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

Table of Contents

Date: May 7, 2014

The following Management's Discussion and Analysis ["MD&A"] presents an analysis of the financial condition of easyhome Ltd. and its subsidiaries [collectively referred to as "easyhome" or the "Company"] as at March 31, 2014 compared to March 31, 2013, and the results of operations for the three month period ended March 31, 2014 compared with the corresponding period of 2013. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes and MD&A for the year ended December 31, 2013 and the Company's interim condensed consolidated financial statements and the related notes for the three months ended March 31, 2014. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ["IFRS"], unless otherwise noted. All dollar amounts are in thousands of Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the Company's 2013 annual MD&A: Overview of the Business, Corporate Strategy, Outlook, Commitments, Guarantees and Contingencies, Transactions with Related Parties, Risk Factors, Critical Accounting Estimates and Adoption of New Accounting Standards and Standards Issued But Not Yet Effective.

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

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

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

Caution Regarding Forward Looking Statements

This MD&A includes forward-looking statements about easyhome, including, but not limited to, its business operations, strategy and expected financial performance and condition. Forward-looking statements include, but are not limited to, those with respect to the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. In certain cases, forward-looking statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'budgeted', 'estimates', 'forecasts', 'targets' or negative versions thereof and similar expressions, and/or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved.

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

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

Overview of the Business

easyhome Ltd. is the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. easyhome Ltd. serves its customers through two key operating divisions, easyhome Leasing and easyfinancial.

The Company's overview of the business remains as described in its December 31, 2013 MD&A.

Corporate Strategy

The Company is committed to being the Canadian leader in providing goods and financial services to the cash and credit constrained consumer. To maintain this position, the Company must continuously evolve to meet the needs of its chosen consumer segment. Additionally, the Company must focus on maintaining its competitive advantage by capitalizing on the key aspects of each business unit, including brand awareness, superior customer service and its cross-country retail network. Cost efficiencies through economies of scale and shared services will further contribute to the Company's ability to contend with competitive activities in the marketplace.

To achieve this long-term goal, the Company has three key business imperatives:

- Evolving the delivery channels to better meet the needs of its customers
- Expanding the size and scope of easyfinancial
- Executing with efficiency and effectiveness

The Company's corporate strategy remains as described in its December 31, 2013 MD&A.

Outlook

The Company's outlook and targets remain as described in its December 31, 2013 MD&A.

Analysis of Results for the Three Months Ended March 31, 2014

First Quarter Highlights

- easyhome continued to grow revenue during the first quarter of 2014. Revenue for the quarter increased to a record high of $60.3 million from $52.4 million in the first quarter of 2013, an increase of $7.9 million or 15.2%. The growth was driven primarily by the expansion of easyfinancial and its consumer loans receivable portfolio. Same-store revenue growth for the quarter, which includes revenue growth from easyfinancial, was 18.3%. Excluding the impact of easyfinancial, same-store revenue growth was 3.5%.

- The gross consumer loans receivable as at March 31, 2014 was $123.5 million compared with $74.7 million as at March 31, 2013, an increase of $48.8 million or 65.4%. The loan book grew by $12.8 million in the quarter compared with growth of $4.0 million in the first quarter of 2013. Similarly, easyfinancial revenue increased by 69.3% in the quarter compared to the same period of 2013, driven by a larger consumer loans receivable portfolio. During the quarter, easyfinancial opened 10 new locations (9 stand alone, 1 in store kiosk).

- The operating margin of easyfinancial for the first quarter of 2014 was 35.8% compared with 28.0% in the first quarter of 2013. Efficiencies gained through the larger consumer loans receivable portfolio and a reduction in bad debt expense as a percentage of revenue more than offset increased advertising expenditures and administrative costs. Bad debt expense as a percentage of revenue declined to 21.0% in the quarter compared with 26.6% in the first quarter of 2013. Similarly, net charge-offs as a percentage of the consumer loans receivable balance on an annualized basis declined from 14.2% in the first quarter of 2013 to 12.3% in the current quarter. The loss rates in the current quarter benefitted from both the magnitude of growth achieved in the past two quarters and the timing of such growth, as the average loan within the portfolio was relatively younger during the first quarter of 2014 and thus had experienced a lower level of charge-offs. Loss rates will return to more normal levels for the balance of 2014.

- The operating margin of the leasing business continued to improve in the quarter, driven by operational improvements at the corporately owned stores and improved profitability from the Company's franchise network. The operating margin reached 18.3% in the quarter compared to 16.4% in the first quarter of 2013.

- Corporate operating expenses before depreciation and amortization in the first quarter of 2014 were $6.4 million, up $1.7 million from the comparable period of 2013. The increase related to higher accrued but not paid incentive compensation plan expenses and was driven by the strong financial performance during the quarter versus expectations. Ultimately, actual payouts or distributions under both of these plans will be determined in future periods as the plans vest based on actual achieved performance.

- Operating income for the Company was $8.0 million for the quarter and reached a record level. Operating income was up $2.9 million or 56.9% from the first quarter of 2013. Excluding the negative impact of increased accruals for incentive compensation programs, operating income increased by $4.2 million or 82%. Operating margin was 13.2% for the quarter compared with 9.7% in the first quarter of 2013.

- Net income for the first quarter of 2014 was $4.6 million or $0.34 per share on a diluted basis compared with $2.9 million or $0.24 per share in the first quarter of 2013, an increase of $1.7 million and $0.10 per share respectively. Net income and diluted earnings per share increased by 59.0% and 41.7% respectively as compared to the first quarter of 2013. The shares issued in the fourth quarter of 2013 moderated the growth of earnings per share relative to the growth in net income.

Summary Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Three months ended Mar. 31, 2014	Mar. 31, 2013	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**60,334**	52,389	7,945	15.2%
Operating expenses before depreciation and amortization	**38,593**	34,033	4,560	13.4%
EBITDA margin [1]	**16.0%**	12.3%	3.7%	-
Depreciation and amortization expense	**13,768**	13,273	495	3.7%
Operating income	**7,973**	5,083	2,890	56.9%
Operating margin[1]	**13.2%**	9.7%	3.5%	-
Finance costs	**1,558**	1,184	374	31.6%
Effective income tax rate	**27.8%**	25.3%	2.5%	-
Net income for the period	**4,630**	2,912	1,718	59.0%
Diluted earnings per share	**0.34**	0.24	0.10	41.7%
Key Performance Indicators[1]				
Same-store revenue growth	**18.3%**	12.0%	6.3%	-
Same-store revenue growth excluding easyfinancial	**3.5%**	5.9%	(2.4%)	-
Potential monthly lease revenue	**11,123**	11,329	(206)	(1.8%)
Change in potential monthly lease revenue due to ongoing operations	**(208)**	(214)	6	2.8%
easyhome Leasing operating margin	**18.3%**	16.4%	1.9%	-
Gross consumer loans receivable	**123,497**	74,653	48,844	65.4%
Growth in gross consumer loans receivable	**12,793**	3,994	8,799	220.3%
Bad debt expense as a percentage of easyfinancial revenue	**21.0%**	26.6%	(5.6%)	-
Net charge-offs as a percentage of average gross consumer loans receivable	**12.3%**	14.2%	(1.9%)	-
easyfinancial operating margin	**35.8%**	28.0%	7.8%	-
System-Wide Performance Indicators				
Total system revenue[2]	**71,672**	62,181	9,491	15.3%
Total system potential monthly lease revenue[3]	**14,643**	14,275	368	2.6%
Total franchisee revenue[4]	**13,894**	11,911	1,983	16.6%

[1] See description in section "Key Performance Indicators and Non-IFRS Measures".
[2] Includes revenue per consolidated financial statements less revenue received from unconsolidated franchisees plus revenue of unconsolidated franchises.
[3] Includes potential monthly lease revenue for the Company as well as for unconsolidated franchises.
[4] Revenue for entire franchise network including revenue from unconsolidated franchise locations.

Store Locations Summary

	Locations as at Dec. 31, 2013	Locations opened during quarter	Locations closed / sold during quarter	Conversions	Locations as at Mar. 31, 2014
easyhome Leasing					
Corporately owned stores	173	-	(2)	-	**171**
Consolidated franchise locations	9	1	-	(1)	**9**
Total consolidated stores	182	1	(2)	(1)	**180**
Canadian franchise stores	19	-	-	-	**19**
U.S. franchise stores	36	-	-	1	**37**
Total franchise stores	55	-	-	1	**56**
Total easyhome Leasing stores	237	1	(2)	-	**236**
easyfinancial					
Kiosks (in store)	65	1	-	-	**66**
Stand-alone locations	53	9	-	-	**62**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	119	10	-	-	**129**

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended March 31, 2014 easyhome Leasing	easyfinancial	Corporate	Total
Revenue	**40,300**	**20,034**	**-**	**60,334**
Total operating expenses before depreciation and amortization	**19,999**	**12,162**	**6,432**	**38,593**
Depreciation and amortization	**12,907**	**709**	**152**	**13,768**
Operating income (loss)	**7,394**	**7,163**	**(6,584)**	**7,973**
Finance costs				**1,558**
Income before income taxes				**6,415**
Income taxes				**1,785**
Net Income for the period				**4,630**
Diluted Earnings per share				**0.34**

($ in 000's except earnings per share)	Three Months Ended March 31, 2013 easyhome Leasing	easyfinancial	Corporate	Total
Revenue	40,556	11,833	-	52,389
Total operating expenses before depreciation and amortization	21,134	8,142	4,757	34,033
Depreciation and amortization	12,758	375	140	13,273
Operating income (loss)	6,664	3,316	(4,897)	5,083
Finance costs				1,184
Income before income taxes				3,899
Income taxes				987
Net Income for the period				2,912
Diluted Earnings per share				0.24

Revenue

Revenue for the three month period ended March 31, 2014 was $60.3 million compared to $52.4 million in the same period in 2013, an increase of $7.9 million or 15.2%.

easyhome Leasing - Revenue for the three month period ended March 31, 2014 was $40.3 million, a decrease of $0.3 million from the comparable period in 2013. Factors impacting revenue in the period include:

- Improvements to ongoing operations resulted in organic portfolio and revenue growth across the Canadian store network culminating in revenue improvements of $1.0 million in the first quarter of 2014 compared with the first quarter of 2013.
- Growth in the franchise network, both from consolidated franchise locations and fees generated from unconsolidated franchises, contributed to $0.8 million of revenue growth.
- Revenue gains were offset by store closures and sales which occurred during the past 15 months (net of the transfer of portfolios to nearby locations) resulting in a $1.0 million decline in revenue.
- The portfolios of the stores acquired in the fourth quarter of 2012 declined after the acquisition resulting in a $1.1 million reduction in revenue in the first quarter of 2014 compared with the first quarter of 2013.

easyfinancial - Revenue for the three month period ended March 31, 2014 was $20.0 million, an increase of $8.2 million or 69.3% from the comparable period in 2013. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $74.7 million as at March 31, 2013 to $123.5 million as at March 31, 2014, an increase of $48.8 million or 65.4%, as well as the introduction of ancillary services. The gross consumer loans receivable portfolio grew $12.8 million during the first quarter of 2014 compared with growth of $4.0 million for the first quarter of 2013.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization were $38.6 million for the three month period ended March 31, 2014, an increase of $4.6 million or 13.4% from the comparable period in 2013. Operating expenses before depreciation and amortization represented 64.0% of revenue for the first quarter of 2014 compared with 65.0% last year. The $4.6 million increase in total operating expenses was driven primarily by the higher costs associated with an expanded easyfinancial business and increased incentive compensation expense driven by the improved operating performance in the quarter and was partially offset by lower costs in the easyhome Leasing business due to a reduced number of retail locations.

easyhome Leasing – Total operating expenses before depreciation and amortization for the three month period ended March 31, 2014 was $20.0 million, a decrease of $1.1 million or 5.4% from the comparable period in 2013. This decline was driven primarily by the sale or closure of underperforming stores over the past fifteen months as well as lower advertising costs. Consolidated leasing store count consists of corporately owned stores as well as consolidated franchise stores where control is achieved other than through ownership of a majority of voting rights. Consolidated leasing store count declined from 191 as at March 31, 2013 to 180 at March 31, 2014.

easyfinancial – Total operating expenses before depreciation and amortization were $12.2 million for the first quarter of 2014, an increase of $4.0 million or 49.4% from the comparable period in 2013. Operating expenses, excluding bad debt, increased by $2.9 million or 59.2% in the quarter driven by: i) 29 additional locations when compared to March 31, 2013, ii) the shift from in-store kiosks to higher capacity stand-alone branches, iii) higher levels of marketing expenditures to drive customer and portfolio growth and iv) incremental expenditures to develop new distribution channels and manage the growing branch network. Overall, branch count increased from 100 as at March 31, 2013 to 129 as at March 31, 2014. Additionally, stand-alone branches increased from 22 as at March 31, 2013 to 62 as at March 31, 2014.

Bad debt expense increased to $4.2 million for the first quarter of 2014 from $3.1 million during the comparable period in 2013, up 33.7%. The $1.1 million increase was due to the growth of the consumer loans receivable portfolio partially offset by a lower charge-off rate in the quarter as compared to the first quarter of 2013. Bad debt expense expressed as a percentage of easyfinancial revenue, was 21.0% for the first quarter of 2014, an improvement against the 26.6% reported for the first quarter of 2013. Similarly, net charge-offs as a percentage of the average gross consumer loans receivable on an annualized basis, was 12.3% in the first quarter of 2014, down from the 14.2% reported in the first quarter of 2013. The loss rates in the current quarter benefitted from both the magnitude of growth achieved in the past two quarters and the timing of such growth, as the average loan within the portfolio was relatively younger during the first quarter of 2014 and thus had experienced a lower level of charge-offs. Loss rates will return to more normal levels for the balance of 2014.

Corporate – Total operating expenses before depreciation and amortization was $6.4 million for the first quarter of 2014 compared to $4.8 million in the first quarter of 2013, an increase of $1.7 million or 35.2%. The increase related to higher accrued but not paid incentive compensation plan expenses and was driven by the strong financial performance during the quarter versus expectations. Accruals for the Company's short-term incentive compensation plan increased by $0.9 million as the first quarter financial performance was ahead of expectations in 2014 whereas the financial performance trailed expectations in the first quarter of 2013. Accruals for the Company's long-term or stock based incentive compensation plans increased by $0.7 million due to an increase in the expected level of vesting, again driven by the strong financial performance during the first quarter of 2014. Ultimately, actual payouts or distributions under both of these plans will be determined in future periods as the plans vest based on actual achieved performance. Corporate expenses before depreciation and amortization represented 10.7% of revenue in the first quarter of 2014 as compared to 9.1% of revenue in first quarter of 2013.

Depreciation and Amortization

Depreciation and amortization for the three month period ended March 31, 2014 was $13.8 million, up $0.5 million or 3.7% from the comparable period in 2013. The increase was attributable to: i) the growing easyfinancial branch network and the increased number of stand-alone locations, ii) the amortization of new easyfinancial systems and iii) a slight increase in the depreciation and amortization expense within the leasing business.

Depreciation and amortization represented 22.8% of revenue for the three months ended March 31, 2014, down from 25.3% in the comparable period of 2013.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three month period ended March 31, 2014 was $8.0 million compared to $5.1 million for the comparable period in 2013, an increase of $2.9 million or 56.9%. Overall operating margin improved from 9.7% in the first quarter of 2013 to 13.2% in the first quarter of 2014.

easyhome Leasing – Operating income was $7.4 million for the first quarter of 2014, an increase of $0.7 million or 11.0% from the first quarter of 2013. The $0.3 million reduction in revenue was more than offset by the $1.0 million reduction in expenses. Operating margin for the first quarter of 2014 was 18.3%, up from 16.4% in the first quarter of 2013.

easyfinancial – Operating income was $7.2 million for the first quarter of 2014 compared with $3.3 million for the comparable period in 2013, an increase of $3.9 million or 116%. Operating margin for the first quarter of 2014 was 35.8% compared with 28.0% in the comparable period of 2013. The growth in operating income and operating margin was driven by the larger consumer loans receivable portfolio and improvements in consumer loan losses.

Finance Costs

Finance costs for the three month period ended March 31, 2014 were $1.6 million, up $0.4 million from the same period in 2013. The increase related to the higher average debt levels in the first quarter of 2014 compared to the first quarter of 2013.

Income Tax Expense

The effective income tax rate for the first quarter of 2014 was 27.8% compared to 25.3% in the first quarter of 2013. The effective income tax rate increased as the percentage of income earned in the U.S., which is not subject to income tax due to the application of tax losses carried forward, was lower in the first quarter of 2014.

Net Income and EPS

Net income for the first quarter of 2014 was $4.6 million or $0.34 per share on a diluted basis compared with $2.9 million or $0.24 per share in the first quarter of 2013, an increase of $1.7 million and $0.10 respectively. Net income and diluted earnings per share increased by 59.0% and 41.7% respectively as compared to the first quarter of 2013. The shares issued in the fourth quarter of 2013 moderated the growth of earnings per share relative to the growth in net income.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	Mar. 2014	Dec. 2013	Sep. 2013	Jun. 2013	Mar. 2013	Dec. 2012	Sep. 2012	Jun. 2012	Mar. 2012
Revenue	**60.3**	57.8	54.9	53.8	52.4	51.7	49.3	48.9	49.8
Net Income for the period	**4.6**	4.3	3.8	3.1	2.9	3.8	2.6	2.0	2.6
Net income as a percentage of revenue	**7.7%**	7.5%	6.8%	5.8%	5.6%	7.3%	5.3%	4.1%	5.3%
Earnings per share[1]									
Basic	**0.35**	0.34	0.32	0.26	0.24	0.32	0.22	0.17	0.22
Diluted	**0.34**	0.33	0.31	0.26	0.24	0.31	0.22	0.17	0.22

[1]Quarterly earnings per share are not additive and may not equal the annual earnings per share reported. This is due to the effect of stock issued during the year on the basic weighted average number of common shares outstanding together with the effects of rounding.

Key Performance Indicators and Non-IFRS Measures

The Company measures the success of its strategy using a number of key performance indicators as described in more detail below. Several of these key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

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

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

Same-Store Revenue Growth

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

	Three months ended	
	Mar. 31, 2014	**Mar. 31, 2013**
Same-store revenue growth	**18.3%**	12.0%
Same-store revenue growth excluding easyfinancial	**3.5%**	5.9%

Potential Monthly Lease Revenue

Potential monthly lease revenue reflects the revenue that the Company's portfolio of leased merchandise would generate in a month providing it collected all lease payments due in that period. Growth in potential monthly lease revenue is driven by several factors including an increased number of customers, an increased number of leased assets per customer as well as an increase in the average price of the leased items. The Company believes that its potential monthly lease revenue is an important indicator of how revenue may change in future periods.

	Three months ended	
($ in 000's)	**Mar. 31, 2014**	**Mar. 31, 2013**
Opening balance - Potential monthly lease revenue	**11,430**	11,634
Change due to store openings or acquisitions during the period	**8**	-
Change due to store closures or sales during the period	**(107)**	(91)
Change due to ongoing operations	**(208)**	(214)
Net change	**(307)**	(305)
Ending balance – Potential monthly lease revenue	**11,123**	11,329

Gross Consumer Loans Receivable

Gross consumer loans receivable reflects the period end balance of the portfolio before provisioning for potential future charge-offs. Growth in gross consumer loans receivable is driven by several factors including an increased number of customers and an increased loan value per customer. The Company believes that its gross consumer loans receivable value is an important indicator of the easyfinancial business and of how revenue may grow in future periods.

($ in 000's)	Three months ended Mar. 31, 2014	Mar. 31, 2013
Gross consumer loans receivable	**123,497**	74,653
Growth in gross consumer loans receivable during period	**12,793**	3,994

easyfinancial Loan Losses

Net charge-offs are actual loans charged off net of recoveries. Average gross consumer loans receivable has been calculated based on the average of the month end loan balances for the indicated period. This metric is a measure of the collection performance of the easyfinancial consumer loans receivable portfolio. For interim periods, the rate is annualized. Bad debt expense as a percentage of easyfinancial revenue is another measure that reflects the collection performance of the easyfinancial consumer loans receivable portfolio. Bad debt expense includes actual write offs net of recoveries and the impact of changes to the allowance for loan losses taken against the consumer loans receivable portfolio.

($ in 000's except percentages)	Three months ended Mar. 31, 2014	Mar. 31, 2013
Net charge-offs	**3,642**	2,605
Average gross consumer loans receivable	**118,677**	73,297
Net charge-offs as a percentage of average gross consumer loans receivable (annualized)	**12.3%**	14.2%
Bad debt expense as a percentage of easyfinancial revenue	**21.0%**	26.6%

Operating Expenses Before Depreciation and Amortization

The Company defines operating expenses before depreciation and amortization as total operating expenses excluding depreciation and amortization expenses for the period. The Company believes that operating expenses before depreciation and amortization is an important measure of the cost of operations adjusted for the effects of purchasing decisions that may have been made in prior periods.

($ in 000's except percentages)	Three months ended Mar. 31, 2014	Mar. 31, 2013
Operating expenses before depreciation and amortization	**38,593**	34,033
Divided by revenue	**60,334**	52,389
Operating expenses before depreciation and amortization as % of revenue	**64.0%**	65.0%

Operating Margin

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

	Three months ended	
($ in 000's except percentages)	**Mar. 31, 2014**	**Mar. 31, 2013**
easyhome Leasing		
Operating income	**7,394**	6,664
Divided by revenue	**40,300**	40,556
easyhome Leasing operating margin	**18.3%**	16.4%
easyfinancial		
Operating income	**7,163**	3,316
Divided by revenue	**20,034**	11,833
easyfinancial operating margin	**35.8%**	28.0%
Total		
Operating income	**7,973**	5,083
Divided by revenue	**60,334**	52,389
Total operating margin	**13.2%**	9.7%

Earnings before Interest, Taxes, Depreciation and Amortization and EBITDA Margin

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

	Three months ended	
($ in 000's except percentages)	**Mar. 31, 2014**	**Mar. 31, 2013**
Net income as stated	**4,630**	2,912
Finance costs	**1,558**	1,814
Income tax expense	**1,785**	987
Depreciation and amortization, excluding depreciation of lease assets	**1,708**	1,340
EBITDA	**9,681**	6,423
Divided by revenue	**60,334**	52,389
EBITDA margin	**16.0%**	12.3%

Return on Equity

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

($ in 000's except periods and percentages)	Three months ended Mar. 31, 2014	Mar. 31, 2013
Net income as stated	**4,630**	2,912
Multiplied by number of periods in year	**X 4/1**	X 4/1
Divided by average shareholders' equity for the period	**137,820**	106,071
Return on equity	**13.4%**	11.0%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at March 31, 2014 and March 31, 2013.

($ in 000's, except for ratios)	Mar. 31, 2014	Mar. 31, 2013
Total assets	**247,443**	195,252
External debt (includes term loan)	**70,039**	52,553
Other liabilities	**37,395**	35,571
Total liabilities	**107,434**	88,124
Shareholders' equity	**140,008**	107,128
Total capitalization (total debt plus total shareholders' equity)	**210,047**	159,681
External debt to shareholders' equity	**0.50**	0.49
External debt to total capitalization	**0.33**	0.33
External debt to EBITDA	**2.07**	2.32

Total assets were $247.4 million at March 31, 2014, an increase of $52.2 million or 26.7% over March 31, 2013. The growth in total assets was driven primarily by: i) the increased size of the net consumer loans receivable portfolio which increased by $46.1 million from March 31, 2013 to March 31, 2014 and ii) the Company's net investment in property and equipment and intangible assets (specifically software) which increased by $5.8 million year over year.

The growth in total assets has been financed by a $19.3 million increase in total liabilities (which includes a $17.5 million increase in external debt) and a $32.9 million increase in total shareholder's equity (which includes the net $19.0 million raised in the common share equity offering completed in the fourth quarter of 2013). Although the Company has continued to maintain its dividend payments to its shareholders, a large portion of the Company's earnings over the prior 12 months have been retained to fund the growth of easyfinancial.

The Company's external debt included a bank revolving credit facility that supported the leasing business and a term loan facility that supported easyfinancial.

Canadian dollar loans under the bank revolving credit facility bore interest at the lead lenders prime rate plus 150 to 250 bps, depending on the Company's total debt to earnings before interest, taxes, depreciation and amortization ["EBITDA"] ratio. The bank revolving credit facility was fully secured by a first charge on substantially all of the assets of the Company and its subsidiaries, excluding easyfinancial, and a second charge on the assets of easyfinancial. The Company's interest rate under the facility as at March 31, 2014 was 5.00%.

Canadian dollar loans under the term loan credit facility bore interest at 8.7% over the Canadian Bankers' Acceptance rate. All borrowings under the term loan credit facility were secured by a first charge on the assets of easyfinancial and a second charge on substantially all of the other assets of the Company and its subsidiaries and will mature on October 4, 2017. The Company's interest rate under the term loan facility as at March 31, 2014 was 9.98%.

At March 31, 2014 and March 31, 2013, the Company was in compliance with all of its financial covenants under its lending agreements.

Liquidity and Capital Resources

Summary of Cash Flow Components

	Three months ended	
($ in 000's)	**Mar. 31, 2014**	**Mar. 31, 2013**
Cash provided by operating activities before issuance of consumer loans receivable	**22,539**	8,793
Net issuance of consumer loans receivable	**(16,435)**	(6,600)
Cash provided by operating activities	**6,104**	2,193
Cash used in investing activities	**(10,823)**	(12,428)
Financing activities	**7,719**	11,931
Net increase (decrease) in cash for the period	**3,000**	1,696

Cash flows provided by operating activities for the three month period ended March 31, 2014 were $6.1 million. Included in this $6.1 million was a net investment of $16.4 million to increase the easyfinancial consumer loans receivable portfolio. If this net investment in the easyfinancial consumer loans receivable portfolio was treated as cash flows from investing activities, the cash flows generated by operating activities would be $22.5 million in the first quarter of 2014, up $13.7 million compared to the first quarter of 2013. Cash flows provided by operating activities in the first quarter 2013 were negatively impacted by a $7.0 million payment related to the purchase of 15 Canadian merchandise leasing stores acquired in the fourth quarter of 2012.

Cash flows from financing activities for the three month period ended March 31, 2014 were $7.7 million, which included a $10.0 million draw on the Company's term loan offset by dividend payments and net repayments of the bank revolving credit facility.

Cash flows in the first quarter of 2014 enabled the Company to: i) meet the growth demands of easyfinancial as described above, ii) invest $8.8 million in new lease assets, iii) invest $2.6 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

The Company believes that the cash flows provided by operations will be sufficient in the near term to meet operational requirements, purchase lease assets, meet capital spending requirements and pay dividends. For easyfinancial to continue growing, however, so that it can achieve its targets and the long-term growth opportunities available, additional sources of financing over and above the currently available credit facilities are required. The Company has considered its alternatives in this regard and is currently working to secure additional financing. While the Company is engaged in a series of activities to obtain the funds necessary to finance future operations, there is no certainty that these activities will be successful or completed on terms favourable to the Company.

Outstanding Shares and Dividends

As at May 7, 2014 there were 13,309,797 shares, 130,976 DSU's, 615,532 options, 438,373 RSU's, and no warrants outstanding.

For the three month period ended March 31, 2014, the Company paid a $0.085 per share quarterly dividend on outstanding common shares. The Company reviews its dividend distribution policy on a regular basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. No dividends may be declared in the event there is a default of the loan facility, or where such payment would lead to a default.

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

	2014	2013	2012	2011	2010	2009	2008
Dividend per share	**$ 0.085**	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085
Percentage increase	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	21.4%

Commitments, Guarantees and Contingencies

The Company's commitments, guarantees and contingencies remain as described in its December 31, 2013 MD&A.

Risk Factors

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

The Company's risk factors remain as described in its December 31, 2013 MD&A.

Critical Accounting Estimates

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

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

The Company's critical accounting estimates are fully described in the Company's December 31, 2013 Notes to the Financial Statements.

Adoption of New Accounting Standards and Standards Issued But Not Yet Effective

No new accounting standards were adopted by the Company during the reporting period.

The Company will be required to adopt IFRS 9, Financial Instruments, which is the IASB's project to replace IAS 39. On November 19, 2013, the IASB decided that the previously set mandatory effective date of January 1, 2015 would not allow sufficient time for entities to prepare to apply IFRS 9, and that a new date should be determined when IFRS 9 is closer to completion. IFRS 9 will provide new requirements for the way in which an entity should classify and measure financial assets and liabilities that are in the scope of IAS 39. The Company has not yet assessed the impact of this standard.

Internal Controls

Disclosure Controls and Procedures ["DC&P"]

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, including the Chief Executive Officer ["CEO"] and Chief Financial Officer ["CFO"], so that timely decisions can be made regarding disclosure.

The Company's management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DC&P, as required in Canada by National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*". Based on this evaluation, the CEO and CFO have concluded that the design of the system of disclosure controls and procedures were effective as at March 31, 2014.

Internal Controls over Financial Reporting ["ICFR"]

ICFR is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurances regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with IFRS. Management is responsible for establishing and maintaining ICFR and designs such controls to attempt to ensure that the required objectives of these internal controls have been met. Management uses the Internal Control – Integrated Framework (1992) to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ["COSO"].

Based on this evaluation, the CEO and CFO have concluded that the design of the Company's internal controls over financial reporting were effective as at March 31, 2014.

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance and may not prevent or detect all misstatements as a result of, among other things, error or fraud.

In addition, the CEO and CFO evaluated whether there were changes in the internal controls over financial reporting during the interim period ended March 31, 2014 that materially affected, or were reasonably likely to materially affect, the internal controls over financial reporting. There were no such changes during the quarter.