CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SOLUTION FINANCIAL INC.

FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2020 AND 2019
(UNAUDITED- PREPARED BY MANAGEMENT)
(Expressed in Canadian dollars)

Unit 137 - 8680 Cambie Road
Richmond, BC
Canada
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Solution.Financial

These unaudited interim condensed consolidated financial statements of Solution Financial Inc. (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 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.

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(UNAUDITED)

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SOLUTION FINANCIAL INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars – Unaudited)

		(Unaudited) July 31, 2020		October 31, 2019
ASSETS				
Current				
Cash and cash equivalents (Note 4)	$	**898,210**	$	583,192
Accounts receivable		**442,441**		165,353
Income taxes receivable		-		118,111
Prepayment and deposits		**76,733**		71,732
Current portion of car loans receivable (Note 7)		**8,942**		30,470
Current portion of receivable under finance lease (Note 8)		**276,397**		226,432
Right-of-use assets (Note 5)		**15,822**		-
Inventory (Note 6)		**1,142,371**		980,140
		2,860,916		2,175,430
Right-of-use assets (Note 5)		**13,868**		-
Inventory (Note 6)		**218,000**		218,000
Car loans receivable (Note 7)		-		6,599
Receivable under finance leases (Note 8)		**381,296**		470,825
Property under operating leases (Note 9)		**24,694,385**		21,297,057
Property and equipment (Note 10)		**312,849**		314,898
	$	**28,481,314**	$	24,482,809
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Bank indebtedness (Note 13 and 25)	$	**9,355,248**	$	5,757,033
Accounts payable and accrued liabilities		**183,684**		210,619
Deferred revenue (Note 15)		**15,685**		17,742
Lease liability (Note 5)		**23,227**		-
Customers' deposits and advances (Note 14)		**535,369**		333,671
Convertible debentures (Note 16 and 25)		**3,187,387**		1,255,585
Deferred tax liability		**601,939**		182,000
		13,902,539		7,756,650
Lease Liabilities (Note 5)		**8,144**		-
Customers' deposits (Note 14)		**1,757,725**		1,673,925
Deferred revenue (Note 15)		**2,825,823**		2,962,709
Convertible debentures (Note 16)		-		2,613,001
		18,494,231		15,006,285
Shareholders' equity				
Share capital (Note 17)		**6,444,995**		5,519,562
Warrants (Note 17)		-		634,492
Contributed surplus		**932,452**		675,880
Equity portion of convertible debentures (Note 16)		**188,196**		339,759
Retained earnings		**2,421,440**		2,306,831
		9,987,083		9,476,524
	$	**28,481,314**	$	24,482,809

Nature of Business (Note 1)

APPROVED ON BEHALF OF THE BOARD

"Bryan Pang" Director   *"Sean Hodgins"* Director

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

SOLUTION FINANCIAL INC.

Condensed Consolidated Interim Statements of Comprehensive Income
(Expressed in Canadian Dollars – Unaudited)

	For 3 months ended Jul 31, 2020	For 3 months ended Jul 31, 2019	For 9 months ended Jul 31, 2020	For 9 months ended Jul 31, 2019
Lease and brokerage sales				
Sales and lease income (Note 20)	**$ 3,792,092**	$ 2,323,519	**$ 9,313,881**	$ 6,492,925
Brokerage commissions (Note 19)	**144,538**	170,820	**364,744**	634,405
Total Sales	**3,936,630**	2,494,339	**9,678,625**	7,127,330
Cost of Sales (Note 20)	**3,069,299**	1,707,615	**7,242,104**	4,845,156
Gross profit	**867,331**	786,724	**2,436,521**	2,282,174
Expenses				
Sales and marketing (Note 21)	**264,609**	302,055	**727,276**	986,080
General and administration (Note 21)	**200,889**	193,396	**691,203**	709,552
Interest	**169,955**	111,114	**536,039**	268,674
Amortization	**10,493**	8,601	**25,130**	22,234
Share based compensation (Note 17)	**4,720**	24,904	**46,631**	73,630
	650,666	640,070	**2,026,279**	2,060,170
	216,665	146,654	**410,242**	222,004
Other items				
Other income	**18,557**	1,275	**68,309**	6,133
Income before tax	**235,222**	147,929	**478,551**	228,137
Income taxes	**-**	49,364	**127,335**	117,405
Net income and comprehensive income for the period	**235,222**	98,565	**351,216**	110,732
Basic and diluted earnings per common share	**$ 0.003**	$ 0.001	**$ 0.004**	$ 0.001
Weighted average number of common shares outstanding	**78,506,873**	79,174,840	**78,952,404**	79,123,739

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

SOLUTION FINANCIAL INC.
(Condensed Consolidated Interim Statements of Changes in Shareholder's Equity
(Expressed in Canadian Dollars – Unaudited)

	Number	Common shares	Warrants	Contributed surplus	Equity component of convertible debt	Retained earnings	Total shareholders' equity
		$	$	$	$	$	$
Balance, October 31, 2018	79,091,831	5,431,156	634,492	607,430	246,066	2,204,094	9,123,238
Issuance of convertible debt	-	-	-	-	127,693	-	127,693
Exercise of agents' warrants	33,000	12,090	-	(3,840)	-	-	8,250
Exercise of compensation options	86,400	34,988	-	(13,388)	-	-	21,600
Share based compensation on options	-	-	-	73,630	-	-	73,630
Net and comprehensive income	-	-	-	-	-	110,732	110,732
Balance, July 31, 2019	79,211,231	5,478,234	634,492	663,832	373,759	2,314,826	9,465,143
Issuance of convertible debt	-	-	-	-	(34,000)	-	(34,000)
Exercise of agents' compensation options	112,800	41,328	-	(13,127)	-	-	28,201
Share based compensation on options	-	-	-	25,175	-	-	25,175
Net and comprehensive income	-	-	-	-	-	71,216	71,216
Dividend	-	-	-	-	-	(79,211)	(79,211)
Balance, October 31, 2019	79,324,031	5,519,562	634,492	675,880	339,759	2,306,831	9,476,524
Exercise of agents' warrants	104,100	38,141	-	(12,116)	-	-	26,025
Share based compensation on options	-	-	-	46,631	-	-	46,631
Purchase of common shares for cancellation	(1,402,000)	(98,301)	-	(412,435)	-	-	(510,736)
Warrants expired	-	-	(634,492)	634,492	-	-	-
Conversion of convertible debt	2,125,000	985,593	-	-	(151,563)	-	834,030
Net and comprehensive income	-	-	-	-	-	351,216	351,216
Dividend	-	-	-	-	-	(236,607)	(236,607)
Balance, July 31, 2020	80,151,131	6,444,995	-	932,452	188,196	2,421,440	9,987,083

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

SOLUTION FINANCIAL INC.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars – Unaudited)

	For 9 months ended Jul 31, 2020	For 9 months ended Jul 31, 2019
Operating activities		
Net income	**$ 351,216**	$ 110,732
Items not affecting cash and cash equivalents:		
Amortization of property and equipment	**25,130**	22,234
Share-based compensation	**46,631**	73,630
Accretion expense on convertible debentures	**154,794**	121,476
Deferred Income taxes	**419,940**	-
Depreciation of property under operating lease	**3,790,376**	2,455,341
Depreciation of right-of-use assets	**17,859**	-
Change in non-cash working capital		
Trade receivables and due from related company	**(277,089)**	154,982
Prepayment and deposits	**(5,001)**	37,406
Inventory	**(162,231)**	(470,969)
Car loans receivables	**28,127**	59,578
Lease payment receivables	**39,564**	(248,291)
Trade and other payables	**(26,935)**	402,862
Income taxes receivable	**118,111**	154,822
Customers' deposits	**285,498**	463,905
Deferred revenue	**(138,943)**	928,357
	4,667,047	4,266,065
Investing activities		
Acquisition of property and equipment	**(23,082)**	(21,274)
Acquisition of property under operating lease (net)	**(7,187,704)**	(8,758,514)
Interest payment on lease liabilities	**(1,961)**	-
	(7,212,747)	(8,779,788)
Financing activities		
Proceeds (repayments) from bank indebtedness	**3,598,215**	2,000,427
Purchase of common shares for cancellation	**(510,736)**	-
Convertible debentures	**-**	2,689,162
Agents' compensation options exercises	**26,025**	-
Payment of lease liabilities	**(16,179)**	-
Stock options exercises	**-**	21,600
Warrant exercises	**-**	8,250
Payment of dividends	**(236,607)**	-
	2,860,718	4,719,439
Net increase (decrease) in cash and cash equivalents	**315,018**	205,716
Cash and cash equivalents, beginning of period	**583,192**	447,639
Cash and cash equivalents, end of period	**$ 898,210**	$ 653,355

Supplemental cash flow information (Note 12)

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

1. Nature of Business and Share Exchange Agreement

Solution Financial Inc. (the "Company" or "Solution"), 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.

On June 22, 2018, Shelby completed a qualifying transaction (the "Qualifying Transaction") by acquiring Solution Financial (Canada) Inc. ("Solution Canada"), formerly Solution Auto Lease and Sales Ltd. a private company incorporated on August 8, 2003 under the Company Act of British Columbia. The Company's primary business activity is leasing, and financing of high-end automotive vehicles, boats, commercial equipment and end of lease sales.

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.

On June 27, 2018, its common shares resumed trading on the TSX Ventures Exchange ("TSX-V") under the symbol "SFI".

2. Basis of Presentation

Statement of Compliance

These unaudited condensed 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"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited interim condensed financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2019.

Functional and Presentation Currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. From inception, the functional currency of the Company has been the Canadian dollar. This is also the presentation currency of the Company.

These financial statements were approved by the Company's Board of Directors and authorized for issue on September 22, 2020.

3. Critical Accounting Estimates and Use of Judgement

The preparation of these condensed interim financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Areas of financial reporting that require management's estimates and judgments are discussed below.

Significant estimates used in the preparation of these financial statements include the following:

Covid-19 estimation uncertainty

During the three months ended July 31, 2020, the global financial markets were negatively impacted by the novel Coronavirus ("COVID-19"), which was declared a pandemic by the World Health Organization on March 11, 2020. This has led to significant global economic uncertainty, and the current outbreak of COVID-19 could have a material adverse effect on the Company's operations and the operations of the Company's suppliers and customers. The Company has taken what it believes to be appropriate safety precautions at its operations to safeguard the health of its employees and there have been no outbreaks to date at any of the Company's locations. The extent to which COVID-19 impacts the Company's operations will depend on future developments, which continue to be highly uncertain and cannot be predicted with confidence. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

Determination of the Company's allowance for credit losses

Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required allowance taking into consideration counterparty creditworthiness, current economic trends, the expected residual value of leased assets and past experience.

Valuation of inventory

Inventories are recorded at the lower of cost and net realizable value with cost determined on a specific item basis for new and used vehicles. In determining net realizable value for new vehicles, the Company primarily considers the age of the vehicles along with the timing of annual and model changeovers. For used vehicles, the Company considers recent market data and trends such as loss histories along with the current age of the inventory. The determination of net realizable value for inventories involves the use of estimates.

Valuation of underlying residual values of leased assets

The Company has significant investments in leased vehicles recorded as operating leases, which relate to vehicle leases. At the beginning of the lease contract a determination is made of the estimated realizable value of the vehicle at the end of the lease term, which is the critical assumption underlying the estimated carrying value of leased assets. The estimated realizable value is based on the lower of the contracted residual value or the current market estimate of residual value based on independent lease guides. Since the customer is not obligated to purchase the vehicle at the end of the contract, the Company is exposed to a risk of loss to the extent the value of the vehicle at the end of the lease term is below the residual value estimated at contract inception. Over the life of the lease

3. Critical Accounting Estimates and Use of Judgement (continued)

the Company evaluates the adequacy of the estimate of the residual value and may make adjustments to the extent the expected value of the vehicle at lease termination changes. Adjustments could result in a change in the depreciation rate of the leased asset or if an impairment exists, an impairment charge.

Useful lives of equipment

The Company's capitalized property and equipment balances are determined in part through the use of estimates of the useful lives of the underlying assets. In developing their accounting policy for property and equipment, the Company makes estimates of these useful lives. Changes in useful lives of property and equipment may result in adjustments to these capitalized balances in future periods if there are signs that estimates may no longer be accurate.

Income taxes

The determination of current tax expense requires estimates and assumptions. Further the Company's estimates of its deferred income tax assets and liabilities require subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these estimates and assumptions could materially affect the recorded amounts.

Significant judgements made as part of the preparation of these financial statements include the following:

Determination of lease type

On entering lease arrangements, the Company assesses whether the lease is a finance lease or an operating lease. As part of this determination, the Company makes a number of estimates associated with the lease, the customer, and the fair value of the underlying assets. The accounting for an operating lease is significantly different from that of a finance lease. As such, this determination has a significant impact on the way the leased assets are presented within Company's financial statements.

Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options and warrants in order to calculate share-based compensation expense and the fair value of agent warrants. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Deferred financing costs incurred in connection with the issuance of common shares are capitalized until the financing is completed. In the event that the financing is not completed, these costs are expensed to profit or loss. Proceeds that are received in advance of the completion of an issuance of common shares are recorded within equity as subscriptions received in advance.

3. Critical Accounting Estimates and Use of Judgement (continued)

Share Capital

Earnings (Loss) per Share

Basic earnings (loss) per share ("EPS") is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

4. Financial Instruments and Risk Management

Fair value

The Company's financial instruments recognized on the statements of financial position consist of cash, term deposits, accounts receivable, due from related company, car loans receivable, receivable under finance lease, bank indebtedness, accounts payable and accrued liabilities, customers' advances, customers' deposits, due to shareholder, convertible debentures and short-term loans payable. The fair values of the Company's short term financial instruments approximate their carrying values due to their short-term maturity. The fair values of the Company's long term financial assets and liabilities approximate their carrying values based on market interest rates. The Company has classified financial instruments as follows:

	Classification	Measurement
Financial assets:		
Cash and cash equivalents	FVTPL	Fair Value
Accounts receivable	Loans and receivables	Amortized cost
Due from related company	Loans and receivables	Amortized cost
Car loan receivable	Loans and receivables	Amortized cost
Lease receivables	Loans and receivables	Amortized cost
Financial liabilities:		
Bank indebtedness	Financial liabilities	Amortized cost
Accounts payable accrued liabilities	Financial liabilities	Amortized cost
Customers' advances	Financial liabilities	Amortized cost
Customers' deposits	Financial liabilities	Amortized cost
Convertible debentures	Financial liabilities	Amortized cost

(Expressed in Canadian dollars - Unaudited)

4. Financial Instruments and Risk Management (continued)

The following is an analysis of the Company's financial instruments measured using the fair value hierarchy as at July 31, 2020 and October 31, 2019:

	July 31, 2020		
	Level 1	**Level 2**	**Level 3**
Cash	**$885,910**	**$ -**	**$ -**
Cash equivalents	**12,300**	**-**	**-**
Total	**$898,210**	**$ -**	**$ -**

	October 31, 2019		
	Level 1	Level 2	Level 3
Cash	$563,553	$ -	$ -
Cash equivalents	19,639	-	-
Total	$583,192	$ -	$ -

(Level 1) – Based on quoted market prices in active markets.
(Level 2) – Inputs, other than quoted prices in active markets, that are observable, either directly or indirectly.
(Level 3) – Unobservable inputs that are not corroborated by market data.

The Company's cash equivalents consist of term deposits maturing within the next year.

The Company has exposure to the following risks from its use of financial instruments: credit, interest rate, liquidity, and price risk. The Company reviews its risk management framework on a quarterly basis and makes adjustments as necessary. The fair values of the Company's financial assets and liabilities held at amortized cost approximates their book values.

Covid-19 risk

The spread of COVID-19 is expected to have a material adverse effect on global and regional economies and continues to negatively impact stock markets. The adverse effects on the economy and the stock market could adversely impact the Company's ability to raise capital, or its ability to pursue other strategic initiatives.

Credit risk

Credit risk arises from the potential that 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.

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 $93,552 per year.

4. Financial Instruments and Risk Management (continued)

Liquidity risk

The 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 a major schedule 1 Canadian Financial Institution (Note 13).

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Company is at risk to changes in commodity prices, which may affect financing options available to the Company.

5. New Accounting Standards and Interpretations Adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after October 31, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below. The following have been adopted effective November 1, 2019:

(i) 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.

IFRS 16 supersedes IAS 17, Leases ("IAS 17"), IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases-Incentives and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company entered a lease contract for office rental on November 14, 2019. Therefore, IFRS 16 did not have a retrospective impact and no transition adjustments were required.

As a result of initially applying IFRS 16, the Company recognized a lease liability of $47,549 at November 14, 2019. This valuation was determined based upon the Company's monthly payment of $2,200 until the lease expiry by November 30, 2021 for its office premises in Calgary, Alberta. Interest expense of $2,010 was recognized on this lease for nine months ended July 31, 2020.

(Expressed in Canadian dollars - Unaudited)

5. New Accounting Standards and Interpretations Adopted (continued)

The following table details the cost and accumulated depreciation of the Company's Right of Use Assets ("ROU"):

	As at November 1, 2019	Additions	Remeasurement	Depreciation	As at July 31, 2020
	$	$	$	$	$
ROU assets	-	47,549	(3,014)	14,845	29,690

	31-Jul-20	31-Oct-19
Balance, beginning of period	**$ -**	$ -
Lease liability on transition to IFRS 16	**47,549**	-
Remeasurement	**(3,014)**	
Interest payable on lease liabilities	**2,010**	-
Repayment during this period	**(15,174)**	-
Balance, end of period	**31,371**	-
Less current portion	**(23,227)**	-
Long-term portion	**$ 8,144**	$ -

6. Inventory

Inventory at July 31, 2020 and October 31, 2019 consist of vehicles held for sale. The inventory is carried at the lower of cost or net realizable value and as at July 31, 2020 and October 31, 2019, the Company has not recorded any reserves for inventory write downs.

7. Car loans receivable

Car loans consist of loan agreements at interest rates ranging from 11% to 18% made to vehicle owners. In these agreements, the borrower has acquired the vehicle outright and the Company is providing financing to the purchaser that is secured by a lien against the underlying vehicle. As a result of the adoption of IFRS 9 Financial Instruments, the Company records a provision for expected credit losses. Using the expected credit loss model these car loans receivable were classified as Stage 1 'performing' at both July 31, 2020 and October 31, 2019.

	13-Jul-20 (unaudited)			31-Oct-19		
	Gross receivable	Unearned income	Net receivable	Gross receivable	Unearned income	Net receivable
	$	$	$	$	$	$
Maturity						
Within 1 year	**9,380**	**(438)**	**8,942**	32,691	(2,221)	30,470
In 1 to 3 years	**-**	**-**	**-**	6,822	(223)	6,599
	9,380	**(438)**	**8,942**	39,513	(2,444)	37,069

The unearned income in the above table represents the unearned portion of interest receivable over the remaining term of the loan.

(Expressed in Canadian dollars - Unaudited)

8. Receivable under finance lease

Finance lease receivables consist of conditional sales contracts, which have terms of 12 to 60 months with fixed rates of interest. All lease receivables are secured by the corresponding vehicle. As a result of the adoption of IFRS 9 Financial Instruments, the Company records a provision for expected credit losses for receivables under finance lease. Using the expected credit loss model these receivables under finance lease were classified as Stage 1 'performing' at both July 31, 2020 and October 31, 2019.

The contractual maturity of the portfolio outstanding of continuing operations as at July 31, 2020 and October 31, 2019, assuming no prepayments, is as follows:

	31-Jul-20 (unaudited)			31-Oct-19		
	Gross receivable	Unearned income	Net receivable	Gross receivable	Unearned income	Net receivable
	$	$	$	$	$	$
Maturity						
Within 1 year	**351,397**	**(75,000)**	**276,397**	308,889	(82,457)	226,432
In 1 to 3 years	**384,930**	**(45,648)**	**339,282**	460,333	(65,432)	394,901
After 3 years	**45,870**	**(3,856)**	**42,014**	81,680	(5,756)	75,924
	782,197	**(124,504)**	**657,693**	850,902	(153,645)	697,257

Included in the above table, the residual interest of assets as at July 31, 2020 are $95,200 (October 31, 2019 - $90,700). As of July 31, 2020, the Company has recognized $71,291 (October 31, 2019 - $63,880). This recognized portion is included in the net investments column in the above table of the amounts receivable under finance lease.

The Company has a history with limited payment defaults or credit losses. The lease agreements include security deposits and the Company has a history of releasing or selling vehicles repossessed without taking any losses. As such, the Company has no provisions for credit losses.

(Expressed in Canadian dollars - Unaudited)

9. Property under operating leases

The Company acts as a lessor in connection with operating leases and recognizes the leased assets in its statements of financial position. The lease payments received, are recognized in net income as rental revenue

	For the nine months and year ended	
	31-Jul-20 (unaudited)	**31-Oct-19**
	$	$
COST		
At the beginning of the period	**24,941,758**	14,461,033
Additions	**12,066,566**	15,567,274
Disposals	**(6,632,571)**	(5,086,549)
At the the end of the period	**30,375,753**	24,941,758
ACCUMULATED DEPRECIATION		
At the beginning of the period	**3,644,701**	2,191,924
Depreciation charge for the period	**3,790,376**	3,472,856
Disposals	**(1,753,709)**	(2,020,079)
At the the end of the period	**5,681,368**	3,644,701
Net carrying amount	**24,694,385**	21,297,057

The above depreciation charge for the period is included within the Company's cost of sales in the statements of comprehensive income (Note 20).

Below are the future minimum lease payments arising from non-cancellable operating leases of continuing operations:

(Expressed in Canadian dollars - Unaudited)

10. Property and equipment

	Land	Buildings	Furniture and Equipment	Computer Equipment	Software	Total
Cost						
Balance, October 31, 2018	$ 161,883	$ 94,025	$ 118,915	$ 6,086	$ 31,640	$ 412,549
Additions	-	-	-	1,394	19,880	21,274
Balance, July 31, 2019	$ 161,883	$ 94,025	$ 118,915	$ 7,480	$ 51,520	$ 433,823
Accumulated Amortization						
Balance, October 31, 2018	-	$ 37,197	$ 54,874	$ 3,026	$ -	$ 95,097
Additions	-	1,705	9,607	1,262	9,660	22,234
Balance, July 31, 2019	$ -	$ 38,902	$ 64,481	$ 4,288	$ 9,660	$ 117,331
Net Book Value						
Balance, July 31, 2019	$ 161,883	$ 55,123	$ 54,434	$ 3,192	$ 41,860	$ 316,492

	Land	Buildings	Furniture and Equipment	Computer Equipment	Software	Total
Cost						
Balance, October 31, 2019	$ 161,883	$ 94,025	$ 118,915	$ 8,228	$ 59,063	$ 442,113
Additions	-	-	7,550	2,515	13,017	23,082
Balance, July 31, 2020	$ 161,883	$ 94,025	$ 126,465	$ 10,743	$ 72,080	$ 465,195
Accumulated Amortization						
Balance, October 31, 2019	-	$ 39,470	$ 67,683	$ 5,297	$ 14,766	$ 127,216
Additions	-	1,637	8,251	1,728	13,515	25,130
Balance, July 31, 2020	$ -	$ 41,107	$ 75,933	$ 7,025	$ 28,281	$ 152,346
Net Book Value						

11. Related party transactions

The Company uses an office leased by Solution Lease Club, a Company controlled by the CEO of the Company for administration and promotional purposes. Solution Lease Club's office is at Unit 6, 11220 Voyageur Way, Richmond. The Company pays Solution Lease Club a $100 fee for each sales and lease transaction for property usage. During the three and nine months ended July 31, 2020, the Company paid $11,400 and $27,300 to Solution Lease Club (2019- $13,200 and $35,100).

During the three and nine months ended July 31, 2020, remuneration of directors and other members of key management personnel are $83,796 and $195,587 (2019 – $77,086 and $244,943).

During the three and nine months ended July 31, 2020, the Company paid a total of $20,411 and $20,411 to law firms where a partner is a director of the Company (2019 – $27,286 and $92,254).

12. Supplemental Cash Flow Information

Significant non-cash transactions during the nine months period ended July 31, 2020 and 2019

July 31,	2020	2019
Recognition of equity portion on convertible debt on issuance	$ -	$ 33,199

13. Bank indebtedness

On January 13, 2020 the Company amended its Credit Loan Facility with a $2,500,000 increase to $10,000,000. The Credit Loan Facility bears interest at prime plus 1.2% per annum.

The loan agreement allows the Company to draw on funds as needed and is secured by a personal guarantee of the Company's CEO and certain assets of the Company.

As at July 31, 2020, the total outstanding balance on the loan agreement is $9,355,248 (October 31, 2019 - $5,757,033). As part of the bank covenants, the Company is required to maintain a cash flow coverage ratio of not less than 1.25:1 and a debt to tangible net worth ratio not greater than 2.25:1 and was in good standing at July 31, 2020.

14. Customers' deposits

Customers' deposits are refundable security deposits received by the Company at lease inception. They are applied to the residual balance if a buyout option is exercised or will be refunded at the maturity of the lease upon return of the vehicle. As at July 31, 2020, the Company has deposits of $528,150 on leases coming due in the next year (October 31, 2019 - $355,887) and $1,757,725 deposits coming due in more than a year (October 31, 2019 - $1,673,925).

15. Deferred revenue

Deferred revenue are lease down payments received by the Company at lease inception. They are recognized as rental income on a straight-line basis over the terms of the lease. In case of pre-mature termination, any balance of the unrealized down payment will be recognized at the same time.

16. Convertible Debentures

On October 3, 2018, the Company closed the first tranche of its previously announced non-brokered financing of unsecured convertible debentures ("October 3, 2018 Debentures") in the principal amount of $1,380,000. The Debentures will mature on October 3, 2020 ("Maturity Date") and 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 share in the capital of the Company ("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 issuance, the Company recognized the fair value of the liability component of $1,133,934 based on the terms of the Debentures and a discount rate of 15.22%. The residual amount of $246,066 was allocated to the equity portion. Transaction costs of $5,257 were recognized.

For the nine months ended July 31, 2020, accretion expense of $98,489 and interest expense of $40,295 were recognized.

For the nine months ended July 31, 2019, accretion expense of $87,339 and interest expense of $41,183 were recognized.

During the three months ended July 31, 2020, $850,000 of the October 3, 2018 Debentures were converted at $0.40 per share for a total of 2,125,000 shares.

16. Convertible Debenture (continued)

On January 7, 2019, the Company closed the first tranche of its previously announced non-brokered financing of unsecured convertible debentures (“January 7, 2019 Debentures”) in the principal amount of $2,000,000.

The Debentures will mature on January 4, 2021 (“Maturity Date”) and bear interest at a rate of 5.0% per annum, calculated and paid semi-annually. The principal amount and any accrued and unpaid interest on the Debenture may be convertible into common shares in the capital of the Company (“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.

On issuance, the Company recognized the fair value of the liability component of $1,895,506 based on the terms of the Debentures and a discount rate of 7.93%. The residual amount of $94,494 was allocated to the equity portion. Transaction costs of $10,000 were recognized.

For the nine months ended July 31, 2020, accretion expense of $39,922 and interest expense of $74,954 were recognized.

For the nine months ended July 31, 2019, accretion expense of $28,638 and interest expense of $56,986 were recognized.

On April 15, 2019, the Company closed a non-brokered private placement of unsecured convertible debentures (“ April 15, 2019 Debentures”) in the principal amount of $705,000. The Debentures will mature on April 15, 2021 (“Maturity Date”) and bear interest at a rate of 5.0% per annum, calculated and paid semi-annually. The principal amount and any accrued and unpaid interest on the Debenture may be convertible into common shares in the capital of the Company (“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.

On issuance, the Company recognized the fair value of the liability component of $665,963 based on the terms of the Debentures and a discount rate of 8.11%. The residual amount of $33,199 was allocated to the equity portion. Transaction costs of $5,839 were recognized.

For the nine months ended July 31, 2020, accretion expense of $14,421 and interest expense of $26,361 were recognized.

For the nine months ended July 31, 2019, accretion expense of $5,499 and interest expense of $10,334 were recognized.

(Expressed in Canadian dollars - Unaudited)

17. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the nine months ended July 31, 2020 the Company completed the following transactions:

(i) $850,000 of convertible debentures were converted using conversion rate of $0.40 into 2,125,000 shares.

(ii) The Company issued 104,100 common shares for cash proceeds of $26,025 pursuant to the exercise of agents' compensation options.

(iii) The Company purchased and cancelled 1,402,000 of its common shares on the open market at an average price of $0.36 for total cost of $510,736 pursuant to a normal course issuer bid (the "NCIB"). Under the NCIB, a total of up to 3,966,202 common shares may be purchased through the facilities of the TSXV, and any such purchases will be at market prices. The NCIB will commence on or after December 16, 2019 and will end on December 16, 2020 or on such earlier date as the Company may complete its purchase pursuant to the NCIB or as it may otherwise determine.

(iv) The Company paid dividends of $236,607 or $0.003 per share.

During the nine months ended July 31, 2019 the Company completed the following transactions:

(i) The Company issued 33,000 common shares for cash proceeds of $8,250 pursuant to the exercise of agents' compensation options.

(ii) The Company issued 86,400 common shares for cash proceeds of $21,600 pursuant to the exercise of employees' stock options.

Unit Valuation and broker warrants

(i) Unit Valuation

The valuation of the common share and one-half of one common share purchase warrant contained in each Unit, was derived using the Black-Scholes model based on their relative values. Based on this model the relative fair value of each common share was $0.21 and the relative fair value of each half warrant was $0.04. The value of the warrants was determined using the Black-Scholes option pricing model, with the following assumptions:

Exercise price of warrants	$0.40
Risk-free interest rate	1.43%
Dividend yield	0.00%
Volatility factor	100%

(Expressed in Canadian dollars - Unaudited)

(ii) Broker Warrant Valuation

The valuation of the broker warrants was determined to be $0.11 and was recognized as a cost of financing. This value was derived using the Black-Scholes model based on the following assumptions:

Exercise price of warrants	$0.25
Risk-free interest rate	1.43%
Dividend yield	0.00%
Volatility factor	100%
Expected life	1.5 Years

Based on these valuations, the $3,360,900 of net proceeds on the private placements were allocated $2,871,904 to common shares and $488,996 to warrants.

Escrow shares

At July 31, 2020, 146,870 (October 31, 2019- 293,750) common shares were held in escrow and deposited with a trustee under a CPC escrow agreement. Under the escrow agreement, 10% of the escrowed shares will be released on completion of a qualifying transaction (“QT”), 15% of the escrowed shares will be released every 6 months following the initial release on completion of a QT over a period of 36 months.

At July 31, 2020, 29,744,879 (October 31, 2019- 43,265,279) common shares were held in escrow and deposited with a trustee under the Surplus escrow agreement. Under the surplus escrow agreement, 5% of escrowed shares will be released on completion of a QT and 6 months from the release date, 10% release 12 and 18 months from QT completion date and 15% release 24 and 30 from QT completion date, and 40% release 36 months from QT completion date.

Stock options and warrants

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option equals the market price, or a discounted price of the Company’s stock as calculated on the date of grant. The options can be granted for a maximum term of three years and vest at the discretion of the Board of Directors.

(Expressed in Canadian dollars - Unaudited)

Stock option transactions are summarized as follows:

	Stock Options		
	Number		Weighted Average Exercise Price
Outstanding, October 31, 2018	4,769,900	$	0.25
Exercised-Agent's options	(33,000)	$	0.25
Exercised-Employees' options	(86,400)	$	0.25
Outstanding, July 31, 2019	4,650,500	$	0.25
Exercised-Agent's options	(112,800)	$	0.25
Outstanding, October 31, 2019	4,537,700	$	0.25
Exercised-Agent's options	(104,100)	$	0.25
Expired- Agent's options	(30,000)	$	0.25
Granted-Employees' options	250,000	$	0.37
Outstanding, July 31, 2020	4,653,600	$	0.26
Exercisable, July 31, 2020	4,498,600	$	0.26

Stock option activities during the nine months ended July 31, 2020:

(i) The Company issued 104,100 common shares for cash proceeds of $26,025 pursuant to the exercise of agents' compensation options.

(ii) 30,000 agents' compensation options expired on December 22, 2019.

(iii) The Company granted an aggregate of 250,000 fully vested stock options to a member of the of the Board of Directors, each such option being exercisable into one common share at a price of $0.37 per share.

Stock option activity during the nine months ended July 31, 2019:

(i) The Company issued 33,000 common shares for cash proceeds of $8,250 pursuant to the exercise of agents' compensation options.

(ii) The Company issued 86,400 common shares for cash proceeds of $21,600 pursuant to the exercise of employees' stock options.

(Expressed in Canadian dollars - Unaudited)

Warrant transactions are summarized as follows:

	Warrants	
	Number	Weighted Average Exercise Price
Outstanding, October 31, 2018	9,545,900	$ 0.40
Warrants issued on exercise of Agents' options	16,500	$ 0.40
Outstanding, July 31, 2019	9,562,400	$ 0.40
Warrants issued on exercise of Agents' options	56,400	$ 0.40
Outstanding, October 31, 2019	9,618,800	$ 0.40
Warrants issued on exercise of Agents' options	52,050	$ 0.40
Warrants expired	(9,670,850)	$ 0.40
Outstanding, July 31, 2020	-	$ -
Exercisable, July 31, 2020	-	$ -

Warrant activities during the nine months ended July 31, 2020:

(i) 52,050 warrants were issued from the exercise of 104,100 agents' compensation options.

(ii) 9,670,850 warrants expired on December 22, 2019.

Warrant activity during the nine months ended July 31, 2019:

(i) 16,500 warrants were issued from the exercise of 33,000 agents' compensation options.

As at July 31, 2020, the following were outstanding:

	Expiry Date	Number of Shares		Exercise Price	Weighted average
Options	June 25, 2021	4,403,600	$	0.25	0.9 years
	November 6, 2022	250,000	$	0.37	2.3 years
		4,653,600	$	0.25	1.0 years

Share-based compensation

During the nine months period ended July 31, 2020, the company recognized $46,631 as share-based compensation for options granted to directors, officers, and employees.

The Company applies the fair value method in accounting for its stock options at the time of grant using the Black-Scholes option pricing model using the following estimates: expected dividend yield of 0%; risk-free interest rate of 1.10%; expected life of 3 years; common share price of $0.25-$0.37; and expected volatility of 50%-100%. Volatility is based on a range of comparable companies operating in the same industry, adjusted for the Company's limited history.

(Expressed in Canadian dollars - Unaudited)

18. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

For the three months ended Jul 31,		2020		2019
Net income available to common shareholders for basic and diluted earnings per share	$	**235,222**	$	98,565
Weighted average number of common share outstanding - basic		**78,506,873**		79,174,840
Effect of dilutive securities		**2,139,565**		803,112
Weighted average number of common shares outstanding-diluted		**80,646,437**		79,977,952
Earnings per share - reported:				
Basic	$	**0.003**	$	0.001
Diluted	$	**0.003**	$	0.001

For the nine months ended Jul 31,		2020		2019
Net income available to common shareholders for basic and diluted earnings per share	$	**351,216**	$	110,732
Weighted average number of common share outstanding - basic		**78,952,404**		79,123,739
Effect of dilutive securities		**1,632,279**		1,449,704
Weighted average number of common shares outstanding-diluted		**80,584,683**		80,573,443
Earnings per share - reported:				
Basic	$	**0.004**	$	0.001
Diluted	$	**0.004**	$	0.001

19. Brokerage Commissions

The gross sales through third-party dealerships were:

		For 3 months ended July 31, 2020		For 3 months ended July 31, 2019		For 9 months ended July 31, 2020		For 9 months ended July 31, 2019
Brokerage lease	$	**2,416**	$	6,585	$	**7,084**	$	5,100,365
Cost of brokerage lease		**-**		-		**-**		(4,761,534)
		2,416		6,585		**7,084**		338,831
Brokerage sale		**3,141,726**		3,622,661		**7,151,065**		7,294,201
Cost of brokerage sale		**(2,999,604)**		(3,458,428)		**(6,793,405)**		(6,998,619)
		142,122		164,233		**357,661**		295,582
Total brokerage commissions	$	**144,538**	$	170,818	$	**364,744**	$	634,413

(Expressed in Canadian dollars - Unaudited)

20. Sales and Cost of Sales by Nature

Sales include the following major sales by nature:

	For 3 months ended July 31, 2020	For 3 months ended July 31, 2019	For 9 months ended July 31, 2020	For 9 months ended July 31, 2019
Vehicle sales	$ **1,782,139**	$ 747,045	$ **3,460,348**	$ 2,360,824
Finance lease vehicle sales	**-**	178,350	**139,910**	338,832
Interest and administrative income	**580,842**	222,442	**1,634,536**	590,058
Rental revenue	**1,372,459**	1,115,207	**3,934,757**	3,022,691
Registration fees	**56,652**	60,475	**144,329**	180,520
Total	$ **3,792,092**	$ 2,323,519	$ **9,313,880**	$ 6,492,925

Included within cost of sales for the nine months period ended July 31, 2020 is amortization of property under operating lease of $3,790,376 (2019 - $2,455,341)

21. Expense by Nature

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

	For 3 months ended July 31, 2020	For 3 months ended July 31, 2019	For 9 months ended July 31, 2020	For 9 months ended July 31, 2019
Advertising and promotion	$ **18,536**	$ 29,752	$ **53,931**	$ 82,241
Commissions	**199,461**	194,489	**503,819**	611,979
Marketing	**21,487**	17,862	**55,012**	85,201
Meals and entertainment	**8,881**	6,845	**15,790**	37,857
Demo vehicle rental	**16,243**	53,107	**92,724**	168,802
Total	$ **264,609**	$ 302,055	$ **721,276**	$ 986,080

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

	For 3 months ended July 31, 2020	For 3 months ended July 31, 2019	For 9 months ended July 31, 2020	For 9 months ended July 31, 2019
Accounting and legal	$ **34,279**	$ 41,533	$ **140,731**	$ 149,917
Consulting fees	**2,990**	971	**21,071**	9,157
Investor Relationship	**3,020**	21,820	**34,202**	80,005
Regulatory and transfer agent	**11,632**	35,105	**51,199**	71,418
Insurance	**17,117**	15,277	**43,810**	40,010
License and permit	**821**	916	**3,230**	2,816
Office and miscellaneous	**32,518**	22,502	**88,378**	54,049
Repairs and maintenance	**600**	682	**1,800**	1,893
Salaries and wages	**97,912**	54,590	**306,782**	300,287
Total	$ **200,889**	$ 193,396	$ **691,203**	$ 709,552

22. Capital management

The Company's objectives, when managing capital, are to safeguard cash as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its businesses.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue shares or issue debt (secured, unsecured, convertible and/or other types of available debt instruments). The Company is subject to certain externally imposed capital requirements as described in Note 13. The Company did not change its capital management strategy in the nine months ended July 31, 2020 and 2019.

23. Segmented information

The Company is currently generating some of its revenue through the sales of vehicles to third party leasing companies ("Broker Leases"), based on a mutual arrangement.

For the three and nine months period ending July 31, 2020, the Company generated $2,416 and $7,084 of brokerage commission through this leasing company respectively (2019- $6,585 and $338,831) (Note 19).

The Company operates in one business segment being retail sales, leases, and financing for high-end automotive vehicles, boats, and commercial equipment and out of one location being Richmond, BC.

24. Comparative Information

The Company has recognized its end of lease sales within the sales and cost of sales for the quarter ended July 31, 2020. In the three and nine months ended July 31, 2019, these end of lease sales had been recognized within brokerage commission sales, which are presented on a net basis within the Company's statement of comprehensive income (loss). For comparative purposes the July 31, 2019, end of lease sales have been reclassified to conform to the current year presentation. There is no effect on total assets and liabilities. In addition, there is no effect from this reclassification on gross profit or net income (loss) for the three and nine months ended July 31, 2019.

25. Subsequent Events

Subsequent to July 31, 2020, the Company received notices of conversion for an additional $530,000 of the October 3, 2018 Debentures at $0.40 per common share.

On September 21, 2020, the Company increased its Credit Loan Facility by $2,500,000 to a total of $12,500,000.