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

Table of Contents

Caution Regarding Forward Looking Statements 2
Overview of the Business 2
Corporate Strategy 4
Outlook 7
Analysis of Results for the Year Ended December 31, 2013 10
Selected Annual Information 16
Analysis of Results for the Three Months Ended December 31, 2013 17
Selected Quarterly Information 23
Key Performance Indicators and Non-IFRS Measures 24
Financial Condition 31
Liquidity and Capital Resources 32
Outstanding Shares and Dividends 33
Commitments, Guarantees and Contingencies 33
Risk Factors 34
Critical Accounting Estimates 38
Adoption of New Accounting Standards and Standards Issued But Not Yet Effective 38
Internal Controls 38

Date: March 5, 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 December 31, 2013 compared to December 31, 2012, and the results of operations for the three month period and year ended December 31, 2013 compared with the corresponding periods of 2012. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2013. 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.

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 activities of both easyhome Leasing and easyfinancial are governed by federal laws which set a maximum rate of interest and by the various consumer disclosure acts that exist in each province. As the Company does not offer pay-day loans and does not accept customer deposits, it is not subject to pay-day loan legislation or the rules set out for banks by the Office of the Superintendent of Financial Institutions.

Overview of easyhome Leasing

The oldest and largest segment of easyhome's business is merchandise leasing, with an option to purchase, top-quality, brand name household furnishings, appliances and home electronic products to consumers under weekly or monthly agreements. The Company's programs appeal to a wide variety of consumers who are looking for alternatives to traditional retailers and who are attracted to a leasing transaction that does not involve a credit check, does not require an initial down payment, includes delivery and set up and offers them the flexibility to terminate the arrangement at any time. These consumers may not be able to purchase merchandise because of a lack of credit or insufficient cash resources, who have a short-term or otherwise temporary need for the merchandise, or who simply want to use the merchandise, with no long-term obligation, before making a purchase decision.

Customers who wish to lease merchandise with an option to purchase from easyhome are required to enter into easyhome's standard form merchandise leasing agreement (a "Merchandise Lease Agreement"). The Merchandise Lease Agreement provides that the customer will lease merchandise for a set term and make periodic payments on a weekly or monthly basis. Generally, customers are required to make an initial up-front lease payment and thereafter the periodic payments are collected in advance for each payment period. If the customer makes all of the periodic payments throughout the lease term, he or she will obtain ownership of the merchandise. In addition, at specified times during the term of a Merchandise Lease Agreement, customers can exercise an option to purchase the leased merchandise at a predetermined price. easyhome maintains ownership of its merchandise until this purchase option is exercised. Ultimately, easyhome customers have the flexibility to return the merchandise at any time without any further obligations.

easyhome Leasing operates through corporately owned stores located across Canada and through a network of franchised locations in both Canada and the United States. The franchising business is built around the same principles of operational excellence as the Company's corporate stores and both corporate and franchised stores utilize common marketing programs, operating procedures and support and administrative infrastructures.

Overview of easyfinancial

easyfinancial is the Company's financial services arm, offering installment loans and other ancillary financial services. easyfinancial offers unsecured, installment loans in amounts from $500 to $5,000 for 6 to 36 month terms with bi-weekly, semi-monthly and monthly repayment options. Customers can choose to repay the entire loan balance at any time during the term without penalty. As a credit reporting lender, easyfinancial positions its loan products as a vehicle to help rebuild credit and provide access to financing for the cash and credit constrained consumer.

easyfinancial is a logical complement to easyhome's Leasing business, leveraging the resources of its parent and its expertise in transacting with a similar customer segment.

easyfinancial's loans occupy a critical niche in the marketplace, bridging the gap between traditional financial institutions and costly pay-day lenders. Traditional financial institutions are unable to effectively offer credit solutions to consumers that are deemed to be a higher credit risk due to the consumer's financial situation or less than perfect credit history. These same consumers prefer to avoid the high fees and onerous repayment terms imposed on them by pay-day lenders for access to credit solutions that they require to deal with unforeseen financial situations. easyfinancial's products appeal to these cash and credit constrained consumers who are looking for alternatives.

The Company believes that there is significant demand for the products offered by easyfinancial in the Canadian marketplace. Historically, the consumer demand for these loans was satisfied by the consumer lending arms of several large, international financial institutions. Since 2009, many of the largest participants in this market have either closed their operations or dramatically reduced their size due to changes in banking regulations related to risk adjusted capital reserves, leaving easyfinancial as the only national participant with stated growth aspirations. The Company estimates that the historic Canadian market for unsecured consumer installment loans, consistent with the products offered by easyfinancial, was in excess of $1.5 billion and that this market was serviced by over 600 retail locations.

The easyfinancial business was initially developed using a kiosk that was physically located within an existing easyhome Leasing location. In 2011, to better meet customer demand for its products, the Company determined that the easyfinancial business would scale more successfully by operating out of stand-alone locations that were physically separated from the easyhome Leasing stores. These larger and higher capacity stand-alone locations also exhibited a more rapid growth trajectory. The first easyfinancial stand-alone location was opened in July 2011. Going forward, future location growth will be focused on stand-alone locations which will also free up retail showroom space at the easyhome Leasing stores.

The Company recognizes that the loan products it offers to consumers carry a higher risk of default than the loan products offered by traditional banks and, as such, the Company will incur a higher level of delinquencies and charge offs, but that this will be offset by the higher yield generated on the consumer loans receivable. To assist with the management of this risk, the Company has developed proprietary underwriting practices and credit scoring models that have been developed using the historical performance of its portfolio. The Company continuously enhances these practices and scoring models to make better lending decisions, with a goal of maximizing total returns.

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 priorities:

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

Evolving the Delivery Channels

Historically, all of easyhome's interactions with its leasing and financial services customers have occurred at a physical retail location. Internet access and mobile technology, however, are changing the way that businesses interact with their customers. Additionally, the rapid speed in which information can now be shared has provided consumers with greater knowledge that they can use to search out alternatives.

While easyhome's business units have had an online presence for many years, it has been purely informational. In 2013, transactional websites were launched by easyhome Leasing for the leasing of new furniture, appliances and electronics, and easyfinancial for securing consumer installment loans. These new delivery channels allow the Company to reach consumers who may not have access to a physical location or those who prefer to interact through the privacy and convenience of the internet. Further optimization of these channels will be achieved through ongoing analysis of transactional performance data and the enhancement of the transactional websites.

As a further means of responding to consumer demand and capturing growth, easyfinancial will also evolve its delivery channels by exploring indirect lending. Indirect lending involves creating partnerships with merchants, both online and offline, to provide financing for their customers who do not qualify for the traditional credit products offered by these merchants. Under such a delivery channel, these customers will be given the option of applying for a loan through easyfinancial at the point of purchase, thereby allowing them to purchase the desired products or services from the merchant partner. Lastly, effective centralized support services will ensure a superior customer experience by providing just in time support to the indirect lending channel backed by a fully integrated, real-time CRM platform.

The easyhome Leasing business will complement this expansion into indirect lending. Consumer loans made by easyfinancial to consumers for the purchase of product categories that are similar to those offered by easyhome Leasing will be secured by the purchased merchandise. In the event that the loan goes into default, the goods can be repossessed and the value of these recovered goods can be realized by leasing or selling the assets through the easyhome Leasing store network. In this manner, the Company can better manage its risk and has a significant competitive advantage over potential competitors that lack a viable outlet for realizing against the security.

Expanding the Size and Scope of easyfinancial

In addition to evolving its delivery channels, the Company will continue to focus on expanding the size and scope of easyfinancial. The Company believes that there is significant demand for the products offered by easyfinancial in the Canadian marketplace and that a large portion of this demand is currently not being satisfied.

The Company has made significant investments in its processes and infrastructure to position its easyfinancial business for long-term sustainable growth, including making the following key enhancements:

- Outside experts were engaged by the Company to evaluate all of the key easyfinancial control processes and make recommendations on industry best practices. All of the opportunities identified by these experts have been addressed.
- The Company has developed an internal competence in evaluating and managing credit risk. Using leading edge, data-driven modeling and analytical techniques, underwriting and credit adjudication rules were enhanced with the goal of balancing throughput and charge offs to optimize returns.
- An industry standard banking platform was implemented to ensure that the loans receivable portfolio could be appropriately managed and information could be securely maintained on a scaleable infrastructure.
- The easyfinancial management team was enhanced through the recruitment of senior managers with broad experience in the financial services and mobile technology industries.
- Through a combination of equity offerings, debt offerings and renegotiation of existing lending relationships, the Company secured the necessary capital to fund the expected growth for the near-term. The continued successful growth of the easyfinancial portfolio and the strengthened balance sheet should provide for access to further levels of capital in the future at reduced costs.

Unlike easyhome Leasing, the retail footprint of easyfinancial is not yet mature and requires expansion. The Company estimates that its retail footprint for easyfinancial could expand to over 250 locations across Canada. The Company is responding to this opportunity by strategically adding new stand-alone locations. In addition to providing more convenient access to the customers that wish to transact in a physical retail environment, the critical mass of physical locations will strengthen the Company's financial services brand, establishing easyfinancial as the leader in providing financing solutions to consumers who are looking for an alternative to traditional banks and pay-day lenders.

Over the long-term, the Company expects the operating margin of its easyfinancial business unit to exceed 35% (before any allocation of indirect corporate costs, interest and taxes). This operating margin, however, will be muted in periods of rapid expansion. Additional easyfinancial store openings will provide a drag on margins as the relatively fixed cost base of a new location in the months after opening will be disproportionately large until the consumer loans receivable portfolio for that location has grown to a sufficient size to generate larger revenues. The Company will continue to make investments in technology as it develops the required platforms for the new delivery channels. Additionally, the Company will make greater investments in marketing and advertising expenditures, particularly in electronic media, that will drive further growth of the portfolio, but will increase the expense load in the periods where such marketing and advertising occurs.

The expansion of easyfinancial will also be aided by the introduction of complementary financial products. The Company has a stated goal of being the Canadian leader in providing goods and financial services to the cash and credit constrained consumer and so the Company intends to build out a suite of products that can ladder a customer from establishing credit to home ownership. In cases where the Company has the expertise and resources to offer these products directly, it will do so. In other cases, it will look to partner with primary providers of these products and offer such products to the Company's customers under a commission or fee type arrangement. As an example, in 2014 the Company launched a licensed mortgage brokerage business designed to assist customers in obtaining mortgage financing.

Executing with Efficiency and Effectiveness

The Company believes that the products and services presented to its customers are clearly differentiated from its competitors. easyhome Leasing has established itself as the Canadian market leader by providing a more inviting retail experience than its direct competitors, providing consumers with the guaranteed lowest weekly payment rates, and by employing more engaged and better trained retail associates. easyfinancial provides consumers with a financing alternative that is less costly than pay-day loans and quicker and more convenient than traditional banks, all in an inviting retail or electronic environment.

To meet the demands of its customers and to maximize the profitability of the overall business, the Company will continue to focus on improving its level of execution across all areas of the business.

Offer High Levels of Customer Service and Satisfaction

Customer retention is of paramount importance. Frequent and positive customer interactions encourage repeat business and provide high levels of service and satisfaction. As part of its effort to provide superior customer service, the Company offers quick delivery of its merchandise and rapid loan decisions and funding. The Company believes that competent, knowledgeable and motivated personnel are necessary in order to achieve high levels of customer service and satisfaction. Accordingly, the Company has intensive employee training programs, as well as performance measurement programs, incentive driven compensation plans and other tools, in order to drive a positive customer experience and ensure customer retention.

Increase Store Level Efficiency

Although the Company will pursue the previously described methods to encourage customer retention and growth, it must also aggressively manage all discretionary spending. Supplier relationships and economies of scale will be leveraged to reduce overall costs. Idle inventory levels within its stores will be maintained at optimum levels, balancing the need to provide customers with the choice and selection they require with the capital committed and management effort required to maintain this inventory. Other costs, especially labour, will be tightly controlled through centrally established thresholds, allowing spending to occur only when it will result in improved revenues. In addition, the Company will remediate and, if necessary, close underperforming stores, merging their portfolios with other nearby locations.

Utilize Data Analysis as a Competitive Advantage

The Company has a tremendous volume of customer data that it has gained from years of operating its merchandise leasing and consumer lending businesses. The Company has made significant investments in information technology to safeguard the privacy of this data and also to allow the business to analyze this data to make better business decisions. The intelligent use of this data and analysis will allow easyfinancial to continually enhance its underwriting practices and credit scoring models to make better lending decisions. It will allow easyhome Leasing to better understand the retention patterns of its customers and develop marketing and customer relationship programs that are tailored to each customer's needs while maximizing profitability to the Company.

Leverage the Synergies of Both Business Units

The easyhome Leasing and easyfinancial businesses offer different products to a common customer segment and share many operational practices such as customer relationship management, collections and contract administration. Historically, and as is common with both industries, these practices have been performed by each business unit at the local operating store level. While this approach results in more direct contact with customers, it makes it difficult to foster best practices and achieve economies of scale.

In the fourth quarter of 2013, the Company opened a new Shared Service Centre to provide operational support for both business units in areas such as collections, customer retention and customer care and to support the new delivery channels that do not operate with a dedicated local presence. The Company believes that this hybrid structure will allow local operators to continue to provide a strong level of service directly to their customers, and will enable many administrative and support functions to be performed at a reduced cost, employing best practices. Going forward, additional opportunities for providing coordinated operational support for all business units will be explored.

Continue to Invest in New Technologies

As indicated previously, the Company has made significant investments in technology over the past several years to provide easyfinancial with a scalable platform on which to support significant future growth and to allow new delivery channels to be accessed. This investment in new technologies will continue into the future as the Company evolves its delivery channels and expands the size and scope of easyfinancial. Investments in new technology will also be made to provide the operators and support staff with additional tools so that they can better service their customers and obtain greater levels of efficiency.

<u>Outlook</u>

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

Update of 2013 Targets

	Actual Results for 2013	Original Targets for 2013	Explanation for Variance to Targets
New easyhome Leasing stores opened in year			
• Corporately owned stores	**-**	-	Target achieved
• Franchise stores that are consolidated for financial statement purposes	**1**	3 - 4	Store openings were reduced as available capital was allocated to easyfinancial
• Franchise stores	**3**	3 - 5	Target achieved
New easyfinancial locations opened in year	**36**	25 - 35	Target achieved
Gross consumer loans receivable portfolio at year end	**$110.7 million**	$90 - $100 million	Stronger than anticipated demand for the easyfinancial product
Total revenue growth	**9.6%**	8 - 12%	Target achieved

2014 Targets

Looking to 2014, easyhome's strategic focus remains unchanged. The Company will focus on evolving its delivery channels, expanding the size and scope of easyfinancial and executing with efficiency and effectiveness.

The following table outlines the Company's targets for 2014 and provides the material assumptions used to develop such forward-looking statements. In addition to targets on new store openings and revenue growth, the Company has provided additional targets specific to the easyfinancial business as this business unit has a relatively short history and is going through a period of rapid expansion. These targets are inherently subject to risks which are identified in the following tables, as well as those risks referred to in the section entitled "Risk Factors".

	Targets for 2014	Assumptions	Risk Factors[1]
New easyhome Leasing stores opened in year • Corporate owned stores	**-**	• The Company will focus on maximizing profitability at its existing locations.	• Retail business conditions are assumed to be unchanged from 2013. If these business conditions show marked improvement and consumer confidence levels increase, the Company will consider opening additional corporate stores.
• Franchise stores that are consolidated for financial statement purposes	**2**	• Consistent with the rate of growth experienced over the past several years. • The performance trends of franchise stores within this group remain consistent.	• The Company's ability to recruit appropriately skilled franchise operators. • The performance of franchise stores within this group.
• Franchise stores	**3**	• Consistent with the rate of growth experienced over the past several years.	• Finding suitable franchise candidates with sufficient financial resources.
New easyfinancial locations opened in year	**30 - 35**	• The new capital secured in 2013 will allow the Company to more aggressively expand the easyfinancial retail presence. • Virtually all new locations will operate as stand-alone branches.	• The earnings drag from newly opened locations is within acceptable levels. • The Company's ability to secure new real estate and experienced personnel. • Continued access to capital.
Gross consumer loans receivable portfolio at year end	**$160 - $170 million**	• The new store opening plan and the development of new delivery channels occur as expected. • Increased expenditures on marketing and advertising within the easyfinancial business unit.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand and margins. • The Company's ability to secure new real estate and experienced personnel. • Continued access to capital.
Total revenue growth	**10 – 12%**	• Nominal growth for the easyhome Leasing business unit. • Continued accelerated growth of the consumer loans receivable portfolio, driven by new delivery channels, additional store openings and increased marketing and advertising expenditures. • No changes to the yield on easyfinancial's products.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand and margins. • Changes to regulations governing the products offered by the Company.
easyfinancial operating margin	**28 – 32%**	• Increased spending on advertising and marketing and the development and implementation of new technologies will negatively impact margins in the near-term. • Margins will be further negatively impacted in the near-term by the earnings drag from newly opened locations.	• The Company's ability to achieve operating efficiencies as its locations mature. • The earnings drag from newly opened locations is within acceptable levels. • The additional marketing and advertising expenditures deliver the expected growth.

[1] Risk factors include those risks referred to in the section entitled "Risk Factors".

Three Year Targets (2016)

In addition to specific targets for the 2014 fiscal year, the Company has established several three year targets that it is working to achieve by the end of 2016.

The following table outlines the Company's three year targets and provides the material assumptions used to develop such forward-looking statements. These targets are inherently subject to risks which are identified in the following tables, as well as those risks referred to in the section entitled "Risk Factors".

	Three Year Targets	Assumptions	Risk Factors[1]
Total number of easyfinancial locations at the end of 2016	**225**	• All new locations will operate as stand-alone branches.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand and margins. • The Company's ability to secure new real estate and experienced personnel. • Continued access to capital.
Gross consumer loans receivable portfolio at the end of 2016	**$250 million**	• The new store opening plan and the development of new delivery channels occur as expected. • Increased expenditures on marketing and advertising within the easyfinancial business unit.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand and margins. • The Company's ability to secure new real estate and experienced personnel. • Continued access to capital.
easyfinancial operating margin in 2016	**32%**	• Although the long term easyfinancal operating margin is expected to be 35%, margins in 2016 will be moderated by the investments made to drive further growth. • Yield and cost rates at mature locations are indicative of future performance.	• Retail business conditions are assumed to be within normal parameters with respect to consumer demand and margins. • The Company's ability to achieve operating efficiencies as its locations mature.

[1] Risk factors include those risks referred to in the section entitled "Risk Factors".

Analysis of Results for the Year Ended December 31, 2013

Financial Highlights and Accomplishments

- 2013 was the twelfth consecutive year of growing revenues and delivering positive net income. Since 2001, total revenue has seen a compounded annual growth rate of 10.3% while net income has grown from a loss of $1.9 million in 2001 to net income of $14.2 million in 2013.

- easyhome continued to grow revenue during 2013. Revenue for the year increased to $218.8 million from $199.7 million in 2012, an increase of $19.1 million or 9.6%. The growth was driven primarily by the expansion of easyfinancial and its consumer loans receivable portfolio. Same store revenue growth for the year, which includes revenue growth from easyfinancial, was 17.7%. Excluding the impact of easyfinancial, same store revenue growth was 7.3%.

- The Company continued to secure the additional capital needed to fund the growth of its consumer loans receivable portfolio at lower costs throughout the year. On June 18, 2013, the term loan facility supporting easyfinancial was amended to increase the borrowing limit from $20.0 million to $50.0 million while also reducing the cost of borrowing from 11.78% to 9.98%. On October 3, 2013, the Company amended the terms of its bank revolving credit facility to eliminate a scheduled reduction in the maximum limit, extending the maximum limit of $35.0 million through to the maturity date of October 4, 2015. Finally, on November 12, 2013, the Company completed a $20.0 million bought deal short form prospectus offering of common shares. In aggregate, 1,346,900 common shares in the capital of the Company were issued, at a price of $14.85 per common share, for total gross proceeds of $20,001,465.

- The consumer loans receivable portfolio grew by $40.0 million compared with growth of $23.1 million in the prior year. The gross consumer loans receivable portfolio as at December 31, 2013 was $110.7 million compared with $70.7 million as at December 31, 2012. During the year, easyfinancial opened 36 new locations to bring its year end location count to 119 as at December 31, 2013.

- On December 31, 2012 the Company completed an exchange of stores with a large U.S. based merchandise leasing company. The exchange consisted of the concurrent sale of the assets and operations of 15 leasing stores owned by easyhome in the U.S. and the purchase of the assets and operations of 15 leasing stores in Canada. During the first quarter of 2013, the Company completed the integration of the 15 Canadian stores it acquired in the fourth quarter of 2012. Four of these stores were converted to easyhome branded locations and continue to operate while 11 stores were closed and their leasing portfolios were transferred to nearby easyhome stores. Additionally during 2013, the Company closed a further 9 underperforming easyhome Leasing stores that were nearing the end of their lease terms. Upon closing, the portfolios of these stores were transferred to other nearby stores resulting in an improvement to operating income.

- Operating income increased from $17.7 million in 2012 to $25.0 million in 2013, an increase of $7.3 million or 41.0%. Excluding the impact of restructuring and other items, adjusted operating earnings improved by $7.6 million or 44.0%. Similarly, adjusted operating margin improved from 8.7% in 2012 to 11.4% in 2013, driven by margin improvements in both easyhome Leasing (improved from 13.6% in 2012 to 16.4% in 2013) and easyfinancial (improved from 30.7% in 2012 to 31.0% in 2013) as well as the relative growth of easyfinancial.

- The improvement in operating income was partially offset by higher incentive compensation within corporate expenses. Stock based compensation expense, which is driven in part by movements in the Company's share price, increased by $1.8 million in 2013 as compared to 2012, driven by the 92% increase in the Company's share price during 2013. Accrued short-term bonus expense, which is based on earnings performance against targets, increased due to the improved operating results of the Company during the year.

- Net income for the year ended December 31, 2013 was $14.2 million or $1.15 per share on a diluted basis compared with $11.1 million or $0.92 per share in 2012. Diluted earnings per share increased by 25.0% year over year. Excluding the impact of restructuring and other items, adjusted earnings per share increased by $0.28 or 32.2%.

Summary Financial Results and Key Performance Indicators

($ in 000's except earnings per share and percentages)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**218,814**	199,673	19,141	9.6%
Operating expenses before depreciation and amortization	**140,137**	129,198	10,939	8.5%
EBITDA margin[1]	**14.0%**	11.1%	2.9%	-
Depreciation and amortization expense	**53,712**	52,766	946	1.8%
Operating income	**24,965**	17,709	7,256	41.0%
Operating margin[1]	**11.4%**	8.9%	2.5%	-
Finance costs	**5,638**	2,643	2,995	113.3%
Effective income tax rate	**26.6%**	26.6%	-	-
Net income for the period	**14,182**	11,057	3,125	28.3%
Diluted earnings per share	**1.15**	0.92	0.23	25.0%
Adjusted (Normalized) Financial Results[1]				
Adjusted EBITDA margin	**14.0%**	10.9%	3.1%	-
Adjusted operating earnings	**24,965**	17,331	7,634	44.0%
Adjusted operating margin	**11.4%**	8.7%	2.7%	-
Adjusted earnings	**14,182**	10,481	3,701	35.3%
Adjusted earnings per share	**1.15**	0.87	0.28	32.2%
Key Performance Indicators[1]				
Same store revenue growth	**17.7%**	8.9%	8.8%	-
Same store revenue growth excluding easyfinancial	**7.3%**	1.3%	6.0%	-
Potential monthly lease revenue	**11,430**	11,634	(204)	(1.8%)
Change in potential monthly lease revenue due to ongoing operations	**243**	290	(47)	(16.2%)
easyhome Leasing operating margin	**16.4%**	13.6%	2.8%	-
Gross consumer loans receivable	**110,704**	70,658	40,046	56.7%
Growth in consumer loans receivable	**40,046**	23,093	16,953	73.4%
Bad debt expense as a percentage of easyfinancial revenue	**25.3%**	25.8%	(0.5%)	-
Net charge offs as a percentage of average gross consumer loans receivable	**13.9%**	14.7%	(0.8%)	-
easyfinancial operating margin	**31.0%**	30.7%	0.3%	-
System-Wide Performance Indicators				
Total system revenue[2]	**258,031**	232,186	25,845	11.1%
Total system potential monthly lease revenue[3]	**14,768**	14,554	214	1.5%
Total franchisee revenue[4]	**41,122**	34,149	6,973	20.4%

[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] Includes revenue from unconsolidated franchise locations.

Store Locations Summary

	Locations as at December 31, 2012	Locations opened during 2013	Locations closed / sold during 2013	Conversions	Locations as at December 31, 2013
easyhome Leasing					
Corporately owned stores	195	-	(20)	(2)	**173**
Consolidated franchise locations	9	1	-	(1)	**9**
Total consolidated stores	204	1	(20)	(3)	**182**
Canadian franchise stores	16	-	-	3	**19**
U.S. franchise stores	33	3	-	-	**36**
Total franchise stores	49	3	-	3	**55**
Total easyhome Leasing stores	253	4	(20)	-	**237**
easyfinancial					
Kiosks (in store)	81	1	(7)	(10)	**65**
Stand-alone locations	18	25	-	10	**53**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	100	26	(7)	-	**119**

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Year Ended December 31, 2013			
	easyhome Leasing	**easyfinancial**	**Corporate**	**Total**
Revenue	**160,296**	**58,518**	**-**	**218,814**
Total operating expenses before depreciation and amortization	**82,778**	**38,435**	**18,924**	**140,137**
Depreciation and amortization	**51,210**	**1,918**	**584**	**53,712**
Operating income (loss)	**26,308**	**18,165**	**(19,508)**	**24,965**
Finance costs				**5,638**
Income before income taxes				**19,327**
Income taxes				**5,145**
Net Income for the period				**14,182**
Diluted earnings per share				**1.15**

($ in 000's except earnings per share)	Year Ended December 31, 2012			
	easyhome Leasing	**easyfinancial**	**Corporate**	**Total**
Revenue	161,907	37,766	-	199,673
Total operating expenses before depreciation and amortization and restructuring and other items	87,087	25,421	17,068	129,576
Restructuring and other items	1,296	-	(1,674)	(378)
Depreciation and amortization	51,470	751	545	52,766
Operating income (loss)	22,054	11,594	(15,939)	17,709
Finance costs				2,643
Income before income taxes				15,066
Income taxes				4,009
Net Income for the period				11,057
Diluted earnings per share				0.92

Revenue

Revenue for the year ended December 31, 2013 was $218.8 million compared to $199.7 million in the same period in 2012, an increase of $19.1 million or 9.6%.

easyhome Leasing - Revenue for the year ended December 31, 2013 was $160.3 million, a decline of $1.6 million or 1.0% from the comparable period in 2012. The year over year change in revenue can be attributed to several factors:

- On December 31, 2012 the Company completed an exchange of stores with a large U.S. based merchandise leasing company. The portfolios of the 15 stores acquired in Canada generated $3.7 million less in revenue during 2013 compared to the revenue generated in 2012 by the stores sold in the U.S. Lower ancillary fees and collection rates and higher customer attrition contributed to this decline.
- Store closures and sales which occurred during the past 15 months (net of the transfer of portfolios to nearby locations) resulted in a $4.8 million decline in revenue.
- Growth in the franchise network, both from consolidated franchise locations and fees generated from unconsolidated franchises, contributed to $2.3 million of revenue growth.
- Finally, improvements to ongoing operations, including the operational changes that were initiated during the third quarter of 2012, resulted in organic portfolio and revenue growth across the store network culminating in revenue improvements of $4.6 million in the year ended December 31, 2013 compared with the prior year.

easyfinancial - Revenue for the year ended December 31, 2013 was $58.5 million, an increase of $20.8 million or 54.9% from the comparable period in 2012. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $70.7 million as at December 31, 2012 to $110.7 million as at December 31, 2013, an increase of 56.7%. The gross consumer loans receivable portfolio grew $40.0 million during 2013 compared with growth of $23.1 million in 2012.

Total Operating Expenses before Depreciation and Amortization (and Restructuring and Other Items)

Total operating expenses before depreciation and amortization and restructuring and other items was $140.1 million for the year ended December 31, 2013, an increase of $10.6 million or 8.2% from the comparable period in 2012. Operating expenses before depreciation and amortization and restructuring and other items represented 64.0% of revenue for the year ended December 31, 2013 compared with 64.9% in 2012. The increase of $10.6 million in total operating expenses before depreciation and amortization and restructuring and other items was driven primarily by the higher costs associated with an expanded easyfinancial business as well as higher corporate costs offset by lower operating costs in the easyhome Leasing business.

easyhome Leasing – Total operating expenses before depreciation and amortization and restructuring and other items for the year ended December 31, 2013 was $82.8 million, a decrease of $4.3 million or 4.9% from 2012. The decline was driven primarily by the sale or closure of underperforming stores over the past 24 months, including the sale of the loss making U.S. stores in the fourth quarter of 2012. Overall, consolidated store count declined from 204 as at December 31, 2012 to 182 as at December 31, 2013.

easyfinancial – Total operating expenses before depreciation and amortization was $38.4 million for the year ended December 31, 2013, an increase of $13.0 million or 51.2% from 2012. Operating expenses, excluding bad debt, were $23.6 million in the period, up $8.0 million or 51.1% from 2012. The increase was driven by i) the growth of the branch network which increased from 88 locations at the beginning of 2012 to 100 at the end of 2012 to 119 at the end of 2013, ii) the shift from in store kiosks to higher capacity, but higher cost, stand-alone branches (stand-alone locations increased from 2 at the beginning of 2012 to 18 at the end of 2012 to 53 at the end of 2013), iii) higher levels of marketing expenditures to drive customer and portfolio growth, and iv) incremental costs to develop new distribution channels and manage the growing branch network.

Bad debt expense in 2013 increased to $14.8 million from $9.8 million in 2012, an increase of $5.0 million or 51.3%. The increase was due to the growth of the consumer loans receivable portfolio which increased from $70.7 million as at December 31, 2012 to $110.7 million as at December 31, 2013, an increase of 56.7%. Bad debt expense, expressed as a percentage of easyfinancial revenue, was 25.3% for the year ended December 31, 2013 down from the 25.8% reported for 2012. Net charge offs as a percentage of the average gross consumer loans receivable was 13.9% in 2013, down from 14.7% in 2012.

Corporate – Total operating expenses before depreciation and amortization and restructuring and other items was $18.9 million for the year ended December 31, 2013, an increase of $1.9 million or 10.9% from 2012. The increase was due primarily to higher incentive compensation expenses. Stock based compensation expense, which is driven in part by movements in the Company's share price, increased by $1.8 million in 2013 as compared to 2012. This increase was driven by the share price increasing 91.8% during 2013. Accrued short-term bonus expense, which is based on earnings performance against targets, increased due to the improved operating results of the Company compared with 2012. Other corporate expenses, including salaries and administrative costs, were reduced year over year. Corporate expenses before depreciation and amortization and restructuring and other items represented 8.6% of revenue in 2013 compared to 8.5% of revenue in 2012.

Restructuring and other items

Total restructuring and other items in 2012 resulted in a net recovery of $0.4 million. There were no restructuring and other items in 2013.

Depreciation and Amortization

Depreciation and amortization for the year ended December 31, 2013 was $53.7 million, up $0.9 million or 1.8% from 2012. The increase was driven primarily by easyfinancial and the growth in its branch network (particularly stand-alone locations) as well as increased amortization of new technologies that went live over the past 24 months. Depreciation and amortization within the easyhome Leasing business declined due to lower revenue (certain lease asset classes are depreciated on the units of activity method). Depreciation and amortization represented 24.5% of revenue for the year ended December 31, 2013, down from 26.4% in 2012.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the year ended December 31, 2013 was $25.0 million compared to $17.7 million for 2012, an increase of $7.3 million or 41.0%. Excluding restructuring and other items, operating income improved by $7.6 million or 44.0%. Adjusted operating margin was 11.4% for the year compared with 8.7% in 2012.

easyhome Leasing – Operating income was $26.3 million for the year ended December 31, 2013, an increase of $4.3 million or 19.3% from 2012. Excluding restructuring and other items, operating income increased $3.0 million or 12.8% compared with 2012. The earnings growth was driven primarily by the positive impact of the 2012 restructuring and store closures, the sale of the loss making U.S. corporate stores and the acquisition of stores in the fourth quarter of 2012. Operating margin, excluding the impact of restructuring and other items, for the year ended December 31, 2013 was 16.4%, up from 14.4% in 2012.

easyfinancial – Operating income was $18.2 million for the year ended December 31, 2013 compared with $11.6 million for the comparable period in 2012, an increase of $6.6 million or 56.7%. Operating margin for the period was 31.0% compared with 30.7% in 2012. While the average loan book per branch increased significantly, operating margin remained largely consistent with the prior period as the Company continued to expand its branch network (including the continued shift to higher capacity, albeit higher cost, stand-alone branches), increased its expenditures to develop new distribution channels, incurred higher advertising and marketing spend to drive customer and loan book growth and experienced higher depreciation and amortization related to the new technologies.

Finance Costs

Finance costs for the year ended December 31, 2013 were $5.6 million, up $3.0 million from 2012. The increase was due to the higher average debt levels during the period and an increased cost of borrowing in 2013 as compared to 2012.

Income Tax Expense

The effective income tax rate for the year ended December 31, 2013 of 26.6% was consistent with 2012.

Net Income and EPS

Net income for the year was $14.2 million or $1.15 per share on a diluted basis, compared to net income for 2012 of $11.1 million or $0.92 per share. Excluding restructuring and other items in 2012, adjusted earnings for the year increased by $3.7 million or $0.28 per share, an improvement of 35.3% and 32.2% respectively.

Selected Annual Information

Operating Results

($ in 000's except per share amounts)	**2013**	**2012**	**2011**	**2010**	**2009**
Accounting basis	**IFRS**	IFRS	IFRS	IFRS	C-GAAP
Revenue	**218,814**	199,673	188,325	174,184	173,346
Net income	**14,182**	11,057	9,612	6,072	5,055
Dividends declared on common shares	**4,178**	4,043	4,029	3,562	3,561
Cash dividends declared per common share	**0.34**	0.34	0.34	0.34	0.34
Earnings per Share					
Basic	**1.16**	0.93	0.81	0.58	0.48
Diluted	**1.15**	0.92	0.81	0.58	0.48

Assets and Liabilities

($ in 000's)	**As at Dec. 31, 2013**	**As at Dec. 31, 2012**	**As at Dec. 31, 2011**	**As at Dec. 31, 2010**	**As at Dec. 31, 2009**
Accounting basis	**IFRS**	IFRS	IFRS	IFRS	IFRS
Total Assets	**232,900**	189,927	159,123	139,088	130,192
Total Liabilities					
Bank debt	**23,496**	21,281	33,123	18,251	29,884
Term loan	**37,878**	18,330	-	-	-
Other	**35,893**	45,303	28,458	29,326	22,164
	97,267	84,914	61,581	47,577	52,048

Analysis of Results for the Three Months Ended December 31, 2013

Fourth Quarter Highlights

- On November 12, 2013, the Company completed a $20.0 million bought deal short form prospectus offering of common shares. In aggregate, 1,346,900 common shares in the capital of the Company were issued, at a price of $14.85 per common share, for total gross proceeds of $20,001,465.

- easyhome continued to grow revenue during the fourth quarter of 2013. Revenue for the quarter increased to a record high of $57.8 million from $51.7 million in the fourth quarter of 2012, an increase of $6.1 million or 11.8%. 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 20.3%. Excluding the impact of easyfinancial, same store revenue growth was 6.8%. Same store revenue growth excluding the impact of easyfinancial was positively impacted by the acquisition of the stores acquired from a large U.S. based merchandise leasing company on December 31, 2012 as the portfolios of most of these stores were merged with nearby easyhome stores.

- During the fourth quarter of 2013, the consumer loans receivable portfolio experienced record growth, increasing by $17.9 million compared with growth of $11.1 million in the fourth quarter of 2012. The gross consumer loans receivable as at December 31, 2013 was $110.7 million compared with $70.7 million as at December 31, 2012, up 56.7%. Similarly, easyfinancial revenue increased by 64.9% in the quarter compared to the comparable period of 2012, driven by the expanded consumer loans receivable portfolio. During the quarter, easyfinancial opened 10 new stand-alone locations.

- The operating margin for easyfinancial was 34.1% for the fourth quarter of 2013 compared with 27.3% for the fourth quarter of 2012. Strong loan book and revenue growth in the quarter coupled with improved loan losses more than offset the increased costs associated with new branch openings, increased advertising and marketing spend and higher administrative costs. Bad debt as a percentage of revenue declined to 24.6% in the quarter compared with 27.6% in the fourth quarter of 2012. Similarly, charge offs as a percentage of the average loan book declined from 14.3% in the fourth quarter of 2012 to 13.2% in the current quarter.

- Operating income was $7.5 million for the quarter and reached a record level. Operating income was up $1.7 million or 29.7% from the fourth quarter of 2012. Excluding restructuring and other items in 2012, operating income improved by $2.5 million or 50.9%. Adjusted operating margin was 13.0% for the quarter compared with 9.6% in the fourth quarter of 2012.

- Net income for the fourth quarter of 2013 was $4.3 million or $0.33 per share on a diluted basis compared with $3.8 million or $0.31 per share in the fourth quarter of 2012, an increase of $0.6 million and $0.02 respectively. Excluding the impact of restructuring and other items in 2012 which positively impacted the prior period, adjusted earnings increased by $1.5 million or 50.3% while diluted earnings per share increased by $0.09 or 37.5%. The shares issued in the fourth quarter of 2013 moderated the growth of earnings per share as compared 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 Dec. 31, 2013	Dec. 31, 2012	Variance $ / %	Variance % change
Summary Financial Results				
Revenue	**57,796**	51,694	6,102	11.8%
Operating expenses before depreciation and amortization	**36,708**	32,784	3,924	12.0%
EBITDA margin	**15.5%**	12.7%	2.8%	-
Depreciation and amortization expense	**13,579**	13,120	459	3.5%
Operating income	**7,509**	5,790	1,719	29.7%
Operating margin[1]	**13.0%**	11.2%	1.8%	-
Finance costs	**1,414**	1,215	199	16.4%
Effective income tax rate	**28.9%**	17.7%	11.2%	-
Net income for the period	**4,336**	3,766	570	15.1%
Diluted earnings per share	**0.33**	0.31	0.02	6.5%
Adjusted (Normalized) Financial Results[1]				
Adjusted EBITDA margin	**15.5%**	11.1%	4.4%	-
Adjusted operating earnings	**7,509**	4,976	2,533	50.9%
Adjusted operating margin	**13.0%**	9.6%	3.4%	-
Adjusted earnings	**4,336**	2,885	1,451	50.3%
Adjusted earnings per share	**0.33**	0.24	0.09	37.5%
Key Performance Indicators[1]				
Same store revenue growth	**20.3%**	9.0%	11.3%	-
Same store revenue growth excluding easyfinancial	**6.8%**	2.7%	4.1%	-
Potential monthly lease revenue	**11,430**	11,634	(204)	(1.8%)
Change in potential monthly lease revenue due to ongoing operations	**662**	614	48	7.8%
easyhome Leasing operating margin	**16.4%**	15.6%	0.8%	-
Gross consumer loans receivable	**110,704**	70,658	40,046	56.7%
Growth in consumer loans receivable	**17,912**	11,080	6,832	61.7%
Bad debt expense as a percentage of easyfinancial revenue	**24.6%**	27.6%	(3.0%)	-
Net charge offs as a percentage of average gross consumer loans receivable	**13.2%**	14.3%	(1.1%)	-
easyfinancial operating margin	**34.1%**	27.3%	6.8%	-
System-Wide Performance Indicators				
Total system revenue[2]	**68,197**	60,515	7,682	12.7%
Total system potential monthly lease revenue[3]	**14,768**	14,554	214	1.5%
Total franchisee revenue[4]	**10,979**	9,318	1,661	17.8%

[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] Includes revenue from unconsolidated franchise locations.

Store Locations Summary

	Locations as at Sept. 30, 2013	Locations opened during quarter	Locations closed / sold during quarter	Conversions	Locations as at Dec. 31, 2013
easyhome Leasing					
Corporately owned stores	175	-	(1)	(1)	**173**
Consolidated franchise locations	8	1	-	-	**9**
Total consolidated stores	183	1	(1)	(1)	**182**
Canadian franchise stores	18	-	-	1	**19**
U.S. franchise stores	34	2	-	-	**36**
Total franchise stores	52	2	-	1	**55**
Total easyhome Leasing stores	235	3	(1)	-	**237**
easyfinancial					
Kiosks (in store)	68	-	(2)	(1)	**65**
Stand-alone locations	43	9	-	1	**53**
National loan office	1	-	-	-	**1**
Total easyfinancial locations	112	9	(2)	-	**119**

Summary Financial Results by Operating Segment

($ in 000's except earnings per share)	Three Months Ended December 31, 2013			
	easyhome Leasing	**easyfinancial**	**Corporate**	**Total**
Revenue	**39,742**	**18,054**	**-**	**57,796**
Total operating expenses before depreciation and amortization	**20,384**	**11,290**	**5,034**	**36,708**
Depreciation and amortization	**12,822**	**606**	**151**	**13,579**
Operating income (loss)	**6,536**	**6,158**	**(5,185)**	**7,509**
Finance costs				**1,414**
Income before income taxes				**6,095**
Income taxes				**1,759**
Net Income for the period				**4,336**
Diluted Earnings per share				**0.33**

($ in 000's except earnings per share)	Three Months Ended December 31, 2012			
	easyhome Leasing	**easyfinancial**	**Corporate**	**Total**
Revenue	40,745	10,949	-	51,694
Total operating expenses before depreciation and amortization	21,747	7,634	4,217	33,598
Restructuring and other items	-	-	(814)	(814)
Depreciation and amortization	12,650	331	139	13,120
Operating income (loss)	6,348	2,984	(3,542)	5,790
Finance costs				1,215
Income before income taxes				4,575
Income taxes				809
Net Income for the period				3,766
Diluted Earnings per share				0.31

Revenue

Revenue for the three month period ended December 31, 2013 was $57.8 million compared to $51.7 million in the same period in 2012, an increase of $6.1 million or 11.8%.

easyhome Leasing - Revenue for the three month period ended December 31, 2013 was $39.7 million, a decrease of $1.0 million from the comparable period in 2012. Factors impacting revenue in the period include:

- On December 31, 2012 the Company completed an exchange of stores with a large U.S. based merchandise leasing company. The portfolios of the 15 stores acquired in Canada generated $1.4 million less in revenue during the fourth quarter of 2013 compared to the revenue generated in the fourth quarter of 2012 by the stores sold in the U.S. Lower ancillary fees and collection rates and higher customer attrition contributed to this decline.
- Store closures and sales which occurred during the past 15 months (net of the transfer of portfolios to nearby locations) resulted in a $1.3 million decline in revenue.
- Growth in the franchise network, both from consolidated franchise locations and fees generated from unconsolidated franchises, contributed to $0.7 million of revenue growth.
- Finally, improvements to ongoing operations resulted in organic portfolio and revenue growth across the store network culminating in revenue improvements of $1.0 million in the fourth quarter of 2013 compared with the fourth quarter of 2012.

easyfinancial - Revenue for the three month period ended December 31, 2013 was $18.1 million, an increase of $7.1 million or 64.9% from the comparable period in 2012. The increase was due to the growth of the consumer loans receivable portfolio, which increased from $70.7 million as at December 31, 2012 to $110.7 million as at December 31, 2013, an increase of 56.7%. The consumer loans receivable portfolio grew $17.9 million during the fourth quarter of 2013 compared with growth of $11.1 million for the fourth quarter of 2012.

Total Operating Expenses before Depreciation and Amortization

Total operating expenses before depreciation and amortization and restructuring and other items was $36.7 million for the three month period ended December 31, 2013, an increase of $3.1 million or 9.3% from the comparable period in 2012. Operating expenses before depreciation and amortization and restructuring and other items represented 63.5% of revenue for the fourth quarter of 2013 compared with 65.0% last year. The $3.1 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 rising share price in the quarter and 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 and restructuring and other items for the three month period ended December 31, 2013 was $20.4 million, a decrease of $1.4 million or 6.3% from the comparable period in 2012. This decline was driven primarily by the sale or closure of underperforming stores over the past fifteen months, including the sale of the loss making U.S. stores in the fourth quarter of 2012. Consolidated 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 store count declined from 204 as at December 31, 2012 to 182 at December 31, 2013.

easyfinancial – Total operating expenses before depreciation and amortization was $11.3 million for the fourth quarter of 2013, an increase of $3.7 million or 47.9% from the comparable period in 2012. Operating expenses, excluding bad debt, increased by $2.2 million or 48.2% in the quarter. The increase was driven by i) 19 additional locations when compared to December 31, 2012, 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 December 31, 2012 to 119 as at December 31, 2013. Additionally, stand-alone branches (which have a greater capacity and a faster growth trajectory than kiosks but also have a higher cost structure) increased from 18 as at December 31, 2012 to 53 as at December 31, 2013.

Bad debt expense increased to $4.4 million for the fourth quarter of 2013 from $3.0 million during the comparable period in 2012, up 47.4%. The $1.4 million increase was due to the growth of the consumer loans receivable portfolio which increased by 56.7% over the past twelve months.

Bad debt expense, expressed as a percentage of easyfinancial revenue, was 24.6% for the fourth quarter of 2013, an improvement against the 27.6% reported for the fourth quarter of 2012. Net charge offs as a percentage of the average gross consumer loans receivable annualized, was 13.2% in the fourth quarter of 2013, down from the 14.3% reported in the fourth quarter of 2012.

Corporate – Total operating expenses before depreciation and amortization and restructuring and other items was $5.0 million for the fourth quarter of 2013 compared to $4.2 million in the fourth quarter of 2012, an increase of $0.8 million or 19.4%. Stock based compensation expense, which is driven in part by movements in the Company's share price, increased by $0.3 million in the fourth quarter of 2013 compared to the fourth quarter of 2012. The remaining cost increases related primarily to increased corporate compensation and administrative costs to manage the Company's growing business. Corporate expenses before depreciation and amortization represented 8.7% of revenue in the fourth quarter of 2013 as compared to 8.2% of revenue in fourth quarter of 2012.

Restructuring and other items

Total restructuring and other items in the three month period ended December 31, 2012 resulted in a net recovery of $0.8 million. There were no restructuring and other items in the three month period ended December 31, 2013.

Depreciation and Amortization

Depreciation and amortization for the three month period ended December 31, 2013 was $13.6 million, up $0.5 million or 3.5% from the comparable period in 2012. The increase was attributable to: i) the increased number of easyfinancial stand-alone locations, ii) the amortization of the new easyfinancial systems and iii) lower impairment recoveries within the leasing business in the current quarter as compared to the fourth quarter of 2012.

Depreciation and amortization represented 23.5% of revenue for the three months ended December 31, 2013, down from 25.4% in the comparable period of 2012.

Operating Income (Income before Finance Costs and Income Taxes)

Operating income for the three month period ended December 31, 2013 was $7.5 million compared to $5.8 million for the comparable period in 2012, an increase of $1.7 million or 29.7%. Excluding restructuring and other items from the fourth quarter of 2012, adjusted operating earnings improved by $2.5 million or 50.9% while adjusted operating margin improved from 9.6% in the fourth quarter of 2012 to 13.0% in the fourth quarter of 2013.

easyhome Leasing – Operating income was $6.5 million for the fourth quarter of 2013, an increase of $0.2 million or 3.0% from the fourth quarter of 2012. The growth in operating income was driven by the sale of the loss making U.S. corporate stores and the addition of the portfolios of the acquired stores in the fourth quarter of 2012. Operating margin for the fourth quarter of 2013 was 16.4%, up from 15.6% in the fourth quarter of 2012.

easyfinancial – Operating income was $6.2 million for the fourth quarter of 2013 compared with $3.0 million for the comparable period in 2012, an increase of $3.2 million or 106%. Operating margin for the fourth quarter of 2013 was 34.1% compared with 27.3% in the fourth quarter of 2012. The growth in operating income was driven by the larger consumer loans receivable portfolio, a higher average loan book per branch and improvements in consumer loan losses.

Finance Costs

Finance costs for the three month period ended December 31, 2013 were $1.4 million, up $0.2 million from the same period in 2012. The increase related to the higher average debt levels in the fourth quarter of 2013 compared to the fourth quarter of 2012.

Income Tax Expense

The effective income tax rate for the fourth quarter of 2013 was 28.9% compared to 17.7% in the fourth quarter of 2012. The effective income tax rate in the fourth quarter of 2012 was reduced by the gain generated on the sale of the U.S. corporate stores in the fourth quarter of 2012 which was not taxable due to the application of tax losses carried forward from prior fiscal periods. Excluding the impact of the gain generated on the sale of the U.S. corporate stores, the effective income tax rate for the fourth quarter of 2012 was 26.0%.

Net Income and EPS

Net income for the fourth quarter of 2013 was $4.3 million, or $0.33 per share on a diluted basis compared to net income for the fourth quarter of 2012 of $3.8 million, or $0.31 per share. Excluding restructuring and other items in the fourth quarter of 2012, adjusted earnings for the fourth quarter of 2012 were $2.9 million, or $0.24 per share.

Selected Quarterly Information

($ in millions except percentages and per share amounts)	Dec. 2013	Sept. 2013	Jun. 2013	Mar. 2013	Dec. 2012	Sept. 2012	Jun. 2012	Mar. 2012	Dec. 2011
Revenue	**57.8**	54.9	53.8	52.4	51.7	49.3	48.9	49.8	49.3
Net Income for the period	**4.3**	3.8	3.1	2.9	3.8	2.6	2.0	2.6	2.6
Net income as a percentage of revenue	**7.5%**	6.8%	5.8%	5.6%	7.3%	5.3%	4.1%	5.3%	5.3%
Earnings per share[1]									
Basic	**0.34**	0.32	0.26	0.24	0.32	0.22	0.17	0.22	0.22
Diluted	**0.33**	0.31	0.26	0.24	0.31	0.22	0.17	0.22	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		Year ended	
	Dec. 31 2013	**Dec. 31 2012**	**Dec. 31 2013**	**Dec. 31 2012**
Same store revenue growth	**20.3%**	9.0%	**17.7%**	8.9%
Same store revenue growth excluding easyfinancial	**6.8%**	2.7%	**7.3%**	1.3%

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		Year ended	
($ in 000's)	**Dec. 31 2013**	**Dec. 31 2012**	**Dec. 31 2013**	**Dec. 31 2012**
Opening balance - Potential monthly lease revenue	**10,843**	11,133	**11,634**	11,694
Change due to store openings or acquisitions during the period	**26**	803	**26**	866
Change due to store closures or sales during the period	**(101)**	(917)	**(473)**	(1,216)
Change due to ongoing operations	**662**	614	**243**	290
Net change	**587**	501	**(204)**	(60)
Ending balance – Potential monthly lease revenue	**11,430**	11,634	**11,430**	11,634

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.

	Three months ended		Year ended	
($ in 000's)	Dec. 31 2013	Dec. 31 2012	Dec. 31 2013	Dec. 31 2012
Gross consumer loans receivable	**110,704**	70,658	**110,704**	70,658
Growth in gross consumer loans receivable during period	**17,912**	11,080	**40,046**	23,093

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 month end loan balance 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.

	Three months ended		Year ended	
($ in 000's except percentages)	Dec. 31 2013	Dec. 31 2012	Dec. 31 2013	Dec. 31 2012
Net charge offs	**3,414**	2,362	**12,106**	8,293
Average gross consumer loans receivable	**103,537**	66,130	**86,968**	56,414
Net charge offs as a percentage of average gross consumer loans receivable (annualized)	**13.2%**	14.3%	**13.9%**	14.7%
Bad debt expense as a percentage of easyfinancial revenue	**24.6%**	27.6%	**25.3%**	25.8%

Adjusted Operating Earnings, Adjusted Earnings, Adjusted Earnings Per Share

At various times, operating income, net income and earnings per share may be affected by unusual items which have occurred in the period and which impact the comparability of these measures with other periods. Items are considered unusual if they are outside of normal business activities, significant in amount and scope and are not expected to occur on a recurring basis. The Company defines i) adjusted operating earnings as operating income excluding such unusual and non-recurring items, ii) adjusted earnings as net income excluding such items and iii) adjusted earnings per share as diluted earnings per share excluding such items. The Company believes that adjusted operating earnings, adjusted earnings and adjusted earnings per share are important measures of the profitability of operations adjusted for the effects of unusual items.

Items which can be used to adjust operating income, net income and earnings per share for the three months and years ended December 31, 2013 and 2012 include those indicated in the chart below:

	Three months ended		Year ended	
($ in 000's except earnings per share)	**Dec. 31 2013**	**Dec. 31 2012**	**Dec. 31 2013**	**Dec. 31 2012**
Operating income as stated	**7,509**	5,790	**24,965**	17,709
Restructuring and other items included in operating expenses[1]	**-**	-	**-**	1,379
Insurance reimbursement included in operating expenses[2]	**-**	-	**-**	(943)
Gain on disposal of U.S. leasing stores, net of restructuring costs[3]	**-**	(814)	**-**	(814)
Net restructuring and other items	**-**	(814)	**-**	(378)
Adjusted operating earnings	**7,509**	4,976	**24,965**	17,331
Net income as stated	**4,336**	3,766	**14,182**	11,057
Restructuring and other items included in operating expenses[1]	**-**	-	**-**	1,379
Insurance reimbursement included in operating expenses[2]	**-**	-	**-**	(943)
Gain on disposal of U.S. leasing stores, net of restructuring costs[3]	**-**	(814)	**-**	(814)
Tax impact of above items	**-**	(67)	**-**	(198)
Net restructuring and other items	**-**	(881)	**-**	(576)
Adjusted earnings	**4,336**	2,885	**14,182**	10,481
Weighted average number of shares outstanding	**13,094**	12,050	**12,309**	11,999
Diluted earnings per share as stated	**0.33**	0.31	**1.15**	0.92
Per share impact of restructuring and other items	**-**	(0.07)	**-**	(0.05)
Adjusted earnings per share	**0.33**	0.24	**1.15**	0.87

[1]During the third quarter of 2012, the Company restructured the management and operating procedures of its leasing segment and closed 13 of its underperforming locations incurring incremental charges of $1.4 million.

[2]During the third quarter of 2012, the Company received a reimbursement of a portion of the costs incurred to perform a forensic investigation into an employee fraud from its insurers.

[3]On December 31, 2012, the Company completed an exchange of stores with a large U.S. based rent-to-own company. The exchange consisted of the concurrent sale of the assets and operations of 15 leasing stores owned by easyhome in the U.S. and the purchase of the assets and operations of 15 leasing stores in Canada. The Company recorded a gain of $814 on this transaction, net of certain related restructuring costs. The gain is recorded in the corporate segment.

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 Dec. 31 2013	 Dec. 31 2012	 Dec. 31 2012 (adjusted)
Operating expenses before depreciation and amortization as stated	**36,708**	32,784	32,784
Restructuring and other items	**-**	-	814
Adjusted operating expenses before depreciation and amortization	**36,708**	32,784	33,598
Divided by revenue	**57,796**	51,694	51,694
Operating expenses before depreciation and amortization as % of revenue	**63.5%**	63.4%	65.0%

($ in 000's except percentages)	Year ended Dec. 31 2013	 Dec. 31 2012	 Dec. 31 2012 (adjusted)
Operating expenses before depreciation and amortization as stated	**140,137**	129,198	129,198
Restructuring and other items	**-**	-	(378)
Adjusted operating expenses before depreciation and amortization	**140,137**	129,198	129,576
Divided by revenue	**218,814**	199,673	199,673
Operating expenses before depreciation and amortization as % of revenue	**64.0%**	64.7%	64.9%

Operating Margin

The Company defines operating margin as operating income divided by revenue. The Company believes operating margin is an important measure of the profitability of 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.

($ in 000's except percentages)	Three months ended Dec. 31 2013	Dec. 31 2012	Dec. 31 2012 (adjusted)
Operating income	**7,509**	5,790	5,790
Restructuring and other items	**-**	-	(814)
Adjusted operating earnings	**7,509**	5,790	4,976
Divided by revenue	**57,796**	51,694	51,694
Operating margin	**13.0%**	11.2%	9.6%

($ in 000's except percentages)	Year ended Dec. 31 2013	Dec. 31 2012	Dec. 31 2012 (adjusted)
Operating income	**24,965**	17,709	17,709
Restructuring and other items	**-**	-	(378)
Adjusted operating earnings	**24,965**	17,709	17,331
Divided by revenue	**218,814**	199,673	199,673
Operating margin	**11.4%**	8.9%	8.7%

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)	**Dec. 31 2013**	**Dec. 31 2012**	**Dec. 31 2012 (adjusted)**
Net income as stated	**4,336**	3,766	3,766
Finance costs	**1,414**	1,215	1,215
Income tax expense	**1,759**	809	809
Depreciation and amortization, excluding depreciation of lease assets	**1,421**	786	786
EBITDA	**8,930**	6,576	6,576
Restructuring and other items	**-**	-	(814)
Adjusted EBITDA	**8,930**	6,576	5,762
Divided by revenue	**57,796**	51,694	51,694
EBITDA margin	**15.5%**	12.7%	11.1%

	Year ended		
($ in 000's except percentages)	**Dec. 31 2013**	**Dec. 31 2012**	**Dec. 31 2012 (adjusted)**
Net income as stated	**14,182**	11,057	11,057
Finance costs	**5,638**	2,643	2,643
Income tax expense	**5,145**	4,009	4,009
Depreciation and amortization, excluding depreciation of lease assets	**5,634**	4,387	4,387
EBITDA	**30,599**	22,096	22,096
Restructuring and other items	**-**	-	(378)
Adjusted EBITDA	**30,599**	22,096	21,718
Divided by revenue	**218,814**	199,673	199,673
EBITDA margin	**14.0%**	11.1%	10.9%

Return on Equity

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

($ in 000's except periods and percentages)	Three months ended Dec. 31 2013	Dec. 31 2012	Dec. 31 2012 (adjusted)
Net income as stated	**4,336**	3,766	3,766
Restructuring and other items	**-**	-	(814)
Tax impact of restructuring and other items	**-**	-	(67)
Net restructuring and other items	**-**	-	(881)
Adjusted earnings	**4,336**	3,766	2,885
Multiplied by number of periods in year	**X 4/1**	X 4/1	X 4/1
Divided by average shareholders' equity for the period	**124,216**	103,366	103,366
Return on equity	**14.0%**	14.6%	11.2%

($ in 000's except periods and percentages)	Year ended Dec. 31 2013	Dec. 31 2012	Dec. 31 2012 (adjusted)
Net income as stated	**14,182**	11,057	11,057
Restructuring and other items	**-**	-	(378)
Tax impact of restructuring and other items	**-**	-	(198)
Net restructuring and other items	**-**	-	(576)
Adjusted earnings	**14,182**	11,057	10,481
Multiplied by number of periods in year	**X 4/4**	X 4/4	X 4/4
Divided by average shareholders' equity for the period	**114,071**	100,668	100,668
Return on equity	**12.4%**	11.0%	10.4%

Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at December 31, 2013 and December 31, 2012.

($ in 000's, except for ratios)	Dec. 31, 2013	Dec. 31, 2012
Total assets	**232,900**	189,927
External debt (includes term loan)	**61,374**	39,611
Other liabilities	**35,893**	45,303
Total liabilities	**97,267**	84,914
Shareholders' equity	**135,633**	105,013
Total capitalization (total debt plus total shareholders' equity)	**197,007**	144,624
External debt to shareholders' equity	**0.45**	0.38
External debt to total capitalization	**0.31**	0.27
External debt to Adjusted EBITDA	**2.01**	1.82

Total assets were $232.9 million at December 31, 2013, an increase of $43.0 million or 22.6% over December 31, 2012. The growth in total assets was driven primarily by: i) the increased size of the net consumer loans receivable portfolio which increased by $37.3 million from December 31, 2012 to December 31, 2013 and ii) the Company's investment in property and equipment and intangible assets (specifically software) which increased by $5.4 million year over year.

The growth in total assets has been financed by a $12.4 million increase in total liabilities (which includes a $21.8 million increase in external debt) and a $30.6 million increase in total shareholder's equity (which includes the net $19.0 million raised in the common share equity offering completed on November 12, 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 which supported the leasing business and a term loan facility which 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 December 31, 2013 was 5.00%. On October 3, 2013, the Company amended the terms of the bank revolving credit facility to eliminate a scheduled reduction in the maximum limit, extending the maximum limit of $35.0 million through to the maturity date of October 4, 2015.

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 December 31, 2013 was 9.98%.

At December 31, 2013 and December 31, 2012, the Company was in compliance with all of its financial covenants under its lending agreements.

Liquidity and Capital Resources

Summary of Cash Flow Components

($ in 000's)	Three months ended Dec. 31, 2013	Three months ended Dec. 31, 2012	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Cash provided by operating activities before issuance of consumer loans receivable	**22,276**	29,144	**70,989**	89,581
Net issuance of consumer loans receivable	**(21,329)**	(13,495)	**(52,152)**	(31,425)
Cash provided by operating activities	**947**	15,649	**18,837**	58,156
Cash used in investing activities	**(21,162)**	(18,664)	**(57,880)**	(57,349)
Financing activities	**20,741**	6,605	**36,741**	2,805
Net increase (decrease) in cash for the period	**526**	3,590	**(2,302)**	3,612

Cash flows provided by operating activities for the three month period ended December 31, 2013 were $0.9 million. Included in this $0.9 million was a net investment of $21.3 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 $22.3 million in the fourth quarter of 2013, down $6.9 million compared to the fourth quarter of 2012. While net income was higher, the decline in cash flow provided by operating activities was due primarily to changes in the Company's working capital, particularly the $7.0 million payable outstanding as at December 31, 2012 related to the 15 Canadian merchandise leasing stores acquired in the fourth quarter of 2012.

Cash flows from financing activities for the three month period ended December 31, 2013 were $20.7 million which included the net proceeds of $19.0 million from the common share equity offering that was completed on November 12, 2013.

Cash flows in the fourth quarter of 2013 enabled the Company to i) meet the growth demands of easyfinancial as described above, ii) invest $18.9 million in new lease assets, iii) invest $3.5 million in additional property and equipment and intangible assets, and iv) maintain its dividend payments.

Cash flows provided by operating activities for the year ended December 31, 2013 were $18.8 million. Included in this $18.8 million is a net investment of $52.2 million to increase the easyfinancial consumer loans receivable portfolio. If this net investment in the easyfinancial consumer loans receivable portfolio was treated as cash flow from investing activities, the cash flows generated by operating activities would be $71.0 million, down $18.6 million from the comparable period of 2012. A large portion of the change in cash flows provided by operating activities between 2012 and 2013 was due to the timing of cash payments and receipts related to the purchase and sale of stores that occurred in the fourth quarter of 2012. Additionally, cash flows from operating activities in 2013 were negatively impacted by the timing of vendor and income tax payments when compared to 2012.

Cash flows from financing activities for the year ended December 31, 2013 were $36.7 million which included the additional advance of $20.0 million under the Company's term loan facility and the net proceeds of $19.0 million from the common share equity offering that was completed on November 12, 2013.

The cash flows from operating activities for the year ended December 31, 2013 enabled the Company to i) meet the growth demands of easyfinancial as described above, ii) invest $49.4 million in new lease assets, iii) invest $11.2 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. Also, the additional availability under the Company's credit facilities and the proceeds of the equity offering that closed on November 12, 2013 will allow the Company to grow its consumer loans receivable portfolio through much of 2014. However, for easyfinancial to achieve its full long-term growth potential, additional sources of financing over and above the currently available credit facility and term loan are required. There is no certainty that these long term sources of capital will be available or at terms favourable to the Company.

Outstanding Shares and Dividends

As at March 5, 2014 there were 13,289,325 shares, 538,225 options, 436,755 RSU's and no warrants outstanding.

For the three month period ended December 31, 2013, 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 fourth quarter of the years indicated:

	2013	2012	2011	2010	2009	2008	2007
Dividend per share	**$ 0.085**	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.085	$ 0.070
Percentage increase	**0.0%**	0.0%	0.0%	0.0%	0.0%	21.4%	16.7%

Commitments, Guarantees and Contingencies

Commitments

The Company is committed to long-term service contracts and operating leases for premises, equipment, vehicles and signage. The minimum annual lease payments plus estimated operating costs and other commitments required for the next 5 years and thereafter are approximately as follows:

($ in 000's)	Within 1 year	After 1 year but not more than 5 years	More than 5 years
Premises	21,346	45,427	4,144
Other operating lease obligations	1,238	2,172	-
Other	1,344	1,871	-
Total contractual obligations	23,928	49,470	4,144

Class Action Lawsuit

The Company and certain of its current and former officers were named as defendants in a lawsuit filed in the Ontario Superior Court of Justice on October 25, 2010. This lawsuit was commenced by Andrew Sorensen, on behalf of shareholders who acquired the Company's common shares between April 8, 2008 and October 15, 2010. The claim was brought under section 138 of the *Ontario Securities Act*. The plaintiff alleged, among other things, that, arising out of an employee fraud discovered in 2010, the Company and certain of its former and current officers made misrepresentations about the Company's consolidated financial statements being prepared in accordance with Canadian generally accepted accounting principles. The claim sought $10 million in general damages. On March 26, 2012, the lawsuit was certified as a class proceeding on consent.

During the first quarter of 2013, the Company reached an agreement to settle with the class action plaintiffs for $2.25 million, all inclusive, to be distributed to members of the class in accordance with procedures set out in the settlement agreement. On June 10, 2013, the court approved the settlement agreement. The settlement amount was paid by the Company's insurer pursuant to the Company's insurance policies and held in escrow by an administrator who distributes the funds to class members. The settlement agreement denies any admissions of liability on the part of the Company or any of its current or former officers or directors.

The settlement reflects an agreement between all parties to resolve the action and avoid increasing costs and time commitments necessarily involved in litigation. The Company has not recorded any liability related to these matters.

Other Legal Actions

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, financial performance or cash flows.

The Company has agreed to indemnify its directors and officers and particular employees in accordance with the Company's policies. The Company maintains insurance policies that may provide coverage against certain claims.

Risk Factors

Overview

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.

Dependence on Key Personnel

One of the biggest limiting factors in the Company's performance and expansion plans will be the hiring and retention of the best people for the job. Over the past few years, the Company has improved its hiring competencies and its training programs such that employee retention has improved by more than 50% since 2000.

In particular, the Company is dependent on the abilities, experiences and efforts of its senior management team and other key employees. The loss of these individuals without adequate replacement could materially adversely affect its business and operations.

As a consequence of its growth strategy and relatively high employee turnover at the store level, the Company requires a growing number of qualified managers and other store personnel to operate its stores successfully. There is competition for such personnel and there can be no assurances that the Company will be successful in attracting and retaining such personnel as it may require. If the Company is unable to attract and retain qualified personnel or its costs to do so increase dramatically, its operations would be materially adversely affected.

Government Regulation and Compliance

The Company takes reasonable measures to ensure compliance with governing statutes, regulations and regulatory policies. A failure to comply with such statutes, regulations or regulatory policies could result in sanctions, fines or other settlements that could adversely affect both its earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could also change the economics of the Company's merchandise leasing and consumer lending businesses.
Numerous consumer protection laws and related regulations impose substantial requirements upon lenders involved in consumer finance, including leasing and lending. Also, federal and provincial laws impose restrictions on consumer transactions and require contract disclosures relating to the cost of borrowing and other matters. These requirements impose specific statutory liabilities upon creditors who fail to comply with their provisions.

easyhome currently operates in an unregulated environment with regards to capital requirements. The *Criminal Code* of Canada, however, imposes a restriction on the cost of borrowing in any lending transaction of 60% per year. The application of capital requirements or a reduction in the maximum cost of borrowing could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Liquidity Risk

The Company manages its capital to maintain its ability to continue as a going concern and to provide adequate returns to shareholders by way of share appreciation and dividends. The capital structure of the Company consists of external debt and shareholders' equity, which comprises issued capital, contributed surplus and retained earnings.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances, share repurchases, the payment of dividends, increasing or decreasing debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company's strategy, objectives, measures, definitions and targets have not changed significantly from the prior period.

The Company's revolving credit and term debt facilities must be renewed on a periodic basis. These facilities contain restrictions on the Company's ability to, among other things, pay dividends, sell or transfer assets, incur additional debt, repay other debt, make certain investments or acquisitions, repurchase or redeem shares and engage in alternate business activities. The facilities also contain a number of covenants that require the Company to maintain certain specified financial ratios. Failure to meet any of these covenants could result in an event of default under these facilities which could, in turn, allow the lenders to declare all amounts outstanding to be immediately due and payable. In such a case, the financial condition, liquidity and results of operations of the Company could materially suffer.

The Company has been successful in renewing and expanding the revolving credit and term debt facilities in the past. If the Company were unable to renew these facilities on acceptable terms when they became due, however, there could be a material adverse effect on the Company's financial condition, liquidity and results of operations.

Future Capital Needs

The Company believes that the cash flow expected to be provided by operations during 2014, coupled with the available loan facilities and the proceeds of the common share equity offering completed on November 12, 2013 will be sufficient in the near term to meet operational requirements, purchase leased assets, meet capital spending requirements and pay dividends. Additionally, the Company is able to manage the growth of its consumer loans receivable portfolio based on the amount of available financing.

The Company has publicly stated that it intends to significantly expand its consumer lending business. To achieve this goal, it will require additional funds which can be obtained through various sources, including debt or equity financing. There can be no assurance, however, that additional funding will be available when needed or will be available on terms acceptable to the Company. If additional funds are raised by issuing equity securities, shareholders may incur dilution.

Operational Risk

Operational risk, which is inherent in all business activities, is the potential for loss as a result of external events, human behaviour (including error and fraud or other inappropriate behaviour) or inadequacy or the failure of processes, procedures or controls. The impact may include financial loss, loss of reputation, and loss of competitive position or regulatory or civil penalties. While operational risk cannot be eliminated, the Company continues to take steps to mitigate this risk. The financial measure of operational risk is the actual losses incurred. No material losses occurred as a result of operational risk in 2013.

Litigation

From time to time the Company may be involved in material litigation. There can be no assurance that any litigation in which the Company may become involved in the future will not have a material adverse effect on the Company's business, financial condition or results of operations.

Competition

Competition from U.S. based merchandise leasing companies and others in the Canadian market will increase the competition for customers and employees. Although the Company believes that such competition will stimulate industry growth, this increased competition could have a material adverse effect on the Company's operational results should the Company not be able to adequately respond to it.

Other factors that may adversely affect the Company's growth are further competition from merchandise rental businesses and, to a lesser extent, rental stores that do not offer a purchase option. The Company also competes with discount stores and other retail outlets that offer an installment sales program or offer comparable products and prices and with financial institutions and payday lenders that offer consumer loans. Furthermore, additional competitors, both domestic and international, may emerge since barriers to entry are relatively low.

The Company's financial services business occupies a market niche between traditional financial institutions and short-term pay-day lenders. As such, it competes with companies from each of these sectors. Competition is based primarily on access, flexibility and cost (interest rate). Since the Company's products are more affordable than pay-day loans while being more accessible and flexible than banks, the Company offers alternatives to customers that are not being adequately served by the incumbent participants in either of these market sectors. Although there may be other, larger companies that offer products similar to those offered by the Company's financial services business, the Company believes that the potential marketplace is sufficiently large enough that such competition will not adversely affect the Company's operational results in the near term.

Future Growth

The Company's growth strategy is focused on easyfinancial. The Company's ability to increase its customer and revenue base is contingent, in part, on its ability to secure additional stand-alone locations and evolve its delivery channels to access customers through means other than traditional retail locations. Revenue growth could be impacted significantly if the Company is not able to hire and train high quality management and staff to operate the stores and kiosks. The growth in the easyfinancial loan book could also be impaired if the Company is unable to secure adequate financing.

Credit Risk

The maximum exposure to credit risk is represented by the carrying amount of the amounts receivable, consumer loans receivable and assets on lease with customers under merchandise lease agreements. The Company leases products and makes consumer loans to thousands of customers and has policies and procedures that are intended to ensure that it has no concentration of credit risk with any particular individual, company or other entity, although the Company is subject to a higher level of credit risk due to the credit constrained nature of many of the Company's customers.

The credit risk related to amounts receivable and consumer loans receivable results principally from the possibility of default on rebate payments, consumer loans and amounts due from licensee and former related parties. The Company deals with reputable companies, performs ongoing credit evaluations of creditors and consumers and allows for uncollectible amounts where determined to be appropriate.

The credit risk on the Company's consumer loans receivable is also impacted by both the credit policies and the lending practices which are overseen by the Company's senior management.

The credit risk related to assets on lease with customers results from the possibility of customer default with respect to agreed payments. The Company has a collection process in place in the event of payment default, which concludes with the recovery of the lease asset if satisfactory payment terms cannot be worked out, as the Company maintains ownership of the lease assets until payment options are exercised.

The Company cannot guarantee that delinquency and loss levels will correspond with the historical levels experienced and there is a risk that delinquency and loss rates could increase significantly.

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. The Company is subject to interest rate risk as all credit facilities bear interest at variable rates. The Company does not hedge interest rates and future changes in interest rates will affect the amount of interest expense payable by the Company.

Foreign Exchange

The Company sources some of its merchandise out of the U.S. and as such, the Company's Canadian operations have U.S. denominated cash and payables balances. In addition a significant portion of the revenue generated by the Company's franchising business is denominated in U.S. dollars. As a result, the Company has both foreign exchange transaction and translation risk.

Although easyhome has significant U.S. denominated purchases, the Company has historically been able to price its lease transactions to compensate for the impact of foreign currency fluctuations on its purchases. The Company currently does not actively hedge foreign currency risk and transacts in foreign currencies on a spot basis.

Technology Risk

The Company is dependent upon the successful and uninterrupted functioning of its computer, internet and data processing systems. The failure of these systems could interrupt operations or materially impact the Company's ability to enter into new lease or lending transactions and service customer accounts. Although the Company has extensive information technology security plans and disaster recovery plans, if sustained, such a failure could have a material adverse effect on the Company's financial condition, liquidity and results of operations.

Economic Conditions

Current uncertainty in general economic conditions may negatively affect the Company's financial results. A prolonged period of economic decline could have a material adverse effect on its results of operations and financial condition and exacerbate some of the other risk factors described herein. The Company can neither predict the impact current economic conditions will have on its future results, nor predict when the economic environment will change.

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.

Key areas of estimation where management has made difficult, complex or subjective judgments often in respect of matters that are inherently uncertain are:

- consumer loan losses
- cost of lease assets
- depreciation of lease assets
- depreciation of property and equipment
- allocation of the purchase price in business combinations
- impairment and recovery of non-financial assets
- impairment of goodwill and indefinite life intangibles
- fair value of stock-based compensation
- provisions
- contingencies
- taxation amounts
- unearned revenue
- consolidation of SPEs

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

Certain new accounting standards were adopted by the Company in 2013. There was no financial impact, however, of adopting these new accounting standards except for certain additional note disclosure requirements. Refer to the Company's December 31, 2013 Notes to the Financial Statements for a description of accounting standards adopted in the period and standards issued but not yet effective.

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 December 31, 2013.

Internal Control 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 to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").
In designing and evaluating such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance and may not prevent or detect all misstatements as a result of, among other things, error or fraud. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and/or procedures may deteriorate.

Changes to ICFR During 2013

There were no material changes in the Company's ICFR that occurred or were finalized during the year ended December 31, 2013.

Evaluation of ICFR at December 31, 2013

As at December 31, 2013, under the direction and supervision of the CEO and CFO, the Company has evaluated the effectiveness of the Company's ICFR. The evaluation included a review of key controls, testing and evaluation of such test results. Based on this evaluation, the CEO and CFO have concluded that the design and operation of the Company's internal control over financial reporting were effective as at December 31, 2013.