Condensed Interim Consolidated Financial Statements of

DEALNET CAPITAL CORP.

Three and six months ended June 30, 2020 and 2019
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

In accordance with National Instrument 51-102, the Company discloses that its external auditors have not reviewed the accompanying condensed interim consolidated financial statements of Dealnet Capital Corp. for the three and six months ended June 30, 2020 and 2019.

DEALNET CAPITAL CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in thousands of dollars)
(Unaudited)

	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 8,785	$ 5,798
Restricted cash (notes 8(a) and 9)	15,576	15,936
Trade receivables, net of allowance	1,785	1,280
Finance receivables, net (note 5)	202,477	201,740
Other assets (note 6)	4,574	5,135
Property and equipment, net	1,941	1,355
Intangible assets, net	1,317	1,312
	$ 236,455	$ 232,556
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and other liabilities (note 7)	$ 4,190	$ 2,968
Debentures, notes payable and other financial debt (note 8)	25,293	22,970
Secured borrowings (note 9)	171,967	171,977
	201,450	197,915
Shareholders' equity:		
Share capital (note 12)	71,163	71,123
Contributed surplus	7,224	7,189
Accumulated other comprehensive loss	(73)	(83)
Deficit	(43,309)	(43,588)
	35,005	34,641
	$ 236,455	$ 232,556

See accompanying notes to condensed interim consolidated financial statements.

DEALNET CAPITAL CORP.

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Consumer finance:				
Interest income	$ 4,695	$ 4,244	$ 9,340	$ 8,364
Interest expense	2,470	2,424	4,862	4,654
	2,225	1,820	4,478	3,710
Fee and ancillary revenue	469	623	1,005	1,105
Direct expense	(274)	(186)	(625)	(528)
Provision for credit losses	(626)	(62)	(795)	(201)
	(431)	375	(415)	376
Finance income	1,794	2,195	4,063	4,086
Call centre:				
Revenue	2,391	2,415	4,856	4,474
Cost of sales	1,503	1,554	3,046	2,897
	888	861	1,810	1,577
Gross profit	2,682	3,056	5,873	5,663
Operating expenses:				
Salaries, wages and benefits (note 14)	1,133	2,016	2,861	3,909
General and administrative	871	1,181	1,846	2,065
Finance costs, net	75	14	64	48
Depreciation and amortization	397	304	742	612
Share-based compensation (note 13)	41	134	81	236
	2,517	3,649	5,594	6,870
Income (loss) before income taxes	165	(593)	279	(1,207)
Income taxes:				
Income tax expense	–	–	–	–
Deferred tax recovery	–	–	–	–
	–	–	–	–
Net income (loss)	165	(593)	279	(1,207)
Other comprehensive income (loss):				
Foreign currency translation	(7)	(33)	10	(33)
Net income (loss) and comprehensive income (loss)	$ 158	$ (626)	$ 289	$ (1,240)
Income (loss) per common share, basic and diluted (note 17)	$ 0.00	$ 0.00	$ 0.00	$ 0.00

See accompanying notes to interim condensed consolidated financial statements.

DEALNET CAPITAL CORP.

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

	Share capital (note 12)					
	Number	Value		Accumulated other		
	Common shares (000s)	Common shares	Contributed surplus	comprehensive income (loss)	Deficit	Total
Balance as at December 31, 2018	282,528	$ 71,123	$ 6,747	$ (53)	$ (41,805)	$ 36,012
Share-based compensation (note 13)	–	–	230	–	–	230
Other comprehensive loss	–	–	–	(33)	–	(33)
Net loss	–	–	–	–	(1,207)	(1,207)
Balance as at June 30, 2019	282,528	71,123	6,977	(86)	(43,012)	35,002
Share-based compensation	–	–	212	–	–	212
Other comprehensive loss	–	–	–	3	–	3
Net loss	–	–	–	–	(576)	(576)
Balance as at December 31, 2019	282,528	71,123	7,189	(83)	(43,588)	34,641
Share-based compensation (note 13)	–	–	51	–	–	51
Stock options exercised (note 12(a))	350	40	(16)	–	–	24
Other comprehensive gain	–	–	–	10	–	10
Net income	–	–	–	–	279	279
Balance as at June 30, 2020	282,878	$ 71,163	$ 7,224	$ (73)	$ (43,309)	$ 35,005

See accompanying notes to condensed interim consolidated financial statements.

DEALNET CAPITAL CORP.

Interim Condensed Consolidated Statements of Cash Flows
(Expressed in thousands of dollars)
(Unaudited)

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash provided by (used in):				
Operating activities:				
Net income (loss)	$ 165	$ (593)	$ 279	$ (1,207)
Items not involving cash:				
Provision for credit losses	626	62	795	201
Depreciation and amortization	397	304	742	612
Share-based compensation (note 13)	41	134	81	236
Accretion of interest and transaction costs	109	187	165	272
	1,338	94	2,062	114
Change in non-cash working capital balances related to operations:				
Trade receivables and other assets	(138)	(763)	(143)	(2,304)
Finance receivables, net	3,406	(2,780)	(1,521)	(6,040)
Restricted cash	5,090	(1,240)	360	(6,778)
Secured borrowings	(8,096)	4,216	(76)	13,344
Accounts payable and other liabilities	500	(330)	1,192	(1,069)
Cash provided by (used in) operating activities	2,100	(803)	1,874	(2,733)
Financing activities:				
Repayment of notes and debentures, net	(2,120)	(559)	(2,679)	(1,118)
Term loan and Paycheck Protection Program (“PPP”)	4,341	–	4,341	–
Proceeds from options exercised (note 12(a))	–	–	24	–
Reduction of lease liabilities	(129)	(76)	(257)	(152)
Cash provided by (used in financing activities	2,092	(635)	1,429	(1,270)
Investing activities:				
Proceeds from the sale of discontinued operations	–	–	138	2,500
Additions to property and equipment	(27)	(6)	(114)	(6)
Additions to intangible assets	(66)	(174)	(350)	(333)
Cash provided by (used in) investing activities	(93)	(180)	(326)	2,161
Effect of foreign exchange on cash	(7)	(33)	10	(33)
Increase (decrease) in cash and cash equivalents	4,092	(1,651)	2,987	(1,875)
Cash and cash equivalents, beginning of period	4,693	8,460	5,798	8,684
Cash and cash equivalents, end of period	$ 8,785	$ 6,809	$ 8,785	$ 6,809

Supplemental cash flow information:				
Interest paid	$ 2,425	$ 2,355	$ 4,852	$ 4,467
Income taxes paid	–	–	–	–

See accompanying notes to interim condensed consolidated financial statements.

1. Corporate information:

Dealnet Capital Corp. (the "Company" or "Dealnet") was incorporated on September 8, 1986 under the laws of the Province of British Columbia and was continued under the laws of the Province of Ontario on May 7, 1991. Effective July 28, 2015, the Company commenced trading on the TSX Venture Exchange ("TSX-V"). The address of the Company's registered office is 130 King Street West, Suite 501, Toronto, Ontario, M5X 1C7, Canada.

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

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

Call Centre currently consists of One Contact Canada Inc. and One Contact Inc. (collectively, "One Contact") providing outsourced services such as inbound customer service programs, outbound customer acquisition services, data entry and transcription services, and back-office services in Canada and the United States (“US”).

2. Basis of preparation:

(a) Statement of compliance:

These condensed interim consolidated financial statements for the three and six months ended June 30, 2020 and 2019 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and should be read in conjunction with the Company's annual audited consolidated financial statements as at December 31, 2019. They do not include all the information and disclosures required in the annual audited consolidated financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors ("Board") of the Company on August 14, 2020.

(b) Basis of consolidation:

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after the elimination of intercompany balances and transactions. The significant subsidiaries included are One Contact Inc., One Contact Canada Inc., One Dealer Inc. and EcoHome Financial Inc.

(c) Measurement basis:

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

(d) Functional and presentation currency:

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

3. Summary of significant accounting policies:

The accounting policies and judgments applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company for the year ended December 31, 2019. Starting in 2020, the Company has received government assistance related to COVID-19. Government assistance is netted against the expense for which it is intended to compensate when there is reasonable assurance that the Company qualifies and complies with the conditions of the subsidy.

4. Critical accounting estimates and use of judgments:

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

The significant judgments made by management in applying the Company's accounting policies and key sources of estimations were the same as those described in note 5 of the Consolidated financial statements for the year ended December 31, 2019.

The global pandemic related to an outbreak of COVID-19 has cast uncertainty on the assumptions used by the Company in making its judgements and estimates. The full extent of the impact that COVID-19, including government and regulatory responses to the outbreak, will have on the Canadian and US economy, and the Company's business remains uncertain and difficult to predict. Accordingly, there is a higher level of uncertainty with respect to management's judgements and estimates.

5. Finance receivables:

Finance receivables consist of the following:

	June 30, 2020	December 31, 2019
Consumer finance leases, net (a)	$ 82,902	$ 88,538
Consumer finance loans, net (b)	119,575	113,202
	$ 202,477	$ 201,740

(a) Consumer finance leases, net:

	June 30, 2020	December 31, 2019
Aggregate minimum payments	$ 119,077	$ 129,066
Unearned income	(36,315)	(40,898)
	82,762	88,168
Fair value of leases acquired	408	731
Unamortized initial direct cost	746	842
Allowance for credit losses	(1,014)	(1,203)
Consumer finance leases, net	$ 82,902	$ 88,538

5. Finance receivables (continued):

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

	June 30, 2020		December 31, 2019	
1-30 days past due	$ 681	0.8%	$ 412	0.5%
31-60 days past due	273	0.3%	352	0.4%
61-90 days past due	153	0.2%	361	0.4%
Greater than 90 days past due	5,413	6.6%	4,846	5.5%
Total past due	6,520	7.9%	5,971	6.8%
Current	76,242	92.1%	82,197	93.2%
Total consumer finance leases	$ 82,762	100.0%	$ 88,168	100.0%

As June 30, 2020, the Company has an allowance for expected credit losses for leases of $1,014 (December 31, 2019 - $1,203).

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

The following table sets out the Company's credit risk exposure for leases as at June 30, 2020:

Credit risk score	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Greater than 750	$ 34,535	$ –	$ –	$ 34,535
680 to 750	19,032	–	–	19,032
Less than 680	18,188	–	–	18,188
Under-Performing	–	6,146	–	6,146
Non-Performing	–	–	6,015	6,015
Net consumer finance leases before allowance for expected credit losses	71,755	6,146	6,015	83,916
Allowance for expected credit losses	(354)	(71)	(589)	(1,014)
Consumer finance leases, net	$ 71,401	$ 6,075	$ 5,426	$ 82,902

5. Finance receivables (continued):

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

Credit risk score	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Greater than 750	$ 36,089	$ –	$ –	$ 36,089
680 to 750	21,557	–	–	21,557
Less than 680	20,675	–	–	20,675
Under-Performing	–	5,951	–	5,951
Non-Performing	–	–	5,469	5,469
Net consumer finance leases before allowance for expected credit losses	78,321	5,941	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

As at June 30, 2020, the Company determined the following forward-looking macroeconomic factors as the key drivers that contribute to credit losses: gross domestic product, unemployment rates and housing price index. These forward-looking macroeconomic factors have not been stress tested due to lack of appropriate information sources. Consequently, management has applied judgement in assessing the appropriate probability weights to assign to the base scenario and leaning it towards being pessimistic.

The expected credit loss allowances are calculated through three probability-weighted forward-looking scenarios including base, optimistic and pessimistic, which are chosen from a number of scenarios sourced from publicly available information. There have been no material changes in the assumptions used to estimate expected credit loss for leases under the different scenarios since the previous year-end. Refer to note 9(a) – *Finance receivables* of the 2019 annual audited consolidated financial receivables for further disclosure.

5. Finance receivables (continued):

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

	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
As at December 31, 2018	$ 123	$ 238	$ 444	$ 805
Transfers to (from):				
Stage 1	(5)	4	1	–
Stage 2	74	(82)	8	–
Stage 3	16	–	(16)	–
Originations	7	1	161	169
Principal payments	(5)	(40)	(223)	(268)
Write-offs against allowance	–	–	(40)	(40)
Changes in credit risk	256	(3)	284	537
As at December 31, 2019	466	118	619	1,203
Transfers to (from):				
Stage 1	(27)	22	5	–
Stage 2	38	(67)	29	–
Stage 3	91	–	(91)	–
Originations	3	–	75	78
Principal payments	(20)	(11)	(178)	(209)
Write-offs against allowance	–	–	(6)	(6)
Changes in models and credit risk	(197)	9	136	(52)
As at June 30, 2020	$ 354	$ 71	$ 589	$ 1,014

(b) Consumer finance loans, net:

	June 30, 2020	December 31, 2019
Consumer finance loans	$ 120,741	$ 113,782
Accrued interest	902	811
Fair value of loans acquired	46	54
Vendor buy-down subsidies	(1,112)	(1,142)
Unamortized initial direct cost	737	641
Allowance for credit losses	(1,739)	(944)
Consumer finance loans, net	$ 119,575	$ 113,202

5. Finance receivables (continued):

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

	June 30, 2020		December 31, 2019	
1-30 days past due	$ 735	0.6%	$ 507	0.4%
31-60 days past due	307	0.2%	354	0.3%
61-90 days past due	308	0.3%	221	0.2%
Greater than 90 days past due	2,516	2.1%	1,659	1.5%
Total past due	3,866	3.2%	2,741	2.4%
Current	116,875	96.8%	111,041	97.6%
Total consumer finances loans	$ 120,741	100%	$ 113,782	100.0%

As at June 30, 2020, the Company has an allowance for expected credit losses for loans of $1,739 (December 31, 2019 - $944).

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

The following table sets out the Company's credit risk exposure for loans as at June 30, 2020:

Credit risk score	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Greater than 750	$ 33,270	$ –	$ –	$ 33,270
680 to 750	48,214	–	–	48,214
Less than 680	28,214	–	–	28,214
Under-Performing	–	9,509	–	9,509
Non-Performing	–	–	2,107	2,107
Net consumer finance loans before allowance for expected credit losses	109,698	9,509	2,107	121,314
Allowance for expected credit losses	(458)	(291)	(990)	(1,739)
Consumer finance loans, net	$ 102,240	$ 9,218	$ 1,117	$ 119,575

5. Finance receivables (continued):

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

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

As at June 30, 2020, the Company determined the following forward-looking macroeconomic factors as the key drivers that contribute to credit losses: gross domestic product, unemployment rates and housing price index. These forward-looking macroeconomic factors have not been stress tested due to lack of appropriate information sources. Consequently, management has applied judgement in assessing the appropriate probability weights to assign to the base scenario and leaning it towards being pessimistic.

The expected credit loss allowances are calculated through three probability-weighted forward-looking scenarios including base, optimistic and pessimistic, which are chosen from a number of scenarios sourced from publicly available information. There have been no material changes in the assumptions used to estimate expected credit loss for loans under the different scenarios since the previous year-end. Refer to note 9(b) – *Finance receivables* of the 2019 annual audited consolidated financial receivables for further disclosure.

5. Finance receivables (continued):

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

	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
As at December 31, 2018	$ 222	$ 374	$ 355	$ 951
Transfers to (from):				
Stage 1	(8)	7	1	–
Stage 2	60	(71)	11	–
Stage 3	8	1	(9)	–
Originations	119	43	45	207
Principal payments	(65)	(157)	(96)	(318)
Write-offs against allowance	–	(2)	(123)	(125)
Changes in credit risk	(92)	(32)	353	229
As at December 31, 2019	244	163	537	944
Transfers to (from):				
Stage 1	(19)	17	2	–
Stage 2	42	(97)	55	–
Stage 3	14	5	(19)	–
Originations	86	14	19	119
Principal payments	(95)	(27)	(118)	(240)
Write-offs against allowance	–	–	(2)	(2)
Changes in models and credit risk	186	216	516	918
As at June 30, 2020	$ 458	$ 291	$ 990	$ 1,739

6. Other assets:

Other assets consist of the following:

	June 30, 2020	December 31, 2019
Due from dealers (a)	$ 3,391	$ 3,059
HST receivable	87	915
Prepaid expenses and other receivables	649	595
Security deposits	324	267
Canadian Emergency Wage Subsidy	123	–
Due from Gemma liquidation	–	161
Due from purchaser	–	138
	$ 4,574	$ 5,135

(a) Pursuant to dealer agreements, the amounts due from dealers are recoverable through garnishment of future escalation payments otherwise due to the originating dealers. During the three months and six months ended June 30, 2020, the Company wrote-off $1 and $11, respectively, of unrecoverable dealer reserves (three and six months ended June 30, 2019 – nil) and the amount was included in provision for credit losses on the consolidated statements of income (loss) and comprehensive income (loss).

7. Accounts payable and other liabilities:

Accounts payable and other liabilities consist of the following:

	June 30, 2020	December 31, 2019
Accounts payable and accruals	$ 2,689	$ 1,327
Dealer reserves	745	830
Payroll liabilities	571	771
Other taxes payable	176	34
Contract liabilities	9	6
	$ 4,190	$ 2,968

8. Debentures, notes payable and other financial debt:

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

	June 30, 2020	December 31, 2019
Secured debentures (a)	$ 19,143	$ 19,063
Secured promissory note (b)	–	2,671
Term loan (c)	3,873	–
PPP (d)	479	–
Lease obligation (e)	1,790	1,228
	25,285	22,962
Interest payable	8	8
	$ 25,293	$ 22,970

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

	Secured Debentures (a)	Secured promissory note (b)	Term loan (c)	PPP (d)	Lease obligation (Note 10)	Total
As at December 31, 2018	$ 18,911	$ 4,900	$ –	$ –	$ –	$ 23,811
Lease liabilities	–	–	–	–	1,627	1,627
Repayment of principal	–	(2,229)	–	–	(385)	(2,614)
Interest accretion	152	–	–	–	–	152
Translation	–	–	–	–	(14)	(14)
As at December 31, 2019	19,063	2,671	–	–	1,228	22,962
Principal	–	–	4,000	486	–	4,486
Lease liabilities (note 10)	–	–	–	–	793	793
Repayment of principal	–	(2,671)	–	–	(257)	(2,928)
Issuance costs	–	–	(146)	–	–	(146)
Interest accretion	80	–	19	–	–	99
Translation	–	–	–	(7)	26	19
As at June 30, 2020	$ 19,143	$ –	$ 3,873	$ 479	$ 1790	$ 25,285

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

(a) Secured debentures:

On January 12, 2016, the Company issued a $10 million secured debenture, with capacity to issue up to $100 million, a term of 10 years, and a fixed interest rate of 5.99%. The funds received may only be used for the purpose of funding eligible HVAC, home improvement and other unsecured finance contracts. As part of this transaction, the Company issued 2,000,000 common share purchase warrants, each warrant being able to purchase one common share of the Company at an exercise price of $0.67 per share. These warrants expired, unexercised, on January 12, 2019 (note 12).

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

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.

Included in restricted cash as at June 30, 2020 are $9 (December 31, 2019 - $615) of funds received under the secured debentures. These funds are available for the originations of finance receivable contracts or to repay the facility or a combination thereof.

Also included in restricted cash as at June 30, 2020 are total cash reserves of $2,000 (December 31, 2019 - $2,000) to support the credit risk associated with the secured debentures. In addition, the debentures are secured against consumer finance contracts with a book value of $20.1 million (December 31, 2019 - $19.4 million).

(b) Secured promissory note:

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

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

On October 16, 2017, the Company reached an agreement with Chesswood to amend and restate the note, inter alia, to evidence an additional loan in the amount of $5.5 million, for an aggregate principal amount of $7.5 million, bearing interest at the prime rate plus 3% per annum, with monthly repayment of $186 plus interest, and final principal repayment of $1 million due on the maturity date of October 16, 2020. On May 11, 2020, the promissory note was repaid in full prior to its October 16, 2020 maturity date without penalty.

The promissory note was secured against consumer finance contracts with a book value of $4,301 as at December 31, 2019.

(c) Term loan:

On May 20, 2020, the Company obtained a $6.25 million credit facility with a Schedule 1 Bank with a term of twelve months with an option to extend for an additional twelve months at the Bank's option. This bank loan bears interest at the bank's prime rate plus 4% per annum, with an Export Development Corporation guarantee fee of 1.8% per annum and is secured by the first ranking general security agreement over the assets of EcoHome.

(d) PPP:

On May 19, 2020, the Company received $486 from the US federal government under the PPP through a US bank. The loan matures on May 18, 2022, bears interest at 1% per annum with monthly blended payments of principal and interest starting on November 16, 2020. The loan can be forgiven if all criteria set by the US Small Business Administration are met, and the funds are used for eligible expenses. The Company intends on applying for loan forgiveness in the third quarter of 2020.

9. Secured borrowings:

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

	June 30, 2020	December 31, 2019
Carrying value		
Carrying value of finance receivables transferred	$ 174,329	$ 173,082
Cash reserves	13,567	13,321
Available collateral	$ 187,896	$ 186,403
Principal	$ 171,959	$ 171,830
Interest payable	55	170
Deferred financing cost	(53)	(33)
Fair value increment	6	10
Carrying value of associated liabilities	$ 171,967	$ 171,977
Fair value		
Fair value of finance receivables transferred	$ 179,653	$ 172,148
Cash reserves	13,567	13,321
	$ 193,220	$ 185,469
Fair value of associated liabilities	$ 176,590	$ 171,479

The weighted average stated interest rate of the outstanding liabilities is 4.58% as at June 30, 2020 (December 31, 2019 - 4.66%) and excludes deferred financing costs and premiums or discounts. Included in restricted cash are cash reserves held with counterparties and forming part of the collateral security for these facilities of $13,567 as at June 30, 2020 (December 31, 2019 - $13,321).

In August 2019, the Company renewed its securitization facility with a major Canadian life insurance company for an additional $40 million. During the three months and six months ended June 30, 2020 the Company securitized $3.5 million and $15.0 million under this facility (three months and six months ended June 30, 2019 - $11.9 and $27.3 million) at an average interest rate of 4.32% and 4.32% (the three months and six months ended June 30, 2019 – 4.73% and 4.87%).

9. Secured borrowings (continued):

As part of the August 2019 renewal, the Company also renewed the warehouse facility of $15 million with a term of 270 days from the funding date, bearing interest at 90-day Banker's Acceptance rates plus 3.5%. As at June 30, 2020, the Company utilized $4.5 million (December 31, 2019 - $7.1 million) of the $15 million warehouse facility.

In October 2019, the Company renewed its securitization facility with a Schedule 1 bank, the Company securitized nil and $10.1 million during the three months and six months ended June 30, 2020 (during the three months and six months ended June 30, 2019, 2019 - $4.1 million for both) at an average interest rate of nil and 4.26% (the three months and six months ended June 30, 2019 – 4.70% for both). As part of the October 2019 renewal, the Company also renewed the warehouse facility of $5 million. The facility has a term of 90 days from the funding date, bearing interest at the prime rate plus 2.5% per annum. As at June 30, 2020, the Company utilized $0.05 million (December 31, 2019 - $1.4 million) of the $5 million warehouse facility. The facility has been extended till October 2020.

The Company retains a significant portion of the risk and reward associated with the transferred assets. The transferee has recourse only to the transferred assets and cash reserves. The Company was in compliance with all financial and reporting covenants with all its lenders as at June 30, 2020.

10. Leases:

The Company has entered into commercial leases for office premises. During the first quarter of 2020, the Company signed a sub-lease for new office space at 130 King Street West, Toronto with lease period from May 1, 2020 to September 30, 2023 as its previous head office lease expired on June 30, 2020. The Company recorded a right-of-use asset (“ROU”) addition of $843 and lease liability of $793 (note 8).

As at June 30, 2020 the Company recognized $1,643 of “ROU” (December 31, 2019 - $1,076) included in property and equipment, net and $997 of lease obligation of $1,790 (note 8) (December 31, 2019 - $1,228) on the condensed interim consolidated statements of financial position.

During the three months and six months ended June 30, 2020, the Company recognized $172 and $302 (three months and six months ended June 30, 2019 - $112 and $198) of depreciation expense included in depreciation and amortization expense and $24 and $41 (three months and six months ended June 30, 2019 - $13 and $27) of interest expense included in finance costs, net on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

11. Contingencies:

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

12. Share capital:

As at June 30, 2020, an unlimited number of common shares with no par value were authorized.

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

	Number (000s)	Value
Common shares		
Balance as at December 31, 2018	282,528	$ 71,123
Movement in 2019	–	–
Balance as at December 31, 2019	282,528	71,123
Stock options exercised (a)	350	40
Balance as at June 30, 2020	282,878	$ 71,163

	Number (000s)	Weighted average exercise price
Common share warrants		
Balance as at December 31, 2018	2,000	$ 0.67
Expired (note 8(a))	(2,000)	(0.67)
Balance as at December 31, 2019	–	–
Movement in 2020	–	–
Balance as at June 30, 2020	–	$ –

12. Share capital (continued):

(a) On February 6, 2020, the Company issued 350,001 (December 31, 2019 – nil) common shares from the exercise of employee stock options at a weighted average exercise price of $0.07 each (note 13(a)) for cash proceeds of $24 and book value of $16.

13. Share-based compensation:

Share-based compensation expense consists of the following:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Stock options (a)	$ 11	$ 122	$ 51	$ 230
Deferred share units (b)	30	12	30	6
	$ 41	$ 134	$ 81	$ 236

(a) Stock options:

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

	Number (000s)	Weighted average exercise price
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
Exercised (note 12(a))	(350)	0.07
Expired/forfeited	(3,067)	0.30
As at June 30, 2020	18,060	$ 0.14

13. Share-based compensation (continued):

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

Of the 8,450,000 stock options issued in 2019, 1,850,000 vested immediately and the remainder will vest over a period of 18 months, with an expected exercisable period of 3 years at a weighted average exercise price of $0.06. The fair value of these options was estimated to be $283 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 June 30, 2020 are as follows:

	Options outstanding (000s)	Weighted average exercise price	Remaining contractual life (in years)	Options vested (000s)	Options unvested (000s)
Expiry date					
2020	60	$ 0.37	0.05	60	–
2021	2,200	0.58	1.17	2,200	–
2022	700	0.16	2.29	700	–
2023	7,150	0.08	3.14	7,150	–
2024	7,950	0.06	3.89	5,917	2,033
	18,060	$ 0.14	3.19	16,027	2,033

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

	Year ended December 31, 2019
Average fair value of options granted	$0.03
Exercise price	$0.06 - $0.08
Share price on date of issuance	$0.06 - $0.08
Risk-free interest rate	1.4% - 1.6%
Average term to exercise	3 years
Estimated volatility	82% - 84%
Dividend yield	nil

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

13. Share-based compensation (continued):

(b) Deferred share units:

DSUs outstanding as at June 30, 2020 are as follows:

	Number (000s)
As at December 31, 2018	539
Movement in 2019	–
As at December 31, 2019	539
Issued	649
Forfeited	(83)
As at June 30, 2020	1,105

The directors have elected to receive 25% of their annual retainer in DSUs at the Board's recommendation under the Plan. The Board has determined that the DSUs will be granted in four equal tranches at end of each fiscal quarter and will vest immediately. Each DSU has a fair market value on the date of grant as determined by the volume weighted average trading price ("VWATP") of the common shares on the principal market for the five days preceding the date of grant.

On June 30, 2020, the Company granted 270,569 DSUs to the directors which represents one quarter of 25% of their annual retainer at VWATP of common shares of $0.060.

On March 31, 2020, the Company granted 378,347 DSUs to the directors which represents one quarter of 25% of their annual retainer at VWATP of common shares of $0.043.

As at June 30, 2020, the fair value of DSUs recorded on the consolidated statements of financial position in accounts payable and other liabilities was $73 (December 31, 2019 - $43).

14. Salaries, wages and benefits:

During the three and six months ended June 30, 2020, the Company recorded $452 and $534, respectively, of Canadian Emergency Wage Subsidy and the amounts have been recognized as a reduction of salaries, wages and benefits (three and six months ended June 30, 2019 – nil).

15. Financial instruments:

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

June 30, 2020	IFRS 9 Category	Level 1	Level 2	Level 3	Total
Financial instruments					
Cash and cash equivalents (i)	Amortized cost	$ 8,785	$ –	$ –	$ 8,785
Restricted cash (i)	Amortized cost	15,576	–	–	15,576
Trade receivables (i)	Amortized cost	–	1,785	–	1,785
Consumer finance leases, net (ii)	Amortized cost	–	84,412	–	84,412
Consumer finance loans, net (ii)	Amortized cost	–	123,406	–	123,406
Other assets (i)	Amortized cost	–	3,903	–	3,903
Accounts payable and other liabilities (i)	Amortized cost	–	(4,190)	–	(4,190)
Debentures and notes payable (iv)	Amortized cost	–	–	(23,530)	(23,530)
PPP (iv)	Amortized cost	–	–	(479)	(479)
Secured borrowings (iii)	Amortized cost	–	(176,590)	–	(176,590)

December 31, 2019	IFRS 9 Category	Level 1	Level 2	Level 3	Total
Financial instruments					
Cash and cash equivalents (i)	Amortized cost	$ 5,798	$ –	$ –	$ 5,798
Restricted cash (i)	Amortized cost	15,936	–	–	15,936
Trade receivables (i)	Amortized cost	–	1,280	–	1,280
Consumer finance leases, net (ii)	Amortized cost	–	86,705	–	86,705
Consumer finance loans, net (ii)	Amortized cost	–	113,124	–	113,124
Other assets (i)	Amortized cost	–	3,541	–	3,541
Due from Gemma liquidation (i)	FVTPL	–	161	–	161
Accounts payable and other liabilities (i)	Amortized cost	–	(2,968)	–	(2,968)
Debentures and notes payable (iv)	Amortized cost	–	–	(21,403)	(21,403)
Secured borrowings (iii)	Amortized cost	–	(171,479)	–	(171,479)

15. Financial instruments (continued):

There were no transfers between any levels during the three months and six months ended June 30, 2020 and for the year ended December 31, 2019.

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

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

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

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

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

(a) Risk management policies:

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

(b) Credit risk:

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

15. Financial instruments (continued):

In the normal course of business, the Company is exposed to credit risk from its corporate engagement business customers, and the related trade receivables are subject to normal commercial credit risks in Canada and the US. 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 June 30, 2020, the Company has no allowance for credit losses (December 31, 2019 - nil) relating to trade receivables.

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

The Company's loan receivables consist of unsecured consumer loans and, accordingly, the Company is exposed to credit risk within this portfolio. The Company mitigates credit risk by assessing the borrower's capacity and willingness to pay through its underwriting policies and by ensuring that all loan contracts greater than $15 or ones that have experienced material credit deterioration and/or have become delinquent are registered with a Notice of Security Interest ("NOSI") in the real property registry to minimize credit losses of loans. As at June 30, 2020, the Company recorded an allowance for expected credit losses for loans of $1,739 (December 31, 2019 - $944).

15. Financial instruments (continued):

Credit risk within the Company's lease receivables portfolio is mitigated by ensuring all lease contracts greater than $15 or ones that have experienced a material credit deterioration and/or have become delinquent are registered with a NOSI and by dealer reserves provided by the home improvement dealers from which the Company acquires the leases. The Company monitors the balance of these reserves and is entitled to seek additional cash reserves from the dealers. As at June 30, 2020, the Company held $745 (December 31, 2019 - $830) in dealer reserves within accounts payable and other liabilities (note 7). In addition, the Company has recorded an allowance for expected credit losses for leases of $1,014 (December 31, 2019 - $1,203).

As at June 30, 2020, the Company has $3,391 (December 31, 2019 - $3,059) due from dealers reported under other assets (note 6). The receivables arose primarily from terminated delinquent finance lease contracts and related costs. The Company recovers the outstanding balances through garnishment of future escalation payments otherwise due to the originating dealers or enforcement of its security interests.

(c) Interest rate risk:

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

(d) Currency risk:

The Company operates in Canada and the US. 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.

15. Financial instruments (continued):

The most significant currency exposure arises from changes in the Canadian dollar to US dollar exchange rate. The effect of a 10% change in the US dollar against the Canadian dollar at the reporting date, had all other variables remained constant, would have resulted in an insignificant change to the profit for the year. As at June 30, 2020, the Company did not hedge any currency exposures.

(e) Liquidity risk:

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

15. Financial instruments (continued):

The following tables set out the remaining undiscounted contractual payments and maturities of the Company's financial assets, financial liabilities and other commitments including interest as at June 30, 2020:

	2020	2021	2022	2023	2024	2025+	Total
Finance assets							
Cash and cash equivalents	$ 8,785	$ –	$ –	$ –	$ –	$ –	$ 8,785
Restricted cash	1,110	4,052	2,570	2,785	2,663	2,396	15,576
Trade receivables	1,785	–	–	–	–	–	1,785
Finance receivables leases (a)	11,007	17,252	17,551	17,494	15,832	39,941	119,077
Finance receivables loans (a)	12,142	24,559	29,565	33,303	29,665	28,112	157,346
Other assets	3,810	2	13	26	–	52	3,903
Total financial assets	$ 38,639	$ 45,865	$ 49,699	$ 53,608	$ 48,160	$ 70,501	$ 306,472
Finance liabilities							
Accounts payable and other liabilities	$ (4,190)	$ –	$ –	$ –	$ –	$ –	$ (4,190)
Secured debentures (b)	–	(10,000)	–	–	–	(10,000)	(20,000)
Term loan (c)	–	(4,000)	–	–	–	–	(4,000)
PPP (d)	(40)	(239)	(200)	–	–	–	(479)
Secured borrowings (e)	(18,322)	(36,901)	(31,556)	(34,769)	(32,978)	(17,433)	(171,959)
Lease liabilities – properties	(206)	(596)	(530)	(310)	(117)	(31)	(1,790)
Interest payable	(4,497)	(7,568)	(5,470)	(3,795)	(2,189)	(1,273)	(24,792)
Total financial liabilities	$ (27,255)	$ (59,304)	$ (37,756)	$ (38,874)	$ (35,284)	$ (28,737)	$ (227,210)

(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) Fully secured by restricted cash and finance receivables.

(c) The term loan is secured by the first ranking general security agreement over EcoHome. It can be extended to May 2022 upon approval of the lender.

(d) The loan can be forgiven if all employee retention criteria set by the US Small Business Administration are met and the funds are used for eligible expenses.

15. Financial instruments (continued):

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

16. Reportable segment information:

The Company currently operates in two reportable segments, namely Consumer Finance and Call Centre.

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

The Call Centre segment operates in Canada and the US through One Contact, providing outsourced services such as inbound customer service programs, outbound customer acquisition services, data entry and transcription services, and back-office services.

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

For the three months and six months ended June 30, 2020, revenues from one customer in the Company's Call Centre segment represented approximately 14.8% and 16.3% (three months and six months ended June 30, 2019 – 13.0% and 14.2%) of the Company's total revenue.

16. Reportable segment information (continued):

For three months ended June 30, 2020	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Consolidated
Revenue:				
Canada	$ 483	$ 5,164	$ –	$ 5,647
United States	1,908	–	–	1,908
	2,391	5,164	–	7,555
Cost of sales	1,503	3,370	–	4,873
Gross profit	888	1,794	–	2,682
Expenses:				
Salaries, wages and benefits	225	398	510	1,133
General and administrative	175	362	334	871
Finance costs, net	56	–	19	75
	456	760	863	2,079
Segment profit (loss)	$ 432	$ 1,034	$ (863)	603
Depreciation and amortization				(397)
Share-based compensation				(41)
Income before income taxes				$ 165

For three months ended June 30, 2019	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Consolidated
Revenue:				
Canada	$ 667	$ 4,867	$ –	$ 5,534
United States	1,748	–	–	1,758
	2,415	4,867	–	7,282
Cost of sales	1,554	2,672	–	4,226
Gross profit	861	2,195	–	3,056
Expenses:				
Salaries, wages and benefits	270	847	899	2,016
General and administrative	263	447	471	1,181
Finance costs, net	9	–	5	14
	542	1,294	1,375	3,211
Segment profit (loss)	$ 319	$ 901	$ (1,375)	(155)
Depreciation and amortization				(304)
Share-based compensation				(134)
Loss before income taxes				$ (593)

16. Reportable segment information (continued):

For six months ended June 30, 2020	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Consolidated
Revenue:				
Canada	$ 1,121	$ 10,345	$ –	$ 11,466
United States	3,735	–	–	3,735
	4,856	10,345	–	15,201
Cost of sales	3,046	6,282	–	9,328
Gross profit	1,810	4,063	–	5,873
Expenses:				
Salaries, wages and benefits	466	1,192	1,203	2,861
General and administrative	347	794	705	1,846
Finance costs, net	27	–	37	64
	840	1,986	1,945	4,771
Segment profit (loss)	$ 970	$ 2,077	$ (1,945)	1,102
Depreciation and amortization				(742)
Share-based compensation				(81)
Income before income taxes				$ 279

For six months ended June 30, 2019	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Consolidated
Revenue:				
Canada	$ 1,274	$ 9,469	$ –	$ 10,743
United States	3,200	–	–	3,200
	4,474	9,469	–	13,943
Cost of sales	2,897	5,383	–	8,280
Gross profit	1,577	4,086	–	5,663
Expenses:				
Salaries, wages and benefits	515	1,742	1,652	3,909
General and administrative	369	894	802	2,065
Finance costs, net	27	–	21	48
	911	2,636	2,475	6,022
Segment profit (loss)	$ 666	$ 1,450	$ (2,475)	(359)
Depreciation and amortization				(612)
Share-based compensation				(236)
Loss before income taxes				$ (1,207)

16. Reportable segment information (continued):

Total assets:

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

June 30, 2020	Call Centre	Consumer Finance	Corporate	Consolidated
Canada	$ 2,516	$ 230,970	$ 1,973	$ 235,459
United States	996	–	–	996
Total assets	$ 3,512	$ 230,970	$ 1,973	$ 236,455

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

17. Income (loss) per share:

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Weighted average number of common shares (000s)	282,878	282,528	282,809	282,538
Income (loss) per common share, basic	$ 0.00	$ (0.00)	$ 0.00	$ (0.00)

17. Income (loss) per share (continued):

Share options outstanding as at June 30, 2020, that could potentially dilute basic earnings per share in the future have been excluded in the calculation as they are anti-dilutive for the three and six months ended June 30, 2020. For the three and six months ended June 30, 2019, the Company reported a net loss for the period and similarly, the outstanding share options and warrants outstanding were excluded from the calculation of diluted EPS.

18. Income taxes:

As at June 30, 2020, the Company has tax losses of $23,290 and $1,354 in Canada and the US (December 31, 2019 – $22,950 and $1,320 in Canada and the US), respectively, available to be applied against future years' taxable income. In order to record a deferred income tax asset, it must be probable that the deferred income tax asset resulting from the tax losses available for carryforward will be realized. Given the Company's history of losses, the Company has not recognized the full benefit of these losses. The tax losses in Canada expire in years ranging from 2030 through 2039 and the tax in the US expire in years ranging from 2035 through 2038.