

# **MARBLE FINANCIAL INC.**

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2021 and 2020  
*(Unaudited – Expressed in Canadian Dollars)*

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**MARBLE FINANCIAL INC.**

Condensed Consolidated Interim Statements of Financial Position  
(Unaudited – Presented in Canadian Dollars)

<b>AS AT</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 525,851	\$ 1,326,253
Accounts receivable	52,629	571
Interest receivable (Note 7)	49,075	36,034
Loans receivable – current (Note 7)	554,522	794,643
Prepaid expenses	66,875	69,833
Investment in sublease (Note 13)	180,186	-
	1,429,138	2,227,334
<b>Loans receivable (Note 7)</b>	<b>1,076,391</b>	<b>1,427,201</b>
<b>Furniture, equipment, and right-of-use assets (Note 8)</b>	<b>18,855</b>	<b>290,399</b>
<b>Intangible assets (Note 9)</b>	<b>594,178</b>	<b>626,979</b>
<b>Unallocated purchase price (Note 6)</b>	<b>1,462,622</b>	<b>-</b>
<b>Total assets</b>	<b>4,581,184</b>	<b>4,571,913</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	615,430	522,038
Interest payable	131,684	43,921
Convertible debentures (Note 10)	1,196,003	422,495
Loans payable (Notes 5 and 11)	25,164	25,164
Unearned revenue	25,910	198,856
Bonds payable – current (Note 12)	2,540,630	1,977,869
Lease liabilities (Note 13)	178,260	177,271
	4,713,081	3,367,614
<b>Loans payable (Notes 5 and 11)</b>	<b>102,957</b>	<b>85,539</b>
<b>Bonds payable (Note 12)</b>	<b>2,605,162</b>	<b>3,183,489</b>
<b>Lease liabilities (Note 13)</b>	<b>31,474</b>	<b>123,172</b>
<b>Total liabilities</b>	<b>7,452,674</b>	<b>6,759,814</b>
<b>Shareholders' deficiency</b>		
Share capital (Note 14)	10,114,309	8,480,151
Shares issuable (Note 14)	30,000	-
Equity component of convertible debentures (Note 10)	73,403	27,347
Reserves (Note 14)	800,559	542,565
Accumulated deficit	(13,889,761)	(11,237,964)
<b>Total shareholders' deficiency</b>	<b>(2,871,490)</b>	<b>(2,187,901)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 4,581,184</b>	<b>\$ 4,571,913</b>

**Nature of operations** (Note 1)

**Events after the reporting period** (Note 18)

Approved on behalf of the Board of Directors on August 30, 2021

“Karim Nanji”

Director

“Farhan Abbas”

Director

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

**MARBLE FINANCIAL INC.**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
(Unaudited – Presented in Canadian Dollars)

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest revenue				
Loans	\$ 167,993	\$ 185,948	\$ 353,829	\$ 384,402
Interest expense				
Bonds	(112,477)	(125,011)	(257,428)	(256,593)
<b>Net interest income</b>	<b>55,516</b>	<b>60,937</b>	<b>96,401</b>	<b>127,809</b>
Subscription fees	78,265	44,098	205,108	76,223
Service fees and other	10,831	25,957	26,561	80,165
Verification fees	125,298	-	125,298	-
<b>Total revenues</b>	<b>269,910</b>	<b>130,992</b>	<b>453,368</b>	<b>284,197</b>
<b>Bad debts (expense) recovery and allowance for loan impairment</b>	<b>15,381</b>	<b>(20,878)</b>	<b>(154,619)</b>	<b>(32,102)</b>
<b>Operating expenses</b>				
Administration costs	495,094	146,451	876,443	247,956
Amortization (Notes 8 and 9)	31,494	63,599	89,562	128,003
Consulting fees (Note 15)	175,962	208,912	488,479	503,396
Investor relations	11,756	12,000	55,430	43,475
Marketing	163,246	17,020	275,660	62,914
Salary and benefits (Note 15)	455,522	322,861	788,773	671,027
Share based payments (Notes 14 and 15)	95,942	45,917	252,478	113,143
Transfer agent and filing fees	-	7,579	14,080	12,020
<b>Total operating expenses</b>	<b>(1,429,016)</b>	<b>(824,762)</b>	<b>(2,840,905)</b>	<b>(1,782,357)</b>
<b>Other income (expenses)</b>				
Convertible debentures and lease liabilities (Notes 10 and 13)	(51,757)	(9,705)	(83,738)	(20,422)
Loss on settlement of convertible debentures (Note 10)	-	-	(22,036)	-
Loss on recognition of sublease (Note 13)	(12,096)	-	(12,096)	-
Write-off of accounts payable	8,229	-	8,229	-
<b>Total other income (expenses)</b>	<b>(55,624)</b>	<b>(9,705)</b>	<b>(109,641)</b>	<b>(20,422)</b>
<b>Net loss and comprehensive loss</b>	<b>\$(1,199,349)</b>	<b>\$ (724,353)</b>	<b>\$(2,651,797)</b>	<b>\$(1,550,684)</b>
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding – basic and diluted	77,604,007	55,758,181	75,734,051	55,754,472

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

**MARBLE FINANCIAL INC.**

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency  
(Unaudited – Presented in Canadian Dollars)

	Share Capital			Stock option and warrant reserves	Equity component of convertible debentures	Deficit	Total
	Number of shares	Amount	Shares issuable				
<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	25,000	4,125	-	(4,125)	-	-	-
Equity component of convertible debentures	-	-	-	-	23,781	-	23,781
Share-based payments	-	-	-	113,143	-	-	113,143
Net loss for the period	-	-	-	-	-	(1,550,684)	(1,550,684)
<b>Balance, June 30, 2020</b>	55,775,763	6,157,651	-	482,772	23,781	(9,237,918)	(2,573,714)
Shares issued under RSU plan (Note 14)	50,000	8,250	-	(8,250)	-	-	-
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)	-	-	-	-	9,511	-	9,511
Convertible debenture redeemed (Note 10)	-	-	-	-	(5,945)	-	(5,945)
Share-based payments	-	-	-	59,888	-	-	59,888
Net loss for the period	-	-	-	-	-	(2,000,046)	(2,000,046)
<b>Balance, December 31, 2020</b>	71,696,497	8,480,151	-	542,565	27,347	(11,237,964)	(2,187,901)
Shares issued under RSU plan (Note 14)	25,000	4,125	-	(4,125)	-	-	-
Shares issued for private placement (Note 14)	4,333,334	1,200,000	-	-	-	-	1,200,000
Private placement costs – cash (Note 14)	-	(6,300)	-	-	-	-	(6,300)
Convertible debenture redeemed (Note 10)	1,533,333	521,333	-	-	(27,347)	-	493,986
Shares issued for marketing campaign (Note 14)	40,843	15,000	-	-	-	-	15,000
Shares issuable marketing campaign (Note 14)	-	-	30,000	-	-	-	30,000
Equity component of convertible debentures (Note 10)	-	-	-	-	73,403	-	73,403
Debt issuance costs – agents' warrants (Note 10)	-	-	-	9,641	-	-	9,641
Shares cancelled	(400,000)	(100,000)	-	-	-	-	(100,000)
Share-based payments	-	-	-	252,478	-	-	252,478
Net loss for the period	-	-	-	-	-	(2,651,797)	(2,651,797)
<b>Balance, June 30, 2021</b>	77,229,007	10,114,309	30,000	800,559	73,403	(13,889,761)	(2,871,490)

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

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

<b>For the six months ended June 30,</b>	<b>2021</b>	<b>2020</b>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (2,651,797)	\$ (1,550,684)
Items not affecting cash:		
Amortization	89,562	128,003
Accrued interest on bonds payable	6,095	35,901
Lease accretion	12,124	20,408
Share based payments (Note 14)	252,478	113,143
Shares issued and issuable for marketing campaign	45,000	-
Accretion on convertible debentures (Note 10)	21,851	20,448
Interest on convertible debentures	7,292	-
Interest on loans payable	-	2,926
Interest from sublease	(3,078)	-
Loss on settlement of convertible debentures	22,036	-
Loss on recognition of sublease	12,097	-
Write-off of accounts payable	(8,229)	-
Changes in non-cash working capital items:		
Accounts receivables	(22,494)	-
Interest receivable	(13,041)	(11,793)
Loans receivable	590,931	(47,105)
Prepaid expenses	8,877	2,370
Unearned revenue	(172,946)	259,704
Accounts payable and accrued liabilities	122,630	49,178
Interest payable	87,763	92,531
Net cash used in operating activities	(1,592,849)	(884,970)
<b>CASH FROM INVESTING ACTIVITIES</b>		
Acquisition of property, equipment, and right-of-use assets	(1,575)	(4,135)
Acquisition of Inverite	(1,441,864)	-
Net cash used in investing activities	(1,443,439)	(4,135)
<b>CASH FROM FINANCING ACTIVITIES</b>		
Common shares issued, net of share issuance costs	1,093,700	-
Convertible debentures issued, net of debt issuance costs	1,262,850	400,000
Proceeds on convertible debentures received in advance	-	160,000
Proceeds from loans received	-	40,000
Sublease payments received	27,153	-
Payment of loans payable	(12,582)	(9,217)
Payment of lease liabilities	(102,833)	(102,866)
Payment of convertible debentures	(10,741)	-
Redemption of bonds	(21,661)	(76,466)
Net cash generated by financing activities	2,235,886	411,451
Change in cash during the period	(800,402)	(477,654)
Cash, beginning of the period	1,326,253	755,262
Cash, end of the period	\$ 525,851	\$ 277,608
Interest received	\$ 187,705	\$ 327,285
Interest paid	\$ 408,334	\$ 127,350

**Supplemental cash flow information** (Note 15)**Reconciliation of changes in liabilities arising from financing activities** (Note 16)

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

## **MARBLE FINANCIAL INC.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2021 and 2020

(Unaudited – Presented in Canadian Dollars)

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### **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 third party financial services firms, and together with internal marketing efforts, has enabled the Company to provide its innovative products to individual clients referred to the Company. The Company’s MyMarble platform, with software and data-driven artificial intelligence (“AI”) tools, helps underserved Canadians 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 and help lead them back to mainstream financial services.

These condensed consolidated interim 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 June 30, 2021, the Company had a working capital deficit of \$3,283,943 (December 31, 2020 – \$1,140,280), a shareholders’ deficiency of \$2,871,490 (December 31, 2020 – \$2,187,901) and an accumulated deficit of \$13,889,761 (December 31, 2020 – \$11,237,964) 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 condensed consolidated interim 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.

## MARBLE FINANCIAL INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and six months ended June 30, 2021 and 2020  
(Unaudited – Presented in Canadian Dollars)

### 2. BASIS OF PRESENTATION

#### Statement of compliance

The Company prepared these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting. These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on August 30, 2021. The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended December 31, 2020.

#### Basis of measurement

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

#### Basis of consolidation

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

Company	Place of Incorporation	Effective Interest
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%
Inverite Verification Inc. (“Inverite”)	Canada	100%
1301771 B.C. Ltd. (“1301771”)	Canada	100%

On April 23, 2021, 1301771 B.C. Ltd. was incorporated under the BCBCA as a special purpose vehicle whose business and undertaking is restricted to the origination, funding and financing of consumer loan assets, together with such other activities as may be reasonably required or advisable in connection therewith. 1301771 was created for the purposes of procuring financing for Fast-Track Loans originated by TPFM and thereafter receiving an assignment of the Fast-Track Loans and holding them as collateral for a security interest provided to the lenders.

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. USE OF ESTIMATES AND JUDGMENTS

The preparation of these condensed 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:



**MARBLE FINANCIAL INC.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2021 and 2020

(Unaudited – Presented in Canadian Dollars)

**3. 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 condensed consolidated interim 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 5) and concluded that each of these transactions did not qualify as business combinations under IFRS 3, “Business Combinations.”

**Purchase price allocation**

The acquisition of Inverite on April 12, 2021 was accounted for as a business combination at fair value in accordance with IFRS 3, “Business Combinations”. The acquired assets and assumed liabilities were adjusted to their fair values assigned through completion of a purchase price allocation, as described in Note 6. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. The Company relies on work performed by third-party valuation specialists. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. As at June 30, 2021 the valuation related to the Inverite acquisition has not yet been finalized.

**4. 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.

**MARBLE FINANCIAL INC.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2021 and 2020

(Unaudited – Presented in Canadian Dollars)

**5. 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. 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:

<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)
	<b>\$ 118,092</b>

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 six months ended June 30, 2021, the Company made aggregate payments on the BDC Loans in the amount of \$14,719 inclusive of interest and administration fees of \$2,137. A continuity of the BDC Loans is as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Opening balance	\$ 70,703	\$ 83,285
Payments	(14,719)	(18,366)
Interest and administration fees	2,137	5,784
<b>BDC loans payable (Note 10)</b>	<b>\$ 58,121</b>	<b>\$ 70,703</b>

**MARBLE FINANCIAL INC.**

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – Presented in Canadian Dollars)

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

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 June 30, 2021, the assets are not yet in use and amortization has not commenced.

**6. ACQUISITION OF INVERITE**

On April 12, 2021, the Company 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 Company. 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 share price on the last trading day prior to the closing date, which was \$0.235 per share.

The transaction was accounted for as a business combination, as the operations of Inverite meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets will represent the sales and growth potential of Inverite.

The fair value of the consideration transferred has been determined on a preliminary basis. The consideration has been allocated to the assets acquired and liabilities assumed on a preliminary basis based on their estimated fair values at the date of acquisition. Due to the timing of the acquisition, the Company will require additional information to allocate the fair values to the net assets acquired, particularly to any goodwill acquired. The determination of the fair value of the net assets will be revised by the Company as additional information is received. The Company has allocated the purchase price as follows:

<b>Purchase price consideration</b>	
Consideration – cash	\$ 1,460,000
Cash	18,136
Accounts receivable and accrued receivables	29,563
Prepaid expenses and deposits	5,919
Accounts payable	(18,743)
Taxes payable	(7,497)
Loan payable	(30,000)
Unallocated purchase price	1,462,622
	\$ 1,460,000

**MARBLE FINANCIAL INC.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2021 and 2020

(Unaudited – Presented in Canadian Dollars)

**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>June 30, 2021</b>	<b>December 31, 2020</b>
Unsecured personal loans	\$ 1,774,241	\$ 2,469,131
Mortgages	4,999	8,747
Less: allowance for loan impairment	(99,252)	(220,000)
Total loans and interest receivable, net of allowance for loan impairment	1,679,988	2,257,878
Interest receivable	(49,075)	(36,034)
Loans receivable, current portion	(554,522)	(794,643)
Loans receivable – non-current portion	\$ 1,076,391	\$ 1,427,201

**Reconciliation of allowance for loan impairment**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Balance, beginning of the period / year	\$ 220,000	\$ 235,983
Loans receivable written-off (recovered)	(6,147)	(363,473)
Change in provision for impairment losses	(114,601)	347,490
Balance, end of the period / year	\$ 99,252	\$ 220,000

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 \$99,252 represents 5.58% of the Company's outstanding loans receivable balance, inclusive of interest receivable, as at June 30, 2021 (2020 – 6.63%).

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 six months ended June 30, 2021, the Company recovered \$6,147 (2020 - \$nil) in loans receivable.

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.

**MARBLE FINANCIAL INC.**

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**7. LOANS RECEIVABLE (cont'd...)****Loans receivable past due but not impaired**

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 June 30, 2021 and December 31, 2020 are as follows:

<b>June 30, 2021</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>Over 90 days</b>	<b>Total</b>
Personal loans	\$ 16,258	\$ 21,588	\$ 227,843	\$ 265,689
Mortgages	-	-	4,999	4,999
<b>Total past due, but not impaired</b>	<b>\$ 16,258</b>	<b>\$ 21,588</b>	<b>\$ 232,842</b>	<b>\$ 270,688</b>

  

<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>

**Contractual maturities**

	<b>Under 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Unsecured personal loans	\$ 635,560	\$ 1,098,074	\$ 40,607	\$ 1,774,241
Mortgages	4,858	141	-	4,999
<b>Total loans receivable</b>	<b>\$ 640,418</b>	<b>\$ 1,098,215</b>	<b>\$ 40,607</b>	<b>1,779,240</b>
Less: allowance for credit losses				(99,252)
<b>Loans and Interest receivable, net</b>				<b>\$ 1,679,988</b>

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

	Leasehold Improvement	Right-of- use assets	Furniture	Computers	Total
<b>Cost</b>					
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
Additions	-	1,575	-	-	1,575
Disposals	-	(485,544)	-	-	(485,544)
June 30, 2021	\$ 5,404	\$ 26,668	\$ 35,361	\$ 22,050	\$ 89,483
<b>Accumulated Amortization</b>					
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
Amortization	-	54,089	1,856	816	56,761
Disposals	-	(269,186)	-	-	(269,186)
June 30, 2021	\$ 5,404	\$ 26,668	\$ 18,656	\$ 19,900	\$ 70,628
<b>Carrying values</b>					
December 31, 2020	\$ -	\$ 268,872	\$ 18,561	\$ 2,966	\$ 290,399
June 30, 2021	\$ -	\$ -	\$ 16,705	\$ 2,150	\$ 18,855

**MARBLE FINANCIAL INC.**

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**9. INTANGIBLE ASSETS**

	Internally developed software	Score-Up platform	Credit Meds software	Trademark	Total
<b>Cost</b>					
December 31, 2019,					
December 31, 2020 and					
June 30, 2021	\$ 409,084	\$ 246,893	\$ 60,000	\$ 17,567	\$ 733,544
<b>Accumulated Amortization</b>					
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
Amortization	20,455	12,346	-	-	32,801
June 30, 2021	\$ 92,044	\$ 47,322	\$ -	\$ -	\$ 139,366
<b>Carrying values</b>					
December 31, 2020	\$ 337,495	\$ 211,917	\$ 60,000	\$ 17,567	\$ 626,979
June 30, 2021	\$ 317,040	\$ 199,571	\$ 60,000	\$ 17,567	\$ 594,178

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 had a one-year term from the dates of issuance and accrued simple interest at a rate of 12% per annum, payable quarterly. The principal amount of the Debentures and all accrued, but unpaid, interest were convertible at the option of the holder into common shares of Marble at a price of \$0.30 per common share. The Company allocated \$33,292 to the equity component of the Debentures. In December 2020, the Company redeemed Debentures with principal amounts of \$100,000. During the six months ended June 30, 2021, the remaining Debentures principal of \$460,000 was converted into 1,533,333 common shares of Marble, which resulted in a loss on settlement of \$22,036.

On April 7, 2021, the Company closed a non-brokered private placement of unsecured convertible debentures (the “New Debentures”) with an aggregate principal amount of \$1,303,000. The New Debentures have a 15-month term from the date of issuance and accrue simple interest at a rate of 10% per annum, payable semi-annually. The principal amount of the New Debentures and all accrued but unpaid interest are convertible, at the option of the holder, into units at a price of \$0.30 per unit. Each unit is comprised of one common share and one-half of one share purchase warrant, with a whole warrant exercisable to purchase a common share at a price of \$0.45 until 21 months after the closing date. The Company may force conversion of the principal amount into units at \$0.30 per unit if at any time after four months and a day after the closing date, the common shares have

**MARBLE FINANCIAL INC.**

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

traded or closed on the CSE at \$0.60 or more for 10 consecutive trading days. In connection with the private placement, the Company paid an aggregate of \$40,150 in finder fees and issued an aggregate of 133,832 finder warrants with an estimated fair value of \$9,641 using the Black-Scholes pricing model. Each finder warrant is exercisable into one common share at a price of \$0.30 for a period of 15 months following closing

Subsequent to June 30, 2021, the maturity date of the New Debentures has been extended from July 2022 to December 31, 2022.

The following is a continuity of the Debentures and New Debentures:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Balance, beginning of period / year	\$ 422,495	\$ -
Additions	1,303,000	560,000
Debt issuance costs	(49,791)	-
Payments	(10,741)	(27,173)
Redemption	(424,700)	(156,627)
Interest on convertible debentures	7,292	48,729
Accretion of convertible debentures	21,851	24,913
	<u>1,269,406</u>	<u>449,842</u>
Equity component of convertible debentures	(73,403)	(27,347)
Balance, end of period / year	<u>\$ 1,196,003</u>	<u>\$ 422,495</u>

**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.

As part of the acquisition of Inverite, the Company acquired an additional \$30,000 of CEBA loans under the same repayment terms as the CEBA Loan.

The Company has made no repayments on the CEBA Loan during the period ended June 30, 2021. The following is a summary of the Company's loans payable:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
BDC Loans payable (Note 5)	\$ 58,121	\$ 70,703
CEBA Loan	70,000	40,000
Total loans payable	128,121	110,703
Loans payable – current	(25,164)	(25,164)
Loans payable – non-current	<u>\$ 102,957</u>	<u>\$ 85,539</u>



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**12. BONDS**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
10% bonds – original offering (Note 12(a))	\$ 637,880	\$ 618,688
9% bonds – new offering (Note 12(b))	634,438	677,433
8% bonds – new offering (Note 12(b))	45,000	45,000
10% bonds – amended (Note 12(c))	3,578,474	3,570,237
10% bonds – new offering (Note 12(c))	250,000	250,000
Total bonds, net of associated transaction costs	5,145,792	5,161,358
Bonds payable – current	(2,540,630)	(1,977,869)
Bonds payable – non-current	\$ 2,605,162	\$ 3,183,489

**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 12(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 period ended June 30, 2021, no bonds under the Original Offering were redeemed.

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

#### 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:

- 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.

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**12. BONDS (cont'd...)****b) 8% and 9% bonds – new offering (cont'd...)**

- 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 six months ended June 30, 2021, a total of \$nil of 8% bonds and \$21,661 of 9% bonds were redeemed.

**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 Company has deferred the principal repayments until the Company is in a position to make the cash payments.

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.

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. During the period ended June 30, 2021, the Company recorded a loss of \$12,096 on recognition of the sublease and derecognized the corresponding right-of-use asset.

The following summarizes the remaining undiscounted minimum lease payments under the lease liabilities as at June 30, 2021:

<b>Fiscal year</b>	<b>Payment</b>
2021	94,815
2022	126,419
Amount representing future lease accretion	(11,500)
Total lease liability	209,734
Lease liabilities, current portion	(178,260)
Lease liabilities, non-current portion	\$ 31,474

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

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Opening balance	\$ 300,443	\$ 457,418
Lease accretion	12,124	36,596
Payments	(102,833)	(193,571)
Lease liabilities	\$ 250,786	\$ 300,443

**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 June 30, 2021, 2,083,045 common shares are held in escrow (December 31, 2020 – 3,124,568) 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 June 30, 2021, Marble had 77,229,007 (December 31, 2020 – 71,696,497) common shares issued and outstanding. No non-voting shares and no special shares are issued and outstanding.

During the six months ended June 30, 2021, Marble completed the following share issuances:

- a) On January 22, 2021, Marble 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 through the issuance of common shares 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 fee. The fair value of the 40,843 common shares was determined to be \$15,000 plus tax. As at June 30, 2021, Marble has yet to issue shares representing the fees payable for the second and third installments. As a result, Marble has recorded \$30,000 of shares issuable.
- b) On February 2, 2021, 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. In connection with the private placement, the Company paid cash finders' fees of \$6,300.

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

During the review of the Q2 financial statements it was discovered that 400,000 unit were subscribed for but not paid for. The Company is in possession of the 400,000 units and has returned the 400,000 shares to treasury and cancelled the 200,000 warrants issued.

- c) On February 22, 2021, Marble issued an aggregate of 1,533,333 common shares pursuant to the conversion of \$460,000 principal amount of Debentures at a price of \$0.30 per common share (see Note 10)
- d) 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.
- e) On May 31, 2021, Marble issued 25,000 common shares pursuant to the exercise of restricted share units. An aggregate of \$4,125 was transferred from the share purchase option reserve to share capital as a result.

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

- f) 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.
- g) 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.

#### 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.

**MARBLE FINANCIAL INC.**

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

During the six months ended June 30, 2021, Marble granted 3,360,000 share purchase options (2020 – 1,500,000). The weighted average fair value of the options granted during the period ended June 30, 2021, was approximately \$0.15 per option (2020 - \$0.08). The fair value was estimated using the Black-Scholes option pricing model using the following weighted average inputs:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Risk-free interest rate	0.61%	0.83%
Expected volatility	80%	80%
Expected dividends	0%	0%
Expected life	2.5 years	2.5 years
Grant date share price	\$ 0.32	\$ 0.18

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 three and six months ended June 30, 2021, Marble recognized \$91,918 and \$248,454 (2020 - \$nil and \$65,222) as share-based payments for options vesting during the period.

A summary of share purchase option activity is as follows:

	<b>Number of share purchase options</b>	<b>Weighted Average Exercise Price</b>
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
Granted	3,360,000	0.33
Expired / Cancelled	(1,050,000)	0.20
Balance, June 30, 2021	6,860,000	\$ 0.27
Exercisable, June 30, 2021	2,708,750	\$ 0.25

The weighted average remaining contractual life of the options outstanding as at June 30, 2021 is 4.04 years. Details of share purchase options outstanding are as follows:

**MARBLE FINANCIAL INC.**

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

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Outstanding</b>	<b>Number Exercisable</b>
March 20, 2024	\$ 0.20	1,325,000	993,750
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	50,000
February 6, 2025	\$ 0.19	100,000	50,000
March 2, 2025	\$ 0.19	100,000	50,000
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
January 25, 2026	\$ 0.40	2,135,000	533,750
May 31, 2026	\$ 0.23	375,000	93,750
June 30, 2026	\$ 0.21	850,000	212,500
		<b>6,860,000</b>	<b>2,708,750</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, 2019	8,790,000	\$ 0.35
Granted	8,281,400	0.25
Expired / Cancelled	(8,790,000)	0.35
Balance, December 31, 2020	8,281,400	\$ 0.25
Granted	2,300,499	0.40
Expired / Cancelled	(200,000)	0.35
Balance, June 30, 2021	10,381,899	\$ 0.28

The weighted average remaining contractual life of the warrants outstanding as at June 30, 2021 is 1.29 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
February 2, 2022	\$ 0.35	800,000
March 25, 2022	\$ 0.45	1,166,667
July 7, 2022	\$ 0.30	133,832
		<b>10,381,899</b>

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**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 six months ended June 30, 2021, Marble granted 100,000 RSUs to a consultant. These RSUs vest 25% on August 1, 2021, and 25% each three months thereafter. Marble valued the RSUs at \$0.185 per RSU to be recognized over the vesting term of the RSUs.

During the six months ended June 30, 2021, Marble recognized \$4,024 as share-based payments related to RSUs vested (2020 - \$2,004). As at June 30, 2021, 100,000 RSUs are outstanding.

**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 \$34,005 and \$73,849 for the three and six months ended June 30, 2021 (2020 - \$nil and \$nil).

**Consulting fees**

Consulting fees paid to the Company’s key management personnel and companies controlled by current and former key management personnel were \$34,125 and \$123,900 for the three and six months ended June 30, 2021 (2020 - \$96,580 and \$186,486). As at June 30, 2021, accounts payable and accrued liabilities included \$6,800 (December 31, 2020 - \$17,510) owing to key management personnel and companies controlled by key management personnel.

**Share purchase option plan**

Included in the share-based payments for the three and six months ended June 30, 2021 is \$43,442 and \$135,271 (2020 - \$nil and \$24,100) related to the fair value of share purchase options vested for key management personnel.

**16. SUPPLEMENTAL CASH FLOW INFORMATION**

During the six months ended June 30, 2021, the Company recognized a \$4,125 addition to share capital pursuant to the vesting of RSUs (see Note 14). The Company also issued 40,843 common shares, valued at \$15,000 plus tax, as payment of the first installment of the fee related to the 12-month online marketing campaign through AGORACOM Internet Relations Corp.

For the six months ended June 30, 2020, the Company recognized \$4,125 to share capital from reserves on the grant of shares under the Company’s RSU plan.



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**17. 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:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Balance, beginning of the period / year</b>	\$ 6,237,776	\$ 5,880,734
<b>Changes from financing cash flows</b>		
Proceeds from convertible debentures	1,303,000	560,000
Debt issuance costs	(40,150)	-
Lease payments	(102,833)	(193,571)
Loan payments made	(12,582)	(12,582)
Loan received	-	40,000
Payment of convertible debentures	(10,741)	(27,173)
Redemption of convertible debentures	(424,700)	(150,682)
Redemption of bonds	(21,661)	(220,897)
<b>Other changes</b>		
Interest accrued to bond payable	6,095	82,300
Lease accretion	12,124	36,596
Equity component of convertible debentures issued	(73,403)	(33,292)
Accretion of convertible debenture	21,851	73,642
Accrued interest on convertible debentures	7,292	-
Unearned revenue	(172,946)	180,237
Interest payable	87,763	22,464
Fair value of brokers' warrants	(9,641)	-
Acquisition of Inverite – CEBA loan	30,000	-
<b>Balance, end of the period / year</b>	\$ 6,837,244	\$ 6,237,776

**18. EVENTS AFTER THE REPORTING PERIOD***Restricted Share Units Grant*

On July 2, 2021 the Company granted 300,000 RSUs to a consultant. Of the RSUs, 150,000 vest on October 2, 2021, with the remaining 150,000 vesting on January 2, 2022.

*Credit Facility*

On July 26, 2021 the Company secured funding for new Fast-Track loans through a definitive credit facility agreement (the "Credit Facility Agreement") amongst Marble, 1301771, TPFM, and CHP Agent Services Inc. ("CHP"), a subsidiary of Cypress Hills Partners Inc. The Credit Facility Agreement provides for a \$10 million credit facility to Marble, through 1301771 as borrower, with TPFM as servicing agent for originations, adjudications, administration and monitoring of the new Fast-Track loans, and CHP acting as administrative and collateral agent on behalf of the lenders. The aggregate amount of the funding is determined as a selected percentage (the "Advance Rate") of the outstanding Eligible Customer Loans (as defined in the Credit Facility Agreement) in the loan portfolio, adjusted for customer loan payments received less accrued but unpaid amounts owing to CHP and the Lenders under the Credit Facility Agreement (the "Borrowing Base"), with an initial Advance Rate at 95% (the maximum) and a minimum threshold of 80%. The current amount of the credit facility

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

is \$10,000,000 (the “Facility Amount”), with an option to increase the amount to \$20,000,000 upon mutual agreement. Interest is charged at Canadian Prime (subject to a ceiling of 5.0% and a floor of 3.5%) plus 13%, with a provisional discount if the Advance Rate is less than 95%. The maturity date for all funds advanced is three (3) years after the date of the first funding advance, with an option to extend for a further two (2) years upon mutual agreement. In connection with the Credit Facility Agreement, 1301171 has provided a general security agreement (“GSA”) and each of Marble and TPFM has provided a limited guarantee and a “bad act” guarantee together with a GSA. Upon borrowing funds, the Company must also maintain \$300,000 in unrestricted cash, and the Company has provided CHP with board of director observer rights and a right of first refusal on any additional debt or securitization financing beyond the Facility Amount.

*Convertible Debenture Extensions*

In August, 2021, the Company entered into amending agreements with convertible debenture holders to extend the maturity date of an aggregate principal amount of \$1,303,000 of convertible debentures due July 7, 2022 to December 31, 2022, and in respect of the underlying warrants issuable on conversion to extend their expiry date from January 7, 2023 to June 30, 2023. The principal amount of the convertible debentures is convertible into units at a price of \$0.30 per unit, with each unit being comprised of one common share and one-half warrant, with a whole warrant being exercisable to purchase a common share at \$0.45 until June 30, 2023 (extended from January 7, 2023 pursuant to the above mentioned amending agreement).

*Share Purchase Options Grant*

On August 27, 2021, the Company granted 25,000 share purchase options exercisable at \$0.17 per common share with an expiry date of August 27, 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.