ECN CAPITAL

Management Discussion & Analysis

JUNE 30, 2022

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 in comparison to the corresponding prior year periods. This MD&A, which has been prepared as of August 11, 2022, 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, 2022 (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, 2021 and December 31, 2020. 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 11, 2022. 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 institutional investors (collectively our "Partners"). ECN Capital originates, manages and advises on credit assets on behalf of its Partners, specifically consumer (manufactured housing and marine and recreational vehicle) loans and credit card receivables. 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 161 Bay Street, Suite 2800, 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 owns a portfolio of operating businesses 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: Triad Financial Services, Inc. ("Triad Financial Services"), Source One Financial Services, LLC ("Source One") and Kessler Financial Services LLC ("KG"). ECN Capital has managed and advisory assets[1] of continuing operations of approximately $31.8 billion and our customers include more than 100 bank, credit union, insurance company, pension plan and institutional investor 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:

- Secured consumer loans - Manufactured home, marine and recreational vehicle loans
- Consumer credit card receivables and related unsecured consumer loans - 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 our solutions across our network of 100+ Partners. In pursuit of these objectives: (i) The Company provides its portfolio companies with 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 operating businesses have demonstrated each of the following value propositions:

- Significant barriers to entry including long-term relationships with banks, credit unions, insurance companies and institutional investors that are its customers
- Business longevity resulting in favorable regulatory outcomes; No objection or negative comments from financial services regulators
- Exclusive/preferred manufacturer and dealer arrangements that drive origination services
- Established originator/manager/adviser of consumer credit assets with a history of strong performance across business cycles
- Superior credit quality across portfolios with a long-term track record of servicing/ management excellence
- Capital-light businesses with solid growth profiles
- Scalable platforms with established operations and proprietary intellectual capital

Our intention is to partner with banks, credit unions, insurance companies and other institutional investors, and not to compete with them. If and when our Partners or their competitors look to directly compete with ECN's investor companies, ECN will consider existing the business on terms acceptable to shareholders.

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

Core Business Segments:

Secured Consumer Loans

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+ active 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. Triad's Fitch-rated servicing department manages the growing portfolio of manufactured housing loans on behalf of their third party owners. In addition, Triad Financial Services provides floorplan financing for select dealers and manufacturers in the industry. Triad Financial Services is headquartered in Jacksonville, Florida and is licensed in 47 States.

Source One - Marine and Recreational Vehicle Loans

Founded in 1999, Source One is a premier provider of consumer lending programs and outsourced finance and insurance solutions to the marine and recreational vehicle industries. Through an established network of dealers covering 38 states, Source One originates prime and super-prime loans to consumers to facilitate the purchase of marine and recreational vehicles. Source One is headquartered in Lakeville, Minnesota.

Consumer Credit Card and Related Unsecured Consumer Loans

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

Founded in 1978, KG is a 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 also offers performance marketing solutions to drive improved customer acquisition outcomes. KG currently has approximately $28.0 billion in managed credit card portfolios and related assets and is headquartered in Boston, Massachusetts.

Key Business Developments

Information related to the key developments in support of the Company's business strategy for the three and six-month periods ended June 30, 2022 are outlined below.

ACQUISITION OF INTERCOASTAL FINANCIAL GROUP, LLC

On July 1, 2022, the Company completed the acquisition of Intercoastal Financial Group, LLC (“IFG”), a marine and recreational vehicle finance company, for total consideration of $75.0 million, consisting of $55.0 million in cash and deferred consideration of $20.0 million to be paid over the next two years. Founded in 1987, IFG originates prime and super-prime loans on behalf of 18+ bank Partners through a network of premier sales representatives nationwide. IFG will form part of our Secured Consumer Loan reporting segment, together with Triad Financial Services and Source One.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") UPDATE

During the second quarter of 2022, Sustainalytics, a leading ESG research, ratings and data firm, published an updated ESG risk rating and now classifies the Company as medium risk, down from high risk previously. The improvement reflects the Company's ongoing efforts to improve the Company's ESG impact and disclosure.

CORPORATE FINANCE DEVELOPMENTS

Senior Credit Facility Update

On July 11, 2022, the Company successfully executed an amendment to its senior credit facility, increasing its revolving funding capacity from US$700 million to US$900 million through December 6, 2025.

Series C Preferred Shares Rate Reset

On June 20, 2022, the fixed annual dividend rate for the Company's Series C Rate Reset Preferred Shares (the "Series C Preferred Shares") was reset from 6.25% to 7.937%. The Series C Preferred Shares are redeemable by the Company in whole or in part at their par value of C$25.00 per share on June 30, 2027 and on June 30 of every fifth year thereafter.

Normal Course Issuer Bids

On September 14, 2021, 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, 2021. Pursuant to the NCIBs, the Company may repurchase up to an additional 22,455,925 common shares, 384,210 Series A Preferred Shares and 371,040 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, 2022 or the completion of purchases under the applicable NCIB. All of the Company's outstanding Series A Preferred Shares were redeemed in 2021.

During the second quarter and six-month period ended June 30, 2022, the Company purchased 500,000 and 550,200 common shares, respectively, for a total of $2.2 million (C$2.9 million) and $2.5 million (C$3.2 million), respectively, or C$5.84 and C$5.79 per common share, respectively, pursuant to the Common Share Bid. During the second quarter and six-month period ended June 30, 2022, the Company did not purchase any of its Series C Preferred Shares pursuant to the Preferred Share Bid.

Capital Reinvestment

Under its NCIBs and substantial issuer bids ("SIBs"), ECN has repurchased for cancellation approximately 37% of the total common shares outstanding through August 11, 2022.

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	58.7	$4.13	$242
SIB April 2018	31.9	$3.60	$115
SIB January 2019	70.7	$3.75	$265
Total common shares repurchased for cancellation	**161.3**	**$3.86**	**$622**

Common shares outstanding pre-buyback	390
Common shares outstanding as at August 11, 2022	247
% common shares repurchased to date	**~37%**

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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 consolidated financial statements for the same periods.

	For the three-month period ended			For the six-month period ended	
	June 30, 2022	March 31, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
(in 000's for stated values, except per share amounts)	$	$	$	$	$
Select metrics					
Originations	**613,020**	397,970	262,052	**1,010,989**	444,275
Average earning assets - Owned (1)	**331,673**	254,772	233,761	**296,687**	231,489
Average earning assets - Managed and advisory (1)	**31,514,714**	31,264,027	29,779,169	**31,435,698**	29,768,219
Period end earning assets - Owned (1)	**380,516**	282,829	234,203	**380,516**	234,203
Period end earning assets - Managed and advisory (1)	**31,779,041**	31,250,386	29,898,783	**31,779,041**	29,898,783
Operating highlights:					
Loan origination revenues	**38,362**	23,596	20,114	**61,958**	32,699
Asset management and servicing revenues	**21,814**	25,463	22,720	**47,277**	39,637
Marketing and other services revenues	**10,651**	4,587	2,682	**15,238**	7,586
Interest income	**7,885**	6,157	5,009	**14,042**	9,825
Other revenue	**2,851**	52	3,257	**2,903**	6,583
Total revenue	**81,563**	59,855	53,782	**141,418**	96,330
Operating expenses	**42,708**	32,383	30,383	**75,091**	56,971
Adjusted EBITDA (1)	**38,855**	27,472	23,399	**66,327**	39,359
Interest expense	**8,464**	6,229	4,938	**14,693**	10,505
Depreciation & amortization	**1,913**	1,955	2,071	**3,868**	3,864
Adjusted operating income before tax (1)	**28,478**	19,288	16,390	**47,766**	24,990
Adjustments:					
Share-based compensation	**2,333**	5,168	4,683	**7,501**	9,888
Amortization of intangible assets	**5,385**	5,347	4,594	**10,732**	9,189
Accretion of deferred purchase consideration	**696**	704	1,020	**1,400**	1,982
Transaction costs	**5,632**	—	—	**5,632**	—
	14,046	11,219	10,297	**25,265**	21,059
Net income before income taxes from continuing operations	**14,432**	8,069	6,093	**22,501**	3,931
Income tax expense	**5,191**	2,599	1,508	**7,790**	1,084
Net income from continuing operations	**9,241**	5,470	4,585	**14,711**	2,847
Cumulative dividends on preferred shares	**1,124**	1,146	2,459	**2,270**	4,854
Net income (loss) from continuing operations attributable to common shareholders	**8,117**	4,324	2,126	**12,441**	(2,007)
Net income from discontinued operations	**—**	—	12,811	**—**	22,855
Net income for the period attributable to common shareholders	**8,117**	4,324	14,937	**12,441**	20,848
Weighted Average number of shares outstanding (basic)	**247,224**	246,626	243,478	**246,927**	243,987
Earnings (loss) per share (basic) - continuing operations attributable to common shareholders	**$0.03**	$0.02	0.01	**$0.05**	$(0.01)
Earnings per share (basic) - discontinued operations attributable to common shareholders	**$—**	—	0.05	**$—**	$0.09
Non-IFRS Measures					
Adjusted operating results:					
Adjusted EBITDA (1)	**38,855**	27,472	23,399	**66,327**	39,359
Adjusted operating income before tax (1)	**28,478**	19,288	16,390	**47,766**	24,990
Adjusted net income (1)	**22,782**	15,430	13,604	**38,213**	20,742
Adjusted net income applicable to common shareholders (1)	**21,658**	14,284	11,145	**35,943**	15,888
Adjusted net income per share (basic) (1)	**$0.09**	$0.06	$0.06	**$0.15**	$0.09
Adjusted net income applicable to common shareholders per share (basic) (1)	**$0.09**	$0.06	$0.05	**$0.15**	$0.07

(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 and six-month periods ended June 30, 2022 presented on a continuing operations basis.

Q2 AND Q2 YTD 2022 vs Q2 AND Q2 YTD 2021

The Company reported total revenue of $81.6 million and $141.4 million for the second quarter and six-month period ended June 30, 2022, up from $53.8 million and $96.3 million, respectively, for the prior year periods. The quarter-to-date and year-to-date increases in revenue reflect the growth in loan originations revenues, servicing revenues, and interest income at our Secured Consumer Loans segment and higher partnership services revenue and marketing and other services revenue at our Unsecured Consumer Loans segment. Secured Consumer Loans originations increased to $613.0 million and $1.0 billion for the second quarter and six-month period ended June 30, 2022, respectively, compared to $262.1 million and $444.3 million for the prior year periods, which drove the increase in loan originations revenues. For the second quarter and six-month period ended June 30, 2022, Secured Consumer Loans originations include $232.3 million and $343.7 million, respectively, of originations at Source One, which was acquired during the fourth quarter of 2021. Secured Consumer Loans managed assets increased to $3.8 billion compared to $2.8 billion in the prior year quarter, which drove the quarter and year-to-date increases in servicing revenues. Higher interest income in the current year periods was primarily driven by higher average floorplan loan balances in 2022.

The table below illustrates the Company's operating expenses for the three and six-month periods ended June 30, 2022 and June 30, 2021:

	For the three-month period ended		**For the six-month period ended**	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
(in 000's for stated values)	**$**	$	**$**	$
Secured Consumer Loans segment	**23,620**	14,159	**40,104**	24,801
Unsecured Consumer Loans segment	**14,364**	7,545	**25,854**	15,365
Business segment operating expenses	**37,984**	21,704	**65,958**	40,166
Corporate operating expenses	**4,440**	6,539	**8,535**	12,772
Legacy Businesses operating expenses	**284**	2,140	**598**	4,033
Total operating expenses	**42,708**	30,383	**75,091**	56,971

Operating expenses were $42.7 million and $75.1 million for the second quarter and six-month period ended June 30, 2022, compared to $30.4 million and $57.0 million in the prior year periods. The increase in operating expenses compared to the prior year periods is primarily attributable to growth in originations and managed assets at our Secured Consumer Loans segment and higher expenses at our Unsecured Consumer Loans segment related to the growth in marketing and other services revenue. Corporate operating expenses were $4.4 million in the current quarter compared to $6.5 million in the prior year quarter, which reflects the impact of cost reduction efforts, including reductions in senior executive cash compensation as a result of the sale of Service Finance, which was completed in the fourth quarter of 2021.

Interest expense was $8.5 million and $14.7 million for the second quarter and six-month period ended June 30, 2022, compared to $4.9 million and $10.5 million in the prior year periods. The increase in current quarter-to-date interest expense reflects higher average borrowings and a higher average borrowing rate in the current quarter. The increase in year-to-date interest expense primarily reflects a higher average borrowing rate in the current year.

Depreciation and amortization expense was $1.9 million and $3.9 million for the second quarter and six-month period ended June 30, 2022, respectively, compared to $2.1 million and $3.9 million in the prior year periods.

Other expenses, which include share-based compensation, amortization of intangible assets and other items, were $14.0 million and $25.3 million for the second quarter and six-month period ended June 30, 2022 compared to $10.3 million and $21.1 million in the prior year periods. Share-based compensation expense was $2.3 million and $7.5 million, respectively, for the second quarter and six-month period ended June 30, 2022, respectively, compared to $4.7 million and $9.9 million in the prior year periods. Other expenses in the current year periods include $5.6 million of transaction costs related to the acquisition of IFG and the pursuit of other M&A opportunities.

Adjusted EBITDA[1] increased to $38.9 million and $66.3 million for the second quarter and six-month period ended June 30, 2022, respectively, compared to $23.4 million and $39.4 million for the prior year periods. The increase in adjusted EBITDA[1] in the current quarter reflects the growth at our business segments. Adjusted net income applicable to common shareholders[1] was $21.7 million or $0.09 per share and $35.9 million or $0.15 per share for the second quarter and six-month period ended June 30, 2022, respectively, compared to $11.1 million or $0.05 per share and $15.9 million or $0.07 for the prior year periods. The increase in adjusted net income applicable to common shareholders[1] in the current quarter reflects higher operating income from our business segments, partially offset by higher interest expense.

The Company reported net income from continuing operations of $9.2 million and $14.7 million for the second quarter and six-month period ended June 30, 2022, respectively, compared to net income of $4.6 million and $2.8 million, respectively, for the prior year periods.

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

Business Segment Results

RESULTS OF SECURED CONSUMER LOANS SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the Secured Consumer Loans segment for the three-month periods ended June 30, 2022, March 31, 2022, and June 30, 2021 and the six-month periods ended June 30, 2022 and June 30, 2021. Operating results for the Secured Consumer Loans segment for the three and six-month period ended June 30, 2022 and the three-month period ended March 31, 2022 include Triad Financial Services and Source One, which was acquired on December 21, 2021. Operating results for the Secured Consumer Loans segment for the three and six-month periods ended June 30, 2021 include Triad Financial Services.

	For the three-month period ended			For the six-month period ended	
	June 30, 2022	March 31, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
(in 000's for stated values)	**$**	$	$	**$**	$
Select metrics					
Originations	**613,020**	397,970	262,052	**1,010,989**	444,275
Managed assets, period end (1)	**3,759,117**	3,247,854	2,836,163	**3,759,117**	2,836,163
Managed assets, period average (1)	**3,374,892**	3,182,779	2,783,904	**3,374,892**	2,735,474
Manufactured housing loans	**280,266**	220,630	149,750	**280,266**	149,750
Held-for-trading financial assets	**100,250**	62,199	37,954	**100,250**	37,954
Operating results					
Loan originations revenue	**38,362**	23,596	20,114	**61,958**	32,699
Servicing revenue	**5,207**	4,682	3,883	**9,889**	6,166
Interest income & other revenue	**7,788**	5,703	4,588	**13,491**	8,621
Total revenue	**51,357**	33,981	28,585	**85,338**	47,486
Operating expenses	**23,620**	16,484	14,159	**40,104**	24,801
Adjusted EBITDA (1)	**27,737**	17,497	14,426	**45,234**	22,685
Interest and depreciation expense	**3,497**	2,741	1,313	**6,238**	2,461
Adjusted operating income before tax (1)	**24,240**	14,756	13,113	**38,996**	20,224

The following table sets forth a summary of select metrics of Triad Financial Services and Source One, together comprising the Secured Consumer Loans segment, for the three and six-month periods ended June 30, 2022.

	Three-month period ended June 30, 2022			Six-month period ended June 30, 2022		
(in 000's for stated values)	**Triad Financial Services**	**Source One**	**Secured Consumer Loan Segment**	**Triad Financial Services**	**Source One**	**Secured Consumer Loan Segment**
Originations	**380,677**	**232,343**	**613,020**	**667,324**	**343,665**	**1,010,989**
Revenues	**44,074**	**7,283**	**51,357**	**74,232**	**11,106**	**85,338**
Operating Expenses	**21,665**	**1,955**	**23,620**	**36,495**	**3,609**	**40,104**
Adjusted EBITDA (1)	**22,409**	**5,328**	**27,737**	**37,737**	**7,497**	**45,234**
Interest and depreciation expense	**3,448**	**49**	**3,497**	**6,138**	**100**	**6,238**
Adjusted operating income before tax (1)	**18,961**	**5,279**	**24,240**	**31,599**	**7,397**	**38,996**

(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.

Secured Consumer Loans Segment

Secured Consumer Loans originations for second the quarter and six-month period ended June 30, 2022 were $613.0 million and $1.0 billion, respectively, up 133.9% and 127.6% from the prior year period. Managed assets were $3.8 billion as at June 30, 2022, an increase of 32.5% compared to managed assets of $2.8 billion as at June 30, 2021.

Traditionally, this segment is impacted by seasonality, with the second and third quarters of the year being the strongest performing quarters. Recent quarters have benefited beyond a typical seasonal slowdown as a result of loan product expansion and manufacturer delivery backlogs, which is illustrated in the table below:

Originations (US$ millions)								
Q2, 2020	Q3, 2020	Q4, 2020	Q1, 2021	Q2, 2021	Q3, 2021	Q4,2021	Q1, 2022	Q2, 2022
163	202	197	182	262	299	300	398	613

(1) Originations in the table above include originations at Triad Financial Services and Source One beginning in Q1 2022. Originations for periods prior to Q1 2022 include originations at Triad Financial Services.

Loan originations revenue for the second quarter and six-month period ended June 30, 2022 was $38.4 million and $62.0 million, respectively, up 90.7% and 89.5% from the prior year periods, which reflects the year-over-year increase in total originations, the impact of the acquisition of Source One, and the impact of bulk loan portfolio sales.

Servicing revenues of $5.2 million and $9.9 million for the second quarter and six-month period ended June 30, 2022 were up 34.1% and 60.4% from the prior year periods, reflecting growth in managed assets and an increase in full serviced accounts at Triad Financial Services.

Interest income and other revenue for the second quarter ended and six-month period ended June 30, 2022 was $7.8 million and $13.5 million, respectively, up 69.7% and 56.5% from the prior year periods, primarily driven by higher average floorplan loan balances in 2022.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $27.7 million and $24.2 million, respectively, for the current quarter compared to $14.4 million and $13.1 million, respectively, for the prior year quarter. For the six-month period ended June 30, 2022, adjusted EBITDA[1] and adjusted operating income before tax[1] of $45.2 million and $39.0 million represent increases of 99.4% and 92.8% from the prior year periods.

Manufactured housing loans were $280.3 million as at June 30, 2022, compared to $220.6 million as at March 31, 2022 and $149.8 million as at June 30, 2021. Manufactured housing loans consist primarily of floorplan loans, which 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 $100.3 million as at June 30, 2022, compared to $62.2 million as at March 31, 2022 and $38.0 million as at June 30, 2021. Held-for-trading financial assets consist of loans that are originated on behalf of our partners with the intention of selling through under bulk loan portfolio sales agreements. Subsequent to quarter end, Triad Financial Services completed portfolio sales totaling approximately $21 million.

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.

Secured Consumer Loans Segment 2022 Outlook

Based on the performance to date, the originations pipeline for the second half of 2022, and the impact of the IFG acquisition, the Company is increasing its 2022 outlook for Triad Financial Services and Source One. Please see the tables below for the Company's updated 2022 outlook for the Secured Consumer Loan Segment, as compared to its original 2022 forecast range.

	Updated Triad Financial Services 2022 Forecast Range		Updated Source One 2022 Forecast Range		Updated Secured Consumer Loan Segment 2022 Forecast Range	
Select Metrics (US$ millions)						
Total Originations	1,400	1,600	550	625	1,950	2,225
Floorplan line utilized	250	350	—	—	250	350
Managed & advised portfolio (period end)	3,900	4,300	—	—	3,900	4,300
Income Statement (US$ millions)						
Loan Origination Revenues	108	114	19.5	22.6	127.5	136.6
Servicing Revenues	20	22	—	—	20	22
Interest & Other	32	34	—	—	32	34
Total Revenues	160	170	19.5	22.6	179.5	192.6
Adjusted EBITDA (1)	86	91	13	15	99	106
Adjusted Operating Income Before Tax (1) - Triad and Source One	70	75	13	15	83	90
Adjusted Operating Income Before Tax (1) - Triad, Source One & IFG (2)	70	75	17	19	87	94

(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) Includes results from IFG from July 1, 2022

	Original Triad Financial Services 2022 Forecast Range		Original Source One 2022 Forecast Range		Original Secured Consumer Loan Segment 2022 Forecast Range	
Select Metrics (US$ millions)						
Total Originations	1,400	1,600	525	595	1,925	2,195
Floorplan line utilized	200	300	—	—	200	300
Managed & advised portfolio (period end)	3,900	4,300	—	—	3,900	4,300
Income Statement (US$ millions)						
Loan Origination Revenues	100	112	18.5	21.6	118.5	133.6
Servicing Revenues	19	22	—	—	19	22
Interest & Other	23	26	—	—	23	26
Total Revenues	142	160	18.5	21.6	160.5	181.6
Adjusted EBITDA (1)	71	80	12.1	14.1	83.1	94.1
Adjusted Operating Income Before Tax (1)	62	70	12	14	74	84

(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 material factors and assumptions used to develop the forward-looking information related to the 2022 outlook for Triad Financial Services and Source One include current and anticipated demand, as well as the availability of inventory, in the manufactured housing, marine, and recreational vehicle industries, including trends relating to such demand, volume of loan applications and approvals, available commitments from funding partners, the growth in dealer networks and the impact of new product offerings and market penetration. Management believes the information is reasonable based on historical growth and positive trends in loan application and approval volumes experienced by Triad and Source One and the manufactured housing and marine and recreational vehicle industries generally, which indicate demand and future originations. Additionally, growth in originations is one of the primary drivers of managed and advised assets growth and future servicing revenues for Triad Financial Services.

RESULTS OF UNSECURED CONSUMER LOANS SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the Unsecured Consumer Loans segment, which reflects the operating results of KG, for the three-month periods ended June 30, 2022, March 31, 2022, and June 30, 2021 and the six-month periods ended June 30, 2022 and June 30, 2021.

	For the three-month period ended			For the six-month period ended	
	June 30, 2022	**March 31, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
(in 000's for stated values)	**$**	$	$	**$**	$
Operating results					
Partnership services revenue	11,576	14,266	9,359	25,842	21,363
Credit card investment management revenue	5,031	6,515	9,478	11,546	14,108
Marketing and other services revenue	10,651	4,587	2,682	15,238	5,586
Interest income & other revenue	296	(45)	29	251	232
Revenue	**27,554**	**25,323**	**21,548**	**52,877**	**41,289**
Operating expenses	14,364	11,490	7,545	25,854	15,365
Adjusted EBITDA (1)	**13,190**	**13,833**	**14,003**	**27,023**	**25,924**
Interest and depreciation expense	268	271	641	539	1,295
Adjusted operating income before tax (1)	**12,922**	**13,562**	**13,362**	**26,484**	**24,629**

(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.

Unsecured Consumer Loans 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 the purchase, sale and renewal of co-brand credit card programs through long-term relationships with banks, issuers and co-brand partners.
2. **Credit Card Investment Management ("CCIM"):** source, structure, acquire and manage credit cards and loan portfolios on behalf of third party investors.
3. **Marketing and Other Services:** full suite of marketing services (including performance marketing capabilities), Card as a Service ("CaaS") solutions for credit unions, banks and other non-financial partners.

Total KG revenues for the second quarter and six-month period ended June 30, 2022 were $27.6 million and $52.9 million, respectively, compared to $21.5 million and $41.3 million, respectively, in the prior year periods, reflecting higher partnership services revenue and higher marketing and other services revenue.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $13.2 million and $12.9 million, respectively, for the current quarter compared to $14.0 million and $13.4 million, respectively, for the prior year quarter. For the six-month period ended June 30, 2022, adjusted EBITDA[1] and adjusted operating income before tax[1] were $27.0 million and $26.5 million, respectively, compared to $25.9 million and $24.6 million, respectively, in the prior year period.

Unsecured Consumer Loans Segment - KG 2022 Outlook

The Company is reducing its outlook for the Unsecured Consumer Loans Segment due to the timing of converting pipeline opportunities to revenues due to the volatility in credit markets. Please see the tables below for the Company's updated 2022 outlook for the Unsecured Consumer Loan Segment, as compared to its original 2022 forecast range.

	Updated 2022 Forecast Range	
Income Statement (US$ millions)		
Revenue	**96**	**108**
Adjusted EBITDA (1)	**48**	**54**
Adjusted Operating Income Before Tax (1)	**46**	**52**

(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.

	Original 2022 Forecast Range	
Income Statement (US$ millions)		
Revenue	**114**	**123**
Adjusted EBITDA (1)	**57**	**62**
Adjusted Operating Income Before Tax (1)	**55**	**60**

(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 material factors and assumptions used to develop the forward-looking information related to the 2022 outlook for the Unsecured Consumer Loans segment include trends in the consumer credit card industry, existing contracts with customers, the ability to acquire new portfolios, and the impact of new programs by KG. Management believes that the forward-looking information is reasonable based on the continued recovery of the credit card industry and timing of revenues under new and existing programs.

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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, 2022, March 31, 2022, and June 30, 2021 and the six-month periods ended June 30, 2022 and June 30, 2021.

	For the three-month period ended			For the six-month period ended	
	June 30, 2022	March 31, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
(in 000's for stated values)	**$**	**$**	**$**		
Operating results					
Corporate					
Revenues	**2,607**	505	1,850	**3,112**	4,183
Operating expenses	**4,440**	4,095	6,539	**8,535**	12,772
Adjusted EBITDA - Corporate (1)	**(1,833)**	(3,590)	(4,689)	**(5,423)**	(8,589)
Legacy Businesses					
Revenues	**45**	46	1,799	**91**	3,372
Operating expense	**284**	314	2,140	**598**	4,033
Adjusted EBITDA - Legacy Businesses (1)	**(239)**	(268)	(341)	**(507)**	(661)
Adjusted EBITDA - Corporate and Other (1)	**(2,072)**	(3,858)	(5,030)	**(5,930)**	(9,250)
Interest expense	**5,639**	4,164	3,626	**9,803**	8,023
Depreciation & amortization	**973**	1,008	1,429	**1,981**	2,590
Adjusted operating income before tax (1)	**(8,684)**	(9,030)	(10,085)	**(17,714)**	(19,863)

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

Corporate and Other

Corporate revenue was $2.6 million and $3.1 million for the second quarter and six-month period ended June 30, 2022, respectively, compared to $1.9 million and $4.2 million for the prior year periods. Revenue primarily consists of gains/losses from legacy corporate investments and gains/ losses from foreign currency transactions and related hedge contracts.

Corporate operating expenses were $4.4 million and $8.5 million for the second quarter and six-month period ended June 30, 2022 compared to $6.5 million and $12.8 million in the prior year periods, respectively, which reflects the impact of cost reduction efforts, including reductions in senior executive cash compensation as a result of the sale of Service Finance, which was completed in the fourth quarter of 2021.

Legacy businesses revenue and operating expenses for the current quarter were $0.05 million and $0.3 million, respectively, reflecting the impact of the continuing reduction of the legacy asset portfolio. For the year-to-date period, legacy business revenue and operating expenses were $0.1 million and $0.6 million, respectively.

Corporate interest expense was $5.6 million for the current quarter, compared to $4.2 million for the first quarter of 2022 and $3.6 million for the prior year quarter. Average borrowings on the term senior facility credit during the second quarter of 2022 were $465.4 million compared to $177.2 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 June 30, 2022, March 31, 2022 and June 30, 2021.

	June 30, 2022			
	Secured Consumer Loans	Unsecured Consumer Loans	Corporate	Total
(in 000's for stated values, except percentage amounts)	$	$	$	$
Assets				
Cash	14,280	6,080	63,472	**83,832**
Restricted funds	2,514	—	—	**2,514**
Accounts receivable	146,045	59,138	5,267	**210,450**
Finance assets				
Loans receivable	280,266	—	—	**280,266**
Held-for-trading financial assets	100,250	—	—	**100,250**
Total finance assets	380,516	—	—	**380,516**
Retained reserve interest	34,056	—	—	**34,056**
Continuing involvement asset	87,227	—	—	**87,227**
Goodwill and intangible assets	156,150	203,923	708	**360,781**
Deferred tax assets	—	—	34,653	**34,653**
Other assets and investments	16,075	5,659	137,549	**159,283**
Total Assets	**836,863**	**274,800**	**241,649**	**1,353,312**
Liabilities				
Debt	367,740	—	450,598	**818,338**
Continuing involvement liability	87,227	—	—	**87,227**
Other liabilities	32,907	90,475	84,217	**207,599**
Taxes Payable	2,605		8,688	**11,293**
Total Liabilities	**490,479**	**90,475**	**543,503**	**1,124,457**
Earning Assets - Owned and Managed				
Earning assets - owned (1)	380,516	—	—	**380,516**
Earning assets - managed and advisory (1)	3,759,117	28,019,924	—	**31,779,041**
Total Earning Assets - Owned and Managed and Advisory (1)	**4,139,633**	**28,019,924**	**—**	**32,159,557**

(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.

Total finance assets from continuing operations were $380.5 million as at June 30, 2022 compared to $282.8 million as at March 31, 2022 and $457.2 million at June 30, 2021. The increase compared to the preceding quarter primarily reflects an increase in floorplan loans and held-for-trading financial assets at Triad Financial Services.

Debt from continuing operations of $818.3 million increased by $453.1 million compared to March 31, 2022, primarily reflecting the increased investment in finance assets at Triad Financial Services, the acquisition of IFG and increased corporate borrowings due to the payment of the tax liability resulting from the gain on the sale of Service Finance.

Earning assets - managed and advisory of $31.8 billion as at June 30, 2022 reflects $3.8 billion in managed loans at Triad Financial Services and $28.0 in advisory assets at KG.

	March 31, 2022			
	Secured Consumer Loans	Unsecured Consumer Loans	Corporate	Total
(in 000's for stated values, except percentage amounts)	$	$	$	**$**
Assets				
Cash	8,612	19,954	5,972	**34,538**
Restricted funds	2,043	—	—	**2,043**
Accounts receivable	107,122	48,865	877	**156,864**
Finance assets				
Loans receivable	220,630	—	—	**220,630**
Held-for-trading financial assets	62,199	—	—	**62,199**
Total finance assets	282,829	—	—	**282,829**
Retained reserve interest	34,066	—	—	**34,066**
Continuing involvement asset	94,344	—	—	**94,344**
Goodwill and intangible assets	155,212	208,241	772	**364,225**
Deferred tax assets	—	—	38,969	**38,969**
Other assets and investments	16,132	5,411	162,924	**184,467**
Total Assets	**700,360**	**282,471**	**209,514**	**1,192,345**
Liabilities				
Debt	251,733	—	113,509	**365,242**
Continuing involvement liability	94,344	—	—	**94,344**
Other liabilities	31,327	85,201	91,737	**208,265**
Taxes Payable	1,824	—	292,362	**294,186**
Total Liabilities	**379,228**	**85,201**	**497,608**	**962,037**
Earning Assets - Owned and Managed				
Earning assets - owned (1)	282,829	—	—	**282,829**
Earning assets - managed and advisory (1)	3,247,854	28,002,532	—	**31,250,386**
Total Earning Assets - Owned and Managed and Advisory (1)	**3,530,683**	**28,002,532**	**—**	**31,533,215**

(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.

(in 000's for stated values, except percentage amounts)	Secured Consumer Loans $	Unsecured Consumer Loans $	Corporate $	Continuing Operations $	Discontinued Operations $	Total $
	June 30, 2021					
Assets						
Cash	11,286	8,295	2,453	**22,034**	26,111	**48,145**
Restricted funds	5,351	—	—	**5,351**	—	**5,351**
Accounts Receivable	60,301	48,070	2,072	**110,443**	12,284	**122,727**
Finance assets						
Finance receivables	149,570	46,679	—	**196,249**	67,012	**263,261**
Held-for-trading financial assets	37,954	—	—	**37,954**	155,971	**193,925**
Total finance assets	187,524	46,679	—	**234,203**	222,983	**457,186**
Retained reserve interest asset	30,586	—	—	**30,586**	—	**30,586**
Continuing involvement asset (1)	128,097	—	—	**128,097**	—	**128,097**
Goodwill and intangible assets	64,958	221,089	1,211	**287,258**	383,286	**670,544**
Deferred tax assets	—	—	52,165	**52,165**	—	**52,165**
Other assets and investments	7,865	29,550	132,017	**169,432**	14,762	**184,194**
Assets held-for-sale	—	—	—	**—**	100,797	**100,797**
Total Assets	**495,968**	**353,683**	**189,918**	**1,039,569**	**760,223**	**1,799,792**
Liabilities						
Debt	154,105	46,679	193,485	**394,269**	210,448	**604,717**
Continuing involvement liability (1)	128,097	—	—	**128,097**	—	**128,097**
Other liabilities	24,998	103,068	57,311	**185,377**	57,888	**243,265**
Total Liabilities	**307,200**	**149,747**	**250,796**	**707,743**	**268,336**	**976,079**

(1) Effective January 1, 2021, the Company made the determination that all loans sold by Triad Financial Services qualify for full derecognition as Triad Financial Services does not exercise control over the loans. As a result, the continuing involvement asset and continuing involvement liability of $128.1 million in the table above have been restated from the previously reported continuing involvement asset and continuing involvement liability as at June 30, 2021 of $178.4 million to reflect the derecognition of the continuing involvement asset and continuing involvement liability of $50.3 million related to loans sold by Triad Financial Services during the six-month period ended June 30, 2021.

Delinquencies

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

	June 30, 2022		March 31, 2022		June 30, 2021	
	$	**%**	$	%	$	%
Current	**280,988**	**100 %**	221,225	100 %	264,140	99.94 %
31-60 days past due	**—**	**— %**	—	— %	—	— %
61-90 days past due	**—**	**— %**	—	— %	—	— %
Greater than 90 days past due	**—**	**— %**	—	— %	153	0.06 %
Total continuing operations	**280,988**	**100 %**	221,225	100 %	264,293	100 %

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, 2022	Year ended December 31, 2021	Three-month period ended June 30, 2021
(in 000's except percentage amounts)	**$**	$	$
Allowance for credit losses, beginning of period	**595**	868	894
Provision for credit losses	**127**	429	213
Charge-offs, net of recoveries, and other	**—**	(70)	(75)
Disposals	**—**	(700)	—
Allowance for credit losses, end of period	722	527	1,032

The Company's allowance for credit losses was $0.7 million as at June 30, 2022, compared to $0.5 million at December 31, 2021. The allowance for credit losses of $0.7 million as at June 30, 2022 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)		**June 30, 2022** **$**	March 31, 2022 $	June 30, 2021 $
Total debt, including borrowings on term senior credit facility and senior unsecured debentures	**(a)**	**818,338**	365,242	604,717
Shareholders' equity	**(b)**	**228,855**	230,308	823,713
Debt to equity ratio	**(a)/(b)**	**3.58**	1.59	0.73

As at June 30, 2022, the Company's debt to equity ratio was 3.58:1. The increase in total debt compared to the first quarter of 2022 primarily reflects the increased investment in finance assets at Triad Financial Services during the quarter, the acquisition of IFG and increased corporate borrowings due to the payment of the tax liability resulting from the gain on the sale of Service Finance.

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, 2022	March 31, 2022	June 30, 2021
(in 000's)	**$**	$	$
Cash and cash equivalents	**83,832**	34,538	48,145
Senior Facilities			
Facilities	**700,000**	700,000	1,100,000
Utilized against Facility	**639,103**	182,000	558,624
Unutilized Borrowing Facilities (i.e., excl. Cash & Equiv.)	**60,897**	518,000	541,376
Total available sources of capital, end of period	**144,729**	552,538	589,521

As at June 30, 2022, the unutilized balance of the borrowing facility was approximately $61 million compared to $518 million at March 31, 2022 and $541 million at June 30, 2021. On July 11, 2022, the Company increased its capacity under its senior line to $900 million from $700 million. This $261 million in unutilized borrowings is in addition to the commitments in place to fund loan originations from our Secured Consumer Loans business segment for 2022. Management believes the available liquidity from its cash and equivalents, unutilized borrowing capacity and the funding commitments in place at its Secured Consumer Loans business segment 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 June 30, 2022. 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 Triad Financial Services, the seasonality of Triad's business, and fluctuation in KG's other revenues from period to period. ECN acquired Triad Financial Services on December 29, 2017, 76% of KG on May 31, 2018, an additional 20% of KG on March 21, 2019, the remaining 4% interest of KG on December 31, 2019, and Source One on December 21, 2021.

(in $ 000's for stated values, except ratio and per share amounts)	Q2, 2022	Q1, 2022	Q4, 2021	Q3, 2021	Q2, 2021	Q1, 2021	Q4, 2020	Q3, 2020	Q2, 2020
Adjusted operating income before tax (1)	**28,478**	19,288	19,461	19,387	16,390	8,600	4,620	12,511	9,527
Amortization of intangibles	**5,385**	5,347	4,595	4,594	4,594	4,595	4,744	4,545	4,544
Accretion of deferred purchase consideration	**696**	704	867	962	1,020	962	4,573	1,126	2,416
Unrealized gain on foreign currency forward contract	**—**	—	—	(2,856)	—	—	—	—	—
Impairment of legacy corporate investment	**—**	—	—	—	—	—	13,000	—	—
Share based compensation	**2,333**	5,168	14,333	5,642	4,683	5,205	6,096	5,956	3,621
Corporate restructuring and transition costs	**—**	—	6,054	—	—	—	—	—	1,486
Transaction costs	**5,632**	—	3,074	—	—	—	—	—	—
Net income (loss) before income taxes	**14,432**	8,069	(9,462)	11,045	6,093	(2,162)	(23,793)	884	(2,540)
Net income (loss) from continuing operations	**8,117**	4,324	(15,095)	9,614	4,585	(1,738)	(19,177)	657	(1,824)
Net income (loss) from discontinuing operations	**—**	—	928,416	13,556	12,811	10,044	(7,937)	7,382	2,335
Net income (loss) - total	**8,117**	4,324	913,321	23,170	17,396	8,306	(27,114)	8,039	511
Earnings per share (basic) - continuing operations attributable to common shareholders	**$0.03**	$0.02	($0.06)	$0.03	$0.01	($0.02)	($0.09)	($0.01)	($0.02)
Adjusted net income (1)	**22,782**	15,430	16,153	16,091	13,604	7,138	3,816	10,334	7,622
Adjusted net income per share (basic) (1)	**$0.09**	$0.06	$0.07	$0.07	$0.06	$0.03	$0.02	$0.04	$0.03
Adjusted net income applicable to common shareholders per share (basic) (1)	**$0.09**	$0.06	$0.06	$0.06	$0.05	$0.02	$0.01	$0.03	$0.02
Period end earning assets - owned	**380,516**	282,829	226,715	252,147	234,203	233,319	226,946	233,207	219,575
Period end earning assets - managed and advisory	**31,779,041**	31,250,386	31,277,667	30,096,958	29,898,783	29,659,555	29,746,317	29,006,900	30,409,453
Period end earning assets - total	**32,159,557**	31,533,215	31,504,382	30,349,105	30,132,986	29,892,874	29,973,263	29,240,107	30,629,028
Originations	**613,020**	397,970	299,611	298,992	262.052	182.223	197.398	201.754	163.183
Allowance for credit losses	**722**	595	527	266	1,032	894	868	6,864	5,331
Allowance for credit losses as a % of finance receivables (1)	**0.19 %**	0.21 %	0.23 %	0.11 %	0.23 %	0.20 %	0.23 %	1.62 %	1.04 %
Term senior credit facility & other	**653,880**	196,245	107,664	458,639	547,757	505,684	462,083	506,480	672,876
Senior unsecured debentures	**164,458**	168,997	166,933	55,848	56,960	56,036	55,109	53,264	—
Total debt	**818,338**	365,242	274,597	514,487	604,717	561,720	517,192	559,744	672,876
Shareholders' equity	**228,855**	230,308	218,627	823,535	823,713	817,607	822,561	851,753	841,194

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

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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, adjusted to exclude the impact of share-based compensation, amortization of intangible assets acquired in business combinations, accretion of deferred purchase consideration, corporate restructuring costs, transaction costs, cumulative dividends on preferred shares, income tax, and certain non-recurring items. Management believes it is appropriate to adjust for these items because share-based compensation and amortization of intangible assets are primarily non-cash in nature, 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 to be an operating expense, corporate restructuring and transaction costs do not relate to continuing operating activities, dividends on preferred shares are a financing cost not related to operating activities, and income tax 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. 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. For a reconciliation of adjusted EBITDA to net income (loss) from continuing operations, being the most directly comparable IFRS measure, please see "Reconciliation of non-IFRS to IFRS measures" below.

Adjusted operating income before tax

Adjusted operating income before tax is net income excluding the impact of share-based compensation, amortization of intangible assets acquired in business combinations, accretion of deferred purchase consideration, corporate restructuring costs, transaction costs, cumulative dividends on preferred shares, income tax, and certain non-recurring items. Management believes it is appropriate to adjust for these items because share-based compensation and amortization of intangible assets are primarily non-cash in nature, 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 to be an operating expense, corporate restructuring and transaction costs do not relate to continuing operating activities, dividends on preferred shares are a financing cost not related to operating activities, and income tax 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 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. The presentation of this measure enables investors and analysts to better understand the underlying performance of our business segments. For a reconciliation of adjusted operating income before tax to net income (loss) from continuing operations, being the most directly comparable IFRS measure, please see "Reconciliation of non-IFRS to IFRS measures" below.

Adjusted net income and Adjusted net income applicable to common shareholders

Adjusted net income is net income excluding the impact of share-based compensation, amortization of intangible assets acquired in business combinations, accretion of deferred purchase consideration, corporate restructuring costs, transaction costs, and certain non-recurring items, less the applicable provision for income taxes excluding the tax impact of these adjustments. Management believes it is appropriate to adjust for these items because share-based compensation and amortization of intangible assets are primarily non-cash in nature, 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 to be an operating expense, and corporate restructuring and transaction costs do not relate to continuing operating activities. Adjusted net income applicable to common shareholders is computed as adjusted net income less cumulative preferred share dividends. Adjusted net income provides a consolidated view of the Company's underlying financial performance attributable to the common shareholders. The presentation of this measure enables investors and analysts to better understand the underlying performance of our business segments. For a reconciliation of adjusted net income to net income (loss) from continuing operations, being the most directly comparable IFRS measure, please see "Reconciliation of non-IFRS to IFRS measures" below.

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

Adjusted net income per share is a non-IFRS ratio and 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 a non-IFRS ratio and 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 from continuing operations 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.

Debt to equity ratio

Debt to equity ratio is calculated as total debt (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 June 30, 2022, March 31, 2022, and June 30, 2021 and the six-month periods ended June 30, 2022 and June 30, 2021.

	For the three-month period ended			For the six-month period ended	
(in 000's for stated values, except percent amounts)	**June 30, 2022** **$**	March 31, 2022 $	June 30, 2021 $	**June 30, 2022** **$**	June 30, 2021 $
Reconciliation of adjusted operating income before tax:					
Net income (loss) from continuing operations	**9,241**	5,470	4,585	**14,711**	2,847
Adjustments:					
Share-based compensation	**2,333**	5,168	4,683	**7,501**	9,888
Amortization of intangibles	**5,385**	5,347	4,594	**10,732**	9,189
Accretion of deferred purchase consideration	**696**	704	1,020	**1,400**	1,982
Transaction costs	**5,632**	—	—	**5,632**	—
Provision for (recovery of) income taxes	**5,191**	2,599	1,508	**7,790**	1,084
Adjusted operating income before tax	**28,478**	19,288	16,390	**47,766**	24,990
Adjusted operating income before tax comprised of:					
Secured Consumer Loans segment	**24,240**	14,756	13,113	**38,996**	20,224
Unsecured Consumer Loans Segment	**12,922**	13,562	13,362	**26,484**	24,629
Corporate and Other	**(8,684)**	(9,030)	(10,085)	**(17,714)**	(19,863)
	28,478	19,288	16,390	**47,766**	24,990
Reconciliation of adjusted EBITDA:					
Adjusted operating income before tax	**28,478**	19,288	16,390	**47,766**	24,990
Interest expense	**8,464**	6,229	4,938	**14,693**	10,505
Depreciation & amortization	**1,913**	1,955	2,071	**3,868**	3,864
Adjusted EBITDA	**38,855**	27,472	23,399	**66,327**	39,359
Reconciliation of adjusted net income and adjusted net income attributable to common shareholders:					
Adjusted operating income before tax	**28,478**	19,288	16,390	**47,766**	24,990
Provision for taxes applicable to adjusted operating income (1)	**5,696**	3,858	2,786	**9,553**	4,248
Adjusted net income	**22,782**	15,430	13,604	**38,213**	20,742
Cumulative preferred share dividends during the period	**1,124**	1,146	2,459	**2,270**	4,854
Adjusted net income attributable to common shareholders	**21,658**	14,284	11,145	**35,943**	15,888
Per share information					
Weighted average number of shares outstanding (basic)	**247,224**	246,626	243,478	**246,927**	243,987
Adjusted net income per share (basic)	**$0.09**	$0.06	$0.06	**$0.15**	$0.09
Adjusted net income applicable to common shareholders per share (basic)	**$0.09**	$0.06	$0.05	**$0.15**	$0.07

(1) Provision for taxes applicable to adjusted operating income reflects an effective tax rate of 20.0% for the three and six-month periods ended June 30, 2022 and the three-month period ended March 31, 2022, and 17.0% for the three and six-month periods ended June 30, 2021.

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 2021 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 2021 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.

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 August 11, 2022, the Company had 246,781,223 common shares, 3,446,495 options and 3,712,400 Series C preferred shares issued and outstanding.

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