Dealnet Capital Corp.

Management Discussion and Analysis

June 30, 2020

As approved by the Board of Directors on August 14, 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 ended June 30, 2020 as approved by the Board of Directors on August 14, 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 August 14, 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 involving the impact of COVID-19 on the Company's future cash flows, operating results and financial position.

Letter to Shareholders

August 14, 2020

Dear Dealnet Shareholders,

We are pleased to present you with the financial results for the second quarter of 2020. For the first time in the Company's history, we have delivered two consecutive profitable quarters. Despite legacy challenges and the continuing impact of the COVID-19 pandemic, the positive momentum at Dealnet continues to gather steam.

In the second quarter of 2020, management and our dedicated team generated a net profit of $165 thousand, an increase of $758 thousand over the results from the same period in 2019. This is a remarkable performance given the current economic climate – and we remain committed to delivering compounding profitable growth for our shareholders.

One Contact Successfully Managing Through COVID-19

One Contact ("OCI") delivered a profit of $432 thousand for second quarter of 2020, an increase of 35% over the same period last year despite significant volume declines at two of its customers and operational challenges related to COVID-19. Many of our call centre competitors have not been as successful in managing through the pandemic, and we would like to acknowledge the dedication and efforts of our OCI teams in Ontario and Nevada.

EcoHome Financial Weathering COVID-19

As COVID-19 hit in mid-March of 2020, we anticipated that there would be a sharp decline in loan originations due to the temporary closure of our dealers. We are pleased to report not only that originations did not decline as much as we had feared in second quarter 2020, but that they have started to rebound strongly as our dealers re-open.

During the second quarter, our interest income stayed constant at $4.7 million and was not negatively affected by COVID-19. This is due to our high-quality portfolio of long-term loans and leases. In fact, the delinquent accounts in our portfolio as of June 30, 2020 were down by 8% from levels seen at March 31, 2020 thanks to the efforts of our very effective collections group. Given that possible impacts from COVID-19 on the economy will take time to emerge fully, we will obviously need to follow this very closely as we go forward, but to see these trends at this stage is very encouraging.

Further Reduction in Corporate Overheads

In second quarter we also further reduced our overhead costs to less than $1 million per month. This included a successful move to a new head office in Toronto, a location that fully meets our needs with 25% less space.

Outlook

Throughout this unique time, the safety of our employees has continued to be a priority. OCI staff are working remotely where possible, and those employees who are required to work from the call centre locations are able to do so safely, with appropriate distancing between employees and enhanced cleaning protocols. Our EcoHome and head office staff have been working remotely since mid-March and have continued to be highly productive and motivated throughout the pandemic.

While COVID-related uncertainty remains for the economy as a whole, we are looking to the second half of 2020 with confidence and measured optimism. Our management team has proven it can deliver solid and

profitable results in the face of a wide range of challenges. Our financial position continues to be strong, with a cash position of $8.8 million at the end of second quarter 2020. We have the requisite funding and liquidity in place necessary to continue executing on our plans. Solid, profitable performance over the short term continues to provide the foundation for compounding profitable growth over the long term.

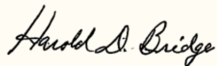
Today, Dealnet's value includes:

- $72 million of residual cash, starting in 2022
- Rights to End of Term on 16,000 leases
- A 'tuned-up' origination engine focused on being the best credit program for dealers
- OCI call centres with strong margins
- Corporate overheads of less than $1 million per month
- Tax losses of $24.6 million
- Monetizing the value of our dealers and our customers, including sales of replacement equipment and other financial products

We continue to be in a strong position and are well positioned to take further strategic actions as we execute on our growth strategy.

Dealnet's business is strengthening, supported by a foundation that combines a solid, multi-year plan with talented leaders and managers who are demonstrating an ability to execute this plan in the face of operational challenges. For the balance of the year we will continue to position Dealnet to create sustainable value for shareholders by driving compounding profitable growth.

Thank you,



Harold Bridge
Chair, Board of Directors

Brent Houlden
President & CEO

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COVID-19: Update from Q1 2020

Dealnet has taken proactive steps to respond to COVID-19. All of the operations of EcoHome are being conducted remotely. Since many of the call centre 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 social distancing, providing access to additional cleaning supplies and ensuring that employees follow self-isolation guidelines. To date, both call centres have been classified as essential services.

Financial Impact of COVID-19

- Initially decreased originations, related fee income and liquidity from over advances on securitization facilities as mandated social distancing measures limited dealer activities to emergency activities and consumers were hesitant to have dealers in their homes. In the middle of second quarter 2020, both credit submissions and originations began to rebound, approaching pre-COVID levels by the end of the quarter.
- Was expected to increase the level of delinquencies, however, the impact has been limited so far. The full economic impact of COVID-19 has not yet been felt by consumers.
- Could result in a short-term shutdown of either or both call centres in the event of COVID-19 outbreak, which has yet to materialize.

EcoHome Financial

The largest impact of COVID-19 on EcoHome has been a significant reduction in the level of originations for the first six weeks of the second quarter of 2020. With the government mandated social distancing measures in place and business activity limited to essential services only, the impact of COVID-19 initially limited the sales activities of our dealer partners such that origination activity in the early stages of the pandemic was been limited to emergency equipment replacements, primarily in our HVAC vertical.

Prior to COVID-19, EcoHome had made strong progress, growing its organic originations consistently at approximately 35% year over year at stable risk adjusted margins in excess of 4%. Our origination plan for 2020 included an expectation that this trend of profitable origination growth would continue. Unfortunately, the impact of COVID-19 had a material impact on origination activities from mid-March through to the end of May. Originations, which were originally forecast to be as low as $3 million, ended the second quarter of 2020 at $6.4 million. Notwithstanding this 50% decrease from the $12.9 million experienced in the second quarter of 2019, the quarter ended with a strong June, with $3.7 million of originations for the month and a rebounding of credit submissions to close to pre-COVID levels. We are cautiously optimistic that originations will continue to rebound.

In addition to slowing portfolio growth, a slowdown in origination activity has a material impact on liquidity as the upfront payment the Company receives from its securitization funding partners is reduced. The payments are a major source of operating liquidity for the Company. As outlined in the Liquidity section of this MD&A, the Company has accessed available government subsidy programs and secured an additional financing facility of $6.25 million from a Schedule 1 Bank, along with targeted cost reductions to alleviate the near term impact of this.

The other area where COVID-19 is expected to have an impact on EcoHome is portfolio performance. Delinquent accounts have decreased by 8% from of $11.3 million at end of first quarter 2020 to $10.4 million by the end of the second quarter 2020. To date, we have seen less than 100 inquiries about payment deferrals on a portfolio of greater than 39,000 contracts (which equates to less than 0.5% of our entire customer base). Of the consumers that have inquired about deferrals, none have submitted a complete application for a payment deferral yet. As of July 31, 2020, the aging profile of our portfolio remains stable and the average credit score

of the portfolio has increased since March 31, 2020 and December 31, 2019. This could change depending on the length and severity of the pandemic and its stress on the economy. As of the end of the second quarter 2020, the Company's cash reserves on its balance sheet can be used to absorb $4.6 million of credit losses before reaching the cash reserve 'floor' requirements under its securitization programs.

One Contact

The call centre business has been classified as an essential service in both Canada and the US. There is a risk of short-term shutdown in the event of wide-spread COVID-19 infection at one or both locations. Continuing from its strong momentum in first quarter 2020, One Contact had one of its strongest quarterly performances in second quarter 2020 even though COVID-19 caused two of its customers to temporarily reduce their volumes and delayed the ramp-up of a major new account. One Contact has received significant client accolades due to the high service levels it has continued to provide its clients throughout COVID-19, including the recent commitment by one of its major clients to a further 12-month extension. Receivables related to the business are current with no uncollectible accounts.

Proxy

On March 30, 2020, Capital Partners Corporation ("Capital Partners") announced that it had nominated four nominees for election to the Board of Directors at the Company's 2020 annual general meeting in accordance with the Company's Advance Notice By-Law. Capital Partners is the owner of 14.6 million shares (representing approximately 5.14% of the Company's issued and outstanding shares) and its Chief Executive Officer, Dr Steven Small, previously served as Executive Chairman of Dealnet from June 2015 until March 2018. In addition, Municipal Home Service Inc., the owner of 10.8 million shares (representing approximately 3.82% of the Company's issued and outstanding shares) has agreed to support the nominees.

On May 22, 2020, the Company announced that it would hold its annual general meeting on September 22, 2020, at which time shareholders of record will have the opportunity to vote on normal course business, along with the above noted matters related to the dissident requisition.

The Company believes that shareholders should be aware of the full context surrounding the action being taken by Capital Partners. Dealnet has concerns about the omissions contained in Small's disclosure material in his attempt to take 100% control of the Board of Directors. The Company also believes that this takeover attempt is a distraction and that it is in Dealnet's best interests and that of its shareholders, for management and the Board to focus 100% of their time and cash resources towards value creation and value preservation. Shareholders are urged to review the Company's press releases regarding this matter at www.dealnetcapital.com/2020-news.

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 June 30, 2020

Performance Highlights

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

Q2 - 2020 Performance Highlights (QOQ)

Consumer Finance Segment (EcoHome)			
	Q2 2020	**Q2 2019**	
Net Interest Margin (mm)	**$2.2**	$1.8	↑
Fee and Ancillary Revenue (mm)	**$0.5**	$0.6	↓
Finance Income (mm)	**$1.8**	$2.2	↓
Average Yield on Earning Assets [1]	**9.2%**	9.1%	↑
Weighted Average Interest Expense [1]	**4.8%**	5.2%	↓
Net Interest Margin [1]	**4.4%**	3.9%	↑
Organic orginations[1]	**$6.4**	$12.9	↓
Consumer Finance Direct OPEX Ratio [1]	**1.5%**	2.8%	↓
Average Earning Assets (mm) [1]	**$204**	$187	↑
Period Ending Earning Assets (mm)	**$202**	$189	↑
Consumer Finance Contracts [1]	**39,708**	36,592	↑

Call Centre Segment (One Contact)			
	Q2 2020	**Q2 2019**	
Call Centre Revenue (mm)	**$2.4**	$2.4	-
Gross Margin (mm)	**$0.9**	$0.9	-
Gross Margin (%) [1]	**37%**	36%	↑
Call Centre Direct OPEX Ratio[1]	**0.8%**	1.1%	↓
Consolidated Operations			
Gross Profit Contribution			
Gross Profit (mm)	**$2.7**	$3.1	↓
Operating Expenses (mm)	**$2.0**	$3.2	↓
Consolidated Direct OPEX Ratio [1]	**3.9%**	6.8%	↓
Net Income (Loss) from Continuing Operations	**$0.2**	$(0.6)	↑
Return on Average Earning Assets [1]	**0.3%**	(1.3)%	↑
Corporate Tangible Leverage Ratio [1]	**5.8**	5.5	↑
Tangible Net Worth (mm) [1]	**$34.0**	$33.8	↑

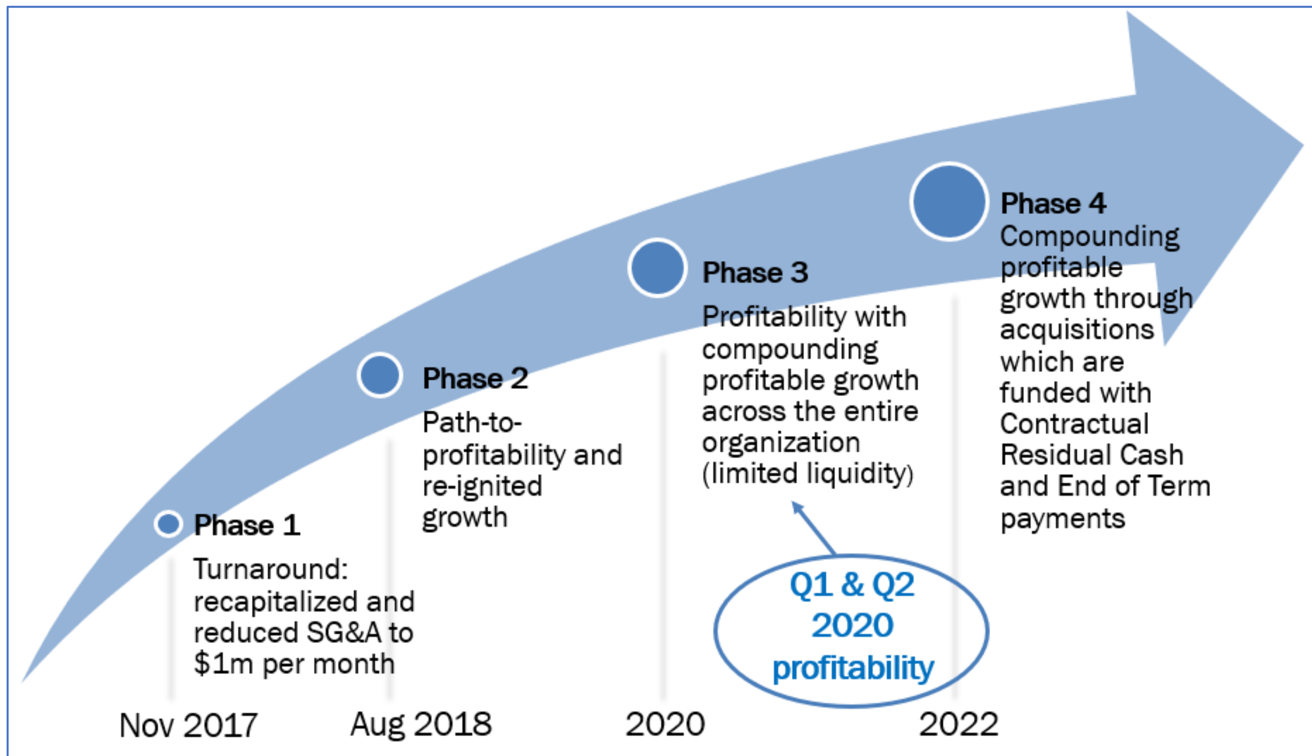
YTD Q2 - 2020 Performance Highlights

Consumer Finance Segment (EcoHome)			
	2020	**2019**	
Net Interest Margin (mm)	**$4.5**	$3.7	↑
Fee and Ancillary Revenue (mm)	**$1.0**	$1.1	↓
Finance Income (mm)	**$4.1**	$4.1	-
Average Yield on Earning Assets [1]	**9.1%**	9.1%	-
Weighted Average Interest Expense [1]	**4.8%**	5.1%	↓
Net Interest Margin [1]	**4.3%**	4.0%	↑
Organic orginations[1]	**$20.5**	$25.4	↓
Consumer Finance Direct OPEX Ratio [1]	**2.0%**	2.9%	↓
Average Earning Assets (mm) [1]	**$204**	$187	↑
Period Ending Earning Assets (mm)	**$202**	$189	↑
Consumer Finance Contracts [1]	**39,708**	36,592	↑

Call Centre Segment (One Contact)			
	2020	**2019**	
Call Centre Revenue (mm)	**$4.9**	$4.5	↑
Gross Margin (mm)	**$1.8**	$1.6	↑
Gross Margin (%) [1]	**37%**	35%	↑
Call Centre Direct OPEX Ratio [1]	**0.8%**	1.0%	↓
Consolidated Operations			
Gross Profit Contribution			
Gross Profit (mm)	**$5.9**	$5.7	↑
Operating Expenses (mm)	**$4.7**	$6.0	↓
Consolidated Direct OPEX Ratio [1]	**4.6%**	6.5%	↓
Net Income (Loss) from Continuing Operations	**$0.3**	$(1.2)	↑
Return on Average Earning Assets [1]	**0.3%**	(1.3)%	↑
Corporate Tangible Leverage Ratio [1]	**5.8**	5.5	↑
Tangible Net Worth (mm) [1]	**$34.0**	$33.8	↑

[1] This is a non-GAAP measurement. Refer to Non-GAAP Measures found on page 26 of this report for the definition of this measurement.

Long-term Strategic Plan: Built for Compounding Profitable Growth



Phase 1

From the fourth quarter of 2017 through to the third quarter of 2018, Management conducted a turnaround and placed the Company 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 re-ignited growth and acheived consecutive ‘quiet’ quarters where the business 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% year over year increase – all at higher risk-adjusted margins than prior periods.
   - The consumer finance portfolio grew from $178 million at the completion of the turnaround to over $200 million at the end of 2019, representing over 12% growth. This growth was achieved consistently, at increased growth rates quarter over quarter.

- Continued investment in technology and improved processes at a positive return on investments:
    - Work on the automated support 'chatbot' was completed and was 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 grew sequentially, quarter over quarter throughout 2019.
- 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. Subject to the constraints of COVID-19, the Company will pursue targeted opportunities for growth which require limited capital investment. For EcoHome, this will include exploiting current market disruptions being experienced by some of its competitors and increasing credit penetration of its existing dealer base. 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.

The first half of 2020 saw the Company achieve a profit of $279 thousand ($114 thousand during the first quarter and $165 thousand in the second quarter), compared to a net loss of $1.2 million over the same period during 2019. The net income achieved in the first half of 2020 represents the first two consecutive quarters of net income in the Company's current history.

The Call Centre had another strong quarter with margins remaining consistent at 37%. A large new customer was onboarded during the first half of 2020.

Phase 4

As the Company moves closer to 2022 and the realization of over $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). Insiders have not been allowed to buy additional shares in 2020 due to

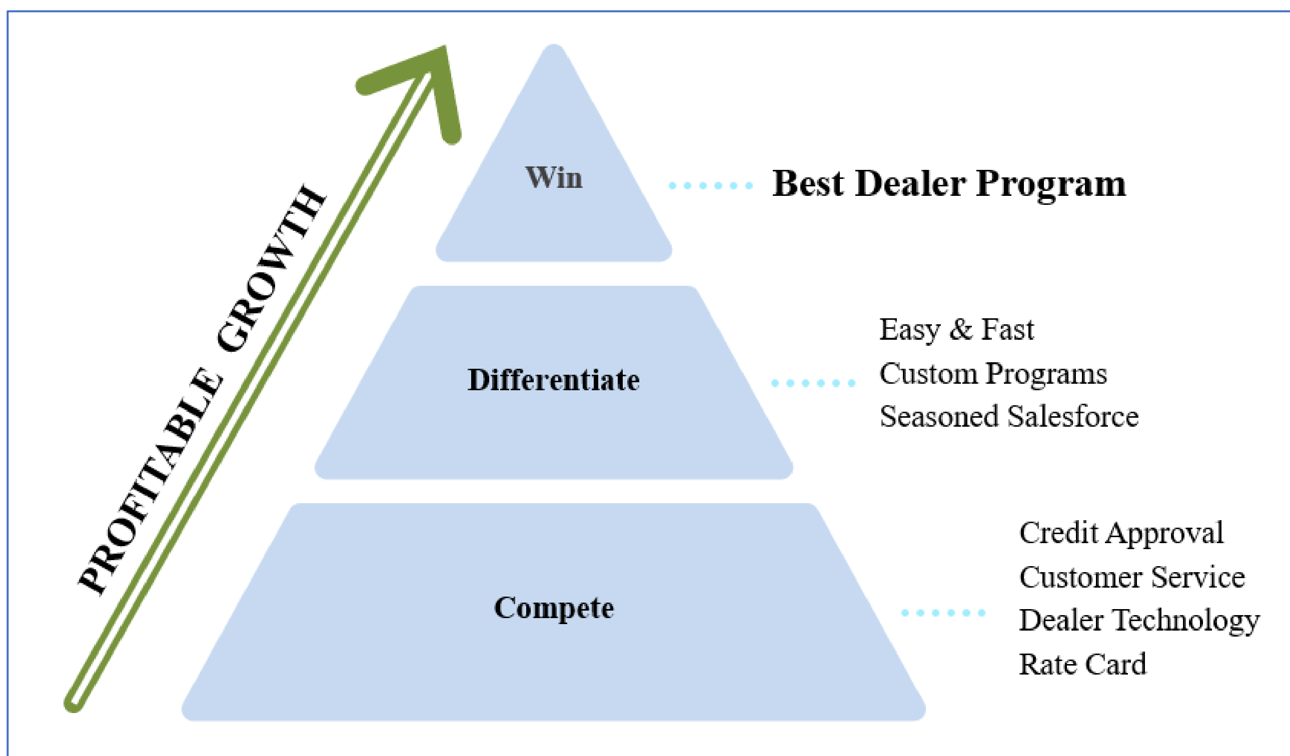
blackout restrictions.

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 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, successfully executed to win in the marketplace. Furthermore, the Company achieved its target of profitability in the first and second quarters of 2020.

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 additional personnel and expanding its seating capacity in both Reno and Toronto.

In the second quarter 2020, despite significant volume declines at two of its customers and operational challenges related to COVID-19, One Contact successfully onboarded a new customer obtained during the first quarter that required significant IT development as well as physical production capacity increases in both our Canada and US locations.

Management Priorities for 2020

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

Core management priorities for second half of 2020 are as follows:

a) Drive profitable origination growth:
   - Increased credit penetration through focused training to our dealer base.
   - Acquisition of new dealers as competitors experience organization changes.
   - Restructuring of our lease offering to be more attractive to consumers while still maintaining strong risk-adjusted margins.
   - Updated our product offerings in first quarter 2020.
   - Launched credit and debit card processing services which results in net savings to dealers.
   - Other initiatives that require significant capital investments and/or increased marketing spend, that were identified in prior quarters and outlined below, have been delayed and postponed until the market uncertainty from COVID-19 fully subsides:

- Implementation of 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.
- Build out of marketing capabilities in a disciplined manner and within budget:
  i. Targeted dealer events and trade show participation
  ii. Creation of a dealer advisory board
  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 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 contractual 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.

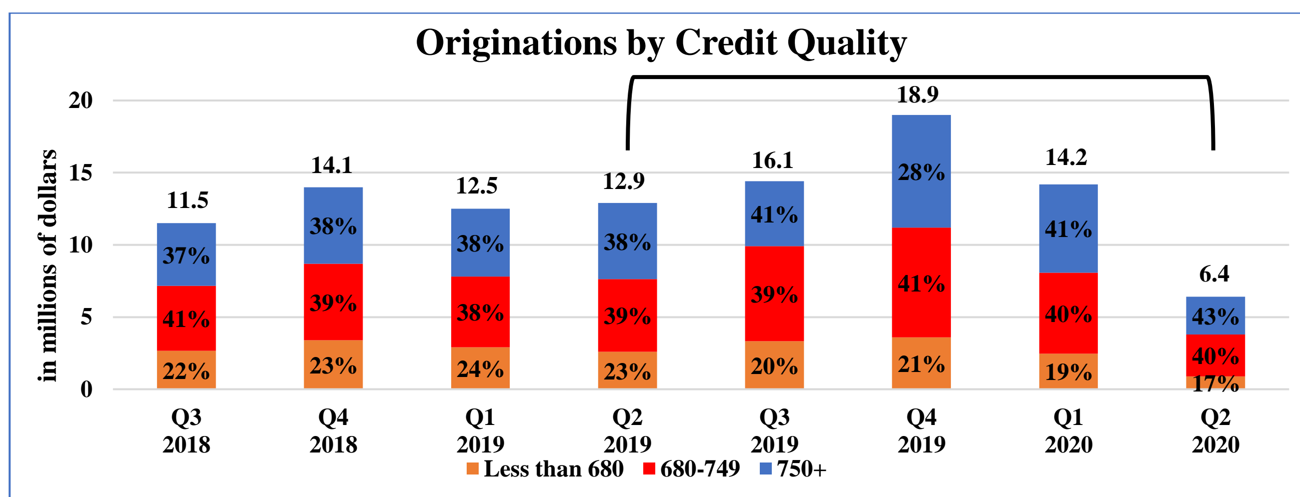
STIP Targets

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

EcoHome's Originations Temporarily Impacted by COVID-19

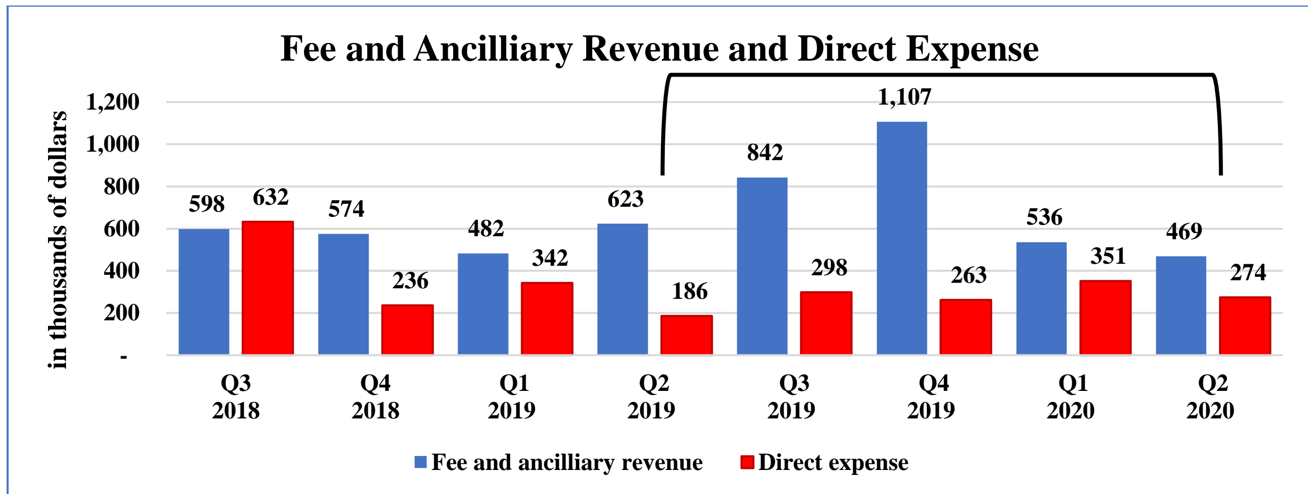


As expected, COVID-19 did negatively impact the growth rate of the Company's originations in second quarter 2020, which decreased by 50% from $12.9 million in second quarter 2019 to $6.4 million in second quarter 2020. Despite this decrease, both credit submissions and originations began to rebound as COVID-19 restrictions were eased across Canada and consumers slowly regained confidence to make major purchases and undertake home improvement projects. In addition, EcoHome was selected by Carrier Enterprise Canada as its exclusive financing partner for a summer promotion during July and August for all Carrier & Bryant factory authorized dealers and their customers.

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 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.

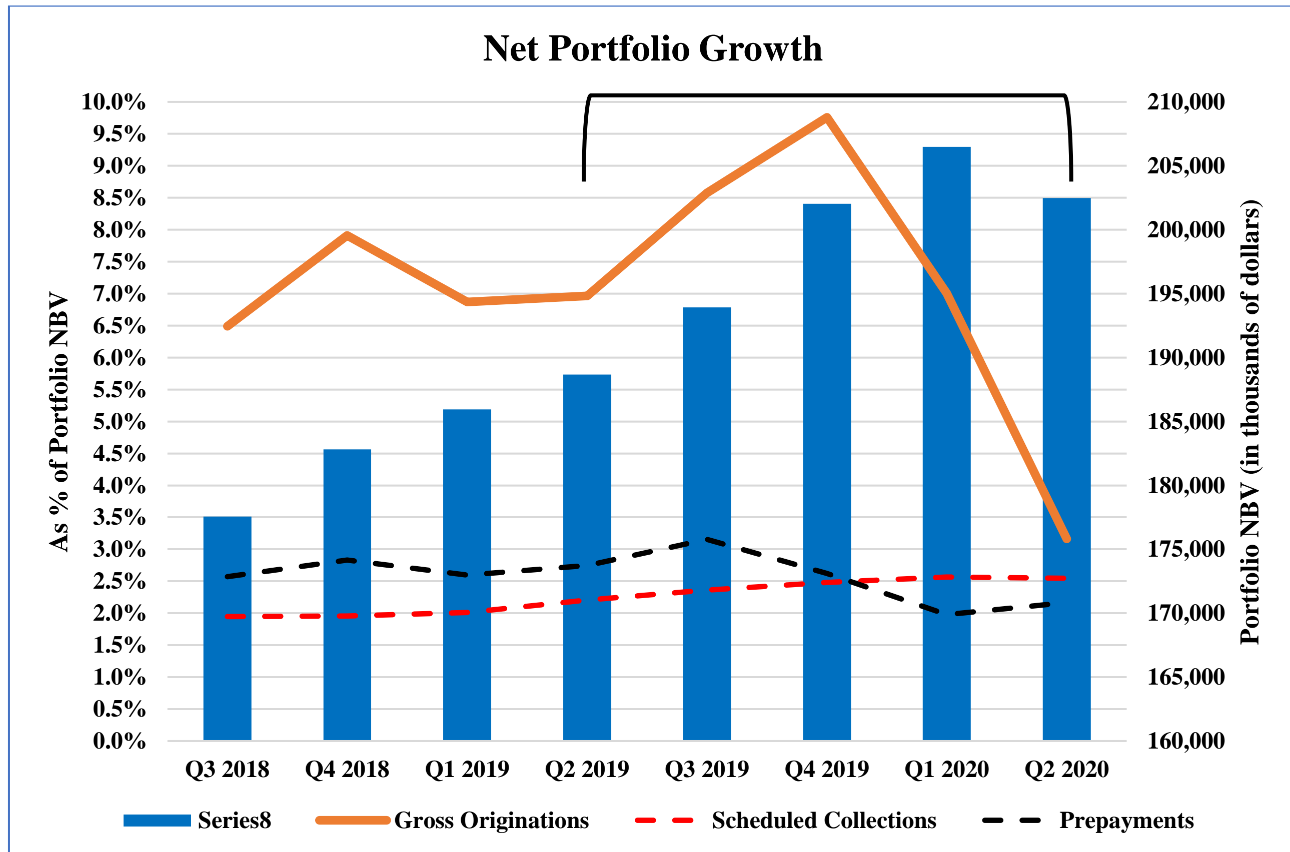
Growth in Net Fee Income



By maintaining a disciplined focus on managing direct costs, EcoHome was able to grow its second quarter of 2020 net fee income by 5% from the first quarter in a difficult operating environment. In the second quarter of 2020, direct expenses were contained through effective use of technology, which is a continuation of the theme established in 2019. 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 enable dealers to close deals far faster than was previously possible.

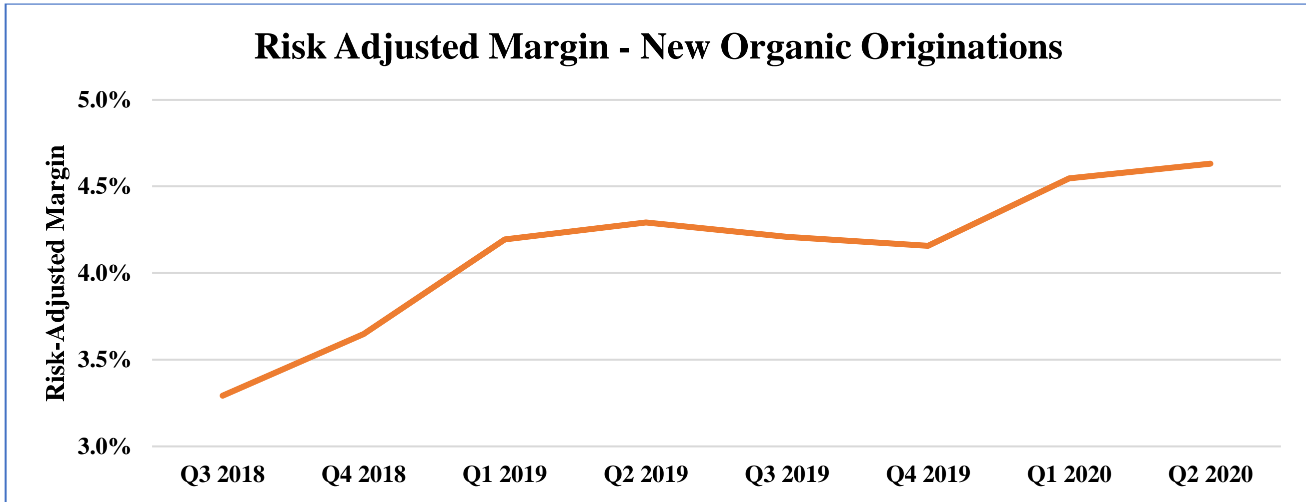
The Company currently has the rights to end of term payments on approximately 16,000 leases and is obligated to perform the service on the related leased equipment.

Portfolio Declined in Second Quarter 2020 due to Lower Originations



With the decrease in originations due to the impact of COVID-19, the portfolio declined due to scheduled collections and prepayments on the existing portfolio. Despite the decrease in net book value of the overall portfolio, targeted measures to decrease prepayments continue to produce positive results, with prepayments stabilizing at 2% of net book value for the quarter, down from a high of 3% in third quarter 2019.

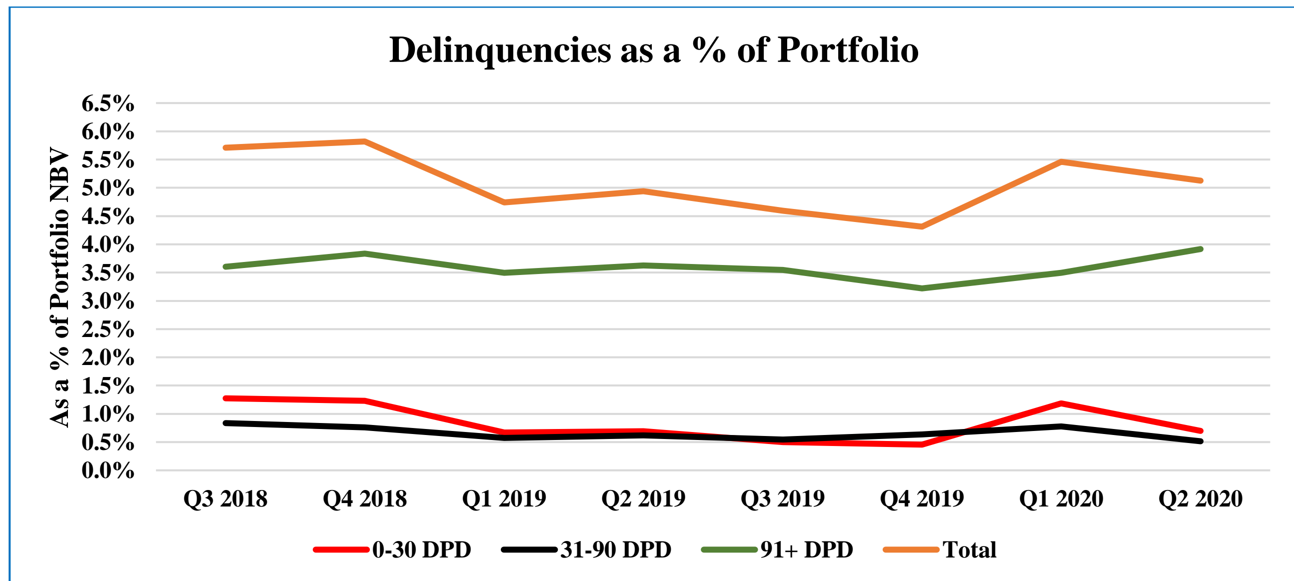
Increased Risk Adjusted Margin



**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 7.9% from 4.3% in the second quarter of 2019 to 4.6% in the second quarter 2020. The decrease in the business activities of our dealer partners in second quarter 2020 helped to increase margins as there was less demand for targeted discounting and other promotional activity from our dealer base during the quarter. EcoHome maintains a firm target for stable risk adjusted margins on new originations of at least 4%.

Improving Portfolio Quality



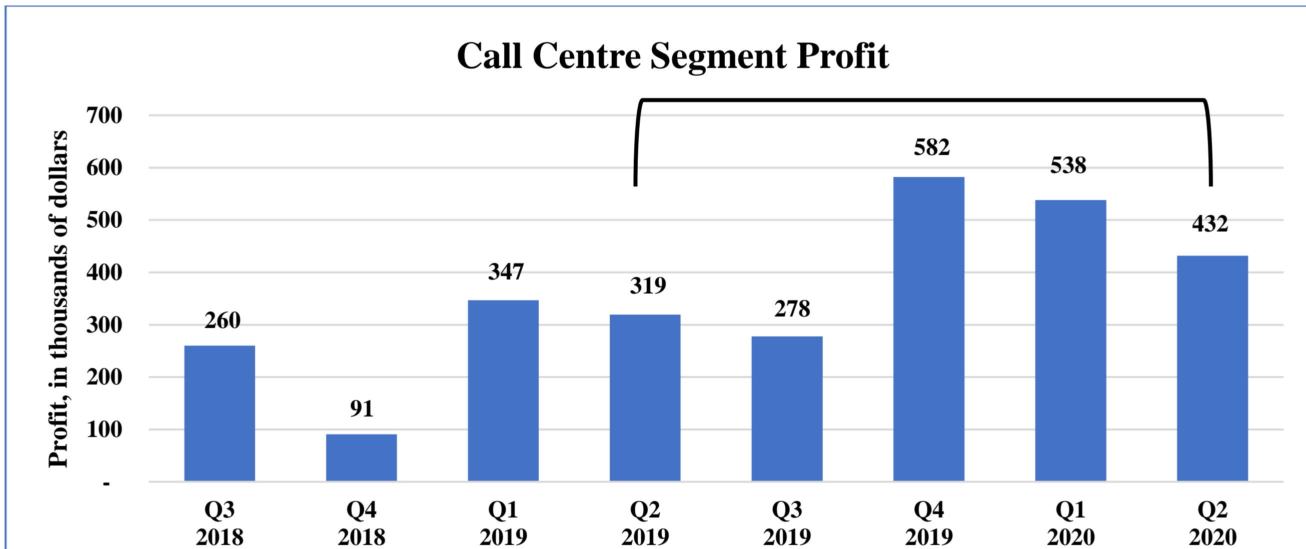
Through proactive measures, EcoHome has managed the amount of delinquent accounts, while simultaneously growing its portfolio. Throughout 2019, delinquent accounts had seen a consistent decrease. The disruption of business at the end of first quarter 2020 and the transition around moving to a work-from-home environment created a temporary disruption resulted in an of the billing/collection process, which contributed to a temporary spike in 0-30 days delinquency category during first quarter 2020. Collection efforts during the second quarter

2020, along with natural adjustments from our Operations team to working from home helped to reverse these temporary increases. Despite a slight increase of $0.7 million to delinquencies > 90 days, overall delinquencies decreased by $0.9 million or 8% from first quarter 2020.

Provision for credit losses was $0.63 million in the second quarter of 2020 ($0.06 million in second quarter 2019 and $0.83 million in fourth quarter 2019). The increased credit loss provision was driven by a change in both the aging profile of the portfolio and negative credit score migration from the Company's most recent Beacon score refresh that shifted more contracts from Stage 1 & 2 into Stage 2 & 3 compared to both the first quarter 2020 and the fourth quarter 2019. In addition to this negative migration, adjustments to assumptions for loss given default ("LGD") to reflect the growing proportion of loan contracts in the underlying portfolio, which historically have experienced slightly higher LGD's than lease contracts, also contributed to an increase to the provision in the second quarter 2020. Adjustments were made to both macroeconomic forecasts and probabilities used in stress testing to reflect a more pessimistic near-term future environment given the impact of COVID-19 during the first quarter 2020. Economic forecasts for the key variables of GDP, unemployment and housing prices used in stress testing were updated to reflect the forecasts issued by the major banks post-COVID-19 and the probabilities used in the scenario analysis were more heavily weighted to the pessimistic scenario from the base and optimistic scenarios compared to fourth quarter 2019. The impact of COVID-19 on actual portfolio performance has been limited to date, with less than 100 requests for payment deferrals and zero deferrals granted to date. We are currently working with Equifax to build COVID related data points into both our semi-annual Beacon refresh process and credit adjudication process for new originations. This will help better understand how COVID-19 may impact the future performance of our existing portfolio. We will use these tools, along with continuing to evaluate market best practices to further refine our stress testing of our provision for changes in the macroeconomic environment. As we move forward, there may be further adjustments to our credit provisioning based on both portfolio performance expectations and further downward adjustments to both future economic forecasts and the probability weightings used in our scenario analysis. Allowance as a percentage of gross finance receivables has increased over time.

	Q2 2020	Q1 2020	Q4 2019	Q2 2019
Allowance for credit losses/gross finance receivables	1.34%	1.09%	1.05%	1.01%

One Contact's Segment Profit Increase of 35% from Second Quarter 2019



One Contact's second quarter 2020 segment profit increased 35% compared to the same quarter in prior year. The Company's call centre operations offer services out of Toronto, Ontario and Reno, Nevada for both external clients and EcoHome. Some customers saw an increase in call volumes due to conditions created by COVID-19 and work from home initiatives. This translated to the segment profit increase and a gross margin improvement from 35.6% in the second quarter 2019 to 37.1% in the second quarter 2020.

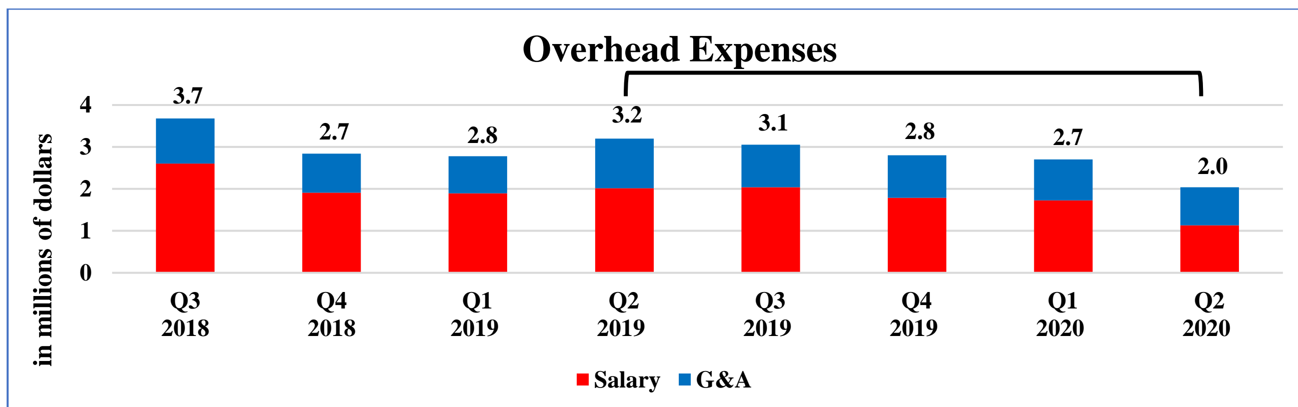
One Contact has become a leading omni-channel solutions provider. Over the last four years, non-voice work (e.g., email, SMS, chat-based support) has grown from 4% to approximately 18% of revenue. This has (i) significantly diversified the scope of services that One Contact provides to its customers, (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.

Despite there being a risk of a short-term shutdown in the event of wide-spread COVID-19 infection, the call centre business continues to be deemed as an essential service in both Canada and the US.

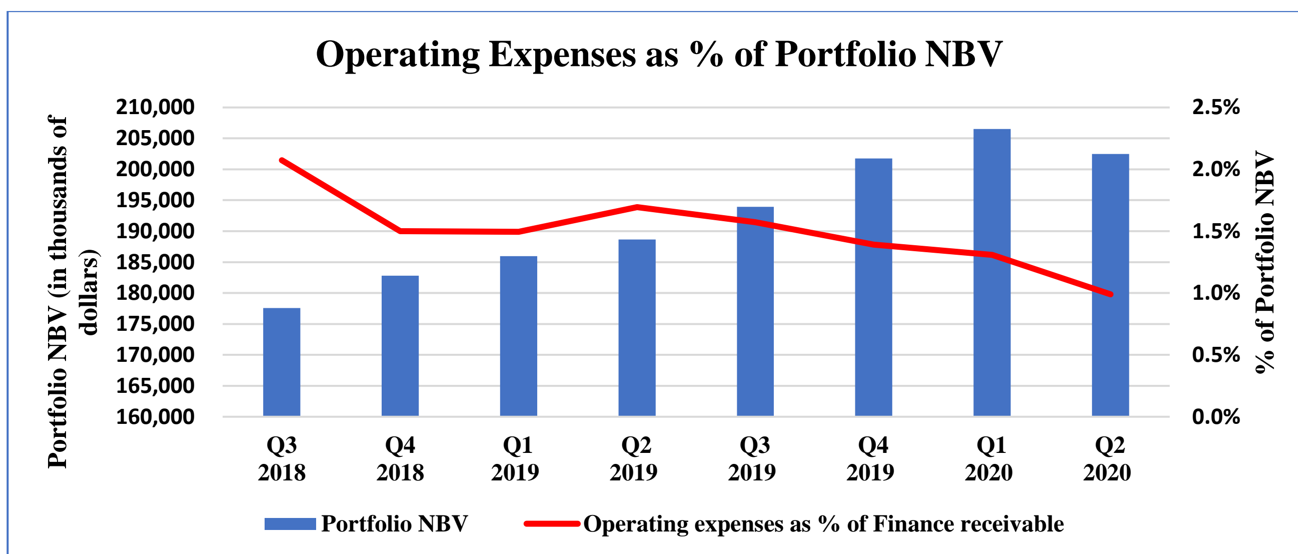
The business had one of its best quarterly performance to date. Notable second quarter 2020 accomplishments:

- Successfully completed implementation for new Investor Service client and launched first proxy solicitation campaign
- Did not incur any service level penalties.
- Successfully maintained operations on 100% of accounts, at both contact centre locations, throughout all of COVID-19.
- Surpassed major client quality expectations by setting new level of achievement of an almost robotic 97% across 52 call handling requirements.
- A major client extended their contract into 2021.
- Receivables related to the business are current with no uncollectible accounts.

Overhead Expenses Steady at $1 million/month



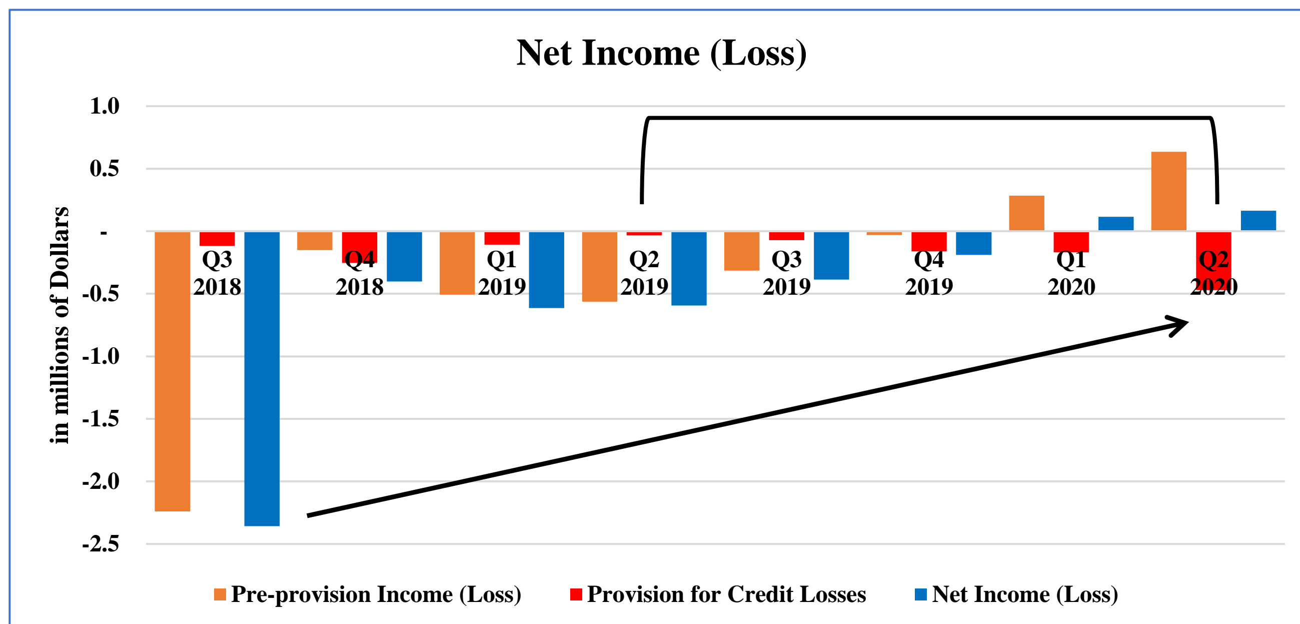
Having streamlined operations in 2018, the Company has continued to focus on maintaining a steady overhead of approximately $1 million per month. Second quarter 2020 expenses decreased further reflecting the targeted cuts made at the end of first quarter 2020 due to uncertainty from COVID-19. In addition, the Company applied for the Canada Emergency Wage Subsidy program in the first and second quarters of 2020. The portion of this subsidy relating to the second quarter 2020, totalling $452 thousand, has been recognized as a reduction of salaries, wages and benefits during the quarter (first quarter 2020 – $80 thousand).



As of June 30, 2020, the headcount for salaried employees has reduced, while hourly employees are holding steady. With the onset of COVID-19, headcount was reduced after a careful evaluation of the future course of the Company for the remainder of 2020. The associated salary reductions and the lower expected payout of the Company's short-term incentive plan ("STIP") will save the Company $1 million in fiscal 2020. 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.

	September 2018	December 2018	March 2019	June 2019	September 2019	December 2019	March 2020	June 2020
Salaried	74	73	80	79	77	72	57	59
Hourly	214	241	175	187	195	216	192	191
Total	288	314	255	266	272	288	249	250

Steady Progress on Path to Profitability



Since entering Phase 3 of its Long-Term Strategic Plan, the Company has recorded two consecutive profitable quarters. The company ended the first half of 2020 with a cumulative net income of $279 thousand, compared to a net loss of $1.2 million for the same period in 2019.

Capital and Liquidity

Capital

With a Tangible Net Worth in excess of $34 million and existing Corporate Tangible Leverage Ratio of 5.8 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 – Near to Medium Term

The Company works diligently to preserve its cash resources and raise liquidity. In the second quarter of 2020, the Company has raised the following additional liquidity:

- Drew $4.0 million of the $6.25 million of available credit provided under the new credit facility secured with a Schedule 1 Bank.
- Received $330 thousand US Dollars from the Paycheck Protection Program in the US. The amount has been setup as a loan with an interest rate of 1% and maturity of two years. The loan can be forgiven if all employee retention criteria set by the U.S. Small Business Administration are met, and the funds are used for eligible expenses. The Company expects to have sufficient eligible expenses to qualify for forgiveness under the program. The application for loan forgiveness will be submitted during third quarter 2020.
- Received $452 thousand of subsidies from the Canada Emergency Wage Subsidy ("CEWS") program during the quarter.

The credit facility of $6.25 million provides additional liquidity for the Company during the uncertainty surrounding COVID-19. The facility has the impact of reducing the Company's future contractual residual cash by the amount drawn. The facility matures in May 2021 and be extended out to May 2022 upon the approval of the lender.

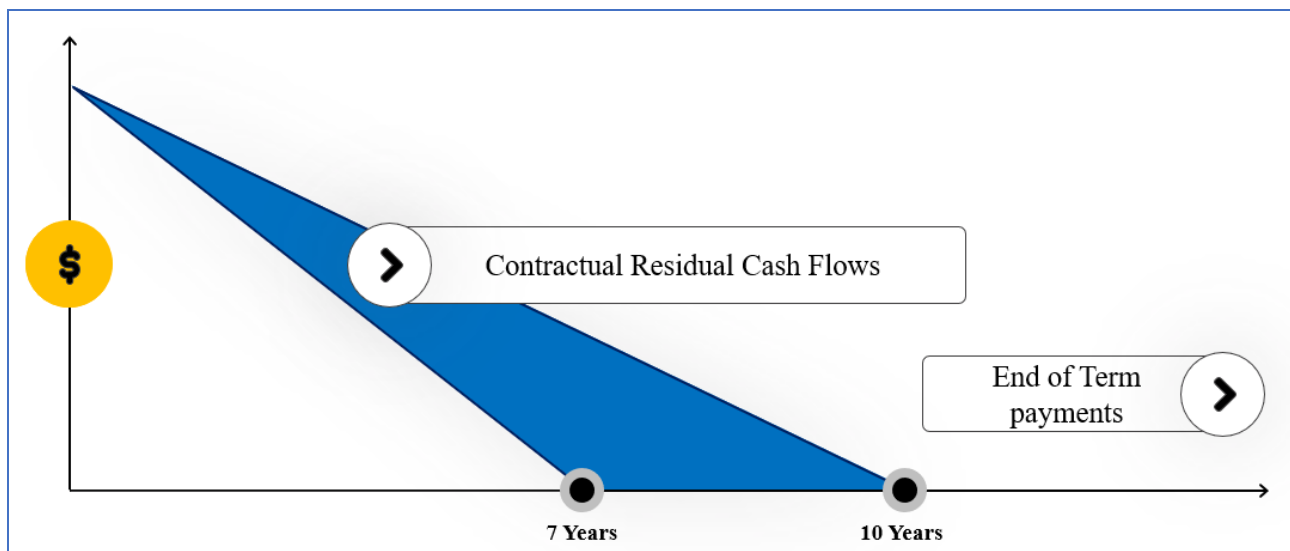
Continued discipline on maintaining stable risk adjusted margins on new originations, growing fee income, managing overheads and adding new business to One Contact at strong margins, is critical in order to prudently manage liquidity in the near term. To provide support for the Company's assessment of its liquidity position, management performs a thorough analysis of its cash management process and near term cash position, including the preparation of a comprehensive liquidity forecast based on its current financial position, financing obligations and operating environment, along with existing revenue streams, cost structure and expected growth. In addition, given the material disruption to its business caused by COVID-19, Management also evaluates the performance of this base case forecast under stress conditions for key assumptions around origination growth, net interest margin, credit and operational risks, capital expenditures and operating costs. This comprehensive liquidity analysis is updated quarterly and is presented to the Risk Committee of the Board as part of its quarterly corporate governance process and the Audit Committee as part of its approval for the release of this MD&A and the Condensed Interim Consolidated Financial Statements each quarter.

Based on a combination of the tangible actions executed by Management as outlined above, and the comprehensive assessment by both the Board and Management of the Company's near term liquidity position, under both existing and stress conditions, both the Board and Management believe that the disclosures around near term liquidity in both this MD&A and the Condensed Interim Consolidated Financial Statements as at June 30, 2020 continue to fairly represent the liquidity position of the Company at the present time. Notwithstanding this decision, the business disruptions created by COVID-19 remain fluid and unpredictable. Given the rapidly evolving nature of the pandemic and its impact on the overall economic environment, the assessment of the risk factors and assumptions relied upon for this assessment may change in future periods.

Long-Term

The Company's funding facilities require that the majority of cash flows from its collateralized lease and loan receivables 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 June 30, 2020 the Company has approximately $72 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	121	251	292
Contractual Cash Outflows	(108)	(195)	(200)
Net Cash Flows	13	56	92
Debenture Repayment	(10)	-	(20)
Surplus	**3**	**56**	**72**

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.

Tax Loss Carry Forward

As at June 30, 2020, the Company had tax losses of $24,644 ($23,290 in Canada and $1,354 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.
Pre-provision Income (Loss)	Net Income (Loss) with provision for credit losses 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 June 30, 2020, March 31, 2020, and June 30, 2019

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	**June 30, 2020**	**March 31, 2020**	**June 30, 2019**	**Change over March 31, 2020**	**Change over June 31, 2019**
	$	$	$	%	%
Consumer finance:					
Interest income	**4,695**	4,645	4,244	1.1	10.6
Interest expense	**2,470**	2,392	2,424	3.3	1.9
	2,225	2,253	1,820	(1.2)	22.3
Fee and ancillary revenue	**469**	536	623	(12.5)	(24.7)
Direct expense	**(274)**	(351)	(186)	(21.9)	47.3
Provision for credit losses	**(626)**	(169)	(62)	270.4	909.7
	(431)	16	375	(2,793.8)	(214.9)
Finance income	**1,794**	2,269	2,195	(20.9)	(18.3)
Call centre:					
Revenue	**2,391**	2,465	2,415	(3.0)	(1.0)
Cost of sales	**1,503**	1,543	1,554	(2.6)	(3.3)
	888	922	861	(3.7)	3.1
Gross profit	**2,682**	3,191	3,056	(16.0)	(12.2)
Operating expenses:					
Salaries, wages and benefits	**1,133**	1,728	2,016	(34.4)	(43.8)
General and administrative	**871**	975	1,181	(10.7)	(26.2)
Finance costs, net	**75**	(11)	14	781.8	435.7
Depreciation and amortization	**397**	345	304	15.1	30.6
Share-based compensation	**41**	40	134	2.5	(69.4)
	2,517	3,077	3,649	(18.2)	(31.0)
Income (loss) from continuing operations before income taxes	**165**	114	(593)	44.7	127.8
Income taxes:					
Income tax expense (recovery)	**-**	-	-	n/a	n/a
Deferred tax expense (recovery)	**-**	-	-	n/a	n/a
	-	**-**	**-**	n/a	n/a
Income (loss) from continuing operations	**165**	114	(593)	44.7	127.8
Net income (loss) for the period	**165**	114	(593)	44.7	127.8
Other comprehensive income (loss):					
Foreign currency translation	**(7)**	17	(33)	(141.2)	(78.8)
Net income (loss) and comprehensive income (loss)	**158**	131	(626)	20.6	125.2
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	-	-	-	n/a	n/a

The Company recorded a net income from continuing operations before income taxes of $165 for the current quarter as compared to net income of $114 for the quarter ended March 31, 2020 and a net loss of $593 for the quarter ended June 30, 2019. Starting in June 2020, originations have started to rebound. The improvement from the prior quarter and the same quarter in prior year is mainly due to lower operating expenses stemming from $452 of wage subsidy received during the quarter.

Finance income for the current quarter was $1,794, a decrease of 20.9% over the $2,269 in the prior quarter and 18.3% lower than the same quarter in prior year. The decrease over the prior quarter is driven by higher provision for credit losses. Net interest margins and net fee income remained flat due to a decrease in originations during

the quarter and a decline in the net book value of the portfolio. Portfolio growth contributed to higher net interest margins from the comparable quarter in the prior year, slightly offset by lower net fee income due to lower levels of origination activity.

Direct expenses were lower in the second quarter compared to the previous quarter. The increase in the provision for credit losses from the prior quarter was driven by increases in both actual credit losses experienced and increases to the provision for expected future credit losses from the consumer finance portfolio, which increased by $137 in the prior quarter compared to $470 in the current quarter. Finance income in the current quarter is lower compared to the same quarter in prior year. While net interest margin was lower in the second quarter of 2019, it was offset by higher net fee income. The reverse occurred in the current quarter.

Call centre gross margin was $888 for the current quarter as compared to $922 for the prior quarter and $861 for the second quarter ended 2019. The gross margin percentage was 37.14% for the current quarter which is in line with the higher gross margins for the comparative periods.

Operating expenses for the current quarter were $2,553, a decline of 17.0% from the $3,077 recorded in the prior quarter and 30.0% lower than the corresponding quarter in 2019 of $3,649. The decline from the prior quarter and same quarter in 2019 is mainly due to lower salaries, wages and benefits including share-based compensation.

Consumer finance interest income for the current quarter was $4,695, an increase of 1.1% over the $4,645 recognized in the prior quarter, and an increase of 10.6% over the $4,244 recognized in the corresponding quarter in 2019. The increase is due to a larger overall portfolio. The average yield on earning assets remained strong at 9.2% compared to prior quarter and improved from 9.1% in the corresponding quarter of 2019.

Consumer finance interest expense for the current quarter was $2,470, 3.3% higher than the $2,392 recorded in the prior quarter, and 1.9% higher than the interest expense of $2,424 for the corresponding quarter in 2019. Weighted average interest expense as a percentage of earning finance assets improved to 4.8% from the prior quarter and decreased from the 5.2% in the corresponding quarter of 2019. Interest expense in 2019 was negatively impacted by the higher cost of funding associated with the interim funding facility for Quebec receivables, which was in place from February to May 2019.

Call centre revenues for the current quarter were $2,391, a decrease of 3.0% from the $2,465 recorded in the prior quarter, and 1.0% below the corresponding quarter of 2019. The small decrease from the prior quarter is due to the changing mix of business around the impact of COVID-19.

Call centre cost of sales for the current quarter were $1,503, a decrease of 2.6% from the $1,543 recorded in the prior quarter, and 3.3% lower than the corresponding quarter of 2019. The decrease from the prior quarter is in line with the decrease in revenue in the commensurate period as the business effectively managed its gross margins.

Salaries, wages and benefits were $1,133 for the current quarter, a decrease of 34.4% over the $1,728 for the prior quarter, and 43.8% lower than the $2,016 recorded for the corresponding quarter in 2019. The improvement from the prior quarter and prior year is mainly driven by receipt of $452 wage subsidy, and targeted reductions in management compensation and other personnel costs related to COVID-19 measures to preserve liquidity.

General and administrative expenses were $871 for the current quarter, a decrease of 10.7% from the $975 in the prior quarter, and a decrease of 26.2% from the $1,181 for the corresponding quarter in 2019. The current quarter expenses are consistent with the prior quarter. The decrease compared to the corresponding quarter in prior year is mainly due to lower levels of professional fees, technology costs and savings on rent.

Finance costs, net, represents interest and accretion expenses related to lease obligations per IFRS 16, along

with corporate debt and foreign exchange gains and losses. The current quarter expense of $75 is mainly due to the foreign exchange loss from the strengthening of the Canadian Dollar with respect to US Dollar denominated trade receivables and interest expense on lease liabilities. This is in contrast to the $(11) recorded in the prior quarter when the Canadian Dollar weakened with respect to US Dollar.

Depreciation and amortization expense increased 15.1% over the prior quarter and increased 30.6% from the corresponding quarter in 2019. The increase over the prior quarter is mainly due to the implementation of IFRS 16 and amortization of right-of-use assets. 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 $41 for the current quarter, an increase of 2.5% over the $40 recorded in the prior quarter and 69.4% lower than the $134 recorded in the corresponding quarter of 2019. The decrease from the same quarter in prior year is due to overall reduction in the number of outstanding stock options through both exercise and expiration.

Income (loss) per share from continuing operations was $0.00 for the current quarter and $0.00 for the prior quarter, and $(0.00) for the corresponding quarter of 2019.

Results of Operations – For the six months ended June 30, 2020 and June 30, 2019

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

	For the six months ended		
in $'000s except for per share amounts	**June 30, 2020**	**June 30, 2019**	**Change over December 31, 2018**
	$	$	%
Consumer finance:			
Interest income	**9,340**	8,364	11.7
Interest expense	**4,862**	4,654	4.5
	4,478	3,710	20.7
Fee and ancillary revenue	**1,005**	1,105	(9.0)
Direct expense	**(625)**	(528)	18.4
Provision for credit losses	**(795)**	(201)	295.5
	(415)	376	(210.4)
Finance income	**4,063**	4,086	(0.6)
Call centre:			
Revenue	**4,856**	4,474	8.5
Cost of sales	**3,046**	2,897	5.1
	1,810	1,577	14.8
Gross profit	**5,873**	5,663	3.7
Operating expenses:			
Salaries, wages and benefits	**2,861**	3,909	(26.8)
General and administrative	**1,846**	2,065	(10.6)
Finance costs, net	**64**	48	33.3
Depreciation and amortization	**742**	612	21.2
Share-based compensation	**81**	236	(65.7)
	5,594	6,870	(18.6)
Income (loss) from continuing operations before income taxes	**279**	(1,207)	123.1
Income taxes:			
Income tax expense (recovery)	**-**	-	n/a
Deferred tax expense (recovery)	**-**	-	n/a
	-	-	n/a
Income (loss) from continuing operations	**279**	(1,207)	123.1
Net income (loss) for the period	**279**	(1,207)	123.1
Other comprehensive income (loss):			
Foreign currency translation	**10**	(33)	(130.3)
Net income (loss) and comprehensive income (loss)	**289**	(1,240)	(123.3)
Income (loss) per common share, basic and diluted	**0.00**	(0.00)	n/a
Continuing operations	**0.00**	(0.00)	n/a
Discontinued operations	-	-	n/a

The Company recorded a net income from continuing operations of $279 for the six months ended June 30, 2019, an increase of $1,486 over the net loss from continuing operations of $1,207 for the same period in 2019. The improvement over the prior year is due to higher call centre gross margin from larger client base ($233 increase), and lower operating expenses mainly due to a wage subsidies received, lower headcount and focused cost reduction efforts ($1,276 decrease).

Finance income for the current period was $4,063, a decrease of 0.6% from the $4,086 recorded over the same period in 2019. The decrease was due to a et interest margin (20.7% increase) offset by higher credit loss provision and a decline in net fee income.

Call centre gross margin was $1,810 for the six months ended June 30, 2020 as compared to $1,577 over the same period in 2019. This improvement was driven by an increase in the gross margin percentage to 37% in the current period from 35% for the six months ended June 30, 2019.

Operating expenses for the six months ended June 30, 2020 were $5,630, an improvement of 18% from the $6,870 recorded in the same period of 2019. The decrease is mainly due to a reduction in salaries and general and administrative charges related to wage subsidies received, lower headcount and focused cost reduction efforts.

Consumer Finance interest income for the current period ended June 30, 2020 was $9,340 an increase of 11.7% as compared to 2019 of $8,364. The increase is due to larger overall portfolio. The average yield on earning assets remained consistent at 9.1%.

Consumer Finance interest expense for the six months ended June 30, 2020 was $4,862, a 4.5% increase over the $4,654 recorded over the same period in 2019. This mainly due to a larger portfolio. Weighted average interest expense as a percentage of earning finance assets decreased to 4.8% in the current period from 5.1% for the six months ended June 30, 2019. The lower rate is due to the repayment of the higher cost interim Quebec funding facility and the establishment of a permanent Quebec funding facility at a lower cost of funds at the end of second quarter 2019.

Call centre business revenues for the current period were $4,856, an increase of 8.5% from the $4,474 recorded in the same period of 2019. This is due to a larger client base.

Call centre cost of sales for the period ended June 30, 2020 was $3,046, an increase of 5.1% on the $2,897 recorded in 2019. The increase is commensurate with the increase in revenue and the business maintaining consistent and stable margin levels.

Salaries, wages and benefits were $2,861 for the current period, a decline of 26.8% from 2019. The decline is primarily due to wage subsidies received and targeted reductions to headcount.

General and administrative expenses were $1,846 for the six months ended June 30, 2020, an improvement of 10.6% over 2019. The decrease is driven by reduced professional fees, focused cost reduction efforts and savings on rent..

Finance costs, net, represents interest and accretion expenses related to lease obligations per IFRS 16, corporate debt and foreign exchange gains and losses. Finance costs, net, represents interest and accretion expenses on corporate debt and foreign exchange gain and loss. The increase is mainly due to the foreign exchange loss from the strengthening of the Canadian Dollar with respect to US Dollar denominated trade receivables and interest expense on lease liabilities.

Depreciation and amortization expense increased 21.2% over the same period of 2019 due to amortization of right-of-use assets.

Share-based compensation expense was $81 for the current period, a decrease of 65.7% over the $236 recorded in same period of 2019. The decrease is due to overall reduction in the number of outstanding stock options through exercise and expiration.

Income (loss) per share from continuing operations was $0.00 for the six months ended June 30, 2020 as compared to $(0.00) for the six months ended June 30, 2019.

Consolidated Financial Position

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

in $'000s	June 30, 2020	December 31, 2019	June 30, 2019	Change over December 31, 2019	Change over June 31, 2019
	$	$	$	%	%
Cash and cash equivalents	**8,785**	5,798	6,809	51.5	29.0
Restricted cash	**15,576**	15,936	19,995	(2.3)	(22.1)
Trade receivables	**1,785**	1,280	977	39.5	82.7
Finance receivables, net	**202,477**	201,740	188,665	0.4	7.3
Other assets	**4,574**	5,135	4,401	(10.9)	3.9
Property and equipment, net	**1,941**	1,355	1,200	43.2	61.8
Intangible assets, net	**1,317**	1,312	1,161	0.4	13.4
Assets	**236,455**	232,556	223,208	1.7	5.9
Accounts payable and other liabilities	**4,190**	2,968	2,790	41.2	50.2
Debentures, notes payable and other financial debt	**25,293**	22,970	23,612	10.1	7.1
Secured borrowings	**171,967**	171,977	161,804	(0.0)	6.3
Total liabilities	**201,450**	197,915	188,206	1.8	7.0
Share capital	**71,163**	71,123	71,123	0.1	0.1
Contributed surplus	**7,224**	7,189	6,977	0.5	3.5
Accumulated other comprehensive loss	**(73)**	(83)	(86)	(12.0)	(15.1)
Deficit	**(43,309)**	(43,588)	(43,012)	(0.6)	0.7
Shareholders' equity	**35,005**	34,641	35,002	1.1	0.0
Total liabilities and shareholders' equity	**236,455**	232,556	223,208	1.7	5.9

Total Assets

Total assets were $236,455 as at June 30, 2020, an increase of $3,899 or 1.7% from December 31, 2019 and an increase of $13,247 or 5.9% from June 30, 2019. The increase in total assets from 2019 is primarily related to the growth in the finance receivables portfolio.

Trade receivables

Trade receivables are non-interest bearing and are generally on 30-day to 90-day terms. The increase of trade receivables from December 31, 2019 and June 30, 2019 is primarily due to delay in receiving payment on certain billings for One Contact. The amounts were subsequently received in July 2020.

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 June 30, 2020 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	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**	**Change over December 31, 2019**	**Change over June 31, 2019**
	$	$	$	%	%
Consumer finance leases*	**83,916**	89,741	97,763	(6.5)	(14.2)
Consumer finance loans**	**121,314**	114,146	92,818	6.3	30.7
Allowance for credit losses	**(2,753)**	(2,147)	(1,916)	28.2	43.7
	202,477	201,740	188,665	0.4	7.3

* 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 $205,230 reported as at June 30, 2020 represents a 0.7% increase from December 31, 2019 and 7.7% increase from June 30, 2019. The net growth in the current year represents total organic originations of $55.5 million for the 12-month period ended June 30, 2020 and $50.9 million of originations for the same period ended June 30, 2019. These originations are offset by collections and terminations in the periods.

Of the aggregate 39,708 finance contracts as at June 30, 2020 (December 31, 2019 – 38,721), 21,105 were lease contracts (December 31, 2019 – 21,292) representing 53% of the net investment in financial contracts (December 31, 2019 – 55%), and 18,603 were loan contracts (December 31, 2019 – 17,429), representing 47% of the net investment in finance contracts (December 31, 2019 – 45%). 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, 2019 – $6.5), and of leases of $5.5 (December 31, 2019 – $5.9).

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

	June 30, 2020		**December 31, 2019**		**June 30, 2019**	
LEASES in $'000s	$	%	$	%	$	%
1-30 days past due	**681**	**0.8**	412	0.5	619	0.7
31-60 days past due	**273**	**0.3**	352	0.4	423	0.4
61-90 days past due	**153**	**0.2**	361	0.4	285	0.3
Greater than 90 days past due	**5,413**	**6.5**	4,846	5.5	5,436	5.7
Total past due	**6,520**	**7.9**	5,971	6.8	6,763	7.1
Current	**76,242**	**92.1**	82,197	93.2	88,870	92.9
Total consumer finance leases	**82,762**	**100.0**	88,168	100.0	95,633	100.0

Total past due finance lease receivables increased by $549 to $6,520 (7.9% of total leases) from $5,971 (6.8% of total leases) as at December 31, 2019 and decreased by $243 from $6,763 (7.1% of total leases) as at June 30, 2019. Greater than 90 days past due lease receivables has increased from $4,846 (5.5% of total leases) as at December 31, 2019 to $5,413 (6.5% of total leases) as at June 30, 2020.

The Courts continue to remain temporarily closed, which impeded our legal enforcement actions. Despite this restriction, delinquency performance has held, and the aging profile of our portfolio actually improved during the quarter due to strong collection efforts. COVID-19 related past due accounts continue to make up a small percentage of delinquencies.

As at June 30, 2020, the Company has an allowance for ECL for leases of $1,014 under IFRS 9 (December 31, 2019 – $1,203).

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	$ 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

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

	June 30, 2020		December 31, 2019		June 30, 2019	
LOANS in $'000s	$	%	$	%	$	%
1-30 days past due	**735**	**0.6**	507	0.4	687	0.8
31-60 days past due	**307**	**0.2**	354	0.3	275	0.3
61-90 days past due	**308**	**0.3**	221	0.2	185	0.2
Greater than 90 days past due	**2,516**	**2.1**	1,659	1.5	1,410	1.5
Total past due	**3,866**	**3.2**	2,741	2.4	2,557	2.8
Current	**116,875**	**96.8**	111,041	97.6	84,384	97.2
Total consumer finance leases	**120,741**	**100.0**	113,782	100.0	86,372	100.0

As at June 30, 2020, total past due finance loan receivables of $3,866 (3.2% of total loans) represents an increase of $1,125 from the December 31, 2019 balance of $2,741 (2.4% of total loans) and a $1,309 increase from the June 30, 2019 balance of $2,557 (2.8% of total loans).

The Courts continue to remain temporarily closed, which impeded our legal enforcement actions. Despite this restriction, delinquency performance has held, and the aging profile of our portfolio actually improved during the quarter due to strong collection efforts. COVID-19 related past due accounts continue to make up a small percentage of overall delinquencies.

As at June 30, 2020, the Company has an allowance for ECL for loans of $1,739 under IFRS 9 (December 31, 2019 – $944).

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	$ 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

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 June 30, 2020, the Company held $745 (December 31, 2019 – $830) in dealer reserves within accounts payable and other liabilities. As at June 30, 2020, the Company had $3,391 (December 31, 2019 – $3,059) 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	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**
	$	$	$
Restricted cash	**15,576**	15,936	19,995
Other assets	**4,574**	5,135	4,401
Property and equipment, net	**1,941**	1,355	1,200
Intangible assets, net	**1,317**	1,312	1,161
	23,408	23,738	26,757

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	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**
	$	$	$
Cash designated for originations	**9**	615	5,476
Cash reserves - fixed facilities	**2,000**	2,000	2,000
Cash reserves - secured borrowing	**13,567**	13,321	12,519
	15,576	15,936	19,995

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	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**
	$	$	$
Due from purchaser	**-**	138	138
Due from dealers	**3,391**	3,059	2,861
Due from Gemma liquidation	**-**	161	111
Prepaid expenses and other receivables	**649**	595	896
Security deposits	**324**	267	262
Canada Emergency Wage Subsidy	**123**	-	-
HST receivable	**87**	915	133
	4,574	5,135	4,401

Pursuant to dealer agreements, the amounts due from dealers are recoverable through collections of future escalation payments otherwise due to the originating dealers.

Property and equipment
Property and equipment consist of the following:

in $'000s	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**	**Change over December 31, 2019**	**Change over June 31, 2019**
	$	$	$	%	%
Computer hardware	**213**	176	191	21.0	11.5
Office equipment	**50**	55	75	(9.1)	(33.3)
Leasehold improvements	**35**	48	150	(27.1)	(76.7)
Right-of-use assets	**1,643**	1,076	784	52.7	109.6
	1,941	1,355	1,200	43.2	61.8

As a lessee, the Company recognizes right-of-use ("ROU") assets and liabilities. 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 May 2020, the Company recognized a new ROU asset of $843 relating to the new office space at 130 King W.

Intangibles
Intangibles consist of the following:

in $'000s	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**	**Change over December 31, 2019**	**Change over June 31, 2019**
	$	$	$	%	%
Computer software and other	**1,317**	1,312	1,161	0.4	13.4
	1,317	1,312	1,161	0.4	13.4

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	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**	**Change over December 31, 2019**	**Change over June 31, 2019**
	$	$	$	%	%
Accounts payable and accruals	**2,689**	1,327	1,091	102.6	146.5
Dealer reserves	**745**	830	849	(10.2)	(12.2)
Payroll liabilities	**571**	771	532	(25.9)	7.3
Other taxes payable	**176**	34	301	417.6	(41.5)
Contract liabilites	**9**	6	17	50.0	(47.1)
	4,190	2,968	2,790	41.2	50.2

The increase in accounts payable and accruals is due to working capital management strategies and timing of payments to vendors.

Debentures, Notes Payable, other financial debt and Secured Borrowings

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

in $'000s	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**	**Change over December 31, 2019**	**Change over June 31, 2019**
	$	$	$	%	%
Secured debentures	**19,143**	19,063	18,986	0.4	0.8
Secured promissory note	**-**	2,679	3,796	(100.0)	(100.0)
Term loan	**3,881**	-	-	100.0	100.0
PPP	**479**	-	-	100.0	100.0
Lease liabilities	**1,790**	1,228	830	45.8	115.7
Secured borrowings	**171,967**	171,977	161,804	(0.0)	6.3
	197,260	194,947	185,416	1.2	6.4

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 $9 as at June 30, 2020 (December 31, 2019 – $615) 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 June 30, 2020 (December 31, 2019 – $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 $19.9 million (December 31, 2019 – $19.4 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 was repaid in full on May 11, 2020.

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. The loan bears interest at bank's prime rate + 4%, with an Export Development Corporation guarantee fee of 1.8% per annum, and is secured by first ranking general security agreement over the assets of EcoHome. The resignation or termination of the Company's CEO or CFO are termination events under these facilities. On May 28, 2020, the Company drew $4.0 million on this loan, which remains outstanding as at June 30, 2020.

PPP loan
On May 19, 2020, the Company received $486from the US federal government under the Paycheck Protection Program ("PPP") through a US bank. The loan matures on May 18, 2022, bears interest rate at 1% with monthjly 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 foregivenss in the third quareter of 2020.

Lease liabilities
As a lessee, the Company recognizes right-of-use ("ROU") assets and liabilities. 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%. The Company has $2,270 of lease liabilities as at June 30, 2020 (December 31, 2019 – $1,228). The lease liabilities relate to three office premises leased in the jurisdictions from which it operates, and they mature in 2022, 2023 and 2025.

The office lease at 4 King Street West expired at the end of June 2020. A new sub-lease at 130 King Street West was signed for the period from May 1, 2020 to September 30, 2023, with free rent for the first four months.

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	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**
	$	$	$
Carrying value of finance receivables transferred	174,329	173,082	161,894
Cash reserves	13,567	13,321	12,519
Available collateral	187,896	186,403	174,413
Carrying value of associated liabilities	171,967	171,977	161,804

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 4.58% 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 that form part of the collateral security for these facilities totalling $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% (three months and six months ended June 30, 2019 – 4.73% and 4.87%). The facility has been extended to October 31, 2020.

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 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 and the warehouse facility of $5 million with a Schedule 1 bank and securitized nil and $10.1 million during the three months and six months ended June 30, 2020 (three months and six months ended June 30, 2019 – $4.1 million for both) at an average interest rate of nil and 4.26% (three months and six months ended June 30, 2019 – 4.70% for both) using the facility. 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 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 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 for cash proceeds of $24 and book value of $16.
(b) 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.
(c) 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.
(d) 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.
(e) 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 DSUs and 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/DSUs	**Number of stock options (in '000s)**	**Weighted average exercise price for stock options $**	**Number of DSUs (in '000s)**
As at December 31, 2018	18,573	0.27	539
Issued	8,450	0.06	-
Expired/forfeited	(5,546)	0.39	**-**
As at December 31, 2019	**21,477**	**0.16**	**539**
Issued	**-**	**-**	**649**
Exercised	**(350)**	**0.07**	**-**
Expired/forfeited	**(3,067)**	**0.30**	**(83)**
As at June 30, 2020	**18,060**	**0.14**	**1,105**

On June 30, 2020, the Company granted 270,569 DSUs to the directors which represents one quarter of 25% of their annual retainer at volume weighted average trading price ("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 volume weighted average trading price ("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).

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, exercisable for a period of 5 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 (in '000s)	**Weighted average exercise price $**	**Remaining contractual life (in years)**	**Options vested (in '000s)**	**Options unvested (in '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**

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 June 30, 2020. This information has been prepared on the same basis as the Company's condensed interim 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 condensed interim consolidated financial statements of the Company and the related notes to those statements.

in $'000s except for per share amounts	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Revenue								
Consumer Finance*	4,695	4,645	4,501	4,346	4,244	4,120	3,936	3,889
Call Centre	2,391	2,465	2,686	2,368	2,415	2,059	2,283	2,076
	7,086	7,110	7,187	6,714	6,659	6,179	6,219	5,965
Gross profit	2,682	3,191	3,150	3,121	3,056	2,607	2,611	2,380
Net loss from continuing operations before income taxes	165	114	(190)	(386)	(593)	(614)	(404)	(3,381)
Total assets	236,455	240,876	232,556	224,408	223,208	220,296	211,986	207,288
Debentues, notes payable and other financial debt	25,293	22,367	22,970	23,626	23,612	24,210	23,825	24,347
Secured Borrowings	171,967	180,013	171,977	162,391	161,804	157,439	148,263	142,098
Income (loss) per common share - basic and diluted	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.07
Loss per share on continuing operations- basic and diluted	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(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 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.
2. 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 June 30, 2020.

Summary of Significant Accounting Policies and Judgments

The Company's unaudited condensed interim consolidated statements of financial position as at June 30, 2020 and December 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period ended June 30, 2020 and June 30, 2019, were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). Please refer to notes 2, 3 and 4 of the Company's unaudited condensed interim 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.

Critical Accounting Estimates and Use of Judgments

In the preparation of the unaudited condensed interim consolidated financial statements, the Company made the following estimates and exercised the following judgments in addition to those disclosed in note 4 of the audited consolidated financial statements for the year ended December 31, 2019.

Models and Assumptions Used

The Company has applied judgment to determine the lease term for 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:

June 30, 2020	**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	–	(4,226)	–	(4,226)
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	**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)

There were no transfers between any levels between June 30, 2020 and December 31, 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 June 30, 2020. This is not a comprehensive list.

COVID-19

We are actively assessing and responding, where possible, to the effects of the COVID-19 pandemic on the Company's employees, customers, suppliers and other stakeholders. The Company has taken a number of measures to mitigate the negative effects of the COVID-19 pandemic as outlined above under pages 6 and 7 of this MD&A. However, the pandemic has had a negative impact on our originations and continues to represent a material risk to our business. The actual extent to which COVID-19 and its effect on the economy will impact our business remains highly uncertain and may lead to adverse changes in our cash flows, working capital levels, debt balances, operating results and financial position in the future.

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 secured 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 June 30, 2020.

	2020	2021	2022	2023	2024	2025+	Total
Finance assets							
Cash and cash equivalents	$ 8785	$ –	$ –	$ –	$ –	$ –	$ 8,785
Restricted cash	1,110	4,052	2,570	2,785	2,663	1,972	15,152
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	$ 70,077	$ 306,048
Finance liabilities							
Accounts payable and other liabilities	$ (4,226)	$ –	$ –	$ –	$ –	$ –	$ (4,226)
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 - property	(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	$ (27,519)	$ (59,304)	$ (37,756)	$ (38,874)	$ (35,284)	$ (28,737)	$ (227,246)

(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) 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 is expected to be forgiven if all criteria set by the US Small Business Administration are met and the funds are used for eligible expenses.
(e) 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 June 30, 2020, the Company has no allowance for credit losses related to trade receivables (December 31, 2019 – 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 (other than those originated in the province of Quebec) which are greater than $15, have experienced material credit deterioration and/or have become delinquent are registered with a NOSI. As at June 30, 2020, the Company recorded an allowance for ECL for loans of $1,739 (December 31, 2019 – $944).

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 June 30, 2020, the Company held $745 (December 31, 2019 – $830) in dealer reserves within accounts payable and accrued liabilities. In addition, the Company has recorded an allowance for ECL 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. 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 the financial results for the year. As at June 30, 2020, 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.

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 quarter ended June 30, 2020	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Continuing operations
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 (loss) before income taxes				$ 165

For the quarter ended June 30, 2019	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Continuing operations
Revenue:				
Canada	$ 667	$ 4,867	$ –	$ 5,534
United States	1,748	–	–	1,748
	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)
Income (loss) before income taxes				$ (593)

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

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

Six months ended June 30, 2020	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Continuing operations
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

Six months ended June 30, 2019	Call Centre (One Contact)	Consumer Finance (EcoHome)	Corporate	Continuing operations
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)

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

Consolidated Statements of Financial Position

As at					
in $'000s	**June 30, 2020**	**March 31, 2019**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
	$	$	$	$	$
Cash and cash equivalents	8,785	4,693	**5,798**	7,337	6,809
Restricted cash	15,576	20,666	**15,936**	15,146	19,995
Trade receivables	1,785	1,253	**1,280**	690	977
Finance receivables, net	202,477	206,508	**201,740**	193,927	188,665
Other assets	4,574	5,019	**5,135**	4,455	4,401
Property and equipment, net	1,941	1,310	**1,355**	1,620	1,200
Intangible assets, net	1,317	1,427	**1,312**	1,233	1,161
Assets	236,455	240,876	**232,556**	224,408	223,208
Accounts payable and other liabilities	4,190	3,660	**2,968**	3,672	2,790
Debentures, notes payable and other financial debt	25,293	22,367	**22,970**	23,626	23,612
Secured borrowings	171,967	180,013	**171,977**	162,391	161,804
Total Liabilities	201,450	206,040	**197,915**	189,689	188,206
Share capital	71,163	71,163	**71,123**	71,123	71,123
Contributed surplus	7,224	7,213	**7,189**	7,077	6,977
Accumulated other comprehensive loss	(73)	(66)	**(83)**	(83)	(86)
Deficit	(43,309)	(43,474)	**(43,588)**	(43,398)	(43,012)
Shareholders' equity	35,005	34,836	**34,641**	34,719	35,002
Total liabilities and shareholders' equity	236,455	240,876	**232,556**	224,408	223,208

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

	For the three months ended				
in $'000s except for per share amounts	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
		$	$	$	$
Consumer finance:					
Interest income	4,695	4,645	4,501	4,346	4,244
Interest expense	2,470	2,392	2,363	2,349	2,424
	2,225	2,253	2,138	1,997	1,820
Fee and ancillary revenue	469	536	1,107	842	623
Direct expense	(274)	(351)	(262)	(298)	(186)
Provision for credit losses	(626)	(169)	(835)	(236)	(62)
	(431)	16	10	308	375
Finance income	1,794	2,269	2,148	2,305	2,195
Call centre:					
Revenue	2,391	2,465	2,686	2,368	2,415
Cost of sales	1,503	1,543	1,684	1,552	1,554
	888	922	1,002	816	861
Gross profit	2,682	3,191	3,150	3,121	3,056
Operating expenses:					
Salaries, wages and benefits	1,133	1,728	1,789	2,037	2,016
General and administrative	871	975	1,017	1,013	1,181
Finance costs, net	75	(11)	54	17	14
Depreciation and amortization	397	345	366	346	304
Share-based compensation	41	40	114	94	134
	2,517	3,077	3,340	3,507	3,649
Income (loss) from continuing operations before income taxes	165	114	(190)	(386)	(593)
Income taxes:					
Income tax expense (recovery)	-	-	-	-	-
Deferred tax recovery	-	-	-	-	-
		-	-	-	-
Income (loss) from continuing operations	165	114	(190)	(386)	(593)
Net income (loss) for the period	165	114	(190)	(386)	(593)
Other comprehensive income (loss):					
Foreign currency translation	(7)	17	-	3	(33)
Net income (loss) and comprehensive income (loss)	158	131	(190)	(383)	(626)
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	-	-	-	-	-
Weighted average number of shares outstanding (000s)	282,878	282,878	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		
	June 30, 2020	**December 31, 2019**	**June 30, 2019**
Common Shares - Basic	282,878,055	282,528,054	282,528,054
Common share purchase warrants	-	-	-
Stock options	18,060,000	21,476,668	22,056,667
Deferred share units	1,104,471	538,888	538,888
Common shares - fully diluted	302,042,526	304,543,610	305,123,609

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.