Founders Advantage Capital Corp.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2017 and 2016

This Management's Discussion and Analysis ("MD&A") contains important information about the results of operations for the three and nine months ended September 30, 2017 and 2016 as well as information about our financial condition and future prospects. We recommend you read this MD&A in conjunction with the interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2017 ("interim financial statements"), our 2016 annual consolidated financial statements and our 2016 annual MD&A. The interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements.

All amounts are presented in Canadian dollars unless otherwise stated. *We, us, our*, and *Founders Advantage*, refer to Founders Advantage Capital Corp. and our subsidiaries. Dominion Lending Centres Limited Partnership is referred to herein as "DLC", Club16 Limited Partnership is referred to herein as "Club16", Cape Communications International Inc. (operating as Impact Radio Accessories) is referred to herein as "Impact", and Astley Gilbert Limited is referred to herein as "Astley Gilbert". Included with the DLC segment is the operations of Newton Connectivity Systems Inc, herein referred to as "NCS". This MD&A is current as of November 27, 2017 and was reviewed and approved for issuance by our Audit Committee on behalf of the Board of Directors.

Advisory

This MD&A contains forward-looking statements, which are subject to risk and uncertainties that could cause our actual results to differ materially from the forward-looking statements. For additional information on forward-looking statements and material risks associated with them, please see the "Cautionary Note Regarding Forward-Looking Statements" section of this document.

This MD&A also includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance. These non-IFRS measures do not have any standardized meaning, and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. Non-IFRS measures are defined and reconciled to the most directly comparable IFRS measure. Please see the "Non-IFRS Measures" section of this document for more information.

Note: all per share figures included throughout this MD&A reflect the results as if the 15:1 common share consolidation that was completed on May 18, 2016 applied to all periods.

We have organized our management's discussion and analysis in the following key sections:

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BUSINESS OVERVIEW

Founders Advantage is an investment company that pursues majority (or controlling) interest acquisitions of cash flow positive middle-market privately held entities. Our platform offers contractual incentives for growth in favour of our partner entrepreneurs. This investment platform is designed to appeal to entrepreneurs who believe in the sustainable growth of their business and who want the added ability to continue operating their business with a long-term partner.

The nature of our business has significantly changed since February 2016 as a result of adopting a new investment model and putting in place a new management team. Due to the change in the nature of the business, several of the prior period balances included in the illustrative tables throughout this MD&A may not be directly comparable to the current period balances.

The following table outlines the acquisitions we have completed as of September 30, 2017:

(000's) (1)	Date of acquisition	Ownership interest	Annual distribution threshold (2)(3)	Monthly distribution to corporate (3)	Total Adjusted EBITDA - YTD (4)
DLC	June 3, 2016	60%	$ 14,600	$ 540	$ 12,066
Club16	December 20, 2016	60%	5,850	270	5,831
Impact	March 1, 2017	52%	2,960	104	2,070 (5)
Total				**$ 914**	**$ 19,967**

(1) See the "Consolidated Results of Operations" section of this MD&A for further information on each of these subsidiaries.
(2) Minority interest shareholders of these investee entities receive a greater share of the annual cash distributions from these investees for any amounts paid over the annual distribution threshold.
(3) Distribution amounts from DLC and Impact are received on an after-tax basis; Club16 distributions are received on a pre-tax basis and are taxed at the Founders Advantage corporate head office level.
(4) Adjusted EBITDA is for the nine months ended September 30, 2017. For Impact, adjusted EBITDA is from the date of acquisition on March 1, 2017 to September 30, 2017. Please see the "Non-IFRS Measures" section of this document for the definition of adjusted EBITDA.
(5) Impact's adjusted EBITDA as set out in our financial statements, and in the Impact segmented section of this MD&A, is $1.3 million as it includes only the corporate head office's 52% share of adjusted EBITDA.

Consolidated financial reporting

We currently operate three reportable business segments, being the operations of DLC, Club16 and Impact (Astley Gilbert was acquired subsequent to quarter end). For financial reporting purposes, the Founders Advantage corporate head office controls each of these entities, and as a result this MD&A and the consolidated financial statements for the three and nine months ended September 30, 2017 include 100% of the accounts of each of our subsidiaries. In the case of DLC and Club16, we own a 60% interest in these entities and reflect 100% of their accounts in our consolidated results. The Impact business segment is accounted for differently as Impact's non-controlling interest is classified as a liability, rather than equity. The results of Impact reflect 100% of Impact's revenues and operating expenses, however the non-controlling interest's 48% share of net income is reallocated from the income statement (as other income/expense) to the non-controlling interest liability on the statement of financial position, resulting in income before tax and adjusted EBITDA only being the corporate head office's 52% interest in Impact.

2017 KEY CORPORATE ACCOMPLISHMENTS

We continue to focus on sourcing and completing acquisitions consistent with our investment model. Our key accomplishments during the nine months ended September 30, 2017 and as of November 27, 2017 are as follows:

Acquisition – Astley Gilbert
Subsequent to the quarter, on October 31, 2017, we acquired a 50% interest in Astley Gilbert which has 13 locations across Ontario offering non-traditional digital printing and imaging solutions. The aggregate purchase consideration was $24.7 million, subject to post-closing adjustments. The purchase price was funded through the credit facility of the corporate head office and a $2.5 million promissory note.

Acquisition - Impact
On March 1, 2017, we acquired a 52% majority and voting interest in Impact, which is engaged in the business of designing, manufacturing and retailing of two-way radio accessories in the land mobile radio industry. Impact sells to dealers throughout North America, with its products being used in the field by some of the most recognized companies in public safety, military, security, retail and hospitality. The aggregate purchase consideration was $12.7 million. The purchase was funded by our existing credit facilities, which were amended to fund the acquisition.

Dividend declared
During 2017, we started distributing a quarterly dividend of $0.0125 per share ($0.05 per share annualized) and declared total dividends of $1.5 million during the nine months ended September 30, 2017. Payments of $0.5 million were made on April 12, 2017, July 12, 2017 and October 12, 2017 to shareholders of record as at March 31, 2017, June 30, 2017, and September 29, 2017, respectively.

New Sagard credit facility
On June 14, 2017, we closed a five-year $75.0 million USD term credit facility (the "Sagard Facility") with Sagard Holdings ULC ("Sagard"), of which $42.0 million USD was advanced at closing, for the purposes of repaying the ATB credit facility, financing future acquisitions and for general corporate purposes (see the "Consolidated Liquidity and Capital Resources" section of this MD&A for further details).

ATB refinancing
Concurrent with the acquisition of Impact, we amended our corporate credit facilities to increase the revolving acquisition credit facility from $17.0 million to $28.0 million, and cancelled our $5.0 million non-revolving demand acquisition credit facility. This amendment increased our available borrowing limit from $22.0 million to $28.0 million, which was used to fund the acquisition of Impact. On June 14, 2017, we repaid this ATB credit facility in full from the proceeds of the Sagard Facility.

FINANCIAL HIGHLIGHTS

Below are the financial highlights of our consolidated results for the three and nine months ended September 30, 2017. You can find a more detailed discussion in the "Consolidated Results of Operations" section of this MD&A. Due to the change in the nature of our business that resulted from the new investment model and management team in 2016, our results may not be directly comparable to prior period balances. For this reason, we have provided an analysis of our results for the current quarter in relation to our results from the immediately preceding quarter.

	For the three months ended			For the nine months ended	
(000's except per share amounts)	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenues	$ 21,759	$ 19,500	$ 10,643	$ 54,953	$ 13,661
Income (loss) from operations	4,537	2,640	699	5,387	(4,076)
Adjusted EBITDA (1)	7,875	5,274	4,907	14,490	2,675
Net income (loss) for the period	3,611	3,091	(1,171)	5,042	(4,247)
Net income (loss) attributable to:					
Shareholders	$ 1,140	$ 975	$ (2,842)	$ 485	$ (6,268)
Non-controlling interests	$ 2,471	$ 2,116	$ 1,671	$ 4,557	$ 2,021
Adjusted EBITDA attributable to:					
Shareholders	$ 4,335	$ 2,599	$ 2,120	$ 7,244	$ (713)
Non-controlling interests	$ 3,540	$ 2,675	$ 2,787	$ 7,266	$ 3,388
Income (loss) per share:					
Basic	$ 0.03	$ 0.03	$ (0.08)	$ 0.01	$ (0.27)
Diluted	$ 0.03	$ 0.03	$ (0.08)	$ 0.01	$ (0.27)

(1) One of the measures we use to assess our overall performance is adjusted EBITDA, which is a supplemental measure of our income from operations in which depreciation and amortization, finance expense and other unusual or one-time items are added back to income from operations to arrive at adjusted EBITDA. Please see the "Non-IFRS Measures" section of this document for additional information.

FINANCIAL POSITION (000's)	As at September 30, 2017	As at December 31, 2016
Cash and cash equivalents	$ 29,248	$ 7,824
Working capital (deficiency)	21,714	(19,390)
Total assets	298,976	258,171
Total loans and borrowings	63,764	32,455
Shareholders' equity	107,617	106,849
SHARE INFORMATION		
Common shares outstanding	38,128,606	37,714,342

Three-month highlights

Consolidated results

Our consolidated revenues for the current quarter increased by $2.3 million over the three months ended June 30, 2017 to $21.8 million, which can be attributed primarily to the DLC operations. DLC's revenues increased $4.1 million during the three months ended September 30, 2017 over the comparative period due to a seasonal increase in funded mortgages of $2.1 billion and increased revenues from the NCS operations. The increase in funded mortgage volumes resulted in an additional $1.5 million in revenues, and is consistent with management's expectations as DLC's operations are subject to seasonal variances that move in line with the normal home buying season, with funded mortgage volumes peaking in the months of June through September of each year. In addition, the increase in NCS revenues resulted in DLC recognizing an additional $2.7 million in revenue during the three months ended September 30, 2017 when compared to the previous quarter. This increase in revenue from the DLC operations is partially offset by a $1.9 million decline in revenue from the Club16 operations as the annual club enhancement fee is charged to members, and earned, in May of each year. Normalizing for the impact of the annual club enhancement fee, Club16's revenues are up $0.3 million over the prior quarter primarily due to higher bike rental revenues in Q3 2017, which can be attributed to improved weather conditions in the Vancouver lower mainland area when compared to Q2 2017. Impact generated $2.9 million of revenues during the three months ended September 30, 2017, which is consistent with the comparative period.

Income from operations for the three months ended September 30, 2017 increased to $4.5 million from $2.6 million during the three months ended June 30, 2017. The increase in consolidated income from operations is due to higher revenues as discussed above which were partly offset by an increase in operating costs of $0.4 million. The increase in operating costs is primarily related to additional amortization and depreciation expense in Club16 as management continues to assess the useful lives of the assets acquired as a part of the Club16 transaction, combined with an increase in head office costs related to severance and annual compensation payments approved and paid during the current quarter. These increases in operating expenses are partially offset by a decrease in DLC operating expenses that resulted from lower direct costs, as the second quarter incurred higher advertising fund expenditures for print and television advertising campaigns.

Adjusted EBITDA has increased during the current period to $7.9 million from $5.3 million in the three months ended June 30, 2017. The increase in adjusted EBITDA is significantly related to the DLC operations, which generated $7.6 million of adjusted EBITDA in the three months ended September 30, 2017, a $5.0 million increase over three months ended June 30, 2017. DLC's adjusted EBITDA growth is primarily due to the seasonal increase in funded volume combined with an increase in revenue associated with the NCS operations. There is some offset to the increase in adjusted EBITDA from the DLC operations, as Club16's adjusted EBITDA decreased by $1.8 million primarily due to the annual club enhancement fee revenue earned during the second quarter. Impact's adjusted EBITDA remained consistent with the prior quarter, contributing $0.6 million to the consolidated results.

Net income for the three months ended September 30, 2017 increased to $3.6 million from $3.1 million for the three months ended June 30, 2017. An increase in income from operations from the DLC business segment was partly offset by lower net income within the Club16 business segment due to the timing of the annual enhancement fee revenue. Total other income decreased $0.8 million which is primarily due to Impact's non-controlling interest shareholder's portion of Impact's net income and related fair value adjustments (see the "Impact segment" section of this MD&A for further discussion), gain on sale of investments within the DLC business segment, an increase in gain on unrealized foreign exchange, offset by an increase in finance expense and a decrease in net (loss) gain on sale of capital and intangible assets. Other income in the prior quarter was comprised of gains on the sale of DLC assets.

Nine-month highlights

Consolidated results

Our consolidated revenue for the nine months ended September 30, 2017 has increased by $41.3 million over the nine months ended September 30, 2016 to $55.0 million, compared to revenue of $13.7 million in the prior year. This variance is reflective of the timing of the acquisitions of each of our subsidiaries, as the September 30, 2016 results included only four months of DLC's results, compared to nine months in the current year. Club16 and Impact were acquired subsequent to the comparative period balance sheet date, on December 20, 2016 and March 1, 2017, respectively.

Our consolidated income from operations for the nine months ended September 30, 2017 has increased by $9.5 million over the nine months ended September 30, 2016 to $5.4 million, compared to a loss from operations of $4.1 million in the prior year. As indicated above, this variance is reflective of the timing of the acquisitions of each of our subsidiaries, as the September 30, 2016 results included only four months of DLC's results.

Our adjusted EBITDA for the nine months ended September 30, 2017 has increased to $14.5 million from adjusted EBITDA of $2.7 million during the nine months ended September 30, 2016. This increase is substantially related to the timing of the acquisition of each of our subsidiaries, as well as a $3.8 million decline in corporate head office operating costs. Corporate head office costs were higher in the comparative period in 2016 primarily due to severance and restructuring costs for the corporate head office's former management team, costs associated with the adoption of our new investment model and higher acquisition and due diligence costs.

Net income for the nine months ended September 30, 2017 has increased to $5.0 million from a loss of $4.2 million for the nine months ended September 30, 2016. The increase in net income is related to the increase in income from operations generated by our three business segments due to the timing of the transactions, gains on the sale of DLC and NCS assets of $3.7 million (see the "DLC Segment" section of this MD&A for further discussion), and decreases in corporate head office operating costs (as discussed above) and share based payment expense.

CONSOLIDATED RESULTS OF OPERATIONS

Below is selected financial information from our 2017 consolidated interim financial results. Due to the change in the nature of our business in February 2016 (see "Business Overview" section of this MD&A) our results may not be directly comparable to prior period balances. For this reason, we have provided an analysis of our results for the current quarter in relation to our results from the immediately preceding quarter.

See the "Accounting Policies" section of this MD&A, notes to our September 30, 2017 consolidated interim financial statements and the notes to the December 31, 2016 annual financial statements for significant accounting policies and estimates as they relate to the following discussion.

As at the quarter end, we had three reportable business segments, being the operations of DLC, Club16 and Impact. While our operating results reflect 100% of DLC's and Club16's results, we own a 60% interest in both entities. The Impact business segment is accounted for differently as Impact's non-controlling interest is classified as a liability, rather than equity. The results of Impact reflect 100% of Impact's revenues and operating expenses, however the non-controlling interest's 48% share of net income is reallocated from the income statement through the other income (expense) line in the table below, resulting in income (loss) before tax and adjusted EBITDA only being the corporate head office's 52% interest in Impact. A reconciliation of our reportable segments to our consolidated results presented in this table can be found in Appendix B.

	For the three months ended			For the nine months ended	
(000's)	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenues	$ 21,759	$ 19,500	$ 10,643	$ 54,953	$ 13,661
Operating expenses	17,222	16,860	9,944	49,566	17,737
Income (loss) from operations	**4,537**	**2,640**	**699**	**5,387**	**(4,076)**
Other income (expense), net	390	1,188	(1,237)	925	(3,006)
Income (loss) before tax	**4,927**	**3,828**	**(538)**	**6,312**	**(7,082)**
Add back:					
Depreciation and amortization	2,854	2,332	903	7,299	1,197
Finance expense	1,692	889	1,505	3,109	2,021
Other adjusting items (1)	(1,598)	(1,775)	3,037	(2,230)	6,539
Adjusted EBITDA (2)	**$ 7,875**	**$ 5,274**	**$ 4,907**	**$ 14,490**	**$ 2,675**

(1) Other adjusting items include share-based payments, gain on sale of assets, unrealized foreign exchange gain, gain on financial instrument, non-cash write down and impairment, (gain) loss on sale of investments, other income/expense, corporate start-up costs, and professional fees related to arbitration settlement. See "Appendix A" for a detailed reconciliation of adjusting items.

(2) One of the measures we use to assess our overall performance is adjusted EBITDA, which is a supplemental measure of our loss from operations in which depreciation and amortization, finance expense, certain non-cash items and other unusual or one-time items are added back to income from operations to arrive at adjusted EBITDA. Please see the "Non-IFRS Measures" section of this document for additional information.

Revenues

	For the three months ended			For the nine months ended	
(000's)	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	$ 21,759	**$ 19,500**	**$ 10,643**	**$ 54,953**	**$ 13,661**

Three-month consolidated

Our consolidated revenues for the three months ended September 30, 2017 increased $2.3 million over the three-month period ended June 30, 2017 from $19.5 million to $21.8 million. This increase can be primarily attributed to the DLC operations as DLC's revenue increased $4.1 million due to seasonal variances with the normal home buying season and an increase in revenue related to the NCS operations (see the "DLC Segment" section of this MD&A for further analysis). The increase in revenues from the DLC operations is partially offset by a decrease in Club16 revenues of $1.9 million due to the annual club enhancement fees charged and recognized in May of each year. Excluding the annual club enhancement fee, Club16 revenues increased $0.3 million primarily due to seasonal bike rentals.

Consolidated revenues for the three months ended September 30, 2017 increased $11.2 million over the three-month period ended September 30, 2016 from $10.6 million to $21.8 million. This variance is reflective of the timing of the acquisitions of each of our subsidiaries, as the three months ended September 30, 2016 results included only the DLC results. DLC's revenues have increased over the comparative period by $2.3 million, which can be attributed primarily to the above-mentioned increased revenues, as well as the acquisition of NCS in December 2016. The increase in DLC's revenues in partially offset by a decrease in volume of funded mortgages when compared to the three months ended September 30, 2016, which are down 5%, which translated to a decline of $0.6 million in revenues. This decline in volume can be attributed to the recent changes in the mortgage rules which are discussed in the "2017 Outlook and Strategic Objective" section of this MD&A.

Nine-month consolidated

Our consolidated revenues for the nine months ended September 30, 2017 increased $41.3 million over the nine-month period ended September 30, 2016 from $13.7 million to $55.0 million. The significant increase in revenue is attributable to the timing of the acquisition of each of our three business segments, as the September 30, 2016 results only included four months of DLC revenues. Impact and Club16 were both acquired subsequent to September 30, 2016.

Operating expenses

	For the three months ended			For the nine months ended	
(000's)	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Direct costs	$ 3,101	$ 3,325	$ 1,506	$ 8,658	$ 2,110
Acquisition and due diligence costs	50	63	858	394	2,737
General and administrative	10,479	10,383	3,504	30,505	6,701
Share-based payments	738	757	3,173	2,710	4,992
Depreciation and amortization	2,854	2,332	903	7,299	1,197
	$ 17,222	**$ 16,860**	**$ 9,944**	**$ 49,566**	**$ 17,737**

Three-month consolidated

Direct costs

Our consolidated direct costs relate to the operations of each of the three business segments as at quarter end. DLC's direct costs are comprised of franchise recruiting and support costs and advertising fund expenditures, Club16's direct costs relate primarily to costs of personal training, and Impact's direct costs relate to the cost of product sales. During the three months ended September 30, 2017, we incurred $3.1 million in direct costs, compared to $3.3 million during the three months ended June 30, 2017. This decrease over the prior quarter is primarily related to a decline in DLC's seasonal advertising fund expenditures and is partially offset by higher direct costs associated with earning royalty revenues, which move in line with funded volume.

Our consolidated direct costs have increased by $1.6 million over the three months ended September 30, 2016 to $3.1 million. This variance is reflective of the timing of the acquisitions of each of our subsidiaries, as direct costs for the three months ended September 30, 2016 includes only those costs related to DLC. Normalizing for investees acquired subsequent to September 30, 2016, direct costs have decreased by $0.3 million over the comparative period. This decrease relates to DLC's direct costs associated with earning royalty revenues, which move in line with funded volume.

Acquisition and due diligence costs

We incurred $0.1 million in acquisition and due diligence costs at the corporate head office during the three months ended September 30, 2017, consistent with $0.1 million during the three months ended June 30, 2017. Costs incurred during both the current and comparative quarter relate to the ongoing assessment of acquisition opportunities. All acquisition and due diligence activities, whether completed or in process, are expensed as incurred.

We incurred $0.1 million in acquisition and due diligence costs at the corporate head office during the three months ended September 30, 2017, compared to $0.9 million during the three months ended September 30, 2016. This decrease of $0.8 million during the current quarter is the result of certain due diligence processes are now being completed internally at a reduced cost.

General and administrative

Consolidated general and administrative expenses are consistent on a quarter-over-quarter basis with $10.5 million in costs incurred during the three months ended September 30, 2017 and $10.4 million during the three months ended June 30, 2017. While general and administrative expenses are consistent on a consolidated basis, DLC's general and administrate expenses have decreased due to lower seasonal advertising and promotion expenses and are offset by an increase in corporate head office expenses due to annual compensation payments of $0.4 million and severance payments of $0.5 million paid during the current quarter.

Our consolidated general and administrative expenses have increased by $7.0 million over the three months ended September 30, 2016 to $10.5 million. This variance is reflective of the timing of the acquisitions of each of our subsidiaries, as the three months ended September 30, 2016 results included only the results of DLC and the corporate head office. Normalizing for investees acquired subsequent to September 30, 2016, general and administrative expenses have increased by $2.4 million. $0.6 million of this variance relates to corporate head office costs which is primarily due to severance and annual compensation payments that were approved and paid during the current quarter. The remaining $1.8 million of this variance relates to DLC's costs which is driven primarily by the NCS operations (acquired in December 2016), bi-annual advertising and promotion event and higher personnel costs related to an increase in salaries and annual compensation payments that were incurred during Q3 2017.

Share-based payments
During the three months ended September 30, 2017, we incurred $0.7 million in non-cash shared-based payments, compared to $0.8 million during the three months ended June 30, 2017, a decrease of $0.1 million. Share-based payments are slightly lower during the current quarter as our shares held in escrow fully vested in July 2017, incurring only one month of expense in Q3 compared to three months in the second quarter. The decline in expenses is partially offset by an increase in share-based payment expense related to the issuances of 275,000 share options during the current quarter to two executives of the corporate head office.

During the three months ended September 30, 2017, we incurred $0.7 million in non-cash shared-based payments, compared to $3.2 million during the three months ended September 30, 2016, a decrease of $2.5 million. The decrease is due to the issuance of 1,802,500 share options during the three months ended September 30, 2016 compared to the issuance of 275,000 share options during the three months ended September 30, 2017, a decrease in the share-based payments related to shares held in escrow that fully vested in July 2017, partially offset by issuances of Impact's share appreciation rights.

Depreciation and amortization
Depreciation and amortization primarily relates to the acquisition of, and subsequent additions to, finite life intangible assets acquired as a part of the DLC, Club16, NCS and Impact transactions. The intangible assets acquired as a part of these transactions are being amortized into consolidated income include DLCs and NCS's software, DLC's renewable franchise rights and intellectual property rights, brand name license and customer relationships of Club16 and Impact, and Impact's supplier relationship and non-compete covenants.

We incurred $2.9 million in non-cash depreciation and amortization during the current quarter, compared to $2.3 million during the three months ended June 30, 2017, an increase of $0.6 million. The increase in depreciation and amortization relates to the Club16 assets as management continues to assess the useful lives of the assets acquired as a part of the Club16 transaction.

We incurred $2.9 million in non-cash depreciation and amortization during the current quarter, compared to $0.9 million during the three months ended September 30, 2016, an increase of $2.0 million. This variance is reflective of the timing of the acquisitions of each of our subsidiaries, as the three months ended September 30, 2016 results included only results of DLC and the Corporate head office. Normalizing for investees acquired during the current quarter, depreciation and amortization expenses have increased by $0.5 million as a result of DLC intangible asset additions made during the current period.

Nine-month consolidated
Consolidated operating expenses for the nine months ended September 30, 2017 increased over the nine-month period ended September 30, 2016 from $17.7 million to $49.6 million, an increase of $31.9 million. The significant increases in operating expenses is attributable to each of our three business segments, as the September 30, 2016 results only included four months of the DLC operating results. Impact and Club16 were both acquired subsequent to September 30, 2016.

Corporate acquisition and due diligence costs decreased over the nine-month period ended September 30, 2016 from $2.7 million to $0.4 million, a decrease of $2.3 million. Year-over-year costs have decreased as certain due diligence processes are now being completed internally at a reduced cost.

During the nine months ended September 30, 2017, we incurred $2.7 million in non-cash shared-based payments, compared to $5.0 million during the nine months ended September 30, 2016, a decrease of $2.3 million. This decrease is primarily related to the issuance of 2,679,745 options during the nine months ended September 30, 2016, of which 600,833 vested upon issuance, compared to 275,000 options issued during the nine months ended September 30, 2017 by the corporate head office, a decrease in the share-based payments related to the shares held in escrow that fully vested in July 2017, partially offset by the issuance of share appreciation rights by Impact during the nine months ended September 30, 2017.

Other income (expense)

	For the three months ended			For the nine months ended	
	September 30,	June 30,	September 30,	September 30,	September 30,
(000's)	2017	2017	2016	2017	2016
	$ 390	**$ 1,188**	**$ (1,237)**	**$ 925**	**$ (3,006)**

Three-month consolidated

Other income (expense) decreased for the three months ended September 30, 2017 to $0.4 million from $1.2 million during the three months ended June 30, 2017. The decrease in other income (expense) is driven by a number of factors, including: a $2.5 million gain on the corporate head office Vital Alert Communications Inc. ("Vital Alert") put option, a gain on the DLC sale of its investment in Canadiana Financial Corp. ("Canadiana") of $1.9 million, $0.2 million increase in other expense related to the Impact non-controlling interest shareholder's portion of Impact's net income, $0.5 million non-cash fair value adjustment related to the fair value of the non-controlling interest liability, and a $0.5 million increase in foreign exchange gains at the corporate head office level. These gains are partially offset by the DLC $0.3 million non-cash write down of an intangible asset, the impairment of the corporate head office's investment in Vital Alert $2.5 million, a decrease of $1.8 million in net (loss) gain on sale of capital and intangible assets at the DLC level, and an increase in the corporate head office finance expense of $0.8 million. The increase in finance expense relates mainly to fees incurred for entering the new Sagard Facility and to an increase in the corporate head office's total loans and borrowings from $27.0 million to $42.0 million USD (CAD - $52.4 million) in June 2017 (See the "Consolidated Liquidity and Capital Resources" section of this MD&A for additional discussion of our credit facilities). For further discussion of these transactions, see the "segmented results" section of this MD&A.

Other income (expense) increased by $1.6 million for the three months ended September 30, 2017 compared to the three months ended September 30, 2016. The increase in other income (expense) is mainly due to the $1.9 million gain on DLC's sale of its investment in Canadiana, a $1.0 million gain on foreign exchange related to the change in corporate head office's USD net debt position, $0.5 million in other expense related to the non-controlling interest shareholder's portion of Impact's net income, $0.5 million non-cash fair value adjustment related to the fair value of the non-controlling interest liability, offset by an increase in finance expense of $0.2 million related mainly to the increase in the corporate head office loans and borrowing from $17.8 million to $42.0 million USD (CAD - $52.4 million) and fees incurred for entering into the Sagard Facility. Also included in other income (expense) for the three months ended September 30, 2017 is the $2.4 million gain on the Vital Alert put option, which is offset by the related impairment of our investment in Vital Alert as discussed above.

Nine-month consolidated

Other income (expense) for the nine months ended September 30, 2017 increased by $4.4 million over the nine months ended September 30, 2016 to $1.4 million. The increase in other income (expense) is primarily due to the increase in gain on sale of DLC's investment in Canadiana of $1.9 million, an increase in net gain on sale of DLC capital and intangible assets of $1.7 million, an increase in gain on foreign exchange of $1.6 million related to the corporate head offices' net debt position, offset by an increase in in the corporate head office finance expense of $1.1 million. In addition, this variance over the 2016 comparative period can also be attributed to a loss of $1.3 million during the nine months ended September 30, 2016 related to the corporate office sale its publicly traded investments, which we no longer hold.

Adjusted EBITDA

	For the three months ended			For the nine months ended	
	September 30,	June 30,	September 30,	September 30,	September 30,
(000's)	2017	2017	2016	2017	2016
	$ 7,875	**$ 5,274**	**$ 4,907**	**$ 14,490**	**$ 2,675**

Three-month consolidated

Adjusted EBITDA for the quarter was $7.9 million, compared to $5.3 million during the three months ended June 30, 2017, an increase of $2.6 million. The increase in adjusted EBITDA is driven significantly by the DLC business segment, which generated $7.6 million of adjusted EBITDA in the three months ended September 30, 2017, a $5.0 million increase over three months ended June 30, 2017. DLC's adjusted EBITDA growth is primarily due to a seasonal increase in funded volume of mortgages combined with increased revenues from the NCS operations. The increase in DLC's adjusted EBITDA is partially offset by a $1.8 million decrease in Club16's adjusted EBITDA due to the annual club enhancement fee revenue earned during the three months ended June 30,

2017. Normalizing for the impact of the annual club enhancement fee, Club16's revenues are up $0.3 million over the prior quarter primarily due to higher bike rental revenues in Q3 2017, which can be attributed to improved weather conditions in the Vancouver lower mainland area when compared to Q2 2017. Impact contributed adjusted EBITDA of $0.6 million during the quarter, consistent with the prior quarter results.

Adjusted EBITDA for the quarter was $7.9 million, compared to $4.9 million during the three months ended September 30, 2016, an increase of $3.0 million. This variance is reflective of the timing of the acquisitions of each of our subsidiaries, as the three months ended September 30, 2016 results included only those of DLC and the corporate head office. Normalizing for investees acquired subsequent to September 30, 2016, adjusted EBITDA has increased by $1.0 million. $0.3 million of this variance relates to the corporate head office and is driven by a decrease in acquisition and due diligence costs of $0.8 million achieved as certain due diligence processes are now being completed internally at a reduced cost, an increase in other income of $0.1 million related to interest income from cash and cash equivalents, offset by an increase in general and administration expense of $0.6 million due to an increase in personnel costs as discussed above. The remaining $0.7 million of this increase relates to the DLC operations and can be attributed to higher revenues related to the NCS operations, offset by a 5% decrease in the volume of funded mortgages and higher operating expenses related to a bi-annual advertising and promotion events and higher personnel costs.

Nine-month consolidated

Our consolidated adjusted EBITDA for the nine months ended September 30, 2017 increased $11.8 million over the nine-month period ended September 30, 2016 from $2.7 million to $14.5 million. The significant increase in adjusted EBITDA is attributable to the timing of the acquisition of each of our three business segments, as the September 30, 2016 results only included four months of DLC revenues. Impact and Club16 were both acquired subsequent to September 30, 2016. The corporate head office also contributed $1.1 million to this variance, which is driven by a $2.3 million decrease in acquisition and due diligence costs as certain due diligence processes being completed internally, offset by an adjusted increase in general and administration expense of $1.2 million (normalized for corporate start-up costs and professional fees related to arbitration) due to an increase in personnel costs as discussed above.

SEGMENTED RESULTS

We discuss the results of the three reportable segments as presented in our September 30, 2017 interim financial statements: DLC, Club16 and Impact. The performance of our reportable segments is assessed based on revenues, income from operations and adjusted EBITDA. Adjusted EBITDA is a supplemental measure of the segment's income from operations in which depreciation and amortization, finance expense, share-based payment expense and unusual or one-time items are added back to the segments' income from operations to arrive at each segment's adjusted EBITDA. Please see the "Non-IFRS Measures" section of this document for additional information.

We also report "corporate head office", which includes expenses incurred by the Founders Advantage corporate head office. Corporate head office does not qualify as a separate reportable segment, but is presented to reconcile to our consolidated operating results.

A reconciliation of our reportable segments to our consolidated results presented in this table can be found in Appendix B.

DLC segment

(000's) (1)	For the three months ended September 30, 2017	June 30, 2017	September 30, 2016 (2)	For the nine months ended September 30, 2017	September 30, 2016 (2)
Revenues	$ 12,895	$ 8,802	$ 10,643	$ 29,035	$ 13,661
Operating expenses (3)	6,709	7,572	4,704	21,010	6,517
Income from operations	**6,186**	**1,230**	**5,939**	**8,025**	**7,144**
Other income (expense), net	1,474	1,587	5	2,786	(34)
Income before tax	**7,660**	**2,817**	**5,944**	**10,811**	**7,110**
Add back:					
Depreciation and amortization	1,394	1,365	900	4,097	1,193
Finance expense	148	168	124	493	167
Gain on sale of assets (4)	(1,902)	(1,759)	-	(3,661)	-
Non-cash write down and impairment	326	-	-	326	-
Adjusted EBITDA	**$ 7,626**	**$ 2,591**	**$ 6,968**	**$ 12,066**	**$ 8,470**
Adjusted EBITDA margin	59%	29%	65%	42%	62%
Adjusted EBITDA attributable to:					
Shareholders	$ 4,668	$ 1,220	$ 4,181	$ 7,132	$ 5,082
Non-controlling interests	$ 2,958	$ 1,371	$ 2,787	$ 4,934	$ 3,388

Key performance indicators:					
Funded mortgage volumes (5)	$ 10,658,943	$ 8,530,883	$ 11,219,073	$ 26,194,373	$ 14,781,475
Number of franchises (6)	478	473	457	478	457
Number of brokers (6)	5,436	5,396	5,125	5,436	5,125

(1) DLC's results generally vary from quarter to quarter as a result of seasonal fluctuations in the reporting segment. This means DLC's results in one quarter are not necessarily a good indication of how they will perform in a future quarter.
(2) The 2016 results presented in this table are from June 3, 2016, the date of acquisition.
(3) DLC's operating expenses are comprised of direct costs, general and administrative expenses, and depreciation and amortization expense.
(4) Adjustments relate to gains on sale from the disposition of a division of the NCS operations, sale its investment in Canadiana by DLC, and a DLC asset sale.
(5) Funded mortgage volumes are a key performance indicator for the DLC segment that allows us to measure DLC's performance against our operating strategy. Volume for 2016 comparatives are from the June 3, 2016 date of acquisition. These amounts are stated in thousands.
(6) The number of franchises and brokers are as at the respective balance sheet date.

Three-month results

DLC's revenues for the three months ended September 30, 2017 have increased by $4.1 million to $12.9 million over the three months ended June 30, 2017. This increase in revenues can be attributed to $1.5 million in seasonal increases in DLC's volume of funded mortgages, which increased by $2.1 billion over the prior quarter. This variance is in line with management's expectations as volumes typically peak in Q3 of each year as home sales are highest in the months of June through September. The remaining $2.7 million of this variance relates to an increase in revenues related to the NCS operations.

DLC's operating expenses for the three months ended September 30, 2017 decreased by $0.9 million compared to the three months ended June 30, 2017. The decrease in operating costs is due in part to lower direct costs of $0.3 million as the second quarter incurred higher advertising fund expenditures for print and television advertising campaigns. Advertising campaigns are seasonal with the highest costs typically incurred in the spring and fall of each year. The decline in direct costs that resulted from the seasonality of the advertising campaign is partially offset by higher direct costs associated with earning royalty revenues, which move in line with funded volumes. In addition, DLC's general and administrative costs have decreased by $0.6 million primarily related to the timing of annual promotional events, combined with lower personnel and occupancy costs associated with the sale of a division of the NCS operations in June 2017.

During the three months ended September 30, 2017, DLC disposed of its 20% equity investment in Canadiana for total proceeds of $2.5 million resulting in an accounting gain of $1.9 million, which is included within other income in the table above. This gain is partially offset by a $0.3 million write down of one of the DLC franchise relationships and agreements (intangible asset). Other income for the three months ended June 30, 2017 is also comprised of gains on asset dispositions, as DLC disposed of a division of the NCS operations for total consideration of $1.4 million and a book of royalty commissions to a DLC salesperson for total proceeds of $0.4 million. The sales of these assets resulted in a gain equal to the total consideration received. These gains were adjusted out in calculating 2017 adjusted EBITDA for both the second and third quarter of as well as for the nine months ended September 30, 2017. These divestitures generated positive cash flow to DLC and served to further focus DLC on its core business.

Adjusted EBITDA has increased by $5.0 million over the three months ended June 30, 2017 to $7.6 million. The increase in adjusted EBITDA is primarily due to a $4.1 million increase in revenues from the NCS operations and seasonal increases in DLC's revenues, as well as a decline in DLC's operating expenses of $0.9 million. The decline in operating expenses is related to fewer seasonal advertising campaigns and promotional events compared to the second quarter and lower costs associated with the NCS operations from the ongoing reorganization initiatives.

DLC's revenues have increased by $2.3 million during the current quarter when compared to the three months ended September 30, 2016. The increase in revenue can be attributed primarily to the above-mentioned increased revenues from the NCS operations. The increase in revenues in partially offset by a decrease in volume of funded mortgages when compared to the three months ended September 30, 2016, which are down 5% and have resulted in a decrease in revenues of $0.6 million. This decline in volume can be attributed to the recent changes in the mortgage rules which are discussed in the "2017 Outlook and Strategic Objective" section of this MD&A.

DLC's operating expenses for the three months ended September 30, 2017 have increased by $2.0 million over the three months ended September 30, 2016. The increase can be primarily attributed to $1.3 million in additional expenses related to NCS operations (acquired in December 2016), $0.7 million in higher general and administrative expenses related to bi-annual advertising and promotion event, higher depreciation and amortization expense of $0.3 million and higher personnel costs related to an increase in salaries and annual compensation payments that were incurred during Q3 2017. This increase in expenses is partially offset by a $0.3 million decrease in direct costs associated with earning royalty revenues, which move in line with funded volume.

Adjusted EBITDA has increased by $0.7 million over the three months ended September 30, 2016 to $7.6 million. This increase in adjusted EBITDA can be attributed to adjusted EBITDA from NCS operations (acquired in December 2016) of $2.1 million, offset by a 5% decrease in the volume of funded mortgages of $0.6 million and higher operating expenses related to a bi-annual advertising and promotion events and increased personnel costs of $0.7 million.

Nine-month Results

DLC's revenues have increased by $15.4 million for the nine months ended September 30, 2017 to $29.0 million over the nine months ended September 30, 2016. The increase in revenue is partially attributable to the timing of the DLC acquisition, as DLC was acquired on June 3, 2016, accounting for $11.8 million to this variance. The remainder of the variance can be mainly attributed to increased revenues from the acquisition of NCS of $4.6 million (acquired in December 2016). With the changes to the mortgage rules (see the "2017 Outlook and Strategic Objectives" section of this MD&A) DLC has also experienced a 1% decrease in funded mortgages volumes when compared to the nine months ended September 30, 2016. This decline in mortgage volume has resulted in a decrease in our consolidated revenues of $0.7 million during the nine months ended September 30, 2017.

DLC's operating expenses for the nine months ended September 30, 2017 have increased by $14.5 million over the nine months ended September 30, 2016. The increase in operating expenses is partially attributable to the timing of the DLC acquisition, as DLC was acquired on June 3, 2016, accounting for $9.0 million of this variance. The remainder of the increase can be attributed to $4.3 million in additional expenses related to the NCS operations (acquired in December 2016), as well as an increase of $0.4 million in depreciation and amortization expense related to additions to intangible assets, and an increase of $1.2 million in general and administration expenses offset by a decrease of $0.4 million in direct costs related to the decline in volume of funded mortgages. The increase in general and administrative expenses is due to a bi-annual advertising and promotion event and higher personnel costs related to severance and bonus payments.

Adjusted EBITDA has increased $3.6 million over the nine months ended September 30, 2016 to $12.1 million. This increase is partially attributable to the timing of the DLC acquisition which accounts for $4.6 million of this variance. The remainder of the variance is related to adjusted EBITDA from the NCS operations of $0.9 million, offset by a decline in revenues of $0.7 million related to a decrease in the volume of funded mortgages and a $1.2 million increase in operating expenses related to a bi-annual advertising and promotion event and higher personnel costs related to severance and bonus payments.

Club16 segment

	For the three months ended			For the nine months ended	
(000's)	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenues	$ 5,933	$ 7,811	$ -	$ 19,210	$ -
Operating expenses	5,603	5,189	-	15,814	-
Income from operations	**330**	**2,622**	**-**	**3,396**	**-**
Other (expense) income, net	(79)	(92)	-	(211)	-
Income before tax	**251**	**2,530**	**-**	**3,185**	**-**
Add back:					
Depreciation and amortization	1,163	673	-	2,508	-
Finance expense	41	57	-	138	-
Adjusted EBITDA	**$ 1,455**	**$ 3,260**	**$ -**	**$ 5,831**	**$ -**
Adjusted EBITDA margin	25%	**42%**	-	30%	-
Adjusted EBITDA attributable to:					
Shareholders	$ 873	$ 1,956	$ -	$ 3,499	$ -
Non-controlling interests	$ 582	$ 1,304	$ -	$ 2,332	$ -
Key performance indicators:					
Total fitness club members [1]	80,078	80,094	78,391	80,078	78,391

(1) The number of fitness club members is as at the respective balance sheet date.

Club16's revenues have decreased by $1.9 million over the three months ended June 30, 2017 mainly due to an annual club enhancement fee being charged in May of each year. Normalizing for the impact of the annual club enhancement fee, revenues are up $0.3 million over the prior quarter primarily due to higher seasonal bike rental revenues in Q3 2017. The higher bike revenues can be attributed to improved weather conditions in the Vancouver lower mainland area when compared to Q2 2017. Bike rental revenue is highly seasonal and is typically earned from mid-March to mid-October of each year.

Operating expenses have increased by $0.4 million over the prior quarter. This variance can be attributed to a $0.5 million increase in depreciation and amortization on the Club16 assets as management continues to assess the useful lives of the assets acquired as a part of the Club16 transaction.

Club16 contributed $1.5 million in adjusted EBITDA to the Q3 2017 consolidated results, a decrease of $1.8 million over the three months ended June 30, 2017. This variance is due primarily to lower revenues of $1.9 million as the annual club enhancement fee is charged and earned in May of each year.

Club16 has no comparative period results for 2016 as it was acquired in December 2016.

Impact segment

	For the three months ended			For the nine months ended	
(000's) (1)	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenues	$ 2,931	$ 2,887	$ -	$ 6,708	$ -
Operating expenses	2,351	2,204	-	5,354	-
Income from operations	**580**	**683**	**-**	**1,354**	**-**
Other expense, net	(647)	(255)	-	(934)	-
(Loss) income before tax	**(67)**	**428**	**-**	**420**	**-**
Add back:					
Depreciation and amortization	288	287	-	671	-
Other adjusting items (2)	356	(146)	-	174	-
Adjusted EBITDA	**$ 577**	**$ 569**	**$ -**	**$ 1,265**	**$ -**
Adjusted EBITDA margin	20%	20%	-	19%	-
Adjusted EBITDA attributable to:					
Shareholders	$ 577	$ 569	$ -	$ 1,265	$ -
Non-controlling interests	$ -	$ -	$ -	$ -	$ -

(1) The results presented in this table are from March 1, 2017, the date of acquisition.
(2) Other adjusting items include share-based payment expense, unrealized gains on foreign exchange, and fair value adjustments on non-controlling interest liability.

Impact's income from operations for the third quarter is consistent with Q2 2017 results with only slight increases in revenue and operating expenses over the comparative period. This is in line with management's expectations, as Impact's results are generally consistent on a quarter-over-quarter basis, but do occasionally benefit from large periodic orders.

Operating expenses for the three months ended September 30, 2017 are made up primarily of direct costs of $1.4 million, general and administrative expenses of $0.6 million, depreciation and amortization of $0.3 million, and share-based payment expense of $9,037. The current quarter operating expenses costs are generally consistent with costs incurred during the prior quarter with direct costs of $1.3 million, general and administrative expenses of $0.7 million, depreciation and amortization of $0.3 million, and share-based payments of $8,676 incurred during the three months ended June 30, 2017. General and administrative expenses are comprised mainly of occupancy costs, salaries and promotional expenses. Impact's share-based payment costs relate to share appreciation rights ("SARs") which were granted to the management of Impact as a part of the Impact acquisition.

Included within other expense for the three months ended September 30, 2017, is a $0.2 million (June 30, 2017 - $0.3 million) expense related to Impact's non-controlling interest shareholder's portion of Impact's net income (see note 10 to the September 30, 2017 interim financial statements) and a $0.5 million non-cash fair value adjustment related to the fair value of the non-controlling interest liability. Impact's non-controlling interest is classified as a liability, rather than equity on our consolidated statement of financial position, and as a result net income attributable to the non-controlling interest is reallocated from the Impact results to the statement of financial position through the other expense line in the table above, resulting in (loss) income before tax and adjusted EBITDA only being the corporate head office's 52% interest in Impact.

Impact's adjusted EBITDA has been relatively stable or growing on a month-over-month basis throughout 2017, and is expected to occasionally benefit from large periodic orders from certain of its regular distributors. Impact has contributed $0.6 million in adjusted EBITDA to the quarterly consolidated results for both the second and third quarter in 2017, after adjusting their income from operations for depreciation and amortization and other adjusting items.

Impact has no comparative period results for 2016 as it was acquired in March 2017.

Corporate head office

	For the three months ended			For the nine months ended	
(000's)	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenues	$ -	$ -	$ -	$ -	$ -
Operating expenses	2,559	1,895	5,240	7,388	11,220
Income from operations	**(2,559)**	**(1,895)**	**(5,240)**	**(7,388)**	**(11,220)**
Other expense, net	(358)	(52)	(1,242)	(716)	(2,972)
Income before tax	**(2,917)**	**(1,947)**	**(6,482)**	**(8,104)**	**(14,192)**
Add back:					
Depreciation and amortization	9	7	3	23	4
Finance expense	1,503	664	1,381	2,478	1,854
Share-based payments	730	748	3,173	2,669	4,992
Unrealized foreign exchange gain	(1,108)	(559)	(136)	(1,679)	(136)
Other adjusting items (1)	-	(59)	-	(59)	1,683
Adjusted EBITDA	**$ (1,783)**	**$ (1,146)**	**$ (2,061)**	**$ (4,672)**	**$ (5,795)**
Adjusted EBITDA attributable to:					
Shareholders	$ (1,783)	$ (1,146)	$ (2,061)	$ (4,672)	$ (5,795)
Non-controlling interests	$ -	$ -	$ -	$ -	$ -

(1) Includes gain on financial instrument, non-cash write down and impairment, loss on sale of investments, corporate start-up costs and professional fees related to arbitration.

Corporate head office uses the cash received from the operating subsidiaries to fund its operating expenses, financing costs and dividends paid to shareholders. During the three and nine months ended September 30, 2017, corporate received distributions from its subsidiaries of $3.0 million and $7.6 million, respectively.

Three-month results

During the three months ended September 30, 2017, corporate head office incurred operating expenses of $2.6 million, compared to $1.9 million during the three months ended June 30, 2017, an increase of $0.7 million. This increase in operating costs is related to higher general and administrative costs for severance $0.5 million and annual compensation payments $0.4 million that were approved and paid during the current quarter.

Other expenses for the three months ended September 30, 2017 relate primarily to financing costs net of unrealized foreign exchange gains. Financing costs of $1.5 million were incurred during the current quarter, compared to $0.7 million during the three months ended June 30, 2017, an increase of $0.8 million. The increase in financing costs over the prior quarter relates mainly to fees incurred for entering the Sagard Facility and an increase in the corporate head office's total loans and borrowings from $27 million to $42.0 million USD (CAD - $52.4 million) in June 2017 (See the "Consolidated Liquidity and Capital Resources" section of this MD&A for additional discussion of our credit facilities). Subsequent to September 30, 2017 the additional loans and borrowings were used to fund the acquisition of a 50% interest in Astley Gilbert (See the "2017 Key Corporate Accomplishments" section of this MD&A). An unrealized foreign exchange gain of $1.1 million was recorded in the quarter and relates to the corporate head office's USD debt and USD cash position at September 30, 2017.

Operating expenses for the three months ended September 30, 2017 compared to the three months ended 2016, have decreased by $2.7 million, due to lower share-based payment expenses of $2.4 million which is significantly due to the issuance of 1,802,500 share options during the three months ended September 30, 2016, of which 600,833 vested upon issuance, and a decrease of $0.8 million in acquisition and due diligence costs due to certain due diligence processes being completed internally. The decline in operating expenses is partially offset by an increase in general and administration expense of $0.5 million due to an increase in personnel costs as discussed above.

Other expense for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 has decreased by $0.9 million which is primarily related to an increase in foreign exchange gains of $1.0 million. The foreign exchange gains are related to our net USD debt position at September 30, 2017 as discussed above, offset by a $0.1 million increase in finance expense.

During the three months ended September 30, 2017, the corporate head office recognized an impairment loss on its investment into Vital Alert of $2.5 million, which is offset by a gain on the Vital Alert option agreement. These offsetting amounts are both recorded in other income in the table above. Subsequent to September 30, 2017, the option agreements were canceled and the Corporation participated in the convertible debenture offering whereby the corporate head office purchased 371 convertible debenture units in Vital Alert for gross proceeds of $0.4 million. See note 20 of the interim financial statements for further discussion.

Nine-month Results

Corporate operating expenses decreased by $3.8 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. This decrease is attributable to a $2.3 million decrease in acquisition and due diligence costs as certain due diligence processes are now being completed internally at a reduced cost and a $2.3 million decrease in share based compensation related to the issuance of 2,679,745 share options in 2016 compared to 275,000 in 2017. This decrease is partially offset by an increase of $0.8 million in general and administration expense resulting from higher personnel costs as discussed above.

Other expense decreased by $2.3 million for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016. The decrease is primarily due to the loss on sale of investment of $ 1.3 million incurred during the prior year, a $1.5 million increase in gain on foreign exchange in the current period related to our USD debt and cash balances, offset by a $0.6 million increase in finance expense due to the corporate head office's total loans and borrowings increasing to $42.0 million USD (CAD - $52.4 million) from $17.8 million at September 30, 2016.

During Q3 2017, corporate head office paid $0.5 million of dividends to shareholders of record as at June 30, 2017. On September 15, 2017, the corporate head office declared a dividend of $0.5 million, which was paid on October 12, 2017.

SUMMARY OF QUARTERLY QESULTS

Selected unaudited financial data published for our operations during the last eight quarters are as follows:

(000's)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Revenues	$ 21,759	$ 19,500	$ 13,694	$ 9,277	$ 10,643	$ 3,018	$ -	$ -
Income (loss) from operations	4,537	2,640	(1,790)	(1,606)	699	(1,832)	(2,940)	(658)
Adjusted EBITDA	7,875	5,274	1,341	998	4,907	(302)	(1,930)	(574)
Net income (loss)	3,611	3,091	(1,660)	(1,916)	(1,171)	949	(4,025)	(1,116)
Net income (loss) attributable to:								
Shareholders	1,140	975	(1,630)	(2,410)	(2,842)	599	(4,025)	(1,116)
Non-controlling interests	2,471	2,116	(30)	494	1,671	350	-	-
Net income (loss) per common share:								
Basic	0.03	0.03	(0.04)	(0.07)	(0.08)	0.03	(0.40)	(0.11)
Diluted	0.03	0.03	(0.04)	(0.07)	(0.08)	0.02	(0.40)	(0.11)

Quarterly trends and seasonality

Due to the significant change in our business in February 2016 and the acquisitions of DLC, Club16, and Impact, the prior periods shown in the above table are not necessarily meaningful and should not be relied upon as an indication of future performance.

Our quarterly results generally vary from quarter to quarter as a result of seasonal fluctuations in our reporting segments. This means our results in one quarter are not necessarily a good indication of how we will perform in a future quarter.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

Liquidity

(000's)		As at September 30, 2017		As at December 31, 2016
Cash and cash equivalents	$	29,248	$	7,824
Trade and other receivables		13,671		11,742
Prepaids and other assets		1,225		1,340
Notes receivable		274		290
Financial instruments		2,546		-
Inventories		3,094		-
Accounts payable and accrued liabilities		(12,058)		(13,916)
Loans and borrowings		(9,356)		(25,064)
Deferred revenue		(1,387)		(970)
Other current liabilities		(443)		(636)
Non-controlling interest rights		(5,100)		-
Net working capital (deficit)	**$**	**21,714**	**$**	**(19,390)**

Our capital strategy is aligned with our business strategy and is focused on ensuring that we have sufficient liquidity to fund our operations, service our debt obligations, fund future acquisition opportunities, and drive organic revenue growth in each of our subsidiaries to increase growth in free cash flows in order to return cash to our shareholders.

Our principal sources of liquidity are cash generated from the operations of our subsidiaries, borrowings under credit facilities, related party loans and equity offerings. Our primary uses of cash are for operating expenses, debt repayment, debt servicing costs and acquisitions.

As at September 30, 2017, we had a consolidated cash position of $29.2 million (December 31, 2016 - $7.8 million) and a net working capital of $21.7 million (December 31, 2016 – ($19.4) million). The increase in working capital over the comparative period is primarily the result of the increase in our consolidated cash balance and entering into the 5-year term facility with Sagard which is classified as long-term and the repayment of our ATB demand corporate credit facility, which in the comparative period was classified as current. The increase in cash is the result of drawn on our corporate credit facility, which is classified as long-term. Subsequent to September 30, 2017, this cash was used to fund the acquisition of a 50% interest in Astley Gilbert (see the "2017 outlook and strategic objectives section of this MD&A"). Our credit facilities are discussion in greater detail in the "capital resources" section below.

At September 30, 2017, we have a number of financial commitments (see "Commitments" section of this MD&A for further information), which will require that we have various sources of capital to meet our obligations associated with our commitments.

At September 30, 2017, we are in compliance with all of our financial covenants.

Sources and uses of cash

The following table is a summary of our consolidated statement of cash flow:

(000's)		For the nine months ended September 30 2017		2016
Cash provided by (used in) operating activities	$	6,993	$	(3,216)
Cash used in investing activities		(18,000)		(45,617)
Cash provided by financing activities		33,918		75,380
Increase (decrease) in cash		22,911		26,547
Impact of foreign exchange on cash and cash equivalents		(1,487)		136
Cash, beginning of period		7,824		9,103
Cash, end of period	**$**	**29,248**	**$**	**35,786**

Operating activities: The net cash provided by operating activities for the nine months ended September 30, 2017 was primarily related to cash flows generated by Club16's operations of $6.4 million, cash flows from DLC's operations of $6.3 million, and cash flows from Impact's operations of $2.1 million. The cash provided by operations is partially offset by cash used by corporate head office of $7.8 million, which is primarily related to general and administration costs, finance expense and acquisition and due diligence costs.

Cash used in operating activities for the nine months ended September 30, 2016 was impacted by cash flows generated by DLC of $3.6 million, offset by corporate general and administrative costs for salaries and salary related costs, acquisition and due diligence costs related to the implementation of the new business plan and the acquisition of DLC.

Investing activities: The net cash used in investing activities for the nine months ended September 30, 2017 was comprised of: the corporate head office acquisition of Impact for $12.0 million (net of cash received), $1.5 million post-closing adjustment paid to the vendors of Club16, DLC's investments in intangible assets of $2.5 million, Club 16's investment in capital assets of $1.4 million and $5.2 million in distributions paid to non-controlling interest unitholders. Cash used in investing activities is partially offset by cash received from DLC's disposal of intangible assets and its investment in Canadiana for total gross proceeds of $4.0 million.

Cash used by investing activities for the nine months ended September 30, 2016 was significantly impacted by the corporate head office acquisition of DLC for net cash of $54.8 million and sale of our shares in Auryn Resources Inc. and Polaris Infrastructures Inc. for total proceeds of $10.1 million.

Financing activities: Cash provided by financing activities increased for the nine months ended September 30, 2017 as a result of the corporate head office entering into the $42.0 million USD credit facility with Sagard, the increase in the ATB corporate senior credit facilities to $28.0 million (see the "Capital Resource" section of this MD&A), and the increase in the amount drawn on DLC's operating facility of $1.1 million. Offsetting the increase in cash from financing activities was the $27.0 million repayment of the ATB corporate facility, the $5.2 million repayments of DLC's term loan facilities, and $0.4 million principal payments on the Club16's term loan facilities.

Cash provided by financing activities for the nine months ended September 30, 2016 was impacted by the $31.7 million net proceeds received from the July 6, 2016 private placement of common shares, $27.4 million net proceeds received via subscription receipts offering, the receipt of $19.3 million (net cash received) from a bridge facility which was used to partially fund the DLC transaction and $18.4 million drawn on senior credit facilities, partly offset by cash repayments on debt facilities.

Capital Resources

Our capital structure is composed of total shareholders' equity and loans and borrowings, less cash and cash equivalents. The following table summarizes our capital structure at September 30, 2017 and December 31, 2016.

(000's)		September 30, 2017		December 31, 2016
Loans and borrowings	$	63,764	$	32,455
Less: cash and cash equivalents		(29,248)		(7,824)
Net loans and borrowings	$	34,516	$	24,631
Shareholders' equity	$	107,617	$	106,849

Loans and borrowings

Our available credit facilities are comprised of a term credit facility at the corporate head office level, as well as acquisition and operating credit facilities within DLC and Club16. For additional details on each of our credit facilities refer to our 2016 annual consolidated financial statements and our interim financial statements for the three and nine months ended September 30, 2017.

Corporate - $28.0 million ATB credit facility

On February 28, 2017, we amended our corporate credit facilities to increase the revolving acquisition credit facility from $17.0 million to $28.0 million and cancel our $5.0 million non-revolving demand acquisition credit facility. On June 14, 2017, this facility was repaid in full from proceeds of the Sagard Facility.

Corporate - $42.0 million USD Sagard Facility

On May 31, 2017, we entered into the $42.0 million USD Sagard Facility for the purposes of repaying our 2017 ATB credit facility, financing future acquisitions and for general corporate purposes. The facility has a five-year term and bears interest at the three-month LIBOR rate plus 7% per annum with interest payable quarterly. The term facility is secured by a general security agreement with first charge over our assets, subject to customary terms, conditions, covenants and other provisions. Financial covenants include the requirement to maintain a fixed charge coverage ratio of not less than 1:1 and a total leverage ratio of:

- Less than 5.25:1 for the fiscal quarter ending June 30, 2017;
- 4.75:1 for the fiscal quarters ending September 30, 2017 and December 31, 2017;
- 4.25:1 for the fiscal quarter ending March 31, 2018;
- 4.00:1 for the fiscal quarter ending June 30, 2018, September 30, 2018 and December 31, 2018; and
- 3.75:1 the fiscal quarter ending thereafter.

As at September 30, 2017, we were in compliance with all such covenants.

DLC term loan facility
DLC has term loans under which they have borrowed an aggregate of $7.3 million at September 30, 2017 (December 31, 2016 - $10.4 million). The facility is held at the DLC subsidiary level. As at September 30, 2017, DLC was in compliance with all covenants.

During Q2 2017, DLC repaid the remaining balance of $1,490 on one of the term facilities that was outstanding as of December 31, 2016.

Club16 - $7.0 million term loan facility
On January 23, 2017, the Club16 term loan facilities were repaid in full and replaced by a $7.0 million facility, of which $3.7 million was drawn at September 30, 2017. The available credit remaining will be used to finance equipment purchases and leasehold improvements at future locations. The facility matures on the earlier of (i) demand by the lender, or (ii) 60 months from the date of each drawdown, and is secured by a general security agreement with first charge over the assets of Club16. The new facilities lowered Club16's cost of capital as well as provided additional capital to support the growth of the Club16 operations.

Club16 - $1.5 million revolving facility
On January 23, 2017, Club16 entered into a $1.5 million revolving operating facility to finance their working capital requirements. Borrowings under the revolving facility are due on demand and bear interest at the bank's prime rate plus 1.25% per annum and are secured by a general security agreement with first charge over the assets of Club16. Financial covenants include the requirement to maintain a debt service charge ratio of not less than 1.25 and a maximum debt-to-EBITDA ratio of less than 2.25:1.

Dividends
During 2017, we started distributing a quarterly dividend of $0.0125 per share ($0.05 per share annualized), which resulted in a payment of $0.5 million on April 12, 2017, July 12, 2017, and on October 12, 2017 to shareholders of record as at March 31, 2017, June 30, 2017 and September 29, 2017 respectively.

COMMITMENTS

The following table summarizes the payments due in the next five years and thereafter in respect to our contractual obligations. See note 18 of the interim consolidated financial statements for more information.

(000's)	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years	Total
Accounts payable and accrued liabilities	$ 12,058	$ -	$ -	$ -	$ 12,058
Other current liabilities	27	-	-	-	27
Loans and borrowings	9,356	3,480	54,489	-	67,325
Long-term accrued liabilities	-	92	-	-	92
Leases	4,803	9,483	7,012	6,851	28,149
	$ 26,244	**$ 13,055**	**$ 61,501**	**$ 6,851**	**$ 107,651**

We have a potential commitment to purchase an additional 22.2% interest in Impact for total proceeds of $5,100 within one year of the balance sheet date (see note 10 of the interim financial statements).

SHARE CAPITAL

On May 18, 2016, our common shares were consolidated on a 15:1 basis. All figures in this MD&A have been adjusted to reflect the 15:1 consolidation. The number of outstanding share options and deferred share units have also been adjusted proportionately.

As of September 30, 2017, we had 38,128,606 common shares outstanding compared to 37,714,342 at December 31, 2016. As at November 27, 2017, there were 38,128,606 common shares issued and outstanding.

As at November 27, 2017 there were outstanding options to purchase 3,109,745 common shares with exercise prices ranging from $2.40 to $4.40, an aggregate of 487,989 broker warrants with an exercise price of $2.10, and 2,078,568 lender warrants with exercises prices ranging from $3.508 to $3.965.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements at September 30, 2017 and November 27, 2017.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Our financial risk management policies have been established in order to identify and analyze risks that we face, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. We employ risk management strategies to ensure our risks and related exposures are consistent with our business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for our risk management framework, our management has the responsibility to administer and monitor these risks.

We are exposed in varying degrees to a variety of risks from the use of financial instruments, which mainly include cash and cash equivalents, trade and other receivables, loans and borrowings, option agreements, investments, and trade payables and accrued liabilities. As a result of the use of these financial instruments, we are exposed to risks that arise from their use, including market risk, credit risk and liquidity risk. This note describes our objectives, policies and processes for managing these risks and the methods used to measure them.

Our financial instrument classifications as at September 30, 2017 are as follows:

(000's)	Carrying value as at September 30, 2017	Fair value as at September 30, 2017	Classification
Financial Assets			
Cash and cash equivalents	$ 29,248	$ 29,248	FVTPL
Trade and other receivables	14,632	14,632	Loans and receivables
Notes receivable	274	274	Loans and receivables
Investments	186	186	AFS
Financial instruments – option agreements	2,546	2,546	FVTPL
Financial Liabilities			
Loans and borrowings	(63,764)	(63,764)	Loans and receivables
Accounts payable & accrued liabilities	(12,058)	(12,058)	Financial liabilities at amortized cost
Other financial liabilities	(443)	(443)	Financial liabilities at amortized cost
Non-controlling interest rights	(8,315)	(8,315)	FVTPL

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign exchange risk, interest rate risk and price risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. Our exposure to foreign exchange fluctuations relates to the balances in USD bank accounts, our USD loans and borrowings, as well as the Impact operations as a significant portion of their business is conducted in USD. Changes in the USD exchange rate can increase or decrease revenues, income from operations, net income and the carrying values of Impact's assets and liabilities. At September 30, 2017, the consolidated USD cash and debt balances are $19.5 million (CAD $24.4 million) (December 31, 2016 - USD $36,916 (CAD $44,154)), and $42.0 million (December 31, 2016 - $nil), respectively. The translation effect from changes in the USD exchange rate resulted in an unrealized foreign exchange loss on our consolidated USD cash balance of $1.0 million and $1.5 million for the three and nine months ended September 30, 2017 (September 30, 2016 - $0.1 million and $0.1 million). Our USD debt balance resulted in an offsetting foreign exchange gain of $2.1 million and $3.2 million for the three and nine months ended September 30, 2017 (September 30, 2016 - $nil and $nil). Net foreign translation losses of $0.8 million and $1.3 million (September 30, 2016 - $nil and $nil) were recorded within consolidated other comprehensive income related to Impact's operations.

Management has assessed that our exposure to foreign exchange risk at September 30, 2017 is moderate and monitors foreign exchange rates on an ongoing basis. A 10% weakening of the US dollar against the Canadian dollar would result in a $3.4 million and $2.7 million increase in net income before tax for the three and nine months ended September 30, 2017 (September 30, 2016 - $2.6 million loss and $2.6 million loss).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk on our variable rate loans and borrowings. A 1% change in the interest rates on the loans and borrowings would have a $0.3 million and $0.5 million impact on net income for the three and nine months ended September 30, 2017 (September 30, 2016 - $0.2 million and $0.2 million).

Price risk - investments

We are exposed to price risk with respect to fluctuations in the prices of our investments. The carrying amounts of our investments are directly related to the current market prices of our investments. As at September 30, 2017, we no longer hold any publicly traded securities.

Credit risk

Credit risk is the risk of financial loss to us if a counterparty to a financial instrument fails to meet its contractual obligations. Our credit risk is mainly attributable to our cash and cash equivalents and trade and other receivables.

We have assessed our exposure to credit risk on our cash and cash equivalents and have determined that such risk is minimal as our cash and cash equivalents are held with financial institutions in Canada.

Our primary source of credit risk relates to DLC's franchisees and agents not repaying receivables owed to DLC. DLC manages its credit risk by performing credit risk evaluations on its franchisees and agents, and by monitoring overdue trade and other receivables. Another source of credit risk comes from Impact's customers not paying amounts owed to Impact which is also managed by performing credit risk evaluations and monitoring overdue trade receivables. The management of both DLC and Impact establish an allowance for doubtful accounts based on the specific credit risk of its customers. As at September 30, 2017, $1.5 million (December 31, 2016 - $0.2 million) of our trade receivables are greater than 90 days outstanding, all of which relate to DLC and Impact's operations. Subsequent to September 30, 2017, these amounts were collected in full. Our maximum exposure to credit risk, as related to certain financial instruments as identified in the table below, approximates the carrying value of the assets of our interim condensed consolidated statement of financial position.

(000's)	September 30, 2017	December 31, 2016
Cash and cash equivalents	$ 29,248	$ 7,824
Trade and other receivables	14,632	12,413
Notes receivable	274	290
	$ 44,154	**$ 20,527**

Liquidity risk
Liquidity risk is the risk that we will not meet our financial obligations as they fall due. We manage this risk by continually monitoring our actual and projected cash flows to ensure there is sufficient liquidity to meet our financial liabilities when they become due. See the "Consolidated Liquidity and Capital Resources" section of this MD&A for further discussion on our liquidity risk.

RELATED PARTY TRANSACTIONS

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties.

Investment in Vital Alert
Founders Advantage holds an investment in Vital Alert. At the time of purchase of the investment on December 23, 2015, two directors of Founders Advantage were also directors of Vital Alert. In February 2016, one these directors resigned as a director and management determined that as such, Vital Alert was no longer considered a related party from that date forward.

Property leases
DLC leases and rents office space from companies that are controlled by the significant shareholders and founders of DLC. For the three and nine months ended September 30, 2017, the total costs incurred under these leases were $0.1 million and $0.3 million (September 30, 2016 - $0.1 million and $0.1 million). The lease term maturities range from 2017 - 2020.

Club16 leases office space and a facility for one of its fitness clubs from companies that are controlled by the significant shareholders and founders of Club16. For the three and nine months ended September 30, 2017, the total costs incurred under these leases were $0.1 million and $0.3 million (September 30, 2016 - $nil and $nil). The lease term maturities range from 2017 - 2020.

Impact leases office space from a company that is controlled by key management personnel and a significant shareholder of Impact. Total costs incurred during the period under this lease for the three and nine months ended was $28,743 and $67,067 (September 30, 2016 - $nil and $nil). The lease term matures in 2021. The expense is recorded in general and administrative expenses and is paid monthly; as such no amount remains payable within our Interim Consolidated Statement of Financial Position.

Sales tax receivable
On acquisition of DLC, we were indemnified against any sales tax amounts assessed based on DLC's past results. As at September 30, 2017, we have recorded a receivable due from DLC's founders in the amount of $0.7 million for the sales tax amounts payable recorded by DLC.

US state tax receivable
On acquisition of Impact, Founders Advantage was indemnified against any US state sales tax amounts assessed based on Impact's past results. As at September 30, 2017, we have recorded a receivable due from the Impact founders in the amount of $0.2 million for the US state tax amounts receivable recorded by Impact.

Loans and advances
DLC has loans and advances due to/from companies that are controlled by key management and both significant and minority shareholders of DLC. Due to amounts of $14,849 (December 31, 2016 - $30,970) have been included in accounts payable and accrued liabilities in our interim financial statements as at September 30, 2017. Due from amounts of $101,372 (December 31, 2016 - $24,238) have been included in trade and other receivables in our interim financial statements as at September 30, 2017.

Club16 has loans and advances due to companies that are controlled by both key management and significant shareholders of Club16 in the amount of $70,981 as at September 30, 2017 (December 31, 2016 - $nil). The balance is included in accounts payable and accrued liabilities in our interim financial statements. Due from amounts of $21,276 (December 31, 2016 - $nil) have been included in trade and other receivables in our interim financial statements as at September 30, 2017.

All related party loans and advances are unsecured, due on demand and are non-interest bearing.

Promissory notes
DLC entered into two promissory notes payable totaling $2.0 million due to companies that are controlled by key management personnel and significant shareholders of DLC. These notes were repaid in full during the third quarter.

Administrative services
Club16 has entered into an agreement to provide administrative services to a company controlled by the significant shareholders and founders of Club16. The total fees charged for services under this agreement for the three and nine months ended September 30, 2017 were $24,600 and $73,800 (September 30, 2016 - $nil and $nil). The agreement can be terminated by either party with six months' prior written notice.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

Business combinations
We use significant judgement to conclude whether an acquired set of activities and assets are a business, and such differences can lead to significantly different accounting results. The acquisition of a business is accounted for as a business combination. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition.

We account for business combinations using the acquisition method. Significant estimation and judgement is required in applying the acquisition method when identifying and determining the fair values of the acquired company's assets and liabilities. The most significant estimates and assumptions, and those requiring the most judgement, involve the fair values of intangible assets and residual goodwill, if any. Valuation techniques applied to intangible assets are generally based on management's estimate of the total expected future cash flows. Significant assumptions used in determining the fair value of the intangible assets identified include the determination of future revenues and cash flows, discount rates and market conditions at the date of the acquisition. The excess acquisition cost over the fair value of identifiable net assets is recorded as goodwill.

These estimates and assumptions have been used in determining the fair value of the intangible assets acquired and included in the DLC, Club16 and Impact reportable segments. The fair value of these intangible assets is subject to uncertainty and if changed could significantly differ from those recognized in the financial statements.

Control assessment and classification of non-controlling interest
We acquire majority interests in private companies, which requires management to apply significant judgement to assess whether the investment structure results in the corporate head office having control, joint control or significant influence over the investee and determine the classification of non-controlling interest. The assessment of whether the corporate head office has control, joint control or significant influence over the investee and the classification of non-controlling interest is dependent on such factors as distribution, voting and liquidity rights. Management's assessment of these factors and others will determine the accounting treatment for the investment and may have a significant impact on our consolidated financial statements.

Intangible assets
Management has concluded that the DLC brand name has an indefinite useful life. This conclusion was based on a number of factors, including our ability to continue to use the brand and the indefinite period over which the brand name is expected to generate cash flow. Therefore, the determination that the brand has an indefinite useful life involves judgement, which could have an impact on the amortization charge recorded in the consolidated statement of income.

Intangible assets are held in both the DLC, Club16 and Impact reportable segments. For each class of intangible assets with finite lives, management must decide the period over which it will consume the assets' future economic benefits. The determination of a useful life period involves the judgement of management, which could have an impact on the amortization charge recorded in the consolidated statement of income.

Impairment of goodwill and intangible assets
Goodwill and indefinite life intangible assets are not amortized. Goodwill and indefinite life intangible assets are assessed for impairment on an annual basis, or when indicators of impairment are identified, by comparing the carrying amount of the asset to its recoverable amount, which is calculated as the higher of the assets' fair value less cost of disposal or its value in use. The value in use is calculated using a discounted cash flows analysis, which requires management to make a number of significant assumptions, including those related to future operating plans, discount rates and future growth rates.

An indefinite life intangible asset (the DLC brand names) is held within the DLC reportable segment and goodwill is held in the DLC, Club16 and Impacts reportable segments. We assess for indicators of impairment of goodwill and indefinite life intangible assets at the end of each reporting period. If indicators of impairment exist, we assess the carrying amount of the asset that is considered recoverable.

CGU determination
The determination of CGUs for the purposes of impairment testing requires judgment when determining the lowest level for which there are separately identifiable cash inflows generated by a group of assets. In identifying assets to group into CGUs, we consider how the operations of each subsidiary generates cash flows and how management monitors the entity's operations. The determination of CGUs could affect the results of impairment tests and the amount of the impairment charge, if any, recorded in the consolidated financial statements.

Depreciation of capital assets
Depreciation of capital assets is calculated based on the estimated useful life of the related asset, less its residual value. For each class of capital assets, management must decide the period over which it will consume the assets' future economic benefits. The determination of a useful life period involves the judgement of management, which could have an impact on the depreciation charge recorded in the consolidated statement of income.

Share-based payments
When share-based awards are granted, we measure the fair value of each award and recognize the related compensation expense over the vesting period. Management makes a variety of assumptions in calculating the fair value of share-based payments. An option pricing model is used in determining the fair value, which requires estimating the expected volatility, interest rates, expected life of the awards granted and forfeiture rates. Consequently, share-based compensation expense is subject to measurement uncertainty.

Deferred taxes
The determination of our income and other tax liabilities requires the interpretation of complex tax regulations. Judgment is required in determining whether deferred tax assets should be recognized on the consolidated statement of financial position. Deferred tax assets require management to assess the likelihood that we will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each applicable jurisdiction. These estimates and assumptions are subject to uncertainty and if changed could materially affect the assessment of our ability to fully realize the benefit of the deferred tax asset.

ACCOUNTING POLICIES

New accounting policies
As a result of the acquisition of Impact on March 1, 2017 certain new accounting policies have been adopted, which are as follows:

Revenue recognition
Impact – Radio accessories
Radio accessories revenue relates to revenues earned from the sale of two-way radio products, and is recognized when the risks and rewards of ownership are transferred to the buyer, it is probable the economic benefits will flow to us, the amount of revenue can be reasonably estimated, and the costs incurred with respect to the transaction can be reliably measured.

Share-based payments
As a part of the Impact acquisition, share appreciation rights ("SARs") on the Impact shares were granted to the management of Impact. The SARs provide Impact's management with the opportunity to receive a cash payment equal to the growth in the fair market value of the Impact's shares over and above the fair market value of the shares on the grant date. The liability is measured initially, and at the end of each reporting period until the liability is settled, at the fair value of the SARs by applying an option pricing model, with any changes in fair value recognized in the consolidated statement of income.

Inventories
Inventories are comprised of Impact's two-way radio products and are measured at the lower of cost and net realizable value. The cost of inventories is assigned on a weighted average cost formula. Cost of inventories is comprised of the purchase price and costs incurred to bring the inventories to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

Warranty provision
Our warranty provision relates to expected warranty claims on products sold to Impact's customers, and includes the incremental costs related to handling the estimated warranty claims. The provision is estimated based on historical claims and is accrued for as the sale of the product is recognized. Impact provides warranties on its products for either a two or three-year period, and expects these costs to be incurred over the next one to three years. Actual warranty costs are charged against the provision for warranty.

Foreign currency
The interim financial statements and this MD&A are presented in Canadian dollars, which is our presentation currency.

The financial statements of each of our subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional currency of each of the subsidiaries of the corporate head office is the Canadian dollar, with the exception of Impact whose functional currency is the US dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the consolidated statement of loss.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated into Canadian dollars at the period end exchange rate, and the results of their operations are translated at the average rates for the period. The resulting translation adjustments are included in accumulated other comprehensive income.

Intangible assets
Intangible assets related to the Impact acquisition includes customer and supplier relationships, non-compete agreements and the Impact brand name. These intangible assets are amortized on a straight-line basis over their respective useful lives. The customer relationships are amortized over the estimated economic life of 15 years. Supplier relationships and the brand name are amortized over five-year terms. The non-compete agreement is amortized over the two-year term of the agreement.

Financial instruments
A financial instrument is any instrument that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. On initial recognition, financial assets and liabilities are measured at their fair value, and then subsequently are measured based on their classification. We classify financial assets and liabilities into one of the following categories:

Fair value through profit or loss
A financial asset or liability is classified as fair value through profit or loss ("FVTPL") if it is classified as held-for-trading or is designated as such on initial recognition. We classify a financial instrument as held-for-trading if it was acquired principally for the purpose of selling or repurchasing in the short-term. Directly attributable transaction costs are recognized in income as incurred. These financial assets and financial liabilities are measured at fair value, with any gains and losses on revaluation recognized in income as incurred. Our option agreements related to its investment in Vital Alert is classified as FVTPL.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are initially measured at fair value and subsequently at amortized cost using the effective interest rate method. Our loans and receivables are comprised of cash and cash equivalents, notes receivable and trade and other receivables.

Available-for-sale assets
Available-for-sale assets are non-derivative financial assets that are either designated in this category or are not classified in any of the other financial asset categories. These assets are measured at fair value, plus transaction costs, and subsequently are measured at fair value with changes recognized in other comprehensive income. Upon sale or impairment, the accumulated fair value adjustments are transferred from other comprehensive income to earnings for the period. Our investment in Vital Alert is classified as available-for-sale.

Financial liabilities at amortized cost
This category consists of non-derivative financial liabilities that do not meet the definition of held-for-trading liabilities, and that have not been designated as liabilities at fair value through profit or loss. These liabilities are initially measured at fair value, less any directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Our financial liabilities that are measured at amortized cost include trade payables and loans and borrowings.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired, or we have transferred the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets have transferred.

A financial liability is derecognized when its contractual obligations are discharged or expire.

Future accounting standards

Standards that are issued but not yet effective and that we reasonably expect to be applicable at a future date are listed below.

IFRS 9 – Financial instruments: classification and measurement
A finalized version of IFRS 9 was issued in July 2014 and supersedes all previous versions, replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes impairment requirements for financial assets, the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments, de-recognition and general hedge accounting. This standard is to be applied retrospectively, and is effective for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. We intend to adopt the new standard on the required effective date, and are currently assessing the impact the amendment will have on the consolidated financial statements.

IFRS 15 – Revenue from contracts with customers
IFRS 15 was issued in May 2014, and provides a single comprehensive model to determine how and when an entity should recognize revenue arising from contracts with customers, and is requiring entities to provide users of financial statements with more informative, relevant disclosures. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. We intend to adopt the new standard on the required effective date, and are currently assessing the impact the amendment will have on the consolidated financial statements.

IFRS 16 – Leases
IFRS 16 introduces a single accounting model for leases. The standard requires a lessee to recognize assets and liabilities on its statement of financial position for all leases with a term of more than 12 months. IFRS 16 can be applied through a full or modified retrospective approach for annual reporting periods beginning on or after January 1, 2019.

Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. We intend to adopt the new standard on the required effective date, and are currently assessing the impact the amendment will have on the consolidated financial statements.

OUTLOOK AND STRATEGIC OBJECTIVES

The information in this section is forward-looking and should be read in conjunction with the "Cautionary Note Regarding Forward Looking Statements" section found at the end of this MD&A.

As previously announced, we have acquired a 60% interest in DLC, a 60% interest in Club16, a 52% interest in Impact and a 50% interest in Astley Gilbert. For fiscal 2018, we expect our proportionate interest of annual adjusted EBITDA from our four investees to be between $21.5 million - $22.5 million. The fiscal 2018 guidance is prior to corporate head offices expenses (including general and administrative expenses), assumes DLC's funded mortgage volumes decrease by 3% as a result of regulatory changes and does not reflect any additional acquisitions that the corporate head office intends on completing in 2018.

On January 24, 2017, we advised that our expected proportionate interest of annual adjusted EBITDA from DLC, Club16 and Impact to be between $17.0 million and $18.2 million, assuming a full year of ownership for these assets and prior to the corporate head office's general and administrative expenses. On May 18, 2017, we increased our outlook to a range between $19.5 million and $20.7 million. With three quarters now completed, we are reducing our outlook for fiscal 2017 as we anticipate our proportionate interest of annual adjusted EBITDA from DLC, Club16 and Impact to be between $15.0 million and $15.4 million. While these outlook amounts for fiscal 2017 are less than we expected at the start of the year, we note the following:

- The increased NCS revenues were expected to be generated earlier in the year (having an impact of approximately $0.8 million to the 2017 outlook figures if such amounts had been received for the full year).
- DLC's funded mortgage volumes remained relatively flat for fiscal 2017 when we had anticipated 10% growth (which is below historical average growth) in funded volumes over the prior year, (having an impact of approximately $2.8 million to the 2017 outlook figures). While increasing annual funded mortgage volumes benefits DLC, we are pleased that DLC is sourcing additional diversified revenue streams to supplement funded volumes.
- The above amounts include additional costs and expenses to reorganize and reposition NCS as a growth center for DLC, which amounts are not expected to be incurred going forward.
- The 2017 outlook amounts above do not include any amounts for Astley Gilbert as that acquisition was completed on October 31, 2017.

Corporate

Our management team continues to market our investment strategy across North America and receives numerous inbound proposals from founders and their advisors each week. We have a robust pipeline of potential transactions that we continue to review and assess. Our 2017 key financial priorities include:

- continuing to focus on acquiring investees with consistent historical EBITDA, significant free cash flows generations, and expected annual organic growth;
- maximizing shareholder value through on-going monitoring of our operating subsidiaries;
- continuously assessing our expenditures and reducing costs where possible; and
- seeking cost effective sources of capital to fund operations and finance future acquisition opportunities.

DLC segment

Throughout the remainder of 2017, DLC expects to continue adding funded mortgage volumes by expanding its network of mortgage brokers and franchisees through targeted recruiting initiatives. As a result of these initiatives, and despite the current regulatory changes to the Canadian mortgage industry (see industry commentary discussion below), we anticipate DLC will continue to maintain consistent revenues and adjusted EBITDA compared to prior periods. Further, as a result of the acquisition of NCS, DLC expects to increase revenues on its funded mortgage volumes (see the "DLC segment" section of this MD&A for further discussion).

Industry commentary

The mortgage brokerage industry is currently being impacted by the introduction of changes to the mortgage rules by the Canadian Federal Government. The new rules were effective as of October 17, 2016, and more changes to the rules are expected to be introduced by the Canadian Federal Government in January 2018. The new rules result in many homebuyers qualifying for lower mortgage amounts than they would have prior to the introduction of these rules. While DLC is not a lender and does not itself offer mortgages, it does offer mortgage brokerage services, whereby it assists customers in obtaining and negotiating new mortgages and mortgage renewals.

Despite the change in the mortgage rules, during the first nine months of 2017, DLC's year-over-year funded mortgage volumes have remained relatively flat, with only a slight decline of 1% in volume over the same period last year. This is viewed by management as a significant success as management estimates that year-to-date Canadian housing sales are down approximately 7-9%. Growth in the funded volume of mortgages on a per broker basis has also seen some declines during the first nine months of 2017 when compared to the same period last year, which was expected due to the changes in the mortgage rules. While there does appear to be some slowdown in growth on a per broker basis, this ease in growth is anticipated to be offset by the increase in volume of funded mortgages as a result of adding new franchisees and mortgage brokers during the same period as well as an increase in home buyers utilizing a broker to qualify for a mortgage, given the new mortgage rules effective January 1, 2018. During Q3 2017, DLC has been able to add an additional 40 brokers to its network. The year-to-date results are consistent with management's expectations, as historically, DLC has been able to sustainably grow its revenues in difficult economic times by adding new franchisees and mortgage brokers, and as such, it is not anticipated that the new rules will have a significant long-term effect on DLC's revenues.

Club16 segment
Club16's organic growth initiatives for 2017 include the expansion of one of its existing clubs to allow for membership growth, which opened in October 2017. The newly expanded club has already added approximately 900 new members and is expected to continue to grow during the last quarter of 2017. Personal training services has also been introduced into this newly expanded fitness club. The offering of personal training is a relatively new service for Club16, which has resulted in continuous adjusted EBITDA growth over the past year. It is anticipated that these initiatives will continue to have a positive impact on 2017 fitness club membership revenues and adjusted EBITDA during the last quarter of 2017.

Club16 is also in the process of building out two new fitness clubs in the Greater Vancouver Area; a new club in South Surrey, which is expected to open in January of 2018 (expected to accommodate up to 7,500 new members), and a new fitness club in Tsawwassen which is expected to open in November of 2018 (expected to accommodate up to 5,000 new members).

Impact segment
Throughout the last quarter of 2017, Impact expects to continue to organically grow their operations by adding new distributors for its products and by working with its existing key distributors to establish long-term partnerships. By establishing these partnerships with certain distributors, Impact expects to generate higher sales by entering into long-term sales contracts, and by increasing order quantities through arrangements such as automatic quarterly order quantities. Since the March 1, 2017 acquisition date, Impact has been able to establish or renew its relationships with 63 dealers in the industry. While these initiatives are expected to result in adjusted EBITDA growth in the coming year, it is management's expectation that Impact's last quarter results will be slightly below those of the past two quarters, as Impact typically experiences some slight seasonality in its business with sales dropping off in December of each year as a result of the holiday season.

Astley Gilbert segment
In the last quarter of 2017, the corporate head office acquired a 50% interest in Astley Gilbert. This acquisition closed on October 31, 2017, and at the date of closing their operations had resulted in adjusted EBITDA for the trailing twelve months of approximately $9.0 million. Historically, Astley Gilbert has experienced significant growth through both acquisitions and organic growth, and it is anticipated that these growth initiatives will have a positive impact on our consolidated results in future quarters.

RISK FACTORS

The corporate head office and our subsidiaries are subject to a number of business risks. These risks relate to the structure of the corporate head office and the operations at the subsidiary entity. There were no changes to our principal risks and uncertainties from those reported in our AIF for the fifteen months ended December 31, 2016, dated April 27, 2017.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "intend", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- the 2017 outlook and strategic objectives
- the completion of additional acquisitions;
- the ability of our investee entities to distribute cash to the corporate head office;
- the revenue from investees in future quarters being greater than the revenue from investees for the current period;
- our business plan and investment strategy;
- general business strategies and objectives;
- DLC continuing its organic growth by expanding its network of mortgage brokers and franchisees through targeted recruiting efforts;
- that the new mortgage rules passed by the Canadian Federal Government will not have a significant long-term effect on DLC's revenues;

- Club16 will successfully open additional clubs and that the personal training offering will continue to be successful; and
- Impact will grow organically by adding new distributions and that such organic growth will result in increased adjusted EBITDA.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document:

- taxes and capital, operating, general & administrative and other costs;
- interest rates;
- general business, economic and market conditions;
- the ability of Founders Advantage to obtain the required capital to finance our investment strategy and meet our commitments and financial obligations;
- the ability to source additional investee entities and to negotiate acceptable acquisition terms;
- the ability of Founders Advantage to obtain services and personnel in a timely manner and at an acceptable cost to carry out our activities;
- that DLC will maintain its existing number of franchisees and will add additional franchisees;
- the continuation of existing Canadian mortgage lending and mortgage brokerage laws;
- the absence of material decreases in the aggregate Canadian mortgage lending business;
- the timely receipt of required regulatory approvals;
- the fees paid for mortgage brokerage services in Canada will remain consistent;
- that the regulatory framework for the Canadian housing sector will remain relatively consistent; and
- that demand for DLC, Club16 and Impact's products will remain consistent with historical demand.

Although we believe that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as we can give no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those we anticipated and described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- the expected benefits of the DLC, Club16, Impact and Astley Gilbert transactions not being realized;
- the ability to generate sufficient cash flow from investees and obtain financing to fund planned investment activities and meet current and future commitments and obligations;
- general business, economic and market conditions;
- changes in interest rates;
- the uncertainty of estimates and projections relating to future revenue, taxes and costs and expenses;
- changes in, or in the interpretation of, laws, regulations or policies;
- the ability to obtain required regulatory approvals in a timely manner;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document and in our other filings with Canadian securities authorities.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" herein. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, we undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

NON-IFRS MEASURES

In addition to reporting our results in accordance with IFRS, we use certain non-IFRS financial measures as supplemental indicators of our operating performance. We report these non-IFRS measures as we believe their use provides more insight into our performance. The non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers.

Adjusted EBITDA

Adjusted EBITDA for both our corporate head office and investees is defined as earnings before interest, taxes, non-cash items such as depreciation, amortization and share-based payments and losses recognized on the sale of investments, and any unusual non-operating one-time items such as corporate start-up costs and other revenues. Adjusted EBITDA is also adjusted for expenses relating to prior mineral property impairment reversal and arbitration. See Appendix A of this MD&A for a reconciliation of adjusted EBITDA to loss from operations, the closest IFRS measure.

While adjusted EBITDA is not a recognized measure under IFRS, management believes that adjusted EBITDA is a useful supplemental measure as it provides management and investors with an insightful indication of the performance of the corporate office and our investees. Adjusted EBITDA also provides an assessment of the adjusted performance of the company by eliminating certain non-recurring items.

Investors should be cautioned, however, that adjusted EBITDA should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies we use to determine adjusted EBITDA may differ from those utilized by other issuers or companies and, accordingly, adjusted EBITDA as used in this MD&A may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that adjusted EBITDA should not be construed as an alternative to net loss or income determined in accordance with IFRS as indicators of an issuer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

ADDITIONAL INFORMATION

We are publicly traded on the TSX Venture Exchange under the symbol "FCF". You can find more information about us on SEDAR at www.sedar.com and on our website www.advantagecapital.ca.

APPENDIX A

Reconciliation of adjusted EBITDA

The following tables reconciles adjusted EBITDA to loss from operations, which is the most directly comparable measure calculated in accordance with IFRS.

(000's)	For the three months ended September 30, 2017	June 30, 2017	September 30, 2016	For the nine months ended September 30, 2017	September 30, 2016
INCOME (LOSS) FROM OPERATIONS	$ 4,537	$ 2,640	$ 699	$ 5,387	$ (4,076)
Other items in income (loss) before income tax	390	1,188	(1,237)	925	(3,006)
Income (loss) before income tax	4,927	3,828	(538)	6,312	(7,082)
Add back:					
Depreciation and amortization	2,854	2,332	903	7,299	1,197
Finance expense	1,692	889	1,505	3,109	2,021
	9,473	7,049	1,870	16,720	(3,864)
Adjustments to remove:					
Share-based payments	738	757	3,173	2,710	4,992
Gain on sale of assets (1)	-	(1,759)	-	(1,759)	-
Unrealized foreign exchange gain	(1,111)	(583)	(136)	(1,711)	(136)
Gain on financial instrument	(2,487)	(59)	-	(2,546)	-
Non-cash write down and impairment	2,813	-	-	2,813	-
(Gain) loss on sale of investments	(1,902)	-	-	(1,902)	1,319
Fair value adjustment on non-controlling interest liability	492	-	-	492	-
Other adjusting items - Impact	(141)	(131)	-	(327)	-
Corporate start-up costs	-	-	-	-	359
Professional fees related to arbitration	-	-	-	-	5
Adjusted EBITDA	**$ 7,875**	**$ 5,274**	**$ 4,907**	**$ 14,490**	**$ 2,675**
Adjusted EBITDA margin	36%	27%	46%	26%	20%

(1) Adjustments related to gain on sale from the disposition of a division of the NCS operations and a DLC asset sale.

APPENDIX B

Reconciliation of income from operations revenues, operating income and adjusted EBITDA by operating segment

"Corporate" used in the following segmented tables is not a separate business segment and is only presented to reconcile to the consolidated results.

(000's)	For the three months ended September 30, 2017	For the three months ended June 30, 2017	For the three months ended September 30, 2016	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Revenues					
DLC	$ 12,895	$ 8,802	$ 10,643	$ 29,035	$ 13,661
Club16	5,933	7,811	-	19,210	-
Impact	2,931	2,887	-	6,708	-
Consolidated revenues	21,759	19,500	10,643	54,953	13,661
Operating expenses					
DLC	6,709	7,572	4,704	21,010	6,517
Club16	5,603	5,189	-	15,814	-
Impact	2,352	2,204	-	5,355	-
Corporate	2,558	1,895	5,240	7,387	11,220
Consolidated operating expenses	17,222	16,860	9,944	49,566	17,737
Income (loss) from operations					
DLC	6,186	1,230	5,939	8,025	7,144
Club16	330	2,622	-	3,396	-
Impact	579	683	-	1,353	-
Corporate	(2,558)	(1,895)	(5,240)	(7,387)	(11,220)
Consolidated income (loss) from operations	4,537	2,640	699	5,387	(4,076)
Adjusted EBITDA					
DLC	7,626	2,591	6,968	12,066	8,470
Club16	1,455	3,260	-	5,831	-
Impact	577	569	-	1,265	-
Corporate	(1,783)	(1,146)	(2,061)	(4,672)	(5,795)
Consolidated adjusted EBITDA	**$ 7,875**	**$ 5,274**	**$ 4,907**	**$ 14,490**	**$ 2,675**