

Form 45-106F2
Offering Memorandum for Non-Qualifying Issuers

Dated: November 15, 2019

The Issuer

Name: **Finjoy Inc. (the “Corporation”)**
 Head Office: Address: 1411 W. Broadway, Vancouver, British Columbia V6H 1H6
 Phone #: 604-724-8987
 E-mail address: info@finjoy.ca

Currently Listed or Quoted: **No. These securities do not trade on any exchange or market.**

Reporting Issuer: No.

SEDAR Filer: Yes.

The Offering

Securities offered: Up to 5,000,000 Series 1 Class A Preferred shares without par value in the capital of the Corporation (the “**Preferred Shares**”), and up to \$5,000,000 in unsecured convertible promissory notes of the Corporation (“**Convertible Notes**”). The aggregate amount the Corporation will raise under by issuance of Preferred Shares or Convertible Notes is in the amount of up to \$5,000,000.

Price per Preferred Share: \$1.00 per Preferred Share (the “**Issue Price**”).

Minimum/Maximum offering: The Minimum Offering is \$200,000 and the Maximum Offering is \$5,000,000. **Funds available under the Offering may not be sufficient to accomplish our objectives.** See item 8.

Minimum subscription amount: Unless as otherwise approved by the Corporation in exceptional circumstances, the minimum subscription amount for purchase of Preferred Shares and/or a Convertible Note is \$10,000, and a Subscriber can subscribe for both Preferred Shares and a Convertible Note totalling \$10,000.

Payment terms: Until the First Closing (as defined below), payment to be made to **Fasken Martineau DuMoulin LLP in Trust** and after the First Closing, payment to be made to **Finjoy Inc.**, by certified cheque, bank draft or wire transfer, concurrently with the delivery of a duly executed and completed Subscription Agreement, Convertible Note and other related documents as set out in this Offering Memorandum. See item 5.

Proposed closing date(s): Closing of the Offering will take place in tranches, with the first tranche to occur upon the Corporation raising a minimum of \$200,000 (“**First Closing**”). All funds and subscription documents received by the Corporation prior to the First Closing will be held in escrow by the Corporation of the Corporation’s legal counsel, and not used or released to the Corporation until a minimum of \$200,000 is invested under the Offering. If the First Closing does not occur by December 31, 2019, the Corporation will cause to be returned all amounts held in escrow at Fasken Martineau DuMoulin LLP to the Subscriber within 14 days of such date.

Income tax consequences: There are important tax consequences to these securities. See item 6.

Selling agent? No. The Corporation has not appointed a selling agent for the Offering but reserves the right to retain one or more selling agents during the course of Offering.

Resale restrictions

You will be restricted from selling your securities for an indefinite period. See item 10.

Purchaser’s rights

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.

Table of Contents

| | |
|---|-----------|
| 1. USE OF AVAILABLE FUNDS | 1 |
| 1.1 Funds..... | 1 |
| 1.2 Use of the Available Funds..... | 1 |
| 1.3 Reallocation | 2 |
| 1.4 Working Capital Deficiency | 2 |
| 2. BUSINESS OF THE CORPORATION..... | 2 |
| 2.1 Structure..... | 2 |
| 2.2 Our Business | 2 |
| 2.3 Development of Business..... | 7 |
| 2.4 Long Term Objectives | 8 |
| 2.5 Short Term Objectives and How We Intend to Achieve Them | 8 |
| 2.6 Insufficient Funds | 9 |
| 2.7 Material Agreements - Assets to be Acquired | 9 |
| 3. INTEREST OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS..... | 9 |
| 3.1 Compensation and Securities Held | 9 |
| 3.2 Management Experience..... | 10 |
| 3.3 Penalties, Sanctions and Bankruptcy | 10 |
| 4. CAPITAL STRUCTURE..... | 11 |
| 4.1 Share Capital..... | 11 |
| 4.2 Long Term Debt Securities | 11 |
| 5. SECURITIES OFFERED | 12 |
| 5.1 Terms of Securities | 12 |
| 5.2 Subscription Procedure | 14 |
| 6. INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY..... | 14 |
| 7. COMPENSATION PAID TO SELLERS AND FINDERS..... | 15 |
| 8. RISK FACTORS..... | 15 |
| 8.1 Investment Risks | 15 |
| 8.2 Issuer Risks | 17 |
| 8.3 Industry Risks | 18 |
| 9. REPORTING OBLIGATIONS..... | 19 |
| 10. RESALE RESTRICTIONS | 19 |
| 11. SUBSCRIBER'S RIGHTS..... | 19 |
| 12. FINANCIAL STATEMENTS..... | 21 |
| 13. DATE AND CERTIFICATE..... | 74 |
| Schedule "A" - Subscription Agreement..... | 1 |
| Schedule "A" Exhibit 1 Subscription for a Convertible Note..... | 1 |
| Schedule "A" Exhibit 2 Subscription Preferred Shares | 1 |
| EXHIBIT 2 SCHEDULE A TO ARTICLES OF AMENDMENT OF FINJOY INC..... | 1 |
| Schedule "B" | 4 |
| Schedule B-1 | 6 |
| Schedule B-2 <i>Investment Limits for Investors Under the Offering Memorandum Exemption</i> | 8 |

Schedule B-3 *Certificate of Accredited Investor* 10

SCHEDULE “A” DEFINITION OF “ACCREDITED INVESTOR” 12

GLOSSARY OF TERMS

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| “Alberta Securities Act” | means the Alberta <i>Securities Act</i> , RSA 2000, c S-4, and any regulations or amendments thereto; |
| “Accredited Investor Certificate” | means the certificate attached as Schedule C to this Offering Memorandum; |
| “BCSC” | means the British Columbia Securities Commission; |
| “BC Securities Act” | means the British Columbia <i>Securities Act</i> , RSBC 1996, c 418, and any regulations or amendments thereto; |
| “Cash Consideration” | means the \$460,000 payable to Flexfi Creditors, as more particularly described in Section 2.7 under the heading “Assets to be Acquired”; |
| “Consideration Shares” | means Series 2 Class A Preferred shares of the Corporation equal to 20% of the issued and outstanding shares of the Corporation after the completion of any amount under the Offering, as more particularly described in Section 2.7 under the heading “Assets to be Acquired”; |
| “Corporation” | means Finjoy Inc., a corporation duly incorporated under the laws of Canada; |
| “Convertible Note” or “Note” | means the unsecured convertible promissory notes of the Corporation issued under the Offering in the form attached as Error! Reference source not found. to this Offering Memorandum; |
| “Fintech” | means financial technology; |
| “FlexFi” | means FlexFi Inc., a corporation duly continued under the laws of Canada; |
| “Flexfi Creditors” | means the creditors of Flexfi who are entitled to the Cash Consideration and the Consideration Shares as more particularly described in Section 2.7 under the heading “Assets to be Acquired” |
| “Issue Price” | means, with respect to any subscription, the amount that is the product of the number of Preferred Shares and the price of \$1.00 per Preferred Share; |
| “Maximum Offering” | means the Offering of a maximum of up to 5,000,000 Preferred Shares, for a total Subscription Amount of \$5,000,000; |
| “Minimum Offering” | means the Offering of a minimum of \$200,000 through the offering of up to 200,000 Preferred Shares and up to \$200,000 in Convertible Notes, pursuant to this Offering memorandum; |
| “Offering” | means the aggregate offering of up to \$5,000,000 through the offering of up to: 5,000,000 Preferred Shares and/or up to \$5,000,000 in Convertible Notes, pursuant to this Offering Memorandum; |
| “Offering Memorandum” | means this offering memorandum of the Corporation dated November 15, 2019; |
| “Ontario Securities Act” | means the Ontario <i>Securities Act</i> , RSO 1990, c S.5, and any regulations or amendments thereto; |
| “Preferred Shares” | means Series 1 Class A Preferred shares in the capital of the Corporation |

| | |
|-----------------------------------|---|
| | issued under the Offering to Subscribers and Series 2 Class A Preferred Shares of the Corporation issued to the Flexfi Creditors, having the rights, privileges and preferences in the form attached as Schedule "A-2". |
| "Risk Acknowledgment Form" | means Form 45-106F4 as prescribed by securities legislation and also attached as Schedule B to this Offering Memorandum; |
| "RRSP" | means a retirement savings plan registered pursuant to the Tax Act; |
| "Securities" | Means the Preferred Shares or the Convertible Notes or both issued pursuant to this Offering Memorandum; |
| "SEDAR" | means the System for Electronic Document Analysis and Retrieval; |
| "Shareholder" | means a Subscriber for Preferred Shares whose subscription is accepted by the Corporation and any individual, corporation or entity who acquires any one or more Preferred Shares on a subsequent transfer from a Shareholder, including for clarity any Subscriber of a Convertible Note as of the time of conversion of its Convertible Note into Preferred Shares under this Offering; |
| "Subscriber" | means a subscriber for Preferred Shares or a Convertible Note pursuant to this Offering Memorandum; |
| "Subscription Agreement" | means the subscription agreement, which is attached as Schedule "A" to this Offering Memorandum, pursuant to which a Subscriber may agree to purchase Securities; |
| "Subscription Amount" | means the aggregate value of the Offering in an amount up to \$5,000,000; |
| "Tax Act" | means the Canadian <i>Income Tax Act</i> , RSC 1985, c 1 (5th Suppl) and any regulations or amendments thereto; and |
| "\$" | means Canadian dollars. |

1. USE OF AVAILABLE FUNDS

1.1 Funds

The funds available as a result of the Offering will be as follows:

| | Assuming Min. Offering | Assuming Max. Offering |
|--|---------------------------|---------------------------|
| A. Amount to be raised by this Offering | \$200,000 | \$5,000,000 |
| B. Selling commissions and fees | \$14,000* | \$350,000* |
| C. Estimated offering costs (e.g. legal, accounting, audit.) | \$50,000 | \$100,000 |
| D. Available funds: $D = A - (B + C)$ | \$136,000 | \$4,550,000 |
| E. Additional sources of funding required | NIL | NIL |
| F. Total: $D + E$ | \$136,000 | \$4,550,000 |

* The Corporation may engage an agent in respect of the Offering or may pay selling commissions or fees as set out in Row B. The total amount to be raised under the Offering as set it in Row A assumes that selling commissions or fees will be paid. If selling commissions or fees are not required to be paid by the Corporation, the available funds in Row D and the Total in Row F will be increased by the amount of selling commissions or fees not paid.

Pursuant to the terms of this Offering, the Corporation intends to raise up to \$5,000,000 through the issuance of Preferred Shares and/or Convertible Notes. Up to \$350,000 will be paid as selling commissions or fees. The Corporation's determination as to whether to incur activities resulting in payment of selling commissions or fees will be made if deemed necessary and expedient by the board of directors of the Company.

1.2 Use of the Available Funds

The Corporation will use the available funds as follows:

| Description of intended use of available funds listed in order of priority | Assuming Min. Offering | Assuming Max. Offering |
|--|---------------------------|---------------------------|
| Acquire all or substantially all assets of FlexFi, including its intellectual property, accounts receivable, technology platform, customer contracts, customer list and rights of action | \$0 | \$460,000 |
| Funding for operations | \$136,000 | \$4,090,000 |
| | \$136,000 | \$4,550,000 |

If less than the Maximum Offering is raised, the Corporation will reduce the amount of loans that it will issue to its customers and likely spend less on technology development, marketing and other business development activities.

As further described below in Section 2.7 under the heading “Assets to be Acquired”, the Corporation is required to pay the Cash Consideration equal to \$460,000 as partial consideration to acquire all or substantially all assets of FlexFi, which amount is required to be paid by the Corporation in three monthly tranches no later than March 31, 2020, April 30, 2020 and May 31, 2020.

The Corporation will use the available funds, after payment of expenses, including for clarity the payment of the Cash Consideration to grow its operations, including funding working capital requirements, technology development, sales and marketing, to fund new loans and a potential acquisition of a personal lending business and will determine the appropriate timing to pay the cash consideration required to be paid in respect of the assets to be acquired, having regard to the Corporation’s working capital requirements.

1.3 Reallocation

The Corporation does not intend on spending the net proceeds for any other reason other than as indicated in this Offering Memorandum.

1.4 Working Capital Deficiency

The Corporation expects to have an immediate or short term working capital deficiency if only the Minimum Offering is reached. If the Maximum Offering amount is not reached, the Corporation will likely have a working capital deficiency as it advances its business objectives and will explore debt and equity financing options to fund the Corporation’s requirements, which will require the Corporation to sell additional securities or obtain debt financing

Whether the Corporation will have working capital deficiency in the future is dependent on a number of factors outside of the Corporation’s control and may be subject to other factors which are not presently known by the Corporation. As such, the Corporation makes no representation and does not warrant that if the Maximum Offering is reached, the Corporation will not have working capital deficiency.

2. BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation is a Canadian federal corporation incorporated under the *Canada Business Corporations Act* on November 23, 2018 and will be extra-provincially registered in all jurisdictions the Corporation intends to offer its loan products and services. Initially it is the Corporation’s expectation that the Corporation will be extra-provincially registered in British Columbia, Alberta, Manitoba and Ontario.

2.2 Our Business

The Corporation was set up to acquire all or substantially all assets of FlexFi. The objective of the Corporation is to leverage the FlexFi platform to offer consumer loans and other financial products as set out in greater detail in this Offering Memorandum.

The focus of FlexFi’s business is to provide consumer loans to customers who either have no access to bank loans, or who prefer the convenience of dealing with an online lender.

FlexFi has developed and improved its lending and technology platform over a five-year period. Since 2013, FlexFi has originated in excess of five thousand four hundred (5,400) loans with a value of \$14.2 million, and has in excess of eight thousand two hundred (8,200) applicants in its database.

Select information about the loan portfolio include the following items:

1. Average loan size of \$2,500, repayment typically within one year
2. Average interest rate currently in the range of 40% - 44% APR
3. Approximately 40% repeat business rate
4. Revenue per loan of \$897 in 2016, \$870 in 2017 and \$564 in 2018
5. Gross profit per loan of \$514 in 2016, \$644 in 2017 and \$431 in 2018* (not including interest)
6. Adjusted EBITDA per loan of \$218 in 2016, \$102 in 2017 and (\$193) in 2018 *
7. Customer lifetime value of approximately \$868**
8. Highest monthly origination amount (amount lent out) of \$678,000 (August 2016)
9. Highest monthly cash inflow from loan repayments of \$522,000 (September 2016)
10. Acquisition cost per member / application of \$5.50 ***
11. Acquisition cost per loan client of \$20****

For purposes of the above paragraph:

The decline in 2018 as compared to 2016 and 2017 was due to the restrictions imposed by BCSC and the company's inability to raise capital and the resulting decline in the volume of business.

* Non IFRS financial measures derived from audited financial statements for FY 2016, 2017 and 2018.

** Calculated based on repeat business rate and gross profit per loan.

*** Based on 478 applications generated on average in a 6 month period, and the associated marketing expense.

**** Calculated on the basis of a limited test marketing campaign in financial year 2018. 835 new loans were generated from a marketing expenditure of approximately \$17,000. (The \$17,000 is the direct cost spent on advertising. The total marketing and advertising expense for 2018 as per the audited financial statements is \$53,600.

What is added is the text in the brackets.

+ Adjusted EBITDA is a non IFRS financial measure that includes the removal of various one-time, irregular and non-recurring items from EBITDA (Earnings Before Interest Taxes, Depreciation, and Amortization). The purpose of adjusting EBITDA is to get a normalized number that is not distorted by irregular gains, losses, or other items.

It is the Corporation's expectation that an increase in the marketing expenditure will result in an increase in the number of generated loans. Assuming a similar cost per loan generated as noted above and an annual marketing budget of for example \$200,000, it is the Corporation's expectation that the number of loans generated may increase to up to 10,000 loans a year.

Business Vision

The Corporation's vision is to achieve high growth by offering consumer loans and other financial products to customers who are for various reasons not adequately served by banks.

The Online Lending Market

The Canadian consumer loan market represents a growing and changing marketplace. In the recent past, as banks have tightened their lending criteria, more and more customers are finding it difficult to obtain bank loans. As a result, demand for loans from alternative providers has increased. An increasing part of this demand is being met by online lenders who are able to provide more convenient and faster service by leveraging technology and sound business practices.

It is generally accepted that the market share and the prevalence of online lenders is expected to increase, as they offer broader financial services. The Corporation is of the view that the following factors will determine the success of companies in the similar business as the Corporation:

- Ease and speed of loan application and approval process
- Brand recognition and reputation
- Loan interest rates and other features
- Innovative and a comprehensive range of financial product offerings
- Scalable and flexible technology platform
- Accuracy and efficiency of credit model

The Corporation is of the view that the platform developed and in use by FlexFi, including the various process automations, will enable the Corporation to operate efficiently, with competitive rates and higher borrower satisfaction.

Regions of Operation

The Corporation intends to initially offer its products and services in the provinces of British Columbia, Alberta, Manitoba, and Ontario.

The FlexFi Technological Platform

The platform developed by FlexFi is well suited to the purpose of operating and growing an online lending business. FlexFi's online and technology platform seeks to serve Canadian consumers by providing flexible credit solutions, regardless of credit rating. This platform is characterised by following key areas of focus:

1. Accessible and User Friendly – FlexFi's platform is user friendly and provides online and mobile access which the consumer can use from the comfort of their homes and without an in-person visit. Having a customer-centric approach requires providing customers with a high degree of usability, facilitated by a positive consumer experience and self-service.
2. Speed – The online application takes less than 3 minutes to complete. The lending documentation generated through the platform are signed digitally, and the funding can be processed as soon as the same business day.
3. Affordability – FlexFi's platform allows for loans to be offered to consumers regardless of credit scores and at competitive rates. In addition, "The Excel Program" which is designed to reward repeat customers with good payment history, gives customers a chance to save on interest rates.
4. Automation – FlexFi has developed a scalable, end-to-end platform that addresses nearly all aspects of customer acquisition, engagement and servicing. Ensuring a quick and

appropriate process requires streamlining the process to avoid unnecessary steps for the customers.

5. Analytics based – A key feature of FlexFi's platform is the integration of analytics into the overall flow. This facilitates gaining of insights into the various operations areas, and customer experience.
6. Financial Education – FlexFi's focus is on improving the overall financial health of its clients rather than just provide a short-term solution. To this end, FlexFi has a comprehensive financial education section comprising of helpful articles and tools designed to help clients get a better grasp of their finances. In addition, FlexFi reports consumer data to credit bureaus which has the potential of improving a client's credit rating.

The technology platform is integrated into all aspects of the business. The data that is generated is monitored and facilitates a continuous refinement and improvement of the business. This data plays a vital role in the underwriting (credit quality) and marketing functions. The performance of the loans is thus analyzed against several metrics – thus increasing customer engagement by better targeting, reducing delinquency by improving the underwriting model and identifying new market segments and revenue sources.

Some key components of FlexFi's platform include:

1. Marketing - FlexFi relies on technology, including a presence on social media, content marketing, and digital advertising to promote its business. An example of its marketing content promoted in this way is financial educational content, developed in house and targeted at the customer base. These efforts generate consumer interest in its financial products and services while converting and retaining borrowers, as well as building brand awareness in the financial markets.
2. Origination - This is the process of generating applications and converting them into customers. FlexFi heavily relies on technology to accomplish this. An example of this is the digital application process. The application process that is part of the FlexFi platform offers an automated streamlined online application that the average customer can complete in as little as 3 minutes.
3. Underwriting - This is the process of deciding which applications to approve. Technology plays a key role in this area. Based on internal and external data generated from thousands of loan applications, an algorithm has been developed that identifies the level of risk associated with any given loan application. The data, consisting of thousands of data points for any given application, that is analyzed by the algorithms includes income, employment status, length of employment, comprehensive credit bureau information, debt service ratios, banking details, and fraud warnings. The data is then fed into the underwriting model with evaluates the data using close to a hundred different indicators and provides a recommendation as to whether a loan application should be accepted or not, what interest rate should be offered, and what amount.
4. Servicing and collections - Loan servicing is comprised of customer/account maintenance, collections, and processing payments from the borrower. Upon loan origination, a loan repayment schedule is established to coincide with the customer's pay dates, thereby reducing the likelihood of payment problems. This loan repayment process

is automated in order to increase efficiency and customer bank accounts are automatically debited according to the applicable schedule.

5. **Communication** - Technology, including automated messages sent to customers through various platforms, is heavily used in communicating with customers for the purpose of servicing their loans or collecting overdue accounts.

Current and Prospective Competitors

The consumer lending market is beginning to change dramatically and with these changes there will continue to be increased competition and new entrants into the market.

Competitors include traditional financial institutions, such as banks, credit unions, credit card issuers, payday loan companies, other finance companies, online lenders and new market entrants. Among our competitors we can name companies such as Fairstone, Easy Financial, Mogo, Borrowell, and others.

- **EasyFinancial:** EasyFinancial is the personal lending division of GoEasy (TSX: GSY) and one of Canada's leading providers of alternative finance operating mainly in the non-prime market. As per their own estimate, they represent 2% of Canada's \$18bn non-prime, non-auto, non-major bank lending market. They provide unsecured loans up to \$15,000 and real estate secured loans up to \$25,000 with rates ranging from 19.99%-46.96%. EasyFinancial was established in 2006 and currently has \$602 Million in gross loan AR, having more than 650,000 loan originations since inception. EasyFinancial is still mainly retail based as only one third of their originations are online. Their net historical charge-off rate is 14%.
- **Fairstone:** Fairstone is Canada's leading non-bank lender operational since 1923 with more than 225 branches across Canada. As per EasyFinancial's estimate, Fairstone represents 10% of Canada's \$18bn non-prime, non-auto, non-major bank lending market. Formerly known as CitiFinancial, Fairstone was bought by US Equity firm, JC Flowers and Co in 2017. At that time, the estimated assets of Fairstone was \$2.5bn. Fairstone provides both secured and unsecured loans up to \$30,000 and \$20,000 respectively with rates from 19.99% to 39.99%, and mortgage loans up to \$400,000. Like EasyFinancial, Fairstone is also mainly retail based as part of their application process requires a visit to one of their retail shops.
- **Mogo** (TSX: Mogo): Founded in 2003 and IPO in 2015, Mogo is a Canadian Fintech company. Mogo has a wide range of financial products including credit monitoring, prepaid Visa card, mobile mortgage platform and a mobile platform for trading bitcoins. This has resulted in a diversified stream of revenue for Mogo with subscription and service fees accounting for more than 30% of their revenue. Mogo caters to a wide range of credit profile and has more than 600 thousand members. They provide personal loans up to \$35,000 with max APR 45.6%. As of Q4 2017, their net loan AR was \$73 Million with a charge-off rate of 19.7%. It has since gone down as Mogo moves away from short term riskier loans.
- **Borrowell:** Founded in 2014, Borrowell is another Canadian Fintech company. Borrowell has two distinct sources of revenue- referring financial products such as loans, credit cards, mortgages etc. and offering their own loans. As of July 2017, more than 300,000 consumers had used their products. Borrowell offers unsecured loans up to \$35,000 and has one of the lowest non-bank rates at 5.6%. However, they also serve only near prime and prime customers. In 2017, they raised \$57 Million to expand their lending

and credit education ventures. The credit education includes providing free credit scores and reports for product recommendations.

It is also possible that other new and established financial services companies, some of whom may possess large, existing customer bases and substantial financial resources, may enter the market in the future.

2.3 Development of Business

Investment Objective and Strategy

The Corporation's overarching goal is to be a leading Fintech company in Canada, offering loans and other financial products. The Corporation intends to pursue this objective by:

- **Acquiring FlexFi's platform:** Acquire the technology platform and the customer base of FlexFi and use that platform to service FlexFi's current customer base, as well as new customers acquired by other means.
- **Continuously investing in the technology platform:** Continue investing in the technology platform. This includes continued improvement in the data sources, algorithms, and other elements of the platform to improve the speed and efficiency of the platform. The ongoing investment in the technology platform and capabilities are expected to be a key driver of growth by enabling better customer experience and lower costs.
- **Increasing the size of the loan portfolio:** Obtain adequate capital to meet market demand for loan products to generate revenue.
- **Offering new products:** Offer new products, in addition to consumer loans to FlexFi's existing customer base and to new customers.
- **Expanding into new vertical markets:** Leverage our platform to expand into new vertical markets, including mortgages for further growth.

Diversification

There is an unmet need in the market for financial services other than consumer loans that we can address. This will play an important part in the development of the Corporation. We have worked on developing a number of such initiatives, which include, but are not limited to:

- **Credit rebuild products:** An example of this is a type of secured loan which can help rebuild the credit profile of a customer. The features and details of this product have already been developed, and we expect to be able to launch it in late 2018. We anticipate offering this product to customers who may not qualify for the standard personal loan, thereby opening a new source of revenue.
- **Loan insurance:** This is a product that functions similarly to mortgage insurance and helps our customers insure themselves against certain adverse events that can prevent them from servicing their loans. The benefits of offering this product include a new revenue stream as well as protection against some loan defaults.

- **Secured and/or prepaid credit cards:** In some cases, such credit cards can help improve the credit profile of customers and/or improve their control over their spending.
- **Specialty consumer loans:** Examples of these include loans intended for covering medical expenses. Some of these niche loans will be targeted at the prime segment of the market.
- **Mortgage brokerage:** Having access to the consumer loan customer base will enable the Corporation to also offer mortgage solutions to its customers. The Corporation does not contemplate becoming a mortgage lender. Rather, it plans to act as a broker, connecting its customer base with mortgage lenders and thereby generating commissions as a new revenue source, without assuming risks associated with mortgage lending. Relevant licenses will need to be obtained for this purpose.

In addition, opportunities related to other financial products are continuously assessed.

2.4 Long Term Objectives

The Corporation's long term objective is to be established as a leading Fintech provider of online loans and related financial products in the markets we operate in to capitalize on the opportunities presented by the size of the financial services market in Canada and the trend among users towards increased interaction with Fintech companies.

To achieve this objective the Corporation will conduct its business with a view to generating at least 10,000 loans per year on an ongoing basis, maintaining a sub-10% delinquency rate in repayments, and providing best in class prompt and professional customer service to our loan client. In addition, the Corporation will need to continuously innovate and advance the Corporation's technology platform, systems, and range of offerings to be recognized as a leading provider of loans in the target market of the Corporation and compete with other providers of similar services in the future.

2.5 Short Term Objectives and How We Intend to Achieve Them

The Corporation's principal short-term objective over the next twelve (12) months is to complete the Offering and use the net proceeds to: (a) pay the Cash Consideration for the FlexFi asset as described in Section 2.7 under the heading "Assets to be Acquired" and integrate the assets in the Corporation's business; (b) expand the Corporation's loan portfolio; and (c) focus on technology development and marketing activities.

| What we must do and how we will do it | Target completion date or, if not known, number of months to complete | Our cost to complete |
|---|---|--|
| The Corporation intends to raise capital pursuant to the Offering, to use the raised capital to pay the Cash Consideration, and to generate and grow a loan portfolio subject to market conditions. | Since the Corporation has an ongoing investment program, there is no target completion date for its business plan. Investments are made as the Corporation's available funds permit. | \$64,000 if the Minimum Offering is raised under the Offering and \$450K if Maximum Offering is raised under the Offering, provided that if additional funds are raised under the Offering, the Corporation intends to use additional amounts to pay the Cash Consideration and invest |

| | | |
|--|--|---|
| | | in additional technology development and marketing activities and expanding the Corporation's loan portfolio. |
|--|--|---|

2.6 Insufficient Funds

The proceeds of this Offering may not be sufficient to accomplish all of the Corporation's proposed objectives. There is no assurance that alternative or additional financing will be available.

2.7 Material Agreements - Assets to be Acquired

The Corporation entered into a Purchase Agreement with Flexfi on September 25, 2019 ("**Purchase Agreement**") to purchase all or substantially all assets of FlexFi to enable the operation of the business of the Corporation, initially in substantially the same manner as that provided by FlexFi. The assets purchased include by are not limited to:

1. Proprietary software and licensed software that make up the FlexFi Technological Platform (as described more fully below), including all intellectual property therein;
2. All customer contracts with borrowers that make up the loan portfolio of FlexFi, including all benefits and entitlements under the loan portfolio;
3. Certain contracts with suppliers; and
4. All intangible and tangible assets including but not limited to all business process documentation, marketing material, and customer lists that enable the carrying out of the FlexFi business as currently carried out.

The completion of the purchase of the assets is subject to payment of the Cash Consideration and issuance of the Consideration Shares to the Flexfi Creditors.

The Cash Consideration will be paid by way of issuance of promissory notes in the amount of \$160,000 maturing on March 31, 2020, \$150,000 maturing on April 30, 2020 and \$150,000 maturing on May 31, 2019 (collectively, the "**Creditor Notes**"). The Creditor Notes will be secured by way of a general security interest granted by Finjoy to or in respect of the Flexfi Creditors.

The completion of the purchase of the assets pursuant to the Purchase Agreement is subject to certain conditions precedent as set forth in the Purchase Agreement.

3. INTEREST OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out information about each director, officer and promoter of Corporation and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "**Principal Holder**").

| Name and municipality of principal residence | Positions Held and the date of obtaining that position | Compensation paid by the Corporation or related party since inception and the compensation anticipated to be paid in the current financial year | Number, type and percentage of securities of the Corporation held after completion of min. offering | Number, type and percentage of securities of the issuer held after completion of max. offering. |
|---|---|--|--|--|
| Afshin Ardalan North Vancouver, BC | Director and Chief Executive Officer from November 23, 2018 | \$96,000 on an annual basis in 2020 | 5,000,000 Common shares - 77% * ** | 5,000,000 Common shares - 40% * ** |

* - This assumes that 100% of the Offering proceeds will be raised from sale of Preferred Shares.

** - Upon purchase of Flexfi assets under the Purchase Agreement, the Consideration Shares will be issued to the creditors of Flexi, thereby reducing the noted percentage amounts accordingly.

3.2 Management Experience

The following is a summary of the principal occupations of the Corporation's director and executive officer over the past five years and his relevant experience.

| Name | Principal Occupation and related experience |
|---|---|
| Afshin Ardalan, MBA Director, Chief Executive Officer | <p>Mr. Ardalan's principal occupation is to serve as the Chief Executive Officer and a Director of the Corporation. He has over 20 years of experience in business development including setting up and managing branch offices for various multinational companies in all parts of the world with a particular focus on North America, Europe and Asia-Pacific.</p> <p>His experience includes working as a project manager at Nestle's international headquarters in Switzerland, the world's largest food and beverage company, where he outsourced projects with deal values in excess of \$100 million.</p> <p>Mr. Ardalan has also served as manager with Metro International, a Swedish based publishing company, establishing the company's presence and operations in over a dozen countries.</p> <p>Mr Ardalan's most recent experience is acting as a founder, President and Director of FlexFi.</p> |

3.3 Penalties, Sanctions and Bankruptcy

FlexFi and Afshin Ardalan were subject to sanctions issued by the BCSC on May 24, 2018. The BCSC found that FlexFi issued "securities", as defined under the BC Securities Act, without filing a prospectus

and without seeking a prospectus exemption. The BCSC also held that as FlexFi's president and sole director, Mr. Ardalan was liable for FlexFi's contraventions of the BC Securities Act.

The BCSC ordered Mr. Ardalan to comply with a 4-year ban from acting as a director or officer of any issuer or registrant, with the exception of FlexFi. Mr. Ardalan was also prohibited from engaging in other specified activities in the securities markets. Mr. Ardalan was ordered to pay and has since paid an administrative penalty of \$40,000. Similarly, the BCSC ordered FlexFi to comply with a 4-year ban from trading in or purchasing any securities, relying on any of the exemptions, as well as other activities in the securities markets. Full details of the sanctions and the reasoning are available on BCSC's website at <https://www.bcsbc.ca/Enforcement/Decisions/>.

A variation order dated November 9, 2018 has been obtained from the BCSC allowing Mr. Ardalan to proceed with an offering memorandum, including to act as a director and officer of the Corporation.

A further variation order dated November 4, 2019 has been obtained from the BCSC allowing Mr. Ardalan to proceed with this Offering Memorandum.

4. CAPITAL STRUCTURE

4.1 Share Capital

| Description of Security | Number authorized to be issued | Number outstanding as at November 15, 2019 | Number outstanding after min. offering | Number outstanding after max. offering |
|-----------------------------------|--------------------------------|--|--|--|
| Common shares | Unlimited | 5,000,000 | 5,000,000 * | 5,000,000 |
| Series 1 Class A Preferred shares | Unlimited | Nil | 200,000 * | 5,000,000 * |
| Series 2 Class A Preferred shares | Unlimited | Nil | 1,300,000 | 2,500,000 |

* - This assumes that: (i) 100% of the Minimum Offering or 100% of the Maximum Offering, as applicable, will be raised from sale of Preferred Shares; and (ii) the Corporation will issue 1,300,000 Preferred Shares to creditors of Flexfi, such amount being equal to 20% of the issued and outstanding shares of the Corporation after the completion of the Minimum Offering, or the Corporation will issue 2,500,000 Preferred Shares to creditors of Flexfi, such amount being equal to 20% of the issued and outstanding shares of the Corporation after the completion of the Maximum Offering, as issuance of such Preferred Shares is required under the terms of the Purchase Agreement as described in Section 2.7 under the heading "Assets to be Acquired".

4.2 Long Term Debt Securities

The Corporation currently has no outstanding long term debt. The Corporation does not expect to have long term debt upon closing of the Offering and for a period of 12-18 months thereafter, assuming the Corporation is able to raise the Maximum Offering amount and there is no change in the business of the Corporation. Notwithstanding the foregoing, if the Corporation proceeds with the potential acquisition of as competing business as noted above, the Corporation may be required to obtain long term debt as a means to finance the acquisition.

5. SECURITIES OFFERED

5.1 Terms of Securities

Preferred Shares

The primary rights, privileges, entitlements and restrictions of the Series 1 Class A Preferred Shares and the Series 2 Class A Preferred Shares, including the following and which are more particularly set out in Schedule A Exhibit 2.

Liquidation Preference

One times the Issue Price plus declared but unpaid dividends on each Preferred Share upon the occurrence of a Liquidation, with the remaining balance of proceeds shall be distributed pro rata to the holders of the Corporation's Common shares ("**Common Shares**"). A "**Liquidation**" shall be defined as a (i) merger, reorganization or similar transaction whereby the shareholders of the Corporation own less than a majority of the shares of the surviving or successor company; (ii) a dissolution or winding up; or (iii) a sale, license or other disposition of all or substantially all intellectual property assets.

Dividends

If, as and when declared by the Board of Directors of the Corporation ("**Board**"). No dividends may be declared on the Common Shares without an equal per share dividend declared on the Preferred Shares.

Conversion

Each Preferred Share shall be convertible into one Common Share (subject to proportional adjustments for stock splits, stock dividends and the like and for anti-dilution adjustments) (i) at any time at the option of the Subscriber, or (ii) automatically upon (A) the closing of a firmly underwritten public offering of Common Shares resulting in minimum gross proceeds of \$5,000,000 to the Corporation, or (B) the written consent of the holders of majority of the outstanding Preferred Shares.

Voting Rights

Preferred Shares vote together with the Common Shares on all matters on an as-converted basis. Each holder of the outstanding Preferred Shares will be required to exercise its right to not dissent in respect of any corporate action of the Corporation, to the extent the right to waive dissent is provided in the *Canada Business Corporations Act*.

Anti-Dilution

In the event the Corporation issues additional securities at a purchase price below the Issue Price, the Conversion Price will be adjusted based on a broad-based weighted-average anti-dilution adjustment formula, subject to customary exceptions for issuance of shares pursuant to a Board approved stock option plan, consolidations, share-splits and the like. "**Conversion Price**" shall initially be equal to the Issue Price, as adjusted from time to time for proportional adjustments for stock splits, stock dividends and the like and for anti-dilution adjustments.

Convertible Notes

The primary terms of the Convertible Notes are summarized as follows and a copy of and Unsecured Convertible Note is attached as Schedule A Exhibit 1.

Maturity: Unless a conversion occurs under the terms of the Note, the principal (the “**Principal**”), together with any accrued and unpaid interest on such Principal (“**Interest**” and together with the Principal, the “**Indebtedness**”), will be due and payable in full on the date that is 36 months from the date of subscription (the “**Maturity Date**”).

Security: The Note will be an unsecured obligation of the Corporation.

Interest: The Principal will accrue interest at a rate of 8% per annum, simple interest as of the date of issuance of the Note, and will be payable on a monthly basis on the last day of each month.

In the event the Indebtedness remains outstanding after the Maturity Date, any portion of the Indebtedness outstanding shall accrue interest at a rate of 10% per annum, simple interest.

Conversion: Qualified Financing. The Principal shall at the option of each Subscriber convert into fully paid and non-assessable shares of such securities (the “**Next Financing Securities**”) as are issued in a transaction or series of related transactions occurring prior to the Maturity Date with aggregate gross proceeds of at least \$4,000,000 (a “**Qualified Financing**”), not including the amount resulting from the conversion of the Notes, at a price per share equal to the lower of: (a) the lowest price per Next Financing Security (or units thereof) sold in the Qualified Financing; and (b) at \$1.25, as may be adjusted from time to time for any share consolidations, subdivisions or other similar reorganization (the “**Conversion Price per Share**”).

Acquisition. In the event of a Liquidation (as defined above) on or before the Maturity Date, the Subscriber shall have the right to elect to have the Principal, or any portion of it, repaid concurrently with the closing of the Liquidity Event or converted into Preferred Shares at the Conversion Price per Share.

Maturity Date. On the Maturity Date, the Subscriber shall have the right to elect to have the Principal, or any portion of it, repaid or converted into Preferred Shares at the Conversion Price per Share.

Voluntary Conversion. If the Corporation has delivered a Prepayment Notice (as defined below) prior to the Maturity Date, the Subscriber shall have the right to convert the Principal, or any portion of it, into Preferred Shares at the Conversion Price per Share, prior to the prepayment right.

Prepayment The Corporation shall have the right at any time to repay any portion of or all of the Indebtedness, after the Corporation has delivered a written notice of prepayment to the Subscriber (“**Prepayment Notice**”) at least 14 days prior to the intended date of prepayment.

5.2 Subscription Procedure

Upon the Minimum Offering amount being reached, the first Closing will occur. All funds and subscription documents received by the Corporation prior to the First Closing will be held in escrow by the Corporation of the Corporation's legal counsel, and not used or released to the Corporation until (i) the mandatory two-day hold period has passed, and (ii) a minimum of \$200,000 is invested under the Offering. If the First Closing does not occur by December 31, 2019, the Corporation will cause to be returned all amounts held in escrow at Fasken Martineau DuMoulin LLP to the Subscriber within 14 days of such date.

In connection with each Closing, each Subscriber will be provided with the following documents in connection with completion of the purchase of Preferred Shares or a Convertible Note:

1. Subscription Agreement in the form prescribed by the Corporation to set out the terms in respect of the purchase of the Securities by the Subscriber for completion and execution;
2. if applicable, a Share Subscription substantially in the form attached as Schedule A Exhibit 2, setting out the terms in respect of the purchase of the Preferred Shares by the Subscriber for completion and execution;
3. if applicable, a Convertible Note substantially in the form attached as Schedule A Exhibit 1, setting out the terms in respect of the purchase of the Convertible Note by the Subscriber for completion and execution;
4. a Risk Acknowledgement Form in the form prescribed under applicable securities laws for completion and execution;
5. if applicable, an Accredited Investor Certificate in the form prescribed under applicable securities laws, if the Subscriber is resident in any Canadian province other than British Columbia and invests in excess of \$10,000 for completion and execution;
6. if applicable, an Eligible Investor Certificate, the form prescribed under applicable securities laws if the Subscriber is an "eligible investor" (as defined in National Instrument 45-106), is resident in Alberta or Ontario and invests up to \$30,000 in any 12 month period for completion and execution;
7. a copy of the Articles of Amendment of the Corporation setting out the rights, entitlements, privileges and restrictions set out in Section 5.1 and Schedule A Exhibit 2; and
8. if applicable, a copy of the Share Certificate or confirmation of issuance of the Preferred Shares in the name of the Subscriber.

Until the First Closing, Subscribers are to make payment to Fasken Martineau DuMoulin LLP in Trust and after the First Closing, payment to be made to Finjoy Inc., by certified cheque, bank draft or wire transfer, concurrently with the delivery of a duly executed and completed Subscription Agreement, Convertible Note and other related documents as set out above.

6. INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

The Preferred Shares qualify as eligible investments under the Tax Act for investments by registered RRSP or TFSA accounts, provided that the Subscriber meets certain eligibility requirements to contribute the Preferred Shares to a registered RRSP or TFSA account. Subscribers are advised to seek their own independent tax advice as to whether the Preferred Shares purchased by them are eligible for investing through an RRSP or TFSA account.

7. COMPENSATION PAID TO SELLERS AND FINDERS

The Corporation has not appointed a selling agent. The Securities are offered directly to the potential investors, or where permitted by applicable law, distributed through agents or other third parties.

8. RISK FACTORS

The Offering should be considered highly speculative due to the nature and stage of development of the Corporation's business. The Securities involve a number of significant risks which may adversely affect the Corporation's operations, results, prospects and financial condition, and which could cause the value of the Securities to decline and cause the Subscriber to lose their entire investment. Potential Subscribers should carefully consider the factors below. The following is only a summary of the material risk factors involved in an investment in the Securities. Prospective Subscribers should review the risks with their legal and financial advisors.

8.1 Investment Risks

No Guaranteed Return

The recovery of your initial investment is at risk, and the anticipated return on your investment is based on many performance assumptions. There is no guarantee that an investment in the Corporation will earn any positive return in the short or long-term.

Price for the Preferred Shares Determined Arbitrarily

Management of the Corporation has arbitrarily determined the Issue Price of the Preferred Shares and the per share price the Indebtedness under the Notes is convertible into Preferred Shares pursuant to this Offering. Management of the Corporation makes no representation to prospective Subscribers as to the market value of the Preferred Shares. All prospective Subscribers are urged to consider the purchase of the Preferred Shares on its merits as an investment and to consult professional advisors having relevant expertise.

The Convertible Debt is Unsecured

The Convertible Notes are debt obligations of the Corporation that at law rank senior to shares of the Corporation but rank junior to secured indebtedness of the Corporation any amounts payable to Canada Revenue Agency or certain payment of salaries and benefits to employees of the Corporation.

No Certainty of Repayment

There is no certainty that the Corporation will have the financial ability to repay the Convertible Notes on the Maturity Date (being 36 months after issuance) and the Convertible Notes may be required to be converted to shares of the Corporation as set forth above.

No Market for Securities

This Offering Memorandum constitutes a private offering of the Securities by the Corporation only in those jurisdictions where, and to those persons to whom, they may be lawfully offered for sale under exemptions in applicable securities laws. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement or public offering of the Securities. Subscribers to this Offering Memorandum will not have the benefit of a review of the material by any regulator or regulatory authority.

As the Offering is offered without the benefit of a prospectus, the Securities will be subject to a number of resale restrictions, including a restriction on trading. The Securities may not be resold or otherwise transferred until the trading restriction expires or unless the Subscriber complies with very limited exemptions from the prospectus requirements under applicable securities law. Therefore, there is significant risk that Subscribers may be unable to liquidate their investment in the Securities in a timely manner, if at all, withdraw their capital, or pledge their Securities as collateral, and Subscribers must be prepared to bear the economic risk of investment. An investment in the Securities should only be considered by prospective Subscribers who do not require liquidity. See Item 10 - Resale Restrictions.

Highly Speculative

An investment in the Securities is highly speculative. Subscribers should buy them only if they are able to bear the risk of the entire loss of their investment and have no need for immediate liquidity in their investment. An investment in the Securities should not constitute a major portion of a Subscriber's portfolio.

The Preferred Shares and Convertible Notes Are Not Insured

The Securities are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada). The Corporation is not a member institution of the Canada Deposit Insurance Trust and the Preferred Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Trust.

Additional Debt

The Corporation may undertake additional financings and issue additional debt or equity instruments in the future. Such additional financing may be issued without the approval of Subscribers, and may be issued in such number and for such price as is determined in the sole discretion of the Corporation. Shareholders have no pre-emptive rights in connection with such additional issuances. It is not possible to predict the effect, if any, that future issuances of debt or equity instruments will have on the fair market value of the Preferred Shares. With any additional issuance of debt or equity instruments, Shareholders may experience dilution.

Securities Regulatory Risk

In the event that the Corporation were to become subject to any cease trade order, penalty or sanction which limited or otherwise adversely affected its ability to issue securities and/or otherwise proceed with its business plans as described in this Offering Memorandum (collectively referred to as an "Adverse Event"), such Adverse Event could have a material adverse effect on the returns to Subscribers, including a partial or full loss of the investment by Subscribers.

Legal Liability

To the extent the Corporation were to incur legal and/or other liabilities, howsoever arising, which resulted in financial losses to the Corporation, there is nothing that would preclude a claimant from pursuing reimbursement from and claiming against any or all of the assets of the Corporation. In other words, a claim in respect of the investment outlined in this Offering Memorandum could potentially have a material adverse effect on the Corporation as a whole and on the return on investment realized by Subscribers. Similarly, a claim in respect of an acquisition or investment by the Corporation, with funds raised from the issuance of Securities, could have a material adverse effect on the Corporation and, accordingly, on the interest and principal repayment to holders of Notes.

8.2 Issuer Risks

Acquisition of FlexFi's Assets

There is a risk that the Corporation will not be able to pay Flexfi the Cash Consideration on dates due (as described in Section 2.7), resulting in the right of Flexfi to exercise its security interest granted against the assets of the Corporation, including all assets purchased by the Corporation from Flexfi. If the assets of the Corporation are realized by Flexi as a result of enforcement of its security interest, the Corporation may not have the right to such assets as such date of realization and may not be able to continue its business as intended to be immediately carried, as described in this Offering Memorandum.

Quality of Flexfi's Loan Portfolio

There is risk that certain of the loans in the loan portfolio of FlexFi will not be recoverable and there may be delinquency in receipt of payments and there is a risk that the assets of FlexFi do not have the value attributed to them.

Additional Funding

The Corporation may require additional capital and financing to fund its planned development and operations generally Significant additional financing in excess of that available from the Offering may be required to meet the financing requirements of the Corporation.

In the event that the Corporation is unable to raise sufficient funds by way of other debt or equity financings or corporate collaborations, the Corporation will have insufficient funds available to implements its business plan. In addition, the Corporation may be required to delay, reduce the scope of, eliminate or divest one or more of its projects, any of which could have a material adverse effect on the Corporation's business, financial condition and results of operations. There is significant risk that additional financing may not be available or may not be available at economic rates and hence your investment may be at significant risk or may be significantly diluted.

Ability to Generate Sufficient Volume of Loans

There is a risk that the Corporation will be unable to generate a sufficient volume of loans, and hence a sufficient level of revenue to assure the profitability of the business. While the demand for personal loans and other financial products is currently high, there is no guarantee this will continue to be the case.

Ability to Recover Loans

There is a risk some of the Corporation's customers are unable or unwilling to repay their loans to the Corporation, and that some, or all of these loans will go into default.

Business Expansion

There is a risk that the Corporation will be unable to execute on the plans for launching and offering new products. Launching some of these products is dependent on collaborating with third party companies and there is no guarantee an agreement can be reached with some or all of such companies.

Availability of Technology

As a Fintech company the Corporation will be heavily reliant on the use of technology, many components of which are provided by third parties. There is a risk associated with technology related interruptions.

Cybersecurity

The Corporation obtains and processes large amounts of sensitive data, including customers' personal and credit information. The Corporation faces risks, including its reputation as a trusted brand, in the handling and protection of this data, and these risks will increase as the business continues to expand to include new products and technologies. Security breaches, computer malware and computer hacking attacks are an ongoing concerns for the Corporation.

Reliance on Key Personnel

The Corporation will rely on Mr. Ardalan as key employee. The death or disability of Mr. Ardalan may have a significant and adverse effect on the financial condition, business and operations of the Corporation because Mr. Ardalan is the founder, Chief Executive Officer and Director of the Corporation.

Competition

The Corporation is a small company with limited resources competing against well-funded organization that are much larger. Refer to a discussion on competitors of the Corporation in Section 2.3 above.

8.3 Industry Risks**Intellectual Property Rights**

The business of the Corporation will be heavily based on protection of intellectual property rights. If another party makes claims to the intellectual property rights of the Corporation, or if a third party infringes upon the intellectual property rights of the Corporation, considerable expense or loss may be incurred by the Corporation.

Government Regulations

The Corporation may be subject to various laws, regulations, regulatory actions and court decisions that may have negative effects on the Corporation. Changes in the regulatory environment imposed upon the Corporation could adversely affect the ability of the Corporation to attain its corporate objectives. Legal, tax and other regulatory changes may occur that may adversely affect the Corporation. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the business of the Corporation.

Political and Economic Conditions

There is a risk the general political and economic conditions will change in the markets that the Corporation operates in, thereby adversely affecting the prospects of the business.

9. REPORTING OBLIGATIONS

The Corporation is not a reporting issuer in British Columbia or in any other jurisdiction and has no reporting obligations to Shareholders. As a non-reporting issuer, the Corporation is not required to publish financial information or notify the public of changes in its business.

We are not required to send you any documents on an annual or on-going basis.

10. RESALE RESTRICTIONS

The Securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the Securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

11. SUBSCRIBER'S RIGHTS

If you purchase the Securities you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

1. Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

2. Statutory Rights of Action in the Event of a Misrepresentation

For Subscribers Resident in British Columbia

The BC Securities Act provides purchasers resident in the Province of British Columbia (each a “**B.C. Subscriber**”) with, in addition to any other right they may have at law, rights of rescission or damages, or both, where an offering memorandum, together with any amendments thereto, contains a misrepresentation.

In particular, section 132.1 of the BC Securities Act provides that if this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, and it was a misrepresentation at the time of purchase of the Securities, a B.C. Subscriber to whom this Offering Memorandum was delivered and who purchased Securities offered hereunder shall be deemed to have relied on the misrepresentation and has, subject as hereinafter provided, a right of action against the Corporation, every director of Corporation at the date of the Offering Memorandum and every person who signed the Offering Memorandum for damages, which liability if found or admitted will be joint and several, and a right of rescission against the Corporation, provided that if the B.C. Subscriber elects to exercise a right of rescission against the Corporation, the B.C. Subscriber has no right of action for damages against the Corporation, and provided that:

- (a) an action to enforce such right or rights must not be commenced (i) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action, or (ii) in the case of an action other than for rescission, more than the earlier of (A) 180 days after the B.C. Subscriber first had knowledge of the facts giving

rise to the cause of action, or (B) 3 years after the date of the transaction that gave rise to the cause of action;

- (b) no person will be liable if he, she or it proves that the B.C. Subscriber had knowledge of the misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any part of the damages that it proves does not represent the depreciation in value of the Preferred Shares resulting from the misrepresentation; and
- (d) in no case will the amount recoverable in any action exceed the price at which the Preferred Shares were offered under the Offering Memorandum.

For Subscribers Resident in Alberta

The Alberta Securities Act provides purchasers resident in the Province of Alberta (each an “**Alberta Subscriber**”) with, in addition to any other right they may have at law, rights of rescission or damages, where an offering memorandum, together with any amendments thereto, contains a misrepresentation.

In particular, section 204 of the Alberta Securities Act provides that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to an Alberta Subscriber and contains a misrepresentation, and it was a misrepresentation at the time of purchase of the Preferred Shares, an Alberta Subscriber to whom this Offering Memorandum was delivered and who purchased Securities offered hereunder (without regard to whether the purchaser relied upon such misrepresentation) has, subject as hereinafter provided, a right of action against the Corporation, every director of the Corporation at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum for damages, which liability if found or admitted will be joint and several, or alternatively, a right of action against the Corporation for rescission, provided that if the Alberta Subscriber elects to exercise a right of rescission against the Corporation, the Alberta Subscriber has no right of action for damages against the Corporation or other above named person, and provided that:

- (a) an action is commenced to enforce such right (i) in the case of an action for rescission, within 180 days after the date the transaction that gave rise to the cause of action or (ii) in the case of any other action, other than an action for rescission, the earlier of, (a) 180 days from the date that the Alberta Subscriber first had knowledge of the facts giving rise to the cause of action, or (b) 3 years from the date of the transaction that gave rise to the cause of action was completed or committed, as the case may be;
- (b) no person will be liable if he, she or it proves that the Alberta Subscriber had knowledge of the misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any part of the damages that it proves does not represent the depreciation in value of the Securities as a result of the misrepresentation; and
- (d) in no case will the amount recoverable in any action exceed the price at which the Securities were sold to the Alberta Subscriber.

For Subscribers Resident in Ontario

The Ontario Securities Act provides purchasers resident in the Province of Ontario (each an “**Ontario Subscriber**”) with, in addition to any other right they may have at law, rights of rescission or damages where an Offering Memorandum, together with any amendments thereto contains a misrepresentation.

In particular, section 130.1 of the Ontario Securities Act provides that if this Offering Memorandum contains a misrepresentation, an Ontario Subscriber who purchases Securities offered by this Offering Memorandum during the period of distribution has a right of action for damages against the Corporation or, alternatively, may elect to exercise a right of rescission against the Corporation, without regard to whether the Ontario Subscriber relied on the misrepresentation, provided that if the Ontario Subscriber exercises its right of rescission, it shall not have a right of action for damages against the Corporation, and provided that:

- (a) no action shall be commenced to enforce these rights more than (i) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or (ii) in the case of any action, other than an action for rescission, the earlier of (A) 180 days after the Ontario Subscriber first had knowledge of the fact giving rise to the cause of action, or (B) three years after the date of the transaction that gave rise to the cause of action;
- (b) the Corporation will not be liable if it proves that the Ontario Subscriber purchased the Securities with knowledge of the misrepresentation;
- (c) in an action for damages, the Corporation will not be liable for all or any portion of the damages that the Corporation proves do not represent the depreciation in value of the Securities as a result of the misrepresentation relied upon; and
- (d) in no case will the amount recoverable exceed the price at which the Securities were offered.

The rights discussed above are in addition to and without derogation from any other rights the subscriber may have at law. For information about your rights, you should consult a lawyer. The foregoing summaries are subject to the express provision of the BC Securities Act, the Alberta Securities Act and the Ontario Securities Act as applicable and the rules, regulations and policy statements thereunder and reference is made thereto or the complete text of such provisions.

12. FINANCIAL STATEMENTS

Attached to this Offering Memorandum immediately following this Item are the audited financial statements for FlexFi for fiscal years ended August 31, 2016, August 31, 2017 and August 31, 2018.

The Corporation does not presently intend to prepare audited financial statements on a go forward basis. It will be a term of the Subscription Agreements that the Subscriber will waive and agree to waive the right to require the Corporation to prepare and present audited financial statements to the Subscriber and other shareholders of the Corporation.



FlexFi Inc.
Financial Statements
Years ended August 31, 2017 and 2016

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
FlexFi Inc.

We have audited the accompanying financial statements of FlexFi Inc., which comprise the statements of financial position as at August 31, 2017 and 2016, and the statements of loss and comprehensive loss, cash flows, and changes to shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of FlexFi Inc. as at August 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about FlexFi Inc.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

September 28, 2018



STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

| AS AT AUGUST 31, | 2017 | 2016 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 764,372 | \$ 128,761 |
| Loans Receivable (Note 5) | 1,974,485 | 3,427,397 |
| Prepaid Expenses | - | 200 |
| Due from Related Parties (Note 8) | 480,306 | 406,991 |
| Equipment (Note 6) | 5,652 | 17,681 |
| Intangible Assets (Note 7) | 41,716 | 2,356 |
| TOTAL ASSETS | \$ 3,266,531 | \$ 3,983,386 |
| LIABILITIES | | |
| Accounts Payables and Accrued Liabilities | \$ 30,078 | \$ 84,583 |
| Loans Payable (Note 9) | 4,600,000 | 4,625,000 |
| Wages Payable | 6,755 | 34,041 |
| TOTAL LIABILITIES | 4,636,833 | 4,743,624 |
| SHAREHOLDERS' DEFICIENCY | | |
| Share Capital (Note 10) | 1 | 1 |
| Deficit | (1,370,303) | (760,239) |
| | (1,370,302) | (760,238) |
| TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIENCY | \$ 3,266,531 | \$ 3,983,386 |

Nature of operations (Note 1)

Approved on behalf of the sole director on September 28, 2018

 **Director**

The accompanying notes are an integral part of these Financial Statements

FlexFi Inc.
1411 W. Broadway, Vancouver BC, V6H 1H6
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STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

| FOR THE YEAR ENDING AUGUST 31, | 2017 | 2016 |
|--|---------------------|---------------------|
| REVENUE | | |
| Interest Income | \$ 1,124,926 | \$ 1,155,316 |
| Other Income | 191,934 | 235,241 |
| TOTAL REVENUE | 1,316,860 | 1,390,557 |
| Sales Expense | 90,356 | 156,518 |
| Interest Expense (Note 9) | 488,516 | 457,017 |
| Bad Debt Expense (Note 5) | 251,344 | 437,441 |
| TOTAL COST OF REVENUE | (830,216) | (1,050,976) |
| GROSS PROFIT | 486,644 | 339,581 |
| OPERATING EXPENSES | | |
| Wages and Salaries | 771,973 | 592,003 |
| Professional fees | 147,063 | 213,427 |
| Marketing | 70,754 | 110,281 |
| Office and Administrative | 63,717 | 46,884 |
| Amortization (Note 6 and 7) | 24,493 | 15,232 |
| Utilities | 57,933 | 17,346 |
| Interest Income from related parties (Note 8) | (39,225) | (72,932) |
| TOTAL OPERATING EXPENSES | (1,096,708) | (922,241) |
| LOSS AND COMPREHENSIVE LOSS | \$ (610,064) | \$ (582,660) |
| LOSS PER SHARE - BASIC AND DILUTED | \$(6.10) | \$(5.83) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED | 100,000 | 100,000 |

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STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

| FOR THE YEAR ENDING AUGUST 31, | 2017 | 2016 |
|--|-------------------|--------------------|
| Cash flow from operating activities: | | |
| Loss for the year | \$ (610,064) | \$ (582,660) |
| Items not involving cash: | | |
| Amortization | 24,493 | 15,232 |
| Bad Debt Expense | 251,344 | 437,441 |
| Interest Income from related parties | (39,225) | 457,017 |
| Interest expense | 488,516 | (72,932) |
| Changes in non-cash working capital items | | |
| Prepaid expenses | 200 | - |
| Loans receivable (net) | 1,211,024 | (1,788,845) |
| Accounts payable and accrued liabilities | (54,505) | 40,298 |
| Wages payable | (27,286) | 29,236 |
| Net cash provided by (used in) operating activities | 1,244,497 | (1,465,213) |
| Cash flow from investing activities: | | |
| Acquisition of intangible assets | (48,985) | (2,356) |
| Acquisition of equipment | (2,839) | (22,651) |
| Net cash used in investing activities | (51,824) | (25,007) |
| Cash flow from financing activities: | | |
| Payments received (paid) on due from related parties (net) | (70,000) | 1,261,816 |
| Interest expense payments | (462,062) | (458,807) |
| Receipt (repayment) of loan payable | (25,000) | 314,640 |
| Net cash provided by (used in) financing activities | (557,062) | 1,117,649 |
| Change in cash during the year | 635,611 | (372,571) |
| Cash, beginning of year | 128,761 | 504,332 |
| Cash at end of year | \$ 764,372 | \$ 128,761 |

The accompanying notes are an integral part of these Financial Statements

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STATEMENT OF CHANGES TO SHAREHOLDERS' DEFICIENCY
(EXPRESSED IN CANADIAN DOLLARS)

| | Number of Shares | Share Capital | Deficit | Total |
|--|---------------------|---------------|----------------|----------------|
| Balance August 31, 2015 | 100,000 | \$ 1 | \$ (177,579) | \$ (177,578) |
| Loss and comprehensive loss for the year | - | - | (582,660) | (582,660) |
| Balance, August 31, 2016 | 100,000 | 1 | (760,239) | (760,238) |
| Loss and comprehensive loss for the year | - | - | (610,064) | (610,064) |
| Balance, August 31, 2017 | 100,000 | \$ 1 | \$ (1,370,303) | \$ (1,370,302) |

FlexFi Inc.
1411 W. Broadway, Vancouver BC, V6H 1H6
1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE OF OPERATIONS

FlexFi Inc. ("FlexFi" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 22, 2013. Our registered and records office is located at 2900-550 Burrard Street, Vancouver BC V6C 0A3 and our head office is located at 1411 W. Broadway, Vancouver, BC V6H 1H6. The Company is also extra-provincially registered in Alberta, Manitoba and Ontario.

The focus of FlexFi's business is to provide consumer loans to clients who either have no access to bank loans, or who prefer the convenience of dealing with an online operator. The Company operates in one segment; providing loans to clients in Canada. All the Company's capital assets are located in Canada.

2. BASIS OF PRESENTATION**STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements were based on IFRS issued and outstanding as at August 31, 2017.

The Company presents its Financial Statements of financial position on a non-classified basis in order of liquidity.

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due in the normal course.

Management routinely plans future activities including forecasting future cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months. In arriving at this judgment, Management has considered the following:

- (i) cash flow projections of the Company,
- (ii) global capital markets, and
- (iii) the base of investors and debt lenders historically available to the Company.

FlexFi Inc.
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BC, V6H 1H6
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NOTES TO FINANCIAL STATEMENTS
August 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these judgments and estimates.

These estimates and assumptions are based on management's historical experience, best knowledge of current events, conditions and actions that the Company may undertake in the future and other factors that management believes are reasonable under the circumstances.

These estimates and assumptions are reviewed periodically and, the effect of a change in accounting estimate or assumption is recognized prospectively by including it in the statement of comprehensive loss in the period of the change and in any future periods affected.

The areas where judgments, estimates and assumptions have the most significant effect on the amounts recognized in the financial statements include the following:

Capitalization of intangible assets

In applying its accounting policy for costs incurred during the development phase for new software, the Company must determine whether the criteria for capitalization have been met. The most difficult and subjective estimate is whether a project will generate probable future economic benefits. Management considers all appropriate facts and circumstances in making this assessment including historical experience, costs and anticipated future economic conditions.

Valuation of long-lived assets and asset impairment

Estimated useful lives of equipment and intangible assets are based on management's judgment and experience.

When management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Due to investment in intangible assets by the Company, variations between actual and estimated useful lives could impact operating results both positively and negatively. Asset lives, depreciation and amortization methods, and residual values are reviewed periodically.

The Company periodically assesses the recoverability of values assigned to long-lived assets after considering potential impairment indicated by such factors as significant changes in technological, market, economic or legal environment, business and market trends, future prospects, current market value and other economic

FlexFi Inc.
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1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

factors. In performing its review of recoverability, management estimates either the value in use or fair value less costs to sell.

Allowance for doubtful accounts

Our provision for doubtful accounts is calculated as total outstanding balance on accounts over 180 days who have not made a payment in the past 30 days. The allowance is updated every month to maintain an adequate allowance for doubtful accounts. Our allowance for doubtful accounts represents our estimate of the expected credit losses inherent in our existing loan portfolio and is based on a variety of factors, including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions. The methodology and assumptions used in setting the loan loss allowance are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period.

However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES**REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding promotional discounts. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

i) Interest Revenue

Interest revenue from consumer loans receivable is recognized when earned using the effective interest rate method.

iii) Other Revenue

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

Other revenue consists primarily of other fees and NSF fees charged during the loan term. Other revenue is recognized when assessed to the customer, when the underlying transaction is completed, and collection is reasonably assured.

COST OF SALES

Cost of sales consists of provision for doubtful accounts and transaction costs. Transaction costs are expenses that relate directly to the acquisition and processing of new customers (excluding marketing) and include such expenses as credit scoring fees, referral fees, commission expense and interest expense.

LOANS RECEIVABLE

Loans receivable consist of unsecured installment loans. Loans receivable are reported net of an allowance for doubtful accounts. Loan terms generally range from 8 to 36 months.

The Company maintains an allowance for doubtful accounts that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.

Loans classified as impaired include loans for which collection of interest and principal payments are in doubt. Loans are also considered impaired if, in management's view, there is no longer reasonable assurance of timely collection for the full amount of principal and interest.

FINANCIAL INSTRUMENTS**Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held for trading, held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash is classified as FVTPL. Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's loans receivable, and due from related parties are classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has no assets classified as available-for-sale or held-to-maturity.

FlexFi Inc.
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BC, V6H 1H6
1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset [an incurred 'loss event'], the event has a negative impact on the estimated cash flows of the financial asset and the loss can be reliably estimated. The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized as a bad debts expense.

Our provision for doubtful accounts is calculated as total outstanding balance on accounts over 180 days who have not made a payment in the past 30 days. The allowance is updated every month to maintain an adequate allowance for doubtful accounts. Our allowance for doubtful accounts represents our estimate of the expected credit losses inherent in our existing loan portfolio and is based on a variety of factors, including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions. The methodology and assumptions used in setting the loan loss allowance are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Financial assets, together with the associated allowances, are written off when there is no realistic prospect of further recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to bad debts expense.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company has no liabilities classified as FVTPL.

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 accounts payable and accrued liabilities, loans payable and wages payable are classified as other financial liabilities.

FlexFi Inc.

1411 W. Broadway, Vancouver

BC, V6H 1H6

1-844-435-3934

www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS
August 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

EQUIPMENT

All equipment is measured at cost less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate items of equipment.

Amortization rates used

| EQUIPMENT | AMORTIZATION RATE |
|------------------------|-------------------|
| Office Equipment | 20% |
| Furniture and Fixtures | 20% |
| Computer Hardware | 30% |
| Computer Software | 100% |

The useful lives of the equipment are reviewed periodically, and the useful life is adjusted if estimates have changed significantly.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if

FlexFi Inc.
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NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in net income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period for potential impairment indicators. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in net income.

The Company's website is amortized over its useful life of 5 years.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company's trademarks have been assessed to have an indefinite life.

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amounts of the asset and are recognized in net income when the assets are derecognized.

DEVELOPMENT COSTS

Development costs, including those related to the development of software, are recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of the expected future benefit.

FlexFi Inc.
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1-844-435-3934
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**NOTES TO FINANCIAL STATEMENTS**

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

INCOME TAXES

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

PROVISIONS

Provisions are recognized when the Company has a legal or constructive obligation that is the result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

LOSS PER SHARE

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year.

Diluted loss per is calculated using the treasury stock method, which assumes that the cash that would be received on the exercise of options, warrants and convertible debentures is applied to purchase shares at the average price during the period and that the difference between the shares issued upon exercise of the options and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

FlexFi Inc.
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1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9, Financial Instruments

The Company will be required to adopt IFRS 9, Financial Instruments ["IFRS 9"], for years beginning on or after January 1, 2018. IFRS 9 introduces a new expected loss impairment model which will replace the existing incurred loss impairment model under IAS 39.

Under IAS 39, a collective allowance for loan loss is recorded on those loans, or groups of loans, where a loss event has occurred but has not been reported, as at, or prior to, the statement of financial position date. An incurred but not reported loss event provides objective evidence to establish an allowance for loan loss against such loans. IAS 39 prohibited recognizing any allowance for loan losses expected in the future if a loss event has not occurred.

Under IFRS 9, credit losses that are expected to transpire in future years irrespective of whether the loss event has occurred or not as at the statement of financial position date, will need to be provided for. Under IFRS 9, the Company will be required to assess and segment its loan portfolio into performing, under-performing and non-performing categories as at each date of the statement of financial position. Loans will be categorized as under-performing if there has been a significant increase in credit risk. Loans will be categorized as non-

FlexFi Inc.
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BC, V6H 1H6
1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

performing if there is objective evidence that such loans will likely charge off in the future. For performing loans, the Company will record an allowance for loan losses equal to the expected losses on that group of loans over the ensuing twelve months. For under-performing and non-performing loans, the Company will record an allowance for loan losses equal to the expected losses on those groups of loans over their remaining life. Ultimately, the expected credit loss will be calculated based on the probability weighted expected cash collected shortfall against the carrying value of the loan and will consider reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions that may impact the credit profile of the loans. The company is currently assessing the impact of adopting this standard.

IFRS 15, Revenue from Contracts with Customers

The Company will be required to adopt IFRS 15, Revenue from Contracts with Customers ["IFRS 15"], which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. IFRS 15 is required to be applied for fiscal years beginning on or after January 1, 2018 and is to be applied retrospectively.

The new standard includes a five-step recognition and measurement approach, requirements for accounting for contract costs and enhanced disclosure requirements. The Company is in the process of analyzing the requirements under the new standard.

IFRS 16, Leases

The Company will be required to adopt IFRS 16, Leases ["IFRS 16"], which is the IASB's replacement of IAS 17. IFRS 16 will require lessees to recognize a lease liability that reflects future lease payments and a "right-of-use asset" for most lease contracts. IFRS 16 is required to be applied for fiscal years beginning on or after January 1, 2019, with early adoption permitted, but only in conjunction with the adoption of IFRS 15. The Company is in the process of assessing the impact of this standard.

5. LOANS RECEIVABLE

Loans receivable represent unsecured installment loans advanced to customers in the normal course of business. The terms of the loan vary from 9 to 36 months. The average term for the loan originated is 12 months. The breakdown of Company's gross loans receivable as at August 31, 2017 and 2016 is as follows:

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

| Age analysis of loans receivable | 2017 | 2016 |
|----------------------------------|--------------|--------------|
| Not past due | \$ 1,526,086 | \$ 2,431,295 |
| 1-30 days past due | 70,142 | 340,866 |
| 31-60 days past due | 77,126 | 153,438 |
| 61-90 days past due | 43,729 | 109,830 |
| 91-120 days past due | 27,713 | 107,440 |
| 121-150 days past due | 19,948 | 65,908 |
| 151-180 days past due | 27,292 | 63,319 |
| Greater than 180 days past due | 613,727 | 494,584 |
| Gross loans receivable | 2,405,763 | 3,766,680 |
| Allowance for loan losses | (431,278) | (339,283) |
| Loans receivable, net | \$ 1,974,485 | \$ 3,427,397 |
| Current | 749,506 | \$ 1,173,495 |
| Non-current | 1,656,257 | \$ 2,593,185 |
| | \$ 2,405,763 | \$ 3,766,680 |

Allowance for doubtful accounts

| Allowance for loan losses, as at | August 31, 2017 | August 31, 2016 |
|----------------------------------|-----------------|-----------------|
| Balance, beginning of year | \$ 339,283 | \$ 111,380 |
| Provision for loan losses | 91,995 | 227,903 |
| Balance, end of year | \$ 431,278 | \$ 339,283 |

| Bad Debt Expense | 2017 | 2016 |
|---------------------------|------------|------------|
| Provision for loan losses | 91,995 | 227,903 |
| Bad debt written off | 159,349 | 209,538 |
| Total bad debt expense | \$ 251,344 | \$ 437,441 |

FlexFi Inc.
 1411 W. Broadway, Vancouver
 BC, V6H 1H6
 1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS
August 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)

6. EQUIPMENT

| | Office Equipment | Furniture and Fixture | Computer Hardware | Computer Software | Total |
|---------------------------------|---------------------|--------------------------|----------------------|----------------------|-----------|
| Cost | | | | | |
| Balance at August 31, 2015 | \$ 4,005 | \$ 802 | \$ 8,110 | \$ 12,289 | \$ 25,206 |
| Additions | 413 | - | 5,599 | 16,639 | 22,651 |
| Balance at August 31, 2016 | 4,418 | 802 | 13,709 | 28,928 | 47,857 |
| Additions | 62 | - | 729 | 2,048 | 2,839 |
| Balance at August 31, 2017 | \$ 4,480 | \$ 802 | \$ 14,438 | \$ 30,976 | \$ 50,696 |
| Accumulated Depreciation | | | | | |
| Balance at August 31, 2015 | 695 | 184 | 3,154 | 10,911 | 14,944 |
| Additions | 1,066 | 133 | 4,336 | 9,697 | 15,232 |
| Balance at August 31, 2016 | 1,761 | 317 | 7,490 | 20,608 | 30,176 |
| Additions | 956 | 128 | 4,440 | 9,344 | 14,868 |
| Balance at August 31, 2017 | \$ 2,717 | \$ 445 | \$ 11,930 | \$ 29,952 | \$ 45,044 |
| Net Book Value | | | | | |
| At August 31, 2016 | \$ 2,657 | \$ 485 | \$ 6,219 | \$ 8,320 | \$ 17,681 |
| At August 31, 2017 | \$ 1,763 | \$ 357 | \$ 2,508 | \$ 1,024 | \$ 5,652 |

FlexFi Inc.
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NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

7. INTANGIBLE ASSETS

| | Trademarks | Website Development | Total |
|-------------------------------------|------------|---------------------|-----------|
| Cost | | | |
| Balance at August 31, 2015 | \$ - | \$ - | \$ - |
| Additions | 2,356 | - | 2,356 |
| Balance at August 31, 2016 | 2,356 | - | 2,356 |
| Additions | 858 | 48,127 | 48,985 |
| Balance at August 31, 2017 | \$ 3,214 | \$ 48,127 | \$ 51,341 |
| Accumulated Depreciation | | | |
| Balance at August 31, 2015 and 2016 | - | - | - |
| Additions | - | 9,625 | 9,625 |
| Balance at August 31, 2017 | \$ - | \$ 9,625 | \$ 9,625 |
| Net Book Value | | | |
| At August 31, 2016 | \$ 2,356 | \$ - | \$ 2,356 |
| At August 31, 2017 | \$ 3,214 | \$ 38,502 | \$ 41,716 |

8. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

Key management personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Key management personnel consist of officers and directors.

The loan receivable from FS Financial Strategies has an interest rate of 10%, unsecured, with no terms of repayment.

Balances and transactions with KMP during the years ended August 31, 2017 and 2016 consisted of:

FlexFi Inc.
 1411 W. Broadway, Vancouver
 BC, V6H 1H6
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NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

| | 2017 | 2016 |
|---|------------|------------|
| AMRIT DHALIWAL | | |
| Loan payable | \$ 300,000 | \$ 300,000 |
| Salary paid | \$ 36,570 | \$ 78,000 |
| AFSHIN ARDALAN | | |
| Salary paid | \$ 96,000 | \$ 96,000 |
| Due to Afshin Ardalan | \$ - | \$ 6,181 |
| Due from Afshin Ardalan | \$ 1,239 | \$ - |
| SCOTT LOW | | |
| Salary paid | \$ 30,000 | \$ 30,000 |
| FS FINANCIAL STRATEGIES (related by common shareholders) | | |
| Loan receivable | \$ 452,287 | \$ 406,282 |
| Interest receivable | \$ 26,383 | \$ - |
| Rent | \$ 42,000 | \$ - |
| Interest income | \$ 39,225 | \$ 72,932 |
| FS FINANCIAL SYSTEMS INC. | | |
| Accounts payable | \$ - | \$ 49,592 |
| VALIANT MEDIA LTD | | |
| Due from VML | \$ 397 | \$ 709 |

9. LOANS PAYABLE

For the loans payable below, Interest is paid on the 15th of every month. Total interest expense for the year ended August 31, 2016 and 2017 was \$457,017 and \$488,516 respectively.

FlexFi Inc.
 1411 W. Broadway, Vancouver
 BC, V6H 1H6
 1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

| Name | August 31, 2016 | August 31, 2017 | Agreement date | Annual Interest Rate | Term | Expiry Date | Extension |
|---------------------------|--------------------|--------------------|-------------------|----------------------------|------|-------------|-----------|
| Atousa Hajshirmohammadi | \$ 25,000 | \$ 25,000 | 1-Jan-14 | 15% | 6 | 30-Jun-14 | |
| Atousa Hajshirmohammadi | 125,000 | 125,000 | 15-Jun-15 | 15% | 6 | 14-Dec-15 | |
| Amrit Dhaliwal | 300,000 | 300,000 | 1-Jun-15 | 15% | 12 | 31-May-16 | |
| Charles Sheng Lu | 250,000 | 250,000 | 6-Dec-14 | 10% | 24 | 05-Dec-17 | 05-Dec-18 |
| Chia Yueh Wei | 400,000 | 400,000 | 6-Dec-14 | 10% | 24 | 05-Dec-17 | 05-Dec-18 |
| Da- Wei David Chao | 200,000 | 200,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Maria Firenze | 100,000 | 100,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Pei-Jung Lee | 300,000 | 300,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Rebecca Family Trust | 250,000 | 250,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Rita Johnson | 100,000 | 100,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Aug-19 |
| Rosanna Van Buekenhout | 100,000 | 100,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Aug-19 |
| Terrence Smith | 25,000 | - | 25-Feb-15 | 10% | 36 | 14-Feb-18 | |
| WL Strategic Partners | 150,000 | 150,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Yolanda Newman | 150,000 | 150,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Jimmy Arthur Jimenez | 100,000 | 100,000 | 15-Mar-15 | 10% | 36 | 14-Mar-18 | 14-Jun-18 |
| WL Strategic Partners | 200,000 | 200,000 | 15-Apr-15 | 10% | 36 | 14-Apr-18 | |
| Yo Tong Liu | 200,000 | 200,000 | 15-Apr-15 | 10% | 36 | 14-Apr-18 | |
| Pei-Jung Lee | 100,000 | 100,000 | 15-May-15 | 10% | 36 | 14-May-18 | 14-May-19 |
| WL Strategic Partners | 300,000 | 300,000 | 6-Jul-15 | 10% | 36 | 05-Jul-18 | |
| Chi Hao Chen | 150,000 | 150,000 | 15-Jul-15 | 10% | 36 | 14-Jul-18 | |
| Mei-Jung Su | 150,000 | 150,000 | 15-Jul-15 | 12% | 36 | 14-Jul-18 | |
| Yung Chang Liu | 150,000 | 150,000 | 15-Jul-15 | 12% | 36 | 14-Jul-18 | |
| Dylan Holdings | 250,000 | 250,000 | 10-Feb-16 | 10% | 36 | 09-Feb-19 | |
| Zhi Pang Yang | 250,000 | 250,000 | 10-Feb-16 | 10% | 36 | 09-Feb-19 | |
| WL Strategic Partners | 150,000 | 150,000 | 7-Apr-16 | 10% | 36 | 06-Apr-19 | |
| WL Strategic Partners | 150,000 | 150,000 | 13-Apr-16 | 10% | 36 | 12-Apr-19 | |
| Total loan payable | \$4,600,000 | \$4,625,000 | | | | | |

| | | |
|------------------|-----------|---------|
| Short term loans | 3,800,000 | 450,000 |
|------------------|-----------|---------|

| | | |
|-----------------|---------|-----------|
| Long term loans | 800,000 | 4,175,000 |
|-----------------|---------|-----------|

| | | |
|--|--------------------|--------------------|
| | \$4,600,000 | \$4,625,000 |
|--|--------------------|--------------------|

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS
August 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)

Subsequent to August 31, 2017, the company extended the loans noted above.

10. SHARE CAPITAL

The Company's authorized share capital is comprised of an unlimited number of common shares issuable in one or more series

There were no shares, options, or warrants issued or granted during the years ended August 31, 2017 and 2016.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

RISK MANAGEMENT POLICY

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels (Note 3).

Cash is carried at a level 1 fair value measurement. The carrying value of current loans receivable, due from related parties, accounts payable and accrued liabilities, current loans payable and wages payable approximates fair value due to the short-term nature of the financial instruments. Long-term loans receivable and payable are carried at amortized cost.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The maximum exposure to credit risk is represented by the carrying amount of the loans receivable. The Company makes consumer loans to thousands of customers pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any particular individual, Company or other entity, although the Company is subject to a higher level of credit risk due to the credit constrained nature of many of the Company's customers and in circumstances where its policies and procedures are not complied with.

The credit risk on the Company's consumer loans receivable made in accordance with policies and procedures is impacted by both the Company's credit policies and the lending and collecting practices which are overseen

FlexFi Inc.
 1411 W. Broadway, Vancouver
 BC, V6H 1H6
 1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2017

(EXPRESSED IN CANADIAN DOLLARS)

by the Company's Management. Credit quality of the customer is assessed based on a proprietary credit rating, income and debt service ratios. All of the consumer loans receivable as at August 31, 2017 and 2016 were unsecured. The Company evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions and operate independently.

The credit risk related to other loans receivable are managed in accordance with policies and procedures resulting from the possibility of default on payments. The Company performs ongoing credit evaluations of consumers and allows for uncollectible amounts when determined to be appropriate.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they become due or will not receive sufficient funds from its third-party lenders to advance to the Company's customers. The Company believes that the cash flow provided by operations will be sufficient in the near term to meet operational requirements and capital spending requirements. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

In order for the Company to achieve the full growth opportunities available, however, additional sources of financing will be required in the future. There is no certainty that these long-term sources of capital will be available or at terms favourable to the Company.

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. As at August 31, 2017 and 2016 the Loans Payable had a fixed rate of interest.

Accordingly, future changes in interest rates will not affect the amount of interest expense payable by the Company.

Currency Risk

Currency risk measures the Company's risk of financial loss due to adverse movements in currency exchange rates.

The Company operates in Canada and there were no significant foreign currency transactions, hence, the Company is not subject to currency risk.

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS
August 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern and to deploy capital to provide future investment return to its shareholders.

The Company sets the amount and type of capital required relative to its assessment of risk and adjusts when necessary to respond to changes to economic conditions, the risk characteristics of the underlying assets, and externally imposed capital requirements. In order to maintain or modify its capital structure, the Company may issue new shares, seek other forms of financing, or sell assets to reduce debt.

There have been no changes in the Company's capital management objectives, policies and processes during the year ended August 31, 2017.

12. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended August 31, 2017 and 2016 are as follows:

| | 2017 | 2016 |
|---|----------------|---------------|
| Loss before income taxes | \$ (610,064) | \$ (582,660) |
| Expected income tax (recovery) | (159,000) | (151,000) |
| Permanent differences and other | 43,000 | 54,000 |
| Change in unrecognized deductible temporary differences | <u>116,000</u> | <u>97,000</u> |
| Income tax recovery | \$ - | \$ - |

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS
August 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)

| | 2017 | Expiry Date Range | 2016 |
|---|-----------|----------------------|-----------|
| Equipment and cumulative eligible capital | \$ 14,000 | N/A | \$ 28,000 |
| Intangible assets | | N/A | - |
| Non-capital losses | 863,000 | 2033 - 20377 | 399,000 |

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | 2017 | 2016 |
|----------------------------|--------------|--------------|
| Cash paid for interest | \$ 462,062 | \$ 458,807 |
| Cash received for interest | \$ 1,124,926 | \$ 1,155,316 |
| Cash paid for taxes | \$ - | \$ - |

FlexFi Inc.
1411 W. Broadway, Vancouver
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FlexFi Inc.
Financial Statements
Year ended August 31, 2018

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca

INDEPENDENT AUDITORS' REPORT

To the Directors of
FlexFi Inc.

We have audited the accompanying financial statements of FlexFi Inc., which comprise the statements of financial position as at August 31, 2018 and 2017, and the statements of loss and comprehensive loss, cash flows and changes to shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of FlexFi Inc. as at August 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about FlexFi Inc.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

February 8, 2019



STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

| AS AT AUGUST 31, | 2018 | 2017 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 131,546 | \$ 764,372 |
| Prepaid Expenses | 2,083 | - |
| Loans Receivable (Note 5) | 1,643,735 | 1,974,485 |
| Due from Related Parties (Note 8) | 516,361 | 480,306 |
| Equipment (Note 6) | 2,072 | 5,652 |
| Intangible Assets (Note 7) | 51,982 | 41,716 |
| TOTAL ASSETS | \$ 2,347,779 | \$ 3,266,531 |
| LIABILITIES | | |
| Accounts Payables and Accrued Liabilities | \$ 65,311 | \$ 30,078 |
| Wages Payable | 3,553 | 6,755 |
| Loans Payable (Note 9) | 4,600,000 | 4,600,000 |
| TOTAL LIABILITIES | 4,668,864 | 4,636,833 |
| SHAREHOLDERS' DEFICIENCY | | |
| Share Capital (Note 10) | 1 | 1 |
| Deficit | (2,321,086) | (1,370,303) |
| | (2,321,085) | (1,370,302) |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY | \$ 2,347,779 | \$ 3,266,531 |

Nature of operations (Note 1)

Approved on behalf of director on February 8, 2019

 **Director**

The accompanying notes are an integral part of these Financial Statements

FlexFi Inc.
1411 W. Broadway, Vancouver BC, V6H 1H6
1-844-435-3934
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STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

| FOR THE YEAR ENDING AUGUST 31, | 2018 | 2017 |
|--|---------------------|---------------------|
| REVENUE | | |
| Interest Income | \$ 642,496 | \$ 1,124,926 |
| Other Income | 121,725 | 191,934 |
| TOTAL REVENUE | 764,221 | 1,316,860 |
| Sales Expense | 102,272 | 90,356 |
| Interest Expense (Note 9) | 488,516 | 488,516 |
| Bad Debt Expense (Note 5) | 78,583 | 251,344 |
| TOTAL COST OF REVENUE | (669,371) | (830,216) |
| GROSS PROFIT | 94,850 | 486,644 |
| OPERATING EXPENSES | | |
| Wages and Salaries | 622,295 | 771,973 |
| Professional Fees | 217,754 | 147,063 |
| Marketing | 53,698 | 70,754 |
| Office and Administrative | 69,958 | 63,717 |
| Amortization (Note 6 and 7) | 16,357 | 24,493 |
| Utilities | 103,262 | 57,933 |
| Interest Income from Related Parties (Note 8) | (37,691) | (39,225) |
| TOTAL OPERATING EXPENSES | (1,045,633) | (1,096,708) |
| LOSS AND COMPREHENSIVE LOSS | \$ (950,783) | \$ (610,064) |
| LOSS PER SHARE - BASIC AND DILUTED | \$ (9.51) | \$ (6.10) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED | 100,000 | 100,000 |

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FlexFi Inc.
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STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

| FOR THE YEAR ENDING AUGUST 31, | 2018 | 2017 |
|--|-------------------|-------------------|
| Cash Flow from Operating Activities: | | |
| Loss for the Year | \$ (950,783) | \$ (610,064) |
| Items not Involving Cash: | | |
| Amortization | 16,357 | 24,493 |
| Bad Debt Expense | 78,583 | 251,344 |
| Interest Income from Related Parties | (37,691) | (39,225) |
| Interest Expense | 488,516 | 488,516 |
| Changes in Non-Cash Working Capital Items | | |
| Prepaid Expenses | (2,083) | 200 |
| Loans Receivable (Net) | 253,803 | 1,211,024 |
| Wages Payable | (3,202) | (27,286) |
| Accounts Payable and Accrued Liabilities | 35,233 | (54,505) |
| Net Cash (Used in) Provided by Operating Activities | (121,267) | 1,244,497 |
| Cash Flow from Investing Activities: | | |
| Acquisition of Intangible Assets | (22,486) | (48,985) |
| Acquisition of Equipment | (557) | (2,839) |
| Net Cash Used in Investing Activities | (23,043) | (51,824) |
| Cash Flow From Financing Activities: | | |
| Payments Received on Due From Related Parties (Net) | - | (70,000) |
| Interest Expense Payments | (488,516) | (462,062) |
| Repayment of Loan Payable | - | (25,000) |
| Net Cash Used in Financing Activities | (488,516) | (557,062) |
| Change in Cash during the Year | (632,826) | 635,611 |
| Cash, Beginning of Year | 764,372 | 128,761 |
| Cash at End of Year | \$ 131,546 | \$ 764,372 |

Supplemental Disclosure with Respect to Cashflow (Note 13)

The accompanying notes are an integral part of these Financial Statements

FlexFi Inc.
1411 W. Broadway, Vancouver BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



STATEMENT OF CHANGES TO SHAREHOLDERS' DEFICIENCY
(EXPRESSED IN CANADIAN DOLLARS)

| | Number of Shares | Share Capital | Deficit | Total |
|--|---------------------|------------------|---------------|---------------|
| Balance, August 31, 2016 | 100,000 | \$ 1 | \$ (760,239) | \$ (760,238) |
| Loss and comprehensive loss for the year | - | - | (610,064) | (610,064) |
| Balance, August 31, 2017 | 100,000 | 1 | (1,370,303) | (1,370,302) |
| Loss and comprehensive loss for the year | - | - | (950,783) | (950,783) |
| Balance, August 31, 2018 | 100,000 | \$ 1 | \$(2,321,086) | \$(2,321,085) |

The accompanying notes are an integral part of these Financial Statements

FlexFi Inc.
1411 W. Broadway, Vancouver BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS
August 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE OF OPERATIONS

FlexFi Inc. ("FlexFi" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 22, 2013. Our registered and records office is located at 2900-550 Burrard Street, Vancouver BC V6C 0A3 and our head office is located at 1411 W. Broadway, Vancouver, BC V6H 1H6. The Company is also extra-provincially registered in Alberta, Manitoba and Ontario.

The focus of FlexFi's business is to provide consumer loans to clients who either have no access to bank loans, or who prefer the convenience of dealing with an online operator. The Company operates in one segment; providing loans to clients in Canada. All the Company's capital assets are located in Canada.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements were based on IFRS issued and outstanding as at August 31, 2018.

The Company presents its statement of financial position on a non-classified basis in order of liquidity.

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

GOING CONCERN

The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing or commence profitable operations may materially impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due in the normal course.

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS
August 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)

SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these judgments and estimates.

These estimates and assumptions are based on management's historical experience, best knowledge of current events, conditions and actions that the Company may undertake in the future and other factors that management believes are reasonable under the circumstances.

These estimates and assumptions are reviewed periodically and, the effect of a change in accounting estimate or assumption is recognized prospectively by including it in the statement of loss and comprehensive loss in the period of the change and in any future periods affected.

The areas where judgments, estimates and assumptions have the most significant effect on the amounts recognized in the financial statements include the following:

Capitalization of intangible assets

In applying its accounting policy for costs incurred during the development phase for new software, the Company must determine whether the criteria for capitalization have been met. The most difficult and subjective estimate is whether a project will generate probable future economic benefits. Management considers all appropriate facts and circumstances in making this assessment including historical experience, costs and anticipated future economic conditions.

Valuation of long-lived assets and asset impairment

Estimated useful lives of equipment and intangible assets are based on management's judgment and experience.

When management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Due to investment in intangible assets by the Company, variations between actual and estimated useful lives could impact operating results both positively and negatively. Asset lives, depreciation and amortization methods, and residual values are reviewed periodically.

The Company periodically assesses the recoverability of values assigned to long-lived assets after considering potential impairment indicated by such factors as significant changes in technological, market, economic or legal environment, business and market trends, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates either the value in use or fair value less costs to sell.

FlexFi Inc.
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BC, V6H 1H6
1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

Allowance for doubtful accounts

Our provision for doubtful accounts is calculated as total outstanding balance on accounts over 180 days who have not made a payment in the past 30 days. The allowance is updated every month to maintain an adequate allowance for doubtful accounts. Our allowance for doubtful accounts represents our estimate of the expected credit losses inherent in our existing loan portfolio and is based on a variety of factors, including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions. The methodology and assumptions used in setting the loan loss allowance are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period.

However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES**REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding promotional discounts. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

i) Interest Revenue

Interest revenue from consumer loans receivable is recognized when earned using the effective interest rate method.

iii) Other Revenue

Other revenue consists primarily of other fees and NSF fees charged during the loan term. Other revenue is recognized when assessed to the customer, when the underlying transaction is completed, and collection is reasonably assured.

FlexFi Inc.
1411 W. Broadway, Vancouver
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1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

COST OF SALES

Cost of sales consists of provision for doubtful accounts and transaction costs. Transaction costs are expenses that relate directly to the acquisition and processing of new customers (excluding marketing) and include such expenses as credit scoring fees, referral fees, commission expense and interest expense.

LOANS RECEIVABLE

Loans receivable consist of unsecured installment loans. Loans receivable are reported net of an allowance for doubtful accounts. Loan terms generally range from 8 to 36 months.

The Company maintains an allowance for doubtful accounts that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.

Loans classified as impaired include loans for which collection of interest and principal payments are in doubt. Loans are also considered impaired if, in management's view, there is no longer reasonable assurance of timely collection for the full amount of principal and interest.

FINANCIAL INSTRUMENTS**Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held for trading, held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash is classified as FVTPL. Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's loans receivable and due from related parties are classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has no assets classified as available-for-sale or held-to-maturity.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if,

FlexFi Inc.
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BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset [an incurred 'loss event'], the event has a negative impact on the estimated cash flows of the financial asset and the loss can be reliably estimated. The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized as a bad debt expense.

Our provision for doubtful accounts is calculated as total outstanding balance on accounts over 180 days who have not made a payment in the past 30 days. The allowance is updated every month to maintain an adequate allowance for doubtful accounts. Our allowance for doubtful accounts represents our estimate of the expected credit losses inherent in our existing loan portfolio and is based on a variety of factors, including the composition and quality of the portfolio, loan-specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience, and general economic conditions. The methodology and assumptions used in setting the loan loss allowance are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Financial assets, together with the associated allowances, are written off when there is no realistic prospect of further recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to bad debts expense.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company has no liabilities classified as FVTPL.

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 accounts payable and accrued liabilities, loans payable and wages payable are classified as other financial liabilities.

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS
August 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

EQUIPMENT

All equipment is measured at cost less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate items of equipment.

Amortization rates used

| EQUIPMENT | AMORTIZATION RATE |
|------------------------|-------------------|
| Office Equipment | 20% |
| Furniture and Fixtures | 20% |
| Computer Hardware | 30% |
| Computer Software | 100% |

The useful lives of the equipment are reviewed periodically, and the useful life is adjusted if estimates have changed significantly.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at costs less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in net income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
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NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period for potential impairment indicators. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in net income.

The Company's website is amortized over its useful life of 5 years.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company's trademarks have been assessed to have an indefinite life.

Gains or losses arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amounts of the asset and are recognized in net income when the assets are derecognized.

DEVELOPMENT COSTS

Development costs, including those related to the development of software, are recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of the expected future benefit.

FlexFi Inc.
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1-844-435-3934
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**NOTES TO FINANCIAL STATEMENTS**

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

INCOME TAXES

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

PROVISIONS

Provisions are recognized when the Company has a legal or constructive obligation that is the result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

LOSS PER SHARE

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year.

Diluted loss per share is calculated using the treasury stock method, which assumes that the cash that would be received on the exercise of options, warrants and convertible debentures is applied to purchase shares at the average price during the period and that the difference between the shares issued upon exercise of the options and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

FlexFi Inc.
1411 W. Broadway, Vancouver
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1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior year. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9, Financial Instruments

The Company will be required to adopt IFRS 9, Financial Instruments ["IFRS 9"], for years beginning on or after January 1, 2018. IFRS 9 introduces a new expected loss impairment model which will replace the existing incurred loss impairment model under IAS 39.

Under IAS 39, a collective allowance for loan loss is recorded on those loans, or groups of loans, where a loss event had occurred but had not been reported, as at, or prior to, the statement of financial position date. An incurred but not reported loss event provided objective evidence to establish an allowance for loan loss against such loans. IAS 39 prohibited recognizing any allowance for loan losses expected in the future if a loss event has not occurred.

Under IFRS 9, credit losses that are expected to transpire in future years irrespective of whether the loss event has occurred or not as at the statement of financial position date, will need to be provided for. Under IFRS 9, the Company will be required to assess and segment its loan portfolio into performing, under-performing and non-performing categories as at each date of the statement of financial position. Loans will be categorized as

FlexFi Inc.

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NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

under-performing if there has been a significant increase in credit risk. Loans will be categorized as non-performing if there is objective evidence that such loans will likely charge off in the future. For performing loans, the Company will record an allowance for loan losses equal to the expected losses on that group of loans over the ensuing twelve months. For under-performing and non-performing loans, the Company will record an allowance for loan losses equal to the expected losses on those groups of loans over their remaining life. Ultimately, the expected credit loss will be calculated based on the probability weighted expected cash collected shortfall against the carrying value of the loan and will consider reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions that may impact the credit profile of the loans.

It is important to note that the adoption of IFRS 9 does not directly impact the net charge-off rate of the Company's consumer loans receivable portfolio which is driven by borrowers' credit profile and behaviour. Likewise, the cash flows used in and generated by the Company's consumer loans receivable portfolio are not impacted by the adoption of IFRS 9 as the periodic increase in the allowance for loan losses as a result of growth in the consumer loans receivable is a non-cash item.

The Company's current allowance for loan losses, as determined under IAS 39, as at August 31, 2018 was \$442,505. The Company estimates that implementing the requirements of IFRS 9 as at September 1, 2018 would result in an increase to its allowance for loan losses of \$442,505 to \$570,282. This increase of \$127,777 in the allowance for loan losses is not indicative of a change in the expected recovery value of the underlying consumer loans receivable but rather a function of extending the allowance for loan losses to provide for expected future losses over a longer future time frame.

Management continues to monitor and refine certain elements of the IFRS 9 loan impairment process in advance of Q1 F2019 reporting. All estimates reported above with respect to the expected impact of the adoption of IFRS 9 are preliminary and are subject to change and adjustment as the Company's transition to IFRS 9 is completed. The Company is on track to finalize its analytical and systems work and complete the implementation of IFRS 9 within the required timeframe.

IFRS 15, Revenue from Contracts with Customers

The Company will be required to adopt IFRS 15, Revenue from Contracts with Customers ["IFRS 15"], which clarifies the principles of recognizing revenue and cash flows arising from contracts with customers. IFRS 15 is required to be applied for fiscal year beginning on or after January 1, 2018 and is to be applied retrospectively.

The new standard includes a five-step recognition and measurement approach, requirements for accounting for contract costs and enhanced disclosure requirements. The Company does not expect the new standard to result in any financial adjustments to the Company's financial statements, nor any material changes to the Company's revenue recognition policies.

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

IFRS 16, Leases

The Company will be required to adopt IFRS 16, Leases ["IFRS 16"], which is the IASB's replacement of IAS 17. IFRS 16 will require lessees to recognize a lease liability that reflects future lease payments and a "right-of-use asset" for most lease contracts. IFRS 16 is required to be applied for fiscal years beginning on or after January 1, 2019, with early adoption permitted, but only in conjunction with the adoption of IFRS 15. The Company is in the process of assessing the impact of this standard.

5. LOANS RECEIVABLE

Loans receivable represent unsecured installment loans advanced to customers in the normal course of business. The terms of the loan vary from 9 to 36 months. The average term for the loan originated is 12 months. The breakdown of Company's gross loans receivable as at August 31, 2018 and 2017 is as follows:

| Age analysis of loans receivable, as at | 2018 | 2017 |
|---|--------------|--------------|
| Not past due | \$ 1,089,954 | \$ 1,526,086 |
| 1-30 days past due | 151,975 | 70,142 |
| 31-60 days past due | 40,676 | 77,126 |
| 61-90 days past due | 21,390 | 43,729 |
| 91-120 days past due | 24,961 | 27,713 |
| 121-150 days past due | 174,366 | 19,948 |
| 151-180 days past due | 11,880 | 27,292 |
| Greater than 180 days past due | 571,038 | 613,727 |
| Gross loans receivable | 2,086,240 | 2,405,763 |
| Allowance for loan losses | (442,505) | (431,278) |
| Loans receivable, net | \$ 1,643,735 | \$ 1,974,485 |
| Current | 1,596,183 | 749,506 |
| Non-current | 490,057 | 1,656,257 |
| | \$ 2,086,240 | \$ 2,405,763 |
| Allowance for loan losses, as at | 2018 | 2017 |
| Balance, beginning of year | \$ 431,278 | \$ 339,283 |
| Provision for loan losses | 11,227 | 91,995 |
| Balance, end of year | \$ 442,505 | \$ 431,278 |

FlexFi Inc.
 1411 W. Broadway, Vancouver
 BC, V6H 1H6
 1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

| Bad Debt Expense, as at | 2018 | 2017 |
|-------------------------------|------------------|-------------------|
| Provision for loan losses | \$ 11,227 | \$ 91,995 |
| Bad debt written off | 67,356 | 159,349 |
| Total bad debt expense | \$ 78,583 | \$ 251,344 |

6. EQUIPMENT

| | Office Equipment | Furniture and Fixtures | Computer Hardware | Computer Software | Total |
|-----------------------------------|---------------------|---------------------------|----------------------|----------------------|------------------|
| Cost | | | | | |
| Balance at August 31, 2016 | \$ 4,418 | \$ 802 | \$ 13,709 | \$ 28,928 | \$ 47,857 |
| Additions | 62 | - | 729 | 2,048 | 2,839 |
| Balance at August 31, 2017 | 4,480 | 802 | 14,438 | 30,976 | 50,696 |
| Additions | - | 120 | 437 | - | 557 |
| Balance at August 31, 2018 | \$ 4,480 | \$ 922 | \$ 14,875 | \$ 30,976 | \$ 51,253 |
| Accumulated Amortization | | | | | |
| Balance at August 31, 2016 | \$ 1,761 | \$ 317 | \$ 7,490 | \$ 20,608 | \$ 30,176 |
| Additions | 956 | 128 | 4,440 | 9,344 | 14,868 |
| Balance at August 31, 2017 | 2,717 | 445 | 11,930 | 29,952 | 45,044 |
| Additions | 679 | 115 | 2,319 | 1,024 | 4,137 |
| Balance at August 31, 2018 | \$ 3,396 | \$ 560 | \$ 14,249 | \$ 30,976 | \$ 49,181 |
| Net Book Value | | | | | |
| At August 31, 2017 | \$ 1,763 | \$ 357 | \$ 2,508 | \$ 1,024 | \$ 5,652 |
| At August 31, 2018 | \$ 1,084 | \$ 362 | \$ 626 | \$ - | \$ 2,072 |

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS
August 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)

7. INTANGIBLE ASSETS

| | Trademarks | Website Development | Total |
|---------------------------------|------------|------------------------|-----------|
| Cost | | | |
| Balance at August 31, 2016 | \$ 2,356 | \$ - | \$ 2,356 |
| Additions | 858 | 48,127 | 48,985 |
| Balance at August 31, 2017 | 3,214 | 48,127 | 51,341 |
| Additions | 9,518 | 12,968 | 22,486 |
| Balance at August 31, 2018 | \$ 12,732 | \$ 61,095 | \$ 73,827 |
| Accumulated Amortization | | | |
| Balance at August 31, 2016 | \$ - | \$ - | \$ - |
| Additions | - | 9,625 | 9,625 |
| Balance at August 31, 2017 | - | 9,625 | 9,625 |
| Additions | - | 12,220 | 12,220 |
| Balance at August 31, 2018 | \$ - | \$ 21,845 | \$ 21,845 |
| Net Book Value | | | |
| At August 31, 2017 | \$ 3,214 | \$ 38,502 | \$ 41,716 |
| At August 31, 2018 | \$ 12,732 | \$ 39,250 | \$ 51,982 |

FlexFi Inc.
1411 W. Broadway, Vancouver
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1-844-435-3934
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NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

8. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

Key management personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Key management personnel consist of officers and directors.

The loan receivable from FS Financial Strategies has an interest rate of 10%, unsecured, with no terms of repayment.

Balances and transactions with KMP during the year ended August 31, 2018 and 2017 consisted of:

| | 2018 | 2017 |
|----------------------------------|------------|------------|
| AMRIT DHALIWAL | | |
| Loan payable | \$ 300,000 | \$ 300,000 |
| Salary paid | \$ - | \$ 36,570 |
| Interest expense | \$ 45,000 | \$ 45,000 |
| AFSHIN ARDALAN | | |
| Salary paid | \$ 96,000 | \$ 96,000 |
| Due from Afshin Ardalan | \$ - | \$ 1,239 |
| SCOTT LOW | | |
| Salary paid | \$ - | \$ 30,000 |
| FS FINANCIAL STRATEGIES | | |
| Loan receivable | \$ 452,287 | \$ 452,287 |
| Interest receivable | \$ 64,074 | \$ 26,383 |
| Rent | \$ 48,390 | \$ 42,000 |
| Interest income | \$ 37,691 | \$ 39,225 |
| VALIANT MEDIA LTD ("VML") | | |
| Due from VML | \$ - | \$ 397 |

9. LOANS PAYABLE

For the loans payable below, Interest is paid on the 15th of every month. Total interest expense for the year ended August 31, 2017 and 2018 was \$488,516 and \$488,516 respectively.

FlexFi Inc.
 1411 W. Broadway, Vancouver
 BC, V6H 1H6
 1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

All of the loans were extended without any penalty or extra interest to the Company.

| Name | 2017 | 2018 | Agreement date | Annual Interest Rate | Term | Expiry Date | Extension |
|----------------------------|---------------------|---------------------|----------------|----------------------|------|-------------|-----------|
| Atousa Hajshirmohammadi | \$ 25,000 | \$ 25,000 | 1-Jan-14 | 15% | 6 | 30-Jun-14 | 30-Jun-19 |
| Atousa Hajshirmohammadi | 125,000 | 125,000 | 15-Jun-15 | 15% | 6 | 14-Dec-15 | 14-Dec-19 |
| Amrit Dhaliwal | 300,000 | 300,000 | 1-Jun-15 | 15% | 12 | 31-May-16 | 31-May-19 |
| Charles Sheng Lu | 250,000 | 250,000 | 6-Dec-14 | 10% | 24 | 05-Dec-17 | 05-Dec-19 |
| Chia Yueh Wei | 400,000 | 400,000 | 6-Dec-14 | 10% | 24 | 05-Dec-17 | 05-Dec-19 |
| Da- Wei David Chao | 200,000 | 200,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Maria Firenze | 100,000 | 100,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Pei-Jung Lee | 300,000 | 300,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Rebecca Family Trust | 250,000 | 250,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Rita Johnson | 100,000 | 100,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Aug-19 |
| Rosanna Van Buekenhout | 100,000 | 100,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Aug-19 |
| WL Strategic Partners | 150,000 | 150,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Yolanda Newman | 150,000 | 150,000 | 15-Feb-15 | 10% | 36 | 14-Feb-18 | 14-Feb-19 |
| Jimmy Arthur Jimenez | 100,000 | 100,000 | 15-Mar-15 | 10% | 36 | 14-Mar-18 | 14-Mar-19 |
| WL Strategic Partners | 200,000 | 200,000 | 15-Apr-15 | 10% | 36 | 14-Apr-18 | 14-Apr-19 |
| Yo Tong Liu | 200,000 | 200,000 | 15-Apr-15 | 10% | 36 | 14-Apr-18 | 14-Apr-19 |
| Pei-Jung Lee | 100,000 | 100,000 | 15-May-15 | 10% | 36 | 14-May-18 | 14-May-19 |
| WL Strategic Partners | 300,000 | 300,000 | 6-Jul-15 | 10% | 36 | 05-Jul-18 | 05-Jul-19 |
| Chi Hao Chen | 150,000 | 150,000 | 15-Jul-15 | 10% | 36 | 14-Jul-18 | 14-Jul-19 |
| Mei-Jung Su | 150,000 | 150,000 | 15-Jul-15 | 12% | 36 | 14-Jul-18 | 14-Jul-19 |
| Yung Chang Liu | 150,000 | 150,000 | 15-Jul-15 | 12% | 36 | 14-Jul-18 | 14-Jul-19 |
| Dylan Holdings | 250,000 | 250,000 | 10-Feb-16 | 10% | 36 | 09-Feb-19 | |
| Zhi Pang Yang | 250,000 | 250,000 | 10-Feb-16 | 10% | 36 | 09-Feb-19 | |
| WL Strategic Partners | 150,000 | 150,000 | 7-Apr-16 | 10% | 36 | 06-Apr-19 | |
| WL Strategic Partners | 150,000 | 150,000 | 13-Apr-16 | 10% | 36 | 12-Apr-19 | |
| Total loans payable | \$ 4,600,000 | \$ 4,600,000 | | | | | |

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NOTES TO FINANCIAL STATEMENTS
August 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)

| | | |
|---------------------------|---------------------|---------------------|
| Short term loans | \$ 2,150,000 | \$ 3,825,000 |
| Long term loans | \$ 2,450,000 | \$ 775,000 |
| Total loan payable | \$ 4,600,000 | \$ 4,600,000 |

10. SHARE CAPITAL

The Company's authorized share capital is comprised of an unlimited number of common shares issuable in one or more series.

There were no shares, options, or warrants issued or granted during the years ended August 31, 2018 and 2017.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

RISK MANAGEMENT POLICY

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels (Note 3).

Cash is carried at a level 1 fair value measurement. The carrying value of loans receivable, due from related parties, accounts payable and accrued liabilities, loans payable and wages payable approximates fair value due to the short-term nature of the financial instruments. Long – term loans receivable and payable are carried at amortized cost.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The maximum exposure to credit risk is represented by the carrying amount of the loans receivable. The Company makes consumer loans to customers pursuant to policies and procedures that are intended to ensure that there is no concentration of credit risk with any particular individual, company or other entity, although the Company is subject to a higher level of credit risk due to the credit constrained nature of many of the Company's customers.

FlexFi Inc.
1411 W. Broadway, Vancouver
BC, V6H 1H6
1-844-435-3934
www.flexfi.ca | info@flexfi.ca



NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

The credit risk on the Company's consumer loans receivable made in accordance with policies and procedures is impacted by both the Company's credit policies and the lending and collecting practices which are overseen by the Company's Management. Credit quality of the customer is assessed based on a proprietary credit rating, income and debt service ratios. All of the consumer loans receivable as at August 31, 2018 and 2017 were unsecured. The Company evaluates the concentration of risk with respect to customer loans receivable as low, as its customers are located in several jurisdictions and operate independently.

The credit risk related to other loans receivable are managed in accordance with policies and procedures resulting from the possibility of default on payments. The Company performs ongoing credit evaluations of consumers and allows for uncollectible amounts when determined to be appropriate.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they become due or will not receive sufficient funds from its third-party lenders to advance to the Company's customers. The Company believes that the cash flow provided by operations will be sufficient in the near term to meet operational requirements and capital spending requirements. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

In order for the Company to achieve the full growth opportunities available, however, additional sources of financing will be required in the future. There is no certainty that these long-term sources of capital will be available or at terms favourable to the Company.

Interest Rate Risk

Interest rate risk measures the Company's risk of financial loss due to adverse movements in interest rates. As at August 31, 2018 and 2017 the loans payable had a fixed rate of interest.

Accordingly, future changes in interest rates will not affect the amount of interest expense payable by the Company.

Currency Risk

Currency risk measures the Company's risk of financial loss due to adverse movements in currency exchange rates.

The Company operates in Canada and there were no significant foreign currency transactions, hence, the Company is not subject to currency risk.

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NOTES TO FINANCIAL STATEMENTS
August 31, 2018
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CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern and to deploy capital to provide future investment return to its shareholders.

The Company sets the amount and type of capital required relative to its assessment of risk and adjusts when necessary to respond to changes to economic conditions, the risk characteristics of the underlying assets, and externally imposed capital requirements. In order to maintain or modify its capital structure, the Company may issue new shares, seek other forms of financing, or sell assets to reduce debt.

There have been no changes in the Company's capital management objectives, policies and processes during the year ended August 31, 2018.

12. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes for the years ended August 31, 2018 and 2017 are as follows:

| | 2018 | 2017 |
|--|--------------|--------------|
| Loss before income taxes | \$ (950,783) | \$ (610,064) |
| Expected income tax recovery | (257,000) | (159,000) |
| Permanent differences and other | 18,000 | 43,000 |
| Adjustment to prior year provision versus statutory return | (61,000) | - |
| Change in unrecognized deductible temporary differences | 300,000 | 116,000 |
| Income tax recovery | \$ - | \$ - |

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NOTES TO FINANCIAL STATEMENTS

August 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

| | 2018 | Expiry Date Range | 2017 |
|---|-----------|-------------------|-----------|
| Equipment and cumulative eligible capital | \$ 4,000 | N/A | \$ 14,000 |
| Non-capital losses | 1,950,000 | 2033-2038 | 863,000 |

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | 2018 | 2017 |
|----------------------------|------------|--------------|
| Cash paid for interest | \$ 488,516 | \$ 462,062 |
| Cash received for interest | \$ 502,510 | \$ 1,124,926 |
| Cash paid for taxes | \$ - | \$ - |

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13. DATE AND CERTIFICATE

DATED November 15, 2019.

This Offering Memorandum does not contain a misrepresentation.

FinJoy Inc.

Afshin Ardalan

Per: Afshin Ardalan
Director and Chief Executive Officer

Schedule "A" - Subscription Agreement

SUBSCRIPTION FOR SECURITIES
**(BRITISH COLUMBIA, ALBERTA AND ONTARIO ACCREDITED INVESTORS AND
OTHER ELIGIBLE INVESTORS ONLY)**

TO: FinJoy Inc. (the "Corporation")

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase from the Corporation the Securities as set forth in Exhibit 1 or Exhibit 2 to this subscription agreement (the "**Subscription Agreement**") pursuant to an Offering Memorandum of the Corporation dated November 15, 2019 ("**Offering Memorandum**") to which this Subscription Agreement is attached as Schedule A.

The Subscriber may purchase: (a) a Secured Convertible Note of the Corporation on such terms as set out in Exhibit 1 to this Subscription Agreement (each a "**Note**") in the aggregate principal amount set out below and in Exhibit (the "**Principal Amount**"; or (b) Series 1 Class A Preferred shares of the Corporation on such terms as set out in Exhibit 2 to this Subscription Agreement (the "**Shares**") at a subscription price of CAD\$1.00 per Share (the "**Share Price**") for an aggregate subscription price set out below and in Exhibit 2 (the "**Aggregate Share Price**" and together with the Principal Amount individually or collectively, the "**Subscription Price**") in each case, on the terms and conditions set out in this Subscription Agreement and the Offering Memorandum.

The Subscriber agrees to be bound by the terms and conditions set forth in this Subscription Agreement including without limitation the representations, warranties and covenants set forth in the applicable schedules attached thereto. The Subscriber further agrees, without limitation, that the Corporation may rely upon the Subscriber's representations, warranties and covenants contained in such documents.

DATED this _____ day of _____, 20__.

TERMS AND CONDITIONS OF SUBSCRIPTION FOR SECURITIES

1. Offering and Subscription. The Securities being subscribed for hereunder form part of a larger offering (the "**Offering**") of Notes and Shares (individually or collectively, the "**Securities**") pursuant to the Offering Memorandum. The Subscriber acknowledges that the Securities will be issued in connection with the issue of an aggregate of up to 5,000,000 Shares for an aggregate subscription price of up to \$5,000,000, which are to be sold by the Corporation by private placement. The Corporation expects that the Offering may occur in multiple tranches.

By executing this Subscription Agreement, the Subscriber irrevocably offers to purchase from the Corporation, as one of such purchasers: (a) a Note in the principal amount set forth on the first page hereof and in Exhibit 1, (b) that number of the Shares set forth on the first page hereof and in Exhibit 2, subject to the terms and conditions set out herein, or (c) both a Note and the Shares.

The Subscriber acknowledges that the offer is subject to: (a) the acceptance of this subscription by the Corporation, (b) the payment of the Subscription Amount by the Subscriber, (c) receipt of all necessary regulatory approvals, and (d) certain other terms and conditions as set forth herein.

Upon the Corporation's acceptance of this subscription, this Subscription Agreement will constitute an agreement for the purchase by the Subscriber from the Corporation and for the Corporation to issue and

sell to the Subscriber, a Note the number of Shares on the terms and conditions set forth herein. The closing of the Offering (the “**Closing**”) is subject to and will occur in accordance with the terms and conditions set forth herein and the receipt of any necessary regulatory approvals.

2. Representations and Warranties of the Corporation. As of the Closing, the Corporation represents and warrants that:

- (a) The Corporation has been duly incorporated and is validly existing and in good standing under the laws of Canada, with full power and authority to conduct its business as it is currently being conducted and to own its assets; and has secured any other authorizations, approvals, permits and orders required by law for the conduct by the Corporation of its business as it is currently being conducted.
- (b) The Corporation has all requisite corporate power and authority to enter into and carry out its obligations under this Subscription Agreement.
- (c) The Corporation has full corporate power and authority to undertake the Offering of the Securities contemplated hereby and, at the Closing, the Securities will be duly and validly authorized and issued as fully paid and non-assessable Common Shares in the capital of the Corporation.
- (d) The Corporation will have, on the Closing Date, taken all corporate steps and proceedings necessary to approve the transactions contemplated by this Subscription Agreement, including the execution and delivery of this Subscription Agreement.
- (e) The Securities have been duly authorized and, when issued, delivered and paid for in the manner set forth in this Subscription Agreement, will be validly issued, fully paid and non-assessable and will conform in all material respects to the description thereof set forth in the Offering Memorandum.
- (f) This Subscription Agreement is a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms subject to the customary limitations with respect to bankruptcy, insolvency or other laws affecting creditor's rights generally and to the availability of equitable remedies.
- (g) The execution and delivery of this Subscription Agreement and the compliance by the Corporation with the terms hereof will not result in any breach or be in conflict with or constitute a default under or create a state of facts that after notice or lapse of time or both would constitute a default under any term or provision of the Corporation's constating documents, by-laws or resolutions of the directors of the Corporation.
- (h) The Corporation is the beneficial owner of or has the right to acquire the interests in the properties, business and assets of the Corporation and any and all agreements pursuant to which the Corporation holds or will hold any such interest in property, business or assets are in good standing in all material respects, in accordance with their terms.

3. Acknowledgements, Representations and Warranties of the Subscriber. The Subscriber, on its own behalf and if applicable on behalf of others for whom it is acting hereunder (“**Beneficial Purchasers**”), hereby acknowledges, represents, warrants to, and covenants with the Corporation as follows and acknowledges that the Corporation is relying on such acknowledgements, representations, warranties and covenants in connection with the transactions contemplated herein:

3.1 General

- (a) The Subscriber is subscribing for the Securities as principal for its own account and not for the benefit of any other person or, if it is not subscribing as principal, it is acting as agent for a Beneficial Purchaser whose identity is disclosed on the face page of this Subscription Agreement and such Beneficial Purchaser is purchasing as principal for its own account and not for the benefit of any other person. If the Subscriber is not subscribing as principal, it and the Beneficial Purchaser acknowledge and understand that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each Beneficial Purchaser for whom the Subscriber is acting.
- (b) The Subscriber (and any Beneficial Purchaser) is purchasing the Securities for its own beneficial account, for investment purposes only and not with a view to or for resale in connection with any distribution of all or any of the Securities.
- (c) This Subscription Agreement and all other necessary documentation in connection with the Offering has been duly authorized, executed and delivered by, and constitutes a legal, valid and binding agreement of, the Subscriber and any Beneficial Purchaser. This Subscription Agreement is enforceable in accordance with its terms against the Subscriber or any Beneficial Purchaser as applicable. If the Subscriber, or any Beneficial Purchaser for whom the Subscriber is contracting hereunder, is:
 - (i) a corporation, the Subscriber is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to execute and deliver this Subscription Agreement, to subscribe for the Securities as contemplated herein and to carry out and perform its obligations under the terms of this Subscription Agreement;
 - (ii) a partnership, syndicate or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Subscription Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof; or
 - (iii) an individual, the Subscriber is of the full age of majority and is legally competent to execute this Subscription Agreement and to observe and perform his or her covenants and obligations hereunder.
- (d) The execution and delivery of this Subscription Agreement, the performance and compliance with the terms hereof and the subscription for Securities and the completion of the transactions described herein by the Subscriber will not result in any material breach of, be in conflict with, constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions of the Subscriber (or any Beneficial Purchaser), the Securities Laws or any other laws applicable to the Subscriber (or any Beneficial Purchaser), any agreement to which the Subscriber (or any Beneficial Purchaser) is a party, or any judgment, decree, order, statute, rule or regulation applicable to the Subscriber (or any Beneficial Purchaser).
- (e) This offer to subscribe is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber without the consent of the Corporation.

- (f) The Subscriber understands that, unless the Subscriber notifies the Corporation in writing to the contrary at or before the Closing, each of the Subscriber's representations and warranties contained in this Subscription Agreement (and in any Appendix to this Subscription Agreement) will be deemed to have been reaffirmed and confirmed as of the Closing, taking into account all information received by the Subscriber.
- (g) The Subscriber acknowledges that the Corporation has the right in its sole and absolute discretion to abandon the Offering at any time prior to the completion of the Offering. This Subscription Agreement will thereafter have no force or effect and the Corporation will return the previously paid Subscription Price of the Securities, without interest or deduction thereon, to the Subscriber.

3.2 Risks of an Investment in the Securities and No Representations

- (a) The Subscriber and any Beneficial Purchaser understand and accept that the purchase of the Securities involves various risks, including the risks outlined in the Offering Documents and this Subscription Agreement. The Subscriber (and if the Subscriber is not purchasing as principal, each Beneficial Purchaser for whom the Subscriber is acting):
 - (i) has such knowledge, skill and experience in financial, investment and business affairs as to be capable of evaluating the merits and risks of its investment in the Securities;
 - (ii) is capable of assessing the merits and risks of its investment in the Securities (including the potential loss of its entire investment);
 - (iii) is aware of the characteristics of the Securities and understands the risks relating to an investment therein; and
 - (iv) is able to bear the economic risk of loss of its investment in the Securities.
- (b) With the assistance of the Subscriber's (and any Beneficial Purchaser's) own professional advisors, to the extent that the Subscriber (and any Beneficial Purchaser) has deemed appropriate, the Subscriber has made its own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Securities and the consequences of this Subscription Agreement. The Subscriber (and any Beneficial Purchaser) has considered the suitability of the Securities as an investment in light of its own circumstances and financial condition and its authority to invest in the Securities.
- (c) No person has made any written or oral representations:
 - (i) that any person will resell or repurchase the Securities;
 - (ii) that any person will refund the Subscription Price; or
 - (iii) as to the future price or value of the Securities.
- (d) In deciding to purchase the Securities, the Subscriber is not relying on the advice or recommendations of the Corporation and the Subscriber has made its own independent decision that the investment in the Securities is suitable and appropriate for the Subscriber. The Subscriber hereby confirms that the Corporation has not:

- (i) given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Securities; or
 - (ii) made any representation to the Subscriber regarding the legality of an investment in the Securities under applicable legal investment or similar laws or regulations.
- (e) The Subscriber is not relying on (and will not at any time rely on) any communication (written or oral) of the Corporation, as investment advice or as a recommendation to purchase the Securities, it being understood that information and explanations related to the terms and conditions of the Securities and the other transaction documents that are described in the Offering Documents will not be considered investment advice or a recommendation to purchase the Securities.
- (f) There is no government or other insurance covering the Securities.
- (g) No agency, governmental authority, securities commission or similar regulatory body, stock exchange or other entity has reviewed, passed on or made any finding or determination as to the merit for investment of the Securities nor have any such agencies or governmental authorities made any recommendation or endorsement with respect to the Securities.

3.3 Jurisdiction and Investor Status

- (a) The Subscriber and each Beneficial Purchaser for whom it is acting is a resident or, if not an individual, has its head office in the jurisdiction set out on the face page of this Subscription Agreement and such address was not created and is not solely used for the purpose of acquiring the Securities. The Subscriber is subject to the Securities Laws and has and will comply with the Securities Laws in respect of the Offering and the Securities, including with respect to the transfer and resale restrictions.
- (b) The Subscriber and any person for whom it is acting (including any Beneficial Purchaser) is not a U.S. Person and is not subscribing for Securities for the account of a U.S. Person or for resale in the United States, and the Subscriber confirms that the Securities have not been offered to the Subscriber in the United States and this Subscription Agreement has not been signed in the United States.
- (c) Neither the Subscriber nor any person for whom it is acting (including any Beneficial Purchaser) will offer, sell or otherwise dispose of the Securities in the United States or, to its knowledge, to a U.S. Person, unless the Corporation has consented to such offer, sale or disposition and such offer sale or disposition is made in accordance with an exemption from the registration requirements of the U.S. Securities Act and the securities laws of all applicable states of the United States or the U.S. Securities and Exchange Commission has declared effective a registration statement in respect of such Securities.
- (d) The Subscriber is aware that the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and that the Securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and it acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Securities.

3.4 Corporation Information

- (a) The Subscriber has received a copy of the Offering Documents. The Subscriber has not been furnished with any offering literature other than the Offering Documents and has relied only on the information contained therein. The Subscriber's decision to subscribe for Securities was based solely upon the Offering Documents and on this Subscription Agreement. The Subscriber's decision to subscribe for the Securities was not based upon, and the Subscriber has not relied upon, any verbal or written representations as to fact made by or on behalf of the Corporation.
- (b) The Subscriber is familiar with the business and financial condition and operations of the Corporation, all as generally described in the Offering Documents. The Subscriber has had access to such information concerning the Corporation and the Securities as it deems necessary to enable it to make an informed investment decision concerning the purchase of the Securities.
- (c) The Subscriber confirms that it is not relying on any communication (written or oral) of the Corporation or any of its affiliates as investment advice or as a recommendation to purchase the Securities. It is understood that information and explanations related to the terms and conditions of the Securities provided in the Offering Documents or otherwise by the Corporation or any of its affiliates will not be considered investment advice or a recommendation to purchase the Securities and that neither the Corporation nor any of its affiliates is acting or has acted as an advisor to the Subscriber in deciding to invest in the Securities.
- (d) If the Subscriber is a **resident of a jurisdiction of Canada and received an offering memorandum:**
 - (i) The Subscriber has completed, executed and delivered to the Corporation within the applicable time period the risk acknowledgement in Form 45-106F4 attached as Appendix B.
 - (ii) The information contained in the completed certificates and forms (as applicable), including the representations and warranties made therein, is complete, true and correct as of the date of execution of this Subscription Agreement and the Closing Date.
 - (iii) Any information that has been furnished or that will be furnished by the Subscriber (or any Beneficial Purchaser) to evidence its acknowledgment of the risks of the investment is accurate and complete and does not contain any misrepresentation or material omission.]
- (e) If the Subscriber is an individual and a resident of Ontario or Alberta and received an offering memorandum:
 - (i) The Subscriber: (A) meets the definition of "accredited investor" as defined in section 1.1 of NI 45-106 (or, if a resident in Ontario, as defined in section 73.3 of the OSA) or is in one of the relationships referred to in section 2.5(1) of NI 45-106; (B) meets the definition of "eligible investor" in section 1.1 of NI 45-106 as indicated in Appendix B and the acquisition cost of all securities acquired by the Subscriber under section 2.9(2.1) of NI 45-106 in the preceding 12 months does not exceed CDN\$30,000; (C) meets the definition of "eligible investor" in

section 1.1 of NI 45-106 as indicated in Appendix B, received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable and the acquisition cost of all securities acquired by the Subscriber under section 2.9(2.1) of NI 45-106 in the preceding 12 months does not exceed CDN\$100,000; or (D) the acquisition cost of all securities acquired by the Subscriber under section 2.9(2.1) of NI 45-106 in the preceding 12 months does not exceed CDN\$10,000.

- (ii) The information contained in the completed certificates and forms (as applicable), including the representations and warranties made therein, is complete, true and correct as of the date of execution of this Subscription Agreement and the Closing Date.
- (iii) Any information that has been furnished or that will be furnished by the Subscriber (or any Beneficial Purchaser) to evidence its status as an investor is accurate and complete, and does not contain any misrepresentation or material omission.

3.5 Securities Laws

- (a) The Corporation is relying on an exemption from the requirement to provide the Subscriber with a prospectus under the Securities Laws and, as a consequence of acquiring the Securities pursuant to such exemption:
 - (i) certain protections, rights and remedies provided by the Securities Laws, including statutory rights of rescission and certain statutory remedies against an issuer, underwriters, auditors, directors and officers that are available to investors who acquire securities offered by a prospectus, will not be available to the Subscriber;
 - (ii) the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with the Securities acquired pursuant to the Offering;
 - (iii) the Subscriber may not receive information that would otherwise be required to be given under the Securities Laws; and
 - (iv) the Corporation is relieved from certain obligations that would otherwise apply under the Securities Laws.
- (b) If required by applicable Securities Laws, the Subscriber and each Beneficial Purchaser for whom it is contracting hereunder will execute, deliver and file or assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Securities as may be required by any securities commission, stock exchange or other regulatory authority.
- (c) The Corporation is relying on the acknowledgements, representations, warranties and covenants contained herein and in the applicable Appendices attached hereto to determine the Subscriber's eligibility to subscribe for Securities under applicable Securities Laws and to ensure that the Corporation can rely on an exemption from the prospectus requirements of the Securities Laws. The Subscriber agrees to indemnify the Corporation and each of its directors, officers, employees, agents and representatives

against all losses, claims, costs, expenses, damages or liabilities, which the Corporation or any of the foregoing persons may suffer or incur as a result of or arising from reliance thereon. The Subscriber undertakes to immediately notify the Corporation of any change in any statement or other information relating to the Subscriber set forth in this Subscription Agreement or the attached Appendices, which takes place prior to the Closing Date.

3.6 Transfer and Resale Restrictions and Securities Legends

- (a) The Subscriber's ability to transfer the Securities is limited by, among other things, applicable Securities Laws.
- (b) The Securities will be subject to statutory resale restrictions under the Securities Laws and the Subscriber covenants that it will not resell, assign, pledge, give, transfer or otherwise dispose of the Securities or any interest therein, or make any offer or attempt to do any of the foregoing except in compliance with such laws and the Subscriber acknowledges that it is solely responsible (and the Corporation is not in any way responsible) for such compliance.
- (c) The Subscriber acknowledges that no representations or warranties have been made regarding the applicable hold periods and transfer restrictions imposed by the Securities Laws or other resale restrictions applicable to such Securities that restrict the ability of the Subscriber (or others for whom it is contracting hereunder) to resell such Securities, that the Subscriber (or others for whom it is contracting hereunder) is solely responsible to find out what these restrictions are, that the Subscriber is solely responsible (and the Corporation is not in any way responsible) for compliance with applicable resale restrictions and that the Subscriber is aware that it may not be able to resell such Securities except in accordance with limited exemptions under the Securities Laws and other applicable securities laws.
- (d) The certificates representing the Securities will bear, as of the Closing Date, legends setting out resale restrictions under applicable securities legislation, and unless permitted under applicable securities legislation, the Securities may not be traded before the date that is four months and a day after the later of: (i) Closing; and (ii) the date the issuer became a reporting issuer in any province or territory.

3.7 Anti-Money Laundering

The Subscription Price or the Principal which will be advanced by the Subscriber to the Corporation hereunder does not and will not represent the proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), S.C. 2000, c. 17 (the "**PCMLTFA**"), and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the name of the Subscriber and other information relating to this Subscription Agreement and the subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of the Subscriber's knowledge:

- (a) none of the subscription funds provided by the Subscriber have been or will be derived directly or indirectly from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, or any other jurisdiction, or are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and

- (b) the Subscriber will promptly notify the Corporation if it discovers that any of such representations cease to be true and to provide the Corporation with appropriate information in connection therewith.

3.8 Personal Information

- (a) The information provided by the Subscriber on the face page of this Subscription Agreement identifying the name, address and telephone number of the Subscriber, the number of Securities being purchased hereunder and the total purchase price as well as the Closing Date and the exemption that the Subscriber is relying on in purchasing the Securities will be disclosed to the securities regulators in the Province of residence for the Subscriber, and such information is being indirectly collected by such securities regulators under the authority granted to it under the Securities Laws. This information is being collected for the purposes of the administration and enforcement of the Securities Laws in such Provinces. Each Subscriber (for certainty including each Beneficial Purchaser) hereby authorizes the indirect collection of such information by the such securities regulators. In the event the Subscriber has any questions with respect to the indirect collection of such information by such securities regulators, the Subscriber should contact the relevant securities regulator at:

Alberta Securities Commission

Suite 600, 250 – 5th Street SW
 Calgary, Alberta T2P 0R4
 Telephone: 403-297-6454
 Toll free in Canada: 1-877-355-0585
 Facsimile: 403-297-2082
 Public official contact regarding indirect
 collection of information: **FOIP**
Coordinator

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
 701 West Georgia Street
 Vancouver, British Columbia V7Y 1L2
 Inquiries: 604-899-6854
 Toll free in Canada: 1-800-373-6393
 Facsimile: 604-899-6581
 Email: FOI-privacy@bcsc.bc.ca
 Public official contact regarding indirect collection of
 information: **FOI Inquiries**

Ontario Securities Commission

20 Queen Street West, 22nd Floor
 Toronto, Ontario M5H 3S8
 Telephone: 416-593- 8314
 Toll free in Canada: 1-877-785-1555
 Facsimile: 416-593-8122
 Email:
 exemptmarketfilings@osc.gov.on.ca
 Public official contact regarding indirect
 collection of information: **Inquiries**
Officer

- (b) The Subscriber acknowledges and consents to the fact that the Corporation is collecting the Subscriber's (and any Beneficial Purchaser's) personal information (as that term is defined under applicable privacy legislation, including, without limitation, the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 and any other applicable similar, replacement or supplemental provincial or federal laws in effect from time to time) for the purpose of completing this Subscription Agreement. The Subscriber acknowledges and consents to the Corporation retaining such personal information for as long as permitted or required by law. The Subscriber further acknowledges and consents to the fact that the Corporation may be required by the Securities Laws, the rules and policies of any stock exchange or the rules of the Investment Industry Regulatory

Organization of Canada to provide regulatory authorities with any personal information provided under this Subscription Agreement. In addition to the foregoing, the Subscriber agrees and acknowledges that the Corporation may use and disclose the Subscriber's personal information, as follows:

- (i) for internal use with respect to managing the relationships between and contractual obligations of the Corporation and the Subscriber;
- (ii) for use and disclosure for income tax related purposes, including without limitation, where required by law, disclosure to the Canada Revenue Agency;
- (iii) for disclosure to securities regulatory authorities and other regulatory bodies with jurisdiction with respect to reports of trades and similar regulatory filings;
- (iv) for disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure;
- (v) for disclosure to professional advisers of the Corporation in connection with the performance of their professional services;
- (vi) for disclosure to any person where such disclosure is necessary for legitimate business reasons and is made with the Subscriber's prior written consent;
- (vii) for disclosure to a court determining the rights of the parties under this Subscription Agreement; or
- (viii) for use and disclosure as otherwise required or permitted by law.

3.9 Independent Legal Advice

- (a) The Subscriber and each Beneficial Purchaser for whom it is acting hereunder is responsible for obtaining such legal, investment, tax and other advice as it considers appropriate in connection with its evaluation of the Securities and the execution, delivery and performance of this Subscription Agreement and the transactions contemplated under this Subscription Agreement.
- (b) The Subscriber, and each Beneficial Purchaser for whom it is contracting hereunder, has been advised to consult its own legal advisors with respect to trading an investment in the Securities and with respect to the resale restrictions imposed by the Securities Laws, the Subscriber is solely responsible (and the Corporation is not in any way responsible) for compliance with applicable resale restrictions and the Subscriber is aware that it (or the Beneficial Purchaser for whom it is contracting hereunder) may not be able to resell such Securities except in accordance with limited exemptions under the Securities Laws.

4. Acknowledgements.

- (a) The representations, warranties and covenants contained herein (including those made in any certificate or document referenced herein) are made by the Subscriber with the intent that they be relied upon by the Corporation in determining the eligibility of the Subscriber as a purchaser of Shares. The Subscriber undertakes to notify the Corporation immediately of any change in any representation, warranty or other information relating

to the Subscriber set forth herein (including those made in any certificate or document referenced herein) which takes place prior to the Closing Time.

- (b) At the request of the Corporation, the Subscriber waives, and agrees to waive on an annual basis, the requirement to receive audited financial statements of the Corporation and at the request of the Corporation, the Subscriber agrees to sign such consents, waiver or other documents as may be required to be signed to waive the requirement for appointment of an auditor for the Corporation for the ensuing year following .

5. Delivery of Subscription Agreement and Payment. The Subscriber agrees to deliver to the Corporation as soon as possible and, in any event, no later than 11:00 a.m. (Vancouver time) on the day which is two business days before the Closing Date, the following:

- (a) this completed and duly executed Subscription Agreement;
- (b) a fully executed Risk Acknowledgement in the form provided by the Corporation;
- (c) if applicable, a completed and duly executed Eligible Investor Certificate, or Certificate of Accredited Investor in the form set out in Schedule “B” to the Offering Memorandum;
- (d) a certified cheque or bank draft made payable to, or wire transfer delivered to Fasken Martineau DuMoulin LLP in Trust at any time prior to the Initial Closing and at any time thereafter, to “FinJoy Inc.” on or before the applicable Closing Date (or such other date as the Corporation may advise) representing the Subscription Price payable by the Subscriber for the Shares, or such other method of payment of the same amount against delivery of the Subscriber’s Shares as the Corporation may accept; and
- (e) such other documents as may be required as contemplated herein or required under applicable securities legislation or stock exchange rules.

The Subscriber acknowledges and agrees that such other documents, when executed and delivered by the Subscriber will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Subscriber hereunder in favour of the Corporation and agrees that such representations, warranties and covenants will be true and correct both as of the execution of this subscription and as of the Closing Time and will survive the purchase of the Shares hereunder and shall continue in full force and effect notwithstanding any subsequent disposition of the Shares. The Subscriber consents to the filing of any such documents as may be required to be filed with any securities regulatory authority or stock exchange in connection with the transactions contemplated hereby.

6. Closing. Subject to the terms and conditions herein, the Closing of the Offering will occur at – see accompanying offering memorandum - or at such other place as the Corporation may decide, at 11:00 a.m. (Vancouver time) (the “**Closing Time**”), on such date or dates as the Corporation may determine in its sole discretion (each a “**Closing Date**”), provided that the initial Closing Date will occur when the Corporation raises the Minimum Offering (as defined in the Offering Memorandum) (“**Initial Closing**”) and thereafter each closing Date will be date the determind by the Corporation.

7. Costs. All costs and expenses incurred by the Subscriber (including any fees and disbursements of any counsel obtained by it) relating to the sale of the Shares hereunder shall be borne by the Subscriber.

8. Currency. All references to dollars “\$” are to Canadian currency.

9. Acceptance of Subscription. This subscription may be accepted in whole or in part by the Corporation and the right is reserved to the Corporation to allot to any Subscriber less than the amount of Shares subscribed for. The sale and delivery of the Shares to the Subscriber are conditional upon such sale being exempt from the requirement to file a prospectus under any applicable securities laws relating to the sale of the Shares.

10. Confidentiality and Privacy. The Subscriber acknowledges and consents to the fact that the Corporation is collecting personal information (as that term is defined under applicable privacy legislation, including, without limitation, the Personal Information Protection and Electronic Documents Act (Canada) and any other applicable similar, replacement or supplemental provincial or federal legislation or laws in effect from time to time) of the Subscriber (collectively “**Personal Information**”), for the purpose of completing this Subscription Agreement. The Subscriber acknowledges and consents to the Corporation retaining such Personal Information for as long as permitted or required by law or business practices. The Subscriber agrees and acknowledges that the Corporation may use and disclose such Personal Information for:

- (a) internal use with respect to managing the relationships between and contractual obligations of the Corporation and the Subscriber;
- (b) use and disclosure for income tax-related purposes, including without limitation, where required by law, disclosure to Canada Revenue Agency;
- (c) disclosure to professional advisers of the Corporation in connection with the performance of their professional services;
- (d) disclosure to securities regulatory authorities and other regulatory bodies with jurisdiction with respect to reports of trade or similar regulatory filings;
- (e) disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure;
- (f) disclosure to any person where such disclosure is necessary for legitimate business reasons and is made with the Subscriber’s prior written consent;
- (g) disclosure to a court determining the rights of the parties under this Subscription Agreement; and
- (h) use and disclosure as otherwise required or permitted by law.

In addition, the Subscriber further acknowledges and consents to the fact that the Corporation may be required to provide any one or more of the Canadian securities regulators, stock exchanges or other regulatory agencies, the Canada Revenue Agency or the Corporation’s registrar and transfer agent with any Personal Information provided by it in this Agreement, and may make any other filings of such Personal Information as the Corporation and its counsel deem appropriate, and the Subscriber hereby consents to and authorize the foregoing use and disclosure of such Personal Information and agrees to provide, on request, all particulars required by the Corporation in order to comply with the foregoing.

11. Execution of Subscription Agreement. The Corporation shall be entitled to rely on delivery by facsimile machine or other electronic copy of an executed copy of this subscription, and acceptance by the Corporation of such facsimile or other electronic copy shall be equally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof.

12. Counterparts. This Subscription Agreement may be executed in any number of counterparts, each of which when delivered, either in original or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

13. English Language. The Subscriber hereby acknowledges that it has consented that the Subscription Agreement and all documents evidencing or relating in any way to the purchase be drawn up in the English language only.

14. Governing Law. The contract arising out of this Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein without regard to principles of conflicts of law. The Subscriber irrevocably attorns to the jurisdiction of the courts in the Province of British Columbia, with respect to matters arising out of this Subscription Agreement.

15. Successors and Assigns. The terms and conditions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and the Corporation and their respective successors and assigns. Except as otherwise provided in this Subscription Agreement, this Subscription Agreement shall not be assignable or transferable by any party without the written consent of the other party hereto.

16. Entire Agreement and Headings. This Subscription Agreement (including the schedules hereto) and the Offering Memorandum contains the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified in any respect by written instrument only. The headings contained herein are for convenience only and shall not affect the meanings or interpretation hereof.

17. Interpretation. Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing gender include any gender. Each of the terms “including”, “include” and “includes”, when used in this Subscription Agreement, is not limiting whether or not non-limiting language (such as “without limitation”, “without limiting the foregoing”, “but not limited to” or words of similar import) is used with reference thereto.

18. Survival. This Subscription Agreement, including without limitation the representations, warranties and covenants contained herein, shall survive and continue in full force and effect and be binding upon the Subscriber notwithstanding the completion of the purchase of the Shares by the Subscriber pursuant hereto, the completion of the Offering and any subsequent disposition by the Subscriber of the Shares.

19. Rights of Action for Damages or Rescission. The Subscriber shall have the rights set forth in the Offering Memorandum under Item 11 – Subscriber’s Rights as if such rights were fully set forth in this Subscription Agreement and such rights are hereby incorporated by reference herein.

20. Statutory References. Any reference to a statute or enactment herein is a reference to a statute or enactment as amended.

21. Time of Essence. Time shall be of the essence in this Subscription Agreement.

22. Notices. Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation, be addressed to:

Finjoy Inc.
1411 W. Broadway,
Vancouver, BC, V6H 1H6
Attention: Afshin Ardalan
Email: info@finjoy.com

and, in the case of notice to be given to the Subscriber be addressed to the address provided on the first two pages of this Subscription Agreement by the Subscriber. Any such notice or other communication shall be in writing and may be given by facsimile or delivery, and shall be deemed to have been given 12 hours after being faxed or upon receipt by a responsible officer of the addressee if delivered.

23. Consent to Electronic Communication. The Subscriber acknowledges that the Corporation has a program for delivery to its shareholders of notices, documents, records or other information (each, a "**Document**" and collectively, "**Documents**") electronically rather than traditional mailing of a paper copy and hereby agrees that (a) Documents from the Corporation may be delivered electronically and may include, among others: (i) notices of meetings of the shareholders, and related material and forms of proxy, including annual general meeting and special general meetings; (ii) shareholder communications from the Corporation; (iii) annual or interim financial statements of the Corporation; and (iv) other notices, documents or information that the Corporation is required or permitted to send by statute or regulation, its Articles, Bylaws or this Agreement; (b) the Documents that may be delivered electronically to the Subscriber will be delivered to the email address designated by the Subscriber to the Corporation from time to time; and (c) a Document is considered to be provided by the Corporation once it is sent by the Corporation electronically and such delivery shall not require any proof of receipt and shall be deemed to have complied fully with the provisions of the *Canada Business Corporations Act*, or the Articles and Bylaws of the Corporation.

24. Regulatory Approval. Without limitation, this Agreement and the transactions contemplated hereby are conditional upon and subject to regulatory approval.

25. Effective Date. This Subscription Agreement is intended to and shall take effect on the date the Subscription Agreement was accepted by the Corporation below, notwithstanding the actual date of execution or delivery by the Subscriber.

A2- 1

Schedule "A" Exhibit 1**Subscription for a Convertible Note****TO: FinJoy Inc. (the "Corporation")**

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase from the Corporation a Convertible Note pursuant to the Terms and Conditions of Subscription for Securities attached as Schedule A to which this Exhibit 1 is attached (the "**Subscription Agreement**") pursuant to an Offering Memorandum of the Corporation dated November 15, 2019 ("**Offering Memorandum**") in the amount set out below.

The Subscriber acknowledges and agrees that the Convertible Note shall have the terms, rights and entitlements as attached to this Subscription Agreement.

Aggregate Principal of the Convertible Note to be Subscribed

PLEASE DELIVER THE AGGREGATE PRINCIPAL AS PER THE WIRE INSTRUCTIONS SET OUT BELOW.

CDN\$ _____

Name of Subscriber:

Account Reference (if applicable):

BY: _____

Address, Province and Postal Code:

(Authorized Signature)

Title (if Subscriber is not an individual):

Telephone Number: _____

Email Address: _____

Beneficial Purchasers**Account Registration Information**

If the Subscriber is signing as an agent for a beneficial purchaser and is not purchasing as a trustee or agent on accounts fully managed by it, complete the following:

Name: _____

Account Reference (if applicable):

Name of Beneficial Purchaser:

Address (including Province and Postal Code):

Address of Beneficial Purchaser (including Province and Postal Code):

The foregoing is acknowledged, accepted and agreed to this _____ day of _____, 20____.

FINJOY INC.

Per: _____
Authorized Signatory

Wire Instructions for Delivery of the Aggregate Principal

| | |
|----------------------|--|
| Bank Name: | Royal Bank of Canada |
| Bank Address: | Main Branch, Royal Centre 1025 West Georgia Street Vancouver, BC V5E 3N9 |
| CAD Account No.: | 178-793-6 |
| Institution No.: | 003 |
| Transit No.: | 00010 |
| SWIFT Code: | ROYCCAT2 |
| ABA No.: | 021000021 |
| Beneficiary Name: | Fasken Martineau DuMoulin LLP, In Trust |
| Beneficiary Address: | 2900 – 550 Burrard Street Vancouver, BC V6C 0A3 |
| Reference: | 317256.00001 / SZN |

Wire payment notification can be sent by email: VANTrust-desk@fasken.com or by fax to (604) 632-4714.

FINJOY INC.**UNSECURED CONVERTIBLE PROMISSORY NOTE**

This Unsecured Convertible Promissory Note is dated for reference as of _____, 201____ (the “**Effective Date**”).

BY:

FINJOY INC., a corporation having an address at 1411 W. Broadway,
Vancouver, BC, V6H 1H6

(the “**Corporation**”)

IN FAVOUR OF:

(the “**Subscriber**”)

RECITALS:

A. The Subscriber has provided a loan in the principal amount of \$ _____ (the “**Principal**”) to the Corporation and the Corporation wishes to enter into this Unsecured Convertible Promissory Note (“**Note**”) with the Subscriber on the date hereof to evidence the obligations of the Corporation to repay the Indebtedness (as defined below) and to set out other terms in respect of the Indebtedness.

B. This Note is one of a series of unsecured convertible notes (collectively, the “**Notes**”). issued by the Corporation pursuant to an offering as set out in an Offering Memorandum of the Corporation dated November 15, 2019 (the “**Offering**”).

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the receipt of which is hereby acknowledged, the parties covenant and agree with each other as follows:

PART 1
PRINCIPAL AND SECURITY

1.1 Promise to Pay. As consideration for the Principal advanced, the Corporation agrees to pay to or to the order of the Subscriber the Indebtedness, subject to the terms set out in this Note.

1.2 Interest. The Principal remaining from time to time unpaid and outstanding shall bear interest, both before and after demand and judgment to the date of the repayment in full of the Principal, at the rate of 8% per annum (“**Interest**” and together with the Principal, the “**Indebtedness**”). Interest at such rate shall accrue daily and be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and shall be payable on a monthly basis on the last day of each month. Overdue interest shall bear interest at the rate of 10% per annum, calculated as aforesaid.

1.3 Maturity Date . The outstanding portion of the Principal shall become due and payable 36 months after the Effective Date (the “**Maturity Date**”), unless the Principal is converted pursuant Article 3 below.

1.4 Security. The Principal loaned shall be an unsecured obligation of the Corporation.

1.5 Prepayment. The Corporation shall have the right to repay the Indebtedness or any portion of the Indebtedness at any time upon prior to Maturity Date unless the Indebtedness is converted in accordance with this Note, provided that the Corporation has provided a notice of prepayment top the Subscriber not later than 14 days prior to the date of repayment (the “**Repayment Notice**”).

PART 2 CONVERSION

2.1 Qualified Financing Conversion. If the Corporation at any time before the full repayment of the Principal issues fully paid and non-assessable shares in the capital of the Corporation (the “**Next Financing Securities**”) raising gross proceeds of at least \$4,000,000, excluding the amounts raised from the conversion of this Note or any other Notes issued under the Offering (a “**Qualified Financing**”), then all of the outstanding Principal will at the option of the Subscriber be converted into Next Financing Securities issued under the Qualified Financing at a price per share which is equal to the lower of: (a) the lowest price per Next Financing Security (or units thereof) sold in the Qualified Financing (excluding any other discounts on any indebtedness converted into Next Financing Securities in connection with the Qualified Financing); and (b) \$1.25 per share (the “**Conversion Price per Share**”).

2.2 Liquidity Event. In the event of occurrence of: (i) an amalgamation, merger or reorganization of the Corporation, or a sale of the shares of the Corporation, whereby the shareholders of the Corporation immediately prior to such a transaction will not, directly or indirectly, have control of more than 50% of the votes capable of being cast at a general meeting of the shareholders of the Corporation after the completion of such transaction, or (ii) a sale of all or substantially all of the Corporation’s assets or undertaking (other than as part of an amalgamation, merger or reorganization with subsidiaries or affiliates of the Corporation) (a “**Liquidity Event**”), the Subscriber shall have the right to elect to be repaid the Indebtedness or have the Indebtedness converted into Preferred Shares at the Conversion Price per Share.

2.3 Optional Conversion. The Subscriber shall have the right to convert the Indebtedness or any portion of it at any time into Preferred Shares as the price of \$1.25 per share, including for clarity, after the date of Repayment Notice has been provided to the Subscriber.

Issuance of Next Financing Securities upon Conversion. Within 15 days after conversion of this Note, the Corporation, at its expense, will cause to be issued in the name of and delivered to the Subscriber, a certificate for the number of Next Financing Securities or Preferred Shares, as applicable, to which the Subscriber shall be entitled upon such conversion, which certificates shall include legends restricting transfer required under applicable securities laws. No fractional shares will be issued upon conversion of this Note. If, upon conversion of this Note, a fraction of a share would result, the Corporation will issue the closest whole share such that the shares issued will be fully paid.

2.5 Adjustment Provisions. If, at any time, prior to the Maturity Date or the date on which this Note is converted in full in accordance with the terms hereof, the Corporation:

- (a) proposes to reduce or adjust the number of outstanding shares of any class outstanding following a consolidation or combination;
- (b) proposes to increase the number of outstanding shares of any class outstanding following a subdivision or split;
- (c) proposes to change, reclassify, re-designate, convert or regroup shares of any class;

- (d) proposes to issue shares or securities convertible, exchangeable or exercisable for shares of any class or rights, options or warrants to holders of all or substantially all shares of any class other than currently outstanding convertible securities and other than pursuant to the Corporation's existing employee stock option plan;
- (e) proposes to make a special distribution of securities of the Corporation, evidences of indebtedness, assets (including cash) or rights exercisable therefor;
- (f) proposes to amalgamate or merge with another corporation or transfer all or substantially all of its assets to another corporation; or
- (g) proposes any other reorganization of its share capital or other action that would affect the rights of the Subscriber hereunder,

then appropriate proportional adjustments or changes shall be made to the number, nature or category or conversion price, as the case may be, of the shares into which the Indebtedness is convertible in such a way that the Subscriber and the Corporation will not be, following said adjustments or changes, in neither a more favourable nor less favourable position than it was before such adjustment or change.

PART 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Subscriber.

- (a) The Subscriber represents and warrants to the Corporation, and acknowledges that the Corporation is relying on these representations and warranties to, among other things, ensure that it is complying with all of the applicable rules, policies, notices, orders and legislation of any kind whatsoever of any securities regulatory body having jurisdiction (collectively, the "**Securities Rules**"), that:
 - (i) the Subscriber is acquiring this Note as principal for its own account and not for the benefit of any other person;
 - (ii) the Subscriber was offered the Notes in, and is resident in the province or jurisdiction set out on the first or second page of this Note as the "Lender's Residential or Head Office Address", which address is the Subscriber's residence or place of business and was not created and is not used solely for the purpose of acquiring the Note;
 - (iii) if the aggregate value of the Note is over CDN\$10,000, then the Subscriber is an "accredited investor" and has delivered a Accredited Investor Certificate to the Corporation; and
 - (iv) the Subscriber is NOT a U.S. Person (as defined in Regulation S promulgated under the United States Securities Act of 1933) and is not purchasing the Note for the account or benefit of, directly or indirectly, a U.S. Person or a Person in the United States, and the Subscriber (or the Subscriber's authorized signatory, if it is an entity) is outside the United States when receiving and executing this Note;
- (b) If the Subscriber is a corporation, the Subscriber is a valid and subsisting corporation, has the necessary corporate capacity and authority to execute and deliver this Note and to observe and perform its covenants and obligations hereunder and has taken all necessary

corporate action in respect thereof, or, if the Subscriber is a partnership, syndicate, trust or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Note and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof, and, in either case, upon the Corporation executing and delivering this Note, this Note will constitute a legal, valid and binding contract of the Subscriber enforceable against the Subscriber in accordance with its terms and neither the agreement resulting from such acceptance nor the completion of the transactions contemplated hereby conflicts with, or will conflict with, or results, or will result, in a breach or violation of any law applicable to the Subscriber, any constating documents of the Subscriber or any agreement to which the Subscriber is a party or by which the Subscriber is bound.

PART 4

ACKNOWLEDGMENTS AND AGREEMENTS

4.1 Acknowledgements and Agreements of the Subscriber. The Subscriber acknowledges and agrees that:

- (a) because this loan is being made pursuant to the exemptions from the registration and prospectus requirements under the Securities Rules (“**Exemptions**”):
 - (i) the Subscriber is restricted from using certain of the civil remedies available under the applicable Securities Rules,
 - (ii) the Subscriber may not receive information that might otherwise be required to be provided to the Subscriber under the applicable Securities Rules if the Exemptions were not being used, and
 - (iii) the Corporation is relieved from certain obligations that would otherwise apply under the applicable Securities Rules if the Exemptions were not being used;
- (b) that this Note and if applicable the shares acquired by the Subscriber upon conversion of this Note (collectively the “**Securities**”) will be subject to such trade restrictions as may be imposed by operation of applicable Securities Rules and that the Corporation may be required to legend the certificates representing such Securities with those restrictions. This will prevent the Subscriber from reselling the Securities except in very limited circumstances. The Subscriber further acknowledges and agrees that it is the Subscriber’s obligation to comply with the trade restrictions in all applicable jurisdictions and the Corporation offers no advice as to those trade restrictions except as provided for herein. The Subscriber further acknowledges that it may never be able to resell the Securities;
- (c) that no securities commission has evaluated or endorsed the merits of the Securities and that the Corporation has no duty to tell the Subscriber whether the Securities are a suitable investment. The Subscriber further acknowledges that it is investing in the Corporation entirely at its own risk and it may lose all of the Principal;
- (d) this Note and any securities acquired upon the exercise of this Note will be subject to such trade restrictions as may be imposed by operation of applicable securities rules and that the Corporation may be required to legend the certificates representing such securities with those restrictions. This will prevent the Subscriber from reselling these securities except in very limited circumstances. In this regard, the Subscriber acknowledges that such trade restrictions provide that the Subscriber must hold and not

sell, transfer or in any manner dispose (collectively, the “**Disposition**”) of the securities unless the Corporation is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the Disposition. The Subscriber further acknowledges and agrees that it is the Subscriber’s obligation to comply with the trade restrictions in all of the applicable jurisdictions and the Corporation offers no advice as to those trade restrictions except as provided for herein. The Subscriber further acknowledges that it may never be able to resell these securities; and

- (e) it understands that this Note and any securities issued pursuant to conversion of this Note are being offered to it in compliance with Rule 506 of Regulation D under the *U.S. Securities Act*.

4.2 Transferability. This Note may not be transferred or assigned without the consent of the Corporation. If the Corporation consents to the transfer or assignment of this Note, this Note may be transferred only in compliance with applicable Securities Rules and only upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Corporation. A new unsecured convertible promissory note for like Indebtedness will be issued to, and registered in the name of, the transferee

PART 5 EVENT OF DEFAULT

5.1 Event of Default. Any of the following events shall, for the purposes of this Note constitute an “**Event of Default**”:

- (a) the Corporation fails to pay to the Subscriber any of the Principal when due and payable hereunder;
- (b) any representations or warranties made by the Corporation in this Note is incorrect in any material respect, and the Corporation has failed to cure that default within 30 days after receipt of written notice thereof from the Subscriber, or the Corporation has failed to fulfil any covenants provided by it in this Note;
- (c) the Corporation makes an assignment for the benefit of creditors or any proceeding is instituted by or against it alleging that it is insolvent or unable to pay its debts as they mature and such proceeding is not dismissed within a reasonable period of time not to exceed 45 days;
- (d) the liquidation or dissolution, or any other termination or winding-up of the business, of the Corporation;
- (e) the appointment of any receiver, trustee, monitor or other person with similar powers for the Corporation or its assets; or
- (f) the institution by or against the Corporation of bankruptcy proceedings.

5.2 Subscriber Remedies. Upon an Event of Default under this Note, the Subscriber may declare the Indebtedness to be immediately payable by written notice delivered to the Corporation. Waiver of any default will not constitute a waiver of any other or subsequent default.

PART 6 MISCELLANEOUS

6.1 No Rights as Shareholder. This Note shall not entitle the Subscriber to any voting rights or any other rights as a shareholder of the Corporation or to any other rights except the rights stated herein.

6.2 Notices. Unless otherwise provided, any notice under this Note shall be given in writing and shall be deemed effectively given:

- (a) upon personal delivery to the party to be notified,
- (b) upon confirmation of receipt by email by the party to be notified,
- (c) one business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in this paragraph, or
- (d) three days after deposit with Canada Post, postage prepaid, registered or certified with return receipt requested (seven days after such deposit if the recipient is located outside of Canada) and addressed to the party to be notified at the address indicated below, or at such other address as such party may designate by ten days' advance written notice to the other party given in the foregoing manner.

If to the Subscriber, to the address set out on the execution page to this Note.

If to the Corporation:

Finjoy Inc.
1411 W. Broadway,
Vancouver, BC, V6H 1H6
Attention: Afshin Ardalan
Email: info@finjoy.ca

6.3 Amendments and Waivers. Any term of this Note may be amended and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of both the Corporation and the Subscriber.

6.4 Governing Law. This Note shall be governed by and construed under the laws of the Province of British Columbia and the laws of Canada applicable therein. The parties hereby attorn to the exclusive courts of the Province of British Columbia.

6.5 Successors and Assigns. The terms and conditions of this Note shall inure to the benefit of and be binding on the respective successors and assigns of the parties.

6.6 Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note, and the balance of this Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

6.7 Counterparts. This Note may be executed in any number of counterparts, each of which when delivered (by facsimile or otherwise) shall be deemed to be an original and all of which together shall

constitute one and the same document. A signed facsimile or faxed or PDF copy of this Note shall be effective and valid proof of execution and delivery.

6.8 Entire Agreement. This Note and any other agreement referred to in this Note comprise the entire agreement between the parties in connection with the subject matter of this Note, and supersede all previous proposals, negotiations, promises, agreements, conditions, representations and warranties with respect to the subject matter of this Note. There are no representations, warranties, terms, conditions, undertakings or collateral agreements express or implied between the parties other than as expressly set out in this Note.

6.9 Consent to Electronic Communication. The Subscriber acknowledges that the Corporation has a program for delivery to its shareholder of notices, documents, records or other information (each, a "**Document**" and collectively, "**Documents**") electronically rather than traditional mailing of a paper copy and hereby agrees that (a) Documents required to be delivered under this Note, or upon conversion of this Note, by the Corporation may be delivered electronically and may include, among others: (i) notices of meetings of the shareholders, and related material and forms of proxy, including annual general meeting and special general meetings; (ii) communications from the Corporation; (iii) annual or interim financial statements of the Corporation; and (iv) other notices, documents or information that the Corporation is required or permitted to send by statute or regulation, its Articles, Bylaws or this Note, or upon conversion of this Note; (b) the Documents required to be delivered under this Note, or upon conversion of this Note that may be delivered electronically to the Subscriber will be delivered to the email address provided in Schedule "A" of this Agreement or such email address as designated by the Subscriber to the Corporation from time to time; and (c) a Document is considered to be provided by the Corporation once it is sent by the Corporation electronically and such delivery shall not require any proof of receipt and shall be deemed to have complied fully with the provisions of the Canada Business Corporations Act, or the Articles and Bylaws of the Corporation.

FINJOY INC.

Per: _____
Authorized Signatory

A2- 1

**Schedule "A" Exhibit 2
Subscription Preferred Shares**

TO: FinJoy Inc. (the "Corporation")

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase from the Corporation a Series 1 Class A Preferred shares of the Corporation ("**Shares**") pursuant to the Terms and Conditions of Subscription for Securities attached as Schedule A to which this Exhibit 2 is attached (the "**Subscription Agreement**") pursuant to an Offering Memorandum of the Corporation dated November 15, 2019 ("**Offering Memorandum**") in the amount set out below.

The Subscriber acknowledges and agrees that the Shares shall have the rights, privileges and restrictions attaching to the Shares as attached to this Subscription Agreement.

Number of Shares to be Subscribed

**PLEASE DELIVER THE AGGREGATE
PRINCIPAL AS PER THE WIRE
INSTRUCTIONS SET OUT BELOW**

Aggregate Share Price for the Subscribed Shares

CDN\$ _____

Name of Subscriber:

Account Reference (if applicable):

BY: _____

Address, Province and Postal Code:

(Authorized Signature)

Title (if Subscriber is not an individual):

Telephone Number: _____

Email Address: _____

Beneficial Purchasers

If the Subscriber is signing as an agent for a beneficial purchaser and is not purchasing as a trustee or agent on accounts fully managed by it, complete the following:

Name of Beneficial Purchaser:

Account Registration Information

Name: _____

Account Reference (if applicable):

Address (including Province and Postal Code):

Address of Beneficial Purchaser (including Province and Postal Code):

The foregoing is acknowledged, accepted and agreed to this _____ day of _____, 20____.

FINJOY INC.

Per: _____
Authorized Signatory

Wire Instructions for Delivery of Principal:

| | |
|----------------------|--|
| Bank Name: | Royal Bank of Canada |
| Bank Address: | Main Branch, Royal Centre 1025 West Georgia Street Vancouver, BC V5E 3N9 |
| CAD Account No.: | 178-793-6 |
| Institution No.: | 003 |
| Transit No.: | 00010 |
| SWIFT Code: | ROYCCAT2 |
| ABA No.: | 021000021 |
| Beneficiary Name: | Fasken Martineau DuMoulin LLP, In Trust |
| Beneficiary Address: | 2900 – 550 Burrard Street Vancouver, BC V6C 0A3 |
| Reference: | 317256.00001 / SZN |

Wire payment notification can be sent by email: VANTrust-desk@fasken.com or by fax to (604) 632-4714.

RIGHTS, PRIVILEGES, RESTRICTIONS AND PRIVILEGES ATTACHING TO THE SHARES

ARTICLES OF AMENDMENT

FINJOY INC. (THE “CORPORATION”)

The Articles of the Corporation (the “**Articles**”) consist of:

- (a) an unlimited number of Class A Preferred shares without par value, issuable in series, and created an unlimited number of Series 1 Class A Preferred shares without par value and an unlimited number of Series 2 Class A Preferred shares without par value, having the rights, privileges, restrictions and conditions as set out in Exhibits 1 and 2 to this Schedule A;
- (b) having the rights, privileges, restrictions and conditions attached to the Common shares as set out in Exhibits 1 and 2 to this Schedule A;
- (c) to provide that, after giving effect to the foregoing, the authorized capital of the Corporation shall consist of:
 - (i) an unlimited number of Common shares;
 - (ii) an unlimited number of Class A Preferred shares, issuable in series, of which an unlimited number have been designated as Series 1 Class A Preferred shares; and
 - (iii) an unlimited number of Class A Preferred shares, issuable in series, of which an unlimited number have been designated as Series 2 Class A Preferred shares.

PART 1
RIGHTS AND RESTRICTIONS ATTACHED TO THE COMMON SHARES

1.1 Voting.

Holders of the Common shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation (other than a separate meeting of the holders of another class of shares) and shall have one vote for each Common share held.

1.2 Dissolution.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common shares shall, subject to the rights of holders of any other classes of shares of the Corporation ranking in priority to the Common shares, participate rateably with the holders of other classes of shares in the Corporation in equal amounts per share, without preference or distinction, in the remaining assets of the Corporation.

1.3 Dividends.

The holders of the Common shares shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the directors of the Corporation out of the monies of the Corporation properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Corporation may from time to time determine.

PART 2
SPECIAL RIGHTS AND RESTRICTIONS
ATTACHED TO THE CLASS A PREFERRED SHARES

The Class A Preferred shares (the “**Class A Preferred Shares**”) of the Corporation shall have attached thereto the following special rights and restrictions:

2.1 Directors’ Authority to Issue in One or More Series

The Board of Directors of the Corporation may issue Class A Preferred Shares in one or more series, at any time and from time to time. Before the first shares of a particular series of Class A Preferred Shares are issued, the Board shall file with the Director (as such term is defined in the Business Corporations Act (Canada)), Articles of Amendment to include the authorized number, designation, rights, privileges, restrictions and conditions of such series.

2.2 *Pari Passu* Ranking on Dividends and Return of Capital

In respect of dividends or a return of capital (whether on winding up or on the occurrence of another event that would result in the holders of all series of Class A Preferred Shares being entitled to a return of capital):

- (a) the Class A Preferred Shares shall have priority over the Common shares in the capital of the Corporation and over any other shares of the Corporation ranking junior to the Class A Preferred Shares in respect of such payment;
- (b) the Class A Preferred Shares shall rank junior to any other shares of the Corporation ranking senior to the Class A Preferred Shares in respect of such payment; and

- (c) no special rights or restrictions attached to a series of Class A Preferred Shares shall confer upon a series priority over any other series of Class A Preferred Shares then outstanding.

2.3 Ratable Participation

If cumulative dividends in respect of a series of Class A Preferred Shares are not paid in full, the shares of all series of Class A Preferred Shares shall participate rateably in respect of accumulated dividends in accordance with the amounts that would be payable on those shares if all the accumulated dividends were paid in full. If amounts payable on a winding up, or on the occurrence of any other event that would result in the holders of all series of Class A Preferred Shares being entitled to a return of capital, are not paid in full, the shares of all series of Class A Preferred Shares shall participate rateably in a return of capital in respect of the class in accordance with the amounts that would be payable on the return of capital if all amounts so payable were paid in full.

PART 3 SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE SERIES OF CLASS A PREFERRED SHARES

The first series of the Class A Preferred Shares of the Corporation (the “**Series A-1 Preferred Shares**”) shall consist of an unlimited number of Series A-1 Preferred Shares and the second series of the Class A Preferred Shares of the Corporation (the “**Series A-2 Preferred Shares**”) shall consist of an unlimited number of Series A-2 Preferred Shares, each of which shall have attached thereto the following special rights and restrictions:

3.1 Definitions.

In this Part 3:

- (a) “**A-1 Initial Issuance Date**” means, in respect of the Series A-1 Preferred Shares, the first date upon which any of the Series A-1 Preferred Shares are issued;
- (b) “**A-2 Initial Issuance Date**” means, in respect of the Series A-2 Preferred Shares, the first date upon which any of the Series A-2 Preferred Shares are issued;
- (c) “**Act**” means the Business Corporations Act (Canada), as such may be amended from time to time;
- (d) “**Board**” means the board of Directors of the Corporation, as constituted from time to time;
- (e) “**Class A Preferred Approval**” means, for any particular matter, the written approval of such matter by the holders of at least 50% of all series of Class A Preferred Shares (deemed to be voting as one class for this purpose) then issued and outstanding;
- (f) “**Class A Preferred Holders**” means the holders of Class A Preferred Shares;
- (g) “**Class A Preferred Shares**” means the Class A Preferred shares in the capital of the Corporation, issuable in series and initially being the Series A-1 Preferred Shares and the Series A-2 Preferred Shares, and “**Class A Preferred Share**” means any one of them;
- (h) “**Excluded Issuances**” means any one or more of the following issuances:

- (i) the issuance of securities of the Corporation to employees, consultants, officers or directors of the Corporation pursuant to any incentive compensation plan or employee share option plan adopted by the Board;
 - (ii) shares issued upon conversion of any class or series of the Preferred Shares;
 - (iii) the issuance of securities in a Qualified IPO;
 - (iv) stock splits, stock dividends, consolidation or like transactions;
 - (v) securities issued or issuable to lenders or lessors pursuant to a debt financing or equipment leasing transaction approved by the Board; or
 - (vi) any issuance of securities which has been designated an “Excluded Issuance” by Class A Preferred Approval.
- (i) **“Fully Diluted Basis”** means at any time means that all options (whether vested or unvested), warrants or other rights of any kind to acquire Common shares and all securities of the Corporation which are convertible or exchangeable into or exercisable for Common shares (directly or indirectly through exchange into securities which are themselves convertible into Common shares) which are outstanding at that time shall be deemed to have been fully exercised, converted or exchanged, as the case may be, and the Common Shares issuable as a result thereof shall be deemed to have been fully issued and to form part of the holdings of the Person(s) entitled to receive such Common Shares;
- (j) **“Liquidation Event”** means any of the following events:
- (i) the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs (whether voluntary or involuntary);
 - (ii) a merger, acquisition, share exchange or any other transaction or series of transactions in which the shareholders of the Corporation immediately prior to the transaction or series of transactions do not own a majority of the outstanding shares and a majority of the voting power of the surviving entity or entities after the transaction or series of transactions; or
 - (iii) a sale, lease or other disposition of all or substantially all of the Corporation’s assets or business (for cash or securities),
- (k) **“Lower Price”** means an issue, exercise, conversion or exchange price (as the case may be) per Common Share that is less than the Series A-1 Conversion Price in respect of the Series A-1 Preferred Shares and less than the Series A-2 Conversion Price in respect of the Series A-2 Preferred Shares, as applicable;
- (l) **“Person”** means a natural person, partnership, corporation, joint stock corporation, trust, unincorporated association, joint venture or other entity, and pronouns have a similar meaning;
- (m) **“Preferred Shares”** means the shares of any class of preferred shares of the Corporation;

- (n) **“Qualified IPO”** means a public offering of Common Shares from treasury pursuant to which the Common Shares become listed on a stock exchange in North America approved by the Board which is:
- (i) at a price per Common Share of two (2) times the Series A-1 Issue Price and gross proceeds to the Corporation of not less than CAD\$5,000,000; or
 - (ii) designated as a Qualified IPO by Class A Preferred Approval;
- (o) **“Series A-1 Conversion Price”** means CAD\$1.00 subject to adjustment from time to time under Sections 3.9 and 3.10, and any adjustments made under those Sections shall be successive and each resulting new Series A-1 Conversion Price shall continue in effect until the next adjustment (if any) is made thereunder;
- (p) **“Series A-1 Conversion Ratio”** means, at any particular time, the Series A-1 Conversion Ratio determined at that time under Section 3.7;
- (q) **“Series A-1 Issue Price”** means the issue price per Series A-1 Preferred Share on the A-1 Initial Issuance Date, being CAD\$1.00 subject to adjustment from time to time to reflect any subdivisions, consolidations or similar events of the Series A-1 Preferred Shares after the A-1 Initial Issuance Date, and the Series A-1 Issue Price shall simultaneously be adjusted upon the happening of each such event by multiplying the Series A-1 Issue Price in effect immediately prior to such event by the following fraction:
- (A) the numerator of which is the number of Series A-1 Preferred Shares issued and outstanding immediately prior to the event, and
 - (B) the denominator of which is the number of Series A-1 Preferred Shares issued and outstanding immediately after completion of the event;
- and any such adjustments shall be cumulative and successive and each resulting new Series A-1 Issue Price shall continue in effect until the next adjustment (if any) is made;
- (r) **“Series A-1 Preferred Holders”** means the registered holders of the Series A-1 Preferred Shares and a “Series A-1 Preferred Holder” means any one of them;
- (s) **“Series A-2 Conversion Ratio”** means, at any particular time, the Series A-2 Conversion Ratio determined at that time under Section 3.7;
- (t) **“Series A-2 Issue Price”** means the deemed issue price per Series A-2 Preferred Share on the A-2 Initial Issuance Date, being CAD\$1.00 subject to adjustment from time to time to reflect any subdivisions, consolidations or similar events of the Series A-2 Preferred Shares after the A-1 Initial Issuance Date, and the Series A-2 Issue Price shall simultaneously be adjusted upon the happening of each such event by multiplying the Series A-2 Issue Price in effect immediately prior to such event by the following fraction:
- (A) the numerator of which is the number of Series A-2 Preferred Shares issued and outstanding immediately prior to the event, and
 - (B) the denominator of which is the number of Series A-2 Preferred Shares issued and outstanding immediately after completion of the event;

and any such adjustments shall be cumulative and successive and each resulting new Series A-2 Issue Price shall continue in effect until the next adjustment (if any) is made;

- (u) “**Series A-2 Preferred Holders**” means the registered holders of the Series A-2 Preferred Shares and a “Series A-2 Preferred Holder” means any one of them;
- (v) “**Shares**” means any shares in the Corporation; and
- (w) Other terms defined elsewhere in this Part 3 shall have the meanings so ascribed thereto.

3.2 Interpretation.

In this Part 3:

- (a) Unless otherwise provided, all amounts referred to herein are in the lawful money of the Canada;
- (b) All references to Section and Subsection numbers refer, unless expressly stated otherwise, to the Sections and Subsections of this Part 3 having those numbers; and
- (c) Time is of the essence.

3.3 Voting Rights.

Each of the Series A-1 Preferred Holders and each of the Series A-2 Preferred Holders shall be entitled as such to receive notice of and to attend all meetings of the shareholders of the Corporation (except meetings at which only holders of another specified class or series of shares of the Corporation are entitled under the Act to vote separately as a class or series) and at each such meeting shall have one vote in person or by proxy for each Common Share which the holder would be entitled to receive upon full conversion of its Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable, into Common Shares. Holders of Class A Preferred Shares, holders of Common Shares and holders of other series of Preferred Shares will vote as one class, except as otherwise required by law. Notwithstanding the foregoing, the holders of the Series A-1 Preferred Shares and the Series A-2 Preferred Shares are not entitled to vote separately as a class or series and are not entitled to dissent, upon any proposal to amend these Articles to: (I) increase or decrease any maximum number of authorized shares, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the Series A-1 Preferred Shares; (II) effect an exchange, reclassification or cancellation of all or part of the shares; or (III) create a new class or series of shares equal or superior to the Series A-1 Preferred Shares or Series A-2 Preferred Shares.

3.4 Dividends.

- (a) No dividends shall at any time be declared or paid on or set apart for payment on any of the Common Shares or on any other class or series of Shares ranking junior to the Series A-1 Preferred Shares or Series A-2 Preferred Shares with respect to dividends, unless in each case all dividends on the Series A-1 Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment.
- (b) Each time the Corporation pays a dividend on any of its Common Shares, it shall also concurrently pay a dividend (the “**Series A-1 Preferred Dividend**”) to each Series A-2

Preferred Holder and a dividend (the “**Series A-2 Preferred Dividend**”) to each Series A-2 Preferred Holder determined as follows:

| | | | | |
|---|---|--|---|--|
| Series A-1 Preferred Holder’s Dividend or Series A-1 Preferred Holder’s Dividend, as applicable | = | the Common Share dividend amount per share | x | the number of Common Shares which the Series A-1 Preferred Holder or the Series A-2 Preferred Holder, as applicable, would be entitled to receive upon full conversion of the holder’s Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable, into Common Shares under Section 3.7 as at the record date of the dividend |
|---|---|--|---|--|

The Corporation shall not declare dividends on the Common Shares until such time as the Series A-1 Preferred Dividend or the Series A-2 Preferred Dividend, as applicable, has been paid to the Series A-1 Preferred Holders or all of the A-1 Unpaid Dividends or to the Series A-2 Preferred Holders or all of the A-2 Unpaid Dividends, as applicable have been converted into Common Shares pursuant to Sections 3.7 or 3.8.

3.5 Rights on Liquidation.

- (a) In the event of a Liquidation Event, the Series A-1 Preferred Holders and the Series A-2 Preferred Holders will be entitled to receive, in preference to the holders of Common Shares and any other shares ranking junior to the Class A Preferred Shares, and pari passu with other holders of Class A Preferred Shares, an amount per share equal to one (1) times the Series A-1 Issue Price (the “**A-1 Unpaid Dividends**”) or one (1) times the Series A-2 Issue Price (the “**A-2 Unpaid Dividends**”), as applicable, plus any accrued and any other dividends declared but unpaid thereon and, together with the Series A-1 Issue Price, or the A-2 Issue Price, as applicable, (the “**Class A Liquidation Payment**”). If upon a Liquidation Event, the assets of the Corporation are insufficient to distribute to the Series A-1 Preferred Holders and the Series A-2 Preferred Holders the Class A Liquidation Payment in full and to other Class A Preferred Holders the full amount they would be entitled to under the special rights and restrictions attaching to their shares, such assets will be distributed among the Class A Preferred Holders rateably in proportion to the respective amounts which would otherwise be payable in respect of their Class A Preferred Shares. Following payment in full of the Class A Liquidation Payment, the Series A-1 Preferred Holders and the Series A-2 Preferred Holders shall not be entitled to share in any remaining assets of the Corporation.

3.6 Effecting a Deemed Liquidation Event

- (a) Upon becoming aware of any potential or proposed Liquidation Event under Subsection 3.1(i)(ii) or 3.1(i)(iii) (each, a “**Deemed Liquidation Event**”), the Corporation shall immediately (and not less than 10 Business Days prior to such potential or proposed Deemed Liquidation Event) deliver a written notice to the Series A-1 Preferred Holders and the Series A-2 Preferred Holders setting out full particulars of such potential or proposed Deemed Liquidation Event together with any other information which would be required by the Series A-1 Preferred Holders or the Series A-2 Preferred Holders, as applicable, to make the designation described at the end of Section 3.1(i) including but not limited to the proposed form and amount of consideration to be paid or distributed in

connection with the Deemed Liquidation Event, the Class A Liquidation Payment and the proposed valuation of the Corporation or assets upon which such calculations are based.

- (b) The Corporation shall not have the power to effect a Deemed Liquidation Event unless the agreement, plan of merger or consolidation, plan of arrangement or amalgamation agreement, as applicable, for such Deemed Liquidation Event provides that any consideration payable to the shareholders of the Corporation shall be allocated among the shareholders of the Corporation in compliance with Subsection 3.5.
- (c) The amount deemed paid or distributed to the shareholders of the Corporation upon any Deemed Liquidation Event shall be the cash or the value of the property, rights or securities paid or distributed to such shareholders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the directors of the Corporation.
- (d) Notwithstanding the foregoing, for any proposed Deemed Liquidation Event, the notice period, the procedure and the manner of payment in respect of any Class A Preferred Share may be modified by written agreement between the Corporation and the Class A Preferred Holders by Class A Preferred Approval.

3.7 Conversion at the Holder's Option.

Each of the Series A-1 Preferred Holders or Series A-2 Preferred Shares, as applicable, shall have the right (the "**Conversion Right**") at any time to convert all or from time to time any part of such holder's Series A-1 Preferred Shares (together with A-1 Unpaid Dividends thereon) or such holder's Series A-2 Preferred Shares (together with A-2 Unpaid Dividends thereon) into fully paid Common Shares on the following basis:

- (a) **Conversion Ratio.** Subject to adjustment as described in this Part 3:
 - (i) the number of Common Shares into which each Series A-1 Preferred Share is convertible under this Part 3 shall be determined from time to time by the following formula:

$$\text{Series A-1 Conversion Ratio} = \frac{\text{Series A-1 Issue Price}}{\text{Series A-1 Conversion Price}}$$

- (ii) the number of Common Shares into which each Series A-2 Preferred Share is convertible under this Part 3 shall be determined from time to time by the following formula:

$$\text{Series A-2 Conversion Ratio} = \frac{\text{Series A-2 Issue Price}}{\text{Series A-2 Conversion Price}}$$

- (b) **Conversion Notice.** A Series A-1 Preferred Holder and Series A-2 Preferred Holder may exercise his or her Conversion Right by notice (the "**Conversion Notice**") in writing delivered to the Corporation. The Conversion Notice shall specify the number of Series A-1 Preferred Shares or the Series A-2 Preferred Shares, as applicable (the "**Specified Shares**") the holder delivering the Conversion Notice wishes to be converted, be signed

by the registered holder of such shares and be accompanied by the certificate or certificates representing the shares to be converted.

- (c) **Conversion Procedure.** Effective as of the date of the receipt of a duly signed Conversion Notice and accompanying share certificate(s), the Corporation shall issue and promptly deliver to the holder of the Series A-1 Preferred Shares or to the holder of the Series A-2 Preferred Shares, as applicable, represented by the certificate(s) accompanying the Conversion Notice, a certificate representing fully paid and non-assessable Common Shares in the number equal to the A-1 Specified Shares or A-2 Specified Shares, as applicable, multiplied by the Series A-1 Conversion Ratio or the Series A-2 Conversion Ratio, as applicable, then in effect. If less than all the Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable, represented by any certificate are converted, the Corporation shall at its expense promptly issue a new share certificate to the holder thereof, representing the balance of the Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable, that were not converted.

3.8 Automatic Conversion.

- (a) Conversion Events - All of the issued and outstanding Class A Preferred Shares shall immediately and automatically be converted into fully paid and non-assessable Common Shares at the Series A-1 Conversion Ratio or the Series A-2 Conversion Ratio, as applicable, then in effect on the earlier of the closing of (i) a Qualified IPO; and (ii) the date for conversion specified by the Class A Preferred Holders by Class A Preferred Approval (each an “**Automatic Conversion Event**”).
- (b) Advance Surrender - At least 21 days before closing of an Automatic Conversion Event, the Corporation shall give written notice of the intended closing or conversion to all Series A-1 Preferred Holders and all holders of Series A-2 Preferred Shares and such holders shall deliver, in trust, the certificates representing their Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable, to the Corporation, or to a trust company designated in the notice, at least 10 days prior to the estimated offering date or conversion date, as applicable. If the closing of the Qualified IPO does not occur within 60 days of the notice, the Qualified IPO shall be deemed not to have occurred and any certificate(s) that have been so surrendered shall be returned by the Corporation to the respective Series A-1 Preferred Holder or Series A-2 Preferred Holder, as applicable.
- (c) Conversion Procedure - On the occurrence of an Automatic Conversion Event, the Corporation shall promptly issue and promptly deliver to each Series A-1 Preferred Holder and each Series A-2 Preferred Holder (other than Conversion Delinquent Holders (as defined below)) certificates representing fully paid and non-assessable Common Shares for the number of shares equal to the number of Series A-1 Preferred Shares held by the Series A-1 Preferred Holder or Series A-2 Preferred Shares held by the Series A-2 Preferred Holder multiplied by the Conversion Ratio then in effect, and shall cancel all share certificates representing Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable.
- (d) Conversion Delinquent Holders - If any of the Series A-1 Preferred Holders or the Series A-2 Preferred Holders (the “**Conversion Delinquent Holders**”) do not deliver their certificates representing Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable, to the Corporation in accordance with Subsection 3.8(b), the Corporation shall have the right to issue certificates representing that number of fully paid and non-assessable Common Shares equal to the number of Series A-1 Preferred Shares or Series

A-2 Preferred Shares, as applicable, held by the Conversion Delinquent Holder multiplied by the Series A-1 Conversion Ratio or Series A-2 Conversion Ratio, as applicable, then in effect (the “**Conversion Shares**”), and:

- (i) in the case of a Qualified IPO, the share certificates will be issued in the name of the Conversion Delinquent Holder and the Corporation will deliver the certificates representing the Conversion Shares to the Corporation’s transfer agent (the “**Transfer Agent**”) who will hold such share certificates and will release the share certificates to the respective Conversion Delinquent Holder upon presentation and surrender to the Transfer Agent of the certificates or documents representing such Conversion Delinquent Holder’s Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable;
- (ii) in the case of any other type of Automatic Conversion Event, the share certificate will be issued in the name of the Conversion Delinquent Holder and the Corporation will hold the certificates representing the Conversion Shares and will release the share certificates to the respective Conversion Delinquent Holder upon presentation and surrender to the Corporation of the certificates or documents representing such Conversion Delinquent Holder’s Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable; and
- (iii) all share certificates of such Conversion Delinquent Holder representing Series A-1 Preferred Shares or Series A-2 Preferred Shares, as applicable, will be deemed to be cancelled and of no further force and effect.

3.9 Weighted Average Anti-Dilution Conversion Price Adjustment

If at any time, the Corporation issues (other than Excluded Issuances):

- (a) any Common Shares;
- (b) securities entitling the holders thereof to purchase or acquire Common Shares; or
- (c) debt or any other securities exercisable or convertible into or exchangeable, directly or indirectly, for Common Shares,

at a Lower Price (each, an “**Issuance**”), the Series A-1 Conversion Price or the Series A-2 Conversion Price, as applicable, shall be adjusted in accordance with the following formula:

$$CP2 = CP1 * (A+B) / (A+C)$$

CP2 = new Series A-1 Conversion Price or Series A-2 Conversion Price, as applicable

CP1 = the Series A-1 Conversion Price or Series A-2 Conversion Price, as applicable, in effect immediately prior to the Issuance

A = the total number of Common Shares (calculated on a Fully Diluted Basis) outstanding immediately prior to the Issuance

B = Aggregate consideration received by the Corporation with respect to the new issue divided by CP1.

C = the number of Common Shares (calculated on a Fully Diluted Basis)
issued in the Issuance

3.10 Conversion Price Adjustments for Capital Alterations.

If the Corporation subdivides, consolidates, or pays a stock dividend on any of its Common Shares, the Series A-1 Conversion Price and the Series A-2 Conversion Price, as applicable, shall simultaneously be adjusted upon the happening of each such event by multiplying the Series A-1 Conversion Price or the Series A-2 Conversion Price, as applicable, in effect immediately prior to such event by the following fraction:

- (a) the numerator of which is the number of Common Shares issued and outstanding immediately prior to the event, and
- (b) the denominator of which is the number of Common Shares issued and outstanding immediately after completion of the event.

If at any time, and from time to time, after the A-1 Initial Issuance Date or the A-2 Initial Issuance Date, as applicable, the Common Shares are changed into a different class or classes of shares, whether by reclassification, recapitalization, reorganization, arrangement, amalgamation or merger, then each Series A-1 Preferred Holder and each Series A-2 Preferred Holder shall have the right thereafter to convert its Series A-1 Preferred Shares or its Series A-2 Preferred Shares, as applicable, into the kind and amount of shares and other securities and property receivable upon such change by holders of the number of Common Shares into which the Series A-1 Preferred Shares would have received if the Series A-1 Preferred Shares or the Series A-2 Preferred Shares, as applicable, had been converted prior to such change.

3.11 Certificate of Conversion Adjustment.

Adjustments made under Sections 3.9 and 3.10 shall be successive and each resulting new Series A-1 Conversion Price, Series A-2 Conversion Price, Series A-1 Conversion Ratio and Series A-2 Conversion Ratio, as applicable, shall continue in effect until the next adjustment (if any) is made thereunder. Adjustments made under Subsection 3.1(q) shall be successive and each resulting new Series A-1 Conversion Price, Series A-2 Conversion Price, Series A-1 Conversion Ratio or Series A-2 Conversion Ratio, as applicable, shall continue in effect until the next adjustment (if any) is made thereunder. Upon the occurrence of each such adjustment, the Corporation shall compute the adjustment in accordance with the terms thereof and promptly furnish to each Series A-1 Preferred Holder or each Series A-2 Preferred Holder, as applicable, a certificate setting forth:

- (a) the adjustment calculations in detail;
- (b) the facts upon which the adjustment and calculations are based;
- (c) the resulting new Series A-1 Conversion Price or Series A-1 Issue Price and Series A-1 Conversion Ratio or the resulting new Series A-2 Conversion Price or Series A-2 Issue Price and Series A-2 Conversion Ratio, as applicable; and
- (d) if applicable, the number and kind of other securities or property which would be received (pursuant to the second paragraph of Section 3.10) by Series A-1 Preferred Holders upon conversion of each Series A-1 Preferred Share under this Part 3 or by Series A-2 Preferred Holders upon conversion of each Series A-2 Preferred Share under this Part 3, as applicable.

Upon written request from time to time of any Series A-1 Preferred Holder or a Series A-2 Preferred Holder, the Corporation shall promptly furnish to such holder a like certificate.

3.12 Resolution of Conversion Adjustment Questions.

If at any time a question arises with respect to adjustments or calculations made under this Part 3, such questions shall be determined by the accountants or the auditors of the Corporation, and the determination of such accountants or auditors shall be binding upon the Corporation, all Class A Preferred Holders and the other shareholders of the Corporation.

3.13 No Fractional Shares.

Notwithstanding any other provision hereof, no fractional shares shall be issued upon any conversion of a share of a series of the Class A Preferred Shares, and the number of Common Shares to be issued will be rounded to the nearest whole share.

3.14 Reservation of Shares Issuable Upon Conversion.

The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Shares a sufficient number to effect the conversion of all outstanding shares of all series of the Class A Preferred Shares and take any corporate action which may, in the opinion of its legal counsel, be necessary in order to enable and effect the full conversion thereof in accordance with the provisions hereof.

3.15 No Impairment.

The Corporation will not, by amendment of the Articles of the Corporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Part 3 by the Corporation, but will at all times in good faith assist in the carrying out of all of the provisions of this Part 3 and in the taking of all action as may be necessary or appropriate in order to protect the rights of the Series A-1 Preferred Holders against impairment.

3.16 Conflicting Rights.

In the event of any conflict between: (i) the provisions hereof pertaining to the Series A-1 Preferred Shares and any other provisions of the Corporation's Articles (including the special rights and restrictions attached to any other class of shares in the capital of the Corporation), the provisions hereof respecting the Series A-1 Preferred Shares will prevail to the extent of such conflict; and (i) the provisions hereof pertaining to the Series A-2 Preferred Shares and any other provisions of the Corporation's Articles (including the special rights and restrictions attached to any other class of shares in the capital of the Corporation), the provisions hereof respecting the Series A-2 Preferred Shares will prevail to the extent of such conflict.

**EXHIBIT 2 SCHEDULE A
TO ARTICLES OF AMENDMENT OF FINJOY INC.**

**PART 4
DRAG ALONG**

4.1 Definitions.

For the purposes of this Exhibit 2 to Schedule A to the Articles of Amendment, unless otherwise defined herein, words and phrases defined in Exhibit 1 to Schedule A to the Articles of Amendment shall have the meanings ascribed to them therein when used herein, and if not defined therein shall have the meanings set forth below:

- (a) **“Transfer”** includes any sale, exchange, assignment, gift, bequest, disposition, hypothec, mortgage, lien, charge, priority, pledge, encumbrance, grant of security interest or any arrangement by which possession, legal title or beneficial ownership passes from one person to another, or to the same person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing.

4.2 Restriction on Transfers – Drag Along.

- (a) If, at any time: (i) the holders of shares in the capital of the Corporation comprising more than 66.67% of the Common shares of the Corporation issued and outstanding at that time (calculated on an as-converted to Common share basis) (the **“Selling Shareholders”**); and (ii) the Board of Directors of the Corporation accept or approve an offer (a **“Drag Along Offer”**) to effect a transaction that would constitute a Deemed Liquidation Event (a **“Transaction”**) from a party or parties acting in concert (a **“Subscriber”**), then the Selling Shareholders may require all other shareholders (the **“Other Shareholders”**) to also accept or approve the Drag Along Offer and resulting Transaction on 15 days’ written notice, provided that the terms and conditions of the Drag Along Offer, including consideration to be paid, are no less favourable to the Other Shareholders than to the Selling Shareholders.
- (b) In order to give full effect to the provisions of this Section 1.2, the Other Shareholders shall, upon the written request of the Selling Shareholders:
 - (A) execute and deliver an agreement of purchase and sale in respect of all of their shares in the capital of the Corporation beneficially held by such Other Shareholder, in the event such Transaction constitutes a sale of Shares of the Corporation, not later than 10 days after receipt of such request (such request to include a copy of the agreement of purchase and sale to be executed accompanies such written request complying with the terms and conditions this Section 1.2); or
 - (B) accept or approve any proposed Transfer of their shares in the capital of the Corporation in connection with a Transaction which constitutes a sale of Shares of the Corporation, or approve a sale of all or substantially all of the assets of the Corporation requiring the approval of the shareholders, whether by separate class vote, series vote or otherwise, under the Articles of the Corporation, the *Business Corporations Act* (Canada) or otherwise; and

- (C) vote the shares in the capital of the Corporation held by them at the relevant time in favour of all resolutions approving the Drag Along Offer and the resulting Transaction; and
 - (D) not dissent or, if having previously dissented, withdraw any and all notices of dissent and notices demanding payment for the fair value of their shares in the capital of the Corporation under the dissent rights of the *Business Corporations Act* (Canada); and
 - (E) subject to Section 1.3, execute and deliver to the Corporation any document or instrument necessary or, in the opinion of the Corporation or its solicitors, desirable in order for the Corporation and the Selling Shareholders to give effect to the Transaction.
- (c) If any of the Other Shareholders (the “**Delinquent Holders**”) fail to Transfer their shares in the capital of the Corporation to the Subscriber in accordance with the terms and conditions of the Drag Along Offer if required to give effect to the Transaction, the Subscriber shall have the right to deposit the applicable consideration for the Transfer of those shares in the capital of the Corporation of the Delinquent Holders in a special account at any financial institution in Canada, to be paid proportionately with interest, to the respective Delinquent Holders upon presentation and surrender to such financial institution of the certificates or documents representing such holders’ shares in the capital of the Corporation duly endorsed for transfer to the Subscriber, if required to give effect to the Transaction. Upon such deposit being made, the shares in the capital of the Corporation in respect of which the deposit was made shall hereby automatically (without any further action of any kind on the part of the Delinquent Holders or the Subscriber): (i) be transferred to and purchased by the Subscriber and shall be transferred on the books of the Corporation to the Subscriber; or (ii) be cancelled, as applicable to give effect to the Transaction, and the rights of the Delinquent Holders in respect of those shares in the capital of the Corporation after such deposit shall hereby be limited to receiving, with interest, their respective portion of the total amount of consideration so deposited against presentation and surrender of the certificates or documents representing their respective shares in the capital of the Corporation.

4.3 Exceptions to Drag Along Obligations.

Notwithstanding the foregoing Section 1.2, an Other Shareholder will not be obligated to accept a Drag Along Offer, unless each of the following conditions is satisfied or waived by such Other Shareholder:

- (a) any representations and warranties to be made by such Other Shareholder in connection with the Transaction are limited to representations and warranties related to authority, ownership and the ability to convey title to such Shares and residency of the Other Shareholders for tax purposes, including, but not limited to, representations and warranties that: (i) the Other Shareholder holds all right, title and interest in and to the Shares such Other Shareholder purports to hold, free and clear of all liens and encumbrances; (ii) the obligations of the Other Shareholder in connection with the Transaction have been duly authorized, if applicable; (iii) the documents to be entered into by the Other Shareholder have been duly executed by the Other Shareholder and delivered to the acquirer and are enforceable against the Other Shareholder in accordance with their respective terms; and (iv) neither the execution and delivery of documents to be entered into in connection with the transaction, nor the performance of the Other

Shareholder's obligations thereunder, will cause a breach or violation of the terms of any agreement, law or judgment, order or decree of any court or governmental agency;

- (b) the Other Shareholder shall not be liable for the inaccuracy of any representation or warranty made by any other Person in connection with the Transaction, other than the Corporation (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Corporation as well as breach by any shareholder of any representations, warranties and covenants provided by all shareholders in respect of the Corporation);
- (c) the liability for indemnification, if any, of such Other Shareholder in the Transaction and for the inaccuracy of any representations and warranties made by the Corporation or its shareholders in connection with such Transaction, is several and not joint with any other Person (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Corporation as well as breach by any shareholder of any representations, warranties and covenants provided by all shareholders in respect of the Corporation), and is proportionate to, and does not exceed, the amount of consideration paid to such Other Shareholder in connection with such Transaction;
- (d) liability shall be limited to such Other Shareholder's applicable share (determined based on the respective proceeds payable to each Shareholder in connection with such Transaction in accordance with the provisions of the Articles) of a negotiated aggregate indemnification amount that applies equally to all shareholders but that in no event exceeds the amount of consideration otherwise payable to such Other Shareholder in connection with such Transaction, except with respect to claims related to fraud or intentional misrepresentation by such Other Shareholder;
- (e) upon the consummation of the Transaction: (i) each holder of each class or series of shares of the Corporation will receive the same form of consideration for their Shares of such class or series as is received by other holders in respect of their Shares of such same class or series of Shares; (ii) each holder of a class or series of Preferred Shares will receive the same amount of consideration per share of such class or series of Preferred Shares as is received by other holders in respect of their shares of such same class or series; (iii) each holder of Common Shares will receive the same amount of consideration per Common Share as is received by other holders in respect of their Common Shares; and (iv) the aggregate consideration receivable by all holders of the Preferred Shares and Common Shares shall be allocated among the holders of Preferred Shares and Common Shares on the basis of the relative liquidation preferences to which the holders of each respective class or series of Preferred Shares and the holders of Common Shares are entitled in a Liquidation Event (assuming for this purpose that the Transaction is a Liquidation Event) in accordance with the Corporation's Articles in effect immediately prior to the Transaction; and
- (f) if any holders of any Shares of the Corporation are given an option as to the form and amount of consideration to be received as a result of the Transaction, all holders of such Shares will be given the same option; provided, however, that nothing in this Subsection shall entitle any holder to receive any form of consideration that such holder would be ineligible to receive as a result of such holder's failure to satisfy any condition, requirement or limitation that is generally applicable to the Corporation's shareholders.

Schedule "B"

FORM 45-106F4 - RISK ACKNOWLEDGEMENT
(OFFERING MEMORANDUM)
FORM 45-106F4

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- I could lose all the money I invest.

I am investing CDN\$ _____ in total; this includes any amount I am obliged to pay in future. FinJoy may pay a fee or commission equal to 7.0% of the amount I invest.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Once you have signed this document on DocuSign, please download and print a copy to keep for your records.

You have 2 business days to cancel your purchase

To do so, send a notice to FinJoy Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by email or deliver it in person to FinJoy Inc.. at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

FinJoy Inc.
1411 W. Broadway
Vancouver, British Columbia V6H 1H6
Phone #: 604-724-8907
E-mail address: info@finjoy.com

WARNING

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections); and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator.

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: 403-297-6454
Toll free in Canada: 1-877-355-0585

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: 604-899-6854
Toll free in Canada: 1-800-373-6393

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: 416-593- 8314
Toll free in Canada: 1-877-785-1555

Schedule B-1
Classification of Investors Under the Offering Memorandum Exemption

Instructions: This schedule must be completed together with the Risk Acknowledgement Form and Schedule B-2 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta and Ontario.

| How you qualify to buy securities under the offering memorandum exemption |
|---|
| Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A. |

| A. You are an eligible investor because: | Your initials | | | | |
|--|--|--|--|--|--|
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center; vertical-align: middle;">Eligible Investor</td> <td style="padding: 5px;">Your net income before taxes was more than CDN\$75,000 in each of the 2 most recent calendar years, and you expect it to be more than CDN\$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)</td> </tr> <tr> <td style="padding: 5px;">Your net income before taxes combined with your spouse's was more than CDN\$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than CDN\$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)</td> </tr> <tr> <td style="padding: 5px;">Either alone or with your spouse, you have net assets worth more than CDN\$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)</td> </tr> </table> | Eligible Investor | Your net income before taxes was more than CDN\$75,000 in each of the 2 most recent calendar years, and you expect it to be more than CDN\$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | Your net income before taxes combined with your spouse's was more than CDN\$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than CDN\$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | Either alone or with your spouse, you have net assets worth more than CDN\$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.) | |
| Eligible Investor | Your net income before taxes was more than CDN\$75,000 in each of the 2 most recent calendar years, and you expect it to be more than CDN\$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | | | | |
| Your net income before taxes combined with your spouse's was more than CDN\$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than CDN\$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | | | | | |
| Either alone or with your spouse, you have net assets worth more than CDN\$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.) | | | | | |

| B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 73.3 of the <i>Securities Act</i> (Ontario), because: | Your initials | | | | | |
|--|--|--|--|---|--|--|
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center; vertical-align: middle;">Accredited Investor</td> <td style="padding: 5px;">Your net income before taxes was more than CDN\$200,000 in each of the 2 most recent calendar years, and you expect it to be more than CDN\$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)</td> </tr> <tr> <td style="padding: 5px;">Your net income before taxes combined with your spouse's was more than CDN\$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than CDN\$300,000 in the current calendar year.</td> </tr> <tr> <td style="padding: 5px;">Either alone or with your spouse, you own more than CDN\$1 million in cash and securities, after subtracting any debt related to the cash and securities.</td> </tr> <tr> <td style="padding: 5px;">Either alone or with your spouse, you have net assets worth more than CDN\$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</td> </tr> </table> | Accredited Investor | Your net income before taxes was more than CDN\$200,000 in each of the 2 most recent calendar years, and you expect it to be more than CDN\$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | Your net income before taxes combined with your spouse's was more than CDN\$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than CDN\$300,000 in the current calendar year. | Either alone or with your spouse, you own more than CDN\$1 million in cash and securities, after subtracting any debt related to the cash and securities. | Either alone or with your spouse, you have net assets worth more than CDN\$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) | |
| Accredited Investor | Your net income before taxes was more than CDN\$200,000 in each of the 2 most recent calendar years, and you expect it to be more than CDN\$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.) | | | | | |
| Your net income before taxes combined with your spouse's was more than CDN\$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than CDN\$300,000 in the current calendar year. | | | | | | |
| Either alone or with your spouse, you own more than CDN\$1 million in cash and securities, after subtracting any debt related to the cash and securities. | | | | | | |
| Either alone or with your spouse, you have net assets worth more than CDN\$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) | | | | | | |

| C. You are an eligible investor, as a person described in section 2.5 [<i>Family, friends and business associates</i>] of NI 45-106, because: | | Your initials |
|---|--|---------------|
| Family, Friends and Business Associates | <p>You are:</p> <p>1) <i>[check all applicable boxes]</i></p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a founder of the issuer</p> <p>OR</p> <p>2) <i>[check all applicable boxes]</i></p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> | |
| | <p>You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer:</p> <p>_____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p><i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p> | |
| | <p>You are a close personal friend of _____ <i>[Instruction: Insert the name of your close personal friend]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p> | |
| | <p>You are a close business associate of _____ <i>[Instruction: Insert the name of your close business associate]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p> | |

| D. You are not an eligible investor. | | Your initials |
|--------------------------------------|--|---------------|
| Not an Eligible Investor | You acknowledge that you are not an eligible investor. | |

Schedule B-2***Investment Limits for Investors Under the Offering Memorandum Exemption***

Instructions: This schedule must be completed together with the Risk Acknowledgement Form and Schedule B-1 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta and Ontario.

SECTION 1 TO BE COMPLETED BY THE PURCHASER**1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption**

You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Schedule 1. Initial the statement that applies to you.

| A. You are an eligible investor. | | Your initials |
|---|--|----------------------|
| Eligible Investor | As an eligible investor that is an individual, you cannot invest more than CDN\$30,000 in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable. | |
| | Initial one of the following statements: | |
| | You confirm that, after taking into account your investment of CDN\$_____ today in this issuer, you have not exceeded your investment limit of CDN\$30,000 in all offering memorandum exemption investments made in the previous 12 months. | |
| | You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the following investment is suitable. | |
| | You confirm that, after taking into account your investment of CDN\$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of CDN\$100,000. | |

| B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45-106 or, as applicable in Ontario, subsection 73.3 of the <i>Securities Act</i> (Ontario). | | Your initials |
|--|--|----------------------|
| Accredited Investor | You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [<i>Accredited investor</i>], you are not subject to investment limits. | |

| C. You are an eligible investor, as a person described in section 2.5 [<i>Family, friends and business associates</i>] of NI 45-106. | | Your initials |
|---|--|----------------------|
| | | |

| | | |
|--|--|--|
| Family, Friends and Business Associates | You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [<i>Family, friends and business associates</i>], you are not subject to investment limits. | |
|--|--|--|

| D. You are not an eligible investor. | | Your initials |
|---|--|----------------------|
| Not an Eligible Investor | <p>You acknowledge that you cannot invest more than CDN\$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of CDN\$_____ today in this issuer, you have not exceeded your investment limit of CDN\$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p> | |

SECTION 2 TO BE COMPLETED BY THE REGISTRANT**2. Registrant information**

[*Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.*]

First and last name of registrant (please print):

Registered as:

[*Instruction: indicate whether registered as a dealing representative or advising representative*]

Telephone:

Email:

Name of firm:

[*Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.*]

Date:

Schedule B-3
Certificate of Accredited Investor

TO: FINJOY INC. (the “Corporation”)

In connection with the proposed purchase by the undersigned purchaser (the “Subscriber”) of an unsecured convertible note or Class A Preferred shares (the “Securities”) of the Corporation, the Subscriber represents, warrants, covenants and certifies that:

1. the Subscriber is purchasing the Securities as principal for its own account and not for the benefit of another, or is deemed to be purchasing the Securities as principal pursuant to applicable securities laws, and is:

- (a) _____ an “accredited investor” within the meaning of National Instrument 45-106 - Prospectus Exemptions (“**NI 45-106**”) by virtue of satisfying the indicated criterion as set out in Schedule “A” to this Certificate (**YOU MUST ALSO INITIAL THE APPLICABLE ITEM ON SCHEDULE “A” TO THIS CERTIFICATE**); or
- (b) _____ purchasing the Securities as agent or trustee for a beneficial purchaser, and each such beneficial purchaser is purchasing as principal for its own account and not for the benefit of another, and each such beneficial purchaser is an “accredited investor” within the meaning of NI 45-106 by virtue of satisfying the indicated criterion as set out in Schedule “A” to this certificate (**YOU MUST ALSO INITIAL THE APPLICABLE ITEM ON SCHEDULE “A” TO THIS CERTIFICATE**);

2. if the Subscriber (or beneficial purchaser) is **not** an individual, the person was not created or used solely to purchase or hold securities as an accredited investor;

3. these representations, warranties, covenants and certifications will be true and correct both as of the execution of this certificate and as of the closing time of the purchase and sale of the Subscriber’s Securities and will survive the completion of the issue of the Subscriber’s Securities; and

4. these representations, warranties, covenants and certifications are made by the Subscriber with the intent that they be relied upon in determining the suitability of the beneficial purchaser as a purchaser of the Securities, and the Subscriber undertakes to immediately notify the Corporation of any change in any statement or other information relating to the Subscriber (and the beneficial purchaser) set forth herein which takes place prior to the closing time of the purchase and sale of the Subscriber’s Securities.

Dated: _____, 20____

Witness (if Subscriber is an individual)

Print Name of Witness

Print Name of Subscriber

By: _____
Signature

Name and Title

(please print name and title of individual
whose signature appears above, if
different from name of Subscriber printed
above)

IMPORTANT:

(A) PLEASE INITIAL THE APPLICABLE ITEM ON THE ATTACHED SCHEDULE “A”

SCHEDULE “A”

DEFINITION OF “ACCREDITED INVESTOR”

INSTRUCTIONS:

- (a) Prior to completing this Schedule “A”, please carefully review the definitions provided at the end of this Schedule, particularly the definitions of “financial assets” as distinguished from “net assets”, as well as “related liabilities”.
- (b) The Subscriber must initial beside the applicable item(s) of the definition of “accredited investor” below.

“accredited investor”, as used in this Schedule, means:

Initials

- _____ (i) an individual who, either alone or with a spouse, beneficially owns **financial assets** (which term excludes real estate) having an **aggregate realizable value** that, before taxes but **net** of any **related liabilities**, exceeds \$1,000,000; or
- _____ (a.1) an individual who beneficially owns **financial assets** (which term excludes real estate) having an **aggregate realizable value** that, before taxes but **net** of any **related liabilities**, exceeds \$5,000,000; or
- _____ (ii) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or
- _____ (iii) an individual who, either alone or with a spouse, has **net assets** that exceed \$5,000,000; or
- _____ (iv) a person, other than an individual or investment fund, that has **net assets** of at least \$5,000,000 as shown on its most recently prepared financial statements; or
- _____ (v) an investment fund that distributes or has distributed its securities only to
 - (A) a person that is or was an accredited investor at the time of the distribution;
 - (B) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*“Minimum Amount Investment exemption”*] or 2.19 [*“Additional Investment in Investment Funds exemption”*] of NI 45-106; or
- _____ (vi) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in this Schedule); or

- _____ (vii) a trust established by an accredited investor (as defined in this Schedule) for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors (as defined in this Schedule) and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

All dollar amounts referred to in this Schedule are expressed in Canadian dollars.

For the purposes of this Schedule:

- (a) A trust company or trust corporation described in paragraph (p) above, other than a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the Trust and Loan Companies Act (Canada) or under comparable legislation in another jurisdiction of Canada, is deemed to be purchasing as principal; and
- (b) A person described in paragraph (q) above is deemed to be purchasing as principal.

For the purposes of this Schedule, the following definitions apply:

“director” means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

“financial assets” means cash, securities or a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation; and specifically excludes real estate. For the purposes of paragraphs (j) and (j.1) above, financial assets are those financial assets which are beneficially owned. The following factors are indicative of beneficial ownership of financial assets:

- (a) physical or constructive possession of evidence of ownership of the financial asset;
- (b) entitlement to receipt of any income generated by the financial asset;
- (c) risk of loss of the value of the financial asset; and
- (d) the ability to dispose of the financial asset or otherwise deal with it as the individual sees fit.

Financial assets are generally liquid or relatively easy to liquidate. Realizable value of financial assets generally means the fair market value of the assets that may reasonably be obtained in an orderly liquidation. To satisfy the thresholds in paragraphs (j) and (j.1) above, the value must be net of related liabilities.

“investment fund” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes

- (a) an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the Employee Investment Act, R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments, and
- (b) a venture capital corporation registered under Part 1 of the Small Business Venture Capital Act, R.S.B.C. 1996 c. 429, whose business objective is making multiple investments;

“Minimum Amount Investment exemption” refers to the following exemption:

- (a) The prospectus requirement does not apply in respect of a distribution in a security to a person if all of the following apply:
 - (i) that person is not an individual;
 - (ii) that person purchases as principal;
 - (iii) the security has an acquisition cost to that person of not less than Cdn\$150,000 paid in cash at the time of the distribution;
 - (iv) the distribution is in a security of a single issuer.
- (b) Subsection (a) does not apply to a distribution of a security to a person if the person was created or is used solely to purchase or hold securities in reliance on this exemption from the prospectus requirement set out in subsection (a);

“mutual fund” has the meaning ascribed to that term under applicable securities legislation and in British Columbia includes an issuer of a security that entitles the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets, including a separate fund or trust account, of the issuer of the security;

“net assets” means total assets (including real estate) less total liabilities (including mortgages). For the purposes of paragraph (l) above, the value attributed to assets should reasonably reflect their estimated fair value and tax is considered a liability to be deducted if the obligation to pay the tax is outstanding at the date of closing of the purchase of the Securities.

“non-redeemable investment fund” means an issuer

- (a) whose primary purpose is to invest money provided by its securityholders,
- (b) that does not invest,
 - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- (c) that is not a mutual fund;

“person” includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;

“related liabilities” means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (b) liabilities that are secured by financial assets;

“securities legislation” means the applicable securities legislation of a jurisdiction of Canada; and

“spouse” means, an individual who,

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).