MLI MARBLE LENDING INC.

Management Discussion and Analysis ("MD&A") of the Financial Position and Results of Operations for the year ended December 31, 2018 as of April 25, 2019

The following discussion is a review of the combined activities, results of operations and financial condition of MLI Marble Lending Inc. and its subsidiary companies (the "Group" or "Marble") for the year ended December 31, 2018. The discussion below should be read in conjunction with the Group's audited combined financial statements for the year ended December 31, 2018 and 2017 and notes thereto. Those financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS"). The financial statements and the MD&A have been reviewed by the Audit Committee and approved by the Group's Board of Directors on April 25, 2019. The Canadian dollar is the functional and reporting currency of Marble. All dollar amounts within this report are expressed in Canadian dollars unless otherwise indicated.

Additional information related to the Group is available on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A may contain forward-looking statements for the purpose of applicable Canadian securities legislation. These statements reflect the Group's current expectations and estimates. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. The forward-looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding the Group's strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. Circumstances affecting the Group may change rapidly. Except as may be required by applicable law, the Group does not undertake any obligation to update publicly or revise any such forward-looking statements, whether as a result of new information, future events or otherwise. Unless otherwise indicated, these statements speak only as of the date of this MD&A.

Actual results could differ materially from those anticipated in forward-looking statements stated within the MD&A.

GROUP OVERVIEW

Marble, a consumer credit rebuilding and financial wellness company, was formed to leverage financial technology ("fintech") and socially responsible credit rebuilding practices to Canadians, specifically at this time, who have restructured their debt through a Consumer Proposal. These are individuals whose poor credit rating makes it difficult to access traditional sources of financing such as banks, credit unions and trust companies. The Group has developed a one-stop consumer credit rebuilding business model by providing an unsecured loan up to $15,000 to discharge Consumer Proposals to qualified Canadians. Marble's has also developed a proprietary and scalable, financial services dashboard (the "Marble Platform"). The Marble Platform offers:

a. Free credit score - Marble customers have access to their credit score on a monthly basis. This helps our customers monitor their credit rebuilding activities enroute to achieving their credit worthiness goal.
b. Push email notification – Enables all customers to set as many friendly reminders as they need to make sure they never miss a future payment, which in turn will affect their credit.
c. Real-Time Budget App. – By connecting their bank accounts and credit cards to our App in side our Dashboard, they can monitor and receive updates in real time on their spending relative to their established budgets.
d. Online Loan Application – A simple and easy process for Canadians who wish to apply for a unsecured Consumer Proposal discharge loan.
e. Agent Referral Program – 3rd party Debt Restructuring Providers can refer their customers to Marble for a Consumer Proposal discharge loan and access to the other credit rebuilding tools inside the Dashboard.

The Group differentiates itself from other online/mobile compliant credit rebuilding and financial wellness companies operating in Canada by focusing on customers who have settled their debt with creditors by filing a consumer proposal and are seeking a proactive strategy to rebuild their credit.

Marble was incorporated under the Business Corporations Act (British Columbia) on July 7, 2015 as Phoenix N2N Capital Inc. Marble changed its name to MLI Marble Lending Inc. on December 16, 2015 and the Group continued under the Canada Business Corporation on September 15, 2016. The Group's head office is located at 1202-1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3.

On July 1, 2016, Marble acquired 100% of the outstanding shares of The Phoenix Fund Management Ltd. ("TPFM"), 100% of the outstanding non-voting common shares of The Phoenix Fund Inc. ("TPF") and 40% of the outstanding voting preferred shares of TPF for consideration of $700,000 and the issuance of 10,000,000 common shares of Marble. The combined companies, Marble, TPFM and TPF, which are controlled by the same shareholders since incorporation, are referred to in this MD&A and the combined financial statements as the "Group".

Target Capital Inc. ("Target") owns the remaining 60% of the voting preferred shares of TPF. On October 5, 2012, the Group entered into a majority of the minority agreement with Target. Under the terms of the agreement, the Group agreed to pay Target certain annual and capital raising fees in consideration for Target holding the majority of TPF's voting preferred shares, which allows certain debt securities of the Group to be qualified investments for deferred plan investors. Target does not benefit from its position as the majority shareholder of TPF, other than the receipt of the annual and capital raising fees and is unable to direct the activities of TPF without the prior approval of the Group. On March 21, 2019, upon the Group being called for trading on the Canadian Stock Exchange, the agreement with Target was terminated and the Group acquired the remaining 60% of the TPF preferred shares from Target for $600.

HIGHLIGHTS AND SIGNIFICANT EVENTS

- During the year ended December 31, 2018, the Group entered into subscription agreements with various investors for the issuance of 2,509,818 units at an average price of $0.15 per unit for gross proceeds of $365,365. Each unit consisting of one common share and one half of one common share purchase warrant. One share purchase warrant entitles the holder to purchase one common share of the Group at $0.30 per share for a 12 month period.
- On February 14, 2018, 2,525,000 common shares were issued by the Group for the settlement of $126,250 owing to key management personnel and companies controlled by key management personnel.
- Total outstanding MLI shares were 35,748,888 as at December 31, 2018.
- On March 14, 2018, the Group fully repaid the $180,000 promissory note owed to an unrelated party.
- On September 5, 2018, the Group issued a $50,000 promissory note. Interest is at 8% compounded monthly. The note is due, including accrued interest, upon the Group completing its initial public offering and being called for trading.
- On December 21, 2018, the Group entered into a loan agreement for the advance of $150,000 pending completion of the Group's initial public offering. Interest is at 10% per annum calculated annually and payable upon repayment of the advance. The term of the loan ends on the earlier of December 24, 2019 or the completion of the Group's initial public offering. A $3,000 lender administrative fee was payable upon repayment of the advance. This fee may be payable in common shares of the Group at a deemed price of $0.20 per share at the option of the lender. Interest on the loan may also be payable in common shares of the Group at the option of the lender. In recognition of the unsecured nature of the advance, the lender received a bonus of 150,000 common shares of the Group at a deemed price of $0.20 per share.
- During the year ended December 31, 2018 the Group paid $146,000 for 8% bond principal redemptions. On November 15, 2018 the Group executed amending agreements with 8% bondholders with a total principal value of $415,000. The amendment changed these bonds from 8% bonds to 10% bonds with the same terms as the amended 10% bonds. As at December 31, 2018, there were $137,151 in outstanding 8% bonds including accrued interest.
- On November 15, 2018 the Group executed amending agreements with 10% bondholders with a total principal value of $3.08 million. The amending agreement, waved the bondholders one-time non-penalty redemption option at November 30th 2018 if notice is provided to the Group prior to August 30, 2018. The maturity date of the amended 10% bonds is November 30,2023. The amending agreement provides for interest only payments paid quarterly until March 15, 2020. Starting on March 15, 2020 quarterly payments will include principal (6.25% of original principal) and interest (simple rate of 10% per annum). Under this arrangement the

bondholders will be fully paid by November 30, 2023. This amending agreement was subject to and effective upon the Group completing an initial public offering or other transaction which resulted in the Group becoming a reporting issuer, following which the Group invested a minimum of $2,000,000 of new capital. The Group successfully completed this condition before the deadline of March 31, 2019.

- The Group issued two new 10% bond during the year ended December 31, 2018 for $277,000 and redeemed three 8% bonds for $100,000. As at December 31, 2018 there were $4,415,681 in outstanding 10% bonds, including accrued interest.
- There were no changes during the year with respect to the 9% bonds. As at December 31, 2018 there were $898,280 in outstanding 9% bonds including accrued interest.
- The Group received $752,157 from 125 consumer loan customers paying off their loans with the Group during the year ended December 31, 2018.
- The Group initiated 21 new loans during the year ended December 31, 2018 for a total of $193,046. Loan initiation was down significantly as management focused on the preparation and filing of its Prospectus which was receipted on February 15, 2019.
- On July 27, 2018, the Group gave written notice to Target Capital Inc. terminating the agreement between Target and TPF The Phoenix Fund Inc. The termination became effective on March 21, 2019 upon the Group being called for trading on the Canadian Stock Exchange.
- On November 1, 2012, and amended February 4, 2013, the Corporation entered into an exclusive loan program agreement with 4 Pillars Consulting Group Inc. ("4 Pillars"), enabling the Corporation to provide loans to individual clients of 4 Pillars (note 10). On August 23, 2013, the Corporation assigned the loan program agreement to TPFM. On July 30, 2018, TPFM The Phoenix Fund Management Ltd. entered into a non-exclusive five year Referral Agreement with 4 Pillars Consulting Group Inc. The Agreement supersedes and replaces the Loan Program Agreement between TPF The Phoenix Fund Inc. and 4 Pillars.On January 14, 2019, the Group completed a private placement of 80,000 units at a price of $0.15 per unit, each unit consisted of one common share and one-half of a common share purchase warrant. The full warrant expires in one year and entitles the subscriber to the purchase of 40,000 common shares at a price of $0.30 per share.
- On February 15, 2019, the Group filed a prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario for the sale of a minimum of 15,000,000 Units (for gross proceeds of $3,000,000) and of up to a maximum of 30,000,000 Units (for gross proceeds of $6,000,000) at a price of $0.20 per Unit, each Unit consisting of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of $0.35 per share for a period of 12 months following the date of the closing of the offering. The Group has also granted the agent for the offering an option, exercisable in whole or in part at any time prior to the closing date, to sell up to an additional 4,500,000 Units on the same terms.
- On March 20, 2019, The Group completed an initial public offering selling 17.5 million common shares for $0.20 per share for gross proceeds of $3.5 million.
- Following the completion of the initial public offering, MLI subscribed for 2,000,000 Class E Preferred shares of TPFM at $1 per share.

- On April 2, 2019, the Group entered into a Market Stabilization and Liquidity Provision Services Agreement with the Independent Trading Group Inc. ("Trading"). The agreement provides for services to assist in establishing a fair and orderly market for the Group's securities for a fee of $4,000 per month. Trading will trade shares of the Group on the Canadian Stock Exchange for the purposes of maintaining a reasonable market and improving the liquidity of the Group's common shares. The Agreement terminates on June 30, 2019 and is automatically renewed for a subsequent three months. The Agreement can be terminated by either party providing written notice to the other 30 days in advance.
- On April 5, 2019, common share options for 200,000 shares at a price of $0.05 per share were exercised for gross proceeds of $10,000.
- On April 8, 2019, the Group announced, subject to regulatory approval, the issuance of 3.5 million common share purchase options to directors, employees and consultants under the Group's share purchase option plan. The strike price for the common share purchase options will be set at the initial public offering price of $0.20. The common share purchase options will vest over three years and have a term of five years.

KEY PERFORMANCE INDICATORS

The key performance indicators that we use to manage our business and evaluate our financial results and operating performance consist of: Interest income, fee-based revenue, gross profit, funding interest expenses, operating expenses, and net income (loss).

The tables below provide the summary of key performance indicators for the reported periods:

	($000s Canadian)	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
IFRS Measures				
	Revenue interest	$ 783	$ 1,176	$ 1,005
	Fee based revenue	24	66	38
	Gross profit	214	568	476
	Funding interest expense	592	674	567
	Operating expenses	1,170	1,142	1,841
	Net Income (Loss)	$ (1,215)	$ (546)	$ (1,590)

Revenue

- The Group generated interest revenue of $782,642 for the year ended December 31, 2018. This is down 33% from the year ended December 31, 2017 ($1,176,289) due to the reduction in initiating new consumer loans (21 new loans for the year ended December 31, 2018) and the payouts of 125 loans during the year ended December 31, 2018. The major focus of the year was the preparation of a Prospectus in order to raise funds through an initial public offering.

- The Group generated fee based revenue (loan administration fees) of $23,923 for the year ended December 31, 2018. The reduction in fee based revenue of $41,805, from the year ended December 31, 2017, is a direct result of the reduction of new loans generated in the year ended December 31, 2018.

Gross Profit

- The Group generated a gross profit of $214,187 for the year ended December 31, 2018, which represents 27% of gross revenue for the same period. The gross profit dropped $353,714 from the $567,901 (48% of gross revenue) achieved in the year ended December 31, 2017. This was due to lower interest revenue without a corresponding reduction in interest expense due to the fixed nature of the Bond contracts.

Funding interest expense

- The Group incurred interest expense of $592,378 for the year ended December 31, 2018. Interest expense was down due to a reduction in debt and the timing of the changes in debt. The promissory note carried over from December 31, 2017 ($180,000) was paid off on March 15, 2018 and new promissory notes were issued in the year ended December 31, 2018, $50,000 on September 6, 2018 and $150,000 on December 24, 2018.

Operating Loss

- The Group incurred an operating Loss of $1,215,257 for the year ended December 31, 2018. The increased loss of $669,337 over the year ended December 31, 2017 was a result of a reduced gross margin of $353,714 (a result from lower revenue without a corresponding reduction in interest expense due to the fixed nature of the Bond contracts), increased bad debt expense ($250,392) , and increased consulting fees ($83,206) as the Group worked on its business plan and prospectus in the year ended December 31, 2018, as required, before the initial public offering in March of 2019. The net Bad Debt Expenses of $259,334 in fiscal 2018 are much higher than the $8,942 reported in fiscal 2017 due to utilization of cumulative forbearance fees collected from clients and offset against related bad debts up to December 31, 2017:

	December 31, 2018	December 31, 2017
Loans receivable written-off	238,504	460,012
Forbearance applied	(83,193)	(424,382)
Changes in allowance for credit losses	104,023	(26,688)
	259,334	8,942

Key Balance Sheet Components

The following table provides the key balance sheet components:

($000s Canadian)			
	December 31, 2018	December 31, 2017	December 31, 2016
Cash	$ 1,457	$ 375	$ 378
Net loans receivable	2,541	4,005	4,900
Total assets	$ 4,543	$ 5,012	$ 5,575
Accounts payable	392	433	522
Bonds	5,451	5,332	5,336
Total liabilities	$ 6,069	$ 5,966	$ 6,310

Net loans receivable

- Net loans receivable is a measure the Group uses to assess its asset growth and capital efficiency. The Group considers the growth in loans receivable to be a significant element of the Group's performance as it increases the revenue generating assets and represents a growing customer base to which the Group can market additional products that leverage its digital platform. One of the Group's strategies is to grow the long-term loan portfolio as it not only drives interest revenue in the current period, but more importantly builds a longer-term revenue stream as these loans remain outstanding longer. Growth in loans receivable is driven by several factors including an increase in the number of customers and an increase in the average loan amount.
- Net loans receivable was $2,541,250 as at December 31, 2018, a decrease of $1,463,570 compared to $4,004,820 as at December 31, 2017. This decrease was a result of fewer new loans been processed and more existing loans been paid out. The excess cash was used to meet repayment commitments to bond holders ($246,000), pay off a promissory note ($180,000) and fund the operating loss for the year. In addition, Loans receivable write-offs of $238,504 were incurred for the year ended December 31, 2018.
- The Group funded 21 ($193,046) new consumer loans for the year ended December 31, 2018 and received 125 ($752,157) loans receivable payouts for a net reduction of 106 consumer loans for fiscal 2018.

Bonds

- During the previous years, the Group had issued 10%, 9% and 8% Bonds:

($000s Canadian)						
		December 31, 2018		December 31, 2017		December 31, 2016
10% bonds	$	4,416	$	3,780	$	4,165
9% bonds		898		490		456
8% bonds		137		1,062		716
Total	$	5,451	$	5,332	$	5,337

- On November 15, 2018 the Group executed amending agreements with 10% bondholders with a total principal value of $3.08 million. The amending agreement waived the bondholders one-time non-penalty redemption option at November 30th 2018 if notice is provided to the Group prior to August 30, 2018. The maturity date of the 10% bonds is November 30,2023. The amending agreement provides for interest only payments paid quarterly until March 15, 2020. Starting on March 15, 2020 quarterly payments will include principal (6.25% of original principal) and interest (simple rate of 10% per annum). Under this arrangement the bondholders will be fully paid out by November 30, 2023. This amending agreement was subject to and effective upon the Group completing an initial public offering or other transaction which results in the Group becoming a reporting issuer, following which the Group invests a minimum of $2,000,000 of new capital. The Group successfully completed this condition before the deadline of March 31, 2019.
- The Group issued two new 10% bonds during the year ended December 31, 2018 for $277,000 and redeemed three 10% bonds for $100,000. As at December 31, 2018 there were $4,415,681 in outstanding 10% bonds including accrued interest.
- There were no changes during the year with respect to the 9% bonds. As at December 31, 2018 there were $898,280 in outstanding 9% bonds including accrued interest.
- During the year ended December 31, 2018 the Group paid out $146,000 on 8% bond principal redemptions. On May 15, 2018 the Group executed amending agreements with 8% bondholders with a total principal value of $415,000. The amendment changed these bonds from 8% bonds to 10% bonds with the same terms as the amended 10% bonds. As at December 31, 2018, there were $137,151 in outstanding 8% bonds including accrued interest.
- The 8% bonds have a one year term and the 9% bonds have a three year term. The bondholder may provide written notice at least 90 days prior to the First Maturity Date of their intention to redeem in whole or in part their bonds. In the absence of written notice from the bondholder, the bonds shall mature on the following dates:
    - In the case of 8% bonds, on the next occurring anniversary from the First 8% Maturity Date if at least 90 days prior to such anniversary a redemption notice has been delivered; and
    - In the case of the 9% bonds, on the third anniversary from the First 9% Maturity Date.

Going concern

The accompanying audited combined financial statements have been prepared on a going concern basis, which assumes the Group will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. The Group has incurred a net loss of $1,215,257 for the year ended December 31, 2018. As at December 31, 2018 The Group had an accumulative deficit of $4,535,588. These conditions raise significant doubt about the ability of the Group to continue as a going concern without additional equity or debt financing.

The accompanying audited combined financial statements do not give effect to any adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate.

Long-term continuance of the Group's operations is dependent upon achieving profitable operations and, until that occurs, it will rely on additional equity or debt financing. The outcome of these initiatives cannot by predicted at this time.

Off Balance Sheet Arrangements

At December 31, 2018, the Group had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Group.

Related Party Transactions

The remuneration of the key management personnel, comprised of the directors and officers, was:

a) Accrued management and consulting fees of $126,000 to the CEO and director of the Group.
b) Management and consulting fees of $63,113 paid to the CFO of the Group.
c) Salaries and wages of $80,795 paid to the Chief Technology Officer of the Group.
d) Management and consulting fees of $55,650 paid to a former President of the Group.
e) Paid or accrued legal fees of $22,585 to the Group's legal counsel. The Group's legal counsel also acts as Corporate Secretary of the Group.
f) As at December 31, 2018, accounts payable and accrued liabilities included $273,738 owing to key management personnel and companies controlled by key management personnel.
g) During the year ended December 31, 2018, key management and companies controlled by key management personnel subscribed for 1,486 common shares of the Group for $223.
h) During the year ended December 31, 2018, 2,525,000 common shares were issued by the Group for the settlement of $126,250 owing to companies controlled by key management personnel.

Outstanding Security Data

The following table sets out, as at the date of this MD&A, (i) each class and series of voting or equity securities of Marble for which there are securities outstanding; (ii) each class and series of securities of Marble for which there are securities outstanding if the securities are convertible into, or exercisable for, voting or equity securities of Marble.

Class of Voting or Equity Security Outstanding	**Number Outstanding**	Underlying Voting or Equity Securities
Common Shares	53,598,888	53,598,888 c/s
Share Purchase Warrants	8,790,000	

Liquidity and Capital Resources

As at December 31, 2018, the Group had working capital of $856,082 (December 31, 2017 – deficit of $4,061,815). The Group has relied upon debt and equity financings to finance its operations and meet its capital requirements. During the year ended December 31, 2018, the Group raised gross proceeds of $365,365 through the issuance of 2,509,818 common shares and settled $242,484 of accounts payable through the issuance of 4,849,685 common shares. The Group also raised $277,000 from the issuance of two 10% bonds and $200,000 from a promissory note and a loan agreement. In addition, during this period, the Group paid out $246,000 in bond redemptions and repaid in full a promissory note of $180,000.

The Group's objectives when managing its liquidity and capital resources is to maintain a sufficient capital base to sustain future loan operations, bond redemptions and future development of the business.

Proposed Transactions

There are no proposed transactions at the date of this report that have not been disclosed.

Critical Accounting Estimates

The preparation of the Group's combined financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in the combined financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and all future periods which are affected by the change in estimate.

The principal areas where critical estimates and judgments have been applied are described below:

- **Assessment of control of TPF.** Although the Group owned less than half of TPF's voting preferred shares, management has determined that the Group controls TPF and that all of the equity in TPF is attributable directly to the Group. The Group owns all of the non-voting common shares of TPF and had an agreement with the only other voting preferred shareholder, Target, whereby Target did not benefit from its position as the majority shareholder of TPF, other than from the receipt of certain fees.

- **Impairment losses on loans receivable.** The Group regularly reviews its loans receivable for potential impairment. In determining whether an impairment loss should be recorded in the combined statement of loss and comprehensive loss, the Group considers whether there is any observable data indicating an impairment of a measurable decrease in the estimated future cash flows from a loan has occurred. This evidence may include observable data indicating that there has been an adverse change in the payment status of the borrower. Management uses estimates based on valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required. The estimates include future market interest rates.

- **Impairment of intangible assets.** Intangible assets which are available for use and have a definite useful life are assessed for indicators of impairment at the end of each reporting period. If indicators of impairment exist, the Group will test those intangible assets for impairment. The Group tests intangible assets with an indefinite useful life and intangible assets which are not yet ready for use on an annual basis. Significant judgment is required in determining the useful lives and recoverable amounts of intangible assets and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of the intangible assets rely on certain inputs, including future cash flows and discount rates. Future cash flows are based on revenue projections and allocated costs which are estimated based on forecast results and business initiatives. Discount rates are based on the market interest rates.

- **Income taxes**. Income tax expenses recorded in these combined financial statements are not final until tax returns are filed and accepted by taxation authorities. Therefore, results of operations in future reporting periods may be affected by the difference between the income tax expense estimates and the final tax assessments. Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income. The assessment is based on enacted tax acts and estimates of future taxable income.

Changes in Accounting Policies

The Group adopted the following new accounting standards and amendments, which are effective for the interim and annual combined financial statements commencing on January 1, 2018:

- **IFRS 9, Financial Instruments**

  On January 1, 2018, the Group adopted IFRS 9, Financial Instruments, which replaces IAS 39, Financial Instruments: Recognition and Measurement. This standard establishes new measurement categories for classifying financial assets, and new guidance in relation to impairment and hedge accounting. The adoption of the new impairment and hedge accounting requirements had no material impact on the Group's combined financial statements and did not result in any changes to the presentation of the comparable amounts in these combined financial statements.

- **IFRS 15, Revenue from Contracts with Customers**

  On January 1, 2018, the Group adopted IFRS 15, Revenue from Contracts with Customers. The new standard includes a five step recognition and measurement approach for revenue arising from contracts with customers, and includes new requirements for accounting for contract costs. Revenue arising from financial instruments within the scope of IFRS 9, Financial Instruments, specifically interest revenue and loan fees, are excluded from the scope of IFRS 15. All other revenue streams are included within the scope of IFRS 15. The adoption of this standard did not have any impact on the Group's combined financial statements and do not result in any changes to the presentation of the comparative amounts in these combined financial statements.

Standards and interpretations issued but not yet effective:

- **IFRS 16, Leases**.

  IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. IFRS 16 replaces IAS 17 – Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 Revenue from Contracts with Customers is also applied.

Financial Instruments and Risk Management

Recognition, classification and measurement

The Group initially recognizes loans and receivables on the date that they are originated while all other financial assets and liabilities are recognized initially on the transaction date on which the Group becomes a party to the contractual provisions of the instrument.

The classification of financial assets and liabilities are determined at initial recognition. The Group's financial assets are classified as follows: fair value through profit or loss ("FVTPL") and loans and receivables. Financial liabilities are categorized as other financial liabilities.

Financial assets at FVTPL

A financial asset is required to be classified as FVTPL if it is acquired principally for the purpose of selling it in the near term. Financial assets at FVTPL are initially measured at fair value with directly attributable transaction costs recognized in the combined statement of loss and comprehensive loss. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognized in the statement of loss and comprehensive loss.

As at December 31, 2018 and at December 31, 2017 the Group's designated FVTPL assets consisted of cash, loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group designates as FVTPL upon initial recognition, or those for which the Group may not recover substantially all of its initial investments, for reasons other than credit deterioration. Loans and receivables are recorded at fair value on initial recognition and subsequently measured at amortized cost using the effective interest method.

As at December 31, 2018 and at December 31, 2017 the Group's loans and receivables consisted of interest receivable, loans receivable and other receivables.

Other financial liabilities

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

As at December 31, 2018 and at December 31, 2017 the Group's other financial liabilities consisted of accounts payable and accrued liabilities, interest payable, other payables, promissory notes and bonds.

Fair value of financial instruments

Financial instruments recognized in the combined statement of financial position at fair value include cash. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between unrelated participants at the measurement date. Fair values of interest receivable, other receivables, accounts payable and accrued liabilities, interest payable and other payables approximate their carrying values due to their short-term nature.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the following valuation techniques:

- Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value based on a Level 1 designation.

Impairment of financial assets

The Group assesses impairment of financial assets at each reporting date. A financial asset is impaired if there is objective evidence that one or more loss events, occurring after the initial recognition of the asset, impacts the estimated future cash flows of the financial asset. Objective evidence that financial assets are impaired includes significant financial and other difficulty of the borrower or issuer, default or delinquency of a borrower, restructuring of amounts due on terms that the Group would not consider otherwise, other indications that a borrower or issuer will enter bankruptcy and adverse changes in the payment status of the borrower.

Loans and receivables

For the purpose of an individual evaluation of impairment, the amount of impairment loss on a financial asset is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current effective interest rate determined under the contract.

For the purpose of a collective evaluation of impairment, financial assets are characterized on the basis of similar risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparties' ability to pay all amounts due according to the contractual terms of the financial assets being evaluated. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for the assets with credit risk characteristics similar to those in the group.

The carrying amount of the financial assets are reduced through the use of an allowance account and the amount of the loss is recognized in the combined statement of loss and comprehensive loss. If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be objectively linked to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the combined statement of loss and comprehensive loss.

Derecognition of financial instruments

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. If the Group has neither transferred nor retained substantially all the risks and rewards of the transferred financial asset, it assesses whether it has retained control over the transferred asset. If control has been retained, the Group recognizes the transferred asset to the extent of its continuing involvement. If control has not been retained, the Group derecognizes the transferred asset. Any difference between the carrying amount of the asset and the consideration which is determined to have been received is recognized in the combined statement of loss and comprehensive loss.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. Any difference between the carrying amount of the liability extinguished and the consideration paid is recognized in the combined statement of loss and comprehensive loss.

Financial Instrument and Related Risks

The Group is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks is as follows:

- **Credit risk**. Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans receivable. The maximum amount of credit risk exposure is limited to the gross carrying amount of the loans receivable disclosed in our financial statements. The Group acts as a lender and has little concentration of credit risk with any particular individual, company or other entity relating to these services, however the Group is subject to a higher level of credit risk due to the credit constrained nature of many of the Group's customers and in circumstances in which they do not comply with the Group's policies and procedures. The credit risk relates to the possibility of default of payment on the Group's loans receivable. The Group performs ongoing credit evaluations, aging of loans receivable, payment history and allows for uncollectible amounts when determinable. The credit risk decisions on the Group's loans receivable are made in accordance with the Group's established lending criteria to assess all new loan proposals, which are overseen by the Group's senior management. The majority of the Group's loans receivable are unsecured. The Group evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions. The Group cannot guarantee that delinquency and loss levels will correspond with the historical levels experienced and there is a risk that delinquency and loss rates could increase significantly.

- **Interest rate risk**. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on their fair value of other financial assets or liabilities, known as price risk. The Group has limited exposure to interest rate risk as its Bonds payable and consumer loans receivable have fixed rates of interest. The Group holds excess cash in a bank account. The Group's exposure to interest rate risk on its cash balances relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Group's cash is not significantly affected by changes in short-term interest rates. The income earned from the bank account is subject to movements in interest rates, although the effect would be insignificant.

- **Liquidity risk**. Liquidity risk is the risk that the Group will incur difficulties meeting its financial obligations as they are due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Group's reputation. The Group must manage its loans receivable balances against Bonds payable balances to ensure that it can meet its Bond repayment obligations when they mature. The Group must also monitor its capital to ensure that its capital is not under-deployed. The Group cannot guarantee that it will deploy all of its funds, in a timely manner, into funding consumer loans that will earn interest income to offset its Bond interest expense.