IOU FINANCIAL INC.

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

INTRODUCTION

The following management's discussion and analysis ("MD&A") of IOU Financial Inc. ("IOU Financial" or the "Company"), prepared as of November 14, 2018, should be read in conjunction with, and is qualified in its entirety by reference to, the condensed interim consolidated financial statements as at and for the three and nine-month period ended September 30, 2018 and 2017 and related notes which have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB").

All amounts are expressed in Canadian dollars unless otherwise indicated.

OVERVIEW

IOU Financial provides small businesses throughout the US and Canada access to the capital they need to seize growth opportunities quickly. Typical customers include medical and dental practices, grocery and retail stores, salons, gas stations, auto repair shops, and restaurants. In a unique approach to lending, IOU Financial's advanced, automated application and approval system accurately assesses applicants' financial realities, with an emphasis on day-to-day cash flow trends. IOU Financial allows these businesses to apply for six, nine, twelve, fifteen and eighteen-month term loans of up to US$300,000 to qualified US applicants ($100,000 in Canada) within a few business days, with affordable charges favorable to cash-flow management. Its speed and transparency make IOU Financial a trusted alternative to banks. To lean more visit: IOUFinancial.com.

As at September 30, 2018, IOU Financial's customers had been in business an average 11.6 years (based on their incorporation date) at the time of application. These businesses borrowed on average US$66,060 for a weighted average term of 11.9 months and generally used the funds to purchase new equipment, invest in an increased workforce, attend to repairs, expand their business, purchase more inventory or increase marketing efforts**.**

IOU Financial finances its lending activities in part by selling some of its commercial loans receivable to third party purchasers on a non-recourse basis and retaining the servicing rights for these loans in exchange for a service fee.

As a lender, IOU Financial earns revenue from fees it charges to its borrowers, interest payments it receives on loans it has funded, gains on the sale of loans it has sold as well as servicing fees it charges third-party purchasers for servicing the loans. A referral fee is earned on loans that are referred to and funded by other third-party lenders.

IOU Financial's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "IOU". Since commencing commercial lending operations in December of 2009 until September 30, 2018, the Company has originated approximately US$598.7 million. IOU Financial had 43 full-time employees as at September 30, 2018.

CORPORATE HISTORY

IOU Financial is the continuation of Matco Ravary Inc. ("Matco Ravary"), a Company founded in 1977, which specialized for over 40 years in the retailing of home improvement and building materials. On November 1, 2002, Matco Ravary sold its operating assets to a company involved in the same sector, thereby ceasing all operations in the home improvement and building materials retailing sector. On May 14, 2004, substantially all of its issued and paid-up capital was distributed to its shareholders.

On April 29, 2005, Matco Ravary changed its corporate name to MCO Capital Inc. ("MCO"). During the following fiscal years, the main business and objective of MCO was to identify and evaluate businesses and assets with a view to a potential acquisition.

On February 28, 2011, MCO completed a reverse acquisition and acquired all of the issued and outstanding shares of IOU Central Inc. ("IOU Central"), a Canadian corporation incorporated in August 2006. On the same day, MCO also acquired all of the issued and outstanding shares of IOU USA, other than the shares of IOU USA already held by IOU Central. IOU USA was incorporated in Delaware in August 2006. In connection with the completion of the reverse acquisition, MCO effected a share consolidation and changed its name from "MCO Capital Inc." to "IOU Financial Inc."

FORWARD-LOOKING STATEMENTS

Statements made in this MD&A that describe IOU Financial's or management's budgets, estimates, expectations, forecasts, objectives, predictions or projections of the future may be "forward-looking statements". Forward-looking statements are statements, other than statements of historical fact, that address or discuss activities, events or developments that IOU Financial expects or anticipates may occur in the future. The forward-looking statements can be identified by the use of the conditional or forward-looking terminology such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon.

IOU Financial cautions that, by their nature, forward-looking statements involve risks and uncertainties. A number of factors could cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements, including but not limited to, risks inherent in growing a new business, dependence on third-party service providers, competition, regulatory risk, dependence on key personnel, risks related to rapid growth of the Company, security and confidentiality risk, risk related to inability to attract borrowers and lenders, technological development risk, IT disruptions, maintenance of client relationships, litigation risk, volatility of stock price, and other factors that are beyond its control. IOU Financial cautions that the foregoing list of factors is not exhaustive. For more information on risks and uncertainties and assumptions that would cause the company's actual results to differ from current expectations, please refer to the section "Risks and Uncertainties" of this MD&A.

The forward-looking statements in this MD&A reflect IOU Financial's views as at the date of this MD&A and are based on certain assumptions including assumptions as to future economic conditions and courses of action, as well as other factors management believes are appropriate in the circumstances. IOU Financial does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

OVERALL PERFORMANCE AND SELECTED FINANCIAL INFORMATION

The following table summarizes key financial data for each of the respective periods. The financial information presented below has been presented in Canadian dollars (except where otherwise noted) and has been prepared in accordance with International Financial Reporting Standards (IFRS).

Summarized Financial Data

	Three-Month		Nine-Month	
For the period ended September 30	**2018** **$**	2017 $	**2018** **$**	2017 $
Loan originations ($US)	**36,139,229**	19,568,037	**89,872,933**	67,797,989
Principal balance of loan portfolio	**30,210,516**	35,039,898	**30,210,516**	35,039,898
Principal balance of servicing portfolio	**54,517,707**	25,821,026	**54,517,707**	25,821,026
Total loans under management	**84,728,223**	60,860,924	**84,728,223**	60,860,924
Gross revenue	**4,871,322**	4,541,659	**13,947,905**	13,198,510
Net revenue	**2,819,265**	1,134,786	**8,390,128**	3,614,448
Net earnings (loss)	**600,593**	(1,432,439)	**2,250,580**	(4,507,871)
Net earnings (loss) per share[(1)]	**0.01**	(0.02)	**0.03**	(0.06)
Adjusted net earnings (loss)	**623,795**	(1,202,303)	**2,142,268**	(3,193,729)
Total assets	**41,485,667**	42,929,508	**41,485,667**	42,929,508
Total liabilities	**30,959,987**	34,867,089	**30,959,987**	34,867,089

(1) Basic and diluted. The net earnings (loss) per share has been calculated using the weighted average number of shares outstanding during each period.

IOU Financial's innovative lending platform continues to emerge as a viable solution to the challenges small businesses face when trying to obtain financing. IOU Financial believes that a large opportunity exists to expand its presence in what it believes is a significantly underserved market.

During the three-month period ended September 30, 2018, IOU Financial originated (funded) approximately US$36.1 million in loans (2017: US$19.6 million) representing an increase of 84.7% over the same period last year. During the nine-month period ended September 30, 2018, IOU Financial originated (funded) approximately US$89.9 million in loans (2017:US$67.8 million), representing an increase of 32.6% over the same period last year.

For the three-month period ended September 30, 2018, loans originated through the retail channel, where borrowers are sourced directly, increased 164.7%, year over year, to US$3.6 million as a result of direct marketing efforts and referrals received from strategic partnerships entered into since 2017 with entities such as payment processors and small business suppliers. Loans originated through our wholesale channel, where borrowers are sourced via relationships with third-party business loan brokers, increased 78.7% year over year to US$32.6 million For the nine-month period ended September 30, 2018, loans originated through the retail channel increased 108.0%, year over year, to US$9.2 million. Loans originated through our wholesale channel increased 27.3% year over year to US$80.6 million.

As at September 30, 2018, total loans under management amounted to approximately $84.7 million (2017: $60.9 million), representing an increase of 39.2% over the same period in 2017. As at September 30, 2018, the principal balance of the loan portfolio amounted to $30.2 million (2017: $35.0 million). Through a series of debt assignment agreements concluded during the nine-month period ended September 30, 2018, IOU Financial sold some of its commercial loans receivable to third-party purchasers on a non-recourse basis for total proceeds of $71.6 million (2017: $29.5 million). IOU Financial retained the servicing rights (payment collections) for these loans in exchange for a servicing fee. As at September 30, 2018, the principal balance of IOU Financial's servicing portfolio (loans being serviced on behalf of third-parties) amounted to approximately $54.5 million (2017: $25.8 million), representing an increase of 111.1%.

Gross revenues, comprised of interest revenue, net gains recognized on loan sales as well as fees and servicing income, totaled $4,871,322 for the three-month period ended September 30, 2018 (2017: $4,541,659), representing an increase of 7.3% over the previous year. The increase being principally due to an increase in net gains recognized on the sale of loans which amounted to $1,232,729 (2017: $615,386) following the increase in loans sold to third parties. Other fees and servicing income also increased to $384,073 (2017: $323,367). Interest income amounted to $3,254,520 for the three-month ended September 30, 2018 (2017: $3,602,906), representing a decrease of 9.7% over the previous year, as a result of a decrease in the size of the loan portfolio. For the nine-month period ended September 30, 2018, gross revenues totaled $13.9 million ($13.2 million in 2017), representing an increase of 5.7%.

Interest expense during the three-month period ended September 30, 2018 decreased by 9.7% to $854,098, down from $945,720 over the previous year. The decrease is attributable to a decrease in borrowings under the credit facility. For the nine-month period ended September 30, 2018, interest expense totaled $2,491,162 ($2,836,648 in 2017), representing a decrease of 12.2%.

Provision for loan losses (net of recoveries) decreased by 51.3% to $1,197,959 for the three-month period ended September 30, 2018 (2017: $2,461,153). This decrease is primarily attributable to lower defaults by borrowers as well as by the smaller size of the loan portfolio. The improvement in the provision for loan losses (net of recoveries) is a result of changes made in 2017 in the Company's lending policies and in the loan servicing and collection process, which includes an aggressive litigation strategy against businesses who default on their loan obligations. For the nine-month period ended September 30, 2018, provision for loan losses (net of recoveries) totaled $3,066,615 ($6,747,414 in 2017), representing a decrease of 54.6%.

Net revenue totaled $2,819,265 for the three-month period ended September 30, 2018 (2017: $1,134,786), representing an increase of 148.4% over the previous year, primarily driven by the decrease of 51.3% in the provision for loan losses (net of recoveries). For the nine-month period ended September 30, 2018, net revenue totaled $8,390,128 (2017: $3,614,448), representing an increase of 132.1%

Operating expenses, excluding non-recurring costs, decreased 1.3% to $2.19 million for the three-month period ended September 30, 2018 (2017: $2.22 million). This was slightly above the Company's anticipated average quarterly operating expense figure of $2.0 million for the remainder of 2018 as the Company incurred additional legal costs in its litigation strategy against business who default on their loan obligations as well as additional marketing cost to drive more originations. The decrease year over year is attributable to the Company's plan to reduce operating expenses initially introduced in the third quarter of 2016. The plan resulted in reduced headcount thereby lowering employee compensation costs, a decrease in marketing costs and reduced professional fee expenses due to vendor contract re-negotiations. For the nine-month period ended September 30, 2018, operating expenses, excluding non-recurring costs, totaled $6.1 million ($7.2 million in 2017), representing a decrease of 14.8%.

For the three-month period ended September 30, 2018, IOU Financial had positive net earnings of $600,593 or $0.01 per share compared to a net loss of $1,432,439 or $(0.02) per share in 2017. For the nine-month period ended September 30, 2018, net earnings totaled $2,250,580 (2017: net loss of $4,507,871).

Adjusted earnings for the three-month period ended September 30, 2018 was $623,795 (2017: adjusted net loss of $1,202,303). The $1.8 million improvement in adjusted earnings is principally due to better loan quality, as demonstrated by the $1.3 million decrease in the provision for loan losses, as well as to the increase in gross revenue in the quarter compared to the same period last year. Adjusted earnings for the nine-month period ended September 30, 2018 totaled $2,142,268 (2017: adjusted net loss of $3,193,729).

RESULTS OF OPERATIONS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

The following table presents IOU Financial's condensed interim consolidated statement of comprehensive income for the three and nine-month period ended September 30, 2018 and 2017. The financial information is presented in Canadian dollars (except where otherwise noted) and was prepared in accordance with IFRS.

Condensed Interim Consolidated Statement of Comprehensive Income (Loss)

	Three-Month		Nine-Month	
For the period ended September 30	**2018** **$**	2017 $	**2018** **$**	2017 $
Gross revenue	**4,871,322**	4,541,659	**13,947,905**	13,198,510
Cost of revenue	**2,052,057**	3,406,873	**5,557,777**	9,584,062
Net revenue	**2,819,265**	1,134,786	**8,390,128**	3,614,448
Operating expenses	**2,189,185**	2,567,225	**6,139,548**	8,021,209
Earnings (loss) before income taxes	**630,080**	(1,432,439)	**2,250,580**	(4,406,761)
Income tax recovery (expense)	**(29,487)**	-	**-**	101,110
Net earnings (loss)	**600,593**	(1,432,439)	**2,250,580**	(4,507,871)
Currency translation differences	**(343,505)**	(699,191)	**603,402**	(1,164,495)
Total comprehensive income (loss)	**257,088**	(2,131,630)	**2,853,982**	(5,672,366)
Net earnings (loss) per share	**0.01**	(0.02)	**0.03**	(0.06)
Adjusted earnings (net loss)	**623,795**	(1,202,303)	**2,142,268**	(3,193,729)

Gross Revenue

IOU Financial's gross revenue consists of interest revenue earned on loans it has funded and servicing fees on loans sold to loan purchasers. Gross revenue also includes net gains recognized on the sale of loans.

The following table summarizes revenues by category.

Total Revenue by Category

	Three-Month		Nine-Month	
For the period ended September 30	**2018** **$**	2017 $	**2018** **$**	2017 $
Gross Revenue				
Interest revenue	**3,254,520**	3,602,906	**9,926,771**	11,051,883
Other fees and servicing income	**384,073**	323,367	**1,198,896**	634,386
Net gain recognized on sale of loans	**1,232,729**	615,386	**2,822,238**	1,512,241
Gross Revenue	**4,871,322**	4,541,659	**13,947,905**	13,198,510

For the three-month period ended September 30, 2018:
Gross revenue for the three-month period ended September 30, 2018 was $4,871,322 (2017: $4,541,659). The increase of $329,663 is attributable to the following: net gains recognized on loan sales increased by $0.6 million during the 2018 period from $615,386 to $1,232,729. This increase is due to an increase in the number of loans sold. Other fees and servicing income increased by $60,706 from $323,367 in 2017 to $384,073 in 2018 due primarily to an increase in service fee income earned as a result of an increase in loans sold during the period compared to the prior year as well as administrative fees introduced in Q3 2017. Interest revenue decreased by $348,386 from $3,602,906 earned during the 2017 period to $3,254,520 in 2018 due to lower average principal balance of the loan portfolio during the respective periods.

For the nine-month period ended September 30, 2018:
Gross revenue for the nine-month period ended September 30, 2018 was 13,947,905 (2017: 13,198,510). The increase of $749,395 is attributable to the following: other fees and servicing income increased by $564,510 from $634,386 in 2017 to $1,198,896 in 2018, while interest revenue decreased by $1,125,112 from $11,051,883 earned during the 2017 period to $9,926,771 in 2018. Net gains recognized on loan sales increased by $1,309,997 during the 2018 period from $1,512,241 to $2,822,238.

Cost of revenue

IOU Financial's cost of revenue consists primarily of interest costs incurred in connection with the financing of its lending activities and provisions for loan losses (net of recoveries). The following table summarizes cost of revenue by category.

Cost of Revenue by Category

	Three-Month		Nine-Month	
For the period ended September 30	**2018 $**	2017 $	**2018 $**	2017 $
Cost of revenue				
Interest expense	**854,098**	945,720	**2,491,162**	2,836,648
Provision for loan losses, net of recoveries	**1,197,959**	2,461,153	**3,066,615**	6,747,414
Total cost of revenue	**2,052,057**	3,406,873	**5,557,777**	9,584,062

For the three-month period ended September 30, 2018:
Cost of revenue for the three-month period ended September 30, 2018, compared to the same period in 2017, decreased by $1,354,816, from $3,406,873 in 2017 to $2,052,057 in 2018. This decrease is attributable to a decrease of $91,622 in interest expense, from $945,720 in 2017 to $854,098 and a decrease in the provision for loan losses, net of recoveries, of $1,263,194, from $2,461,153 in 2017 to $1,197,959 in 2018.

The decrease of interest expense is attributable to a decrease in borrowings under the credit facility.

The provision for loan losses, net of recoveries, decreased primarily as a result of a decrease in defaults by borrowers as well as by the smaller size of the loan portfolio. The improvement in the provision for loan losses (net of recoveries) is a result of changes made in 2017 in the Company's lending policies and in the loan servicing and collection process, which includes an aggressive litigation strategy against business who default on their loan obligations.

For the nine-month period ended September 30, 2018:
Cost of revenue for the nine-month period ended September 30, 2018, compared to the same period in 2017, decreased by $4,026,285, from $9,584,062 in 2017 to $5,557,777 in 2018. This decrease is attributable to a decrease of $345,486 in interest expense, from $2,836,648 in 2017 to $2,491,162 and a decrease in the provision for loan losses, net of recoveries, of $3,680,799, from $6,747,414 in 2017 to $3,066,615 in 2018.

Operating Expenses:

IOU Financial's operating expenses consist primarily of compensation costs and professional service fees, including consulting services, legal, audit and accounting fees as well as stock-based compensation and other operating costs.

For the three-month period ended September 30, 2018:
Operating expenses, excluding non-recurring costs, decreased by $28,988 to $2,189,185 during the three-month period ended September 30, 2018 compared to $2,218,173 in the same period in 2017.

For the nine-month period ended September 30, 2018:
Operating expenses, excluding non-recurring costs, decreased by $1.1 million to $6.1 million during the nine-month period ended September 30, 2018 compared to $7.2 million in the same period in 2017. This decrease can be attributed to the following:

- a decrease of $430,741 in data services due to a renegotiation of existing vendor agreements;
- a decrease of $252,334 in employee compensation costs and $149,429 in rental expense following the cost reduction plan implemented in the quarter ended September 30, 2016;
- a decrease of $210,695 in professional fees following vendor contract cancellations in 2017; and
- a decrease of $52,402 in advertising and promotion due to a decrease in marketing efforts.

The above decreases are mainly attributable to the Company's plan to reduce operating expenses initially introduced in the third quarter of 2016. The plan resulted in reduced headcount thereby lowering employee compensation costs, a decrease in marketing costs and reduced professional fee expenses due to vendor contract re-negotiations.

Adjusted Net Earnings (Net Loss):

Adjusted net earnings (net loss) represents earnings (net loss) excluding certain non-cash items such as amortization and depreciation, stock-based compensation, net gain recognized on sale of loans, amortization of servicing asset, income tax and excluding certain non-recurring expenses. The Company uses adjusted earnings (net loss) as a measure of financial performance.

Adjusted Net Earnings (Net Loss)

	Three-Month		Nine-Month	
For the period ended September 30	**2018 $**	2017 $	**2018 $**	2017
Net earnings (loss)	**600,593**	(1,432,439)	**2,250,580**	(4,507,871)
Depreciation and amortization	**34,723**	30,195	**103,283**	96,177
Amortization of transaction costs	**90,926**	83,850	**247,801**	262,387
Stock-based compensation	**106,126**	38,286	**140,625**	128,385
Gain on servicing asset	**(1,088,475)**	(547,647)	**(2,490,685)**	(1,344,394)
Amortization of servicing asset	**850,415**	276,401	**1,890,664**	1,250,724
Income tax (recovery) expense	**29,487**	-	**-**	101,110
Non-recurring costs	**-**	349,051	**-**	819,753
Adjusted net earnings (net loss)	**623,795**	(1,202,303)	**2,142,268**	(3,193,729)

Adjusted net earnings for the three-month period ended September 30, 2018 was $623,795 million (2017: adjusted net loss of $1.2 million). The $1.8 million improvement in adjusted net earnings is principally due to the $1.3 million decrease in the provision for loan losses as well as to the increase in gross revenue in the quarter compared to the same period last year.

Adjusted net earnings for the nine-month period ended September 30, 2018 was $2,142,268 (2017: adjusted net loss of $3.2 million), representing an improvement of $5.3 million.

CONSOLIDATED FINANCIAL POSITION

The following table presents IOU Financial's condensed interim consolidated statement of financial position as at September 30, 2018 and December 31, 2017. The financial information is presented in Canadian dollars (except where noted) and was prepared in accordance with IFRS.

Condensed Interim Consolidated Statement of Financial Position

	September 30, 2018 **$**	December 31, 2017 $
Assets		
Commercial loans receivable	**31,179,608**	33,980,711
Allowance for loan losses	**(3,012,593)**	(2,750,844)
Commercial loans receivable – net	**28,167,015**	31,229,867
Non-portfolio assets	**13,318,652**	7,788,695
Total assets	**41,485,667**	39,018,562
Liabilities		
Credit facility	**18,593,058**	19,652,382
Convertible debentures – liability component	**10,378,572**	10,298,267
Other liabilities	**1,988,357**	838,501
Total liabilities	**30,959,987**	30,789,150
Shareholders' equity	**10,525,680**	8,229,412

Total Assets

Total assets increased by 6.3% from $39,018,562 at December 31, 2017 to $41,485,667 at September 30, 2018. This increase is attributable to an increase of $5.0 million in cash reserves (see "flow of funds" section below for an explanation of the variance) and of $0.6 million in servicing assets following increased sales of loans, offset by a decrease of $3.1 million in net commercial loans receivable.

Total Liabilities

IOU Financial's total liabilities increased 0.6% from $30,789,150 at December 31, 2017 to $30,959,987 at September 30, 2018. The increase is due to an increase of $1.1 million in accounts payable, offset by a reimbursement of US$1 million of the financing credit facility during the period.

Shareholders' Equity

Shareholders' Equity increased 27.9% from $8,229,412 at December 31, 2017 to $10,525,680 at September 30, 2018. This increase is attributable to current period comprehensive income.

LIQUIDITY AND CAPITAL RESOURCES

IOU Financial's primary sources of liquidity and capital resources are cash-on-hand, cash provided by operations and cash provided by financing through the issuance of equity and/or debt securities as well as the sale of loans.

The Company continues to review the current terms of its credit facility in order to best meet its liquidity needs. During the first quarter of 2018, the Company paid down US$1 million of its financing credit facility. In February and July 2018, the Company modified and extended until December 31, 2020 its credit facility. The amount of the extended credit facility is US$22.0 million including a US$7.0 million revolver amount as well as a US$15.0 million term portion.

During the nine-month period ended September 30, 2018, the Company sold $71.6 million (2017: $29.5 million) of commercial loans receivable. The loan sales program continues to provide the Company with additional liquidity to meet its growing loan demand and increase its presence in the marketplace.

Operating lease commitments

The Company leases offices under agreements having original terms between 5 and 12 years that are non-cancellable prior to August 31, 2023. These leases are renewable at the end of the respective lease terms.
The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	September 30, 2018
No later than 1 year	**241,850**
Later than 1 year and no later than 4 years	**935,623**
Later than 5 years	**-**
Total	**1,177,473**

Flow of funds

The following table presents a summary of cash flows for the nine-month period ended September 30, 2018 and 2017.

Condensed Interim Consolidated Statement of Cash Flows

For the nine-month period ended September 30	**2018** **$**	2017 $
Cash generated by in operating activities	**8,971,734**	4,009,838
Cash used in financing activities	**(4,104,047)**	(1,373,066)
Cash used in investing activities	**(30,036)**	(9,903)
Increase in cash	**4,837,651**	2,626,869
Exchange rate difference on cash	**157,926**	(368,589)
Net increase in cash	**4,995,577**	2,258,280

Cash used in operating activities

The $5.0 million increase in cash generated from operating activities for the nine-month period ended September 30, 2018, compared to the same period in 2017, was primarily related to an increase of $42.2 million in the cash inflow from the sale of commercial loans (2017: $29.5 million compared to $71.6 million in 2018) and an increase in net earnings of $6.8 million, offset by an increase in cash outflow of $41.9 million resulting from a decrease in commercial loans receivable funded (2017: $25.2 million compared to 2018: $67.1 million).

Cash generated from financing activities

The $2.7 million increase in cash used in financing activities for the nine-month period ended September 30, 2018, compared to the same period in 2017, is primarily due to a decrease in cash inflows of $3.2 million resulting from the issuance of equity in 2017 ($nil in 2018), partially offset by and a decrease in the amount of interest paid during the respective periods.

Cash used in investing activities

The $20,133 increase in cash used by investing activities for the nine-month period ended September 30, 2018, compared to the same period in 2017, is due to an increase in cash outflows for the purchase of equipment and intangible assets.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results

For the quarters ended	**Sept 30/18**	Jun 30/18	Mar 31/18	Dec 31/17
	$	$	$	$
Gross revenue	**4,871,322**	4,638,606	4,437,977	4,216,586
Net revenue	**2,819,265**	2,899,750	2,671,113	1,886,487
Net earnings	**600,593**	852,789	797,198	52,589
Income per share (1)	**0.01**	0.01	0.01	0.01

For the quarters ended	Sept 30/17	Jun 30/17	Mar 31/17	Dec 31/16
	$	$	$	$
Gross revenue	4,541,659	4,363,634	4,293,217	4,917,746
Net revenue	1,134,786	1,037,002	1,442,660	789,983
Net loss	(1,432,439)	(2,080,347)	(995,085)	(1,669,856)
Net loss per share (1)	(0.02)	(0.03)	(0.01)	(0.03)

(1) Basic and diluted. Income (loss) per share has been calculated using the weighted average number of shares outstanding during each period.

OFF-BALANCE SHEET ARRANGEMENTS

IOU Financial does not engage in any off-balance sheet financing activities. IOU Financial does not have any interest in non-consolidated entities referred to as variable interest entities, which include special purpose entities and other structured finance entities.

PROPOSED TRANSACTIONS

There were no proposed transactions as at the date of the Company's financial statements.

TRANSACTIONS BETWEEN RELATED PARTIES

a) The CEO and director of IOU Financial is a shareholder in a company that owns a significant stake in Palos Capital Corporation, the parent company of Palos Management Inc. ("Palos"). During the nine-month period ended September 30, 2018, a fund managed by Palos has not purchased any commercial loans receivable from the Company (2017: $2.1 million) for which the Company has retained the servicing rights. Servicing fees amounting to $12,453 have been earned by the Company on these loans during the nine-month period ended September 30, 2018 (2017: $565,385). Palos also received agency fees of $973 (2017: $1,284) relating to the outstanding servicing portfolio balance during the period related to a third-party purchaser. Finally, the Company paid Palos $5,716 during the nine-month period ended September 30, 2018 (2017:nil) pursuant to an agreement entered into between the Company and Palos whereby Palos transferred its rights to receive future net collections, if any, on commercial loan receivable balances related to loans purchased in previous periods. As at September 30, 2018 there is no outstanding servicing portfolio balance related to Palos.

b) IOU Financial rents its Canadian office space from Palos. The lease may be cancelled after October 2021 upon the payment of a termination fee. The terms of this operating lease are similar to those that would have been present for an arm's length transaction. The amount expensed as rent for the period relating to this lease amounts to $151,191 excluding applicable taxes (2017: $143,041). Future non-cancellable lease commitments under this agreement amount to $523,584.

c) Key Management Compensation
Key management includes directors (executive and non-executive), the Chief Operating Officer and the Chief Financial Officer who is also the Company Secretary. The compensation paid or payable to key management for employee services for the nine-month period ended September 30, 2018 and 2017 is shown below:

Key Management Compensation

	Three-Month		Nine-Month	
For the period ended September 30	**2018** **$**	2017 $	**2018** **$**	2017 $
Salaries and other short-term employee benefits	**196,411**	192,989	**569,624**	566,977
Share-based payments	**58,469**	38,805	**77,475**	70,168
	254,880	231,794	**647,099**	637,146

COMMERCIAL LOANS RECEIVABLE

IOU Financial's commercial loan receivable portfolio is composed of a large number of loans, and as such, no individual loan comprises a significant portion of the portfolio. As at September 30, 2018, the average loan balance in the portfolio was approximately US$49,505. In addition to limiting its exposure to any single loan, IOU Financial maintains a geographically and industry diversified loan portfolio which reduces the risk of loss arising from adverse regional or industrial economic conditions.

The following tables present the portfolio by geography and industry as at September 30, 2018.

Industry Category	**Portfolio %**
Specialty trade contractors and home building renovation	17
Casual, fine dining and full-service restaurants	9
Automotive garage	6
Other store or online retailers and wholesalers	4
Other professional services	4
Medical services	4
Manufacturing	4
Gas stations	2
Automotive parts, accessories and tire stores	2
Retail and furniture stores	2
Dentists	2
Food and beverage stores	1
Insurance companies	1
Trucking and towing Services	1
Other	41
Total	100

State	**Portfolio %**
California	14
Florida	11
Texas	10
New York	9
Ohio	4
New Jersey	4
Pennsylvania	4
Illinois	4
Georgia	3
Colorado	3
Maryland	3
Arizona	3
Other	28
Total	100%

OUTSTANDING SHARE DATA

The following table presents IOU Financial's outstanding share data as at November 14, 2018:

Outstanding Share data	
Ordinary shares issued and outstanding:	**Number of shares issued**
December 31, 2017	87,825,309
Shares issued during the period	-
Shares outstanding on November 14, 2018	**87,825,309**
Warrants issued and Outstanding:	**Number of warrants issued**
December 31, 2017	811,148
Warrants expired during the period	(332,023)
Warrants outstanding on November 14, 2018	**479,125**
Options issued and outstanding:	**Number of Options issued**
December 31, 2017	6,386,500
Options granted between January 1, 2018 and September 30, 2018	2,225,000
Options forfeited between January 1, 2018 and September 30, 2018	(2,378,000)
Options forfeited after September 30, 2018	(3,333)
Options outstanding on November 14, 2018	**6,230,167**

BUSINESS OUTLOOK

IOU Financial remains well placed at the forefront of the fintech revolution that is democratizing access to capital for small businesses. IOU expects to maintain its strategy of profitable growth.

The Company is enhancing its proprietary, next-generation technology and algorithms that evaluate and price credit risk. IOU Financial continues to closely monitor the performance of its loan portfolio and capture operational efficiencies.

The Company intends to grow loan originations by:

- Identifying, recruiting and partnering with business loan brokers;
- Forming new strategic partnerships with entities such as banks and small business suppliers and leveraging their relationships with small businesses to add new customers;
- Expanding its product offering to allow it to serve small businesses whose needs are not met by its current products;
- Investing in direct marketing and sales; and
- Continuing its expansion into Canada.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

1. Valuation of commercial loans

   Management exercises judgement to determine whether indicators of loan impairment exist based on historical loss experience, and if so, management must estimate the timing and amount of future cash flows from loans receivable. Specifically, management must assess at which point a loan is deemed to be uncollectible in order to write it off. The payment performance of customers could be different from the assumptions used to determine the impairment and there can be no assurance that expected future cash flows will be realized. As such, the measurement of impairment of loans receivable is subject to a high level of uncertainty and changes in estimates, assumptions, or circumstances may cause future assessments to be significantly different than current assessments and may require an increase or decrease in the allowance.

2. Servicing assets

   The initial recognition of servicing assets requires the Company to make estimates of the fair value of the service to be provided which is based on market expectations at the time of the loan sale and may vary from the actual cash flows serviced.

3. Deferred Tax Estimation

   Deferred tax assets and liabilities recognition involves making a series of assumptions. For instance, the Company must estimate the timing of the reversal of temporary differences or if it is probable that temporary differences will not reverse in the foreseeable future or the tax rates expected to apply to the period when the asset is realized or the liability is settled.

   With respect to deferred tax assets, their realization ultimately depends on taxable profits being available in the future. Deferred tax assets should be recognized when it is probable that taxable profits will be available against which the deferred tax asset can be utilized and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

4. Stock-based compensation

   The Company measures the cost of equity-settled transactions with employees of the Company and share warrants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option or share warrant, volatility and dividend yield and making assumptions about them.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018 and have not been applied in preparing these condensed interim consolidated financial statements. None of these is expected to have a significant effect on the condensed interim consolidated financial statements of the Company, except the following set out below:

IFRS 16, Leases
In January 2016, the IASB released IFRS 16, which supersedes IAS 17, Leases and the related interpretations on leases: IFRS Interpretations Committee (IFRIC) 4, Determining Whether an Arrangement Contains a Lease; Standard Interpretations Committee (SIC) 15, Operating Leases – Incentives; and SIC 27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Company will adopt the new standard for its annual periods beginning on January 1, 2019. The Company is currently performing the calculations and analysis necessary for the implementation of the standard and is finalizing its analysis of the impact the new standard will have on its consolidated financial statements. The Company however expects that new standard will apply essentially to its operating lease commitments presented in Note 17.i. Following the adoption of the new standard, the operating lease commitments will be recognized in the Company's consolidated statement of financial position with an increase in assets due to the recognition of the right to use the leased assets and an increase in liabilities due to recognition of the obligation to make lease payments. Furthermore, given that the current linear lease expense, which approximates the amount of the contractual lease payments, will be replaced by a depreciation of the lease asset separately from an interest expense on the lease liability, the nature of the operating expenses of the Company will differ.

IFRS 9, Financial Instruments
IFRS 9, Financial Instruments, has been revised to incorporate amendments issued by the IASB in October 2017. The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation, may be measured at amortized cost or at fair value through other comprehensive income when eligibility conditions are met. The Interpretation is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments
This new Interpretation was issued by the IASB in September 2017. It provides guidance on when the recognition of a current tax asset is appropriate if tax laws require an entity to make an immediate payment in respect of a disputed amount. The Interpretation is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of cash, accounts receivable, loans receivable, credit facility and accounts payable approximate their fair values due to the relatively short period to maturity of these items.

Loan investment receivables are due from customers in the United States. The maximum credit risk associated with the company's financial assets is the carrying value of those assets.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from currency exposure with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

The Company does not use derivative financial instruments to reduce its foreign exchange exposure. Fluctuations in foreign exchange rates could cause unanticipated fluctuations in the Company's operating results.

Listed below are the relevant instruments and the amount of foreign currencies included in their balances (in US dollars) as at September 30, 2018:

	US$ '000
Cash	6,199
Restricted cash	692
Certain other assets	32
Net loan investment receivable	21,955
Accounts payable and accrued liabilities	(803)
Credit facility	(15,000)

The exchange rate applied as at September 30, 2018 was 1.2945 (December 31, 2017: 1.2545).

Based on the Company's foreign currency exposure noted above, varying the above foreign exchange rates to reflect a one (1) percent strengthening of the Canadian dollar would have decreased the net earnings by approximately $169,000 (December 31, 2017: increase the net loss by approximately $148,000), assuming that all other variables remained constant. An assumed one (1) percent weakening of the Canadian dollar would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk through the management of its capital structure.

Credit risk

Credit risk is managed on a Company basis and results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures from resulting in actual loss.

The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit risk history of each customer. These policies cover the approval of credit applications, attribution of risk ratings, management of impaired loans, establishment of provisions and risk-based pricing. The Company does not believe it is exposed to an unusual level of customer credit risk. The Company's maximum credit risk is the carrying value of the cash, restricted cash and commercial loans receivable. In response to increased delinquency levels, the Company made changes to its lending policies. The allowance for loan losses is maintained at a level considered sufficient to cover all potential losses.

In addition, financial instruments that potentially subject the Company to significant concentrations of credit risk consist of deposits in the form of cash and restricted cash. The Company invests with major North American financial institutions. The Company has investment policies that are designed to provide for the safety and preservation of principal, the Company's liquidity needs and appropriate yields. The Company has no exposure to any asset-backed securities.

Interest rate risk

The Company is subject to interest rate risk on its cash and restricted cash. Sensitivity to a 1% change in interest rates would not have a material effect on the Company's results.

None of the Company's current commercial lending is based on variable interest rates. The Company is also exposed to changes in the value of a loan when that loan's interest rate is at a rate other than current market rate. The Company mitigates this risk by lending for short terms, with terms at the inception of the loan generally varying from six to eighteen months.

The Company is exposed to cash flow interest rate risk on its credit facility issued at a variable rate. During 2017 and 2018, the borrowings at a variable rate were denominated in USD. The Company mitigates this risk by borrowing in the short term and therefore the Company does not believe that its exposure to interest rate risk is significant.

Interest income presented in the condensed interim consolidated statement of comprehensive loss represents interest income on financial assets that are classified as loans and receivables.

RISKS AND UNCERTAINTIES

In addition to the risks mentioned above, IOU Financial is subject to a number of risks and uncertainties in carrying out its activities.

IOU Financial is Subject to the Risks Inherent in Growing a New Business.

IOU Financial's operations are subject to the general risks inherent in growing a new business, including, among others, hiring and retaining experienced and qualified employees. If IOU Financial cannot hire or retain qualified employees, or cannot effectively implement its business planned strategy, it will be hampered in its ability to grow its current market and to develop new markets, which would in turn have an adverse effect on its financial performance. Even if IOU Financial successfully implements its planned strategy, it may not achieve the favourable impact on its operations that it anticipates.

Compliance with debt covenants

IOU Financial entered into a loan agreement with a new lender in 2016. The loan agreement imposes covenants and obligations on the part of the Company. In particular, the agreement contains certain covenants and representations, the breach of which could result in a default and the acceleration of the maturity of the term credit facility. IOU Financial plans to address the risk of default by endeavoring to meet the financial covenants and other obligations in the loan agreement. There is no assurance, however, that IOU Financial will be in compliance with covenants in the future due to unforeseen events or circumstances and if IOU Financial was to default there is no assurance that an amendment or waiver will be granted by the lender.

Dependence on Third Party Service Providers

IOU Financial's service to its clients depends, in part, on its ability to attract and retain the services that are provided to it, by third party service providers. If some or all of IOU Financial's current third-party service providers were to interrupt or cancel their current services to IOU Financial, the company might be forced to curtail or cease its operations.

Competition

IOU Financial operates in an increasingly competitive environment. Both large and small competitors compete with IOU Financial. Some of these competitors may have longer operating histories, greater name recognition and greater financial and marketing resources than IOU Financial. IOU Financial believes that its ability to compete effectively is dependent upon the quality of its product and client service. There can be no assurance that IOU Financial will be able to compete effectively and retain its existing clients or attract and retain new clients. IOU Financial's current and potential competitors may develop and market new products or services that render IOU Financial's existing and future products and services less marketable or competitive.

Regulatory Risk

IOU Financial is subject to strict regulatory and licensing compliance standards, non-conformity with which may expose IOU Financial to adverse consequences. IOU Financial's business is dependent to a large extent on its ability to remain in good standing with all regulators. Some of these regulators impose minimum working capital or net equity requirements, amongst other, which in certain cases and under certain circumstances, IOU Financial may not be able to satisfy. Under such cases, the Company may not be able to operate its regular business until all such financial or regulatory requirements have been satisfied.

Dependence on Key Personnel

IOU Financial's future depends, in part, on its ability to attract and retain key personnel. IOU Financial's future also depends on the continued contributions of its executive officers and other key technical personnel, each of whom would be difficult to replace. The loss of the services of executive officers or key personnel, and the process to replace any of its key personnel could involve significant time and expense and may significantly delay or prevent the achievement of its business objectives.

IOU Financial's growth could strain its personnel, resources and infrastructure

IOU Financial's growth in headcount and operations may place a significant strain on its management and its administrative, operational and financial reporting infrastructure. Accordingly, IOU Financial's success will depend, in part, on the ability of its senior management to manage the growth it achieves effectively. To do so, it must continue to hire, train and manage new employees as needed. The addition of new employees and the system development that it anticipates will be necessary to manage its growth will increase its cost base, which will make it more difficult for it to offset any future revenue shortfalls by reducing expenses in the short term. If IOU Financial fails to successfully manage its growth, it will be unable to execute its business plan. If its new hires perform poorly, or if it is unsuccessful in hiring, training, managing and integrating these new employees, or if it is not successful in retaining its existing employees, IOU Financial's business may be harmed. To manage the growth of IOU Financial's operations and personnel, it will need to continue to improve its operational and financial controls and update its reporting procedures and systems. Given the complex nature of the accounting of the Company's operations and the limited number of staff resources, IOU Financial may not be able to address all accounting and reporting impacts of new transactions or agreements on a timely basis.

Security and Confidentiality Risk

IOU Financial stores users' bank information and other personally-identifiable sensitive data. Any accidental or willful security breaches or other unauthorized access could cause users' secure information to be stolen and used for criminal purposes. Security breaches or unauthorized access to secure information could also expose IOU Financial to liability related to the loss of the information, time-consuming and expensive litigation, and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in its software is exposed and exploited, and, as a result, a third party or disaffected employee obtains unauthorized access to any of its users' data, IOU Financial's relationships with its users will be severely damaged and it could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, IOU Financial and its third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many states have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause IOU Financial's users to lose confidence in the effectiveness of its data security measures. Any security breach, whether actual or perceived, could harm IOU Financial's reputation and could result in the loss of users and future business.

If IOU Financial is unable to increase transaction volumes, its business and results of operations will be affected adversely.

To succeed, IOU Financial must increase transaction volumes on its lending platform by raising additional capital and attracting a large number of qualified borrowers in a cost-effective manner. The general tightening and other developments in the broader credit markets may impact IOU Financial's ability to attract capital to lend which, in turn, could limit its ability to increase transaction volumes. If IOU Financial is not able to attract qualified borrowers, IOU Financial will not be able to increase its transaction volumes. In addition, IOU Financial will rely on a variety of methods to drive traffic to its website and lending platform. If IOU Financial is unable to use any of its planned marketing initiatives or the cost of these initiatives was to significantly increase, IOU Financial may not be able to attract new qualified borrowers in a cost-effective manner. As a result, its revenue and results of operations could be affected adversely and could impair its ability to maintain its lending platform.

As an online company constantly involved in the development of its online lending platform, IOU Financial faces increased risks, uncertainties, expenses and difficulties.

If IOU Financial is successful, the volume of loans originated through its lending platform may increase beyond its current capacity, which will require IOU Financial to increase its facilities, personnel and infrastructure in order to accommodate the greater servicing requirements and demands of its lending platform. IOU Financial's lending platform is dependent upon its website.

IOU Financial will likely be required to constantly add new hardware and update its software and website, expand its customer support services and add new employees to maintain the operation of its lending platform, as well as satisfy its servicing requirements. If IOU Financial is unable to increase the capacity of its lending platform and maintain the necessary infrastructure, it might then suffer from a negatively impact on its revenue stream.

Any significant disruption in service on IOU Financial's website or in its computer systems could reduce the attractiveness of its lending platform and result in a loss of users.

If a catastrophic event resulted in a lending platform outage and physical data loss, IOU Financial's ability to service its loans would be materially and adversely affected. The satisfactory performance, reliability and availability of its technology and its underlying network infrastructure are critical to its operations, level of customer service, reputation and ability to attract and retain users. IOU Financial's system hardware is hosted in multiple hosting facilities. All of the data is stored in multiple geographic locations to ensure data availability in the event a particular data center fails. IOU Financial's service provider does not guarantee that access to IOU Financial's website will be uninterrupted, error-free or secure. IOU Financial's operations depend on its supplier's ability to protect their and its systems in their facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or other attempts to harm its systems, criminal acts and similar events. If its arrangement with this supplier is terminated, or there is a lapse of service or damage to the supplier's facilities, IOU Financial could experience interruptions in its service, as well as delays and additional expense in arranging new facilities. Any interruptions or delays in its service, whether as a result of its supplier or other third-party error, its own error, natural disasters or security breaches, whether accidental or willful, could harm its relationships with its users and its reputation. In addition, in the event of damage or interruption, IOU Financial's insurance policies may not adequately compensate it for any losses that it may incur. IOU Financial's disaster recovery plan has not been tested under actual disaster conditions, and it may not have sufficient capacity to recover all data and services in the event of an outage at a supplier facility. These factors could prevent it from processing or posting payments on the loans, damage its brand and reputation, divert its employees' attention, reduce its revenue, subject it to liability and cause users to abandon its lending platform, any of which could adversely affect its business, financial condition and results of operations.

IOU Financial's ability to service loans or maintain accurate accounts may be adversely affected by computer viruses, physical or electronic break-ins and similar disruptions.

The highly-automated nature of IOU Financial's lending platform may make it an attractive target and potentially vulnerable to computer viruses, physical or electronic break-ins and similar disruptions. If a computer "hacker" were able to infiltrate IOU Financial's lending platform, users would be subject to an increased risk of fraud or identity theft, and IOU Financial may not receive the principal or interest payments that it expects to receive on any loans that it was fraudulently induced to make. Hackers might also disrupt the accurate processing and posting of payments to IOU Financial's accounts on its lending platform, or cause the destruction of data and thereby undermine IOU Financial's rights to repayment of the loans it has made. While IOU Financial has taken steps to prevent hackers from accessing its lending platform, if it is unable to prevent hacker access, its ability to receive the principal and interest payments that it expects to receive on loans it made and its ability to service its loans and to maintain its lending platform could be adversely affected.

Maintenance of Client Relationships

The ability of IOU Financial to attract and maintain clients requires that it provide a competitive offering of products and services that meet the needs and expectations of its clients. IOU Financial's ability to satisfy the needs or demands of its clients may be adversely affected by factors such as the inability or failure to identify changing client needs or expectations or the inability to adapt in a timely and cost-effective manner to innovative products and services offered by competitors.

Litigation Risk

IOU Financial's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations or with respect to the interpretation of existing agreements. Any future claims or litigation could have a material adverse effect on IOU Financial's business and its profitability.

Possible Volatility of Stock Price

The market price of the common Shares could be subject to wide fluctuations in response to factors such as actual or anticipated variations in IOU Financial's results of operations, changes in financial estimates by securities analysts or by management, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the common shares.

GENERAL

The Company also discloses information related to its activities on SEDAR at www.sedar.com and on its website www.ioufinancial.com