SOLUTION FINANCIAL

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED JANUARY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis (“**MD&A**”) of Solution Financial Inc. (the “**Company**” or “**Solution**” or “**we**” or “**our**”) (formerly Shelby Ventures Inc.(“**Shelby**”)), should be read in conjunction with the Company’s condensed consolidated interim financial statements for the three months ended January 31, 2019 (“reporting period”) and the accompanying notes to those financial statements.

The Company’s condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“**IAS 34**”), as issued by the International Accounting Standards Board (“**IASB**”) and are reported in Canadian dollars.

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CAUTIONARY STATEMENT

This analysis has been prepared taking into consideration information available to March 28, 2019. Certain statements contained in this report constitute "forward-looking statements. " When used in this report, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to inherent risks, uncertainties and numerous assumptions, including, without limitation, general economic conditions, reliance on debt financing, dependence on non-prime borrowers, inability to sustain receivables, competition, interest rates, regulation, insurance, failure of key systems, debt service, future capital needs and such other risks or factors described from time to time in reports of Solution that are filed with securities regulatory authorities. By their nature, forward-looking statements involve numerous assumptions, known and unknown, risks and uncertainties, both general and specific, which contribute to the possibility that predictions, forecasts, projections and other forms of forward-looking information may not be achieved. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements and readers are cautioned that the list of factors in the foregoing paragraph is not exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Accordingly, readers are cautioned not to place undue reliance on forward- looking statements or interpret or regard forward-looking statements as guarantees of future outcomes.

OVERVIEW

Solution Financial Inc. (formerly Shelby Ventures Inc.), (“Shelby”) was incorporated on February 27, 2007 under the Company Act of British Columbia and commenced trading on the TSX Venture Exchange (“TSX-V”) on December 6, 2007.

The Company’s registered and records office is Unit 137, 8680 Cambie Road, Richmond, British Columbia, Canada, V6X 4K1.

The Company’s wholly-owned operating subsidiary, Solution Financial (Canada) Inc. (“Solution Canada”) (formerly Solution Auto Lease and Sales Ltd.) was incorporated under the Company Act of British Columbia on August 8, 2003. Solution Canada specializes in sourcing and leasing luxury and exotic vehicles, yachts and other high value assets. Solution works with a select group of automotive and marine dealerships providing lending solutions to clients who cannot obtain leasing terms with traditional Canadian financial institutions. Typical customers include new immigrants, business owners and international students.

OVERVIEW (CONTINUED)

Solution provides a unique leasing experience whereby it partners with its clients to help them navigate the challenges of acquiring, insuring, maintaining and upgrading vehicles and luxury assets in Canada.

Solution derives its revenue from three inter-related business streams: brokerage leases; in house leases including financial leases and operating leases; and auto sales.

On June 22, 2018, Shelby completed a qualifying transaction by acquiring Solution Canada. The Qualifying Transaction was accomplished through an exchange of shares which resulted in the former shareholders of Solution Canada obtaining control of the Company. Accordingly, this transaction was recorded as a reverse acquisition for accounting purposes as Solution Canada was deemed to be the acquirer. These consolidated financial statements are a continuation of the financial statements of Solution Canada while the capital structure is that of the Company. The consolidated financial statements include the historical operations and assets and liabilities of Solution Canada from its inception and those of Shelby from June 22, 2018 to January 31, 2019 .

Concurrent with this transaction, the Company changed its name from Shelby Ventures Inc. to Solution Financial Inc. and effected a change in directors, management and business. On June 27, 2018, its common shares resumed trading on the TSX Ventures Exchange (“TSX-V”) under the symbol “SFI”.

SIGNIFICANT EVENTS AND RECENT DEVELOPMENTS

On October 3, 2018, the Company closed a $1,380,000 financing of 3.99% unsecured convertible debentures (“3.99% Debentures”) to support ongoing in-house leasing business opportunities. The 3.99% Debentures bear interest at a rate of 3.99% per annum, calculated and paid semi-annually. The principal amount and any accrued and unpaid interest on the Debenture may be converted into Common Shares, in whole or in part, at any time following the Issue Date but on or before the Maturity Date at a conversion price of $0.40 per Share.

On January 4, 2019, the Company closed a $2,000,000 financing of 5.0% unsecured convertible debentures (“5.00% Debentures”) to support ongoing in-house leasing business opportunities. The 5.00% Debentures bear interest at a rate of 5.00% per annum, calculated and paid semi-annually. The principal amount and any accrued and unpaid interest on the Debenture may be converted into Common Shares, in whole or in part, at any time following the Issue Date but on or before the Maturity Date at a conversion price of $0.50 per Share.

With these additional financings, coupled with continuing positive cash flows from operations, the Company added a record $3.87 million of new operating leases during the quarter ended January 31, 2019. As a result, the net book value of the Company’s operating lease portfolio increased to $14.4 million at the end of January 2019 and the Company’s total net book value increased to $9.5 million.

The Company finished the quarter ended January 31, 2019 with total sales or $1.5 million compared to $1.0 million for the quarter ended January 31, 2018. In addition, the Company returned to profitability during the quarter with earnings before non-cash expenses and income taxes of $124,450 for the quarter ended January 31, 2019 compared to $125,022 for the quarter ended January 31, 2018.

QUARTERLY RESULT HIGHLIGHTS (in $ except ratios)

Quarter ended	Jan 31, 2019	Oct 31, 2018	Jul 31, 2018	Apr 30, 2018	Jan 31, 2018	Oct 31, 2017	Jul 31, 2017	Apr 30, 2017
Total revenue	1,545,376	1,215,431	1,279,154	1,263,752	1,052,967	1,908,372	1,208,957	1,177,121
Net Income (Loss) for the period before Income Taxes	52,380	(55,730)	(2,024,340)	110,042	120,939	315,053	255,331	278,201
Net Income (Loss) and comprehensive income for the period	9,224	(92,976)	(2,026,444)	95,952	105,761	236,856	224,962	210,311
Net Income (Loss) and comprehensive income per share	0.000	(0.001)	(0.032)	0.002	0.002	0.005	0.004	0.004
Carrying value of assets under operating lease	14,447,689	12,269,109	9,236,806	6,856,765	5,971,603	6,037,477	5,048,060	4,887,943
Lease receivables balance	274,559	298,234	312,456	357,790	501,901	650,064	611,266	680,540

SELECTED FINANCIAL INFORMATION

The following table summarizes key financial data to be read in conjunction with the unaudited consolidated financial statements of the Company for the three months ended January 31, 2019 and 2018.

	For 3 months ended January 31, 2019	For 3 months ended January 31, 2018
Sales and lease income	$ 1,211,873	$ 577,114
Brokerage commissions	333,503	475,852
Total Revenue	1,545,376	1,052,966
Income before income taxes	52,380	120,939
Net income and comprehensive income	9,224	105,761
Net income and comprehensive income per share		
Basic and diluted earnings per common share	$ 0.000	$ 0.002
Weighted average number of common shares outstanding	79,097,701	52,000,000

Financial Highlights

One of the Company's primary growth strategies is expanding its in-house operating lease assets. During the quarter ended January 31, 2019 , the Company grew its operating lease portfolio by $2,178,580 to $14,447,689 an increase of 18% from $12,269,109 as at October 31, 2018. The Company generally foregoes 6-8% of interest income when it brokers lease contracts, so the Company intends to finance lease opportunities itself unless the brokered financing alternatives are competitively priced.

Financial Highlights (continued)

Total revenues were $1,545,376 for the three months ended January 31, 2019, compared to $1,052,966 for the three months ended January 31, 2018, an increase of $492,410 or 47%. The quarterly increase in revenue is primarily due to the increasing value of the Company's in-house lease portfolio which increased from $5,971,603 at January 31, 2018 to $14,447,689 at January 31, 2019. The gross margin applies to the sales and lease income as the brokerage commissions are already net of costs. The gross margin for sales and lease income increased from $206,108 or 36% in Q1 2018 to $376,915 or 31% during for Q1 2019. The gross margin % decreased as a result of lower average end of lease residual values in the expanded lease portfolio which increases the cost of sale recognized over the lease term. Total gross profit for Q1 2019 was $710,418 compared to $681,960 for Q1 2018 as a result of the higher revenues offset by the lower % of brokered transactions.

For the three months ended January 31, 2019, the Company reported net income of $9,224 compared to net income of $105,761 for the comparative three-month period ending January 31, 2018. Net income before non-cash items and taxes was $124,450 for the quarter ended January 31, 2019 compared to $125,022 for the quarter ended January 31, 2018. General and administration expenses increased to $203,860 for the three months ended January 31, 2019 compared to $168,205 for the three months ended January 31, 2018. This increase was related to additional accounting, audit, filing and investor relations costs required as a public company.

DESCRIPTION OF NON-IFRS FINANCIAL METRICS **(in $ except ratios)**

Throughout this MD&A, management uses the following terms and ratios not found in IFRS and which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other issuers, and therefore require definition. These non-IFRS measures and additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Management reviews non-IFRS measures on an ongoing basis and expects to introduce additional NON-IFRS measures in the near future.

Revenue run-rate

Revenue run rate is the financial revenue in a particular period, annualized. It provides an indication of annual revenue that would be generated based on the revenue in the particular reported period. As the Company expands its in-house leasing portfolio it will recognize revenue as interest income which gets recognized over the lease term rather than brokered lease transactions that get recognized immediately. As a result, the annualized run-rate provides a useful longer-term perspective on the Company's expected revenue performance.

Financial leverage ratio and total capitalization

The Company's financial leverage ratio is defined as the total of credit facilities and loans and other liabilities divided by total equity. The financial leverage ratio provides an indication and extent to which the Company can access additional debt financing with which to expand its operating lease portfolio. This is one of the primary growth drivers for the business and is helpful for evaluating the Company's ability to leverage additional debt.

Financial leverage ratio and total capitalization (continued)

Quarter ended	Jan 31, 2019	Oct 31, 2018	Jul 31, 2018	Apr 30, 2018	Jan 31, 2018	Oct 31, 2017	Jul 31, 2017	Apr 30, 2017
Revenue run-rate (annualized)	6,181,504	4,861,724	5,116,616	5,055,008	4,211,868	7,633,488	4,835,828	4,708,484
Financial Leverage ratio	0.78: 1	0.66: 1	0.36: 1	1.12:1	0.91:1	1.00:1	0.96:1	0.91:1

The Company's annualized revenue run rate was $6,181,504 compared to $4,211,686 for the comparative quarter in 2018. This increase is a result of the significant increase in the volume of in-house leases during the fourth quarter of 2018.

The Company's financial leverage ratio at January 31, 2019 was 0.78 :1 as compared to that of 0.66:1 at the end of the fiscal year ended October 31, 2018. The increase in the Company's financial leverage ratio is a result of raising additional convertible debentures during the quarter ended January 31, 2019. The Company plans on leveraging this equity to access additional debt facilities or issue interest bearing securities to expand the Company's in-house leasing portfolio.

RESULTS OF OPERATIONS

The following table summarizes financial results for each of the reported periods:

	For 3 months ended January 31, 2019	For 3 months ended January 31, 2018
Revenue	$ **1,545,376**	$ 1,052,966
Cost of sales	**834,958**	371,006
Gross profit	**710,418**	681,960
Interest expenses	**75,095**	16,490
Operating expenses	**585,963**	545,135
Other income	**3,020**	604
Income before income taxes	**52,380**	120,939

Revenue

	For 3 months ended January 31, 2019	For 3 months ended January 31, 2018
Interest and administrative income	$ **167,203**	$ 92,688
Rental and registration revenue	**988,066**	484,426
Total direct lease revenues	**1,155,269**	577,114
Finance lease vehicle sales	**56,604**	-
Brokerage commissions	**333,503**	475,852
Total	**1,545,376**	1,052,966

Revenue from direct leases and loans

The Company provides direct leases and loans (“in-house leasing”) to consumers that are typically unable to obtain financing from traditional sources. The Company generates interest and fee income from these leases. For the three months ended January 31, 2019 , the revenues derived from direct leases increased to $1,155,269 compared to $577,114 for the three months ended January 31, 2018, an increase of $578,155 (or 100%).

The mix of in-house leasing versus brokerage leasing directly impacts these comparative figures. During the first quarter of 2019, the Company increased its ratio of in-house leasing as a result of surplus working capital from equity and debt financings which was the primary reason for these increases.

Finance lease vehicle sales

For the three months ended January 31, 2019 , the revenues from finance lease vehicle sales was $56,604 compared to nil for the three months ended January 31, 2018. This increase was related to the timing of certain finance leases that were bought out by customers during the quarter ended January 31, 2019 whereas no finance leases were bought out during the quarter ended January 31, 2018.

Brokerage commissions

In addition to providing direct leases and loans, the Company facilitates lease brokering vehicle sales and end of lease sales through third-party dealerships. The Company bears limited inventory risks in these transactions and does not have latitude in setting vehicle prices and therefore the Company only recognizes the net fees or brokerage commissions.

The following table summarizes the brokerage leases and sales for each of the reported periods:

	For 3 months ended January 31, 2019	For 3 months ended January 31, 2018
Brokerage lease	**3,426,618**	4,748,600
Cost of brokerage lease	**(3,224,767)**	(4,382,901)
	201,851	365,699
Brokerage sale	**2,644,535**	2,838,898
Cost of brokerage sale	**(2,512,883)**	(2,728,745)
	131,652	110,153
Total brokerage commissions	**333,503**	475,852

For the three months ended January 31, 2019 , the Company brokered $3,426,618 of brokerage lease compared to $4,748,600 during the three months ended January 31, 2018, a decrease of $1,321,982 or 28%. The net lease brokerage revenue, likewise, decreased to $201,851 for the three months ended January 31, 2019 compared to $365,699 for the three months ended January 31, 2018, a decrease of 45%. The decreases were primarily a result of changing to more in-house leasing from brokering as a result of more available working capital and lower brokerage lease commissions which decreased from 7.7% for the quarter ended January 31, 2018 to 5.9% for the quarter ended January 31, 2019.

Brokerage commissions (continued)

For the three months ended January 31, 2019 , the Company brokered $2,644,535 of sales transactions compared to $2,838,989 during the three months ended January 31, 2018, a decrease of $194,363 or (7%). For the three months ended January 31, 2019, the Company net brokerage sales revenue was $131,652 compared to $110,153 for the three months ended January 31, 2018, an increase of $21,499 (20%). The decrease in brokered sales transactions was a result of marginally lower end of lease sales volumes during the current quarter. The brokered sales margins, however, increased to 5% for the quarter ended January 31, 2019 compared to 3.9% for the quarter ended January 31, 2018. End of lease sales margins can vary from quarter to quarter and depend on market conditions at the time of lease termination as well as the residual values set in the original lease agreements.

Volumes and margins on brokered transactions can vary from quarter to quarter and year to year depending on the timing of new luxury model release dates, weather conditions, and interest rates. The Company tries to finance leases itself (In-house) rather than broker lease transactions depending on its working capital position which can also impact the volumes of brokerage transactions. When interest rates rise, the volumes and margins are often impacted depending on customers willingness to absorb the higher interest rates.

Operating and other expenses

The following table summarizes the operating and other expenses:

	For 3 months ended January 31, 2019	For 3 months ended January 31, 2018
Interest expenses	$ **75,095**	$ 16,490
General and administration	**203,860**	168,205
Sales and marketing	**350,653**	372,847
Amortization	**6,816**	4,083
Stock based compensation	**24,634**	-
Total	**661,058**	561,625

Interest on loans

Interest expense for the three months ended January 31, 2019 increased by $58,605 (or 355%) as compared to that in the corresponding periods of the prior year. The increase is a result of issuing convertible debentures to help grow the In-house portfolio. The convertible debentures bear cash interest at between 3.99% and 5% interest but the convertible feature results in non-cash accretion interest expense of a further 10%-11% based on estimated non-convertible debt financing alternatives.

General and administrative

General and administrative expenses include the following major expenses by nature:

	For 3 months ended January 31, 2019	For 3 months ended January 31, 2018
Accounting and legal	$ 33,239	$ 16,200
Automobile	-	1,502
Bank charges	89	919
Consulting fees	25,752	3,075
Regulatory and transfer agent	5,548	-
Insurance, license and permit	13,752	7,632
Office and miscellaneous	15,143	13,349
Repairs and maintenance	611	860
Salaries and wages	109,726	124,668
Total	203,860	168,205

Significant components of the Company's general and administrative expenses include salaries and benefits, regulatory and transfer agent fees, and lease administration costs that are not directly attributable to the acquisition of a direct lease or loan. For the three months ended January 31, 2019 , general and administrative expenses increased by $35,655 (or 21%) as compared the corresponding periods of the prior fiscal year.

The increase in general and administrative expenses are primarily attributable to adding additional staff to ensure the Company is properly resourced to support its public company reporting requirements which included adding a CFO and an additional accounting clerk. Transfer agent and other public company regulatory and filing costs were also new expenses in Q1 2019 compared to Q1 2018. Legal and accounting costs increased as a result of the Qualifying Transaction and the preparation of additional legal and accounting filings.

Sales and marketing

Sales and marketing expenses include the following major expenses by nature:

	For 3 months ended January 31, 2019	For 3 months ended January 31, 2018
Advertising and promotion	$ 25,095	$ 42,768
Commissions	223,592	267,116
Donations	3,647	3,457
Marketing	15,233	10,900
Meals and entertainment	23,466	14,098
Vehicle rental	59,620	34,508
Total	350,653	$ 372,847

Significant components of the Company's sales and marketing expenses include commissions and benefits paid to sales personnel. For the three months ended January 31, 2019 , sales and marketing expenses decreased by $22,194 (or 6%) as compared to that in the corresponding period of the prior fiscal year.

Sales and marketing (continued)

When commissions are paid to acquire and lease a vehicle, the costs are capitalized and amortized over the lease term, whereas, when they are paid for facilitating a brokerage lease or sale, they are expensed immediately. Since the Company increased its ratio of in-house leasing in Q1 2019 compared to Q1 2018, the commission expenses were resultingly lower. The other sales and marketing costs were relatively consistent. The Company anticipates some increases to its marketing costs going forward with the goal of increasing dealer, lease customer and investor awareness of its services.

FINANCIAL POSITION

The following table summarizes the Company's financial position:

As at		January 31, 2019		October 31, 2018
Receivable under car loans	$	**96,816**	$	108,187
Receivable under finance leases		**274,559**		250,291
Property under operating leases		**14,447,689**		12,269,109
Cash and cash equivalents		**775,646**		447,639
Inventory		**654,068**		769,369
Other assets		**641,646**		1,282,973
Total assets		**16,890,424**		15,127,568
Credit facilities and loans		**435,131**		1,093,510
Customers' deposits and advances		**1,523,650**		1,379,650
Deferred revenue		**1,883,093**		1,602,562
Other liabilities		**3,564,812**		1,928,608
Total liabilities		**7,406,686**		6,004,330
Net assets	**$**	**9,483,738**	$	9,123,238

Assets

Total assets increased by $1,762,856 (or 12%) to $16,890,421 as at January 31, 2019 from $15,127,568 as at October 31, 2018. The Company's revenue generating assets consist of car loans (Loan agreements that repay 100% of the principal), finance lease receivable and operating leases. These asset groups make up the Company's portfolio assets. The Company's non-portfolio assets represented 12% (October 31, 2018- 17%) of the total assets, and consist primarily cash and cash equivalents, inventory, prepaids, other receivables, and property and equipment.

Car loan receivables

Car loan receivables decreased by $11,371 (or 11%) to $96,816 as at January 31, 2019 from $108,187 as at October 31, 2018. Management anticipates that car loan receivables will continue to decrease in the future as the Company is focusing on providing operating leases.

Lease receivables

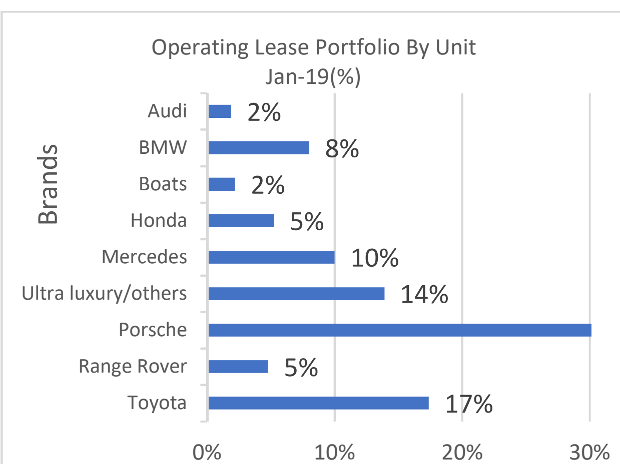
Lease receivables contain leases that are classified as finance leases. Under a finance lease substantially all the risks and rewards incidental to legal ownership are transferred by the lessor to the lessee at the inception of the lease transaction. Lease receivables increased by $24,268 (or 10%) at January 31, 2019 to $274,559 from $250,291 as at October 31, 2018. Management anticipates that lease receivables will decrease in the future as the Company is focusing on providing operating leases.

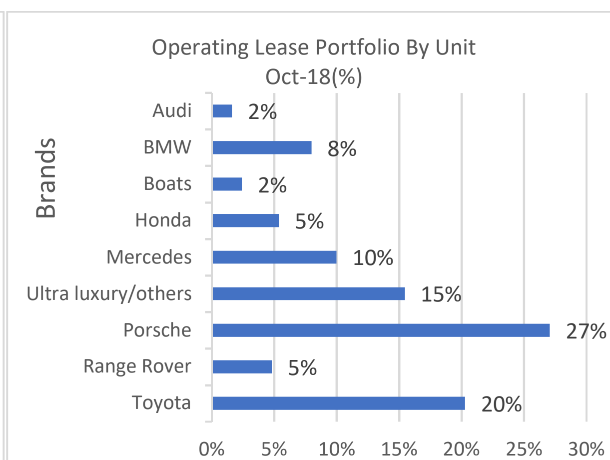
Properties under operating lease

An operating lease is one that does not transfer substantially all the risks and rewards of ownership to the lessee. The carrying value of properties under operating lease increased by $2,178,580 (or 18%) to $14,447,689 as at January 31, 2019 from $12,269,109 as at October 31, 2018. The increase in the properties under operating lease is reflective of management's decision to invest capital from its private placements and convertible debt financings to underwrite more operating leases directly. Management anticipates properties under operating lease will continue to grow as the Company focuses on expanding its lease portfolio.

The following tables sets forth the composition of our properties under operating leases as of January 31, 2019 and October 31, 2018:

Operating Lease Portfolio By Unit			Operating Lease Portfolio By Unit		
Jan-19			Oct-18		
Brand	Unit	%	Brand	Unit	%
Audi	5	2%	Audi	4	2%
BMW	10	8%	BMW	10	8%
Boats	5	2%	Boats	5	2%
Honda	13	5%	Honda	12	5%
Mercedes	43	10%	Mercedes	36	10%
Ultra luxury/other	32	14%	Ultra luxury/others	32	15%
Porsche	71	31%	Porsche	56	27%
Range Rover	11	5%	Range Rover	10	5%
Toyota	40	17%	Toyota	42	20%
Total	230	100%	Total	207	100%





Properties under operating lease (continued)

Operating Lease Portfolio By Book Value			Operating Lease Portfolio By Book Value		
Jan-19			Oct-18		
Brand	Amount	%	Brand	Amount	%
Audi	$260,399	2%	Audi	$201,289	2%
BMW	$422,797	3%	BMW	$395,932	3%
Boats	$610,891	4%	Boats	$643,180	5%
Honda	$333,070	2%	Honda	$290,225	2%
Mercedes	$2,818,360	20%	Mercedes	$2,326,325	19%
Ultra luxury/others	$2,640,012	18%	Ultra luxury/others	$2,584,530	21%
Porsche	$5,780,257	40%	Porsche	$4,290,735	35%
Range Rover	$538,130	4%	Range Rover	$413,037	3%
Toyota	$1,043,773	7%	Toyota	$1,123,856	9%
Total	$14,447,689	100%	Total	$12,269,109	100%

LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing capital is to ensure that it will have sufficient liquidity to meet liabilities as they come due. The Company currently settles all of its financial obligations out of cash generated from operations. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. To help manage its liquidity the Company has obtained an operating loan agreement through the Bank of Montreal. The Company will raise additional amounts as needed. To fund the acquisition of vehicles for leasing purposes, the Company utilizes its credit facilities and when additional capital is required, it will be raised through debt and share issuances.

The Company is subject to externally imposed capital requirements pursuant to the covenants of the secured credit facility. Management reviews its capital management approach on an ongoing basis.

The table below represents the financial leverage ratio and equity capitalization for the periods ended January 31, 2019 and October 31, 2018:

As at		January 31, 2019		October 31, 2018
Credit facilities and loans	$	**435,131**	$	1,093,510
Other liabilities		**6,971,555**		4,910,820
Total liabilities		**7,406,686**		6,004,330
Total Equity		**9,483,738**		9,123,238
Financial leverage ratio		**0.78: 1**		0.66:1

Cash flows and liquidity

Cash flows provided from operating activities for the quarter ended January 31, 2019 were $1,920,132 compared to $339,721 for the comparative period ended January 31, 2018, an increase of $1,580,411. The increase was attributable to several factors including the higher rate of cash flows from the expanded In-house portfolio represented in the cash flow statement as the non-cash add back of the depreciation of the property under operating lease which increased from $353,918 for the quarter ended January 31, 2018 to $746,306 for the quarter ended January 31, 2019. In addition, higher customer deposit collections of $144,000 during the quarter ended January 31, 2019 compared to $(21,518) during the quarter ended January 31, 2018 and larger net down payments (deferred revenue) of $280,531 collected during the quarter ended January 31, 2019 also favourably impacted cash flows from operations. Positive working capital cash flows from trade receivables and inventory also boosted the Company's operating cash flows during Q1 2019 compared to Q1 2018.

Cash flows used in investing activities for the quarter ended January 31, 2019 were $2,935,245 as compared to $293,579 for the quarter ended January 31, 2018. The increase of $2,641,666 was due to increased capital invested into the Company's In-house lease portfolio.

Cash flows provided in financing activities for the quarter ended January 31, 2019 were $1,343,121 as compared to $(43,134) for the comparative period ended January 31, 2018. The increase of $1,386,255 was primarily attributable to the cash provided from the issuance of convertible debentures during the period ended January 31, 2019 .

OUTSTANDING SHARE DATA

The Company had 79,097,831 common shares issued and outstanding at January 31, 2019 and 79,097,831 at March 28, 2019. Please refer to Note 17 – "Share Capital" in the Company's condensed consolidated interim financial statements for additional information.

The Company had 9,548,900 share purchase warrants issued and outstanding at January 31, 2019 and 9,548,900 at March 28, 2019. Please refer to Note 17 – "Share Capital" in the Company's condensed consolidated interim financial statements for additional information.

The Company had 4,763,900 share purchase options issued and outstanding at January 31, 2019 and 4,763,900 March 28, 2019. Please refer to Note 17 – "Share Capital" in the Company's condensed consolidated interim financial statements for additional information.

The Company had 49,040,628 shares deposited into escrow pursuant to the policies of the TSX-V at January 31, 2019 and 49,040,628 at March 28, 2019. Please refer to Note 20 – "Share Capital" in the Company's condensed consolidated interim financial statements for additional information.

The Company had a total of $1,380,000, 3.99% convertible debentures outstanding at January 31, 2019 and March 28, 2019 that are convertible at $0.40 into a total of 3,450,000 common shares.

The Company had a total of $2,000,000, 5.00% convertible debentures outstanding at January 31, 2019 and March 28, 2019 that are convertible at $0.50 into a total of 4,000,000 common shares.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations are made with reference to the Company's audited financial statements for the year ended October 31, 2018. A summary of the Company's significant accounting policies is presented in the notes to those financial statements. Some of the Company's accounting policies, as required by International Financial Reporting Standards, require management to make subjective, complex judgments and estimates to matters that are inherently uncertain. The Company believes the policies below are the most critical accounting estimates that affect its operating results, and that would have the most material effect on the financial statements should these policies change or be applied in a different manner.

Revenue recognition

Brokerage Commissions

The Company facilitates vehicle sales through third-party dealerships where customers have low or limited credit history. The Company bears limited inventory risk in the transaction and does not have latitude in setting vehicle prices and therefore the Company only recognizes the net fees. In these situations, the fees are recorded as revenue at the time the customer enters into the contract and the Company is entitled to the fee. The Company is not the obligor under any of these contracts.

Automobile sales

Revenue is recognized when the risks and rewards of ownership have been transferred to the customer and the revenue and costs can be reliably measured and it is probable that economic benefits will flow to the Company. In practice, this means that revenue is recognized when vehicles are invoiced and physically delivered to the customer and payment has been received or credit approval has been obtained by the customer.

Lease interest and rental income

Finance lease interest income is included in the statement of comprehensive income for all financial assets measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument back to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument including prepayment options, fee income charged to the customer on the origination of all financial assets, and all purchase premiums or discounts, net of any transaction costs that are directly attributable to the financial instrument, but not future credit losses. The application of the method has the effect of recognizing revenue on the financial instrument evenly in proportion of the amount outstanding over the period to maturity or repayment. Once the recorded value of a financial asset has been reduced due to an impairment loss, interest revenue continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. This is offset by a corresponding adjustment to the loan loss provision charge to reflect the fact that this additional revenue may not be collectible.

Rental income on operating leases is recognized on a straight-line basis over the lease term.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets carried at amortized cost are assessed at each reporting date for any potential impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted using the original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment and is recognized in the consolidated statements of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statements of comprehensive income.

Purchases or sales of financial assets that require delivery of assets in a timeframe established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

The Company’s financial assets include cash, term deposits, accounts receivable, due from related company, car loans receivable and receivable under finance lease.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company's loans and receivables are comprised of accounts receivable, due from related company, car loans receivable, and receivable under finance lease.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified in any of the previous categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these assets are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income and presented within equity. When an investment is derecognized through sale or has an impairment that is other than temporary, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Company does not have any financial assets that are classified as available-for-sale.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

The Company does not have any financial assets that are classified as held-to-maturity.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's bank indebtedness, accounts payable and accrued liabilities, customers' advances, customers' deposits, due to shareholder, and short-term loans are classified as other financial liabilities.

Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as fair value through profit or loss are recognized in profit or loss.

Property under operating leases

The Company determines the classification of a lease at its lease inception date. An operating lease is one that does not transfer substantially all of the risks and rewards of ownership to the lessee.

Property classified as operating leases are carried at cost less accumulated depreciation and are being depreciated to their estimated residual values using the straight-line method over the lease term. Property under operating leases are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds the higher of the asset's fair value less costs to sell and its value in use.

The Company has not been required to record an impairment loss to date.

Impairment of non-current assets

The carrying amounts of the Company's non-current assets are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value less cost to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. 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.

ADOPTION OF NEW ACCOUNTING POLICIES

Effective November 1, 2018, the Company adopted two new accounting standards as issued by the IASB comprising IFRS 9 and IFRS 15, Revenue from Contracts with Customers.

The adoption of IFRS 9 resulted in changes in accounting policy in two principal areas: (i) classification and measurement; and (ii) impairment. Please refer to note 5 to the Statements for a detailed discussion on the adoption of IFRS 9 which resulted in no material adjustments from the adoption of this accounting policy but did result in expanded disclosure.

Under IFRS 15, there was no material change to the way that the Company accounts for revenue. Please refer to the Company's revenue recognition policy in note 5 to the statements.

FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS 16, Leases. In January 2016 the International Accounting Standards Board issued IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019.

The Company has started analyzing the impact of adoption of IFRS 16, however, the final impact has not yet been determined.

RELATED PARTY TRANSACTIONS

The Company's related party transactions are set out in Note 11 to the condensed consolidated interim financial statements for the quarter ended January 31, 2019 and 2018. The transactions with related parties occurred in the normal course of operations.

The Company uses an office leased by Solution Lease Club, a Company controlled by the Company's CEO for administration and promotional purposes. Solution Lease Club's office is at Unit 6, 11220 Voyager Way, Richmond. The Company pays Solution Lease Club a $100 fee for each sales and lease transaction for property usage. During the three ended January 31, 2019 , the Company paid $14,100 to Solution Lease Club (2018- $10,900).

RELATED PARTY TRANSACTIONS (CONTINUED)

During the three months ended January 31, 2019, remuneration of directors and other members of key management personnel are $115,195 (2018 – $163,186).

During the quarter ended January 31, 2019, The Company paid a total of $56,813 to law firms where a partner is a director of the Company (2018 – $ nil).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any other obligations which will have or are reasonably likely to have a current or future effect on the financial condition, changes in financial conditions, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors, other than operating leases.

RISK MANAGEMENT

Several trends and factors that the Company could be out of control can affect the operation of Company, and have the potential of affecting its financial condition, profitability, and cash flows. These trends and factors may be changes in the vehicle market sector, the state of the domestic and global economic conditions. Management has difficulty in accurately predicting the impact of changes in these risk factors and forecasting their effects on the Company's results of operations and the financial conditions.

The Company is exposed to a few financial risks in the normal course of its business operations, including market risks resulting from policies, fluctuations in interest rates, as well as credit and liquidity risks. The following summarizes the types of market risks that the Company is exposed, and the policies and procedures for measuring and managing risk.

Credit Risk

Credit risk is the risk that the Company will incur a loss a counter party will fail to perform its obligations. The Company's financial instruments that are exposed to concentrations of credit risk consist of cash, term deposits, accounts receivable, due from related company, car loans receivable, and lease receivables. The Company attempts to mitigate the risks associated with cash and term deposits by dealing only with major Canadian financial institutions with good credit ratings and performs credit assessments of all customers making material orders. The Company attempts to mitigate the risks associated with car loans receivable and lease receivables through its credit check process performed before entering into any sales arrangement.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due. The Company currently settles all of its financial obligations out of cash generated from operations. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. To help manage its liquidity the Company has obtained an operating loan agreement through the Bank of Montreal.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company's financial instruments that are exposed to concentrations of interest rate risk consist of bank indebtedness and short-term loans. A change in the prime rate of interest of 1% would result in additional interest expense for the Company of $4,351 per year. In order to mitigate this risk, the Company carefully monitors its borrowing costs to ensure its rates reflect appropriate spreads to insulate against sudden unexpected interest rate movements.

Competitive environment

There can be no assurance that the Company will be able to compete successfully against its current or future competitors, or that such competition will not have a material adverse effect on the financial condition and results of operations of the Company. Overall, the market for the financial services offered by the Company is highly competitive and some of the companies operating in this sector have greater financial resources than the Company.

Potential acquisitions and investments

The Company seeks to acquire or invest in businesses that expand or complement its current business. Such acquisitions or investments may involve significant commitments of financial or other resources of the Company. There can be no assurance that any such acquisitions or investments will generate additional earnings or other returns for the Company, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Company's administrative and operational resources and its ability to manage growth.

Profitability

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forego certain business opportunities.

Debt Levels

Solution has had and will continue to increase its indebtedness. Its ability to make payments of principal and interest on the debt or to refinance its indebtedness will depend on Solution's future operating performance and its ability to enter into additional debt and equity financings, which to a certain extent is subject to economic, financial, competitive and other factors beyond its control.
If Solution is unable to generate sufficient cash flow in the future to service its debt, it may be required to refinance all or a portion of its existing debt or obtain additional financing. There can be no assurance that any such refinancing would be possible or that any additional financing could be obtained on terms acceptable to Solution.

General Economic Conditions

The automobile finance business has historically been subject to cyclical variations in the general economy and to uncertainty regarding future economic prospects. Delinquencies, defaults, repossessions and losses increase during periods of economic recession. These periods also are accompanied by decreased consumer demand for automobiles and declining values of automobiles securing outstanding loans, which weakens collateral coverage and increases the amount of a loss in the event of default. Significant increases in the inventory of used automobiles during periods of economic recession will depress the prices at which repossessed automobiles may be sold or delay the time of these sales.
Solution's financial results are sensitive to immigration policies, number of international students in Canada, fluctuations in general interest rates, gross domestic product growth, and the level of consumer confidence, among other factors. Although Solution's actual rates of delinquencies, defaults, repossessions and losses on these loans are very low comparing to our competitors in the general automobile finance industry, some government policies and general economic conditions would adversely affect its business, financial condition, liquidity and results of operations or future prospects.

Dependence on Management Information Systems

Solution depends on its management information systems in each stage of its operations. These management information systems also form the basis of its financial reporting. Irreparable damage to its information systems and databases, or loss of the information contained therein, could have a material adverse effect on Solution's business, financial condition, liquidity and results of operations or future prospects.

More Stringent Government Regulations

Solution is subject to various federal, provincial and municipal laws and regulations. Such laws, regulations and related rules and policies are administered by various federal, provincial and municipal agencies and other governmental authorities. New laws governing Solution's business could be enacted and changes to any existing laws could have a significant impact on the business of Solution. Failure by Solution to comply with applicable laws and regulations may subject it to civil or regulatory proceedings which may have a material adverse effect on Solution's business, financial condition, liquidity and results of operations or future prospects.

INTERNAL CONTROLS OVER DISCLOSURE AND FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for designing disclosure controls and procedures to ensure that material information is being recorded, processed, summarized, and reported to senior management, including the certifying officers and members of the Company's Audit Committee on a timely basis, so that appropriate decisions can be made regarding public disclosure. In addition, the CEO, and CFO are responsible to design, or cause to be designed under their supervision, internal controls over financial reporting ("ICFR"), to a standard that provides reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Disclosure controls and procedures

Disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, means controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

Internal controls over financial reporting

The Company's management, including the CEO, and CFO, has evaluated the design of the Company's Internal Controls over Financial Reporting using the control framework and criteria established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, management has concluded that the Company's ICFR as at October 31, 2018 were designed and operating effectively and provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Limitations of effectiveness of disclosure controls and internal controls over financial reporting

It should be noted that while the Company's Chief Executive Officer, and Chief Financial Officer believe that the Company's internal controls system and disclosure controls and procedures provides a reasonable level of assurance that the objectives of the control systems are met, they do not expect that the Company's control system will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurances that any design will succeed in achieving its stated goals under all potential conditions. The Company will continue to periodically review our disclosure controls and procedures and internal control over financial reporting and may make modifications from time to time as considered necessary or desirable.