ECN CAPITAL

Management Discussion & Analysis

SEPTEMBER 30, 2021

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the financial condition and results of operations of ECN Capital Corp. (the "Company" or "ECN Capital") as at and for the three and nine-month periods ended September 30, 2021 in comparison to the corresponding prior year periods. This MD&A, which has been prepared as of November 10, 2021, is intended to supplement and complement the condensed unaudited interim consolidated financial statements and notes thereto, prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), as at and for the three and nine-month periods ended September 30, 2021 (the "interim consolidated financial statements"), which readers are encouraged to read in conjunction with their review of this MD&A. This MD&A should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2020 and December 31, 2019. Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and on the Company's website at www.ecncapitalcorp.com.

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

Cautionary Statement

This analysis has been prepared taking into consideration information available to November 10, 2021. Certain statements contained in this report constitute "forward looking statements". When used in this report, the words "may", "would", "could," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect," and similar expressions, as they relate to the company, or its management, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to inherent risks, uncertainties and numerous assumptions, including, without limitation, general economic and industry conditions, reliance on debt financing, dependence on borrowers, dependence on financing its business through funding commitments and the sale of loan portfolios to banks and other financial institutions, inability to recover receivables, competition, interest rates, regulation, demand for financing in the specialty finance sector, insurance, failure of key systems, debt service, future capital needs and such other risks or factors described from time to time in reports of ECN Capital.

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

Table of Contents

ECN CAPITAL

Overview

ABOUT ECN

ECN Capital Corp. ("ECN Capital" or the "Company") is a leading provider of business services to North American based banks, credit unions, life insurance companies, pension funds and investment funds (collectively our "Partners"). ECN Capital originates, manages and advises on credit assets on behalf of its Partners, specifically secured loan portfolios and credit card portfolios. Our Partners are seeking high quality assets to match with their deposits or other liabilities. Headquartered in South Florida and Toronto, the registered office is located at 161 Bay Street, Suite 2800, Toronto, Ontario, Canada. ECN Capital has approximately 400 employees and operates principally in the United States. The Company is a public corporation and trades on the Toronto Stock Exchange under the symbol "ECN".

BUSINESS STRATEGY

ECN Business Model

The Company owns a portfolio of business services providers that operate under a fee-based, asset-light model through which it leverages highly specialized expertise, industry knowledge, regulatory compliance and strategic relationships. This specialized business model provides significant barriers to entry. Our core investor companies are: Triad Financial Services, Inc. ("Triad Financial Services") and Kessler Financial Services LLC ("KG"). ECN Capital has managed and advisory assets[1] of continuing operations of approximately $30.1 billion and our customers include more than 75 bank, credit union, insurance company, pension plan and investment fund partners. ECN Capital partners with these financial institutions rather than competing with them. Specifically, our Partners are the decision makers inside each institution who are looking for appropriate portfolio solutions to match customer deposits and other liabilities. We meet our customer needs by offering the following consumer portfolio solutions:

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

The Company's focus is to drive origination and asset management growth as well as broadening our Partner relationships through the marketing of our solutions across our network of 75+ Partners. In pursuit of these objectives: (i) The Company provides its portfolio companies with modest capital, extensive knowledge and scale to help grow their businesses within their large addressable markets; and (ii) The Company continuously brings new funding relationships and structures to our investor companies.

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

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

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

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:

Triad Financial Services - Manufactured Home Loans

Founded in 1959, Triad Financial Services is the oldest manufactured housing finance company in the U.S. Triad Financial Services is a premier portfolio solutions platform focused on originating and managing longer duration secured consumer loan portfolios for 50+ Partners. These assets are primarily prime and super-prime loans to consumers for the purchase of manufactured homes throughout the U.S. Originations are sourced through a long-established national network of dealers and manufacturers. In addition to originating prime consumer loans, Triad Financial Services manages manufactured housing portfolios for third party owners and provides floorplan financing for select dealers and manufacturers. Triad Financial Services is headquartered in Jacksonville, Florida and is licensed in 47 States.

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

Founded in 1978, KG has grown to become the premier manager, adviser and structuring partner to credit card issuers, banks, credit unions and payment networks. KG helps clients grow and optimize partnership credit card portfolios and other financial products and has created over 6,000 partnerships between banks/credit card issuers and partner organizations. Through its credit card investment management platform, KG enables institutional investors to participate in credit card and consumer loan portfolios that historically moved among banks. KG currently has approximately $27.1 billion in managed credit card portfolios and related assets and is headquartered in Boston, Massachusetts.

ECN CAPITAL

Key Business Developments

Information related to the current market and business outlook and key developments in support of the Company's business strategy for the three and nine-month periods ended September 30, 2021 are outlined below.

SALE OF KG CREDIT CARD PORTFOLIOS

On October 13, 2021, the controlling shareholder of certain credit card portfolios, in which the Company had a minority equity position, entered into an agreement to sell these portfolios to a third party institutional investor. As a result, the Company disposed of its equity interests and structured loans in these portfolios for proceeds of approximately $59 million. KG will continue to earn management and incentive fees as portfolio manager subsequent to the sale, demonstrating the success of the credit card investment management platform.

DEFINITIVE AGREEMENT TO SELL SERVICE FINANCE BUSINESS AND PRESENTATION AS DISCONTINUED OPERATIONS

On August 10, 2021, the Company announced that it had entered into a definitive agreement (the "Transaction Agreement") with Truist Bank, the wholly owned bank subsidiary of Truist Financial Corporation ("Truist") to sell all of the issued and outstanding equity interests in each of Service Finance Company, LLC and Service Finance Holdings, LLC (together "SFC"), each a wholly-owned indirect subsidiary of the Company, for cash proceeds of approximately US$2 billion, subject to adjustment as set forth in the Transaction Agreement (the "Transaction"). The Transaction is subject to receipt of required regulatory approvals, the expiry of applicable regulatory waiting periods and satisfaction of other customary closing conditions and is expected to close in the fourth quarter of 2021.

Following the closing of the Transaction, ECN Capital intends to pay a special dividend from the net proceeds (after estimated taxes and transaction costs) of C$7.50 per common share or approximately US$1.5 billion (based on ECN's current issued and outstanding common shares as at August 10, 2021), to common shareholders of the Company on a tax efficient basis.

As a result of the Transaction, Service Finance assets and liabilities are each classified as held-for-sale in the Company's consolidated balance sheet as at September 30, 2021, and operating results attributable to Service Finance are presented as discontinued operations in the Company's statements of operations for all periods presented. Additionally, as a result of the Transaction, the Company previously withdrew its full year consolidated financial forecast.

LEGACY DISCONTINUED OPERATIONS ELIMINATED

The results of operations related to our Rail Finance, Aviation Finance, and Canada and U.S. Commercial and Vendor Finance businesses (the "Legacy Businesses") continue to wind down and were not material to our consolidated operating results for the three and nine-month periods ended September 30, 2021. Consequently, the results of operations of the Legacy Businesses are not reported as a separate component of our operations in this MD&A and are included in the discussion of the Corporate and Other segment for the three and nine-month periods ended September 30, 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") UPDATE

Subsequent to quarter-end, Sustainalytics, a leading ESG research, ratings and data firm, evaluated Triad's loan origination program and certified the vast majority of originations supported the purchase of affordable housing solutions with positive social impacts. Furthermore, Sustainalytics also affirmed that Triad's loan origination program contributed to achieving the United Nations' ("UN") Sustainable Development Goals, which were established in 2015 and adopted by all UN member nations as a blueprint to achieve a better and more sustainable future for all by 2030.

COVID-19 UPDATE

During 2021, the economic recovery from the COVID-19 pandemic in the U.S. has continued but potential future impacts remain uncertain. We continue to closely monitor the impacts of the COVID-19 pandemic on all aspects of our business.

CORPORATE FINANCE DEVELOPMENTS

Issuance of Senior Unsecured Debentures

On October 28, 2021, the Company issued C$75 million aggregate principal amount of listed senior unsecured debentures due December 31, 2026 (the "Debentures") at a price of C$1,000 per Debenture. The Debentures will bear interest at a rate of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2021. The Company also granted the syndicate of underwriters an option to purchase up to an additional C$11.25 million aggregate principal amount of Debentures, on the same terms and conditions for a period of 30 days following the closing of the debenture offering, which was exercised in full on November 5, 2021, resulting in total proceeds of C$86.25 million.

Senior Credit Facility Update

As a result of the Transaction Agreement that was entered into with Truist, ECN Capital received fully underwritten agreements from its senior lenders for further amendment of its existing senior credit facility following the closing of the Transaction. ECN Capital's existing senior credit facility will be amended and restated so as to provide for an aggregate of US$700 million in revolving funding for a period of 4 years from the closing date of the Transaction.

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.

During the third quarter of 2021, the Company purchased 1,913,438 common shares for a total of $15.0 million (C$19.1 million) or C$10.00 per share pursuant to the Common Share Bid.

The Company did not repurchase any of its Series A Preferred Shares or Series C Preferred Shares under the NCIB during the third quarter of 2021. In total, 156,900 Series A and 287,600 Series C Preferred Shares have been purchased for cancellation as at November 10, 2021.

Capital Reinvestment

Under its NCIBs and substantial issuer bids ("SIBs"), ECN has repurchased for cancellation approximately 38% of the total common shares outstanding and approximately 6% of the total preferred shares outstanding through November 10, 2021.

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

Capital Reinvestment - Common Shares	Shares Retired (millions)	Average Price (C$)	Total Consideration (C$ millions)
NCIB since inception 2017	58.0	$4.10	$238
SIB April 2018	31.9	$3.60	$115
SIB January 2019	70.7	$3.75	$265
Total common shares repurchased for cancellation	**160.6**	**$3.85**	**$618**

Common shares outstanding pre-buyback	390
Common shares outstanding as at November 10, 2021	243
% common shares repurchased to date	**~38%**

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

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

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

ECN CAPITAL

Results of Operations

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

	For the three-month period ended			For the nine-month period ended	
	September 30, 2021	June 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
(in 000's for stated values, except per share amounts)	$	$	$	$	$
Select metrics					
Originations	**298,992**	262,052	201,754	**743,267**	498,345
Average earning assets - Owned (1)	**243,175**	233,761	226,391	**236,654**	215,929
Average earning assets - Managed and advisory (1)	**29,997,871**	29,779,169	29,708,177	**29,850,404**	30,369,777
Period end earning assets - Owned (1)	**252,147**	234,203	233,207	**252,147**	233,207
Period end earning assets - Managed and advisory (1)	**30,096,958**	29,898,783	29,006,900	**30,096,958**	29,006,900
Operating highlights:					
Portfolio origination services	**21,794**	20,017	12,614	**54,198**	34,292
Portfolio management services	**17,065**	22,548	17,328	**56,493**	47,313
Portfolio advisory services	**2,000**	—	999	**4,000**	6,459
Marketing services	**3,478**	2,682	2,959	**9,064**	6,085
Total portfolio revenue	**44,337**	45,247	33,900	**123,755**	94,149
Interest income	**5,760**	5,278	4,540	**16,089**	12,612
Other revenue	**2,621**	3,257	308	**9,204**	1,128
	52,718	53,782	38,748	**149,048**	107,889
Operating expenses	**25,948**	30,383	20,317	**82,919**	62,248
Adjusted EBITDA (1)	**26,770**	23,399	18,431	**66,129**	45,641
Interest expense	**4,986**	4,938	4,575	**15,491**	13,515
Depreciation & amortization	**2,397**	2,071	1,345	**6,261**	4,116
Adjusted operating income before tax	**19,387**	16,390	12,511	**44,377**	28,010
Adjustments:					
Share-based compensation	**5,642**	4,683	5,956	**15,530**	12,451
Amortization of intangibles	**4,594**	4,594	4,545	**13,783**	13,634
Accretion of deferred purchase consideration	**962**	1,020	1,126	**2,944**	4,153
Unrealized gain on foreign currency forward contract	**(2,856)**	—	—	**(2,856)**	—
Corporate restructuring and transition costs	**—**	—	—	**—**	1,486
	8,342	10,297	11,627	**29,401**	31,724
Net income (loss) before income taxes from continuing operations	**11,045**	6,093	884	**14,976**	(3,714)
Income tax expense (benefit)	**1,431**	1,508	227	**2,515**	(1,069)
Net income (loss) from continuing operations	**9,614**	4,585	657	**12,461**	(2,645)
Cumulative dividends on preferred shares	**2,380**	2,459	2,393	**7,234**	7,052
Net income (loss) from continuing operations attributable to common shareholders	**7,234**	2,126	(1,736)	**5,227**	(9,697)
Net income from discontinued operations	**13,556**	12,811	7,382	**36,411**	16,218
Net income for the period attributable to common shareholders	**20,790**	14,937	5,646	**41,638**	6,521
Weighted Average number of shares outstanding (basic)	**243,334**	243,478	242,467	**243,769**	241,336
Earnings (loss) per share (basic) - continuing operations attributable to common shareholders	**$0.03**	$0.01	(0.01)	**$0.02**	$ (0.04)
Earnings per share (basic) - discontinued operations attributable to common shareholders	**$0.06**	$0.05	0.03	**$0.15**	$ 0.07
Non-IFRS Measures					
Adjusted operating results:					
Adjusted EBITDA (1)	**26,770**	23,399	18,431	**66,129**	45,641
Adjusted operating income before tax (1)	**19,387**	16,390	12,511	**44,377**	28,010
Adjusted net income (1)	**16,091**	13,604	10,334	**36,833**	22,705
Adjusted net income applicable to common shareholders (1)	**13,711**	11,145	7,941	**29,599**	15,653
Adjusted net income per share (basic) (1)	**$0.07**	$0.06	$0.04	**$0.15**	$0.09
Adjusted net income applicable to common shareholders per share (basic) (1)	**$0.06**	$0.05	$0.03	**$0.12**	$0.06

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

The following discussion relates to the results of operations for the three and nine-month periods ended September 30, 2021 presented on a continuing operations basis.

Q3 AND Q3 YTD 2021 vs Q3 AND Q3 YTD 2020

The Company reported total portfolio revenue of $44.3 million and $123.8 million for the third quarter and nine-month period ended September 30, 2021, respectively, up from $33.9 million and $94.1 million, respectively, in the prior year period. The quarter-to-date increase in portfolio revenue reflects the growth in originations at Triad Financial Services and higher marketing services and transaction services revenues at KG, partially offset by lower partnership services revenue at KG. Triad Financial Services originations increased to $299.0 million and $743.3 million for the third quarter and nine-month period ended September 30, 2021, respectively, compared to $201.8 million and $498.3 million, in the prior year periods. Total revenue for the third quarter and nine-month period ended September 30, 2021 increased to $52.7 million and $149.0 million, respectively, compared to $38.7 million and $107.9 million, respectively, for the prior year periods. The quarter-to-date increase is primarily due to higher portfolio originations services, portfolio advisory services and marketing services revenues, as well as higher revenue from the Corporate and Other segment.

The table below illustrates the Company's operating expenses for the three and nine-month periods ended September 30, 2021 and September 30, 2020:

	For the three-month period ended		For the nine-month period ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
(in 000's for stated values)	**$**	$	**$**	$
Triad Financial Services	**13,537**	8,512	**38,338**	25,042
KG	**6,458**	6,931	**21,823**	20,434
Business segment operating expenses	**19,995**	15,443	**60,161**	45,476
Corporate operating expenses	**4,604**	4,874	**17,376**	16,772
Legacy Businesses operating expenses (1)	**1,349**	—	**5,382**	—
Total operating expenses	**25,948**	20,317	**82,919**	62,248

(1) For the three and nine-month periods ended September 30, 2021, the results of operations of our Legacy Businesses were not material to the Company's consolidated results and are included in the results of continuing operations as shown in the table above. For the three and nine-month periods ended September 30, 2020, the results of operations of our Legacy Businesses were separately presented as discontinued operations and are excluded from the table above.

Operating expenses were $25.9 million in the current quarter, compared to $20.3 million for the prior year quarter. The increase in operating expenses compared to the prior year quarter is primarily attributable to growth in originations and managed assets at Triad Financial Services. Corporate operating expenses of $4.6 million decreased from $4.9 million in the prior year quarter primarily due to the reclassification of corporate general and administrative expenses attributable to Service Finance to discontinued operations.

Interest expense was $5.0 million and $15.5 million for the third quarter and nine-month period ended September 30, 2021, respectively, compared to $4.6 million and $13.5 million in the prior year periods, reflecting a higher average debt balance in the current quarter-to-date and year-to-date periods, including the issuance of C$75 million (US$57.1 million) aggregate principal amount of listed senior unsecured debentures on September 4, 2020. Depreciation and amortization expense was $2.4 million and $6.3 million for the third quarter and nine-month period ended September 30, 2021, respectively, compared to $1.3 million and $4.1 million in the prior year periods.

Other expenses, which include share-based compensation, amortization of intangible assets and other items, were $8.3 million and $29.4 million for the third quarter and nine-month period ended September 30, 2021 compared to $11.6 million and $31.7 million in the prior year periods. Other expenses for the current year period include a $2.9 million unrealized gain on a foreign currency forward contract entered into to economically hedge the distribution to shareholders that the Company intends to make from the net proceeds of the Transaction. The foreign exchange forward contract will settle in the fourth quarter of 2021.

Adjusted EBITDA[1] increased to $26.8 million and $66.1 million for the third quarter and nine-month period ended September 30, 2021, respectively, compared to $18.4 million and $45.6 million for the prior year periods. The increase in adjusted EBITDA[1] in the current quarter reflects the growth at Triad Financial Services and higher margins at KG. Adjusted net income applicable to common shareholders[1] was $13.7 million or $0.06 per share and $29.6 million or $0.12 per share for the third quarter and nine-month period ended September 30, 2021, respectively, compared to $7.9 million or $0.03 per share and $15.7 million or $0.06 per share 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 Triad Financial Services and KG, partially offset by higher interest expense and depreciation and amortization expense.

The Company reported net income from continuing operations of $9.6 million and $12.5 million for the third quarter and nine-month period ended September 30, 2021, respectively, compared to net income of $0.7 million and net loss of $2.6 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.

ECN CAPITAL

Business Segment Results

RESULTS OF TRIAD FINANCIAL SERVICES - SECURED CONSUMER LOAN PORTFOLIOS

The following table sets forth a summary of the Company's select metrics and results from the Triad Financial Services segment for the three-month periods ended September 30, 2021, June 30, 2021, and September 30, 2020 and the nine-month periods ended September 30, 2021 and September 30, 2020.

	For the three-month period ended			For the nine-month period ended	
	September 30, 2021	June 30, 2021	September 30, 2020	**September 30, 2021**	**September 30, 2020**
(in 000's for stated values)	**$**	$	$	**$**	$
Select metrics					
Originations	**298,992**	262,052	201,754	**743,267**	498,345
Managed assets, period end (1)	**2,958,485**	2,836,163	2,635,335	**2,958,485**	2,635,335
Managed assets, period average (1)	**2,897,324**	2,783,904	2,599,082	**2,791,227**	2,526,186
Manufactured housing loans	**159,199**	149,570	115,933	**159,199**	115,933
Held-for-trading financial assets	**55,121**	37,954	57,736	**55,121**	57,736
Operating results					
Originations revenue	**21,794**	20,017	12,614	**54,198**	34,292
Servicing revenue	**3,833**	3,711	2,186	**9,790**	5,800
Interest income & other revenue	**5,396**	4,857	3,748	**14,521**	10,159
Total revenue	**31,023**	28,585	18,548	**78,509**	50,251
Operating expenses	**13,537**	14,159	8,512	**38,338**	25,042
Adjusted EBITDA (1)	**17,486**	14,426	10,036	**40,171**	25,209
Interest and depreciation expense	**1,317**	1,313	1,100	**3,778**	3,511
Adjusted operating income before tax (1)	**16,169**	13,113	8,936	**36,393**	21,698

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

Triad Financial Services - Secured Consumer Loan Portfolios Segment

Originations at Triad Financial Services for the third quarter and nine-month period ended September 30, 2021 were $299.0 million and $743.3 million, respectively, up 48.2% and 49.1% from the prior year periods. Managed assets were $3.0 billion as at September 30, 2021, an increase of 12.3% compared to managed assets of $2.6 billion as at September 30, 2020.

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

Originations (US$ millions)								
Q3, 2019	Q4, 2019	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020	Q1, 2021	Q2, 2021	Q3, 2021
171	144	133	163	202	197	182	262	299

Originations revenue for the third quarter and nine-month period ended September 30, 2021 was $21.8 million and $54.2 million, respectively, up 72.8% and 58.0% from the prior year periods, respectively, which reflects the year-over-year increase in total originations and the impact of bulk loan portfolio sales.

Servicing revenues of $3.8 million and $9.8 million for the third quarter and nine-month period ended September 30, 2021 were up 75.3% and 68.8% from the prior year periods, respectively, reflecting growth in managed assets, an increase in full serviced accounts and retained servicing rights recognized in relation to new loan programs introduced in 2021.

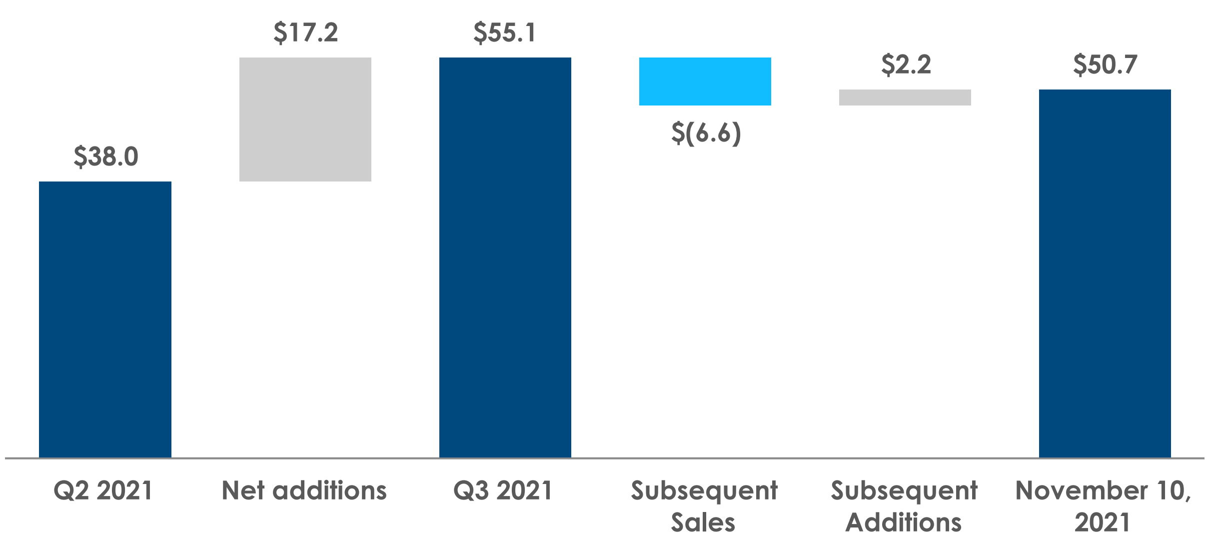
Adjusted EBITDA[1] and adjusted operating income before tax[1] were $17.5 million and $16.2 million, respectively, for the current quarter compared to $10.0 million and $8.9 million, respectively, for the prior year quarter. For the nine-month period ended September 30, 2021, adjusted EBITDA[1] and adjusted operating income before tax[1] of $40.2 million and $36.4 million, respectively, represent increases of 59.4% and 67.7% from the prior year periods.

Manufactured housing loans were $159.2 million as at September 30, 2021, compared to $149.6 million as at June 30, 2021 and $115.9 million as at September 30, 2020. Manufactured housing loans consist primarily of floorplan loans as well as a modest amount of loans committed to funding partners. The floorplan loans enable key dealers to finance their inventory and support the growth of their businesses. These loans strengthen the relationship with our key dealers and manufacturers.

Held-for-trading financial assets were $55.1 million as at September 30, 2021, compared to $38.0 million as at June 30, 2021 and $57.7 million as at September 30, 2020. 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.

Held-for-Trading Financial Assets

(US$ millions)



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

Triad Financial Services - Secured Consumer Loan Portfolios 2021 Outlook

The Company maintains its previously updated 2021 outlook for Triad Financial Services and expects adjusted operating income before tax to be in the range of $43 million to $46 million for 2021. Please see the table below for the Company's updated 2021 outlook for the Triad Financial Services segment, as compared to its original 2021 forecast range.

	Updated 2021 Forecast Range		Original 2021 Forecast Range	
Select Metrics (US$ millions)				
Total Originations	**1,000**	**1,200**	950	1,150
Floorplan line utilized	**130**	**150**	120	140
Managed & advised portfolio (period end)	**3,100**	**3,200**	3,200	3,400
Income Statement (US$ millions)				
Origination Revenues	**63**	**65**	55	60
Servicing Revenues(1)	**34**	**37**	30	35
Total Revenues	**97**	**102**	85	95
Adjusted EBITDA	**49**	**54**	44	49
Adjusted Operating Income Before Tax	**43**	**46**	39	44
Adjusted EBITDA margin	**~51%**	**~53%**	~52%	~52%

(1) Servicing Revenues includes income from floorplan loans.

The updated 2021 outlook is primarily a result of loan origination mix, increased penetration to provide full-servicing of the managed portfolio and recognition of retained servicing rights in relation to new loan programs introduced in 2021.

The material factors and assumptions used to develop the forward-looking information related to the 2021 outlook for Triad Financial Services include current and anticipated demand in the manufactured housing industry, including trends relating to such demand, volume of loan applications and approvals, available commitments from funding partners, the growth in Triad's dealer network and the impact of new product offerings and market penetration by Triad. Management believes the information is reasonable based on Triad's historical growth and positive trends in loan application and approval volumes experienced by Triad and the manufactured housing industry 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.

RESULTS OF KG - CONSUMER CREDIT CARD PORTFOLIOS

The following table sets forth a summary of the Company's select metrics and results from the KG segment for the three-month periods ended September 30, 2021, June 30, 2021, and September 30, 2020 and the nine-month periods ended September 30, 2021 and September 30, 2020.

	For the three-month period ended			For the nine-month period ended	
	September 30, 2021	June 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
(in 000's for stated values)	**$**	$	$	**$**	$
Operating results					
Partnership services revenue	**13,232**	18,837	15,142	**46,703**	41,513
Marketing services revenue	**3,478**	2,682	2,959	**9,064**	6,085
Transaction services revenue	**2,000**	—	999	**4,000**	6,459
Interest income & other revenue	**548**	29	197	**780**	488
Revenue	**19,258**	21,548	19,297	**60,547**	54,545
Operating expenses	**6,458**	7,545	6,931	**21,823**	20,434
Adjusted EBITDA (1)	**12,800**	14,003	12,366	**38,724**	34,111
Interest and depreciation expense	**553**	641	794	**1,848**	2,739
Adjusted operating income before tax (1)	**12,247**	13,362	11,572	**36,876**	31,372

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

KG - Consumer Credit Card Portfolios Segment

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

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

Total KG revenues for the third quarter and nine-month period ended September 30, 2021 were $19.3 million and $60.5 million, respectively, compared to $19.3 million and $54.5 million in the prior year periods. Quarter-to-date revenues reflect higher transaction services revenue and marketing services revenue, offset by lower partnership services revenue. Year-to-date revenues increased from the prior year period primarily due to higher partnership services revenue and higher marketing services revenue, partially offset by lower transaction services revenue.

Adjusted EBITDA[1] and adjusted operating income before tax[1] were $12.8 million and $12.2 million, respectively, for the current quarter compared to $12.4 million and $11.6 million, respectively, for the prior year quarter. For the nine-month period ended September 30, 2021, adjusted EBITDA[1] and adjusted operating income before tax[1] were $38.7 million and $36.9 million, respectively, compared to $34.1 million and $31.4 million, respectively, in the prior year periods.

KG - Consumer Credit Card Portfolios 2021 Outlook

The Company maintains its previously updated 2021 outlook for the KG segment and expects adjusted operating income before tax to be in the range of $46 million to $49 million. Please see the table below for the Company's updated 2021 outlook for the KG segment, as compared to its original 2021 forecast range.

	Updated 2021 Forecast Range		Original 2021 Forecast Range	
Income Statement (US$ millions)				
Revenue	**82**	**87**	82	90
Adjusted EBITDA	**49**	**52**	49	54
Adjusted Operating Income Before Tax	**46**	**49**	46	52
Adjusted EBITDA margin	**~60%**	**~60%**	~60%	~60%

The updated 2021 outlook is primarily a result of a shift in timing of certain transactions and the associated impact on revenues and adjusted operating income before tax.

The material factors and assumptions used to develop the forward-looking information related to the 2021 outlook for the KG segment include trends in the consumer credit card industry, existing contracts with customers, 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.

RESULTS OF CORPORATE AND OTHER SEGMENT

The following table sets forth a summary of the Company's select metrics and results from the Corporate and Other segment for the three-month periods ended September 30, 2021, June 30, 2021, and September 30, 2020 and the nine-month periods ended September 30, 2021 and September 30, 2020.

	For the three-month period ended			For the nine-month period ended	
	September 30, 2021	June 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
(in 000's for stated values)	**$**	$	$	**$**	$
Operating results					
Corporate					
Revenues	**1,149**	1,850	903	**5,332**	3,093
Operating expenses	**4,604**	6,539	4,874	**17,376**	16,772
Adjusted EBITDA - Corporate (1)	**(3,455)**	(4,689)	(3,971)	**(12,044)**	(13,679)
Legacy Businesses (2)					
Revenues (2)	**1,288**	1,799	—	**4,660**	—
Operating expenses (2)	**1,349**	2,140	—	**5,382**	—
Adjusted EBITDA - Legacy Businesses (1)(2)	**(61)**	(341)	—	**(722)**	—
Adjusted EBITDA - Corporate and Other (1)	**(3,516)**	(5,030)	(3,971)	**(12,766)**	(13,679)
Interest expense	**3,807**	3,626	3,420	**11,830**	9,488
Depreciation & amortization	**1,706**	1,429	606	**4,296**	1,893
Adjusted operating income before tax (1)	**(9,029)**	(10,085)	(7,997)	**(28,892)**	(25,060)

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

(2) For the three and nine-month periods ended September 30, 2021 and the three-month period ended June 30, 2021, the results of operations of our Legacy Businesses were not material to the Company's consolidated results and are included in the results of the Corporate and Other segment table above. For the three and nine-month periods ended September 30, 2020, the results of operations of our Legacy Businesses were separately presented as discontinued operations and are excluded from the table above.

Corporate and Other

Corporate revenue was $1.1 million and $5.3 million for the third quarter and nine-month period ended September 30, 2021, respectively, compared to $0.9 million and $3.1 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 of $4.6 million decreased from $6.5 million in the second quarter of 2021 and $4.9 million in the prior year quarter, primarily due to the reclassification of corporate general and administrative expenses attributable to Service Finance to discontinued operations.

Legacy businesses revenue and operating expenses for the current quarter were $1.3 million and $1.3 million, respectively, reflecting the impact of the continuing reduction of the legacy asset portfolio. For the year-to-date period, legacy businesses revenue and operating expenses were $4.7 million and $5.4 million, respectively.

Corporate interest expense was $3.8 million for the current quarter, compared to $3.6 million for the second quarter of 2021 and $3.4 million for the prior year quarter. Total average borrowings on the term senior credit facility during the third quarter of 2021, including amounts allocated to the business segments, were $493.3 million compared to $503.3 million in the preceding quarter.

RESULTS OF DISCONTINUED OPERATIONS

The following table sets forth a summary of the Company's select metrics and results from discontinued operations for the three-month periods ended September 30, 2021, June 30, 2021, and September 30, 2020 and the nine-month periods ended September 30, 2021 and September 30, 2020.

	For the three-month period ended			For the nine-month period ended	
(in 000's for stated values)	**September 30, 2021** **$**	June 30, 2021 $	September 30, 2020 $	**September 30, 2021** **$**	September 30, 2020 $
Operating results					
Service Finance					
Revenues	**43,247**	38,360	30,740	**113,076**	83,696
Operating expenses	**18,105**	13,522	10,295	**43,600**	31,460
Adjusted EBITDA - Service Finance (1)	**25,142**	24,838	20,445	**69,476**	52,236
Legacy Businesses					
Revenues	**—**	—	453	**—**	960
Operating expenses	**—**	—	3,112	**—**	10,768
Adjusted EBITDA - Legacy Businesses (1) (2)	**—**	—	(2,659)	**—**	(9,808)
Adjusted EBITDA - Service Finance and Legacy Businesses (1)	**25,142**	24,838	17,786	**69,476**	42,428
Depreciation & amortization	**725**	1,251	311	**2,952**	850
Interest expense	**1,322**	1,484	1,870	**3,330**	4,190
Adjusted operating income before tax (1)	**23,095**	22,103	15,605	**63,194**	37,388
Adjustments:					
Share-based compensation	**1,615**	1,243	799	**4,523**	1,441
Amortization of intangibles	**1,690**	3,835	3,513	**9,359**	7,330
Provision for credit losses	**—**	—	1,300	**—**	5,700
Accretion of deferred purchase consideration	**—**	—	81	**—**	81
Net income before income taxes from discontinued operations	**19,790**	17,025	9,912	**49,312**	22,836
Provision for income taxes	**6,234**	4,214	2,530	**12,901**	6,618
Net income from discontinued operations	**13,556**	12,811	7,382	**36,411**	16,218

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

(2) For the three and nine-month periods ended September 30, 2021 and the three-month period ended June 30, 2021, the results of operations of our Legacy Businesses were not material to the Company's consolidated results and are included in the results of the Corporate and Other segment. For the three and nine-month periods ended September 30, 2020, the results of operations of our Legacy Businesses were separately presented as discontinued operations and are included in the table above.

Discontinued Operations

As a result of the Transaction, operating results attributable to the Service Finance segment are included in discontinued operations for all periods presented in the table above. Results of discontinued operations for three and nine-month periods ended September 30, 2020 also include the results of the Legacy Businesses. For the current year periods, the results of operations of the Legacy Businesses were not material to the Company's consolidated results and are included in continuing operations of the Corporate and Other segment.

Revenue from Service Finance was $43.2 million and $113.1 million for the third quarter and nine-month period ended September 30, 2021, respectively, compared to $30.7 million and $83.7 million, respectively, in the prior year periods, reflecting growth in originations and managed assets. Operating expenses were $18.1 million and $43.6 million, respectively, for the third quarter and nine-month period ended September 30, 2021, up from $10.3 million and $31.5 million in the prior year periods, respectively, primarily due to growth in the Service Finance business.

Net income related to discontinued operations was $13.6 million and $36.4 million for the current quarter and year-to-date periods, respectively.

The following table sets forth a summary of assets held-for-sale as at September 30, 2021 and December 31, 2020:

	As at	
	September 30, 2021	December 31, 2020
(in 000's for stated values)	**$**	$
Service Finance assets held-for-sale		
Goodwill and intangible assets	**388,029**	—
Finance receivables	**123,692**	—
Other assets	**52,147**	—
	563,868	—
Legacy Businesses assets held-for-sale		
Aviation finance	**54,826**	64,844
Rail finance	**35,879**	32,837
C&V Canada	**6,054**	9,087
	96,759	106,768
Total assets held-for-sale	**660,627**	106,768

The following table sets forth a summary of liabilities held-for-sale as at September 30, 2021 and December 31, 2020:

	As at	
	September 30, 2021	December 31, 2020
(in 000's for stated values)	**$**	$
Service Finance liabilities held-for-sale		
Accounts payable and accrued liabilities	**14,332**	—
Accrued payroll and share-based compensation liabilities	**14,745**	—
Other liabilities	**18,046**	—
Total liabilities held-for-sale	**47,123**	—

Financial Position

The following tables set forth a summary of the Company's balance sheet, including a breakdown by core business segment, as at September 30, 2021, June 30, 2021 and September 30, 2020.

	September 30, 2021					
(in 000's for stated values, except percentage amounts)	Triad Financial Services $	The Kessler Group $	Corporate $	**Continuing Operations** **$**	**Discontinued Operations** **$**	**Total** **$**
Assets						
Cash	8,028	20,835	4,203	**33,066**	**—**	**33,066**
Restricted funds	5,416	—	—	**5,416**	**—**	**5,416**
Accounts Receivable	60,436	47,024	1,873	**109,333**	**3,820**	**113,153**
Finance assets						
Finance receivables	159,199	37,827	—	**197,026**	**—**	**197,026**
Held-for-trading financial assets	55,121	—	—	**55,121**	**—**	**55,121**
Total finance assets	214,320	37,827	—	**252,147**	**—**	**252,147**
Retained reserve interest asset	31,857	—	—	**31,857**	**—**	**31,857**
Continuing involvement asset	192,848	—	—	**192,848**	**—**	**192,848**
Goodwill and intangible assets	65,781	216,778	1,095	**283,654**	**—**	**283,654**
Deferred tax assets	—	—	46,819	**46,819**	**—**	**46,819**
Other assets and investments	8,060	25,145	136,697	**169,902**	**1,523**	**171,425**
Assets held-for-sale	—	—	—	**—**	**660,627**	**660,627**
Total Assets	**586,746**	**347,609**	**190,687**	**1,125,042**	**665,970**	**1,791,012**
Liabilities						
Debt	164,471	37,827	312,189	**514,487**	**—**	**514,487**
Continuing involvement liability	192,848	—	—	**192,848**	**—**	**192,848**
Other liabilities	27,097	114,092	60,251	**201,440**	**11,579**	**213,019**
Liabilities held for sale	—	—	—	**—**	**47,123**	**47,123**
Total Liabilities	**384,416**	**151,919**	**372,440**	**908,775**	**58,702**	**967,477**
Earning Assets - Owned and Managed						
Earning assets - owned	214,320	37,827	—	**252,147**	**123,692**	**375,839**
Earning assets - managed and advisory	2,958,485	27,138,473	—	**30,096,958**	**3,807,583**	**33,904,541**
Total Earning Assets - Owned and Managed and Advisory	**3,172,805**	**27,176,300**	**—**	**30,349,105**	**3,931,275**	**34,280,380**

Total finance assets from continuing operations were $252.1 million at September 30, 2021 compared to $457.2 million at June 30, 2021, and $422.9 million at September 30, 2020. The decrease compared to the preceding quarter primarily reflects the reclassification of Service Finance finance receivables to assets held-for-sale as a result of the Transaction, a decrease in KG finance assets as a result of credit card portfolio sales, and an increase in floorplan loans and held-for-trading financial assets at Triad Financial Services.

Debt from continuing operations of $514.5 million decreased by $90.2 million compared to June 30, 2021, primarily reflecting a decrease in finance assets at Service Finance as a result of portfolio sales.

Earning assets - managed and advisory of $30.1 billion as at September 30, 2021 reflects $3.0 billion in managed loans at Triad Financial Services and $27.1 billion in advisory assets at KG.

	June 30, 2021						
(in 000's for stated values, except percentage amounts)	Triad Financial Services $	KG $	Service Finance $	Corporate $	**Continuing Operations** **$**	Discontinued Operations $	**Total** **$**
Assets							
Cash	11,286	8,295	26,111	2,453	**48,145**	—	**48,145**
Restricted funds	5,351	—	—	—	**5,351**	—	**5,351**
Accounts receivable	60,301	48,070	5,993	2,072	**116,436**	6,291	**122,727**
Finance assets							
Loans receivable	149,570	46,679	67,012	—	**263,261**	—	**263,261**
Held-for-trading financial assets	37,954	—	155,971	—	**193,925**	—	**193,925**
Total finance assets	187,524	46,679	222,983	—	**457,186**	—	**457,186**
Retained reserve interest	30,586	—	—	—	**30,586**	—	**30,586**
Continuing involvement asset	178,364	—	—	—	**178,364**	—	**178,364**
Goodwill and intangible assets	64,958	221,089	383,286	1,211	**670,544**	—	**670,544**
Deferred tax assets	—	—	—	52,165	**52,165**	—	**52,165**
Other assets and investments	7,865	29,550	13,057	132,017	**182,489**	1,705	**184,194**
Assets held-for-sale	—	—	—	—	**—**	100,797	**100,797**
Total Assets	**546,235**	**353,683**	**651,430**	**189,918**	**1,741,266**	**108,793**	**1,850,059**
Liabilities							
Debt	154,105	46,679	210,448	193,485	**604,717**	—	**604,717**
Continuing involvement liability	178,364	—	—	—	**178,364**	—	**178,364**
Other liabilities	24,998	103,068	27,779	57,311	**213,156**	30,109	**243,265**
Total Liabilities	**357,467**	**149,747**	**238,227**	**250,796**	**996,237**	**30,109**	**1,026,346**

	September 30, 2020						
	Triad Financial Services	KG	Service Finance	Corporate	Continuing Operations	Discontinued Operations	Total
(in 000's for stated values)	$	$	$	$	**$**	$	**$**
Assets							
Cash	4,427	12,126	11,816	18,224	**46,593**	—	**46,593**
Restricted funds	8,569	—	—	—	**8,569**	—	**8,569**
Accounts Receivable	39,503	19,241	5,078	987	**64,809**	10,005	**74,814**
Finance assets							
Loans receivable	115,933	59,538	61,286	—	**236,757**	—	**236,757**
Held-for-trading financial assets	57,736	—	128,407	—	**186,143**	—	**186,143**
Total finance assets	173,669	59,538	189,693	—	**422,900**	—	**422,900**
Retained reserve interest	28,537	—	—	—	**28,537**	—	**28,537**
Continuing involvement asset	161,843	—	—	—	**161,843**	—	**161,843**
Goodwill and intangible assets	64,259	233,901	375,671	1,512	**675,343**	—	**675,343**
Deferred tax assets	—	—	—	40,700	**40,700**	—	**40,700**
Other assets and investments	6,930	27,766	40,276	139,655	**214,627**	5,099	**219,726**
Asset held-for-sale	—	—	—	—	**—**	113,546	**113,546**
Total Assets	**487,737**	**352,572**	**622,534**	**201,078**	**1,663,921**	**128,650**	**1,792,571**
Liabilities							
Debt	146,615	59,538	90,339	263,252	**559,744**	—	**559,744**
Continuing involvement liability	161,843	—	—	—	**161,843**	—	**161,843**
Other liabilities	15,399	92,567	36,146	58,979	**203,091**	16,140	**219,231**
Total Liabilities	**323,857**	**152,105**	**126,485**	**322,231**	**924,678**	**16,140**	**940,818**

Delinquencies

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

	September 30, 2021		June 30, 2021		September 30, 2020	
	$	**%**	$	%	$	%
Current	**197,292**	**100.00 %**	264,140	99.94 %	235,045	96.48 %
31-60 days past due	**—**	**— %**	—	— %	6	— %
61-90 days past due	**—**	**— %**	—	— %	331	0.14 %
Greater than 90 days past due	**—**	**— %**	153	0.06 %	8,239	3.38 %
Total continuing operations	**197,292**	**100.00 %**	264,293	100.00 %	243,621	100.00 %

Allowance for Credit Losses

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

(in 000's except percentage amounts)	**Three-month period ended September 30, 2021** **$**	Year ended December 31, 2020 $	Three-month period ended September 30, 2020 $
Allowance for credit losses, beginning of period	**1,032**	508	5,331
Provision for credit losses	**(66)**	8,593	1,534
Charge-offs, net of recoveries, and other	**—**	(8,233)	(1)
Transfer to assets held-for-sale	**(700)**	—	—
Allowance for credit losses, end of period	**266**	868	6,864

The Company's allowance for credit losses was $0.3 million as at September 30, 2021, compared to $0.9 million at December 31, 2020 and $6.9 million at September 30, 2020. The decrease in the allowance for credit losses during the three-month period ended September 30, 2021 is primarily due to the transfer of Service Finance finance receivables, including the associated allowance for credit losses, to assets held-for-sale.

During the prior year, the Company recorded a provision of approximately $8.6 million, primarily related to dealer advances at Service Finance due to the economic impacts associated with the COVID-19 pandemic. During the fourth quarter of 2020, approximately $8.2 million of the provision was charged off.

The allowance for credit losses of $0.3 million as at September 30, 2021 is in line with management's expectation of losses from Triad Financial Services 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)		**September 30, 2021** **$**	June 30, 2021 $	September 30, 2020 $
Total debt, including borrowings on term senior credit facility and senior unsecured debentures	**(a)**	**514,487**	604,717	559,744
Shareholders' equity	**(b)**	**823,535**	823,713	851,753
Debt to equity ratio	**(a)/(b)**	**0.62**	0.73	0.66

As at September 30, 2021, the Company's debt to equity ratio was 0.62:1. The decrease in total debt compared to the second quarter of 2021 primarily reflects the decreased investments in finance assets at Service Finance during the quarter.

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

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

	As at		
	September 30, 2021	June 30, 2021	September 30, 2020
(in 000's)	**$**	$	$
Cash and cash equivalents	**33,066**	48,145	46,593
Senior Facilities			
Facilities	**1,100,000**	1,100,000	1,000,000
Utilized against Facility	**470,000**	558,624	518,000
Unutilized Borrowing Facilities (i.e., excl. Cash & Equiv.)	**630,000**	541,376	482,000
Total available sources of capital, end of period	**663,066**	589,521	528,593

As at September 30, 2021, the unutilized balance of the borrowing facility was approximately $0.63 billion compared to $0.54 billion at June 30, 2021 and $0.48 billion at September 30, 2020. This $0.63 billion in unutilized borrowings is in addition to the commitments in place to fund loan originations from our Service Finance and Triad Financial Services business segments for 2021. Management believes the available liquidity from its cash and equivalents, unutilized borrowing capacity and the funding commitments in place at Service Finance and Triad Financial Services is sufficient to fund operations and internal growth initiatives.

Summary of Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, the latest of which ended as at September 30, 2021. The information should be read in conjunction with ECN Capital's audited and interim unaudited consolidated financial statements, the notes thereto and the related management discussion and analysis for the relevant periods.

Key factors that account for the fluctuation in the Company's quarterly results include the year-over-year growth in originations at the Triad Financial Services and Service Finance business segments and the seasonality of these businesses, fluctuation in KG's advisory revenues from period to period, and the presentation of Service Finance as a discontinued operation effective September 30, 2021. ECN acquired Service Finance on September 7, 2017, Triad Financial Services on December 29, 2017, 76% of KG on May 31, 2018, an additional 20% of KG on March 21, 2019, and the remaining 4% interest of KG on December 31, 2019.

(in $ 000's for stated values, except ratio and per share amounts)	Q3, 2021	Q2, 2021	Q1, 2021	Q4, 2020	Q3, 2020	Q2, 2020	Q1, 2020	Q4, 2019
Adjusted operating income before tax and NCI(1)	**19,387**	16,390	8,600	4,620	12,511	9,527	5,972	8,976
Amortization of intangibles	**4,594**	4,594	4,595	4,744	4,545	4,544	4,545	4,545
Accretion of deferred purchase consideration	**962**	1,020	962	4,573	1,126	2,416	611	1,134
Unrealized gain on foreign currency forward contract	**(2,856)**	—	—	—	—	—	—	—
Impairment of legacy corporate investment	**—**	—	—	13,000	—	—	—	—
Share based compensation	**5,642**	4,683	5,205	6,096	5,956	3,621	2,874	3,573
Corporate restructuring and transition costs	**—**	—	—	—	—	1,486	—	5,309
Non-controlling interest	**—**	—	—	—	—	—	—	413
Net income (loss) before income taxes	**11,045**	6,093	(2,162)	(23,793)	884	(2,540)	(2,058)	(5,998)
Net income (loss) from continuing operations	**9,614**	4,585	(1,738)	(19,177)	657	(1,824)	(1,478)	(7,913)
Net income (loss) from discontinuing operations	**13,556**	12,811	10,044	(7,937)	7,382	2,335	6,501	1,409
Net income (loss) - total	**23,170**	17,396	8,306	(27,114)	8,039	511	5,023	(6,504)
Earnings per share (basic) - continuing operations attributable to common shareholders	**$0.03**	$0.01	($0.02)	($0.09)	($0.01)	($0.02)	($0.02)	$(0.04)
Adjusted net income (1)	**16,091**	13,604	7,138	3,816	10,334	7,622	4,778	7,271
Adjusted net income per share (basic) (1)	**$0.07**	$0.06	$0.03	$0.02	$0.04	$0.03	$0.02	$0.03
Adjusted net income applicable to common shareholders per share (basic)(1)	**$0.06**	$0.05	$0.02	$0.01	$0.03	$0.02	$0.01	$0.02
Period end earning assets - owned	**252,147**	234,203	233,319	226,946	233,207	219,575	211,266	199,667
Period end earning assets - managed and advisory	**30,096,958**	29,898,783	29,659,555	29,746,317	29,006,900	30,409,453	30,969,672	31,093,084
Period end earning assets - total	**30,349,105**	30,132,986	29,892,874	29,973,263	29,240,107	30,629,028	31,180,938	31,292,751
Originations	**298,992**	262.052	182.223	197.398	201.754	163.183	133.408	144.485
Allowance for credit losses	**266**	1,032	894	868	6,864	5,331	627	508
Allowance for credit losses as a % of finance receivables	**0.11 %**	0.23 %	0.20 %	0.23 %	1.62 %	1.04 %	0.17 %	0.16 %
Term senior credit facility	**458,639**	547,757	505,684	462,083	506,480	672,876	494,660	430,478
Senior unsecured debentures	**55,848**	56,960	56,036	55,109	53,264	—	—	—
Total debt	**514,487**	604,717	561,720	517,192	559,744	672,876	494,660	430,478
Shareholders' equity	**823,535**	823,713	817,607	822,561	851,753	841,194	843,148	879,026

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

Non-IFRS and Other Performance Measures

DESCRIPTION OF NON-IFRS MEASURES

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

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

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

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

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

Adjusted operating income before tax is net income excluding the impact of share-based compensation, corporate restructuring and transition costs, business acquisition costs, loss (gain) on business disposals, impairment charges and asset valuation reserves, amortization of intangible assets acquired in business combinations, accretion of deferred purchase consideration, cumulative dividends on preferred shares, loss (income) from discontinued operations, provision for credit losses, unrealized loss (gain) on foreign currency forward contract, and income tax. Adjusted operating income before tax and NCI is adjusted operating income before tax as defined above, excluding the impact of expense attributable to the non-controlling interest in KG. Management believes it is appropriate to adjust for these items when evaluating the underlying performance of our business because amortization of intangible assets and share-based compensation are primarily non-cash in nature; corporate restructuring and transition costs, business acquisition costs and loss (gain) on business disposals do not relate to continuing operating activities; accretion of deferred purchase consideration is considered part of the purchase price consideration for business acquisitions notwithstanding the accounting treatment which views all or a portion of the related payments, depending on how it is structured, to be an operating expense; dividends on preferred shares are a financing cost not related to operating activities; provision for credit losses is considered to be a consequence of the impact of the COVID-19 pandemic related to Service Finance's solar business and is not indicative of the underlying performance of our business segments, unrealized loss (gain) on foreign currency forward contract does not represent the underlying performance of our business segments; income tax expense is managed at a corporate level and is a function of the jurisdictions in which the Company operates and not the underlying performance of our business segments; and non-controlling interest expense attributable to KG does not represent the underlying performance of our KG business segment's core business.

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

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

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

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

Earning assets - owned

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

Managed and advisory assets

Managed and advisory assets are the asset portfolios 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 and the total carrying value of the equipment under operating leases.

Debt to equity ratio

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

RECONCILIATION OF NON-IFRS TO IFRS MEASURES

The following table provides a reconciliation of non-IFRS to IFRS measures related to the Company's consolidated continuing results of operations for the three-month periods ended September 30, 2021, June 30, 2021, and September 30, 2020 and the nine-month periods ended September 30, 2021 and September 30, 2020.

	For the three-month period ended			For the nine-month period ended	
(in 000's for stated values, except percent amounts)	**September 30, 2021** **$**	June 30, 2021 $	September 30, 2020 $	**September 30, 2021** **$**	September 30, 2020 $
Reported and adjusted measures					
Net income (loss) from continuing operations	**9,614**	4,585	657	**12,461**	(2,645)
Adjustments:					
Share-based compensation	**5,642**	4,683	5,956	**15,530**	12,451
Amortization of intangibles	**4,594**	4,594	4,545	**13,783**	13,634
Accretion of deferred purchase consideration	**962**	1,020	1,126	**2,944**	4,153
Unrealized gain on foreign currency hedge	**(2,856)**	—	—	**(2,856)**	—
Corporate restructuring and transition costs	**—**	—	—	**—**	1,486
Provision for (recovery of) income taxes	**1,431**	1,508	227	**2,515**	(1,069)
Adjusted operating income before tax	**19,387**	16,390	12,511	**44,377**	28,010
Provision for taxes applicable to adjusted operating income (1)	**3,296**	2,786	2,177	**7,544**	5,305
Adjusted net income	**16,091**	13,604	10,334	**36,833**	22,705
Cumulative preferred share dividends during the period	**2,380**	2,459	2,393	**7,234**	7,052
Adjusted net income attributable to common shareholders	**13,711**	11,145	7,941	**29,599**	15,653
Per share information					
Weighted average number of shares outstanding (basic)	**243,334**	243,478	242,467	**243,769**	241,336
Adjusted net income per share (basic)	**$0.07**	$0.06	$0.04	**$0.15**	$0.09
Adjusted net income applicable to common shareholders per share (basic)	**$0.06**	$0.05	$0.03	**$0.12**	$0.06
Adjusted operating income before tax comprised of:					
Triad Financial Services	**16,169**	13,113	8,936	**36,393**	21,698
KG	**12,247**	13,362	11,572	**36,876**	31,372
Corporate and Other	**(9,029)**	(10,085)	(7,997)	**(28,892)**	(25,060)
	19,387	16,390	12,511	**44,377**	28,010

(1) Provision for taxes applicable to adjusted operating income reflects an effective tax rate of 17.0% for the three and nine-month periods ended September 30, 2021 and the three-month period ended June 30, 2021, 17.4% for the three-month period ended September 30, 2020, and 18.9% for the nine-month period ended September 30, 2020.

Accounting and Internal Control Matters

Critical Accounting Policies and Estimates and Use of Judgments

The Company's significant accounting policies are described in note 2 of our 2020 Annual Consolidated Financial Statements. Certain of these policies, and related estimates and judgments have been identified as "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates. Our significant accounting judgments, estimates and assumptions relate to inventory, allowances for credit losses, income taxes, useful lives and residual values of equipment under operating leases, goodwill and intangible assets, derecognition of financial assets, and the outcome of contingencies such as lawsuits, claims or proceedings incident to the operation of our businesses. Our critical accounting policies and estimates have been reviewed and approved by our Audit Committee, in consultation with management, as part of their review and approval of our significant accounting policies, judgments, estimates and assumptions. Please refer to note 2 of our 2020 Annual Consolidated Financial Statements for a description of each of our significant accounting judgments, estimates and assumptions.

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

As at September 30, 2021, due to the emergence of the novel coronavirus identified as COVID-19, we are subject to a greater degree of uncertainty in making the estimates and judgments required to apply our significant accounting policies. The ultimate impacts of COVID-19 on our business will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic, which are highly uncertain and cannot be predicted. The uncertainty of future results and cash flows may impact our estimates and judgments underlying the carrying values of our finance receivables, held-for-trading financial assets, goodwill, intangible assets and retained reserve interest asset, the adequacy of our credit loss provisions, the fair value of our assets held-for-sale and the realization of our deferred tax assets. We continue to update the Company's forecasts, assumptions, valuation models and other analyses that support the current carrying value of these assets. Accordingly, actual results may be materially different from those recorded amounts.

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

Internal Control over Financial Reporting

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

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

The Company has an established process in place to ensure the effectiveness of the disclosure controls and internal controls over financial reporting.

Updated Share Information

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

As at November 10, 2021, the Company had 243,616,272 common shares, 12,904,049 options; 3,843,100 Series A preferred shares, and 3,712,400 Series C preferred shares issued and outstanding.

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