ECN CAPITAL

Consolidated Financial Statements

DECEMBER 31, 2023

Ernst & Young LLP
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Independent auditor's report

To the Shareholders of
ECN Capital Corp.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of ECN Capital Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Goodwill impairment

As at December 31, 2023, the Company has a goodwill balance of $126.8 million. Management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of these assets. Impairment is recognized if the recoverable amount is less than the carrying value of the cash generating unit ("CGU"). Management estimates the recoverable amount using a discounted cash flow model. The Company discloses significant judgments, estimates and assumptions and the result of their analysis in respect of impairment in Note 10 to the consolidated financial statements.

Auditing management's annual goodwill impairment test was complex, given the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining the recoverable amount of each CGU. Significant assumptions included cash flow projections, revenue growth rate, terminal growth rate and discount rate which are affected by expectations about future market and economic conditions.

To test the estimated recoverable amount of each CGU, our audit procedures included, among others:

- With the assistance of our valuation specialists, we evaluated the Company's model, valuation methodology and certain significant assumptions, including the terminal growth rate;
- With the assistance of our valuation specialists, we assessed the selection and application of the discount rate by evaluating the inputs and mathematical accuracy of the calculation;
- We assessed the historical accuracy of management's estimates on cash flow projections and revenue growth rate by comparing projections made by management in prior years to actual and historical performance. We also compared the revenue growth rate to current industry, market and economic trends;
- With the assistance of our valuation specialists, we performed sensitivity analysis on significant assumptions, including revenue growth rates, terminal growth rate and the discount rate, to evaluate changes in the recoverable amount of each CGU that would result from changes in the assumptions; and
- We assessed the adequacy of the Company's disclosures in the accompanying consolidated financial statements in relation to this matter.

Other information

Other information consists of the information included in the Management's Discussion and Analysis. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Robert Farlinger.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 21, 2024

Consolidated statements of financial position

[in thousands of United States dollars]

	December 31, 2023	December 31, 2022
	$	$
Assets		
Cash	**23,239**	12,715
Restricted funds *[note 12]*	**34**	—
Finance receivables *[note 6]*	**598,225**	700,509
Accounts receivable	**96,034**	203,072
Taxes receivable	**11,136**	15,875
Other assets *[note 7]*	**22,887**	25,775
Retained reserve interest *[note 11]*	**38,000**	36,479
Continuing involvement asset *[note 11]*	**70,382**	70,377
Notes receivable *[note 17]*	**24,631**	31,613
Derivative financial instruments *[note 19]*	**—**	878
Leasehold improvements and other equipment *[note 8]*	**18,729**	69,181
Intangible assets *[note 9]*	**105,049**	104,479
Deferred tax assets *[note 16]*	**9,413**	17,042
Goodwill *[note 10]*	**126,837**	125,446
Assets held-for-sale *[note 5]*	**140,237**	—
Total assets	**1,284,833**	1,413,441
Liabilities and shareholders' equity		
Liabilities		
Accounts payable and accrued liabilities *[note 7]*	**57,434**	75,454
Continuing involvement liability *[note 11]*	**70,382**	70,377
Derivative financial instruments *[note 19]*	**20,017**	26,188
Borrowings *[note 12]*	**900,599**	1,007,998
Other liabilities *[notes 8 and 20]*	**26,913**	39,749
Total liabilities	**1,075,345**	1,219,766
Shareholders' equity	**209,488**	193,675
	1,284,833	1,413,441

See accompanying notes

On behalf of the Board:

(signed) "*William W. Lovatt*"	(signed) "*Steven K. Hudson*"
William W. Lovatt	Steven K. Hudson
Director	Director

Consolidated statements of operations

[in thousands of United States dollars, except for per share amounts]

	Year ended December 31, 2023	Year ended December 31, 2022
	$	$
Revenues		
Loan origination revenues	**57,023**	130,831
Servicing revenue	**27,787**	20,188
Interest income	**74,156**	41,956
Other (loss) revenue *[note 15]*	**(1,911)**	6,037
	157,055	199,012
Operating expenses and other		
Compensation and benefits	**66,053**	62,208
General and administrative expenses	**42,264**	41,508
Interest expense	**76,146**	43,652
Depreciation and amortization *[notes 8 and 9]*	**7,246**	7,031
Share-based compensation *[note 14]*	**16,232**	12,189
Other expenses *[note 15]*	**50,764**	15,166
	258,705	181,754
(Loss) income before income taxes from continuing operations	**(101,650)**	17,258
Provision for income taxes *[note 16]*	**5,127**	10,538
Net (loss) income from continuing operations	**(106,777)**	6,720
Net income from discontinued operations *[note 5]*	**—**	9,171
Net (loss) income for the year	**(106,777)**	15,891
(Loss) earnings per common share - Basic		
Continuing operations *[note 18]*	**(0.44)**	0.01
Discontinued operations *[note 18]*	**—**	0.04
Total basic (loss) earnings per share *[note 18]*	**(0.44)**	0.04
(Loss) earnings per common share - Diluted		
Continuing operations *[note 18]*	**(0.44)**	0.01
Discontinued operations *[note 18]*	**—**	0.04
Total diluted (loss) earnings per share *[note 18]*	**(0.44)**	0.04

See accompanying notes

Consolidated statements of comprehensive loss

[in thousands of United States dollars]

	Year ended December 31, 2023	Year ended December 31, 2022
	$	$
Net (loss) income for the year	**(106,777)**	15,891
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges *[note 19]*	**5,607**	(13,738)
Net unrealized foreign exchange income (loss)	**219**	(11,523)
	5,826	(25,261)
Deferred tax expense	**(76)**	(142)
Total other comprehensive income (loss)	**5,750**	(25,403)
Comprehensive loss for the year	**(101,027)**	(9,512)

See accompanying notes

Consolidated statements of changes in shareholders' equity

[in thousands of United States dollars]

	Common share capital	Preferred share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive loss	Total shareholders' equity
	$	$	$	$	$	$
Balance, December 31, 2021	590,501	67,052	77,640	(507,671)	(8,895)	218,627
Employee stock option expense	—	—	1,009	—	—	1,009
Employee restricted stock unit expense	—	—	2,656	—	—	2,656
Reclassification to liability for stock option modification	—	—	(2,292)	—	—	(2,292)
Common share issuance *[note 13]*	5,596	—	—	—	—	5,596
Common share repurchases *[note 13]*	(9,870)	—	—	—	—	(9,870)
Comprehensive income (loss) for the year	—	—	—	15,891	(25,403)	(9,512)
Dividends – preferred shares *[note 13]*	—	—	—	(5,036)	—	(5,036)
Dividends – common shares *[note 13]*	—	—	—	(7,503)	—	(7,503)
Balance, December 31, 2022	586,227	67,052	79,013	(504,319)	(34,298)	193,675
Balance, December 31, 2022	586,227	67,052	79,013	(504,319)	(34,298)	193,675
Employee stock options expense	**—**	**—**	**2,252**	**—**	**—**	**2,252**
Employee restricted stock unit expense	**—**	**—**	**687**	**—**	**—**	**687**
Common share issuance *[note 13]*	**70,681**	**—**	**—**	**—**	**—**	**70,681**
Preferred share issuance Series E *[note 13]*	**—**	**56,960**	**—**	**—**	**—**	**56,960**
Comprehensive (loss) income for the year	**—**	**—**	**—**	**(106,777)**	**5,750**	**(101,027)**
Dividends – preferred shares *[note 13]*	**—**	**—**	**—**	**(6,124)**	**—**	**(6,124)**
Dividends – common shares *[note 13]*	**—**	**—**	**—**	**(7,616)**	**—**	**(7,616)**
Balance, December 31, 2023	**656,908**	**124,012**	**81,952**	**(624,836)**	**(28,548)**	**209,488**

See accompanying notes

Consolidated statements of cash flows

[in thousands of United States dollars]

	Year ended December 31, 2023	Year ended December 31, 2022
	$	$
Operating activities		
Net (loss) income for the year from continuing operations	**(106,777)**	6,720
Items not affecting cash:		
Share-based compensation *[note 14]*	**16,232**	12,189
Depreciation and amortization	**7,246**	7,031
Amortization of intangible assets	**7,579**	5,913
Accretion of deferred purchase consideration	**512**	256
Amortization of deferred financing costs	**6,026**	5,571
Loss on sale of fixed assets	**2,040**	—
	(67,142)	37,680
Changes in operating assets and liabilities:		
Change in finance receivables, net *[note 6]*	**(37,953)**	(473,794)
Change in accounts receivable, net	**107,046**	(105,534)
Change in taxes payable / receivable	**4,739**	(292,336)
Other operating assets and liabilities	**(32,723)**	(45,683)
Cash used in operating activities - continuing operations	**(26,033)**	(879,667)
Investing activities		
Acquisitions, net of cash acquired *[note 4]*	**(2,499)**	(53,424)
Sale of KG, net of cash divested	**—**	177,845
Purchase of leasehold improvements and other equipment	**(19,407)**	(26,553)
Proceeds from sale of equipment	**61,000**	36,742
Decrease (increase) in notes receivable	**4,291**	(1,957)
Repayment of equipment financing	**—**	(16,377)
Cash provided by investing activities - continuing operations	**43,385**	116,276
Financing activities		
Common share repurchases	**—**	(9,870)
Common shares issuances	**70,681**	5,596
Preferred share issuance	**56,960**	—
Payments of lease liabilities	**(3,442)**	(2,319)
Payments of deferred financing costs	**(1,972)**	(1,826)
(Repayments) borrowings on term senior credit facility, net	**(81,512)**	707,702
(Repayment) issuance of promissory note	**(33,769)**	35,000
Dividends paid	**(13,740)**	(12,539)
Cash (used in) provided by financing activities - continuing operations	**(6,794)**	721,744
Cash flows from discontinued operations		
Cash provided by operating activities - discontinued operations	**—**	7,823
Cash used in investing activities - discontinued operations	**—**	(28)
Cash used in financing activities - discontinued operations	**—**	(672)
Cash provided by discontinued operations *[note 5]*	**—**	7,123
Net increase (decrease) in cash during the year	**10,558**	(34,524)
Cash and restricted funds, beginning of year	**12,715**	47,239
Cash and restricted funds, end of year	**23,273**	12,715

ECN Capital Corp.

Consolidated statements of cash flows (continued)

[in thousands of United States dollars]

Cash and restricted funds reported in the consolidated statements of cash flows:	Year ended December 31, 2023	Year ended December 31, 2022
	$	$
Cash	**23,239**	12,715
Restricted funds	**34**	—
Total	**23,273**	12,715

Supplemental cash flow information:	Year ended December 31, 2023	Year ended December 31, 2022
	$	$
Cash taxes (refunded) paid, net	**(3,673)**	285,326
Cash interest paid	**64,447**	37,621
Cash interest received	**70,837**	40,325

See accompanying notes

1. Corporate Information

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, its "Partners"). ECN Capital originates, manages and advises on credit assets on behalf of its Partners, specifically consumer (manufactured housing and recreational vehicle and marine) loans and commercial (inventory finance and rental) loans. Its 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 620 employees and operates principally in the U.S. The Company is a public corporation and trades on the Toronto Stock Exchange ("TSX") under the symbol "ECN."

2. Basis of Presentation and Summary of Material Accounting Policies

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These consolidated financial statements include all the information and disclosures required in annual financial statements.

These consolidated financial statements are presented in thousands of U.S. dollars, except where otherwise noted.

These consolidated financial statements were authorized for issuance by the Board of Directors (the "Board") of the Company on March 21, 2024.

Basis of consolidation

Subsidiaries

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries from the dates of their acquisition. Transactions and balances amongst these entities have been eliminated upon consolidation.

Subsidiaries are entities over which the Company has control. The Company controls an entity when (i) it has the power over the entity; (ii) it has exposure, or rights, to variable returns from its involvement with the entity; and (iii) it has the ability to use its power over the entity to affect the amount of its returns.

The Company's principal operating subsidiaries are Triad Financial Services, Inc. ("Triad Financial Services"), Source One Financial Services, LLC ("Source One"), and Intercoastal Financial Group, LLC ("IFG").

New and amended standards

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to International Accounting Standard ("IAS") 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2, *Making Materiality Judgements,* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12, *Income Tax,* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's consolidated financial statements.

Material accounting policies

Equity-accounted investments

The Company holds equity investments in associates. An associate is an entity over which the Company has significant influence and is neither a controlled subsidiary nor a jointly controlled entity. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies. The Company accounts for equity investments using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate is recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates is recognized through net income or loss during the year. Cash distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

Finance receivables

The Company provides financing to customers through loans, which are recorded at amortized cost using the effective interest rate method. Interest income is allocated over the expected term of the loan by applying the effective interest rate to the carrying amount of the loan.

Initial direct costs that relate to the origination of the finance receivables are deferred and recognized as yield adjustments using the effective interest rate method over the term of the related financial asset. These costs are incremental to individual loans and comprise certain specific activities related to processing requests for financing, such as the costs to underwrite the transaction and commission payments.

Finance receivables are classified as held-for-trading if the related loans were originated with the intention of selling the instrument in the near term. Held-for-trading finance receivables are measured on the consolidated financial statements at fair value through profit and loss.

Allowance for credit losses

Expected credit loss ("ECL") allowances are measured at either: i) 12-month ECL when a loan is performing (Stage 1); or ii) lifetime ECL when finance receivables have experienced a significant increase in credit risk since inception (Stage 2) or when the asset is not performing (Stage 3). The Company utilizes internal risk rating changes, delinquency, and other identifiable risk factors to determine when there has been a significant increase in the credit risk of a finance receivable. The key inputs in the Company's measurement of ECL allowances are: i) probability of default, which estimates the likelihood of default over a given time horizon; and ii) loss given default, which estimates the exposure at a future default date. Forward-looking information is considered when measuring ECLs, including macroeconomic factors such as unemployment rates.

Upon origination of finance receivables, the Company recognizes a 12-month ECL allowance, which represents the portion of lifetime ECL from default events that are considered possible within the next 12 months (Stage 1). If there has been a significant increase in credit risk, the Company recognizes a lifetime ECL allowance resulting from possible default events over the expected life of the finance receivable (Stage 2). A significant increase in credit risk is determined through changes in the lifetime probability of default since the initial origination of the finance receivable, using a combination of borrower-specific and account-specific attributes, and relevant and supportable forward-looking information. The Company uses the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due. Criteria for assessing significant changes in credit risk are defined at the individual finance receivable (i.e., contract) level.

Finance receivables with objective evidence of impairment are considered to be impaired, requiring the recognition of lifetime ECL allowances, with interest revenue recognized based on the carrying amount of the asset, net of allowances, rather than its gross carrying amount (Stage 3). Deterioration in credit quality is considered objective evidence of impairment and includes observable data that comes to the attention of the Company, such as significant financial difficulty of the borrower. All finance receivables are considered impaired when they are contractually overdue 90 days or immediately if the account is the subject of a bankruptcy, insolvency, reorganization or repossession (voluntary or involuntary). In order to be classified as a satisfactory account after being delinquent, an account must remain current for a period of 90 days.

Finance receivables are charged off (i.e., written off), either partially or in full, against the related allowance for credit losses when the Company believes there are no reasonable or expected recoveries.

Accounts receivable

Accounts receivable represent committed loans receivable, consisting of cash advances paid by the Company on behalf of its Partners, which are generally reimbursed to the Company within two to four days, and in-process construction loans, which are made to provide funding for the cost of building a home during construction phase. Accounts receivable are measured on the consolidated financial statements at amortized cost, net of an ECL allowance. The ECL allowance was not material as at December 31, 2023 and December 31, 2022.

Revenue recognition

Loan origination revenues represent the gain on sale recognized on the disposition of consumer loans originated and closed by the Company and the net reserve fee earned for originating, underwriting and processing consumer loans that are closed by the Company's Partners. Reserve fees are recorded net of related fees paid to the originating dealer or broker, as the Company acts as an agent in sourcing loans between the respective dealer or broker and lender.

Servicing revenue represents the fees earned from providing loan servicing activities to Partners.

For each of the revenue streams outlined above, revenue is recognized as the related performance obligations are satisfied and services have been transferred to the customer.

Interest income relating to finance receivables is recognized on an accrual basis using the effective interest rate method for loans that are not considered impaired.

Cash and Restricted funds

Cash comprises cash on hand and non-restricted cash deposits.

Restricted funds represent cash deposits that are reserved in accordance with the Company's agreements with its Partners and are not available for general corporate purposes.

Derivative financial instruments and hedge accounting

The Company utilizes derivatives to manage interest rate risk and foreign currency exposure, as well as equity price risk exposure related to stock compensation plans that are accounted for as liabilities. Derivatives are carried at fair value and are reported as assets if they have a positive fair value and as liabilities if they have a negative fair value.

The Company applies hedge accounting to derivatives that meet the criteria for hedge accounting in IFRS 9, *Financial Instruments* ("IFRS 9").

In order to qualify for hedge accounting, a hedge relationship must be designated and formally documented in accordance with IFRS 9. The Company's documentation, in accordance with the requirements, includes the specific risk management objective and strategy being applied, the specific financial asset or liability or cash flow being hedged, and how hedge effectiveness is assessed. Hedge effectiveness is assessed at the inception of the hedge and on an ongoing basis, which is at least quarterly. Hedge ineffectiveness is recognized immediately in income.

Cash flow hedges

The effective portion of the change in fair value of the derivative instrument is recognized in other comprehensive income (loss) until the forecasted cash flows being hedged are recognized in income in future accounting periods. When forecasted cash flows are recognized in income, an appropriate amount of fair value changes of the derivative instrument in accumulated other comprehensive (loss) income ("AOCI") is reclassified to net (loss) income. If a forecast issuance of fixed rate debt or a forecast acquisition of fixed rate assets is no longer expected to occur, the related cumulative gain or loss in AOCI is immediately recognized in income.

The Company uses interest rate swaps and foreign exchange forward agreements to hedge its exposure to changes in future cash flows due to interest rate risk and foreign currency risk in forecasted highly probable transactions. The Company uses total return swaps to hedge its exposure to changes in future cash flows due to changes in the Company's stock price in forecasted obligations related to share-based payments under its stock compensation plans.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to that asset have expired. If substantially all of the risks and rewards of ownership have been transferred, the Company will derecognize the financial asset and recognize separately as assets or liabilities any rights or obligations created or retained in the transfer. If the Company has neither transferred nor retained substantially all of the risks and rewards of ownership, then the Company recognizes an asset to the extent of its continuing involvement.

Borrowings

Borrowings are recorded at amortized cost using the effective interest rate method. Interest expense is allocated over the expected term of the borrowing by applying the effective interest rate to the carrying amount of the liability. The effective interest rate is the rate that exactly discounts estimated future cash outflows over the expected life of the liability. Transaction costs are applied to the carrying amount of the liability.

Deferred financing costs are presented as a reduction of borrowings and relate to costs incurred to obtain funding agreements that result in these arrangements. These amounts are accreted to income over a period matching the repayment terms of the borrowing obtained during the initial commitment period.

Leasehold improvements and other equipment

Property, equipment, and leasehold improvements are recorded at cost. Leasehold improvements are depreciated on a straight-line basis over the underlying lease terms. Aircraft, buildings, vehicles, office equipment, computer equipment, and computer servers are depreciated using the straight-line method over their estimated useful lives. The rates of depreciation are as follows:

Leasehold improvements	Lease term
Office equipment	3-10 years
Computer equipment	5 years
Computer software	3-5 years
Other	5 years

Right-of-use assets are recorded at amortized cost less any accumulated depreciation and impairment charges. Right-of-use assets are recognized at the time that the underlying asset is available for use ("lease commencement date"). The related lease liabilities are measured at the discounted present value of lease payments over the term of the lease and are recorded in other liabilities on the consolidated statements of financial position. Following initial recognition at the time of the lease commencement date, the Company increases the lease liability for accretion and reduces the lease liability for any payments made.

Goodwill

Goodwill is initially measured at cost and is calculated as the excess of the purchase price for an acquired business over the fair value of acquired net identifiable assets and liabilities and is allocated to the cash-generating units ("CGUs") to which it relates. Goodwill is not amortized but is evaluated for impairment against the carrying amount of the CGU annually or more often if events or circumstances indicate that there may be an impairment. The carrying amount of a CGU includes the carrying amount of assets, liabilities, and goodwill allocated to the CGU and then to the other non-financial assets of the CGU proportionately based on the carrying amount of each asset. Any impairment loss is charged to income in the period in which the impairment is identified. Goodwill is stated at cost less accumulated impairment losses. Subsequent reversals of goodwill impairment are prohibited.

Intangible assets

The Company's intangible assets primarily include assets acquired as a result of business combinations, which are initially measured at fair value on the date of the business combination, namely: customer relationships, including the value of dealer and bank funding relationships; trade names; and information technology. Intangible assets also include servicing rights retained upon the sale of originated loans to Partners ("retained servicing rights"), which are initially measured at fair value. All of the Company's intangible assets have a finite life, are amortized over their useful economic lives, and are assessed for indicators of impairment at each reporting period. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. Impairment and amortization of intangible assets expense is recognized in the consolidated statements of operations.

The rates of amortization are as follows:

Information technology	3-5 years
Customer relationships and trade names	15 years
Retained servicing rights	8 years
Other	3 years

Share-based payments

Stock options

The Company has established a share option plan for employees and directors whereby the Company's Board may award options to certain employees and directors. The share option plan is intended to promote an alignment of long-term interests between employees, directors, and the shareholders of the Company. The Board determines the amount, timing, and vesting conditions associated with each award of share options. Each share option has a value that depends on the fair market value of one common share of the Company at the time of the grant determined using the Black-Scholes option valuation model. The cost of these share option grants is recognized on a proportional basis consistent with the vesting of the underlying share options.

Deferred Share Unit plan

The Company has established a Deferred Share Unit ("DSU") plan for executives and directors whereby the Company's Board may award DSUs as compensation for services rendered. The DSU plan is intended to promote an alignment of long-term interests between executives and directors and the shareholders of the Company. The Board determines the amount, timing, and vesting conditions associated with each award of DSUs. Additionally, directors receive 100% of the annual remuneration in DSUs, which are fully vested on the date of grant.

Each DSU has a value that depends on the fair market value of one common share of the Company, and in the event dividends are paid on the Company's common shares, accrues dividend equivalents in the form of additional DSUs based on the amount of the dividend paid on a common share. DSUs mature upon termination of employment or directorship, whereupon the holder is entitled to receive a cash payment, which reflects the fair market value of the equivalent number of common shares of the Company.

DSUs are recognized on the consolidated statements of financial position as a liability in accounts payable and accrued liabilities and are measured at fair value. Fair value is a function of the number of DSUs outstanding, the value of the Company's common shares, and, if applicable, the portion of the associated vesting period that has elapsed.

Performance and Restricted Share Unit plans

The Company has established Performance Share Unit ("PSU") and Restricted Share Unit ("RSU") plans for employees and directors of the Company and its subsidiaries, whereby the Board may award PSUs and RSUs as compensation for services rendered. The PSU and RSU plans are intended to promote an alignment of long-term interests between employees and directors and the shareholders on the Company. The Board determines the amount, timing, and vesting conditions associated with each award of PSUs and RSUs.

Each PSU and RSU has a value that depends on the fair market value of one common share of the Company, and, in the event dividends are paid on the Company's common shares, accrues dividend equivalents in the form of additional PSUs and RSUs based on the amount of the dividend paid on a common share. PSUs and RSUs vest no later than four years from the grant date and PSUs are subject to performance conditions. On the vesting date, the Board has the discretion to settle PSUs and RSUs either through cash payment, issuance of Company common shares, or some combination of cash and common shares.

PSUs and RSUs are recognized on the consolidated statements of financial position as a liability in accounts payable and accrued liabilities and are measured at fair value. Fair value is a function of the number of PSUs and RSUs outstanding, the value of the Company's common shares, and, if applicable, the portion of the associated vesting period that has elapsed as well as expectations with respect to performance criteria. Until the PSUs and RSUs are settled, the liability is remeasured with a change in the fair value recorded in the consolidated statements of operations as an expense in the relevant financial reporting period.

(Loss) earnings per share

Basic (loss) earnings per share are calculated by dividing the net income or loss for the year attributed to common shareholders by the weighted average number of common shares outstanding during the year. Diluted (loss) earnings per share are calculated using the same method as for basic (loss) earnings per share and adjusted for the weighted average number of common shares outstanding during the year to reflect the dilutive impact, if any, of options assuming they were exercised for that number of common shares calculated by applying the treasury stock method. The treasury stock method assumes that all proceeds received by the Company when options are exercised will be used to purchase common shares at the average market price during the reported period.

Corporate investments

Corporate investments include investments in debt and equity securities that the Company purchases with the intention of generating earnings in the near term. Corporate investments are measured on the consolidated financial statements at fair value through profit and loss.

Other financial instruments

Other financial instruments held or issued by the Company include cash, restricted funds, finance receivables, accounts receivable, notes receivable, accounts payable and accrued liabilities, and borrowings. All of these financial instruments are initially recorded at cost and subsequently measured at amortized cost.

Income taxes

The Company follows the liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are determined for each temporary difference and for unused losses, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or equity in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Discontinued operations and assets held-for-sale

The Company accounts for its discontinued operations in accordance with IFRS 5, *Non-current Assets Held-for-Sale and Discontinued Operations* ("IFRS 5").

The Company classifies assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through their continuing use. For assets and disposal groups to be classified as held-for-sale, their sale must be highly probable to occur within one year, they must be available for immediate sale in their present condition, and management must be committed to a sales plan to actively market the sale of the assets or disposal group. Assets and disposal groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell and are presented separately from other assets on the consolidated statements of financial position.

The Company determines whether a disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of or is classified as held-for-sale and:

- Represents a separate major line of business or geographical area of operations; or
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations for each period and are presented as a single amount as net income from discontinued operations in the consolidated statements of operations. All other notes to the consolidated financial statements include amounts for continuing operations, unless otherwise mentioned.

Business combinations

The Company uses the acquisition method of accounting for business combinations, which requires the allocation of the purchase consideration to identifiable assets and liabilities acquired on a fair value basis at the date of acquisition. Any contingent consideration is also measured at fair value at the date of acquisition. Provisional fair values are finalized as the relevant information becomes available, for a period of up to 12 months from the acquisition date. Incremental costs related to acquisitions are expensed as incurred. When the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded as goodwill.

Seasonality of operations

The Company's business segments are impacted by seasonality, with the second and third quarters of the year being the strongest performing quarters. As a result, higher revenues and operating profits are usually expected during the second and third quarters as compared to the first and fourth quarters.

Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. Critical Accounting Estimates and Use of Judgments

The preparation of consolidated 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. Accordingly, actual results may differ from those recorded amounts. Areas of financial reporting that require management's estimates and judgments are discussed below.

Allowance for credit losses

Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required allowance, taking into consideration counterparty creditworthiness, the fair value of underlying collateral, current economic trends, and past experience.

Accounting for income taxes

The Company is subject to income tax laws in the various jurisdictions that it operates in, and the complex tax laws are potentially subject to different interpretations by the Company and the relevant tax authority. Management's judgment is applied in interpreting the relevant tax laws and estimating the expected timing and the amount of the provision for current and deferred income taxes. A deferred tax asset or liability is determined for each temporary difference based on the tax rates that are expected to be in effect in the period that the asset is realized or the liability is settled. Deferred tax assets are recognized for unused income tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Goodwill valuation

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value of its recoverable amount. Management uses judgment in estimating the recoverable amounts of the Company's CGUs and uses models that consider various factors and assumptions including forecasted cash earnings, growth rates, and discount rates. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill.

Derecognition of financial assets

Management has exercised judgment in the application of its accounting policy with respect to the derecognition of loans, primarily the loans to purchase manufactured homes that are originated and sold by its Manufactured Housing Finance segment.

The Company's Manufactured Housing Finance segment originates consumer loans for the purchase of manufactured homes throughout the U.S. and subsequently syndicates and sells these loans to a network of third-party financial institutions. The Company recognizes an asset and a corresponding liability with respect to its continuing involvement, as management has determined that, for a portion of its loans, it has not transferred nor retained substantially all of the risks and rewards of ownership and has retained control. Effective January 1, 2021, the Company made the determination that all loans sold by its Manufactured Housing Finance segment qualify for full derecognition as the Company does not exercise control over the loans.

The fair value of the retained reserve interest is estimated using a discounted cash flow methodology and is based on the Company's expectations with respect to potential loan loss, prepayment rates, and discount rates. Judgment is applied in determining the estimated fair value of the retained reserve interest. See note 11 for further details on these transactions.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Accounting for litigation

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 the Company, 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.

4. Business Acquisitions and Disposals

Acquisition of Wake Lending, LLC

On January 31, 2023, the Company acquired all of the outstanding equity interests in Wake Lending, LLC ("Wake Lending"), an RV and marine finance company, for total consideration of $2.5 million. This acquisition expands the Company's geographic presence of the RV and Marine Finance segment.

The table below presents the final allocation of fair values to the net assets acquired. Adjustments to the preliminary purchase price allocation were not material.

Consideration paid:	
Cash	$ 2,500
Fair value of identifiable assets and liabilities:	
Cash	1
Accounts receivable	8
Goodwill	1,391
Intangible assets	1,100
Net assets acquired	2,500

The allocation to goodwill of $1.4 million is primarily attributable to senior management's ability to maintain and grow both its dealer and funding relationships in support of the continued growth of the business. The Company expects that all of the goodwill will be deductible for tax purposes.

Operating results attributable to Wake Lending are included in the Company's consolidated statements of operations from the date of acquisition and were not material to the Company's consolidated operating results for the year ended December 31, 2023.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Acquisition of Intercoastal Financial Group, LLC

On July 1, 2022, the Company acquired all of the outstanding equity interests in IFG, an RV and marine finance company, for total consideration of $74.2 million, including $55.8 million in cash and deferred consideration of $18.3 million to be paid over the next two years. This acquisition expands the Company's geographic presence of the RV and Marine Finance segment. Acquisition-related costs were $2.1 million, including advisory fees, legal, accounting, due diligence, and other transaction-related expenses, and are recorded in general and administrative expenses on the consolidated statements of operations.

The table below presents the final allocation of fair values to the net assets acquired. Adjustments to the preliminary purchase price allocation were not material.

Consideration paid:		
Cash	$	55,814
Fair value of deferred consideration		18,347
Total consideration		74,161
Fair value of identifiable assets and liabilities:		
Cash		2,406
Accounts receivable and other assets		2,646
Intangible assets		38,700
Goodwill		34,725
Accounts payable and other liabilities		(4,316)
Net assets acquired		74,161

The allocation to goodwill of $34.7 million is primarily attributable to senior management's ability to maintain and grow both its dealer and funding relationships in support of the continued growth of the business. The Company expects that all of the goodwill will be deductible for tax purposes.

Operating results attributable to IFG are included in the Company's consolidated statements of operations from the date of acquisition. IFG contributed approximately $4.4 million and $8.8 million in total revenues, and $2.4 million and $3.7 million in pre-tax operating income, during the years ended December 31, 2023 and December 31, 2022, respectively.

Sale of Kessler Financial Services

On October 4, 2022, the Company completed the sale of all of the issued and outstanding equity interests in ECN Kessler Holdco LLC, a wholly owned, indirect subsidiary of the Company through which ECN Capital operates the Kessler Financial Services business ("KG"), to funds managed by Stone Point Capital LLC for cash proceeds of approximately $200 million plus approximately $9 million of additional capital returned prior to the closing of the transaction. The Company recorded a net loss of approximately $0.9 million in the year ended December 31, 2022, after applicable taxes and transactions expenses of approximately $9.3 million.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

The following table presents the net assets of KG at the date of disposal:

Carrying value of assets and liabilities		
Cash	$	12,424
Accounts receivable and other assets		55,948
Fixed assets		305
Intangible assets		63,008
Goodwill		138,412
Accounts payable and other liabilities		(81,875)
Net assets disposed		188,222

Operating results attributable to KG are presented as discontinued operations in the Company's consolidated statements of operations for the year ended December 31, 2022. See Note 5, *Discontinued Operations and Assets Held-for-Sale*, for further details.

5. Discontinued Operations and Assets Held-for-Sale

Results of discontinued operations

The following table presents the results of discontinued operations, which includes the results of KG for the year ended December 31, 2022.

	Year ended December 31, 2022
	$
Revenues	76,840
Operating expenses and other costs	
Compensation and benefits	23,250
General and administrative expenses	20,443
Interest income	(18)
Depreciation and amortization	802
Share-based compensation	3,588
Amortization of intangible assets	11,103
Loss on sale of KG	2,048
Accretion of deferred purchase consideration	2,351
	63,567
Income from discontinued operations before income taxes	13,273
Provision for income taxes	4,102
Net income from discontinued operations	9,171

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Assets held-for-sale

During the year ended December 31, 2023, the Company committed to a plan to sell its Red Oak RV & Marine Inventory Finance platform ("Red Oak"), which operates through Triad Financial Services, to redeploy capital to its Manufactured Housing Finance business. Accordingly, the Company has reclassified approximately $140.2 million of assets, primarily consisting of floorplan loans, to assets held-for-sale on its consolidated statement of financial position as at December 31, 2023. Upon reclassification, a provision of approximately $4.0 million was recorded, which represents the estimated costs to sell the business. The RV & Marine Inventory Finance platform did not meet the criteria to be classified as discontinued operations.

Subsequent to December 31, 2023, the Company completed the sale of Red Oak to a third-party investor. See Note 25, *Subsequent Event*, for further details.

6. Finance Receivables

The following table presents the Company's finance receivables based on the type of contract:

	December 31, 2023	December 31, 2022
	$	$
Floorplan loans	**149,696**	472,199
RV and Marine loans	**9,615**	9,642
Gross finance receivables at amortized cost	**159,311**	481,841
Allowance for credit losses	**(1,484)**	(1,066)
Net finance receivables at amortized cost	**157,827**	480,775
Held-for-trading financial assets	**440,398**	219,734
Total finance receivables	**598,225**	700,509

Floorplan loans

Floorplan loans are comprised entirely of secured loans issued by Triad Financial Services to finance dealer inventory. Floorplan loans are secured by first priority, fully perfected liens in the underlying units that are financed by Triad Financial Services. Triad Financial Services is also the beneficiary of a manufacturer's repurchase guarantee on each financed unit.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

RV and Marine loans

RV and Marine loans are primarily comprised of high-quality retail marine loans that are secured by first priority, fully perfected liens in the underlying financed units.

Held-for-trading financial assets

The loans balance as at December 31, 2023 includes $382.5 million (December 31, 2022 - $212.7 million) in manufactured housing loans and $57.9 million (December 31, 2022 - $7.0 million) in RV and Marine loans, that are classified as held-for-trading. Finance receivables are classified as held-for-trading if the related loans were originated with the intention of selling the instrument in the near term. Held-for-trading finance receivables are measured on the consolidated financial statements at fair value through profit or loss. These loans are considered Level 3 assets, and the Company measures the fair value of these loans based on a valuation model using internal inputs. Upon origination, the Company's internal valuation may determine a fair value that is in excess of the origination or transaction value of the loan. In these circumstances, the Company will not recognize such gains until the fair value estimated by the internal model is substantiated by a market-observable event such as an executed sales contract.

The following table presents the delinquency status of the net investment in finance receivables of continuing operations, by contract balance:

	December 31, 2023		**December 31, 2022**	
	$	%	$	%
31 - 60 days past due	**—**	**—**	—	—
61 - 90 days past due	**—**	**—**	—	—
Greater than 90 days past due	**1,280**	**0.80**	—	—
Total past due	**1,280**	**0.80**	—	—
Current	**158,031**	**99.20**	481,841	100.00
Total investment	**159,311**	**100.00**	481,841	100.00

The following table presents selected characteristics of the finance receivables of continuing operations:

	December 31, 2023	**December 31, 2022**
Net investment	**$159,311**	$481,841
Weighted average interest rate	**10.61 %**	9.23 %

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

The following tables provide net investments in finance receivables segregated by stage:

	December 31, 2023			
	Stage 1 (Performing)	Stage 2 (Under-performing)	Stage 3 (Non-performing)	Total
	$	$	$	$
Low risk	**50,873**	**—**	**—**	**50,873**
Medium risk	**106,956**	**—**	**—**	**106,956**
High risk	**202**	**—**	**—**	**202**
Default	**—**	**—**	**1,280**	**1,280**
Gross carrying amount	**158,031**	**—**	**1,280**	**159,311**

	December 31, 2022			
	Stage 1 (Performing)	Stage 2 (Under-performing)	Stage 3 (Non-performing)	Total
	$	$	$	$
Low risk	206,431	—	—	206,431
Medium risk	274,613	—	—	274,613
High risk	797	—	—	797
Default	—	—	—	—
Gross carrying amount	481,841	—	—	481,841

Low risk: Loans that have below average probability of default with credit risk that is lower than the Company's risk appetite and risk tolerance levels. While the Company does originate loans under this category, these loans may have lower yield due to high credit quality.

Medium risk: Loans that have an average probability of default with credit risk that is within the Company's risk appetite and risk tolerance. The Company actively originates loans under this category due to higher yields.

High risk: Loans that were originated within the Company's risk appetite but have subsequently experienced an increase in credit risk that is outside of the Company's typical risk appetite and risk tolerance levels. The Company will generally not originate loans in this category.

Default: Loans that are over 90 days past due or loans for which there is objective evidence of impairment.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Allowance for credit losses

The Company's allowance for credit losses is shown in the table below:

	Stage 1 (Performing)	Stage 2 (Under-performing)	Stage 3 (Non-performing)	Total
	$	$	$	$
Balance as at December 31, 2021	527	—	—	527
Provision for credit losses	539	—	—	539
Balance as at December 31, 2022	1,066	—	—	1,066
Balance as at December 31, 2022	1,066	—	—	1,066
Provision for credit losses	**(452)**	**(1)**	**1,278**	**825**
Stage transfers	**(3)**	**1**	**2**	**—**
Transfers to assets held-for-sale	**(407)**	**—**	**—**	**(407)**
Balance as at December 31, 2023	**204**	**—**	**1,280**	**1,484**

7. Other Assets and Accounts Payable and Accrued Liabilities

The following table presents the assets reported in other assets:

	December 31, 2023	December 31, 2022
	$	$
Corporate investments	**11,104**	11,706
Prepaid expenses and other assets [1]	**11,783**	14,069
Total	**22,887**	25,775

[1] Prepaid expenses and other assets include $1.3 million and $1.2 million of outstanding receivables due from officers of the Company as at December 31, 2023 and December 31, 2022, respectively.

The following table presents the liabilities reported in accounts payable and accrued liabilities:

	December 31, 2023	December 31, 2022
	$	$
Accounts payable and accrued liabilities	**28,083**	38,330
Accrued payroll and share-based compensation liabilities	**29,351**	37,124
Total	**57,434**	75,454

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Accounts payable and accrued liabilities of $28,083 as at December 31, 2023 include a provision of $6,619 related to asset disposal and corporate restructure costs recognized in connection with the Company's previously announced cost reduction program. Changes in the provision associated with the Company's cost reduction program for the year ended December 31, 2023 were as follows:

	December 31, 2023
	$
Balance, beginning of year	**—**
Additions	**21,768**
Payments	**(15,149)**
Balance, end of year	**6,619**

8. Leasehold Improvements and Other Equipment

The following table presents the Company’s fixed assets and right-of-use assets included in leasehold improvements and other equipment:

	December 31, 2023	December 31, 2022
	$	$
Leasehold improvements and other equipment	**3,758**	50,083
Right-of-use assets	**14,971**	19,098
	18,729	69,181

Notes to consolidated financial statements

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

December 31, 2023

Leasehold improvements and other equipment

The changes in leasehold improvements and other owned equipment were as follows:

	December 31, 2023			
	Leasehold improvements	Aircraft	Equipment and other	Total
	$	$	$	$
Cost				
As at December 31, 2022	4,572	47,535	3,317	55,424
Additions	**3,101**	**16,000**	**306**	**19,407**
Disposals	**(2,112)**	**(63,535)**	**(1,043)**	**(66,690)**
Foreign exchange rate adjustments	**—**	**—**	**14**	**14**
As at December 31, 2023	**5,561**	**—**	**2,594**	**8,155**
Accumulated depreciation				
As at December 31, 2022	2,117	1,563	1,661	5,341
Depreciation charge for the year	**581**	**70**	**278**	**929**
Disposals	**(74)**	**(1,632)**	**(178)**	**(1,884)**
Foreign exchange rate adjustments	**1**	**(1)**	**11**	**11**
As at December 31, 2023	**2,625**	**—**	**1,772**	**4,397**
Net carrying value	**2,936**	**—**	**822**	**3,758**

	December 31, 2022			
	Leasehold improvements	Aircraft	Equipment and other	Total
	$		$	$
Cost				
As at December 31, 2021	7,394	44,536	5,556	57,486
Additions	464	41,370	1,347	43,181
Disposals	(3,286)	(38,371)	(3,571)	(45,228)
Foreign exchange rate adjustments	—	—	(15)	(15)
As at December 31, 2022	4,572	47,535	3,317	55,424
Accumulated depreciation				
As at December 31, 2021	4,269	4,440	4,317	13,026
Depreciation charge for the year	648	2,031	534	3,213
Disposals	(2,800)	(4,908)	(3,193)	(10,901)
Foreign exchange rate adjustments	—	—	3	3
As at December 31, 2022	2,117	1,563	1,661	5,341
Net carrying value	2,455	45,972	1,656	50,083

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Right-of-use assets

Right-of-use assets consist primarily of real estate leases related to the Company's office spaces and generally have terms ranging from 3 to 11 years.

Changes in right-of-use assets were as follows:

	December 31, 2023	December 31, 2022
	$	$
Right-of-use assets, beginning of year	**19,098**	17,758
Additions	**812**	5,999
Disposals	**(1,896)**	(1,282)
Depreciation charge for the year	**(3,043)**	(3,377)
Right-of-use assets, end of year	**14,971**	19,098

During the years ended December 31, 2023 and December 31, 2022, the Company recognized income of $350 and $288, respectively, from subleasing right-of-use assets.

Lease liabilities

Changes in the related lease liabilities included in other liabilities on the consolidated statement of financial position were as follows:

	December 31, 2023	December 31, 2022
	$	$
Lease liabilities, beginning of year	**21,145**	19,176
Additions	**884**	6,267
Accretion of interest	**687**	620
Payments	**(3,406)**	(3,611)
Disposals	**(2,161)**	(1,307)
Lease liabilities, end of year	**17,149**	21,145

Maturities of the lease liabilities as at December 31, 2023 were as follows:

	December 31, 2023
	$
Less than one year	**3,459**
One to five years	**10,500**
More than five years	**4,953**
Undiscounted future lease payments	**18,912**
Discount	**(1,763)**
Lease liabilities as at December 31, 2023	**17,149**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Short-term leases

The Company applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less. During the years ended December 31, 2023 and December 31, 2022, the Company recognized expense of $126 and $117, respectively, related to short-term leases.

9. Intangible Assets

The changes in intangible assets were as follows:

	Information technology	Customer relationships and trade names	Retained servicing rights	Other	Total
	$	$	$		$
Gross carrying value					
Balance, December 31, 2021	6,497	192,800	4,539	213	204,049
Additions	702	37,600	5,680	3,733	47,715
Disposals	(3,215)	(129,001)	—	(213)	(132,429)
Balance, December 31, 2022	3,984	101,399	10,219	3,733	119,335
Additions	**954**	**1,100**	**7,356**	**1,966**	**11,376**
Disposals	**(300)**	**—**	**—**	**—**	**(300)**
Balance, December 31, 2023	**4,638**	**102,499**	**17,575**	**5,699**	**130,411**
Accumulated amortization					
Balance, December 31, 2021	3,030	62,298	162	135	65,625
Amortization	915	16,630	738	453	18,736
Disposals and other adjustments	(928)	(68,442)	—	(135)	(69,505)
Balance, December 31, 2022	3,017	10,486	900	453	14,856
Amortization	**633**	**6,828**	**1,717**	**1,628**	**10,806**
Disposals	**(300)**	**—**	**—**	**—**	**(300)**
Balance, December 31, 2023	**3,350**	**17,314**	**2,617**	**2,081**	**25,362**
Net carrying value					
December 31, 2022	967	90,913	9,319	3,280	104,479
December 31, 2023	**1,288**	**85,185**	**14,958**	**3,618**	**105,049**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

10. Goodwill

Goodwill is initially measured at cost and is calculated as the excess of the purchase price for an acquired business over the fair value of the acquired net identifiable assets and liabilities. During the years ended December 31, 2023 and December 31, 2022, the Company recognized goodwill on the acquisitions of Wake Lending and IFG, respectively. See note 4 for further details.

	December 31, 2023	December 31, 2022
	$	$
Balance, beginning of year	**125,446**	230,166
Additions from acquisitions	**1,391**	34,725
Adjustments	**—**	(1,033)
Disposals	**—**	(138,412)
Balance, end of year	**126,837**	125,446

Goodwill outstanding as at December 31, 2023 and December 31, 2022 has been allocated to the CGUs below as follows:

	December 31, 2023	December 31, 2022
	$	$
Triad Financial Services	**48,475**	48,475
RV & Marine Finance [1]	**78,362**	—
Source One [1]	**—**	42,246
IFG [1]	**—**	34,725
	126,837	125,446

[1] During 2023, management identified and assessed a change in its RV & Marine Finance CGUs as a result of the realignment of its operating segments in 2023. As a result, Source One and IFG were changed from two CGUs to a single RV & Marine Finance CGU, which also includes the goodwill resulting from the acquisition of Wake Lending. As at October 31, 2023, the date of the Company's annual goodwill impairment analysis, the recoverable values of both the separate and combined CGUs were determined to exceed the carrying amount and no impairment loss was recorded as a result of the change.

Management exercises judgment in estimating the recoverable amounts of the Company's CGUs and uses models that consider various factors and assumptions including forecasted cash earnings, growth rates, and discount rates, taking into consideration historical and anticipated future results and general economic and market conditions, as well as the impact of planned business or operational strategies. Changes in judgments and projections could result in significantly different estimates of recoverable value for one or both CGUs, potentially resulting in impairment of goodwill. Additionally, adverse changes to the key valuation assumptions could result in an impairment of goodwill.

The Company conducted its annual goodwill impairment analysis as at October 31, 2023. The impairment analysis involved comparing the carrying amount of each CGU's assets and liabilities to their respective recoverable amounts. The recoverable amount was determined using the fair value less cost of disposal approach measured by discounting the future expected cash flows of the CGUs. The discounted future cash flow models were based on the Company's forecasts over a five-year period, as approved by management. Beyond the initial five-year period, cash flows were estimated to grow at perpetual annual rates of 3%. The pre-tax discount rates used in the future cash flow models were specific to each CGU and ranged from 17% to 23.5%.

Based on the analysis performed, the recoverable values of each of the Company's CGUs were determined to exceed the carrying values and no goodwill impairment charge was required in either of the Company's CGUs. Management believes the factors considered to estimate the recoverable values for each CGU are reflective of the risks inherent in their business models and respective industries. However, significant assumptions may change in the future.

11. Continuing Involvement Asset and Liability

Triad Financial Services originates secured loans in the manufactured housing industry and sells these loans to third-party purchasers. At the time of the sale, the purchaser pays Triad Financial Services the face value of the loan plus a spread; a specified proportion of the spread is held in a trust account under the purchaser's control (the "reserve account"). When prepayments or defaults occur on the underlying loans, the purchaser receives make-whole payments from the reserve account. To the extent that such payments are ultimately not required, the excess will revert to the Company. The balance of the reserve account is the Company's maximum exposure to the sold loans.

The Company has recorded a continuing involvement liability on its consolidated statements of financial position of $70,382 as at December 31, 2023 (December 31, 2022 - $70,377) representing the extent of its continuing involvement in its sold loans. This liability is offset by a continuing involvement asset, which is comprised of the balance of the reserve account. The continuing involvement asset and liability cannot be netted on the consolidated statements of financial position, except for the continuing involvement asset and liability of $208,094 as at December 31, 2023 (December 31, 2022 - $208,897) where the Company has determined it has not retained control of the sold loans. Effective January 1, 2021, the Company made the determination that all loans sold by Triad Financial Services qualify for full derecognition. The average maturity of the continuing involvement asset and liability is approximately 19 years as at December 31, 2023.

The Company has also recorded a retained reserve interest asset of $38,000 as at December 31, 2023 (December 31, 2022 - $36,479) representing the estimated fair value of the amount that the Company ultimately expects to recover from the reserve account. The fair value of the retained reserve interest is estimated using a discounted cash flow methodology and is based on the Company's expectations with respect to potential loan loss, prepayment rates, and discount rates. The following table presents the estimated impact of a change in each of these key assumptions on the fair value of the retained reserve interest asset as at December 31, 2023.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Assumption	December 31, 2023	
	Change	Amount
	basis points	$
Charge-off rate	**5**	**2,700**
Prepayment rate	**100**	**1,500**
Discount rate	**100**	**3,000**

During the year ended December 31, 2023, the Company sold approximately $959.1 million of loans (2022 - $930.7 million) to third-party purchasers. The gain on sale recognized upon transfer was approximately $28.4 million (2022 - $63.2 million), included in loan origination revenues on the consolidated statements of operations.

12. Borrowings

Borrowings consist of the following as at December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
	$	$
Term senior credit facility	**738,328**	817,734
Senior unsecured debentures	**162,271**	156,763
Other	**—**	33,501
Total	**900,599**	1,007,998

Term senior credit facility

The Company is party to a $900 million term senior credit facility, amended December 12, 2023, which is syndicated to a group of seven Canadian, U.S. and international banks with a maturity date of December 6, 2025. The facility bears interest at the prime rate plus 1.0% or one-month bankers' acceptance rate plus 2.0% per annum on outstanding Canadian-dollar-denominated balances and U.S. base rate plus 1.0% per annum or one-month secured overnight financing rate plus 2.0% per annum on outstanding U.S.-dollar-denominated balances. The term senior credit facility is secured by a general security agreement in favor of the lenders consisting of a first priority interest on all property.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

The following table summarizes the Company's outstanding balance on its term senior credit facility:

	December 31, 2023		December 31, 2022	
	Balance outstanding	Weighted average interest rate [1]	Balance outstanding	Weighted average interest rate [1]
	$	%	$	%
Term senior credit facility	**748,190**	**7.49**	829,703	6.45
Deferred financing costs	**(9,862)**		(11,969)	
Total secured borrowings	**738,328**		817,734	

[1] Represents the weighted average stated interest rate of outstanding debt at period end, excludes amortization of deferred financing costs, premiums or discounts and stand-by fees.

As at December 31, 2023, the unutilized balance of the facility was $151,810 (December 31, 2022 - $70,297).

Senior unsecured debentures

As at December 31, 2023, the Company had outstanding listed senior unsecured debentures with an aggregate principal of C$221.25 million (the "Debentures"), consisting of C$75.0 million of debentures due December 31, 2025, which bear interest at a rate of 6.0% per annum, C$86.25 million of debentures due December 31, 2026, which bear interest at a rate of 6.0% per annum, and C$60.0 million due December 31, 2027, which bear interest at a rate of 6.25% per annum. The Company has the option to satisfy its obligations to repay the principal and accrued interest of each of the debentures at redemption or maturity by issuing and delivering that number of common shares in the capital of the Company in accordance with the terms of the respective indentures.

The following table summarizes the outstanding balance of the Company's Debentures:

	December 31, 2023	December 31, 2022
	$	$
6.0% senior unsecured debentures due 2025	**56,633**	55,335
6.0% senior unsecured debentures due 2026	**65,127**	63,635
6.25% senior unsecured debentures due 2027	**45,306**	44,268
	167,066	163,238
Deferred financing costs	**(4,795)**	(6,475)
Total unsecured debentures	**162,271**	156,763

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Other

Other borrowings of $33,501 as at December 31, 2022 are comprised of a secured promissory note, which was repaid in full during the year ended December 31, 2023.

The Company was in compliance with all financial and reporting covenants with all of its lenders as at December 31, 2023.

Restricted funds

Restricted funds as at December 31, 2023 of $34 (December 31, 2022 - nil) represent cash deposits that are reserved in accordance with the Company's agreements with its Partners and are not available for general corporate purposes.

13. Share Capital

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.

Common shares

The following table summarizes the Company's outstanding common shares:

	Common shares	
	Shares	**Amount**
	#	$
Balance, December 31, 2021	246,118,555	590,501
Common share repurchases	(2,550,200)	(9,870)
Common share issuance	1,416,395	5,596
Exercise of options	397,835	—
Balance, December 31, 2022	245,382,585	586,227
Balance, December 31, 2022	245,382,585	586,227
Common share issuance	**33,550,000**	**69,619**
Exercise of options and share units	**1,014,157**	**1,062**
Balance, December 31, 2023	**279,946,742**	**656,908**

On September 26, 2023, the Company issued 33,550,000 common shares on a private placement basis at a price of C$3.04 per common share for gross proceeds of $75.7 million (C$102.0 million) in connection with the strategic partnership entered into with Skyline Champion Corporation ("Skyline Champion"). The common share issuance included transaction costs of $6.1 million. See Note 17, *Related Party Transactions*, for further details.

During the year ended December 31, 2022, the Company issued $5.6 million (C$7.3 million), or 1,416,395 common shares, on a private placement basis to members of senior management.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Common share dividends

During the year ended December 31, 2023, the Company paid $7,616 or C$0.04, per common share in dividends (December 31, 2022 - $7,503 or C$0.04, per common share). The Company's common share dividends are designated to be eligible dividends for income tax purposes.

Preferred shares

The following tables summarize the Company's outstanding preferred share capital:

	Series C Preferred Shares		Series E Preferred Shares	
	Shares #	Amount $	Shares #	Amount $
Balance, December 31, 2021	3,712,400	67,052	—	—
Balance, December 31, 2022	**3,712,400**	**67,052**	**—**	**—**
Balance, December 31, 2022	**3,712,400**	**67,052**	**—**	**—**
Preferred share issuance	**—**	**—**	**27,450,000**	**56,960**
Balance, December 31, 2023	**3,712,400**	**67,052**	**27,450,000**	**56,960**

On September 26, 2023, the Company issued 27,450,000 Series E convertible preferred shares ("Series E Preferred Shares") on a private placement basis at a price of C$3.04 per common share for gross proceeds of $61.9 million (C$83.4 million) in connection with the strategic partnership entered into with Skyline Champion. The Series E Preferred Share issuance included transaction costs of $5.0 million. See Note 17, *Related Party Transactions*, for further details.

The Series E Preferred Shares are initially convertible on a one-for-one basis into an aggregate of 27,450,000 common shares based on an initial liquidation preference and conversion price equal to the share issue price, which are subject to customary anti-dilution adjustments. The Series E Preferred Shares are convertible at any time at the option of Skyline Champion, are redeemable at the option of the Company in connection with a change of control of the Company and will automatically convert into common shares on the fifth anniversary of closing of the private placement, in each case subject to a conversion cap in the event that, as a result of any conversion, Skyline Champion would hold in excess of 19.9% of outstanding common shares.

The holder of the Series E Preferred Shares are entitled to receive cumulative cash dividends at a rate of 4.0% per annum on the liquidation preference, payable semi-annually, vote on an as-converted basis for all matters on which holders of common shares vote and will vote together as a single class with the common shares. The Series E Preferred Shares will not be transferable other than to affiliates of Skyline Champion or with the prior approval of the Board of Directors of the Company.

The Company's outstanding Series C convertible preferred shares ("Series C Preferred Shares") are redeemable by the Company in whole or in part at their par value of C$25.00 per share on June 30, 2027 and on June 30 of every fifth year thereafter. Holders of Series C Preferred Shares are entitled to receive a fixed annual cash dividend at a rate of 7.937%.

Preferred share dividends

During the year ended December 31, 2023, the Company paid $5,479 or C$0.4960625 per Series C Preferred Share, in dividends (December 31, 2022 - $5,036, or C$1.7733750 per Series C Preferred Share). During the year ended December 31, 2023, the Company paid $645 or C$0.0319800 per Series E Preferred Share. The Company's preferred share dividends are designated to be eligible dividends for income tax purposes.

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 year ended December 31, 2023, the Company did not purchase any of its common shares or Series C Preferred Shares pursuant to the NCIBs. During the year ended December 31, 2022, the Company purchased 550,200 common shares for a total of $2.5 million (C$3.2 million) or C$5.79 per common share pursuant to the Common Share Bid.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

14. Share-Based Compensation and Benefit Plans

Share-based compensation expense consists of the following for the years ended December 31, 2023 and December 31, 2022:

	Year ended	
	December 31, 2023	December 31, 2022
	$	$
Performance share units and restricted share units	**12,494**	9,550
Deferred share units	**1,486**	1,630
Stock options	**2,252**	1,009
Share-based compensation - continuing operations	**16,232**	12,189

(a) Deferred Share Units, Performance Share Units and Restricted Share Units

The Company adopted a DSU plan that allows the Board to grant Company DSUs to designated officers, employees, or non-employees. The Board will determine whether the DSU award will be settled in cash, Company common shares, or a combination of both. Under the terms of the DSU plan, the number of DSUs received will be calculated by dividing the portion of the eligible compensation by the volume weighted average price of the Company's common shares on the TSX for the 10 preceding days on which they were traded before the grant date. If and when the Company pays cash dividends to common shareholders, participants will be granted additional DSUs equivalent to the dividends that would have been paid had the DSUs been common shares.

The Company also has a Share Unit Plan that allows the Board to grant both Company PSUs and RSUs. The Company's PSUs and RSUs will vest no later than four years from the grant date, and PSUs will be subject to performance conditions. The PSU performance multiplier may range from 0% to 200% depending on actual performance. On the vesting date, the Board has the discretion to settle PSUs and RSUs either through cash payment, issuance of Company common shares, or some combination of cash and common shares. If and when the Company pays cash dividends to common shareholders, participants will be granted additional PSUs and RSUs equivalent to the dividends that would have been paid had the share units been common shares.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

As at December 31, 2023, the following DSUs, PSUs, and RSUs were outstanding:

	Deferred Share Units	Performance Share Units	Restricted Share Units	Total
	#	#	#	#
Outstanding, December 31, 2021	4,608,188	10,024,101	9,359,451	23,991,740
Granted	479,134	5,924,145	78,729	6,482,008
Redeemed	—	(4,074,694)	(4,167,015)	(8,241,709)
Reinvested	44,685	93,430	54,802	192,917
Forfeited	—	(2,184,582)	(149,379)	(2,333,961)
Outstanding, December 31, 2022	5,132,007	9,782,400	5,176,588	20,090,995
Granted	**698,011**	**5,378,453**	**—**	**6,076,464**
Redeemed	**(616,747)**	**(3,440,212)**	**(3,619,831)**	**(7,676,790)**
Reinvested dividend units	**58,675**	**74,902**	**35,180**	**168,757**
Forfeited	**—**	**(1,318,779)**	**(692,813)**	**(2,011,592)**
Outstanding, December 31, 2023	**5,271,946**	**10,476,764**	**899,124**	**16,647,834**

During the year ended December 31, 2023, the Company granted 698,011 DSUs to members of the Company's Board of Directors. As at December 31, 2023, the fair value of DSUs recorded as accounts payable and accrued liabilities was $12,238 (December 31, 2022 - $10,762).

During the year ended December 31, 2023, the Company granted 5,378,453 PSUs to senior executives and employees of the Company. As at December 31, 2023, the fair value of PSUs and RSUs recorded as accounts payable and accrued liabilities was $10,218 (December 31, 2022 - $20,082).

(b) Stock options

The Company has a stock option plan to allow participants to purchase Company shares at a specified exercise price within a specified period of no later than eight years. The exercise price will be established by the Company's Board at the time of the grant but shall be no less than the closing price of the Company's common shares on the last trading day before the grant date. The maximum number of Company options granted will not exceed 10% of the issued and outstanding Company common shares.

During the year ended December 31, 2023, the Company granted 6,659,569 stock options to employees with a weighted average exercise price of C$2.38 per share. The stock options have a fair value of $3.7 million calculated using the Black-Scholes method of valuation, assuming a risk-free rate of 4.75%, volatility of 35%, and a dividend yield of 1.62% annually. The expected volatility was based on the historical volatility of the Company's common shares.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

The changes in the number of stock options for the years ended December 31, 2023 and December 31, 2022 were as follows:

	Number of options	Weighted average exercise price	Weighted average exercise price
	#	$	C$
Outstanding, December 31, 2021	475,451	2.42	3.15
Granted	3,086,124	4.88	6.34
Forfeited	(176,110)	2.44	3.17
Exercised	(8,916)	2.62	3.40
Outstanding, December 31, 2022	3,376,549	4.66	6.06
Granted	**6,659,569**	**1.83**	**2.38**
Forfeited	**(837,963)**	**4.02**	**5.23**
Outstanding, December 31, 2023	**9,198,155**	**2.67**	**3.47**

The cost of the options granted for the year ended December 31, 2023 was determined using the Black-Scholes option valuation model with inputs to the model as follows:

	Unit	2023
Weighted average exercise price	**C$**	**2.38**
Weighted average term to exercise	**Years**	**4.00**
Weighted average share price volatility	**%**	**35.00**
Weighted average expected annual dividend yield	**%**	**1.624**
Risk-free interest rate	**%**	**4.75**
Forfeiture rate	**%**	**—**

As at December 31, 2023, the following employee and director stock options to purchase common shares were outstanding:

Range of exercise prices	Weighted average remaining life	Vested	Unvested	Total
	(in years)	#	#	#
C$2.01 to C$3.00	**6.71**	**—**	**6,659,569**	**6,659,569**
C$3.01 to C$4.00	**—**	**—**	**—**	**—**
C$4.01 and over	**6.20**	**—**	**2,538,586**	**2,538,586**
	6.57	**—**	**9,198,155**	**9,198,155**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Defined contribution retirement plan expense

The Company operates a defined contribution retirement plan for all qualifying employees. During the years ended December 31, 2023 and December 31, 2022, the Company recognized expense of $1,208 and $1,063, respectively, related to its specified contributions to the defined contribution retirement plan.

15. Other Revenue (Loss) and Other Expenses

Other (loss) revenue consists of the following for the years ended December 31, 2023 and December 31, 2022:

	Year ended	
	December 31, 2023	**December 31, 2022**
	$	$
Foreign exchange	**(1,715)**	2,557
(Loss) gain on corporate investments	**(1,080)**	155
Other fees	**534**	(92)
Sublease Income	**350**	288
Loss on sale of equipment	**—**	(371)
Other	**—**	3,500
Total other (loss) revenue - continuing operations	**(1,911)**	6,037

Other expenses consist of the following for the years ended December 31, 2023 and December 31, 2022:

	Year ended	
	December 31, 2023	**December 31, 2022**
	$	$
Amortization of intangible assets	**7,579**	5,913
Interest rate swap loss	**3,142**	—
Accretion of deferred purchase consideration	**512**	256
Asset disposal, litigation and corporate restructure costs	**24,011**	3,044
Provision for assets held-for-sale	**4,000**	—
Transaction and strategic review costs	**11,520**	5,953
Total other expenses - continuing operations	**50,764**	15,166

Asset disposal, litigation and corporate restructure costs of $24.0 million for the year ended December 31, 2023 primarily reflect costs related to the termination of office leases, disposition of corporate assets and executive headcount reductions in connection with the previously announced cost reduction program. Transaction and strategic review costs of $11.5 million for the year ended December 31, 2023 primarily reflect costs related to the Company's review of strategic alternatives.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

During the year ended December 31, 2023, the Company settled a legal matter related to a claim against a former subsidiary for approximately $4.9 million, of which approximately $3.0 million was accrued as at December 31, 2022 and approximately $1.9 million was accrued during the year ended December 31, 2023 and recorded in asset disposal, litigation and corporate restructure costs in the table above.

16. Income Taxes

The major components of income tax (recovery) expense for the years ended December 31, 2023 and December 31, 2022 are as follows:

	Year ended	
	December 31, 2023	December 31, 2022
	$	$
Consolidated statements of operations		
Current income tax recovery	**(2,535)**	(7,057)
Deferred income tax expense	**7,662**	17,595
Income tax expense reported in the consolidated statements of operations	**5,127**	10,538
Income tax (recovery) expense reported in the consolidated statements of changes in shareholders' equity	**(33)**	142

The following table provides a reconciliation of the Company's effective tax rate for the years ended December 31, 2023 and December 31, 2022:

	Year ended	
	December 31, 2023	December 31, 2022
	$	$
(Loss) income before income taxes from continuing operations	**(101,650)**	17,258
Combined statutory Canadian federal and provincial tax rate	**26.50 %**	26.50 %
Income tax based on statutory rate	**(26,937)**	4,573
Income tax adjusted for the effect of:		
Non-deductible and non-taxable items	**31,819**	6,117
Impact of foreign rate differential and changes to legislation	**245**	(152)
Total income tax expense	**5,127**	10,538

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Deferred taxes

(a) Deferred taxes relate to the following:

The Company has recognized deferred tax assets in excess of deferred tax liabilities because, on the basis of past years and future expectations, management considers it probable that taxable profits will be available against which the future income tax deductions can be utilized.

	December 31, 2023	December 31, 2022
	$	$
Deferred tax assets		
Tax loss carry forwards	**83,929**	58,502
Share-based compensation	**16,119**	16,513
Finance receivables, lease and capital assets, intangible assets and other	**(9,054)**	(4,425)
	90,994	70,590
Unrecognized asset (valuation allowance) [1]	**(81,581)**	(53,548)
	9,413	17,042

[1] Represents the value attributable to the Canadian income tax losses that have been written off for accounting purposes.

(b) Reconciliation of net deferred tax asset

The following table provides a reconciliation of net deferred tax assets for the years ended December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
	$	$
Balance, beginning of year	**17,042**	38,898
Tax expense recognized in profit or loss	**(7,629)**	(21,856)
Balance, end of year	**9,413**	17,042

There are $282,293 in unused tax losses or temporary differences that have not been recognized as at December 31, 2023 related to the Company's Canadian Legacy Businesses (December 31, 2022 - $202,152).

As at December 31, 2023, a recognized gross deferred tax asset of $35,285 (net $9,413) has been recorded to recognize only the portion of the deferred tax asset that is more likely than not to be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income in the Company's Canadian entities during the carryforward period are reduced or increased or if the objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as the Company's Canadian projections for growth.

17. Related Party Transactions

Strategic Partnership and Investor Rights Agreement with Skyline Champion Corporation

On September 26, 2023, the Company completed a transaction pursuant to which Champion Canada Holdings Inc., a wholly-owned subsidiary of Skyline Champion, has made an approximately $138 million (C$185 million) equity investment in ECN Capital on a private placement basis (the "Private Placement") in exchange for 33,550,000 common shares of ECN Capital and 27,450,000 mandatory convertible Series E preferred shares of ECN Capital ("Series E Preferred Shares"). Following closing, Skyline Champion owns an approximately 19.9% indirect equity interest in ECN Capital (assuming the conversion of all Series E Preferred Shares).

Upon closing of the Private Placement, a member of the Board of Directors of Skyline Champion was appointed to the Board of Directors and Credit and Risk Committee of ECN Capital. In addition, ECN Capital and Skyline Champion also entered into an investor rights agreement providing for, among other things, customary piggy-back registration rights, preemptive rights, standstill and voting support obligations and certain other rights and restrictions, including a right to match in connection with unsolicited offers to acquire ECN Capital or Triad Financial Services.

In connection with the Private Placement, ECN Capital and Skyline Champion have formed Champion Financing LLC, ("Champion Financing") a captive finance company that is 51% owned by an affiliate of Skyline Champion and 49% owned by Triad Financial Services. Champion Financing will provide a tailored retail finance loan program for customers and a new branded floorplan offering for Skyline Champion, its affiliates and their independent retailers in the manufactured home finance space and will operate with services by Triad Financial Services. The Company will account for its investment in Champion Financing under the equity method of accounting.

As at December 31, 2023, Triad Financial Services had outstanding floorplan loan balances of approximately $15.7 million receivable from Skyline Champion. There were no equity earnings recognized from Champion Financing for the year ended December 31, 2023.

Notes receivable

Notes receivable of $24,631 as at December 31, 2023 (December 31, 2022 - $31,613) represent loans to certain employees and officers of the Company granted in order to help finance the purchase of the Company's shares. Interest is accrued on the loans based on applicable U.S. interest rates, and the principal is payable on demand in the event of non-payment of interest. The notes receivable are secured by ECN Capital shares purchased with full recourse to the employee/officer.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

The changes in notes receivable for the years ended December 31, 2023 and December 31, 2022 were as follows:

	December 31, 2023	December 31, 2022
	$	$
Notes receivable, beginning of year	**31,613**	29,656
Additions	**—**	9,793
Interest income	**423**	556
Repayments (interest and principal)	**(4,291)**	(5,528)
Transfers to other assets [1]	**(3,465)**	(1,802)
Foreign exchange	**351**	(1,062)
Notes receivable, end of year	**24,631**	31,613

[1] These amounts primarily include loans to former employees that are being repaid pursuant to a fixed repayment schedule and remain secured by ECN Capital shares. As at December 31, 2023, $1.8 million of these loans remained outstanding.

Compensation of directors and key management

The remuneration of directors and key management personnel of the Company was as follows for the years ended December 31, 2023 and December 31, 2022.

	Year ended	
	December 31, 2023	December 31, 2022
	$	$
Salaries, bonuses, and benefits	**5,519**	5,445
Share-based compensation	**9,400**	11,100
	14,919	16,545

Other related party transactions

The Company is party to a five-year lease agreement, expiring September 30, 2027, with a member of management of a subsidiary company to lease office space for use in the normal course of business. Payments under the lease agreement were approximately $0.3 million and $0.2 million for the years ended December 31, 2023 and December 31, 2022, respectively.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

18. (Loss) Earnings per Share

	Year ended	
	December 31, 2023	**December 31, 2022**
	$	$
Net (loss) income from continuing operations	**(106,777)**	6,720
Cumulative dividends on preferred shares	**6,124**	5,036
Net (loss) income from continuing operations attributable to common shareholders	**(112,901)**	1,684
Net income from discontinued operations attributable to common shareholders	**—**	9,171
Total net (loss) income attributable to common shareholders	**(112,901)**	10,855
Weighted average number of common shares outstanding - basic	**254,701,670**	246,496,920
Basic (loss) earnings per share from continuing operations	**$ (0.44)**	$ 0.01
Basic earnings per share from discontinued operations	**$ —**	$ 0.04
Total basic (loss) earnings per share	**$ (0.44)**	$ 0.04
Weighted average number of common shares outstanding - diluted	**262,006,965**	247,508,505
Diluted (loss) earnings per share from continuing operations	**$ (0.44)**	$ 0.01
Diluted earnings per share from discontinued operations	**$ —**	$ 0.04
Total diluted (loss) earnings per share	**$ (0.44)**	$ 0.04

For the years ended December 31, 2023 and December 31, 2022, 7,305,295 and 3,086,124, respectively, potentially dilutive stock options were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

19. Derivative Financial Instruments

In the normal course of business, and consistent with its risk management program, the Company enters into interest rate derivatives to manage interest rate risk, foreign exchange forward agreements to manage foreign currency exposure, and total return swaps to manage the variability in cash flows associated with forecasted future obligations on vesting of DSUs, RSUs, and PSUs attributable to changes in the Company's stock price.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Cash flow hedges

The Company's foreign exchange forward agreements and total return swaps are designated in hedging relationships and, as such, the gains or losses of the hedging derivative are offset by the gains or losses of the hedged item. There is an economic relationship between the hedged items and the hedging instruments as the terms of the contracts match the terms of the forecasted transactions. The following table presents the fair value changes related to the cash flow hedges included in the Company's results for the years ended December 31, 2023 and December 31, 2022:

	Year ended December 31, 2023	**Year ended December 31, 2022**
	$	$
Foreign exchange agreements recorded in other (loss) revenue	**(1,715)**	2,557
Fair value gain (loss) recorded in other comprehensive income (loss)	**5,607**	(13,738)

Notional amounts and fair values of derivative instruments

The following table summarizes the notional principal and fair values of the derivative financial instruments outstanding:

	December 31, 2023		**December 31, 2022**	
	Notional principal	**Fair value**	**Notional principal**	**Fair value**
	$	$	$	$
Derivative assets				
Foreign exchange agreements	**—**	**—**	331,846	878
	—	**—**	331,846	878
Derivative liabilities				
Interest rate contracts	**25,000**	**1,362**	—	—
Foreign exchange agreements	**170,947**	**595**	—	—
Total return swaps	**45,383**	**18,060**	63,291	26,188
	241,330	**20,017**	63,291	26,188

Maturity and rate

The Company's foreign exchange forward agreements are reset on a continuous basis to manage changes in foreign currency exposure. The Company's total return swaps have a maturity of approximately one year with the option to terminate prior to maturity or to extend to manage changes in its exposure related to the underlying units. The Company's interest rate swaps have a maturity date of June 30, 2024 with the option to terminate prior to maturity.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

The following table provides the average rate of the Company's derivatives.

		December 31, 2023		December 31, 2022
		Average rate		Average rate
Derivative Instrument				
Foreign exchange forwards	**CAD-USD**	**1.32**	CAD-USD	1.36
Interest rate swaps	**USD**	**3.98**	USD	n/a
Total return swaps	**CAD**	**$4.98**	CAD	$4.74

20. Capital Disclosures

The Company's objectives when managing capital are to ensure sufficient liquidity to support its financial objectives and strategic plans, to ensure its financial covenants are met and to maximize shareholder value.

The Company's capitalization is as follows:

	December 31, 2023	December 31, 2022
	$	$
Borrowings on term senior credit facility and other	**738,328**	851,235
Accounts payable and accrued liabilities	**57,434**	75,454
Other liabilities [1]	**26,913**	39,749
	822,675	966,438
Senior unsecured debentures [2]	**162,271**	156,763
Shareholders' equity	**209,488**	193,675
	1,194,434	1,316,876

[1] Other liabilities primarily include a $9.7 million (December 31, 2022 - $18.6 million) deferred purchase consideration liability related to the acquisition of IFG, and a $17.1 million (December 31, 2022 - $21.1 million) lease liability.

[2] In accordance with the terms of the indentures, the Company has the option to satisfy its obligations to repay the principal and interest of its senior unsecured debentures by issuing common shares in the capital of the Company.

21. Financial Instruments

(a) Financial instruments risk

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers and counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties on loans and financial derivatives. Counterparty limits are established by the use of both external and internal credit risk classification systems, which assign each counterparty a risk rating.

The Company manages its counterparty credit risk with respect to cash and cash equivalents by financing its operations through a syndicate of Canadian and U.S. banks.
The Company limits its exposure to counterparty credit risk with respect to the use of financial derivatives by transacting only with highly rated financial institutions. The Company's financial derivatives portfolio is spread across financial institutions that are at least dual-rated and have a credit rating in the "A" category or better.

The Company's maximum exposure to credit risk with respect to its consolidated statements of financial position as at December 31, 2023 and December 31, 2022 is the carrying amounts as disclosed on the consolidated statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company manages its liquidity risk by monitoring its operating and growth requirements. The Company prepares forecasts to ensure it has sufficient liquidity to fulfill its obligations and operating plans and actively pursues new funding sources to meet future liquidity requirements.

The most significant exposure to liquidity risk relates to the funding of loan originations at Triad Financial Services by the Company's Partners. The Company mitigates this risk by maintaining a diversified group of Partners, including banks, credit unions, life insurance companies, pension funds and investment funds, as well as maintaining excess funding capacity for the following 12 months. The Company also maintains access to liquidity through its term senior credit facility. The Company ensures it has excess borrowing capacity under the facility by closely monitoring its covenants and managing the cash flows generated by its operating subsidiaries.

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is limited to the unhedged portion of debt under the senior credit facility after consideration of floating rate finance receivables. Based on its exposure as at December 31, 2023, the Company estimates that a hypothetical 100 basis point increase in interest rates would decrease net income before taxes by approximately $6.0 million.

The Company does experience short-term interest rate risk on its finance receivables during the period between fixing the contractual rate under the finance contracts with its customers and when the Company can sell the finance contracts through to third-party financial institutions. Based on its exposure as at December 31, 2023, the Company estimates that a hypothetical 50 basis point increase in interest rates may result in a decrease of approximately $8.2 million in the carrying value of its held-for-trading financial assets.

Foreign currency risk

Foreign currency risk is the risk of exposure to foreign currency movements associated with certain existing assets and liabilities denominated in Canadian dollars, whereby there is a risk that the exchange rates will be materially different when an asset or liability is remeasured for accounting purposes or matures. The Company typically mitigates and manages this risk by entering into foreign exchange forward contracts to reduce or hedge its exposure to foreign currency risk. As at December 31, 2023, the Company did not have a significant unhedged exposure to this type of foreign currency risk.

The Company is also exposed to foreign currency risk related to net income generated from foreign currency denominated assets and operations. This risk represents the impact of fluctuations to the average U.S. and foreign currency exchange rate used to translate the Company's foreign currency denominated net income into U.S. dollar equivalent during each period. The Company may mitigate and manage this type of foreign currency risk by entering into foreign currency forward contracts or other hedging instruments to reduce or hedge this exposure to foreign currency risk.

(b) Valuation of financial instruments

Finance receivables

The carrying value of finance receivables approximates fair value. The assertion that the carrying value of the finance receivables approximates fair value requires the use of estimates and significant judgment. Finance receivables are classified as Level 3 financial instruments. The finance receivables were credit-score based on an internal model, which is not used in market transactions. The fair value of any receivable would be affected by a potential buyer's assessment of the transaction's credit quality, payment history, yield, term, documents and other legal matters and other subjective considerations. The value received in a fair market sale transaction would be based on the terms of the sale, the buyer's views of the economic and industry conditions, the Company's and the buyer's tax considerations and other factors.

Notes receivable

The carrying value of the notes receivable approximates their fair value, as the interest rates on these assets are commensurate with market interest rates for this type of asset with similar duration and credit risk. Notes receivable are classified as Level 2 financial instruments, whereby fair value is determined using valuation techniques and observable inputs.

22. Fair Value Measurements

IFRS 13, *Fair Value Measurement*, requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs used in the valuation of an asset or liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in an active market for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are not based on observable market data.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

(a) Assets and liabilities measured at fair value on a recurring basis

The following tables present the level within the fair value hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	**23,239**	**—**	**—**	**23,239**
Restricted funds	**34**	**—**	**—**	**34**
Held-for-trading financial assets	**—**	**—**	**440,398**	**440,398**
Corporate investments	**—**	**11,104**	**—**	**11,104**
Retained reserve interest	**—**	**—**	**38,000**	**38,000**
Derivative financial instruments, net	**—**	**(20,017)**	**—**	**(20,017)**
Total	**23,273**	**(8,913)**	**478,398**	**492,758**

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash	12,715	—	—	12,715
Held-for-trading financial assets	—	—	219,734	219,734
Corporate investments	—	11,706	—	11,706
Retained reserve interest	—	—	36,479	36,479
Derivative financial instruments, net	—	(25,310)	—	(25,310)
Total	12,715	(13,604)	256,213	255,324

Transfers between levels of the fair value hierarchy are recognized at the date of the event that caused the transfer. There were no transfers between levels of the fair value hierarchy for the years presented.

Retained reserve interest

The fair value of the retained reserve interest asset represents the present value of the amount the Company expects to recover from the amounts placed on deposit in a reserve account with respect to loans sold by Triad Financial Services. The Company estimates the present values using a discounted cash flow approach using assumptions for loan loss and prepayment rates and discount rates, which are all Level 3 inputs. A significant increase or decrease in loan loss assumptions, prepayment rates, or discount rates would result in a lower or higher, respectively, fair value measurement of the retained reserve interest asset.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

Held-for-trading financial assets

The fair value of held-for-trading financial assets is estimated to approximate carrying value. These finance receivables are classified as Level 3 financial instruments, whereby fair value is determined using valuation techniques and inputs not based on observable market data.

The assertion that the carrying value of held-for-trading financial assets approximates fair value requires the use of estimates and significant judgment. The underlying assets are credit-scored and/or valued based on internal models that are not necessarily used in market transactions. The fair value of any of these balances would be affected by a potential buyer's assessment of the transaction's credit quality, payment history, yield, term, documents and other legal matters and other subjective considerations. The value received in a fair market sale transaction would be based on the terms of the sale, the buyer's views of the economic and industry conditions, the Company's and the buyer's tax considerations and other factors.

The fair value of finance receivables classified as assets held-for-trading is determined based on bids received on these loans in a private market. A significant increase or decrease in market interest rates and/or yields on comparable finance assets would result in a lower or higher, respectively, fair value measurement of held-for-trading financial assets.

(b) Reconciliation of Level 3 fair value measurements of financial instruments

The changes in the Company's Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2023 and December 31, 2022 were as follows:

	Held-for-trading financial assets	Retained reserve interest
	$	$
Balance, December 31, 2021	44,686	32,767
Issues	455,647	13,914
Sales	(276,859)	—
Settlements	(2,948)	(10,202)
Change in fair value included in earnings	(792)	—
Balance, December 31, 2022	219,734	36,479
Balance, December 31, 2022	219,734	36,479
Issues	**961,278**	**11,762**
Sales	**(708,878)**	**—**
Settlements	**(9,678)**	**(10,241)**
Change in fair value included in earnings	**(22,058)**	**—**
Balance, December 31, 2023	**440,398**	**38,000**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

(c) Assets measured at fair value on a non-recurring basis

As at December 31, 2023, the Company assessed the fair value of the assets held-for-sale related to its Red Oak RV & Marine Inventory Finance platform, which the Company entered into an agreement to sell subsequent to year-end. Fair value less costs to sell as at December 31, 2023 was measured based on the related sale contract value and estimated costs associated with the sale. As a result of the assessment, a provision of approximately $4.0 million was recorded, which primarily represents estimated costs to sell the business. No impairment loss was recorded related to the underlying loan portfolio, as the carrying value approximated fair value. The Company completed the sale transaction on February 21, 2024. See Note 25, *Subsequent Event*, for further details.

As at December 31, 2022, the Company did not have any assets or liabilities measured at fair value on a non-recurring basis.

23. Subsidiaries

List of significant subsidiaries

The table below provides details of the significant subsidiaries of the Company, all of which are wholly owned:

	Principal place of business
Triad Financial Services, Inc.	U.S.
Intercoastal Financial Group, LLC	U.S.
Source One Financial Services, LLC	U.S.
ECN (US) Holdings Corp.	U.S.
ECN Platinum LLC	U.S.

Subsidiaries with restrictions

The Company has no significant restrictions on its ability to access or use its assets and settle its liabilities within the subsidiaries.

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

24. Segmented Information

Operating segments

ECN Capital's operating results of continuing operations are categorized into two core operating segments and a Corporate segment. The Company's core operating segments consist of: (i) Manufactured Housing Finance; and (ii) RV and Marine Finance. The Company's Chief Operating Decision Maker, the CEO, reviews the operating results, assesses performance and makes capital allocation decisions at the business segment level. Therefore, each of the Company's business segments is an operating and reporting segment for financial reporting purposes.

The financial reporting of ECN Capital's two core business segments is consistent with the manner in which management currently evaluates the operating segment performance.

The consolidated statements of operations by segment for the years ended December 31, 2023 and December 31, 2022 are shown in the following tables:

	Year ended December 31, 2023			
	Manufactured Housing Finance	RV and Marine Finance	Corporate	Total continuing operations
	$	$	$	$
Revenues				
Loan origination revenues	**38,517**	**18,506**	**—**	**57,023**
Servicing revenue	**27,787**	**—**	**—**	**27,787**
Interest income and other revenue (loss)	**68,269**	**4,634**	**(658)**	**72,245**
Total revenue	**134,573**	**23,140**	**(658)**	**157,055**
Operating expenses and other				
Compensation and benefits	**49,971**	**8,651**	**7,431**	**66,053**
General and administrative expenses	**31,810**	**3,203**	**7,251**	**42,264**
Interest expense	**48,148**	**2,874**	**25,124**	**76,146**
Depreciation and amortization	**4,140**	**950**	**2,156**	**7,246**
Share-based compensation	**3,973**	**1,171**	**11,088**	**16,232**
Other expenses	**8,382**	**6,851**	**35,531**	**50,764**
	146,424	**23,700**	**88,581**	**258,705**
Loss before income taxes from continuing operations	**(11,851)**	**(560)**	**(89,239)**	**(101,650)**

[in thousands of U.S. dollars, except where otherwise noted and per share amounts]

	Year ended December 31, 2022			
	Manufactured Housing Finance	RV and Marine Finance	Corporate	Total continuing operations
	$	$	$	$
Revenues				
Loan origination revenues	107,496	23,335	—	130,831
Servicing revenue	20,188	—	—	20,188
Interest income and other revenue	40,631	273	7,089	47,993
Total revenue	168,315	23,608	7,089	199,012
Operating expenses and other				
Compensation and benefits	47,444	7,345	7,419	62,208
General and administrative expenses	29,533	2,045	9,930	41,508
Interest expense	20,507	186	22,959	43,652
Depreciation and amortization	2,616	361	4,054	7,031
Share-based compensation	5,697	1,736	4,756	12,189
Other expenses	1,240	4,929	8,997	15,166
	107,037	16,602	58,115	181,754
Income (loss) before income taxes from continuing operations	61,278	7,006	(51,026)	17,258

Total assets and total liabilities by segment as at December 31, 2023 and December 31, 2022 are shown in the following tables:

	December 31, 2023			
	Manufactured Housing Finance	RV and Marine Finance	Corporate	Total
	$	$	$	$
Total assets	**989,050**	**240,694**	**55,089**	**1,284,833**
Total liabilities	**680,679**	**70,482**	**324,184**	**1,075,345**

	December 31, 2022			
	Manufactured Housing Finance	Marine and RV Finance	Corporate	Total
	$	$	$	$
Total assets	1,073,886	189,911	149,644	1,413,441
Total liabilities	781,815	32,840	405,111	1,219,766

25. Subsequent Event

Sale of Red Oak RV & Marine Inventory Finance Platform

On February 21, 2024, the Company completed the sale of its Red Oak RV & Marine Inventory Finance platform, which operates through Triad Financial Services, to a third-party investor. Cash proceeds received from the sale were approximately $153 million, subject to final working capital adjustments.

Declaration of Dividend

On March 15, 2024, the Company declared a quarterly dividend of C$0.4960625 per outstanding Series C Preferred Share to be paid on April 1, 2024 to shareholders of record as of close of business on March 22, 2024.

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