

Cervus Equipment Corporation Management's Discussion + Analysis

For the period from January 1, 2017 to September 30, 2017

The following Management's Discussion & Analysis ("MD&A") was prepared as of November 7, 2017, and is provided to assist readers in understanding Cervus Equipment Corporation's ("Cervus" or the "Company") financial performance for the three and nine month periods ended September 30, 2017 and significant trends that may affect future performance of Cervus. This MD&A should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2017 and notes contained therein and the 2016 annual consolidated financial statements and MD&A. The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Cervus' functional and reporting currency is the Canadian dollar. Cervus' common shares trade on the Toronto Stock Exchange under the symbol "CERV".

Additional information relating to Cervus, including Cervus' current annual information form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site **at www.sedar.com**.

This MD&A contains forward-looking statements. Please see the section "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. This MD&A also makes reference to certain non-IFRS financial measures to assist users in assessing Cervus' performance. Non-IFRS financial measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section "Non-IFRS Financial Measures."

Overview of Cervus

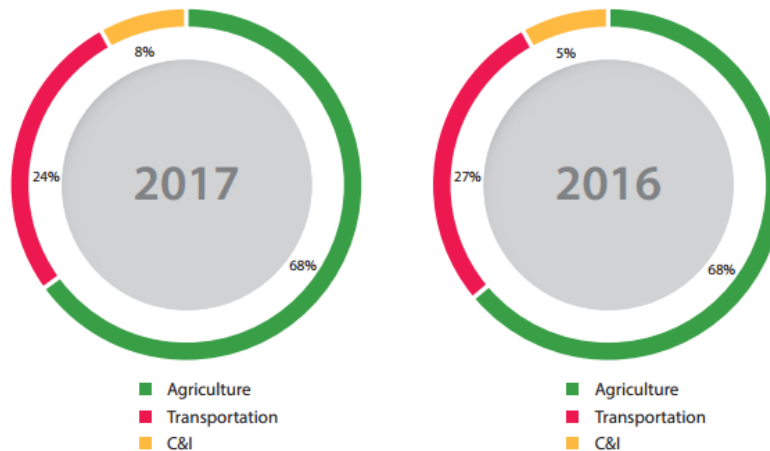
Cervus operates under three segments: Agriculture, Transportation and Commercial and Industrial, based on the industries which they serve. These segments are managed separately, and strategic decisions are made on the basis of their respective operating results.

The Agricultural equipment segment consists of interests in 34 John Deere dealership locations with 14 in Alberta, 5 in Saskatchewan, 1 in British Columbia, 9 in New Zealand and 5 in Australia.

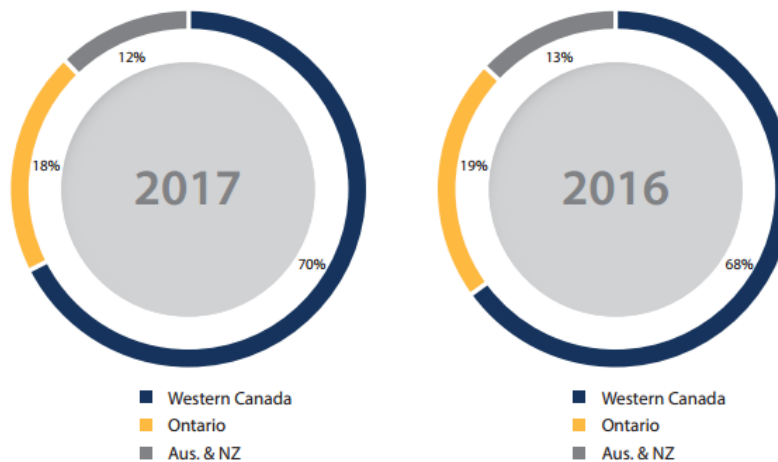
The Transportation segment consists of 18 dealership locations with 4 Peterbilt truck dealerships and 1 Collision Centre operating in Saskatchewan, 12 Peterbilt truck dealerships operating in Ontario, and 1 parts and service location operating in Ontario.

The Commercial and Industrial ("C&I") equipment segment consists of 11 dealership locations with 8 Bobcat/ JCB, Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Alberta, 2 Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Saskatchewan and 1 in Manitoba.

Year to date revenue by segment



Year to date revenue by geography



Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute “forward-looking statements”. These forward-looking statements may include words such as “anticipate”, “believe”, “could”, “expect”, “may”, “objective”, “outlook”, “plan”, “should”, “target” and “will”. All statements, other than statements of historical fact, that address activities, events, or developments that Cervus or a third party expects or anticipates will or may occur in the future, including our future growth, results of operations, performance and business prospects and opportunities, and the assumptions underlying any of the foregoing, are forward-looking statements. These forward-looking statements reflect our current beliefs and are based on information currently available to us and on assumptions we believe are reasonable. Actual results and developments may differ materially from the results and developments discussed in the forward-looking statements as they are subject to a number of significant risks and uncertainties, including those discussed under “Business Risks and Uncertainties” and elsewhere in this MD&A. Certain of these risks and uncertainties are beyond our control. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Cervus. These forward-looking statements are made as of the date of this MD&A, and we assume no obligation to update or revise them to reflect subsequent information, events, or circumstances unless otherwise required by applicable securities legislation.

The most recent quarterly dividend payment of \$0.07 per share was made to the shareholders of record as of September 30, 2017 on October 16, 2017. See “Capital Resources - Cautionary note regarding dividends” for a cautionary note regarding future dividends.

Highlights of the Quarter

- Revenue increased \$32.9 million and 10% in the third quarter ended September 30, 2017, compared to the same period of 2016.
- Income for the quarter decreased \$1.1 million to \$9.5 million, compared to \$10.5 million of income for the comparable period in 2016.
- Adjusted income¹ and adjusted basic income per share¹ was \$9.2 million and \$0.58 per share respectively, compared to adjusted income of \$10.5 million and adjusted income per share of \$0.66 in the third quarter of 2016.
- Earnings before interest, taxes, depreciation, and amortization (“EBITDA¹”) was \$18.7 million for the three months ended September 30, 2017, compared to \$22.0 million in 2016, a decrease of 15% quarter over quarter.
- Service department process improvement initiatives contributed to an increase in overall service gross profit margin of 4.2% quarter over quarter.
- All divisions generated increased parts and service revenue in the three month period ended September 30, 2017 compared to the same period in 2016.
- The positive year to date equipment sales trend continued in our Agriculture segment, achieving record third quarter equipment sales of \$224 million.
- Dividends of \$0.07 per share were declared to shareholders of record as at September 30, 2017.
- Since commencement of the Company’s Normal Course Issuer Bid (“NCIB”), Cervus has repurchased 240 thousand common shares under the NCIB as at September 30, 2017.²

¹ Refer to Non-IFRS Measures herein

² On August 21, 2017, the Company announced a Normal Course Issuer Bid (the “NCIB”) to purchase for cancellation, up to a maximum of 806 thousand common shares. The NCIB received Toronto Stock Exchange (“TSX”) approval on August 21, 2017. The NCIB commenced on August 23, 2017 and will terminate on August 22, 2018. As at September 30, 2017, Cervus had repurchased 240 thousand common shares under the NCIB. A copy of the NCIB notice can be obtained, without charge, by contacting the Company.

Third Quarter Consolidated Performance

For the third quarter of 2017 and the comparative period of 2016, overall results are equivalent to same store results, as all stores owned in third quarter 2017 were also owned for the duration of the third quarter in 2016.

(\$ thousands, except per share amounts)	Three month periods ended September 30			Nine month periods ended September 30		
	2017	% Change Compared to 2016	2016	2017	% Change Compared to 2016	2016
Revenue	367,630	10%	334,682	956,101	14%	837,996
Cost of sales	(309,078)	12%	(277,111)	(800,403)	15%	(693,419)
Gross profit	58,552	2%	57,571	155,698	8%	144,577
Other income	907	32%	689	1,950	(25%)	2,605
Unrealized foreign exchange gain	255	(24%)	336	1,078	(66%)	3,197
Total other income	1,162	13%	1,025	3,028	(48%)	5,802
Selling, general and administrative expense	(45,072)	6%	(42,505)	(131,105)	7%	(122,486)
Income from operating activities	14,642	(9%)	16,091	27,621	(1%)	27,893
Finance income	190	692%	24	421	454%	76
Finance costs	(1,464)	(45%)	(2,677)	(4,793)	(42%)	(8,289)
Share of loss of equity accounted investees, net of tax	-	(100%)	583	-	(100%)	82
Income before income tax expense	13,368	(5%)	14,021	23,249	18%	19,762
Income tax expense	(3,915)	13%	(3,477)	(7,064)	41%	(5,000)
Income for the period	9,453	(10%)	10,544	16,185	10%	14,762
Income attributable to shareholders	9,453	(12%)	10,741	16,190	8%	14,959
EBITDA¹	18,688	(15%)	21,981	40,218	(7%)	43,017
EBITDA margin¹	5.1%		6.6%	4.2%		5.1%
Ratios as a percentage of revenue:						
Gross profit margin	15.9%		17.2%	16.3%		17.3%
Selling, general and administrative	12.3%		12.7%	13.7%		14.6%
Income per share						
Adjusted - Basic ¹	0.58		0.66	0.93		0.66
Basic	0.60		0.67	1.03		0.96
Diluted	0.57		0.64	0.98		0.91

[1] - Refer to Non-IFRS Measures herein

Operating Summary – Three months ended September 30, 2017

Income before tax for the three months ended September 30, 2017 decreased \$0.7 million, comprised of a \$0.9 million increase in our Agriculture segment, a \$0.5 million increase in our C&I segment, offset by a \$2.0 million decrease in our Transportation segment. EBITDA decreased \$3.3 million compared to the third quarter of 2016.

For the three months ended September 30, 2017, income from operating activities decreased \$1.5 million compared to the third quarter of 2016. Within our Agriculture segment, income from operating activities increased \$0.5 million, due to record new equipment sales on favorable exchange rates and targeted sales efforts, while the earlier harvest in 2017 accelerated parts and service sales. Income from operating activities in our Transportation segment decreased by \$2.3 million, with the largest factors being a \$0.9 million decrease in gross profit and a \$2.1 million increase in SG&A. Our C&I division generated a \$0.4 million increase in income from operating activities on 32% growth in parts and service sales for the segment quarter over quarter.

For the nine months ended September 30, 2017, income from operating activities was essentially unchanged, decreasing \$0.3 million compared to the same period in 2016. Excluding unrealized foreign exchange and gains on sale of real estate, income from operating activities increased \$2.8 million. This year to date performance has been driven by a \$1.9 million increase in the Agriculture segment, a \$4.0 million increase in the C&I segment, and a \$3.1 million decrease in the Transportation segment. EBITDA decreased \$2.8 million compared to the same period in 2016, comprised of a \$5.8 million decrease in the Transportation segment, partly offset by a \$2.4 million increase in the C&I segment and a \$0.6 million increase in Agriculture.

Post Implementation Financial Impact of Sale and Leaseback

Late in the fourth quarter of 2016, Cervus entered a sale and leaseback for the physical premises of 11 dealership locations. For the nine months ended September 30, 2017, SG&A includes \$3.3 million of third-party rents related to the sale and leaseback, compared to \$nil for the nine months ended September 30, 2016. Partially offsetting this increased SG&A, was the elimination of depreciation related to the buildings previously incurred when the properties were owned by Cervus. For the nine months ended September 30, 2016, depreciation expense of \$0.9 million was included in SG&A related to the properties, while for the same period in 2017, depreciation was \$nil under the sale and leaseback.

Proceeds generated from the sale and leaseback were used to reduce the Company's outstanding debt in December of 2016. The reduction in interest bearing debt was the primary factor in the \$3.5 million reduction in finance costs in the nine months ended September 30, 2017, compared to the same period in 2016. The net result of the sale and leaseback in 2017 year to date is \$1.1 million positive to income compared to the same period in 2016, as interest savings and reduced depreciation more than offset increased third party lease costs.

Third Quarter Business Segment Performance

The Company has three reportable segments: Agricultural, Transportation, and Commercial and Industrial, each supported by a single shared resources function. The Company allocates the expenditures of shared resources to each individual segment according to specific identification and allocation metrics as outlined in Note 12 of the accompanying unaudited condensed interim consolidated financial statements.

Agricultural Segment Results

(\$ thousands, except per share amounts)	Three month periods ended September 30			Nine month periods ended September 30		
	2017	% Change Compared to 2016	2016	2017	% Change Compared to 2016	2016
Equipment						
New equipment	147,366	34%	110,328	348,875	28%	272,063
Used equipment	76,624	(14%)	89,324	191,724	2%	187,561
Total equipment revenue	223,990	12%	199,652	540,599	18%	459,624
Parts	32,738	12%	29,180	75,053	9%	68,730
Service	12,991	25%	10,377	32,368	14%	28,476
Rental and other	863	(5%)	910	3,308	18%	2,811
Total revenue	270,582	13%	240,119	651,328	16%	559,641
Cost of sales	(231,386)	14%	(202,403)	(555,452)	18%	(472,641)
Gross profit	39,196	4%	37,716	95,876	10%	87,000
Total other income	439	(56%)	989	717	(57%)	1,665
Selling, general and administrative expense	(25,472)	2%	(25,012)	(73,374)	8%	(67,896)
Income from operating activities	14,163	3%	13,693	23,219	12%	20,769
Income before income tax expense	13,412	7%	12,566	20,844	30%	16,020
EBITDA	16,068	(6%)	17,121	28,975	2%	28,394
Ratios as a percentage of revenue:						
Gross profit margin	14.5%		15.7%	14.7%		15.5%
Selling, general and administrative	9.4%		10.4%	11.3%		12.1%

Operating Summary – Three months ended September 30, 2017

Agriculture income before tax increased \$0.9 million for the three-month period ended September 30, 2017, while EBITDA decreased \$1.1 million compared to the third quarter of 2016. Focused sales efforts combined with significant harvest activity in the quarter drove increased equipment, parts, and service sales. Gross profit increased \$1.5 million, while overall gross profit margin decreased 1.2%, due to the sales mix impact of a 34% increase in new equipment sales in the quarter.

Income from operating activities for the quarter increased by \$0.5 million, as a \$1.5 million increase in gross profit more than offset a \$0.5 million increase in SG&A. Revenue increased \$30.5 million on record third quarter new equipment sales, buoyed by a positive harvest outlook and favorable exchange rates for new equipment in the quarter. However, expectations of an early harvest reduced used equipment sales in the quarter, as producers' need for additional machine hours in a narrow harvest window was less critical than in the third quarter of 2016. The earlier 2017 harvest also increased parts and service sales by \$6.2 million in the quarter and our service optimization initiatives resulted in a 4% increase in our service department gross profit margin percentage. The sales mix impact of the substantial increase in new equipment sales diluted overall gross profit margin percentage by 1.2%, although gross profit increased \$1.5 million.

For the nine months ended September 30, 2017, income from operating activities increased \$2.5 million with year to date revenue increasing 16%. This delivered \$8.9 million of additional gross profit, partially offset by \$5.5 million of additional SG&A. Following the early 2017 harvest, producers are in a more certain financial position heading into winter compared to the late harvest of 2016. Our service optimization program has been a significant factor in improving the performance of our service and parts departments, increasing service gross profit margins by 3.3% year to date.

Transportation Segment Results

(\$ thousands, except per share amounts)	Three month periods ended September 30			Nine month periods ended September 30		
	2017	% Change Compared to 2016	2016	2017	% Change Compared to 2016	2016
Equipment						
New equipment	39,224	(3%)	40,625	126,064	10%	114,595
Used equipment	1,624	28%	1,271	6,472	42%	4,551
Total equipment revenue	40,848	(3%)	41,896	132,536	11%	119,146
Parts	23,412	3%	22,662	72,326	7%	67,529
Service	7,581	3%	7,377	22,516	(1%)	22,637
Rental and other	1,509	(31%)	2,179	5,512	(31%)	7,938
Total revenue	73,350	(1%)	74,114	232,890	7%	217,250
Cost of sales	(60,531)	0%	(60,418)	(193,188)	10%	(176,311)
Gross profit	12,819	(6%)	13,696	39,702	(3%)	40,939
Other (loss) income	526	233%	(396)	777	181%	(959)
Unrealized foreign exchange gain	47	(86%)	336	870	(73%)	3,197
Total other income	573	1055%	(60)	1,647	(26%)	2,238
Selling, general and administrative expense	(13,900)	17%	(11,836)	(39,856)	10%	(36,261)
(Loss) income from operating activities	(508)	(128%)	1,800	1,493	(78%)	6,916
(Loss) income before income tax expense	(963)	(189%)	1,079	(143)	(103%)	4,281
EBITDA	952	(73%)	3,469	6,237	(48%)	11,996
Ratios as a percentage of revenue:						
Gross profit margin	17.5%		18.5%	17.0%		18.8%
Selling, general and administrative	19.0%		16.0%	17.1%		16.7%

Operating Summary – Three months ended September 30, 2017

Transportation loss before tax increased by \$2.0 million in the third quarter, while EBITDA decreased by \$2.5 million compared to the three-month period ended September 30, 2016. In our Saskatchewan dealerships, revenue increased by 2.8% while overall gross profit percentage remained consistent with 2016, resulting in income from operating activities of \$0.5 million. In Ontario, overall revenue decreased 2.5%, while gross profit margin percentage decreased 1.4%, resulting in a loss from operating activities of \$1.0 million.

Income from operating activities decreased \$2.3 million compared to the three months ended September 30, 2016. Excluding unrealized foreign exchange gains and losses, our Saskatchewan dealerships generated \$0.1 million of income from operating activities, while Ontario generated a \$0.6 million loss from operating activities, compared to \$0.6 million and \$0.9 million of income in the comparative period of 2016, respectively. In Saskatchewan, new equipment sales increased by 14.1%, while total gross profit dollars remained unchanged due to the resulting shift in sales mix. The increase in Saskatchewan SG&A of \$0.6 million principally related to operating and personnel costs, and occupancy expense under the sale and leaseback.

In Ontario, third quarter revenue decreased by 2.5%, as a \$1.4 million increase in parts sales was offset by a \$2.5 million decrease in new equipment sales. Gross profit decreased \$1.0 million, on lower equipment gross profit margin. SG&A expenses increased by \$1.5 million principally related to operating, wages and occupancy costs.

For the nine months ended September 30, 2017, income from operating activities decreased \$5.4 million. Excluding unrealized foreign exchange gains, income from operating activities decreased by \$3.1 million on a \$0.5 million increase generated by our Saskatchewan dealerships, offset by a \$3.6 million decrease in our Ontario dealerships. Our Saskatchewan locations have experienced consistent, although slow growth from the cyclical lows of 2015, and are performing well in existing market conditions. Our Ontario dealerships have experienced increasing SG&A costs in a generally flat market. Our actions in Ontario are focused on sales and operations leadership, centered on expense management and process improvement.

Commercial and Industrial Segment Results

(\$ thousands, except per share amounts)	Three month periods ended September 30			Nine month periods ended September 30		
	2017	% Change Compared to 2016	2016	2017	% Change Compared to 2016	2016
Equipment						
New equipment	10,451	2%	10,212	33,418	17%	28,460
Used equipment	1,959	26%	1,557	6,083	21%	5,038
Total equipment revenue	12,410	5%	11,769	39,501	18%	33,498
Parts	6,027	18%	5,100	18,033	12%	16,033
Service	4,219	59%	2,656	11,307	29%	8,747
Rental and other	1,042	13%	924	3,042	8%	2,827
Total revenue	23,698	16%	20,449	71,883	18%	61,105
Cost of sales	(17,161)	20%	(14,290)	(51,763)	16%	(44,467)
Gross profit	6,537	6%	6,159	20,120	21%	16,638
Other (loss) income	(58)	(160%)	96	456	(76%)	1,899
Unrealized foreign exchange gain	208	100%	-	208	100%	-
Total other income	150	56%	96	664	(65%)	1,899
Selling, general and administrative expense	(5,700)	1%	(5,657)	(17,875)	(2%)	(18,329)
Income from operating activities	987	65%	598	2,909	1299%	208
(Loss) income before income tax expense	919	144%	376	2,548	573%	(539)
EBITDA	1,668	20%	1,391	5,006	91%	2,627
Ratios as a percentage of revenue:						
Gross profit margin	27.6%		30.1%	28.0%		27.2%
Selling, general and administrative	24.1%		27.7%	24.9%		30.0%

Operating Summary – Three months ended September 30, 2017

Income before tax in our C&I segment improved by \$0.5 million compared to the three-month period ended September 30, 2016, as our parts and service departments have accelerated significantly, along with a 5% increase in equipment sales. The additional sales generated were achieved on a flat expense base, reducing SG&A to 24.1% as a percent of revenue, while EBITDA increased by \$0.3 million quarter over quarter.

For the three months ended September 30, 2017, income from operating activities increased \$0.4 million, achieved mainly through a \$2.5 million increase in parts and service sales. Gross profit margin decreased in the quarter due to margins in the comparative period including \$0.7 million of inventory provision recoveries. Our continued diligence around cost structure in the segment is evident in our SG&A expenses remaining unchanged quarter over quarter and decreasing as a percentage of revenue.

For the nine-month period ended September 30, 2017, income from operating activities increased \$2.7 million. Focused sales increased gross profit by \$3.4 million period over period, while expense discipline reduced SG&A by \$0.5 million, translating to the \$2.7 million increase in income from operating activities. Excluding gains on sale of real estate and unrealized foreign exchange, income from operating activities has increased \$4.0 million in the nine months ended September 30, 2017.

Third Quarter Cash Flows

Cash and Cash Equivalents – Three Months Ended September 30, 2017

Cervus' primary sources and uses of cash flow for the nine months ended September 30, 2017 are as follows:

Operating Activities

Cash provided by operating activities was \$11.9 million for the nine months ended September 30, 2017, compared to cash provided of \$16.5 million for the same period of 2016, a net decrease of \$4.5 million. The primary reason for this was an increase in cash taxes paid of \$5.3 million.

Investing Activities

During the nine months ended September 30, 2017, the Company generated \$3.9 million of net cash from investing activities compared to cash provided of \$7.1 million for the same period in 2016. The primary reason for the \$3.3 million decrease was reduced proceeds received from disposal of property and equipment.

Financing Activities

During the nine months ended September 30, 2017, the Company's financing activities used \$27.4 million of cash, compared to \$25.4 million in 2016, for an increased net use of cash of \$2.0 million. During the third quarter, the Company repaid the principal balance of the debenture payable of \$34.5 million using its revolving credit facility. In addition, \$3.2 million was used to repurchase common shares of the Company under the NCIB.

Consolidated Financial Position & Liquidity

(\$ thousands, except ratio amounts)	September 30, 2017	December 31, 2016
Current assets	374,452	324,759
Total assets	513,134	476,852
Current liabilities	226,493	220,050
Long-term financial liabilities	52,744	32,355
Shareholders' equity	223,336	213,839
Working capital ¹	147,959	104,709
Working capital ratio ¹	1.65	1.48

[1] - Refer to Non-IFRS Measures herein

Working Capital

Cervus' working capital increased by \$43.3 million to \$148.0 million at September 30, 2017 compared to December 31, 2016 as the seasonal nature of equipment demand generally results in increased inventory in the first two quarters, followed by a reduction in inventory in the last two quarters of the year.

Based on inventory levels at September 30, 2017, the Company had the ability to floor plan an additional \$35.5 million of inventory, and held \$247.0 million of undrawn floor plan capacity.

The Company's ability to maintain sufficient liquidity is driven by revenue, gross profit, and judicious allocation of resources. At this time, there are no known factors that management is aware of that would affect its short and long-term objectives of meeting the Company's obligations as they come due. Working capital may fluctuate from time to time based on the use of cash and cash equivalents related to the seasonal nature of our business, and funding potential future business acquisitions. Cash resources can typically be restored by accessing floor plan monies from unencumbered equipment inventories or accessing undrawn credit facilities. Also, the seasonality of our business requires greater use of cash resources in the first and fourth quarter of each year to fund general operations caused by the seasonal nature of our sales activity.

Inventories

The nature of the business has a significant impact on the amount of equipment that is owned by our various dealerships. The majority of our Agricultural equipment sales come with a trade-in, a limited portion of our Transportation sales come with a trade-in, and our C&I equipment sales usually do not have trade-ins. This results in a higher amount of used Agriculture equipment than used Transportation and C&I equipment. In addition, the majority of our new John Deere equipment is on consignment from John Deere, whereas we purchase the new equipment from our other manufacturers. These factors directly impact the amount of new and used equipment in inventory. The majority of our product lines, in all segments, are manufactured in the US with pricing based in US dollars, but invoiced in Canadian dollars. Inventory by segment for the period ended September 30, 2017 compared to December 31, 2016 is as follows:

(\$ thousands)	September 30, 2017	December 31, 2016
Agricultural	219,359	176,719
Transportation	58,238	50,256
Commercial & Industrial	25,365	28,256
Total	302,962	255,231

As at September 30, 2017, inventories increased by \$47.7 million to \$303.0 million when compared to \$255.2 million at December 31, 2016. Of the \$47.7 million increase, \$28.2 million relates to used equipment primarily in our Agriculture segment. Due to seasonality of sales activity in our operating segments, comparison to inventory levels at December 31, 2016 may be limited. Therefore, we have provided inventory by segment for the period ended September 30, 2017 compared to September 30, 2016. A summary of the movement is as follows:

(\$ thousands)	September 30, 2017	September 30, 2016
Agricultural	219,359	179,265
Transportation	58,238	62,432
Commercial & Industrial	25,365	32,633
Total	302,962	274,330

Inventory has increased \$28.6 million when compared to September 30, 2016. Of the \$28.6 million, \$36.6 million relates to used inventory partly offset by a \$4.9 million decrease in new inventory. Used inventory levels within the Agriculture segment increased from Q3 2016, as record new equipment sales came with used equipment taken on trade. The decrease in inventory in Transportation and C&I segments is due to continued focus on reducing stock inventory and managing inventory levels to the current Western Canadian equipment demand in these sectors, partly offset by an increase in new equipment within our Ontario dealerships.

At September 30, 2017, the Company believes that the recoverable value of new and used equipment inventories exceeds its respective carrying value. During the three and nine months ended September 30, 2017, the company recognized inventory valuation adjustments through cost of goods sold of \$829 thousand and \$2.7 million, respectively (2016 - \$231 thousand and \$4.5 million).

Accounts Receivable

The calculated rolling twelve month average time to collect the Company's outstanding accounts receivables was approximately 15 days as at September 30, 2017 compared to 19 days for the same period in 2016. At September 30, 2017, no single outstanding customer balance, excluding sales contract financing receivables, represented more than 10% of total accounts receivable. The Company closely monitors the amount and age of balances outstanding on an on-going basis and establishes provisions for bad debts based on account aging, combined with specific customers' credit risk, historical trends, and other economic information. The Company's allowance for doubtful collections was \$1.9 million at September 30, 2017 (September 30, 2016 - \$1.7 million), which represents 4.8% (September 30, 2016 - 4.0%) of outstanding trade accounts receivable and 0.2% (September 30,

2016- 0.1%) of gross revenue on an annual basis. Bad debt expense for the nine months ended September 30, 2017 amounted to a \$0.6 million expense (September 30, 2016 - \$0.2 million expense).

Capital Resources

We use our capital to finance current operations and growth strategies. Our capital consists of both debt and equity and we believe the best way to maximize shareholder value is to use a combination of equity and debt financing to leverage our operations. A summary of the Company's available credit facilities as at September 30, 2017 are as follows:

(\$ thousands)	Total Amount	Borrowings	Letters of Credit	Consigned Inventory	Amount Available
Operating and other bank credit facilities	101,935	33,086	2,556	-	66,293
Floor plan facilities and rental equipment floor plan facilities	453,098	140,549	-	65,544	247,005
Capital facilities	55,880	12,254	-	-	43,626
Total	610,913	185,889	2,556	65,544	356,924

Operating and Other Bank Credit Facilities

At September 30, 2017, the Company has a committed revolving credit facility with a syndicate of lenders, with a principal amount of \$101.9 million. The facility is committed for a three-year term beginning December 19, 2016, but may be extended on or before the anniversary date with the consent of the lenders. The facility contains an \$80.0 million accordion which the Company may request as an increase to the total available facility, subject to lender approval. As at September 30, 2017 the Company had \$32.5 million balance outstanding on the syndicated loan.

We believe that the credit facilities available to the Company outlined above are sufficient to meet our sales targets and working capital requirements for 2017.

The Company must meet certain financial covenants as part of its current credit facilities, as at the date of this report, the Company is in compliance with all its covenants as follows:

	September 30, 2017	December 31, 2016
Total liabilities to net worth ratio ¹ (not exceeding 4.0:1.0)	2.59	1.99
Fixed charge coverage ratio ² (greater than or equal to 1.00:1 on December 31, 2016, greater than or equal to 1.10:1.00 on June 30, 2017)	1.51	1.43
Asset coverage ratio ³ (greater than 3.0:1.0)	7.38	21.03

1 – Calculated using an adjusted liability value over an adjusted equity value. Full definitions of adjusted liabilities and adjusted equity are defined in the Syndicate Credit Agreement filed as a material document on Sedar.

2 – Calculated as an adjusted EBITDA figure over the sum of interest expense, scheduled principal payments, operating lease payments and distributions paid to shareholders in the twelve months prior to the calculation date. Full definitions of this calculation are defined in the Syndicate Credit Agreement filed as a material document on Sedar.

3 – Calculated as net tangible total assets less consolidated debt excluding floorplan plan liabilities, plus debt due under the credit facility over the amount due under the credit facility. Full definitions of this calculation are defined in the Syndicate Credit Agreement filed as a material document on Sedar.

Floor Plan Facilities

Floor plan payables consist of financing arrangements for the Company's inventories and rental equipment financing with John Deere Canada ULC, Wells Fargo Equipment Finance Company, ECN Capital Corp., PACCAR Financial Ltd., US Bank, and Canadian Imperial Bank of Commerce. At September 30, 2017, floor plan payables related to inventories were \$132.6 million.

Floor plan payables at September 30, 2017 represented approximately 43.8% of our inventories (December 31, 2016 – 33.7%). Floor plan payables fluctuate significantly from quarter to quarter based on the timing between the receipt of equipment inventories and their actual repayment so that the Company may take advantage of any programs made available to the Company by its key suppliers.

Interest on floor plans at the contractual rate were largely offset by dealer rebates and interest free periods. Total Agricultural segment interest otherwise payable on John Deere floor plans approximates \$0.4 million and \$1.2 million for the three and nine month periods ended September 30, 2017 (2016 – \$0.3 million and \$1.1 million). This amount was offset by rebates applied during the three and nine month periods ended September 30, 2017 of \$0.7 million and \$1.0 million (2016 - \$0.2 million and \$0.9 million). At September 30, 2017, approximately 85% (September 30, 2016 – 24%) of the C&I segment's and 20% (September 30, 2016 – 8%) of the Transportation segment's outstanding floor plan balances were non-interest bearing due to various incentives and interest free periods in place.

Capital Facilities

Capital facilities consist of capital asset financing primarily through credit facilities with Farm Credit Canada and Affinity Credit Union. The Company's financial covenants under its mortgages with Farm Credit Canada were amended to align with certain of the Company's financial covenants under its committed operating facility, discussed above.

Outstanding Share Data

As of the date of this MD&A, there are 15,607 thousand common shares and 826 thousand deferred shares outstanding. On August 21, 2017, the Company announced a Normal Course Issuer Bid (the "Bid"), which commenced on August 23, 2017, to purchase up to a maximum of 806 thousand common shares (the "Shares") for cancellation before August 22, 2018. Cervus has appointed Raymond James Ltd. as its broker, who will conduct the Bid on behalf of the Company. All purchases are made in accordance with the Bid at the prevailing market price of the Shares at the time of purchase. As at September 30, 2017, the Company had repurchased 240 thousand common shares under the NCIB.

As at September 30, 2017 and 2016, the Company had the following weighted average shares outstanding:

(thousands)	September 30, 2017	September 30, 2016
Basic weighted average number of shares outstanding	15,781	15,662
Dilutive impact of deferred share plan	822	770
Diluted weighted average number of shares outstanding	16,603	16,432

The above table includes all deferred share units for the nine months ended September 30, 2017 (822 thousand) as they are considered dilutive. However, shares previously issuable on the convertible debenture before its redemption in July 2017, were anti-dilutive in both 2017 and 2016.

Dividends Paid and Declared to Shareholders

The Company, at the discretion of the Board of Directors, is entitled to make cash dividends to its shareholders. The following table summarizes our dividends paid for the period ended September 30, 2017:

(\$ thousands, except per share amounts)				
Record Date	Dividend per Share	Dividend Payable	Dividends Reinvested	Net Dividend Paid
March 31, 2017	0.0700	1,104	195	909
June 30, 2017	0.0700	1,106	204	902
September 30, 2017	0.0700	1,092	184	907
Total	0.2100	3,302	583	2,718

As of the date of this MD&A, all dividends as described above were paid (see “Capital Resources – Cautionary note regarding dividends”).

Dividend Reinvestment Plan (“DRIP”)

The DRIP was implemented to allow shareholders to reinvest quarterly dividends and receive Cervus shares. For shareholders who elect to participate, their periodic cash dividends are automatically reinvested in Cervus shares at a price equal to 95% of the volume-weighted average price of all shares for the ten trading days preceding the applicable record date. Eligible shareholders can participate in the DRIP by directing their broker, dealer, or investment advisor holding their shares to notify the plan administrator, Computershare Trust Company of Canada Ltd., through the Clearing and Depository Services Inc. (“CDS”), or directly where they hold the certificates personally.

During the three and nine month period ended September 30, 2017, 18 thousand and 48 thousand common shares were issued through the Company’s dividend reinvestment plan.

Taxation

Cervus’ 2017 dividends declared and paid through September 30, 2017 are considered to be eligible dividends for tax purposes on the date paid.

Cautionary Note Regarding Dividends (see “Note Regarding Forward-Looking Statements”)

The payment of future dividends is not assured and may be reduced or suspended. Our ability to continue to declare and pay dividends will depend on our financial performance, debt covenant obligations, and our ability to meet our debt obligations and capital requirements. In addition, the market value of the Company’s common shares may decline if we are unable to meet our cash dividend targets in the future, and that decline may be significant. Under the terms of our credit facilities, we are restricted from declaring dividends or distributing cash if the Company is in breach of its debt covenants. As at the date of this report, the Company is not in violation of any of its covenants.

Summary of Quarterly Results

(\$ thousands, except per share amounts)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Revenues	367,630	357,361	231,110	271,943
(Loss) income attributable to the shareholders	9,453	8,365	(1,628)	8,753
Gross profit	58,552	56,759	40,387	46,488
Gross profit margin	15.9%	15.9%	17.5%	17.1%
EBITDA	18,688	17,478	4,052	18,008
(Loss) income per share:				
Basic	0.60	0.53	(0.10)	0.55
Diluted	0.57	0.50	(0.10)	0.52
Adjusted (loss) income per share ¹				
Basic	0.58	0.46	(0.12)	0.03
Diluted	0.55	0.44	(0.12)	0.02
Weighted average shares outstanding				
Basic	15,792	15,792	15,762	15,996
Diluted	16,614	16,619	15,762	16,740

(\$ thousands, except per share amounts)	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Revenues	334,682	294,772	208,542	257,726
Income attributable to the shareholders	10,741	2,485	1,733	3,768
Gross profit	57,571	47,788	39,218	52,095
Gross profit margin	17.2%	16.2%	18.8%	20.2%
EBITDA	21,981	10,997	10,039	15,034
Income per share:				
Basic	0.67	0.16	0.11	0.24
Diluted	0.64	0.15	0.11	0.23
Adjusted (loss) income per share ¹				
Basic	0.66	0.15	(0.16)	0.32
Diluted	0.63	0.14	(0.16)	0.31
Weighted average shares outstanding				
Basic	15,991	15,994	15,622	15,578
Diluted	16,761	16,785	16,433	16,255

[1] - Refer to Non-IFRS Measures herein

Sales activity for the Agricultural segment is normally highest between April and September during growing seasons in Canada and the impact on the growing seasons for New Zealand and Australia has not materially impacted the above results. Activity in the Transportation sector generally in the first and third calendar quarters, while the Commercial and Industrial sector generally slows in the winter months. As a result, income or losses may not accrue uniformly from quarter to quarter.

MARKET OUTLOOK (see “Note Regarding Forward-Looking Statements”)

The Company’s three operational segments are subject to broad market forces in addition to the underlying economic factors specific to the industries they serve. Further, the geographical diversity of the Company’s operations may temper or accelerate broader market forces in their significance region to region. The following provides an overview of Management’s market outlook as it relates to the Company’s operations at time of writing.

Alberta & Saskatchewan

Agriculture remains the largest factor in the Company’s Western Canadian operations. The 2017 harvest generally has gone well for producers in our area, with harvest substantially complete at time of writing, compared to the 73% harvested in Alberta by late October in 2016.³ Agriculture and Agri Food Canada is currently forecasting average to above average crop quality along with average yields,⁴ supporting forecast average net farm worth reaching \$2.8 million in 2017.⁵ Through our geography, new equipment sales have been strong through the 2017 year, setting Cervus records for both the second and third quarter, with positive indicators continuing into 2018. We attribute this demand to producers accelerating capital purchasing decisions after the difficult and late harvest of 2016, along with favorable exchange movement in 2017.

In our Western Canadian C&I segment, accelerated profitability has continued quarter over quarter through 2017. We anticipate a continued slow recovery from historical lows, and remain focused on capturing increased demand while maintaining hard earned cost structure efficiencies. In our Saskatchewan Transportation dealerships, our equipment sales have increased quarter over quarter for six consecutive quarters. Our focus in Saskatchewan is capturing oilfield and ancillary demand growth, while also maintaining the efficiencies gained through this industry cycle.

Ontario

For our Ontario transportation dealerships, Canadian year to date shipping volumes have increased significantly over 2016 levels.⁶ While this activity is positive for our customers, this shipping volume has not yet translated to increased retail sales. PACCAR continues to forecast 2017 North American overall class 8 truck sales of between 210,000 and 220,000 units, and anticipates between 220,000 and 250,000 class 8 trucks in 2018.⁷ Our focus remains on improved profitability in Ontario; we see the path forward in process efficiency and disciplined cost management. To this end, we are leveraging the expertise and skillsets of our C&I division who are working with the Ontario team in place to accelerate performance.

New Zealand & Australia

In our New Zealand geography, milk prices have achieved short term highs. Lamb prices remain strong although beef prices are expected to soften as production increases. Further, the depreciation of the New Zealand Dollar has positively impacted short-term returns. With grass and crop growth expected to be positive heading into summer, producers appear well positioned.

In our Australian geography, farmers are expecting good yields due to the above average rainfall leading into harvest. Livestock and dairy farmers are benefitting from a positive grass growing season and a surplus of supplement feed, while lower input costs are helping to rebuild confidence in the dairy sector and offset the reduction in beef prices. Vegetable growers have experienced strong prices due to a supply shortage caused by the dry conditions further north. Based on these factors, the livestock and dairy sectors remain positive and is forecasted to remain steady into the next quarter.

³ Alberta Agriculture and Forestry, Economics and Competitiveness Branch, Crop Conditions as of October 10, 2017, October 13, 2017, www1.agric.gov.ab.ca

⁴ Agriculture and Agri-Food Canada, Outlook for Principal Field Crops, October 13, 2017, www.agr.gc.ca

⁵ Agriculture and Agri-Food Canada, 2017 Canadian Agriculture Outlook, February 2, 2017, www.agr.gc.ca

⁶ TransCore, TransCore Link Logistics Reports Strong Volumes Through First Three Quarters for Loadlink, October 23, 2017, www.transcore.ca

⁷ PACCAR Q3 2017 Quarterly Press Release, October 24, 2017, www.paccar.com

Off-Balance Sheet Arrangements

In the normal course of business, we enter agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, and service agreements. We have also agreed to indemnify our directors, officers, and employees and those of our subsidiaries, in accordance with our governing legislation, our constating documents and other agreements. Certain agreements do not contain any limits on our liability and, therefore, it is not possible to estimate our potential liability under these indemnities. In certain cases, we have recourse against third parties with respect to these indemnities. Further, we also maintain insurance policies that may provide coverage against certain claims under these indemnities.

John Deere Credit Inc. ("Deere Credit") provides financing to certain of the Company's customers. A portion of this financing is with recourse to the Company if the amounts are uncollectible. At September 30, 2017, payments in arrears by such customers aggregated \$414 thousand. In addition, the Company is responsible for assuming the net residual value of all customer lease obligations held with Deere Credit, at the maturity of the contract, should the customer not elect to buy out the equipment at maturity. At September 30, 2017, the net residual value of such leases aggregated \$261.1 million of which the Company believes all are recoverable.

The Company is liable for a potential deficiency in the event that the customer defaults on their lease obligation or retail finance contract. Deere Credit retains 1% of the face amount of the finance or lease contract for amounts that the Company may owe Deere Credit under this obligation. The deposits are capped at between 1% and 3% of the total dollar amount of the lease and finance contracts outstanding. The maximum liability that can arise related to these arrangements is limited to the deposits of \$2.2 million at September 30, 2017. Deere Credit reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, Deere Credit refunds the difference to the Company.

The Company has issued irrevocable standby Letters of Credit to Deere Credit and another supplier in the aggregate amount of \$2.6 million. The Letters of Credit were issued in accordance with the dealership arrangements with the suppliers that would allow the supplier to draw upon the letter of credit if the Company was in default of any of its obligations.

Transactions with Related Parties

Key Management Personnel Compensation

In addition to their salaries, the Company also provides non-cash benefits to its directors and executive officers. The Company contributes to the deferred share plan on behalf of directors and executive officers, and to the employee share purchase plan on behalf of executive officers, if enrolled, in accordance with the terms of the plans. The Company has no retirement or post-employment benefits available to its directors and executive officers, aside from permitting unvested deferred share units earned during employment to continue vesting upon retirement. In addition, no directors or executive officers are part of the share option plan.

Other Related Party Transactions

Certain officers and dealer managers of the Company have provided guarantees to John Deere as required by John Deere aggregating \$6.4 million. The guarantees are kept in place until released by John Deere. During the three and nine month periods ended September 30, 2017 and 2016, the Company paid those individuals \$40 thousand and \$119 thousand (2016 - \$49 thousand and \$147 thousand) for providing these guarantees which represents a similar amount to guarantee fees otherwise paid to financial institutions. These transactions were recorded at the amount agreed to between the Company and the guarantors and are included in selling, general and administrative expenses.

Critical Accounting Estimates and Judgments

Preparation of unaudited and audited consolidated financial statements requires that we make assumptions regarding accounting estimates for certain amounts contained within the unaudited and audited consolidated financial statements. We believe that each of our assumptions and estimates is appropriate to the circumstances and represents the most likely future outcome. However, because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, future events may result in significant differences between estimates and actual results. Further information on our critical accounting estimates can be found in the notes to the audited consolidated financial statements for the year ended December 31, 2016 as filed on SEDAR at www.sedar.com. In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2016.

Business Risks and Uncertainties

The Company's business risks and uncertainties remain unchanged from those discussed in our annual MD&A for the year ended December 31, 2016 as filed on SEDAR at www.sedar.com

Changes in Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2016 and as described in Note 3 in those financial statements. Comparative figures have been reclassified to conform to the current year's presentation.

Standards Issued But Not Yet Effective

Effective January 1, 2018, the Company will be required to adopt IFRS 15 related to revenue from contracts with customers. Revenue from Contracts with Customers, was issued in May 2014 and replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The Company is completing an assessment to determine the potential impact on its consolidated financial statements. Based on the analysis completed to date, the Company does not expect IFRS 15 to have a significant impact on the net income. The Company is finalizing its analysis of IFRS 15 including the impact, if any, on reporting certain transactions gross or net (principal versus agent).

The IASB has released updates to IFRS 9, related to the accounting and presentation of financial instruments and applies a principal-based approach to the classification and measurement of financial assets and financial liabilities, including an expected credit loss model for calculating impairment, and includes new requirements for hedge accounting. The mandatory effective date is January 1, 2018; however, early adoption is permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. Given the nature of the Company's financial instruments, a significant impact is not expected upon adoption of IFRS 9. The Company is completing its analysis of the expected credit-loss model; however a significant impact to the bad debts provision is not expected given the history of minimal credit losses.

On January 13, 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019 and is completing an assessment documenting the potential impact on its consolidated financial statements. Under the application of this standard, the operating lease commitments are expected to be the primary source of changes to the consolidated statements of financial position and the timing of expenses in the consolidated statements of comprehensive income.

Responsibility of Management and Board

Internal Controls Over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Cervus are responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and the CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no significant changes in the design of our ICFR during the nine month period ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

The control framework utilized to design the Company's ICFR is the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), (2013).

Disclosure Controls

The CEO and the CFO are also responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P"). Disclosure controls and procedures are controls and other procedures designed to provide reasonable assurance that information required to be disclosed in documents filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation and includes controls and procedures designed to ensure that information required to be disclosed in documents filed or submitted under securities legislation is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities. There have been no significant changes in the design of our DC&P during the nine month period ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect the Company's DC&P.

It should be noted a control system, including the Company's DC&P and ICFR, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system will be met, and it should not be expected that DC&P and ICFR will prevent all errors or fraud.

Additional IFRS Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. These measures are identified and defined below:

Gross profit

Gross profit refers to the Company's total revenue less costs directly attributed to generating the related sales revenue. This additional IFRS measure is identified in our interim consolidated financial statements on the statement of comprehensive income. Gross profit provides a measure to assess the Company's profitability and efficiency of revenue generated, prior to considering selling, general and administrative expenses.

Gross profit margin is the percentage resulting from dividing Gross Profit from a transaction by the revenue generated by the same transaction.

Income (loss) from operating activities

Income from operating activities refers to income (loss) excluding: general interest expense recognized outside of cost of goods sold, interest income, share of profit (loss) from equity investees, and income tax. This additional IFRS measure is identified in our interim consolidated financial statements on the statement of comprehensive income. Income from operating activities is a useful supplemental earnings measure as it provides an indication of the financial results generated by our principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and the effects of earnings from equity investees.

Non-IFRS Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to profit or to cash flow from operating, investing, and financing activities determined in accordance with IFRS as indicators of our performance. These measures are provided to assist investors in determining our ability to generate profit and cash flow from operations and to provide additional information on how these cash resources are used. These financial measures are identified and defined below:

Adjusted Income

Adjusted income is provided to aid in the comparison of the Company's results from one period, to the Company's results from another period. The Company calculates Adjusted Income as follows:

(\$ thousands, except per share amounts)	Three month periods ended September 30		Nine month periods ended September 30	
	2017	2016	2017	2016
Income attributed to shareholders	9,453	10,741	16,190	14,959
Adjustments:				
Unrealized foreign currency (gain) ¹	(255)	(336)	(1,078)	(3,197)
Loss (gain) on sale of land and building	-	81	(419)	(1,373)
Adjusted income attributed to shareholders	9,198	10,486	14,693	10,389
Adjusted income per share:				
Basic	0.58	0.66	0.93	0.66
Diluted	0.55	0.63	0.88	0.63

[1] –Unrealized foreign exchange gains and losses are due to changes in fair value of our derivative financial asset and from period close translation of floorplan payables and cash denominated in US dollars. The unrealized foreign currency gains and losses are treated as an adjustment to the Company's adjusted income calculation as these foreign currency gains and losses are not realized until settlement. Until settlement occurs, there may be large fluctuations period to period on movement of the foreign exchange rate, making comparison of operating performance period over period difficult.

EBITDA

Throughout the MD&A, reference is made to EBITDA, which Cervus' management defines as earnings before interest, income taxes and depreciation and amortization. Management believes that EBITDA is a key performance measure in evaluating the Company's operations and is important in enhancing investors' understanding of the Company's operating performance. As EBITDA does not have a standardized meaning prescribed by IFRS, it may not be comparable to similar measures presented by other companies. As a result, we have reconciled profit as determined in accordance with IFRS to EBITDA, as follows:

Three months ended September 30, 2017

EBITDA (\$ thousands)				
Three months ended September 30, 2017	Total	Agricultural	Transportation	Commercial & Industrial
Net (loss) income	9,453	9,446	(659)	666
Add:				
Interest	1,766	947	721	98
Income taxes	3,915	3,966	(304)	253
Depreciation and Amortization	3,554	1,709	1,194	651
EBITDA	18,688	16,068	952	1,668

Nine months ended September 30, 2017

EBITDA (\$ thousands)				
Nine months ended September 30, 2017	Total	Agricultural	Transportation	Commercial & Industrial
Net (loss) income	16,190	14,516	(100)	1,774
Add:				
Interest	5,897	2,941	2,473	483
Income taxes	7,064	6,333	(43)	774
Depreciation and Amortization	11,067	5,185	3,907	1,975
EBITDA	40,218	28,975	6,237	5,006

Three months ended September 30, 2016

EBITDA (\$ thousands)				
Three months ended September 30, 2016	Total	Agricultural	Transportation	Commercial & Industrial
Net income	10,741	9,625	846	270
Add:				
Interest	3,158	1,836	1,053	269
Income taxes	3,477	3,138	233	106
Depreciation and Amortization	4,605	2,522	1,337	746
EBITDA	21,981	17,121	3,469	1,391

Nine months ended September 30, 2016

EBITDA (\$ thousands)				
Nine months ended September 30, 2016	Total	Agricultural	Transportation	Commercial & Industrial
Net (loss) income	14,959	12,163	3,198	(402)
Add:				
Interest	9,737	5,222	3,611	904
Income taxes	5,000	4,054	1,083	(137)
Depreciation and Amortization	13,321	6,955	4,104	2,262
EBITDA	43,017	28,394	11,996	2,627

EBITDA is defined as profit before interest, taxes, depreciation, and amortization. We believe, in addition to net income (loss), EBITDA is a useful supplemental earnings measure as it provides an indication of the financial results generated by our principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and before non-cash amortization expense.

EBITDA Margin

EBITDA margin is calculated as EBITDA divided by gross revenue.

Working Capital

Working capital is calculated as current assets less current liabilities. Working capital ratio is calculated as current assets divided by current liabilities.