MARBLE FINANCIAL INC.

(formerly MLI Marble Lending Inc.)

Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Marble Financial Inc.

Opinion

We have audited the consolidated financial statements of Marble Financial Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, the consolidated statements of loss and comprehensive loss, of changes in shareholders' deficiency and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial positions of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $3,151,646 during the year ended December 31, 2019 and, as of that date, the Company's shareholders' deficiency is $1,159,954. These events or conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion & Analysis for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon.

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. 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. 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Essop Mia.

Hay + Watson

Chartered Professional Accountants
Vancouver, BC, Canada
April 24, 2020

MARBLE FINANCIAL INC. (formerly MLI Marble Lending Inc.)
Consolidated Statements of Financial Position
(Presented in Canadian Dollars)

AS AT		**December 31, 2019**		**December 31, 2018**
ASSETS				
Current assets				
Cash	$	755,262	$	1,457,298
Interest receivable (Note 7)		58,083		62,480
Loans receivable – current (Note 7)		718,128		502,721
Prepaid expenses		72,039		70,108
		1,603,512		2,092,607
Loans receivable (Note 7)		2,372,103		2,038,529
Office furniture, equipment, and right-of-use assets (Notes 6 and 8)		473,114		6,603
Intangible assets (Notes 6 and 9)		692,576		405,751
Total assets	$	5,141,305	$	4,543,490
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities				
Accounts payable and accrued liabilities	$	420,525	$	391,984
Interest payable		21,457		22,689
Lease liabilities (Notes 6 and 12)		166,568		-
Other payables		-		3,418
Promissory notes (Note 10)		-		200,000
Loans payable (Note 6)		25,164		-
Unearned revenue		18,619		-
Bonds – current (Note 11)		978,434		618,434
		1,630,767		1,236,525
Lease liabilities (Notes 6 and 12)		290,850		-
Loans payable (Note 6)		58,121		-
Bonds (Note 11)		4,321,521		4,832,678
Total liabilities		6,301,259		6,069,203
Shareholders' deficiency				
Share capital (Note 13)		6,153,526		2,968,976
Subscriptions received in advance (Note 13)		-		12,000
Reserves (Note 13)		373,754		28,899
Deficit		(7,687,234)		(4,535,588)
Total shareholders' deficiency		(1,159,954)		(1,525,713)
Total liabilities and shareholders' deficiency	$	5,141,305	$	4,543,490

Nature of operations (Note 1)
Events after the reporting period (Note 20)

Approved on behalf of the Board of Directors on April 24, 2020

"Michele Marrandino" Director *"Jason Scharfe"* Director

The accompanying notes are an integral part of these consolidated financial statements.

MARBLE FINANCIAL INC. (formerly MLI Marble Lending Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Presented in Canadian Dollars)

For the years ended December 31,		**2019**		**2018**
Interest revenue	$	572,175	$	782,642
Interest expense		(542,807)		(592,378)
Net interest income		**29,368**		**190,264**
Other income		207,764		23,923
Total income		237,132		214,187
Bad debts and allowance for loan impairment		131,043		259,334
Operating expenses				
Administration costs		651,143		385,019
Amortization (Notes 8 and 9)		109,223		3,557
Consulting fees (Note 14)		978,547		574,528
Investor relations		282,227		-
Lease accretion (Note 12)		16,048		-
Marketing		406,170		48,479
Salary and benefits (Note 14)		512,612		158,527
Share based payments (Notes 13 and 14)		250,872		-
Transfer agent and filing fees		50,893		-
Total operating expenses		3,257,735		1,170,110
Total expenses		3,932,585		2,021,822
Net loss and comprehensive loss	$	(3,151,646)	$	(1,215,257)
Basic and diluted loss per common share	$	(0.06)	$	(0.03)
Weighted average number of shares outstanding – basic and diluted		50,595,335		34,777,720

The accompanying notes are an integral part of these consolidated financial statements.

MARBLE FINANCIAL INC. (formerly MLI Marble Lending Inc.)
Consolidated Statements of Changes in Shareholders' Deficiency
(Presented in Canadian Dollars)

	Share Capital					
	Number of shares	Amount	Subscriptions received in advance	Stock option and warrant reserves	Deficit	Total
Balance, December 31, 2017	28,309,385	$ 2,361,128	$ -	$ 5,899	$ (3,320,331)	$ (953,304)
Issuance of shares	2,589,818	365,364	-	-	-	365,364
Shares issued to settle debt	4,849,685	242,484	-	-	-	242,484
Warrants issued	-	-	-	23,000	-	23,000
Share subscriptions received in advance	-	-	12,000	-	-	12,000
Net loss for the year	-	-	-	-	(1,215,257)	(1,215,257)
Balance, December 31, 2018	35,748,888	$ 2,968,976	$ 12,000	$ 28,899	$ (4,535,588)	$ (1,525,713)
Initial public offering shares issued	17,500,000	3,500,000	-	-	-	3,500,000
Shares issued for lending fees	150,000	30,000	-	-	-	30,000
Shares issued for private placement	80,000	12,000	(12,000)	-	-	-
Stock options exercised	200,000	14,780	-	(4,780)	-	10,000
Shares issued for services	731,416	124,341	-	-	-	124,341
Shares issued on acquisition of Score-Up (Note 6)	590,459	118,092	-	-	-	118,092
Share issuance for 2016 share subscriptions (Note 13)	750,000	-	-	-	-	-
Initial public offering costs - cash	-	(515,900)	-	-	-	(515,900)
Initial public offering costs - agents' options	-	(98,763)	-	98,763	-	-
Share-based payments	-	-	-	250,872	-	250,872
Net loss for the year	-	-	-	-	(3,151,646)	(3,151,646)
Balance, December 31, 2019	55,750,763	$ 6,153,526	$ -	$ 373,754	$ (7,687,234)	$ (1,159,954)

The accompany notes are an integral part of these consolidated financial statements.

MARBLE FINANCIAL INC. (formerly MLI Marble Lending Inc.)
Consolidated Statements of Cash Flows
(Presented in Canadian Dollars)

For the years ended December 31,		**2019**		**2018**
CASH FROM OPERATING ACTIVITIES				
Net loss for the year	$	(3,151,646)	$	(1,215,257)
Items not affecting cash:				
Amortization		109,223		3,557
Bond transaction cost amortization		13,131		62,736
Accrued interest on bonds payable		72,118		-
Lease accretion		16,048		-
Shares issued as lending fee (Note 13)		30,000		-
Shares for consulting fees (Note 13)		124,341		-
Share based payments		250,872		242,484
Interest on loans payable		3,011		-
Changes in non-cash working capital items:				
Interest receivable		4,397		119,459
Other receivables		-		67,775
Loans receivable		(548,981)		1,463,570
Prepaid expenses		2,321		(17,438)
Unearned revenue		18,619		-
Accounts payable and accrued liabilities		28,541		(40,704)
Interest payable		(1,232)		26,967
Other payable		(3,418)		3,418
Net cash (used in) generated by operating activities		(3,032,655)		716,567
CASH FROM INVESTING ACTIVITIES				
Development of intangible assets		(61,273)		(85,555)
Acquisition of property, equipment, and right-of-use assets		(24,129)		-
Acquisition of Credit Meds (Note 6)		(60,000)		-
Net cash used in investing activities		(145,402)		(85,555)
CASH FROM FINANCING ACTIVITIES				
Common shares issued, net of share issuance costs		2,984,100		365,482
Common shares to be issued		-		12,000
Stock options exercised		10,000		-
Warrants issued		-		23,000
Repayment of promissory notes		(200,000)		(180,000)
Payment of loans payable		(12,406)		-
Payment of lease liabilities		(69,267)		-
Promissory notes received		-		200,000
Issuance of bonds		-		277,000
Redemption of bonds		(236,406)		(246,000)
Net cash generated by financing activities		2,476,021		451,482
Change in cash during the year		(702,036)		1,082,494
Cash, beginning of the year		1,457,298		374,804
Cash, end of the year	$	755,262	$	1,457,298
Interest received	$	507,665	$	708,307
Interest paid	$	529,676	$	500,659

Reconciliation of changes in liabilities arising from financing activities (Note 19)
Supplemental cash flow information (Note 18)
The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Marble Financial Inc. (formerly MLI Marble Lending Inc.) ("Marble", collectively with its subsidiaries, the "Group") was incorporated as Phoenix N2N Capital Inc. under the Business Corporation Act (British Columbia) on July 7, 2015 On September 15, 2016, Marble was continued under the Canada Business Corporation Act and on December 16, 2015 changed its name from Phoenix N2N Capital Inc. to MLI Marble Lending Inc. On November 8, 2019, the Group changed its name from MLI Marble Lending Inc. to Marble Financial Inc. The head office of the Group is located at 1200-1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3. The Group's shares are traded on the CSE under the symbol MRBL and the OTCQB under the symbol MRBLF. The Group's consolidated financial statements include the financial statements of the following subsidiaries:

Company	**Place of Incorporation**	**Effective Interest**
TPFM The Phoenix Fund Management Ltd. (**"TPFM"**)	Canada	100%
TPF The Phoenix Fund Inc. (**"TPF"**)	Canada	100%
Score-Up Inc. (**"Score-Up"**)	Canada	100%
Credit Meds Corp. (**"Credit Meds"**)	Canada	100%

The Group's primary business activity is to help Canadians in a consumer proposal to proactively rebuild their credit back to mainstream levels by providing an unsecured loan to pay out their consumer proposal. The Group has entered into numerous non-exclusive loan program agreements with industry partners, enabling the Group to provide loans to individual clients referred to the Group. The Group's recent acquisition of Score-up and Credit Meds enable future strategies to help underserved Canadians with software and data-driven artificial intelligence ("AI") tools to improve their personal finance and creditworthiness The proprietary technology platform and diagnostic software allows consumers to leverage artificial intelligence, data and statistics to visualize and control their finances and credit score on the road back to mainstream financial services.

As at December 31, 2019, the Group has shareholders' deficiency of $1,159,954 (2018 – $1,525,713) and an accumulated deficit of $7,687,234 (2018 – $4,535,588) and therefore will need ongoing funding to continue its operations. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Group. If the Group is unable to obtain sufficient funding, the ability of the Group to meet its obligations as they come due and, accordingly, the appropriateness of the use of the going concern accounting principle will be in significant doubt. These consolidated financial statements have been prepared on the basis of a going concern which assumes the Group will be able to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments or reclassification which would be necessary if the Group were unable to continue its operations in the normal course of business.

2. BASIS OF PRESENTATION

Statement of compliance

The Group prepared these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and by the IFRS interpretations Committee. These consolidated financial statements were approved by the Board of Directors and authorized for issue on April 24, 2020.

Basis of measurement

These consolidated financial statements are prepared on the historical cost basis, except for certain items recorded at fair value. These consolidated financial statements are presented in Canadian dollars, which is the Group's functional currency.

2. BASIS OF PRESENTATION *(cont'd…)*

Basis of consolidation

These consolidated financial statements include the financial statements of Marble and its controlled and wholly owned subsidiaries TPFM, TPF, Score-Up, and Credit Meds. Score-Up and Credit Meds have historically maintained a fiscal year-end of December 31 and retained that year-end post acquisition. Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the original date of acquisition.

Financial Instruments

i) 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 one of the following: at fair value through profit or loss ("FVTPL") or at amortized cost. Financial liabilities are classified and subsequently measured at amortized cost

<u>Financial assets at FVTPL</u>

A financial asset is required to be classified as FVTPL unless it is measured at amortized cost or at fair value through other comprehensive income. Financial assets at FVTPL are initially measured at fair value with directly attributable transaction costs recognized in the consolidated 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.

The Group's designated FVTPL assets consist of cash.

<u>Amortized cost</u>

Financial assets are measured at amortized cost if the financial asset is held within a "hold to collect" business model, and if the contractual cash flows associated with the financial asset are solely payments of principal and interest on the principal amount of debt outstanding. Financial assets with a "hold to collect" business model exist when the Group's primary objective is to collect contractual cash flows on the assets rather than selling them. Financial assets classified as amortized cost are initially recognized at fair value, and subsequently measured at amortized cost using the effective interest method, less any allowance for losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Financial Instruments *(cont'd…)*

The Group's financial assets measured at amortized cost consist of interest receivable and loans receivable.

Financial liabilities are measured at amortized cost unless otherwise designated by the Group as FVTPL. The Group's financial liabilities measured at amortized cost consists of accounts payable and accrued liabilities, interest payable, lease liabilities, other payables, promissory notes, loans and bonds.

ii) Fair value of financial instruments

Financial instruments recognized in the consolidated 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 promissory notes 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.

iii) 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.

Loss allowances are estimated for expected credit losses resulting from default events that are possible within 12 months after the reporting date, and for lifetime expected losses for financial assets where the credit risk increased significantly since initial recognition.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Financial Instruments *(cont'd…)*

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 consolidated 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 consolidated statement of loss and comprehensive loss.

iv) 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 consolidated statement of loss and comprehensive loss.

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

Interest revenue and interest expense

Interest revenue and interest expense are recognized in the consolidated statement of loss and comprehensive loss using the effective interest method. The effective interest method is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation of the effective interest method includes all fees and costs paid or received between parties to the contract that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Loan origination fees and fees that are considered to be adjustments to loan yield are recognized using the effective interest method. The effective interest method capitalizes fees and transaction costs on the consolidated statement of financial position and amortizes them to interest income over the expected life of the related financial asset or financial liability. Once a financial asset has been written down as a result of an impairment loss, interest revenue is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Office furniture and equipment

Office furniture and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using either the declining balance or the straight-line method and is intended to depreciate the costs of assets over their estimated useful lives:

Office furniture	20% declining balance
Computer hardware	55% declining balance
Leasehold improvements	3 years straight line
Right-of-use assets	3 years straight line

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Office furniture and equipment *(cont'd…)*

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Expenditure on research activities is recognized in the consolidated statement of loss and comprehensive loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in the consolidated statement of loss and comprehensive loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is recorded annually using the straight-line method and is intended to amortize the costs of the intangible assets over their estimated useful lives:

Internally generated software	10 years straight line
Score-Up platform	10 years straight line
Credit Meds software	10 years straight line
Trademark	Indefinite

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets have suffered any impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge (if any).

The recoverable amount used for this purpose is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether the contract involves the use of an identified asset, whether the Group has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Group has the right to direct the use of the asset.

As a lessee, the Group recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit.

Income taxes

Income tax expense is composed of current and deferred taxes. Current and deferred taxes are recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' deficiency or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Income taxes *(cont'd…)*

Deferred tax

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Forbearance contingency

The Group charges a monthly forbearance fee to certain borrowers. If these borrowers are unable to make their scheduled loan repayments to the Group, due to certain events such as disability and unemployment, the Group will forbear on the timing of the enforcement of its rights and remedies under the loan agreement. The Group accumulates the forbearance fees collected into a general reserve to be applied against credit losses from the loans receivable.

Forbearance fees received from borrowers are initially deferred on the consolidated statement of financial position. When the Group determines that a loan receivable should be written off, an amount equal to the lesser of the carrying value of the written off loan receivable and the total forbearance contingency is recognized in the consolidated statement of loss and comprehensive loss.

Any remaining deferred amounts will continue to be recognized on the consolidated statement of financial position until such time that the Group expects no further credit losses from its loans receivable. At such time, the remaining balance of the forbearance contingency will be recognized in the consolidated statement of loss and comprehensive loss.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset when it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd…)*

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability. The Group's common shares are classified as equity instruments. Incremental costs directly attributed to the issuance of new shares are shown in equity as a reduction, net of tax, of the proceeds received on issue.

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve.

Loss per share

The Group presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. As at December 31, 2019 and 2018, the Group's potential common shares from outstanding stock options and warrants have not been considered in calculating diluted earnings per share as their effect would be anti-dilutive.

New accounting standards and interpretations

The Group adopted the following new accounting standard, which was effective for the interim and annual consolidated financial statements commencing on January 1, 2019:

IFRS 16, Leases

The Group adopted IFRS 16 - Leases ("IFRS 16") on January 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets. The Group adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption.

The accounting policies adopted under IFRS 16 are described above under the heading "Leases:,

As part of the initial application of IFRS 16, the Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

Effective January 1, 2019, the Group adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. As of the initial date of application of IFRS 16, the Group has one office lease outstanding with a remaining term of under 12 months. The Group has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases, and therefore the adoption of IFRS 16 has not had an impact on the Group's reporting.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these consolidated 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:

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 consolidated statement of loss and comprehensive loss, the Group considers whether there is any observable data indicating that an increase in the credit risk or a 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 market interest rates.

Income taxes

Income tax expenses recorded in these consolidated 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.

Business combinations

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. During the year ended December 31, 2019, the Group completed the acquisitions of the physical and intangible assets of Score-Up and Credit Meds (Note 6) and concluded that each of the transactions did not qualify as business combinations under IFRS 3, “Business Combinations.”

(Presented in Canadian Dollars)

4. ACQUISITION OF TPFM AND TPF

On July 1, 2016, Marble acquired 100% of the outstanding voting common shares of TPFM, 100% of the outstanding non-voting common shares of TPF and 40% of the outstanding voting preferred shares of TPF and recognized the transactions as business combinations. As consideration, Marble issued 10,000,000 common shares and paid $700,000. On March 21, 2019, the Group acquired the remaining 60% of the outstanding voting preferred shares of TPF for a nominal amount which was included in comprehensive loss.

5. ACQUISITION OF SCORE-UP AND CREDIT MEDS

On August 1, 2019, the Group acquired 100% of the issued and outstanding shares of each of Score-Up Inc. (“Score-Up”) and Credit Meds Corp (“Credit Meds”), two privately held Canadian corporations. In consideration for the outstanding shares, the Group paid cash consideration of $60,000 for the shares of Credit Meds and issued 590,459 common shares (Note 13) for the shares of Score-Up. Both transactions were accounted for as asset acquisitions.

Score-Up

Score-Up is a proprietary software platform that employs scientific analytical mathematical software based on rigorous credit weight algorithms, analyzing an individual's credit data, financial information, and behavioral patterns to identify where the greatest positive impact can be achieved on a specific credit file. The software assesses an electronic version of the consumer's credit report and furnishes specific recommendations to improve credit scores to achieve the desired score needed for credit approval and wellness. The acquisition of the Score-Up platform will provide the Group, referring partners, and their clients the ability to implement specific action plans designed and tailored to achieve a consumer's unique credit and financial goals and lifestyle. The purchase price of $118,092 has been allocated as follows:

Purchase price consideration		
Value of 590,459 common shares issued at $0.20	$	118,092
Assets acquired and liabilities assumed		
Accounts receivable		4,252
Intangible assets		206,520
Right-of-use assets		26,668
Loans payable		(92,680)
Lease liabilities		(26,668)
	$	118,092

Accounts receivable includes HST receivable. Score-Up’s intangible assets comprise its proprietary software platform and will be amortized over a 10-year term. The Group incurred additional fees of $40,373 upon acquisition of Score-Up to develop the intangible asset, which have been included in current period additions (Note 9). Right-of-use assets and lease liabilities comprise an office lease with a term of 15 months that has been discounted using an incremental borrowing rate of 10% per annum (Notes 8 and 12).

Loans payable assumed consists of two business development loans in the amounts of $26,000 and $66,680. Each loan bears interest at 8.05% per annum. 60 monthly payments inclusive of principal and interest on the $26,000 loan commenced on August 10, 2019, with the final payment due on October 10, 2024. The loan with remaining value of $66,680 had an original principal of $100,000 and has 40 remaining payments at the date of acquisition, with the final payment due on November 10, 2022. During the year ended December 31, 2019, the Group made aggregate payments on the loans in the amount of $12,406 inclusive of interest of $3,011. A continuity of the loans payable is as follows:

(Presented in Canadian Dollars)

6. ACQUISITION OF SCORE-UP AND CREDIT MEDS *(cont'd…)*

		December 31, 2019
Opening balance	$	-
Loans assumed on acquisition of Score-Up		92,680
Payments		(12,406)
Interest		3,011
		83,285
Loans payable, current portion		(25,164)
Loans payable, non-current portion	$	58,121

Credit-Meds

Credit Meds is a front-end diagnostic tool that will allow the Group to assess the financial health of a consumer and provide the appropriate prescription and recommendations towards financial wellness and recovery. The purchase price of $60,000 has been allocated as follows:

Purchase price consideration		
Cash	$	60,000
Assets acquired and liabilities assumed		
Intangible assets		60,000
	$	60,000

The intangible assets acquired include the intellectual property related to the financial health diagnostic tool which will be amortized over a 10-year term (Note 9). As at December 31, 2019, the asset is not yet in use and amortization has not commenced.

7. LOANS RECEIVABLE

The Group provides loans to consumer debtors who meet the Group's evaluation criteria and who will use the borrowed funds to settle debts under formal or informal debt restructuring plans agreed upon by the creditors of the consumer debtors. Previously, most of the Group's consumer debtors were identified in collaboration with 4 Pillars; in the 2019 fiscal year, the majority of consumer debtors were identified in collaboration with other industry partners who have been disclosed during the period. The majority of the loans provided are unsecured. The loans receivable generally bear interest between 18.99% and 24.99% and mature between three and seven years.

(Presented in Canadian Dollars)

7. LOANS RECEIVABLE *(cont'd…)*

Loans receivable

	December 31, 2019	December 31, 2018
Personal	$ 3,369,313	$ 2,593,999
Mortgages	14,984	82,740
Less: allowance for impairment losses	(235,983)	(73,009)
Total loans receivable, net of allowance for credit losses	3,148,314	2,603,730
Interest receivable	(58,083)	(62,480)
Loans receivable, current portion	(718,128)	(502,721)
Loans receivable – non-current portion	$ 2,372,103	$ 2,038,529

Reconciliation of allowance for credit losses

	December 31, 2019	December 31, 2018
Balance, beginning of the year	$ 73,009	$ 228,320
Loans receivable written-off	(92,839)	(238,504)
Change in provision for impairment losses	156,584	-
Recoveries of loans receivable previously written-off	99,229	83,193
Balance, end of the year	$ 235,983	$ 73,009
Individual loan allowance	$ -	$ 37,705
Collective loan allowance	235,983	35,304
	$ 235,983	$ 73,009

The Group makes estimates of expected loan impairment losses based on past experience regarding losses, and an ongoing assessment of the market and of individual loans. The allowance is maintained at a level that the Group considers adequate to absorb credit-related losses. The allowance for loan impairment losses of $235,983 represents 6.97% of the Group's outstanding loan balance at December 31, 2019.

A loan receivable is considered individually impaired when a consumer debtor has not made a payment by the contractual due date and the consumer debtor has declared bankruptcy or applied for a consumer protection, or the Group has sent the loan receivable to an external collection agency for collections.

Loans receivable that are written-off are first recovered through a draw-down of the forbearance contingency, limited to the total funds available in the forbearance contingency. During the year ended December 31, 2019, the Group recognized payments on loans receivable of $99,229 related to its forbearance contingency. The full amount has been applied against the bad debt expense for the year.

Loans receivable past due but not impaired

A loan receivable is considered past due when a payment had not been received by the contractual due date. The following table presents the carrying values of loans that are past due but not classified as impaired because: (i) the Group is in continuous contact with the consumer debtor and the Group and the consumer debtor have established an appropriate repayment plan, or (ii) the loan receivable is secured and the fair value of the collateral is sufficient to cover the carrying value of the loan receivable.

(Presented in Canadian Dollars)

7. LOANS RECEIVABLE *(cont'd…)*

Loans receivable past due but not impaired *(cont'd…)*

Loans receivable that are past due but not impaired at December 31, 2019 and December 31, 2018 are as follows:

December 31, 2019	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Personal	$ -	$ -	$ 281,601	$ 281,601
Total past due, but not impaired	$ -	$ -	$ 281,601	$ 281,601

December 31, 2018	**30-60 days**	**61-90 days**	**Over 90 days**	**Total**
Personal	$ -	$ -	$ 228,731	$ 228,731
Total past due, but not impaired	$ -	$ -	$ 228,731	$ 228,731

Contractual maturities

	Under 1 year	**1-5 years**	**Over 5 years**	**Total**
Unsecured personal loans	$ 835,540	$ 2,311,040	$ 222,733	$ 3,369,313
Mortgages	6,173	8,305	506	14,984
Total loans receivable	841,713	2,319,345	223,239	3,384,297
Less: allowance for credit losses				(235,983)
Net loans receivable				$ 3,148,314

8. OFFICE FURNITURE, EQUIPMENT, AND RIGHT-OF-USE ASSETS

	Leasehold Improvement	Right-of-use assets	Furniture	Computers	Total
Cost					
December 31, 2017	$ 5,404	$ -	$ 15,812	$ 13,335	$ 34,551
Additions	-	-	-	-	-
December 31, 2018	5,404	-	15,812	13,335	34,551
Additions	-	510,637	15,414	8,715	534,766
December 31, 2019	$ 5,404	$ 510,637	$ 31,226	$ 22,050	$ 569,317
Accumulated Amortization					
December 31, 2017	$ 5,404	$ -	$ 7,872	$ 11,115	$ 24,391
Amortization	-	-	1,946	1,611	3,557
December 31, 2018	5,404	-	9,818	12,726	27,948
Amortization	-	62,664	2,859	2,732	68,255
December 31, 2019	$ 5,404	$ 62,664	$ 12,677	$ 15,458	$ 96,203
Carrying values					
December 31, 2018	$ -	$ -	$ 5,994	$ 609	$ 6,603
December 31, 2019	$ -	$ 447,973	$ 18,549	$ 6,592	$ 473,114

(Presented in Canadian Dollars)

9. INTANGIBLE ASSETS

	Internally generated software	Score-Up platform	Credit Meds software	Trademark	Total
Cost					
December 31, 2017	$ 302,629	$ -	$ -	$ 17,567	$ 320,196
Internal development	85,555	-	-	-	85,555
December 31, 2018	388,184	-	-	17,567	405,751
Internal development	20,900	-	-	-	20,900
Acquisition	-	246,893	60,000	-	306,893
December 31, 2019	$ 409,084	$ 246,893	$ 60,000	$ 17,567	$ 733,544
Accumulated Amortization					
December 31, 2017 and 2018	$ -	$ -	$ -	$ -	$ -
Amortization	30,681	10,287	-	-	40,968
December 31, 2019	$ 30,681	$ 10,287	$ -	$ -	$ 40,968
Carrying values					
December 31, 2018	$ 388,184	$ -	$ -	$ 17,567	$ 405,751
December 31, 2019	$ 378,403	$ 236,606	$ 60,000	$ 17,567	$ 692,576

Trademarks are assessed as having an indefinite useful life because they do not expire and the Group expects to continue to benefit from their use.

10. PROMISSORY NOTES

	December 31, 2019	**December 31, 2018**
$50,000 promissory note	$ -	$ 50,000
$150,000 promissory note	-	150,000
	$ -	$ 200,000

The $50,000 promissory note issued to a third party carried interest at 8% compounded monthly and was payable in full upon the Group completing its initial public offering and being called for trading on the Canadian Stock Exchange.

On December 24, 2018, the Group entered into a loan agreement with the agent for the initial public offering to borrow $150,000, repayable at the earlier of December 24, 2019 and the completion of the initial public offering. An administrative fee of $3,000 and accrued interest on the principal amount at the rate of 10% per annum were both due and payable at the time of repayment of the principal amount, in each case payable at the option of the lender in cash or common shares at a deemed price of $0.20 per share. In recognition of the unsecured nature of the loan, the Group also agreed to issue a bonus of 150,000 common shares at a deemed price of $0.20 per share, which were issued to the lender on January 14, 2019 (Note 13).

On March 20, 2019, the Group repaid the $150,000 promissory note from the agent and on April 23, 2019, the Group repaid the $50,000 promissory note from the third party.

(Presented in Canadian Dollars)

11. BONDS

		December 31, 2019		December 31, 2018
10% bonds – original offering (Note 11(a))	$	650,503	$	623,918
10% bonds – amended (Note 11(b))		3,555,585		3,541,763
10% bonds – new offering (Note 11(b))		250,000		250,000
9% bonds – new offering (Note 11(c))		776,288		898,280
8% bonds – new offering (Note 11(c))		67,579		137,151
Total bonds, net of associated transaction costs		5,299,955		5,451,112
Bonds payable – current		(978,434)		(618,434)
Bonds payable – non-current	$	4,321,521	$	4,832,678

a) 10% bonds – original offering

During previous years, the Group had issued an offering memoranda (the "Original Offering") for unsecured bonds of up to a maximum of 15,000 bonds at a price of $1,000 per bond, for expected total gross proceeds of $15,000,000. The minimum Original Offering of 150 bonds at a price of $1,000 per bond, for total gross proceeds of $150,000 had been reached. The Original Offering was closed on July 15, 2016 when the New Offering commenced (Note 11(c)).

At the time of purchase, subscribers elected one of the following options with respect to the 10% interest payable on the bonds:

- a bond which entitled the holder to 10% simple interest per annum, payable quarterly at the equivalent quarterly rate of 2.5% within fifteen (15) business days of March 15, June 15, September 15 and December 15 of each year during the term of the bond; or
- a bond which entitled the holder thereof to 10% compound interest calculated annually and payable on the date the bonds are redeemed by the Group in accordance with the terms of the Original Offering.

The Group or the bondholder could have provided written notice on or before August 31, 2018 (the "First 10% Redemption Notice"), of their intention to redeem some or all of the bonds, which would then have been redeemed on November 30, 2018 (the "First 10% Maturity Date"). In the absence of written notice from the bondholder on or before August 31, 2018, the bonds shall mature on November 30, 2023 (the "Second 10% Maturity Date").

Subject to (i) an annual maximum redemption limit of 10% of the bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Group, any individual bondholder may request redemption of some or all of their bonds by providing 90 days prior written notice (the "Early Redemption Notice"). Bondholders who redeem some or all of their bonds prior to the First and/or Second 10% Maturity Dates are subject to the following redemption fees:

- Early Redemption Notice received prior to November 30, 2014 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2014 and November 30, 2015 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2015 and November 30, 2016 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2016 and November 30, 2017 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Group.

11. BONDS *(cont'd…)*

a) **10% bonds – original offering** *(cont'd…)*

- Early Redemption Notice received between December 1, 2017 and November 30, 2018 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Group, except where a Bondholder's request is in accordance with the Redemption Notice specified above.
- Early Redemption Notice received between December 1, 2018 and November 30, 2019 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2019 and November 30, 2020 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2020 and November 30, 2021 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2021 and November 30, 2022 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received between December 1, 2022 and November 29, 2023 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Group.

Redemption fees are deducted by the Group from the redemption amount to be paid to the bondholder.

During the year ended December 31, 2019, the Corporation did not redeem any bonds under the Original Offering.

b) 10% and 8% bonds – amendment

On November 15, 2018, the Group amended the terms of 10% bonds (Note 11(a)) with a total principal value of $3.08 million and 8% bonds (Note 11(c)) with a total principal value of $415,000. The maturity date of the bonds has been extended from November 30, 2018 to November 30, 2023, and principal repayments will be made in 16 equal instalments, payable on the 15th day of March, June, September and December of each year beginning on March 15, 2020. Interest on the outstanding principal of the 10% bonds shall accrue at 10% simple interest per annum and become due on a quarterly basis, beginning in December 15, 2018. On November 15, 2018, the Group further amended the repayment of interest to commence on March 15, 2019. Interest on the outstanding principal of the 8% bonds shall be paid on a monthly basis.

The amendments of the bond terms became effective on March 21, 2019 when the initial public offering was completed and the Corporation became a reporting issuer.

The Group further issued $250,000 in bonds with the same terms as the amended bonds on June 26, 2018.

c) 8% and 9% bonds – new offering

On July 15, 2016, the Group issued a new offering memorandum (the "New Offering") for the issue of a maximum of 50,000 unsecured bonds, at a price of $1,000 per bond, for expected total gross proceeds of $50,000,000 and comprising of 1 year 8% bonds and 3 year 9% bonds. The 8% bonds will be redeemed on the first anniversary of the date of issue to the bondholder (the "First 8% Maturity Date") and the 9% bonds will be redeemed on the third anniversary of the date of issue to the bondholder (the "First 9% Maturity Date").

At the time of purchase, the subscribers elected one of the following two options with respect to the 8% or 9% interest payable on the bonds:

11. BONDS *(cont'd…)*

c) 8% and 9% bonds – new offering *(cont'd…)*

- the bond will entitle the holder to 8% or 9% simple interest per annum, payable monthly at the equivalent monthly rate of 0.67% or 0.75%, respectively, within fifteen (15) business days of the end of each month, during the term of the bond; or
- the bond will entitle the holder thereof to 8% or 9% compound interest calculated annually and payable on the date the bond is redeemed by the Group in accordance with the terms of the New Offering.

The bondholder may provide written notice at least 90 days prior to the First 8% Maturity Date or the First 9% Maturity Date (the "First 8% or 9% Redemption Notice"), of their intention to redeem some or all of the bonds, which will then be redeemed on the First 8% Maturity Date or the First 9% Maturity date. In the absence of written notice from the bondholder at least 90 days prior to the First 8% Maturity Date or the First 9% Maturity Date, the bonds shall mature on the following dates:

- in the case of the 8% bonds, on the next occurring anniversary of the First 8% Maturity Date if at least 90 days prior to such anniversary a redemption notice has been delivered (the "Subsequent 8% Maturity Date"); and
- in the case of the 9% bonds, on the third anniversary of the First 9% Maturity Date (the "Second 9% Maturity Date").

On each Subsequent 8% Maturity Date and the Second 9% Maturity Date, the Group shall redeem all 8% bonds that have not been reinvested (that is, where the maturity date has not been extended) and all 9% bonds, respectively, outstanding on that date by payment of the principal amount of the bonds and all accrued and unpaid interest thereon. Subject to (i) an annual maximum redemption limit of 10% of the bonds outstanding as of the last day of the previous calendar year, and (ii) cash flow of the Group and of TPFM, any individual bondholder may request redemption of some or all of their bonds by providing 90 days prior written notice (the "Early Redemption Notice").

8% bondholders who redeem some or all of their bonds prior to the First and/or Subsequent 8% Maturity Date are subject to a redemption fee equal to 2.5% of the principal amount of the bonds being redeemed by the Group.

9% bondholders who redeem some or all of their bonds prior to the First and/or Second 9% Maturity Date are subject to the following redemption fees:

- Early Redemption Notice received prior to the first anniversary date the bond was issued – a redemption fee equal to 6% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received on or after the first anniversary, but prior to the second anniversary, of the date the bond was issued – a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received on or after the second anniversary, but prior to the third anniversary, of the date the bond was issued – a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Group. Except where a bondholder's request is in accordance with the First 8% or 9% Redemption Notice specific above (for redemption of the First 9% Maturity Date).
- Early Redemption Notice received on or after the third anniversary, but prior to the fourth anniversary, of the date the bond was issued – a redemption fee equal to 6% of the principal amount of the bonds being redeemed by the Group.
- Early Redemption Notice received on or after the fourth anniversary, but prior to the fifth anniversary, of the date the bond was issued – a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Group.

(Presented in Canadian Dollars)

11. BONDS *(cont'd…)*

c) 8% and 9% bonds – new offering *(cont'd…)*

- Early Redemption Notice received on or after the fifth anniversary, but prior to the sixth anniversary, of the date the bond was issued – a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Group.

Redemption fees are deducted by the Group from the redemption amount to be paid to the bondholder.

During the year ended December 31, 2019, the Group redeemed 8% bonds with aggregate principals of $67,000 for $72,473 inclusive of interest. The Group redeemed 9% bonds with aggregate principals of $146,000 for $163,933 inclusive of interest.

12. LEASE LIABILITIES

During the year ended December 31, 2019, the Group entered into a new head office lease and acquired a lease through the acquisition of Score-Up. The following summarizes the undiscounted minimum lease payments under the lease liabilities:

Fiscal year		**Payment**
2020	$	203,164
2021		187,693
2022		126,779
Amount representing future lease accretion		(60,218)
		457,418
Lease liabilities, current portion		(166,568)
Lease liabilities, non-current portion	$	290,850

The following is a reconciliation of the changes in the lease liabilities:

		December 31, 2019
Opening balance	$	-
Additions on adoption of IFRS 16		510,637
Lease accretion		16,048
Payments		(69,267)
Lease liabilities	$	457,418

13. SHARE CAPITAL

Authorized share capital

- An unlimited number of common shares without par value.
- An unlimited number of preferred shares without par value. As at December 31, 2019, no preferred shares have been issued.

13. SHARE CAPITAL *(cont'd…)*

Issued share capital

During the year ended December 31, 2019, the Group had the following share issuances:

a) On January 14, 2019 the Group completed a private placement of 80,000 units at a price of $0.15 per unit. Each unit consists of one common share and one-half of one of a common share purchase warrant. Each full warrant entitles the holder to purchase one common share for a period of one year from issuance at price of $0.30 per common share;

b) On January 14, 2019, the Group issued 150,000 common shares with a fair value of $0.20 per common share in satisfaction of bonus shares issuable on the $150,000 promissory note (Note 10);

c) The Group filed a prospectus with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario for, subject to regulatory approval, 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 (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 one year 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 the initial public offering by selling 17,500,000 units for $0.20 per unit raising $3,500,000 gross proceeds. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant and $0.35 can purchase one common share for a period of one year from issuance. In connection with the issuance, the Group paid $515,900 in share issuance costs and granted a total of 1,575,000 agents' options, each exercisable for a period of one year at a price of $0.20. The agents' options have an estimated fair value of $98,763 using the Black-Scholes pricing model using a share price of $0.20, expected life of one year, a volatility of 80%; a risk-free interest rate of 0.78% and the Group doesn't expect to pay dividends.

d) In July 2019, the Group issued an aggregate of 731,416 common shares with a fair value of $0.17 per common share for a total of $124,341 in satisfaction of payment to various consultants for the provision of services. Included in the issuance was 195,000 common shares to the Group's current Chief Executive Officer for services valued at $33,150 and 100,000 common shares to a former Director for services valued at $17,000;

e) On August 2, 2019, the Group issued 590,459 common shares with a fair value of $0.20 per common share for a total of $118,092 on the acquisition of 100% of the issued and outstanding shares of Score-Up (Note 6); and

f) On November 6, 2019, the Group issued 750,000 common shares to two subscribers from a May 2016 private placement who, through a previous error, did not receive their shares. The issuance of the 750,000 common shares did not have an impact on the Company's share capital.

(Presented in Canadian Dollars)

13. SHARE CAPITAL *(cont'd…)*

Stock options

The Group has a stock option plan under which it is authorized to grant options for the acquisition of its common shares to directors, employees and consultants up to a maximum of 10% of the issued and outstanding common shares of the Group at the time the plan was adopted. The exercise price shall not be less than the market price of the Group's shares as at the grant date. The options may be granted for a maximum term of five years. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest fully upon the expiry of the hold period of four months from the grant date unless otherwise determined by the board of directors. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of twelve months.

During the year ended December 31, 2019, the Group granted 6,400,000 stock options (year ended December 31, 2018 – nil). The weighted average fair value of the options granted during the year ended December 31, 2019 was approximately $0.10 per option. The fair value was estimated using the Black-Scholes option pricing model using the following weighted average inputs:

	December 31, 2019	December 31, 2018
Risk-free interest rate	0.97%	N/A
Expected volatility	80%	N/A
Expected dividends	0%	N/A
Expected life	2.5 years	N/A
Grant date share price	$ 0.21	N/A

For the year ended December 31, 2019, the Group recognized $250,872 (2018 - $nil) as share-based payments on the consolidated statements of loss and comprehensive loss for options granted and vested and will recognize the remaining expenses of $225,421 over the remaining vesting period.

Stock option activity for the year ended December 31, 2019 is as follows:

	Number of stock options	Weighted Average Exercise Price
Balance, December 31, 2017 and 2018	200,000	$ 0.05
Granted	6,400,000	0.20
Exercised	(200,000)	0.05
Balance, December 31, 2019	6,400,000	$ 0.20
Exercisable, December 31, 2019	2,781,250	$ 0.20

The weighted average share price on the date of exercise for options exercised during the year ended December 31, 2019 was $XX. The weighted average remaining contractual life of the options is 3.36 years. Details of stock options outstanding are as follows:

(Presented in Canadian Dollars)

13. SHARE CAPITAL *(cont'd…)*

Stock options *(cont'd…)*

Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
March 20, 2020(1)	$ 0.20	1,575,000	1,575,000
March 20, 2024(2)	$ 0.20	3,500,000	875,000
September 24, 2024	$ 0.25	500,000	125,000
November 1, 2024(3)	$ 0.21	475,000	118,750
December 3, 2024	$ 0.21	250,000	62,500
December 30, 2024	$ 0.20	100,000	25,000
		6,400,000	2,781,250

(1) subsequent to the year ended December 31, 2019, all of these options expired unexercised.
(2) subsequent to the year ended December 31, 2019, 450,000 of these options were cancelled.
(3) subsequent to the year ended December 31, 2019, 225,000 of these options were cancelled.

Warrants

Warrant activity for the year ended December 31, 2019 is as follows:

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2018	1,294,911	$ 0.30
Granted	8,790,000	0.35
Expired / Cancelled	(1,294,911)	0.30
Balance, December 31, 2019	8,790,000	$ 0.35
Exercisable, December 31, 2019	8,790,000	$ 0.35

The weighted average remaining contractual life of the warrants is 0.22 years. Details of warrants outstanding are as follows:

Expiry Date	Exercise Price	Number Outstanding	Number Exercisable
January 14, 2020(1)	$ 0.30	40,000	40,000
March 20, 2020(1)	$ 0.35	8,750,000	8,750,000
		8,790,000	8,790,000

(1) Subsequent to the year ended December 31, 2019, all of these warrants expired unexercised.

14. RELATED PARTY TRANSACTIONS

Related parties of the Group include key management personnel, companies controlled by key management personnel and close family members of key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group. Key management personnel are composed of the board of directors and executive leadership team.

(Presented in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS *(cont'd…)*

Compensation

Salaries and other short-term employee benefits paid to the Group's key management personnel were $90,682 for the year ended December 31, 2019 (December 31, 2018 - $59,868).

Consulting fees

Consulting fees paid to the Group's key management personnel and companies controlled by current and former key management personnel were $362,699 for the year ended December 31, 2019 (December 31, 2018 - $269,987). As at December 31, 2019, accounts payable and accrued liabilities included $nil (December 31, 2018 - $273,738) owing to key management personnel and companies controlled by key management personnel.

Share purchase option plan

Related parties are participating in the Group's share purchase option plan. See Note 13 for information on the plan. Included in the net comprehensive loss for the year ended December 31, 2019 is $132,072 (December 31, 2018 - $nil) related to the fair value of options vested for key management personnel.

15. INCOME TAXES

a. Deferred tax assets and liabilities

	December 31, 2019	December 31, 2018
Deferred tax assets		
Allowance for credit losses	$ 61,736	$ 18,982
Office furniture, equipment, and right-of-use assets	-	8,446
Deferred financing expenses	26,040	41,704
Share issuance costs	132,767	-
Lease liabilities	123,503	
Other	54,498	25,960
Tax loss carry forwards	1,702,079	876,245
Deferred tax liabilities		
Office furniture, equipment, and right-of-use assets	(110,673)	-
Intangible assets	(182,137)	(100,817)
Net deferred tax assets	1,807,813	870,520
Unrecognized deferred tax assets	(1,807,813)	(870,520)
Total	$ -	$ -

(Presented in Canadian Dollars)

15. INCOME TAXES

b. Reconciliation to statutory tax rate

	December 31, 2019	December 31, 2018
Net losses before income taxes	$ (3,151,646)	$ (1,215,257)
Combined federal and provincial statutory income tax rates	27%	27%
Recovery of income taxes based on combined statutory income tax rates	850,944	328,119
Adjustments:		
Non-deductible items	(106,121)	(17,646)
Net effect of deductible (taxable) items	47,309	15,766
Effect of current period losses not recognized	(792,132)	(326,239)
Total	$ -	$ -

c. Unused tax losses

At December 31, 2019, the Group had unused non-capital tax losses of $6,304,000 (2018 - $3,369,000) and unused capital losses of $80,000 (2018 - $80,000) that are available to offset against potential tax adjustments or future taxable income and were not recognized as deferred tax assets. The unused non-capital tax losses will expire between 2034 and 2039 and the unused capital tax losses do not expire.

16. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to pursue the lending of loans to consumer debtors and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Group considers its capital for this purpose to be its shareholders' deficiency and bonds.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Group prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Group does not pay out dividends.

17. RISK MANAGEMENT FRAMEWORK

The Group's risk management policies are established by the Board of Directors to set appropriate risk tolerance limits. Management's responsibility is to identify and analyze the risks faced by the Group and to monitor risks and adherence to limits and implement controls. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and changes in the performance of the loans receivable.

The Group issues various fixed rate bonds to bondholders and seeks to earn an interest rate margin by investing these funds in loans receivable from consumer debtors. The Group's principal business activity results in a consolidated statement of financial position that consists primarily of financial instruments. The primary types of financial risk which arise from the Group's activities are credit risk, liquidity risk and market risk.

(Presented in Canadian Dollars)

17. RISK MANAGEMENT FRAMEWORK

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group is exposed to this risk through its cash held at a financial institution, interest receivable, loans receivable and other receivables. For these financial assets recognized on the consolidated statement of financial position, the maximum exposure to credit risk is their carrying amount.

The Group's cash is held at a reputable Canadian financial institution. The Group has not experienced any loss on these accounts, although the balances in the accounts may exceed the insurable limits. The Group considers credit risk from cash to be minimal.

The Group's interest receivable and loans receivable are receivable from its consumer debtors. The Group's primary business activity is to provide loans to high risk individual borrowers under consumer proposals. The Group attempts to mitigate the credit risk from its consumer debtors by performing a due diligence process on the consumer debtors prior to funding loans. Consumer debtors are referred to the Group by various industry partners, which screen potential consumer debtors for their ability and willingness to repay their obligations and avoid bankruptcy. In addition, the Group will perform additional due diligence work which includes, but is not limited to, verifying income, monthly expenditures, assets and liabilities of the consumer debtors. In addition, after the initial loan receivable is provided to the consumer debtor the Group will continuously monitor the loan receivable. Certain of the Group's loans receivable are secured by vehicles and general security agreements over all of the current and after-acquired assets of the consumer debtor.

Concentration of credit risk exists as the majority of the consumer debtors have comparable geographical and economic characteristics. Consumer debtors are primarily considered high risk individual borrowers and reside in Canada.

Liquidity risk

Liquidity risk describes the risk that the Group will not be able to meet its current and future cash flow needs, both expected and unexpected, without materially affecting its daily operations or overall financial condition. The Group manages liquidity risk through the management of its capital structure as outlined in Note 16.

Cash flows payable under financial liabilities by remaining contractual maturities at December 31, 2019 are:

	Less than 3 months	Between 3 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Greater than 5 years	Total
Accounts payable and accrued liabilities	$ 420,525	$ -	$ -	$ -	$ -	$ 420,525
Interest payable	21,457	-	-	-	-	21,457
Lease liabilities	44,060	122,508	168,696	122,154	-	457,418
Loans payable	6,291	18,873	25,164	32,957	-	83,285
Bonds	269,393	709,041	1,261,665	3,059,856	-	5,299,955
	$ 761,726	$ 852,826	$1,453,121	$3,214,967	$ -	$6,282,640

(Presented in Canadian Dollars)

17. RISK MANAGEMENT FRAMEWORK

Market Risk

In the normal course of its operations, the Group engages in transactions that give rise to market risk. Market risk is the risk of uncertainty arising from possible market price movements and their impact on the future performance of the Group. Market price movements could adversely affect the value of the Group's financial assets and expected future cash flows. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return for a given level of risk.

The Group's financial instruments are all fixed-rate financial assets or financial liabilities. Therefore, the Group considers its exposure to interest rate risk to be minimal.

18. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2019, the Group had the following non-cash transactions:

a) $98,763 related to the fair value of agents' options issued was recognized as share issuance costs;
b) $118,092 related to the issuance of 590,459 common shares on the acquisition of Score-Up; and
c) $510,638 recognized in lease liabilities and right-of-use assets on the commencement of a new office lease.

There were no non-cash transactions for the year ended December 31, 2018.

19. RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Liabilities arising from financing activities include bonds issued, interest included in bond payable, bond transaction costs capitalized, promissory notes, lease liabilities, and loans payable. A reconciliation of the changes in these liabilities are:

	December 31, 2019	December 31, 2018
Balance, beginning of the year	$ 5,673,801	$ 5,533,098
Changes from financing cash flows		
Promissory notes (net)	(200,000)	20,000
Proceeds from bond issuance	-	277,000
Lease payments	(69,267)	-
Loan payments made	(12,406)	-
Redemption of bonds	(236,406)	(246,000)
Other changes		
Compound interest accrued to bond payable	72,118	26,967
Loan assumed on acquisition of Score-Up	92,680	-
Interest on loans payable	3,011	-
Additions to lease liabilities	510,637	-
Lease accretion	16,048	-
Unearned revenue	18,619	-
Interest payable	(1,232)	-
Amortization of bond transaction costs	13,131	62,736
Balance, end of the year	$ 5,880,734	$ 5,673,801

20. EVENTS AFTER THE REPORTING PERIOD

Subsequent to December 31, 2019, the Group:

a) granted 450,000 stock options with an exercise price of $0.20 and life of five years to various officers and employees of the Company;

b) granted 100,000 restricted share units (each, an “RSU”) to a consultant. RSUs vest 25% on May 28, 2020, and 25% each three months thereafter; and

c) closed an offering of convertible debentures (the “Debentures) in the amount of $400,000. The Debentures have a one-year term and accrue interest at a simple rate of 12% per annum, payable quarterly. The principal amount of the Debentures and all accrued, but unpaid, interest are convertible at the option of the holder into common shares of the Group at a price of 0.30 per common share. If the Group’s common shares trade or close on the Exchange at $0.45 or higher for a period of 10 consecutive trading days, the Group has the option to force the conversion of the Debentures and all accrued but unpaid interest into common shares of the Group at a price of $0.30 per share. The Debentures and any conversion shares are subject to a statutory hold period expiring July 17, 2020. The Group has also received an additional $160,000 in proceeds towards convertible debentures that have not closed as at the date of this report.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Currently, it is not possible for the Group to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Group’s business or ability to raise funds. However, weak economic conditions may affect the financial condition and credit worthiness of some of the Group’s consumer debtors. Accordingly, for the period ended December 31, 2019, the Group has increased its expected allowance for bad debts as compared to the prior year.