Dealnet Capital Corp.

Management Discussion and Analysis

December 31, 2019

As approved by the Board of Directors on April 3, 2020

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the consolidated financial condition and consolidated results of operations of Dealnet Capital Corp. (the "Company" or "Dealnet") as at and for the quarter and year ended December 31, 2019 as approved by the Board of Directors on April 3, 2020. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website www.dealnetcapital.com.

CAUTIONARY STATEMENT

This MD&A has been prepared taking into consideration information available to April 3, 2020 and contains forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address Dealnet's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements.

You should not place undue reliance on these forward-looking statements. These statements reflect management's current view of future events and are subject to certain risks and uncertainties as contained herein, and in the Company's other filings with Canadian securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's actual results could differ materially from those anticipated in these forward-looking statements. Management undertakes no obligation to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although we believe that these expectations are based on reasonable assumptions, we can give no assurance that those expectations will materialize.

This MD&A contains forward-looking statements on future cash flows that are based on assumptions prior to the impact of COVID-19.

MATERIAL NON-ADJUSTING EVENT: COVID-19

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.

Management has taken steps in response to COVID-19. All of the operations of EcoHome are being conducted remotely. Since many of the activities of One Contact include credit card payments, confidential customer data and direct access into third party systems, it is not possible for these activities to be performed remotely. Accordingly, One Contact has taken steps to protect its employees including by social distancing, providing access to additional cleaning supplies and ensuring that employees who should be self-isolating are not allowed into the call centres.

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.

GOING CONCERN

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. 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 led by Dr. Steven Small - a former director and officer of the Company who was dismissed for cause in April 2018. He sued the Company for wrongful dismissal and is seeking damages from the Company in excess of $16 million. The Company is vigorously defending the lawsuit on the basis that it had just cause to dismiss Dr. Small. The Company has counterclaimed against Dr. Small for, among other things, breach of fiduciary duty. Capital Partners' nomination of alternate directors also currently prevents the Company from raising any equity or debt which could result in shareholder dilution.

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.

Contents

Company Overview and Vision of Compounding Profitable Growth

Dealnet is the parent company of subsidiaries operating in two market segments, consumer finance and call centre. The Company operates in the consumer finance segment in Canada through EcoHome Financial Inc. and One Dealer Financial Services Inc. (collectively, "EcoHome") and its call centre segment under the One Contact banner ("One Contact").

EcoHome is a specialty finance company serving the $20 billion Canadian home improvement finance market. EcoHome develops and supports consumer sales financing programs for approved dealers and distributors under agreements with original equipment manufacturers ("OEMs") that supply a wide range of home improvement products to the retail market. Through a dealer network, EcoHome underwrites, originates, funds and services the prime quality loans and leases that homeowners need to finance the acquisition and installation of capital assets that improve the quality, comfort and safety of their homes.

One Contact offers customer support services to third-party institutions across Canada and the U.S. and to EcoHome.

Dealnet Vision: Compounding Profitable Growth

To provide an interconnected network of synergistic organizations that consistently deliver above average growth and profitability.

EcoHome: To set the standard for profitable growth in specialized consumer finance lending, leveraging strong management expertise and technology to drive innovation, superior service and operational efficiency.

One Contact: To deliver our customers best-in-class omni-channel contact centre and back office solutions.

Analysis for the Period Ended December 31, 2019

Performance Highlights

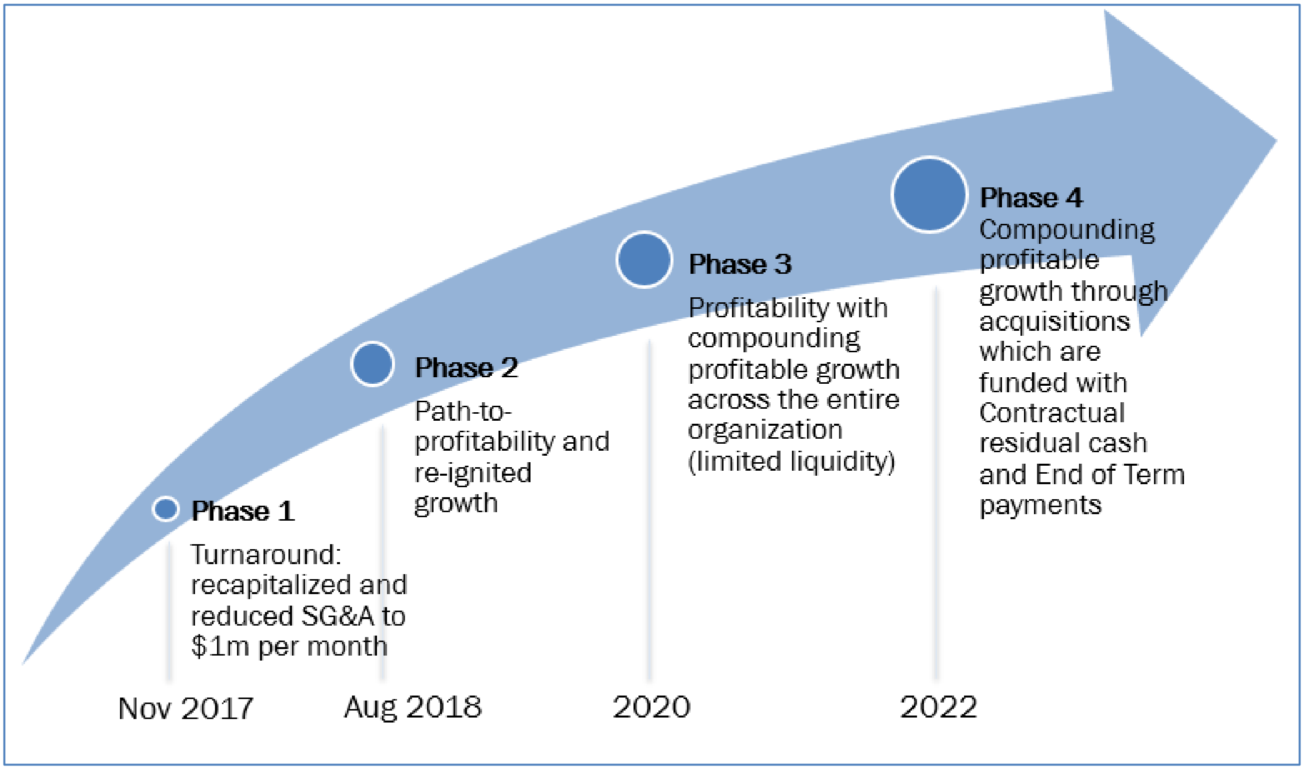
The table below contains certain non-GAAP measures which management uses to assist in assessing the Company's performance.

Q4 - 2019 Performance Highlights (QOQ)							
Consumer Finance Segment (EcoHome)				**Call Centre Segment (One Contact)**			
	Q4 2019	**Q4 2018**			**Q4 2019**	**Q4 2018**	
Net Interest Margin (mm)	**$2.1**	$1.9	↑	Call Centre Revenue (mm)	**$2.7**	$2.3	↑
Fee and Ancillary Revenue (mm)	**$1.1**	$0.6	↑				
Finance Income (mm)	**$2.1**	$2.0	↑	Gross Margin (mm)	**$1.0**	$0.6	↑
				Gross Margin (%) [1]	**37%**	27%	↑
Average Yield on Earning Assets [1]	**9.0%**	8.7%	↑	Call Centre Direct OPEX Ratio[1]	**1.1%**	1.2%	↓
Weighted Average Interest Expense [1]	**4.7%**	4.4%	↑	**Consolidated Operations**			
Net Interest Margin [1]	**4.3%**	4.3%	↑	Gross Profit Contribution			
				Gross Profit (mm)	**$3.2**	$2.6	↑
Organic orginations[1]	**$18.9**	$14.0	↑	Operating Expenses (mm)	**$2.8**	$2.8	↓
Consumer Finance Direct OPEX Ratio [1]	**3.1%**	2.7%	↑	Consolidated Direct OPEX Ratio [1]	**5.6%**	6.3%	↓
Average Earning Assets (mm) [1]	**$198**	$180	↑	Return on Average Earning Assets [1]	**1.2%**	(0.9)%	↑
Period Ending Earning Assets (mm)	**$202**	$183	↑				
				Corporate Tangible Leverage Ratio [1]	**5.7**	4.9	↑
Consumer Finance Contracts [1]	**38,721**	35,226	↑	Tangible Net Worth (mm) [1]	**$34.1**	$34.9	↓

2019 Performance Highlights (YOY)							
Consumer Finance Segment (EcoHome)				**Call Centre Segment (One Contact)**			
	2019	**2018 ***			**2019**	**2018 ***	
Net Interest Margin (mm)	**$7.8**	$7.5	↑	Call Centre Revenue (mm)	**$9.5**	$10.2	↓
Fee and Ancillary Revenue (mm)	**$3.1**	$2.2	↑				
Finance Income (mm)	**$8.5**	$7.8	↑	Gross Margin (mm)	**$3.4**	$2.9	↑
				Gross Margin (%) [1]	**36%**	28%	↑
Average Yield on Earning Assets [1]	**9.0%**	8.8%	↑	Call Centre Direct OPEX Ratio [1]	**1.0%**	1.5%	↓
Weighted Average Interest Expense [1]	**4.9%**	4.5%	↑	**Consolidated Operations**			
Net Interest Margin [1]	**4.1%**	4.3%	↓	Gross Profit Contribution			
				Gross Profit (mm)	**$11.9**	$10.7	↑
Organic orginations[1]	**$60.4**	$44.4	↑	Operating Expenses (mm)	**$11.8**	$13.9	↓
Consumer Finance Direct OPEX Ratio [1]	**2.8%**	2.9%	↓	Consolidated Direct OPEX Ratio [1]	**6.2%**	7.9%	↓
Average Earning Assets (mm) [1]	**$191**	$175	↑	Return on Average Earning Assets [1]	**(0.9)%**	(5.0)%	↑
Period Ending Earning Assets (mm)	**$202**	$183	↑				
				Corporate Tangible Leverage Ratio [1]	**5.7**	4.9	↑
Consumer Finance Contracts [1]	**38,721**	35,226	↑	Tangible Net Worth (mm) [1]	**$34.1**	$34.9	↓

[1] This is a non-GAAP measurement. Refer to Non-GAAP Measures found on page 23 of this report for the definition of this measurement.
* Performance highlights are of continuing operations and include Gemma financial results for the period to March 9, 2018

Long-term Strategic Plan: Built for Compounding Profitable Growth



Phase 1

From the fourth quarter of 2017 through to the third quarter of 2018, the Company was placed on a path to profitability through the following targeted initiatives:

a) Restored profitability of its call centre operations by liquidating Gemma Communications.
b) Sold Impact Mobile for total cash consideration of $29.7 million, which recapitalized the Company with a tangible net worth in excess of $35 million without a dilution of equity holders.
c) Reduced overhead expenses to approximately $1 million per month. Excess headcount in finance and accounting has been replaced with expertise in other critical functional areas such as legal, risk management and operations.

Phase 2

Starting from the fourth quarter of 2018 to the end of 2019, the Company has acheived five consecutive 'quiet' quarters where the business has operated as predicted. During this period, the following was achieved:

a) Growth has been re-ignited
- Growing market share in consumer finance. Organic originations in consumer finance increased from $44.4 million in 2018 to $60.4 million in 2019, representing a 36% increase – all at higher risk-adjusted margins than prior periods.
- The consumer finance portfolio has grown from $178 million at the completion of the turnaround to over $200 million at the end of 2019, representing over 12% growth. This growth is being achieved consistently, at increased growth rates quarter over quarter.
- Continued to invest in technology and to improve processes at a positive return on investment:
  - Work on the automated support 'chatbot' was completed and successfully implemented.

- Artificial Intelligence (“AI”) automation was successfully launched within the contract auditing and booking process.
- Innovative technologies to automate home ownership verification, debt servicing capabilities and PAP authorization have been executed, increasing efficiency and accuracy at a substantially lower cost.

- Building a growing and profitable niche through omni-channel solutions in the Call Centre. The Call Centre renewed all maturing client contracts at existing or higher pricing. The pipeline for new business remains strong moving into 2020.

b) Progress on path to profitablity
  - Growing originations are being achieved at stable risk adjusted margins in excess of 4%.
  - Net fee income in consumer finance is growing.
  - The Call Centre saw its margins increase from 28% in 2018 to 36% in 2019.
  - Operating leverage is being achieved with stable overheads and declining losses for each successive quarter in 2019.

Phase 3

EcoHome has grown its share of originations such that it is now a credible third player in Canada’s home improvement finance marketplace, while One Contact has a strong reputation for being a leading provider of omni-channel solutions for its clients. Initially, the Company will pursue targeted opportunities for growth which require limited capital investment. For EcoHome, this will include marketing to new dealer relationships and additional industry verticals. With the organizational changes at major competitors, and dealers who have the opportunity to increase their credit penetration, EcoHome has significant room for continued origination growth by focusing on being the best finance partner for Canada’s home improvement dealers. One Contact will continue to pursue a strategy of organic growth within its profitable omni-channel niche for back office solutions.

Phase 4

As the Company moves closer to 2022 and the realization of $50 million of Contractual Residual Cash Flows between 2022 and 2025, it will explore additional growth initiatives that require larger capital investments. These may include synergistic acquisitions within our existing call centre and consumer finance segments as well as other complementary businesses. This aggressive growth phase will involve EcoHome moving beyond a niche consumer finance player and One Contact expanding its call centre seating capacity

Shareholder Alignment

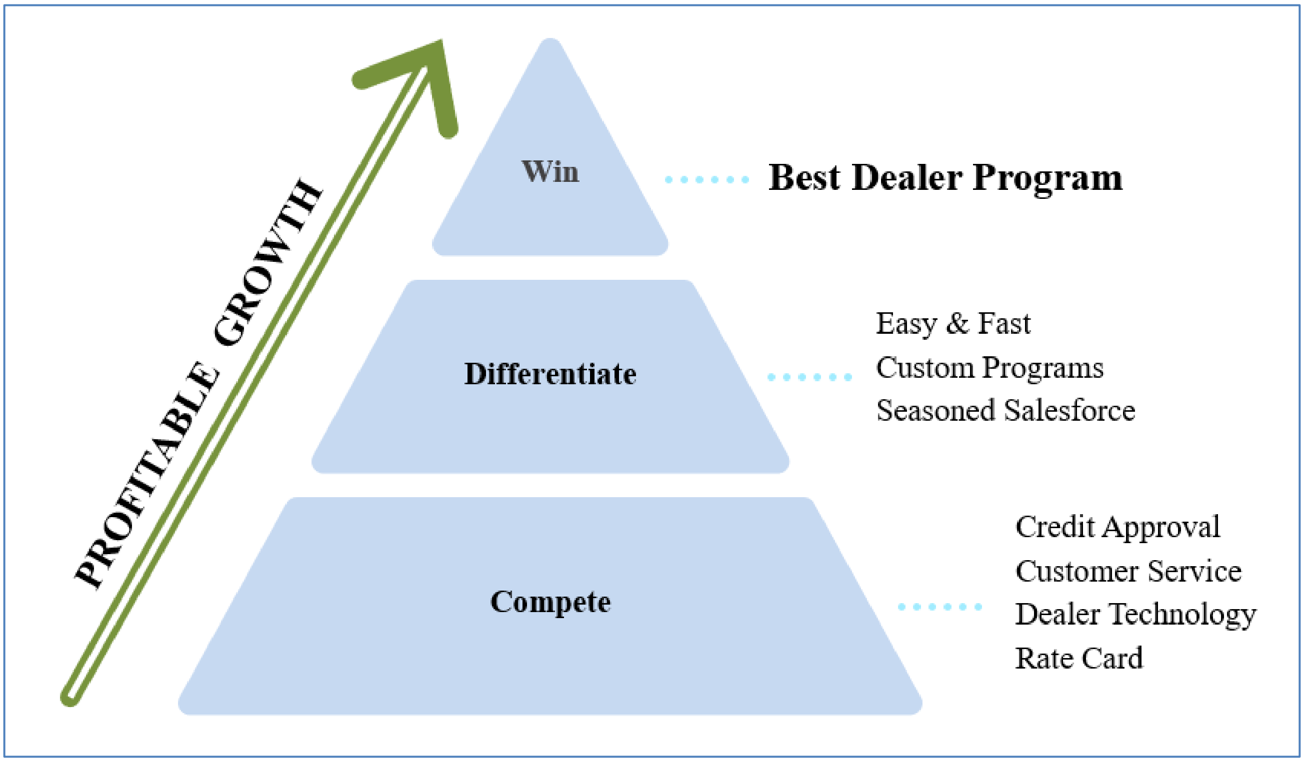
In December 2017, certain officers, directors and key management personnel participated in 28% of the senior secured debenture offering which was used to fund the turnaround. Since the turnaround at the end of 2018, members of management and the Board have collectively purchased over 2.9 million common shares of the Company in the open market. With these purchases, along with existing shares owned and options held, management and the Board collectively own approximately 9% of all common shares issued and outstanding (fully diluted for stock options held).

To provide further alignment with shareholders, (i) 25% of directors base compensation and (ii) 100% of the CEO’s, and 25% of the remaining eligible management’s 2020 short-term incentive plan (“STIP”) will be paid in deferred share units (“DSU”). The STIP is not payable to the management team if the Company does not earn a positive net income in 2020. Cumulatively, these actions align the interests of the Board and management with those of the Company’s shareholders.

Track Record of Successful Execution

The Company has assembled an accomplished and professional management team that is engaged and committed to executing the Company's vision of compounding profitable growth. At the beginning of the turnaround in the fourth quarter of 2017, management outlined a path to profitability. Quarter by quarter, there has been continued evidence of management's progress on the Company's path to profitability – a proven track record of smart moves, successful execution and winning in the marketplace.

EcoHome Financial



With a dealer-friendly rate card, the use of risk-based pricing to ensure profitable originations, a custom scorecard to increase auto-decisioning/approvals, improved operational capabilities, and increased use of data analytics to uncover opportunities and manage risk, EcoHome is driving profitable origination growth.

Prior to COVID-19, EcoHome was exploiting current market disruptions, increasing credit penetration of its dealer base, and gaining market share.

One Contact

One Contact is a leading provider of integrated, omni-channel back office solutions to its clients, which is a growing and profitable niche in the marketplace. In addition to solving real business challenges for its third-party clients, One Contact is also leveraging its call centre expertise and technology to deliver value added solutions for EcoHome.

Along with delivering a steady and growing source of liquidity to the Company, One Contact is also winning new U.S. and Canadian contracts which will require hiring 100 additional personnel and expanding its seating capacity in both Reno and Toronto.

Management Priorities for 2020

Management is committed and focused on executing upon its corporate vision of compounding profitable growth. During August 2018 and August 2019, the Board and management participated in off-site strategy retreats. Strategies and goals were refined into initiatives when the financial plan was developed in the fourth quarter. This culminated in a session the first week of the new year, which was focused on timelines, implementation and execution of the annual plan.

While minimizing the impact of COVID-19 on the business of the Company is currently Management's primary focus, Management will continue to pursue the priorities set out below to the extent possible.

Core management priorities for 2020 are as follows:

a) Drive profitable origination growth
   - Increase credit penetration through focused training to our dealer base.
   - Acquire new dealers as competitors experience organization changes.
   - Enter new dealer verticals.
   - Implement a new credit scorecard, in co-operation with Equifax, to increase conversion rates from existing submission volumes by optimizing decision timing and approval rates at desired risk appetite. Through the implementation of the custom scorecard, it is expected that the volume of submissions that currently require manual adjudication should decrease and result in increased originations for every dollar of credit submission.
   - Continue to evolve our product offerings to build competitive advantages and reduce prepayments.

- Launch credit and debit card processing services which results in net savings to dealers.
- Build out marketing capabilities in a disciplined manner and within budget:
  i. Targeted dealer events and trade show participation
  ii. Creation of a dealer advisory board with the first meeting in March 2020
  iii. Establish and build out a social media presence and positive brand awareness for EcoHome

b) Grow One Contact
- Continue to convert the existing pipeline of new business opportunities.
- Integrate more of EcoHome operations into One Contact and its leading Genesys technology platform to exploit synergies and drive further efficiency and cost effectiveness into the Company.
- Continue driving process improvements and innovation to existing and new clients.

c) Deploy technologies that generate positive returns on investment to maintain stable overhead costs and drive operating leverage as the Company grows to scale
- Continue to implement and Robotic Process Automation (“RPA” or “bot”) technology across all repeatable processes throughout the organization.
- Continue to develop our custom dealer portal to ensure best-in-class dealer origination experience and expand capabilities to include a consumer portal for portfolio management, administration and collections.
- Use technology to improve the effectiveness of the Company’s collection activities.

d) Execute strategic plays
- Build and grow strategic partnerships to monetize the Company’s existing customer base and grow fee income.
- Explore accretive acquisitions which require a low level of capital investment.
- Continue to develop relationships within the debt capital markets to accelerate monetization of residual cash and other unencumbered security to fund larger acquisitions and growth opportunities outside of existing verticals and funding eligibility, thus avoiding dilutive equity raises to support larger growth opportunities.

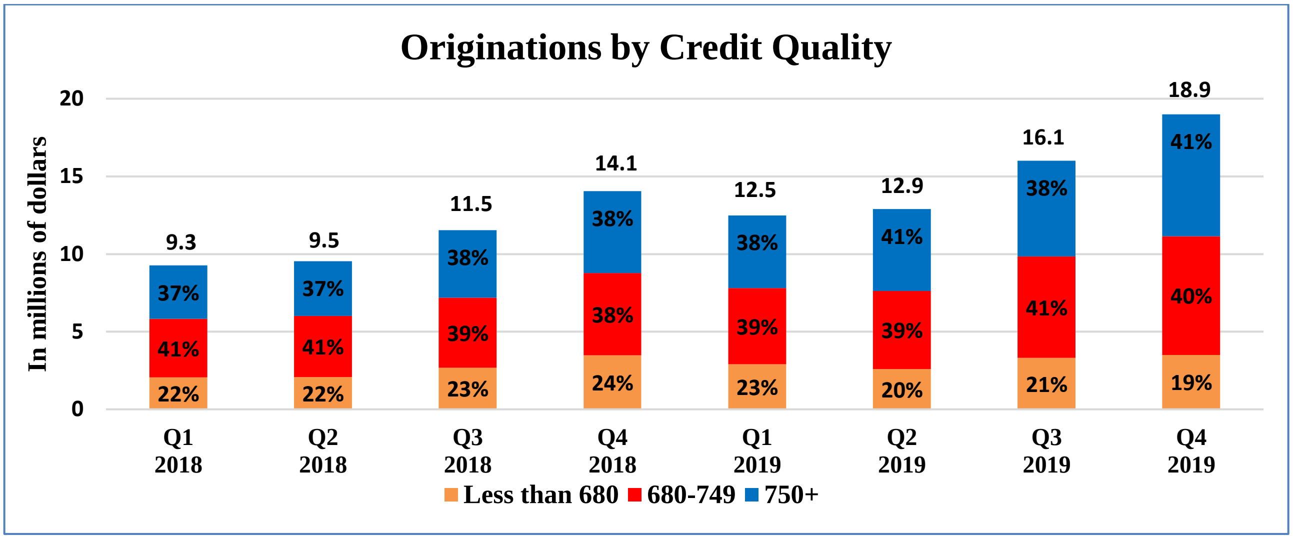
STIP Targets

The management priorities outlined before, which have been approved by the Board, have been simplified into five key metrics to support the STIP for management for 2020. This plan is designed to incentivize management to align with shareholders to drive compounding profitable growth and enhance value throughout the organization. These metrics are as follows:

1. Net income target
2. Profitable origination growth
3. Increase net fee income
4. Reduce total past due accounts as a percentage of finance receivables
5. Establish minimum call centre revenues to be earned from EcoHome

Multi-year Growth Strategy Across the Organization

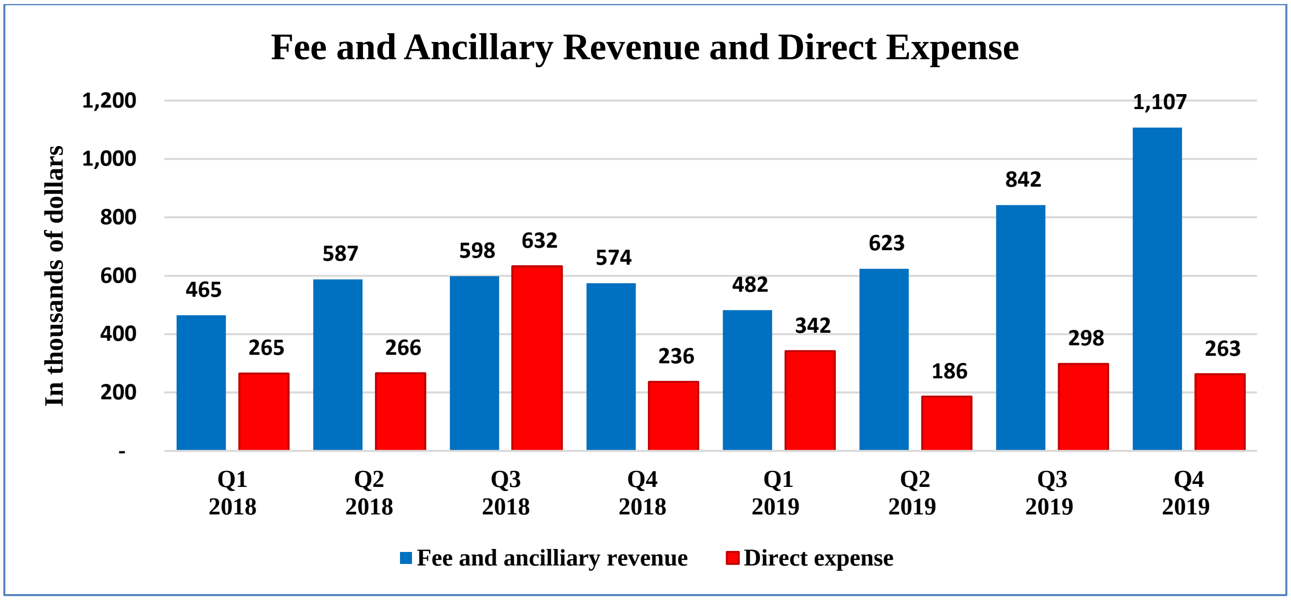
YOY EcoHome's Profitable Origination Growth of 36%



Organic originations increased 36% on an annual basis compared to 2018. With favourable cost of funds, a growing dealer base, a dealer-friendly rate card, a knowledgeable sales force, and competitive product offerings, EcoHome has significant room for continued origination growth by focusing on fully serving Canada's home improvement dealers. The Company has invested in its 10 person sales force to attract and on-board new dealers, and the dealers incur the marketing costs to attract homeowners who need home improvements or new HVAC equipment for their home.

The Company, for the foreseeable future, does not need a direct-to-consumer channel or to enter other new indirect channels in order to achieve its growth targets.

YOY Fee Growth of 37%

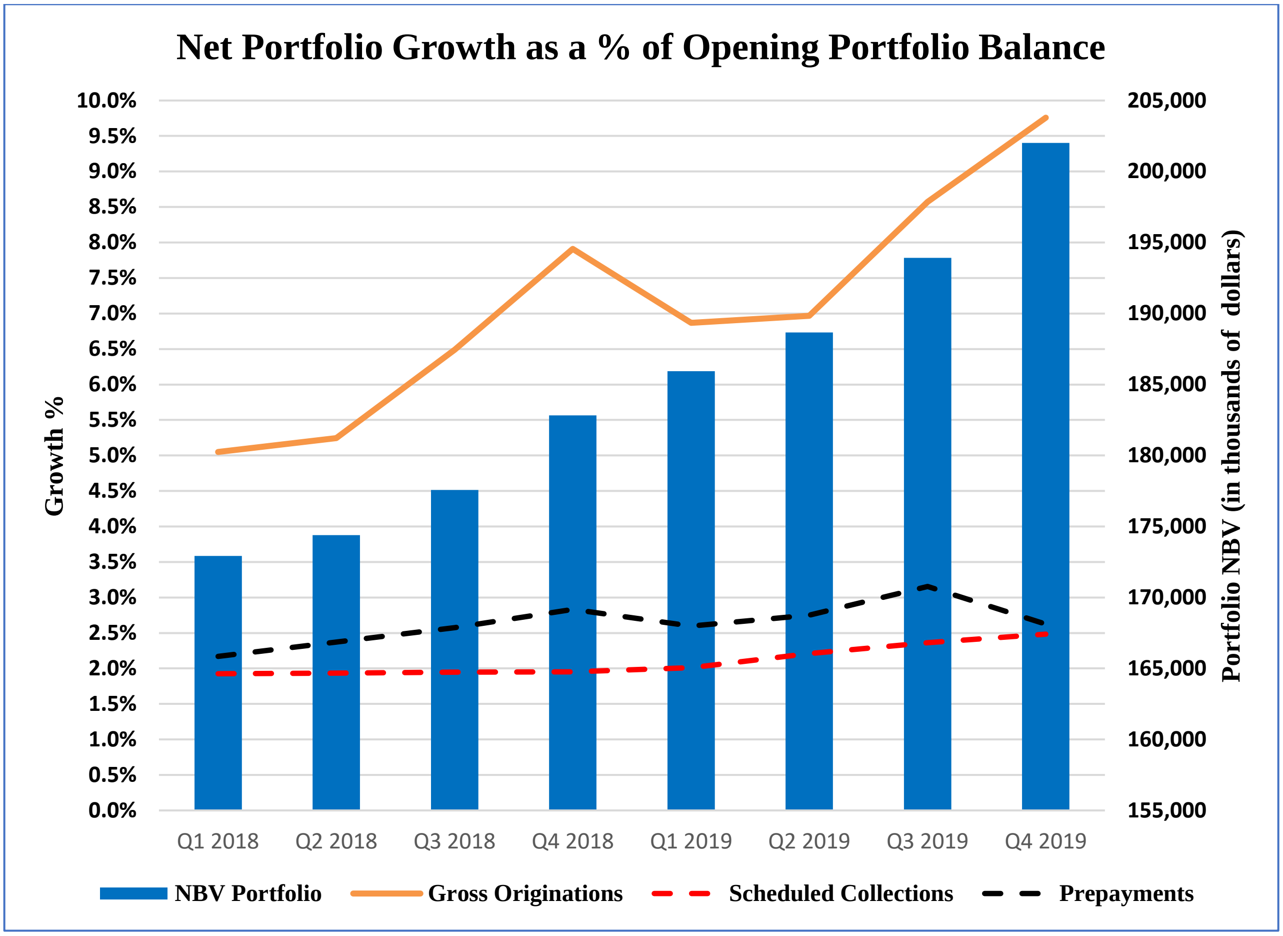


Fee and ancillary revenue increased by 37% on an annual basis compared to 2018 while expenses were lower by 22%. The key for future fee and ancillary revenue growth is monetizing EcoHome's 39,000 homeowner customer base through strategic partnerships. The Company is currently piloting a reverse mortgage strategic partnership with a financial institution.

In 2019, direct expenses were contained through effective use of technology. Through a combination of RPA technology integrated with the dealer portal, and web services tied to land title registry searches, EcoHome's bots are able to validate home ownership for new applications in seconds as opposed to hours. Bots run 24/7/365 and enables dealers to close deals far faster than was previously possible. In addition, the Company will continue to roll out RPA automations across key business-rules-driven, repeatable internal processes. Customer billing and customer move in/move out processes are also in the implementation phase. This continuous initiative has saved thousands of man-hours, reduced costs, and improved processing quality and accuracy.

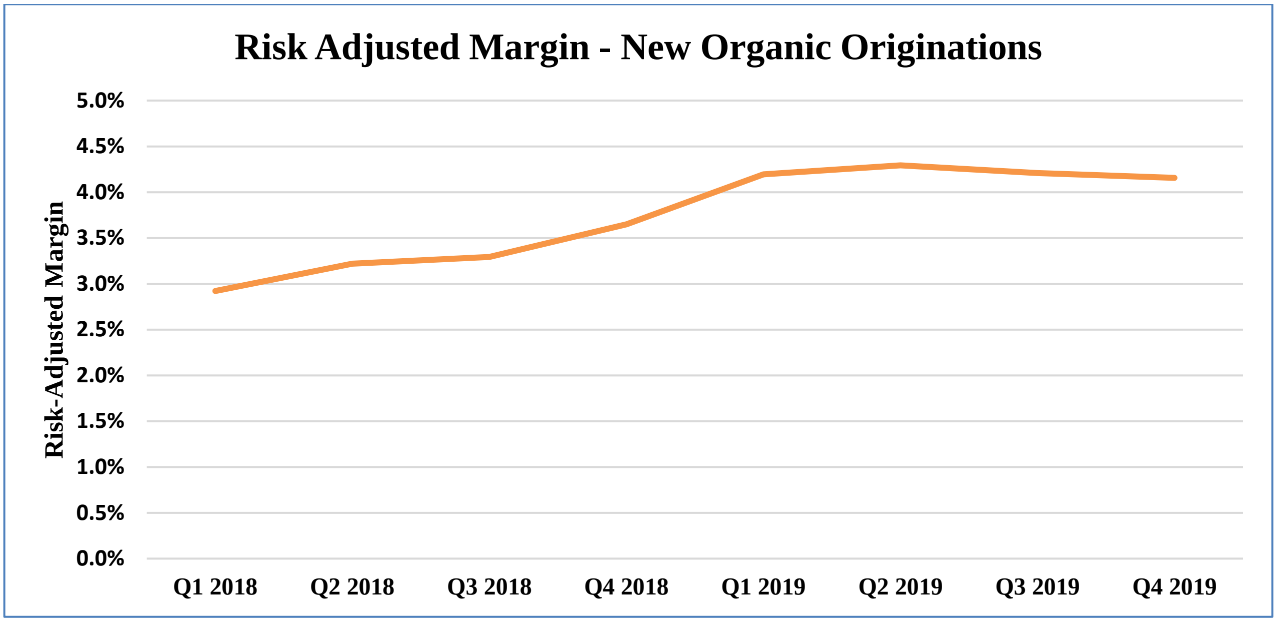
The Company currently has the rights to end of term payments on approximately 16,000 leases.

YOY Net Portfolio Growth of 10.3%



Net portfolio growth of 10.3% was achieved in 2019 (6.4% in 2018). The Company has introduced targeted initiatives to reduce prepayments, including higher administration fees, claw-back of commissions, and repayment of its current promotional incentive by the consumer if the loan is repaid within 18 months.

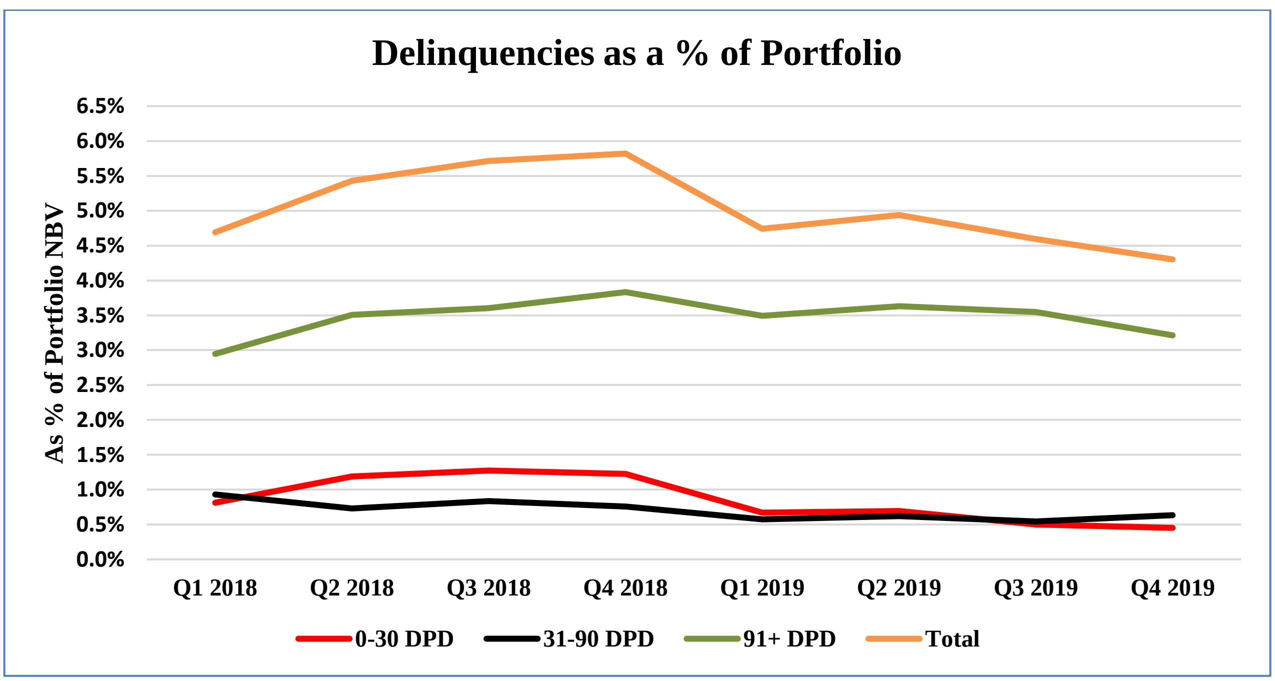
Increased Risk Adjusted Margin



**Risk Adjusted Margin = Gross Yield – Cost of Funds – Expected Losses (Probability of Default net of Recoveries)*

Through risk-based pricing introduced in second quarter of 2018, EcoHome has increased the risk-adjusted margin on new originations by over 40% from 3% in the first quarter of 2018 to 4.2% throughout 2019. Moving forward, EcoHome is targeting stable risk adjusted margins on new originations of at least 4%.

Improving Portfolio Quality



Through proactive measures, EcoHome has significantly reduced the amount of delinquent accounts, while simultaneously growing its portfolio. Throughout 2019, delinquent accounts have seen a consistent decrease.

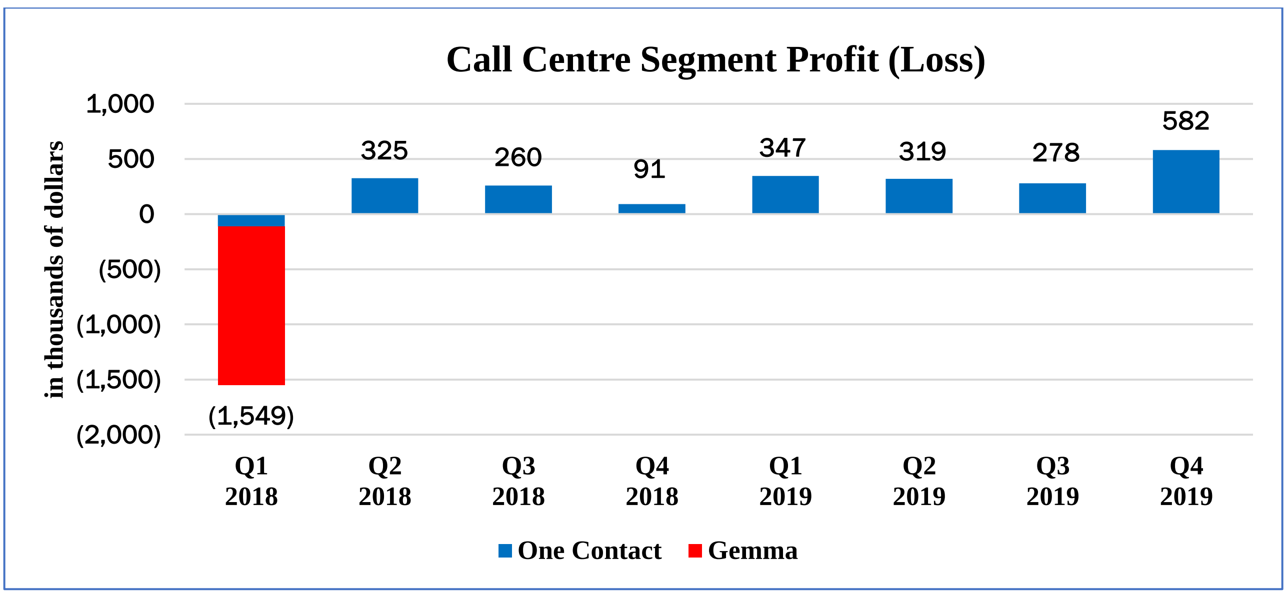
The declines have occurred both in the dollar amounts and percentage of delinquent accounts. Furthermore, accounts over 91 days are at a further stage of enforcement as compared to 2018.

Provision for credit losses was $1.27 million in 2019 ($0.45 million in 2018). The provision recognized in 2019 was a combination of an increase to the underlying provision for future credit losses and actual realized credit losses. The increased credit loss provision was driven by a more refined analysis of the portfolio and the underlying assumptions used to determine expected losses based on actual historical portfolio performance, along with changes to the underlying variables and methodology used for stress testing the portfolio for changes to macroeconomic factors. Key credit provision ratios are as follows:

	2019	2018
Allowance for credit losses/gross finance receivables	1.05%	0.95%
Total delinquent accounts/gross finance receivables	4.31%	5.84%

The Company's efforts to resolve delinquent accounts have shown significant progress towards driving recoveries and improving the aging profile of the current portfolio.

YOY One Contact's Gross Profit Increase of 19%



The Company's One Contact call centre operations offer call centre services out of Toronto, Ontario and Reno, Nevada for both external clients and EcoHome. A large portion of the segment profit improvement is due to higher gross margin as the segment has put significant effort into increasing efficiency on each customer contract. Gross margin has improved from 28% in 2018 to 36% in 2019.

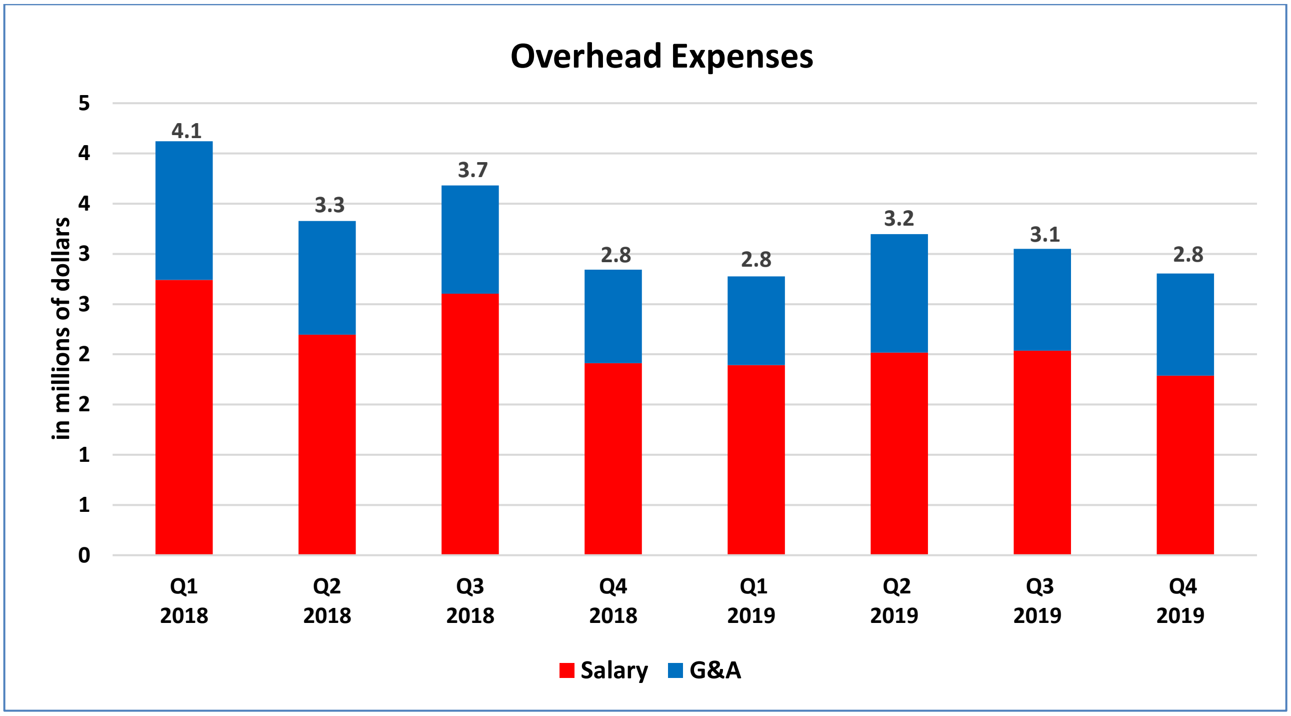
One Contact has become a leading omni-channel solutions provider. Over the last three years, non-voice work (e.g., email, SMS, chat-based support) has grown from 4% to approximately 18% of revenue. This has (i) significantly diversified the scope of services that One Contact provides to its customers, (ii) improved the efficiency and profitability of its operation, and (iii) increased satisfaction and retention of its customers. The overall effect is moving the call centre closer to its vision of delivering best-in-class, omni-channel contact centre and back office solutions to its customers.

Other notable 2019 accomplishments include:

- Did not incur any service level penalties.
- Retained all existing clients.
- Continued to build on support opportunities and integration with EcoHome.

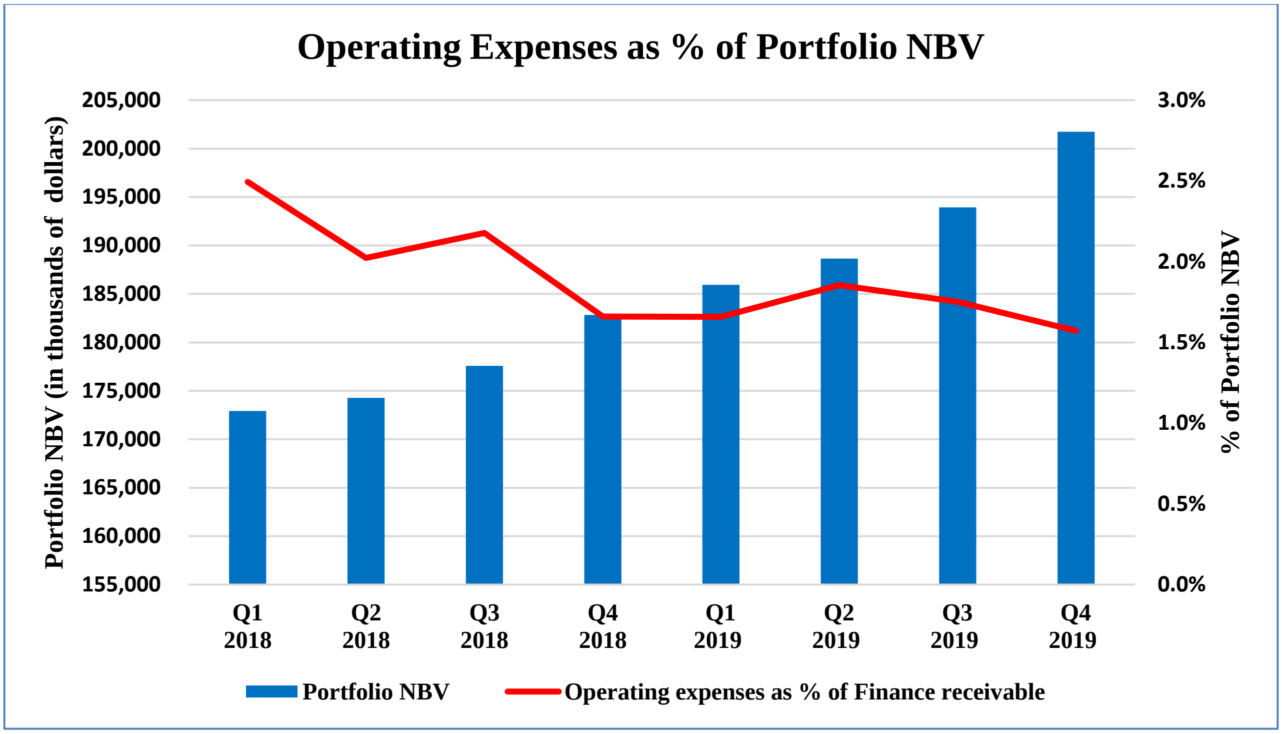
Furthermore, One Contact is winning new U.S. and Canadian contracts which will require hiring 100 additional personnel and expanding its seating capacity in both Reno and Toronto.

YOY Cost Reduction of 15%



Having streamlined operations in 2018, the Company has continued to focus on maintaining a steady overhead of approximately $1 million per month. While overhead remains stable, the portfolio has grown.

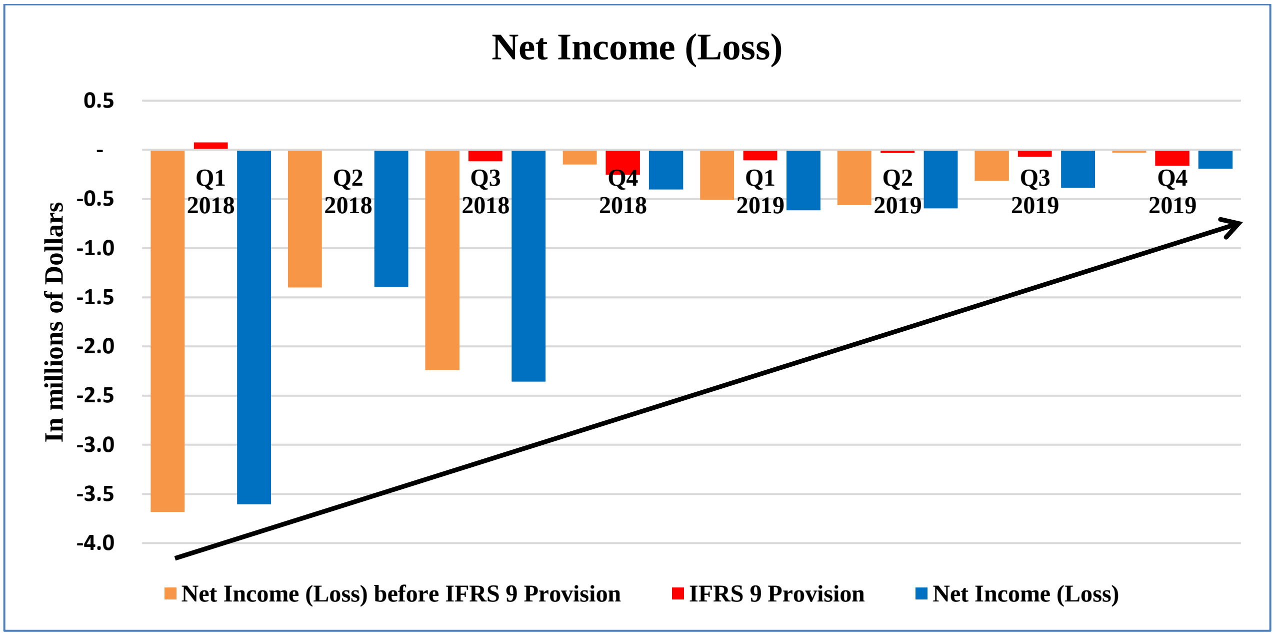
This is a demonstration of the scalability of the technology in which the Company has invested. The chart below illustrates this point.



As of December 31, 2019, the headcount for salaried employees has remained stable year over year. The majority of the Company's hourly workforce are in the call centre segment and staffing levels fluctuate based on seasonal activity of customer programs in place at any point in time.

	March 2018	June 2018	September 2018	December 2018	March 2019	June 2019	September 2019	December 2019
Salaried	116	86	74	73	80	79	77	72
Hourly	234	200	214	241	175	187	195	216
Total	350	286	288	314	255	266	272	288

Steady Progress on Path to Profitability



The Company ended the fourth quarter of 2019 in a break-even position before provision for the IFRS 9 provision for credit losses.

Capital and Liquidity

Capital

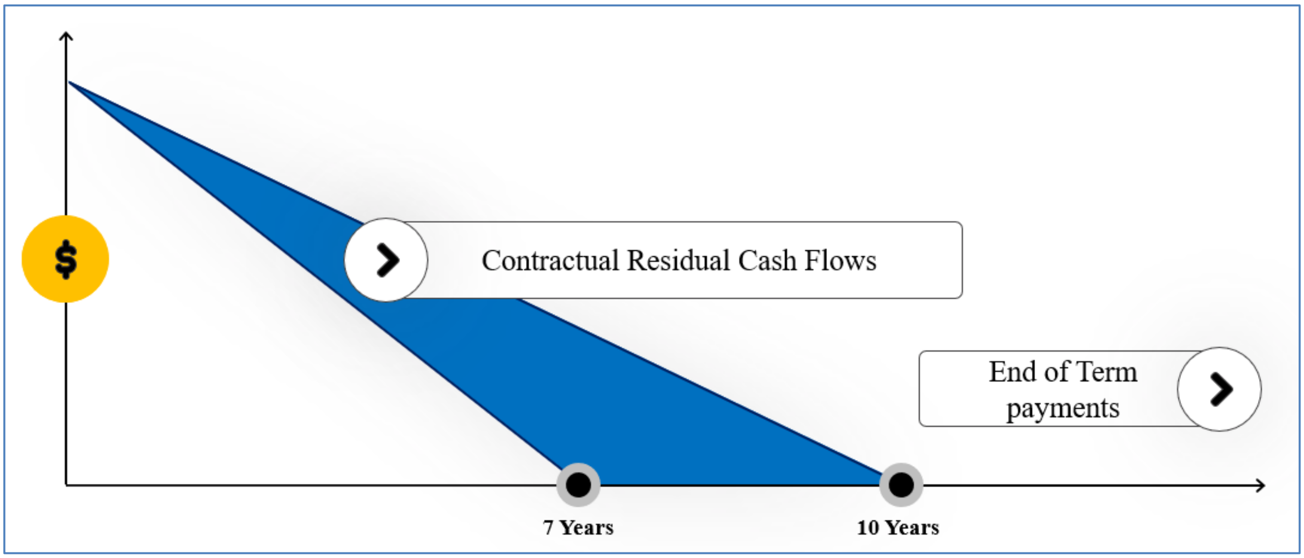
With a Tangible Net Worth in excess of $34 million and existing Corporate Tangible Leverage Ratio of 5.7 times compared to senior funding covenants of 10 times, EcoHome has the ability to grow its portfolio to $340 million without the need for additional capital. Profitability will further increase tangible net worth and will permit portfolio growth in excess of $340 million.

Liquidity

By controlling overheads and direct expenses, strategically growing fees, building profitable growth in One Contact and growing risk adjusted margins in its consumer finance portfolio, the Company has conserved its cash resources. Given the timing differences associated with the funding profile of the finance receivable portfolio and the underlying capital required to support origination growth and portfolio management activities, excess free cash flow will remain tight in the near term as the Company continues to grow to scale. Continued discipline on maintaining stable risk adjusted margins on new originations, growing fee income, managing overheads and adding new business to One Contact at strong margins will be required in order to prudently manage liquidity in the near term. 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. In addition, Capital Partners' nomination of alternate directors - led by Dr. Small- a former director and officer of the Company that was dismissed for cause in April 2018 and has sued the Company for wrongful termination and is seeking a payment in excess of $16 million (which the Company is vigorously defending and believes is without merit) - creates additional uncertainty about the future direction of the Company and prevents the Company from raising any equity or debt which could result in shareholder dilution.

The Company's funding facilities require that the majority of cash flows from its collateralized lease and loan receivables to be paid to its funders until the related debt has been completely paid. At that point, any remaining contractual residual cash flow and funder cash reserves will come to the Company. In addition, the Company may have rights to End of Term ("EOT") payments on leases. EOT payments are those made by the customer after the expiration of their lease contract and essentially allows the customer to continue to lease their equipment on a month-to-month basis and continue to enjoy benefits that come from a lease (e.g., maintenance-free). The Company does not recognize EOT payments as an asset in its financial statements as it is not contractual.

The graph below visually illustrates the contractual residual cash flows and EOT payments on a typical 10-year lease.



The amount of contractual residual cash flow to be received will be nominal until 2022. After such time, amounts will increase materially through 2025 and out to maturity in 2031. The Company currently has the right to EOT payments on approximately 16,000 contracts.

The table below shows that as at December 31, 2019 the Company has approximately $75 million of net Contractual Residual Cash Flows over the years 2020 – 2031:

Cumulative Contractual Residual Cash Flow

(In millions)	**2022**	**2025**	**2031**
Contractual Cash Inflows	136	256	294
Contractual Cash Outflows	(123)	(197)	(199)
Net Cash Flows	13	59	95
Debenture Repayment	(10)	-	(20)
Surplus	**3**	**59**	**75**

Given that EOT payments do not represent contractual obligations and can be cancelled by the customer with one-month notice, they are not included in the above contractual residual cash flow table. Finance receivables experience on-going attrition and early prepayment by consumer borrowers. These payments accelerate the repayment of debt but also affect the amount of future residual cash flows and EOT payments.

Provided the Company maintains its current discipline on expenses and delivers on its vision of compounding profitable growth, this contractual residual cash, along with additional EOT payments, will serve as a 'war chest' that can be used to:

- Substantially accelerate the growth rate of EcoHome.
- Purchase accretive, complementary businesses.
- Fund a share buy-back program.

Contractual residual cash flows and EOT payments are unencumbered by security interests and are available for the Company to utilize to support corporate borrowings or for other purposes. One Contact is also unencumbered by security interests.

On October 16, 2020 the secured promissory note owing to the Chesswood Group matures and can be repaid before its maturity date without penalty. At December 31, 2019, the balance of the secured promissory note was $2.7 million secured by consumer finance contracts with a book value of $4.3 million. The realization on the collateral is sufficient to repay the remaining balance on its maturity.

Funding Partners

The Company has placed increased emphasis on expanding its product base outside of the traditional HVAC markets, and with enhanced risk-based pricing methodology, is ready to explore optimizing the risk profile of consumers to which it will lend.

As part of these initiatives, the Company has worked closely with its Canadian LifeCo and Schedule 1 bank funding partners to renew its existing credit facilities in 2019 with the following enhancements:

- Inclusion of Quebec-based originations in the Company's securitization and warehouse facilities allowing them to benefit from the competitive cost of funds accessible by the rest of the origination portfolio across Canada;
- Additional eligibility for contracts in excess of $25,000 up to $100,000;
- Support for a pilot program in Ontario to fund non-prime credit (i.e., credit scores between 580 and 600); and
- A shift to improved monthly cash flow with its Canadian LifeCo partner equal to approximately 1.1% for each pool funded. The table below illustrates the change in the cash flow profile with respect to EcoHome's loans and leases:

Timeline	Leases			Loans		
	Old Facility	New Facility		Old Facility	New Facility	
Up-front	10%	**10%**	**-**	21%	**21%**	**-**
Monthly	28%	**40%**	**+ 12%**	24%	**37%**	**+ 13%**
After maturity	62%	**50%**	**- 12%**	55%	**42%**	**- 13%**
Total Cash Flow	**100%**	**100%**	**-**	**100%**	**100%**	**-**

All of the above funding enhancements help support the Company's current growth initiatives and profitability.

Tax Loss Carry Forward

The Company has tax losses of $24,270 ($22,950 in Canada and $1,320 in the United States) available to be applied against future years' taxable income which have not been recognized in the Company’s financial statements to date. The Company will make an assessment on recognizing a deferred income tax asset in the future. 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. 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.

Non-GAAP Measures and Definitions

The Company uses a number of financial measures to assess its performance. Some of these measures are not calculated in accordance with GAAP, are not defined by GAAP, and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. The non-GAAP measures used in this MD&A are defined as follows:

Non-GAAP Measures	Definition
Consumer Finance Segment	
Average Yield on Earning Assets	Interest income (annualized) and expressed as a % of average finance assets for the period.
Weighted Average Interest expense (as a % of Earning Assets)	Interest expense over average earning assets for the quarter (annualized).
Net interest margin (as a % age of Earning assets)	(Interest income less interest expense) divided by average earning assets for the quarter (annualized). This metric measures the profitability of assets.
Consumer Finance Direct OPEX (as a % of Average Earning Assets)	Direct OPEX comprises salaries, wages and benefits plus general and admininistrative expenses (as reported on the Reportable segment information note on the annual condensed consolidated financial statements), divided by average earning assets, expressed as a percentage. This metric measures how efficient the Consumer Finance segment is at generating revenue. A lower percentage indicates better efficiency.
Average Earning Assets ($mm)	Average Finance receivables over the reporting period.
Period Ending Earning Assets ($mm)	Finance receivable balance outstanding as at the end of the reporting period.
Consumer Finance Contracts	Number of lease and loan contracts outstanding as at the end of the reporting period.
Organic Originations	Net book value of new lease and new loan contracts funded in the period.
Risk Adjusted Margin	Interest income (annualized) after payment of secured borrowings and other related debt, and less expected credit losses expressed as a % of average finance assets for the period.
Delinquency	Finance receivable balance more than 30 days past due.
Contractual Residual Cash Flows	Excess of cash flows from finance receivables after payment of secured borrwings and other related debt.
End of Term Payments	Excess of cash flows from finance receivables after end of Contractual Residual Cash Flow.
Call Centre Segment (One Contact)	
Call Centre margin (%)	Call Centre revenue less cost of sales divided by Call Centre Revenue, expressed as a percentage. This metric measures the profitability and viability of the services provided by the Call Centre operations.
Call Centre Direct OPEX (as a % of Average Earning Assets)	Direct OPEX comprises salaries, wages and benefits plus general and admininistrative expenses (as reported on the Reportable segment information note on the annual condensed consolidated financial statements), divided by average earning assets, expressed as a percentage. This metric measures how efficient the Call Centre segment is at generating revenue. A lower percentage indicates better efficiency.
Consolidated Operations	
Operating Expenses	Total of Salaries, wages and benefits plus general and administrative expenses.
Net Income (Loss) Before IFRS 9 Provision	Net Income (Loss) with provision for IFRS 9 added back.
Consolidated Direct OPEX (as a % of Average Earning Assets)	Direct OPEX comprises salaries, wages and benefits plus general and admininistrative expenses (as reported on the Reportable segment information note on the annual consolidated financial statements), divided by average earning assets, expressed as a percentage. This metric measures how efficient the Company is at generating revenue. A lower percentage indicates better efficiency.
Return on Earnings Assets	Net loss from continuing operations divided by average eaning assets for the quarter (annualized). This metric measures the profitability of the Company.
Corporate Tangible Leverage Ratio	Financial strength ratio that measures proportion of the Company's total debt (secured borrowings, debentures and notes payable) to Tangible net worth. The number indicates the amount of debt in dollars the Company owes for every dollar of tangible net worth.
Tangible Net Worth ($mm)	Total shareholders' equity minus Intangible assets, net, and minus goodwill.

Results of Operations – For the three months ended December 31, 2019, September 30, 2019 and December 31, 2018

The following table sets forth a summary of the Company's consolidated financial performance as of the dates presented:

	For the three months ended				
in $'000s except for per share amounts	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**	**Change over September 30, 2019**	**Change over December 31, 2018**
	$	$	$	%	%
Consumer finance:					
Interest income	**4,501**	4,346	3,936	3.6	14.4
Interest expense	**2,363**	2,349	2,014	0.6	17.3
	2,138	1,997	1,922	7.1	11.2
Fee and ancillary revenue	**1,107**	842	574	31.5	92.9
Direct expense	**(262)**	(298)	(236)	(12.1)	11.0
Provision for credit losses	**(835)**	(236)	(274)	253.8	204.7
	10	308	64	(96.8)	(84.4)
Finance income	**2,148**	2,305	1,986	(6.8)	8.2
Call centre:					
Revenue	**2,686**	2,368	2,283	13.4	17.7
Cost of sales	**1,684**	1,552	1,658	8.5	1.6
	1,002	816	625	22.8	60.3
Gross profit	**3,150**	3,121	2,611	0.9	20.6
Operating expenses:					
Salaries, wages and benefits	**1,789**	2,037	1,912	(12.2)	(6.4)
General and administrative	**1,017**	1,013	932	0.4	9.1
Finance costs, net	**54**	17	(27)	217.6	300.0
Depreciation and amortization	**366**	346	191	5.8	91.6
Share-based compensation	**114**	94	91	21.3	25.3
Loss on loss of control of subsidiaries	**-**	-	(84)	n/a	100.0
	3,340	3,507	3,015	(4.8)	10.8
Loss from continuing operations before income taxes	**(190)**	(386)	(404)	(50.8)	(53.0)
Income taxes:					
Income tax expense (recovery)	**-**	-	-	n/a	n/a
Deferred tax expense (recovery)	**-**	-	-	n/a	n/a
	-	-	-	n/a	n/a
Loss from continuing operations	**(190)**	(386)	(404)	(50.8)	(53.0)
Income from discontinued operations, net of tax	**-**	-	22	n/a	(100.0)
Net income (loss) for the period	**(190)**	(386)	(382)	(50.8)	(50.3)
Other comprehensive income (loss):					
Foreign currency translation	**-**	3	5	(100.0)	(100.0)
Net income (loss) and comprehensive income (loss)	**(190)**	(383)	(377)	(50.4)	(49.6)
Income (loss) per common share, basic and diluted	**(0.00)**	(0.00)	(0.00)	n/a	n/a
Continuing operations	**(0.00)**	(0.00)	(0.00)	n/a	n/a
Discontinued operations	**0.00**	-	0.00	n/a	n/a

The Company recorded a net loss from continuing operations before income taxes of $190 for the current quarter as compared to $386 for the quarter ended September 30, 2019, and a net loss of $404 for the quarter ended December 31, 2018. The improvement from the prior quarter is due to lower salaries, wages and benefits expense. As compared to the prior year, overall results have improved due to lower salaries and wages, higher net fee income and higher gross margin from the Call centre.

Finance income for the current quarter was $2,148, a decrease of 6.8% over the $2,305 in the prior quarter and 8.2% higher than the fourth quarter ended 2018. The decrease over the prior quarter is driven by increased credit loss provision, which is driven by a more refined analysis of the portfolio using AI and application of IFRS 9 Expected Credit Loss (ECL) and economic overlay requirements. This is offset by higher net interest margin, which is driven by a larger portfolio and higher yields. Net fee income increased due to higher level of administration fees driven by volume, partially offset by contract administration expenses. The improvement over the fourth quarter of 2018 is primarily driven by net fee income from higher customer administration fees and higher volume of fees without a corresponding increase in contract administration expenses.

Call centre gross margin was $1,002 for the current quarter as compared to $816 for the prior quarter and $625 for the fourth quarter ended 2018. The gross margin percentage was 37.3% for the current quarter which is in line with the higher gross margins for the comparative periods.

Operating expenses for the current quarter were $3,340, a decline of 4.8% from the $3,507 recorded in the prior quarter and 10.8% higher than the corresponding quarter in 2018 of $3,015. The decline from the prior quarter is mainly due to lower salaries, wages and benefits. The increase compared to the same quarter in 2018 is due to higher depreciation and amortization and share-based compensation.

Consumer finance interest income for the current quarter was $4,501, an increase of 3.6% over the $4,346 recognized in the prior quarter ended September 30, 2019, and an increase of 14.4% over the $3,936 recognized in the corresponding quarter in 2018. The increase is due to higher yields and a larger overall portfolio. The average yield on earning assets remained strong at 9.0% compared to prior quarter and improved from 8.7% in the corresponding quarter of 2018.

Consumer finance interest expense for the current quarter was $2,363, 0.6% higher than the $2,349 recorded in the prior quarter, and 17.3% higher than the interest expense of $2,014 for the corresponding quarter in 2018. Weighted average interest expense as a percentage of earning finance assets decreased to 4.7% from 4.9% in the prior quarter of 2019 and increased from the 4.4% in the corresponding quarter of 2018. The interest expense is flat with respect to prior quarter. The increase from prior year is primarily due to changes in the mix of secured borrowings associated with the repayment of historical tranches funded at lower rates and the addition of newer tranches funded at higher rates.

One Contact business revenues for the current quarter were $2,686, an increase of 13.4% from the $2,368 recorded in the prior quarter, and 17.7% above the corresponding quarter of 2018. The increase from the prior year is driven by higher overall customer volumes.

One Contact cost of sales for the current quarter were $1,684, an increase of 8.5% from the $1,552 recorded in the prior quarter, and 1.6% higher than the corresponding quarter of 2018. The increase from the prior quarter is in line with the increase in revenue in the commensurate period.

Salaries, wages and benefits were $1,789 for the current quarter, a decrease of 12.2% over the $2,037 for the prior quarter, and 6.4% lower than the $1,912 recorded for the corresponding quarter in 2018. The improvement from the prior quarter and prior year is mainly driven by reduction in management compensation.

General and administrative expenses were $1,017 for the current quarter, an increase of 0.4% from the $1,013 in the prior quarter, and an increase of 9.1% from the $932 for the corresponding quarter in 2018. The current quarter expenses are consistent with prior quarter. The increase compared to corresponding quarter in prior year is mainly due to higher level of professional fees and technology costs.

Finance costs, net, represents interest and accretion expenses related to lease obligations per IFRS 16, corporate debt and foreign exchange gain and loss. The current quarter expense of $54, an increase of 217.6% over the $17 recorded in the prior quarter and 300% higher than the corresponding quarter of 2018. The increase is mainly due to foreign exchange loss from the weakening of the Canadian Dollar and interest expense on the lease obligations.

Depreciation and amortization expense increased 5.8% over the prior quarter and 91.6% from the corresponding quarter in 2018. The increase over the prior year is due to the implementation of IFRS 16. The rise from the prior quarter is due to the lease extension signed for the Company's Reno, Nevada location.

Share-based compensation expense was $114 for the current quarter, an increase of 21.3% over the $94 recorded in the prior quarter and 25.3% higher than the $91 recorded in the corresponding quarter of 2018. The increase from the prior quarter is due to the immediate vesting of stock options issued in December 2019, and the increase from the prior year is due to the issuance of 8.95 million options and 8.5 million options in the third quarter of 2018 and the full year 2019, respectively.

Loss per share from continuing operations was $0.00 for each of the current and prior quarter, and $0.00 for the corresponding quarter of 2018.

Results of Operations – For the year ended December 31, 2019

The following table sets forth a summary of the Company's consolidated financial performance as of the dates presented:

	For the year ended		
in $'000s except for per share amounts	**December 31, 2019**	**December 31, 2018**	**Change over December 31, 2018**
	$	$	%
Consumer finance:			
Interest income	**17,211**	15,361	12.0
Interest expense	**9,366**	7,889	18.7
	7,845	7,472	5.0
Fee and ancillary revenue	**3,054**	2,224	37.3
Direct expense	**(1,088)**	(1,399)	(22.2)
Provision for credit losses	**(1,272)**	(453)	180.8
	694	372	86.6
Finance income	**8,539**	7,844	8.9
Call centre:			
Revenue	**9,528**	10,215	(6.7)
Cost of sales	**6,133**	7,363	(16.7)
	3,395	2,852	19.0
Gross profit	**11,934**	10,696	11.6
Operating expenses:			
Salaries, wages and benefits	**7,735**	9,454	(18.2)
General and administrative	**4,095**	4,520	(9.4)
Finance costs, net	**119**	3,041	(96.1)
Depreciation and amortization	**1,324**	764	73.3
Share-based compensation	**444**	275	61.5
Loss on loss of control of subsidiaries	**-**	1,422	(100.0)
	13,717	19,476	(29.6)
Loss from continuing operations before income taxes	**(1,783)**	(8,780)	(79.7)
Income taxes:			
Income tax expense (recovery)	**-**	-	n/a
Deferred tax expense (recovery)	**-**	-	n/a
	-	-	n/a
Loss from continuing operations	**(1,783)**	(8,780)	(79.7)
Income from discontinued operations, net of tax	**-**	25,619	(100.0)
Net income (loss) for the period	**(1,783)**	16,839	(110.6)
Other comprehensive income (loss):			
Foreign currency translation	**(30)**	6	(600.0)
Net income (loss) and comprehensive income (loss)	**(1,813)**	16,845	(110.8)
Income (loss) per common share, basic and diluted	**(0.01)**	0.06	n/a
Continuing operations	**(0.01)**	(0.03)	n/a
Discontinued operations	**0.00**	0.09	n/a

The Company recorded a net loss from continuing operations of $1,783 for the year ended December 31, 2019, a 79.7% improvement over the net loss from continuing operations of $8,780 for the year ended December 31, 2018. The improvement over the prior year is primarily due to a loss on the liquidation of Gemma of $1,422 and interest and accretion charges related to the Company's senior secured debentures of $3,039 recorded in 2018. In addition, salaries and general and administrative charges have been reduced due to a lower headcount in 2019.

Finance income for the current period was $8,539, an increase of 8.9% from the $7,844 recorded over the same period in 2018. The increase was primarily driven by portfolio growth and higher net fees partially offset by a higher credit loss provision. Net fee income increased due to higher level of administration fees driven by higher customer administration fees and higher volume of fees without a corresponding increase in contract administration expenses.

Call centre gross margin was $3,395 for the current year as compared to $2,852 over the same period in 2018. This improvement was driven by an increase in the gross margin percentage to 36% in 2019 from 28% in 2018. The prior year was impacted by operating losses in Gemma, which was liquidated in the first quarter of 2018.

Operating expenses for the current year were $13,717, an improvement of 29.6% from the $19,476 recorded in 2018. The decrease is due to the elimination of losses incurred on the liquidation of Gemma of $1,422 and interest and accretion charges related to the Company's senior secured debentures of $3,039 incurred in 2018. In addition, salaries and general and administrative charges have been reduced due to a lower headcount.

Consumer finance interest income for the current year was $17,211, an increase of 12% as compared to 2018 of $15,361. The increase is due to higher yields and a larger overall portfolio. The average yield on earning assets remained strong at 9.0% as compared to 8.8% for the prior year.

Consumer finance interest expense for the current year was $9,366, a 18.7% increase over the $7,889 recorded over the same period in 2018. Weighted average interest expense as a percentage of earning finance assets increased to 4.9% in the current year from 4.5% for the prior year. The higher rate is primarily due to the higher cost of the interim funding facility (prime + 8.05%) and monitoring fee of $2 per month, which was put in place to fund consumer finance receivable contracts originated in the province of Quebec that was repaid in May 2019, along with changes in the mix of secured borrowings associated with the repayment of historical tranches funded at lower rates and the addition of newer tranches funded at higher rates.

Management estimates that the additional incremental cost of the interim funding solution for Quebec, over and above what would have been paid if the permanent funding solution was in place in the first quarter of 2019 was $195 in the second quarter and $79 in the first quarter. With the permanent funding in place, these additional financing costs are not expected to recur in the future.

One Contact business revenues for the current year were $9,528, a decline of 6.7% from the $10,215 recorded in the prior year. Adjusting for the liquidation of Gemma, this change would be a 9.4% increase on the adjusted revenue of $8,708.

One Contact cost of sales for the current year were $6,133, a decline of 16.7% on the $7,363 recorded in 2018. Adjusting for the liquidation of Gemma, cost of sales shows an increase of 1% on an adjusted cost of sales of $6,063.

Salaries, wages and benefits were $7,735 for the current year, a decline of 18.2% from prior year. The decline is primarily due to a lower headcount with the liquidation of Gemma and overall rightsizing of the resource base.

General and administrative expenses were $4,095 for the current year, an improvement of 9.4% over prior year. The decrease is driven by focused cost reduction efforts and the liquidation of Gemma.

Finance costs, net, represents interest and accretion expenses on corporate debt and foreign exchange gain and loss. On December 22, 2017, the Company issued non-convertible senior secured debentures with a $12 million face value, at a 10% discount on closing, bearing a coupon rate of 6% per annum. This debt was repaid on July 9, 2018. Related interest and accretion charges of $3,039 were recorded in 2018.

Depreciation and amortization expense increased 73.3% over the prior year due to the implementation of IFRS 16.

Share-based compensation expense was $444 for the current year, an increase of 61.5% over the $275 recorded in prior year. The increase is due to the issuance of 8.95 million options and 8.45 million options in the third quarter of 2018 and for the full year 2019, respectively.

On July 6, 2018, the Company closed the sale of Impact Mobile and recapitalized the Company. Accordingly, the results of operations of Impact Mobile have been segregated from the ongoing continuing business and presented as discontinued operations in 2018.

Loss per share from continuing operations was $0.01 for the current year as compared to a loss per share of $0.03 for the prior year.

Consolidated Financial Position

The following table sets forth a summary of the Company's consolidated financial position as of the dates presented:

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**	**Change over September 30, 2019**	**Change over December 31, 2018**
	$	$	$	%	%
Cash and cash equivalents	**5,798**	7,337	8,684	(21.0)	(33.2)
Restricted cash	**15,936**	15,146	13,217	5.2	20.6
Trade receivables	**1,280**	690	523	85.5	144.7
Finance receivables, net	**201,740**	193,927	182,826	4.0	10.3
Other assets	**5,135**	4,455	5,051	15.3	1.7
Deferred income tax asset	**-**	-	-	n/a	n/a
Property and equipment, net	**1,355**	1,620	580	(16.4)	133.6
Intangible assets, net	**1,312**	1,233	1,105	6.4	18.7
Assets	**232,556**	224,408	211,986	3.6	9.7
Accounts payable and other liabilities	**2,968**	3,672	3,886	(19.2)	(23.6)
Debentures, notes payable and other financial debt	**22,970**	23,626	23,825	(2.8)	(3.6)
Secured borrowings	**171,977**	162,391	148,263	5.9	16.0
Total liabilities	**197,915**	189,689	175,974	4.3	12.5
Share capital	**71,123**	71,123	71,123	-	-
Contributed surplus	**7,189**	7,077	6,747	1.6	6.6
Accumulated other comprehensive loss	**(83)**	(83)	(53)	-	56.6
Deficit	**(43,588)**	(43,398)	(41,805)	0.4	4.3
Shareholders' equity	**34,641**	34,719	36,012	(0.2)	(3.8)
Total liabilities and shareholders' equity	**232,556**	224,408	211,986	3.6	9.7

Total Assets

Total assets were $232,556 as at December 31, 2019, an increase of $8,148 or 3.6% from September 30, 2019 and an increase of $20,570 or 9.7% from December 31, 2018. The increase in total assets from 2018 is primarily related to the growth in the finance receivables portfolio.

Trade receivables

Trade receivables are non-interest bearing and are generally at 30-day to 90-day terms. The increase of trade receivables from December 31, 2019 is primarily due to the timing of collections.

Management maintains an allowance for credit losses, which it establishes to provide for impairment of individual or groups of assets. Individual impairment is assessed by examining contractual delinquency and the individual borrower's financial condition. As at December 31, 2019 the Company has no allowance for credit losses for trade receivables.

Finance receivables, net

The following table sets forth a breakdown of the Company's finance receivables:

in $'000s	December 31, 2019	September 30, 2019	December 31, 2018	Change over September 30, 2019	Change over December 31, 2018
	$	$	$	%	%
Consumer finance leases*	**89,741**	93,409	105,238	(3.9)	(14.7)
Consumer finance loans**	**114,146**	102,504	79,344	11.4	43.9
Allowance for credit losses	**(2,147)**	(1,986)	(1,756)	8.1	22.3
	201,740	193,927	182,826	4.0	10.3

* Includes fair value of leases acquired and unamortized intial direct cost

** Includes accrued interest, fair value of loans acquired, vendor buy-down subsidies and unamortized initial direct cost

Consumer finance leases and loans before allowance for ECL of $203,887 reported as at December 31, 2019 represents a 4.1% increase from September 31,2019 and 10.5% increase from December 31, 2018. The net growth in the current year represents total organic originations of $60.4 million for the year ended 2019 and $44.4 million of originations for the prior year. These originations are offset by collections and terminations in the periods.

Of the aggregate 38,721 finance contracts as at December 31, 2019 (December 31, 2018 – 35,226), 21,292 were lease contracts (December 31, 2018 – 22,267) representing 55% of the net investment in financial contracts (December 31, 2018 – 63%), and 17,429 were loan contracts (December 31, 2018 – 12,959), representing 45% of the net investment in finance contracts (December 31, 2018 – 37%). The portfolio is with customers who are homeowners. The portfolio risk is diversified across a large number of small transactions with an average outstanding balance of loans of $6.5 (December 31, 2018 – $6.1), and of leases of $5.9 (December 31, 2018 – $4.6).

The following table presents the aging of the Company's consumer finance leases:

	December 31, 2019		September 30, 2019		December 31, 2018	
LEASES in $'000s	$	%	$	%	$	%
1-30 days past due	**412**	**0.5**	469	0.5	1,253	1.2
31-60 days past due	**352**	**0.4**	378	0.4	552	0.5
61-90 days past due	**361**	**0.4**	268	0.3	318	0.3
Greater than 90 days past due	**4,846**	**5.5**	5,308	5.8	6,175	6.0
Total past due	**5,971**	**6.8**	6,423	7.0	8,298	8.0
Current	**82,197**	**93.2**	85,124	93.0	94,238	92.0
Total consumer finance leases	**88,168**	**100.0**	91,547	100.0	102,536	100.0

Total past due finance lease receivables decreased by $452 to $5,971 (6.8% of total leases) from $6,423 (7.0% of total leases) as at September 30, 2019 and by $2,327 from $8,298 (8.0% of total leases) as at December 31, 2018. Greater than 90 days past due lease receivables has decreased from $5,308 (5.8% of total leases) as at September 30, 2019 to $4,846 (5.5% of total leases) as at December 31, 2019.

The collection efforts of the Company have been focused on reducing further defaults by targeting early delinquencies and reducing migration to longer past due dates. As per the above table, the Company has achieved reductions in each arrears' category from 1 – 60 days as compared to 2018. The 61 – 90 days past due amounts may increase from current levels due to timing differences between default and recovery. Realization of the underlying NOSI, which is most effective as a repayment tool at the time a customer seeks to re-finance their home mortgage or sell their home, can take on average 1.5 - 2.5 years from time of default.

As at December 31, 2019, the Company has an allowance for ECL for leases of $1,203 under IFRS 9 (December 31, 2018 – $805).

An analysis of the consumer finance lease receivables and allowance for ECL for leases is as follows:

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

The following table presents the aging of the Company's consumer finance loans:

	December 31, 2019		September 30, 2019		December 31, 2018	
LOANS in $'000s	$	%	$	%	$	%
1-30 days past due	**507**	**0.4**	505	0.5	992	1.2
31-60 days past due	**354**	**0.3**	295	0.3	288	0.4
61-90 days past due	**221**	**0.2**	115	0.1	230	0.3
Greater than 90 days past due	**1,659**	**1.5**	1,572	1.5	833	1.0
Total past due	**2,741**	**2.4**	2,487	2.4	2,343	2.9
Current	**111,041**	**97.6**	99,818	97.6	77,103	97.1
Total consumer finance leases	**113,782**	**100.0**	102,305	100.0	79,446	100.0

As at December 31, 2019, total past due finance loan receivables of $2,741 (2.4% of total loans) represents an increase of $254 from the September 31, 2019 balance of 2,487 (or 2.4% of total loans) and a $398 increase from the December 31, 2018 balance of $2,343 (2.9% of total loans). Greater than 90 days past due loan receivables have increased by $87 to $1,659 (1.5% of total loans) as at December 31, 2019 from $1,572 (1.5% of total loans) as at September 31, 2019 and by $826 from December 31, 2018 balance of $833 (1.0% of balance). Increases in the > 90-day bucket is attributable to timing differences between defaults and recoveries. For loans < 90 days past due, the collection efforts of the Company have been focused on limiting defaults by targeting early delinquencies and reducing migration to longer past due dates.

As at September 30, 2019, the Company has an allowance for ECL for loans of $944 under IFRS 9 (December 31, 2018 - $951).

An analysis of the changes in the consumer finance loan receivables and allowance for ECL for loans is as follows:

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

In the past, many of the Company's reported delinquencies were the result of disputes at the conclusion of a home improvement project when the homeowner was unsatisfied with the dealer. The Company has worked closely with both customers and dealers to achieve a satisfactory resolution and bring accounts current. If unresolved, the account continues to age as do accounts in arrears due to credit problems. In either case, the Company intends to enforce its collateral rights against the homeowner or the dealer. Enforcement against assets affixed to the home can take months, or years, to fully realize, typically dependent on the future timing of a sale, or mortgage refinancing, of the home.

As part of its credit risk management practices, the Company maintains various forms of collateral. Credit risk within the Company's lease receivables portfolio is partially mitigated by dealer reserves provided by the home improvement dealers from which the Company acquires the leases. The Company monitors the balance of such reserves and is entitled to seek additional cash reserves from the dealers if and when such reserves fall below required levels. As at December 31, 2019, the Company held $830 (December 31, 2018 – $914) in dealer reserves within accounts payable and other liabilities. As at December 31, 2019, the Company had $3,059 (December 31, 2018 – $1,749) due from specific dealers reported under other assets. These receivables arose from the termination by the Company of delinquent and defaulted finance lease contracts that had amounts owing in excess of available cash reserves from the applicable dealers. The Company intends to recover the outstanding balances through garnishment of future escalation payments that would otherwise be payable to the originating dealers.

As further credit support, the Company maintains other forms of collateral on its leases and loans. Other than in Quebec, the Company is entitled to provincially register a NOSI at any time during the life of the contract. The Company's practice is to register a NOSI upon any of the following occurrences:

a) At the inception of the term for larger contracts or those from certain dealers;
b) At each period where our semi-annual Beacon refresh (performed in January and July of each year) indicates a material deterioration in the credit profile of the underlying customer; or
c) Immediately upon delinquency in the case of all others.

Other

The following table sets forth a summary of other assets by category for the periods presented:

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**
	$	$	$
Restricted cash	**15,936**	15,146	13,217
Other assets	**5,135**	4,455	5,051
Property and equipment, net	**1,355**	1,620	580
Intangible assets, net	**1,312**	1,233	1,105
	24,538	22,454	19,953

Restricted cash

Restricted cash represents 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.

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**
	$	$	$
Cash designated for originations	**615**	593	5
Cash reserves - fixed facilities	**2,000**	2,000	2,000
Cash reserves - secured borrowing	**13,321**	12,553	11,212
	15,936	15,146	13,217

Cash designated for originations represents excess warehouse capacity that can be used for the origination of finance receivable contracts or to pay down the underlying credit facility. The balance represents cash reserves held as credit support for secured borrowings. These cash reserves have increased commensurately with the increase in secured borrowings to support portfolio growth.

Other Assets

Other assets consist of the following:

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**
	$	$	$
Due from purchaser	**138**	138	2,638
Due from dealers	**3,059**	3,419	1,749
Due from Gemma liquidation	**161**	82	149
Prepaid expenses and other receivables	**595**	492	275
Security deposits	**267**	268	84
HST receivable	**915**	56	156
	5,135	4,455	5,051

As at December 31, 2019, $138 is due from the purchaser of Impact Mobile, which is due in January 2020. Subsequent to year end, this amount was received.

Lease delinquencies are generally recoverable from dealers through subsequent funding or a charge-off to their available reserves. In some cases, lease delinquencies exceed the available dealer reserves on hand and are recoverable through garnishment of future escalation payments otherwise due to the originating dealer. As at December 31, 2019, the Company had $3,059 of receivables from dealers. The increase over 2018 is due to a higher level of charge-offs for delinquent accounts in the period. The Company is taking progressive steps to reduce the amount owing from its dealers.

Prepaid expenses have risen due to the capitalization of warranties which the Company will place on its lease contracts. These warranties are amortized over the 10-year term of the warranty.

The Company expects to realize remaining net recoveries of approximately $161 from the liquidation of Gemma.

Property and equipment

Property and equipment consist of the following:

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**	**Change over September 31, 2019**	**Change over December 31, 2018**
	$	$	$	%	%
Computer hardware	**176**	188	227	(6.4)	(22.5)
Office equipment	**55**	69	98	(20.3)	(43.9)
Leasehold improvements	**48**	98	255	(51.0)	(81.2)
Right-of-use assets -property	**1,076**	1,265	-	(14.9)	n/a
	1,355	1,620	580	(16.4)	133.6

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 recognizes right-of-use ("ROU") assets and liabilities starting in 2019. ROU assets identified by the Company are included in Property and equipment in the same line item as it represents underlying assets of the same nature that it owns. In August 2019, the Company entered into a three-year property lease for its Reno premises. Under IFRS 16, the Company recognized ROU and lease liability of $645.

Intangibles

Intangibles consist of the following:

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**	**Change over September 31, 2019**	**Change over December 31, 2018**
	$	$	$	%	%
Computer software and other	**1,312**	1,233	1,105	6.4	18.7
	1,312	1,233	1,105	6.4	18.7

Intangible assets are assets acquired that lack physical substance and meet the specified criteria for recognition apart from goodwill. The Company's intangible assets consist primarily of computer software and are measured at amortized cost.

Accounts payable and other liabilities

Accounts payable and other liabilities consist of the following:

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**	**Change over September 31, 2019**	**Change over December 31, 2018**
	$	$	$	%	%
Accounts payable and accruals	**1,327**	1,277	1,523	3.9	(12.9)
Dealer reserves	**830**	782	914	6.1	(9.2)
Payroll liabilities	**771**	1,311	1,160	(41.2)	(33.5)
Other taxes payable	**34**	291	268	(88.3)	(87.3)
Contract liabilites	**6**	11	21	(45.5)	(71.4)
	2,968	3,672	3,886	(19.2)	(23.6)

The decrease in accounts payable and accruals is due to lower level of expense accruals, timing of payments to vendors and adjustments of legacy lease inducements as part of IFRS 16. The decline in payroll liabilities is driven by a lower headcount and reduced legacy severance accruals.

Debentures, Notes Payable, other financial debt and Secured Borrowings

The table below represents the carrying value of the Company's borrowings:

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**	**Change over September 31, 2019**	**Change over December 31, 2018**
	$	$	$	%	%
Secured debentures	**19,063**	19,024	18,911	0.2	0.8
Secured promissory note	**2,679**	3,238	4,914	(17.3)	(45.5)
Lease liabilities	**1,228**	1,364	-	(10.0)	n/a
Secured borrowings	**171,977**	162,391	148,263	5.9	16.0
	194,947	186,017	172,088	4.8	13.3

Secured debentures

On January 12, 2016, the Company issued a $10 million secured debenture, with capacity to issue up to $100 million, at a term of 10 years, at 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, with 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.

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 the rate of 9.0%. This debenture was repaid in full upon maturity.

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 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 $615 as at December 31, 2019 (December 31, 2018 – $5) of funds received under the secured debentures. These funds represent excess warehouse capacity that can be used for the origination of finance receivable contracts or to pay down the underlying credit facilities.

Also included in restricted cash are total cash reserves of $2,000 as at December 31, 2019 (December 31, 2018 – $2,000) to support the credit risk associated with the two secured debentures. In addition, the debentures are secured against consumer finance contracts with a book value of $19.4 million (December 31, 2018 – $20.0 million).

Secured promissory note

As part of the February 18, 2016 acquisition of EcoHome, the Company issued an $8 million promissory note to Chesswood bearing interest at 4.0% per annum, maturing 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 repayments of $186 plus interest, and a final principal repayment of $1 million due on the maturity date of October 16, 2020.

The note is secured against a pool of consumer finance contracts valued at $4,301 as at December 31, 2019 (December 31, 2018 – $5,936).

The resignation or termination of the Company's CEO or CFO is termination events under this facility.

Lease liabilities

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 recognizes right-of-use ("ROU") assets and liabilities starting in 2019. The lease liability is initially measured at the present value of the lease payments, discounted using the Company's incremental borrowing rate of 6.0%. As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company has $1,228 of lease liabilities as at December 31, 2019. The lease liabilities relate to three office premises leased in the jurisdictions from which it operates, and they mature in 2020, 2022 and 2025.

Secured borrowings

Dealnet finances its consumer finance lease and loan receivables by pledging such receivables as security for amounts borrowed from funders under bulk facilities. The Company retains servicing responsibilities of the pledged finance lease and loan receivables. In addition, the lenders have the right to enforce their security interest in the pledged receivables and the cash reserves that provide additional credit enhancement (see "*Other*" above), if the Company defaults under these facilities.

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

in $'000s	**December 31, 2019**	**September 30, 2019**	**December 31, 2018**
	$	$	$
Carrying value of finance receivables transferred	173,082	163,330	148,373
Cash reserves	13,321	12,553	11,212
Available collateral	186,403	175,883	159,585
Carrying value of associated liabilities	171,977	162,391	148,263

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

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

In August 2019, 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%).

As part of this 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 (as at December 31, 2018 – $11.2 million) of the $15 million warehouse facility.

In October 2019, the Company renewed its securitization facility and the warehouse facility of $5 million with a Schedule 1 bank and securitized $16.1 million during 2019 (2018 – $4 million) at an average interest rate of 4.82% (2018 – 5.22%) using the facility. 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 repaid and terminated this revolving credit facility.

The resignation or termination of the Company's CEO or CFO are termination events under these facilities.

Equity

Share and warrant transactions are as follows:

(a) On January 12, 2019 the 2,000,000 common share purchase warrants issued in conjunction with January 12, 2016 issuance of the $10 million secured debenture, at an exercise price of $0.67 per share, expired without being exercised.

(b) 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.

(c) 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. Of the 6,630,014 common shares held in escrow to be released over a three-year period ending December 31, 2020, 1,473,336 common shares 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. In addition, the remaining 5,156,678 common shares were released from escrow as part of the settlement agreement.

(d) 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. Each warrant will entitle 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 exceeds $0.20, the holders are 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 to comply with the requirements of the TSX-V. The warrants all expired unexercised.

Share-based compensation

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:

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

On December 6, 2019, the Company granted a total of 1,850,000 stock options to key members of management in lieu of 2019 cash bonuses. These options vested immediately. The fair value of these options was estimated to be $72 on the date of grant using the Black-Scholes option pricing model.

On March 27, 2019, the Company granted a total of 6,600,000 stock options to directors, officers, employees and consultants. The stock options vest over a period of 18 months (December 31, 2018 – 18 months), exercisable for a period of 5 years (December 31, 2018 – 5 years) at a weighted average exercise price of $0.06 (December 31, 2018 – $0.08). The fair value of these options was estimated to be $283 (December 31, 2018 – $474) on the date of grant using the Black-Scholes option pricing model.

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

	Options outstanding (in '000s)	**Weighted average exercise price $**	**Remaining contractual life (in years)**	**Options vested (in '000s)**	**Options unvested (in '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	4.40	3,883	4,067
	21,477	**0.16**	**3.25**	**14,927**	**6,550**

Selected Financial Information – For the Years Ended December 31, 2019, 2018 and 2017

The following table summarizes key financial data to be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended December 31, 2019. Such financial statements are prepared using IFRS and are reported in Canadian dollars.

in $'000s except for per share amounts	**2019**	**2018**	**2017**
Revenue			
Consumer Finance*	17,211	15,361	14,315
Call Centre	9,528	10,215	15,447
	26,739	25,576	29,762
Gross profit	11,934	10,696	9,145
Net loss from continuing operations before income taxes	(1,783)	(8,780)	(48,839)
Total assets	232,556	211,986	214,822
Debentues, notes payable and other financial debt	22,970	23,825	53,760
Secured Borrowings	171,977	148,263	130,898
Income (loss) per common share - basic and diluted	(0.01)	0.06	(0.16)
Loss per share on continuing operations- basic and diluted	(0.01)	(0.03)	(0.17)
Dividends	Nil	Nil	Nil

* Consumer Finance represents interest income only and excludes fee and ancillary revenue

Summary of Selected Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, as originally reported, the latest of which ended December 31, 2019. This information has been prepared on the same basis as the Company's audited consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements of the Company and the related notes to those statements.

in $'000s except for per share amounts	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue								
Consumer Finance*	4,501	4,346	4,244	4,120	3,936	3,889	3,773	3,763
Call Centre	2,686	2,368	2,415	2,059	2,283	2,076	2,318	3,538
	7,187	6,714	6,659	6,179	6,219	5,965	6,091	7,301
Gross profit	3,150	3,121	3,056	2,607	2,611	2,380	2,996	2,709
Net loss from continuing operations before income taxes	(190)	(386)	(593)	(614)	(404)	(3,381)	(1,392)	(3,603)
Total assets	232,556	224,408	223,208	220,296	211,986	207,288	204,459	205,727
Debentues, notes payable and other financial debt	22,970	23,626	23,612	24,210	23,825	24,347	35,490	35,559
Secured Borrowings	171,977	162,391	161,804	157,439	148,263	142,098	145,129	144,565
Income (loss) per common share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.07	0.00	(0.01)
Loss per share on continuing operations- basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	0.00	(0.01)
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* Consumer Finance represents interest income only and excludes fee and ancillary revenue

The above table reflects only the financial results of the continuing operations. The financial contribution of Impact Mobile has been segregated and disclosed as discontinued operations on the Results of Operations.

Key factors that account for the fluctuation in the Company's quarterly revenues and net loss are primarily the result of:

1. During the first quarter of 2018, the liquidation of Gemma resulted in reduction of Call Centre revenue and the recognition of loss on loss of control of $1,091.
2. During the third quarter of 2018, operating expenses included the following one-time items: $1,415 of finance charges related to repayment of senior secured debentures; $565 of severance; and $408 on loss of loss of control.
3. Improvements in quarterly results from the fourth quarter of 2018 and forward are due to the liquidation of Gemma, the repayment of the senior secured debentures and cost reductions.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2019.

Summary of Significant Accounting Policies and Judgments

The Company's audited consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period ended December 31, 2019 and December 31, 2018, were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). Please refer to notes 3, 4 and 5 of the Company's audited consolidated financial statements for a detailed discussion regarding the significant accounting policies relied upon in the preparation of the financial statements, the application of critical estimates and judgements in the preparation of the financial statements and recent accounting pronouncements.

Adoption of IFRS 16, Leases

The Company has adopted IFRS 16, Leases ("IFRS 16") on January 1, 2019. IFRS 16 replaces IAS 17, Leases ("IAS 17"). IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The standard introduces a single, on balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets ("ROU") representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company has applied the standard using the modified retrospective approach without restatement of prior periods. 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. Accordingly, the comparative information presented for 2018 has not been restated and it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed in note 3 of the Company's audited consolidated financial statements.

Critical Accounting Estimates and Use of Judgments

In the preparation of the audited consolidated financial statements, the Company made the following estimates and exercised the following judgments in addition to those disclosed in note 5 of the consolidated financial statements for the year ended December 31, 2019.

Models and Assumptions Used

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.

Financial Instruments

All financial instruments measured at fair value and for which 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 Company holds various forms of financial instruments as follows:

December 31, 2019	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)

December 31, 2018	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.

Inputs and valuation techniques used for the financial instruments are:

[i] Carrying amounts are expected to be reasonable approximations of fair value for cash and for financial instruments with short maturities, including trade receivables and accounts payable.
[ii] Fair value of finance receivables, 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 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 issuer date and current date.
[iv] Fair value of notes and debentures are calculated using a valuation model that considers the future stream of cash flow discounted at the market swap yield adjusted for risk premium.

Risk Management

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. The following analysis provides a measurement of major financial reporting and other risks as at December 31, 2019. This is not a comprehensive list.

COVID-19

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

Management has taken steps in response to COVID-19. All of the operations of EcoHome are being conducted remotely. Since many of the activities of One Contact include credit card payments, confidential customer data and direct access into 3rd party systems, it is not possible for these activities to be performed remotely. Accordingly, One Contact has taken actions to protect its employees by social distancing, providing access to additional cleaning supplies and ensuring that employees who should be self-isolating are not allowed into the call centres.

COVID-19 will increase the level of delinquencies, decrease originations and fees, and reduce call centre volumes, 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.

GOING CONCERN

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. 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 given COVID-19's impact on the financial markets. Capital Partners' nomination of alternate directors – led by Dr. Small – a former director and officer of the Company that was dismissed for cause in April 2018. He sued the Company for wrongful dismissal and is seeking damages from the Company in excess of $16 million. The Company is vigorously defending the lawsuit on the basis that it had just cause to dismiss Dr. Small. The Company has counterclaimed against Dr. Small for, among other things, breach of fiduciary duty. Capital Partners' nomination of alternate directors also currently prevents the Company from raising any equity or debt which could result in shareholder dilution.

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.

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, growth in origination volume requires the investment 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 (a) match utilization levels and excess available restricted cash to maturing obligations, (b) extend current debt facilities and / or (c) raise additional funds through secure private debt placements or equity.

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 (b)	–	(10,000)	–	–	–	(10,000)	(20,000)
Secured promissory note (b)	(2,671)	–	–	–	–	–	(2,671)
Secured borrowings (c)	(34,109)	(36,105)	(30,099)	(32,130)	(28,056)	(11,331)	(171,830)
Lease liabilities - property	(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) It is expected that the realization on the collateral will be sufficient to repay the remaining balance on maturity.
(c) Repayments of secured borrowings are funded through cash flows from related finance receivables.

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.

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 (December 31, 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 NOSI. As at December 31, 2019, the Company recorded an allowance for ECL for loans of $944 (December 31, 2018 – $951).

Credit risk within the Company's lease receivables portfolio is mitigated by ensuring all lease contracts greater than $15 or ones that have experienced 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 (December 31, 2018 – $914) in dealer reserves within accounts payable and accrued liabilities. In addition, the Company has recorded an allowance for ECL for leases of $1,203 (December 31, 2018 – $805).

As at December 31, 2019, the Company has $3,059 (December 31, 2018 – $1,749) due from dealers reported under other assets. 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.

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 vast 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.

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.

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.

Financial Reporting

The accounting policies and estimates used by the Company determine how it reports its financial condition and results of operations; this may require management to make estimates or rely on assumptions about matters that are inherently uncertain. Such estimates and assumptions may require revisions, and changes to them may materially adversely affect the Company's results of operations and financial condition. The Company assesses the carrying value of assets at least annually. From an accounting perspective, the carrying value of Intangible Assets could be diminished in the future.

Internal Control Over Financial Reporting

The effective design of internal controls over financial reporting is essential for the Company to prevent and detect fraud or material errors that may have occurred. The Company and its management have taken reasonable steps to ensure that adequate internal controls over financial reporting are in place. However, there is a risk that a fraud or material error may go undetected and that such material fraud or error could adversely affect the Company. The adoption of IFRS 16 did not result in a material change to internal controls.

Reportable Segment Information

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 administrations expenses. All numbers are expressed in thousands of dollars.

For the year ended December 31, 2019	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Continuing operations	Discontinued operations
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	–
Loss on loss of control of subsidiaries	–	–	–	–	–
	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)	–
Loss before income taxes				$ (1,783)	$ –

For the year ended December 31, 2018	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Continuing operations	Discontinued operations
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
Loss on loss of control of subsidiaries	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

For the year ended December 31, 2019, revenues from one customer in the Company's Call Centre segment represented approximately 16.1% (December 31, 2018 – 15.5%) of the Company's total revenue.

Total assets

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

December 31, 2019	**Call Centre**	**Consumer Finance**	**Corporate**	**Discontinued operations**	**Consolidated**
Canada	$ 1,979	$ 227,827	$ 1,803	$ –	$ 231,609
United States	947	–	–	–	947
Total assets	$ 2,926	$ 227,827	$ 1,803	$ –	$ 232,556

December 31, 2018	Call Centre	Consumer Finance	Corporate	Discontinued operations	Consolidated
Canada	$ 741	$ 206,930	$ 3,945	$ –	$ 211,616
United States	370	–	–	–	370
Total assets	$ 1,111	$ 206,930	$ 3,945	$ –	$ 211,986

Consolidated Statements of Financial Position

As at					
in $'000s	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**
	$	$	$	$	$
Cash and cash equivalents	**5,798**	7,337	6,809	8,460	8,684
Restricted cash	**15,936**	15,146	19,995	18,755	13,217
Trade receivables	**1,280**	690	977	954	523
Finance receivables, net	**201,740**	193,927	188,665	185,947	182,826
Other assets	**5,135**	4,455	4,401	3,662	5,051
Property and equipment, net	**1,355**	1,620	1,200	1,391	580
Intangible assets, net	**1,312**	1,233	1,161	1,127	1,105
Assets	**232,556**	224,408	223,208	220,296	211,986
Accounts payable and other liabilities	**2,968**	3,672	2,790	3,141	3,886
Debentures, notes payable and other financial debt	**22,970**	23,626	23,612	24,210	23,825
Secured borrowings	**171,977**	162,391	161,804	157,439	148,263
Total Liabilities	**197,915**	189,689	188,206	184,790	175,974
Share capital	**71,123**	71,123	71,123	71,123	71,123
Contributed surplus	**7,189**	7,077	6,977	6,855	6,747
Accumulated other comprehensive loss	**(83)**	(83)	(86)	(53)	(53)
Deficit	**(43,588)**	(43,398)	(43,012)	(42,419)	(41,805)
Shareholders' equity	**34,641**	34,719	35,002	35,506	36,012
Total liabilities and shareholders' equity	**232,556**	224,408	223,208	220,296	211,986

Consolidated Statements of Income (Loss) and Other Comprehensive Income (Loss)

	For the three months ended				
in $'000s except for per share amounts	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**
	$	$	$	$	$
Consumer finance:					
Interest income	4,501	4,346	4,244	4,120	3,936
Interest expense	2,363	2,349	2,424	2,230	2,014
	2,138	1,997	1,820	1,890	1,922
Fee and ancillary revenue	1,107	842	623	482	574
Direct expense	(262)	(298)	(186)	(342)	(236)
Provision for credit losses	(835)	(236)	(62)	(139)	(274)
	10	308	375	1	64
Finance income	2,148	2,305	2,195	1,891	1,986
Call centre:					
Revenue	2,686	2,368	2,415	2,059	2,283
Cost of sales	1,684	1,552	1,554	1,343	1,658
	1,002	816	861	716	625
Gross profit	3,150	3,121	3,056	2,607	2,611
Operating expenses:					
Salaries, wages and benefits	1,789	2,037	2,016	1,893	1,912
General and administrative	1,017	1,013	1,181	884	932
Finance costs, net	54	17	14	34	(27)
Depreciation and amortization	366	346	304	308	191
Share-based compensation	114	94	134	102	91
Loss on loss of control of subsidiaries	-	-	-	-	(84)
	3,340	3,507	3,649	3,221	3,015
Loss from continuing operations before income taxes	(190)	(386)	(593)	(614)	(404)
Income taxes:					
Income tax expense (recovery)	-	-	-	-	-
Deferred tax recovery	-	-	-	-	-
	-	-	-	-	-
Loss from continuing operations	(190)	(386)	(593)	(614)	(404)
Income from discontinued operations, net of tax	-	-	-	-	22
Net income (loss) for the period	(190)	(386)	(593)	(614)	(382)
Other comprehensive income (loss):					
Foreign currency translation	-	3	(33)	-	5
Net income (loss) and comprehensive income (loss)	(190)	(383)	(626)	(614)	(377)
Income (loss) per common share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Continuing operations	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Discontinued operations	-	-	-	-	0.00
Weighted average number of shares outstanding (000s)	282,528	282,528	282,528	282,528	282,528

Updated Share Information

The Company is currently authorized to issue: (i) an unlimited number of common shares without nominal or par value; and, (ii) an unlimited number of preferred shares, issuable in series. There are no outstanding preferred shares.

	Outstanding Share Data As at		
	April 3, 2020	**December 31, 2019**	**December 31, 2018**
Common Shares - Basic	282,878,055	282,528,054	282,528,054
Common share purchase warrants	-	-	2,000,000
Stock options	20,660,000	21,476,668	18,573,333
Deferred share units	538,888	538,888	538,888
Common shares - fully diluted	304,076,943	304,543,610	303,640,275

Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. There was no impact to the financial position or net income as a result of these reclassifications.