



# Management Discussion & Analysis

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**JUNE 30, 2024**

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, 2024, in comparison to the corresponding prior year periods. This MD&A, which has been prepared as of August 7, 2024, is intended to supplement and complement the interim unaudited condensed 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, 2024 (the “interim condensed 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, 2023 (the “2023 Annual Consolidated Financial Statements”) and December 31, 2022 (the “2022 Annual Consolidated Financial Statements”). Additional information relating to the Company, including the Company’s Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.ecncapitalcorp.com](http://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, 2024. 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

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### 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, its “Partners”). ECN Capital originates, manages and advises on credit assets on behalf of its Partners, specifically consumer (manufactured housing and RV and marine) loans and commercial (inventory finance and rental) loans. Our Partners are seeking high quality assets to match with their deposits, term insurance or other liabilities. These services are offered through two operating segments: (i) Manufactured Housing Finance, and (ii) Recreational Vehicle and Marine (“RV and Marine”) Finance. Headquartered in South Florida and Toronto, the registered office is located at 199 Bay Street, Suite 4000, Toronto, Ontario, Canada. ECN Capital has approximately 580 employees and operates principally in the United States. The Company is a public corporation and trades on the Toronto Stock Exchange (“TSX”) 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” or “Triad,” our Manufactured Housing Finance business segment), Source One Financial Services, LLC (“Source One”) and Intercoastal Financial Group, LLC (“IFG”) (collectively, Source One and IFG comprise our RV and Marine business segment). ECN Capital has managed assets<sup>1</sup> of approximately \$5.3 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 seeking optimal portfolio solutions to match customer deposits, term insurance and other liabilities.

The Company's focus is to drive origination and asset management growth by deepening and 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 portfolio companies.

(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 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
- 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 and management excellence
- Capital-light businesses with solid growth profiles
- Scalable platforms with established operations and proprietary intellectual capital

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

### **Core Business Segments:**

#### *Manufactured Housing Finance*

##### 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+ active Partners. These assets are primarily comprised of 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 dealers and manufacturers in the industry. Triad Financial Services is headquartered in Jacksonville, Florida and is licensed in 47 States.

#### *RV and Marine Finance*

##### Source One

Founded in 1999, Source One is a well established provider of consumer lending programs and outsourced finance and insurance solutions to the recreational vehicle and marine industries. Through an established and growing network of dealers, Source One primarily originates prime and super-prime loans to consumers to facilitate the purchase of recreational and marine vehicles. Source One is headquartered in Lakeville, Minnesota and is licensed in 47 states.

### Intercoastal Financial Group

Founded in 1987, Intercoastal Financial Group is a premier provider of consumer lending programs to the recreational vehicle and marine industries. Through an established network of sales representatives nationwide, Intercoastal Financial Group originates prime and super-prime loans to consumers to facilitate the purchase of recreational and marine vehicles. Intercoastal Financial Group is headquartered in Vero Beach, FL.

## Key Business Developments

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Information related to the developments in support of the Company's business strategy for the three and six-month periods ended June 30, 2024 are outlined below.

### ACQUISITION OF PARAMOUNT CAPITAL HOLDINGS, LLC

On July 24, 2024, the Company entered into a definitive agreement to acquire a 54% majority interest in Paramount Capital Holdings, LLC, which operates Paramount Capital Group, LLC, ("Paramount") a consumer finance loan servicing company, for total consideration of \$5.4 million, including cash consideration of \$4.5 million and deferred contingent consideration of \$0.9 million, subject to final working capital adjustments. This acquisition accelerates the Company's strategic objective to establish servicing capabilities for its RV and Marine Finance operating segment and is expected to close in the third quarter of 2024, subject to receipt of required state regulatory approvals.

### CORPORATE FINANCE DEVELOPMENTS

#### Normal Course Issuer Bids

On September 18, 2023, 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 Normal Course Issuer Bid (the "Preferred Share Bid" and, together with the Common Share Bid, the "NCIBs") for the Company's Series C Preferred Shares for commencement on September 21, 2023. Pursuant to the NCIBs, the Company may repurchase up to an additional 6,329,034 common shares and 371,240 Series C Preferred Shares, representing approximately 5% and 10% of the public float of each of the common shares and Series C Preferred Shares, respectively. The NCIBs will end on the earlier of September 20, 2024 or the completion of purchases under the applicable NCIB.

During the three and six-month periods ended June 30, 2024 and June 30, 2023, the Company did not purchase any common shares or Series C Preferred Shares pursuant to the NCIBs.

## Results of Operations

The following table sets forth a summary of the Company's consolidated results 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	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$	\$
<i>(in 000's for stated values, except per share amounts)</i>					
<b>Select metrics:</b>					
Originations	622,494	468,367	621,958	1,090,861	1,087,014
Average earning assets - Owned <sup>(1)</sup>	530,012	549,979	663,697	552,749	675,967
Average earning assets - Managed <sup>(1)</sup>	5,265,945	5,067,214	4,691,710	5,150,504	4,579,214
Period end earning assets - Owned <sup>(1)</sup>	558,291	501,732	625,952	558,291	625,952
Period end earning assets - Managed <sup>(1)</sup>	5,317,085	5,214,804	4,713,436	5,317,085	4,713,436
<b>Operating results:</b>					
Loan origination revenues	30,676	19,805	13,327	50,481	36,001
Servicing revenues	10,691	8,758	6,902	19,449	13,260
Interest income	15,362	18,853	18,987	34,215	38,191
Other revenue	1,281	2,190	(1,286)	3,471	(1,679)
Total revenue	58,010	49,606	37,930	107,616	85,773
Operating expenses	26,496	27,781	26,006	54,277	50,447
Interest expense	14,944	18,238	20,141	33,182	38,362
Depreciation & amortization	2,060	2,167	1,747	4,227	3,450
Other expenses:					
Share-based compensation	3,074	3,075	2,138	6,149	6,798
Amortization of intangible assets from acquisitions	1,917	1,897	1,897	3,814	3,784
Accretion of deferred purchase consideration	129	129	128	258	256
Asset disposal, litigation costs and corporate restructure costs	—	—	7,303	—	18,664
Transaction, corporate development and strategic review costs	—	2,069	2,150	2,069	4,816
Net income (loss) before income taxes	9,390	(5,750)	(23,580)	3,640	(40,804)
Provision for income taxes	1,226	1,422	5,050	2,648	7,348
Net income (loss) for the period	8,164	(7,172)	(28,630)	992	(48,152)
Cumulative dividends on preferred shares	2,553	1,370	1,384	3,923	2,748
<b>Net income (loss) for the period attributable to common shareholders</b>	<b>5,611</b>	<b>(8,542)</b>	<b>(30,014)</b>	<b>(2,931)</b>	<b>(50,900)</b>
Weighted Average number of shares outstanding (basic)	281,014	279,947	245,727	280,471	245,555
Earnings (loss) per share (basic) - attributable to common shareholders	\$0.02	\$(0.03)	\$(0.12)	\$(0.01)	\$(0.21)
<b>Adjusted operating results:</b>					
Adjusted revenue <sup>(1)(2)</sup>					
Loan originations revenue	30,676	19,805	25,857	50,481	48,531
Servicing revenue	10,691	8,758	6,902	19,449	13,260
Interest income	15,362	18,853	18,987	34,215	38,191
Other revenue	1,281	2,190	(1,286)	3,471	(1,679)
Total adjusted revenue <sup>(1)(2)</sup>	58,010	49,606	50,460	107,616	98,303
Operating expenses	26,496	27,781	26,006	54,277	50,447
Adjusted EBITDA <sup>(1)</sup>	31,514	21,825	24,454	53,339	47,856
Interest expense	14,944	18,238	20,141	33,182	38,362
Depreciation & amortization	2,060	2,167	1,747	4,227	3,450
Adjusted operating income before tax <sup>(1)</sup>	14,510	1,420	2,566	15,930	6,044
Adjusted net income <sup>(1)</sup>	10,737	1,051	2,053	11,788	4,835
Adjusted net income (loss) applicable to common shareholders <sup>(1)</sup>	8,184	(319)	669	7,865	2,087
Adjusted net income per share (basic) <sup>(1)</sup>	\$0.04	\$—	\$0.01	\$0.04	\$0.02
Adjusted net income applicable to common shareholders per share (basic) <sup>(1)</sup>	\$0.03	\$—	\$—	\$0.03	\$0.01

(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) There was no impact to Adjusted revenue for the three and six-month periods ended June 30, 2024 as the adjustments apply to the prior year comparative figures.



The following discussion relates to the results of operations for the three and six-month periods ended June 30, 2024.

## Q2 AND Q2 YTD 2024 vs Q2 AND Q2 YTD 2023

The Company reported total revenue of \$58.0 million and \$107.6 million for the second quarter and six-month periods ended June 30, 2024, up from both total revenue of \$37.9 million and \$85.8 million and total adjusted revenue<sup>1</sup> of \$50.5 million and \$98.3 million in the prior year periods, respectively, reflecting higher loan origination and servicing revenues, as well as increased other revenue, all partially offset by lower interest income. Loan origination revenues increased by \$4.8 million and \$2.0 million on a quarter and year-to-date basis, when compared to adjusted loan originations revenue<sup>1</sup> in the respective prior year periods, primarily due to higher origination revenue margins at our Manufactured Housing Finance segment and higher origination volumes at our RV and Marine Finance segment. Servicing revenues increased \$3.8 million and \$6.2 million on a quarter and year-to-date basis, respectively, which was primarily driven by the increase in period end managed assets<sup>1</sup>, which increased 12.8% to \$5.3 billion. Servicing revenues are also impacted by the estimated fair value of the retained servicing asset as well as the timing of bulk portfolio sales and bulk portfolio sales on a servicing release basis. Other revenue increased primarily due to higher investment income and the favorable impact of unrealized gains on interest rate hedge contracts during the current year periods. Lower interest income was primarily driven by lower overall on-balance sheet finance assets in 2024.

The table below illustrates the Company's operating expenses for the three and six-month periods ended June 30, 2024 and June 30, 2023:

	For the three-month period ended		For the six-month period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(in 000's for stated values)</i>	\$	\$	\$	\$
Manufactured Housing Finance	19,577	19,928	40,716	38,086
RV and Marine Finance	4,443	3,049	8,270	6,014
Business segment operating expenses	24,020	22,977	48,986	44,100
Corporate operating expenses	2,476	3,029	5,291	6,347
<b>Total operating expenses</b>	<b>26,496</b>	<b>26,006</b>	<b>54,277</b>	<b>50,447</b>

Operating expenses were \$26.5 million and \$54.3 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$26.0 million and \$50.4 million for the prior year periods. The modest quarterly decline in Manufactured Housing Finance operating expenses reflects the ongoing improvements being achieved in origination processes and operational efficiencies. The increases in RV and Marine Finance operating expenses as compared to the prior year periods primarily reflect the continued investment in growth and operational improvement initiatives. Corporate operating expenses were \$2.5 million and \$5.3 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$3.0 million and \$6.3 million in the prior year periods, reflecting planned corporate operating expense reductions.

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.

Interest expense decreased to \$14.9 million and \$33.2 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$20.1 million and \$38.4 million in the prior year period, primarily due to lower average borrowings in 2024. Total average borrowings on the term senior facility credit for the second quarter and six-month periods ended June 30, 2024 were \$568.3 million and \$653.7 million, respectively, compared to \$849.1 million and \$849.0 million in the prior year periods.

Depreciation and amortization expense was \$2.1 million and \$4.2 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$1.7 million and \$3.5 million in the prior year periods.

Other expenses, which include share-based compensation, amortization of intangible assets and other items, were \$5.1 million and \$12.3 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$13.6 million and \$34.3 million in the prior year periods. Share-based compensation expense was \$3.1 million and \$6.1 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$2.1 million and \$6.8 million for the prior year periods. Other expenses for the six-month period ended June 30, 2024 include transaction, corporate development and strategic review costs of \$2.1 million, related to the acquisition of FAS, various business development initiatives and the Company's review of strategic alternatives, which was completed in the first quarter of 2024.

Adjusted EBITDA<sup>1</sup> was \$31.5 million and \$53.3 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$24.5 million and \$47.9 million for the prior year periods. The increase in adjusted EBITDA<sup>1</sup> primarily reflects higher overall revenue. Adjusted net income applicable to common shareholders<sup>1</sup> was \$8.2 million or \$0.03 per share and \$7.9 million or \$0.03 per share for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$0.7 million or \$0.00 per share and \$2.1 million or \$0.01 per share for the prior year periods. The increase in adjusted net income applicable to common shareholders<sup>1</sup> in the current quarter primarily reflects higher adjusted EBITDA<sup>1</sup> and lower interest expense.

The Company reported net income of \$8.2 million and \$1.0 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to a net loss of \$28.6 million and \$48.2 million 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 MANUFACTURED HOUSING FINANCE SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the Manufactured Housing Finance segment for the three-month periods ended June 30, 2024, March 31, 2024, and June 30, 2023 and the six-month periods ended June 30, 2024 and June 30, 2023.

	For the three-month period ended			For the six-month period ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(in 000's for stated values)</i>	\$	\$	\$	\$	\$
<b>Select metrics:</b>					
Originations	310,933	302,425	348,051	613,358	634,268
Managed assets, period end <sup>(1)(2)</sup>	5,317,085	5,214,804	4,713,436	5,317,085	4,713,436
Managed assets, period average <sup>(1)(2)</sup>	5,265,945	5,067,214	4,691,710	5,150,504	4,579,214
Manufactured housing loans	175,549	199,248	320,465	175,549	320,465
Held-for-trading financial assets	285,258	227,257	252,610	285,258	252,610
Loan originations revenue	23,414	15,738	7,107	39,152	25,111
Servicing revenue	10,691	8,758	6,902	19,449	13,260
Interest income & other revenue	13,765	18,296	17,513	32,061	35,836
Total revenue	47,870	42,792	31,522	90,662	74,207
<b>Adjusted operating results:</b>					
Adjusted revenue <sup>(1)(3)</sup>					
Loan originations revenue <sup>(1)</sup>	23,414	15,738	19,637	39,152	37,641
Servicing revenue	10,691	8,758	6,902	19,449	13,260
Interest income & other revenue	13,765	18,296	17,513	32,061	35,836
Total adjusted revenue <sup>(1)(3)</sup>	47,870	42,792	44,052	90,662	86,737
Operating expenses	19,577	21,139	19,928	40,716	38,086
Adjusted EBITDA <sup>(1)</sup>	28,293	21,653	24,124	49,946	48,651
Interest and depreciation expense	8,072	12,578	14,383	20,650	27,742
<b>Adjusted operating income before tax <sup>(1)</sup></b>	<b>20,221</b>	<b>9,075</b>	<b>9,741</b>	<b>29,296</b>	<b>20,909</b>

(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) Managed assets, period end and managed assets, period average for prior periods were originally reported based on estimates. Changes to prior period reported numbers reflect final managed assets balances.

(3) There was no impact to Adjusted revenue for the three and six-month periods ended June 30, 2024 as the adjustments apply to the prior year comparative figures.

Manufactured Housing Finance originations for the second quarter and six-month periods ended June 30, 2024 decreased 10.7% and 3.3% to \$310.9 million and \$613.4 million, respectively, which was primarily driven by reduced land home and community product offerings, partially offset by strong growth in chattel loan volumes. Managed assets<sup>1</sup> were \$5.3 billion as at June 30, 2024, which represents an increase of 12.8% compared to managed assets<sup>1</sup> of \$4.7 billion in the prior year.

Traditionally, this segment is impacted by seasonality, with the second and third quarters of the year being the strongest performing quarters. Recent market dynamics and business initiatives are expected to impact this typical seasonal pattern, as Triad anticipates stronger originations in the second half of 2024.

Originations (US\$ millions)								
Q2, 2022	Q3, 2022	Q4, 2022	Q1, 2023	Q2, 2023	Q3, 2023	Q4, 2023	Q1, 2024	Q2, 2024
381	381	323	286	348	361	374	302	311

Loan originations revenue for the second quarter and six-month periods ended June 30, 2024 was \$23.4 million and \$39.2 million, respectively, compared to loan originations revenue of \$7.1 million and \$25.1 million and adjusted loan originations revenue<sup>1</sup> of \$19.6 million and \$37.6 million in the prior year periods, respectively. Loan originations revenue increased 19.2% and 4.0%, respectively, as compared to adjusted loan originations revenue<sup>1</sup> in the respective prior year periods, primarily reflecting improved origination margins as a result of more favorable product mix.

Servicing revenues increased by \$3.8 million and \$6.2 million on a quarter and year-to-date basis, respectively, which was primarily driven by the increase in period end managed assets<sup>1</sup>, which increased 12.8% to \$5.3 billion. Servicing revenues are also impacted by the estimated fair value of the retained servicing asset as well as the timing of bulk portfolio sales and bulk portfolio sales on a servicing release basis.

Interest income and other revenue for the second quarter and six-month periods ended June 30, 2024 was \$13.8 million and \$32.1 million, respectively, down 21.4% and 10.5% from the prior year periods, primarily the result of lower average floorplan loan balances in 2024 as we continued to sell (but retain the management of) floorplan loans under flow agreements with our Partners. Other revenue for the current quarter and six-month periods ended June 30, 2024 includes an unrealized gain on an interest rate swap of \$0.3 million and \$1.1 million, respectively.

Operating expenses for the second quarter and six-month periods ended June 30, 2024 were \$19.6 million and \$40.7 million, compared to \$19.9 million and \$38.1 million in the prior year periods. Triad's operating cost structure continues to benefit from ongoing improvements in origination processes and operational efficiencies.

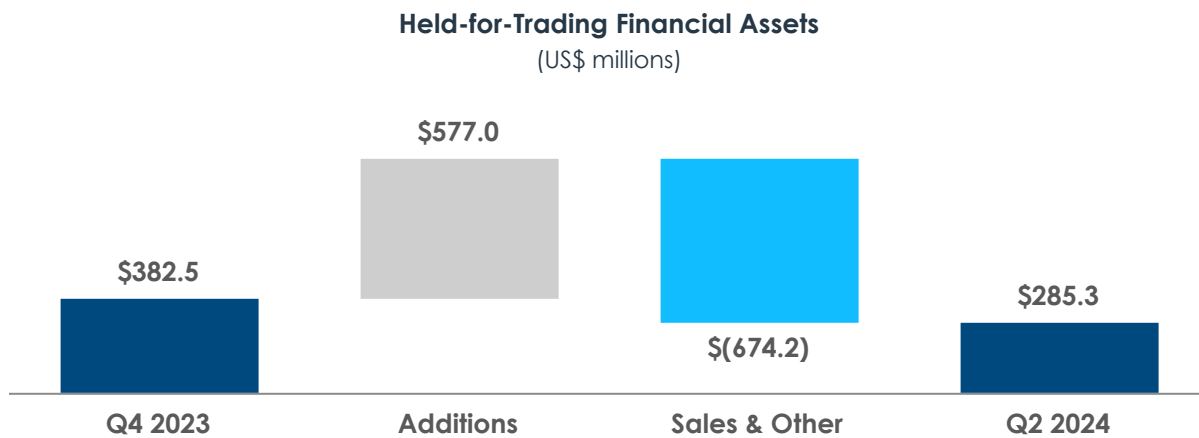
Adjusted EBITDA<sup>1</sup> and adjusted operating income before tax<sup>1</sup> were \$28.3 million and \$20.2 million, respectively, for the current quarter compared to \$24.1 million and \$9.7 million, respectively, for the prior year quarter. For the six-month period ended June 30, 2024, adjusted EBITDA<sup>1</sup> and adjusted operating income before tax<sup>1</sup> were \$49.9 million and \$29.3 million, respectively, compared to \$48.7 million and \$20.9 million for the prior year period.

Manufactured Housing Finance floorplan loans were \$175.5 million as at June 30, 2024, compared to \$199.2 million as at March 31, 2024 and \$320.5 million as at June 30, 2023 (of which \$143.2 million was Red Oak assets). Floorplan loans enable dealers to finance their inventory and support the growth of their businesses. These loans strengthen the relationship with our dealers and manufacturers. The decrease in floorplan loans from the first quarter of 2024 is primarily due to the impact of floorplan loan sales under an agreement with an institutional funding partner.

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.

During the second quarter of 2024, Triad entered into an agreement with an institutional partner to flow and manage up to approximately \$300 million of rental loans, which provides Triad the opportunity to continue to grow its expanded community business. This is another example of Triad's ability to launch and then successfully convert a balance sheet program to an asset light flow program. This transaction is also consistent with ECN's strategy to actively diversify funding from deposit-taking institutions to large institutional asset managers. These arrangements result in a deeper pool of funding with longer-term commitments that support the growth of ECN's businesses.

Held-for-trading financial assets were \$285.3 million as at June 30, 2024, compared to \$227.3 million as at March 31, 2024 and \$252.6 million as at June 30, 2023. 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. The increase in the current quarter was primarily driven by timing of bulk portfolio sales.



## Manufactured Housing Finance Segment 2024 Outlook

Based on the performance to date and the origination pipeline for the remainder of 2024, the Company maintains its 2024 outlook for the Manufactured Housing Finance Segment, except with respect to the range provided for total originations. The Company now expects total originations to be in the range of \$1.4 billion to \$1.6 billion, down from \$1.65 billion to \$1.85 billion, as a result of lower expected land home and community product volumes, partially offset by growth in chattel loan volumes. Please see table below.

	2024 Forecast Range	
<b>Select Metrics (US\$ millions)</b>		
Total originations	1,400	1,600
Floorplan line utilized	150	250
Managed & advised portfolio (period end)	5,900	6,200
<b>Income Statement (US\$ millions)</b>		
Loan origination revenues <sup>(1)</sup>	95	105
Servicing revenues	34	36
Interest income & other revenue	52	56
Total revenue	181	197
Adjusted EBITDA <sup>(1)</sup>	106	118
Adjusted operating income before tax <sup>(1)</sup>	68	80

The material factors and assumptions used to develop the forward-looking information related to the 2024 outlook for the Manufactured Housing Finance segment include expected originations volumes, including the ability to grow such originations; expectations regarding our ability to attract new Partners, vendor relationships and new customers and develop and maintain relationships with existing Partners, vendors and customers; the continued availability of funding Partner capacity at expected and contracted levels and the growth and/or renewals of existing funding pipeline commitments from Partners required to meet our anticipated originations levels; continued competitive intensity in the manufactured housing segment; no significant legal or regulatory developments, no significant deterioration in economic conditions, or macro changes in the competitive environment affecting our business activities; and key interest rates remaining in line with current market expectations throughout the remainder of 2024.

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.

## RESULTS OF RV AND MARINE FINANCE SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the RV and Marine Finance segment for the three-month periods ended June 30, 2024, March 31, 2024, and June 30, 2023 and the six-month periods ended June 30, 2024 and June 30, 2023.

	For the three-month period ended			For the six-month period ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(in 000's for stated values)</i>	\$	\$	\$	\$	\$
<b>Select Metrics</b>					
Originations	311,561	165,942	273,907	477,503	452,746
RV and Marine financial assets	97,484	75,227	52,876	97,484	52,876
<b>Operating results</b>					
Originations revenue	7,262	4,067	6,220	11,329	10,890
Interest income & other revenue	2,132	1,716	1,007	3,848	1,532
Total revenue	9,394	5,783	7,227	15,177	12,422
Operating expenses	4,443	3,827	3,049	8,270	6,014
Adjusted EBITDA <sup>(1)</sup>	4,951	1,956	4,178	6,907	6,408
Interest and depreciation expense	1,791	1,484	866	3,275	1,353
<b>Adjusted operating income before tax <sup>(1)</sup></b>	<b>3,160</b>	<b>472</b>	<b>3,312</b>	<b>3,632</b>	<b>5,055</b>

(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.

RV and Marine Finance originations for the second quarter and six-month periods ended June 30, 2024 were \$311.6 million and \$477.5 million, up 13.7% and 5.5%, respectively, compared to \$273.9 million and \$452.7 million in the prior year periods. Origination activity has increased from 2023 despite the challenges of the high rate environment and higher percentage of cash buyers, as a result of planned growth initiatives, including sales network expansion and process improvements.

Traditionally, this segment is impacted by seasonality, with the second and third quarters of the year being the strongest performing quarters, which is illustrated in the table below. In 2023, the RV and marine market returned to its customary seasonal trends, which became distorted in the years during and immediately following the COVID-19 pandemic.

Originations (US\$ millions) <sup>(1)</sup>								
Q2, 2022	Q3, 2022	Q4, 2022	Q1, 2023	Q2, 2023	Q3, 2023	Q4, 2023	Q1, 2024	Q2, 2024
416	306	186	179	274	211	129	166	312

(1) Includes results from periods prior to the Company's acquisition of IFG on July 1, 2022, Wake Lending on January 31, 2023, and FAS on March 28, 2024.

Loan originations revenue for the second quarter and six-month periods ended June 30, 2024 was \$7.3 million and \$11.3 million, up 16.8% and 4.0%, respectively, from the prior year periods, which corresponds to the increase in origination volumes.

Interest income and other revenue for the second quarter and six-month periods ended June 30, 2024 was \$2.1 million and \$3.8 million, up 111.7% and 151.2%, respectively, from the prior year periods, primarily driven by higher average finance asset balances and higher interest rates.

Operating expenses for the second quarter and six-month periods ended June 30, 2024 were \$4.4 million and \$8.3 million, up 45.7% and 37.5%, respectively, from the prior year periods,

reflecting the continued investment in growth initiatives, including sales network expansion and investments in technology and process improvements.

Adjusted EBITDA<sup>1</sup> and adjusted operating income before tax<sup>1</sup> were \$5.0 million and \$3.2 million, respectively, for the current quarter and \$4.2 million and \$3.3 million, respectively, for the prior year quarter.

RV and Marine financial assets were \$97.5 million as at June 30, 2024, compared to \$75.2 million as at March 31, 2024 and \$52.9 million as at June 30, 2023. RV and Marine financial assets primarily consist of loans that are originated with the intention of selling under bulk portfolio sales agreements.

Subsequent to the end of the second quarter, Source One entered into an agreement with a new institutional Partner to flow and manage up to \$250 million in RV and Marine loans and completed an initial pool sale of approximately \$34 million under this agreement. With this program in place and subsequent programs currently being negotiated, Source One expects to have significant opportunity to continue to grow originations volume. This transaction is also consistent with ECN's strategy to actively diversify funding from deposit-taking institutions to large institutional Partners. These arrangements result in a deeper pool of funding with longer-term commitments that support the growth of ECN's businesses.

Subsequent to the end of the second quarter, ECN entered into an agreement to acquire a majority share interest in Paramount, a consumer finance loan servicing company, to accelerate our strategic objective to establish servicing capabilities at our RV and Marine Finance business segment. The addition of servicing capabilities, as well as the launch of a forward flow program, leverage Triad's proven business model for our RV and Marine Finance segment.



## RV and Marine Finance Segment 2024 Outlook

The Company maintains its 2024 outlook for the RV and Marine Finance segment. Please see the table below.

<u>Select Metrics (US\$ millions)</u>	<b>2024 Forecast Range</b>	
	<b>1,000</b>	<b>1,100</b>
Total originations		
<b><u>Income Statement (US\$ millions)</u></b>		
Total revenues	<b>32</b>	<b>36</b>
Adjusted EBITDA <sup>(1)</sup>	<b>16</b>	<b>20</b>
Adjusted operating income before tax <sup>(1)</sup>	<b>10</b>	<b>15</b>

The material factors and assumptions used to develop the forward-looking information related to the 2024 outlook for the RV and Marine Finance segment include expected originations volumes, including the ability to grow such originations; expectations regarding our ability to attract new Partners, vendor relationships and new customers and develop and maintain relationships with existing Partners, vendors and customers; the continued availability of funding Partner capacity at expected and contracted levels and the growth and/or renewals of existing funding pipeline commitments from Partners required to meet our anticipated originations levels; continued competitive intensity in the segment in the RV and Marine segment; no significant legal or regulatory developments, no significant deterioration in economic conditions, or macro changes in the competitive environment affecting our business activities; key interest rates remaining in line with current market expectations throughout the remainder of 2024; and that the roll-out of products across the RV and Marine Finance business continues on its expected timing and progress.

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.

## 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, 2024, March 31, 2024, and June 30, 2023 and the six-month periods ended June 30, 2024 and June 30, 2023.

	For the three-month period ended			For the six-month period ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(in 000's for stated values)</i>	\$	\$	\$		
<b>Operating results</b>					
Revenues	746	1,031	(819)	1,777	(856)
Operating expenses	2,476	2,815	3,029	5,291	6,347
Adjusted EBITDA <sup>(1)</sup>	(1,730)	(1,784)	(3,848)	(3,514)	(7,203)
Interest expense	6,837	5,816	6,100	12,653	11,609
Depreciation & amortization	304	527	539	831	1,108
<b>Adjusted operating loss before tax <sup>(1)</sup></b>	<b>(8,871)</b>	<b>(8,127)</b>	<b>(10,487)</b>	<b>(16,998)</b>	<b>(19,920)</b>

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

Corporate revenue was \$0.7 million and \$1.8 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to loss of \$0.8 million and \$0.9 million for the prior year periods. Revenue primarily consists of gains/losses from corporate investments and gains/losses from foreign currency transactions and related hedge contracts.

Corporate operating expenses were \$2.5 million and \$5.3 million for the second quarter and six-month periods ended June 30, 2024, respectively, compared to \$3.0 million and \$6.3 million for the prior year periods due to planned corporate operating expense reductions.

Corporate interest expense was \$6.8 million for the current quarter, compared to \$6.1 million for the comparable prior year 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, 2024, March 31, 2024 and June 30, 2023.

	June 30, 2024			
	Manufactured Housing Finance	RV & Marine Finance	Corporate	Total
<i>(in 000's for stated values, except percentage amounts)</i>	\$	\$	\$	\$
<b>Assets</b>				
Cash	12,429	8,273	1,738	22,440
Restricted funds	301	—	—	301
Accounts Receivable	63,373	6,410	1,133	70,916
Finance assets				
Loans receivable	175,549	8,099	—	183,648
Held-for-trading financial assets	285,258	89,385	—	374,643
<b>Total finance assets</b>	<b>460,807</b>	<b>97,484</b>	<b>—</b>	<b>558,291</b>
Retained reserve interest	41,240	—	—	41,240
Continuing involvement asset	70,203	—	—	70,203
Goodwill and intangible assets	80,104	153,941	648	234,693
Deferred tax assets	6,357	—	1,946	8,303
Other assets and investments	22,212	3,299	55,367	80,878
<b>Total Assets</b>	<b>757,026</b>	<b>269,407</b>	<b>60,832</b>	<b>1,087,265</b>
<b>Liabilities</b>				
Borrowings	325,852	82,653	315,259	723,764
Continuing involvement liability	70,203	—	—	70,203
Other liabilities	19,542	13,837	58,940	92,319
<b>Total Liabilities</b>	<b>415,597</b>	<b>96,490</b>	<b>374,199</b>	<b>886,286</b>
<b>Earning Assets - Owned and Managed</b>				
Earning assets - owned <sup>(1)</sup>	460,807	97,484	—	558,291
Earning assets - managed <sup>(1)</sup>	5,317,085	—	—	5,317,085
<b>Total Earning Assets - Owned and Managed <sup>(1)</sup></b>	<b>5,777,892</b>	<b>97,484</b>	<b>—</b>	<b>5,875,376</b>

Total finance assets were \$558.3 million as at June 30, 2024 compared to \$501.7 million as at March 31, 2024 and \$626.0 million as at June 30, 2023. The increase compared to the first quarter of 2024 primarily reflects an increase in manufactured housing and RV and marine held-for-trading financial assets, partially offset by a decrease in manufactured housing floorplan loans.

Borrowings were \$723.8 million as at June 30, 2024 compared to \$631.3 million as at March 31, 2024 and \$956.7 million as at June 30, 2023. The increase compared to the preceding quarter primarily reflects the increased investment in finance assets.

Earning assets - managed<sup>1</sup> of \$5.3 billion as at June 30, 2024 reflects managed loans at our Manufactured Housing Finance segment.

March 31, 2024

	Manufactured Housing Finance	RV & Marine Finance	Corporate	Total
<i>(in 000's for stated values, except percentage amounts)</i>	\$	\$	\$	\$
<b>Assets</b>				
Cash	—	8,158	480	<b>8,638</b>
Restricted funds	7	—	—	<b>7</b>
Accounts Receivable	69,755	4,441	1,793	<b>75,989</b>
Finance assets				
Loans receivable	199,248	9,887	—	<b>209,135</b>
Held-for-trading financial assets	227,257	65,340	—	<b>292,597</b>
<b>Total finance assets</b>	<b>426,505</b>	<b>75,227</b>	<b>—</b>	<b>501,732</b>
Retained reserve interest asset	39,057	—	—	<b>39,057</b>
Continuing involvement asset	69,533	—	—	<b>69,533</b>
Goodwill and intangible assets	76,561	155,670	716	<b>232,947</b>
Deferred tax assets	8,572	—	—	<b>8,572</b>
Other assets and investments	21,092	3,348	51,462	<b>75,902</b>
<b>Total Assets</b>	<b>711,082</b>	<b>246,844</b>	<b>54,451</b>	<b>1,012,377</b>
<b>Liabilities</b>				
Borrowings	293,052	61,403	276,804	<b>631,259</b>
Continuing involvement liability	69,533	—	—	<b>69,533</b>
Other liabilities	26,848	15,157	71,803	<b>113,808</b>
<b>Total Liabilities</b>	<b>389,433</b>	<b>76,560</b>	<b>348,607</b>	<b>814,600</b>
<b>Earning Assets - Owned and Managed</b>				
Earning assets - owned <sup>(1)</sup>	426,505	75,227	—	<b>501,732</b>
Earning assets - managed <sup>(1)</sup>	5,214,804	—	—	<b>5,214,804</b>
<b>Total Earning Assets - Owned and Managed <sup>(1)</sup></b>	<b>5,641,309</b>	<b>75,227</b>	<b>—</b>	<b>5,716,536</b>

(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.

June 30, 2023

	Manufactured Housing Finance	RV & Marine Finance	Corporate	Total
<i>(in 000's for stated values, except percentage amounts)</i>	\$	\$	\$	
<b>Assets</b>				
Cash	35,537	10,387	932	<b>46,856</b>
Restricted funds	—	2,597	—	<b>2,597</b>
Accounts Receivable	172,399	4,459	3,198	<b>180,056</b>
Finance assets				
Loans receivable	320,465	11,972	—	<b>332,437</b>
Held-for-trading financial assets	252,610	40,904	—	<b>293,514</b>
<b>Total finance assets</b>	<b>573,075</b>	<b>52,876</b>	<b>—</b>	<b>625,951</b>
Retained reserve interest	36,812	—	—	<b>36,812</b>
Continuing involvement asset	59,982	—	—	<b>59,982</b>
Goodwill and intangible assets	73,006	159,419	765	<b>233,190</b>
Deferred tax assets	6,405	—	4,508	<b>10,913</b>
Other assets and investments	18,668	2,597	73,432	<b>94,697</b>
<b>Total Assets</b>	<b>975,884</b>	<b>232,335</b>	<b>82,835</b>	<b>1,291,054</b>
<b>Liabilities</b>				
Borrowings	674,831	42,753	239,110	<b>956,694</b>
Continuing involvement liability	59,982	—	—	<b>59,982</b>
Other liabilities	29,206	26,087	77,952	<b>133,245</b>
<b>Total Liabilities</b>	<b>764,019</b>	<b>68,840</b>	<b>317,062</b>	<b>1,149,921</b>
<b>Earning Assets - Owned and Managed</b>				
Earning assets - owned <sup>(1)</sup>	573,075	52,876	—	<b>625,951</b>
Earning assets - managed <sup>(1)</sup>	4,713,436	—	—	<b>4,713,436</b>
<b>Total Earning Assets - Owned and Managed <sup>(1)</sup></b>	<b>5,286,511</b>	<b>52,876</b>	<b>—</b>	<b>5,339,387</b>

(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.

## Delinquencies

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

	June 30, 2024		March 31, 2024		June 30, 2023	
	\$	%	\$	%	\$	%
Current	183,351	99.64	207,752	99.18	332,615	99.62
31-60 days past due	—	—	—	—	—	—
61-90 days past due	—	—	812	0.39	1,279	0.38
Greater than 90 days past due	667	0.36	906	0.43	10	—
<b>Total investment</b>	<b>184,018</b>	<b>100</b>	209,470	100	333,904	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, 2024	Three-month period ended December 31, 2023	Three-month period ended June 30, 2023
<i>(in 000's except percentage amounts)</i>	\$	\$	\$
<b>Allowance for credit losses, beginning of period</b>	335	1,341	1,064
Provision for credit losses	36	143	403
<b>Allowance for credit losses, end of period</b>	<b>371</b>	1,484	1,467

The Company's allowance for credit losses was \$0.4 million as at June 30, 2024, compared to \$1.5 million as at December 31, 2023. The allowance for credit losses of \$0.4 million as at June 30, 2024 is in line with management's expectation of losses from the business segments and the current mix of assets.

During the six-month period ended June 30, 2024, the company charged off a \$1.28 million balance that was fully provisioned in 2023.

## 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:

		<i>As at</i>		
		<b>June 30, 2024</b>	March 31, 2024	June 30, 2023
<i>(in 000's for stated values, except for percentage amounts)</i>		\$	\$	\$
Total debt, including borrowings on term senior credit facility and senior unsecured debentures	<b>(a)</b>	<b>723,764</b>	631,259	956,694
Shareholders' equity	<b>(b)</b>	<b>200,979</b>	197,777	141,133
Debt to equity ratio	<b>(a)/(b)</b>	<b>3.60</b>	3.19	6.78

As at June 30, 2024, the Company's debt to equity ratio was 3.60:1.

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:

		<i>As at</i>		
		<b>June 30, 2024</b>	March 31, 2024	June 30, 2023
<i>(in 000's)</i>		\$	\$	\$
Cash and cash equivalents		<b>22,440</b>	8,638	46,856
Senior Facilities				
Facilities		<b>800,000</b>	900,000	900,000
Utilized against Facility		<b>574,000</b>	480,871	805,652
Unutilized Borrowing Facilities (i.e., excl. Cash & Equiv.)		<b>226,000</b>	419,129	94,348
Total available sources of capital, end of period		<b>248,440</b>	427,767	141,204

As at June 30, 2024, the unutilized balance of the borrowing facility was approximately \$226.0 million compared to \$419.1 million at March 31, 2024 and \$94.3 million at June 30, 2023.

This \$226.0 million in unutilized borrowings is in addition to the commitments in place to fund loan originations from our business segments for 2024. Management believes the available liquidity from its cash and equivalents, unutilized borrowing capacity and the funding commitments in place at its business segments is sufficient to fund operations and internal growth initiatives.

The Company was in compliance with all financial and reporting covenants with all of its lenders as at June 30, 2024.



## 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, 2024. 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 and the seasonality of our businesses from period to period. ECN acquired Triad Financial Services on December 29, 2017, Source One on December 21, 2021, and Intercoastal Financial Group on July 1, 2022.

(in \$ '000's for stated values, except ratio and per share amounts)	Q2, 2024	Q1, 2024	Q4, 2023	Q3, 2023	Q2, 2023	Q1, 2023	Q4, 2022	Q3, 2022
Adjusted operating income before tax <sup>(1)</sup>	<b>14,510</b>	1,420	(14,333)	2,328	2,566	3,478	6,804	16,527
Amortization of intangibles	<b>1,917</b>	1,897	1,894	1,901	1,897	1,887	1,870	1,880
Accretion of deferred purchase consideration	<b>129</b>	129	128	128	128	128	128	128
Share based compensation	<b>3,074</b>	3,075	4,609	4,825	2,138	4,660	3,489	2,392
Asset disposal, litigation and corporate restructure costs	<b>—</b>	—	4,372	975	7,303	11,361	3,044	—
Transaction, corporate development and strategic review costs	<b>—</b>	2,069	4,240	2,464	2,150	2,666	321	—
Fair value adjustment	<b>—</b>	—	14,612	4,693	12,530	—	—	—
Provision for assets held-for-sale	<b>—</b>	—	—	4,000	—	—	—	—
Net income (loss) before income taxes	<b>9,390</b>	(5,750)	(44,188)	(16,658)	(23,580)	(17,224)	(2,048)	12,127
Net income (loss) from continuing operations	<b>8,164</b>	(7,172)	(54,051)	(4,574)	(28,630)	(19,522)	(5,596)	7,721
Net loss from discontinued operations	<b>—</b>	—	—	—	—	—	(944)	(1)
Net income (loss) - total	<b>8,164</b>	(7,172)	(54,051)	(4,574)	(28,630)	(19,522)	(6,540)	7,720
Earnings (loss) per share (basic) - continuing operations attributable to common shareholders	<b>\$0.02</b>	(\$0.03)	(\$0.20)	(\$0.02)	(\$0.12)	(\$0.09)	(\$0.03)	\$0.03
Adjusted net income (loss) <sup>(1)</sup>	<b>10,737</b>	1,051	(11,467)	1,862	2,053	2,782	5,443	13,222
Adjusted net income (loss) per share (basic) <sup>(1)</sup>	<b>\$0.04</b>	\$—	(\$0.04)	\$0.01	\$0.01	\$0.01	\$0.02	\$0.05
Adjusted net income (loss) applicable to common shareholders per share (basic) <sup>(1)</sup>	<b>\$0.03</b>	\$—	(\$0.05)	\$0.00	\$0.00	\$0.01	\$0.02	\$0.05
Originations	<b>622,494</b>	468,367	503,089	571,537	621,958	465,056	506,844	679,492
Period end earning assets - owned	<b>558,291</b>	501,732	598,225	494,601	625,952	701,442	700,509	514,763
Period end earning assets - managed	<b>5,317,085</b>	5,214,804	4,919,623	4,804,083	4,713,436	4,669,984	4,354,221	4,081,188
Period end earning assets - total	<b>5,875,376</b>	5,716,536	5,517,848	5,298,684	5,339,388	5,371,426	5,054,730	4,595,951
Allowance for credit losses	<b>371</b>	335	1,484	1,341	1,467	1,064	1,066	911
Allowance % of finance receivables <sup>(1)</sup>	<b>0.07 %</b>	0.07 %	0.25 %	0.27 %	0.23 %	0.15 %	0.15 %	0.18 %
Term senior credit facility & other	<b>565,936</b>	472,188	738,328	642,932	795,254	873,427	851,235	840,479
Senior unsecured debentures	<b>157,828</b>	159,071	162,271	157,754	161,440	157,627	156,763	153,116
Total debt	<b>723,764</b>	631,259	900,599	800,686	956,694	1,031,054	1,007,998	993,595
Shareholders' equity	<b>200,979</b>	197,777	209,488	263,623	141,133	172,050	193,675	206,538

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

## Non-IFRS and Other Performance Measures

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### 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 Revenue**

We define adjusted revenue as revenue excluding the impact of fair value adjustments related to the impact of the change in interest rates and transition to selling loans primarily to institutional buyers from banks and credit unions. Management believes it is appropriate to adjust for these items because they are not considered reflective of recurring business operating results, and the exclusion of these items provides greater comparability across reporting periods. We believe adjusted revenue is a key measure of the Company’s operating performance over the long term and provides greater comparability across reporting periods. For a reconciliation of adjusted revenue to revenue, being the most directly comparable IFRS measure, please see “Reconciliation of non-IFRS to IFRS measures” below.

#### **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, asset disposal and litigation 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, transaction costs, and asset disposal and litigation 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), 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, asset disposal and litigation 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, transaction costs, and asset disposal and litigation costs do not relate to 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), 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, asset disposal and litigation 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, transaction costs, and asset disposal and litigation costs do not relate to 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), being the most directly comparable IFRS measure, please see “Reconciliation of non-IFRS to IFRS measure” 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 assets**

Managed assets are the asset portfolios from continuing operations that the Company manages or services on behalf of its Partners.

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.

### **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, 2024, March 31, 2024, and June 30, 2023 and the six-month periods ended June 30, 2024 and June 30, 2023.

	For the three-month period ended			For the six-month period ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(in 000's for stated values, except percent amounts)	\$	\$	\$	\$	\$
<b>Reconciliation of adjusted operating income before tax:</b>					
<b>Net income (loss)</b>	<b>8,164</b>	(7,172)	(28,630)	<b>992</b>	(48,152)
Adjustments:					
Share-based compensation	3,074	3,075	2,138	6,149	6,798
Amortization of intangible assets	1,917	1,897	1,897	3,814	3,784
Accretion of deferred purchase consideration	129	129	128	258	256
Asset disposal, litigation and corporate restructure costs	—	—	7,303	—	18,664
Transaction, corporate development and strategic review costs	—	2,069	2,150	2,069	4,816
Fair value adjustment	—	—	12,530	—	12,530
Provision for income taxes	1,226	1,422	5,050	2,648	7,348
<b>Adjusted operating income before tax</b>	<b>14,510</b>	1,420	2,566	<b>15,930</b>	6,044
<b>Adjusted operating income before tax comprised of:</b>					
Manufactured Housing Finance Segment	20,221	9,075	9,741	29,296	20,909
RV and Marine Finance Segment	3,160	472	3,312	3,632	5,055
Corporate	(8,871)	(8,127)	(10,487)	(16,998)	(19,920)
	14,510	1,420	2,566	15,930	6,044
<b>Reconciliation of adjusted EBITDA:</b>					
<b>Adjusted operating income before tax</b>	<b>14,510</b>	1,420	2,566	<b>15,930</b>	6,044
Interest expense	14,944	18,238	20,141	33,182	38,362
Depreciation & amortization	2,060	2,167	1,747	4,227	3,450
<b>Adjusted EBITDA</b>	<b>31,514</b>	21,825	24,454	<b>53,339</b>	47,856
<b>Reconciliation of adjusted revenue:</b>					
<b>Total revenue</b>	<b>58,010</b>	49,606	37,930	<b>107,616</b>	85,773
Fair value adjustment	—	—	12,530	—	12,530
<b>Adjusted revenue</b>	<b>58,010</b>	49,606	50,460	<b>107,616</b>	98,303
<b>Reconciliation of adjusted net income and adjusted net income attributable to common shareholders:</b>					
<b>Adjusted operating income before tax</b>	<b>14,510</b>	1,420	2,566	<b>15,930</b>	6,044
Provision for taxes applicable to adjusted operating income <sup>(1)</sup>	3,773	369	513	4,142	1,209
<b>Adjusted net income</b>	<b>10,737</b>	1,051	2,053	<b>11,788</b>	4,835
Cumulative preferred share dividends during the period	2,553	1,370	1,384	3,923	2,748
<b>Adjusted net income (loss) attributable to common shareholders</b>	<b>8,184</b>	(319)	669	<b>7,865</b>	2,087
<b>Per share information</b>					
<b>Weighted average number of shares outstanding (basic)</b>	<b>281,014</b>	279,947	245,727	<b>280,471</b>	245,555
Adjusted net income per share (basic)	\$0.04	\$—	\$0.01	\$0.04	\$0.02
Adjusted net income applicable to common shareholders per share (basic)	\$0.03	\$—	\$—	\$0.03	\$0.01

(1) Provision for taxes applicable to adjusted operating income reflects an effective tax rate of 26.0% for the three-month periods ended June 30, 2024 and March 31, 2024 and the six-month period ended June 30, 2024, and 20.% for the three and six-month periods ended June 30, 2023.

## Accounting and Internal Control Matters

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### Critical Accounting Policies and Estimates and Use of Judgments

The Company's significant accounting policies are described in note 2 of our 2023 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 2023 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

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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, 2024, the Company had 281,120,223 common shares, 18,126,724 options, 3,712,400 Series C preferred shares, and 27,450,000 Series E preferred shares issued and outstanding.



