ECN CAPITAL

Management Discussion & Analysis

MARCH 31, 2020

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the financial condition and results of operations of ECN Capital Corp. (the "Company" or "ECN Capital") as at and for the three-month period ended March 31, 2020, in comparison to the corresponding prior year period. This MD&A, which has been prepared as of May 14, 2020, is intended to supplement and complement the condensed unaudited interim consolidated financial statements and notes thereto, prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), as at and for the three-month period ended March 31, 2020 (the "interim consolidated financial statements"), which readers are encouraged to review in conjunction with their review of this MD&A. This MD&A should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2019 and December 31, 2018. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and on the Company's website at www.ecncapitalcorp.com.

Certain comparative figures have been reclassified to conform to the current period's presentation. All amounts set forth in this MD&A are in U.S. dollars unless otherwise noted.

Cautionary Statement

This analysis has been prepared taking into consideration information available to May 14, 2020. Certain statements contained in this report constitute "forward looking statements". When used in this report, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to the company, or its management, are intended to identify forward looking statements. Such statements reflect our current views with respect to future events and are subject to inherent risks, uncertainties and numerous assumptions, including, without limitation, general economic and industry conditions, reliance on debt financing, dependence on borrowers, dependence on financing its business through funding commitments and the sale of loan portfolios to banks and other financial institutions, inability to recover receivables, competition, interest rates, regulation, demand for financing in the specialty finance sector, insurance, failure of key systems, debt service, future capital needs and such other risks or factors described from time to time in reports of ECN Capital.

By their nature, forward looking statements involve numerous assumptions, known and unknown, risks and uncertainties, both general and specific, which contribute to the possibility that predictions, forecasts, projections and other forms of forward looking information may not be achieved. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements and readers are cautioned that the list of factors in the foregoing paragraph is not exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Accordingly, readers are cautioned not to place undue reliance on forward looking statements or interpret or regard forward-looking statements as guarantees of future outcomes. Except as may be required by applicable Canadian securities laws, we do not intend, and disclaim any obligation to update or rewrite any forward-looking statements whether oral or written as a result of new information, future events or otherwise.

Risk Factors

The following information updates, and should be read in conjunction with, the information disclosed in the Company's Annual Information Form dated March 26, 2020 for the financial year ended December 31, 2019, available on SEDAR at www.sedar.com and on the Company's website at www.ecncapitalcorp.com.

The COVID-19 Pandemic may adversely affect ECN Capital's business, operations and results

The outbreak of the coronavirus disease 2019 ("COVID-19") caused by a novel strain of coronavirus, specifically identified as "SARS-CoV-2", has been declared a pandemic by the World Health Organization. COVID-19 continues to spread in the United States, Canada and a number of other countries globally and has created, and continues to create, significant societal and economic disruptions, including global stock market and financial market volatility, a general reduction in consumer activity, operating, supply chain and project development delays and disruptions and declining trade and market sentiment, all of which have and could further affect, among other things, the markets and/or industries in which ECN Capital participates, the economy and consumer spending, commodity prices, interest rates, credit ratings and credit and counterparty risk. Furthermore, governments worldwide have enacted emergency measures in response to the COVID-19 pandemic. These measures, which include the implementation of regional and/or international travel bans, border closings, mandated closure of non-essential services, social and physical distancing, self-imposed quarantine periods, "shelter-in place" policies and/or similar restrictions on individuals and businesses, have caused material disruption to the economy, businesses and industries globally, resulting in an economic slowdown. Governments and central banks have also reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The ever-changing and rapidly-evolving effects of the COVID-19 pandemic, including the accompanying response measures, on investors, businesses, the economy, society and the financial markets may negatively impact ECN Capital as well as its Partners, customers, counterparties, employees, third-party service providers and other stakeholders, as applicable, in a number of ways, including, but not limited to, by: (i) adversely affecting local, national or international economies and employment levels, triggering potentially significant inflationary pricing or a recession, increasing delinquencies, non-accruals and credit losses and reducing origination and asset management volumes; (ii) adversely affecting the business operations, liquidity and capital allocation decisions of ECN Capital's existing or potential lenders and/or Partners and other financing sources, reducing or eliminating the availability of funding and/or sufficient funding commitments from Partners and/or existing or potential lenders and other financing sources; (iii) causing business interruptions as a result of the strain on ECN Capital's existing resources, including information technology systems and infrastructure resulting from senior management and other employees working remotely, the inability to receive necessary technology or other hardware, including updates thereto, due to supply chain interruption, other extended disruptions in the telecommunications and internet infrastructures that support the Corporation's remote work capability and increased cybersecurity risk due to cybercriminals' attempting to capitalize from the disruption; and (iv) adversely affecting ECN Capital's ability to maintain the performance of or compel growth in the verticals in which it operates, all of which could have a material negative impact on ECN Capital's financial condition, operating results and cash flows.

In general, a decline in economic conditions, either in the markets or industries in which ECN Capital participates, or both, will result in downward pressure on its operating margins and asset values as a result of lower demand and increased price competition for the services and products that it provides. If global economic conditions deteriorate, ECN Capital's performance could suffer, resulting in decreased cash flow from operations, which could materially adversely affect ECN Capital's liquidity position and the amount of cash it has on hand to conduct its operations. A reduction in ECN Capital's cash flow from operations could, in turn, require ECN Capital to rely on other sources of capital (such as the capital markets which may not be available to ECN Capital on acceptable terms, or debt and other forms of capital). Further or prolonged economic slowdowns or recessions, including those caused by the ongoing COVID-19 pandemic, could lead to financial losses in ECN Capital's portfolio and a decrease in ECN Capital's adjusted net income applicable to common shareholders, adjusted EBITDA, total originations and managed and advisory assets (and, to the extent applicable, the relevant closest comparable IFRS measure from which these metrics are derived, including net income). Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on ECN Capital's businesses, operating results, and financial condition.

The duration and ultimate impact of the COVID-19 pandemic on ECN Capital's business, operations and financial results, in the near, medium and long-term, is unknown at this time, as is the efficacy of the various government and central bank interventions, including any future interventions and responses. The extent of such impact will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity or spread of COVID-19 and the further actions taken to contain it or treat its impact.

ECN CAPITAL

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Overview

ABOUT ECN

ECN Capital Corp. ("ECN Capital" or the "Company") is a leading provider of business services to United States ("U.S.") based banks, credit unions, life insurance companies and investment funds (collectively our "Partners"). ECN Capital originates, manages and advises on credit assets on behalf of its Partners, specifically unsecured loan portfolios, secured loan portfolios and credit card portfolios. Our Partners are seeking high quality assets to match with their deposits or liabilities. Headquartered in South Florida and Toronto, the registered office is located at 200 Bay Street, Suite 1625, Toronto, Ontario, Canada. ECN Capital has approximately 610 employees and operates (principally) in the United States. The Company is a public corporation and trades on the Toronto Stock Exchange under the symbol "ECN".

BUSINESS STRATEGY

ECN Business Model

The Company owns a portfolio of business services providers that operate under a fee-based, asset-light model through which it leverages highly specialized expertise, industry knowledge, regulatory compliance and strategic relationships. This specialized business model provides significant barriers to entry. ECN Capital partners with these financial institutions rather than competing with them. Our core investor companies are: Service Finance Company LLC ("Service Finance"), Kessler Financial Services LLC ("KG") and Triad Financial Services, Inc. ("Triad Financial Services"). ECN Capital has managed and advisory assets[1] of approximately $33.6 billion and our customers include more than 90 bank, credit union, insurance company and investment fund partners. Specifically, our Partners are the decision makers inside each institution who are looking for appropriate portfolio solutions to match customer deposits and liabilities. We meet our customer needs by offering the following consumer portfolio solutions:

- Unsecured consumer loan portfolios - Home improvement loans
- Consumer credit card portfolios - Focused on co-branded credit cards and related financial products
- Secured consumer loan portfolios - Manufactured home loans

The Company's focus is to drive origination and asset management growth as well as broadening our Partner relationships through the marketing of all three solutions across our network of 90+ Partners. In pursuit of these objectives: (i) The Company provides its portfolio companies with modest capital, knowledge and scale to help grow their businesses within their large addressable markets; and (ii) The Company brings new funding relationships to our investor companies and is actively expanding Partner relationships to include more than one solution.

(1) This is a non-IFRS measure. Please refer to the "Non-IFRS and Other Performance Measures" section of this MD&A for a definition and reconciliation of this measure.

The Company's investments are made within these strategic parameters and have demonstrated each of the following value propositions:

- Significant barriers to entry through established long-term regulatory relationships with financial services regulators; strong long-term relationships with the banks, credit unions, insurance companies, investment funds and payment networks that are its customers; exclusive/preferred manufacturer and dealer arrangements that drive the Company's origination services; and proprietary intellectual capital
- Established originator / manager / adviser of consumer credit assets with a history of strong performance across business cycles
- Excellent credit quality and track record of excellence in providing managerial and advisory services
- Capital-light businesses with solid growth profiles
- Scalable platforms with established operations and information technology.

A description of each of our core business segments is provided below.

Core Business Segments:

Service Finance - Home Improvement Loans

Founded in 2004, Service Finance utilizes a technology-driven platform to originate and manage short duration unsecured consumer loans for 24+ Partners. These loans are primarily prime and super-prime retail installment contracts to finance home improvement projects in the U.S. Originations are sourced through national dealer networks through exclusive and preferred programs with top manufacturers in the home improvement industry. Originations are sold to third party financial institutions without recourse with respect to credit losses, prepayments or yield, and Service Finance retains the exclusive right to service all retail installment contracts that it originates. Service Finance has sold loans to over 20 Federal Deposit Insurance Corporation ("FDIC") insured institutions with zero objections and negative comments during formal examinations by and through all bank counterparties. Service Finance is headquartered in Boca Raton, Florida and is a fully licensed sales finance company and third-party servicer in all 50 States.

KG - *Co-brand Credit Card Portfolios and Related Financial Products*

Founded in 1978, KG has grown to become the premier manager, adviser and structuring partner to credit card issuers, banks, credit unions and payment networks. KG has created over 6,000 partnerships between banks/credit card issuers and partner organizations and currently has approximately $29 billion in managed credit card portfolios and related assets. KG is headquartered in Boston, Massachusetts.

Triad Financial Services - Manufactured Home Loans

Founded in 1959, Triad Financial Services is the oldest manufactured housing finance company in the U.S. Triad Financial Services is a premier portfolio solutions platform focused on originating and managing longer duration secured consumer loan portfolios for 50+ Partners. These assets are primarily prime and super-prime loans to consumers for the purchase of manufactured homes throughout the U.S. Originations are sourced through a long established national network of dealers and manufacturers. In addition to originating prime consumer loans, Triad Financial

Services manages manufactured housing portfolios for third party owners and provides floor plan financing for select dealers and manufacturers. Triad Financial Services is headquartered in Jacksonville, Florida and is licensed in 47 States.

Key Business Developments

Our key developments in support of the Company's business strategy for the three-month period ended March 31, 2020 and information related to the current market and business outlook are outlined below.

MARKET OUTLOOK AND IMPACT OF COVID-19

During the first quarter of 2020, the rapid emergence of the novel coronavirus, identified as COVID-19, began to adversely impact the economies and financial markets of many countries, including the U.S. Actions taken to mitigate the spread of COVID-19, which has been declared a global pandemic by the World Health Organization, include restrictions on travel, quarantines in certain areas and forced closure for certain types of public places and businesses. It is currently unknown how long these conditions will last and what the complete financial effect will be to the U.S. economy and the Company, and while now business activities remain strong for the second quarter to date, we cannot assess all the possible COVID-19 related impacts for the full year. Management has a broad range of forecasts, that include achieving the low end of our initial guidance ranges. However, the range of possible outcomes remains very wide at this time. As a result, we are withdrawing our previously issued guidance for 2020 given the unprecedented nature of the pandemic and until any impact is better understood. We will provide a guidance update with our second quarter results, when we will have better insight into the impact of COVID-19 on the economy, the implications of government-mandated constraints on financial, commercial and business activities and the potential for further business disruptions and global impacts, and on our business and operations.

Based on results in April and early May, Service Finance originations are in line with second quarter 2019 results. Applications have began to increase again with applications up 35% month-to-date in May compared to the same period in 2019. Originations at Triad Financial Services are down slightly compared to 2019 levels. However, applications improved in early May and have grown approximately 25% month-to-date in May. We expect second quarter KG results to be largely in line with our reported first quarter 2020 results with a strong potential pipeline to be realized in late 2020 and into 2021. Consequently, we believe our operating businesses are well positioned to weather this pandemic. See Business Segment Results in this MD&A for further information regarding the expected impacts of the COVID-19 pandemic on each of our business segments.

ECN Capital’s home improvement finance and manufactured housing finance platforms are considered “essential businesses” and are exempted from restrictive orders, including shutdowns, in response to the COVID-19 pandemic in the jurisdictions in which they operate. As such, these platforms have continued physical operations while keeping the safety and well-being of employees, Partners, customers and the communities in which these platforms operate as their top priority.

CORPORATE FINANCE DEVELOPMENTS

Normal Course Issuer Bid

On August 16, 2019, the TSX approved the renewal of the Company's Normal Course Issuer Bid ("NCIB") for commencement on August 20, 2019. Pursuant to the renewal, the Company may repurchase up to an additional 22,228,161 of its outstanding common shares, representing approximately 10% of the public float. The NCIB will end on the earlier of August 19, 2020 or the completion of purchases under the NCIB.

During the first quarter of 2020, the Company purchased 1.3 million common shares for a total of C$5.7 million or C$4.50 per common share pursuant to the NCIB. In aggregate under the current NCIB, the Company has purchased 1.9 million common shares for a total of C$8.6 million or C$4.47 per common share.

Common Share Repurchases

Under its NCIBs and substantial issuer bids ("SIBs"), ECN has repurchased for cancellation approximately 40% of the total shares outstanding through March 31, 2020. The following table sets forth a summary of the Company's capital reinvestment under these transactions.

Capital Reinvestment	Shares Retired (millions)	Average Price (C$)	Total Consideration (C$ millions)
NCIB since inception 2017	53.1	$3.73	$198
SIB April 2018	31.9	$3.60	$115
SIB January 2019	70.7	$3.75	$265
Total shares repurchased for cancellation	**155.7**	**$3.71**	**$578**

Total shares outstanding pre-buyback	390
Total shares outstanding as at March 31, 2019	242
% shares repurchased to date	**~40%**

Results of Operations

OPERATING HIGHLIGHTS FOR THE QUARTER

1. Net income from continuing operations applicable to common shareholders was $5.4 million or $0.02 per share and adjusted net income applicable to common shareholders[1] was $14.5 million or $0.06 per share for the quarter ended March 31, 2020, in line with our guidance range for the first quarter of 2020.

2. Adjusted EBITDA[1] for the quarter ended March 31, 2020 was $27.7 million, compared to $27.6 million in the first quarter of 2019. This reflects strong performance in our Service Finance and Triad Financial Services segments, partially offset by lower earnings at KG due to higher one-time transaction services revenue in the prior year quarter.

3. Total originations increased to $509.0 million for the quarter ended March 31, 2020 from $419.2 million for the prior year period. This represents growth of 21.4%.

4. Managed and advisory assets[1] totaled $33.6 billion as at March 31, 2020, compared to $31.9 billion as at March 31, 2019, reflecting the growth across each of our business segments.

1. This is a non-IFRS measures. Please refer to the "Non-IFRS and Other Performance Measures" section of this MD&A for a definition and reconciliation of these measures.

The following table sets forth a summary of the Company's consolidated results from continuing operations and is to be read in conjunction with the Company's interim condensed consolidated financial statements for the same periods.

	For the three-month period ended		
	March 31, 2020	December 31, 2019	March 31, 2019
(in 000's for stated values, except per share amounts)	$	$	$
Select metrics			
Originations	**509,026**	541,723	419,201
Average earning assets - Owned (1)	**338,061**	313,867	373,896
Average earning assets - Managed and advisory (1)	**33,613,973**	33,108,155	31,505,577
Period end earning assets - Owned (1)	**362,895**	313,227	345,374
Period end earning assets - Managed and advisory (1)	**33,629,592**	33,598,354	31,861,273
Operating highlights:			
Portfolio origination services	**20,193**	21,754	16,564
Portfolio management services	**29,475**	30,400	19,843
Portfolio advisory services	**3,175**	3,549	11,399
Marketing services	**1,827**	4,024	2,133
Total portfolio revenue	**54,670**	59,727	49,939
Interest income	**5,538**	5,336	6,098
Other revenue	**670**	935	581
	60,878	65,998	56,618
Operating expenses	**33,169**	32,871	29,033
Adjusted EBITDA (1)	**27,709**	33,127	27,585
Interest expense	**5,070**	5,183	6,451
Depreciation & amortization	**1,621**	1,698	1,306
Adjusted operating income before tax and NCI (1)	**21,018**	26,246	19,828
Non-operating items:			
Share-based compensation	**3,214**	3,762	6,160
Amortization of intangibles	**6,453**	6,453	6,453
Accretion of deferred purchase consideration	**611**	1,134	1,358
Corporate restructuring and transition costs	**—**	3,141	12,549
Purchase price premium on non-controlling interest	**—**	—	28,138
Unrealized (gain) loss on economic currency hedge	**—**	—	(4,789)
Business acquisition costs	**—**	2,168	—
Non-controlling interest	**—**	413	546
	10,278	17,071	50,415
Net income (loss) before income taxes from continuing operations	**10,740**	9,175	(30,587)
Income tax expense (recovery)	**3,025**	(2,929)	(9,806)
Net income (loss) from continuing operations	**7,715**	12,104	(20,781)
Cumulative dividends on preferred shares	**2,350**	2,417	2,405
Net income (loss) from continuing operations attributable to common shareholders	**5,365**	9,687	(23,186)
Net loss from discontinued operations	**(2,692)**	(18,608)	(2,160)
Net income (loss) for the period attributable to common shareholders	**2,673**	(8,921)	(25,346)
Weighted Average number of shares outstanding (basic)	**240,628**	240,302	250,289
Earnings (loss) per share (basic) - continuing operations attributable to common shareholders	**$0.02**	$0.04	(0.09)
Non-IFRS Measures			
Adjusted operating results:			
Adjusted EBITDA (1)	**27,709**	33,127	27,585
Adjusted operating income before tax and NCI(1)	**21,018**	26,246	19,828
Non-controlling interest in KG	**—**	413	546
Adjusted operating income before tax (1)	**21,018**	25,833	19,282
Adjusted net income (1)	**16,814**	20,917	15,040
Adjusted net income applicable to common shareholders (1)	**14,464**	18,500	12,635
Adjusted net income per share (basic) (1)	**$0.07**	$0.09	$0.06
Adjusted net income applicable to common shareholders per share (basic) (1)	**$0.06**	$0.08	$0.05

(1) This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a definition and reconciliation of this measure.

The following discussion relates to the results of operations for the three-month period ended March 31, 2020 presented on a continuing operations basis.

Q1 2020 vs Q1 2019

The Company reported total originations of $509.0 million for the quarter ended March 31, 2020 compared to $419.2 million for the prior year quarter. Current quarter originations include $375.6 million from Service Finance and $133.4 million from Triad Financial Services. Total portfolio revenue for the quarter ended March 31, 2020 increased to $54.7 million compared to $49.9 million in the prior year quarter, reflecting the growth in originations at Service Finance and Triad Financial Services partially offset by lower transaction services revenue from KG. Total revenue for the current quarter was $60.9 million compared to $56.6 million for the prior year quarter.

The table below illustrates the Company's operating expenses for the three-month periods ended March 31, 2020 and March 31, 2019:

	For the three-month period ended	
	March 31, 2020	March 31, 2019
(in 000's for stated values)	**$**	$
Service Finance	**10,200**	7,364
KG	**7,240**	9,803
Triad Financial Services	**8,275**	6,491
Business segment operating expenses	**25,715**	23,658
Corporate operating expenses	**7,454**	5,375
Total operating expenses	**33,169**	29,033

Operating expenses were $33.2 million in the current quarter, compared to $29.0 million for the prior year quarter. The increase in operating expenses compared to the prior year quarter is primarily attributable to growth in Service Finance and Triad Financial Services, as well as increased corporate operating expenses as a result of non-recurring business development and other expenses related to the pursuit of our growth opportunities. These increases were partially offset by lower compensation expense at KG as a result of the expense reductions initiated in 2019 and lower incentive compensation due to lower revenue.

Interest expense and depreciation were $5.1 million and $1.6 million, respectively, for the quarter ended March 31, 2020 compared to $6.5 million and $1.3 million, respectively, in the prior year quarter. The decrease in interest expense reflects a lower average borrowing rate during the current quarter, partially offset by a higher average debt balance.

Other expenses, which include share-based compensation, amortization of intangible assets and other non-operating items, decreased to $10.3 million for the quarter ended March 31, 2020 compared to $50.4 million in the prior year quarter. Other expenses for the prior year quarter include $28.1 million of purchase price premium plus associated transaction costs to acquire a non-controlling interest in KG, $12.5 million of corporate restructuring and transition costs and a $4.8 million gain on a foreign currency hedge. Additionally, the prior year quarter includes $0.5 million of expense attributable to a non-controlling interest in KG, which ECN acquired during the fourth quarter of 2019. Share-based compensation expense was $3.2 million for the quarter ended March 31, 2020 compared to $6.2 million for the prior year quarter.

Adjusted EBITDA[1] was $27.7 million for the quarter ended March 31, 2020 compared to $27.6 million for the prior year quarter. The increase in adjusted EBITDA[1] in the current quarter was primarily due to growth in Service Finance and Triad Financial Services, partially offset by lower KG revenues. Adjusted net income applicable to common shareholders[1] was $14.5 million or $0.06 per share for the quarter ended March 31, 2020, compared to $12.6 million or $0.05 per share for the prior year quarter, reflecting lower interest expense.

The Company reported net income of $7.7 million for the quarter ended March 31, 2020 compared to a net loss of $20.8 million for the prior year quarter.

1. This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a definition and reconciliation of this measure.

Business Segment Results

RESULTS OF SERVICE FINANCE - HOME IMPROVEMENT LOANS

The following table sets forth a summary of the Company's select metrics and results from the Service Finance segment, for the three-month periods ended March 31, 2020, December 31, 2019, and March 31, 2019.

	For the three-month period ended		
	March 31, 2020	December 31, 2019	March 31, 2019
(in 000's for stated values)	**$**	$	$
Select metrics			
Originations	**375,618**	397,238	301,510
Managed assets, period end (1)	**2,659,920**	2,505,270	1,862,001
Managed assets, period average (1)	**2,582,595**	2,418,590	1,820,581
Dealer advances	**52,382**	52,036	23,967
Held-for-trading financial assets	**99,247**	61,524	207,455
Operating results			
Originations revenue	**9,957**	11,626	8,552
Servicing revenue	**14,279**	14,518	8,152
Interest income & other revenue	**1,876**	1,562	3,054
Revenue	**26,112**	27,706	19,758
Operating expenses	**10,200**	9,611	7,364
Adjusted EBITDA (1)	**15,912**	18,095	12,394
Interest & depreciation expense	**866**	825	1,885
Adjusted operating income before tax (1)	**15,046**	17,270	10,509

(1) This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a definition and reconciliation of this measure.

Service Finance - Home Improvement Loans

Originations at Service Finance for the quarter ended March 31, 2020 were approximately $375.6 million, up 29.4% from the prior year, excluding PACE loans. The PACE loan program was discontinued in the second quarter of 2019.

Historically, originations have followed a seasonal pattern, with the second and third quarters being the strongest performing quarters. This is illustrated in the table below which shows originations for each of the most recent quarters:

Originations (US$ millions)[1]								
Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018	Q1, 2019	Q2, 2019	Q3, 2019	Q4, 2019	Q1, 2020
222	336	346	307	290	426	468	397	376

(1) Amounts presented exclude originations of PACE loans.

Originations revenue for the quarter ended March 31, 2020 was approximately $10.0 million, up 23.0% from the prior year, excluding revenues from PACE loans. Originations revenue grew slower than total originations primarily due to the impact of revenue recognized in the first quarter of 2019 related to portfolio sales of solar loans originated in 2018.

Servicing revenues of $14.3 million for the quarter ended March 31, 2020 were up 75.2% from the prior year, reflecting the growth in managed assets.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $15.9 million and $15.0 million respectively, for the first quarter of 2020 compared to $12.4 million and $10.5 million, respectively, for the first quarter of 2019.

Dealer advances as at March 31, 2020 were $52.4 million compared to $24.0 million as at March 31, 2019 and $52.0 million as at December 31, 2019. Dealer advances consist primarily of staged fundings to key dealers with respect to committed home improvement loans. These loans are similar to Triad Financial's successful floorplan initiative and strengthen the relationship with Service Finance's key dealers. The increase in dealer advances outstanding compared to the prior year quarter reflects the continued growth in exclusive arrangements with top home improvement dealers.

Held-for-trading assets as at March 31, 2020 were $99.2 million compared to $61.5 million at the end of the preceding quarter. Held-for-trading assets consist of loans that are originated on behalf of our bank partners with the intention of selling through under a portfolio sales agreement. The increase in held-for-trading assets compared to the prior year quarter primarily reflect our complementary flow program that we launched in 2019 at the request of a bank partner. Complementary flow program loans have the same credit quality and performance as our existing core loans (average FICO is >760), but have other criteria that differs from Service Finance's existing core loans (e.g. loan size). We will continue to monitor and manage our balance sheet exposure on these loans, which will not exceed our internal cap of $150 million, and we will continue to pursue bulk portfolio sales to our bank partners.

Due to the economic impact associated with the COVID-19 pandemic, we are withdrawing our previously issued guidance for Service Finance, but continue to anticipate growth in 2020 and will update our forecast with second quarter 2020 results. Core loan originations continue to remain strong with total originations increasing to $129.1 million in April 2020, an increase of 3.1% compared to April 2019. Applications have increased by 35% month-to-date in May compared to a year earlier demonstrating the resiliency of Service Finance's business model. Its business is considered an "essential business" and is exempted from restrictive orders, including shutdowns. In addition, Service Finance's managed portfolio continues to perform demonstrating the value of its focus on prime and super prime consumers. We believe Service Finance is well positioned to take market share from its competitors and to benefit from the economic recovery that will take place once the impact of the pandemic subsides.

RESULTS OF KG - CONSUMER CREDIT CARD PORTFOLIOS

The following table sets forth a summary of the Company's select metrics and results from the KG segment for the three-month periods ended March 31, 2020, December 31, 2019 and March 31, 2019.

	For the three-month period ended		
	March 31, 2020	December 31, 2019	March 31, 2019
(in 000's for stated values)	**$**	$	$
Operating results			
Partnership services revenue	**13,477**	14,071	10,239
Marketing services revenue	**1,827**	4,024	2,133
Transaction services revenue	**3,175**	3,549	11,399
Interest income & other revenue	**281**	394	791
Revenue	**18,760**	22,038	24,562
Operating expenses	**7,240**	10,189	9,803
Adjusted EBITDA (1)	**11,520**	11,849	14,759
Interest and depreciation expense	**1,097**	1,181	821
Adjusted operating income before tax and non-controlling interest (1)	**10,423**	10,668	13,938
Non-controlling interest in KG	**—**	413	546
Adjusted operating income before tax (1)	**10,423**	10,255	13,392

(1) This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a definition and reconciliation of this measure.

KG - Consumer Credit Card Portfolios Segment

KG helps clients grow and optimize co-brand credit card portfolios and other financial products through three primary product lines:

1. **Partnership Services:** managing and advising on co-brand credit card programs
2. **Marketing Services:** marketing services and data analytics
3. **Transaction Services:** purchase, sale and renewal of co-brand credit card portfolios/ programs

KG Revenue Mix

(as % of total portfolio revenues)	**At Transaction**	**Q1 2020**	**2020 Forecast**
Partnership Services(1)	54 %	73 %	65 %
Marketing Services	12 %	10 %	20 %
Total Recurring Revenue	**66 %**	**83 %**	**85 %**
Transaction Services	34 %	17 %	15 %
Total Portfolio Revenue	**100 %**	**100 %**	**100 %**

(1) Partnership Services includes Credit Card Investment Management revenues.

Total KG revenues for the quarter ended March 31, 2020 were $18.8 million compared to $24.6 million in the prior year quarter, reflecting lower transaction services revenue. Partnership services revenues were up $3.2 million compared to the first quarter of 2019, primarily due to the growth in KG's credit card investment management platform. Transaction services revenue decreased by $8.2 million from the first quarter of 2019 due to the impact of the closing of a significant credit card partnership by a KG partner in the prior year quarter. Operating expenses were down to $7.2 million from $9.8 million in the prior year as a result of the expense reductions initiated in 2019 and lower incentive compensation costs due to lower revenue.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $11.5 million and $10.4 million, respectively, for the current quarter compared to $14.8 million and $13.4 million, respectively, for the prior year quarter. Adjusted operating income before tax[1] for the prior year quarter includes $0.5 million of expense attributable to the non-controlling interest in KG. During 2019, ECN acquired the remaining non-controlling interests of KG and KG became 100% owned by ECN.

Due to the economic impact associated with the COVID-19 pandemic, we are withdrawing our previously issued guidance for KG and anticipate somewhat lower results compared to 2019, but will update our forecast with second quarter 2020 results. Partnership Services results should largely be unchanged due to long-term contracts. In Marketing Services, KG is working with bank partners to assess the timing of future marketing campaigns. Given the current environment, it is likely that marketing spending will be delayed pushing campaign revenues into 2021. Similarly, the timing of Transaction Services revenues will likely be pushed later into 2020 or into 2021. We believe KG is well positioned to benefit from this period of economic dislocation when conditions begin to normalize.

RESULTS OF TRIAD FINANCIAL SERVICES - SECURED CONSUMER LOAN PORTFOLIOS

The following table sets forth a summary of the Company's select metrics and results from the Triad Financial Services segment for the three-month periods ended March 31, 2020, December 31, 2019 and March 31, 2019.

	For the three-month period ended		
	March 31, 2020	December 31, 2019	March 31, 2019
(in 000's for stated values)	**$**	$	$
Select metrics			
Originations	**133,408**	144,485	117,691
Managed assets, period end (1)	**2,478,470**	2,428,110	2,233,162
Managed assets, period average (1)	**2,453,290**	2,403,990	2,209,553
Manufactured housing loans	**119,114**	101,440	84,943
Held-for-trading financial assets	**20,302**	23,897	—
Operating results			
Originations revenue	**10,236**	10,128	8,012
Servicing revenue	**1,719**	1,811	1,452
Interest income & other revenue	**3,182**	2,915	2,170
Total revenue	**15,137**	14,854	11,634
Operating expenses	**8,275**	7,145	6,491
Adjusted EBITDA (1)	**6,862**	7,709	5,143
Interest and depreciation expense	**1,294**	1,165	1,056
Adjusted operating income before tax (1)	**5,568**	6,544	4,087

(1) This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a definition and reconciliation of this measure.

Triad Financial Services - Secured Consumer Loan Portfolios Segment

Originations at Triad Financial Services for the quarter ended March 31, 2020 were approximately $133.4 million, up 13.4% from the prior year quarter. Managed assets were $2.5 billion as at March 31, 2020, an increase of 11% compared to managed assets of $2.2 billion as at March 31, 2019.

Traditionally, this business is impacted by seasonality, with the second and third quarters of the year being the strongest performing quarters. This is illustrated in the table below which shows originations for each of the most recent quarters:

Originations (US$ millions)								
Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018	Q1, 2019	Q2, 2019	Q3, 2019	Q4, 2019	Q1, 2020
94	150	147	135	118	170	171	144	133

Originations revenue for the quarter ended March 31, 2020 was approximately $10.2 million, up 27.8% from the prior year quarter.

Servicing revenues of $1.7 million for the quarter ended March 31, 2020 were up 18.4% from the prior year quarter, reflecting the growth in managed assets.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $6.9 million and $5.6 million, respectively, for the current quarter compared to $5.1 million and $4.1 million, respectively, for the prior year quarter.

Manufactured housing loans consist primarily of floorplan loans as well as a modest amount of loans originated on behalf of bank partners with the intention of selling through under a portfolio sales agreement. The floorplan loans enable key dealers to finance their inventory and support the growth of their businesses. These loans strengthen the relationship with our key dealers and manufacturers.

Due to the economic impact associated with the COVID-19 pandemic, we are withdrawing our previously issued guidance for Triad Financial Services but continue to anticipate growth in 2020 and will update our forecast with second quarter 2020 results. Originations in April decreased by 5% compared to 2019 and applications decreased approximately 20%, due primarily to longer completion times and decreased dealer traffic as a result of COVID-19; however, its business is considered an "essential business" and is exempted from restrictive orders, including shutdowns, in response to the COVID-19 pandemic in the jurisdictions in which it operates. Applications improved each week since the first week in April and have grown approximately 25% month-to-date in May demonstrating the resiliency of Triad's business model. In addition, Triad's managed portfolio has continued to perform demonstrating the value of its focus on prime consumers. We believe manufactured housing will remain an attractive, affordable housing solution, and Triad is well positioned to benefit from the economic recovery that will take place once the impact of the pandemic subsides.

RESULTS OF CORPORATE SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the Corporate segment, for the three-month periods ended March 31, 2020, December 31, 2019 and March 31, 2019.

	For the three-month period ended		
	March 31, 2020	December 31, 2019	March 31, 2019
(in 000's for stated values)	**$**	**$**	**$**
Operating results			
Revenues	**869**	1,400	664
Operating expenses	**7,454**	5,926	5,375
Adjusted EBITDA (1)	**(6,585)**	(4,526)	(4,711)
Depreciation & amortization	**646**	671	350
Interest expense	**2,788**	3,039	3,645
Adjusted operating income before tax (1)	**(10,019)**	(8,236)	(8,706)

(1) This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a definition and reconciliation of this measure.

Corporate

Revenue was $0.9 million for the quarter ended March 31, 2020 compared to $0.7 million for the prior year quarter. Revenue primarily consists of income or loss from legacy corporate investments.

Corporate operating expenses of approximately $7.5 million were higher than our normalized run rate of approximately $5.5 million per quarter primarily due to non-recurring business development and other expenses related to the pursuit of our growth opportunities. The Company has implemented several cost-reduction initiatives, including significant reductions in executive compensation, business development and travel and entertainment expenditures. Consequently, we now expect corporate operating expenses to be approximately $4 million per quarter for the remainder of the year. Interest expense decreased compared to the fourth quarter of 2019 as a result of a lower average borrowing rate, partially offset by a higher average debt balance during the first quarter of $485.8 million compared to $448.2 million in the preceding quarter.

RESULTS OF DISCONTINUED OPERATIONS

The following table sets forth a summary of the Company's select metrics and results from discontinued operations for the three-month periods ended March 31, 2020, December 31, 2019 and March 31, 2019.

	For the three-month period ended		
	March 31, 2020	December 31, 2019	March 31, 2019
(in 000's for stated values)	**$**	$	$
Operating results			
Revenues	**477**	459	433
Operating expenses	**3,585**	4,949	3,200
Adjusted EBITDA (1)	**(3,108)**	(4,490)	(2,767)
Interest expense	**389**	496	—
Adjusted operating (loss) income before tax (1)	**(3,497)**	(4,986)	(2,767)
Non-Operating items:			
Share-based compensation	**1**	1	2
Asset valuation reserve - Aviation	**—**	19,500	—
Recovery of income taxes	**(806)**	(5,879)	(609)
	(805)	13,622	(607)
Net loss from discontinued operations	**(2,692)**	(18,608)	(2,160)

(1) This is a non-IFRS measure. Please refer to "Non-IFRS and Other Performance Measures" in this MD&A for a definition and reconciliation of this measure.

Discontinued Operations

Revenue from discontinued operations was $0.5 million for the quarter ended March 31, 2020, respectively, compared to $0.4 million in the prior year quarter. Operating expenses were $3.6 million for the quarter ended March 31, 2020, up from $3.2 million in the prior year quarter, primarily due to increased compensation, legal, maintenance and storage and other costs associated with the wind-down of legacy aviation assets. Net loss related to discontinued operations was $2.7 million for the current quarter.

The following table sets forth a summary of assets held-for-sale as at March 31, 2020 and December 31, 2019:

	As at	
	March 31, 2020	December 31, 2019
(in 000's for stated values)	**$**	$
Rail Finance	**34,413**	35,581
Aviation Finance	**77,732**	97,480
C&V Finance	**9,190**	9,911
Total assets held-for-sale	**121,335**	142,972

Financial Position

The following tables set forth a summary of the Company's balance sheet, including a breakdown by core business segment, as at March 31, 2020, December 31, 2019 and March 31, 2019.

	March 31, 2020						
	Service Finance	KG	Triad Financial Services	Corporate	Continuing Operations	Discontinued Operations	Total
(in 000's for stated values)	$	$	$	$	**$**	$	**$**
Assets							
Cash	5,656	9,836	—	21,896	**37,388**	—	**37,388**
Restricted funds	—	—	19,705	—	**19,705**	—	**19,705**
Accounts receivable	5,178	38,124	27,345	1,079	**71,726**	9,245	**80,971**
Finance assets:							
Loans receivable	52,382	71,850	119,114	—	**243,346**	—	**243,346**
Held-for-trading financial assets	99,247	—	20,302	—	**119,549**	—	**119,549**
Total finance assets	151,629	71,850	139,416	—	**362,895**	—	**362,895**
Retained reserve interest	—	—	26,308	—	**26,308**	—	**26,308**
Continuing involvement asset	—	—	139,143	—	**139,143**	—	**139,143**
Goodwill and intangible assets	363,551	241,629	64,972	1,797	**671,949**	—	**671,949**
Deferred tax assets	—	—	—	41,642	**41,642**	—	**41,642**
Other assets and investments	39,787	37,673	6,901	129,987	**214,348**	2,093	**216,441**
Assets held-for-sale	—	—	—	—	**—**	121,335	**121,335**
Total Assets	**565,801**	**399,112**	**423,790**	**196,401**	**1,585,104**	**132,673**	**1,717,777**
Liabilities							
Debt	78,684	71,850	111,205	232,921	**494,660**	—	**494,660**
Continuing involvement liability	—	—	139,143	—	**139,143**	—	**139,143**
Other liabilities	25,600	103,963	28,146	71,174	**228,883**	11,943	**240,826**
Total Liabilities	**104,284**	**175,813**	**278,494**	**304,095**	**862,686**	**11,943**	**874,629**
Earning Assets - Owned and Managed							
Earning assets - owned	151,629	71,850	139,416	—	**362,895**	—	**362,895**
Earning assets - managed and advisory	2,659,920	28,491,202	2,478,470	—	**33,629,592**	—	**33,629,592**
Total Earning Assets - Owned and Managed and Advisory	**2,811,549**	**28,563,052**	**2,617,886**	**—**	**33,992,487**	**—**	**33,992,487**

Total finance assets for continuing operations were $362.9 million at March 31, 2020 compared to $313.2 million at December 31, 2019, and $345.4 million at March 31, 2019. The increase compared to the preceding quarter primarily reflects an increase in held-for-trading financial assets at Service Finance and an increase in floorplan loans at Triad Financial Services.

Debt from continuing operations of $494.7 million increased by $64.2 million compared to December 31, 2019, primarily reflecting the increased investments in finance assets at Service Finance and Triad Financial Services during the quarter.

Earning assets - managed and advisory of $33.6 billion as at March 31, 2020 reflects managed loans of $2.7 billion at Service Finance, $28.5 billion in advisory assets at KG and $2.5 billion in managed loans at Triad Financial Services.

	December 31, 2019						
	Service Finance	KG	Triad Financial Services	Corporate	Continuing Operations	Discontinued Operations	Total
(in 000's for stated values)	$	$	$	$	**$**	$	**$**
Assets							
Cash	9,826	30,559	7,896	3,439	**51,720**	—	**51,720**
Restricted funds	1,386	—	31,995	—	**33,381**	—	**33,381**
Accounts receivable	5,067	52,264	21,277	307	**78,915**	9,245	**88,160**
Finance assets							
Loans receivable	52,036	74,330	101,440	—	**227,806**	—	**227,806**
Held-for-trading financial assets	61,524	—	23,897	—	**85,421**	—	**85,421**
Total finance assets	113,560	74,330	125,337	—	**313,227**	—	**313,227**
Retained reserve interest	—	—	25,558	—	**25,558**	—	**25,558**
Continuing involvement asset	—	—	126,689	—	**126,689**	—	**126,689**
Goodwill and intangible assets	361,890	245,646	64,729	1,833	**674,098**	—	**674,098**
Deferred tax assets	—	—	—	44,461	**44,461**	—	**44,461**
Other assets and investments	38,817	38,432	6,817	137,249	**221,315**	2,557	**223,872**
Assets held-for-sale	—	—	—	—	**—**	142,972	**142,972**
Total Assets	**530,546**	**441,231**	**410,298**	**187,289**	**1,569,364**	**154,774**	**1,724,138**
Liabilities							
Debt	57,663	74,330	97,443	201,042	**430,478**	—	**430,478**
Continuing involvement liability	—	—	126,689	—	**126,689**	—	**126,689**
Other liabilities	25,605	125,651	42,555	80,063	**273,874**	14,071	**287,945**
Total Liabilities	**83,268**	**199,981**	**266,687**	**281,105**	**831,041**	**14,071**	**845,112**
Earning Assets - Owned and Managed							
Earning assets - owned	113,560	74,330	125,337	—	**313,227**	—	**313,227**
Earning assets - managed and advisory	2,505,270	28,664,974	2,428,110	—	**33,598,354**	—	**33,598,354**
Total Earning Assets - Owned and Managed and Advisory	**2,618,830**	**28,739,304**	**2,553,447**	**—**	**33,911,581**	**—**	**33,911,581**

	March 31, 2019						
	Service Finance	KG	Triad Financial Services	Corporate	Continuing Operations	Discontinued Operations	Total
(in 000's for stated values)	$	$	$	$	**$**	$	**$**
Assets							
Cash	28,866	20,291	6,651	41,394	**97,202**	—	**97,202**
Restricted funds	2,649	—	21,041	—	**23,690**	—	**23,690**
Accounts Receivable	26,443	26,946	19,423	—	**72,812**	14,479	**87,291**
Finance assets							
Loans receivable	23,967	29,009	84,943	—	**137,919**	—	**137,919**
Held-for-trading financial assets	207,455	—	—	—	**207,455**	—	**207,455**
Total finance assets	231,422	29,009	84,943	—	**345,374**	—	**345,374**
Retained reserve interest	—	—	22,729	—	**22,729**	—	**22,729**
Continuing involvement asset	—	—	91,321	—	**91,321**	—	**91,321**
Goodwill and intangible assets	357,684	248,958	65,621	1,763	**674,026**	—	**674,026**
Deferred tax assets	—	—	—	46,260	**46,260**	—	**46,260**
Other assets and investments	14,464	27,685	7,691	78,187	**128,027**	32,190	**160,217**
Asset held-for-sale	—	—	—	—	**—**	280,241	**280,241**
Total Assets	**661,528**	**352,889**	**319,420**	**167,604**	**1,501,441**	**326,910**	**1,828,351**
Liabilities							
Debt	243,427	29,009	68,868	244,572	**585,876**	—	**585,876**
Continuing involvement liability	—	—	91,321	—	**91,321**	—	**91,321**
Other liabilities	15,363	125,015	33,921	79,468	**253,767**	17,352	**271,119**
Total Liabilities	**258,790**	**154,024**	**194,110**	**324,040**	**930,964**	**17,352**	**948,316**
Earning Assets - Owned and Managed and Advisory							
Earning assets - owned	231,422	29,009	84,943	—	**345,374**	—	**345,374**
Earning assets - managed and advisory	1,862,001	27,766,110	2,233,162	—	**31,861,273**	—	**31,861,273**
Total Earning Assets - Owned and Managed and Advisory	**2,093,423**	**27,795,119**	**2,318,105**	**—**	**32,206,647**	**—**	**32,206,647**

Delinquencies

The contractual delinquency of finance receivables at each reporting period is as follows:

	March 31, 2020		December 31, 2019		March 31, 2019	
	$	**%**	$	%	$	%
Current	**243,499**	**99.80 %**	228,199	99.95 %	136,684	98.56 %
31-60 days past due	**188**	**0.08 %**	—	— %	931	0.67 %
61-90 days past due	**161**	**0.07 %**	—	— %	516	0.37 %
Greater than 90 days past due	**125**	**0.05 %**	115	0.05 %	556	0.40 %
Total continuing operations	**243,973**	**100.00 %**	228,314	100.00 %	138,687	100.00 %

Allowance for Credit Losses

Credit losses and provisions, as at and for each of the respective periods are as follows:

(in 000's except percentage amounts)	**Three-month period ended March 31, 2020** **$**	Year ended December 31, 2019 $	Three-month period ended March 31, 2019 $
Allowance for credit losses, beginning of period	**508**	644	644
Provision for credit losses	**119**	337	125
Charge-offs, net of recoveries, and other	**—**	(95)	—
Transfer to held-for-trading financial assets	**—**	(378)	—
Stage transfers	**—**	—	(1)
Allowance for credit losses, end of period	**627**	508	768

The Company's allowance for credit losses was $0.6 million as at March 31, 2020, compared to $0.5 million at December 31, 2019 and $0.8 million at March 31, 2019. Overall, the allowance is in-line with management's expectation of losses from the businesses and the current mix of assets.

Liquidity & Capital Resources

An important liquidity measure for the Company is its ability to maintain diversified funding sources to support its operations. The Company's primary sources of liquidity are: (i) cash flows from operating activities; (ii) the secured borrowing facilities; (iii) funding commitments from our Partners; and (iv) equity. The Company's primary use of cash is the funding of its capital allocation priorities, including funding organic growth initiatives for our new businesses, acquisition opportunities and returning capital to shareholders. The Company manages its capital resources by utilizing the financial leverage available under its senior credit facilities, selling loans that we originate to our Partners and, when additional capital is required, the Company has access to capital through the issuance of convertible debt, preferred or common shares.

As at March 31, 2020, the Company's debt to equity ratio was 0.59:1. The Company is focused on managing and preserving its liquidity through the economic crisis created by the COVID-19 pandemic. This includes utilizing the Company's senior credit facility, managing and monitoring origination levels at Service Finance and Triad Financial Services and their available Partner funding. The Service Finance and Triad Financial Services segments have commitments in place to fund their loan originations for the remainder of 2020. All of these actions are in context of the current COVID-19 pandemic as described in the risk factors on (or incorporated by reference) page 2 of this MD&A.

The Company's capitalization and key leverage ratios are as follows:

		As at		
(in 000's for stated values, except for percentage amounts)		**March 31, 2020** **$**	December 31, 2019 $	March 31, 2019 $
Total debt	**(a)**	**494,660**	430,478	585,876
Shareholders' equity	**(b)**	**843,148**	879,026	880,035
Debt to equity ratio	**(a)/(b)**	**0.59**	0.49	0.67
Goodwill and intangibles	**(c)**	**671,949**	674,098	674,026
Tangible leverage	**(a)/[(b)-(c)]**	**2.89**	2.10	2.84

The increase in total debt compared to the fourth quarter of 2019 primarily reflects the increased investments in finance assets at Service Finance and Triad Financial Services during the quarter.

DEBT AND CONTRACTUAL REPAYMENT OBLIGATIONS

The Company has significant resources available to continue funding projected growth. Finance receivables are securitized or sold to third party funding counterparties on a regular basis to ensure cash is available to fund new transactions. Cash levels are also monitored by management. In addition, the Company adheres to a strict policy of matching the maturities of owned finance assets and the related debt as closely as possible in order to manage its liquidity position.

The Company's available sources of financing are as follows:

	As at		
	March 31, 2020	December 31, 2019	March 31, 2019
(in 000's)	**$**	$	$
Cash and cash equivalents	**37,388**	51,720	97,202
Senior Facilities			
Facilities	**1,000,000**	1,000,000	1,000,000
Utilized against Facility	**507,067**	443,590	599,535
Unutilized Borrowing Facilities (i.e. excl. Cash & Equiv.)	**492,933**	556,410	400,465
Total available sources of capital, end of period	**530,321**	608,130	497,667

The Company had unutilized borrowing facilities of approximately $0.5 billion at March 31, 2020, compared to $0.6 billion at December 31, 2019. This $0.5 billion in unutilized borrowing capacity is in addition to the commitments in place to fund loan originations from our Service Finance and Triad Financial Services business segments for the remainder of 2020. Management believes the available liquidity from its cash and equivalents, unutilized borrowing capacity and the funding commitments in place at Service Finance and Triad Financial Services is sufficient to fund operations and internal growth initiatives for the remainder of 2020.

Summary of Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended as at March 31, 2020. The information should be read in conjunction with ECN Capital's audited and interim unaudited consolidated financial statements, the notes thereto and the related management discussion and analysis for the relevant periods.

Key factors that account for the fluctuation in the Company's quarterly results include the year-over-year growth in originations at the Service Finance and Triad Financial Services business segments and the seasonality of these businesses, as well as fluctuation in KG's advisory revenues from period to period. ECN acquired Service Finance on September 7, 2017, Triad Financial Services on December 29, 2017, 76% of KG on May 31, 2018, an additional 20% of KG on March 21, 2019, and the remaining 4% interest of KG on December 31, 2019.

ECN CAPITAL

(in $ 000's for stated values, except ratio and per share amounts)	**Q1, 2020**	Q4, 2019	Q3, 2019	Q2, 2019	Q1, 2019	Q4, 2018	Q3, 2018	Q2, 2018
Adjusted operating income before tax (1)	**21,018**	26,246	26,732	24,699	19,828	24,585	27,548	10,989
Amortization of intangibles	**6,453**	6,453	6,452	6,453	6,453	5,685	3,468	968
Accretion of deferred purchase consideration	**611**	1,134	2,035	1,223	1,358	819	819	2,069
Share based compensation	**3,214**	3,762	4,555	2,970	6,160	3,588	4,882	2,534
Corporate restructuring and transition costs	**—**	3,141	—	—	12,549	15,485	54	—
Purchase price premium on non-controlling interest	**—**	—	—	—	28,138	—	—	—
Business acquisition costs	**—**	2,168	—	—	—	—	—	13,143
Unrealized (gain) loss on economic currency hedge	**—**	—	—	—	(4,789)	4,289	—	—
Non-controlling interest	**—**	413	315	326	546	4,045	5,349	—
Net income (loss) before income taxes	**10,740**	9,175	13,375	13,727	(30,587)	(9,326)	12,976	(7,726)
Net income (loss) from continuing operations	**7,715**	12,104	8,203	10,856	(20,781)	(2,406)	3,347	(1,993)
Net (loss) income from discontinuing operations	**(2,692)**	(18,608)	(3,431)	(932)	(2,160)	(102,727)	(60,830)	4,642
Net income (loss) - total	**5,023**	(6,504)	4,772	9,924	(22,941)	(105,133)	(57,483)	2,649
Earnings per share (basic) - continuing operations attributable to common shareholders	**$0.02**	$0.04	$0.02	$0.04	$(0.09)	$(0.02)	$0.00	$(0.01)
Adjusted net income (1)	**16,814**	20,917	20,605	19,011	15,040	17,764	19,471	8,702
Adjusted net income per share (basic) (1)	**$0.07**	$0.09	$0.09	$0.08	$0.06	$0.06	$0.06	$0.02
Adjusted net income applicable to common shareholders per share (basic)(1)	**$0.06**	$0.08	$0.08	$0.07	$0.05	$0.05	$0.05	$0.02
Period end earning assets - owned	**362,895**	313,227	314,507	311,455	345,374	402,418	309,831	258,365
Period end earning assets - managed and advisory	**33,629,592**	33,598,354	32,617,957	32,178,949	31,861,273	31,118,671	28,774,422	28,183,311
Period end earning assets - total	**33,992,487**	33,911,581	32,932,464	32,490,404	32,206,647	31,521,089	29,084,253	28,441,676
Originations	**509,026**	541,723	639,124	598,010	419,201	463,120	508,950	505,210
Allowance for credit losses	**627**	508	461	833	768	644	4,688	4,620
Allowance for credit losses as a % of finance receivables	**0.17 %**	0.16 %	0.14 %	0.27 %	0.22 %	0.16 %	1.04 %	1.35 %
Term senior credit facility, total	**507,067**	443,590	462,667	450,500	599,535	350,000	668,232	640,578
Deferred financing costs	**(12,407)**	(13,112)	(11,341)	(12,774)	(13,659)	(14,564)	271,937	272,903
Total Debt	**494,660**	430,478	451,326	437,726	585,876	335,436	940,169	913,481
Shareholders' equity	**843,148**	879,026	884,516	887,989	880,035	1,106,977	1,252,681	1,343,746

(1) For additional information, see "Non-IFRS and Other Performance Measures" section.

Non-IFRS and Other Performance Measures

DESCRIPTION OF NON-IFRS MEASURES

The Company uses certain measures to assess our financial performance that are not generally accepted accounting principles measures under IFRS ("Non-IFRS measures"). The Company believes the non-IFRS measures described below are more reflective of our ongoing operating results and provide readers with a better understanding of the Company's operating performance through the eyes of management. Non-IFRS measures are intended to provide additional information only and do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should not be considered in isolation or as a substitute for measures of performance determined under IFRS.

The following discussion describes the non-IFRS measures we use in evaluating our operating results.

Adjusted Earnings before interest expense, taxes, depreciation and amortization ("adjusted EBITDA")

We define adjusted EBITDA as adjusted operating income before interest expense, income tax expense, depreciation and amortization. We believe adjusted EBITDA is a key measure of the Company's operating performance over the long term and is a useful measure of the Company's ability to generate cash from operations to maintain and grow its core business. Investors and analysts also use adjusted EBITDA as a measure to compare the operating performance of different businesses in the business services sector and to assess the enterprise value of a business as adjusted EBITDA eliminates the impact of financing decisions.

Adjusted operating income before tax, Adjusted net income and Adjusted net income applicable to common shareholders

Adjusted operating income before tax is net income excluding the impact of share-based compensation, separation and transition costs, business acquisition costs, loss (gain) on business disposals, impairment charges and asset valuation reserves, amortization of intangible assets acquired in business combinations, accretion of deferred purchase consideration, cumulative dividends on preferred shares, loss (income) from discontinued operations and income tax. Management believes it is appropriate to adjust for these items when evaluating the underlying performance of our business because amortization of intangible assets and share-based compensation are primarily non-cash in nature; separation and transition costs, business acquisition costs and loss (gain) on business disposals do not relate to continuing operating activities; accretion of deferred purchase consideration is considered part of the purchase price consideration for business acquisitions notwithstanding the accounting treatment which views all or a portion of the related payments, depending on how it is structured, to be an operating expense; dividends on preferred shares are a financing cost not related to operating activities; and income tax expense is managed at a corporate level and is a function of the jurisdictions in which the Company operates and not the underlying performance of our business segments.

Adjusted net income is adjusted operating income before tax less the provision for income taxes applicable to adjusted operating income before tax. Adjusted net income per share applicable to common shareholders is computed as adjusted net income less cumulative preferred share dividends.

Adjusted operating income before tax is a key operating measure used by management to assess the underlying operating performance of the Company's business segments, including the determination of amounts to be paid out pursuant to deferred purchase consideration plans and Performance Share Unit (PSU) plans. Management also uses this measure to prepare the internal budgets and forecasts that support the Company's public guidance. Adjusted net income provides a consolidated view of the Company's underlying financial performance attributable to the common shareholders. The presentation of these measures enables investors and analysts to better understand the underlying performance of our business segments.

Adjusted net income per share and Adjusted net income per share applicable to common shareholders

Adjusted net income per share is computed as adjusted net income divided by the basic weighted average number of common shares outstanding during the period. Adjusted net income per share applicable to common shareholders is computed as adjusted net income applicable to common shareholders divided by the basic weighted average number of common shares outstanding during the period.

Earning assets - owned

Earning assets - owned are the finance receivables from continuing operations held on our balance sheet.

Managed and advisory assets

Managed and advisory assets are the asset portfolios in the Company's Service Finance, Triad Financial Services and the KG segments that the Company manages, services or advises on behalf of its Partners. The Company earns either servicing, portfolio advisory or reserve income from these portfolios.

In addition, the Company utilizes the following performance measures, which are derived from amounts calculated in accordance with IFRS to assess performance:

Allowance for credit losses as a percentage of finance receivables

Allowance for credit losses as a percentage of finance receivables is the allowance for credit losses at the end of the period divided by the finance receivables (gross of the allowance for credit losses) at the end of the period.

Average debt

Average debt is calculated as the daily weighted average borrowings outstanding under all of the Company's secured borrowings facilities throughout the period.

Finance assets or total finance assets

Finance assets are the sum of the total finance receivables and the total carrying value of the equipment under operating leases.

Debt to equity ratio

Debt to equity ratio is calculated as total debt (secured borrowings) outstanding at the end of the period, divided by total shareholders' equity outstanding at the end of the period. Debt to equity refers to the use of debt to acquire/finance additional finance receivables and other assets and provides an indication of future potential ability to increase the level of debt when compared to specific industry-standard and/or existing debt covenants.

Tangible leverage ratio

The tangible leverage ratio is calculated as secured borrowings divided by the net of shareholders' equity less goodwill and intangible assets, at the period end. The tangible leverage ratio refers to the use of debt to acquire or finance additional finance receivables. Similar to the financial leverage ratios, the tangible leverage ratio provides an indication of the potential ability to increase the level of debt but based on tangible equity (excluding goodwill and intangible assets) within the Company.

RECONCILIATION OF NON-IFRS TO IFRS MEASURES

The following table provides a reconciliation of non-IFRS to IFRS measures related to the Company's consolidated continuing results of operations for three-month periods ended March 31, 2020, December 31, 2019 and March 31, 2019.

	For the three-month period ended		
	March 31, 2020	December 31, 2019	March 31, 2019
(in 000's for stated values, except percent amounts)	**$**	$	$
Reported and adjusted measures			
Net income (loss) from continuing operations	**7,715**	12,104	(20,781)
Adjustments:			
Share-based compensation	**3,214**	3,762	6,160
Amortization of intangibles	**6,453**	6,453	6,453
Accretion of deferred purchase consideration	**611**	1,134	1,358
Business acquisition costs	**—**	2,168	—
Corporate restructuring and transition costs	**—**	3,141	12,549
Purchase price premium on non-controlling interest	**—**	—	28,138
Unrealized loss on economic currency hedge	**—**	—	(4,789)
Non-controlling interest in KG	**—**	413	546
Provision (recovery) of income taxes	**3,025**	(2,929)	(9,806)
Adjusted operating income before tax and NCI	**21,018**	26,246	19,828
Non-controlling interest in KG	**—**	413	546
Adjusted operating income before tax	**21,018**	25,833	19,282
Provision for taxes applicable to adjusted operating income (1)	**4,204**	4,916	4,242
Adjusted net income	**16,814**	20,917	15,040
Cumulative preferred share dividends during the period	**2,350**	2,417	2,405
Adjusted net income attributable to common shareholders	**14,464**	18,500	12,635
Per share information			
Weighted average number of shares outstanding (basic)	**240,628**	240,302	250,289
Adjusted net income per share (basic)	**$0.07**	$0.09	$0.06
Adjusted net income applicable to common shareholders per share (basic)	**$0.06**	$0.08	$0.05
Adjusted operating income before tax comprised of:			
Service Finance	**15,046**	17,270	10,509
KG	**10,423**	10,255	13,392
Triad Financial Services	**5,568**	6,544	4,087
Corporate	**(10,019)**	(8,236)	(8,706)
	21,018	25,833	19,282

(1) Provision for taxes applicable to adjusted operating income reflects an effective tax rate of 20.0% for the three-month period ended March 31, 2020, 19.0% for the three-month period ended December 31, 2019, and 22.0% for the three-month period ended March 31, 2019.

Accounting and Internal Control Matters

Critical Accounting Policies and Estimates and Use of Judgments

The Company's significant accounting policies are described in note 2 of our 2019 Annual Consolidated Financial Statements. Certain of these policies, and related estimates and judgments have been identified as "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates. Our significant accounting judgments, estimates and assumptions relate to inventory, allowances for credit losses, income taxes, useful lives and residual values of equipment under operating leases, goodwill and intangible assets, derecognition of financial assets, and the outcome of contingencies such as lawsuits, claims or proceedings incident to the operation of our businesses. Our critical accounting policies and estimates have been reviewed and approved by our Audit Committee, in consultation with management, as part of their review and approval of our significant accounting policies, judgments, estimates and assumptions. Please refer to note 2 of our 2019 Annual Consolidated Financial Statements for a description of each of our significant accounting judgments, estimates and assumptions.

The preparation of financial statements in accordance with IFRS requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and judgments are made based on information available as at the date the interim condensed consolidated financial statements are issued.

As at March 31, 2020, due to the emergence of the novel coronavirus identified as COVID-19, we are subject to a greater degree of uncertainty in making the estimates and judgments required to apply our significant accounting policies. The ultimate impacts of COVID-19 on our business will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic, which are highly uncertain and cannot be predicted. The uncertainty of future results and cash flows may impact our estimates and judgments underlying the carrying values of our finance receivables, held-for-trading financial assets, goodwill, intangible assets and retained reserve interest asset, the adequacy of our credit loss provisions, the fair value of our assets held-for-sale and the realization of our deferred tax assets. We continue to work on the Company's forecasts, assumptions, valuation models and other analyses that support the current carrying value of these assets. Accordingly, actual results may be materially different from those recorded amounts.

The Company is involved in various lawsuits, claims and proceedings incident to the operation of its businesses. Although the outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to us, it is management's opinion that none of these will have a material adverse effect on the Company's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented.

Internal Control over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for designing disclosure controls and procedures to ensure that material information is being recorded, processed, summarized, and reported to senior management, including the certifying officers and other members of the Board of Directors, on a timely basis, so that appropriate decisions can be made regarding public disclosure. In addition, the CEO and CFO are responsible to design, or cause to be designed under their supervision, internal controls over financial reporting to a standard that provides reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

It should be noted that while the Company's CEO and CFO believe that the Company's internal control system and disclosure controls and procedures provide a reasonable level of assurance that the objectives of the control systems are met, they do not expect that the Company's control systems will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurances that any designs will succeed in achieving its stated goals under all potential conditions.

The Company has an established process in place to ensure the effectiveness of the disclosure controls and internal controls over financial reporting. During the three-month period ended March 31, 2020 there have been no significant changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Updated Share Information

The Company is currently authorized to issue (i) an unlimited number of common shares without nominal or par value and (ii) an unlimited number of preferred shares, issuable in series.

As at May 14, 2020, the Company had 242,009,683 common shares, 16,048,577 options; 4,000,000 Series A preferred shares, and 4,000,000 Series C preferred shares issued and outstanding.

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