ECN CAPITAL

Management Discussion & Analysis

MARCH 31, 2021

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, 2021 in comparison to the corresponding prior year period. This MD&A, which has been prepared as of May 12, 2021, 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, 2021 (the "interim consolidated financial statements"), which readers are encouraged to read 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, 2020 and December 31, 2019. 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 12, 2021. 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.

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Overview

ABOUT ECN

ECN Capital Corp. ("ECN Capital" or the "Company") is a leading provider of business services to North American based banks, credit unions, life insurance companies, pension funds 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 other 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 590 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. Our core investor companies are: Service Finance Company LLC ("Service Finance"), Triad Financial Services, Inc. ("Triad Financial Services") and Kessler Financial Services LLC ("KG"). ECN Capital has managed and advisory assets[1] of approximately $33.0 billion and our customers include more than 100 bank, credit union, insurance company, pension plan and investment fund partners. ECN Capital partners with these financial institutions rather than competing with them. Specifically, our Partners are the decision makers inside each institution who are looking for appropriate portfolio solutions to match customer deposits and other liabilities. We meet our customer needs by offering the following consumer portfolio solutions:

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

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 100+ Partners. In pursuit of these objectives: (i) The Company provides its portfolio companies with modest capital, extensive knowledge and scale to help grow their businesses within their large addressable markets; and (ii) The Company continuously brings new funding relationships and structures to our investor companies.

(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 25+ 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.

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.

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 helps clients grow and optimize partnership credit card portfolios and other financial products and has created over 6,000 partnerships between banks/credit card issuers and partner organizations. Through its credit card investment management platform, KG enables institutional investors to participate in credit card and consumer loan portfolios that historically moved among banks. KG currently has approximately $27 billion in managed credit card portfolios and related assets and is headquartered in Boston, Massachusetts.

Key Business Developments

Information related to the current market and business outlook and key developments in support of the Company's business strategy for the three-month period ended March 31, 2021 are outlined below.

IMPACT OF COVID-19 AND MARKET OUTLOOK

During the first quarter of 2021, the economic recovery from the COVID-19 pandemic in the U.S. has continued and is expected to strengthen over the coming quarters, supported by the continued reopening of the economy as a result of the widespread rollout of vaccines, as well as the deployment of fiscal and monetary support programs from the U.S. government. We continue to closely monitor the impacts of the COVID-19 pandemic on all aspects of our business.

CORPORATE FINANCE DEVELOPMENTS

Legacy Discontinued Operations Eliminated

The results of operations related to our Rail Finance, Aviation Finance, and Canada and U.S. Commercial and Vendor Finance businesses (the "Legacy Businesses") continue to wind down and were not material to our consolidated operating results for the three-month period ended March 31, 2021. Consequently, the results of operations of the Legacy Businesses are not reported as a separate component of our operations in this MD&A and are included in the discussion of the Corporate and Other segment for the three-month period ended March 31, 2021.

Normal Course Issuer Bids

On September 14, 2020, the TSX approved the renewal of the Company's Normal Course Issuer Bid (the "Common Share Bid") for common shares of the Company and the Company's notice of intention to commence a Normal Course Issuer Bid (the "Preferred Share Bid" and, together with the Common Share Bid, the "NCIBs") for the Company's Series A 6.50% Rate Reset Preferred Shares (the "Series A Preferred Shares") and Series C 6.25% Rate Reset Preferred Shares (the "Series C Preferred Shares") for commencement on September 17, 2020. Pursuant to the NCIBs, the Company may repurchase up to an additional 22,432,925 common shares, 399,900 Series A Preferred Shares and 399,800 Series C Preferred Shares, representing approximately 10% of the public float of each of the common shares, the Series A Preferred Shares and the Series C Preferred Shares. The NCIBs will end on the earlier of September 16, 2021 and the completion of purchases under the applicable NCIB.

During the first quarter of 2021, the Company purchased 1,120,038 common shares for a total of $7.0 million (C$8.8 million) or C$7.87 per share pursuant to the Common Share Bid. Subsequent to the end of the first quarter, the Company purchased an additional 324,000 common shares for a total of $2.1 million (C$2.6 million) or C$8.01 per share.

During the first quarter of 2021, the Company purchased 37,400 Series A Preferred Shares for a total of $0.7 million (C$0.9 million) or C$24.42 per share and 36,000 Series C Preferred Shares for a total of $0.7 million (C$0.9 million) or C$24.02 per share pursuant to the Preferred Share Bid. Subsequent to the end of the first quarter, the Company purchased an additional 11,700 Series A Preferred Shares for a total of $0.2 million (C$0.3 million) or C$24.99 per share and 12,400 Series C Preferred Shares for a total of $0.2 million (C$0.3 million) or C$24.74 per share. In total, 156,900 Series A and 287,600 Series C Preferred Shares have been purchased for cancellation as at May 12, 2021.

Capital Reinvestment

Under its NCIBs and substantial issuer bids ("SIBs"), ECN has repurchased for cancellation approximately 38% of the total common shares outstanding and approximately 6% of the total preferred shares outstanding through May 12, 2021.

The following table sets forth a summary of the Company's capital reinvestment under its common share transactions.

Capital Reinvestment - Common Shares	**Shares Retired (millions)**	**Average Price (C$)**	**Total Consideration (C$ millions)**
NCIB since inception 2017	56.1	$3.90	$219
SIB April 2018	31.9	$3.60	$115
SIB January 2019	70.7	$3.75	$265
Total common shares repurchased for cancellation	**158.7**	**$3.77**	**$599**

Common shares outstanding pre-buyback	390
Common shares outstanding as at May 12, 2021	243
% common shares repurchased to date	**~38%**

The following table sets forth a summary of the Company's capital reinvestment under its preferred share transactions.

Capital Reinvestment - Preferred Shares	**Shares Retired (millions)**	**Average Price (C$)**	**Total Consideration (C$ millions)**
Preferred shares repurchased under 2020 NCIB	0.4	$22.47	$10
Total preferred shares repurchased for cancellation	**0.4**	**$22.47**	**$10**

Preferred shares outstanding pre-buyback	8.0
Preferred shares outstanding as at May 12, 2021	7.6
% preferred shares repurchased to date	**~6%**

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Results of Operations

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		
(in 000's for stated values, except per share amounts)	**March 31, 2021** $	December 31, 2020 $	March 31, 2020 $
Select metrics			
Originations	**662,032**	727,768	509,026
Average earning assets - Owned (1)	**406,244**	398,463	338,061
Average earning assets - Managed and advisory (1)	**33,071,801**	32,646,521	33,613,973
Period end earning assets - Owned (1)	**438,462**	374,025	362,895
Period end earning assets - Managed and advisory (1)	**33,046,639**	33,096,962	33,629,592
Operating highlights:			
Portfolio origination services	**27,014**	30,256	20,193
Portfolio management services	**30,867**	35,249	29,475
Portfolio advisory services	**2,000**	2,066	3,175
Marketing services	**2,904**	1,118	1,827
Total portfolio revenue	**62,785**	68,689	54,670
Interest income	**7,479**	7,309	5,538
Other revenue	**3,753**	(3,974)	670
	74,017	72,024	60,878
Operating expenses	**38,561**	37,377	33,169
Adjusted EBITDA (1)	**35,456**	34,647	27,709
Interest expense	**6,091**	6,126	5,070
Depreciation & amortization	**2,769**	1,833	1,621
Adjusted operating income before tax	**26,596**	26,688	21,018
Adjustments:			
Share-based compensation	**6,870**	7,665	3,214
Amortization of intangibles	**8,429**	8,899	6,453
Accretion of deferred purchase consideration	**962**	4,573	611
Impairment of legacy corporate investment	**—**	13,000	—
	16,261	34,137	10,278
Net income (loss) before income taxes from continuing operations	**10,335**	(7,449)	10,740
Income tax expense (recovery)	**2,029**	(1,445)	3,025
Net income (loss) from continuing operations	**8,306**	(6,004)	7,715
Cumulative dividends on preferred shares	**2,395**	2,337	2,350
Net income (loss) from continuing operations attributable to common shareholders	**5,911**	(8,341)	5,365
Net income (loss) from discontinued operations	**—**	(21,110)	(2,692)
Net income (loss) for the period attributable to common shareholders	**5,911**	(29,451)	2,673
Weighted Average number of shares outstanding (basic)	**244,502**	244,087	240,628
Earnings (loss) per share (basic) - continuing operations attributable to common shareholders	**$0.02**	$(0.03)	0.02
Non-IFRS Measures			
Adjusted operating results:			
Adjusted EBITDA (1)	**35,456**	34,647	27,709
Adjusted operating income before tax (1)	**26,596**	26,688	21,018
Adjusted net income (1)	**22,075**	22,045	16,814
Adjusted net income applicable to common shareholders (1)	**19,680**	19,708	14,464
Adjusted net income per share (basic) (1)	**$0.09**	$0.09	$0.07
Adjusted net income applicable to common shareholders per share (basic) (1)	**$0.08**	$0.08	$0.06

(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, 2021 presented on a continuing operations basis.

Q1 2021 vs Q1 2020

The Company reported total originations of $662.0 million for the quarter ended March 31, 2021, up 30.1% compared to the $509.0 million in total originations for the prior year quarter. Current quarter originations include $479.8 million from Service Finance and $182.2 million from Triad Financial Services. Total portfolio revenue for the quarter ended March 31, 2021 increased to $62.8 million compared to $54.7 million in the prior year quarter, reflecting the growth in originations at Service Finance and Triad Financial Services and higher revenues from KG's credit card investment management platform. Total revenue for the current quarter was $74.0 million compared to $60.9 million for the prior year quarter, primarily due to higher portfolio originations services, portfolio management services and marketing services revenues, as well as higher revenue from the Corporate and Other segment.

The table below illustrates the Company's operating expenses for the three-month periods ended March 31, 2021 and March 31, 2020:

	For the three-month period ended	
(in 000's for stated values)	**March 31, 2021** **$**	March 31, 2020 $
Service Finance	**11,973**	10,200
Triad Financial Services	**10,642**	8,275
KG	**7,820**	7,240
Business segment operating expenses	**30,435**	25,715
Corporate operating expenses	**6,233**	7,454
Legacy Businesses operating expenses (1)	**1,893**	—
Total operating expenses	**38,561**	33,169

(1) For the three-month period ended March 31, 2021, the results of operations of our Legacy Businesses were not material to the Company's consolidated results and are included in the results of continuing operations as shown in the table above. For the three-month period ended March 31, 2020, the results of operations of our Legacy Businesses were separately presented as discontinued operations and are excluded from the table above.

Operating expenses were $38.6 million in the current quarter, compared to $33.2 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. Corporate operating expenses of $6.2 million are in line with our normalized run rate on a go-forward basis, as the Company has returned to normal activity levels with respect to business development, professional services and travel.

Interest expense was $6.1 million for the quarter ended March 31, 2021 compared to $5.1 million in the prior year quarter. The increase in current quarter-to-date interest expense reflects a higher average debt balance, including the issuance of C$75 million (US$57.1 million) aggregate principal amount of listed senior unsecured debentures on September 4, 2020. Depreciation expense was $2.8 million for the quarter ended March 31, 2021 compared to $1.6 million in the prior year quarter.

Other expenses, which include share-based compensation, amortization of intangible assets and other items, were $16.3 million for the quarter ended March 31, 2021 compared to $10.3 million in the prior year quarter. The increase in other expenses is primarily due to a $3.7 million increase in share-based compensation expense primarily as a result of the completion of the 2021 annual grant to corporate employees in the first quarter of 2021, compared to the 2020 grant to corporate employees which was finalized in the third quarter of 2020, and the impact of the five-year retention grants to the business unit heads in 2020. Over 50% of the share-based compensation expense in the first quarter of 2021 is attributable to our business segments, with the balance going to ECN corporate employees.

Adjusted EBITDA[1] increased to $35.5 million for the quarter ended March 31, 2021, compared to $27.7 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. Adjusted net income applicable to common shareholders[1] was $19.7 million or $0.08 per share for the quarter ended March 31, 2021, compared to $14.5 million or $0.06 per share for the prior year quarter. The increase in adjusted net income applicable to common shareholders[1] in the current quarter reflects higher operating income from the business segments, partially offset by higher interest expense.

The Company reported net income from continuing operations of $8.3 million for the quarter ended March 31, 2021 compared to net income of $7.7 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.

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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, 2021, December 31, 2020, and March 31, 2020.

	For the three-month period ended		
	March 31, 2021	December 31, 2020	March 31, 2020
(in 000's for stated values)	**$**	$	$
Select metrics			
Originations	**479,809**	530,370	375,618
Managed assets, period end (1)	**3,387,084**	3,350,645	2,659,920
Managed assets, period average (1)	**3,368,865**	3,269,913	2,582,595
Dealer advances	**52,700**	53,883	52,382
Held-for-trading financial assets	**152,443**	93,196	99,247
Operating results			
Originations revenue	**14,627**	15,108	9,957
Servicing revenue	**13,987**	18,598	14,279
Interest income & other revenue	**2,855**	2,560	1,876
Revenue	**31,469**	36,266	26,112
Operating expenses	**11,973**	13,051	10,200
Adjusted EBITDA (1)	**19,496**	23,215	15,912
Interest & depreciation expense	**1,500**	1,147	866
Adjusted operating income before tax (1)	**17,996**	22,068	15,046

(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, 2021 were $479.8 million, up 27.7% from the prior year quarter. The growth in originations reflects the strength and stability of Service Finance's business model, driven by continued growth in Service Finance's core HVAC, windows and doors, remodeling, and roofing business lines.

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, 2019	Q2, 2019	Q3, 2019	Q4, 2019	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020	Q1, 2021
290	426	468	397	376	513	640	530	480

(1) Amounts presented exclude originations of property assessed clean energy ("PACE") program loans. The PACE loan program was discontinued in the second quarter of 2019.

Originations revenue for the quarter ended March 31, 2021 was $14.6 million, up 46.9% from the prior year quarter, reflecting the growth in originations and higher margins due to mix.

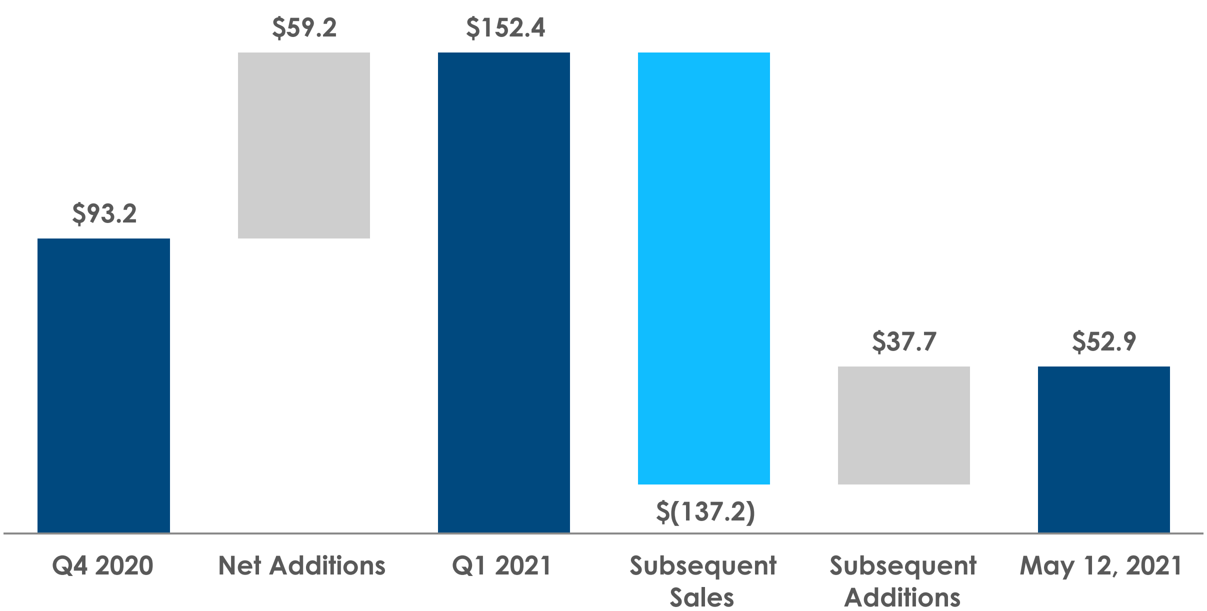
Servicing revenues of $14.0 million for the quarter ended March 31, 2021 were down 2.0% from the prior year quarter due to changes in the mix of managed assets.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $19.5 million and $18.0 million respectively, for the first quarter of 2021 compared to $15.9 million and $15.0 million, respectively, for the first quarter of 2020.

Dealer advances were $52.7 million as at March 31, 2021, compared to $53.9 million as at December 31, 2020 and $52.4 million as at March 31, 2020. 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.

Held-for-trading financial assets were $152.4 million as at March 31, 2021, compared to $93.2 million as at December 31, 2020 and $99.2 million as at March 31, 2020. Held-for-trading financial assets consist of loans that are originated on behalf of our bank partners with the intention of selling through under a portfolio sale agreement. In April 2021, Service Finance completed a portfolio sale of approximately $137.2 million. Subsequent to that transaction, pro forma held-for-trading financial assets as at May 12, 2021 are approximately $52.9 million, including the impact of pro forma additions of $37.7 million.

Held-for-Trading Financial Assets
(US$ millions)



The Company maintains its 2021 outlook for the Service Finance segment. Please see the table below.

Service Finance - Home Improvement Loans 2021 Outlook

	2021 Forecast Range	
Select Metrics (US$ millions)		
Originations	**2,500**	**2,700**
Managed and advised portfolio (period end)	**4,200**	**4,500**
Income Statement (US$ millions)		
Origination Revenue	**80**	**90**
Servicing and Other Revenue	**80**	**85**
Total Revenues	**160**	**175**
Adjusted EBITDA	**106**	**114**
Adjusted Operating Income Before Tax	**100**	**108**
Adjusted EBITDA margin	**~66%**	**~65%**

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, 2021, December 31, 2020, and March 31, 2020.

	For the three-month period ended		
	March 31, 2021	December 31, 2020	March 31, 2020
(in 000's for stated values)	**$**	$	$
Select metrics			
Originations	**182,223**	197,398	133,408
Managed assets, period end (1)	**2,731,645**	2,638,615	2,478,470
Managed assets, period average (1)	**2,685,130**	2,636,975	2,453,290
Manufactured housing loans	**126,619**	113,649	119,114
Held-for-trading financial assets	**55,375**	57,054	20,302
Operating results			
Originations revenue	**12,387**	15,148	10,236
Servicing revenue	**2,246**	2,157	1,719
Interest income & other revenue	**4,268**	4,083	3,182
Total revenue	**18,901**	21,388	15,137
Operating expenses	**10,642**	11,290	8,275
Adjusted EBITDA (1)	**8,259**	10,098	6,862
Interest and depreciation expense	**1,148**	1,204	1,294
Adjusted operating income before tax (1)	**7,111**	8,894	5,568

(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, 2021 were $182.2 million, up 36.6% from the prior year quarter. Managed assets were $2.7 billion as at March 31, 2021, an increase of 10.2% compared to managed assets of $2.5 billion as at March 31, 2020.

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, 2019	Q2, 2019	Q3, 2019	Q4, 2019	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020	Q1, 2021
118	170	171	144	133	163	202	197	182

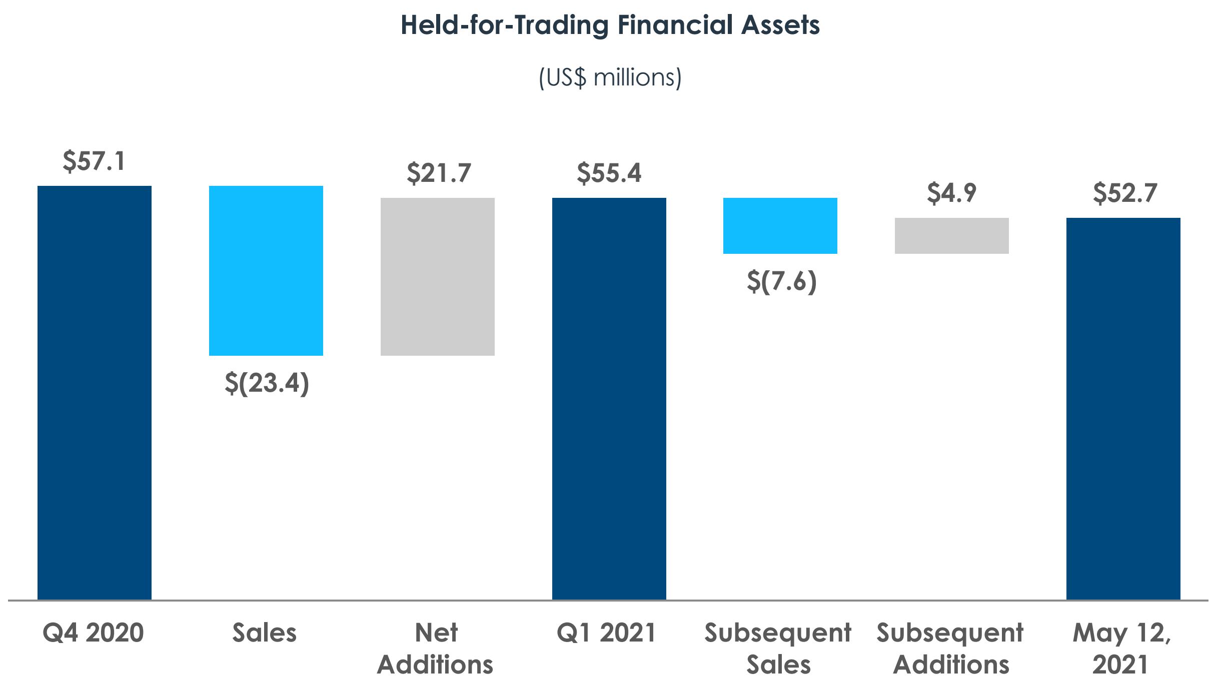
Originations revenue for the quarter ended March 31, 2021 was $12.4 million, up 21.0% from the prior year quarter.

Servicing revenues of $2.2 million for the quarter ended March 31, 2021 were up 30.7%, reflecting growth in managed assets and increasing full serviced accounts.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $8.3 million and $7.1 million, respectively, for the current quarter compared to $6.9 million and $5.6 million, respectively, for the prior year quarter.

Manufactured housing loans were $126.6 million as at March 31, 2021, compared to $113.6 million as at December 31, 2020 and $119.1 million as at March 31, 2020. Manufactured housing loans consist primarily of floorplan loans as well as a modest amount of loans committed to funding partners. 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.

Held-for-trading financial assets were $55.4 million as at March 31, 2021, compared to $57.1 million as at December 31, 2020 and $20.3 million as at March 31, 2020. Held-for-trading financial assets consist of loans that are originated on behalf of our bank partners with the intention of selling through under a portfolio sale agreement.



The Company maintains its 2021 outlook for the Triad Financial Services segment. Please see the table below.

Triad Financial Services - Secured Consumer Loan Portfolios 2021 Outlook

	2021 Forecast Range	
Select Metrics (US$ millions)		
Total Originations	950	1,150
Floorplan line utilized	120	140
Managed & advised portfolio (period end)	3,200	3,400
Income Statement (US$ millions)		
Origination Revenues	55	60
Servicing Revenues(1)	30	35
Total Revenues	85	95
Adjusted EBITDA	44	49
Adjusted Operating Income Before Tax	39	44
Adjusted EBITDA margin	~52%	~52%

(1) Servicing Revenues includes income from floorplan loans.

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, 2021, December 31, 2020, and March 31, 2020.

	For the three-month period ended		
	March 31, 2021	December 31, 2020	March 31, 2020
(in 000's for stated values)	**$**	$	$
Operating results			
Partnership services revenue	**14,634**	14,494	13,477
Marketing services revenue	**2,904**	1,118	1,827
Transaction services revenue	**2,000**	2,066	3,175
Interest income & other revenue	**203**	14	281
Revenue	**19,741**	17,692	18,760
Operating expenses	**7,820**	7,685	7,240
Adjusted EBITDA (1)	**11,921**	10,007	11,520
Interest and depreciation expense	**654**	805	1,097
Adjusted operating income before tax (1)	**11,267**	9,202	10,423

(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 and portfolios
2. **Marketing Services:** marketing services and data analytics
3. **Transaction Services:** acquisitions and divestitures of co-brand credit card portfolios/ programs

Total KG revenues for the quarter ended March 31, 2021 were $19.7 million compared to $18.8 million in the prior year quarter. Partnership services revenue increased 8.6% for the quarter, primarily due to the growth in KG's credit card investment management platform. Marketing services revenue was up to $2.9 million in the current quarter from $1.8 million in the prior year quarter, as growth in marketing programs has begun to rebound from the COVID-19 related decline in 2020. Transaction services revenue was $2.0 million in the current quarter compared to $3.2 million in the prior year quarter.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $11.9 million and $11.3 million, respectively, for the first quarter of 2021 compared to $11.5 million and $10.4 million, respectively, for the first quarter of 2020.

The Company maintains its 2021 outlook for the KG segment. Please see the table below.

KG - Consumer Credit Card Portfolios 2021 Outlook

	2021 Forecast Range	
Income Statement (US$ millions)		
Revenue	**82**	**90**
Adjusted EBITDA	**49**	**54**
Adjusted Operating Income Before Tax	**46**	**52**
Adjusted EBITDA margin	**~60%**	**~60%**

RESULTS OF CORPORATE AND OTHER SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the Corporate and Other segment for the three-month periods ended March 31, 2021, December 31, 2020, and March 31, 2020.

	For the three-month period ended		
	March 31, 2021	December 31, 2020	March 31, 2020
(in 000's for stated values)	**$**	**$**	**$**
Operating results			
Corporate			
Revenues	**2,333**	(3,322)	869
Operating expenses	**6,233**	5,351	7,454
Adjusted EBITDA - Corporate (1)	**(3,900)**	(8,673)	(6,585)
Legacy Businesses (2)			
Revenues (2)	**1,573**	—	—
Operating expenses (2)	**1,893**	—	—
Adjusted EBITDA - Legacy Businesses (1)(2)	**(320)**	—	—
Adjusted EBITDA - Corporate and Other (1)	**(4,220)**	(8,673)	(6,585)
Interest expense	**4,397**	4,128	2,788
Depreciation & amortization	**1,161**	675	646
Adjusted operating income before tax (1)	**(9,778)**	(13,476)	(10,019)

(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.

(2) For the three-month period ended March 31, 2021, the results of operations of our Legacy Businesses were not material to the Company's consolidated results and are included in the results of the Corporate and Other segment table above. For the three-month periods ended December 31, 2020 and March 31, 2020, the results of operations of our Legacy Businesses were separately presented as discontinued operations and are excluded from the table above.

Corporate and Other

Corporate revenue was $2.3 million for the quarter ended March 31, 2021, compared to $0.9 million for the prior year quarter. Revenue primarily consists of gains/losses from legacy corporate investments and gains/losses from foreign currency transactions and related hedge contracts.

Corporate operating expenses of approximately $6.2 million are in line with our normalized run rate on a go-forward basis, as the Company has returned to normal activity levels with respect to business development, professional services and travel.

Legacy businesses revenue and operating expenses were $1.6 million and $1.9 million, respectively, reflecting the impact of the continuing reduction of the legacy asset portfolio.

Interest expense was in line with the fourth quarter of 2020, reflecting comparable borrowing costs and average borrowings between the fourth quarter of 2020 and the first quarter of 2021. Average borrowings on the term senior credit facility during the first quarter of 2021 were $486.0 million compared to $528.2 million in the preceding quarter.

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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, 2021, December 31, 2020 and March 31, 2020.

	March 31, 2021						
	Service Finance	Triad Financial Services	KG	Corporate	Continuing Operations	Discontinued Operations	Total
(in 000's for stated values)	$	$	$	$	**$**	$	**$**
Assets							
Cash	15,903	9,114	8,449	1,052	**34,518**	—	**34,518**
Restricted funds	—	6,210	—	—	**6,210**	—	**6,210**
Accounts receivable	5,402	41,672	36,205	1,486	**84,765**	6,291	**91,056**
Finance assets:							
Loans receivable	52,700	126,619	51,325	—	**230,644**	—	**230,644**
Held-for-trading financial assets	152,443	55,375	—	—	**207,818**	—	**207,818**
Total finance assets	205,143	181,994	51,325	—	**438,462**	—	**438,462**
Retained reserve interest	—	29,519	—	—	**29,519**	—	**29,519**
Continuing involvement asset	—	171,863	—	—	**171,863**	—	**171,863**
Goodwill and intangible assets	382,494	63,823	225,166	1,328	**672,811**	—	**672,811**
Deferred tax assets	—	—	—	59,680	**59,680**	—	**59,680**
Other assets and investments	12,669	7,266	25,682	122,313	**167,930**	1,586	**169,516**
Assets held-for-sale	—	—	—	—	**—**	104,917	**104,917**
Total Assets	**621,611**	**511,461**	**346,827**	**185,859**	**1,665,758**	**112,794**	**1,778,552**
Liabilities							
Debt	75,159	138,657	51,325	296,579	**561,720**	—	**561,720**
Continuing involvement liability	—	171,863	—	—	**171,863**	—	**171,863**
Other liabilities	22,900	23,250	94,089	53,965	**194,204**	33,158	**227,362**
Total Liabilities	**98,059**	**333,770**	**145,414**	**350,544**	**927,787**	**33,158**	**960,945**
Earning Assets - Owned and Managed							
Earning assets - owned	205,143	181,994	51,325	—	**438,462**	—	**438,462**
Earning assets - managed and advisory	3,387,084	2,731,645	26,927,910	—	**33,046,639**	—	**33,046,639**
Total Earning Assets - Owned and Managed and Advisory	**3,592,227**	**2,913,639**	**26,979,235**	**—**	**33,485,101**	**—**	**33,485,101**

Total finance assets for continuing operations were $438.5 million at March 31, 2021 compared to $374.0 million at December 31, 2020, and $362.9 million at March 31, 2020. The increase compared to the preceding quarter primarily reflects an increase in held-for-trading financial assets at Service Finance, which was reduced subsequent to the quarter-end, and an increase in floorplan loans at Triad Financial Services.

Debt from continuing operations of $561.7 million increased by $44.5 million compared to December 31, 2020, primarily reflecting the increased investments in finance assets at Service Finance and Triad Financial Services during the quarter.

Earning assets - managed and advisory of $33.0 billion as at March 31, 2021 reflects managed loans of $3.4 billion at Service Finance, $2.7 billion in managed loans at Triad Financial Services and $26.9 billion in advisory assets at KG.

	December 31, 2020						
	Service Finance	Triad Financial Services	KG	Corporate	Continuing Operations	Discontinued Operations	Total
(in 000's for stated values)	$	$	$	$	**$**	$	**$**
Assets							
Cash	19,972	—	10,929	7,076	**37,977**	—	**37,977**
Restricted funds	—	9,226	—	—	**9,226**	—	**9,226**
Accounts receivable	4,750	44,097	18,635	1,231	**68,713**	10,066	**78,779**
Finance assets							
Loans receivable	53,883	113,649	56,243	—	**223,775**	—	**223,775**
Held-for-trading financial assets	93,196	57,054	—	—	**150,250**	—	**150,250**
Total finance assets	147,079	170,703	56,243	—	**374,025**	—	**374,025**
Retained reserve interest	—	29,390	—	—	**29,390**	—	**29,390**
Continuing involvement asset	—	164,188	—	—	**164,188**	—	**164,188**
Goodwill and intangible assets	385,488	63,905	229,458	1,433	**680,284**	—	**680,284**
Deferred tax assets	—	—	—	60,445	**60,445**	—	**60,445**
Other assets and investments	12,826	7,479	27,063	115,817	**163,185**	1,938	**165,123**
Assets held-for-sale	—	—	—	—	**—**	106,768	**106,768**
Total Assets	**570,115**	**488,988**	**342,328**	**186,002**	**1,587,433**	**118,772**	**1,706,205**
Liabilities							
Debt	41,184	137,066	56,243	282,699	**517,192**	—	**517,192**
Continuing involvement liability	—	164,188	—	—	**164,188**	—	**164,188**
Other liabilities	27,335	17,213	84,870	55,564	**184,982**	17,282	**202,264**
Total Liabilities	**68,519**	**318,467**	**141,113**	**338,263**	**866,362**	**17,282**	**883,644**
Earning Assets - Owned and Managed							
Earning assets - owned	147,079	170,703	56,243	—	**374,025**	—	**374,025**
Earning assets - managed and advisory	3,350,645	2,638,615	27,107,702	—	**33,096,962**	—	**33,096,962**
Total Earning Assets - Owned and Managed and Advisory	**3,497,724**	**2,809,318**	**27,163,945**	**—**	**33,470,987**	**—**	**33,470,987**

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	March 31, 2020						
(in 000's for stated values)	Service Finance $	Triad Financial Services $	KG $	Corporate $	Continuing Operations $	Discontinued Operations $	Total $
Assets							
Cash	5,656	—	9,836	21,896	**37,388**	—	**37,388**
Restricted funds	—	3,986	—	—	**3,986**	—	**3,986**
Accounts Receivable	5,178	27,345	38,124	1,079	**71,726**	9,245	**80,971**
Finance assets							
Loans receivable	52,382	119,114	71,850	—	**243,346**	—	**243,346**
Held-for-trading financial assets	99,247	20,302	—	—	**119,549**	—	**119,549**
Total finance assets	151,629	139,416	71,850	—	**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	64,972	241,629	1,797	**671,949**	—	**671,949**
Deferred tax assets	—	—	—	41,642	**41,642**	—	**41,642**
Other assets and investments	39,787	6,901	37,673	129,987	**214,348**	2,093	**216,441**
Asset held-for-sale	—	—	—	—	**—**	121,335	**121,335**
Total Assets	**565,801**	**408,071**	**399,112**	**196,401**	**1,569,385**	**132,673**	**1,702,058**
Liabilities							
Debt	78,684	111,205	71,850	232,921	**494,660**	—	**494,660**
Continuing involvement liability	—	139,143	—	—	**139,143**	—	**139,143**
Other liabilities	25,600	12,427	103,963	71,174	**213,164**	11,943	**225,107**
Total Liabilities	**104,284**	**262,775**	**175,813**	**304,095**	**846,967**	**11,943**	**858,910**
Earning Assets - Owned and Managed and Advisory							
Earning assets - owned	151,629	139,416	71,850	—	**362,895**	—	**362,895**
Earning assets - managed and advisory	2,659,920	2,478,470	28,491,202	—	**33,629,592**	—	**33,629,592**
Total Earning Assets - Owned and Managed and Advisory	**2,811,549**	**2,617,886**	**28,563,052**	**—**	**33,992,487**	**—**	**33,992,487**

Delinquencies

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

	March 31, 2021		December 31, 2020		March 31, 2020	
	$	**%**	$	%	$	%
Current	**231,383**	**99.93 %**	224,640	100.00 %	243,499	99.80 %
31-60 days past due	**—**	**— %**	3	— %	188	0.08 %
61-90 days past due	**—**	**— %**	—	— %	161	0.07 %
Greater than 90 days past due	**155**	**0.07 %**	—	— %	125	0.05 %
Total continuing operations	**231,538**	**100.00 %**	224,643	100.00 %	243,973	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, 2021** **$**	Year ended December 31, 2020	Three-month period ended March 31, 2020 $
Allowance for credit losses, beginning of period	**868**	508	508
Provision for credit losses	**21**	8,593	119
Charge-offs, net of recoveries, and other	**5**	(8,233)	—
Allowance for credit losses, end of period	**894**	868	627

The Company's allowance for credit losses was $0.9 million as at March 31, 2021, compared to $0.9 million at December 31, 2020 and $0.6 million at March 31, 2020. During the prior year, the Company recorded a provision of approximately $8.6 million, primarily related to dealer advances at our Service Finance segment due to the economic impacts associated with the COVID-19 pandemic. During the fourth quarter of 2020, approximately $8.2 million of the provision was charged off. The allowance for credit losses of $0.9 million as at March 31, 2021 is in line with management's expectation of losses from the business segments 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) borrowings on our term senior credit facility and proceeds from the issuance of our senior unsecured debentures; (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.

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, 2021** **$**	December 31, 2020 $	March 31, 2020 $
Total debt, including borrowings on term senior credit facility and senior unsecured debentures	**(a)**	**561,720**	517,192	494,660
Shareholders' equity	**(b)**	**817,607**	822,561	843,148
Debt to equity ratio	**(a)/(b)**	**0.69**	0.63	0.59

As at March 31, 2021, the Company's debt to equity ratio was 0.69:1. The increase in total debt compared to the fourth quarter of 2020 primarily reflects the increased investments in finance assets at Service Finance and Triad Financial Services during the quarter.

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, 2021	December 31, 2020	March 31, 2020
(in 000's)	**$**	$	$
Cash and cash equivalents	**34,518**	37,977	37,388
Senior Facilities			
Facilities	**1,000,000**	1,000,000	1,000,000
Utilized against Facility	**515,692**	473,000	507,067
Unutilized Borrowing Facilities (i.e., excl. Cash & Equiv.)	**484,308**	527,000	492,933
Total available sources of capital, end of period	**518,826**	564,977	530,321

As at March 31, 2021, the unutilized balance of the borrowing facility was approximately $0.48 billion compared to $0.53 billion at December 31, 2020 and $0.49 billion at March 31, 2020. This $0.48 billion in unutilized borrowings is in addition to the commitments in place to fund loan originations from our Service Finance and Triad Financial Services business segments for 2021. 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.

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, 2021. 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.

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(in $ 000's for stated values, except ratio and per share amounts)	**Q1, 2021**	Q4, 2020	Q3, 2020	Q2, 2020	Q1, 2020	Q4, 2019	Q3, 2019	Q2, 2019
Adjusted operating income before tax and NCI(1)	**26,596**	26,688	31,077	24,102	21,018	26,246	26,732	24,699
Amortization of intangibles	**8,429**	8,899	8,058	6,453	6,453	6,453	6,452	6,453
Accretion of deferred purchase consideration	**962**	4,573	1,207	2,416	611	1,134	2,035	1,223
Impairment of legacy corporate investment	**—**	13,000	—	—	—	—	—	—
Share based compensation	**6,870**	7,665	6,755	3,922	3,214	3,762	4,555	2,970
Corporate restructuring and transition costs	**—**	—	—	1,486	—	3,141	—	—
Provision for credit losses	**—**	—	1,300	4,400	—	—	—	—
Business acquisition costs	**—**	—	—	—	—	2,168	—	—
Non-controlling interest	**—**	—	—	—	—	413	315	326
Net income (loss) before income taxes	**10,335**	(7,449)	13,757	5,425	10,740	9,175	13,375	13,727
Net income (loss) from continuing operations	**8,306**	(6,004)	10,218	3,895	7,715	12,104	8,203	10,856
Net income (loss) from discontinuing operations	**—**	(21,110)	(2,179)	(3,384)	(2,692)	(18,608)	(3,431)	(932)
Net income (loss) - total	**8,306**	(27,114)	8,039	511	5,023	(6,504)	4,772	9,924
Earnings per share (basic) - continuing operations attributable to common shareholders	**$0.02**	($0.03)	$0.03	$0.01	$0.02	$0.04	$0.02	$0.04
Adjusted net income (1)	**22,075**	22,045	25,670	19,282	16,814	20,917	20,605	19,011
Adjusted net income per share (basic) (1)	**$0.09**	$0.09	$0.11	$0.08	$0.07	$0.09	$0.09	$0.08
Adjusted net income applicable to common shareholders per share (basic)(1)	**$0.08**	$0.08	$0.10	$0.07	$0.06	$0.08	$0.08	$0.07
Period end earning assets - owned	**438,462**	374,025	422,900	512,726	362,895	313,227	314,507	311,455
Period end earning assets - managed and advisory	**33,046,639**	33,096,962	32,196,080	33,290,926	33,629,592	33,598,354	32,617,957	32,178,949
Period end earning assets - total	**33,485,101**	33,470,987	32,618,980	33,803,652	33,992,487	33,911,581	32,932,464	32,490,404
Originations	**662,032**	727,768	841,567	676,372	509,026	541,723	639,124	598,010
Allowance for credit losses	**894**	868	6,864	5,331	627	508	461	833
Allowance for credit losses as a % of finance receivables	**0.20 %**	0.23 %	1.62 %	1.04 %	0.17 %	0.16 %	0.14 %	0.27 %
Term senior credit facility	**505,684**	462,083	506,480	672,876	494,660	430,478	451,326	437,726
Senior unsecured debentures	**56,036**	55,109	53,264	—	—	—	—	—
Total debt	**561,720**	517,192	559,744	672,876	494,660	430,478	451,326	437,726
Shareholders' equity	**817,607**	822,561	851,753	841,194	843,148	879,026	884,516	887,989

(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 operating income before tax and NCI, 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, corporate restructuring 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, provision for credit losses, and income tax. Adjusted operating income before tax and NCI is adjusted operating income before tax as defined above, excluding the impact of expense attributable to the non-controlling interest in KG. 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; corporate restructuring 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; provision for credit losses is considered to be a consequence of the impact of the COVID-19 pandemic related to Service Finance's solar business and is not indicative of the underlying performance of our business segments, unrealized loss (gain) on economic currency hedge does not represent the underlying performance of our business segments; 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; and non-controlling interest expense attributable to KG does not represent the underlying performance of our KG business segment's core business.

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.

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 the three-month periods ended March 31, 2021, December 31, 2020, and March 31, 2020.

	For the three-month period ended		
	March 31, 2021	December 31, 2020	March 31, 2020
(in 000's for stated values, except percent amounts)	**$**	**$**	**$**
Reported and adjusted measures			
Net income (loss) from continuing operations	**8,306**	(6,004)	7,715
Adjustments:			
Share-based compensation	**6,870**	7,665	3,214
Amortization of intangibles	**8,429**	8,899	6,453
Accretion of deferred purchase consideration	**962**	4,573	611
Impairment of legacy corporate investment	**—**	13,000	—
Provision for (recovery of) income taxes	**2,029**	(1,445)	3,025
Adjusted operating income before tax	**26,596**	26,688	21,018
Provision for taxes applicable to adjusted operating income (1)	**4,521**	4,643	4,204
Adjusted net income	**22,075**	22,045	16,814
Cumulative preferred share dividends during the period	**2,395**	2,337	2,350
Adjusted net income attributable to common shareholders	**19,680**	19,708	14,464
Per share information			
Weighted average number of shares outstanding (basic)	**244,502**	244,087	240,628
Adjusted net income per share (basic)	**$0.09**	$0.09	$0.07
Adjusted net income applicable to common shareholders per share (basic)	**$0.08**	$0.08	$0.06
Adjusted operating income before tax comprised of:			
Service Finance	**17,996**	22,068	15,046
Triad Financial Services	**7,111**	8,894	5,568
KG	**11,267**	9,202	10,423
Corporate and Other	**(9,778)**	(13,476)	(10,019)
	26,596	26,688	21,018

(1) Provision for taxes applicable to adjusted operating income reflects an effective tax rate of 17.0%, 17.4% and 20.0% for the three-month periods ended March 31, 2021, December 31, 2020, and March 31, 2020, respectively.

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 2020 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 2020 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 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 consolidated financial statements are issued.

As at March 31, 2021, 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 update 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.

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 12, 2021, the Company had 243,394,158 common shares, 17,113,324 options; 3,843,100 Series A preferred shares, and 3,712,400 Series C preferred shares issued and outstanding.

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