

# **MARBLE FINANCIAL INC.**

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019  
*(Expressed in Canadian Dollars)*

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Marble Financial Inc.

### Opinion

We have audited the consolidated financial statements of Marble Financial Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had a working capital deficit of \$1,140,280 and a shareholders' deficiency of \$2,187,901 as at December 31, 2020. These events or conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the Management Discussion & Analysis for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

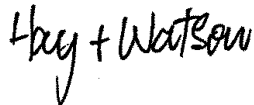
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

A handwritten signature in black ink that reads "Hey + Watson". The signature is written in a cursive, slightly slanted style.

Chartered Professional Accountants  
Vancouver, BC, Canada  
April 29, 2021



**MARBLE FINANCIAL INC.**Consolidated Statements of Loss and Comprehensive Loss  
(Presented in Canadian Dollars)

<b>For the years ended December 31,</b>	<b>2020</b>	<b>2019</b>
Interest revenue		
Loans	\$ 877,834	\$ 572,175
Interest expense		
Bonds	(483,457)	(542,807)
Convertible debentures and lease liabilities (Notes 10 and 13)	(110,238)	(16,048)
	<u>(593,695)</u>	<u>(558,855)</u>
<b>Net interest income</b>	<b>284,139</b>	<b>13,320</b>
Other income		
Subscription fees	288,787	3,353
Service fees and other	79,095	204,411
	<u>367,882</u>	<u>207,764</u>
<b>Total income</b>	<b>652,021</b>	<b>221,084</b>
<b>Bad debts and allowance for loan impairment (Note 7)</b>	<b>269,946</b>	<b>131,043</b>
<b>Operating expenses</b>		
Administration costs	824,280	651,143
Amortization (Notes 8 and 9)	252,447	109,223
Consulting fees (Note 15)	892,992	978,547
Investor relations	68,156	282,227
Marketing	210,723	406,170
Salary and benefits	1,321,241	512,612
Share based payments (Notes 14 and 15)	173,031	250,872
Transfer agent and filing fees	33,235	50,893
Business development costs	156,700	-
<b>Total operating expenses</b>	<b>3,932,805</b>	<b>3,241,687</b>
<b>Total expenses</b>	<b>4,202,751</b>	<b>3,372,730</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (3,550,730)</b>	<b>\$ (3,151,646)</b>
Basic and diluted loss per common share	\$ (0.06)	\$ (0.06)
Weighted average number of shares outstanding – basic and diluted	56,901,673	50,595,335

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

**MARBLE FINANCIAL INC.**

 Consolidated Statements of Changes in Shareholders' Deficiency  
 (Presented in Canadian Dollars)

	<u>Share Capital</u>		Subscriptions received in advance	Share purchase option and warrant reserves	Equity component of convertible debentures	Deficit	Total
	Number of shares	Amount					
<b>Balance, December 31, 2018</b>	35,748,888	\$ 2,968,976	\$ 12,000	\$ 28,899	\$ -	\$ (4,535,588)	\$ (1,525,713)
Initial public offering shares issued	17,500,000	3,500,000	-	-	-	-	3,500,000
Shares issued for lending fees	150,000	30,000	-	-	-	-	30,000
Shares issued for private placement	80,000	12,000	(12,000)	-	-	-	-
Share purchase options exercised	200,000	14,780	-	(4,780)	-	-	10,000
Shares issued for services	731,416	124,341	-	-	-	-	124,341
Shares issued on acquisition of Score-Up (Note 6)	590,459	118,092	-	-	-	-	118,092
Share issuance for 2016 subscriptions (Note 14)	750,000	-	-	-	-	-	-
Initial public offering costs - cash	-	(515,900)	-	-	-	-	(515,900)
Initial public offering costs - agents' options	-	(98,763)	-	98,763	-	-	-
Share-based payments	-	-	-	250,872	-	-	250,872
Net loss for the year	-	-	-	-	-	(3,151,646)	(3,151,646)
<b>Balance, December 31, 2019</b>	55,750,763	6,153,526	-	373,754	-	(7,687,234)	(1,159,954)
Shares issued under RSU plan (Note 14)	75,000	12,375	-	(12,375)	-	-	-
Shares issued for private placement (Note 14)	15,567,401	2,335,110	-	-	-	-	2,335,110
Private placement costs – cash (Note 14)	-	(12,705)	-	-	-	-	(12,705)
Private placement costs – agents' warrants (Note 14)	-	(8,155)	-	8,155	-	-	-
Private placement costs – agents' units (Note 14)	303,333	-	-	-	-	-	-
Equity component of convertible debentures (Note 10)	-	-	-	-	33,292	-	33,292
Convertible debenture redeemed (Note 10)	-	-	-	-	(5,945)	-	(5,945)
Share-based payments	-	-	-	173,031	-	-	173,031
Net loss for the year	-	-	-	-	-	(3,550,730)	(3,550,730)
<b>Balance, December 31, 2020</b>	71,696,497	\$ 8,480,151	\$ -	\$ 542,565	\$ 27,347	\$ (11,237,964)	\$ (2,187,901)

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

**MARBLE FINANCIAL INC.**  
Consolidated Statements of Cash Flows  
(Presented in Canadian Dollars)

<b>For the years ended December 31,</b>	<b>2020</b>	<b>2019</b>
<b>CASH FROM (USED IN) OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (3,550,730)	\$ (3,151,646)
Items not affecting cash:		
Amortization	252,447	109,223
Bond transaction cost amortization	-	13,131
Accrued interest on bonds payable	82,300	72,118
Shares issued as lending fee (Note 14)	-	30,000
Shares issued for consulting fees (Note 14)	-	124,341
Lease accretion (Note 13)	36,596	16,048
Share based payments (Notes 14 and 15)	173,031	250,872
Accretion on convertible debentures (Note 10)	73,642	-
Interest accrued on loans payable and convertible debenture proceeds received in advance	-	3,011
Changes in non-cash working capital items:		
Accounts receivable	(571)	-
Interest receivable	22,049	4,397
Loans receivable	868,387	(548,981)
Prepaid expenses	2,206	2,321
Unearned revenue	180,237	18,619
Accounts payable and accrued liabilities	101,513	28,541
Interest payable	22,464	(1,232)
Other payable	-	(3,418)
Net cash used in operating activities	(1,736,429)	(3,032,655)
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Development of intangible assets	-	(61,273)
Acquisition of property, equipment, and right-of-use-assets	(4,135)	(24,129)
Acquisition of Credit Meds	-	(60,000)
Net cash used in investing activities	(4,135)	(145,402)
<b>CASH FROM (USED IN) FINANCING ACTIVITIES</b>		
Common shares issued, net of share issuance costs	2,322,405	2,984,100
Share purchase options exercised	-	10,000
Proceeds from convertible debentures issued	560,000	-
Proceeds from loan received	40,000	-
Repayment of promissory notes	-	(200,000)
Payment of loans payable	(12,582)	(12,406)
Payment of lease liabilities	(193,571)	(69,267)
Payment of convertible debentures	(27,173)	-
Redemption of convertible debenture	(156,627)	-
Redemption of bonds	(220,897)	(236,406)
Net cash from financing activities	2,311,555	2,476,021
Change in cash during the year	570,991	(702,036)
Cash, beginning of the year	755,262	1,457,298
Cash, end of the year	\$ 1,326,253	\$ 755,262
Interest received	\$ 647,644	\$ 507,665
Interest paid	\$ 501,495	\$ 529,676

**Supplemental cash flow information** (Note 19)

**Reconciliation of changes in liabilities arising from financing activities** (Note 20)

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



## **MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

---

### **1. NATURE OF OPERATIONS**

Marble Financial Inc. (formerly MLI Marble Lending Inc.) (“Marble”, collectively with its subsidiaries, the “Company”) was incorporated as Phoenix N2N Capital Inc. under the Business Corporation Act (British Columbia) on July 7, 2015. On September 15, 2016, Marble was continued under the Canada Business Corporation Act and on December 16, 2015 changed its name from Phoenix N2N Capital Inc. to MLI Marble Lending Inc. On November 8, 2019, Marble changed its name from MLI Marble Lending Inc. to Marble Financial Inc. The head office of the Company is located at Suite 404-999 Canada Place, Vancouver, British Columbia, V6C 3E2. Marble’s common shares are listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “MRBL,” quoted on the OTC Pink market under the symbol “MRBLF” and on the Frankfurt Stock Exchange under the symbol “2V0”.

The Company’s primary business activity is to help Canadians proactively rebuild their credit back to mainstream levels through data-driven financial technology solutions and financial literacy and education. The Company has entered into numerous non-exclusive referral agreements with industry partners, together with organic marketing efforts, enabling the Company to provide its innovative products to individual clients referred to the Company. The Company’s MyMarble platform helps underserved Canadians with software and data-driven artificial intelligence (“AI”) tools to improve their personal finance and creditworthiness. This proprietary technology platform and diagnostic software allows consumers to leverage artificial intelligence, data and statistics to visualize and control their finances and credit score on the road back to mainstream financial services.

These consolidated financial statements have been prepared on the basis of a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2020, the Company had a working capital deficit of \$1,140,280 (2019 – \$27,255), a shareholders’ deficiency of \$2,187,901 (2019 – \$1,159,954) and an accumulated deficit of \$11,237,964 (2019 – \$7,687,234) and therefore will need ongoing funding to continue its operations. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of the going concern accounting principle will be in significant doubt. These consolidated financial statements do not reflect the adjustments or reclassification which would be necessary if the Company were unable to continue its operations in the normal course of business.

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

### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

The Company prepared these consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and by the IFRS interpretations Committee. These consolidated financial statements were approved by the Board of Directors and authorized for issue on April 29, 2021.

#### **Basis of measurement**

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

**2. BASIS OF PRESENTATION** *(cont'd...)*

**Basis of consolidation**

The Company's consolidated financial statements include Marble and its wholly owned subsidiaries as follows:

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

Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Financial Instruments**

*i) Recognition, classification, and measurement*

The Company initially recognizes loans and receivables and all other financial assets and on the date the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and liabilities are initially measured and recognized at fair value. Subsequent to initial recognition, the Company's financial assets are classified as at fair value through profit or loss ("FVTPL") or at amortized cost. Financial liabilities are classified and subsequently measured at amortized cost.

Financial assets at FVTPL

A financial asset is required to be classified as FVTPL unless it is measured at amortized cost or at fair value through other comprehensive income. Financial assets at FVTPL are initially measured at fair value with directly attributable transaction costs recognized in profit or loss. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

The Company's designated FVTPL assets consist of cash.

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

#### **Financial Instruments** *(cont'd...)*

##### Amortized cost

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

The Company’s financial assets measured at amortized cost consist of accounts receivable, interest receivable and loans receivable.

Financial liabilities are measured at amortized cost unless otherwise designated by the Company as FVTPL. The Company’s financial liabilities measured at amortized cost consists of accounts payable and accrued liabilities, interest payable, lease liabilities, convertible debentures, loans and bonds.

##### *ii) Fair value of financial instruments*

Financial instruments recognized in the consolidated statements of financial position at fair value include cash. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between unrelated participants at the measurement date. Fair values of accounts receivable, interest receivable, accounts payable and accrued liabilities, interest payable and convertible debentures approximate their carrying values due to their short-term nature.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the following valuation techniques:

- Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

Cash is measured at fair value based on a Level 1 designation.

##### *iii) Impairment of financial assets*

The Company assesses impairment of financial assets at each reporting date. A financial asset is impaired if there is objective evidence that one or more loss events, occurring after the initial recognition of the asset, impacts the estimated future cash flows of the financial asset. Objective evidence that financial assets are impaired includes significant financial and other difficulty of the borrower or issuer, default or delinquency of a borrower, restructuring of amounts due on terms that the Company would not consider otherwise, other indications that a borrower or issuer will enter bankruptcy and adverse changes in the payment status of the borrower.

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

## MARBLE FINANCIAL INC.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

---

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

#### **Financial Instruments** *(cont'd...)*

For the purpose of an individual evaluation of impairment, the amount of impairment loss on a financial asset is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current effective interest rate determined under the contract.

For the purpose of a collective evaluation of impairment, financial assets are characterized on the basis of similar risk characteristics. Those characteristics are relevant to the estimation of future cash flows for such assets by being indicative of the counterparties' ability to pay all amounts due according to the contractual terms of the financial assets being evaluated. Future cash flows of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for the assets with credit risk characteristics similar to those being evaluated.

The carrying amount of the financial assets are reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively linked to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

#### *iv) Derecognition of financial instruments*

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. If the Company has neither transferred nor retained substantially all the risks and rewards of the transferred financial asset, it assesses whether it has retained control over the transferred asset. If control has been retained, the Company recognizes the transferred asset to the extent of its continuing involvement. If control has not been retained, the Company derecognizes the transferred asset. Any difference between the carrying amount of the asset and the consideration which is determined to have been received is recognized in profit or loss.

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

#### **Interest revenue and interest expense**

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

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

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

**Subscription fees**

The Company offers web-based software solutions to its consumers and may either bill its consumers on a monthly basis or for a specified subscription term. When collectability is reasonably assured, the Company records subscription fee income on a monthly basis over the term of the underlying service contract or if no service contract, on a monthly basis.

**Service fees**

Service fees include loan fees, late payment fees and other fees related to administering loans to the Company's consumers. Services fees are recorded as income when collectability is reasonably assured and the service is completed.

**Office furniture and equipment**

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

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

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

**Intangible assets**

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

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

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

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

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

#### **Intangible assets** *(cont'd...)*

##### **Impairment of non-financial assets**

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

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

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

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

##### **Leases**

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

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

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

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

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

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

#### **Leases** *(cont'd...)*

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

#### **Income taxes**

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

##### *Current tax*

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

##### *Deferred tax*

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

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

#### **Provisions**

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

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

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

#### **Share capital**

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

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

#### **Loss per share**

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. As at December 31, 2020 and 2019, the Company's potential common shares from outstanding share purchase options and warrants have not been considered in calculating diluted earnings per share as their effect would be anti-dilutive.

### **4. USE OF ESTIMATES AND JUDGMENTS**

The preparation of these consolidated financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and all future periods which are affected by the change in estimate. The principal areas where critical estimates and judgments have been applied are described below:

#### **Impairment losses on loans receivable**

The Company regularly reviews its loans receivable for potential impairment. In determining whether an impairment loss should be recorded in profit or loss, the Company considers whether there is any observable data indicating that an increase in the credit risk or a decrease in the estimated future cash flows from a loan has occurred. This evidence may include observable data indicating that there has been an adverse change in the payment status of the borrower. Management uses estimates based on valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required. The estimates include future market interest rates.



#### **4. USE OF ESTIMATES AND JUDGMENTS** *(cont'd...)*

##### **Impairment of intangible assets**

Intangible assets which are available for use and have a definite useful life are assessed for indicators of impairment at the end of each reporting period. If indicators of impairment exist, the Company will test those intangible assets for impairment. The Company tests intangible assets with an indefinite useful life and intangible assets which are not yet ready for use on an annual basis. Significant judgment is required in determining the useful lives and recoverable amounts of intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of the intangible assets rely on certain inputs, including future cash flows and discount rates. Future cash flows are based on revenue projections and allocated costs which are estimated based on forecast results and business initiatives. Discount rates are based on market interest rates.

##### **Income taxes**

Income tax expenses recorded in these consolidated financial statements are not final until tax returns are filed and accepted by taxation authorities. Therefore, results of operations in future reporting periods may be affected by the difference between the income tax expense estimates and the final tax assessments. Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income. The assessment is based on enacted tax acts and estimates of future taxable income.

##### **Business combinations**

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

#### **5. ACQUISITION OF TPFM AND TPF**

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

#### **6. ACQUISITION OF SCORE-UP AND CREDIT MEDS**

On August 1, 2019, Marble acquired 100% of the issued and outstanding common shares of each of Score-Up and Credit Meds, two privately held Canadian corporations. In consideration for the outstanding common shares, Marble paid cash consideration of \$60,000 for the acquisition of Credit Meds and issued 590,459 common shares for the acquisition of Score-Up (Note 14). Both transactions were accounted for as asset acquisitions.

##### **Score-Up**

Score-Up is a proprietary software platform that employs scientific analytical mathematical software based on rigorous credit weight algorithms, analyzing an individual's credit data, financial information, and behavioral patterns to identify where the greatest positive impact can be achieved on a specific credit file. The purchase price of \$118,092 was allocated as follows:

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

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

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

Accounts receivable included HST receivable. Score-Up's intangible assets consisted of its proprietary software platform and are amortized over a 10-year term. The Company incurred additional fees of \$40,373 upon acquisition of Score-Up to develop the intangible asset, which were included in prior period additions (Note 9). Right-of-use assets and lease liabilities consisted of an office lease with a term of 15 months that was discounted using an incremental borrowing rate of 10% per annum (Notes 8 and 13).

Loans payable assumed consisted of two business development loans (the "BDC Loans") in the amounts of \$26,000 and \$66,680 respectively. The BDC Loans bear interest at 8.05% per annum. There were 60 monthly payments inclusive of principal and interest on the \$26,000 loan that commenced on August 10, 2019, with the final payment due on October 10, 2024. The loan with remaining value of \$66,680 had an original principal of \$100,000 and had 40 remaining payments at the date of acquisition, with the final payment due on November 10, 2022. During the year ended December 31, 2020, the Company made aggregate payments on the BDC Loans in the amount of \$18,366 inclusive of interest and administration fees of \$5,784. A continuity of the BDC Loans is as follows:

	December 31, 2020	December 31, 2019
Opening balance	\$ 83,285	\$ -
Loans assumed on acquisition of Score-Up	-	92,680
Payments	(18,366)	(12,406)
Interest and administration fees	5,784	3,011
<b>BDC loans payable (Note 11)</b>	<b>\$ 70,703</b>	<b>\$ 83,285</b>

**Credit Meds**

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

<b>Purchase price consideration</b>	
Cash	\$ 60,000
<b>Assets acquired and liabilities assumed</b>	
Intangible assets	60,000
	\$ 60,000

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

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

The intangible assets acquired include the intellectual property related to the financial health diagnostic tool which will be amortized over a 10-year term (Note 9). As at December 31, 2020, the asset is not yet in use and amortization has not commenced.

**7. LOANS RECEIVABLE**

The Company provides loans to consumer debtors who meet the Company's evaluation criteria and who will use the borrowed funds to settle debts under formal or informal debt restructuring plans agreed upon by the creditors of the consumer debtors. The majority of the loans issued to consumer debtors are unsecured. The loans receivable generally bear interest between 18.99% and 24.99% and mature between three and seven years from the date of issuance.

**Loans receivable and interest receivable**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Unsecured personal loans	\$ 2,469,131	\$ 3,369,313
Mortgages	8,747	14,984
Less: allowance for loan impairment	(220,000)	(235,983)
Total loans and interest receivable, net of allowance for loan impairment	2,257,878	3,148,314
Interest receivable	(36,034)	(58,083)
Loans receivable, current portion	(794,643)	(718,128)
Loans receivable – non-current portion	\$ 1,427,201	\$ 2,372,103

**Reconciliation of allowance for loan impairment**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Balance, beginning of the year	\$ 235,983	\$ 73,009
Loans receivable written-off	(363,473)	(92,839)
Change in provision for impairment losses	347,490	156,584
Recoveries of loans receivable previously written-off	-	99,229
Balance, end of the year	\$ 220,000	\$ 235,983

The Company makes estimates of expected loan receivable impairment losses based on the probability of credit losses occurring and considering the delinquency of the loans outstanding, past experiences regarding losses, and an ongoing assessment of the market and of individual consumer debtors. The Company also categorizes its loans by the number of days the loan payments are past due and estimates the probability of credit losses within these categories. The allowance for credit losses is maintained at a level that the Company considers adequate to absorb credit-related losses and due to the nature of the loan portfolio, the allowance for loan impairment is based on lifetime expected credit losses. The allowance for credit losses of \$220,000 represents 8.88% of the Company's outstanding loans receivable balance, inclusive of interest receivable, as at December 31, 2020 (2019 – 6.97%). The increase in allowance for credit losses as a percentage of the loan portfolio is due to a change in underlying assumptions about the Company's loan portfolio, more specifically, an increase in loans where payments are past due and a lower expectation of loan repayments as a result of the impact of the COVID-19 pandemic on the financial condition of the Company's consumer debtors.

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**7. LOANS RECEIVABLE (cont'd...)**

A loan receivable is considered past due when a consumer debtor has not made a payment by the contractual due date and written off when the consumer debtor has declared bankruptcy or applied for a consumer protection, or the Company has sent the loan receivable to an external collection agency for collections. During the year, the Company wrote-off \$363,473 (2019 – net recovery of \$37,783) in loans receivable, a portion of which was related to loans considered to be uncollectible as at December 31, 2019.

In prior years, loans receivable that were written-off were offset by a draw-down of a forbearance contingency, the amount of which was limited to the total funds available in the forbearance contingency. In December 2019, the Company discontinued the recognition of a forbearance contingency and the reserve was written off during the year ended December 31, 2020. The Company continues to collect forbearance fees on loans under the original terms of the pre-existing loan agreements, which are recorded as service fee income.

**Loans receivable past due but not impaired**

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

Loans and interest receivable that are past due but not impaired at December 31, 2020 and December 31, 2019 are as follows:

<b>December 31, 2020</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>Over 90 days</b>	<b>Total</b>
Personal loans	\$ 46,271	\$ 23,632	\$ 155,225	\$ 225,128
Mortgages	-	-	8,747	8,747
<b>Total past due, but not impaired</b>	<b>\$ 46,271</b>	<b>\$ 23,632</b>	<b>\$ 163,972</b>	<b>\$ 233,875</b>

<b>December 31, 2019</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>Over 90 days</b>	<b>Total</b>
Personal	\$ -	\$ -	\$ 281,601	\$ 281,601
<b>Total past due, but not impaired</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 281,601</b>	<b>\$ 281,601</b>

**Contractual maturities**

	<b>Under 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Unsecured personal loans	\$ 826,431	\$ 1,579,286	\$ 63,414	\$ 2,469,131
Mortgages	4,246	4,238	263	8,747
<b>Total loans receivable</b>	<b>\$ 830,677</b>	<b>\$ 1,583,524</b>	<b>\$ 63,677</b>	<b>2,477,878</b>
Less: allowance for credit losses				(220,000)
<b>Loans and Interest receivable, net</b>				<b>\$ 2,257,878</b>

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

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

	Leasehold Improvement	Right-of-use assets	Furniture	Computers	Total
<b>Cost</b>					
December 31, 2018	\$ 5,404	\$ -	\$ 15,812	\$ 13,335	\$ 34,551
Additions	-	510,637	15,414	8,715	534,766
December 31, 2019	5,404	510,637	31,226	22,050	569,317
Additions	-	-	4,135	-	4,135
December 31, 2020	\$ 5,404	\$ 510,637	\$ 35,361	\$ 22,050	\$ 573,452
<b>Accumulated Amortization</b>					
December 31, 2018	\$ 5,404	\$ -	\$ 9,818	\$ 12,726	\$ 27,948
Amortization	-	62,664	2,859	2,732	68,255
December 31, 2019	5,404	62,664	12,677	15,458	96,203
Amortization	-	179,101	4,123	3,626	186,850
December 31, 2020	\$ 5,404	\$ 241,765	\$ 16,800	\$ 19,084	\$ 283,053
<b>Carrying values</b>					
December 31, 2019	\$ -	\$ 447,973	\$ 18,549	\$ 6,592	\$ 473,114
December 31, 2020	\$ -	\$ 268,872	\$ 18,561	\$ 2,966	\$ 290,399

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**9. INTANGIBLE ASSETS**

	Internally developed software	Score-Up platform	Credit Meds software	Trademark	Total
<b>Cost</b>					
December 31, 2018	\$ 388,184	\$ -	\$ -	\$ 17,567	\$ 405,751
Internal development	20,900	-	-	-	20,900
Acquisition	-	246,893	60,000	-	306,893
December 31, 2019 and December 31, 2020	\$ 409,084	\$ 246,893	\$ 60,000	\$ 17,567	\$ 733,544
<b>Accumulated Amortization</b>					
December 31, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	30,681	10,287	-	-	40,968
December 31, 2019	30,681	10,287	-	-	40,968
Amortization	40,908	24,689	-	-	65,597
December 31, 2020	\$ 71,589	\$ 34,976	\$ -	\$ -	\$ 106,565
<b>Carrying values</b>					
December 31, 2019	\$ 378,403	\$ 236,606	\$ 60,000	\$ 17,567	\$ 692,576
December 31, 2020	\$ 337,495	\$ 211,917	\$ 60,000	\$ 17,567	\$ 626,979

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

**10. CONVERTIBLE DEBENTURES**

In March 2020, Marble closed a private placement offering of unsecured convertible debentures (the “Debentures”) with an aggregate principal amount of \$400,000. In October, 2020, the Company closed a second tranche and issued Debentures with an aggregate principal amount of \$160,000. The Debentures have a one-year term from the dates of issuance and accrues simple interest at a rate of 12% per annum, payable quarterly. The principal amount of the Debentures and all accrued, but unpaid, interest are convertible at the option of the holder into common shares of Marble at a price of \$0.30 per common share. If Marble’s common shares trade or close on the CSE at \$0.45 or higher for a period of 10 consecutive trading days, Marble has the option to force the conversion of the Debentures and all accrued but unpaid interest into common shares at a price of \$0.30 per share. The Company allocated \$33,292 to the equity component of the Debentures. In December, 2020, the Company redeemed Debentures with principal amounts of \$147,250. The following is a continuity of the Debentures:

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**10. CONVERTIBLE DEBENTURES** (cont'd...)

	<b>December 31, 2020</b>
Balance, beginning of year	\$ -
Additions	560,000
Payments	(27,173)
Redemption	(156,627)
Interest on convertible debentures	48,729
Accretion of convertible debentures	24,913
	449,842
Equity component of convertible debenture	(27,347)
Balance, end of year	\$ 422,495

Subsequent to December 31, 2020, the remaining Debentures were converted into 1,533,333 common shares of Marble.

**11. LOANS PAYABLE**

As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses were eligible to apply for loans under the Canada Emergency Business Account ("CEBA"). The CEBA loan program provides companies with a \$40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended December 31, 2020, the Company received a \$40,000 CEBA loan (the "CEBA Loan"). The CEBA Loan remains interest free until December 31, 2022 and has no fixed repayment schedule. If \$30,000 is repaid on or before December 31, 2022, the remaining \$10,000 will be forgiven. If any amount remains unpaid at December 31, 2022, the Company will enter into an extension agreement whereby it will accrue interest at 5% per annum, with a repayment schedule to be determined at that time.

The Company has made no repayments on the CEBA Loan during the year ended December 31, 2020. The following is a summary of the Company's loans payable:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
BDC Loans payable (Note 6)	\$ 70,703	\$ 83,285
CEBA Loan	40,000	-
Total loans payable	110,703	83,285
Loans payable – current	(25,164)	(25,164)
Loans payable – non-current	\$ 85,539	\$ 58,121

**12. BONDS**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
10% bonds – original offering (Note 12(a))	\$ 618,688	\$ 650,503
9% bonds – new offering (Note 12(b))	677,433	776,288
8% bonds – new offering (Note 12(b))	45,000	67,579
10% bonds – amended (Note 12(c))	3,570,237	3,555,585
10% bonds – new offering (Note 12(c))	250,000	250,000
Total bonds, net of associated transaction costs	5,161,358	5,299,955
Bonds payable – current	(1,977,869)	(978,434)
Bonds payable – non-current	\$ 3,183,489	\$ 4,321,521

## **12. BONDS (cont'd...)**

### **a) 10% bonds – original offering**

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

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

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

In the absence of written notice from the bondholder on or before August 31, 2018, the bonds shall mature on November 30, 2023 (the “Second 10% Maturity Date”).

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

- Early Redemption Notice received between December 1, 2018 and November 30, 2019 - a redemption fee equal to 5% of the principal amount of the bonds being redeemed by the Company.
- Early Redemption Notice received between December 1, 2019 and November 30, 2020 - a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Company.
- Early Redemption Notice received between December 1, 2020 and November 30, 2021 - a redemption fee equal to 3% of the principal amount of the bonds being redeemed by the Company.
- Early Redemption Notice received between December 1, 2021 and November 30, 2022 - a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Company.
- Early Redemption Notice received between December 1, 2022 and November 29, 2023 - a redemption fee equal to 1% of the principal amount of the bonds being redeemed by the Company.

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

During the year ended December 31, 2020, \$60,000 of bonds under the Original Offering were redeemed.

### **b) 8% and 9% bonds – new offering**

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

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



## MARBLE FINANCIAL INC.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

---

### 12. BONDS (cont'd...)

#### b) 8% and 9% bonds – new offering (cont'd...)

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

In the absence of written notice from the bondholder at least 90 days prior to the First 8% Maturity Date or the First 9% Maturity Date, the bonds shall mature on the following dates:

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

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

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

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

- Early Redemption Notice received on or after the second anniversary, but prior to the third anniversary, of the date the bond was issued – a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Company, except where a bondholder’s request is in accordance with the First 9% Redemption Notice.
- Early Redemption Notice received on or after the third anniversary, but prior to the fourth anniversary, of the date the bond was issued – a redemption fee equal to 6% of the principal amount of the bonds being redeemed by the Company.
- Early Redemption Notice received on or after the fourth anniversary, but prior to the fifth anniversary, of the date the bond was issued – a redemption fee equal to 4% of the principal amount of the bonds being redeemed by the Company.
- Early Redemption Notice received on or after the fifth anniversary, but prior to the sixth anniversary, of the date the bond was issued – a redemption fee equal to 2% of the principal amount of the bonds being redeemed by the Company.

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

During the year ended December 31, 2020, a total of \$32,670 of 8% bonds and \$128,227 of 9% bonds were redeemed.

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**12. BONDS** (cont'd...)**c) Amended 10% bonds**

On November 15, 2018, the Company amended the terms of 10% bonds (Note 12(a)) with a total principal value of \$3.08 million and 8% bonds (Note 12(c)) with a total principal value of \$415,000. The maturity date of the bonds has been extended from November 30, 2018 to November 30, 2023, with principal repayments to be made in 16 equal instalments, payable on the 15th day of March, June, September and December of each year beginning on March 15, 2020. Interest on the outstanding principal of the 10% bonds accrue at 10% simple interest per annum and is due on a quarterly basis, beginning on December 15, 2018. On November 15, 2018, the Company further amended the repayment of interest to commence on March 15, 2019. Interest on the outstanding principal of the 8% bonds is payable on a monthly basis.

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

On June 26, 2018, the Company issued additional bonds with a principal amount of \$250,000 with the same terms as the amended bonds.

**13. LEASE LIABILITIES**

During the year ended December 31, 2019, the Company entered into a new head office lease and acquired a lease through the acquisition of Score-Up. The following summarizes the remaining undiscounted minimum lease payments under the lease liabilities as at December 31, 2020:

<b>Fiscal year</b>	<b>Payment</b>
2021	187,693
2022	126,778
Amount representing future lease accretion	(23,621)
	290,850
Accrued and unpaid lease liability	9,593
Total lease liability	300,443
Lease liabilities, current portion	(177,271)
Lease liabilities, non-current portion	\$ 123,172

The Company subsequently entered into a sublease agreement of its head office, commencing May 1, 2021 and expiring August 30, 2022. The sublease is for the amount of \$162,914 per annum and will reduce the Company's minimum lease payments by \$108,609 over the sublease term.

**13. LEASE LIABILITIES** (cont'd...)

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Opening balance	\$ 457,418	\$ -
Additions on adoption of IFRS 16	-	510,637
Lease accretion	36,596	16,048
Payments	(193,571)	(69,267)
<b>Lease liabilities</b>	<b>\$ 300,443</b>	<b>\$ 457,418</b>

Total interest expense on lease liabilities for the year ended December 31, 2020 was \$36,596 (2019 - \$16,048).  
Total lease payments for the year ended December 31, 2020 was \$193,571 (2019 - \$69,267)

**14. SHARE CAPITAL**

**Authorized share capital**

- An unlimited number of common shares without par value.
- An unlimited number of non-voting shares without par value.
- An unlimited number of special shares without par value.

**Escrow shares**

As of December 31, 2020, 3,124,568 common shares are held in escrow (2019 – 3,471,743) pursuant to an Escrow Agreement entered into in conjunction with Marble’s initial public offering and listing on the CSE. Common shares are released from escrow as to 10% on the listing date and the balance in equal 15% tranches to be released every six months from the listing date.

**Issued share capital**

As at December 31, 2020, Marble had 71,696,497 (2019 – 55,750,763) common shares issued and outstanding. No non-voting shares and no special shares are issued and outstanding.

During the year ended December 31, 2020, Marble completed the following share issuances:

- a) On June 3, 2020 and November 27, 2020, Marble issued 25,000 and 50,000 common shares, respectively, pursuant to the exercise of restricted share units. An aggregate of \$12,375 was transferred from the share purchase option reserve to share capital as a result.

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**14. SHARE CAPITAL** (*cont'd...*)

- b) On December 23, 2020, Marble closed a non-brokered private placement and issued an aggregate of 15,567,401 units at a price of \$0.15 per unit for gross proceeds of \$2,335,110. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share at a price of \$0.25 for a period of two years from the closing date. Warrants are subject to accelerated expiry if the common shares trade or close at a price of \$0.35 or more for 10 consecutive trading days on the CSE. In connection with the private placement, Marble incurred share issuance costs of \$12,705 and, issued an aggregate of 346,033 finders' warrants with the same terms as the unit warrants. The finders' warrants have an estimated fair value of \$8,155 using the Black-Scholes pricing model and the following assumptions: a share price of \$0.15, expected life of one year, a volatility of 80%, and a risk-free interest rate ranging from 0.21% to 0.27%. In addition to the finders' fees and warrants, Marble also issued a total of 303,333 finders' units with the same terms as the private placement units. These finders' units were deemed to have a fair value of \$0.15 per unit.

During the year ended December 31, 2019, Marble completed the following share issuances:

- c) On January 14, 2019 Marble completed a private placement of 80,000 units at a price of \$0.15 per unit. Each unit consists of one common share and one-half of one of a common share purchase warrant. Each full warrant entitles the holder to purchase one common share for a period of one year from issuance at price of \$0.30 per common share.
- d) On January 14, 2019, Marble issued 150,000 common shares with a fair value of \$0.20 per common share in satisfaction of bonus shares issuable on the \$150,000 promissory note.
- e) On March 20, 2019, Marble completed its initial public offering through the issuance of 17,500,000 units for \$0.20 per unit, raising gross proceeds of \$3,500,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable at \$0.35 per common share for a period of one year from the date of issuance. In connection with the initial public offering, Marble paid \$515,900 in share issuance costs and granted a total of 1,575,000 agents' options, each exercisable for a period of one year from the date of issuance at a price of \$0.20 per common share. The agents' options have an estimated fair value of \$98,763 using the Black-Scholes pricing model and the following assumptions: using a share price of \$0.20, expected life of one year, a volatility of 80%; a risk-free interest rate of 0.78% and no expectation of paying dividends. During the year ended December 31, 2020, the agents' options expired, unexercised.
- f) On April 5, 2019 Marble issued 200,000 common shares pursuant to the exercise of share purchase options at an exercise price of \$0.05 per common share for gross proceeds of \$10,000.
- g) In July 2019, Marble issued an aggregate of 731,416 common shares with a fair value of \$0.17 per common share for a total fair value consideration of \$124,341 as settlement of various trade payables in the amount of \$172,325. Included in the issuance was 195,000 common shares issued to Marble's current Chief Executive Officer and 100,000 common shares issued to a former Director. The debt settlement transactions resulted in a gain on debt settlement of \$47,984.
- h) On August 2, 2019, Marble issued 590,459 common shares with a deemed fair value of \$0.20 per common share for a total of \$118,092 on the acquisition of 100% of the issued and outstanding shares of Score-Up (Note 6).
- i) On November 6, 2019, Marble issued an aggregate of 750,000 common shares to two subscribers from a May 2016 private placement who, through a previous error, did not receive their common shares. The issuance of the 750,000 common shares did not have an impact on the recorded value of Marble's share capital.

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**14. SHARE CAPITAL** (cont'd...)**Share purchase options**

The Company has a share purchase option plan (the “Share Purchase Option Plan”) under which it is authorized to grant options for the acquisition of its common shares to directors, employees and consultants up to a maximum of 10% of the issued and outstanding common shares of Marble at the time the plan was adopted. The exercise price shall not be less than the market price of Marble’s common shares as at the grant date and in accordance with CSE policies. The options may be granted for a maximum term of five years. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will generally be subject to standard vesting provisions as to 25% on the date of grant and 25% on each anniversary date, such that all share purchase options fully vest over three years from the date of grant, unless otherwise determined by Marble’s Board of Directors. Share purchase options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of twelve months, pursuant to the Share Purchase Option Plan and as determined by Marble’s Board of Directors.

During the year ended December 31, 2020, Marble granted 1,500,000 share purchase options (2019 – 6,400,000, which included 1,575,000 agents’ options – see Note 14(e)). The weighted average fair value of the options granted during the year ended December 31, 2020 was approximately \$0.08 per option (2019 - \$0.10). The fair value was estimated using the Black-Scholes option pricing model using the following weighted average inputs:

	December 31, 2020	December 31, 2019
Risk-free interest rate	0.83%	0.97%
Expected volatility	80%	80%
Expected dividends	0%	0%
Expected life	2.5 years	2.5 years
Grant date share price	\$ 0.18	\$ 0.21

Expected volatility was determined based on the historical volatility of Marble’s shares over a period commensurate with the expected option life. The expected option life incorporates an estimate of early exercise.

For the year ended December 31, 2020, Marble recognized \$157,221 (2019 - \$250,872) on the consolidated statements of loss and comprehensive loss as share-based payments for options vesting during the year.

A summary of share purchase option activity is as follows:

	Number of share purchase options	Weighted Average Exercise Price
Balance, December 31, 2018	200,000	\$ 0.05
Granted	6,400,000	0.20
Exercised	(200,000)	0.05
Balance, December 31, 2019	6,400,000	0.20
Granted	1,500,000	0.19
Expired / Cancelled	(3,350,000)	0.20
Balance, December 31, 2020	4,550,000	\$ 0.20
Exercisable, December 31, 2020	1,987,500	\$ 0.21

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**14. SHARE CAPITAL** (cont'd...)**Share purchase options** (cont'd...)

The weighted average remaining contractual life of the options outstanding as at December 31, 2020 is 3.73 years. Details of share purchase options outstanding are as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Outstanding</b>	<b>Number Exercisable</b>
March 20, 2024	\$ 0.20	2,375,000	1,187,500
September 23, 2024	\$ 0.25	500,000	250,000
November 1, 2024	\$ 0.21	175,000	87,500
December 3, 2024	\$ 0.21	250,000	125,000
December 30, 2024	\$ 0.20	100,000	50,000
January 23, 2025	\$ 0.20	100,000	25,000
February 6, 2025	\$ 0.19	100,000	25,000
March 2, 2025	\$ 0.19	100,000	25,000
October 15, 2025	\$ 0.16	100,000	25,000
November 30, 2025	\$ 0.16	450,000	112,500
December 30, 2025	\$ 0.23	300,000	75,000
		<b>4,550,000</b>	<b>1,987,500</b>

**Warrants**

A summary of the warrant activity is as follows:

	<b>Number of warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2018	1,294,911	\$ 0.30
Granted	8,790,000	0.35
Expired / Cancelled	(1,294,911)	0.30
Balance, December 31, 2019	8,790,000	\$ 0.35
Granted	8,281,400	0.25
Expired / Cancelled	(8,790,000)	0.35
<b>Balance, December 31, 2020</b>	<b>8,281,400</b>	<b>\$ 0.25</b>

The weighted average remaining contractual life of the warrants outstanding as at December 31, 2020 is 1.93 years. Details of warrants outstanding are as follows:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Outstanding</b>
October 22, 2022	\$ 0.25	1,886,234
December 7, 2022	\$ 0.25	1,723,500
December 23, 2022	\$ 0.25	4,671,666
		<b>8,281,400</b>

#### **14. SHARE CAPITAL (cont'd...)**

##### **Restricted Share Units**

During the year ended December 31, 2020, Marble adopted a long-term restricted share unit plan (the "RSU Plan"). The restricted share units ("RSUs") entitle directors, officers or employees to acquire common shares of Marble, based on vesting provisions determined by Marble's Board of Directors at the time of grant.

During the year ended December 31, 2020, Marble granted 100,000 RSUs to a consultant. These RSUs vest 25% on May 28, 2020, and 25% each three months thereafter. Marble valued the RSUs at \$0.165 per RSU to be recognized over the vesting term of the RSUs. During the year ended December 31, 2020, Marble recognized \$15,810 as share-based payments related to RSUs vested and issued an aggregate of 75,000 common shares pursuant to the exercise of the RSUs. As at December 31, 2020, 25,000 RSUs were outstanding and unvested.

#### **15. RELATED PARTY TRANSACTIONS**

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

##### **Compensation**

Salaries and other short-term employee benefits paid to the Company's key management personnel were \$nil for the year ended December 31, 2020 (2019 - \$90,682).

##### **Consulting fees**

Consulting fees paid to the Company's key management personnel and companies controlled by current and former key management personnel were \$488,663 for the year ended December 31, 2020 (2019 - \$362,699). As at December 31, 2020, accounts payable and accrued liabilities included \$17,510 (2019 - \$nil) owing to key management personnel and companies controlled by key management personnel.

##### **Share purchase option plan**

Included in the share based payments for the year ended December 31, 2020 is \$59,215 (2019 - \$132,072) related to the fair value of share purchase options vested for key management personnel.

#### **16. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to educate consumers and improve their financial literacy, help consumers to manage their personal finances and improve their ability to build a positive credit report and credit score, and to maintain a flexible capital structure which optimizes the cost of capital to an acceptable risk. The Company considers its capital for this purpose to be its shareholders' deficiency and bonds.

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

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

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**17. INCOME TAXES***a. Deferred tax assets and liabilities*

	December 31, 2020	December 31, 2019
<b>Deferred tax assets</b>		
Allowance for credit losses	\$ 59,400	\$ 61,736
Office furniture, equipment, and right-of-use assets	82,507	-
Deferred financing expenses	12,511	26,040
Share issuance costs	104,081	132,767
Lease liabilities	81,120	123,503
Other	-	54,498
Tax loss carry forwards	2,641,021	1,702,079
<b>Deferred tax liabilities</b>		
Office furniture, equipment, and right-of-use assets	-	(110,673)
Intangible assets	(134,264)	(182,137)
Other	(7,384)	-
Net deferred tax assets	2,838,992	1,807,813
Unrecognized deferred tax assets	(2,838,992)	(1,807,813)
Total	\$ -	\$ -

*b. Reconciliation to statutory tax rate*

	December 31, 2020	December 31, 2019
Net losses before income taxes	\$ (3,550,730)	\$ (3,151,646)
Combined federal and provincial statutory income tax rates	27%	27%
Recovery of income taxes based on combined statutory income tax rates	958,697	850,944
Adjustments:		
Non-deductible items	(121,992)	(106,121)
Net effect of deductible (taxable) items	102,237	47,309
Effect of current period losses not recognized	(938,942)	(792,132)
Total	\$ -	\$ -

*c. Unused tax losses*

At December 31, 2020, the Company had unused non-capital tax losses of \$9,781,000 (2019 - \$6,304,000) and unused capital losses of \$80,000 (2019 - \$80,000) that are available to offset against potential tax adjustments or future taxable income and were not recognized as deferred tax assets. The unused non-capital tax losses will expire between 2034 and 2040 and the unused capital tax losses do not expire.



**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**18. RISK MANAGEMENT FRAMEWORK**

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

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

**Credit risk**

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

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

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

Concentration of credit risk exists as the majority of the consumer debtors have comparable geographical and economic characteristics. Consumer debtors are primarily considered high risk individual borrowers and reside in Canada. The maximum credit risk exposure of the Company's loans and interest receivable is \$2,477,878 (2019 - \$3,384,297).

**Liquidity risk**

Liquidity risk describes the risk that the Company will not be able to meet its current and future cash flow needs, both expected and unexpected, without materially affecting its daily operations or overall financial condition. As at December 31, 2020, the Company had current assets of \$2,227,334 to settle current liabilities of \$3,367,614. The Company manages liquidity risk through the management of its capital structure as outlined in Note 16.

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

**18. RISK MANAGEMENT FRAMEWORK (cont'd...)****Liquidity risk (cont'd...)**

As at December 31, 2020, the contractual maturity of financial liabilities is as follows:

	<b>Less than 3 months</b>	<b>Between 3 months to 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Greater than 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 522,038	\$ -	\$ -	\$ -	\$ -	\$ 522,038
Interest payable	43,921	-	-	-	-	43,921
Lease liabilities	49,656	127,615	123,172	-	-	300,443
Loans payable	6,291	18,873	65,164	20,375	-	110,703
Convertible debentures	-	422,495	-	-	-	422,495
Bonds	1,219,332	758,537	1,312,244	1,871,245	-	5,161,358
	<b>\$1,841,238</b>	<b>\$1,327,520</b>	<b>\$1,500,580</b>	<b>\$1,891,620</b>	<b>\$ -</b>	<b>\$6,560,958</b>

**Market Risk**

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

**Interest rate risk**

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2020, the Company is not exposed to significant interest rate risk as the Company's financial instruments are all fixed-rate financial assets or fixed rate financial liabilities. Therefore, the Company considers its exposure to interest rate risk to be minimal.

**19. SUPPLEMENTAL CASH FLOW INFORMATION**

During the year ended December 31, 2020, the Company recognized a \$12,375 addition to share capital from reserves on the issuance of common shares pursuant to RSUs granted and a \$8,155 reduction to share capital related to fair value of agents' warrants as share issuance costs.

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

- a) \$98,763 related to the fair value of agents' options issued was recognized as share issuance costs;
- b) \$118,092 related to the issuance of 590,459 common shares for the acquisition of Score-Up; and
- c) \$468,316 recognized in lease liabilities and right-of-use assets on the commencement of a new office lease.

## 20. RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	December 31, 2020	December 31, 2019
<b>Balance, beginning of the year</b>	\$ 5,880,734	\$ 5,673,801
<b>Changes from financing cash flows</b>		
Promissory notes (net)	-	(200,000)
Proceeds from convertible debentures	560,000	-
Lease payments	(193,571)	(69,267)
Loan payments made	(12,582)	(12,406)
Loan received	40,000	-
Payment of convertible debentures	(27,173)	-
Redemption of convertible debentures	(150,682)	-
Redemption of bonds	(220,897)	(236,406)
<b>Other changes</b>		
Interest accrued to bond payable	82,300	72,118
Loan assumed on acquisition of Score-Up	-	92,680
Interest on loans payable	-	3,011
Additions to lease liabilities	-	510,637
Lease accretion	36,596	16,048
Equity component of convertible debentures issued	(33,292)	-
Accretion of convertible debenture	73,642	-
Unearned revenue	180,237	18,619
Interest payable	22,464	(1,232)
Amortization of bond transaction costs	-	13,131
<b>Balance, end of the year</b>	\$ 6,237,776	\$ 5,880,734

## 21. EVENTS AFTER THE REPORTING PERIOD

### *Private Placements*

On February 2, 2021, the Marble closed a non-brokered private placement and issued 2,000,000 units at a price of \$0.25 per unit for gross proceeds of \$500,000. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share at a price of \$0.35 for a period of 12 months following the closing date, subject to accelerated expiry if the common shares trade or close at a price of \$0.45 or more for 10 consecutive trading days on the CSE.

On March 25, 2021, Marble closed a non-brokered private placement and issued 2,333,334 units at a price of \$0.30 per unit for gross proceeds of \$700,000. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share at a price of \$0.45 for a period of 12 months following the closing date, subject to accelerated expiry if the common shares trade or close at a price of \$0.55 or more for 10 consecutive trading days on the CSE.

## MARBLE FINANCIAL INC.

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

---

### 21. EVENTS AFTER THE REPORTING PERIOD (cont'd...)

#### *Conversion of Convertible Debentures*

On February 22, 2021, the remaining outstanding Debentures were converted into 1,533,333 common shares.

#### *Issuance of Convertible Debentures*

On April 7, 2021, Marble completed a non-brokered private placement of unsecured convertible debentures (the "New Debentures") and raised gross proceeds of \$1,303,000. The New Debentures have a 15-month term and will accrue simple interest at a rate of 10% per annum, payable semi-annually. The principal amount of the New Debentures will be convertible, at the option of the holder, into units at a price of \$0.30 per unit. Each unit will be comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share at a price of \$0.45 for a period of 21 months from the closing date. If, at any time after the date that is four months and one day after closing, Marble's common shares have traded or closed at a price of \$0.60 or more for 10 consecutive trading days on the CSE, the Company has the right, in its sole discretion, to force the conversion of all or any part of the principal amount of the New Debentures into units at a price of \$0.30 per unit by giving notice via news release. At any time after the date that is 12 months after closing, Marble may, by providing written notice to a holder, repay all or any part of the principal amount of a New Debentures without penalty.

In connection with the private placement, Marble paid an aggregate of \$40,150 in finder fees and issued an aggregate of 133,832 finder warrants. Each finder warrant is exercisable into one common share at a price of \$0.30 for a period of 15 months following closing.

#### *Share Purchase Option Grant*

On January 25, 2021, Marble granted 2,135,000 share purchase options exercisable at \$0.40 per common share with an expiry date of January 25, 2026. The share purchase options are subject to standard vesting provisions of 25% on the date of grant and 25% on each anniversary date, such that all share purchase options fully vest over three years from the date of grant.

#### *Acquisition of Inverite*

On April 12, 2021, Marble completed the acquisition of Inverite Verification Inc. ("Inverite"), a Canadian financial technology provider for real-time access to financial data and insights. Marble acquired all of the issued and outstanding shares of Inverite for a purchase price of \$1,460,000 plus an earn out provision of up to \$2,500,000 calculated based on a multiple of Annual Incremental Revenue ("AIR") of Inverite over the two consecutive one-year periods following the closing, payable in cash or common shares at the option of the Marble. The effective price of any common shares issued in satisfaction of the payment of any portion of the earn-out amount will be the greater of (i) the volume weighted average price of the common shares for the 10 consecutive trading days preceding the last day of the applicable earn-out period, and (ii) closing price of the common shares on the last trading day prior to the closing, which was \$0.235 per common share.

#### *Issuance of shares to AGORACOM*

On January 22, 2021, the Company launched a 12-month online marketing campaign through AGORACOM Internet Relations Corp. The total cost of the campaign is \$75,000 plus applicable taxes, payable with common shares of Marble with the first 20% of the fee payable on the commencement date and 20% at the end of each of the third, sixth, ninth and twelfth months thereafter. Marble issued 40,843 common shares on January 27, 2021 from treasury, for the first installment of the AGORACOM agreement.

**MARBLE FINANCIAL INC.**

Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(Presented in Canadian Dollars)

---

**21. EVENTS AFTER THE REPORTING PERIOD** *(cont'd...)*

*Sublease of office*

On January 21, 2021, the Company entered into a sublease agreement of its head office, commencing May 1, 2021 and expiring August 30, 2022. The sublease is for the amount of \$162,914 per annum and will reduce the Company's minimum lease payments by \$108,609 over the sublease term.