ECN CAPITAL

Management Discussion & Analysis

JUNE 30, 2019

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 and six-month periods ended June 30, 2019, in comparison to the corresponding prior year periods. This MD&A, which has been prepared as of August 7, 2019, 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 and six-month periods ended June 30, 2019 (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 audited consolidated financial statements for the two years ended December 31, 2018 and 2017 and the related MD&A. 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 August 7, 2019. 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 United States ("U.S.") based banks, credit unions and life insurance companies (collectively our "Partners"). ECN Capital originates, manages and advises on prime consumer credit portfolios 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 560 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 is an asset manager that owns a portfolio of business services providers that operate under a fee-based, asset-light model through which it originates, manages and advises on prime credit portfolios to a growing network of Partners. ECN Capital partners with these financial institutions rather than competing with them. Our core portfolio companies are: Service Finance, the Kessler Group and Triad Financial Services. ECN Capital has managed and advisory assets[1] of approximately $32 billion and our customers include more than 90 bank, credit union and insurance company 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 prime consumer portfolio solutions:

- Unsecured consumer loan portfolios - Home improvement loans
- Consumer credit card portfolios - Affinity and 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) Management has also begun the process of deepening our relationships with key Partners with a view to expanding Partner relationships to more than one solution.

The Company's portfolio 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,

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.

insurance companies, payment networks that are its customers and exclusive/preferred manufacturer and dealer arrangements that drive the Company's origination services; and proprietary intellectual capital;

- Established originator / manager / adviser of prime consumer credit portfolios 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; and
- 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 (100% owned) - Home Improvement Loans

The Service Finance segment was formed on the completion of our investment in Service Finance on September 7, 2017. Founded in 2004, Service Finance is a premier portfolio solutions platform focused on originating and managing short duration unsecured consumer loans for 15+ 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 is headquartered in Boca Raton, Florida and is licensed in all 50 States.

The Kessler Group (96% owned) - Consumer Credit Card Portfolios and Related Financial Products

The Kessler Group segment was formed on May 31, 2018 on the completion of our investment in the Kessler Group. Founded in 1978, the Kessler Group is an industry leading platform focused on managing, advising and structuring consumer credit card portfolios for 25+ Partners. The Kessler Group has created over 6,000 partnerships between banks/credit card issuers and affinity co-brand groups and currently has approximately $28 billion in managed credit card portfolios and related assets. The Kessler Group is headquartered in Boston, Massachusetts.

Triad Financial Services (100% owned) - Manufactured Home Loans

The Triad Financial Services segment was formed on December 29, 2017 in connection with the completion of our investment in Triad Financial Services. 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. with limited recourse. Originations are sourced through a decades old 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 45 States.

Key Business Developments

The Company is in the final stages of divesting its legacy assets and will continue to redeploy capital into its three scalable business services platforms. Our key developments in support of this strategy for the six-month period ended June 30, 2019 are outlined below.

M&A CORPORATE DEVELOPMENT

The Kessler Group Leadership Transition

In the first quarter, Scott Shaw transitioned to the role of Chief Executive Officer ("CEO") at the Kessler Group. In conjunction with this transition, two related events occurred:

- ECN acquired the 20% non-controlling interest held by Howard Kessler and restructured his employment contract. Mr. Kessler became Chairman Emeritus and founder, without any ongoing compensation, and will continue to support the M&A business and provide coaching and mentoring support, as required, to Mr. Shaw and others on the Kessler Group management team.

- Mr. Shaw as the new CEO, with 25 years of tenure, undertook a detailed operations review, which resulted in the elimination of eight positions which, together with the elimination of compensation payments to Mr. Kessler, will reduce compensation costs by about $5 million on an ongoing basis.

OTHER CORPORATE DEVELOPMENTS

Completion of Transition of Head Office to South Florida

In April 2019, the Company completed the relocation of its senior management team to South Florida. As part of the transition, the Board of Directors of ECN has agreed to an extension of Steven Hudson's employment arrangement through 2023, and Mr. Hudson will continue to serve as CEO through the term of the contract.

CORPORATE FINANCE DEVELOPMENTS

Substantial Issuer Bid

On January 15, 2019, the Company completed a second modified "Dutch auction" substantial issuer bid ("SIB") to purchase for cancellation up to C$265 million of its outstanding common shares ("Shares") from shareholders for cash. The Company has taken up and paid for 70,666,666 Shares at a price of C$3.75 per share for an aggregate purchase price of approximately C$265 million ($US 201.5 million) including fees and expenses.

Results of Operations

OPERATING HIGHLIGHTS FOR THE QUARTER

1. Adjusted net income[1] for the quarter ended June 30, 2019 was $19.0 million. Adjusted net income applicable to common shareholders[1] was $0.07 per share for the quarter ended June 30, 2019, exceeding our budget for the second consecutive quarter.

2. Adjusted EBITDA[1] in the second quarter of 2019 was $32.4 million, compared to $19.0 million in the second quarter of 2018. The significant increase reflects strong growth in our Service Finance and Triad Financial Services segments, the inclusion of the Kessler Group for the full second quarter of 2019 and lower corporate operating expenses.

3. Total originations for the quarter ended June 30, 2019 were $598.0 million compared to $505.2 million in the second quarter of 2018, which represents a year over year increase of 18%. The increase reflects the continued growth of the origination activity in both our Service Finance and Triad Financial Services segments. For the second half of 2019, growth in originations are trending 25%+ compared to the second half of 2018 based on the approval pipeline through the end of July.

4. Managed and advisory portfolios totaled $32.2 billion as at June 30, 2019, compared to $31.9 billion for the immediately preceding quarter and $28.2 billion in the second quarter of 2018. The increase reflects the growth across each of our business segments.

5. Our plan remains on track to divest our legacy aviation, Commercial and Vendor Finance ("C&V") and railcar assets. In the second quarter, the Company disposed of 10 aircraft for net proceeds of approximately $44 million as well as two C&V loans for proceeds of approximately $10 million. As a result, total legacy assets classified as held-for-sale are down to approximately $230 million from $334 million at December 31, 2018 and $280 million at March 31, 2019.

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 for the three-month periods ended June 30, 2019, March 31, 2019 and June 30, 2018 and the six-month periods ended June 30, 2019 and June 30, 2018 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			For the six-month period ended	
(in 000's for stated values, except percent, ratio and per share amounts)	**June 30, 2019** $	March 31, 2019 $	June 30, 2018 $	**June 30, 2019** $	June 30, 2018 $
Select metrics					
Originations	**598,010**	419,201	505,210	**1,017,211**	854,376
Average earning assets - Owned (1)	**328,415**	373,896	199,298	**353,082**	173,420
Average earning assets - Managed and advisory (1)	**32,020,111**	31,505,577	15,702,417	**31,719,631**	11,495,158
Period end earning assets - Owned	**311,455**	345,374	258,365	**311,455**	258,365
Period end earning assets - Managed and advisory	**32,178,949**	31,861,273	28,183,311	**32,178,949**	28,183,311
Operating highlights:					
Portfolio origination services	**27,227**	18,140	20,969	**45,367**	34,401
Portfolio management services	**22,055**	19,088	12,114	**41,143**	20,694
Portfolio advisory services	**7,008**	11,956	4,389	**18,964**	4,389
Total portfolio revenue	**56,290**	49,184	37,472	**105,474**	59,484
Interest income	**5,497**	6,449	2,837	**11,946**	4,317
Other revenue	**216**	985	1,225	**1,201**	3,124
	62,003	56,618	41,534	**118,621**	66,925
Operating expenses	**29,587**	29,882	22,580	**59,469**	41,477
Adjusted EBITDA (1)	**32,416**	26,736	18,954	**59,152**	25,448
Depreciation & amortization	**712**	610	589	**1,322**	1,093
Interest expense	**7,005**	6,298	7,376	**13,303**	12,755
Adjusted operating income before tax (1)	**24,699**	19,828	10,989	**44,527**	11,600
Non-operating items:					
Share-based compensation	**2,970**	6,160	2,534	**9,130**	5,868
Amortization of intangibles	**6,453**	6,453	3,037	**12,906**	6,191
Accretion of deferred purchase consideration	**1,223**	1,358	—	**2,581**	—
Separation and corporate restructure	**—**	12,549	—	**12,549**	—
Purchase price premium on non-controlling interest	**—**	28,138	—	**28,138**	—
Unrealized (gain) loss on economic currency hedge	**—**	(4,789)	—	**(4,789)**	—
Business acquisition costs	**—**	—	13,143	**—**	13,404
Non-controlling interest	**326**	546	—	**872**	—
	10,972	50,415	18,714	**61,387**	25,463
Net income (loss) before income taxes from continuing operations	**13,727**	(30,587)	(7,725)	**(16,860)**	(13,863)
Income tax expense (recovery)	**2,871**	(9,806)	(5,733)	**(6,935)**	(10,288)
Net income (loss) from continuing operations	**10,856**	(20,781)	(1,992)	**(9,925)**	(3,575)
Net (loss) income from discontinued operations	**(932)**	(2,160)	4,641	**(3,092)**	9,515
Net income (loss) for the period	**9,924**	(22,941)	2,649	**(13,017)**	5,940
Weighted Average number of shares outstanding [basic]	**239,647**	250,289	336,166	**244,937**	351,008
Earnings per share [basic] - continuing operations	**$0.04**	$(0.09)	$(0.01)	**$ (0.06)**	$ (0.02)
Non-IFRS Measures					
Adjusted operating results:					
Adjusted EBITDA (1)	**32,416**	26,736	18,954	**59,152**	25,448
Adjusted operating income before tax (1)	**24,699**	19,828	10,989	**44,527**	11,600
Non-controlling interest in the Kessler Group	**326**	546	649	**872**	649
Adjusted operating income before tax (1) - ECN share	**24,373**	19,282	10,340	**43,655**	10,951
Adjusted net income (1)	**19,011**	15,040	8,065	**34,051**	8,542
Adjusted net income applicable to common shareholders (1)	**16,622**	12,635	5,596	**29,257**	3,553
Adjusted net income per share [basic] (1)	**$0.08**	$0.06	$0.02	**$0.14**	$0.02
Adjusted net income applicable to common shareholders per share [basic] (1)	**$0.07**	$0.05	$0.02	**$0.12**	$0.01

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

The following discussion relates to the results of operations for the three and six-month periods ended June 30, 2019 presented on a continuing operations basis.

Q2 2019 vs Q1 2019

The Company reported consolidated net income of $9.9 million for the quarter ended June 30, 2019, compared to a net loss of $22.9 million for the three-month period ended March 31, 2019. The net loss for the immediately preceding quarter was primarily attributable to the purchase price premium plus associated transaction costs of $28.1 million ($20.8 million after-tax) to acquire the non-controlling interest in the Kessler Group and $12.5 million in restructuring charges.

The Company reported total originations of $598.0 million in the second quarter of 2019, compared to $419.2 million in the immediately preceding quarter. Current quarter originations include $428.3 million from Service Finance and $169.7 million from Triad Financial Services. The increase in originations compared to the first quarter of 2019 reflects the seasonality of our Service Finance and Triad Financial Services businesses.

Adjusted net income[1] and adjusted net income applicable to common shareholders per share[1] was $19.0 million or $0.07 per share for the quarter ended June 30, 2019, compared to $15.0 million or $0.05 per share for the immediately preceding quarter. Adjusted operating income before tax[1] was $24.7 million for the quarter ended June 30, 2019, compared to $19.8 million in the immediately preceding quarter. Adjusted EBITDA[1] of $32.4 million in the current quarter increased 21.2% compared to the immediately preceding quarter. The increase compared to the prior quarter primarily reflects the strong performance and seasonal nature of our Service Finance and Triad Financial Services businesses. The increase in adjusted net income, adjusted net income applicable to common shareholders, adjusted operating income before tax and adjusted EBITDA compared to the first quarter of 2019 primarily reflects the seasonal nature of our Service Finance and Triad Financial Services businesses.

Operating expenses were $29.6 million in the current quarter, compared to $29.9 million for the prior quarter. Lower operating expenses reflects a decrease in corporate operating expenses as a result of the Company's restructuring and transition to the new head office in South Florida. For 2019, we continue to expect corporate operating expense to be in the range of $19 million to $20 million.

The table below illustrates the Company's operating expenses for the second quarter of 2019 and comparative periods:

(in 000's for stated values)	**June 30, 2019**	March 31, 2019	June 30, 2018
Service Finance	**7,962**	7,477	6,536
The Kessler Group	**8,734**	10,128	3,073
Triad Financial Services	**7,964**	6,755	6,957
Business segment operating expenses	**24,660**	24,360	16,566
Corporate operating expenses	**4,927**	5,522	6,014
Total operating expenses	**29,587**	29,882	22,580

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.

Q2 AND Q2 YTD 2019 vs Q2 AND Q2 YTD 2018

The Company reported net income of $9.9 million and a net loss of $13.0 million for the three and six-month periods ended June 30, 2019, respectively, compared to net income of $2.6 million and $5.9 million for the same prior year periods. The increase in net income for the three-month period ended June 30, 2019 compared to the prior year quarter was primarily due to the growth of both our Service Finance and Triad Financial Services businesses, the inclusion of a full quarter of operating results from the Kessler Group in the second quarter of 2019 and the impact of business acquisition costs incurred during the second quarter of 2018 related to our investment in the Kessler Group. The decrease in net income for the six-month period ended June 30, 2019 compared to the prior year-to-date period was primarily attributable to the purchase price premium plus associated transactions costs to acquire the non-controlling interest in the Kessler Group and restructuring charges related to the completion of the transition of the Company's head office to South Florida, both of which occurred during the first quarter of 2019.

Total originations for the three and six-month periods ended June 30, 2019 were $598.0 million and $1,017.2 million, respectively, compared to $505.2 million and $854.4 million for the comparable prior year periods. Managed and advisory assets were $32.2 billion as at June 30, 2019, up from $28.2 billion at June 30, 2018.

Adjusted net income[1] was $19.0 million and $34.1 million for the quarter and year-to-date periods ended June 30, 2019, respectively, compared to $8.1 million and $8.5 million for the comparable prior year periods. Adjusted EBITDA[1] of $32.4 million and $59.2 million for the three and six-month periods ended June 30, 2019 increased from $19.0 million and $25.4 million for the same prior year periods. The increases compared to the prior year reflect the strong growth in both Service Finance and Triad Financial Services and the inclusion of the Kessler Group operating results.

Operating expenses were $29.6 million and $59.5 million for the three and six-month periods ended June 30, 2019, respectively, up from $22.6 million and $41.5 million for the same prior year periods. The increase in operating expenses compared to the prior year is due to growth in Service Finance and Triad Financial Services and the inclusion of the Kessler Group results, partially offset by lower corporate operating expenses as a result of the completion of the Company's restructuring and transition to the new head office in South Florida.

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

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 June 30, 2019, March 31, 2019, and June 30, 2018 and the six-month periods ended June 30, 2019 and June 30, 2018.

	For the three-month period ended			For the six-month period ended	
(in 000's for stated values, except percent amounts)	**June 30, 2019** **$**	March 31, 2019 $	June 30, 2018 $	**June 30, 2019** **$**	June 30, 2018 $
Select metrics					
Originations	**428,321**	301,510	355,369	**729,831**	597,069
Managed assets, period end	**2,049,581**	1,862,001	1,419,064	**2,049,581**	1,419,064
Managed assets, period average	**1,955,791**	1,820,581	1,327,903	**1,893,319**	1,258,308
Dealer advances	**43,358**	23,967	128,552	**43,358**	128,552
Held-for-trading financial assets	**112,597**	207,455	—	**112,597**	—
Operating results					
Revenue	**25,204**	19,758	20,559	**44,962**	35,318
Operating expenses	**7,962**	7,477	6,536	**15,439**	12,488
Adjusted EBITDA (1)	**17,242**	12,281	14,023	**29,523**	22,830
Interest & depreciation expense	**1,373**	1,772	831	**3,145**	1,274
Adjusted operating income before tax (1)	**15,869**	10,509	13,192	**26,378**	21,556

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

Service Finance - Home Improvement Loans

In the second quarter, Service Finance generated approximately $426 million in originations, excluding PACE loans, which represents an increase of approximately 27% compared to the same quarter in 2018 and an increase of 47% from the first quarter of 2019.

Historically, originations have followed a seasonal pattern. This is illustrated in the table below which shows originations for each of the most recent quarters:

Originations (US$ millions)[2]								
Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018	Q1, 2019	Q2, 2019
221	249	208	222	336	346	307	290	426

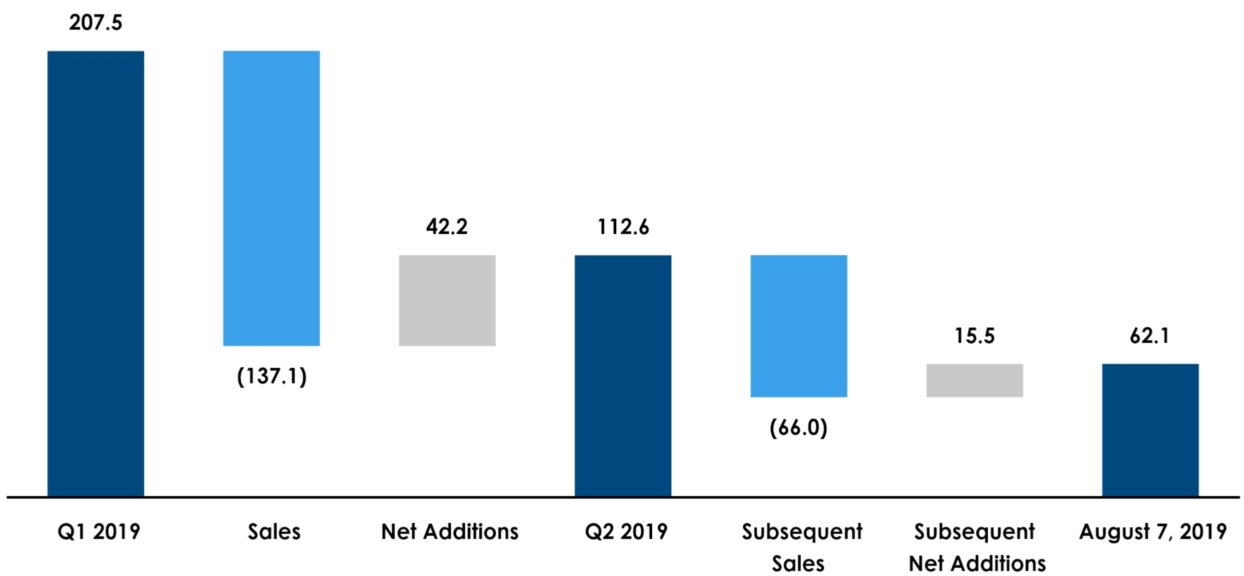
(2) Includes results from periods prior to the Company's acquisition of Service Finance on September 7, 2017. Amounts presented exclude originations of PACE loans.

Adjusted EBITDA and adjusted operating income before tax were $17.2 million and $15.9 million respectively, compared to $14.0 million and $13.2 million, respectively, for the second quarter of 2018 and $12.3 million and $10.5 million, respectively, for the first quarter of 2019. Adjusted EBITDA margins increased to 68.4% in the second quarter of 2019, compared to 62.2% in the first quarter of 2019, primarily due to the increase in originations.

Dealer advances as at June 30, 2019 were $43.4 million compared to $24.0 million at the end of the preceding quarter. 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 was driven by the entering into new exclusive arrangements with additional top dealers in the quarter.

Held-for-trading assets consist of loans that we originate on behalf of our bank partners with the intention of selling through under a portfolio sales agreement. In the second quarter of 2019, Service Finance successfully reduced assets by $137.1 million via sales and principal repayments of solar and PACE loan portfolios. Subsequent to quarter-end, Service Finance sold an additional $66.0 million in loans including $51 million of new complimentary flow loans that we began originating in early 2019 at the request of a bank partner. These complimentary 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 originate and sell these loans through to our bank partners under ongoing portfolio sales agreements. As at August 7, 2019, our held-for-trading assets are approximately $62 million after the closing of the additional loan sales in the third quarter and net of new additions subsequent to quarter-end.

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



Service Finance is well positioned to continue growing in 2019. The Company maintains its 2019 outlook of $1.6 billion to $1.8 billion in originations and $62 million to $66 million in adjusted operating income before tax. Please see the table below for the Company's 2019 outlook for the Service Finance segment.

Service Finance - Home Improvement Loans 2019 Outlook

	2019 Forecast Range	
Select Metrics (US$ millions)		
Originations	**1,600**	**1,800**
Managed and advised portfolio (period end)	**2,500**	**2,700**
Income Statement (US$ millions)		
Revenue	**96**	**101**
Adjusted EBITDA	**66**	**70**
Adjusted Operating Income Before Tax	**62**	**66**
Adjusted EBITDA margin	**~69%**	**~69%**

RESULTS OF THE KESSLER GROUP - CONSUMER CREDIT CARD PORTFOLIOS

The following table sets forth a summary of the Company's select metrics and results from the Kessler Group segment, for the three-month periods ended June 30, 2019 and March 31, 2019, the one-month period ended June 30, 2018, and the six-month period ended June 30, 2019.

	For the three-month period ended		For the one-month period ended	For the six-month period ended
	June 30, 2019	March 31, 2019	June 30, 2018	**June 30, 2019**
(in 000's for stated values, except percent amounts)	**$**	$	$	**$**
Operating results				
Revenue	**19,957**	24,562	5,666	**44,519**
Operating expenses	**8,734**	10,128	3,073	**18,862**
Adjusted EBITDA (1)	**11,223**	14,434	2,593	**25,657**
Interest and depreciation expense	**669**	496	73	**1,165**
Adjusted operating income before tax (1) - 100% basis	**10,554**	13,938	2,520	**24,492**
Non-controlling interest in the Kessler Group	**326**	546	649	**872**
Adjusted operating income before tax (1) - ECN Share	**10,228**	13,392	1,871	**23,620**

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

The Kessler Group - Consumer Credit Card Portfolios Segment

For the current quarter, Adjusted EBITDA was $11.2 million and adjusted operating income before tax was $10.6 million, compared to $14.4 million and $13.9 million, respectively, for the prior quarter. In the second quarter, strategic advisory and risk-based marketing continued to perform in line with our expectations. Collectively, they represented 67% of the Kessler Group revenues in the second quarter and 80% year to date. Portfolio advisory, the Kessler Group's transactional segment, represented 33% of revenues in the second quarter and 20% year to date. In the second quarter, Kessler earned an advisory fee related to its expanded mandate with a key partner associated with the divestiture of a non-core affinity credit card portfolio. Kessler has now been awarded several mandates and expects further fee opportunities in coming quarters. Kessler has a strong pipeline across business segments for the remainder of 2019.

For the past 30 years, the Kessler Group has advised on the sale of over $100 billion of credit card portfolios. In the past 12 months, the Kessler Group has seen a material increase in portfolios for sale. At the same time, the Kessler Group has been approached by institutional investors to participate in these portfolios. The Kessler Group has been active in exploring a business platform where it would act as the originator and asset manager of these portfolios on behalf of institutional investors with a similar business model as our other two businesses.

In order to advance this opportunity, the Kessler Group, in conjunction with 4 institutional investors and lenders, has originated, syndicated and advised on 3 credit card portfolio transactions totaling $0.6 billion[1]. The Kessler Group has retained a very modest co-investment piece (~10% of the $0.6 billion). Initial performance has exceeded expectations. Our co-investment portion on a go-forward basis will continue to be modest [~5-10% of portfolio transactions] and our balance sheet exposure is expected to remain modest.

1. The credit card issuer retains ownership and servicing rights for all customer accounts. Consequently, ECN and its syndicate partners assume no regulatory responsibilities and have no access to or responsibility for maintaining the confidential information for individual credit card account holders.

The Kessler Group - Consumer Credit Card Portfolios 2019 Outlook

Please see the table below for the Company's 2019 outlook for the Kessler Group segment. As a result of the cost reductions and ECN's buyout of the 20% non-controlling interest, we continue to expect adjusted operating income before tax to be in the range of $44 million to $48 million and ECN's share is expected to be in the range of $42 million to $46 million.

	2019 Forecast Range	
Income Statement (US$ millions)		
Revenue	**86**	**90**
Adjusted EBITDA	**46**	**49**
Adjusted Operating Income Before Tax (100%)	**44**	**48**
Adjusted Operating Income Before Tax (ECN share)	**42**	**46**
Adjusted EBITDA margin	**~53%**	**~54%**

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 June 30, 2019, March 31, 2019 and June 30, 2018 and the six-month periods ended June 30, 2019 and June 30, 2018.

	For the three-month period ended			For the six-month period ended	
(in 000's for stated values, except percent amounts)	**June 30, 2019** **$**	March 31, 2019 $	June 30, 2018 $	**June 30, 2019** **$**	**June 30, 2018** $
Select metrics					
Originations	**169,689**	117,691	149,841	**287,380**	243,859
Managed assets, period end	**2,288,214**	2,233,162	2,074,247	**2,288,214**	2,074,247
Managed assets, period average	**2,260,688**	2,209,553	2,042,442	**2,228,965**	2,011,800
Manufactured housing loans	**94,933**	84,943	64,599	**94,933**	64,599
Operating results					
Revenue	**16,308**	11,634	13,695	**27,942**	22,150
Operating expenses	**7,964**	6,755	6,957	**14,719**	12,898
Adjusted EBITDA (1)	**8,344**	4,879	6,738	**13,223**	9,252
Interest and depreciation expense	**862**	792	421	**1,654**	563
Adjusted operating income before tax (1)	**7,482**	4,087	6,317	**11,569**	8,689

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

Triad Financial Services - Secured Consumer Loan Portfolios Segment

Total originations in the second quarter of 2019 of $169.7 million represent an increase of 13% compared to the same quarter in 2018 and an increase of 44% from the immediately preceding quarter. The origination results reflect the strong underlying fundamentals of the manufactured housing industry.

Traditionally, this business is impacted by seasonality. This is illustrated in the table below which shows originations for each of the most recent quarters:

Originations (US$ millions)[2]								
Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018	Q2, 2018	Q3, 2018	Q4, 2018	Q1, 2019	Q2, 2019
126	129	119	94	150	147	135	118	170

(2) Includes results from periods prior to the Company's acquisition of Triad Financial Services on December 29, 2017.

Adjusted EBITDA and adjusted operating income before tax were $8.3 million and $7.5 million in the first quarter of 2019 compared to $4.9 million and $4.1 million in the prior quarter and $6.7 million and $6.3 million, respectively for the first quarter of 2018. The increase in adjusted EBITDA reflects the strong performance as well as the seasonal nature of the business.

Manufactured housing loans consist primarily of floorplan loans that are made to key dealers. These loans enable the dealers to finance their inventory and support the growth of their businesses. These loans strengthen the relationship with our key dealers and manufacturers.

The Company expects Triad Financial Services to provide consistent earnings contributions with the floorplan initiatives leading to increased core market share, and new originations through increasing shipment rates in the manufactured housing industry. Please see the table below for the Company's 2019 outlook for the Triad Financial Services segment.

Triad Financial Services - Secured Consumer Loan Portfolios 2019 Outlook

	2019 Forecast Range	
Select Metrics (US$ millions)		
Total Originations	**600**	**620**
Floorplan line utilized	**100**	**110**
Managed & advised portfolio (period end)	**2,500**	**2,600**
Income Statement (US$ millions)		
Revenue	**55**	**60**
Adjusted EBITDA	**26**	**30**
Adjusted Operating Income Before Tax	**22**	**25**
Adjusted EBITDA margin	**~47%**	**~50%**

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 June 30, 2019, March 31, 2019 and June 30, 2018 and the six-month periods ended June 30, 2019 and June 30, 2018.

	For the three-month period ended			For the six-month period ended	
(in 000's for stated values, except percent amounts)	**June 30, 2019** **$**	March 31, 2019 **$**	June 30, 2018 **$**	**June 30, 2019** **$**	June 30, 2018 **$**
Operating results					
Revenues	**534**	664	1,614	**1,198**	3,791
Operating expenses	**4,927**	5,522	6,014	**10,449**	13,018
Adjusted EBITDA (1)	**(4,393)**	(4,858)	(4,400)	**(9,251)**	(9,227)
Depreciation & amortization	**402**	245	329	**647**	663
Interest expense	**4,411**	3,603	6,311	**8,014**	11,275
Adjusted operating income before tax (1)	**(9,206)**	(8,706)	(11,040)	**(17,912)**	(21,165)

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

Corporate

Revenue was $0.5 million for the quarter compared to $0.7 million for first quarter of 2019. Revenue primarily consists of income from legacy corporate investments and the decrease in the quarter reflects the continuing wind-down of this portfolio.

Operating costs decreased compared to the prior quarter due to the corporate cost reduction initiatives that began to take effect in the first quarter of 2019 and the completion of the Company's senior leadership relocation to its South Florida corporate office. Interest expense increased compared to the first quarter of 2019 as a result of a higher average debt balance during the second quarter of $527.2 million compared to $449.8 million in the preceding quarter.

Financial Position

The following tables set forth a summary of the Company's balance sheet, including a breakdown by core business segment, as at June 30, 2019, March 31, 2019 and June 30, 2018.

	June 30, 2019						
(in 000's for stated values, except percentage amounts)	Service Finance $	The Kessler Group $	Triad Financial Services $	Corporate $	Continuing Operations $	Discontinued Operations $	Total $
Assets							
Finance assets							
Loans receivable	43,358	60,567	94,933	—	**198,858**	—	**198,858**
Held-for-trading financial assets	112,597	—	—	—	**112,597**	—	**112,597**
Total finance assets	155,955	60,567	94,933	—	**311,455**	—	**311,455**
Retained reserve interest	—	—	22,941	—	**22,941**	—	**22,941**
Goodwill and intangible assets	356,379	244,724	65,398	1,515	**668,016**	—	**668,016**
Deferred tax assets	—	—	—	44,155	**44,155**	—	**44,155**
Other assets and investments	54,357	82,211	65,921	114,922	**317,411**	12,758	**330,169**
Asset held-for-sale	—	—	—	—	**—**	230,191	**230,191**
Total Assets	**566,691**	**387,502**	**249,193**	**160,592**	**1,363,978**	**242,949**	**1,606,927**
Liabilities							
Debt	124,285	60,567	80,499	172,375	**437,726**	—	**437,726**
Other liabilities	23,520	124,880	37,968	83,524	**269,892**	11,320	**281,212**
Total Liabilities	**147,805**	**185,447**	**118,467**	**255,899**	**707,618**	**11,320**	**718,938**
Earning Assets - Owned and Managed							
Earning assets - owned	155,955	60,567	94,933	—	**311,455**	—	**311,455**
Earning assets - managed and advisory	2,049,581	27,841,154	2,283,618	—	**32,174,353**	—	**32,174,353**
Total Earning Assets - Owned and Managed and Advisory	**2,205,536**	**27,901,721**	**2,378,551**	**—**	**32,485,808**	**—**	**32,485,808**

Total finance assets for continuing operations were $311.5 million on June 30, 2019 compared to $345.4 million at March 31, 2019, and $258.4 million at June 30, 2018. The decrease compared to the preceding quarter primarily reflects the sale of loan portfolios at Service Finance that are classified as held-for-trading, partially offset by the growth in floorplan loans at Triad Financial Services and a new credit card investment by the Kessler Group.

Earning assets - managed and advisory of $32.2 billion as at June 30, 2019 reflects managed loans of $2.0 billion at Service Finance, $2.3 billion in managed loans at Triad Financial Services and $27.8 billion in advisory assets at the Kessler Group.

Debt from continuing operations of $437.7 million decreased by $148 million compared to March 31, 2019, reflecting repayments during the period from the proceeds of loan portfolio sales by Service Finance as well as proceeds from the disposition of legacy aviation and C&V assets.

(in 000's for stated values, except percentage amounts)	Service Finance $	The Kessler Group $	Triad Financial Services $	Corporate $	Continuing Operations $	Discontinued Operations $	Total $
	March 31, 2019						
Assets							
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**
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	72,422	74,922	54,806	146,681	**348,831**	19,569	**368,400**
Asset held-for-sale	—	—	—		**—**	280,241	**280,241**
Total Assets	**661,528**	**352,889**	**228,099**	**194,704**	**1,437,220**	**299,810**	**1,737,030**
Liabilities							
Debt	243,427	29,009	68,868	244,572	**585,876**	—	**585,876**
Other liabilities	15,363	125,015	33,921	79,468	**253,767**	17,352	**271,119**
Total Liabilities	**258,790**	**154,024**	**102,789**	**324,040**	**839,643**	**17,352**	**856,995**
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**

(in 000's for stated values, except percentage amounts)	Service Finance $	The Kessler Group $	Triad Financial Services $	Corporate $	Continuing Operations $	Discontinued Operations $	Total $
				June 30, 2018			
Assets							
Finance assets							
Finance receivables	128,552	47,465	64,599	17,749	**258,365**	175,376	**433,741**
Equipment under operating leases	—	—	—	—	**—**	878,387	**878,387**
Total finance assets	128,552	47,465	64,599	17,749	**258,365**	1,053,763	**1,312,128**
Retained reserve interest	—	—	19,837	—	**19,837**	—	**19,837**
Goodwill and intangible assets	353,893	245,490	66,455	125	**665,963**	—	**665,963**
Deferred tax assets	—	—	—	20,944	**20,944**	—	**20,944**
Other assets and investments	56,543	80,077	51,222	140,233	**328,075**	123,327	**451,402**
Asset held-for-sale	—	—	—	7,446	**7,446**	—	**7,446**
Total Assets	**538,988**	**373,032**	**202,113**	**186,497**	**1,300,630**	**1,177,090**	**2,477,720**
Liabilities							
Debt	152,446	47,465	68,221	359,144	**627,276**	286,205	**913,481**
Other liabilities	1,656	100,046	21,619	89,307	**212,628**	7,865	**220,493**
Total Liabilities	**154,102**	**147,511**	**89,840**	**448,451**	**839,904**	**294,070**	**1,133,974**
Earning Assets - Owned and Managed							
Earning assets - owned	128,552	47,465	64,599	17,749	**258,365**	1,053,763	**1,312,128**
Earning assets - managed and advisory	1,419,064	24,690,000	2,074,247	—	**28,183,311**	—	**28,183,311**
Total Earning Assets - Owned and Managed and Advisory	**1,547,616**	**24,737,465**	**2,138,846**	**17,749**	**28,441,676**	**1,053,763**	**29,495,439**

Book Value per Share

	Book value per share (US$)
September 30, 2016	$3.37
December 31, 2016	$3.35
March 31, 2017	$3.57
June 30, 2017	$3.63
September 30, 2017	$3.62
December 31, 2017	$3.56
March 31, 2018	$3.58
June 30, 2018	$3.63
September 30, 2018	$3.47
December 31, 2018	$3.14
March 31, 2019	$3.07
June 30, 2019	**$3.10**

Delinquencies

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

	June 30, 2019		March 31, 2019		June 30, 2018	
	$	**%**	$	%	$	%
Current	**198,714**	**99.50%**	136,684	98.56%	428,917	99.83%
31-60 days past due	**415**	**0.21%**	931	0.67%	106	0.03%
61-90 days past due	**171**	**0.09%**	516	0.37%	617	0.14%
Greater than 90 days past due	**391**	**0.20%**	556	0.40%	—	—%
Total continuing operations	**199,691**	**100.00%**	138,687	100.00%	429,640	100.00%

Allowance for Credit Losses

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

	Three-month period ended June 30, 2019	Three-month period ended March 31, 2019
(in 000's except percentage amounts)	**$**	$
Allowance for credit losses, beginning of period	**768**	644
Provision for credit losses	**65**	125
Charge-offs, net of recoveries, and other	**—**	(1)
Allowance for credit losses, end of period	**833**	768

The Company's allowance for credit losses was $0.8 million as at June 30, 2019, which is consistent when compared to the $0.8 million reported at March 31, 2019. Overall, the allowance is in-line with management's expectation of losses from the business 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 term funding and revolving 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 Service Finance and Triad Financial Services segments have commitments in place to fund their total anticipated loan originations for the next 12 months.

As at June 30, 2019, the Company's debt to equity ratio was 0.49:1. The Company views its low financial leverage as a key indicator of the strength of the Company's financial position and the Company's ability to fund future growth opportunities.

The Company's capitalization for continuing operations is calculated as follows:

		As at		
(in 000's for stated values, except for percentage amounts)		**June 30, 2019** **$**	March 31, 2019 $	June 30, 2018 $
Total debt	**(a)**	**437,726**	585,876	913,481
Shareholders' equity	**(b)**	**887,989**	880,035	1,343,746
Debt to equity ratio	**(a)/(b)**	**0.49**	0.67	0.68
Goodwill and Intangibles	**(c)**	**668,016**	674,026	665,963
Tangible leverage	**(a)/[(b)-(c)]**	**1.99**	2.84	1.35

The decrease in total debt compared to the first quarter of 2019 is primarily due to repayments during the period from the proceeds of loan portfolio sales by Service Finance as well as proceeds from the disposition of legacy aviation and C&V assets.

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		
	June 30, 2019	March 31, 2019	June 30, 2018
(in 000's)	**$**	$	$
Cash and cash equivalents	**29,518**	97,202	51,619
Senior Facilities			
Facilities	**1,000,000**	1,000,000	2,200,000
Utilized against Facility; Continuing operations	**450,500**	599,535	640,578
	549,500	400,465	1,559,422
Public Asset-Backed Securities			
Facilities	**—**	—	287,121
Utilized against Facility	**—**	—	287,121
	—	—	—
Total available sources of capital, end of period	**579,018**	497,667	1,611,041
Unutilized Borrowing Facilities (i.e. excl. Cash & Equiv.)	**549,500**	400,465	1,559,422

The Company had available liquidity of approximately $0.6 billion at June 30, 2019, which was consistent with $0.5 billion at March 31, 2019. Management believes that the available liquidity of $0.6 billion is sufficient to fund operations and growth in 2019. This $0.6 billion in liquidity is in addition to the commitments in place to fund loan originations from our Service Finance and Triad Financial Services business segments.

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 June 30, 2019. 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 the Kessler Group's advisory revenues from period to period. ECN acquired Service Finance on September 7, 2017, Triad Financial Services on December 29, 2017, 76% of the Kessler Group on May 31, 2018 and an additional 20% of the Kessler Group on March 21, 2019.

(in $ 000's for stated values, except ratio and per share amounts)	**Q2, 2019**	Q1, 2019	Q4, 2018	Q3, 2018	Q2, 2018	Q1, 2018	Q4, 2017	Q3, 2017
Adjusted operating income before tax (1)	**24,699**	19,828	24,585	27,548	10,989	611	1,311	(5,205)
Amortization of intangibles	**6,453**	6,453	6,504	4,287	3,037	3,154	2,615	—
Accretion of deferred purchase consideration	**1,223**	1,358	—	—	—	—	—	—
Share based compensation	**2,970**	6,160	3,588	4,882	2,534	3,334	4,251	1,039
Separation and reorganization costs	**—**	12,549	15,485	54	—	—	5,113	—
Purchase price premium on non-controlling interest	**—**	28,138	—	—	—	—	—	—
Business acquisition costs	**—**	—	—	—	13,143	261	2,350	14,940
Unrealized loss on economic currency hedge	**—**	(4,789)	4,289	—	—	—	—	—
Non-controlling interest	**326**	546	4,045	5,349	—	—	—	—
Net income / (loss) before income taxes	**13,727**	(30,587)	(9,326)	12,976	(7,726)	(6,138)	(13,018)	(21,184)
Net income, continuing operations	**10,856**	(20,781)	(2,406)	3,347	(1,993)	(1,583)	(1,573)	(2,561)
Net income, discontinuing operations	**(932)**	(2,160)	(102,727)	(60,830)	4,642	4,874	(6,681)	(38,088)
Net income / (loss) - total	**9,924**	(22,941)	(105,133)	(57,483)	2,649	3,291	(8,254)	(40,649)
Net earnings per share, basic, continuing operations	**$0.04**	$(0.09)	$(0.02)	$0.00	$(0.01)	$(0.01)	$(0.01)	$(0.01)
Adjusted net income	**19,011**	15,040	17,764	19,471	8,702	499	2,184	(3,981)
Adjusted net income, per share (basic)	**$0.08**	$0.06	$0.06	$0.06	$0.02	$0.00	$0.01	$(0.01)
Adjusted net income applicable to common shareholders per share (basic)	**$0.07**	$0.05	$0.05	$0.05	$0.02	$(0.01)	$0.00	$(0.02)
Earning Assets - owned	**311,455**	345,374	402,418	309,831	258,365	140,231	121,666	—
Earning Assets - managed and advisory	**32,178,949**	31,861,273	31,118,671	28,774,422	28,183,311	3,221,523	3,080,639	1,022,854
Earning assets - total	**32,490,404**	32,206,647	31,521,089	29,084,253	28,441,676	3,361,754	3,202,305	1,022,854
Loan and lease originations, continuing operations	**598,010**	419,201	463,120	508,950	505,210	335,718	213,360	49,021
Allowance for credit losses	**833**	768	644	4,688	4,620	9,163	2,160	5,207
As a % of finance receivables	**0.27%**	0.22%	0.16%	1.04%	1.35%	2.86%	0.55%	0.44%
Term senior credit facility, total	**450,500**	599,535	350,000	668,232	640,578	267,888	444,681	284,012
Deferred financing costs	**(12,774)**	(13,659)	(14,564)	271,937	272,903	275,833	697,693	735,344
Total Debt	**437,726**	585,876	335,436	940,169	913,481	543,721	1,142,374	1,019,356
Shareholders' Equity / Owners' Net Investment, total	**887,989**	880,035	1,106,977	1,252,681	1,343,746	1,441,614	1,498,392	1,537,232
Book value per share (excluding pref. shares), total	**$ 3.10**	$ 3.07	$ 3.14	$ 3.47	$ 3.63	$ 3.58	$ 3.56	$ 3.62

(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 net 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 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 reorganization costs, business acquisition costs, loss (gain) on business disposals, impairment charges and asset valuation reserves, amortization of intangible assets acquired in business combinations, 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 reorganization costs, business acquisition costs and loss (gain) on business disposals do not relate to continuing operating activities; 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 Kessler Group 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.

Average equipment under operating leases
Average equipment under operating leases is the daily weighted average equipment under operating leases outstanding during the period and is calculated net of accumulated depreciation.

Average finance receivables
Average finance receivables is the daily weighted average finance receivables net investment balance [gross investment less unearned income] outstanding during the period.

Cost of debt
Average cost of borrowing is equal to interest expense divided by the average debt outstanding during the period and is presented on an annualized basis. The average cost of borrowing provides an indication of the average interest rate that the Company pays on debt financing.

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.

Financial leverage or financial leverage ratio
Financial leverage or financial leverage 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. Financial leverage refers to the use of debt to acquire/finance additional finance receivables 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.

Syndication and other income
Syndication and other income consist of syndication fees, capital advisory fees, and other income including gains/losses on foreign exchange.

Provision for credit loss as a percentage of average finance receivables
The provision for credit loss as a percentage of average finance receivables is the provision for credit losses during the period as recorded on the statements of operations divided by the average finance receivables outstanding throughout the period, presented on an annualized basis.

Tangible leverage ratio
The tangible leverage ratio has been computed 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 June 30, 2019, March 31, 2019 and June 30, 2018.

	For the three-month period ended			For the six-month period ended	
	June 30, 2019	March 31, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
(in 000's for stated values, except percent amounts)	**$**	$	$	**$**	$
Reported and adjusted measures					
Net (loss) income from continuing operations	**10,856**	(20,781)	(1,992)	**(9,925)**	(3,575)
Adjustments:					
Share-based compensation	**2,970**	6,160	2,534	**9,130**	5,868
Amortization of intangibles	**6,453**	6,453	3,037	**12,906**	6,191
Accretion of deferred purchase consideration	**1,223**	1,358	—	**2,581**	—
Business acquisition costs	**—**	—	13,143	**—**	13,404
Separation and reorganization costs	**—**	12,549	—	**12,549**	—
Purchase price premium on non-controlling interest	**—**	28,138	—	**28,138**	—
Unrealized loss on economic currency hedge	**—**	(4,789)	—	**(4,789)**	—
Non-controlling interest in the Kessler Group	**326**	546	—	**872**	—
Provision (recovery)of income taxes	**2,871**	(9,806)	(5,733)	**(6,935)**	(10,288)
Adjusted operating income before tax	**24,699**	19,828	10,989	**44,527**	11,600
Non-controlling interest in the Kessler Group	**326**	546	649	**872**	649
Adjusted operating income before tax - ECN share	**24,373**	19,282	10,340	**43,655**	10,951
Provision for taxes applicable to adjusted operating income (1)	**5,362**	4,242	2,275	**9,604**	2,409
Adjusted net income	**19,011**	15,040	8,065	**34,051**	8,542
Cumulative preferred share dividends during the period	**2,389**	2,405	2,469	**4,794**	4,989
Adjusted net income attributable to common shareholders	**16,622**	12,635	5,596	**29,257**	3,553
Per share information					
Weighted Average number of shares outstanding [basic]	**239,647**	250,289	336,166	**244,937**	351,008
Adjusted net income per share [basic]	**$0.08**	$0.06	$0.02	**$0.14**	$0.02
Adjusted net income applicable to common shareholders per share [basic]	**$0.07**	$0.05	$0.02	**$0.12**	$0.01
Adjusted operating income before tax comprised of:					
Service Finance	**15,869**	10,509	13,192	**26,378**	21,556
The Kessler Group	**10,228**	13,392	1,871	**23,620**	1,871
Triad Financial Services	**7,482**	4,087	6,317	**11,569**	8,689
Corporate	**(9,206)**	(8,706)	(11,040)	**(17,912)**	(21,165)
	24,373	19,282	10,341	**43,655**	10,952

(1) Provision for taxes applicable to adjusted operating income reflects an effective tax rate of 22.0% for each of the periods presented.

Accounting and Internal Control Matters

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in note 2 of our 2018 Annual Consolidated Financial Statements. Certain of these policies, and related estimates and judgements 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 judgements 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 judgements, 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, and derecognition of financial assets. 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, judgements, estimates and assumptions. Please refer to note 3 of our 2018 Annual Consolidated Financial Statements for a description of each of our significant accounting judgements, estimates and assumptions.

Effective January 1, 2019, the Company made the following key changes to its significant accounting policies:

Adoption of International Financial Reporting Standards 16 - Leases ["IFRS 16"]

On January 1, 2019, the Company adopted IFRS 16 which has replaced IAS 17, Leases ["IAS 17"]. The Company uses the modified retrospective approach and has implemented the following accounting policies in respect of right-of-use assets and lease liabilities as a result of the IFRS 16 adoption.

Right-of-Use Assets
The Company measures right-of-use assets at amortized cost less any accumulated depreciation and impairment charges. Right-of-use assets are recognized at the time that the underlying asset is available for use ("lease commencement date").

Lease Liabilities
Lease liabilities are measured at the discounted present value of lease payments over the term of the lease. Following initial recognition at the time of the lease commencement date, the Company increases the lease liability for accretion and reduces the lease liability for any payments made.

As a result of the adoption of IFRS 16, the Company recorded an asset of $18,416 and an offsetting liability to the lessor in the same amount.

Please refer to note 2 of our June 30, 2019 interim condensed consolidated financial statements for a detailed description of the accounting policy changes.

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 August 7, 2019, the Company had 240,086,806 common shares, 20,037,033 options; 4,000,000 Series A preferred shares, and 4,000,000 Series C preferred shares issued and outstanding.

This Management's Discussion and Analysis is dated as of the close of business on August 7, 2019.

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