Consolidated Financial Statements of

DEALNET CAPITAL CORP.

And Independent Auditors' Report thereon

Years ended December 31, 2019 and 2018

MANAGEMENT'S REPORT ON
THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Dealnet Capital Corp. have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and contain estimates based on management's judgment. Management maintains a system of internal controls adequate to provide reasonable assurance that transactions are authorized, assets are safeguarded and accounting records are adequately maintained. The controls include quality standards in hiring and training of employees, written policies, authorized limits for managers, and corporate code of conduct and ethics.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, which consists of three independent directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present. KPMG LLP has audited these consolidated financial statements and their report follows.

"Brent Houlden"	*"Michael Koshan"*
Brent Houlden	Michael Koshan
President and Chief Executive Officer	Chief Financial Officer
April 3, 2020	April 3, 2020

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Dealnet Capital Corp.

Opinion

We have audited the consolidated financial statements of Dealnet Capital Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and December 31, 2018
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 2(c) in the financial statements, which indicates that the Entity incurred a net loss of $1,783 and negative cash flows from operations of $1,896 during the year ended December 31, 2019 and that there is a material uncertainty as to whether sufficient liquidity and financing needed for the Entity's on-going operations will be available to the Entity.

As stated in Note 2(c) in the financial statements, these events or conditions, along with other matters as set forth in Note 2(c) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity'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. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Steven Watts.

Toronto, Canada

April 3, 2020

DEALNET CAPITAL CORP.

Consolidated Statements of Financial Position
(Expressed in thousands of dollars)

As at December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents (note 7)	$ 5,798	$ 8,684
Restricted cash (notes 14(a) and 15)	15,936	13,217
Trade receivables, net of allowance (note 8)	1,280	523
Finance receivables, net (note 9)	201,740	182,826
Other assets (note 10)	5,135	5,051
Property and equipment, net (note 11)	1,355	580
Intangible assets, net (note 12)	1,312	1,105
	$ 232,556	$ 211,986
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and other liabilities (note 13)	$ 2,968	$ 3,886
Debentures, notes payable and other financial debt (note 14)	22,970	23,825
Secured borrowings (note 15)	171,977	148,263
	197,915	175,974
Shareholders' equity:		
Share capital (note 18)	71,123	71,123
Contributed surplus	7,189	6,747
Accumulated other comprehensive loss	(83)	(53)
Deficit	(43,588)	(41,805)
	34,641	36,012
	$ 232,556	$ 211,986

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"Harold Bridge"
Harold Bridge, Chairman

"Brent Houlden"
Brent Houlden, President and Chief Executive Officer

DEALNET CAPITAL CORP.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

Years ended December 31, 2019 and 2018

	2019	2018
Consumer finance:		
Interest income	$ 17,211	$ 15,361
Interest expense	9,366	7,889
	7,845	7,472
Fee and ancillary revenue	3,054	2,224
Direct expense	(1,088)	(1,399)
Provision for credit losses	(1,272)	(453)
	694	372
Finance income	8,539	7,844
Call Centre:		
Revenue	9,528	10,215
Cost of sales	6,133	7,363
	3,395	2,852
Gross profit	11,934	10,696
Operating expenses:		
Salaries, wages and benefits	7,735	9,454
General and administrative	4,095	4,520
Finance costs, net (note 21)	119	3,041
Depreciation and amortization (notes 11 and 12)	1,324	764
Share-based compensation (note 19)	444	275
Loss on loss of control of subsidiaries (note 1)	–	1,422
	13,717	19,476
Loss from continuing operations	(1,783)	(8,780)
Income from discontinued operations, net of tax (note 6)	–	25,619
Net income (loss)	(1,783)	16,839
Other comprehensive income (loss):		
Foreign currency translation	(30)	6
Net income (loss) and comprehensive income (loss)	$ (1,813)	$ 16,845
Income (loss) per common share, basic and diluted	$ (0.01)	$ 0.06
Continuing operations	(0.01)	(0.03)
Discontinued operations	0.00	0.09
Weighted average number of common shares outstanding (000s)	282,528	282,887

See accompanying notes to consolidated financial statements.

DEALNET CAPITAL CORP.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in thousands of dollars, unless otherwise stated)

Years ended December 31, 2019 and 2018

	Share capital (note 18)								
	Number		Value				Accumulated other		
	Preferred shares (000s)	Common shares (000s)	Preferred shares	Common shares	Shares to be issued	Contributed surplus	comprehensive income (loss)	Deficit	Total
Balance as at December 31, 2017	–	281,224	$ –	$ 71,473	$ 300	$ 6,474	$ (59)	$ (58,338)	$ 19,850
Adjustment on initial adoption of IFRS 9[(1)]	–	–	–	–	–	–	–	(306)	(306)
Adjusted balance as at January 1, 2018	–	281,224	–	71,473	300	6,474	(59)	(58,644)	19,544
Issuance of shares (note 18)	11	2,777	267	298	(300)	–	–	–	265
Redemption/cancellation of shares	(11)	(1,473)	(267)	(648)	–	–	–	–	(915)
Share-based compensation (note 19)	–	–	–	–	–	273	–	–	273
Other comprehensive income	–	–	–	–	–	–	6	–	6
Net income for the year	–	–	–	–	–	–	–	16,839	16,839
Balance as at December 31, 2018	–	282,528	–	71,123	–	6,747	(53)	(41,805)	36,012
Share-based compensation (note 19)	–	–	–	–	–	442	–	–	442
Other comprehensive loss	–	–	–	–	–	–	(30)	–	(30)
Net loss for the year	–	–	–	–	–	–	–	(1,783)	(1,783)
Balance as at December 31, 2019	–	282,528	$ –	$ 71,123	$ –	$ 7,189	$ (83)	$ (43,588)	$ 34,641

[1]The Company adopted IFRS 9 effective January 1, 2018. The increase in deficit represents the measurement differences between the previous carrying amount and new carrying amount on January 1, 2018 of the Company's financial assets.

See accompanying notes to consolidated financial statements.

DEALNET CAPITAL CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of dollars)

Years ended December 31, 2019 and 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Loss from continuing operations	$ (1,783)	$ (8,780)
Items not involving cash:		
Loss on loss of control of subsidiaries (note 1(b))	–	1,422
Provision for credit losses	1,272	453
Depreciation and amortization (notes 11 and 12)	1,324	764
Share-based compensation (note 19)	444	275
Accretion of interest and transaction costs	377	2,848
	1,634	(3,018)
Change in non-cash working capital balances related to operations:		
Trade receivables and other assets	(3,618)	769
Finance receivable, net	(19,909)	(12,645)
Restricted cash	(2,719)	5,185
Secured debentures (note 14(a))	–	(16,000)
Secured borrowings	23,489	17,334
Accounts payable and other liabilities	(773)	(3,538)
Operating activities of discontinued operations	–	1,755
Cash used in operating activities	(1,896)	(10,158)
Financing activities:		
Repayment of senior secured debentures, net	–	(12,018)
Repayment of notes and debentures, net	(2,235)	(4,734)
Redemption of preferred shares (note 18)	–	(267)
Costs of issuance of common shares	–	(2)
Reduction of lease liabilities	(385)	–
Financing activities of discontinued operations	–	(364)
Cash used in financing activities	(2,620)	(17,385)
Investing activities:		
Proceeds from the sale of discontinued operations, net of assets	2,500	24,167
Additions to property and equipment (note 11)	(42)	(94)
Additions to intangible assets (note 12)	(798)	(624)
Investing activities of discontinued operations (notes 11 and 12)	–	(27)
Cash provided by Investing activities	1,660	23,422
Effect of foreign exchange on cash	(30)	6
Decrease in cash and cash equivalents	(2,886)	(4,115)
Cash and cash equivalents, beginning of year	8,684	12,799
Cash and cash equivalents, end of the year	$ 5,798	$ 8,684
Supplemental cash flow information:		
Interest paid	$ 9,026	$ 7,995
Income taxes paid	–	–

See accompanying notes to consolidated financial statements.

1. Corporate information:

Dealnet Capital Corp. (the "Company" or "Dealnet") was incorporated on September 8, 1986 under the laws of the Province of British Columbia and was continued under the laws of the Province of Ontario on May 7, 1991. Effective July 28, 2015, the Company commenced trading on the TSX Venture Exchange ("TSX-V"). The address of the Company's registered office is 4 King Street West, Suite 1700, Toronto, Ontario, M5H 1B6, Canada.

Dealnet operates in two markets, Consumer Finance and Call Centre.

The principal focus of Consumer Finance is to develop and support the origination, securitization and servicing of consumer loans and leases within the Canadian home improvement sector. The Company runs this segment through the operating businesses of EcoHome Financial Inc. and One Dealer Financial Services Inc. (collectively, "EcoHome").

Call Centre currently consists of One Contact Canada Inc. and One Contact Inc. (collectively, "One Contact") providing outsourced services such as inbound customer service programs, outbound customer acquisition services, data entry and transcription services, and back-office services in Canada and the United States. Previously, Call Centre was part of the Engagement business which included Impact Mobile Inc. and Impact Mobile USA Inc. (collectively, "Impact Mobile"); and Gemma GP Corp., Gemma Communications LP and Akron Insurance Limited (collectively, "Gemma").

(a) Sale of Impact Mobile:

On July 6, 2018, the Company closed the sale of all of the issued and outstanding shares of Impact Mobile to IMImobile Canada Inc., a wholly-owned subsidiary of IMImobile PLC., for total cash consideration of $27.9 million ($25.3 million paid on closing; $2.5 million paid in January 2019 (note 10) and $0.1 million due and received in January 2020. Accordingly, the operating results and cash flows of the mobile engagement segment ("Mobile Engagement") are presented as discontinued operations.

(b) Liquidation of Gemma:

On March 9, 2018, Dealnet liquidated Gemma that resulted in the deconsolidation of Gemma and the recognition of a loss on loss of control of subsidiaries for the year ended December 31, 2018 of $1,422. The Company expects to further recover $161 from the Gemma liquidation (note 10).

2. Basis of preparation:

(a) Statement of compliance:

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

These consolidated financial statements were authorized for issuance by the Board of Directors ("Board") of the Company on April 3, 2020.

(b) Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after the elimination of intercompany balances and transactions. The significant subsidiaries included are One Contact Inc., One Contact Canada Inc., One Dealer Inc. and EcoHome Financial Inc. The results of operations of subsidiaries acquired during the year are included from their respective dates of acquisition. The results of operations of subsidiaries disposed during the period are presented as discontinued operations.

(c) Going concern measurement basis

The consolidated financial statements of the Company have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Company incurred a net loss of $1,783 and negative cash flows from operations of $1,896 during the year ended December 31, 2019. The Company's ability to continue as a going concern is dependent upon the Company's ability to raise liquidity to fund its on-going operations and finance the impacts of COVID-19 on the business (note 25(a)). While the Company has been successful in obtaining financing in the past, there is a material uncertainty as to whether sufficient and timely financing will be available to the Company given COVID-19's impact on the financial markets. Capital Partners' nomination of alternate directors (note 25(b)) creates uncertainty about the future direction of the Company and prevents the Company from raising any equity or debt which could result in shareholder dilution.

2. Basis of preparation (continued):

COVID-19 will increase the level of delinquencies, decrease originations and fees, reduce call centre volumes, increase credit spreads on securitizations, and could result in the complete closure of either or both call centres. At this time, it is not possible to determine the financial and cash flow impact of COVID-19.

To help mitigate the impact of COVID-19 on liquidity, the Company has undertaken the following internal measures: targeted cost reduction measures including layoffs and deferral of projects; allocated additional resources and focus to collection activities; tightened underwriting standards; and, eliminated promotional incentives on new originations. In addition to internal measures, the Company has also reached out to its existing lenders and secured additional flexibility for the utilization of existing credit reserves to mitigate the liquidity impact of increased delinquencies, along with presenting proposals for additional liquidity relief measures. Finally, the Company is utilizing its existing banking relationships, along with applying for additional credit under the various government sponsored programs that have been launched in recent weeks to secure additional liquidity to help mitigate the impact of COVID-19. While the Company is utilizing all available means and resources to secure this additional liquidity, there is uncertainty that such liquidity will not be secured or not secured within a reasonable timeframe to alleviate liquidity pressures caused by the impact of COVID-19.

The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

(d) Measurement basis:

These consolidated financial statements were prepared on a going concern basis under the historical cost method, except for certain financial assets and liabilities that are measured at fair value.

(e) Functional and presentation currency:

The presentation currency is the Canadian dollar. The consolidated financial statements are prepared in thousands of Canadian dollars, except per share amounts, and as otherwise noted. The functional currency of the Company and its subsidiaries is the Canadian dollar, except for its US subsidiary, One Contact Inc., which is in US dollars.

3. Change in significant accounting policy:

(a) Adoption of IFRS 16, Leases:

Effective January 1, 2019, the Company adopted IFRS 16, Leases ("IFRS 16") issued by the International Accounting Standards Board ("IASB"), which replaced IAS 17, Leases ("IAS 17") and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). IFRS 16 introduces a single, on-balance sheet accounting model for leases that requires recognition of a right-of-use ("ROU") asset and a corresponding lease liability. The Company used the modified retrospective approach without restatement of prior periods. Accordingly, the comparative information presented for 2018 has not been restated and it is presented, as previously reported, under IAS 17 and related interpretations. As a result, the Company, as a lessee, has recognized ROU assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The ROU assets are recognized at the date of initial application at an amount equal to the lease liabilities, using the Company's current incremental borrowing rate. The details of the changes in accounting policies are disclosed below:

(b) Definition of a lease:

Under IFRS 16, at the inception of the contract, the Company assesses whether or not a contract contains a lease. A contract contains a lease if, as defined in IFRS 16, the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(c) As a lessee:

The Company leases many assets, including properties and office equipment.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and liabilities.

However, the Company has elected not to recognize ROU assets and liabilities for leases of low-value assets such as its office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Change in significant accounting policy (continued):

ROU assets identified by the Company are included in the heading Property and equipment as it presents underlying assets of the same nature. The Company presents lease liabilities in the heading Debentures, notes payable and other financial debt.

Significant accounting policy:

The Company recognizes a ROU asset and lease liability at the lease commencement date. The ROU is initially measured based on the present value of lease payments, plus initial direct costs less any incentives received, and subsequently at cost less any accumulated depreciation and impairment losses. The ROU is depreciated over the shorter of the lease term or the useful life of the underlying asset on a straight-line basis from the commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made. It is remeasured when there is change in future lease payments from reassessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgment to determine the lease term from some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and ROU assets recognized.

(d) As a lessor:

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

3. Change in significant accounting policy (continued):

(e) Impacts on financial statements:

The following table presents the net carrying amounts of the Company's ROU assets included in "Property and equipment" (note 11):

	Canada	United States	Total
Cost			
Balance as at January 1, 2019	$ –	$ –	$ –
Recognition of ROU asset on initial adoption of IFRS 16	982	–	982
Lease incentives remaining on initial adoption of IFRS 16[1]	(147)	–	(147)
Addition[2]	–	645	645
Translation	–	(15)	(15)
Balance as at December 31, 2019	$ 835	$ 630	$ 1,465
Accumulated depreciation			
Balance as at January 1, 2019	$ –	$ –	$ –
Depreciation	301	89	390
Translation	–	(1)	(1)
Balance as at December 31, 2019	$ 301	$ 88	$ 389
Net book value			
As at December 31, 2019	$ 534	$ 542	$ 1,076

[1]On January 1, 2019, the Company had unamortized lease incentives of $147 which were previously included in accounts payable and other liabilities on the consolidated statements of financial position. On adoption of IFRS 16, on January 1, 2019 the lease incentives were reclassified and netted against ROU asset.

[2]In August 2018, the Company had entered into lease extension for its property in the United States. The lease term was extended to July 31, 2019. As at January 1, 2019, the Company elected not to apply IFRS 16 as the lease term was less than 12 months. Subsequently, the Company entered into a 36-month lease starting in August 2019 which was accounted for under IFRS 16.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

3. Change in significant accounting policy (continued):

The following table presents the net carrying amounts of the Company's lease obligations included in "Debentures, notes payable and other financial debt" (note 14):

	Canada	United States	Total
Lease liabilities			
Balance as at January 1, 2019	$ –	$ –	$ –
Lease liabilities recognized on initial adoption of IFRS 16	982	–	982
Addition[2]	–	645	645
Balance as at December 31, 2019	$ 982	$ 645	$ 1,627
Interest and lease payments			
Balance as at January 1, 2019	$ –	$ –	$ –
Lease payments	357	92	449
Interest expense (note 21)	(49)	(15)	(64)
Translation	–	14	14
Balance as at December 31, 2019	$ 308	$ 91	$ 399
Net carrying value			
As at December 31, 2019	$ 674	$ 554	$ 1,228

Please see note 22 "Financial instruments" for the remaining contractual maturity of lease liabilities based on contractual undiscounted payments.

The Company's obligations under its non-cancellable operating lease payments payable in the next five years and thereafter are as follows:

2020	$ 411
2021	249
2022	231
2023	206
2024	227
	$ 1,324

4. Summary of significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

(b) Restricted cash:

Restricted cash are funds raised from third parties which may only be used for the purpose of funding eligible HVAC and home improvement contracts. These funds are secured against consumer finance contracts.

Also included in restricted cash are cash reserves maintained to support credit risks for secured debentures and secured borrowings.

(c) Consumer finance income and receivables:

The Company provides financing to consumers through direct financing leases and loans.

Direct financing leases, which are contracts under terms that provide for the transfer of substantially all the benefits and risks of the equipment ownership to customers, are carried at amortized cost. These leases are recorded at the aggregate minimum payments plus residual values accruing to the Company less unearned finance income. Unearned finance income is recognized over the life of the lease using the effective interest rate method, which provides a constant rate of return throughout the lease term.

Interest income is allocated over the expected term of the loan by applying the effective interest rate to the carrying amount of the loan.

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

4. Summary of significant accounting policies (continued):

(d) Financial instruments:

(i) Recognition and initial measurement:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial instrument is initially measured at fair value plus, in the case of an item not at fair value through profit and loss ("FVTPL"), transaction costs.

(ii) Classification and subsequent measurement:

Financial assets are classified and subsequently measured at: i) FVTPL; ii) amortized cost; iii) debt measured at fair value through other comprehensive income ("FVOCI"); iv) equity investments designated at FVOCI; or v) financial instruments designated at FVTPL. The classification is based on both the contractual cash flow characteristics of the financial asset and the business model under which the financial asset is managed. Financial assets are not reclassified unless the business model under which they are managed has changed. All reclassifications are applied prospectively from the reclassification date.

Debt investments are recorded at amortized cost for financial assets that are both i) held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; and ii) for which the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest method. This category includes cash and cash equivalents and restricted cash; and trade receivables, consumer finance loans and other assets.

Debt investments are recorded at FVTPL for financial assets that are held for trading or designated at FVTPL upon initial recognition when certain criteria are met. Upon initial recognition, attributable transaction costs are recognized in the consolidated statements of income (loss) and comprehensive income (loss) as incurred. Financial instruments in this category are subsequently measured at fair value with realized and unrealized gains and losses recognized in the consolidated statements of income (loss) and comprehensive income (loss). This category only includes Due from Gemma liquidation.

4. Summary of significant accounting policies (continued):

In the periods presented, the Company does not have any financial assets classified or designated as FVOCI.

Financial liabilities are subsequently measured at amortized cost using the effective interest method except for financial liabilities designated at FVTPL. The Company's financial liabilities include accounts payable and other liabilities, debentures and notes payable, and secured borrowings. All financial liabilities held by the Company are subsequently measured at amortized cost.

(e) Impairment of financial assets:

Under IFRS 9, Financial Instruments ("IFRS 9") the Company applies an expected credit loss ("ECL") model to all financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether or not a loss event has occurred as at the consolidated statements of financial position dates. The scope of IFRS 9's impairment provisions includes trade receivables, consumer finance leases and loans and other assets.

For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions.

For consumer finance leases and loans and other assets, the Company is required to assess and segment its portfolios into performing (Stage 1), under-performing (Stage 2) and non-performing (Stage 3) categories as at each date of the consolidated statements of financial position.

Financial assets are categorized as under-performing if there has been a significant increase in credit risk since initial recognition. The Company utilizes delinquency and other identifiable risk factors to determine when there has been a significant increase or decrease in the credit risk of a lease or loan. In all cases, the Company considers that there has been a significant increase in credit risk since initial recognition when contractual payments are more than 30 days past due or when a customer has experienced a significant decrease in their external credit score (Beacon score). Financial assets are categorized as non-performing if there has been a default, which the Company considers to have occurred when there is objective evidence that such finance assets will likely be charged off in the future or when contractual payments are 90 days past due.

4. Summary of significant accounting policies (continued):

For performing leases and loans, the Company recognizes an allowance for credit losses equal to the expected losses that result from default events that are possible within the ensuing twelve months ("12-month ECLs"). For under-performing and non-performing leases and loans, the Company is required to record an allowance for the expected credit losses that result from all possible default events over their expected lives ("lifetime ECLs").

The key inputs in the measurement of ECL allowances are as follows:

- The probability of default is an estimate of the likelihood of default over a given time horizon;

- The loss given default is an estimate of the loss arising in the case where a default occurs at a given time, mitigated by dealer reserves and future expected escalations provided by the originating dealers (note 13);

- The exposure at default is an estimate of the exposure at a future default date; and

- Forward looking indicators.

Ultimately, the ECL is calculated based on a probability-weighted estimate of credit losses of the lease and loan portfolio or the other assets over their expected lives, discounted at the asset's effective interest rate, and considers reasonable and supportable information about past events, current conditions (including Beacon scores) and forecasts of future events and economic conditions that may impact the credit profile of the finance receivables. Forward-looking information is considered when determining significant increase in credit risk and measuring expected credit losses. Forward-looking indicators such as unemployment rates, gross domestic product and housing price index are incorporated in the risk parameters as relevant.

The Company formulates three economic scenarios: a base case, which is a median scenario assigned a 65% (2018 - 70%) probability of occurring, and two less likely scenarios, one upside and one downside, assigned 10% (2018 - 10%) and 25% (2018 - 20%) probability of occurring respectively.

The measurement of ECLs under IFRS 9 does not necessarily affect the actual cash flows generated from or net charge-off rate of the Company's financial assets, but instead reflects the expectations of future cash flows and cash shortfalls. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4. Summary of significant accounting policies (continued):

Financial assets that are written off are subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(f) Call Centre revenue recognition:

The Company earns revenue from contracts with customers. Revenue from these contracts is recognized in accordance with the five-step model in IFRS 15, Revenue from Contracts with Customers ("IFRS 15"):

(i) Identify the contract with a customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price, which is the total consideration provided by the customer;

(iv) Allocate the transaction price among the performance obligations in the contact based on their relative fair values; and

(v) Recognize revenue when the relevant criteria are met for each performance obligation.

Under IFRS 15, the Company has identified the separate performance obligations based on whether goods or services are distinct, as follows:

The Company earns revenue from Call Centre (2018 – referred to as "CGU") including providing outsourced services, such as call centers, loyalty program administration, utility customer care, and telecom and technical support services, to a broad-based clientele in both Canada and the United States, mainly from agent-related services. This revenue consists of initial implementation fees, which are collected at the beginning of a contract, and ongoing monthly production fees, which are typically variable based on certain metrics in the contracts. The Company concluded that the outsourced services represent a single performance obligation, which is satisfied over time as services are provided, and the implementation fees are non-refundable upfront fees.

4. Summary of significant accounting policies (continued):

Production fees are typically recognized in the period in which calls are received and services are performed based on staffing hours or the number of contacts/calls handled by service agents using contractual rates. The revenue from implementation fees is typically recognized in each period on a straight-line basis over the non-cancellable period of the contract, which is typically shorter than the stated contract term. Payments received from customers in advance of services provided are recorded in deferred revenue as a contract liability on the consolidated statements of financial position.

(g) Property and equipment:

Property and equipment are recorded at cost less accumulated depreciation. The Company provides for depreciation using the straight-line method over the estimated useful lives of the property and equipment. Depreciation commences once the asset is in use. The periods of depreciation are as follows:

Computer hardware	3 to 5 years
Office equipment	3 to 5 years
Leasehold improvements	5 years or the life of the leasehold, whichever is lower
ROU assets	Earlier of lease term or useful life of underlying asset

The useful lives, method of depreciation and the assets' residual values are reviewed at least annually and the remaining useful life is adjusted prospectively, if appropriate.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset group to which they relate may not be recoverable.

4. Summary of significant accounting policies (continued):

(h) Intangible assets:

Intangible assets are assets acquired that lack physical substance and that meet the specified criteria for recognition. The Company's intangible assets include computer software, customer and dealer relationships, and brand and trademarks and are measured at amortized cost. All of the Company's intangible assets have a finite life and are amortized on a straight-line basis over their useful lives. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss).

Computer software	3 to 5 years
Customer and dealer relationships	10 years
Brand and trademarks	10 years

(i) Business combinations and goodwill:

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed in the consolidated statements of income (loss) and comprehensive income (loss). When the Company acquires a business, it assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognized in the consolidated financial statements.

4. Summary of significant accounting policies (continued):

Goodwill is initially measured at cost and is calculated as the excess of the purchase price for an acquired business over the fair value of acquired net identifiable assets and liabilities and is allocated to the cash-generating unit ("CGU") to which it relates. Goodwill is not amortized but is evaluated for impairment against the carrying amount of the CGU annually or more often if events or circumstances indicate that there may be impairment.

(j) Impairment of non-financial assets:

For the purposes of assessing impairment of non-financial assets such as property and equipment, intangible assets and goodwill, assets are grouped at the lowest level for which there are separately identifiable cash inflows. An impairment loss is recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and value in use. Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset.

The Company's determination of the recoverable amount utilizes detailed budgets, forecast calculations, quoted market prices or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses, for assets other than goodwill, may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income (loss) and comprehensive income (loss). Impairment losses relating to goodwill are not reversed in future periods.

Goodwill is allocated to CGUs or a group of CGUs for the purpose of impairment testing based on the level at which management monitors it, which is not larger than an operating segment.

4. Summary of significant accounting policies (continued):

(k) Assets held for sale and discontinued operations:

Non-current assets and disposal groups are classified as held for sale when specific criteria are met and are measured at the lower of carrying amount and estimated fair value less costs to sell. Assets held for sale are not amortized and are reported separately on the consolidated statements of financial position.

The Company reports financial results for discontinued operations separately from continuing operations to distinguish the financial impact of the disposal transactions from ongoing operations. Discontinued operations reporting occurs when the disposal of a component or a group of components of the Company represents a strategic shift that will have a major impact on the Company's operations and financial results, and where the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

The results of discontinued operations are excluded from both continuing operations and business segment information in the consolidated financial statements, unless otherwise noted, and are presented net of tax in the consolidated statements of income (loss) and comprehensive income (loss) for the current and comparative periods.

(l) Fair value of financial instruments:

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that are supported by little or no market activity.

4. Summary of significant accounting policies (continued):

(m) Convertible debentures:

Convertible debentures are initially recorded at amortized cost and accounted for as compound financial instruments with separable debt and equity components. The debt component is measured at fair value on initial recognition by discounting the stream of future interest and principal payments at the rate of interest prevailing at the date of issue for debt instruments of similar term and risk assuming no conversion feature. The debt component is deducted from the total carrying value of the compound instrument to derive the carrying amount allocated to the equity component. The debt component is subsequently measured at amortized cost using the effective interest rate method. Interest expense based on the coupon rate of the debenture and the accretion of the liability component to the amount that will be payable on redemption are recognized as finance costs in the consolidated statements of income (loss) and comprehensive income (loss).

(n) Extinguishment of debt:

Equity and debt instruments issued to a creditor to extinguish a financial liability are measured at the fair value of the instruments issued. If the fair value of the instruments issued cannot be measured reliably, it is measured at the fair value of the financial liability extinguished. Any differences between the carrying amount of the financial liability and the fair value of the consideration are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

(o) Secured borrowings:

Securitization programs represent the transfer of pools of finance receivables to third parties in exchange for cash being returned to the Company.

The Company securitizes its finance receivables as part of its consumer financing operations. Finance leases and loans are funded through the use of both the Company's own cash and the secured debenture facilities available to the Company by pledging such receivables as security for amounts borrowed from lenders. The Company retains servicing responsibilities for the pledged finance lease and loan receivables and the lenders have the right to enforce their security interest in the pledged receivables if the Company defaults under these facilities.

4. Summary of significant accounting policies (continued):

Transfers of pools of finance receivables under certain arrangements, including transfers where security interest or legal ownership is transferred, do not result in derecognition of the finance receivables from the Company's consolidated statements of financial position and continue to be recognized on the Company's consolidated statements of financial position and are accounted for as finance receivables as disclosed in note 15. As such, these transactions result in the recognition of secured borrowings when cash is received from the third parties under the securitization programs.

The secured borrowings are recorded at amortized cost using the effective interest rate method. Interest expense is allocated over the expected term of the borrowing by applying the effective interest rate to the carrying amount of the liability. The effective interest rate is the rate that exactly discounts estimated future cash outflows over the expected life of the liability to the net cash received at securitization date.

Deferred financing costs are presented as a reduction of secured borrowings and relate to direct costs incurred to initially obtain the total funding arrangements. These amounts are accreted as expenses over a period matching the repayment terms of the secured borrowing obtained during the initial commitment period.

(p) Share-based compensation:

The Company established an Omnibus Equity Incentive Plan for directors, officers, employees and certain independent contractors whereby the Board may award options, deferred share units ("DSUs"), performance share units ("PSUs") and restricted share units ("RSUs") as compensation for services rendered. The Plan is intended to promote a greater alignment of long-term interests between executives, directors and shareholders of the Company.

(i) Stock options:

The Company measures compensation expense for all share-based compensation awards made to employees, consultants and directors using estimated fair values. The fair value of share-based compensation is determined using the Black-Scholes option pricing model.

4. Summary of significant accounting policies (continued):

Employee share-based compensation is expensed using the straight-line method for each individual tranche over the vesting period. The offsetting entry to the share-based compensation expense is an increase to contributed surplus. Non-employee share-based compensation is measured at the earlier of completion of performance, when a performance commitment is reached or when the options have vested.

(ii) Deferred share units:

The Board determines the amount, timing and vesting conditions associated with each award of DSUs. Additionally, directors may elect to receive up to 40% of their annual retainer in DSUs. DSUs granted pursuant to such an election are fully vested over a period of 12 months.

Each DSU has a fair market value on the date of grant as determined by the volume weighted average trading price of the common shares on the principal market for the five days preceding the date of grant.

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

(q) Foreign currency translation:

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

On consolidation, the revenue and expenses of subsidiaries with a different functional currency than the Company's presentation currency are translated in these consolidated financial statements at the average exchange rate for the reporting period, and assets and liabilities are translated at the closing rate. Exchange differences arising from the translation are recognized in other comprehensive income (loss).

4. Summary of significant accounting policies (continued):

(r) Income taxes:

Current income tax assets and liabilities in the consolidated financial statements are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of income (loss) and comprehensive income (loss). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

(i) Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

(ii) In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4. Summary of significant accounting policies (continued):

Deferred income tax assets are recognized for all deductible temporary differences and carryforwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforwards of unused tax credits and unused tax losses can be utilized, except:

(i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(ii) In respect of deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items not recognized through profit or loss is recognized outside of profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income (loss) or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4. Summary of significant accounting policies (continued):

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances change. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed total goodwill) if it is incurred during the measurement period or in the consolidated statements of income (loss) and comprehensive income (loss).

(s) Income (loss) per share:

Income (loss) per share amounts are calculated by dividing the net income (loss) for the year attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share amounts are calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, plus the weighted average number of common shares that would be issued on conversion of all dilutive instruments, such as options, warrants and convertible debentures, into common shares.

5. Critical accounting estimates and use of judgments:

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and judgments are made based on information available as at the date the consolidated financial statements are issued. Accordingly, actual results may differ from those recorded amounts. Areas of financial reporting that require management's estimates and judgments are discussed below.

(a) Classification of financial assets:

The Company makes significant judgements in assessing the business model within which the assets are held and in assessing whether the contractual terms of a financial asset generate cash flows that constitute solely payments of principal and interest on the principal amounts outstanding, including prepayment and extension options and non-recourse or limited recourse provisions.

5. Critical accounting estimates and use of judgments (continued):

(b) Models and assumptions used:

The Company uses various models and assumptions in estimating the ECLs for its financial assets. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk (note 22).

(c) Business combinations:

Business combinations require management to exercise judgment in measuring the fair value of assets acquired and liabilities and contingent liabilities incurred or assumed.

Management uses judgment in estimating the fair value of intangible assets, such as customer and dealer relationships, and brand and trademarks, acquired in a business combination and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. Management also uses judgment in estimating customer attrition rates to determine the appropriate amortization period for the intangible asset.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

5. Critical accounting estimates and use of judgments (continued):

(d) Goodwill and intangible asset impairment:

Goodwill and intangible assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to their recoverable amount. When impairment indicators are present, the recoverable amount of the CGU or group of CGUs, which is the higher of its estimated fair value less costs to sell and its value in use, is determined. Significant judgment is involved in estimating the model inputs used to determine the recoverable amount of the CGUs, in particular future cash flows, discount rates and terminal growth rates, due to the uncertainty in the timing and amount of cash flows and the forward-looking nature of these inputs. Future cash flows are based on financial plans agreed by management, which are estimated based on forecast results, business initiatives, planned capital investments and returns to shareholders. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill.

(e) Valuation of compound financial instruments:

Convertible debenture conversion options require an estimation of the fair value of a similar liability that does not have an associated equity component by using a suitable discount rate at initial recognition. The carrying amount of the conversion options is then determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole. Additionally, significant judgment is required when accounting for the redemption, conversion or modification of these instruments.

(f) Stock options:

Compensation expense relating to stock option awards granted by the Company to employees and certain non-employees in exchange for services rendered is based on the fair value of the option. The stock option fair value is determined using the Black-Scholes option pricing model, which requires the use of assumptions including the Company's estimated volatility rate and is, by its nature, subject to measurement uncertainty.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

6. Asset disposition:

On July 6, 2018, the Company closed the sale of all of the issued and outstanding shares of Impact Mobile for a total cash consideration of approximately $27.9 million. The Company received $25.3 million of cash on closing with the $2.5 million received in January 2019 and $0.1 million due and received in January 2020 (note 10). Accordingly, the operating results and cash flows of the Mobile business are presented as discontinued operations separate from the Company's continuing operations for 2018. There were no dispositions in 2019.

In connection with the sale on July 6, 2018, the Company repaid the $12,000 senior secured debentures in full (note 14(d)) and redeemed all of the issued and outstanding preferred shares of $267 (note 18).

The Company recognized a gain on sale within income from discontinued operations, net of taxes as follows for the year ended December 31, 2018:

Proceeds on disposal, net of transaction costs of $961	$ 26,971
Reclassification of accumulated exchange differences from other comprehensive income related to the sale of foreign operation	4
Net assets disposed	(2,425)
	24,550
Income taxes	–
Gain on sale of Impact Mobile, net	$ 24,550

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

6. Asset disposition (continued):

The following table summarizes the carrying value of the major classes of assets and liabilities of the disposal group as at date of sale (July 6, 2018):

Assets		
Cash and cash equivalents	$	165
Trade receivables, net of allowance		1,961
Other assets		286
Property and equipment, net		1,099
Intangible assets, net		854
Goodwill		289
		4,654
Liabilities		
Accounts payable and other liabilities		1,261
Finance lease obligations		649
Contract liabilities		319
		2,229
Net assets disposed	$	2,425

Unrecognized tax losses were utilized to fully offset the taxes owing on the gain on sale of Impact Mobile.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

6. Asset disposition (continued):

For all periods presented, the financial results of the Impact Mobile business have been segregated from the ongoing operating segments and are presented separately as discontinued operations, net of tax, in the following tables:

	2019	2018
Engagement:		
Revenue	$ –	$ 6,430
Cost of sales	–	1,855
Gross profit	–	4,575
Operating expenses:		
Salaries, wages and benefits	–	2,828
General and administrative	–	403
Finance costs, net	–	41
Depreciation and amortization (notes 11 and 12)	–	206
	–	3,478
Income from discontinued operations before income taxes and gain on sale	–	1,097
Income taxes (note 17)	–	28
Income from discontinued operations before gain on sale	–	1,069
Gain on sale, net of tax	–	24,550
Income from discontinued operations, net of tax	$ –	$ 25,619

7. Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand, deposits held with regulated financial institutions and other short-term, liquid investments with original maturities of three months or less.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

8. Trade receivables:

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Management regularly measures the credit quality of trade receivables based on individual customer and market factors.

As at December 31, 2019, 98% (2018 - 100%) of the Company's trade receivables are considered current and the Company has recorded an allowance for doubtful accounts of nil (2018 - nil).

9. Finance receivables:

Finance receivables consist of the following:

	2019	2018
Consumer finance leases, net (a)	$ 88,538	$ 104,433
Consumer finance loans, net (b)	113,202	78,393
	$ 201,740	$ 182,826

(a) Consumer finance leases, net:

	2019	2018
Aggregate minimum payments	$ 129,066	$ 155,514
Unearned income	(40,898)	(52,978)
	88,168	102,536
Fair value of leases acquired	731	1,610
Unamortized initial direct cost	842	1,092
Allowance for credit losses	(1,203)	(805)
Consumer finance leases, net	$ 88,538	$ 104,433

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

9. Finance receivables (continued):

The following table presents the aging of the consumer finance leases, by contract balance:

	2019		2018	
1-30 days past due	$ 412	0.5%	$ 1,253	1.2%
31-60 days past due	352	0.4%	552	0.5%
61-90 days past due	361	0.4%	318	0.3%
Greater than 90 days past due	4,846	5.5%	6,175	6.0%
Total past due	5,971	6.8%	8,298	8.0%
Current	82,197	93.2%	94,238	92.0%
Total consumer finance leases	$ 88,168	100.0%	$ 102,536	100.0%

As at December 31, 2019, the Company has an allowance for expected credit losses for leases of $1,203 (2018 - $805).

Credit risk ratings are assigned to each lease in Stage 1 based on the customer's external credit risk score.

The following table sets out the Company's credit risk exposure for leases as at December 31, 2019:

Credit risk score	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Greater than 750	$ 36,089	$ –	$ –	$ 36,089
680 to 750	21,557	–	–	21,557
Less than 680	20,675	–	–	20,675
Under-Performing	–	5,951	–	5,951
Non-Performing	–	–	5,469	5,469
Net consumer finance leases before allowance for expected credit losses	78,321	5,951	5,469	89,741
Allowance for expected credit losses	(466)	(118)	(619)	(1,203)
Consumer finance leases, net	$ 77,855	$ 5,833	$ 4,850	$ 88,538

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

9. Finance receivables (continued):

The following table sets out the Company's credit risk exposure for leases as at December 31, 2018:

Credit risk score	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Greater than 750	$ 45,894	$ –	$ –	$ 45,894
680 to 750	27,517	–	–	27,517
Less than 680	17,361	–	–	17,361
Under-Performing	–	7,918	–	7,918
Non-Performing	–	–	6,548	6,548
Net consumer finance leases before allowance for expected credit losses	90,772	7,918	6,548	105,238
Allowance for expected credit losses	(123)	(238)	(444)	(805)
Consumer finance leases, net	$ 90,649	$ 7,680	$ 6,104	$ 104,433

As at December 31, 2019, the Company determined the following forward-looking macroeconomic factors as the key drivers that contribute to credit losses: gross domestic product, unemployment rates and housing price index.

The ECL allowances are calculated through three probability-weighted forward-looking scenarios including base, optimistic and pessimistic, which are chosen from a number of scenarios sourced from publicly available information. The assumptions used in the scenarios have been revised compared to 2018. Accordingly, the comparative information presented for 2018 has not been restated and it is presented, as previously reported.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

9. Finance receivables (continued):

The Company used the following assumptions to estimate ECL for leases under three different scenarios:

Assumptions	Base case	Optimistic case	Pessimistic case
Gross domestic product (annual change)	1.76%	1.85%	1.41%
Unemployment rate	5.78%	5.49%	6.93%
Housing price index (annual change)	5.96%	6.26%	4.77%

The Company determined the ECL allowance based on a custom probability-weighting of the three assumptions. As at December 31, 2019, if the Company used only the "base case" scenario, the ECL for leases would be approximately $1,093 compared to $1,688 under the "pessimistic case" scenario and $862 under the "optimistic case" scenario. In all cases the percent of accounts in each stage was assumed to remain stable.

As at December 31, 2018, the Company formulated a "base case" view of the forward-looking perspective of relevant economic variables as well as a representative range of other possible forecasts scenarios. The other scenarios represent more optimistic and more pessimistic outcomes

The Company used the following assumptions to estimate ECL for leases under three different scenarios:

Assumptions	Base case	Optimistic case	Pessimistic case
Probability of default (Stages 1 and 2)	1	0.90	1.10
NOSI recovery time (Stage 1, 2 and 3)	1	0.75	1.25
Loss given default (Stage 3)	1	0.60	1.40

As at December 31, 2018, if the Company used only the "base case" scenario, the ECL for leases would be approximately $685 compared to $1,171 under the "pessimistic case" scenario and $422 under the "optimistic case" scenario. In all cases the percent of accounts in each stage was assumed to remain stable.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

9. Finance receivables (continued):

An analysis of the changes in the classification of allowance for expected credit losses for leases is as follows:

	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
As at January 1, 2018	$ 741	$ 61	$ 181	$ 983
Transfers to (from):				
Stage 1	(37)	7	30	–
Stage 2	16	(41)	25	–
Stage 3	22	12	(34)	–
Originations	4	3	7	14
Principal payments	(513)	(16)	(50)	(579)
Write-offs against allowance	–	–	(16)	(16)
Changes in credit risk	(110)	212	301	403
As at December 31, 2018	123	238	444	805
Transfers to (from):				
Stage 1	(5)	4	1	–
Stage 2	74	(82)	8	–
Stage 3	16	–	(16)	–
Originations	7	1	161	169
Principal payments	(5)	(40)	(223)	(268)
Write-offs against allowance	–	–	(40)	(40)
Changes in models and credit risk	256	(3)	284	537
As at December 31, 2019	$ 466	$ 118	$ 619	$ 1,203

(b) Consumer finance loans, net:

	2019	2018
Consumer finance loans	$ 113,782	$ 79,446
Accrued interest	811	540
Fair value of loans acquired	54	74
Vendor buy-down subsidies	(1,142)	(909)
Unamortized initial direct cost	641	193
Allowance for credit losses	(944)	(951)
Consumer finance loans, net	$ 113,202	$ 78,393

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

9. Finance receivables (continued):

The following table presents the aging of the consumer finance loans, by contract balance:

	2019		2018	
1-30 days past due	$ 507	0.4%	$ 992	1.2%
31-60 days past due	354	0.3%	288	0.4%
61-90 days past due	221	0.2%	230	0.3%
Greater than 90 days past due	1,659	1.5%	833	1.0%
Total past due	2,741	2.4%	2,343	2.9%
Current	111,041	97.6%	77,103	97.1%
Total consumer finances loans	$ 113,782	100.0%	$ 79,446	100.0%

As at December 31, 2019, the Company has an allowance for expected credit losses for loans of $944 (2018 - $951).

Credit risk ratings are assigned to each loan in Stage 1 based on the customer's external credit risk score.

The following table sets out the Company's credit risk exposure for loans as at December 31, 2019:

Credit risk score	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Greater than 750	$ 31,844	$ –	$ –	$ 31,844
680 to 750	45,243	–	–	45,243
Less than 680	29,349	–	–	29,349
Under-Performing	–	6,355	–	6,355
Non-Performing	–	–	1,355	1,355
Net consumer finance loans before allowance for expected credit losses	106,436	6,355	1,355	114,146
Allowance for expected credit losses	(244)	(163)	(537)	(944)
Consumer finance loans, net	$ 106,192	$ 6,192	$ 818	$ 113,202

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

9. Finance receivables (continued):

The following table sets out the Company's credit risk exposure for loans as at December 31, 2018:

Credit risk score	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Greater than 750	$ 23,183	$ –	$ –	$ 23,183
680 to 750	32,277	–	–	32,277
Less than 680	17,401	–	–	17,401
Under-Performing	–	5,514	–	5,514
Non-Performing	–	–	969	969
Net consumer finance loans before allowance for expected credit losses	72,861	5,514	969	79,344
Allowance for expected credit losses	(222)	(374)	(355)	(951)
Consumer finance loans, net	$ 72,639	$ 5,140	$ 614	$ 78,393

As at December 31, 2019, the Company determined the following forward-looking macroeconomic factors as the key drivers that contribute to credit losses: gross domestic product, unemployment rates and housing price index.

The ECL allowances are calculated through three probability-weighted forward-looking scenarios including base, optimistic and pessimistic, which are chosen from a number of scenarios sourced from publicly available information. The assumptions used in the scenarios have been revised compared to 2018. Accordingly, the comparative information presented for 2018 has not been restated and it is presented, as previously reported.

The Company used the following assumptions to estimate ECL for loans under three different scenarios:

Assumptions	Base case	Optimistic case	Pessimistic case
Gross domestic product (annual change)	1.76%	1.85%	1.41%
Unemployment rate	5.78%	5.49%	6.93%
Housing price index (annual change)	5.96%	6.26%	4.77%

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

9. Finance receivables (continued):

The Company determined the ECL allowance based on a custom probability-weighting of the three assumptions. As at December 31, 2019, if the Company used only the "base case" scenario, the ECL for loans would be approximately $861 compared to $1,301 under the "pessimistic case" scenario and $699 under the "optimistic case" scenario. In all cases the percent of accounts in each stage was assumed to remain stable.

As at December 31, 2018, the Company formulated a "base case" view of the forward-looking perspective of relevant economic variables as well as a representative range of other possible forecasts scenarios. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company used the following assumptions to estimate ECL for loans under three different scenarios:

Assumptions	Base case	Optimistic case	Pessimistic case
Probability of default (Stages 1 and 2)	1	0.90	1.10
NOSI recovery time (Stage 1, 2 and 3)	1	0.75	1.25
Loss given default (Stage 3)	1	0.60	1.40

As at December 31, 2018, if the Company used only the "base case" scenario, the ECL for loans would be approximately $846 compared to $1,156 under the "pessimistic case" scenario and $557 under the "optimistic case" scenario. In all cases the percent of accounts in each stage was assumed to remain stable.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

9. Finance receivables (continued):

An analysis of the changes in the classifications of allowance for expected credit losses for loans is as follows:

	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
As at January 1, 2018	$ 341	$ 9	$ 140	$ 490
Transfers to (from):				
Stage 1	(18)	6	12	–
Stage 2	1	(6)	5	–
Stage 3	14	2	(16)	–
Originations	82	136	53	271
Principal payments	(155)	(1)	(28)	(184)
Write-offs against allowance	–	–	(9)	(9)
Changes in credit risk	(43)	228	198	383
As at December 31, 2018	222	374	355	$ 951
Transfers to (from):				
Stage 1	(8)	7	1	–
Stage 2	60	(71)	11	–
Stage 3	8	1	(9)	–
Originations	119	43	45	207
Principal payments	(65)	(157)	(96)	(318)
Write-offs against allowance	–	(2)	(123)	(125)
Changes in models and credit risk	(92)	(32)	353	229
As at December 31, 2019	$ 244	$ 163	$ 537	$ 944

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

10. Other assets:

Other assets consist of the following:

	2019	2018
Due from dealers (a)	$ 3,059	$ 1,749
Due from purchaser (note 6)	138	2,638
Due from Gemma liquidation (note 1(b))	161	149
Prepaid expenses and other receivables	595	275
Security deposits	267	84
HST receivable	915	156
	$ 5,135	$ 5,051

(a) As at December 31, 2019, the Company is owed $3,059 (2018 - $1,749) from dealers. Pursuant to dealer agreements, the amounts due from dealers are recoverable by future escalation payments otherwise due to the originating dealers. During the year, the Company wrote-off $294 of unrecoverable dealer reserves (2018 - $233) and the amount was included in provision for credit losses on the consolidated statements of income (loss) and comprehensive income (loss).

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

11. Property and equipment:

Property and equipment consist of the following:

	Computer hardware	Office equipment	Leasehold improvements	Right-of-use asset	Total
Cost					
As at January 1, 2018	$ 2,475	$ 457	$ 1,267	$ –	$ 4,199
Additions	25	16	40	–	81
Additions - discontinued operations	9	–	–	–	9
Disposals - discontinued operations (note 6)	(1,617)	(5)	–	–	(1,622)
Disposals - loss on loss of control of subsidiaries (note 1)	(399)	(153)	(390)	–	(942)
Translation	7	15	9	–	31
As at December 31, 2018	500	330	926	–	1,756
Additions (a)	37	10	–	1,480	1,527
Disposals - obsolete	(18)	–	–	–	(18)
Translation	(5)	(9)	(5)	(15)	(34)
As at December 31, 2019	$ 514	$ 331	$ 921	$ 1,465	$ 3,231
Accumulated depreciation					
As at January 1, 2018	$ 789	$ 267	$ 626	$ –	$ 1,682
Depreciation – continuing operations	105	62	217	–	384
Depreciation - discontinued operations (note 6)	149	–	–	–	149
Disposals - discontinued operations	(520)	(3)	–	–	(523)
Disposals - loss on loss of control of subsidiaries (note 1)	(253)	(105)	(177)	–	(535)
Translation	3	11	5	–	19
As at December 31, 2018	273	232	671	–	1,176
Depreciation – continuing operations	86	51	206	390	733
Disposals - obsolete	(18)	–	–	–	(18)
Translation	(3)	(7)	(4)	(1)	(15)
As at December 31, 2019	$ 338	$ 276	$ 873	$ 389	$ 1,876
Net book value					
As at December 31, 2019	$ 176	$ 55	$ 48	$ 1,076	$ 1,355
As at December 31, 2018	227	98	255	–	580

(a) The right-of-use asset relates to the Company's adoption of IFRS 16 (note 3(e)). The right-of-use asset relates to office premises leased by Company.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

12. Intangible assets:

Intangible assets consist of the following:

	Customer relationships	Dealer relationships	Brand and trademarks	Computer software and other	Total
Cost					
As at January 1, 2018	$ 1,374	$ 12,666	$ 703	$ 2,220	$ 16,963
Additions	–	–	–	624	624
Additions - discontinued operations	–	–	–	18	18
Disposals - discontinued operations (note 6)	(1,074)	–	–	(237)	(1,311)
Disposals - loss on loss of control of subsidiaries	(300)	–	–	(870)	(1,170)
As at December 31, 2018	–	12,666	703	1,755	15,124
Additions	–	–	–	799	799
Translation	–	–	–	(1)	(1)
As at December 31, 2019	$ –	$ 12,666	$ 703	$ 2,553	$ 15,922
Amortization and impairments					
As at January 1, 2018	$ 485	$ 12,666	$ 703	$ 1,355	$ 15,209
Amortization - continuing operations	–	–	–	380	380
Amortization - discontinued operations (note 6)	55	–	–	2	57
Disposals - discontinued operations (note 6)	(240)	–	–	(217)	(457)
Disposals - loss on loss of control of subsidiaries	(300)	–	–	(870)	(1,170)
As at December 31, 2018	–	12,666	703	650	14,019
Amortization - continuing operations	–	–	–	591	591
As at December 31, 2019	$ –	$ 12,666	$ 703	$ 1,241	$ 14,610
Net book value					
As at December 31, 2019	$ –	$ –	$ –	$ 1,312	$ 1,312
As at December 31, 2018	–	–	–	1,105	1,105

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

13. Accounts payable and other liabilities:

Accounts payable and other liabilities consist of the following:

	2019	2018
Accounts payable and accruals	$ 1,327	$ 1,523
Dealer reserves	830	914
Payroll liabilities	771	1,160
Other taxes payable	34	268
Contract liabilities	6	21
	$ 2,968	$ 3,886

14. Debentures, notes payable and other financial debt:

Debentures, notes payable and other financial debt consist of the following:

	2019	2018
Secured debentures (a)	$ 19,063	$ 18,911
Secured promissory note (b)	2,671	4,900
Lease obligation (note 3(e))	1,228	–
	22,962	23,811
Interest payable	8	14
	$ 22,970	$ 23,825

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

14. Debentures, notes payable and other financial debt (continued):

Movements in debentures, notes payable and other financial debt are as follows:

	Secured Debentures (a)	Secured promissory note (b)	Unsecured convertible vendor take-back note (c)	Senior secured debentures (d)	Lease obligation (Note 3(e))	Total
As at January 1, 2018	$ 34,768	$ 7,129	$ 2,490	$ 9,336	$ –	$ 53,723
Repayment	(16,000)	(2,229)	(2,500)	(12,000)	–	(32,729)
Interest accretion	143	–	10	2,664	–	2,817
As at December 31, 2018	18,911	4,900	–	–	–	23,811
Lease liabilities	–	–	–	–	1,627	1,627
Repayment of principal	–	(2,229)	–	–	(385)	(2,614)
Interest accretion	152	–	–	–	–	152
Translation	–	–	–	–	(14)	(14)
As at December 31, 2019	$ 19,063	$ 2,671	$ –	$ –	$ 1,228	$ 22,962

(a) Secured debentures:

On January 12, 2016, the Company issued a $10 million secured debenture, with capacity to issue up to $100 million, a term of 10 years, and a fixed interest rate of 5.99%. The funds received may only be used for the purpose of funding eligible HVAC, home improvement and other unsecured finance contracts. As part of this transaction, the Company issued 2,000,000 common share purchase warrants, each warrant being able to purchase one common share of the Company at an exercise price of $0.67 per share, expiring on January 12, 2019. No warrants were exercised (note 18).

The Company used the residual method to allocate the liability and equity portions of the secured debenture. The Company estimated the fair value of the equity component to be $722 (including $33 of transaction costs). The fair value of the liability was measured using a discounted cash flow method. In determining the value of the liability, the Company applied an interest rate of 7%, which assumes no equity component. The fair value of the equity component was netted against the liability and is being accreted over the term of the loan.

14. Debentures, notes payable and other financial debt (continued):

On May 5, 2016, the Company issued a $3 million secured debenture under this existing facility at a fixed interest rate of 5.85%, maturing on June 30, 2017. The debenture was extended to mature on January 11, 2018 at a rate of 9.0%. This was repaid in full upon maturity of the debenture.

On November 28, 2016, the Company issued a $10 million secured debenture at a fixed interest rate of 6%. The debenture has a term of five years with an option to extend for an additional five years at the holder's option.

In April 2017, the Company, through a wholly owned subsidiary, issued $20 million of debentures under an existing facility to mature on October 13, 2017, bearing interest at 9.0%. This was extended to mature on January 11, 2018 under the same terms. The outstanding balance as at December 31, 2017 of $13 million was repaid in full upon its maturity in January 2018.

Included in restricted cash was $614 (2018 - $5) of funds received under the secured debentures. These funds can only be used for the originations of finance receivable contracts.

Also included in restricted cash are total cash reserves of $ 2,000 (2018 - $2,000) to support the credit risk associated with the two secured debentures (2018 - two secured debentures). In addition, the debentures are secured against consumer finance contracts with a book value of $19.4 million (2018 - $20.0 million).

(b) Secured promissory note:

As part of the February 18, 2016 acquisition of EcoHome Financial Inc. ("EcoHome"), the Company issued an $8 million promissory note to Chesswood Group Limited ("Chesswood") bearing interest at 4.0% per annum, to mature on April 28, 2016. The note represented the intercompany warehouse funding to EcoHome for leases and loans that had not yet been securitized with EcoHome funders prior to the acquisition of EcoHome.

On October 16, 2017, the Company reached an agreement with Chesswood to amend and restate the note, inter alia, to evidence an additional loan in the amount of $5.5 million, for an aggregate principal amount of $7.5 million, bearing interest at the prime rate plus 3% per annum, with monthly repayment of $186 plus interest, and final principal repayment of $1 million due on the maturity date of October 16, 2020. The promissory note can be repaid before its maturity date without penalty. In addition, the promissory note is secured against consumer finance contracts with a book value of $4,301 (2018 - $5,936).

14. Debentures, notes payable and other financial debt (continued):

(c) Unsecured convertible vendor take-back note (repaid in full):

As part of the February 18, 2016 acquisition of EcoHome, the Company issued Chesswood a $2.5 million convertible note, which matured on February 18, 2018 and was convertible into common shares of Dealnet at a conversion price of $0.64 per share. The note bears interest at the rate of 6% per annum. In determining the value of the liability, the Company applied an interest rate of 9%, which assumes no conversion feature. The Company repaid the note in full upon its maturity.

(d) Senior secured debentures (repaid in full):

On December 22, 2017, the Company issued 12,000 non-convertible senior secured debentures with a face value of $1,000 each under a non-brokered private placement. The debentures were sold at a 10% discount on closing, with cash proceeds of $10.8 million and a term of 24 months. The debentures bear interest at 6.0% per year, secured by the Company's right, title and interest in all securities in Impact Mobile, and are redeemable at any time on 30-day advance written notice. The term may be accelerated on certain prescribed events and conditions. If repayment occurred after the first anniversary of the issuance date, the amount payable will be at 110% of the principal.

As part of the transaction, the Company issued a total of 48 million warrants or 4,000 non-transferrable share purchase warrants to the holder for every $1,000 Debenture purchased. Each warrant entitled the holder to purchase one common share of the Company at an exercise price of $0.12 per share for a period of 24 months (note 18(c)). If the share price as denoted by the 10-day volume weighted average price exceeds $0.20, the holders would have been required to exercise the warrants within 30 days. The Company incurred total transaction costs of $805, $300 of which was paid by the issuance of 2,777,777 common shares in April 2018, and $267 by the issuance of 10,662 preferred shares (note 18(a)). The common shares were restricted for trading until July 6, 2018.

On July 9, 2018, concurrent with the sale of Impact Mobile, the Company repaid the $12 million debentures in full. The unamortized finance costs of $1,379 were expensed and included in finance costs on the consolidated statements of income (loss) and comprehensive income (loss) (note 21). Pursuant to the terms of the common share purchase warrants that were issued with the Debentures, the expiry date of the warrants issued was accelerated to December 22, 2018 (note 18(c)). No warrants were exercised.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

15. Secured borrowings:

The following table provides a summary of financial receivables transferred that do not qualify for derecognition, together with the associated liabilities:

	2019	2018
Carrying value		
Carrying value of finance receivables transferred	$ 173,082	$ 148,373
Cash reserves	13,321	11,212
Available collateral	$ 186,403	$ 159,585
Principal	$ 171,830	$ 148,130
Interest payable	170	139
Deferred financing cost	(33)	(25)
Fair value increment	10	19
Carrying value of associated liabilities	$ 171,977	$ 148,263
Fair value		
Fair value of finance receivables transferred	$ 172,148	$ 146,027
Cash reserves	13,321	11,212
	$ 185,469	$ 157,239
Fair value of associated liabilities	$ 171,479	$ 146,842

The weighted average stated interest rate of the outstanding liabilities is 4.66% as at December 31, 2019 (2018 - 4.57%) and excludes deferred financing costs and premiums or discounts. Included in restricted cash are cash reserves held with counterparties and forming part of the collateral security for these facilities of $13,321 as at December 31, 2019 (2018 - $11,212).

15. Secured borrowings (continued):

In October 2018, the Company renewed its securitization facility with a major Canadian life insurance company for an additional $40 million. During 2019, the Company securitized $46.7 million under this facility (2018 - $41.6 million) at an average interest rate of 4.82% (2018 - 5.22%). In August 2019, the Company renewed this facility for an additional $40 million.

As part of the August 2019 renewal, the Company also renewed the warehouse facility of $15 million with a term of 270 days from the funding date, bearing interest at 90-day Banker's Acceptance rates plus 3.5%. As at December 31, 2019, the Company utilized $7.1 million (2018 - $11.2 million) of the $15 million warehouse facility.

In November 2018, the Company renewed its securitization facility with a Schedule 1 bank, the Company securitized $16.1 million during 2019 (2018 - $4 million). In October 2019, the Company renewed this existing facility and the warehouse facility of $5 million. The facility has a term of 90 days from the funding date, bearing interest at the prime rate plus 3% per annum. As at December 31, 2019, the Company utilized $1.4 million (2018 - nil) of the $5 million warehouse facility.

On February 12, 2019, the Company entered into a twelve-month revolving credit facility of $10 million with a private lender. This credit facility was put in place to finance eligible consumer finance receivable contracts originated in the province of Quebec until a permanent Quebec funding facility was established. The credit facility bore interest at the prime rate plus 8.05% and a monitoring fee of $2 per month. In May 2019, the Company terminated and repaid this revolving credit facility. The Company incurred transaction costs of $162 and upon termination and repayment of the revolving credit facility these costs were expensed and included in interest expense on the consolidated statements of income (loss) and comprehensive income (loss).

In February of 2018, the Company terminated its securitization facility with a major Canadian financial institution and paid in full the outstanding balance of $7,134, net of cash reserves released of $779.

The Company retains a significant portion of the risk and reward associated with the transferred assets. The transferee has recourse only to the transferred assets and cash reserves.

The Company was in compliance with all financial and reporting covenants with all its lenders as at December 31, 2019.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

16. Contingencies:

From time to time, the Company encounters disputes and is sometimes subject to claims from third parties in relation to its normal course of operations. The Company believes such claims are without merit and will consult with its legal counsel to vigorously defend its position.

17. Income taxes:

A reconciliation of income tax expense and the product of accounting profit multiplied by the Company's domestic tax rate for 2019 and 2018 is as follows:

	2019	2018
Loss from continuing operations before income taxes	$ (1,783)	$ (8,780)
Income from discontinued operations before income taxes	–	25,647
Income (loss) before income taxes	$ (1,783)	$ 16,867
Income taxes at statutory rate of 26.5% (2018 - 26.5%)	$ (472)	$ 4,470
Impact of foreign income tax rate differential	(18)	(14)
Non-deductible stock-based compensation	118	73
Tax benefits not recognized	360	(323)
Goodwill impairment	–	–
Other permanent differences	12	(4,178)
Income tax expense	$ –	$ 28
Allocated to current income tax expense as follows:		
From continuing operations	$ –	$ –
From discontinued operations (note 6)	–	28
Income tax expense	$ –	$ 28
Deferred income tax		
Relating to origination and reversal of temporary differences	$ 51	$ 856
Relating to previously unrecognized temporary differences of a prior period that has been used to reduce deferred tax expense	(51)	(856)
	$ –	$ –

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

17. Income taxes (continued):

The significant components of deferred income tax assets and liabilities are as follows:

	2019	2018
Finance receivables and secured borrowings	$ (8,463)	$ (6,233)
Tangible and intangible assets	5,905	8,512
Reserves	2,412	(2,458)
Deferred financing costs	146	175
Other	–	4
Net deferred income tax asset (liability)	$ –	$ –

Deferred income tax assets are recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the unused tax losses/credits can be utilized. Accordingly, the deferred tax assets have been recognized to the extent that there are deferred tax liabilities.

The following represents the deductible temporary differences that have not been recognized in the consolidated financial statements.

	2019	2018
Deferred financing costs	$ 23	$ 467
Reserves	296	386
Tangible and intangible assets	381	288
Non-capital losses carried forward	24,270	15,446
Other	38	39
	$ 25,008	$ 16,626

The Company offsets the deferred income tax assets and deferred income tax liabilities to the extent that they relate to the same taxing authorities and there is a legally enforceable right to do so.

17. Income taxes (continued):

The Company has tax losses of $22,950 (2018 - $13,803) and $1,320 (2018 - $1,643) in Canada and the United States, respectively, available to be applied against future years' taxable income. In order to record a deferred income tax asset, it must be probable that the deferred income tax asset resulting from the tax losses available for carryforward will be realized. Given the Company's history of losses, the Company has not recognized the full benefit of these losses. The tax losses in Canada expire in years ranging from 2030 through 2039 and the tax in the United States expire in years ranging from 2035 through 2038.

18. Share capital:

Share capital consists of the following:

	2019	2018
Common shares	$ 71,123	$ 71,123

As at December 31, 2019, an unlimited number of common shares with no par value were authorized.

Pursuant to the shareholders' approval on October 23, 2015, the Company filed articles of amendment to create a new class of shares to be classified as "Preferred Shares". An unlimited number of Preferred Shares were created and the Preferred Shares can be issuable in one or more series.

	Number (000s)	Value
Preferred shares		
Balance as at January 1, 2018	–	$ –
Issued (note 14(d))	11	267
Redeemed (note 6)	(11)	(267)
Balance as at December 31, 2018	–	–
Balance as at December 31, 2019	–	$ –

18. Share capital (continued):

	Number (000s)	Value
Common shares		
Balance as at January 1, 2018	281,224	$ 71,473
Share-based payments (a)	2,777	298
Cancellation (b)	(1,473)	(648)
Balance as at December 31, 2018	282,528	71,123
Movement in 2019	–	–
Balance as at December 31, 2019	282,528	$ 71,123

	Number (000s)	Weighted average exercise price
Common share warrants		
Balance as at January 1, 2018	50,000	$ 0.14
Expired (c)	(48,000)	0.12
Balance as at December 31, 2018	2,000	0.67
Expired (note 14(a))	(2,000)	(0.67)
Balance as at December 31, 2019	–	$ –

Common share and common share warrant transactions during 2019 and 2018 are as follows:

(a) In April 2018, the Company issued 2,777,777 common shares to settle transaction costs of $300 incurred on the issuance of the $12 million senior secured debentures as disclosed in note (14(d)).

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

18. Share capital (continued):

(b) On January 13, 2017, the Company issued 12,523,364 common shares valued at $5,511 as part of the consideration to acquire a portfolio of consumer finance lease contracts valued at approximately $27.6 million and incurred share issuance costs of $36. The common shares issued were subject to a hold period of four months expiring on May 14, 2017. The 6,630,014 common shares that were held in escrow to be released by December 31, 2019 were cancelled as part of the settlement reached on August 20, 2018 with the vendor to settle the outstanding receivable on acquisition of the portfolio of consumer finance lease contracts.

(c) On December 22, 2017, the Company issued a total of 48 million warrants as part of the issuance of 12,000 non-convertible senior secured debentures (note 14(d)). Each warrant entitled the holder to purchase one common share of the Company at an exercise price of $0.12 per share for a period of 24 months. If the share price as denoted by the 10-day volume weighted average price exceeded $0.20, the holders were required to exercise the warrants within 30 days. On the completion of the sale of Impact Mobile on July 9, 2018, the expiry date of the warrants issued were accelerated to December 22, 2018 (note 14(d)) to comply with the requirements of the TSX-V. The warrants all expired unexercised.

19. Share-based compensation:

Share-based compensation expense consists of the following:

	2019	2018
Stock options (a)	$ 442	$ 273
Deferred share units (b)	2	2
	$ 444	$ 275

19. Share-based compensation (continued):

(a) Stock options:

The Company awards stock options to employees, officers, directors and others at the recommendation of the Board under an incentive stock plan (the "Plan"). Options are granted at the fair value of the shares on the day granted (as decided by the Board), and vest over various terms with varying terms of exercise. Compensation expense is recognized over the vesting term. The changes in the number of stock options were as follows:

	2019		2018	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	(000s)		(000s)	
As at January 1	18,573	$ 0.27	17,488	$ 0.45
Issued	8,450	0.06	8,950	0.08
Exercised	–	–	–	–
Expired/forfeited	(5,546)	0.39	(7,865)	0.46
As at December 31	21,477	0.16	18,573	0.27

During 2019, the Company granted a total of 8,450,000 stock options to directors, officers, employees and consultants (2018 - 8,950,000).

Of the 8,450,000 stock options issued in 2019, 1,850,000 vested immediately and the remainder will vest over a period of 18 months (2018 - 18 months), with an expected exercisable period of 3 years (2018 - 5 years) at a weighted average exercise price of $0.06 (2018 - $0.08). The fair value of these options was estimated to be $283 (2018 - $474) on the date of grant using the Black-Scholes option pricing model.

19. Share-based compensation (continued):

The weighted average remaining contractual life and weighted average exercise price of options outstanding as at December 31, 2019 are as follows:

	Options outstanding	Weighted average exercise price	Remaining contractual life	Options vested	Options unvested
	(000s)		(in years)	(000s)	(000s)
Expiry date					
2020	2,777	$ 0.29	0.37	2,777	–
2021	2,200	0.58	1.67	2,200	–
2022	1,100	0.23	2.67	1,100	–
2023	7,450	0.08	3.65	4,967	2,483
2024	7,950	0.06	4.4	3,883	4,067
	21,477	0.16	3.25	14,927	6,550

The fair value of the employee and broker compensation options was determined using the Black-Scholes option pricing model using the following assumptions:

	2019	2018
Average fair value of options granted	$0.03	$0.05
Exercise price	$0.06 - $0.07	$0.08
Share price on date of issuance	$0.06 - $0.07	$0.08
Risk-free interest rate	1.4% - 1.6%	2.2%
Average term to exercise	3.0 years	5 years
Estimated volatility	82% - 84%	82%
Dividend yield	nil	nil

The Company's basis for volatility is based on the Company's own historical volatility.

19. Share-based compensation (continued):

(b) Deferred share units:

DSUs outstanding as at December 31, 2019 are as follows:

	Number (000s)
As at January 1, 2018	822
Redeemed	(90)
Forfeited	(193)
As at December 31, 2018	539
Movement in 2019	–
As at December 31, 2019	539

As at December 31, 2019, the fair value of DSUs recorded on the consolidated statements of financial position in accounts payable and other liabilities were $43 (2018 - $41).

20. Related party transactions:

Compensation of key management personnel for the years ended December 31 is as follows:

	2019	2018
Salaries, bonuses and benefits	$ 1,893	$ 3,068
Termination benefits	–	111
Share-based compensation	303	156
	$ 2,196	$ 3,335

The amounts disclosed in the table are the amounts reflected in the consolidated financial statements during the reporting period and considered to be compensation to key management personnel. Key management personnel are those having authority and responsibility at any time during the year for planning, directing and controlling the activities of the Company, including senior management and members of the Board. The total number of key management personnel was 7 during 2019 (2018 - 11).

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

20. Related party transactions (continued):

Included in the 2018 amounts are $1,055 relating to key management personnel compensation on the sale of Impact Mobile.

Other related party transactions:

In December 2017, certain officers, directors and key management personnel invested $2,627 in the senior secured debentures (note 14(d)).

In July 2018, the senior secured debentures were redeemed (note 14(d)). Interest and accretion charges of $827 related to the senior secured debentures were included in finance costs, net in the consolidated statements of income (loss) and comprehensive income (loss).

There was no related activity in 2019.

21. Finance costs, net:

Finance costs, net consist of the following:

	2019	2018
Interest	$ –	$ 395
Accretion of finance costs	–	2,673
Lease liabilities (note 3(d))	64	–
Foreign exchange loss (gain)	55	(27)
	$ 119	$ 3,041

Interest and accretion of finance costs for the year ended December 31, 2018 relate primarily to the senior secured debentures which were paid in full on July 9, 2018 (note 14(d)).

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

22. Financial instruments:

All financial instruments measured at fair value and those where fair value is disclosed are categorized into one of three hierarchy levels, Level 1, Level 2 or Level 3, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair value of assets and liabilities. The table below summarizes the Company's fair value measurement for the various forms of financial instruments it holds.

2019	IFRS 9 Category	Level 1	Level 2	Level 3	Total
Financial instruments					
Cash and cash equivalents (i)	Amortized cost	$ 5,798	$ –	$ –	$ 5,798
Restricted cash (i)	Amortized cost	15,936	–	–	15,936
Trade receivables (i)	Amortized cost	–	1,280	–	1,280
Consumer finance leases, net (ii)	Amortized cost	–	86,705	–	86,705
Consumer finance loans, net (ii)	Amortized cost	–	113,124	–	113,124
Other assets (i)	Amortized cost	–	3,541	–	3,541
Due from Gemma liquidation (i)	FVTPL	–	161	–	161
Accounts payable and other liabilities (i)	Amortized cost	–	(2,968)	–	(2,968)
Debentures and notes payable (iv)	Amortized cost	–	–	(21,403)	(21,403)
Secured borrowings (iii)	Amortized cost	–	(171,479)	–	(171,479)

2018	IFRS 9 Category	Level 1	Level 2	Level 3	Total
Financial instruments					
Cash and cash equivalents (i)	Amortized cost	$ 8,684	$ –	$ –	$ 8,684
Restricted cash (i)	Amortized cost	13,217	–	–	13,217
Trade receivables (i)	Amortized cost	–	523	–	523
Consumer finance leases, net (ii)	Amortized cost	–	100,625	–	100,625
Consumer finance loans, net (ii)	Amortized cost	–	77,987	–	77,987
Other assets (i)	Amortized cost	–	4,471	–	4,471
Due from Gemma liquidation (i)	FVTPL	–	149	–	149
Accounts payable and other liabilities (i)	Amortized cost	–	(3,886)	–	(3,886)
Debentures and notes payable (iv)	Amortized cost	–	–	(23,186)	(23,186)
Secured borrowings (iii)	Amortized cost	–	(146,842)	–	(146,842)

There were no transfers between any levels between 2018 and 2019.

22. Financial instruments (continued):

Inputs and valuation techniques used for the financial instruments are as follows:

(i) Carrying amounts are expected to be reasonable approximations of fair value for cash and for financial instruments with short maturities, including trade, other receivables, due from Gemma liquidation and accounts payable.

(ii) Fair value of consumer finance leases and loans, net consider only changes in components of the valuation model that are observable in active markets, namely, a change in the Government of Canada bond yields between the origination date and current date.

(iii) Fair value of secured borrowings considers only changes in components of the valuation model that are observable in active markets, namely, a change in the Government of Canada bond yields between the issued date and current date.

(iv) Fair value of notes and debentures are calculated using a valuation model that considers the future stream of cash flows discounted at the market swap yield adjusted for risk premium.

(a) Risk management policies:

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on the consolidated financial statements.

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to fluctuations in the realizable values of its cash and cash equivalents, restricted cash, trade receivables, due from dealers and finance receivables. The carrying amounts of financial assets represent the maximum credit exposure. Cash accounts are maintained with major international financial institutions of reputable credit and, therefore, bear minimal credit risk.

22. Financial instruments (continued):

In the normal course of business, the Company is exposed to credit risk from its corporate engagement business customers, and the related trade receivables are subject to normal commercial credit risks in Canada and the United States. A substantial portion of the Company's trade receivables are concentrated with a limited number of large customers, all of which the Company believes are subject to normal industry credit risks. As at December 31, 2019, the Company has no allowance for credit losses (2018 - nil).

The Company's overall exposure to credit risk arising from consumer finance receivables is governed by credit specific risk appetite limits and credit risk policies as approved by the Company's Board. The Credit and Risk Committee of the Board has established and monitors credit risk related policies and guidelines enterprise-wide, taking into account business objectives, corporate risk appetite, funder risk requirements, planned financial performance and risk profile. Credit risk limits are established for all types of credit exposures and include geographic, product, size, and security type limits. The Credit and Risk Committee oversees the credit portfolio through ongoing reviews of credit risk management policies, lending practices, portfolio composition and risk profile, and the adequacy of loan loss reserves and write-offs.

The Company's loan receivables consist of unsecured consumer loans and, accordingly, the Company is exposed to credit risk within this portfolio. The Company mitigates credit risk by assessing the borrower's capacity and willingness to pay through its underwriting policies and by ensuring that all loan contracts greater than $15 or ones that have experienced material credit deterioration and/or have become delinquent are registered with a Notice of Security Interest ("NOSI") in the real property registry to minimize credit losses of loans as described in note 4(e), impairment of financial assets. As at December 31, 2019, the Company recorded an allowance for expected credit losses for loans of $944 (2018 - $951).

22. Financial instruments (continued):

Credit risk within the Company's lease receivables portfolio is mitigated by ensuring all lease contracts greater than $15 or ones that have experienced a material credit deterioration and/or have become delinquent are registered with a NOSI and by dealer reserves provided by the home improvement dealers from which the Company acquires the leases. The Company monitors the balance of these reserves and is entitled to seek additional cash reserves from the dealers. As at December 31, 2019, the Company held $830 (2018 - $914) in dealer reserves within accounts payable and other liabilities (note 13). In addition, the Company has recorded an allowance for expected credit losses for leases of $1,203 (2018 - $805).

As at December 31, 2019, the Company has $3,059 (2018 - $1,749) due from dealers reported under other assets (note 10). The receivables arose primarily from terminated delinquent finance lease contracts and related costs. The Company intends to recover the outstanding balances through garnishment of future escalation payments otherwise due to the originating dealers or enforcement of its security interests.

(c) Interest rate risk:

Interest rate risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to mitigate interest rate risk, the Company structures the large majority of its secured borrowing arrangements to maintain a fixed interest rate spread between the interest paid on the term facility and the interest received on the underlying finance receivables. This fixed interest rate spread is achieved by match funding transactions on both a duration and interest rate basis.

(d) Currency risk:

The Company operates in Canada and the United States. The functional currency of the Company is the Canadian dollar. Currency risk arises because the amount of the local currency revenue, expenses, cash flows, receivables and payables for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian-denominated financial statements of the Company's subsidiaries may vary on consolidation into Canadian dollars.

22. Financial instruments (continued):

The most significant currency exposure arises from changes in the Canadian dollar to US dollar exchange rate. The effect of a 10% change in the US dollar against the Canadian dollar at the reporting date, had all other variables remained constant, would have resulted in an insignificant change to loss for the year. As at December 31, 2019, the Company did not hedge any currency exposures.

(e) Liquidity risk:

Liquidity risk is the risk that a Company will not be able to meet its financial obligations as they fall due. The Company oversees its liquidity to ensure that it has access to enough readily available funds to cover its financial obligations as they come due and to sustain and grow its assets and operations under both normal and stressed conditions. The most significant exposure to liquidity risk relates to the repayment of secured borrowings, debentures, and notes payable. In addition, a growth in origination volume requires the use of upfront cash. The exposure to secured borrowings is primarily managed by term-matching the cash flows generated by the Company's net investment in leases and loans with the repayment requirements. With respect to debentures, notes payable and origination growth, the mitigation of liquidity risk is dependent on the Company's ability to (i) match utilization levels and excess available restricted cash to maturing obligations, (ii) extend current debt facilities and/or raise additional funds through secured debt placements or equity.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

22. Financial instruments (continued):

The following tables set out the remaining undiscounted contractual payments and maturities of the Company's financial assets, financial liabilities and other commitments including interest as at December 31, 2019:

	2020	2021	2022	2023	2024	2025+	Total
Finance assets							
Cash and cash equivalents	$ 5,798	$ –	$ –	$ –	$ –	$ –	$ 5,798
Restricted cash	2,670	3,989	2,469	2,609	2,288	1,911	15,936
Trade receivables	1,280	–	–	–	–	–	1,280
Finance receivables leases (a)	19,539	17,626	17,930	17,865	16,162	39,944	129,066
Finance receivables loans (a)	21,901	22,685	27,921	31,050	28,534	17,509	149,600
Other assets	3,637	–	13	–	–	52	3,702
Total financial assets	$ 54,825	$ 44,300	$ 48,333	$ 51,524	$ 46,984	$ 59,416	$ 305,382
Finance liabilities							
Accounts payable and other liabilities	$ (2,968)	$ –	$ –	$ –	$ –	$ –	$ (2,968)
Secured debentures	–	(10,000)	–	–	–	(10,000)	(20,000)
Secured promissory note	(2,671)	–	–	–	–	–	(2,671)
Secured borrowings (b)	(34,109)	(36,105)	(30,099)	(32,130)	(28,056)	(11,331)	(171,830)
Lease liabilities – properties	(410)	(318)	(241)	(111)	(117)	(31)	(1,228)
Interest payable	(8,442)	(6,777)	(4,847)	(3,273)	(1,758)	(1,101)	(26,198)
Total financial liabilities	$ (48,600)	$ (53,200)	$ (35,187)	$ (35,514)	$ (29,931)	$ (22,463)	$ (224,895)

(a) The Company's experience has shown that the actual contractual payment streams will vary depending on a number of variables including prepayment rates, charge-offs and modifications. Accordingly, the scheduled collections of minimum monthly payments are not to be regarded as a forecast of future cash collections.

(b) Repayments of secured borrowings are funded through cash flows from related finance receivables.

23. Reportable segment information:

The Company currently operates in two reportable segments, namely Consumer Finance and Call Centre. Impact Mobile was sold on July 6, 2018 and has been segregated as discontinued operations (notes 1 and 6).

The Consumer Finance segment operates solely in Canada and provides consumer financing solutions through a network of home improvement dealers.

The Call Centre segment operates in Canada and the United States through One Contact, providing outsourced services such as inbound customer service programs, outbound customer acquisition services, data entry and transcription services, and back-office services. The Call Centre segment includes the results of Gemma up to March 9, 2018 (note 1(b)).

The Company's chief operating decision makers monitor the operating results of these business units separately for the purposes of assessing performance and allocating resources. The primary measure that is used in assessing operating performance of the operating segment is segment profit, which is defined as revenue less cost of sales, salaries and wages and general administration expenses.

In 2019, revenues from one customer in the Company's Call Centre segment represented approximately 16.1% (2018 - 15.5%) of the Company's total revenue.

(Expressed in thousands of dollars, except per share amounts or unless otherwise stated)

23. Reportable segment information (continued):

2019	Call Centre	Consumer Finance	Corporate	Continuing operations	Discontinued operations (note 6)
Revenue:					
Canada	$ 2,600	$ 20,265	$ –	$ 22,865	$ –
United States	6,928	–	–	6,928	–
	9,528	20,265	–	29,793	–
Cost of sales	6,133	11,726	–	17,859	–
Gross profit	3,395	8,539	–	11,934	–
Expenses:					
Salaries, wages and benefits	1,123	3,524	3,088	7,735	–
General and administrative	835	1,912	1,348	4,095	–
Finance costs, net	73	–	46	119	–
	2,031	5,436	4,482	11,949	–
Segment profit (loss)	$ 1,364	$ 3,103	$ (4,482)	(15)	–
Depreciation and amortization				(1,324)	–
Share-based compensation				(444)	–
Income (loss) before income taxes				$ (1,783)	$ –

2018	Call Centre	Consumer Finance	Corporate	Continuing operations	Discontinued operations (note 6)
Revenue:					
Canada	$ 4,092	$ 17,585	$ –	$ 21,677	$ 5,338
United States	6,123	–	–	6,123	1,092
	10,215	17,585	–	27,800	6,430
Cost of sales	7,363	9,741	–	17,104	1,855
Gross profit	2,852	7,844	–	10,696	4,575
Expenses:					
Salaries, wages and benefits	1,309	3,485	4,660	9,454	2,828
General and administrative	1,348	1,586	1,586	4,520	403
Finance costs, net	(23)	1	3,063	3,041	41
Impairment loss	1,422	–	–	1,422	–
	4,056	5,072	9,309	18,437	3,272
Segment profit (loss)	$ (1,204)	$ 2,772	$ (9,309)	(7,741)	1,303
Depreciation and amortization				(764)	(206)
Share-based compensation				(275)	–
Income (loss) before income taxes				$ (8,780)	$ 1,097

23. Reportable segment information (continued):

Total assets:

Total assets are derived from the following geographic areas based on the location of the individual subsidiaries of the Company:

2019	Call Centre	Consumer Finance	Corporate	Discontinued operations (note 6)	Consolidated
Canada	$ 1,979	$ 227,827	$ 1,803	$ –	$ 231,609
United States	947	–	–	–	947
Total assets	$ 2,926	$ 227,827	$ 1,803	$ –	$ 232,556

2018	Call Centre	Consumer Finance	Corporate	Discontinued operations (note 6)	Consolidated
Canada	$ 741	$ 206,930	$ 3,945	$ –	$ 211,616
United States	370	–	–	–	370
Total assets	$ 1,111	$ 206,930	$ 3,945	$ –	$ 211,986

24. Income (loss) per share:

Basic and diluted income (loss) per share ("EPS") amounts have been determined by dividing net income (loss) for the year by the weighted average number of common shares outstanding throughout the year.

	2019	2018
Weighted average number of common shares (000s)	282,528	282,887
Income (loss) per common share, basic	$(0.01)	$0.06
Continuing operations	$(0.01)	$(0.03)
Discontinued operations	–	$0.09

Convertible debentures, share options and warrants have not been included in the calculation as they are anti-dilutive for the years presented and the Company reported net loss from its continuing operations. In 2018, the Company sold all of the issued and outstanding shares of Impact Mobile which resulted in the Mobile Engagement segment being presented as discontinued operations. There were no such asset dispositions in 2019.

25. Subsequent events:

(a) Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There are meaningful direct and indirect effects developing and the Company will continue to monitor the impact of the outbreak on its business. The Company's future cash flows, operating results and financial position may be materially affected as a result of this outbreak.

(b) On March 30, 2020, Capital Partners Corporation announced that it has nominated four nominees for election to the Company's Board of Directors at the Annual General Meeting which is scheduled for May 12, 2020.

(c) On February 21, 2020, the Company entered into a sub-lease from July 1, 2020 to September 30, 2023 for an office space at 130 King Street West, Toronto.