (estimated under previous accounting standard [1])	March 31, 2018 (as reported)
Summary Financial Results				
Revenue	**139,860**	**-**	**139,860**	**114,777**
Operating expenses before depreciation and amortization	**84,727**	**4,502**	**89,229**	**76,466**
Depreciation and amortization expense	**16,323**	**(3,888)**	**12,435**	**13,387**
Operating income	**38,810**	**(614)**	**38,196**	**24,924**
Finance costs	**13,501**	**(603)**	**12,898**	**9,670**
Income before income taxes	**25,309**	**(11)**	**25,298**	**15,254**
Income tax expense	**7,036**	**3**	**7,039**	**4,180**
Net income	**18,273**	**(8)**	**18,265**	**11,074**
Diluted earnings per share	**1.18**	**-**	**1.18**	**0.77**
EBITDA[2]	**45,483**	**(4,502)**	**40,981**	**28,309**
EBITDA margin[2]	**32.5%**	**(3.2%)**	**29.3%**	**24.7%**
Operating margin[2]	**27.7%**	**0.4%**	**27.3%**	**21.7%**
Return on equity[2]	**24.4%**	**0.0%**	**24.4%**	**19.8%**

[1] This represents a non-IFRS measure and reflects the financial results for the three-month period ended March 31, 2019 estimated under the previous accounting standard.

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

Analysis of Results for the Three Months Ended March 31, 2019

First Quarter Highlights

- On February 12, 2019, the Company entered into an amendment to its senior secured revolving credit facility to increase the maximum principal amount available to be borrowed from $174.5 million to $189.5 million and to extend the maturity date from November 1, 2020 to February 12, 2022. As part of this amendment the cost of borrowing under the revolving credit facility was also reduced. Previously, interest on advances was payable at either the Canadian Bankers' Acceptance rate plus 450 bps or the lender's prime rate plus 350 bps, at the option of the Company. Subsequent to the amendment, interest on advances is payable at either the Canadian Bankers' Acceptance rate plus 325 bps or lender's prime rate plus 200 bps, at the option of the Company.

- As previously described, the Company adopted IFRS 16 on January 1, 2019. The Company applied IFRS 16 on January 1, 2019 and, as such, the financial results of 2019 have been reported under IFRS 16 while the comparable financial results from 2018 have been reported under the previous accounting standard. The net effect of adopting IFRS 16 on the statements of income is to decrease operating expenses before depreciation and amortization while increasing depreciation and amortization and financing costs with an insignificant impact on net income. During the first quarter of 2019 the adoption of IFRS 16 increased net income by only $8 thousand.

- The gross consumer loans receivable portfolio increased from $601.7 million as at March 31, 2018 to $879.4 million as at March 31, 2019, an increase of $277.6 million or 46.1%. The growth was fueled by the continued net customer growth, increased origination of unsecured loans and the increased penetration of risk adjusted rate and real estate secured loans to the Company's best credit quality borrowers, the maturation of the Company's retail branch network, lending in the Company's easyhome stores, slowing paydown rates due to longer term loans, ongoing enhancements to the Company's digital properties and increased advertising spend.

- Net charge-offs increased from $18.0 million in the first quarter of 2018 to $28.3 million in the current quarter, up by $10.3 million. Net charge-offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were consistent with the fourth quarter of 2018 at 13.1% and within the Company's targeted range for 2019 of 11.5% to 13.5%. In the quarter, the Company experienced slightly higher loss rates over the comparable period of 2018 due to: a) the strong originations and loan book growth in 2018 that was fueled by a larger proportion of new customers and originations from the digital channel (while borrowers acquired on-line tend to have lower credit quality and higher charge off rates, such customers generate attractive operating margins); and b) higher losses from loans originated in Quebec in the initial launch period. The Company has since made a series of credit model enhancements to improve the long-term credit quality of the portfolio.

- goeasy continued to report record revenue during the first quarter of 2019. Revenue for the quarter increased to $139.9 million from the $114.8 million reported in the same quarter of 2018, an increase of $25.1 million or 21.9%. The increase was driven mainly by the growth of consumer lending.

- Operating income from easyfinancial was $41.4 million for the first quarter of 2019 compared with $29.5 million for the comparable period in 2018, an increase of $11.9 million or 40.3%. The benefits of the larger loan book and related revenue increases of $24.2 million were partially offset by: i) a $1.8 million increase in advertising spend; ii) a $9.8 million increase in bad debt expense; and iii) incremental expenditures to manage the growing customer base, enhance the product offering and expand the easyfinancial footprint. Operating margin in the quarter was 39.5% compared with 36.7% reported in the same quarter of 2018.

- Operating income from easyhome was $7.1 million for the first quarter of 2019, an increase of $1.7 million or 32.0% when compared with the same quarter of 2018. The increase was related to the growth of consumer lending in easyhome which resulted in higher revenues in the quarter of $0.8 million and lower expenses when compared with the comparable period of 2018. Operating margin for the first quarter of 2019 was 20.3%, an increase from the 15.7% reported in the same quarter of 2018.

- Total Company operating income for the first quarter of 2019 was $38.8 million, up $13.9 million or 55.7% when compared with the same quarter of 2018. The Company's operating margin for the quarter was 27.7% up from the 21.7% reported in the first quarter of 2018, the growth was driven by improved operating margins at both businesses and the larger proportion of earnings being generated by the higher margin easyfinancial business.

- Net income for the first quarter of 2019 was $18.3 million or $1.18 per share on a diluted basis up 65.0% and 53.2% against the $11.1 million and $0.77 per share reported in the first quarter of 2018.

- Return on equity in the first quarter was 24.4%, up from 19.8% reported in the first quarter of 2018.

Summary of Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Variance $ / bps	Variance % change
Summary Financial Results				
Revenue	**139,860**	114,777	25,083	21.9%
Operating expenses before depreciation and amortization	**84,727**	76,466	8,261	10.8%
EBITDA[1]	**45,483**	28,309	17,174	60.7%
EBITDA margin[1]	**32.5%**	24.7%	790 bps	32.0%
Depreciation and amortization expense	**16,323**	13,387	2,936	21.9%
Operating income	**38,810**	24,924	13,886	55.7%
Operating margin[1]	**27.7%**	21.7%	600 bps	27.6%
Finance costs	**13,501**	9,670	3,831	39.6%
Effective income tax rate	**27.8%**	27.4%	40 bps	1.5%
Net income	**18,273**	11,074	7,199	65.0%
Diluted earnings per share	**1.18**	0.77	0.41	53.2%
Return on equity	**24.4%**	19.8%	460 bps	23.2%
Key Performance Indicators[1]				
Same store revenue growth (overall)	**21.3%**	23.1%	(180 bps)	(7.8%)
Same store revenue growth (easyhome)	**4.7%**	3.6%	110 bps	30.6%
Segment Financials				
easyfinancial revenue	**104,611**	80,366	24,245	30.2%
easyfinancial operating margin	**39.5%**	36.7%	280 bps	7.6%
easyhome revenue	**35,249**	34,411	838	2.4%
easyhome operating margin	**20.3%**	15.7%	460 bps	29.3%
Portfolio Indicators				
Gross consumer loans receivable	**879,370**	601,724	277,646	46.1%
Growth in consumer loans receivable	**45,591**	75,178	(29,587)	(39.4%)
Gross loan originations	**219,438**	202,366	17,072	8.4%
Total yield on consumer loans (including ancillary products)	**50.1%**	56.1%	(600 bps)	(10.7%)
Net charge-offs as a percentage of average gross consumer loans receivable	**13.1%**	12.4%	70 bps	5.6%
Potential monthly lease revenue	**8,740**	9,252	(512)	(5.5%)

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

Store Locations Summary

	Locations as at December 31, 2018	Locations opened during period	Locations closed during period	Conversions	Locations as at March 31, 2019
Easyfinancial					
Kiosks (in store)	33	-	-	(2)	**31**
Stand-alone locations	207	1	-	2	**210**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	241	1	-	-	**242**
Easyhome					
Corporately owned stores	133	-	-	(2)	**131**
Consolidated franchise locations	1	-	(1)	-	**-**
Total consolidated stores	134	-	(1)	(2)	**131**
Total franchise stores	31	-	-	2	**33**
Total easyhome stores	165	-	(1)	-	**164**

Summary of Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months March 31, 2019			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest	74,417	2,313	-	76,730
Lease revenue	-	29,482	-	29,482
Commissions earned	28,046	2,034	-	30,080
Charges and fees	2,148	1,420	-	3,568
	104,611	35,249	-	139,860
Total operating expenses before depreciation and amortization	59,926	15,918	8,883	84,727
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment & intangibles	1,818	10,101	613	12,532
Depreciation of Right-of-use asset	1,517	2,082	192	3,791
	3,335	12,183	805	16,323
Operating income (loss)	41,350	7,148	(9,688)	38,810
Finance costs				
Interest expense and amortization of deferred financing charges				12,898
Interest expense on lease liability				603
				13,501
Income before income taxes				25,309
Income taxes				7,036
Net income				18,273
Diluted earnings per share				1.18

($ in 000's except earnings per share)	Three Months March 31, 2018 easyfinancial	 easyhome	 Corporate	 Total
Revenue				
Interest	53,086	705	-	53,791
Lease revenue	-	30,669	-	30,669
Commissions earned	25,500	1,439	-	26,939
Charges and fees	1,780	1,598	-	3,378
	80,366	34,411	-	114,777
Total operating expenses before depreciation and amortization	48,537	18,431	9,498	76,466
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment & intangibles	2,368	10,566	453	13,387
Operating income (loss)	29,461	5,414	(9,951)	24,924
Finance costs				
Interest expense and amortization of deferred financing charges				9,670
Income before income taxes				15,254
Income taxes				4,180
Net income				11,074
Diluted earnings per share				0.77

Portfolio Performance

Consumer Loans Receivable Portfolio

The gross consumer loans receivable portfolio increased from $601.7 million as at March 31, 2018 to $879.4 million as at March 31, 2019, an increase of $277.6 million or 46.1%. The loan book grew $45.6 million in the quarter against growth of $75.2 million in the same quarter of 2018. Loan originations in the quarter were $219.4 million, up 8.4% compared with the origination volume in the same quarter of 2018.

The Company experienced accelerated loan book and originations growth in the first quarter of 2018 driven by the 2017 launch of secured lending, lending in Quebec and lending in the Company's easyhome stores.

($ in 000's)	Three Months Ended March 31, 2019	 March 31, 2018	 March 31, 2017
Originations	**219,438**	202,366	106,103
Loan book growth	**45,591**	75,178	16,538

While lending in Quebec was one of the drivers of loan book and originations growth in the first quarter of 2018, the Company moderated its Quebec originations in the second half of 2018 which served to moderate growth in the current quarter. Loan losses in Quebec were higher than desirable and lending growth was slowed until the Company was able to launch a new proprietary scoring model for Quebec in the current quarter. More broadly, originations and loan book growth in the current quarter was moderated by a series of planned credit modifications implemented late in 2018 that focused on raising the overall credit quality of the Company's loan originations.

The annualized total yield (including ancillary products) realized by the Company on its average consumer loans receivable portfolio was 50.1% in the first quarter of 2019, down 600 bps from the same quarter of 2018. The decrease in the yield was due to a number of factors: i) the increased penetration of risk adjusted interest rate and real estate secured loans to a more credit worthy customer which have lower rates of interest; ii) a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products; iii) a modest reduction in penetration rates on ancillary products (particularly on real estate secured and risk adjusted rate loans); and iv) certain ancillary product sales commissions are generated on new loan originations and the lower level of loan book growth in the current quarter resulted in lower commissions generated on this product impacting yields.

Bad debt expense increased to $34.4 million for the quarter from $24.4 million during the same quarter in 2018, an increase of $10.0 million or 41.0%. The following table details the components of bad debt expense:

	Three Months Ended	
($ in 000's)	**March 31, 2019**	**March 31, 2018**
Provision required due to net charge-offs	**28,343**	18,026
Impact of loan book growth	**4,360**	7,012
Impact of change in provision rate during period	**1,691**	(660)
Net change in allowance for credit losses	**6,051**	6,352
Bad debt expense	**34,394**	24,378

Bad debt expense increased by $10.0 million due to three factors:

(i) Net charge-offs increased from $18.0 million in the first quarter of 2018 to $28.3 million in the current quarter, up by $10.3 million. Net charge-offs in the quarter as a percentage of the average gross consumer loans receivable on an annualized basis were consistent with the fourth quarter of 2018 at 13.1% and within the Company's targeted range for 2019 of 11.5% to 13.5%. In the quarter, the Company experienced slightly higher loss rates over the comparable period of 2018 due to: a) the strong originations and loan book growth in 2018 that was fueled by a larger proportion of new customers and originations from the digital channel (while borrowers acquired on-line tend to have lower credit quality and higher charge off rates, such customers generate attractive operating margins); and b) higher losses from loans originated in Quebec in the initial launch period. The Company has since made a series of credit model enhancements to improve the long-term credit quality of the portfolio.

(ii) The loan book growth in the quarter decreased from $75.2 million in the first quarter of 2018 to $45.6 million in the current quarter resulting in a $2.7 million reduction in bad debt expense.

(iii) During the first quarter of 2018, the provision rate declined from 9.33% to 9.22% which resulted in a $0.7 million reduction in bad debt expense. During the current quarter, the provision rate increased from 9.58% to 9.76%. Before considering the FLIs or forward-looking indicators, the provision rate declined. The Company has seen an improvement in the underlying credit quality of the Company's loan originations. However, upon applying the FLIs, the provision rate increased. The Company determined that a forecasted increase in the rate of unemployment, rate of inflation or a decrease in the expected future price of oil from the current rates have historically tended to increase the charge offs experienced by the Company. The Company used the projections for each of these rates as provided by the large Canadian banks. Given there was an expected increase in the rates of inflation and unemployment and an expected decrease in the price of oil from the current rates prevailing at the end of the quarter to one year in the future, the FLIs resulted in an increase to the provision as at March 31, 2019.

easyhome Leasing Portfolio – The leasing portfolio as measured by potential monthly lease revenue as at March 31, 2019 was $8.74 million, down from the $9.25 million reported as at March 31, 2018. Overall, the number of lease agreements declined from 101,299 as at March 31, 2018 to 92,960 as at March 31, 2019, a drop of 8.2%. The decline in agreement count over the past 12 months was primarily related to the sale of stores to franchisees and declines in the lease portfolio at the remaining easyhome stores but partially offset by the acquisition of lease portfolios from competitors over the past 12 months. The decline in agreements was offset by a 3.0% increase in average leasing rates due in part to the higher Canadian dollar cost of certain leased assets purchased in US dollars, changes in product mix and selected pricing adjustments. While the lease portfolio has declined, this impact of revenue has been more than offset by the growth of consumer lending within the easyhome stores.

Revenue

Revenue for the three-month period ended March 31, 2019 was $139.9 million compared to $114.8 million in the same quarter of 2018, an increase of $25.1 million or 21.9%. Overall same store sales growth for the quarter was 21.3%. Revenue growth was driven primarily by the growth of consumer lending.

e*asyfinancial* – Revenue for the three-month period ended March 31, 2019 was $104.6 million, an increase of $24.2 million when compared with the same quarter of 2018. The increase in revenue was driven by the growth of the gross consumer loans receivable portfolio and offset by the reduction in yield (as previously described). The components of the increased revenue include:

- Interest revenue increased by $21.3 million or 40.2% driven by the 46.1% loan book growth but offset by lower interest yields (as described above).
- Commissions earned on the sale of ancillary products and services increased by $2.5 million or 10.0% driven by the growth of the loan book. The rate of growth of commissions earned was less than the rate of growth of interest revenue and the loan book due to a higher proportion of larger dollar loans which have reduced pricing on certain ancillary products, and slightly lower penetration of these products. In addition, certain ancillary product sales commissions are generated on new loan originations and the lower level of loan book growth in the current quarter resulted in lower commissions generated on this product.
- Charges and fees increased by $0.4 million.

easyhome – Revenue for the three-month period ended March 31, 2019 was $35.2 million, an increase of $0.8 million when compared with the same quarter of 2018. The introduction of lending to the easyhome stores in mid-2017 drove this increase. Lending revenue within the easyhome stores increased by $2.3 million in the current quarter when compared to the first quarter of 2018. These revenue increases were partially offset by lower revenue of the traditional leasing business. Traditional leasing revenue declined by $1.5 million in the current quarter compared to the same period of 2018 due to the reduced size of the lease portfolio (as described above). The components of easyhome revenue include:

- Interest revenue increased by $1.6 million due to the growth of the consumer loans receivable related to the easyhome business.
- Lease revenue declined by $1.2 million due to the reduction of the lease portfolio (as described above).
- Commissions earned on the sale of ancillary products increased by $0.6 million. The increase was due to the growth of consumer lending at easyhome.

Impact of Adopting IFRS 16

IFRS 16 was adopted effective January 1, 2019. 2018 was not restated and was rather reported under the previous accounting standard. The net effect of adopting IFRS 16 on the statements of income in 2019 is to decrease operating expenses before depreciation and amortization while increasing depreciation and amortization and financing costs with an insignificant impact on net income. By extension this will result in EBITDA increasing as the depreciation of the right-of-use assets and interest on the lease liability is excluded from this measure. Similarly, operating income will also increase (albeit to a lesser extent) as the interest on the lease liability is excluded from this measure. During the first quarter of 2019 the adoption of IFRS 16 increased net income by only $8 thousand.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $84.7 million for the three-month period ended March 31, 2019, an increase of $8.3 million or 10.8% from the comparable period in 2018. Adopting IFRS 16 in 2019, served to reduce operating expenses before depreciation and amortization by $4.5 million (largely shifting this expense to depreciation and amortization and financing costs). The increase in operating expenses was driven primarily by higher costs associated with the expanding easyfinancial business. Total operating expenses before depreciation and amortization represented 60.6% of revenue for the first quarter of 2019 compared with 66.6% reported in the same quarter of 2018.

easyfinancial – Total operating expenses before depreciation and amortization were $59.9 million for the first quarter of 2019, an increase of $11.4 million or 23.5% from the same quarter of 2018. Key drivers include:

i) bad debt expense increased by $9.8 million in the current quarter when compared to the same quarter in 2018 for the reasons described above;
ii) the transition to IFRS 16 in the current quarter served to reduce total operating expenses before depreciation and amortization by $1.9 million (again much of this expense is shifted to depreciation and amortization);
iii) other operating expenses (excluding bad debt expense and the effect of adopting IFRS 16), increased by $3.5 million in the quarter driven by an additional $1.8 million in advertising and marketing spend to drive brand awareness and support the growth in originations, higher wages and incentive compensation and other costs to operate and manage the growing loan book and branch network. Overall branch count increased from 233 as at March 31, 2018 to 242 as at March 31, 2019.

easyhome – Total operating expenses before depreciation and amortization were $15.9 million for the first quarter of 2019, which was $2.5 million lower than the same quarter of 2018. This reduction was primarily related to the transition to IFRS 16 in the current quarter which served to reduce total operating expenses before depreciation and amortization by $2.4 million (again this reduction is largely offset by higher depreciation and amortization). Other operating expenses in amalgam declined by $0.1 million with a $0.1 million increase in advertising spend being more than offset by the reduced store operating expenses. Consolidated easyhome store count declined from 134 as at March 31, 2018 to 131 as at March 31, 2019.

Corporate – Total operating expenses before depreciation and amortization for the first quarter of 2019 were $8.9 million compared to $9.5 million for the comparable period in 2018, a decrease of $0.6 million. The transition to IFRS 16 in the current quarter served to reduce total operating expenses before depreciation and amortization by $0.2 million. The remaining $0.4 million reduction was primarily related to an overall reduction in compensation costs. Corporate expenses before depreciation and amortization represented 6.4% of revenue in the first quarter of 2019 compared to 8.3% of revenue in the first quarter of 2018.

Depreciation and Amortization

Depreciation and amortization for the three-month period ended March 31, 2019 was $16.3 million, an increase of $2.9 million from the same quarter of 2018. Included in depreciation and amortization is $3.8 million of depreciation of right-of-use asset related to the adoption of IFRS 16. Otherwise depreciation and amortization decreased by $0.9 million with lower depreciation and amortization at both the easyfinancial and easyhome segments. Overall, depreciation and amortization represented 11.7% of revenue for the three months ended March 31, 2019, which is

consistent to the comparable period of 2018.

easyfinancial – Total depreciation and amortization was $3.3 million in the first quarter of 2019. However, this included $1.5 million of right-of-use asset depreciation related to the adoption of IFRS 16. Depreciation of property and equipment and intangibles in the first quarter of 2019 was $1.8 million compared with $2.4 million in the comparable period of 2018. This $0.6 million decline was due to the implementation of a new digital loan application system in the first quarter of 2018 and the accelerated depreciation of the system it replaced.

easyhome – Total depreciation and amortization expense was $12.2 million in the first quarter of 2019. This included $2.1 million of right-of-use asset depreciation related to the adoption of IFRS 16. Depreciation and amortization of lease assets, property and equipment & intangibles was $10.1 million in the current quarter compared with $10.6 million in the first quarter of 2018. This $0.5 million decline was due primarily to the lower level of lease revenue and lease assets. easyhome's depreciation and amortization of lease assets, property and equipment and intangibles expressed as a percentage of easyhome revenue for the current quarter was 28.7%, down from the 30.7% reported in the first quarter of 2018. The rate reduction was due to a lower lease asset base against a revenue base with an increasing proportion being generated from consumer lending.

Corporate – Depreciation and amortization was $0.8 million in the first quarter of 2019. However, this included $0.1 million of right-of-use asset depreciation. Depreciation and amortization of property and equipment and intangibles during the current quarter was $0.6 million compared with $0.5 million in the first quarter of 2018; the increase was driven primarily by the 2018 renovation of the Company's head office.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three-month period ended March 31, 2019 was $38.8 million, up $13.9 million or 55.7% when compared with the same quarter of 2018. The operating income of both the easyfinancial and easyhome business units increased in the current quarter compared with the same period of 2018. The adoption of IFRS 16 served to increase operating income by $0.6 million in the current quarter.

easyfinancial – Operating income was $41.4 million for the first quarter of 2019 compared with $29.5 million for the comparable period in 2018, an increase of $11.9 million or 40.4%. The benefits of the larger loan book and related revenue increases of $24.2 million were partially offset by: i) a $1.8 million increase in advertising spend; ii) a $9.8 million increase in bad debt expense; and iii) incremental expenditures to manage the growing customer base, enhance the product offering and expand the easyfinancial footprint. Operating margin in the quarter was 39.5% compared with 36.7% reported in the same quarter of 2018.

easyhome – Operating income was $7.1 million for the first quarter of 2019, an increase of $1.7 million or 32.0% when compared with the same quarter of 2018. The increase was related to the growth of consumer lending in easyhome which resulted in higher revenues in the quarter of $0.8 million and lower expenses when compared with the comparable period of 2018. Operating margin for the first quarter of 2019 was 20.3%, an increase from the 15.7% reported in the same quarter of 2018.

Finance Costs

Finance costs for the three months ended March 31, 2019 were $13.5 million. This included $0.6 million of interest expense on lease liability related to the adoption of IFRS 16. Interest expense and amortization of deferred financing charges in the current quarter were $12.9 million, up $3.8 million from the first quarter of 2018. This increase was driven by higher average borrowing levels offset somewhat by the reduced cost of borrowing. Total debt as at March 31, 2019 was $689.0 million against debt of $467.7 million as at March 31, 2018.

Income Tax Expense

The effective income tax rate for the first quarter of 2019 was 27.8% which was higher than the 27.4% reported in the same quarter of 2018 mainly driven by a higher proportion of non-deductible expenses in the first quarter of 2019 than in the same quarter of 2018.

Net Income and EPS

Net income for the first quarter of 2019 was $18.3 million or $1.18 per share on a diluted basis up 65.0% and 53.2% against the $11.1 million and $0.77 per share reported in the first quarter of 2018.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	March 2019	December 2018	September 2018	June 2018	March 2018	December 2017[2,3]	September 2017[2]	June 2017[2]	March 2017[2]
Gross consumer loans receivable	**879.4**	833.8	749.6	686.6	601.7	526.5	473.1	425.3	387.1
Revenue	**139.9**	138.2	129.9	123.3	114.8	107.2	102.7	97.5	94.2
Net income	**18.3**	15.9	14.3	11.8	11.1	5.4	11.6	8.9	10.3
Return on equity	**24.4%**	23.0%	23.8%	20.9%	19.8%	9.5%	21.3%	18.8%	20.6%
Net income as a percentage of revenue	**13.1%**	11.5%	11.0%	9.6%	9.7%	5.0%	11.3%	9.1%	10.9%
Earnings per share[1]									
Basic	**1.25**	1.07	1.03	0.86	0.81	0.39	0.86	0.66	0.76
Diluted	**1.18**	1.02	0.97	0.82	0.77	0.38	0.81	0.63	0.73

[1] Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of stock issued or repurchased during the year on the basic weighted average number of common shares outstanding together with the effects of rounding.
[2] Prepared under IAS 39 rather than IFRS 9.
[3] During the fourth quarter of 2017, the company repaid its Term Loan incurring an early repayment penalty and amortizing the remaining unamortized deferred financing costs associated with the Term Loan which resulted in a one-time before tax charge of $8.2 million. Normalized net income, diluted earnings per share and return on equity for the fourth quarter of 2017 was $11.4 million, 0.79 and 20.1% respectively.

Key financial measures for each of the last nine quarters are summarized in the table above and include the gross consumer loans receivable portfolio, revenue, net income and return on equity over this timeframe. Revenue growth over this time frame was primarily related to the growth of the gross consumer loans receivable portfolio. The larger revenue base, offset partially by higher operating expenses, increased the Company's net income and earnings per share while the increased scale of the business resulted in net income as a percentage of revenue also increasing over the presented time horizon. Lastly, return on equity has increased due to the increased earnings generated by the business and the higher level of financial leverage. Please refer to previous periods' MD&As for detailed analysis.

Portfolio Analysis

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

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

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

Consumer Loans Receivable Portfolio

Loan Originations and Net Principal Written

Gross loan originations is the value of all consumer loans receivable advanced to the Company's customers during the period where new credit underwritings have been performed. Included in gross loan originations are loans to new customers and new loans to existing customers, a portion of which is applied to eliminate their prior borrowings. When the Company extends additional credit to an existing customer, a full credit underwriting is performed using up-to-date information. Additionally, the loan repayment history of that customer throughout their relationship with the Company is considered in the credit decision. As a result, the quality of the credit decision is improved and has historically resulted in better performance. No additional credit is extended to a customer whose loan is delinquent.

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

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

	Three Months Ended	
($ in 000's)	**Mar. 31, 2019**	**Mar. 31, 2018**
Loan originations to new customers	**96,410**	85,160
Loan originations to existing customers	**123,028**	117,206
Less: Proceeds applied to repay existing loans	**(65,786)**	(55,944)
Net advance to existing customers	**57,242**	61,262
Net principal written	**153,652**	146,422

Gross Consumer Loans Receivable

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

	Three Months Ended	
($ in 000's)	**Mar. 31, 2019**	**Mar. 31, 2018**
Opening gross consumer loans receivable	**833,779**	526,546
Gross loan originations	**219,438**	208,837
Gross principal payments and other adjustments	**(143,031)**	(113,842)
Gross charge-offs before recoveries	**(30,816)**	(19,817)
Net growth in gross consumer loans receivable during the period	**45,591**	75,178
Ending gross consumer loans receivable	**879,370**	601,724

The scheduled principal repayment aging analysis of gross consumer loans receivable portfolio is as follows:

	March 31, 2019		March 31, 2018	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
0 – 6 months	**139,551**	**15.9%**	108,511	18.0%
6 – 12 months	**110,305**	**12.5%**	85,454	14.2%
12 – 24 months	**232,194**	**26.4%**	168,775	28.0%
24 – 36 months	**212,051**	**24.1%**	147,227	24.5%
36 – 48 months	**116,122**	**13.2%**	64,948	10.8%
48 – 60 months	**32,280**	**3.7%**	15,521	2.6%
60 months+	**36,867**	**4.2%**	11,288	1.9%
Gross consumer loans receivable	**879,370**	**100.0%**	601,724	100.0%

A breakdown of the gross consumer loans receivable portfolio categorized by the contractual time to maturity is as follows:

	March 31, 2019		March 31, 2018	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
0 – 1 year	**34,839**	**4.0%**	35,521	5.9%
1 – 2 years	**114,264**	**13.0%**	97,780	16.2%
2 – 3 years	**265,908**	**30.2%**	207,389	34.5%
3 – 4 years	**279,393**	**31.8%**	177,577	29.5%
4 – 5 years	**119,776**	**13.6%**	63,780	10.6%
5 years +	**65,190**	**7.4%**	19,677	3.3%
Gross consumer loans receivable	**879,370**	**100.0%**	601,724	100.0%

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

($ in 000's except percentages)	March 31, 2019		March 31, 2018	
	$	**% of total**	**$**	**% of total**
Gross consumer loans receivable, easyfinancial	**854,960**	**97.2%**	593,193	98.6%
Gross consumer loans receivable, easyhome	**24,410**	**2.8%**	8,531	1.4%
Gross consumer loans receivable	**879,370**	**100.0%**	601,724	100.0%

Financial Revenue and Net Financial Income

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

($ in 000's)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Financial revenue, easyfinancial	**104,611**	80,366
Financial revenue, easyhome	**3,356**	1,060
Financial revenue	**107,967**	81,426
Less: Interest expenses and amortization of deferred financing charges	**(12,898)**	(9,670)
Less: Bad debt expense	**(34,394)**	(24,378)
Net Financial Income	**60,675**	47,378

Total Yield on Consumer Loans

Total yield on consumer loans is calculated as the financial revenue generated (including revenue generated on the sale of ancillary products) on the Company's consumer loans receivable portfolio divided by the average of the month-end loan balances for the indicated period. Total yield on consumer loans is a measure of the revenue produced by the Company's consumer loans receivable portfolio. For interim periods, the rate is annualized.

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2019**	**March 31, 2018**
Financial revenue	**107,967**	81,426
Average gross consumer loans receivable	**862,512**	580,796
Total yield as a percentage of average gross consumer loans receivable (annualized)	**50.1%**	56.1%

Net Charge-Offs

In addition to loan originations, the consumer loans receivable portfolio during a period is impacted by charge-offs. Unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days are charged-off. In addition, customer loan balances are charged-off upon notification that the customer is bankrupt. Subsequent collections of previously charged-off accounts are netted with gross charge-offs during a period to arrive at net charge-offs.

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

	Three Months Ended	
($ in 000's except percentages)	**Mar. 31, 2019**	**Mar. 31, 2018**
Net charge-offs	**28,343**	18,026
Average gross consumer loans receivable	**862,512**	580,796
Net charge-offs as a percentage of average gross consumer loans receivable (annualized)	**13.1%**	12.4%

Allowance for Credit Losses

The allowance for expected credit losses is a provision that is reported on the Company's balance sheet that is netted against the gross consumer loans receivable to arrive at the net consumer loans receivable. The allowance for expected credit losses provides for credit losses that are expected to transpire in future periods. Customer loans for which we have received a notification of bankruptcy, unsecured customer loan balances that are delinquent greater than 90 days and secured customer loan balances that are delinquent greater than 180 days are charged-off against the allowance for loan losses.

($ in 000's except percentages)	Three Months Ended Mar. 31, 2019	March 31, 2018
Allowance for credit losses, beginning of period	**79,741**	49,112
Net charge-offs written off against the allowance	**(28,343)**	(18,026)
Bad debt expense	**34,394**	24,378
Allowance for credit losses, end of period	**85,792**	55,464
Allowance for credit losses as a percentage of the ending gross consumer loans receivable	**9.76%**	9.22%

IFRS 9 requires that forward-looking indicators ("FLIs") be considered when determining the allowance for credit losses. The analysis performed by the Company determined that a forecasted increase in the rate of unemployment, rate of inflation or a decrease in the expected future price of oil from the current rates has historically tended to increase the charge offs experienced by the Company. Conversely a forecasted decrease in the rate of unemployment, rate of inflation or an increase in the expected future price of oil from the current rates has historically tended to decrease the charge offs experienced by the Company. For purposes of determining its allowance for loan losses at each balance sheet date, the Company has decided to utilize the forecasts of these FLIs from five large Canadian banks. The impact on the allowance for credit losses as a percentage of ending gross consumer loans receivable should each of these FLIs increase (or decrease) by 10%, as at March 31, 2019 is as follows:

	Change in FLIs	Impact on allowance for credit losses as a percentage of the ending gross consumer loans receivable
Rate of unemployment	**+/- 10%**	**+/- 40 bps**
Rate of inflation	**+/- 10%**	**+/- 9 bps**
Oil prices	**+/- 10%**	**-/+ 24 bps**

Bad Debt Expense (Provision for Credit Losses)

The Company's bad debt expense is the amount that its allowance for future credit losses must be increased, after considering net-charge offs, such that the balance of the allowance for credit losses at each statement of financial position date is appropriate under IFRS. Operationally, this will require a larger provision to be taken when new consumer loans receivables are originated or purchased. Similarly, in periods where the Company grows its gross consumer loans receivable portfolio bad debt expense will tend to increase. An analysis of the Company's bad debt expense for the periods was as follows:

($ in 000's except percentages)	Three Months Ended March 31, 2019	March 31, 2018
Net charge-offs	**28,343**	18,026
Net change in allowance for credit losses	**6,051**	6,352
Bad debt expense	**34,394**	24,378
Financial revenue	**107,967**	81,426
Bad debt expense as a percentage of Financial Revenue	**31.9%**	29.9%

Aging of the Consumer Loans Receivable Portfolio

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

($ in 000's except percentages)	March 31, 2019		March 31, 2018	
	$	**% of total**	**$**	**% of total**
Current	**841,172**	**95.6%**	574,434	95.5%
Days past due				
1 - 30 days	**19,845**	**2.3%**	15,486	2.6%
31 - 44 days	**5,731**	**0.7%**	3,879	0.6%
45 - 60 days	**5,030**	**0.6%**	3,030	0.5%
61 - 90 days	**7,448**	**0.8%**	4,895	0.8%
91 – 180 days	**144**	**0.0%**	-	0.0%
	38,198	**4.4%**	27,290	4.5%
Gross consumer loans receivable	**879,370**	**100.0%**	601,724	100.0%

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

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

	Saturday, Mar. 30, 2019	Saturday, Mar. 31, 2018
	% of total	**% of total**
Current	**95.7%**	95.5%
Days past due		
1 - 30 days	**2.3%**	2.6%
31 - 44 days	**0.6%**	0.6%
45 - 60 days	**0.6%**	0.5%
61 - 90 days	**0.8%**	0.8%
91 – 180 days	**0.0%**	0.0%
	4.3%	4.5%
Gross consumer loans receivable	**100.0%**	100.0%

Consumer Loans Receivable Portfolio by Geography

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

	March 31, 2019		March 31, 2018	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Newfoundland & Labrador	**35,552**	**4.0%**	26,705	4.4%
Nova Scotia	**52,254**	**5.9%**	39,086	6.5%
Prince Edward Island	**8,682**	**1.0%**	7,150	1.2%
New Brunswick	**42,688**	**4.9%**	31,307	5.2%
Quebec	**42,192**	**4.8%**	30,462	5.1%
Ontario	**387,193**	**44.0%**	260,677	43.3%
Manitoba	**37,828**	**4.3%**	24,622	4.1%
Saskatchewan	**46,498**	**5.3%**	29,870	5.0%
Alberta	**117,085**	**13.3%**	77,206	12.8%
British Columbia	**99,211**	**11.3%**	68,043	11.3%
Territories	**10,187**	**1.2%**	6,596	1.1%
Gross consumer loans receivable	**879,370**	**100.0%**	601,724	100.0%

Consumer Loans Receivable Portfolio by Loan Type

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

	March 31, 2019		March 31, 2018	
($ in 000's except percentages)	**$**	**% of total**	**$**	**% of total**
Unsecured Instalment Loans	**810,969**	**92.2%**	582,026	96.7%
Secured Instalment Loans	**68,401**	**7.8%**	19,698	3.3%
Gross consumer loans receivable	**879,370**	**100.0%**	601,724	100.0%

Leasing Portfolio Analysis

Potential Monthly Leasing Revenue

The Company measures its leasing portfolio and the performance of its easyhome business through potential monthly lease revenue. Potential monthly lease revenue reflects the lease revenue that the Company's portfolio of leased merchandise would generate in a month providing it collected all lease payments contractually due in that period but excludes revenue generated by certain ancillary products. Potential monthly leasing revenue is an important indicator of the future revenue generating potential of the Company's lease portfolio. Potential monthly leasing revenue is calculated as the number of lease agreements outstanding multiplied by the average required monthly lease payment per agreement. Growth in potential monthly lease revenue is driven by several factors including an increased number of customers, an increased number of leased assets per customer as well as an increase in the average price of the leased items.

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

($ in 000's)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Opening potential monthly lease revenue	**9,141**	9,481
Decrease due to store closures or sales during the period	**(233)**	(136)
Increase/(decrease) due to ongoing operations	**(168)**	(93)
Net change	**(401)**	(229)
Ending potential monthly lease revenue	**8,740**	9,252

Potential monthly lease revenue is calculated as follows:

	March 31, 2019	March 31, 2018
Total number of lease agreements	**92,960**	101,299
Multiplied by the average required monthly lease payment per agreement	**94.02**	91.33
Potential monthly lease revenue ($ in 000's)	**8,740**	9,252

Leasing Portfolio by Product Category

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

	March 31, 2019		March 31, 2018	
($ in 000's except percentages)	$	% of total	$	% of total
Furniture	**3,990**	**45.7%**	4,214	45.5%
Electronics	**2,758**	**31.6%**	2,859	30.9%
Computers	**971**	**11.1%**	1,109	12.0%
Appliances	**1,021**	**11.6%**	1,070	11.6%
Potential monthly lease revenue	**8,740**	**100.0%**	9,252	100.0%

Leasing Portfolio by Geography

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

($ in 000's except percentages)	March 31, 2019		March 31, 2018	
	$	% of total	$	% of total
Newfoundland & Labrador	**724**	**8.3%**	789	8.5%
Nova Scotia	**778**	**8.9%**	816	8.8%
Prince Edward Island	**143**	**1.6%**	155	1.7%
New Brunswick	**661**	**7.6%**	680	7.3%
Quebec	**570**	**6.5%**	568	6.1%
Ontario	**2,978**	**34.1%**	3,118	33.8%
Manitoba	**252**	**2.9%**	251	2.7%
Saskatchewan	**399**	**4.6%**	434	4.7%
Alberta	**1,322**	**15.1%**	1,383	15.0%
British Columbia	**913**	**10.4%**	966	10.4%
USA	**-**	**0.0%**	92	1.0%
Potential monthly lease revenue	**8,740**	**100.0%**	9,252	100.0%

Leasing Charge-Offs

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

($ in 000's except percentages)	Three Months Ended	
	March 31, 2019	March 31, 2018
Net charge-offs	**909**	958
Leasing revenue	**31,893**	33,351
Net charge-offs as a percentage of easyhome revenue	**2.9%**	2.9%

Key Performance Indicators and Non-IFRS Measures

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

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

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

Same Store Revenue Growth

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

	Three Months Ended	
	March 31, 2019	**March 31, 2018**
Same store revenue growth (overall)	**21.3%**	23.1%
Same store revenue growth (easyhome)	**4.7%**	3.6%

Operating Expenses Before Depreciation and Amortization

The Company defines operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. The Company believes that operating expenses before depreciation and amortization is an important measure of the efficiency of its operations.

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2019 [1]**	**March 31, 2018**
Operating expenses before depreciation and Amortization	**84,727**	76,466
Divided by revenue	**139,860**	114,777
Operating expenses before depreciation and amortization as % of revenue	**60.6%**	66.6%

[1] As previously described, the Company adopted *IFRS 16, Leases* effective January 1, 2019. The adoption of IFRS 16 had an insignificant impact on net income in the three-month period ended March 31, 2019, however it did serve to reduce operating expenses before depreciation and amortization as well as operating expenses before depreciation and amortization expressed as a percentage of revenue.

Operating Margin

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

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2019 [1]**	**March 31, 2018**
easyfinancial		
Operating income	**41,350**	29,461
Divided by revenue	**104,611**	80,366
easyfinancial operating margin	**39.5%**	36.7%
easyhome		
Operating income	**7,148**	5,414
Divided by revenue	**35,249**	34,411
easyhome operating margin	**20.3%**	15.7%
Total		
Operating income	**38,810**	24,924
Divided by revenue	**139,860**	114,777
Total operating margin	**27.7%**	21.7%

[1] As previously described, the Company adopted *IFRS 16, Leases* effective January 1, 2019. The adoption of IFRS 16 had an insignificant impact on net income in the three-month period ended March 31, 2019, however it did serve to increase operating income and operating margin.

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and EBITDA Margin

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

	Three Months Ended	
($ in 000's except percentages)	**March 31, 2019 [1]**	**March 31, 2018**
Net income	**18,273**	11,074
Finance costs	**13,501**	9,670
Income tax expense	**7,036**	4,180
Depreciation and amortization, excluding dep. of lease assets	**6,673**	3,385
EBITDA	**45,483**	28,309
Divided by revenue	**139,860**	114,777
EBITDA margin	**32.5%**	24.7%

[1] As previously described, the Company adopted *IFRS 16, Leases* effective January 1, 2019. The adoption of IFRS 16 had an insignificant impact on net income in the three-month period ended March 31, 2019, however it did serve to increase EBITDA and EBITDA margin.

Return on Assets

The Company defines return on assets as annualized net income in the period divided by average total assets for the period. The Company believes return on assets is an important measure of how total assets are utilized in the business.

	Three Months Ended	
($ in 000's except periods and percentages)	**March 31, 2019**	**Mar. 31, 2018**
Net income	**18,273**	11,074
Multiplied by number of periods in year	**X 4/1**	X 4/1
Divided by average total assets for the period	**1,099,847**	746,155
Return on Assets	**6.6%**	5.9%

Return on Equity

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

	Three Months Ended	
($ in 000's except periods and percentages)	**March 31, 2019**	**Mar. 31, 2018**
Net income	**18,273**	11,074
Multiplied by number of periods in year	**X 4/1**	X 4/1
Divided by average shareholders' equity for the period	**299,900**	223,561
Return on equity	**24.4%**	19.8%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at March 31, 2019 and March 31, 2018.

($ in 000's, except for ratios)	March 31, 2019	March 31, 2018
Consumer loans receivable, net	**824,747**	565,407
Cash	**74,740**	57,292
Lease assets	**49,229**	51,663
Right-of-use assets	**41,756**	-
Property and equipment	**22,155**	15,525
Goodwill	**21,310**	21,310
Derivative financial assets	**16,706**	-
Intangible assets	**14,740**	14,304
Other assets	**35,628**	29,852
Total assets	**1,101,011**	755,353
External debt	**688,995**	467,674
Lease liabilities	**47,408**	-
Derivative financial liabilities	**-**	4,281
Other liabilities	**63,055**	63,299
Total liabilities	**799,458**	535,254
Shareholders' equity	**301,553**	220,099
Total capitalization (external debt plus total shareholders' equity)	**990,548**	687,773
External debt to shareholders' equity	**2.28**	2.12
Net debt to net capitalization [1]	**0.67**	0.65
External debt to EBITDA	**4.63**	4.51

[1] Net debt is calculated as external debt less cash. Net debt to net capitalization is net debt divided by the sum of net debt and shareholders' equity.

Total assets were $1,101 million as at March 31, 2019, an increase of $346 million or 45.8% compared to March 31, 2018. The increase was related to: i) the $259 million increase in the net consumer loans receivable portfolio; ii) $17 million increase in cash due to the issuance of notes receivable and equity in the second half of 2018; iii) the adoption of IFRS 16 which resulted in a $42 million right-of-use asset being recognized in the first quarter of 2019; and iv) the revaluation of the derivative financial asset resulting in an asset of $17 million.

The $346 million growth in total assets was primarily financed by: i) a $221 million increase in external debt (principally the issuance of US$150 million in Notes Payable) and ii) the $81.5 million increase in total shareholder's equity, which was driven by earnings generated by the Company and the issuance of 920,000 common shares in the fourth quarter of 2018 (offset partially by share buybacks under the Company's normal course issuer bid). While the Company has continued to pay a dividend to its shareholders, a large portion of the Company's earnings over the prior 12 months have been retained to fund the growth of easyfinancial.

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

At March 31, 2019, the Company's external debt consisted of USD$475 million of Notes and $44.1 million of Convertible Debentures with net carrying values of $648.8 million and $40.2 million, respectively. As at March 31, 2019 the Company did not have a balance owing under its revolving credit facility. The maximum principal amount available to be borrowed under the revolving credit facility as at March 31, 2019 was $189.5 million.

Borrowings under the Notes bore a US$ coupon rate of 7.875%. The Company has issued two tranches of Notes. Through a cross currency swap agreement arranged concurrent with the first offering of the USD$325 million Notes in November 2017, the Company fixed the foreign exchange rate for the proceeds from the offering and for all required payments of principal and interest under these Notes, effectively hedging the obligation at $418.9 million with a Canadian dollar interest rate of 7.84%. Concurrent with the second offering of an additional US$150 million in Notes in July 2018, the Company fixed the foreign exchange rate for the proceeds from the offering and for all required payments of principal and interest under these Notes, effectively hedging the obligation at $197.5 million. These Notes were issued at premium to par resulting in an interest rate excluding the effect of financing charges of 6.17%. All Notes are due on November 1, 2022.

Borrowings under the Convertible Debenture bore interest at 5.75% while borrowings under the revolving credit facility bore interest at the Canadian Bankers' Acceptance rate plus 450 bps or lender's prime rate plus 350 bps, at the option of the Company. The Convertible Debentures mature on July 31, 2022, and are convertible at the holder's option into common shares of the Company at a conversion price of $44.00 per share. As at March 31, 2019, $8.9 million of convertible debentures had converted into 203,000 common shares.

The average blended interest rate for the Company's debt as at March 31, 2019 was 7.2% down from 7.6% as at March 31, 2018.

Liquidity and Capital Resources

Summary of Cash Flow Components

	Three Months Ended	
($ in 000's)	**March 31, 2019**	**March 31, 2018**
Cash provided by operating activities before issuance of consumer loans receivable	**76,869**	55,498
Net issuance of consumer loans receivable	**(76,916)**	(93,768)
Purchase of lease assets	**(8,613)**	(7,848)
Cash used in operating activities	**(8,660)**	(46,118)
Cash used in investing activities	**(685)**	(1,033)
Cash used in financing activities	**(16,103)**	(4,927)
Net increase (decrease) in cash for the period	**(25,448)**	(52,078)

The Company provides loans to cash and credit constrained borrowers. The Company obtains capital which is treated as cash flows from financing activities and then advances funds to borrowers as loans which are treated as cash used in operating activities. When borrowers make loan payments this generates cash flow from operating activities and income over time. As such when the Company is growing its portfolio of consumer loans it will tend to use cash in operating activities.

Cash used in operating activities for the three-month period ended March 31, 2019 was $8.7 million compared with $46.1 million in the same period of 2018. The lower cash used in operating activities was mainly driven by the lower net issuance of consumer loans receivable in the current period as well as higher net income and non-cash expenses (such as bad debts expense) in the current period.

Included in cash used in operating activities for the three-month period ended March 31, 2019 were: i) a net investment of $76.9 million to increase the consumer loans receivable portfolio and ii) the purchase of lease assets of $8.6 million. If the net issuance of consumer loans receivable and the purchase of lease assets were treated as cash flows from investing activities, the cash flows generated by operating activities would have been $76.9 million for the three months ended March 31, 2019, up $21.4 million from the same period of 2018. The increase is due to the higher level of net income and higher non-cash expenses in the current period (such as bad debt expense).

During the three-month period ended March 31, 2019, the Company used $16.1 million in cash flow from financing activities. During the quarter the company repurchased $11.8 million shares under the Company's Normal Course Issuer Bid, $3.9 million payment of lease liabilities and $3.2 million payment of dividends, offset partially by $2.9 million generated on the exercise of stock options by management.

During the three-month period ended March 31, 2019, cash used in investing activities was $0.7 million compared with $1.0 million in the same period of 2018.

Outstanding Shares & Dividends

As at May 7, 2019 there were 14,391,865 common shares, 236,694 DSUs, 569,783 options, 427,417 RSUs, and no warrants outstanding.

Normal Course Issuer Bid

On June 22, 2017, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a Normal Course Issuer Bid ("NCIB") to commence June 27, 2017. This NCIB terminated on June 26, 2018. The Company had not cancelled any of its common shares pursuant to this June 22, 2017 NCIB.

On November 8, 2018, the Company announced the acceptance by the TSX of the Company's Notice of Intention to Make a NCIB to commence November 13, 2018, (the "Notice of Intention"). Pursuant to this NCIB, the Company proposed to purchase, from time to time, if it is considered advisable, up to an aggregate of 555,000 common shares which represented approximately 5% of the 14,803,919 common shares issued and outstanding as at October 30, 2018. Under the November 8, 2018 NCIB, daily purchases were limited to 9,052 common shares, other than block purchase exemptions. The purchases may commence on November 13, 2018 and will terminate on November 12, 2019 or on such earlier date as goeasy may complete its purchases pursuant to the Notice of Intention. On February 25, 2019, the Company announced the acceptance by the TSX of the Company's amendment to the Notice of Intention to increase the aggregate number of common shares that may be purchased to 887,000 common shares which represented approximately 8% of the common shares issued and outstanding as at October 30, 2018. The purchases made by goeasy were affected through the facilities of the TSX, as well as alternative trading systems, and in accordance with the rules of the TSX. The price that the Company paid for any common shares was the market price of such shares at the time of acquisition. The Company will not purchase any common shares other than by open-market purchases. As at March 31, 2019, the Company had canceled 681,952 common shares pursuant to this November 8, 2018 NCIB at an average price of $39.34 for a total cost of $26.8 million.

Dividends

During the quarter ended March 31, 2019, the Company paid a $0.225 per share quarterly dividend on outstanding common shares.

On February 20, 2019, the Company increased the dividend rate by 38% from 0.225 to 0.31. For the quarter ended March 31, 2019, the Company paid a $0.310 per share quarterly dividend on outstanding common shares. This dividend was paid on April 12, 2019. The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant.

However, no dividends can be declared in the event there is a default of the loan facility, or where such payment would lead to a default.

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

	2019	2018	2017	2016	2015	2014	2013
Dividend per share	**$ 0.225**	**$ 0.18**	**$ 0.125**	**$ 0.100**	**$ 0.085**	**$ 0.085**	**$ 0.085**
Percentage increase	**25.0%**	**44.0%**	**25.0%**	**17.6%**	**0.0%**	**0.0%**	**0.0%**

Commitments, Guarantees and Contingencies

The nature of the Company's commitments, guarantees and contingencies remain as described in its December 31, 2018 MD&A.

Risk Factors

Overview

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

The Company's risk factors remain as described in its December 31, 2018 MD&A.

Critical Accounting Estimates

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

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

The Company's critical Accounting Estimates are as described in the December 31, 2018 notes to the consolidated financial statements other than as related to the recent implementation of IFRS 16, *Leases* which are as described in the March 31, 2019 notes to the interim condensed consolidated financial statements.

Adoption of New Accounting Standards

On January 1, 2019, the Company adopted IFRS 16, the impact of which has been described earlier in this MD&A and in the notes to the Company's consolidated financial statements for the period ended March 31, 2019.

Internal Controls

Disclosure Controls and Procedures ("DC&P")

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

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*". Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company's disclosure controls and procedures were effective as at March 31, 2019.

Internal Controls over Financial Reporting ("ICFR")

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

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

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

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

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

As at March 31, 2019, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at March 31, 2019.