Everyday People Financial Corp.
(formerly Justify Capital Corp.)

Management's Discussion and Analysis

For the three months & 15 months ended December 31, 2022

May 01, 2023

The effective date of this Management's Discussion and Analysis is, May 01, 2023, except as otherwise noted.

INTRODUCTION

Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Everyday People Financial Corp. ("EP" or the "Company") (formerly Justify Capital Corp.) constitutes management's review of the factors that affected the Company's financial and operating performance for the 15 months ended December 31, 2022 and September 30, 2021. This MD&A has been prepared in compliance with National Instrument 51-102 – Continuous Disclosure Obligations requirements. This MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the 15 months ended December 31, 2022 and September 30, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included in the MD&A. Information contained herein is presented as of May 01, 2023, unless otherwise indicated.

The Company's audited consolidated financial statements and the financial information contained in the MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A makes reference to certain non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. These measures are provided as additional information to complement the IFRS financial measures contained herein by providing further metrics to understand the Company's results of operations from the management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS financial measures, including adjusted earnings before interest, tax, depreciation and amortization, share-based compensation and Reverse Takeover ("RTO") cost ("Adjusted EBITDA") and to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also use non-IFRS financial measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. See "selected annual financial information".

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "Forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are Forward-looking statements. Often, but not always, Forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The Forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements.

Forward-looking statements may include, but are not limited to, comments regarding:
- the company's business performance presenting pro-forma revenue and pro-forma net income (loss);
- the Company's business strategy;
- the Company's strategy for protecting its intellectual property;
- the Company's ability to obtain necessary funding on favorable terms or at all;
- the Company's plan and ability to secure revenues;
- the risk of competitors entering the market;
- the Company's ability to hire and retain skilled staff;
- the impact of the adoption of new accounting standards; and
- the Company's risk pertaining to regulatory compliance.

Although the Company believes that the plans, intentions, and expectations reflected in these Forward-looking statements are reasonable, the Company cannot be certain that these plans, intentions, or expectations will be achieved. Actual results, performance, or achievements could differ materially from those contemplated, expressed or implied by the Forward-looking statements contained in this report. Disclosure of important factors that could cause actual results to differ materially from the Company's plans, intentions, or expectations is included in this report under the heading Risks and Uncertainties.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by Forward-looking statements. All Forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on Forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any Forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more Forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other Forward-looking statements, unless required by law.

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CORPORATE OVERVIEW

EP has its registered office at Suite 450, 11150 Jasper Avenue, Edmonton, Alberta T5K 0C7. EP is a financial services company that provides and manages credit and prepaid card programs, homeownership facilitation, and receivables management services.

On August 31, 2022, the Company completed an RTO by way of a three-cornered amalgamation pursuant to which EP Financial amalgamated with a subsidiary of Justify Capital Corp. ("Justify"). The amalgamation was completed pursuant to the terms and conditions of the Business Combination Agreement dated December 6, 2021. In connection with the amalgamation, Justify changed its name effective August 31, 2022 from Justify Capital Corp. to Everyday People Financial Corp. ("Resulting Issuer"). The symbol for the common shares of the Resulting Issuer was changed from "JST" to "EPF" on the TSX Venture Exchange ("TSXV").

The Company changed its fiscal year-end from September 30 to December 31, and this is the first financial reporting period adopting the new year-end date, to align with the financial reporting of most public issuers. The financial statements are therefore consolidated financial statements for the 15 months ended December 31, 2022.

Basis of consolidation

Please refer to the consolidated financial statements as at and for the 15 months ended December 31, 2022 and the 12 months ended September 30, 2021 for details for the companies included in the consolidated financial statements.

THE BUSINESS

EP is a financial services company founded on the belief that everyone deserves access to affordable credit and the opportunity for homeownership. Through its technology driven ecosystem and specialty credit solutions, the Company manages credit and prepaid card programs, homeownership facilitation, and payment management services. The Company's mission is to help its clients be their best financial selves with credit products and services that help everyday people add value to their everyday lives. EP is comprised of the following business lines:

1. Financial Services: EP offers secured credit cards, loans and operates business lines that offer distinct credit products that are branded for targeting specific credit and payment markets. EP is partnered with a Schedule I Canadian Chartered Bank, a card issuer for all EP card programs, with access to Visa®, MasterCard®, Interac® and Swift® networks, to provide credit and payment card programs directly to consumers. The current product in the market is the EP Secured Credit Card, which is designed to assist everyday people who are in the process of rebuilding or establishing their credit.

2. EP Homes: EP Homes is a homeownership facilitator that acquires new homes directly from homebuilders and offers eligible clients the ability to acquire a new home through a structured lease and dedicated down payment accumulation program. EP Homes currently offers the Bridge to Homeownership™ program. The Bridge to Homeownership™ program targets affordable homes for consumers with household income of $110,000 or more and average to excellent credit scores.

3. Collection Services: This segment offers collection services through BPO that operates in Ayrshire, Scotland and GCS that operates in Canada. BPO and General Credit Solutions are debt collection agencies specializing in the collection of consumer and commercial debt.

EP is focusing its strategy to become a global consolidator in the collection services industry by expanding the collection services segment, a recurring revenue with good margins, through accretive acquisitions in Canada and beyond.

BUSINESS AND OPERATIONS HIGHLIGHTS DURING THE 15 MONTHS ENDED DECEMBER 31, 2022 AND SUBSEQUENT EVENTS

- On October 25, 2021, the Company completed a non-brokered private placement of unsecured convertible debentures of $2.8 million. The convertible debentures bear an interest rate of 8.75% payable on the conversion of the convertible debenture. The convertible debentures mature on October 24, 2024 and are convertible at the holder's option in whole or in part into common shares of the Company at the price of $1.00 per share.

  On August 31, 2022 upon completion of the RTO, the outstanding convertible debentures were automatically converted into common shares of the Company at the conversion price of $1.00.

- On November 12, 2021, the existing credit arrangement of $4.0 million with a Canadian bank was increased to $10.0 million, with no material changes in the existing terms.

- During January 2022, the Company issued 4,684,000 units from treasury at $1.00 per unit, which includes 4,684,000 shares and 2,342,000 warrants exercisable at $1.25 to shareholders for a total value of $4,684,000. The Company intends to use the net proceeds from the Private Placement for working capital and general corporate purposes.

- On January 6, 2022, the Company settled and paid out the promissory notes outstanding for the EP Homes inventory for $1,111,772.

- On March 14, 2022, the Company announced that it intended to, subject to market conditions and other usual conditions, offer up to $5.0 million principal amount of 12% unsecured medium-term notes with a 2-year term to maturity (the "Offering"). EP has raised $2.65 million to date.

- During May, June, and August 2022, the Company received $2.65 million in medium-term notes in accordance with the terms of the Offering.

- On July 28, 2022, Justify announced in a press release that they received conditional acceptance from TSXV for the closing of the RTO and has filed its filing statement in connection with the RTO.

- On August 31, 2022, the Company completed the RTO with Justify, in relation to the Company amalgamating with a subsidiary of Justify. Upon completion of RTO, $3,484,500 of convertible debentures were converted into common shares.

- On November 1, 2022, the Company, through its subsidiary, EP Homes entered into a new credit arrangement of $15.0 million revolving line of credit with KV Capital Inc. ("KV Capital). The term of the credit arrangement is for 24 months and at the end of the term, the credit arrangement shall automatically renew for a period of 24 months, continuing to auto-renew for 24-month periods at 12-month intervals. The credit arrangement is secured by a general security agreement, which provides KV Capital first-priority security against the EP Homes II inventory, a personal guarantee of $2.5 million from Gordon Reykdal, and another $2.5 million from Carrie Reykdal. The credit arrangement contains certain financial covenants that will be measured prior to the release of the funds against each home.

- On December 30, 2022, the Company acquired 100% of the shares of GCS incorporated in Canada. GCS is a provider of professional client management solutions executing debt collection services in Canada. The primary reason for the business acquisition was to leverage GCS's customer base, relationships, and collection services to provide EP Financial services.

- During January and February 2023, the Company received $577,000 in form of a 12% unsecured medium-term note with a 2-year term to maturity from related parties.

- On February 14, 2023, the Company entered into a Financing Agreement for a Mezzanine Financing Facility (the "Mezzanine Debt") in the amount of $1.5 million. The Mezzanine Debt bears an interest rate of 12% with a 3% arrangement fee for the set-up of the facility per annum paid monthly and matures on February 29, 2024. The Mezzanine Debt is secured by a general security agreement providing security over all present and after acquired property of EP Homes, subordinate only to any general security agreement registered by the first mortgagee.

- On March 31, 2023, the Company's wholly-owned subsidiary, GCS acquired Groupe Solution Collect Solu Inc. ("Groupe Solution") and the direct and indirect shareholders of Groupe Solution (the "Shareholders") pursuant to which GCS acquired from the Shareholders all of the issued and outstanding shares in the capital of Groupe Solution Canada, provides accounts receivable management solutions and debt collection services in Quebec, Canada. The primary reason for the business acquisition was to leverage the customer base, relationships and collection services of Groupe Solution to provide EP Financial services. GCS acquired 100% of Groupe Solution shares in exchange for:

- a aggregate cash payment by GCS to the Groupe Solution Shareholders of $3.4 million; and,
- Issuance of a promissory note on the closing date in the principal amount of $800,000, without interest, of which $700,000 shall be payable in 6 months following the closing date either in cash or by the issuance of 700,000 of the Company's marketable shares, at the sole discretion of Groupe Solution Shareholders. The remaining $100,000 shall be payable in cash without interest on or before the date that is 18 months following the closing date.
  In addition, the Groupe Solution Shareholders may earn up to an additional $1.4 million, either in cash or by way of issuance of $1.4 million of the Company's shares, if the 12 months EBITDA of Groupe Solution is equal to or greater than $1,080,000.

The Company funded the cash payment via advances under the credit arrangement with a Canadian bank. For the funding of the cash payment, GCS has entered into a credit arrangement with a Canadian bank for a $5.3 million revolving reducing facility. The credit facility is to be used to acquire 100% of the shares of Groupe Solution and pay the existing $1.9 million loan. The interest on the credit facility is payable at a two-year fixed rate of approximately 7% per annum. The credit facility is secured by a general security agreement, which provides the lender security interest over all present and after-acquired personal property of the GCS and Groupe Solution. The credit facility is payable in full in seven years from the date of advance. GCS is required to make blended payments of approximately $80,000 per month on the last day of each month commencing 30 days following the advance.

Groupe Solution has engaged external consultants to complete the purchase price allocation for the acquisition. Since the purchase price allocation is not yet completed, related disclosures are not yet available.

- On April 3, 2023, the Company announced the appointment of Gordon Reykdal as Executive Chairman of the Board of Directors of the Company, effective immediately. Prior to the appointment, Mr. Reykdal was serving in the capacity of Chief Strategy Officer of the Company. Mr. Reykdal will succeed Remo Mancini, who is retired from the Board of Directors after having been a director and Chairman of the Board of Directors since Everyday People went public in 2022, and prior thereto, a consultant to the Company in 2021. Mr. Mancini will continue working with the Company in the role of Chairman of EP Homes, a division of Everyday People Financial Corp.

ACQUISITION HIGHLIGHTS

- GCS, one of Canada's premier providers of accounts receivable management services, adds large enterprise clients and access to a significant base of consumers that could benefit from Everyday People's alternative credit products and credit education programs.

- Groupe Solution, one of Canada's leading providers of Revenue Cycle Management ("RCM") services, adds enterprise clients, including banks and other financial institutions, telecom and utility companies, property management and construction firms, governments, healthcare providers, transportation, logistics businesses, and more.

- On closing of the two acquisitions, EP paid a combined total of approximately $8.8 million in cash and issued a total of 1.8 million common shares in Everyday People.
  - The Company may issue an additional combined total of approximately 3.2 million common shares pursuant to the earnout provisions, subject to GCS and Groupe Solution achieving approximately $1.8 million and approximately $1.1 million in annual EBITDA, respectively issued at a deemed price of $1.00 per share, pursuant to the earnout provisions set forth in the Purchase Agreement.
  - The Company issued a promissory note in the principal amount of $800,000, of which:
    - (A) an amount of $700,000 shall be payable on the date that is six months from the closing of the Groupe Solution acquisition either in cash or by the issuance of 700,000 common shares in the capital of the Company issued at a deemed price of $1.00 per share; and
    - (B) an amount of $100,000 shall be payable in cash without interest on or before the date that is 18 months following the Closing Date.

STRATEGY UPDATE

- During the fourth quarter of 2022, EP evaluated its business model and strategy to maximize the long-term value creation for its shareholders.
- Based on the Company's research and analysis, beginning in Q1 2023, the Company will focus its strategy and efforts on building and expanding its collection services segment, a recurring revenue and high margin business.
- This decision is in line with the strategic objectives of the Company, to be a global consolidator in the collection services business, which is a multi-billion-dollar industry globally[1,2].
- The two recent acquisitions, GCS and Groupe Solution, support the new strategic direction of the Company, adding approximately $14.6 million to the collection services segment based on the combined historical revenues in 2022.
- The collection services segment is the main revenue contributor in the Company, followed by EP Homes, EP Care, and EP Financial Services.
- EP will continue to look for accretive acquisitions in the collection services business, leveraging the Company's experience as disciplined operators to drive profitability.

The Company plans to continue to add accretive acquisitions to the Company's collection services segment throughout 2023 and 2024.

Non-IFRS Financial Measures

This MD&A refers to Pro-forma Revenue, Adjusted EBITDA and Pro-forma net income (loss) which are non-IFRS financial measures and are therefore unlikely to be comparable to similar measures presented by other companies.

"Pro-forma Revenue" in respect of a period means revenue for that period plus the Company's estimate of the additional revenue that it would have recorded if it had acquired each of the businesses on the first day of that period, calculated in accordance with the methodology described in the reconciliation table in "Reconciliation of Non-IFRS Measures". Given the Company's acquisition strategy, Pro-forma Revenue is more reflective of our expected run-rate. The Company considers the entity year end and respective quarter based on pre-acquisition year end of the acquired company to calculate Pro-forma revenue. The most comparable IFRS measure to Pro-forma is Revenue, for which a reconciliation is provided in "Reconciliation of Non-IFRS Measures" table below "Selected Annual Information".

"Adjusted EBITDA" is used as a non-IFRS financial measure to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. EBITDA" means earnings before finance and interest costs, provision for income tax and amortization and depreciation expenses. **"**Adjusted EBITDA**"** is calculated as adding back the share-based compensation, depreciation and amortization expenses, impairment loss on goodwill, other expenses (income) and other non-operating expenses (income) management considers not directly related to operational performance of the period presented. We believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. EP's management also uses non-IFRS financial measures to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements. The most comparable IFRS measure to Adjusted EBITDA is loss from operations, for which a reconciliation is provided in "Reconciliation of Non-IFRS Measures" table below "Selected Annual Information".

"Pro-forma net income (loss)" in respect of a period means net income (loss) for that period plus the Company's estimate of the additional revenue that it would have recorded if it had acquired each of the businesses on the first day of that period, calculated in accordance with the methodology described in the reconciliation table in "Reconciliation of Non-IFRS Measures". Given the Company's acquisition strategy, Pro-forma net loss (income) is more reflective of the expected run-rate. The Company considers the entity year end and respective quarter based on pre-acquisition year end of the acquired company to calculate Pro-forma net income (loss). The most comparable IFRS measure to Pro-forma net income (loss) is net income (loss), for which a reconciliation is provided in "Reconciliation of Non-IFRS Measures" table below "Selected Annual Information".

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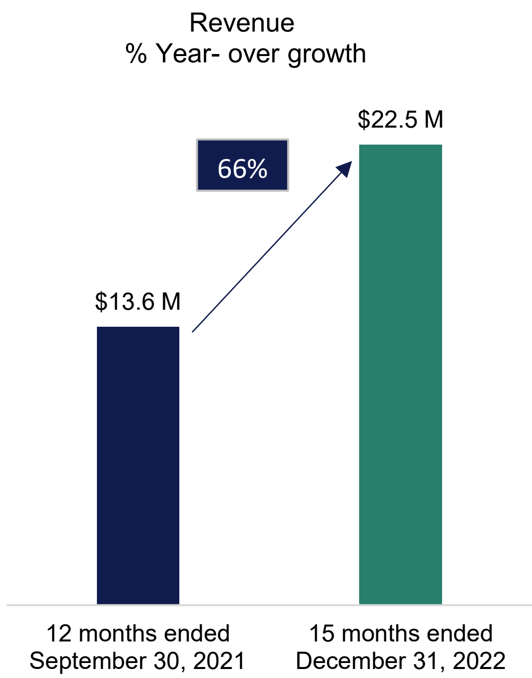
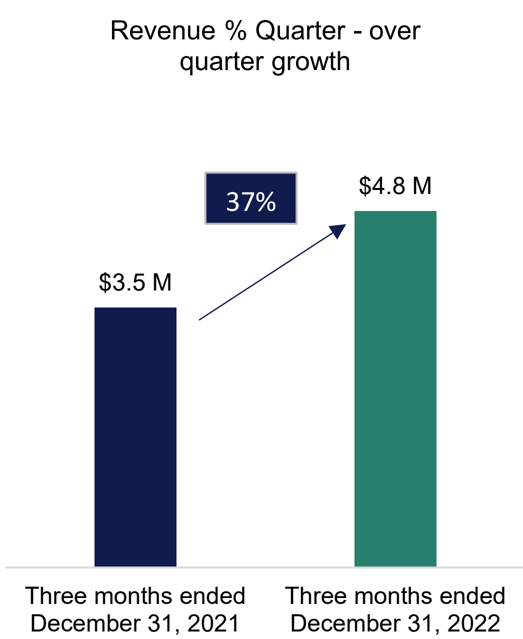
[1] https://www.factmr.com/report/debt-collection-services-market
[2] https://www.ibisworld.com/united-states/market-research-reports/debt-collection-agencies-industry/

ANNUAL HIGHLIGHTS



- Revenue increased by 66% to $22.5 million, compared to $13.6 million.
- 2022 Pro-forma Revenue of $37.1 million, see Non-IFRS Financial Measures.
- Gross profit increased to $12.7 million, compared to $7.3 million.
- Loss from operations of $8.7 million, compared to $4.8 million.
- Adjusted EBITDA loss of $2.6 million, compared to $0.7 million.
- Net loss of $45.7 million, compared to $4.9 million.
- 2022 Pro-forma net loss of $46.3 million, see Non-IFRS Financial Measures.

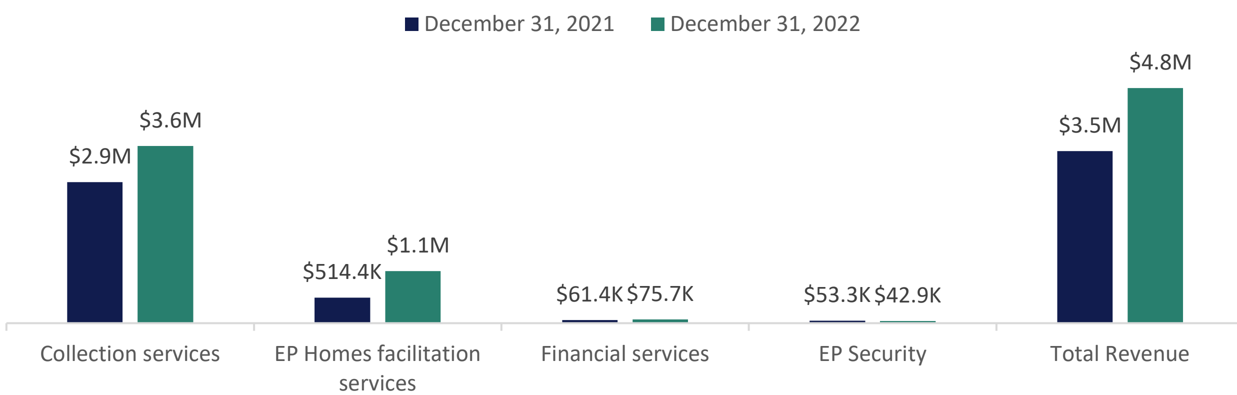
QUARTERLY HIGHLIGHTS



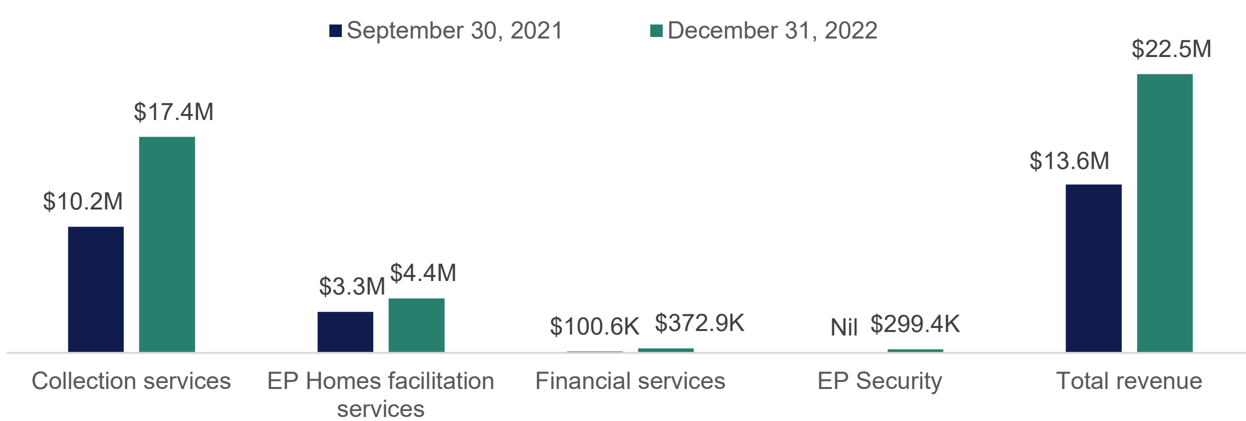
- Revenue increased by 37% to $4.8 million, compared to $3.5 million.
- Pro-forma Revenue of $8.2 million for the quarter October to December 2022, see Non-IFRS Financial Measures.
- Gross profit increased to $2.6 million, compared to $2.1 million.
- Loss from operations of $2.1 million, compared to $2.1 million.
- Adjusted EBITDA loss of $1.0 million, compared to $0.6 million.
- Net loss of $27.1 million, compared to $2.9 million.
- Pro-forma net loss of $27.8 million for the quarter October to December 2022, see Non-IFRS Financial Measures.

OVERALL PERFORMANCE

Revenue for the three months ended December 31, 2022, was $4.8 million as compared to $3.5 million for the three months ended December 31, 2021. For the 15 months ended December 31, 2022, EP recorded revenue of $22.5 million as compared to $13.6 million for the 12 months ended September 30, 2021.

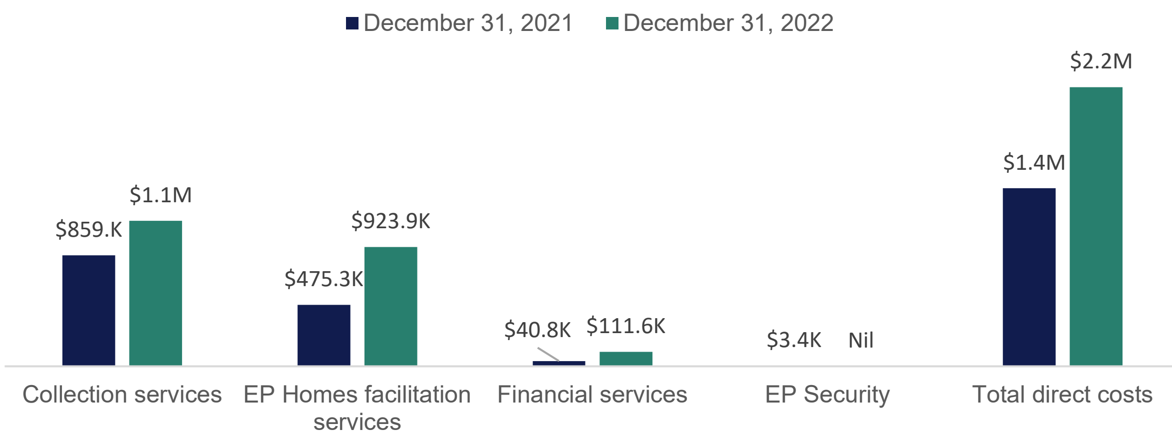


- The total increase of 37% or $1.3 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021 is primarily due to:
  - $0.7 million increase in collection services revenue, as number of contracts increased (primarily from Her Majesty's Revenue and Customs "HMRC").
  - $0.5 million increase in EP Homes facilitation services revenue is related to 2 homes sold for the three months ended December 31, 2022, as compared to 1 home sold for the three months ended December 31, 2021.

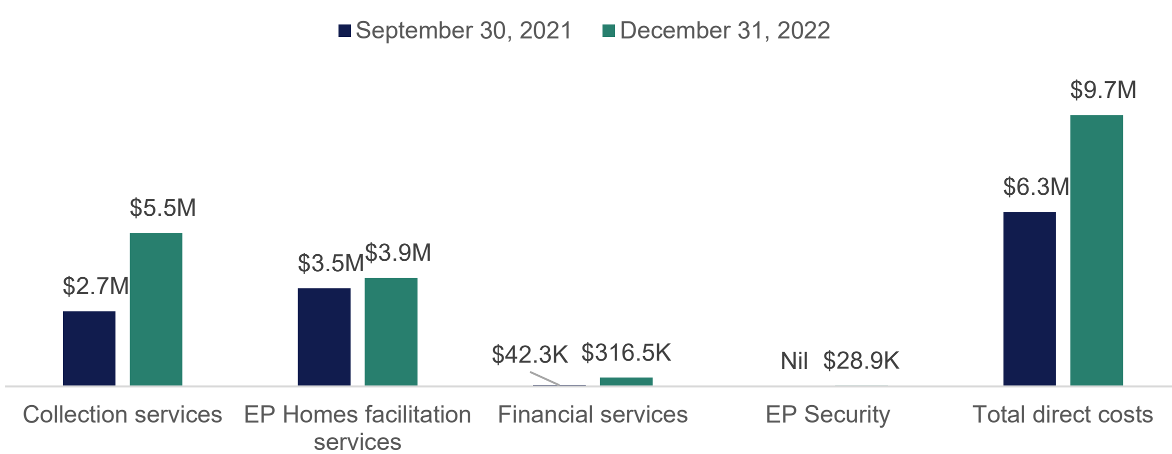


- The total increase of 66% or $8.9 million for the 15 months ended December 31, 2022 as compared to the 12 months ended September 30, 2021 is primarily due to:
  - $7.2 million increase in collection services revenue, as the number of contracts increased (primarily from HMRC) and the release of holds that were put in place in 2021 by clients due to the COVID-19 pandemic.
  - $1.1 million increase in EP homes facilitation services is due to 9 homes sold in 2022 as compared to 8 homes sold in 2021, as well as an increase in facilitation fee and savings contribution revenue.
  - $0.3 million increase in financial services revenue, primarily due to the acquisition of Climb and introduction of EP Travel's business line.
  - $0.3 million increase in EP Security revenue is because the EP Security business line did not exist in 2021.

Direct costs for the three months ended December 31, 2022, were $2.2 million as compared to $1.4 million for the three months ended December 31, 2021. For the 15 months ended December 31, 2022, direct costs were $9.7 million as compared to $6.3 million for the 12 months ended September 30, 2021.



- The total increase of $0.8 million for the three months ended December 31, 2022 is primarily due to:
  - $0.4 million increase in EP Homes direct costs is related to 2 homes sold (three months ended December 31, 2021 – 1 home sold) for the three months ending December 31, 2022.
  - $0.3 million increase in collection services direct costs is in line with the increase in collection services revenue.
  - $0.1 million increase in financial services direct costs is related to the introduction of the EP Travel business line and the growth in the other financial services business lines.



- The total increase of $3.4 million for the 15 months ended December 31, 2022 is primarily due to:
  - $2.8 million increase in collection services direct costs, which is in line with the increase in collection services revenue.
  - $0.4 million increase in EP Homes direct costs is primarily due to 9 homes sold for the 15 months ended December 31, 2022 as compared to 8 homes sold for the year ended September 30, 2021.
  - $0.2 million increase in financial services is due to increased costs of the DC bank services.

Gross profit for the three months ended December 31, 2022, was $2.6 million (three months ending December 31, 2021 - $2.1 million). For the 15 months ended December 31, 2022, gross profit was $12.7 million (12 months ended September 30, 2021 - $7.3 million):

- The total increase of $0.5 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021 is primarily due to:
    - $0.5 million increase in collection services gross profit, which is in line with the increase in collection services revenue. Gross profit for collection services was 69% (three months ending December 31, 2021 – 70%).

- The total increase of $5.4 million for the 15 months ended December 31, 2022 as compared to the 12 months ended September 30, 2021 is primarily due to:
    - $4.4 million increase in collection services gross profit is in line with the increase in collection services revenue. Gross profit for collection services was 68% (12 months ended September 30, 2021 – 73%).
    - $0.7 million increase in EP Homes gross profit is primarily due to the increase in direct costs as 9 homes were sold during the 15 months ended December 31, 2022, as compared to 8 homes sold during the 12 months ended September 30, 2021. Gross profit for EP Homes was 12% (12 months ended September 30, 2021 – 6% gross loss).
    - $0.3 million increase in contract receivables gross profit because contract receivables did not exist during the 12 months ended September 30, 2021.

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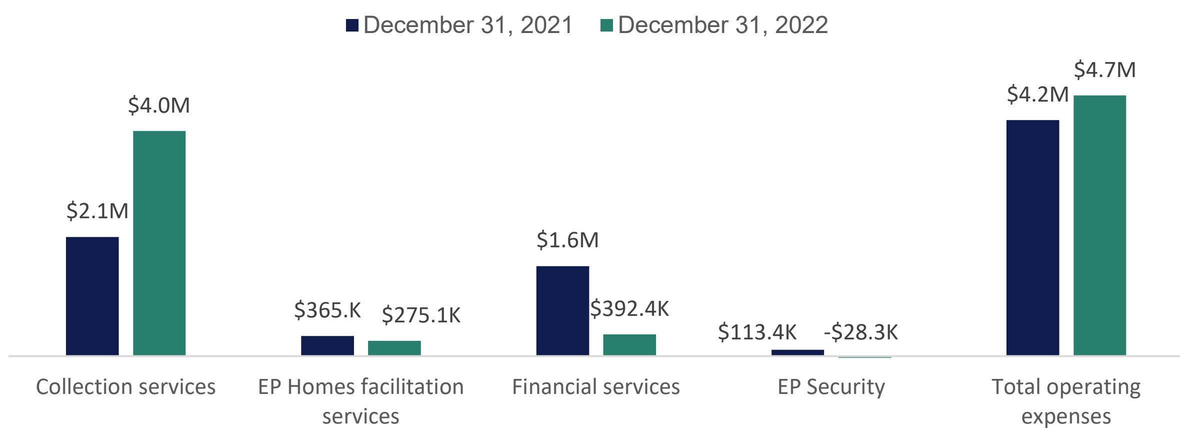
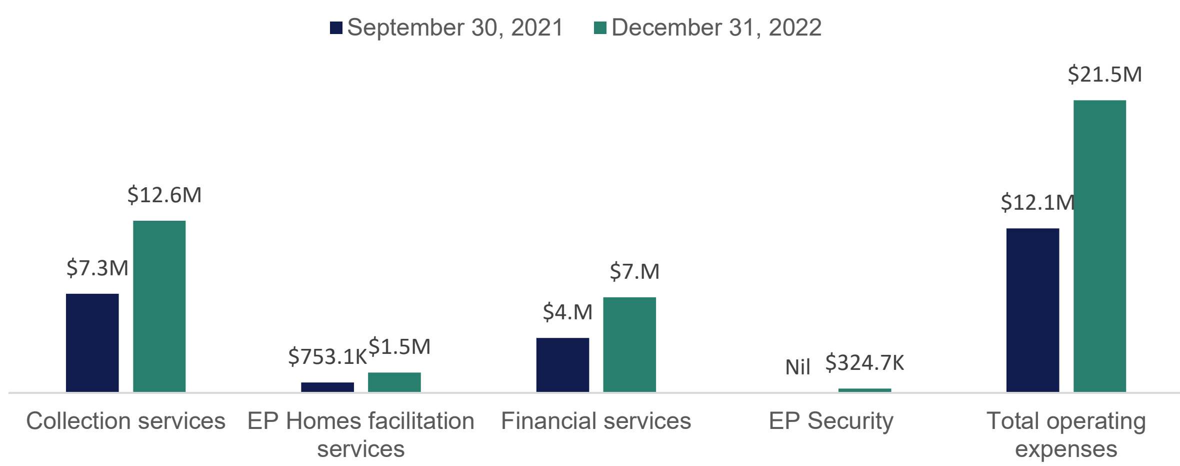
Total operating expenses for the three months ended December 31, 2022, were $4.7 million was recorded as compared to $4.2 million for the three months ended December 31, 2021, and for the 15 months ended December 31, 2022, total operating expenses of $21.5 million were recorded as compared to $12.1 million for the 12 months ended September 30, 2021.



- The total increase of $0.5 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021 is primarily due to:
    - $0.3 million increase is related to investor relations and board fees, and $0.2 million increase in management fees.



- The total increase of $9.4 million for the 15 months ended December 31, 2022 as compared to the 12 months ended September 30, 2021 is primarily due to:
    - $3.4 million increase in salaries and benefits, including performance bonuses, due to the increase in workforce, primarily in BPO and EP Financial;
    - $1.7 million for professional fees related to the RTO; and,
    - $0.7 million for depreciation and amortization, primarily related to licenses, rights and systems, $0.6 million for IT expenses, $0.6 million for management fees, $0.6 million for investor relations, stock exchange fees, and board fees, $0.5 million for travel and entertainment, $0.4 million for consulting fees and $0.2 million for office supplies, $0.2 million for marketing expenses, $0.2 million for share-based compensation, $0.1 million for occupancy costs, and $0.2 million for other operating expenses.

Loss from operations for the three months ended December 31, 2022, loss from operations was $2.1 million (three months ended December 31, 2021 - $2.1 million) and $8.7 million (12 months ended September 30, 2021 - $4.8 million) for the 15 months ended December 31, 2022.

The loss from operations for the three months ended December 31, 2022 was $2.1 million, as compared to $2.1 million for the three months ended December 31, 2021, which was primarily due to:

- $0.5 million increase in gross profit for the three months ended December 31, 2022, which was set off by $0.5 million increase in operating expenses as mentioned above. The Adjusted EBITDA loss was $1.0 million for the three months ended December 31, 2022 (three months ended December 31, 2021 – Adjusted EBITDA loss of $0.6 million). See the Selected Annual Information section.

The increase of $3.9 million in loss from operations for the 15 months ended December 31, 2022 as compared to the 12 months ended September 30, 2021 are primarily due to:

- $5.4 million increase in gross profit for 15 months ended December 31, 2022, which was offset by $9.4 million increase in operating expenses as mentioned above. The Adjusted EBITDA loss of $2.6 million for the 15 months ended December 31, 2022 (12 months ended September 30, 2021 – Adjusted EBITDA loss of $0.7 million). See the Selected Annual Information section.

Basic and Diluted EPS for the 15 months ended December 31, 2022 was ($0.44) as compared to ($0.06) for the 12 months ended September 30, 2021.

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Cash flow activities for the years ended December 31, 2022 and September 30, 2021 are as follows:

- Net cash used in operating activities for the 15 months ended December 31, 2022 was $8.9 million (September 30, 2021 - $0.4 million cash used) was due to:
  - Proceeds from the sale of homes for $3.4 million (September 30, 2021 - $2.9 million) for 9 homes (September 30, 2021 – 8 homes).
  - The payments for the purchase of homes for $5.0 million (September 30, 2021 – $0.9 million) for 11 homes (September 30, 2021 – 2 homes).
  - The payments for the loan receivables of $1.4 million (September 30, 2021 - $nil) for the purchase of security contracts.
  - Net loss adjusted for working capital items is $5.8 million (September 30, 2021 - $2.4 million), which includes net loss set off by changes in working capital.

- Net cash used in investing activities for the 15 months ended December 31, 2022 was $6.1 million (September 30, 2021 - $1.5 million) which primarily due to the $5.3 million net cash paid for the acquisition of GCS and the RTO, $0.7 million in additions to intangible assets related to the DC Bank platform and the CRM software, and $0.2 million in additions of property and equipment, which was aligned with the increased workforce. Also, for the year ended September 30, 2021, EP invested $1.1 million in investments, for the 15 months ended December 31, 2022 were $nil.

- Net cash provided by financing activities for the 15 months ended December 31, 2022 was $14.6 million (September 30, 2021 - $2.9 million cash provided), which primarily comprised of:

  - $7.0 million in proceeds (September 30, 2021 - $0.2 million proceeds) of promissory notes from related parties.
  - $4.0 million net proceeds (September 30, 2021 - $4.2 million proceeds) from unit issuance and committed capital.
  - $4.0 million in net proceeds (September 30, 2021 - $2.2 million net repayments) from credit facilities.
  - $1.1 million in proceeds (September 30, 2021 - $1.5 million proceeds) from convertible debentures.
  - $1.1 million repayments (September 30, 2021 - $0.5 million net repayments) of promissory notes.
  - $0.3 million repayments (September 30, 2021 - $0.3 million repayments) of lease liabilities.

EP's cash and cash equivalent balance was $1.2 million as at December 31, 2022 as compared to $2.3 million as at September 30, 2021.

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ECONOMIC FACTORS AND COVID-19 IMPACT

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Alberta governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The COVID-19 pandemic has negatively impacted the global economy and created significant economic uncertainty and disruption to the financial markets. Further, the current challenging economic climate and events around the COVID-19 outbreak may lead to adverse changes in revenue, cash flows and working capital levels, which may also have a direct impact on the Company's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company's business is not known at this time.

The Company's EP Homes business segment requires significant amount of debt in addition to equity to execute its business plan and any material changes in interest rates for that respect will impact the Company's performance. The increase in the interest rate of 400 basis points since September 30, 2021, resulted in a change in the fair market rent as well, therefore, EP Homes' economics for one home still remain in line with original expectations. Refer to "Risk and Uncertainties" of this MD&A for further information.

EP's collection services segment business consists of collecting non-performing accounts that consumers or others have failed to pay. The credit originators have typically made numerous attempts to recover on their receivables, often using a combination of in-house recovery efforts and third-party collection agencies. These non-performing accounts are difficult to collect, and EP may not collect a sufficient amount to cover its fixed costs of running its business in the future. Refer to "Risk and Uncertainties" of this MD&A for further information.

EP's financial services segment performance may be adversely affected by economic, political or inflationary conditions in any market in which EP operates as the payment technology and financial services industries are subject to the rapid development of service offerings, changing standards and evolving consumer demands, all of which affect EP's ability to remain competitive. Refer to "Risk and Uncertainties" of this MD&A for further information.

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SELECTED ANNUAL INFORMATION

		Three months ended	Three months ended	15 months ended	12 months ended
		December 31, 2022 ($)	December 31, 2021 ($)	December 31, 2022 ($)	September 30, 2021 ($)
Revenue	[1]	**4,760,594**	**3,484,944**	**22,473,751**	**13,566,906**
Direct costs	[2]	2,161,181	1,378,541	9,727,706	6,250,671
Gross profit		**2,599,413**	**2,106,403**	**12,746,045**	**7,316,235**
Expenses (income)					
Salaries and benefits	[3]	1,787,809	1,769,379	8,938,752	5,542,935
Depreciation and amortization	[4]	456,644	427,814	2,251,036	1,537,705
Professional fees	[5]	557,872	928,367	3,344,316	1,688,389
Management and Consulting fees	[5]	735,236	457,622	2,641,624	1,690,957
Other operating expenses		396,277	303,598	1,571,317	518,540
Share-based compensation	[6]	197,320	194,353	930,925	736,951
Travel and entertainment		151,082	69,021	574,939	98,654
Marketing expenses		36,484	39,913	320,805	71,658
Rent and utilities		40,446	37,175	301,249	220,179
Investor relations, Board fees, Exchange fees		314,229	7,875	575,864	4,357
Loss allowances		13,258	10,220	25,648	—
Realized foreign currency exchange loss (gain)		1,901	382	4,446	(42,029)
Total operating expenses	[7]	**4,688,558**	**4,245,719**	**21,480,921**	**12,068,296**
Loss from operations	[8]	**(2,089,145)**	**(2,139,316)**	**(8,734,876)**	**(4,752,061)**
Total other (expenses) income	[9]	**(24,192,706)**	**(791,639)**	**(36,226,655)**	**(4,676)**
Net loss before tax		**(26,281,851)**	**(2,930,955)**	**(44,961,531)**	**(4,756,737)**
Income tax recovery (expense)		(822,240)	19,809	(725,218)	(177,564)
Net income (loss) for the period		**(27,104,091)**	**(2,911,146)**	**(45,686,749)**	**(4,934,301)**
Comprehensive loss for the period		**(25,900,184)**	**(2,899,297)**	**(46,517,032)**	**(5,008,776)**

Consolidated Balance Sheet information	[10]	**December 31, 2022**	**September 30, 2021**
Total assets		46,245,730	63,625,145
Total non-current financial liabilities		13,888,126	3,218,284
Deficit		(58,760,078)	(13,073,329)
Dividends declared		$nil	$nil
Basic and diluted loss per share		(0.44)	(0.06)

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RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

Non-IFRS financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results under IFRS. There are number of limitations related to the use of non-IFRS financial measures versus their nearest IFRS equivalents. Investors are encouraged to review consolidated financial statements as at and for the 15 months ended December 31, 2022 and the 12 months ended September 30, 2021 and disclosures in their entirety and are cautioned not to put undue reliance on any non-IFRS financial measure and view it in conjunction with the most comparable IFRS financial measures. In evaluating these non-IFRS financial measures, please be aware that in the future we will continue to have the adjustment similar to those adjusted in the presented period.

		Three months ended	**Three months ended**	**15 months ended**	**12 months ended**
		December 31, 2022 ($)	**December 31, 2021 ($)**	**December 31, 2022 ($)**	**September 30, 2021 ($)**
Adjusted EBITDA reconciliation					
Loss from operations		**(2,089,145)**	**(2,139,316)**	**(8,734,876)**	**(4,752,061)**
Adjustments					
Interest included in direct cost		16,833	31,816	159,524	133,064
Depreciation and amortization		456,644	427,814	2,251,036	1,537,705
Cost related to going public	[a]	446,298	928,367	2,675,453	1,688,389
Share-based compensation		197,320	194,353	930,925	736,952
Stock exchange fees		—	7,875	—	—
One-time expenses	[b]	—	—	128,694	—
Total adjustment to loss from operations		**1,117,095**	**1,590,225**	**6,145,632**	**4,096,110**
Adjusted EBITDA		**(972,050)**	**(549,091)**	**(2,589,244)**	**(655,951)**

Pro-forma revenue reconciliation		**Three months ended December 31, 2022 ($)**	**15 months ended December 31, 2022 ($)**
Company revenue		**4,760,594**	**22,473,751**
Adjustments			
GCS revenue	[c]	2,143,086	8,587,393
Groupe Solution revenue	[d]	1,325,524	6,023,272
Pro-forma revenue		**8,229,204**	**37,084,416**

Pro-forma net income (loss) reconciliation		**Three months ended December 31, 2022 ($)**	**15 months ended December 31, 2022 ($)**
Company net income (loss)		**(27,104,090)**	**(45,686,749)**
Adjustments			
GCS net income (loss)	[c]	(625,410)	(821,687)
Groupe Solutions net income (loss)	[d]	(71,494)	194,920
Pro-forma net income (loss)		**(27,800,994)**	**(46,313,516)**

[a] Primarily due to the professional fees related to the RTO.

[b] Marketing and software costs of $0.1 million.

[c] GCS revenue and net income (loss) represents revenue and net income (loss) for the three months ended December 31, 2022, and annual revenue and net income (loss) for the period January 1, 2022 to December 31, 2022 from GCS's audited financials.

[d] Groupe Solution revenue and net income (loss) represents revenue and net income (loss) for the three months ended September 30, 2022 and annual revenue and net income (loss) for the period October 1, 2021 to September 30, 2022 from Groupe Solution's audited financials.

DISCUSSION ON RESULTS OF OPERATIONS

The Company has based the following discussion on its consolidated financial statements for the 15 months ended December 31, 2022 and the 12 months ended September 30, 2021. Please read the below discussion along with these consolidated financial statements, as it is qualified in its entirety by reference to them.

[1] Revenue

	Three months ended December 31,	Three months ended December 31,	15 months ended December 31,	12 months ended September 30,	Three months ended		Period ended	
	2022 ($)	2021 ($)	2022 ($)	2021 ($)	Change ($)	Change (%)	Change ($)	Change (%)
EP Homes facilitation services	1,057,328	514,408	4,396,738	3,306,009	542,920	105.54%	1,090,729	32.99%
Collection services	3,584,724	2,855,768	17,405,117	10,158,065	728,956	25.53%	7,247,052	71.34%
Financial services	75,670	61,441	372,543	102,832	14,229	23.16%	269,711	262,28%
Contract receivables	42,872	53,327	299,353	—	(10,455)	(19.61%)	299,353	—
Revenue	**4,760,594**	**3,484,944**	**22,473,751**	**13,566,906**	**1,275,650**	**36.60%**	**8,906,845**	**65.65%**

The increase in revenue of EP Homes facilitation services segment amounting to:

- $542,920 increase for the three months ended December 31, 2022 is primarily due to 2 homes sold for the three months ended December 31, 2022, as compared to 1 home sold for the three months ended December 31, 2021.
- $1,091,702 increase for the 15 months ended December 31, 2022 is primarily due to 9 homes sold for the 15 months ended December 31, 2022, as compared to 8 homes sold for the 12 months ended September 30, 2021, as well as, increased in facilitation fee revenue as 11 homes were purchased for the 15 months ended December 31, 2022, as compared to 2 homes purchased for the 12 months ended September 30, 2021.

The increase in revenue of collection services amounting to:

- $728,956 increase for the three months ended December 31, 2022 is primarily related to the increase in contracts, specifically from HMRC.
- $7,243,842 increase for the 15 months ended December 31, 2022 is primarily due to the increase in contracts, specifically from HMRC and the release of holds that were put in place in 2021 by clients due to the COVID-19 pandemic.

The increase in revenue of financial services segment amounting to:

- $271,948 increase for the 15 months ended December 31, 2022 is primarily due to the acquisition of Climb on June 30, 2021, and the introduction of the EP Travel and EP Care business lines.

The increase in revenue of contract receivables segment amounting to:

- $299,353 increase for the 15 months ended December 31, 2022 is primarily due to the introduction of the contract receivables segment commencing October 1, 2021.

[2] Direct costs

	Three months ended December 31, 2022 ($)	Three months ended December 31, 2021 ($)	15 months ended December 31, 2022 ($)	12 months ended September 30, 2021 ($)	Three months ended Change ($)	Period ended Change ($)
EP Homes facilitation services	923,865	475,349	3,886,743	3,518,502	448,516	368,241
Collection services	1,125,697	859,027	5,495,565	2,689,886	266,670	2,805,679
Financial services	111,619	40,760	316,537	42,283	70,859	274,254
Contract receivables	—	3,405	28,861	—	(3,405)	28,861
Total	**2,161,181**	**1,378,541**	**9,727,706**	**6,250,671**	**782,640**	**3,477,035**
As a % of total revenue	45%	40%	43%	46%	—	—

The increase in direct costs of EP Homes facilitation services amounting to:

- $448,516 increase for the three months ended December 31, 2022 is primarily due to increase in cost of homes sold, as 2 homes were sold for the three months ended December 31, 2022 as compared to 1 homes sold for the three months ended December 31, 2021.
- $368,241 increase for the 15 months ended December 31, 2022 is primarily due to $0.5 million increase related to the cost of sale of 9 homes sold for the 15 months ended December 31, 2022 as compared to 8 homes sold for the 12 months ended September 30, 2021, $0.1 million decrease related to the professional fees, interest expense, rental property tax and realtor commissions relating to the sale of the homes.

The increase in direct costs of collection services amounting to:

- $266,670 increase for the three months ended December 31, 2022 is aligned with the $0.7 million increase in collection services revenue, as compared to the three months ended December 31, 2021.
- $2,805,679 increase for the 15 months ended December 31, 2022 is aligned with the $7.2 million increase in collection services revenue, as compared to the 12 months ended September 30, 2021.

The increase in direct costs of financial services amounting to:

- $70,859 increase for the three months ended December 31, 2022 is due to the introduction of the EP Travel business line and the increased operations in the EP Care business line.
- $274,254 increased for the 15 months ended December 31, 2022 is due to acquisition of Climb on June 30, 2021, and the introduction of the EP Travel and EP Care business lines.

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[3] Salaries and benefits

	Three months ended December 31,	Three months ended December 31,	15 months ended December 31,	12 months ended September 30,	Three months ended	Period ended
	2022 ($)	2021 ($)	2022 ($)	2021 ($)	Change ($)	Change ($)
Salaries and benefits	1,787,809	1,769,379	8,938,752	5,542,935	18,430	3,395,817
Total	**1,787,809**	**1,769,379**	**8,938,752**	**5,542,935**	**18,430**	**3,395,817**
As a % of total revenue	38%	51%	40%	41%	—	—

The increase in salaries and benefits amounting to:

- $3,395,817 increase for the 15 months ended December 31, 2022 is primarily due to the $3.0 million increase in work force in EP Financial and BPO and performance based bonuses, and $0.4 million for the acquisition of Climb on June 30, 2021. Salaries and benefits include $7.0 million from collection services, $1.8 million from financial services, and $0.1 million from EP Homes segment, as compared to $4.7 million from collection services, $0.6 million from financial services, and $0.2 million from EP Homes segment for the 12 months ended September 30, 2021.

[4] Depreciation and amortization

	Three months ended December 31,	Three months ended December 31,	15 months ended December 31,	12 months ended September 30,	Three months ended	Period ended
	2022 ($)	2021 ($)	2022 ($)	2021 ($)	Change ($)	Change ($)
Depreciation and amortization	456,644	427,814	2,251,036	1,537,705	28,830	713,331
Total	**456,644**	**427,814**	**2,251,036**	**1,537,705**	**28,830**	**713,331**
As a % of total revenue	10%	12%	10%	11%	—	—

The increase in depreciation and amortization expense amounting to:

- $713,331 increase for the 15 months ended December 31, 2022 is primarily due to a $0.5 million increase in intangible asset amortization, which is related to the intangible assets acquired from Climb on June 30, 2021 and EP Financial commenced amortizing its card platform in January 2022, as it started to earn revenue from the card platform, $0.1 million increase in depreciation for the right-of-use asset for the office lease, which commenced in March 2021, and $0.1 million increase in depreciation for property and equipment.

[5] Management fees, consulting fees, and professional fees

	Three months ended on December 31, 2022 ($)	Three months ended December 31, 2021 ($)	15 months ended December 31, 2022 ($)	12 months ended September 30, 2021 ($)	Three months ended Change ($)	Period ended Change ($)
Management fees	614,584	329,236	1,933,102	1,338,520	285,348	594,582
Consulting fees	120,653	128,386	708,522	352,437	(7,733)	356,085
Professional fees	557,872	928,367	3,344,316	1,688,389	(370,495)	1,655,927
Total	**1,293,109**	**1,385,989**	**5,985,940**	**3,379,346**	**(92,880)**	**2,606,594**
As a % of total revenue	27%	40%	27%	25%	—	—

The increase in management fees amounting to:

- $285,348 increase for the three months ended December 31, 2022 is primarily due to the bonus paid to the BPO's president and the increase in management aligned with the Company's growth.
- $594,582 increase for the 15 months ended December 31, 2022 is primarily due to the bonus paid to the BPO's president and the increase in management aligned with the Company's growth.

The increase in consulting fees amounting to:

- $356,085 increase for the 15 months ended December 31, 2022 is primarily due to $0.2 million increase consulting services provided for the contract receivables segment, which commenced October 1, 2021, and the remaining $0.1 million increase is primarily related to financial services due to the introduction of the EP Travel and EP Care business lines.

The decrease and increase in professional fees amounting to:

- $370,495 decrease for the three months ended December 31, 2022 is primarily due to the decrease in legal fees related to the RTO.
- $1,655,927 increase for the 15 months ended December 31, 2022 is primarily due to a $0.6 million increase in legal fees related to the RTO, $0.6 million increase in corporate legal fees, and $0.5 million increase in audit and valuation fees, as compared to the 12 months ended September 30, 2021.

[6] Share-based compensation

	Three months ended December 31, 2022 ($)	Three months ended December 31, 2021 ($)	15 months ended December 31, 2022 ($)	12 months ended September 30, 2021 ($)	Three months ended Change ($)	Period ended Change ($)
Compensation in Options	33,091	174,354	351,528	716,951	(141,263)	(365,423)
Compensation in RSU	155,883	—	281,551	—	155,883	281,551
Compensation in Common Shares	—	20,000	289,500	20,000	(20,000)	269,500
Exchange differences	8,346	—	8,346	—	8,346	8,346
Total	**197,320**	**194,354**	**930,925**	**736,951**	**2,966**	**193,974**
As a % of total revenue	4%	6%	4%	5%	—	—

- $365,423 decrease of compensation in options is primarily due to the cost accounting method for recording the cost of service. This accounting method front-loads the cost for the services provided. The monthly cost reduces over the term of the vesting period.

- $281,551 increase of compensation in RSU is primarily due to 2,772,000 million RSU issued to directors and 535,000 RSU issued to consultants in 15 months ended December 31, 2022 as compared to nil issued in 12 months ended in September 30, 2021.

- $269,500 increase of compensation in common shares is primarily due to the company policy before RTO, to issue the common shares to its executives as a part of their compensation and post completion of RTO, to issue RSU in place of common shares.

[7] Total operating expenses

For the three months ended December 31, 2022, the total operating expenses of $4.7 million were recorded as compared to $4.2 million for the three months ended December 31, 2021. Total operating expenses were 98% of revenue as compared to 122% of revenue for the three months ended December 31, 2021, as a result of the Company's growth strategies.

For the 15 months ended December 31, 2022, the total operating expenses of $21.5 million were recorded as compared to $12.1 million for the 12 months ended September 30, 2021. Total operating expenses were 96% of revenue were consistent with growth and 89% of revenue for the 12 months ended September 30, 2021, as a result of going public transaction and also in line with the growth in revenue.

[8] Loss from operations

Loss from operations was $2.1 million (three months ended December 31, 2021 - $2.1 million) for the three months ended December 31, 2022 and $8.7 million (12 months ended September 30, 2021 - $4.8 million) for the 15 months ended December 31, 2022.

The loss from operations for the three months ended December 31, 2022 was $2.1 million, as compared to $2.1 million for the three months ended December 31, 2021, which was primarily due to:

- $0.5 million increase in gross profit for the three months ended December 31, 2022, which was set off by $0.5 million increase in operating expenses as mentioned above. The Adjusted EBITDA loss was $1.0 million for the three months ended December 31, 2022 (three months ended December 31, 2021 – Adjusted EBITDA loss of $0.6 million). See the Selected Annual Information section.

The increase of $4.0 million in loss from operations for the 15 months ended December 31, 2022 as compared to the 12 months ended September 30, 2021 are primarily due to:

- $5.4 million increase in gross profit for 15 months ended December 31, 2022, which was offset by $9.4 million increase in operating expenses as mentioned above. The Adjusted EBITDA loss of $2.6 million for the 15 months ended December 31, 2022 (12 months ended September 30, 2021 – Adjusted EBITDA loss of $0.7 million). See the Selected Annual Information section.

[9] Other expenses (income)

	Three months ended December 31,	Three months ended December 31,	15 months ended December 31,	12 months ended September 30,	Three months ended	Period ended
	2022 ($)	2021 ($)	2022 ($)	2021 ($)	Change ($)	Change ($)
Impairment loss	22,262,708	—	29,316,335	—	22,262,708	29,316,335
Listing expenses	—	—	3,381,033	—	—	3,381,033
Finance costs	310,005	198,839	1,785,037	742,663	111,166	1,042,374
Gain/(loss) on investments	1,298,846	—	1,298,846	—	1,298,846	1,298,846
Payment of contingent consideration	—	730,568	730,568	—	(730,568)	7,30,568
Other expenses	—	—	129,453	—	—	129,453
Other income	318,291	(137,769)	(356,982)	(737,987)	456,060	381,005
Gain/loss on debt settlement	—	—	(60,490)	—	—	(60,490)
Share of profit/(loss) in joint venture	2,855	—	2,855	—	2,855	2,855
Total	**24,192,705**	**791,638**	**36,226,655**	**4,676**	**23,401,067**	**36,221,979**
As a percentage of total revenue	508%	23%	161%	—	—	—

The total increase of $23.4 million for the three months ended December 31, 2022 as compared to the three months ended December 31, 2021 is primarily due to:

- $22.3 million of impairment losses, of which $16.2 million impairment on the EP Homes goodwill, $1.6 million on the Climb intangible assets, $1.6 million on the financial services intangible assets, $1.1 million impairment on the financial services goodwill, $0.3 million on the EP Homes intangible assets and $1.5 million for the contract receivables were impaired due to change in expected cash flow.
- $1.3 million is related to the write-down on the investment.
- $0.7 million decrease due to payment of contingent consideration for the Climb acquisition in December 31, 2021.
- $0.5 million increase for other income.
- $0.1 million increase for finance cost.

The total increase of $36.2 million for the 15 months ended December 31, 2022 as compared to the 12 months ended September 30, 2021 is primarily due to:

- $29.3 million of impairment losses, of which $18.8 million impairment on the EP Homes goodwill, $4.5 million impairment on the Climb goodwill, $1.6 million on the Climb intangible assets, $1.6 million on the financial services intangible assets, $1.1 million impairment on the financial services goodwill, $0.3 million on the EP Homes intangible assets and $1.5 million for the contract receivables were impaired due to change in expected cash flow.

- $3.4 million is related to the amalgamation with Justify, related to the completion of the RTO. The listing expense reflects the difference between the fair value of the amount paid and the fair value of the net assets received from Justify.
- $1.3 million is related to the write-down on the investment.
- $1.0 million for finance cost.
- $0.7 million for payment of contingent consideration for the Climb acquisition.
- $0.4 million decrease in other income, due to a decrease in grants.
- $0.1 million increase due to debt settlement.

[10] Consolidated balance sheet information

Total assets of $46.2 million primarily consist of $9.8 million in EP Homes inventory, $13.9 million in intangible assets, $8.5 million in customer funds, and $6.3 million goodwill accounted upon acquisition of BPO and GCS.

The non-current financial liabilities are calculated as defined in the CPA Canada handbook, therefore, deferred tax liability is excluded from total long-term financial liabilities. The non-current financial liabilities as at December 31, 2022, primarily consist of lease liabilities of $1.5 million compared to $1.5 million as at September 30, 2021, $7.0 million of due to related parties as at December 31, 2022 as compared to $nil as at September 30, 2021, and $5.0 million in credit facilities as at December 31, 2022 as compared to $nil as at September 30, 2021.

Basic and diluted loss per share is calculated based on the weighted average number of the Company's issued and outstanding common shares. For the 15 months ended December 31, 2022, the loss per share was ($0.44) compared to ($0.06) for the 12 months ended September 30, 2021. The diluted per share does not include the effect of the Company's warrants and options as they are anti-dilutive.

Outstanding Securities

The Company's outstanding securities as of December 31, 2022 and September 30, 2021 are as follows:

Description of securities	**Number of securities outstanding as at December 31, 2022**	**Number of securities outstanding as at September 30, 2021**
Common shares	113,976,539	98,491,335
Warrants	4,083,397	4,260,035
Options	3,893,597	3,291,697
Restricted share units ("RSUs")	3,307,000	—
Equity fully diluted	**125,260,533**	**106,043,067**

Financial Instruments

Please refer to the consolidated financial statements as at and for the 15 months ended December 31, 2022 and the 12 months ended September 30, 2021 for details on measurement, carrying value, and fair value of financial instruments. For the 15 months ended December 31, 2022, the Company did not have any derivative financial instruments, and the Company did not engage in hedging activities.

SELECTED ANNUAL RESULTS

The following table sets forth selected unaudited interim quarterly results.

	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
Collection services	3,584,725	3,837,143	3,695,344	3,432,138	2,855,768	2,665,413	2,962,793	2,388,358
EP Homes facilitation services	1,057,328	918,049	932,185	974,367	514,408	169,774	535,583	414,182
Financial services	75,669	87,971	85,666	62,195	61,441	58,945	17,734	16,774
Contract revenue	42,872	67,189	70,492	65,473	53,327	—	—	—
Revenue	**4,760,594**	**4,910,352**	**4,783,687**	**4,534,173**	**3,484,944**	**2,894,132**	**3,516,110**	**2,819,314**
Q/Q change %	**(3%)**	**3%**	**6%**	**30%**	**20%**	**(18%)**	**25%**	**(35%)**
Direct costs	2,161,181	2,199,667	2,076,762	1,911,555	1,378,541	571,560	1,492,131	896,240
Gross profit	**2,599,413**	**2,710,685**	**2,706,925**	**2,622,618**	**2,106,403**	**2,322,572**	**2,023,979**	**1,923,074**
Expenses (income)								
Salaries and benefits	1,787,809	2,056,191	1,745,828	1,579,545	1,769,379	2,037,676	1,337,695	1,064,074
Professional fees	557,872	624,689	567,444	665,994	928,367	736,117	433,868	357,734
Depreciation and amortization	456,644	447,098	457,289	462,191	427,814	434,320	376,699	369,226
Management fees	614,584	342,957	319,353	326,972	329,236	404,241	350,272	331,966
Share-based compensation	197,320	91,125	235,204	212,922	194,353	186,525	203,359	176,878
Other operating expenses [1]	396,276	337,444	292,763	241,235	303,598	168,893	147,884	94,359
Consulting fees	120,652	139,471	141,486	178,527	128,386	123,928	42,121	31,430
Rent and utilities	40,446	94,673	77,625	51,329	37,175	77,855	35,364	45,535
Travel and entertainment	151,082	165,363	112,959	76,514	69,021	46,278	17,469	8,193
Marketing expenses	36,484	120,639	85,287	38,483	39,913	34,708	12,620	23,855
Stock exchange fees	12,939	32,102	—	—	7,875	4,357	—	—
Loss allowances	13,258	—	—	2,170	10,220	—	—	—
Realized foreign currency exchange loss (gain)	1,901	955	941	267	382	538	—	(23)
Investor relations	125,420	71,283	48,687	48,668	—	—	—	—
Board fees	175,870	52,840	—	—	—	—	—	—
Total operating expenses	**4,688,558**	**4,576,830**	**4,085,046**	**3,884,767**	**4,245,719**	**4,255,436**	**2,957,351**	**2,503,227**
Loss from operations	**(2,089,145)**	**(1,866,145)**	**(1,378,121)**	**(1,262,149)**	**(2,139,316)**	**(1,932,864)**	**(933,372)**	**(580,153)**
Other income (loss)	**(24,192,706)**	**(8,507,390)**	**(2,772,129)**	**37,208**	**(791,639)**	**(191,821)**	**(52,568)**	**(34,875)**
Net loss before tax	**(26,281,851)**	**(10,373,535)**	**(4,150,250)**	**(1,224,941)**	**(2,930,955)**	**(2,124,685)**	**(985,940)**	**(615,028)**
Income tax recovery (expense)	(822,240)	36,593	(96,094)	136,714	19,809	9,606	(78,366)	(73,069)
Net loss for the period	**(27,104,091)**	**(10,336,942)**	**(4,246,344)**	**(1,088,227)**	**(2,911,146)**	**(2,115,079)**	**(1,064,305)**	**(688,097)**
Comprehensive income (loss) for the year	**(25,900,184)**	**(10,954,848)**	**(4,983,396)**	**(1,779,307)**	**(2,899,295)**	**(2,111,581)**	**(1,268,658)**	**(734,677)**

[1] Other expenses include office supplies, IT support, subscriptions and licenses, insurance, telephone, repairs and maintenance, computer, training and recruitment, postage and shipping and donations.

LIQUIDITY AND CAPITAL RESOURCES

NOTE: This section contains forward-looking information. By its nature, forward-looking information requires that certain assumptions be made and is subject to inherent risks and uncertainties. Please see "Forward-Looking Information" and "Risks and Uncertainties" for additional information on the factors that could cause results to vary.

The Company monitors the liquidity and capital resource for every reportable operating segment. EP's collection services segment has been generating sufficient cash to support its current operations and planned growth. EP has been working on a platform with a Schedule 1 Bank to launch its financial services and working capital for the financial services segment is primarily funded by the capital raised in past financing. EP Homes' facilitation services segment requires debt and equity financing to support the current operations and expected growth of this segment.

The Company cash balance was $1.2 million as at December 31, 2022 as compared to $2.3 million as at September 30, 2021.

The Company expects is to keep the loan to value ("LTV") of EP Homes up to 85%, including mezzanine debt, however, the current LTV of EP Homes inventory is 69%. The Company is working to obtain debt financing of $2.2 million to serve the working capital needs of the Company. Management and the board closely monitor the Company's operations and monthly revenue and expenses of the collection services, financial services, EP Homes facilitation services, and contract receivable services segments to ensure the Company has sufficient working capital to execute its strategic business plan. Appropriate adjustments to projections and to the monthly expenses are made when necessary. EP currently has $6.7 million senior secured credit facilities with financial institutions to support existing inventory of EP Homes and is working with the institutions to further increase the existing facilities and/or placing new facilities to support the growth of the EP Homes segment, please refer to the section below entitled "Credit facilities" in *"items affecting liquidity"* of this MD&A for further information. There are no assurances that increased credit facilities or new credit facilities or working capital loan financing or expected profits will be available to the Company on acceptable terms, or at all.

Going Concern

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business as they come due. The Company has recurring net losses, has a deficit and negative cash flows from operations. The Company incurred net loss of $45,686,749 for the 15 months ended December 31, 2022 (12 months ended September 30, 2021 - $4,934,301), deficit of $58,760,078 as at December 31, 2022 (September 30, 2021 - $13,073,329) and cash used in operating activities of $8,876,636 for 15 months ended December 31, 2022 (September 30, 2021 – cash used in operating activities of $364,576). These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern and otherwise execute on its business strategies.

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon various risks and uncertainties affecting the Company's future financial position and its performance including, but not limited to:

- Its ability to raise adequate equity and debt capital;
- Its ability to execute on the business plan of achieving net profits in place of losses in some of the operating segments; and
- Its ability to execute on the business program that results in a performance that exceeds debt covenant requirements related to EP Homes debt.

Management is actively working to achieve positive cashflows and is considering various financing opportunities, the Company:

- Completed an equity capital raise of $4.6 million in January 2022;
- Raised and converted $3,484,500 of convertible debentures including interest into equity upon completion of the RTO;

- A Canadian bank increased the loan facility from $4 million to $10 million in December 2021, and on March 31, 2022, amended the $10 million credit arrangement from due on demand to a term loan with a maturity date of April 4, 2024;
- Initiated private offering up to $5 million principal amount of 12% unsecured medium-term notes and received $2.65 million as of September 30, 2022;
- Entered into a new credit arrangement of $15 million revolving line of credit with KV Capital Inc. on November 1, 2022; and
- Entered into a new credit arrangement with Grow Lending Group Inc. to get $1.5 million in mezzanine funding on the EP Homes inventory.

These consolidated financial statements do not include any adjustments that would be necessary if the going concern assumption was not appropriate. Failure to continue as a going concern would require adjustments to assets and liabilities, the reported revenues and expenses, and statement of financial position classifications used, which could differ materially from the going concern basis.

CASH FLOW SUMMARY

The following table provides a summary of cash inflows and outflows by activity for the 15 months ended December 31, 2022 and 12 months ended September 30, 2021.

Cash inflows and (outflows) by activity:		**December 31, 2022**	**September 30, 2021**
Change in operating activities prior to EP Homes inventory	[1]	(5,830,875)	(2,367,676)
Addition and disposals of EP Homes inventory	[2]	(1,645,168)	2,003,100
Additions to loan receivables	[3]	(1,400,592)	—
Cash used in operating activities		(8,876,636)	(364,576)
Cash used in investing activities	[4]	(6,114,242)	(1,515,507)
Cash provided by financing activities	[5]	14,608,132	2,946,903
Foreign exchange on cash held in foreign currency		(515,126)	(17,686)
Net cash (outflows) inflows		(897,872)	1,049,134
Cash and cash equivalents, beginning of period		2,342,915	1,293,781
Cash and cash equivalents, end of period		1,445,043	2,342,915
Less: Cash – restricted, end of period		(258,353)	(29,738)
Cash and cash equivalents, end of period		1,186,690	2,313,177

[1] Cash used in operating activities

Cash used in operating activities prior to EP Homes inventory and additions to contract receivables for the 15 months ended December 31, 2022 amounted to $5.8 million, as compared to $2.4 million for the 12 months ended September 30, 2021. The increase in cash used from operating activities was primarily due to the Adjusted EBITDA loss, interest payments and changes in working capital items.

[2] Cash provided by (or used in) purchasing or selling of EP Homes inventory

The primary reason for cash used for the 15 months ended December 31, 2022 of $1.6 million as compared to cash provided of $2.0 million for the 12 months ended September 30, 2021 was due to the disposal of 9 homes (September 30, 2021 – 8 homes) for $3.4 million (September 30, 2021 - $2.9 million) and the purchase of 11 homes (September 30, 2021 – 2 homes) amounting to $5.0 million (September 30, 2021 - $0.9 million) for the 15 months ended December 31, 2022.

[3] Additions to loan receivables

This represents the amount paid to purchase 746 security contracts. On December 1, 2022, the Company derecognized the contract receivables due to not having the risks and rewards of the 746 contracts and the financial condition of Turnip Homes Ltd. ("Turnip") and accounted it as loan receivable. Please refer to note 22 of the consolidated financial statements as at and for the 15 months ended December 31, 2022 and 12 months ended September 30, 2021.

[4] Cash used in investing activities

Net cash used in investing activities for the 15 months ended December 31, 2022 was $6.1 million (September 30, 2021 - $1.5 million) is primarily due to the $5.3 million net cash paid for the acquisition of GCS and the RTO, $0.7 million in additions to intangible assets related to the DC Bank platform and the CRM software, and $0.2 million in additions of property and equipment, which was aligned with the increased workforce. Also, for the 12 months ended September 30, 2021, EP invested $1.1 million in investments, for the 15 months ended December 31, 2022 were $nil.

[5] Cash provided by financing activities

Net cash provided by financing activities for the 15 months ended December 31, 2022 was $14.6 million (September 30, 2021 - $2.9 million cash provided), which primarily comprised of:

- $7.0 million in proceeds (September 30, 2021 - $0.2 million proceeds) of promissory notes from related parties.
- $4.0 million net proceeds (September 30, 2021 - $4.2 million proceeds) from unit issuance and committed capital.
- $4.0 million in net proceeds (September 30, 2021 - $2.2 million net repayments) from credit facilities.
- $1.1 million in proceeds (September 30, 2021 - $1.5 million proceeds) from convertible debentures.
- $1.1 million repayments (September 30, 2021 - $0.5 million net repayments) of promissory notes.
- $0.3 million repayments (September 30, 2021 - $0.3 million repayments) of lease liabilities.

Items affecting liquidity

The following table provides a list of items that impact the company's liquidity:

		December 31, 2022 $	September 30, 2021 $
Current assets			
Cash and cash equivalents		1,186,690	2,313,177
Customer funds	[1]	8,484,763	4,762,693
Cash – restricted		258,353	29,738
Trade receivables	[2]	2,343,122	1,304,276
Prepaid expenses		568,611	471,277
Current portion of loan receivables		80,160	—
Current portion of due from related parties		532,812	116,914
Current portion of EP homes inventory	[3]	3,506,800	6,465,610
Total current assets		**16,961,311**	**15,463,685**
Current liabilities			
Trade payables	[4]	5,362,622	3,280,799
Customer payables	[1]	8,484,763	4,762,693
Current portion of customer deposits		173,053	58,599
Current tax liability		182,122	419,645
Current portion of deferred revenue		235,513	290,889
Current portion of lease liabilities		287,293	396,642
Due to related parties		45,802	4,378
Promissory notes		—	1,343,761
Current portion of credit facilities	[5]	3,653,343	4,645,180
Total current liabilities		**18,424,511**	**15,202,586**
Net working capital	[6]	**(1,463,200)**	**261,099**

[1] Customer funds and customer payable

BPO collects payments on behalf of its customers. The funds belong to the clients and are not available for operating use by BPO. Customers are invoiced at various intervals and paid accordingly. The source of payments received are not always known and may include overpayments. The funds from overpayments remain in the bank account until they can be traced and applied to the correct account or refunded. Climb collects loan payments from customers and reports payments to the credit bureau to increase credit rating of clients. The cash in customer funds is shown separately under current assets, which is offset by the corresponding customer payable under current liability.

[2] Trade receivables

Trade receivables primarily includes the commission receivables from the clients related to collection services. BPO collects the funds on behalf of its clients and transfers the collected funds to the client as per the agreed schedule. BPO generates the invoice for its collections and then the client pays BPO's commissions as per the agreed terms. The funds collected are received in the bank account for which BPO has signing authority, therefore, the risk of not collecting on the BPO commission is minimal. The Company reported $2.3 million of receivables as at December 31, 2022, as compared to $1.3 million as at September 30, 2021. The increase in trade receivables is in line with the increase in collection services revenue.

[3] Current portion of EP Homes inventory

The current portion of the EP Homes inventory represents the number of homes clients are expected to be ready to execute in the next 12 months as per the agreement. There might be unforeseen situations where the client requests to further extend the agreed execution date, which results in changes in expected cash flow. Upon execution of the agreement, the Company pays back the outstanding credit facilities and mezzanine debt associated with the home and rest of the cash flow is used as per the planned budget.

The Company reported 9 homes representing $3.5 million of the current portion of the EP Homes inventory as at December 31, 2022 as compared to 17 homes representing $6.5 million as at September 30, 2021.

[4] Trade payables and accrued liabilities

Trade payables and accrued liabilities includes, trade payables, accrued liabilities, and statutory dues of collection services segment, EP Homes segment, and contract receivables segment.

The Company reported $5.4 million of trade payable and accrued liabilities as at December 31, 2022 and $3.3 million as at September 30, 2021. Trade payables include $1.9 million from collection services, $3.3 million from financial services, and $0.2 million from EP Homes segment.

The primary increase for the 15 months ended December 31, 2022 as compared to September 30, 2021 is primarily due to the expenses accounted for legal and professional fees related to the RTO.

[5] Credit facilities

The Company works with multiple credit facility providers to finance EP Homes inventory. It has incorporated SPV specific to the credit facility providers to provide general security on the financed homes by the credit facilities provider.

Credit facilities listed below, other than facilities 4, 6, 7, and 8, are used to finance the EP Homes inventory. The interest rate for below credit facilities, used for EP Homes inventory, range between prime plus 1% to 12% per annum. The term for these facilities are from payable on demand without notice to 24 months. For further information about the terms of the credit facilities, please refer to note 13 of the consolidated financial statements as at and for the 15 months ended December 31, 2022 and 12 months ended September 30, 2021.

Any demand of below listed existing credit facilities with a short notice may create liquidity issues for the Company. However, since the date of the EP Homes acquisition and to the date of this MD&A, the Company has successfully executed on the EP Homes business model and believes that the Company is ready to now scale EP Homes business. Based on the success of executed EP Homes inventory, the Company believes that it can present the EP Homes model to various lenders and negotiate favorable terms for the Company. On March 31, 2022, one of the credit facility providers changed the term from on demand to an expiry of April 4, 2024. There are no assurances that increased credit facilities or new credit facilities will be available to the Company on acceptable terms, or at all.

The Company reported $3.7 million as the current portion of credit facilities as at December 31, 2022 as compared to $4.6 million as at September 30, 2021, and $5.0 million in long-term credit facilities as at December 31, 2022 as compared to $nil as at September 30, 2021. The current portion and long-term portion of credit facilities totaled $8.7 million as at December 31, 2022 as compared to $4.6 million as at September 30, 2021. The primary reason for increase for the 15 months ended December 31, 2022 is due to having 2 additional homes in the Company's inventory as at December 31, 2022, as compared to September 30, 2021, and increase in the facility 5 borrowing base per the lender's borrowing base calculation, keeping the loan-to-value under 75% and due to new credit arrangement of $1.9 million with a Canadian bank for the acquisition of GCS.

	December 31, 2022	**September 30, 2021**
	$	**$**
Facility 1	**2,354,708**	**745,464**
Facility 2	**260,354**	**1,050,396**
Facility 3	**192,523**	**199,296**
Facility 4	**58,265**	**81,584**
Facility 5	**3,918,558**	**2,568,440**
Facility 6	**1,900,000**	**—**
Facility 7	**—**	**—**
Facility 8	**—**	**—**
Total credit facilities	**8,684,408**	**4,645,180**
Less: current portion of Facility 1	**(596,250)**	**(745,464)**
Less: current portion of Facility 2	**(260,354)**	**(1,050,396)**
Less: current portion of Facility 3	**(192,523)**	**(199,296)**
Less: current portion of Facility 4	**(58,265)**	**(81,584)**
Less: current portion of Facility 5	**(1,635,647)**	**(2,568,440)**
Less: current portion of Facility 6	**(910,304)**	**—**
Less: current portion of Facility 7	**—**	**—**
Less: current portion of Facility 8	**—**	**—**
Current portion of credit facilities	**(3,653,343)**	**(4,645,180)**
Long-term credit facilities	**5,031,065**	**—**

[6] Net working capital

The net working capital is $(1.5 million) as of December 31, 2022 and $0.3 million as of September 30, 2021.

The current portion of current liabilities includes $0.9 million out of $1.9 million credit facility related to the GCS acquisition. The $1.9 million facility has 2 years expiry, however, this credit facility is replaced by the $5.3 million credit facility having 7 years of amortization. As the Company focuses on growing its collection services segment and recent acquisitions it is expected to deliver positive net working capital.

COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has entered into one lease commitment for various IT equipment for its UK facilities, for which monthly lease payments are recorded as an expense.

	December 31, 2022	September 30, 2021
	$	$
Within one year	11,683	33,234
After one year but not more than five years	2,614	33,375
	14,297	**66,609**

Other commitments

On August 8, 2018, the Company signed a letter of intent (the “LOI”) with Directcash Bank (“DC Bank”) for a 7-year term, where DC Bank agreed to provide card issuing, loan processing and adjudication system, and transaction processing services for a Visa credit card product marketed and funded by the Company. Per the LOI, DC Bank agrees to enable the Company to procure the distribution of cards for purposes of the Company’s card program and DC Bank will provide and operate a credit card platform to set up and charge fees for the credit cards.

On January 31, 2020, the Company entered into a processing agreement (the "DC Bank Processing Agreement") with DC Bank for a 7-year term maturing January 31, 2028. Pursuant to the terms of the DC Bank Processing Agreement, DC Bank has agreed to provide transaction processing services to the Company. The DC Bank Processing Agreement grants the Company a limited, non-transferable, non-exclusive, revocable license to access and use DC Bank's processor software solely for the purpose of utilizing the processing services. DC Bank owns all intellectual property, and the DC Bank Processing Agreement grants the Company a limited license to use the intellectual property. The DC Bank Processing Agreement does not transfer ownership of the intellectual property to the Company.

Effective January 31, 2021, the Company entered into a Bank Identification Number (“BIN”) sponsorship agreement (the "DC Bank BIN Sponsorship Agreement") with DC Bank for an initial 7-year term maturing January 31, 2028. Pursuant to the DC Bank BIN Sponsorship Agreement, the Company is to provide DC Bank program management and marketing services with respect to each card program implemented by the Company in Canada pursuant to which cards issued by DC Bank will be sold by the Company or any EP Financial distributor. The Company is responsible to promote and market programs to prospective customers in Canada, and the Company will be responsible for any costs and expenses that it incurs in promoting and marketing the programs.

On August 24, 2022, the Company entered into an Issuer Trading Services Agreement with Generation IACP Inc. (“Generation IACP”) with initial term of 6 months and shall be renewed for subsequent 6 month periods unless the Company provides written notice of termination to Generation IACP. Pursuant to the Issuer Trading Services Agreement, Generation IACP is to provide trading services with respect to the common shares of the Company, with the primary objective of contributing to market liquidity of the shares in Canada.

On August 31, 2022, the Company set up EP Segregated Cell within a segregated accounts company pursuant to the Segregated Accounts Companies Act 2000, Bermuda, a licensed insurer, managed by Davies Captive Management Limited, for the purposes of providing Directors and Officers liability insurance.

On December 30, 2022, the Company entered into an Exclusive Engagement Agreement with a financing broker to source and negotiate for EP Homes one or more loans in form of mezzanine financing facility, with an estimated interest rate to be 12-14% per annum.

Legal Proceedings

EP Financial, Gordon Reykdal ("G. Reykdal"), Barret Reykdal, Carrie Reykdal, Prospect Financial Inc., Bridge to Homeownership Investments Ltd. and EAM Enterprises Inc. ("EAM") have been named as defendants in a lawsuit commenced by Ed Moroz and 2122297 Alberta Ltd. ("212 Alberta" and together with Moroz, the "Plaintiffs") in the Alberta Court of Queen's Bench on February 28, 2022 (the "Claim").

In the Claim, the Plaintiffs allege that in or around July 2018, 212 Alberta and EAM and their respective principals, Moroz and G. Reykdal, agreed to transfer 10,000,000 common shares in EP Financial to the Plaintiffs in exchange for 212 Alberta transferring 10,000,000 common shares in Destiny Bioscience Global Corp. ("Destiny"). In the Claim, the Plaintiffs allege that following certain transactions that took place in furtherance of the share swap agreement, the defendants engaged in a conspiracy to significantly dilute the Plaintiffs' interest in EP Financial, which involved, among other things, providing misleading information purporting to show the Plaintiffs' interest in EP Financial, calling annual general meetings without providing notice to the Plaintiffs, breaching the terms of the share swap agreement, engaging in oppressive conduct, and breaches of fiduciary duty. The Plaintiffs claim to have suffered losses, in relation to which certain relief is sought, including, among other things, a declaration of a constructive trust over the shares of EP Financial, an accounting of EP Financial, production of certain financial disclosure, an investigation into EP Financial and damages. The Plaintiffs have not specified the amount of damages other than $50,000 for breaching a duty to act in good faith and honestly perform the defendants' contractual obligations.

A Statement of Defence and Counterclaim have been filed, asserting that the Plaintiffs' claim for the share swap is statute barred by virtue of the Limitations Act, and by a total failure of consideration given the insolvency of Destiny. Further, the defendants assert that the Plaintiffs have suffered no damages.

SIGNIFICANT TRANSACTIONS

None

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

For the 15 months ended December 31, 2022, the Company entered into several related party transactions in the normal course of business. These transactions have been recorded at the agreed upon amounts between the parties. The relationships with the related parties are as follows:

Related Party	Relationship
Smart Everyday People Inc.	Joint venture
Homebridge Capital Inc. (“**Homebridge**”)	Common shareholders
Pure Icelandic Seafood Inc. (“**Pure Icelandic**”)	Common shareholders
Bridge to Homeownership UK (“**BTHO UK**”)	Common shareholders
EAM Enterprises Inc.	Principal shareholder of the Company [1]
Everyday Party People Ltd. (“**Everyday Party People**”)	Common shareholders

a) Balances – Due from related parties are as follows:

	December 31, 2022 **$**	**September 30, 2021** **$**
Due from Homebridge, net	**—**	5,756
Due from Pure Icelandic, net	**—**	5,250
Due from BTHO UK, net [2]	**65,383**	61,766
Due from Smart Everyday People Inc., net [2]	**367,791**	—
Employee receivables, net [6]	**401,687**	358,779
	834,861	431,551
Less: Current portion of due from related parties	**(532,812)**	(116,914)
Long-term portion of due from related parties	**302,049**	314,637

b) Balances – Due to related parties are as follows:

	December 31, 2022 $	September 30, 2021 $
Due to EAM – promissory notes, net [3]	**295,500**	**2,673**
Due to EAM - medium-term notes, net [4]	**6,704,500**	**—**
Due to EAM, net [5]	**45,802**	**—**
Due to Everyday Party People, net	**—**	**1,705**
	7,045,802	**4,378**
Less: Current portion of due to related parties	**(45,802)**	**(4,378)**
Long-term portion of due to related parties	**7,000,000**	**—**

Transactions with related parties are as follows:

	December 31, 2022 $	September 30, 2021 $
Interest [7]	**222,098**	27,117
Management fees [8]	**1,933,102**	1,338,520
	2,155,200	1,365,637

[1] As at December 31, 2022, EAM Enterprises Inc. owned 19% (September 30, 2021 – 27.64%) of the Company's fully diluted equity including issued and outstanding warrants. EAM's sole shareholder is related to the CEO and the chairman of the board.

[2] Amounts due from BTHO UK and Smart Everyday People Inc. are unsecured and repayable in full on demand.

[3] Amounts due to EAM in form of a promissory note has a term of 2 years, with a maturity date of June 30, 2024. The promissory notes bears an interest rate of 12% per annum, with interest payments to be paid monthly, commencing July 1, 2022.

[4] Amounts due to EAM in form of a medium-term note has a term of 2 years, with a maturity of May 3, 2024. The medium-term note bears an interest rate of 12% per annum, with interest payments to be paid monthly, commencing May 4, 2022.

[5] Outstanding accrued interest due to EAM for the promissory notes and medium-term notes detailed in paragraphs 3 and 4 above.

On November 21, 2020, EAM Enterprises Inc. converted its outstanding debt of $1,500,000 at $0.75 per unit and the Company issued 2,000,000 units accordingly, which includes 2,000,000 shares and 1,000,000 warrants. Of the total consideration of $1,500,000, the Company has allocated $213,401 to warrants based on the fair value estimated per the Black-Scholes Model and the balance of $1,286,599 to common shares

[6] The employees' receivables are due from certain employees in accordance with BPO's employee benefit policy. As at December 31, 2022, the loans advanced to BPO's President and Client Engagement Director are $138,398 and $64,623 respectively. $58,225 relates to GCS's President and former shareholders. The remaining $140,444 of employees' receivables are related to various loans provided to employees.

[7] The Company accrues interest on amount payable to EAM at an annual interest rate of 12%. For the 15 months ended December 31, 2022, interest expensed to EAM totaled $222,098 (September 30, 2021 - $27,117).

[8] Management fees consist of services performed by the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer, Senior Vice Presidents, Vice Presidents, and advisory services provided by Mr. Gordon J. Reykdal, through EAM, principal shareholder for the period of October 1, 2021 to November 3, 2022 and as Chief Strategy Officer thereafter.

c) Key management personnel remuneration

For the 15 months ended December 31, 2022, the key management activities include services performed by chief officers and vice presidents per the management services contract, and the board fees. On October 1, 2021, the existing management services contract with EAM and senior executives was cancelled and the executives entered into agreements directly with the Company. The management fees, consulting fees and salaries paid during the 15 months ended December 31, 2022 and 12 months ended September 30, 2021, are as follows:

	December 31, 2022 $	September 30, 2021 $
Management fees [1]	**1,933,102**	1,338,520
Salaries, including benefits and bonuses [2]	**900,291**	907,551
Board fees	**228,710**	—
	3,062,103	2,246,071

[1] Management fees consist of services performed by the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, Vice President of Operations, Senior Vice Presidents, and advisory services provided by Mr. Gordon J. Reykdal, through EAM, principal shareholder.

[2] Salaries include services performed by BPO's president. It also includes performance bonuses of $573,569 (£365,400 GBP) (September 30, 2021 – $239,764 (£140,000 GBP)) for BPO's president and $85,120 (September 30, 2021 – $Nil) for EAM per the agreement dated October 1, 2020.

CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

The consolidated financial statements as at and for the for the 15 months ended December 31, 2022 and the 12 months ended September 30, 2021 of the Company have been prepared in accordance with IFRS as issued by International Financial Reporting Standards Board ("IASB"). The Company's critical accounting estimates relates to estimate of purchase price of allocation and valuation of goodwill and judgement used to value EP Homes inventory. Also refer to note 2 of the consolidated financial statements as at and for the year ended September 30, 2021 and 2020 for further information about the company's basis of presentation of these consolidated financial statements including estimates and judgements other than below.

Estimate of purchase price allocation and valuation of goodwill

In applying its accounting policy for business acquisition, tangible and intangible assets acquired through business combinations are initially recorded at their fair values based on assumptions of management. The Company assigns value to intangible assets in accordance with IFRS and makes estimates based on factors such as significant changes in technological, market, economic or legal environment, business and market trends, future prospects, current market value and other economic factors. The difference in the purchase price paid and assets acquired is recognized as goodwill. The difference arises due to the economic value of the expertise of the workforce acquired and other assets that do not meet the criteria for separate recognition per IFRS. Actual results could differ significantly from these estimates. IFRS 3 requires management to determine whether the acquisition meets the definition of a business combination. Judgment is involved in determining whether the Company obtained control over the acquiree. IFRS 3 also requires management to determine whether the acquisitions are one of common control. Judgment is involved in determining if the acquiree is controlled by the same group of individuals before and after the acquisition.

The Company has applied this judgment to account for the acquisition of EP Homes and BPO during 2019 and Climb 2021.

Judgment of EP Homes inventory

The Company holds numerous residential properties to facilitate its EP Homes program. The Company has determined that inventory is the appropriate accounting standard to record the residential properties because the properties are held for sale in the ordinary course of business. The ordinary course of business is to assist the client in purchasing the property through the Company's EP Homes program.

The Company carries its EP Homes inventory at the lower of cost and net realizable value. The Company's management estimates the net realizable value based on the independent appraisals.

Restricted share units

The Company accrue the share-based compensation expenses for each restricted share unit committed and outstanding but not granted to directors, officers, consultants, and employees, at the market value of one common share at the date of the last of the month and recognizes the expenses over the term of the vesting period, with a corresponding credit to reserves. The compensation expenses are revalued with the market value of one common share at the date of the grant. The initial grant of RSUs to directors upon completion of the RTO are valued at the closing price of the first trading day.

ACCOUNTING POLICIES INCLUDING CHANGES IN ACCOUNTING POLICIES AND INITIAL ADOPTION

The consolidated financial statements as at and for the 15 months ended December 31, 2022 and the 12 months ended September 30, 2021 of the Company have been prepared in accordance with IFRS as issued by IASB.

Please refer to note 3 of the consolidated financial statements as at and for the 15 months ended December 31, 2022 and the 12 months ended September 30, 2021 for further information about Company's significant accounting policies.

RISKS AND UNCERTAINTIES

Due to the nature of EP's business, the legal and economic climate in which it operates and its present stage of development, EP is subject to significant risks. EP's future development and operating results may be very different from those expected as at the date of this MD&A. Additional risks and uncertainties not presently known to EP or that EP currently considers immaterial may also impair the business and operations of EP and cause the trading price of EP to decline. If any of the following or other risks occur, EP's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of EP could decline, and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Readers should carefully consider all such risks and other information elsewhere in this MD&A before making an investment in EP and should not rely upon forward-looking statements as a prediction of future results. Risk factors relating to EP include, but are not limited to, the factors set out below.

The acquisition of any of the securities of EP is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of EP should not constitute a major portion of an individual's investment portfolio and should only be made by person who can afford a total loss of their investment. Shareholders of EP should carefully evaluate the following risk factors associated with the EP's securities, along with the risk factors described elsewhere in this MD&A. The risks presented below should not be considered to be exhaustive and may not be all of the risks that EP may face.

- RISKS RELATED TO BUSINESS GROWTH THROUGH ACQUSITONS
- RISKS PERTAINING TO EP'S FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL
- RISKS PERTAINING TO EP'S BUSINESS OPERATIONS AND INDUSTRY
- RISKS RELATED TO TECHNOLOGY
- RISKS PERTAINING TO REGULATORY COMPLIANCE
- RISKS PERTAINING TO THE EP'S SHARES
- RISKS PERTAINING TO THE LEGAL PROCEEDINGS

[1] RISKS RELATED TO BUSINESS GROWTH THROUGH ACQUISITIONS

EP operates in a rapidly evolving industry and, as such, EP may in the future seek to expand its pipeline and capabilities by entering into collaborations, acquiring one or more companies or businesses, or in-licensing one or more product candidates. Collaborations, acquisitions, and in-licenses involve numerous risks, including, but not limited to, substantial cash expenditures, technology development risks, potentially dilutive issuances of equity securities, incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of deal negotiation, difficulties in assimilating the operations of the companies with EP, entering markets in which EP has limited or no direct experience, and potential loss of EP's key employees or key employees of the acquired or collaborating companies or businesses.

Management may evaluate opportunities for strategic growth through acquisitions. Potential issues associated with these acquisitions could include, among other things, EP's ability to realize the full extent of the benefits or cost savings that it expects to realize as a result of the completion of the acquisition within the anticipated time frame, or at all; the ability of EP to gain the necessary consents, clearances and approvals in connection with the acquisition; the diversion of management's attention from base strategies and objectives; and, with respect to acquisitions, EP's ability to successfully combine its businesses with the business of the acquired company in a manner that permits cost savings to be realized. Areas which may challenge the success of integrating the businesses of acquired companies with EP's business include: motivating, recruiting and retaining executives and key employees, conforming standards, controls, procedures and policies, business cultures and compensation structures among EP and the acquired company, consolidating and streamlining corporate and administrative infrastructures, consolidating sales and marketing operations, retaining existing service providers and attracting new providers, identifying and eliminating redundant and underperforming operations and assets, coordinating geographically dispersed organizations, and managing tax costs or inefficiencies associated with integrating EP's operations following completion of the acquisitions. The process of integrating acquired companies and operations into EP's operations may result in unforeseen operating difficulties and may require significant financial resources and management's time and attention that would otherwise be available for the ongoing development or expansion of its existing operations. In addition, acquisitions outside of Canada increase EP's exposure to risks associated with foreign operations, including fluctuations in foreign exchange rates and compliance with foreign laws and regulations. If an acquisition is not successfully completed or integrated into EP's existing operations, its business, results of operations and financial condition could be materially adversely impacted.
EP has limited experience in making acquisitions, entering collaborations and in-licensing product candidates and therefore cannot provide assurance that any acquisition, collaboration or in-license will result in short-term or long-term benefits to it. EP may incorrectly judge the value or worth of an acquired company or business or in-licensed product candidate. In addition, EP's future success would depend in part on its ability to manage the rapid growth associated with some of these acquisitions, collaborations and in-licenses. EP cannot provide assurance that it would be able to successfully combine its business with that of acquired businesses, manage a collaboration or integrate in-licensed product candidates. Furthermore, the development or expansion of EP's business may require a substantial capital investment by EP.

EP's ability to generate sufficient cash flow from operations to make scheduled payments on EP's debt obligations related to acquisitions will depend on its current and future financial performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond EP's control. In the future, EP may fail to generate sufficient cash flow from the collection of non-performing accounts to meet EP's cash requirements. Further, EP capital requirements may vary materially from those currently planned if, for example, EP's revenues do not reach expected levels, EP has to incur unforeseen expenses, EP invests in acquisitions or makes other investments that EP believes will benefit its competitive position. If EP does not generate sufficient cash flow from operations to satisfy its debt obligations, including interest payments and the payment of principal at maturity, EP may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets or seeking to raise additional capital.

As a public company, EP will incur significant legal, accounting and other expenses. As a public company, EP will be subject to various securities laws and regulations, which will impose various requirements on EP, including the requirement to establish and maintain effective disclosure and financial controls and corporate governance practices. EP's management and other personnel will need to devote a substantial amount of time to these compliance initiatives.

Moreover, these laws and regulations will increase EP's legal and financial compliance costs and make some activities more time-consuming and costly.

[2] RISKS PERTAINING TO EP'S FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

History of Losses

EP has a history of net losses, EP anticipates increasing expenses in the future, and EP may not be able to achieve, maintain or increase profitability in the future.

EP generated a net loss of $45,686,749 for the 15 months ended December 31, 2022 and a net loss of $4,934,301 for the year ended September 30, 2021. EP has incurred net losses in each year of the prior two years, and anticipates increasing expenses in the future. EP therefore may not be able to become profitable in the future unless it achieves the expected revenue from its current business including expected revenue from GCS and Groupe Solution acquired on December 30, 2021 and March 31, 2022. EP expects that its costs will increase over time and that its losses will continue as it expects to invest significant additional funds towards growing its business and operating as a public company. EP has expanded and expects to continue to expend substantial financial and other resources on developing its platform, including expanding its platform offerings, developing or acquiring new platform features and services, expanding into new markets and geographies, and increasing its sales and marketing efforts. These efforts may be more costly than EP expects and may not result in increased revenue or growth in EP's business. Any failure to increase revenue sufficiently to keep pace with EP's investments and other expenses could prevent EP from maintaining or increasing profitability or positive cash flows on a consistent basis. If EP is unable to successfully address these risks and challenges as it encounters them, EP's business, financial condition and results of operations could be adversely affected.

If EP is unable to generate adequate revenue growth and manage its expenses, EP may continue to incur significant losses in the future and may not be able to achieve, maintain or increase profitability.

Additional Capital Requirements

To date, EP has funded its operations predominantly through private placements of equity and debt in addition to revenue generated from its collection services segments, EP Homes facilitation services and financial services. EP expects to require substantial additional funding in the future to sufficiently finance its financial services, EP Homes facilitation services and collection services operations and acquisition of its current and/or any future products or services. For example, a house with an appraisal value of $400,000 requires $300,000 in senior secured lending and $40,000 in mezzanine debt financing. Currently, EP has a $25,000,000 credit facility with two banks which is to be used for secured financing. EP also entered into a exclusive agreement for mezzanine debt financing for homes. There is no guarantee that EP will be able to raise additional capital to fund the growth of EP Homes. Additional capital may be required for the financial services segment to issue and purchase new products, services and technology in order to grow the financial services segment. While collection services is currently profitable, there is no guarantee that it will remain profitable and it may need additional capital in the future. Further, changing circumstances, some of which may be beyond EP's control, could cause EP to consume capital significantly faster than EP currently anticipates, and EP may need to seek additional funds sooner than planned. EP's future funding requirements, both short-term and long-term, will depend on many factors, including:

- the ability for EP to generate revenue from collection services, EP Homes and financial based activities;
- the costs involved in growing EP's organization to the size needed to allow for the development and potential commercialization of EP's current and any future products and services.
- the costs of developing sales and marketing capabilities to target all customers with poor credit;
- the costs of training employees who are supporting or will support EP's business;
- generating and collecting data and intellectual property, and strengthening EP's regional and national presence as a FinTech company;
- the costs of developing and testing digital technology solutions;

- selling and marketing activities undertaken in connection with the potential commercialization of EP's current or any future products and services, and costs involved in the creation of an effective sales and marketing organization; and
- the costs of operating as a public company.

Until EP can generate sufficient revenue to finance its working capital requirements, which EP may never do, EP expects to finance its future cash needs through a combination of equity and debt financings.

EP's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which EP may have no or limited control. If adequate funds are not available on commercially acceptable terms when needed, EP may be forced to delay, reduce or terminate the development or commercialization of all or part of its current or any future products and services or EP may be unable to take advantage of future business opportunities. Market volatility resulting from the COVID-19 pandemic and the related global economic impact or other factors could also adversely impact EP's ability to access capital as and when needed.

EP cannot guarantee that future financing will be available in sufficient amounts, or on commercially reasonable terms, or at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of holders of EP’s Shares, the issuance of additional securities, whether equity or debt, by EP, or the possibility of such issuance, may cause the market price of EP’s Shares to decline. The incurrence of indebtedness could result in increased fixed payment obligations and EP may be required to agree to certain restrictive covenants, such as limitations on its ability to incur additional debt, and other operating restrictions that could adversely impact EP's ability to conduct its business. EP could also be required to seek funds through arrangements with collaborators or others at an earlier stage than otherwise would be desirable and EP may be required to relinquish rights or otherwise agree to terms unfavorable to EP any of which may have a material adverse effect on EP's business, operating results and prospects. Further, any additional fundraising efforts may divert EP's management from its day-to-day activities, which may adversely affect EP's ability to develop and commercialize its current or any future products and services.

In addition, heightened regulatory scrutiny could have a negative impact on EP's ability to raise capital. EP's business activities rely on developing laws and regulations in multiple jurisdictions. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding EP's current or any future products and services may adversely affect EP's business and operations, including without limitation, EP's ability to raise additional capital.

Financial and Liquidity Risk

EP expects to use leverage in executing its business strategy, which may adversely affect the return on its assets.

EP may incur a substantial amount of debt in the future. As of December 31, 2022, EP had total consolidated debt of $15,684,408 and out of this $8,684,408 is secured by EP homes inventory amounting to $9,818,278. EP's management will consider a number of factors when evaluating its level of indebtedness and when making decisions regarding the incurrence of any new indebtedness, including the purchase price of assets to be acquired with debt financing, the estimated market value of its assets and the ability of particular assets and EP, as a whole, to generate cash flow to cover the expected debt service. Incurring a substantial amount of debt could have important consequences for EP's business, including:

- making it more difficult for EP to satisfy its obligations with respect to its debt, to its trade or other creditors;
- increasing EP's vulnerability to adverse economic or industry conditions;
- limiting EP's ability to obtain additional financing to fund capital expenditures and acquisitions, particularly when the availability of financing in the capital markets is constrained;
- requiring a substantial portion of EP's cash flows from operations and reducing its ability to use its cash flows to fund working capital, capital expenditures, acquisitions and general corporate requirements;
- increasing the amount of interest expense because most of the credit facilities bear interest at floating rates, which, if interest rates increase, will result in higher interest expense;
- limiting EP's flexibility in planning for, or reacting to, changes in EP's business and the industry in which EP operates; and

- placing EP at a competitive disadvantage to less leveraged competitors.

EP may not be able to generate sufficient cash flow to meet EP's debt service obligations. EP's ability to generate sufficient cash flow from operations to make scheduled payments on EP's debt obligations will depend on its current and future financial performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond EP's control. In the future, EP may fail to generate sufficient cash flow from the collection of non-performing accounts to meet EP's cash requirements. Further, EP capital requirements may vary materially from those currently planned if, for example, EP's revenues do not reach expected levels, EP has to incur unforeseen expenses, EP invests in acquisitions or makes other investments that EP believes will benefit its competitive position. If EP does not generate sufficient cash flow from operations to satisfy its debt obligations, including interest payments and the payment of principal at maturity, EP may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets or seeking to raise additional capital. EP cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of its various debt instruments then in effect. Furthermore, EP's ability to refinance would depend upon the condition of the finance and credit markets. EP's inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its obligations on commercially reasonable terms or on a timely basis, would materially affect EP's business, financial condition or results of operations and may delay or prevent the expansion of its business. EP's credit facilities contain financial and other restrictive covenants, including restrictions on how EP operates its business. These restrictions may interfere with EP's ability to engage in other necessary or desirable business activities, which could materially affect EP's business, financial condition or results of operations. Failure to satisfy any one of these covenants could result in negative consequences, including the following:

- acceleration of outstanding indebtedness;
- exercise by EP's lenders of rights with respect to the collateral pledged under certain of EP's outstanding indebtedness; or
- EP's inability to secure alternative financing on favorable terms, if at all.

Cost of Operating as a Public Company

As a public company, EP will incur significant legal, accounting and other expenses. As a public company, EP will be subject to various securities laws and regulations, which will impose various requirements on EP, including the requirement to establish and maintain effective disclosure and financial controls and corporate governance practices. EP's management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these laws and regulations will increase EP's legal and financial compliance costs and make some activities more time-consuming and costly.

[3] RISK PERTAINING TO EP'S BUSINESS OPERATIONS AND INDUSTRY

Novel Coronavirus "COVID-19"

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, including the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of EP and its operating subsidiaries in future periods. However, depending on the length and severity of the pandemic, COVID-19 could impact EP's operations, could cause delays and could impair EP's ability to raise funds depending on COVID-19's effect on capital markets. To the knowledge of EP's management as of the date of this Filing Statement, COVID-19 does not present, at this time, any specific known impacts to EP in relation to EP's plan of distribution and use of proceeds related to the EP Private Placements, nor to the timelines, business objectives or disclosed milestones related thereto. EP is not currently aware of any changes in laws, regulations or guidelines, including tax and accounting requirements, arising from COVID-19 which would be reasonably anticipated to materially affect EP's business.

Operational and Industry Risks

EP's performance may be adversely affected by economic, political or inflationary conditions in any market in which EP operates. These conditions could include regulatory developments, changes in global or domestic economic policy, legislative changes, the sovereign debt crises experienced in several European countries and the uncertainty regarding the European Union's future as a result of the UK's departure from the European Union. Deterioration in economic conditions, or a significant rise in inflation, could cause personal bankruptcy and insolvency filings to increase, and the ability of consumers to pay their debts could be adversely affected. This may in turn adversely impact EP's business and financial results. If global credit market conditions and the stability of global banks deteriorate, the amount of consumer or commercial lending and financing could be reduced, thus reducing the volume of non-performing accounts available for purchase, which could adversely affect EP's business, financial results and ability to succeed in international markets. Other factors associated with the economy that could influence EP's performance include the financial stability of the lenders on EP's bank loans and credit facilities and EP's access to capital and credit. The financial turmoil that adversely affected the banking system and financial markets during the prior global recession beginning in 2007 resulted in the tightening of credit markets. While the banking system and financial markets recovered from the prior recession, a worsening of current conditions, including as a result of the COVID-19 pandemic, could have a negative impact on EP's business, including the insolvency of lending institutions, notably the lenders providing EP's bank loans and credit facilities, resulting in difficulty in or inability to obtain credit. These and other economic factors could have an adverse effect on EP's financial condition and results of operations.

Operational Risk – Collection Services

EP's collection service segment business consists of collecting non-performing accounts that consumers or others have failed to pay. The credit originators have typically made numerous attempts to recover on their receivables, often using a combination of in-house recovery efforts and third-party collection agencies. These non-performing accounts are difficult to collect, and EP may not collect a sufficient amount to cover its investment and the costs of running its business.

To operate profitably, EP must continue to collect for a certain number of customers and service a sufficient number of non-performing accounts to generate revenue that exceeds its expenses. Costs such as salaries and other compensation expense constitute a significant portion of EP's overhead and, in case of reduction of significant account, EP may have to reduce the number of its collection personnel. These practices could lead to negative consequences including the following:

- low employee morale;
- fewer experienced employees;
- higher training costs;
- disruptions in EP's operations;
- loss of efficiency; and
- excess costs associated with unused space in EP's facilities.

Furthermore, heightened regulation of the credit card and consumer lending industry or changing credit origination strategies may result in decreased availability of credit to consumers, potentially leading to a future reduction in non-performing accounts. EP cannot predict how its ability to identify non-performing accounts and the quality of those non-performing accounts would be affected if there were a shift in lending practices, whether caused by changes in the regulations or accounting practices applicable to credit originators, a sustained economic downturn or otherwise. If EP is unable to maintain its business or adapt to changing market needs as well as its current or future competitors, EP may experience reduced access to non-performing accounts and, therefore, reduced profitability.

EP's collections may decrease if certain types of insolvency proceedings and bankruptcy filings involving liquidations increase. Various economic trends and potential changes to existing legislation may contribute to an increase in the amount of personal bankruptcy and insolvency filings. Under certain of these filings, a debtor's assets may be sold to repay creditors, but because most of the receivables EP collects through its collections operations are unsecured, EP typically would not be able to collect on those receivables. Although EP's financial services business segment could benefit from an increase in personal bankruptcies and insolvencies, EP cannot ensure that its collections operations business would not decline with an increase in personal insolvencies or bankruptcy filings or changes in related regulations or practices. If EP's actual collection experience with respect to a non-performing or insolvent bankrupt receivables portfolio is significantly lower than the total amount EP projected EP's financial condition and results of operations could be adversely impacted.

Operational Risks – EP Homes

EP recorded a significant amount of goodwill as a result of the EP Homes acquisition in 2019. Goodwill is not amortized, but is tested for impairment and impairment charges could negatively impact EP's net income and stockholders' equity. Goodwill is required to be tested for impairment annually and between annual tests if events or circumstances indicate that it is more likely than not that the fair value of EP Homes is less than its carrying amount. EP's goodwill impairment testing involves the use of estimates and the exercise of judgment, including judgments regarding expected future business performance and market conditions.

Due to the changes in macro-economic environment resulting in increases in interest rates, the projections for home purchases were decreased. As a result, the Company tested EP Homes CGU, and conducted impairment assessment as at December 31, 2022. With EP Homes CGU’s recoverable amount being lower than the carrying amount, an impairment charge over the full amount of goodwill was recorded.

Interest Rate Risk

There is a risk that changes in interest rates will affect EP's liquidity and financial position.

In the ordinary course of providing EP Homes facilitation services, EP is exposed to interest rate risk on its credit facilities and secured debt, which may bear interest at floating rates. As a result, the required cash flows to service EP's credit facility and secured debt will fluctuate as a result of changes in market rates. EP does not currently hold any financial instruments that hedge or mitigate risks associated with changes in interest rates.

Operational Risks – EP Financial Services

EP recorded the goodwill for the acquisition related to financial service CGU and has been developing its technology platform related to financials services. Goodwill is not amortized, but is tested for impairment and impairment charges could negatively impact EP's net income and stockholders' equity. Goodwill is required to be tested for impairment annually and between annual tests if events or circumstances indicate that it is more likely than not that the fair value of EP Homes is less than its carrying amount. EP's goodwill impairment testing involves the use of estimates and the exercise of judgment, including judgments regarding expected future business performance and market conditions.

The Company’s strategy shifted to focus on the collection services and EP Homes facilitation services segment. Therefore, the Company tested the financial services CGU which resulted in the impairment of full amount of goodwill related to Climb acquisition and a portion of technology platform.

No Assurance of Commercial Success

The successful commercialization of EP's products and services will depend on many factors, including EP's ability to establish and maintain working partnerships or relationships with industry participants in order to market its products and services, EP's ability to supply a sufficient amount of its products and services to meet market demand, and the number of competitors within each jurisdiction within which EP may from time to time be engaged. There can be no assurance that EP will be successful in its efforts to develop and implement, or assist EP in, a successful commercialization strategy for EP's products and services.

Achieving Publicly Announced Milestones

From time to time, EP may announce the timing of certain events it expects to occur, such as the anticipated timing of results from operations. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events. However, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as announcement of partnerships and relationships may ultimately vary from what is publicly disclosed. Any variation in the timing of previously announced milestones could have a material adverse effect on EP's business plan, financial condition or operating results and the trading price of the EP shares.

Unfavourable Publicity or Consumer Perception

EP is exposed to reputational risk. Reputational risk is the risk that an activity by EP or one of its representatives will impair EP's image in the community or public confidence in EP's business, which may result in legal action, additional regulatory oversight or have a negative impact on EP's earnings or future prospects. Factors that can heighten reputational risk include breach of confidentiality or lack of privacy, lack of professionalism, inappropriate resolution of conflicts of interest, fraudulent or criminal activity, misrepresentation (or withholding) of information from shareholders, clients and employees, or any negative publicity regardless of the truth or accuracy of its contents. EP manages reputational risk through the integration of reputational risk assessments in its transaction approval processes, strategy development decisions, and strategic and operational implementation and control processes. EP's corporate governance practices, codes of conduct and risk management policies, procedures and training also assist in the management of reputational risk.

EP's business depends in part on providing its cardholders with a service that they trust. EP has contractual commitments to take commercially reasonable measures to prevent fraud, and EP uses a combination of proprietary technology and third-party services to help it meet those commitments. EP uses third-party technology, and its own proprietary technology, to detect suspected fraud using the EP platform, fraud by employees or consultants of EP, and other fraud which may affect the integrity of the EP platform or its systems. If EP fails to detect fraud, EP may lose the trust of its cardholders which would harm EP's reputation and could have a material adverse effect on EP's business, prospects, financial condition and financial performance.

Fraudulent and other illegal activity involving EP's products and services could lead to reputational damage to EP and reduce the use and acceptance of EP's products and services. Criminals are using increasingly sophisticated methods to engage in illegal activities involving financial services and cardholder information, such as counterfeiting, fraudulent payment or refund schemes and identity theft. EP relies upon third parties for transaction processing services, which subjects EP and its cardholders to risks related to the vulnerabilities of those third parties. A single significant incident of fraud, or increases in the overall level of fraud, involving EP's products and services could result in reputational damage to EP, which could reduce the use and acceptance of EP's products and services, cause third-party service providers and financial intermediaries to cease doing business with EP or lead to greater regulation or oversight, that would increase EP's compliance costs. Furthermore, in an effort to counteract fraud involving EP's products and services, EP may implement risk control mechanisms that could make it more difficult for cardholders to obtain and use EP's products and services, which would negatively impact EP's operating results.

Market Competition

The payment technology and financial services industries are subject to the rapid development of service offerings, changing standards and evolving consumer demands, all of which affect EP's ability to remain competitive. EP expects competition to increase as the barriers to enter these industries are low. Mounting competition may force EP to charge less for its products and services, or offer pricing models that are less attractive to it and decrease its margins.

EP may be confronted by rapidly changing technology, evolving cardholder needs and the frequent introduction by its competitors of new and enhanced products and services. Some of EP's existing and potential competitors are more established, have longer operating histories, benefit from greater name recognition, may have offerings and technology that EP does not or which are more advanced and established than EP's, and may have more financial, technical, sales and marketing resources than EP does. In addition, some competitors, particularly those with a more diversified revenue base and a broader range of products and services, may have greater flexibility than EP does to compete aggressively on the basis of price and other contract terms, or to compete with EP by offering cardholders services that EP may not provide. Some competitors are able or willing to agree to contract terms that expose them to risks that might be more appropriately allocated to clients. In order to compete effectively EP might need to accommodate risks that could be difficult to manage or insure. In addition, as a result of product and service offerings introduced by EP or its competitors, the industries will experience disruptions and changes in business models, which may result in the loss of clients. EP's innovation efforts may lead EP to introduce new products and services that compete with its existing services. New or stronger competitors may emerge through acquisitions and industry consolidation or through development of disruptive technologies. If EP's offerings are not perceived as competitively differentiated, due to competition and growth in the industry or EP's failure to develop adequately to meet market demands, EP could lose clients or cardholders or be compelled to reduce prices, making it more difficult to grow the business profitably.

As technology continues to improve and market factors continue to compel changes to EP's business, competition and pricing pressure may increase and market saturation may change the competitive landscape in favor of larger competitors with greater scale and broader product and service offerings, including those that can afford to spend more than EP can to grow more quickly and strengthen their competitive position through innovation, development and acquisitions. In order to compete effectively, EP may need to innovate, further differentiate its offerings and expand the scope of its operations more quickly than would be feasible through its own internal efforts. However, because some capabilities may reside only in a small number of companies, EP's ability to accomplish necessary expansion through acquisitions may be limited because available companies may not wish to be acquired or may be acquired by larger competitors with the resources to outbid EP, or EP may need to pay substantial premiums to acquire those businesses.

Natural Disasters

EP's business is subject to the risks of earthquakes, fires, floods and other natural catastrophic events and to interruption by man-made problems such as terrorism.

EP's systems and operations, including its offsite data centers which are managed by third-party service providers, are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war and similar events. For example, a significant natural disaster, such as an earthquake, fire or flood, could have a material adverse impact on EP's business, operating results and financial condition and its insurance coverage may be insufficient to compensate EP for losses that may occur. Acts of terrorism, which may be targeted at metropolitan areas which have higher population density than rural areas, could cause disruptions in EP's or its clients' businesses or the economy as a whole. EP may not have sufficient protection or recovery plans in certain circumstances, such as natural disasters affecting any area in which it operates or its datacenters are located, and its business interruption insurance may be insufficient to compensate EP for losses that may occur.

Reliance on Key Inputs

EP's business is expected to be dependent on a number of key inputs and their related costs including software upgrades. Any significant interruption or negative change in the availability or economics related to change in technology could materially impact the business, financial condition and operating results of EP. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of EP.

Reliance on Key Executives

The loss of key members of EP's executive team or other key personnel could harm EP. Although EP enters into employment or consulting agreements with members of its executive team, such employment or consulting agreements do not guarantee their retention. EP also depends on its advisors, all of whom have outside commitments that may limit their availability to EP. In addition, EP believes that its future success will depend in large part upon its ability to attract and retain highly skilled personnel.

EP faces significant competition for these types of personnel from other FinTech companies. EP cannot predict its success in hiring or retaining the personnel it requires for continued growth. In addition, due to limited financial resources, EP may not be able to successfully expand its operations due to challenges in recruiting and training qualified personnel. Expansion of personnel may result in significant diversion of management time and resources. The loss of the services of any of EP's executive officers or other key personnel could potentially harm its business, operating results or financial condition.

Employee Misconduct

EP is exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with, among other things, KYC, AML, GDPR, RTA and PIPEDA. In particular, sales, marketing and business arrangements in the FinTech industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained from customers, which could result in regulatory sanctions and serious harm to EP's reputation. If any such actions are instituted against EP, and EP is not successful in defending itself or asserting its rights, those actions could have a substantial impact on EP's business and results of operations, including the imposition of substantial fines or other sanctions.

Liability Arising from Fraudulent or Illegal Activity

EP is exposed to the risk that its employees, independent contractors, consultants, service providers and licensors may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on EP's behalf or in its service that violate (i) various laws and regulations, (ii) laws that require the true, complete and accurate reporting of financial information or data, or (iii) the terms of EP's agreements with third parties. Such misconduct could expose EP to, among other things, class actions and other litigation, increased regulatory inspections and related sanctions, and lost sales and revenue or reputational damage.

The precautions taken by EP to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting EP from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. Such misconduct may result in legal action, significant fines or other sanctions and could result in loss of any regulatory license held by EP at such time.

EP may be subject to security breaches at its facilities or in respect of electronic document or data storage, which could lead to breaches of applicable privacy laws and associated sanctions or civil or criminal penalties. Failure to comply with health and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on EP's operations. Events, including those beyond the control of EP, which may risk breaches to various laws and regulations include, but are not limited to, non-performance by third-party contractors; breakdown or failure of equipment; failure of quality control processes; contractor or operator errors; and major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms. Such events risk damage to EP's operations and may negatively affect demand for EP's future products and services.

Conflicts of Interest

EP may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. EP's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to EP. In some cases, EP's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to EP's business and affairs and that could adversely affect EP's operations. These outside business interests could require significant time and attention of EP's executive officers and directors.

In addition, EP may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which EP may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of EP, and from time to time, these persons may be competing with EP for available investment opportunities.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of EP's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of EP are required to act honestly, in good faith and in the best interests of EP.

Operating Risk and Insurance Coverage

EP plans to have adequate insurance to protect all its assets, operations and employees. While EP may, in the future, obtain insurance coverage to address all material risks to which it is exposed and is adequate and customary in its proposed state of operations, such insurance will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which EP is expected to be exposed. In addition, no assurance can be given that such insurance will be adequate to cover EP's liabilities or will be generally available in the future, or, if available, that premiums will be commercially justifiable. If EP were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if EP were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Computer System Failures

EP's current internal computer systems are managed by third-party vendors, and are at risk of failure and vulnerable to damage from, among other things, viruses, unauthorized access and natural disasters. Any system failure, accident or security breach may have material negative outcomes including delays and significant disruption of EP's business operations as well as inappropriate disclosure of confidential or proprietary data. While EP has not to date experienced a material system failure or security breach, rectifying any damages, disruptions or breaches may lead to EP incurring additional financial costs.

Foreign Operations

In addition to its collection business in the UK, EP intends to offer EP Homes facilitation services in the UK. As a result, EP may be subject to political, economic and other uncertainties, including, but not limited to, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which EP's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections.

Additional implications that may have a material impact on EP's ability to operate in other jurisdictions include:

- differences in the regulatory requirements for credit approvals;
- differing requirements for securing, maintaining or obtaining freedom to operate;
- challenges with compliance to different regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations;
- differing reimbursement regimes and price controls in certain international markets; and
- differing labor relations that create challenges with staffing and managing international operations.

EP's international operations may also be adversely affected by laws and policies of the UK affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with its foreign operations, EP may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in the UK or enforcing UK judgments in foreign jurisdictions.

Collections Service

EP's international operations expose it to risks which could harm its business, results of operations and financial condition. During 2022, a significant portion of EP's current operations are conducted outside Canada. This could expose EP to adverse economic, industry and political conditions that may have a negative impact on EP's ability to manage its existing collections service operations or pursue alternative strategic transactions, which could have a negative effect on EP's business, results of operations and financial condition. The global nature of EP's operations expands the risks and uncertainties described elsewhere in this section, including the following:

- changes in local political, economic, social and labor conditions in the markets in which EP operates;
- foreign exchange controls on currency conversion and the transfer of funds that might prevent EP from repatriating cash earned in countries outside Canada in a tax-efficient manner;

- currency exchange rate fluctuations, currency restructurings, inflation or deflation and EP's ability to manage these fluctuations through a foreign exchange risk management program;
- different employee/employer relationships, laws and regulations, union recognition and the existence of employment tribunals and works councils;
- laws and regulations imposed by international governments, including those governing data security, sharing and transfer;
- potentially adverse tax consequences resulting from changes in tax laws in the jurisdictions in which EP operates or challenges to EP's interpretations and application of complex international tax laws;
- logistical, communications and other challenges caused by distance and cultural and language differences, each making it harder to do business in certain jurisdictions;
- volatility of global credit markets and the availability of consumer credit and financing in EP's international markets;
- uncertainty as to the enforceability of contract rights under local laws;
- the potential of forced nationalization of certain industries, or the impact on creditors' rights, consumer disposable income levels, flexibility and availability of consumer credit and the ability to enforce and collect aged or charged-off debts stemming from international governmental actions, whether through austerity or stimulus measures or initiatives, intended to control or influence macroeconomic factors such as wages, unemployment, national output or consumption, inflation, investment, credit, finance, taxation or other economic drivers;
- the presence of varying levels of business corruption in international markets and the effect of various anti-corruption and other laws on EP's international operations;
- the impact on EP's day-to-day operations and EP's ability to staff its international operations given changing labor conditions and long-term trends towards higher wages in developed and emerging international markets as well as the potential impact of union organizing efforts;
- potential damage to EP's reputation due to non-compliance with international and local laws; and
- the complexity and necessity of using non-Canadian representatives, consultants and other third-party vendors.

Any one of these factors could adversely affect EP's business, results of operations and financial condition.

Exchange Rate Fluctuations

Due to the international scope of EP's current and future operations, EP's assets, future earnings and cash flows may be influenced by movements in exchange rates of several currencies, particularly the British pound, the US dollar, the Canadian dollar and the Mexican peso. EP's reporting currency is denominated in Canadian dollars, EP's functional currency is the Canadian dollar and the majority of EP's operating expenses are paid in Canadian dollars. EP may also regularly acquire services, consumables and materials in British pounds, US dollars, Canadian dollars and other currencies. Further, future revenue may be derived from abroad. As a result, EP's business and the price of EP's products may be affected by fluctuations in foreign exchange rates between the British pound and other currencies, which may also have a significant impact on EP's results of operations and cash flows from period to period. Currently, EP does not have any exchange rate hedging arrangements in place.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. EP bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. EP's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause its operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of EP Shares. Significant assumptions and estimates will be used in preparing the financial statements including those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of investment portfolio, as well as revenue and cost recognition.

[4] RISKS RELATED TO TECHNOLOGY

Technology Implementation

EP's technology development efforts may be inefficient or ineffective, which may impair its ability to attract and retain clients and cardholders.

Management believes that EP's future success will depend in part upon EP's ability to enhance its existing platform, to develop and introduce new services in a timely manner with features and pricing that meet changing client and market requirements, and to persuade cardholders to adopt same. New elements of EP's platform must compete with established competitors and may require significant investment in research, development and marketing in order to gain traction amongst cardholders and potential cardholders. EP schedules and prioritizes its development efforts according to a variety of factors including, but not limited to, EP's perceptions of market trends, client and cardholder requirements, and resource availability. EP faces intense competition in the marketplace and is confronted by rapidly changing technology, evolving industry standards and consumer needs, and the frequent introduction of new solutions by its competitors. EP's solutions are complex and can require a significant investment of time and resources to develop. These activities can take longer than EP expects. EP may encounter unanticipated difficulties that require it to redirect or scale back its efforts and EP may need to modify its plans in response to changing cardholder requirements, market demands, resource availability, regulatory requirements or other factors. If development of EP's solutions becomes significantly more expensive due to changes in regulatory requirements or industry practices, or other unforeseen factors, EP may be at a disadvantage compared to its larger or more established competitors that may have greater resources to devote to product development and implementation. If EP does not manage its development efforts efficiently and effectively, it may fail to produce in a timely manner, or at all, solutions that respond appropriately to the needs of clients and cardholders, and EP's competitors may develop offerings that more successfully anticipate market evolution and address market expectations. If EP's services are not responsive and competitive, clients may shift their business to competing products or platforms. Clients may also resist adopting EP's services for various reasons, including reluctance to disrupt existing relationships and business practices or to invest in necessary technological integration, or preference for competitors' offerings or self-developed capabilities.

Computer and Payment Network System Risks

EP's business is dependent on the efficient and uninterrupted operation of computer and payment network systems and data centers.

EP's ability to provide reliable service to cardholders and other network participants depends on the efficient and uninterrupted operation of its computer network systems and data centers, as well as the computer and payment networks of its third-party card issuers, payment processors and other financial services industry intermediaries. EP's business involves movement of large sums of money, processing of large numbers of transactions and management of the data necessary to do both. EP's success depends upon the efficient and error-free handling of the money that is remitted to cardholders' accounts or the banks that issue its cards. EP relies on the ability of its employees, systems and processes, and those of the banks that issue its cards, third-party payment processors and other financial services industry intermediaries to process and facilitate these transactions in an efficient, uninterrupted and error-free manner. In the event of a breakdown, a catastrophic event (such as fire, natural disaster, power loss, telecommunications failure or physical break-in), a security breach or malicious attack, an improper operation or any other event impacting EP's systems or processes, or those of its partners, or an improper action by EP's employees, agents or third-party partners, EP could suffer financial loss, loss of cardholders, regulatory sanctions and damage to its reputation. The measures EP has taken, including the implementation of disaster recovery plans and redundant computer systems, may not be successful in preventing network failures or avoiding losses, and EP may experience other problems unrelated to system failures. EP may also experience software defects, development delays, installation difficulties, or difficulty integrating third-party systems and software with its proprietary systems, any of which could harm EP's business and reputation and expose EP to potential liability and increased operating expenses. Some of EP's contracts with its clients contain service level standards pertaining to the operation of its systems, and provide EP's clients with the right to terminate their contracts with it if its system downtime exceeds stated limits. If EP faces system interruptions or failures, EP's business interruption insurance may not be adequate to cover the losses or damages that it incurs.

System Management Risks

If EP does not manage its information technology systems and infrastructure effectively, (i) the quality of EP's platform, solutions and services and its relationships with its clients and cardholders may suffer, and/or (ii) EP's ability to perform essential administrative functions may be impaired. Either or both of these results could have an adverse impact on EP's business, financial condition and financial performance.

EP relies heavily on information technology, or "IT", systems. EP must expand, improve and automate these systems to maintain the quality of its platform and services going forward and, in particular, to avoid service interruptions, security breaches and slower system performance for its enterprise solutions. EP also depends on IT systems to help manage essential functions such as revenue recognition, budgeting, forecasting, financial reporting, invoicing, collections and other administrative functions. Despite the use of IT systems, many of EP's processes remain manual in nature and thus EP must also continue to manage its employees, operations, finances, research and development and capital investments efficiently. EP's productivity and the quality of its platform may be adversely affected if it does not quickly and effectively integrate and train new employees on its systems, processes and security protocols, or if it fails to appropriately coordinate across functional groups and offices. If EP does not adapt to meet the evolving challenges of its business, and if EP does not effectively and efficiently scale its operations to support its business, the quality of EP's platform may suffer, its IT systems and infrastructure may be more prone to security breaches and service interruptions, and relationships with its clients and cardholders may be harmed, which, in turn, could have an adverse impact on EP's financial condition and financial performance.

Risk of System Failure

Errors or failures in EP's software and systems could adversely affect EP's operating results and growth prospects, particularly with respect to EP's financial services segment.

EP depends on the sustained and uninterrupted performance of its technology platforms. If EP's technology platforms cannot scale to meet demand, or if there are errors in the execution of any of the functions performed by EP's platforms, then its business could be harmed. Because EP's software is complex, undetected errors and failures may occur, especially when new versions or updates are made. Errors may also occur when integrating third-party software and systems with EP's existing software and systems. Despite testing, errors or bugs in software have in the past, and may in the future, not be found until the software is in a live operating environment. Errors or failures in EP's software could result in negative publicity, damage to EP's brand and reputation, loss of or delay in market acceptance of EP's platform, increased costs or loss of revenue, loss of competitive position or claims by cardholders for losses sustained by them. In the event of a system failure, EP may be required to expend additional resources to help mitigate any problems that may result. Alleviating problems resulting from errors in EP's software could require significant expenditures of capital and other resources and could cause interruptions, delays or the cessation of EP's business, any of which would adversely impact EP's reputation as well as its financial position, financial performance and growth prospects.

Difficulty Protecting Proprietary Technology

EP's rights with respect to its intellectual property may be difficult to protect or to enforce. This could enable others to copy or use aspects of EP's platform without compensation, which could erode EP's competitive advantages and harm its business.

EP's success depends, in part, on its ability to protect proprietary methods and technologies that it develops under the intellectual property laws of Canada. EP relies on trademark, copyright, trade secret and patent laws, confidentiality procedures and contractual provisions to protect its proprietary methods and technologies. Uncertainty may result from changes to intellectual property legislation enacted in Canada and the US, including Canada's Anti-Spam Legislation and the America Invents Act, and other national governments and from interpretations of the intellectual property laws of Canada and the US and other countries by applicable courts and agencies. Accordingly, despite EP's efforts, EP may be unable to obtain adequate protection for its intellectual property, or to prevent third parties from infringing upon or misappropriating its intellectual property.

Unauthorized parties may attempt to copy aspects of EP's technology or obtain and use information that EP regards as proprietary. EP generally enters into confidentiality and/or license agreements with its employees, consultants and clients, and generally limit access to, and distribution of, its proprietary information. EP cannot provide any assurances that any steps taken by it to protect its proprietary information will prevent misappropriation of its technology and proprietary information. Policing unauthorized use of EP's technology is difficult. The laws of some countries may not afford the same protections for EP's intellectual property rights as those of Canada and the US, and mechanisms for enforcing EP's rights with respect to intellectual property in such countries may be inadequate. From time to time, it may be necessary for EP to take legal action to enforce its intellectual property rights, to protect its trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement. Such litigation could result in substantial costs and the diversion of limited resources and could negatively affect EP's business, financial condition and financial performance. If EP is unable to protect its proprietary rights (including aspects of its platform), EP may be at a competitive disadvantage to others who have not incurred the same level of expense, time and effort to create and protect their intellectual property.

Internet and Mobile Device Risks

EP's business could be adversely impacted by changes in the Internet and mobile device accessibility of cardholders. EP's business depends on cardholders' access to its platform via a mobile device or personal computer and the Internet. EP may operate in jurisdictions that provide limited Internet connectivity, particularly as it expands internationally. Internet access and access to a mobile device or personal computer are frequently provided by companies with significant market power that could take actions that degrade, disrupt or increase the cost of cardholders' ability to access EP's platform. In addition, the Internet infrastructure that EP and cardholders rely on in any particular geographic area may be unable to support the demands placed upon it and could interfere with the speed and availability of EP's services. Any such failure in Internet or mobile device or computer accessibility, even for a short period of time, could adversely affect EP's results of operations.

Third-Party Intellectual Property Claims

EP may be exposed to infringement or misappropriation claims by third parties, which, if determined against EP, could subject EP to significant liabilities and other costs.

EP's success may depend on its ability to use and develop new technologies, services and know-how without infringing the intellectual property rights of third parties. EP has no assurance that third parties will not assert intellectual property claims against it. EP is subject to additional risks that entities licensing intellectual property to it do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against EP, EP will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which EP may become a party could subject it to significant liability to third parties, require EP to seek licenses from third parties, require EP to pay ongoing royalties or subject EP to injunctions prohibiting the development and operation of its applications.

[5] RISKS PERTAINING TO REGULATORY COMPLIANCE

Regulatory Risks

Legislation or regulations may be introduced which have a negative effect on EP's business, operations or future prospects.

If local, state, provincial or federal legislative or regulatory changes are made in respect of financial services or technology companies, among other industries or sectors, EP's business may be adversely affected or it may be unable to carry on its business as currently conducted or contemplated. Amendments to or new legislation or regulations introduced in any of the jurisdictions in which EP operates could subject EP's business to new restrictions, or result in increased costs associated with complying with such legislation and regulations. EP cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on its business.

EP is regulated in the same way as a payday loan and cheque cashing company, and most jurisdictions where it operates have passed legislation and/or regulations to regulate the payday loan industry (including setting maximum fees and interest for payday loan operators) and rules and policies set out by the Financial Transactions and Reports Analysis Centre of Canada. Some of these regulations, rules and policies limit how payday loan operators may use prepaid cards to fund payday loans or cash advances. Most Canadian provinces have also set maximum regulated interest/fee levels. In some of those jurisdictions where maximum interest and fees have been set, some payday operators have complained that the maximum rates and charges set are too low.

Compliance with complex and evolving international and Canadian laws and regulations that apply to EP's international operations could increase EP's cost of doing business in international jurisdictions.

EP's operations are subject to licensing and regulation by governmental and regulatory bodies in the jurisdictions in which EP operates. The laws and regulations of the international countries in which EP operates, may limit EP's ability to collect on and enforce EP's rights with respect to non-performing accounts regardless of any act or omission on EP's part. Some laws and regulations applicable to credit issuers may preclude EP from collecting on non-performing accounts EP acquires if the credit issuer previously failed to comply with applicable laws in generating or servicing those receivables. Collection laws and regulations also directly apply to EP's business. Such laws and regulations are extensive and subject to change. A variety of state, federal and international laws and regulations govern the collection, use, retention, transmission, sharing and security of consumer data. Consumer protection and privacy protection laws, changes in the ways that existing rules or laws are interpreted or enforced and any procedures that may be implemented as a result of regulatory consent orders may adversely affect EP's ability to collect on non-performing accounts and adversely affect EP's business. EP's failure to comply with laws or regulations applicable to EP could limit EP's ability to collect on receivables, which could reduce EP's profitability and adversely affect EP's business.

Failure to comply with government regulation of the collections industry could result in penalties, fines, litigation, damage to EP's reputation or the suspension or termination of EP's ability to conduct EP's business. The collections industry throughout the markets in which EP's collections service segment operates is governed by various laws and regulations, many of which require EP to be a licensed debt collector. The collection services industry is also at times investigated by regulators and offices of state attorneys general, and subpoenas and other requests or demands for information may be issued by governmental authorities who are investigating debt collection activities. These investigations may result in enforcement actions, fines and penalties, or the assertion of private claims and lawsuits. If any such investigations result in findings that EP or EP's vendors have failed to comply with applicable laws and regulations, EP could be subject to penalties, litigation losses and expenses, damage to EP's reputation, or the suspension or termination of, or required modification to, EP's ability to conduct collections, which would adversely affect EP's business, results of operations and financial condition.

Regulations and statutes applicable to the collection service industry further provide that, in some cases, consumers cannot be held liable for, or their liability may be limited with respect to, charges to their debit or credit card accounts that resulted from unauthorized use of their credit. These laws, among others, may limit EP's ability to recover amounts owing with respect to the receivables, whether or not EP committed any wrongful act or omission in connection with the account.

If EP fails to comply with any applicable laws and regulations discussed above, such failure could result in penalties, litigation losses and expenses, damage to EP's reputation, or otherwise impact EP's ability to conduct collections efforts, which could adversely affect EP's business, results of operations and financial condition.

Compliance and Risk Management Risks

EP's compliance and risk management programs may not be effective and may result in outcomes that could materially and adversely affect EP's reputation, financial condition and operating results, among other things.

EP is subject to anti-money laundering laws such as the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and its regulations, and the US Bank Secrecy Act. EP's ability to comply with applicable laws and regulations is largely dependent on the establishment and maintenance of compliance, review and reporting systems, as well as the ability to attract and retain qualified compliance and other risk management personnel. In the event that

EP enters into new markets, it may become subject to laws and regulations which differ from those of its current markets and which may conflict with other laws and regulations to which it is subject. EP cannot provide any assurance that its compliance policies and procedures will be effective or that EP will always be successful in monitoring or evaluating applicable risks. In the case of alleged non-compliance with applicable laws or regulations, EP could be subject to investigations and legal or regulatory proceedings that may result in substantial penalties or claims against it. Any such claims may materially and adversely affect EP's reputation, financial condition and the value of any investment in EP.
Employee and Third-Party Misconduct

Operational risks, such as misconduct and errors of employees or entities with which EP does business, may be difficult to detect and deter and could cause material reputational and financial harm to EP.

EP's employees and agents could engage in misconduct, which may include conducting and concealing unauthorized activities, or improperly using or disclosing confidential information. It may not be possible to deter misconduct by employees or others, and the precautions that EP takes to prevent and detect these activities may not be effective in all cases. Any unauthorized actions by EP's employees or agents could lead to regulatory or criminal proceedings, which, in each case, could have a material and adverse effect on EP. Furthermore, EP's employees could make errors recording or executing transactions, which may result in additional material costs to EP.

Personal Data Collection Risk

Measures EP takes to protect its cardholders' personal information may be inadequate and there is a risk of a data breach or the loss or theft of such personal information.

Legislation and regulation of digital businesses, including privacy and data protection regimes, could create unexpected additional costs, subject EP to enforcement actions for compliance failures, or cause EP to change its technology solution or business model, which may have an adverse effect on the demand for EP's platform.

Many local, provincial/state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of data collected from and about consumers and devices, and the regulatory framework for privacy issues is evolving worldwide. Various Canadian, US, Mexican and foreign governments, consumer agencies, self-regulatory bodies and public advocacy groups have called for new regulation directed at the collection and retention of personal information, and EP expects to see an increase in legislation and regulation related to the collection and use of such data. Such legislation or regulation could affect the costs of doing business.

PIPEDA and substantially similar provincial privacy laws in Canada considers information collected and retained by EP, including name, date of birth, social insurance number, address and other information collected from its cardholders, as protected personal information. EP is also subject to US privacy laws including the US Gramm-Leach-Bliley Act and various state privacy laws. In the ordinary course of EP’s business, EP collects, stores and uses certain personal information of its cardholders that may be subject to regulation under privacy law regimes in the jurisdictions in which EP operates if, in the aggregate, the information would allow EP to identify a person. While EP takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, if EP experiences a data breach it may face claims by cardholders whose personal information is disclosed without authorization, which claims may have a material adverse effect on EP’s business and financial condition. EP may also be subject to various regulatory proceedings and additional oversight as a result of any loss or disclosure of personal information. Evolving and changing definitions of personal information within Canada, the US and internationally, especially relating to classification of machine or device identifiers, geo-location data and other information, have caused EP, in the past and may cause EP in the future, to change business practices or limit or restrict EP’s ability to operate or expand its business. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. The measures EP takes to protect the personal information that it collects, uses and discloses in its operations may be inadequate to protect such information and the loss thereof may have a material adverse effect on EP’s business, operations and future prospects. Further, many governments are restricting the storage of information about individuals beyond their national borders. Such restrictions could, depending upon their scope, limit EP’s ability to utilize technology infrastructure consolidation, redundancy and load-balancing techniques resulting in increased infrastructure costs, decreased operational efficiencies and performance, and potentially a greater risk of system failure.

EP strives to comply with all applicable laws and regulations relating to privacy and data collection, processing, use and disclosure. These laws and regulations are continually evolving, are not always clear and may pose inconsistent requirements across the jurisdictions in which EP conducts business. The measures EP takes to protect the security of the information it collects, uses and discloses in the operation of its business may not always be effective. If EP fails to protect personal data or other data relating to consumers or comply with applicable laws and regulations or industry standards applicable thereto, EP could become subject to enforcement actions, including fines, imprisonment of its officers, and public censure, claims for damages by consumers and other affected individuals, damage to EP's reputation and loss of goodwill. Perceived concerns relating to EP's collection, use, disclosure and retention of data, including the security measures applicable to the data EP collects, whether or not valid, may harm EP's reputation and inhibit adoption or use of EP's services by current and potential clients and cardholders. EP is aware of ongoing lawsuits filed against, or regulatory investigations into, companies in the payments industry concerning various alleged violations of consumer protection, data protection and computer crime laws, asserting various privacy-related theories. Any such proceedings brought against EP could hurt its reputation, force it to expend significant resources in defense or settlement of these proceedings, divert management attention, increase its costs of doing business, adversely affect the demand for its services, and ultimately result in the imposition of monetary liability or restrictions on EP's ability to conduct its business.

The regulation of data privacy globally could have an adverse effect on EP's business, results of operations and financial condition by increasing EP's compliance costs. The regulation of data privacy, including interpretations and determinations by regulatory authorities in the countries in which EP operates, continues to evolve. It is not possible to predict the effect of such rigorous data protection regulations over time. For example, GDPR impacts EP's collection service segment operations and requires EP to adapt its business practices accordingly. Financial penalties for non-compliance with the GDPR can be significant. Data privacy regulations could result in increased costs of conducting business to maintain compliance with such regulations. Although EP has taken significant steps to protect the security of its data and the personal data of its customers, EP may be required to expend significant resources to comply with regulations if third parties improperly obtain and use such data.

Anti-Money Laundering

Money laundering and terrorist financing are receiving significant attention as nations attempt to deal with the harmful legal, economic and social consequences of illegal activities.

Governments, law enforcement agencies and regulators around the world employ a variety of means, including establishing regulatory requirements applicable to financial institutions, to curtail the ability of criminal and terrorist elements to profit from, or finance, their activities. It is widely recognized that financial institutions are uniquely positioned and possess the necessary infrastructure to assist in the fight against money laundering, terrorist financing and criminal activity through prevention, detection and the exchange of information. Money laundering, terrorist financing and economic sanctions violations represent regulatory, legal, financial and reputational risk to EP. EP is subject to a number of expanding and constantly evolving AML/anti-terrorist financing laws, regulations and economic sanctions internationally. EP is committed to sustaining secure financial systems in the countries in which it maintains operations by taking the necessary action, using a risk-based approach. EP’s AML program includes policies and internal controls for secured cards with respect to client identification and due diligence, transaction monitoring, investigating and reporting of suspicious activity, and evaluation of new services to prevent or detect activities that may pose AML risk to EP.

Market Standard Compliance

Changes in market standards applicable to EP's platform could require it to incur substantial additional development costs.

Market forces, competitors' initiatives, regulatory changes and authorities, industry organizations, seller integration revisions and security protocols are causing the emergence of technological, industry and regulatory demands and standards that are or could be applicable to EP's platform and services. EP expects compliance with these standards to become increasingly important to clients and cardholders, and conforming to these standards is expected to consume a substantial and increasing portion of EP's development resources. If EP's platform is not consistent with emerging standards, its market position and sales could be impaired. If EP makes the wrong decisions about compliance with these standards, or are late in conforming or fail to do so, EP's services will be at a disadvantage in the market to the offerings of its competitors who have complied.

Compliance with Payment Network Rules

Changes in rules or standards set by payment networks, or changes in debit network fees or services, could adversely affect EP's business, financial position and results of operations.

EP is subject to association rules that could subject it to a variety of fines or penalties that may be levied by EP's financial institution partners, card associations or networks for acts or omissions by EP or businesses that work with EP, including card processors, such as MasterCard PTS. The termination of the card association registrations held by EP or any changes in card association or other debit network rules or standards, including the interpretation and implementation of existing rules or standards, that increase the cost of doing business or limit EP's ability to provide its services could have an adverse effect on EP's business, operating results and financial condition. In addition, from time to time, card associations may increase the fees that they charge, which could increase EP's operating expenses, reduce EP's profit margins and may adversely affect EP's business, results of operations and financial condition.

KYC Compliance Risks

EP relies on third-party services to comply with KYC requirements and if such providers fail to provide accurate information or EP does not maintain business relationships with them, EP's business, financial condition and results of operations could be adversely affected.

EP seeks to implement and maintain AML, KYC and other policies and procedures that are consistent with applicable Canadian and US laws and regulations and with financial services industry best practices. Nonetheless, EP may not be able to prevent illegal activity from occurring on or through its platforms, including the unauthorized use of a validly opened account.

Failure to meet applicable AML/KYC legal and regulatory requirements could result in regulatory fines, sanctions or restrictions, which in each case could materially and adversely affect EP's reputation and financial condition.

Furthermore, EP will use and rely on third-party service providers to complete key aspects of AML/KYC screenings. Although EP will perform due diligence on such providers, there can be no assurance that in all events such providers will detect all potential illegal activity or comply with all aspects of applicable law and regulation. If such a provider were to fail to perform to agreed standards or maintain full compliance, it could have a material and adverse effect on EP’s business and operations.

Legislation Changes

Following the majority of approval of an exit from the EU ("Brexit") on June 23, 2016, the UK's withdrawal from the EU became effective on January 31, 2020 with the transition period that ended on December 31, 2020.

Following this transition period, the UK is now subject to new negotiated regulations pertaining to financial laws and regulations, tax and free trade agreements, intellectual property rights, data protection laws, environmental, health and safety laws and regulations, immigration laws and employment laws. It still remains unclear how the laws and regulations following the Brexit transition period measure alongside EU laws and regulations and may ultimately lead to negative impacts including reducing foreign direct investment in the UK, increasing costs, depressing economic activity and restrictions on access to capital. EP's headquarters are located in Canada and BPO is located in the UK and new laws and regulations may impact the free movement of employees to locations in Europe.

Given the unprecedented nature of such a withdrawal from the EU, the long-term impacts on the UK are unclear and uncertain and subsequently it is unclear how changes to the commercial, legal and regulatory environment will impact the current and future operations of EP. Any of these effects could have a negative impact on the operations of EP.

[6] RISKS PERTAINING TO EP SHARES

Substantial Number of Authorized but Unissued EP Shares

EP has an authorized capital consisting of an unlimited number of EP shares that may be issued by the EP Board without further action or approval of shareholders. While EP Board will be required to fulfill its fiduciary obligations in connection with the issuance of such shares, EP shares may be issued in transactions with which not all shareholders agree, and the issuance of such EP Shares will cause dilution to the ownership interests of shareholders.

Dilution

The financial risk of the EP's future activities will be borne to a significant degree by its shareholders. If additional EP Shares are issued from treasury for financing purposes, control of the EP may change and shareholders may suffer additional dilution.

Market for the EP Shares

There can be no assurance that an active trading market for the EP shares will develop or, if developed, that any market will be sustained. EP cannot predict the prices at which the EP Shares will trade. Fluctuations in the market price of the EP shares could cause an investor to lose all or part of its investment in the EP shares. Factors that could cause fluctuations in the trading price of the EP shares include: (i) announcements of new offerings, products, services or technologies; (ii) commercial relationships, acquisitions or other events involving the EP or its competitors; (iii) price and volume fluctuations in the overall stock market from time to time; (iv) significant volatility in the market price and trading volume of FinTech companies; (v) fluctuations in the trading volume of the EP shares or the size of the EP's public float; (vi) actual or anticipated changes or fluctuations in the EP's results of operations; (vii) whether the EP's results of operations meet the expectations of securities analysts or investors; (viii) actual or anticipated changes in the expectations of investors or securities analysts; (ix) litigation involving the EP, its industry or both; (x) regulatory developments; (xi) general economic conditions and trends; (xii) major catastrophic events; (xiii) escrow releases, sales of large blocks of the EP shares; (xiv) departures of key employees or members of management; or (xv) an adverse impact on the EP from any of the other risks cited herein.

Significant Sales of EP Shares

Although EP Shares held by existing shareholders of EP will be freely tradable under applicable securities legislation, the EP shares held by the EP's directors, executive officers, Control Persons and certain other securityholders may be subject to contractual lock-up restrictions and may also be subject to escrow restrictions pursuant to the policies of the TSXV. Sales of a substantial number of the EP shares in the public market after the expiry of lock-up or escrow restrictions, or the perception that these sales could occur, could adversely affect the market price of the EP shares and may make it more difficult for investors to sell EP Shares at a favourable time and price.

Volatile Market Price for the EP Shares

The securities market in Canada has recently experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the EP shares will be subject to market trends generally, notwithstanding any potential success of the EP. The value of the EP shares will be affected by such volatility.

The volatility of the EP shares may affect the ability of holders to sell the EP shares at an advantageous price or at all. Market price fluctuations in the EP shares may be adversely affected by a variety of factors relating to the EP's business, including fluctuations in the EP's operating and financial results, such results failing to meet the expectations of securities analysts or investors and downward revisions in securities analysts' estimates in connection therewith, sales of additional EP Shares, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the EP or its competitors, along with a variety of additional factors. In addition, the market price for securities on stock markets, including the TSXV, is subject to significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may materially adversely affect the market price of the EP shares.

Additionally, the value of the EP shares is subject to market value fluctuations based upon factors that influence the EP's operations, such as legislative or regulatory developments, competition, technological change and changes in interest rates or foreign exchange rates. There can be no assurance that the market price of the EP shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the EP's performance.

Tax Issues

There may be income tax consequences in relation to the EP shares, which will vary according to the circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Discretion Over the Use of Proceeds

EP will have discretion concerning the use of the net proceeds of the capital raised as well as the timing of their expenditures and may apply the net proceeds in ways other than as disclosed. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, EP's business, prospects, financial position, financial condition or results of operations may suffer.

No Dividends

EP's policy is to retain earnings to finance the development and enhancement of its products and services and to otherwise reinvest in EP. Therefore, EP does not anticipate paying cash dividends on the EP shares in the foreseeable future. EP's dividend policy will be reviewed from time to time by the EP Board in the context of its earnings, financial condition and other relevant factors. Until the time that the EP does pay dividends, which it might never do, its shareholders will not be able to receive a return on their EP shares unless they sell them.

[7] RISKS PERTAINING TO THE LEGAL PROCEEDINGS

The Company has been named as one of the defendants in a lawsuit filed on February 28, 2022. A Statement of Defence and Counterclaim have been filed, asserting that the Plaintiffs' claim for the share swap is statute barred by virtue of the Limitations Act, and by a total failure of consideration given the insolvency of Destiny. Further, the defendants assert that the Plaintiffs have suffered no damages.

FURTHER INFORMATION

Additional information relating to the Company is also available on the SEDAR website www.sedar.com.

Everyday People Financial Corp.
(formerly Justify Capital Corp.)

Consolidated financial statements

December 31, 2022 and September 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Everyday People Financial Corp.

Opinion

We have audited the consolidated financial statements of Everyday People Financial Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and September 30, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the 15-month period ended December 31, 2022 and the 12-month period ended September 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the 15-month period ended December 31, 2022 and the 12-month period ended September 30, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has incurred a net loss of $45,686,749 and negative cash flows from operating activities of $8,876,636 during the period ended December 31, 2022, and the Company reported a deficit of $58,760,078 as at December 31, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the period ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor’s report.

Valuation of intangible assets acquired in a business combination

Refer to consolidated financial statements Note 2: Basis of presentation and going concern; Note 3: Summary of significant accounting policies; and Note 5: Business combinations

On December 30, 2022, the Company completed a business combination and acquired General Credit Services Inc. for aggregate consideration of $6,583,998, including contingent consideration of $535,856. This purchase included acquiring intangible assets with a fair value of $4,868,000. Management utilized an external valuation specialist in determining the fair value of the assets acquired and liabilities assumed as at the acquisition date.

We considered the valuation of intangible assets acquired in the business combination to be a key audit matter given the heightened estimation uncertainty and subjectivity of management's estimates associated with the valuation. As a result, significant auditor effort, judgment, and valuation specialists were required to evaluate management's use of estimates and assumptions in assessing the fair value of intangible assets acquired.

How our audit addressed the Key Audit Matter

Our audit procedures related to the valuation of intangible assets acquired in the business combination included the following, among others:

- Evaluated the competency and objectivity of the external valuation specialists engaged by management, by considering their qualifications and expertise;
- Tested the mathematical accuracy of management's valuation models and supporting calculations;
- Read the purchase agreement to obtain an understanding of the key terms and conditions and to identify the necessary accounting considerations under IFRS 3 *Business Combinations*;
- Evaluated revenue growth rates as a key assumption in the cash flow projections the valuation of the intangible assets by inspecting historical growth trends and future forecasts;
- Involved internal valuation specialists to assist with:
    - Assessing the valuation methodology applied by management to estimate the fair value of the intangible assets acquired; and
    - Evaluating significant assumptions in the valuation including the royalty rate and discount rate by inspecting current industry data and comparable company information, and considering cash flow and company specific risk.

Impairment of goodwill and intangible assets

Refer to consolidated financial statements Note 2: Basis of presentation and going concern; Note 3: Summary of significant accounting policies; Note 8: Goodwill; and Note 9: Intangible assets

As at December 31, 2022, the total carrying value of goodwill and intangible assets amounted to $6,272,134 and $13,872,898, respectively, and an impairment loss of $27,850,301 was recognized. Goodwill and intangible assets are allocated to cash-generating units (CGUs). The Company assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of the CGUs. Management utilized a discounted cashflow model and involved an external valuation specialist to assist in their impairment analysis as of December 31, 2022. The analysis covered four of the Company's CGUs within which goodwill had been previously allocated.

We considered the impairment of goodwill and intangible assets to be a key audit matter given the magnitude of the asset values, impairment losses, and the high degree of estimation uncertainty in evaluating the Company's significant assumptions. As a result, significant auditor effort, judgment, and valuation specialists were required to evaluate management's use of estimates and assumptions in assessing the recoverable amount of the cash generating unit.

How our audit addressed the Key Audit Matter

Our audit procedures related to the impairment of goodwill and intangible assets included, among others:

- Evaluated the competency and objectivity of the external valuation specialists engaged by management, by considering their qualifications and expertise;
- Evaluated management's estimation methods by comparing the accuracy of historical revenue forecasts to actual performance;
- Agreed data inputs used in management's impairment analysis to applicable source information;
- Tested significant assumptions including revenue growth rates by evaluating historical growth trends and future forecasts;
- Involved internal valuation specialists to assist with:
    - Assessing the appropriateness of management's determination of CGUs and the discounted cash flow methodology applied to estimate the recoverable amount;
    - Performing sensitivity analyses on significant assumptions, including revenue growth rates and discount rates, to evaluate the impact of changes in assumptions on the estimated recoverable amount of each CGU; and
    - Evaluating the appropriateness of the discount rate assumption by inspecting publicly available market data for comparable entities.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis (MD&A).

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

RSM Canada LLP

Chartered Professional Accountants
May 1, 2023
Edmonton, Alberta

Everyday People Financial Corp. (formerly Justify Capital Corp.)
Consolidated statements of financial position
[expressed in Canadian dollars]

	Notes	December 31, 2022	September 30, 2021
		$	$
Assets			
Current assets			
Cash and cash equivalents		1,186,690	2,313,177
Customer funds		8,484,763	4,762,693
Cash - restricted		258,353	29,738
Trade receivables	**[6]**	2,343,122	1,304,276
Prepaid expenses		568,611	471,277
Current portion of loan receivables	**[22]**	80,160	—
Current portion of due from related parties	**[12]**	532,812	116,914
Current portion of EP Homes inventory	**[10]**	3,506,800	6,465,610
Total current assets		**16,961,311**	**15,463,685**
Non-current assets			
EP Homes inventory	**[10]**	6,311,478	1,707,500
Intangible assets	**[9]**	13,872,898	14,013,312
Property and equipment	**[7]**	574,002	483,153
Loan receivables	**[22]**	153,751	—
Investments	**[11]**	386,555	1,524,601
Due from related parties	**[12]**	302,049	314,637
Deferred tax asset	**[24]**	—	461,138
Right-of-use asset	**[23]**	1,411,552	1,611,881
Goodwill	**[8]**	6,272,134	28,045,238
Total non-current assets		**29,284,419**	**48,161,460**
Total assets		**46,245,730**	**63,625,145**
Total liabilities and shareholders' equity			
Current			
Trade payables		5,362,622	3,280,799
Customer payables		8,484,763	4,762,693
Current tax liability	**[24]**	182,122	419,645
Current portion of deferred revenue	**[26]**	235,513	290,889
Current portion of lease liabilities	**[23]**	287,293	396,642
Current portion of customer deposits		173,053	58,599
Current portion of promissory notes	**[15]**	—	1,343,761
Current portion of credit facilities	**[13]**	3,653,343	4,645,180
Current portion of due to related parties	**[12]**	45,802	4,378
Total current liabilities		**18,424,511**	**15,202,586**
Non-current			
Deferred revenue	**[26]**	151,371	62,110
Lease liabilities	**[23]**	1,500,435	1,462,574
Customer deposits		25,255	3,600
Government loan	**[14]**	180,000	180,000
Convertible debentures	**[21]**	—	1,510,000
Deferred tax liability	**[24]**	2,927,000	1,596,727
Credit facilities	**[13]**	5,031,065	—
Due to related parties	**[12]**	7,000,000	—
Total non-current liabilities		**16,815,126**	**4,815,011**
Total liabilities		**35,239,637**	**20,017,597**
Shareholders' equity			
Common shares	**[17]**	67,483,059	55,302,579
Reserves	**[17]**	2,829,689	1,638,097
Contributed surplus	**[17]**	656,955	113,450
Deficit		(58,760,078)	(13,073,329)
Accumulated other comprehensive loss		(1,203,532)	(373,249)
Total shareholders' equity		**11,006,093**	**43,607,548**
Total liabilities and shareholders' equity		**46,245,730**	**63,625,145**

Going concern [note 2]
Commitments [note 30]
Contingencies [note 33]
Subsequent events [note 34]

Approved on behalf of the Board:

(Signed) "Scott Sinclair"
Scott Sinclair, Director

Approved on behalf of the Board:

(Signed) "David Robinson"
David Robinson, Director

See accompanying notes

Everyday People Financial Corp. (formerly Justify Capital Corp.)
Consolidated statements of loss and comprehensive loss
[expressed in Canadian dollars]

	Notes	Fifteen months ended December 31, 2022	Twelve months ended September 30, 2021
		$	$
Revenue	**[25]**	**22,473,751**	**13,566,906**
Direct costs	**[19 and 25]**	9,727,706	6,250,671
Gross profit		**12,746,045**	**7,316,235**
Operating expense			
Salaries and benefits		8,938,752	5,542,935
Professional fees		3,344,316	1,688,389
Depreciation and amortization	**[7, 9 and 23]**	2,251,036	1,537,705
Management fees	**[12]**	1,933,102	1,338,520
Other operating expenses	**[28]**	1,571,317	518,540
Share-based compensation	**[17]**	930,925	736,951
Consulting fees		708,522	352,437
Travel and entertainment		574,939	98,654
Marketing expenses		320,805	71,658
Rent and utilities		301,249	220,179
Investor relations		294,239	—
Board fees		228,710	—
Stock exchange fees		52,915	4,357
Loss allowances	**[20 and 22]**	25,648	—
Realized foreign currency exchange loss (gain)		4,446	(42,029)
Total operating expense		**21,480,921**	**12,068,296**
Loss from operations		**(8,734,876)**	**(4,752,061)**
Other (expenses) income			
Gain on debt settlement		60,490	—
Other income	**[27]**	356,982	737,987
Share of loss in joint venture	**[29]**	(2,855)	—
Other expenses		(129,453)	—
Payment of contingent consideration	**[32]**	(730,568)	—
Loss on investments	**[11]**	(1,298,846)	—
Finance costs	**[19]**	(1,785,037)	(742,663)
Listing expenses	**[4]**	(3,381,033)	—
Impairment loss	**[8, 9 and 22]**	(29,316,335)	—
Total other (expenses) income		**(36,226,655)**	**(4,676)**
Net loss before tax		**(44,961,531)**	**(4,756,737)**
Taxes			
Deferred tax recovery (expense)	**[24]**	(543,096)	242,081
Current tax expense	**[24]**	(182,122)	(419,645)
Net loss for the period		**(45,686,749)**	**(4,934,301)**
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss			
Unrealized foreign currency translation adjustment		(830,283)	(74,475)
Total other comprehensive loss		**(830,283)**	**(74,475)**
Comprehensive loss for the period		**(46,517,032)**	**(5,008,776)**
Basic and diluted loss per share		(0.44)	(0.06)
Weighted average number of shares outstanding - basic and diluted		**105,307,937**	**86,401,756**

See accompanying notes

Everyday People Financial Corp. (formerly Justify Capital Corp.)
Consolidated statements of changes in shareholders' equity
[expressed in Canadian dollars]

Period ended

	Notes	Common shares $	Reserves $	Contributed Surplus $	Deficit $	Accumulated other comprehensive income/(loss) $	Total Shareholders' deficiency $
Fifteen months ended December 31, 2022	[17]						
Balance, October 1, 2021		55,302,579	1,638,097	113,450	(13,073,329)	(373,249)	43,607,548
Net loss for the period		—	—	—	(45,686,749)	—	(45,686,749)
Other comprehensive loss		—	—	—	—	(830,283)	(830,283)
Issuance of units		11,597,481	—	—	—	—	11,597,481
Issuance of common shares upon acquisition		1,434,256	—	—	—	—	1,434,256
Warrants: issued		—	643,372	—	—	—	643,372
Warrants: expired		—	(543,505)	543,505	—	—	—
Warrants: exercised		92,209	(77,209)	—	—	—	15,000
Options: issued		—	588,731	—	—	—	588,731
Options: expired		—	(5,662)	—	—	—	(5,662)
Options: exercised		278,842	(231,542)	—	—	—	47,300
Restricted share units: issued and committed		—	281,551	—	—	—	281,551
Share issuance costs		(1,222,308)	—	—	—	—	(1,222,308)
Common shares - committed		—	535,856	—	—	—	535,856
Balance, December 31, 2022		67,483,059	2,829,689	656,955	(58,760,078)	(1,203,532)	11,006,093
Twelve months ended September 30, 2021	[17]						
Balance, October 1, 2020		40,616,879	113,450	—	(8,139,028)	(298,774)	32,292,527
Net loss for the period		—	—	—	(4,934,301)	—	(4,934,301)
Other comprehensive loss		—	—	—	—	(74,475)	(74,475)
Issuance of units		5,701,525	—	—	—	—	5,701,525
Issuance of common shares upon acquisition		6,022,236	—	—	—	—	6,022,236
Issuance of options upon acquisition		—	51,192	—	—	—	51,192
Issuance of warrants upon acqusition		—	23,875	—	—	—	23,875
Share-based compensation		3,820,000	716,951	—	—	—	4,536,951
Issuance of warrants		(846,079)	846,079	—	—	—	—
Share issuance costs		(11,982)	—	—	—	—	(11,982)
Expiration of warrants		—	(113,450)	113,450	—	—	—
Balance, September 30, 2021		55,302,579	1,638,097	113,450	(13,073,329)	(373,249)	43,607,548

See accompanying notes

Everyday People Financial Corp. (formerly Justify Capital Corp.)
Consolidated statements of cash flows
[expressed in Canadian dollars]

Period ended

	Notes	Fifteen months ended December 31, 2022 $	Twelve months ended September 30, 2021 $
Operating activities			
Net loss for the period		(45,686,749)	(4,934,301)
Adjustments to reconcile net loss to net cash used in operating activities:			
Impairment loss	**[8, 9 and 22]**	29,316,335	—
Listing expense	**[4]**	3,381,033	—
Depreciation & amortization	**[7, 9 and 23]**	2,251,036	1,537,705
Loss on investments	**[11]**	1,298,846	—
Share-based compensation	**[17]**	930,925	736,951
Finance costs	**[19]**	1,438,105	525,228
Interest paid	**[19]**	(530,581)	(309,156)
Payment of contingent consideration	**[32]**	730,568	—
Deferred income tax	**[24]**	543,096	(242,081)
Current income tax	**[24]**	182,122	419,645
Loss allowances	**[20]**	25,648	—
Share of loss in joint venture	**[29]**	2,855	—
Gain on debt settlement	**[15]**	(60,490)	—
Non-cash revenue	**[22]**	(299,353)	—
Non-cash other income	**[27]**	(160,800)	—
Net change in non-cash working capital items	**[18]**	806,528	(101,667)
		(5,830,875)	(2,367,676)
Additions to EP homes inventory	**[10]**	(5,028,638)	(920,000)
Disposals to EP homes inventory	**[10]**	3,383,470	2,923,100
Additions to loan receivables	**[22]**	(1,400,592)	—
Cash provided by (used in) operating activities		(8,876,636)	(364,576)
Investing activities			
Additions to intangible assets	**[9]**	(685,178)	(300,000)
Additions to property and equipment, net of disposals	**[7]**	(226,296)	(105,679)
Additions to investments	**[11]**	—	(1,138,045)
Cash acquired on reverse takeover	**[4]**	49,305	—
Acquisition of a subsidiary, net of cash paid and acquired	**[5]**	(5,252,073)	28,217
Cash used in investing activities		(6,114,242)	(1,515,507)
Financing activities			
Proceeds from unit issuance and committed capital, net	**[17]**	3,969,755	4,189,543
Proceeds from credit facilities	**[13]**	6,743,719	3,010,083
Proceeds from promissory notes, including related parties	**[12 and 15]**	7,000,000	200,000
Proceeds from convertible debentures	**[21]**	1,050,000	1,510,000
Repayments of lease liabilities	**[23]**	(339,079)	(281,210)
Repayments of promissory notes	**[14]**	(1,111,772)	(510,641)
Repayments of credit facilities	**[13]**	(2,704,491)	(5,210,872)
Proceeds from government loans	**[14]**	—	40,000
Cash provided by financing activities		14,608,132	2,946,903
Net foreign exchange difference		(515,126)	(17,686)
Net (decrease) increase in cash and cash equivalents		(897,872)	1,049,134
Cash and cash equivalents, beginning of the period		2,342,915	1,293,781
Cash and cash equivalents, end of the period		1,445,043	2,342,915
Less: Cash - restricted, end of the period		(258,353)	(29,738)
Cash and cash equivalents, end of the period		1,186,690	2,313,177
Supplemental cash flow information			
Non-cash investing and financing activities:			
Issuance of common shares to CEO for accrued bonuses		—	3,800,000

See accompanying notes

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 15 months ended December 31, 2022 and 12 months ended September 30, 2021

1. Corporate information

Everyday People Financial Corp. (the "Company or EP Financial") (formerly Justify Capital Corp.) incorporated in British Columbia, Canada, has its registered office at Suite 450, 11150 Jasper Ave Edmonton, Alberta T5K 0C7. EP Financial is a financial services company founded on the belief that everyone deserves access to affordable credit and the opportunity for homeownership. Through its technology driven ecosystem and specialty credit solutions, the Company manages credit and prepaid card programs, homeownership facilitation and payment management services. The Company's mission is to help their clients be their best financial selves with credit products and services that help everyday people add value to their everyday lives from its business lines.

On August 31, 2022, the Company completed a Reverse Takeover (the "RTO") by way of a three-cornered amalgamation pursuant to which Everyday People Financial Inc. amalgamated with a subsidiary of Justify Capital Corp. ("Justify"). The amalgamation was completed pursuant to the terms and conditions of the Business Combination Agreement dated December 6, 2021. In connection with the amalgamation, Justify changed its name effective August 31, 2022 from Justify Capital Corp. to Everyday People Financial Corp. ("Resulting Issuer"). The symbol for the common shares of the Resulting Issuer was changed from "JST" to "EPF" on the TSX Venture Exchange ("TSXV") and started trading on September 8, 2022.

The Company changed its fiscal year-end from September 30 to December 31, and this is the financial reporting period adopting the new year-end date, to align with the financial reporting of most public issuers. The financial statements are therefore consolidated financial statements for the 15 months ended December 31, 2022, compared to the 12 months ended September 30, 2021.

The Company's consolidated financial statements include EP Financial, its subsidiaries, and joint ventures as follows:

Company		Place of Incorporation	Date of Acquisition, Incorporation, or Amalgamation	Effective Interest
Everyday People Financial Ltd. ("**EP UK**")	[1]	United Kingdom	October 1, 2018	100%
iKort ehf. ("**iKort**")	[2]	Iceland	October 1, 2018	51%
Everyday People Prepaid Card Inc. ("**EP Prepaid Card**") (formerly EP Ventures Inc.)	[3]	Canada	April 1, 2019	100%
BPO Collections Limited ("**BPO**")	[4]	United Kingdom	May 2, 2019	100%
Everyday People Homes Inc. ("**EP Homes**")	[5]	Canada	September 30, 2019	100%
EP Card ehf.	[6]	Iceland	October 1, 2019	71%
Newt Kiosks, S.A. DE C.V. ("**Newt Kiosks**")	[7]	Mexico	June 18, 2021	49%
EP Security Capital Inc. ("**EP Security**")	[8]	Canada	June 24, 2021	100%
Climb Credit Inc. ("**Climb**")	[9]	Canada	June 30, 2021	100%
Everyday People Care Inc. ("**EP Care**")	[10]	Canada	September 2, 2021	100%
EP Travel Card Inc. ("**EP Travel**")	[11]	Canada	February 14, 2022	100%
Smart Everyday People Inc. ("**SEP**")	[12]	Canada	May 18, 2022	50%
General Credit Services Inc. ("**GCS**")	[13]	Canada	December 30, 2022	100%

[1] On October 1, 2018, the Company acquired 100% of the shares of EP UK, incorporated in Scotland, UK on June 16, 2017. The purpose of the acquisition was to offer the Company's credit products in UK.

[2] On October 1, 2018, the Company acquired 51% of the shares of iKort, incorporated in Iceland on February 7, 2013. The primary reason for the business acquisition was to offer a pre-paid, and international e-money card in Iceland. The purchase price consideration of $46,728 was paid for the acquisition of iKort, which has minimal operational activity, and no material assets and liabilities. On March 3, 2019, BPO Innheimta ehf. ("BPO ehf") was incorporated in Iceland and iKort has 45% interest in BPO ehf. BPO ehf. was subsequently sold on December 10, 2020.

[3] On April 1, 2019, the Company acquired 100% of the shares of EP Prepaid Card incorporated in Alberta, Canada on December 17, 2015. EP Prepaid Card. was previously known as EP Ventures Inc., Everyday People Leasing Inc., and Everyday People Talent Inc. The primary reason for the business acquisition was to issue cards in specific industries and this subsidiary has no operational activity, and no material assets and liabilities.

[4] On May 2, 2019, the Company acquired 100% of the shares of BPO, incorporated in Scotland, UK on January 11, 2006. BPO is a leading debt collection company in Ayrshire, Scotland, providing a full range of collections services on behalf of several blue-chip clients across the UK. BPO had common shareholders and the primary reason for the business acquisition was to bring the management, the related intangible assets including customer relationships and trade names, and the property and equipment of BPO under one company.

[5] On September 30, 2019, the Company acquired 100% of the common shares of EP Homes, previously known as Bridge to Homeownership Investments Ltd., and all of its subsidiaries ("EP Homes Subsidiaries"). EP Homes was incorporated in Alberta, Canada on July 11, 2017. The primary reason for the acquisition was to bring EP Homes' homeownership program under EP Financial with the vision of EP Financial as a vertically integrated platform to serve the financial needs of everyday people.

EP Homes Subsidiaries are as follows:

- EP Homes I Inc. ("EP Homes I"): EP Homes I, previously known as EAM Real Estate Investments Holdings Ltd. was incorporated in Alberta, Canada on December 6, 2016. EP Homes I is a Special Purpose Vehicle ("SPV") for EP Homes where a portion of EP Homes' inventory is held.
- EP Homes II Inc. ("EP Homes II"): EP Homes II, previously known as EAM Enterprises II Inc. was incorporated in Alberta, Canada on September 26, 2017. EP Homes II is a SPV for EP Homes where a portion of EP Homes' inventory is held.
- EP Homes III Inc. ("EP Homes III"): EP Homes III, previously known as EAM Enterprises III Inc. was incorporated in Alberta, Canada on March 1, 2018. EP Homes III is a SPV for EP Homes where a portion of EP Homes' inventory is held.
- EP Homes IV Inc. ("EP Homes IV"): EP Homes IV, previously known as EAM Enterprises IV Inc. was incorporated in Alberta, Canada on June 21, 2018. EP Homes IV is a SPV for EP Homes where a portion of EP Homes' inventory is held.

[6] On October 1, 2019, the Company acquired 71% of the shares of EP Card ehf., incorporated in Iceland on February 27, 2019. This subsidiary has minimal operational activity, and no material assets and liabilities. EP Card ehf. owns 100% interest in EP Hungary kft. ("EP Hungary"). EP Hungary has minimal operational activity, and no material assets and liabilities.

[7] On March 23, 2021, the Company signed a binding letter of intent for 49% joint venture partnership with Newt Corporation ("Newt") to jointly own Newt Kiosks to own asset purchased by Newt from QPAGOS. Subsequently, on June 18, 2021, Newt Kiosks was incorporated and the Company acquired 49% interest in Newt Kiosks. On March 31, 2022, the Company sold its interest in Newt Kiosks to Newt.

[8] On June 24, 2021, the Company incorporated EP Security in Canada. The Company owns 100% interest in EP Security. EP Security provides growth funding to the home security dealers with limited access to traditional lending sources.

[9] On June 30, 2021, the Company acquired 100% of the shares of Climb, incorporated in Canada. The primary reason for the acquisition was to leverage the customer base, relationships and credit building products of Climb to EP Financial's customer base *[note 5]*.

[10] On September 2, 2021, the Company incorporated EP Care in Canada. The Company owns 100% interest in EP Care. EP Care provides a unique program that offers everyday people an affordable path to immediate health care and wellness services by utilizing EP's "seller-secured financing" program.

[11] On February 14, 2022, the Company incorporated EP Travel in Canada. The Company owns 100% interest in EP Travel. EP Travel partners with travel agencies and airlines across Canada to help everyday people manage expenses and make payments while travelling abroad.

[12] On May 18, 2022, the Company incorporated 14049888 Canada Inc. in Canada. On July 5, 2022, 14049888 Canada Inc.'s name was changed to Smart Everyday People Inc. The Company owns 50% interest in SEP. SEP is a joint venture between EP Care and Smart Employee Benefits Inc. The joint venture's focus is to provides financial products in the health care industry that provides access to health care spending accounts through a Everyday HSA virtual MasterCard program.

[13] On December 30, 2022, the Company acquired 100% of the shares of GCS incorporated in Canada. GCS is a provider of professional client management solutions executing debt collection services in Canada. The primary reason for the business acquisition was to leverage the customer base, relationships and collection services of GCS to provide EP Financial services.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Company's board of directors on May 1, 2023.

2. Basis of presentation and going concern

Statement of compliance

The consolidated financial statements of the Company for the 15 months ended December 31, 2022 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 consolidated financial statements were based on IFRS issued and outstanding as at December 31, 2022.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments, which are measured at fair value *[note 20]*. The consolidated financial statements are prepared in Canadian dollars, which is the Company's functional currency, and all amounts are rounded to the nearest dollar, except when otherwise indicated.

Basis of consolidation

These consolidated financial statements include the financial position and operating results, if any, of the Company and its wholly owned subsidiaries: BPO, EP UK, iKort, Climb, EP Care, EP Security, EP Travel, SEP, GCS, EP Homes and EP Homes' subsidiaries (collectively the "Subsidiaries"). The Subsidiaries are entities controlled by the Company.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All intercompany transactions and balances amongst consolidated entities have been eliminated in the consolidated financial statements.

Going concern

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business as they come due. The Company has recurring net losses, has a deficit and negative cash flows from operations. The Company incurred net loss of $45,686,749 (September 30, 2021 - $4,934,301) for the 15 months ended December 31, 2022, including listing expenses, impairment losses, depreciation and amortization expense, and professional fees related to going public, deficit of $58,760,078 as at December 31, 2022 (September 30, 2021 - $13,073,329) and cash used in operating activities of $8,876,636 for 15 months ended December 31, 2022 (September 30, 2021 – cash used in operating activities of $364,576). These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern and otherwise execute its business strategies.

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon various risks and uncertainties affecting the Company's future financial position and its performance including, but not limited to:

- Its ability to raise adequate equity and debt capital;
- Its ability to execute the business plan of achieving net profits in place of losses in some of the operating segments; and,
- Its ability to execute on business program that result in a performance which exceed debt covenant requirements related to EP Homes debt *[note 13]*.

Management is actively working to achieve positive cashflows and is considering various financing opportunities, the Company in 2022:

- Completed an equity capital raise of $4.6 million in January 2022 *[note 17]*;
- Raised and converted $3,484,500 of convertible debentures including interest into equity upon completion of the RTO *[note 21]*;
- A Canadian bank increased the loan facility from $4 million to $10 million in December 2021, and on March 31, 2022, amended the $10 million credit arrangement from due on demand to a term loan with a maturity date of April 4, 2024 *[note 13]*;
- Received $7 million in unsecured medium-term notes from EAM, principal shareholder, as of December 31, 2022 *[note 12]*;
- Entered into a new credit arrangement of $15 million revolving line of credit with KV Capital Inc. ("KV Capital") on November 1, 2022 *[note 13]*; and,
- Received $1.5 million from a financing broker to provide a mezzanine financing facility for EP Homes financing *[note 34]*.

Failure to implement the Company's business plan and raise sufficient capital could have a material adverse effect on the Company's financial condition and/or financial performance. There is no assurance that the Company will be able to raise additional capital as they are required in the future. Accordingly, there are material risks and uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not include any adjustments that would be necessary if the going concern assumption were not appropriate. Failure to continue as a going concern would require adjustments to assets and liabilities, the reported revenues and expenses, and statement of financial position classifications used, which could differ materially from the going concern basis.

Management judgment and estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the application of policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and further periods if the review affects both current and future periods. Critical accounting judgments are made in respect of accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Judgment of EP homes inventory

The Company holds numerous residential properties to facilitate its EP Homes program. The Company has determined that inventory is the appropriate accounting standard to record the residential properties because the properties are held for sale in the ordinary course of business. The ordinary course of business is to assist the client in purchasing the property through the Company's EP Homes program.

The Company carries its EP Homes inventory at the lower of cost and net realizable value. The Company's management estimates the net realizable value based on the independent appraisals.

Judgment of control

Assessment of control of the Subsidiaries was conducted in accordance with IFRS 10: Consolidated Financial Statements. For all consolidated subsidiaries, the Company has power over the investees as the Company owns more than 50% interest in the Subsidiaries and controls all rights of the investees. The Company also has the rights to variable returns from its involvement with the Subsidiaries. The returns are based on the Subsidiaries' performance. Also, the Company has the ability to use its authority to make operational decisions that would impact the Company's return from the Subsidiaries.

Judgment of loan collectability

The Company's management used their judgment to assess the collectability of the outstanding loan receivable. The Company considers the borrower high risk, therefore, the Company's management used a discount rate of 30% to estimate the recoverability of the loan receivable.

Judgment of operating segments

The Company's management used their judgment to conclude the Company has four reportable operating segments. The Company's Chief Operating Decision Maker ("CODM") monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Judgment of impairment of non-financial assets

Assessment of impairment triggers are based on management's judgment of whether there are sufficient internal and external factors that would indicate an asset or cash generating unit ("CGU") is impaired, or any indicators of impairment reversal. The determination of the Company's CGUs is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Judgment of measurement of investments

When the fair values of investments recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using alternative valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial statements.

Judgment of the impact of COVID-19

As a result of measures enacted during fiscal 2022 to combat the COVID-19 pandemic, increased uncertainty surrounding global economic conditions and business impacts have occurred. The Company has reviewed its estimates, judgments and assumptions used in the preparation of its consolidated financial statements, including the determination of whether indicators of impairment exist for its tangible and intangible assets, including goodwill, estimated losses on revenue from fixed-fee arrangement contracts, the credit risk of its counterparties, and the estimates and judgments used for the measurement of its deferred tax assets.

The potential impacts of the surrounding global economic uncertainties on the Company's operations and financial conditions and on overall customer demand, may require revisions in future periods to estimates and assumptions. Although management expects COVID-19 related disruptions to continue beyond fiscal 2022, it believes that the Company's long-term estimates and assumptions do not require further revisions, however management continues to monitor and evaluate the situation and its impact on the Company's business.

Judgment of the impact of Brexit

The UK's withdrawal from the European Union ("EU") took place on January 31, 2020 ("Brexit"). Brexit has created uncertainty about the future relationship between the UK and the EU. With formal trade deal negotiations finally approved in April 2021, there still remains uncertainty about the scope of such arrangements in the Company's business.

Two of the Company's subsidiaries are incorporated in the UK have significant operations and a substantial workforce within the country. The Company enjoys certain benefits based on the UK's membership in the EU, and the lack of clarity around the future relationship between the UK and EU creates uncertainty that may have a material impact on the Company's business and operations. The Company may also be required to incur additional expense as it adapts to the new political and regulatory environment. The management has taken steps and enacted plans to ensure that the Company is able to operate our business in the normal course following Brexit. Additionally, Brexit has the potential to adversely affect global economic conditions and the stability of global financial markets, which in turn could have a material adverse effect on the Company's business, financial condition, and results of operations.

Estimate of fair value of warrants

The fair value of the warrants is estimated on the date of issuance using the Black-Scholes valuation model. Estimating fair value for warrants requires determination of the most appropriate valuation model, which depends on the terms and conditions of the warrant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the warrants, volatility, dividend yield, and share price and making assumptions about them. Expected volatility is based on a weighted average of the historical volatility of the common stock of several entities with characteristics similar to those of the Company. The Company will calculate and weigh its own volatility more heavily as more of its own historical stock price information become available. The Company does not subsequently remeasure the fair value of warrants classified as equity instruments.

The assumptions and model used for estimating fair value for warrants are disclosed in note 17.

Estimate of fair value of options, restricted share units ("RSUs") and share-based compensation

The fair value of the equity settled stock options to employees and other providing similar services are determined by using the Black-Scholes valuation model. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option, volatility, expected dividend yield and the risk-free rate. Variation in actual results of any of these inputs will result in a different value of the stock option realized from the original estimate.

The fair value of the equity settled RSUs are determined using the market value on the grant date, which is the closing trading price on the grant date.

The cost of the equity-settled transactions is charged to net income, with a corresponding increase in reserves over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has elapsed and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense for a period is recognized in share-based compensation expense in the consolidated statements of loss.

The assumptions and model used for estimating fair value for equity settled stock options are disclosed in note 17.

Estimate of the recoverability of non-financial assets

The Company's estimate of the recoverable amount for the purpose of impairment testing requires management to make assumptions regarding future cash flows before taxes. Future cash flows are estimated based on budgets and a terminal value calculated by discounting the final year in perpetuity. The future cash flows are then discounted to their present value using an appropriate discount rate.

Estimate of fair value of common shares

Pre-RTO, the fair value of the common shares were estimated on the management's assessment of the Company's performance and the common share issuance price to shareholders, including third party common share issuance.

Post-RTO, the fair value of the common shares are estimated according to the quoted price on the day of the conclusion of the agreement.

Estimate of purchase price allocation and valuation of goodwill

In applying its accounting policy for business acquisition, tangible and intangible assets acquired through business combinations are initially recorded at their fair values based on assumptions of management. The Company assigns value to intangible assets in accordance with IFRS and making estimates based on factors such as significant changes in technological, market, economic or legal environment, business and market trends, future prospects, current market value and other economic factors. The difference in the purchase price paid and assets acquired is recognized as goodwill. The difference arises due to the economic value of the expertise of the workforce acquired and other assets that do not meet the criteria for separate recognition per IFRS. Actual results could differ significantly from these estimates. IFRS 3 requires management to determine whether the acquisition meets the definition of a business combination. Judgment is involved in determining whether the Company obtained control over the acquiree. IFRS 3 also requires management to determine whether the acquisitions are one of common control. Judgment is involved in determining if the acquiree is controlled by the same group of individuals before and after the acquisition.

Estimate of useful life of property and equipment and intangible assets

Estimated useful lives of property and 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 the significant amount of intangible assets of 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 at the end of each reporting period.

Estimate of incremental borrowing rate for leases

In cases where the Company cannot readily determine the interest rate implicit in the lease, the Company uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Estimate of income taxes

The Company is subject to income tax in various jurisdictions. Significant judgment is required to determine the consolidated tax provision. The tax rates and tax laws used to compute income tax are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities that are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities.

Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the consolidated statements of financial position, a charge or credit to income tax expense in the consolidated statements of loss and other comprehensive loss and may result in cash payments or receipts.

All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital or commodity tax provisions in the future. The amount of such change cannot be reasonably estimated.

3. Summary of significant accounting policies

Revenue recognition

The Company's revenue is comprised of the following revenue streams:

- EP Homes facilitation services, includes lease payments, and the sales price upon the sale of EP Homes inventory to the client. Lease payments are recognized on a monthly straight-line basis over the executed lease term with the clients. Revenue from the sale of inventory is recorded at point in time the sale of the property to the customer, which is also the date the legal title of the property is transferred to the client. The transaction price for recording property sale revenue is the sale price per the executed sale agreement. Monthly savings contribution revenue is recorded at point in time when the client either executes its purchase option to acquire the home or the customer forfeits their option to purchase the home. Monthly savings contribution revenue is collected from the client every month along with lease payments. Until the client executes or forfeits the purchase option, the saving contribution is accounted for as deferred revenue. Upon maturity of the contract inclusive of any extension, the accumulated saving contribution is accounted as revenue.

- Collection services revenue is recognized at the point in time when the Company collects and receives the funds from customers on behalf of their clients. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transfer price needs to be allocated. In determining the transaction price for the collection services, the Company considers the effects of variable consideration (if any) in clients' contracts and is typically part of a tender pricing process.

- Financial services revenue consists of card fee revenue, interchange revenue, and interest revenue. Card fee revenue is charged to the cardholder and is recognized monthly. Interchange revenue is a fee received by the Company from the card issuing bank and is based on cardholder purchase volumes. Interchange revenue is recognized at the time the cardholder executes a transaction using the Company's card. Interest revenue represents interest on credit products and consumer loans and are recognized on an effective interest rate calculation basis during the period and is recognized monthly.

- Loan participation revenue on savings and proposal loans is deferred and are amortized into revenue over the term of the loan agreements.

- Application or administrative fees to approve clients for EP Care services are recognized at the time of approving the client of EP Care services.

- EP Security's revenue is comprised of contract revenue. Since EP Security does not have a contract in place with the customer, the revenue from the purchased service agreements falls outside the scope of IFRS 15. The revenue from purchased service agreements is recorded in accordance with *IFRS 9 - Financial Instruments.* The purchased service agreements are recorded as a financial asset at amortized cost and revenue is recognized over the term of the contracts using the Effective Interest Method.

EP Homes inventory

EP Homes inventory is comprised of the residential properties that are held for sale in the Company's EP Homes program. EP Homes inventory is valued at the lower of cost and net realizable value. Initial cost of EP Homes inventory includes legal fees related to the purchase of the respective property.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The current portion and non-current portion of EP Homes inventory is determined based on the maturity date of the executed lease agreement on each respective property.

Intangible assets

Intangible assets acquired and internally generated intangible assets that meet the criteria for recognition are measured on initial recognition at cost. Intangible assets with finite lives are amortized over their estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Following initial recognition, finite life intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The Company's intangible assets are amortized over their estimated useful lives, which may be less than their legal life. The Company commences amortization for the assets when they are available for use. Amortization of intangible assets are recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets, as follows:

	Rate
Licenses, rights and technology	5-10 years straight line
Customer relationships	9 years straight line
Trade name	Indefinite

The amortization period is reviewed at each financial year-end. 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 treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of loss and comprehensive loss. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the consolidated statements of loss and comprehensive loss when the asset is derecognized.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value. Acquisition-related costs are expensed as incurred and included in professional fees in the consolidated statements of loss and comprehensive loss. When the Company acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any excess of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the consideration transferred below the fair value of the net assets acquired is recorded as a gain in the consolidated statement of comprehensive income. The business combination performed with related parties are also measured at the acquisition date fair value.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquiree at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs or group of CGUs based on the level at which management monitors it. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Share-based payments

Stock Option Plan

Equity-settled share-based payments are measured at fair value, excluding the effect of non-market-based vesting conditions, at the date of grant. Fair value is estimated using the Black-Scholes option pricing model and requires the exercise of judgment in relation to variables such as expected volatilities which are based on information available at the time the fair value is measured.

The cost is recognized in the consolidated statements of loss and comprehensive loss, together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statements of loss and comprehensive loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Common Shares

Prior to becoming a publicly traded company, the Company issued shares to employees, consultants, and advisors in lieu of cash payment with respect for compensation of services provided. The shares were issued from treasury at fair market value and recorded as share-based compensation expense in the consolidated statement of loss and comprehensive loss and the corresponding side in common shares. The fair market value of the common shares is determined based on the most recent private placement of capital.

Restricted share units

The Company accrued share-based compensation expense for each restricted share unit at the market value at the last day of the month and is recognized over the term of the vesting period, with a corresponding credit to reserves. Share-based compensation expense is recorded for restricted share units committed and outstanding but not granted. The compensation expenses are revalued with the fair market value of one common share at the date of the grant. The initial grant of RSUs to directors upon completion of the RTO are valued at the closing price of the first trading day.

Common shares

The Company raises capital by issuance of a unit which is comprised of one common share and warrants. Common shares and warrants are classified as equity. The cash received less the fair value of the warrants is recorded in the common shares. The fair value of the warrants issued is estimated using the Black-Scholes model. Share issuance costs directly attributable to the issuance of units are recognized as a reduction to shareholder equity, net of any tax effects.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

a) The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

b) Right-of-use assets

The Company recognizes right-of-use assets at the commencement of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets are initially recognized at the present value of the lease payments. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

c) *Lease liabilities*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease at the lease commencement. If the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate at the lease commencements. After the commencement date, the amount of lease liabilities is increased to reflect accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

d) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

e) *The Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of loss and comprehensive loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amounts of the lease asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Fair value measurements

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments and all other financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Government grants and assistance

Government grants are recognized at their fair value in the period when there is reasonable assurance that the conditions attaching to the grant will be met and that the grant will be received. Grants are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate. When the grant relates to an asset, it is recognized as income over the useful life of the depreciable asset.

Cash and cash equivalents

Cash and cash equivalents comprises of cash and bank balances. Restricted cash is comprised of cash balances in bank accounts which are utilized for specific purposes such as loading cash on secured cards, settlement of transactions and use of customers rebuilding process and are not available for general operation use.

Cash – restricted

EP Financial collects payments from customers to hold in trust as security for their secured card. These funds are not available for operating use by EP Financial.

Foreign currency

Functional and presentation currency

The Company determines its functional currency based on the currency of the primary economic environment in which it operates. The Company's functional and presentation currency is the Canadian dollar ("CAD"), while the functional currencies of its subsidiaries are as follows:

Company	Functional Currency
EP UK	British pound
IKort	Icelandic krona
EP Ventures Inc.	Canadian dollar
BPO	British pound
EP Homes	Canadian dollar
EP Card ehf.	Icelandic krona
EP Security	Canadian dollar
Climb	Canadian dollar
EP Care	Canadian dollar
EP Travel	Canadian dollar
GCS	Canadian dollar

The effects of changes of the exchange rates are accounted in other comprehensive income or loss ("OCI").

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the consolidated statements of financial position date. Non-monetary items measured at historical cost are translated using the exchange rates prevailing on the transaction date. Revenue and expenses are translated at the exchange rate in effect at the time the transaction occurred. Exchange gains or losses resulting from these translations are reflected in the consolidated statements of loss and comprehensive loss.

Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated at into Canadian dollars at the exchange rate prevailing at the reporting date, retained earnings are converted at the exchange rate prevailing at the last reporting date and the consolidated statement of loss and comprehensive loss are translated at respective month end using average monthly exchange rates. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit of loss.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of property and equipment includes the cost of materials and direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use, including borrowing costs.

Depreciation is calculated over the depreciable amount, which is the cost of the asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets or reducing balance, as follows:

Furniture & fixtures	Straight-line	5 years to 7 years
Computer equipment	Straight-line	2 years to 7 years
Signage	Straight-line	5 years
Improvements to property	Straight-line	Over term of lease
Motor vehicles	Reducing balance	25%

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Investment in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the change in the Company's share of net assets of the associate or joint venture since acquisition date.

The consolidated statement of profit of loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Company recognizes its share of the changes, when applicable, in the statement of changes in equity. Unrealized gains or losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate of joint venture.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The Company stops using the equity method once the investment value reaches zero.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit or loss of an associate and a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investments and proceeds from disposal is recognized in profit or loss.

Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that its non-financial assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Company conducts impairment testing on its goodwill and intangible assets with indefinite useful lives annually as at December 31st and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company determines the fair value of each CGU to which goodwill and intangible assets are allocated using the value-in-use method. The intangible assets and goodwill are recorded at the higher of value-in-use and fair value less costs. The determination of the recoverable amount involves estimates and assumptions of future revenues, product margins, market conditions, and appropriate discount rates.

Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value including related transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15, Revenue from Contracts with Customers. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, which is the Company's business model. This assessment is referred to as the SPPI test and is performed at an instrument level. All financial liabilities are recognized initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Measurement in subsequent periods depends on whether the financial instrument has been classified as: (i) financial asset at fair value through profit or loss, (ii) financial assets at fair value through other comprehensive income, (iii) financial assets at amortized cost, (iv) financial liabilities at fair value through profit or loss, or (v) financial liabilities at amortized cost.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are non-derivative financial assets which are classified as such if the following conditions are met: (i) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method, less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statements of loss and comprehensive loss. Any losses arising from impairment are recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities at amortized cost

Financial liabilities at amortized cost generally include interest-bearing loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of loss and comprehensive loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Transaction costs are combined with the fair value of the financial liability on initial recognition and amortized using the EIR method.

Financial liabilities at fair value through profit or loss ("FVTPL")

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or if it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Derecognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Company transfers its contractual rights to receive cash flows without retaining control or substantially all the risks and rewards of ownership of the asset, or the Company enters into a pass-through arrangement. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially different, such an exchange or substantial modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of loss and comprehensive loss.

Impairment of financial instruments

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Income taxes

Income tax expense comprises current and deferred income tax. Current tax and deferred income tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive loss. 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 adjustments to tax payable in respect of previous years. Taxable earnings differ from earnings as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in years other than the current reporting period or items that are never taxable or deductible.

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 liabilities are not recognized for taxable temporary differences arising on the initial recognition of goodwill or an asset or liability in a transaction that is not part of a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against with the temporary differences can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Research and development costs

The Company capitalizes costs for product development projects when certain criteria are met. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

This amount includes significant investment in the development of a credit, secured and prepaid card program and loan management system with a Schedule 1 Canadian Chartered Bank.

Loss per share

Loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted number of common shares outstanding during the period. Potential common shares (convertible securities such as convertible debentures, options and warrants) are only included in the computation of diluted earnings per share when their conversion decreases earnings per share or increases loss per share. Potential common shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Customer funds and customer payables

BPO and GCS collect payments on behalf of its customers. The funds belong to the clients and are not available for operating use by BPO and GCS. Customers are invoiced at various intervals and paid accordingly. The source of payments received are not always known and may include overpayments. The funds from overpayments remain in the bank account until they can be traced and applied to the correct account or refunded.

EP Care collects payments on behalf of its clients. Payments collected include principal and interest. The principal collected net of administration fees and interchange fees belong to the clients and are not available for operating use by EP Care.

Climb collects loan payments from customers and reports payments to the credit bureau to increase credit rating of clients. These amounts, net of fees and interest charged by Climb are to be returned to the customer, therefore, these are not available for operating use by Climb.

EP Travel's partner collects funds from the cardholder and applies the funds towards the cardholder's prepaid card. These amounts are applied to the credit limits of the cardholders.

Customer deposits

EP Homes collects security deposits from its customers, which are held in-trust. EP Homes has an obligation to refund the security deposits to its customers upon maturity of the lease agreement, subject to the customer being in good standing and no damage is done to the property occupied by the customer.

Convertible debentures

Convertible debentures include both liability and equity components associated with the conversion option. The liability component of the convertible debentures is initially recognized at fair value determined by discounting the future principal and interest payments at the rate of interest prevailing at the date of issue for a similar non-convertible debt instrument.

The equity component of the convertible debentures is initially recognized at fair value determined as the difference between the gross proceeds of the convertible debt issuance less the liability component and the deferred tax liability that arises from the temporary difference between the carrying value of the liability and its tax basis. The equity component is allocated to contributed surplus within shareholders' equity. Directly attributable transaction costs related to the issuance of convertible debentures are allocated to the liability and equity components on a pro-rata basis, reducing the fair value at the time of initial recognition.

New accounting standards not yet adopted

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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[expressed in Canadian dollars]

4. Reverse takeover

On August 31, 2022, the Company entered into an Amalgamation Agreement (the "Amalgamation Agreement") with Justify, a Canadian public company listed on the TSXV, in relation to the Company amalgamating (the "Amalgamation") with a subsidiary of Justify (the "Subco").

The Amalgamation was completed by the way of a three-cornered amalgamation, whereby the Company amalgamated with the Subco and holders of the shares of the Company received common shares of the Resulting Issuer ("Resulting Issuer Common Shares") as consideration. Pursuant to the Amalgamation Agreement, the holders of the common shares of the Company ("EP Common Shares") received Resulting Issuer Common Shares in exchange for their EP Common Shares at a ratio of 1 Resulting Issuer Common Share for 1 EP Common Share.

Upon completion of the Amalgamation, all of the Company's outstanding options, warrants and other securities exercisable or exchangeable for, or convertible into, and any other rights to acquire EP Common Shares were exchanged for securities exercisable or exchangeable for, or convertible into, or other rights to acquire Resulting Issuer Common Shares. Immediately following the completion of the Amalgamation, the former security holders of the Company owned approximately 97% of the Resulting Issuer Common Shares, on a fully diluted basis; accordingly, the former shareholders of the Company as a group, retained control of the Resulting Issuer, and while Justify was the legal acquirer of the Company, the Company was deemed to be the acquirer for accounting purposes. As Justify did not meet the definition of a business as defined in IFRS 3 – Business Combinations ("IFRS 3"). The acquisition is not within the scope of IFRS 3 and is accounted for as a share-based payment transaction in accordance with IFRS 2 – Share-based Payments ("IFRS 2").

Justify did not carry on a business, therefore, there is no material impact on the Resulting Issuer's financial performance and cash flow. These consolidated financial statements represent the continuance of the Company and reflect the identifiable assets acquired and the liabilities assumed of Justify at fair value. Under IFRS 2, the transaction is measured at fair value of the common shares deemed to have been issued by the Company in order for the ownership interest in the combined entity to be the same as if the transaction had taken the legal form of the Company acquiring 100% of Justify. Any difference between the fair value of the common shares deemed to have been issued by the Company and the fair value of Justify's identifiable net assets acquired and liabilities has been recorded as a listing expense.

In accordance with IFRS, the consideration for the Amalgamation has been calculated using the more reliably measurable of the acquisition-date fair value of the acquiree's equity interests. The Company has determined that the fair value of the Company's shares is more reliably measurable than the fair value of the Justify shares because of the limited trading activity of Justify and the recent private placement *[note 17]* of the Company's shares, which have been used to estimate the fair value of the Resulting Issuer Common Shares. The consideration for the acquisition has been calculated as $3,406,335 and is based on the fair value of the number of shares and options that the Company issued to the shareholders and option holders of Justify to give the shareholders and option holders of Justify the same percentage equity interest in the combined entity that resulted from the Amalgamation.

The following table summarizes the allocation of the purchase price consideration to the assets acquired, based on the fair values:

	Amount $
Fair value of deemed issuance of Justify's shares [1]	3,097,584
Fair value of deemed issuance of Justify's options [2]	231,542
Fair value of deemed issuance of Justify's warrants [3]	77,209
	3,406,335
Net assets (liabilities) of Justify [4]:	
Cash and cash equivalents	49,305
Trade payables	(24,003)
Listing expenses [5]	3,381,033
	3,406,335

[expressed in Canadian dollars]

[1] The Company is deemed to have issued 3,360,000 shares to acquire Justify. The purchase price consideration is calculated as 3,360,000 multiplied by the Resulting Issuer Common Share fair value of $0.9219. The Resulting Issuer fair value of $0.9219 is calculated based on a recent private placement of units of the Company, which each unit consists of one common share and one-half of one warrant, valued at $1.00 per share less the fair value of one-half of one warrant of $0.0781.

[2] The fair value of Justify's 300,000 outstanding options has been estimated as $231,542 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1.09%
Expected volatility	45%
Expected dividend yield	0%
Expected forfeiture rate	0%
Fair value of Resulting Issuer Share	$0.9219
Exercise price of the options of Justify	$0.15
Expected term of the options of Justify	3 years

[3] The fair value of Justify's 100,000 outstanding warrants has been estimated as $77,209 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1.09%
Expected volatility	31%
Expected dividend yield	0%
Expected forfeiture rate	0%
Fair value of Resulting Issuer Share	$0.9219
Exercise price of the options of Justify	$0.15
Expected term of the options of Justify	2 years

[4] The carrying value of Justify's assets and liabilities have been assumed to approximate their fair values, due to their short-term nature.

[5] A listing expense of $3,381,033 has been included in statement of loss and comprehensive loss to reflect the difference between the fair value of the amount paid and the fair value of the net assets received from Justify.

5. Business combinations

General Credit Services Inc.

On December 30, 2022, the Company acquired 100% of the shares of GCS. GCS, incorporated in British Columbia, Canada, is a provider of professional client management solutions executing debt collection services and is licensed to operate in all Provinces and Territories across Canada catering to a wide variety of credit grantors and service providers including national financial institutions, debt purchasers, retail, commercial, professional services, health, telecommunications, utilities industry, and government organizations. The primary reason for the business acquisition was to leverage GCS's customer base, relationships, and collection services to provide EP Financial services.

From the date of acquisition, GCS contributed $Nil of revenue and $Nil of profit before tax from continuing operations from the Company. Per GCS's audited financial statements, if the acquisition occurred on January 1, 2022, revenue from continuing operations for the 12 months ending December 31, 2022 would have been $8,587,393 and a loss before tax from continuing operations for GCS would have been $821,687, including shareholder's compensation of $777,037.

[expressed in Canadian dollars]

The following table summarizes the final allocation of the purchase price consideration to the assets acquired as at December 30, 2022 based on their fair values:

Purchase price consideration	**Amount in CAD** $
Cash advanced to GCS [1]	**5,344,455**
Fair value of issuance of EP's shares [2]	**703,687**
Fair value of contingent consideration [3]	**535,856**
Total invested capital	**6,583,998**
Cash and cash equivalents	**92,382**
Customer funds	**407,700**
Cash-restricted	**100,000**
Trade receivables [4]	**506,953**
Prepaid expenses	**16,489**
Intangible assets [5]	**4,868,000**
Property and equipment	**11,982**
Due from related parties	**58,225**
Right-of-use asset	**149,652**
Goodwill [5]	**2,786,055**
Trade payables	**(560,864)**
Credit facilities [6]	**—**
Customer payables	**(407,700)**
Lease liabilities	**(169,588)**
Deferred tax liability [7]	**(1,275,288)**
Net fair value of assets acquired	**6,583,998**

[1] The purchase price was paid by making a partial cash payment on the closing date amounting to $5,344,455.

Analysis of cash flows on acquisition:

	Amount in CAD $
Cash paid for purchase price consideration	**(5,344,455)**
Cash acquired upon acquisition	**92,382**
Net cash flow on acquisition	**(5,252,073)**

[2] The Company issued 1,781,485 EP common shares. The fair value of the common shares issued is calculated based on the 1,781,485 EP common shares multiplied by the closing price of EP's common shares of $0.395 on December 30, 2022.

[3] Per the Purchase Agreement with GCS, a contingent consideration has been agreed. The Company is required to issue additional 1,781,485 EP common shares to GCS shareholders if GCS' Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is equal to or greater than $1,781,485 in any one year before December 31, 2025. The fair value of the contingent consideration was estimated to be $535,856, using the discounted cash flow ("DCF") method.

The forecasts for GCS show that it is highly probable that the target EBITDA of $1,781,485 will be achieved due to the significant expansion of the business and the synergies realized. The fair value of the contingent consideration is determined by discounting the future payment to the present value. The key valuation inputs used were:

- The Company's weighted average cost of capital of 20.19%;
- Closing share price of $0.395; and,
- Discount period of 3 years.

[expressed in Canadian dollars]

[4] Trade receivables is made of the following:

	December 31, 2022
	$
Gross trade receivables	**513,251**
Expected credit losses	**(6,298)**
Trade receivables, net	**506,953**

[5] Goodwill amounting to $1,149,216 is related to the synergies resulting from the acquisition, the economic value of the expertise of the workforce as well as intangible assets that do not meet the criteria for separate recognition and is not deductible for tax purposes, and $1,275,288 is related to deferred tax liabilities.

Intangible assets consist of:

	Amount in CAD
	$
Customer relationships	**2,469,000**
Licenses, rights and technology	**1,358,000**
Trade name	**1,041,000**
Total intangible assets	**4,868,000**

[6] Upon the acquisition of GCS, the Company assumed two credit facilities. The details of the credit facilities are as follows:

- GCS has an operating line of credit to a maximum of $100,000 with a Canadian bank, of which $Nil has been drawn as at December 31, 2022. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property of GCS and cash collateral of $100,000 against the guaranteed investment certificates held by GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, GCS is in compliance of the financial covenants.

- GCS has an operating line of credit to a maximum of $150,000 with a Canadian bank, of which $Nil has been drawn as at December 31, 2022. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property of GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, GCS is in compliance of the financial covenants.

[7] The Company has recorded the following net deferred tax liability as a result of the GCS acquisition as at December 30, 2022:

	Amount in CAD
	$
Temporary differences	
Intangible assets	**(4,868,000)**
Unfavourable leases	**9,968**
Property and equipment	**45,625**
Total temporary difference	**(4,812,407)**
Expected statutory tax rate	**26.5%**
Deferred tax liability	**(1,275,288)**

[expressed in Canadian dollars]

Climb Credit Inc.

On June 30, 2021, the Company acquired 100% of the assets and operations of Climb. Climb, incorporated in British Columbia, Canada, provides various credit rebuilding tools in Canada. The primary reason for the acquisition was to leverage the customer base and credit building products of Climb and provide it to EP Financial's customer base. The Company expensed transaction costs of $64,895 for the valuation and legal fees of the Climb acquisition.

From the date of acquisition, Climb contributed $51,947 of revenue and $266,779 to loss before taxes from continuing operations of the Company in the consolidated financial statements for the year ending September 30, 2021. If the combination had taken place at the beginning of the fiscal year 2021, revenue from continuing operations would have been $324,691 and loss before tax from continuing operations for the Company would have been $1,313,716.

The following table summarizes the final allocation of the purchase price consideration to the assets acquired as at June 30, 2021 based on their fair values:

Purchase price consideration	**Amount in CAD** $
Fair value of deemed issuance of EP's shares [1]	**6,022,236**
Fair value of deemed issuance of EP's options [2]	**51,192**
Fair value of deemed issuance of EP's warrants [3]	**23,875**
Cash advanced to Climb [4]	**225,500**
Total invested capital [5]	**6,322,803**
Cash and cash equivalents	**28,217**
Customer funds	**398,429**
Trade receivables	**183,402**
Prepaid expenses	**13,545**
Right-of-use asset	**22,244**
Property and equipment	**2,042**
Trade payables	**(126,940)**
Customer payable	**(398,429)**
Deferred revenue	**(85,670)**
Lease liabilities	**(41,434)**
Government loan	**(60,000)**
Intangible assets [6]	**1,848,865**
Goodwill [6]	**4,538,532**
Net fair value of assets acquired	**6,322,803**

The purchase price consideration was calculated based on:

[1] 8,810,879 of EP shares exchanged for Climb shares based on 0.10667 exchange ratio multiplied by the fair value of EP's shares of $0.6835.

[expressed in Canadian dollars]

[2] 385,197 of EP options exchanged for Climb shares based on 0.10667 exchange ratio multiplied by the fair value EP's options of $0.1329 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1.39%
Expected volatility	67%
Expected dividend yield	0%
Expected forfeiture rate	0%
Fair value of Resulting Issuer Common Share	$0.680
Exercise price of the options	$0.6563 to $0.75
Expected term of the options	5 years

[3] 359,017 of EP warrants exchanged for Climb warrants based on 0.10667 exchange ratio multiplied by the fair value of EP warrants of $0.0665 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1.39%
Expected volatility	67%
Expected dividend yield	0%
Expected forfeiture rate	0%
Fair value of Resulting Issuer Common Share	$0.680
Exercise price of the warrants	$1.25
Expected term of the warrants	2 years

[4] The Company advanced Climb $225,500 in cash to assist with outstanding debt and to fund operating expenses.

[5] Per the amalgamation agreement with Climb, the Company is required to pay additional 10% in shares to Climb shareholders if the Company's shares are not listed on the TSX Venture Exchange ("TSXV") by December 31, 2021. A contingency does exist as at September 30, 2021 in which the Company might have to pay additional 10% in shares, however, as at September 30, 2021 there was no indication of the Company's shares not being listed on the TSXV prior to December 31, 2021. Therefore, the Company has not considered the value of the additional shares as a part of the purchase price.

[6] Goodwill amounting to $4,538,532 is relating to the synergies resulting from the acquisition, the economic value of the expertise of the workforce acquired as well as intangible assets that do not meet the criteria for separate recognition and is not deductible for tax purposes.

Intangible assets consist of:

	Amount in CAD $
Customer relationships	**90,454**
Licenses, rights and technology	**1,176,839**
Trade name	**581,572**
Total intangible assets	**1,848,865**

[7] Since Climb has losses of approximately $4.2 million, this results in a deferred tax asset. Therefore, management takes the position to not recognize the deferred tax asset.

[expressed in Canadian dollars]

6. Trade receivables

	December 31, 2022 $	September 30, 2021 $
Receivable from customers	2,368,770	1,238,178
Grant receivables [1]	—	66,098
Expected credit losses ("ECLs") [2]	(25,648)	—
	2,343,122	**1,304,276**

[1] The grant receivable balance for September 30, 2021 amounting to $66,098 (£38,602 GBP) consists of grant receivable for BPO's customer analysis project. BPO was awarded a grant from Scottish Enterprise for PTP amounting to £57,591 GBP.

[2] An allowance for expected credit loss of $25,648 was recorded as at December 31, 2022 *[note 20]*.

7. Property and equipment

Property and equipment consist of the following:

Cost	**2022**					
	As at September 30, 2021 $	**Additions [1]** $	**Acquisition of subsidiaries [2]** $	**Disposals [3]** $	**Foreign exchange differences** $	**As at December 31, 2022** $
Furniture & fixtures	88,203	1,308	11,982	—	(2,234)	99,259
Computer equipment	244,239	103,079	—	—	14,249	361,567
Signage	3,296	—	—	—	—	3,296
Improvements to property	264,043	43,202	—	—	(13,575)	293,670
Motor vehicles	58,156	99,636	—	(24,651)	(1,413)	131,728
	657,937	**247,225**	**11,982**	**(24,651)**	**(2,973)**	**889,520**

Accumulated depreciation	**2022**					
	As at September 30, 2021 $	**Depreciation [4]** $	**Acquisition of subsidiaries** $	**Disposals** $	**Foreign exchange differences** $	**As at December 31, 2022** $
Furniture & fixtures	32,120	16,559	—	—	(665)	48,014
Computer equipment	89,262	67,893	—	—	11,931	169,086
Signage	1,720	1,075	—	—	—	2,795
Improvements to property	25,842	18,858	—	—	(2,511)	42,189
Motor vehicles	25,840	28,004	—	—	(410)	53,434
	174,784	**132,389**	**—**	**—**	**8,345**	**315,518**
Net book value	**483,153**					**574,002**

[expressed in Canadian dollars]

Cost	2021					
	As at September 30, 2020 $	Additions [1] $	Acquisition of subsidiaries [2] $	Disposals [3] $	Foreign exchange differences $	As at September 30, 2021 $
Furniture & fixtures	37,365	50,413	649	—	(224)	88,203
Computer equipment	142,054	101,825	1,393	—	(1,033)	244,239
Signage	3,296	—	—	—	—	3,296
Improvements to property	263,163	2,196	—	—	(1,316)	264,043
Motor vehicles	58,426	—	—	—	(270)	58,156
	504,304	**154,434**	**2,042**	**—**	**(2,843)**	**657,937**

Accumulated depreciation	2021					
	As at September 30, 2020 $	Depreciation $	Acquisition of subsidiaries $	Disposals $	Foreign exchange differences $	As at September 30, 2021 $
Furniture & fixtures	6,265	25,945	—	—	(90)	32,120
Computer equipment	28,563	61,340	—	—	(641)	89,262
Signage	860	860	—	—	—	1,720
Improvements to property	11,159	14,988	—	—	(305)	25,842
Motor vehicles	15,152	10,841	—	—	(153)	25,840
	61,999	**113,974**	**—**	**—**	**(1,189)**	**174,784**
Net book value	**442,305**					**483,153**

[1] The property and equipment include additions of $1,309 (September 30, 2021 - $50,413) for furniture & fixture by EP Financial, $103,079 (September 30, 2021 - $101,825) for computer equipment by EP Financial, EP Security, and BPO, $43,202 (September 30, 2021 - $2,196) for improvements to property by EP Financial and GCS, and $99,636 (September 30, 2021 – Nil) for motor vehicles by BPO.

[2] The acquisition of subsidiaries relates to the acquisition of GCS on December 30, 2022 and Climb on June 30, 2021. Upon the acquisition of GCS, the Company acquired $11,982 of furniture and fixtures. Upon the acquisition of Climb, the Company acquired $649 of furniture and fixtures and $1,393 of computer equipment.

[3] The property and equipment include disposals of $24,651 (September 30, 2021 – Nil) for motor vehicles by BPO.

[4] For the 15 months ended December 31, 2022, the company recorded depreciation of property and equipment amounting to $130,577 (September 30, 2021 - $113,974).

The property and equipment are treated as security to outstanding credit facilities as at December 31, 2022, pursuant to a floating charge signed on February 10, 2017, the General Security Agreement (the “GSA”) signed on November 15, 2018, and the GSA signed in March 2021.

[expressed in Canadian dollars]

8. Goodwill

Cash Generating Unit ("CGU")	2022				
	As at September 30, 2021 $	Acquisitions of subsidiaries $	Impairment losses $	Foreign exchange differences $	As at December 31, 2022 $
EP Homes [1]	18,761,304	—	(18,761,304)	—	**—**
Climb [2]	4,538,532	—	(4,538,532)	—	**—**
UK collection services [3]	3,653,355	—	—	(167,276)	**3,486,079**
Canada collection services	—	2,786,055	—	—	**2,786,055**
Financial services [4]	1,092,047	—	(1,054,489)	(37,558)	**—**
	28,045,238	**2,786,055**	**(24,354,325)**	**(204,834)**	**6,272,134**

CGU	2021				
	As at September 30, 2020 $	Additions $	Impairment losses $	Foreign exchange differences $	As at September 30, 2021 $
EP Homes [1]	18,761,304	—	—	—	18,761,304
Climb [2]	—	4,538,532	—	—	4,538,532
UK collection services [3]	3,669,570	—	—	(16,215)	3,653,355
Financial services [4]	1,095,385	—	—	(3,338)	1,092,047
	23,526,259	**4,538,532**	**—**	**(19,553)**	**28,045,238**

Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. The Company tested goodwill for impairment as at December 31, 2022, in accordance with the policy in note 3.

[1] Due to the changes in macro-economic environment resulting in increases in interest rates, the projections for home purchases were decreased to conform with management's updated expectations. As a result, the Company tested EP Homes CGU, which is the EP Homes operating segment and conducted impairment assessment as at December 31, 2022. With EP Homes CGU's recoverable amount being lower than the carrying amount, an impairment charge over the full amount of goodwill was recorded. Any adverse changes in assumptions could result in impairment losses to intangible assets.

In assessing the goodwill for impairment, the Company compares the carrying value of the CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the period ended December 31, 2022, the Company applied the fair value method, employing discounted cash flow projections to the EP Homes CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the EP Homes CGU were based on the following key assumptions:

- Five-year projections based on management's expectations of the Company's operations.
- Estimates of revenue, EP Homes' profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate after tax of 40.00% (September 30, 2021 – 51.33%).
- Average revenue growth rate of 74.28% (September 30, 2021 – 155.35%).
- Long-term growth rate of 3.32% (September 30, 2021 – 1.51%). The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.

- Secured financing cost of 8.0% for 2023 (September 30, 2021 - 3.5%) and mezzanine debt of 12.0% in 2023 (September 30, 2021 – 7.5%). These have been updated for the current economic outlook. The revised rates reflect the increased interest rates from the Bank of Canada.
- The estimated number of homes to be purchased from January 1, 2023 to December 31, 2023 is 39.

As a result of the EP Homes CGU analysis, the recoverable amount for the EP Homes CGU is ($3,467,000), therefore, the Company recognized an impairment charge of $18,761,304 against goodwill, previously carried at $18,761,304. The impairment charge is recorded as impairment loss on goodwill in the statement of loss and comprehensive loss. The current business economics for a home remain in line with original expectations.

[2] The Company's projections for the cash flows changed as the Company's strategy shifted to focus on the collection services and EP Homes facilitation services segment. Therefore, the Company tested the Climb CGU, which is in the financial services operating segment, for impairment for the period ended September 30, 2022. With Climb CGU's recoverable amount being lower than the carrying amount, an impairment charge over the full amount of goodwill was recorded.

In assessing the goodwill for impairment, the Company compares the carrying value of the CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the period ended September 30, 2022, the Company applied the fair value method, employing discounted cash flow projections to the Climb CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the Climb CGU were based on the following key assumptions:

- Seven-year projections, excluding secured-card projections, based on management's expectations of the Company's operations.
- Estimates of revenue, Climb's profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate of 21.49% (September 30, 2021 – 27.46%).
- Average revenue growth rate of 32.87% (September 30, 2021 – 148.32%).
- Long-term growth rate of 3.17% (September 30, 2021 – 1.51%). The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.

As a result of the Climb CGU analysis, the recoverable amount for the Climb CGU is ($1,447,000), therefore, the Company recognized an impairment charge of $4,538,532 against goodwill, previously carried at $4,538,532. The impairment charge is recorded as impairment loss on goodwill in the statement of loss and comprehensive loss.

[3] The Company tested UK collection services CGU, which is part of the collection services operating segment, for impairment for the 15 months ended December 31, 2022, as required by IFRS to test for impairment annually. UK collection services CGU's recoverable amount of $29,031,000 is higher than the carrying amount, as a result, no impairment charge was recorded for the UK collection services CGU.

In assessing the goodwill for impairment, the Company compares the carrying value of the CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the period ended December 31, 2022, the Company applied the fair value method, employing discounted cash flow projections to the UK collection services CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the UK collection services CGU were based on the following key assumptions:

- Four-year projections, based on management's expectations of the Company's operations.
- Estimates of revenue, financial services' profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate of 18.05% (September 30, 2021 – 16.18%).
- Average revenue growth rate of 18.05% (September 30, 2021 – 10.73%).

[expressed in Canadian dollars]

- Long-term growth rate of 3.32% (September 30, 2021 – 1.51%). The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.
- The total revenue from operations is expected to increase by 13.18% in fiscal year 2023.

As a result of the UK collection services CGU analysis, the recoverable amount for the UK collection services CGU is $29,031,000, which is higher than the carrying value of $3,486,079. Therefore, there is no impairment in the UK collection services CGU.

[4] The Company's strategy shifted to focus on the collection services and EP Homes CGUs, which resulted in the Company not meeting its projections. Therefore, the Company tested the financial services CGU, which is the financial services operating segment for impairment for the 15 months ended December 31, 2022. With the financial services CGU's recoverable amount being lower than the carrying amount, an impairment charge over the full amount of goodwill was recorded.

In assessing the goodwill for impairment, the Company compares the carrying value of the CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the period ended December 31, 2022, the Company applied the fair value method, employing discounted cash flow projections to the financial services CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the financial services CGU were based on the following key assumptions:

- Five-year projections, based on management's expectations of the Company's operations.
- Estimates of revenue, financial services' profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate of 40.00% (September 30, 2021 – 40.00%).
- Average revenue growth rate of 111.5% (September 30, 2021 – 463.58%).
- Long-term growth rate of 3.32% (September 30, 2021 – 1.51%). The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.
- The estimated number of cards to be issued in fiscal year 2023 is 2,843.
- The estimated number of patients and clinics for fiscal year 2023 are 1,026 and 22, respectively.

As a result of the financial services CGU analysis, the recoverable amount for the financial services CGU is $327,000, therefore, the Company recognized an impairment charge of $1,054,489 against goodwill, previously carried at $1,092,047. The goodwill is impaired in full, the difference of $37,558 is related to the foreign exchange differences. The impairment charge is recorded as impairment loss on goodwill in the statement of loss and comprehensive loss.

9. Intangible assets

Intangible assets consist of the following:

Cost	**2022**					
	As at September 30, 2021 $	**Additions** $	**Acquisitions of subsidiaries** $	**Impairment** $	**Foreign exchange difference** $	**As at December 31, 2022** $
Licenses, rights and systems [1]	2,809,005	685,178	2,469,000	(2,730,300)	—	3,232,883
Trade names [2]	3,454,490	—	1,041,000	(934,646)	(65,726)	3,495,118
Customer relationships [3]	10,620,589	—	1,358,000	(90,454)	(482,136)	11,405,999
	16,884,084	**685,178**	**4,868,000**	**(3,755,400)**	**(547,862)**	**18,134,000**

[expressed in Canadian dollars]

Accumulated depreciation	**2022**					
	As at September 30, 2021 $	**Depreciation** $	**Acquisitions of subsidiaries** $	**Impairment** $	**Foreign exchange difference** $	**As at December 31, 2022** $
Licenses, rights and systems [1]	36,776	351,356	—	(220,657)	—	167,475
Trade names [2]	—	—	—	(38,767)	—	(38,767)
Customer relationships [3]	2,833,996	1,384,954	—	—	(86,556)	4,132,394
	2,870,772	**1,736,310**	**—**	**(259,424)**	**(86,556)**	**4,261,102**
Net book value	**14,013,312**					**13,872,898**

Cost	**2021**				
	As at September 30, 2020 $	**Additions** $	**Acquisition of subsidiaries** $	**Foreign exchange difference** $	**As at September 30, 2021** $
Licenses, rights and systems [1]	1,332,166	300,000	1,176,839	—	2,809,005
Trade names [2]	2,879,396	—	581,572	(6,478)	3,454,490
Customer relationships [3]	10,576,874	—	90,454	(46,739)	10,620,589
	14,788,436	**300,000**	**1,848,865**	**(53,217)**	**16,884,084**

Accumulated depreciation	**2021**				
	As at September 30, 2020 $	**Depreciation** $	**Acquisition of subsidiaries** $	**Foreign exchange difference** $	**As at September 30, 2021** $
Licenses, rights, and systems [1]	—	36,776	—	—	36,776
Trade names [2]	—	—	—	—	—
Customer relationships [3]	1,664,878	1,184,590	—	(15,472)	2,833,996
	1,664,878	**1,221,366**	**—**	**(15,472)**	**2,870,772**
Net Book Value	**13,123,558**				**14,013,312**

[1] For the 15 months ended December 31, 2022, additions of $469,404 for licenses, rights and systems relates to the DC Bank Phase II Development and additions of $215,774 are for the development of Customer Relationship Management ("CRM") software. The CRM software is currently in the development phase and is not subject to depreciation as at December 31, 2022. As at December 31, 2022, the Company recorded an impairment charge of $1,553,461 for the financial services licenses, rights and systems.

The Company allocates the impairment loss attributable to a CGU beyond the amount of recorded goodwill on a pro rata basis across the other assets in the CGU. However, each asset within the CGU is only reduced to the highest of its fair value less costs of disposal (if measurable), its value in use (if this can be determined), and zero. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount.

For the period ended December 31, 2022, the Company applied the relief from royalty method to assess the valuation of the intangible assets in the financial services CGU. The Company used level 3 fair value techniques to assess the impairment. In determining the fair value for the intangible assets, the below key assumptions were used:

- Ten-year revenue projections, excluding secured-card projections, based on management's expectations of the Company's operations.
- Estimates of revenue are based on historical results, and future expectations of operating performance.
- Discount rate of 40.00%.
- Average revenue growth rate of 51.39%.
- Long-term growth rate of 3.32%. The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.

As a result, the estimated fair value of financial services' intangible assets is $522,291, therefore, the Company recognized an impairment charge of $1,553,461 against the intangible assets related to financial services, previously carried at $2,075,752. The impairment charge is recorded as impairment loss on goodwill in the statement of loss and comprehensive loss.

Upon the acquisition of GCS on December 30, 2022, the Company acquired the licenses, rights and systems of GCS with a fair value of $2,469,000 *[note 5]*.

For the year ended September 30, 2021, the additions of $300,000 for licenses, rights and systems relates to the development costs of the credit card program and the loan management system per the contract with a Schedule 1 Canadian Chartered Bank ("Schedule 1 Bank").

Upon acquisition of Climb on June 30, 2021, the Company acquired licenses, rights, and systems with a fair value of $1,176,839 for the technology platform that was owned by Climb that offers seamless onboarding experience to potential customers. Since the Company acquired GCS, the Company's plan is to use GCS's technology for Climb's operations and will no longer use Climb's technology. Therefore, the Company impaired Climb's technology in full and recognized an impairment charge of $1,176,839 against intangible assets, which is part of the financial services operating segment.

[2] The trade names are indefinite-life intangible assets, of which as of December 31, 2022, $1,304,119 is allocated to BPO's trade name (September 30, 2021 - $1,366,695), $1,413,393 is allocated to EP Homes' trade name (September 30, 2021 - $1,413,393), $88,580 is allocated to EP UK's trade name (September 30, 2021 - $92,830), $581,572 is allocated to Climb's trade name (September 30, 2021 - $581,572), and $1,041,000 is allocated to GCS's trade name *[note 5]*.

As at December 31, 2022, the Company recorded an impairment charge of $581,572 for Climb's trade name, and $88,580 for EP UK's trade name, which are part of the financial services operating segments, and $263,393 for EP Homes' trade name, which is part of the EP Homes operating segment.

[3] Customer relationships are amortized based on the average life of a customer in the respective business unit. $1,407,720 of depreciation is related to the existing customer relationships of which $1,375,415 (September 30, 2021 - $1,178,188) is related to BPO customer relationships and are being depreciated on a straight-line basis over 9 years, and $51,688 (September 30, 2021 - $6,402) is related to Climb customer relationships, which was impaired in full on December 31, 2022.

Upon acquisition of GCS on December 30, 2022, the Company acquired customer relationships with a fair value of $1,358,000 *[note 5]*.

[expressed in Canadian dollars]

10. EP Homes inventory

The following is a breakdown of the EP Homes inventory as at December 31, 2022:

	December 31, 2022 $	September 30, 2021 $
Opening inventory	**8,173,110**	10,176,210
Additions [1]	**5,028,638**	920,000
Disposals [2]	**(3,383,470)**	(2,923,100)
Closing inventory [3]	**9,818,278**	8,173,110
Less: Current portion of EP Homes inventory [4]	**(3,506,800)**	(6,465,610)
Long-term EP Homes inventory	**6,311,478**	1,707,500

[1] For the 15 months ended December 31, 2022, the Company purchased 11 homes amounting to $5,028,638 (September 30, 2021 – 2 homes amounting to $920,000).

[2] For the 15 months ended December 31, 2022, the Company disposed of 9 homes (September 30, 2021 – 8 homes) for a total cost of $3,383,470 (September 30, 2021 - $2,923,100).

[3] As at December 31, 2022, the Company has 23 homes (September 30, 2021 – 21 homes) in its inventory, of which 1 home is occupied by a related party with a carrying value of $355,000.

[4] As at December 31, 2022, the Company has 9 homes (September 30, 2021 – 17 homes) in its inventory which are due for sale in the next 12 months.

Lease payments to be received from EP Homes inventory for each of the next 3 years and thereafter are as follows:

	Lease Payments $
2023	**490,246**
2024	**384,650**
2025 and thereafter	**185,810**
	1,060,706

11. Investments

	2022			
	September 30, 2021 $	Additions $	Impairment $	December 31, 2022 $
Investments in Newt Corporation [1]	1,138,046	160,800	(1,298,846)	—
Investments in Prospect Financial Inc. [2]	386,555	—	—	386,555
	1,524,601	**160,800**	**(1,298,846)**	**386,555**

	2021			
	September 30, 2020 $	Additions $	Impairment $	September 30, 2021 $
Investments in Newt Corporation [1]	—	1,138,046	—	1,138,046
Investments in Prospect Financial Inc. [2]	—	386,555	—	386,555
	—	**1,524,601**	**—**	**1,524,601**

[expressed in Canadian dollars]

[1] This represents the amount advanced to a business associate to advance the Company's financial products through its kiosks. On March 31, 2022, the Company sold its interest in Newt Kiosks in exchange for common shares in Newt Corporation. The Company received an additional 268,000 shares in Newt Corporation for a fair value of $160,800. At December 31, 2022, the Company is required to conduct a fair value measurement of its investment in Newt Corporation. The Company was unable to obtain sufficient financial information to support the valuation of Newt Corporation, as a result, the Company recorded an impairment loss of $1,298,846.

[2] This represents an equity position in a business associate to offset the business associate's indebtedness to the Company.

12. Related party transactions

For the 15 months ended December 31, 2022, the Company entered into several related party transactions in the normal course of business. These transactions have been recorded at the agreed upon amounts between the parties. The relationships with the related parties are as follows:

Related Party	**Relationship**
Smart Everyday People Inc.	Joint venture
Homebridge Capital Inc. ("**Homebridge**")	Common shareholders
Pure Icelandic Seafood Inc. ("**Pure Icelandic**")	Common shareholders
Bridge to Homeownership UK ("**BTHO UK**")	Common shareholders
EAM Enterprises Inc.	Principal shareholder of the Company [1]
Everyday Party People Ltd. ("**Everyday Party People**")	Common shareholders

a) Balances – Due from related parties are as follows:

	December 31, 2022 **$**	**September 30, 2021** **$**
Due from Homebridge, net	**—**	5,756
Due from Pure Icelandic, net	**—**	5,250
Due from BTHO UK, net [2]	**65,383**	61,766
Due from Smart Everyday People Inc., net [2]	**367,791**	—
Employee receivables, net [6]	**401,687**	358,779
	834,861	431,551
Less: Current portion of due from related parties	**(532,812)**	(116,914)
Long-term portion of due from related parties	**302,049**	314,637

b) Balances – Due to related parties are as follows:

	December 31, 2022 **$**	**September 30, 2021** **$**
Due to EAM – promissory notes, net [3]	**295,500**	**2,673**
Due to EAM - medium-term notes, net [4]	**6,704,500**	**—**
Due to EAM, net [5]	**45,802**	**—**
Due to Everyday Party People, net	**—**	**1,705**
	7,045,802	**4,378**
Less: Current portion of due to related parties	**(45,802)**	**(4,378)**
Long-term portion of due to related parties	**7,000,000**	**—**

[expressed in Canadian dollars]

Transactions with related parties are as follows:

	December 31, 2022 $	September 30, 2021 $
Interest [7]	**222,098**	27,117
Management fees [8]	**1,933,102**	1,338,520
	2,155,200	1,365,637

[1] As at December 31, 2022, EAM Enterprises Inc. owned 19% (September 30, 2021 – 27.64%) of the Company's fully diluted equity including issued and outstanding warrants. EAM's sole shareholder is related to the CEO and the Chairman of the board.

[2] Amounts due from BTHO UK and Smart Everyday People Inc. are unsecured and repayable in full on demand.

[3] Amounts due to EAM in form of a promissory note has a term of 2 years, with a maturity date of June 30, 2024. The promissory notes bears an interest rate of 12% per annum, with interest payments to be paid monthly, commencing July 1, 2022.

[4] Amounts due to EAM in form of a medium-term note has a term of 2 years, with a maturity of May 3, 2024. The medium-term note bears an interest rate of 12% per annum, with interest payments to be paid monthly, commencing May 4, 2022.

[5] Outstanding accrued interest due to EAM for the promissory notes and medium-term notes detailed in paragraphs 3 and 4 above.

On November 21, 2020, EAM Enterprises Inc. converted its outstanding debt of $1,500,000 at $0.75 per unit and the Company issued 2,000,000 units accordingly, which includes 2,000,000 shares and 1,000,000 warrants. Of the total consideration of $1,500,000, the Company has allocated $213,401 to warrants based on the fair value estimated per the Black-Scholes Model and the balance of $1,286,599 to common shares.

[6] The employees' receivables are due from certain employees in accordance with BPO's employee benefit policy. As at December 31, 2022, the loans advanced to BPO's President and Client Engagement Director are $138,398 and $64,623 respectively. $58,225 relates to GCS's President and former shareholders. The remaining $140,444 of employees' receivables are related to various loans provided to employees.

[7] The Company accrues interest on amount payable to EAM at an annual interest rate of 12%. For the 15 months ended December 31, 2022, interest expensed to EAM totaled $222,098 (September 30, 2021 - $27,117).

[8] Management fees consist of services performed by the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer, Senior Vice Presidents, Vice Presidents, and advisory services provided by Mr. Gordon J. Reykdal, through EAM, principal shareholder for the period of October 1, 2021 to November 3, 2022 and as Chief Strategy Officer thereafter.

[expressed in Canadian dollars]

c) Key management personnel remuneration

For the 15 months ended December 31, 2022, the key management activities include services performed by chief officers and vice presidents per the management services contract, and the board fees. On October 1, 2021, the existing management services contract with EAM and senior executives was cancelled and the executives entered into agreements directly with the Company. The management fees, consulting fees and salaries paid during the 15 months ended December 31, 2022 and the year ended September 30, 2021, are as follows:

	December 31, 2022 $	September 30, 2021 $
Management fees [1]	**1,933,102**	1,338,520
Salaries, including benefits and bonuses [2]	**900,291**	907,551
Board fees	**228,710**	—
	3,062,103	2,246,071

[1] Management fees consist of services performed by the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, Vice President of Operations, Senior Vice Presidents, and advisory services provided by Mr. Gordon J. Reykdal, through EAM, principal shareholder.

[2] Salaries include services performed by BPO's president. It also includes performance bonuses of $573,569 (£365,400 GBP) (September 30, 2021 – $239,764 (£140,000 GBP)) for BPO's president and $85,120 (September 30, 2021 – $Nil) for EAM per the agreement dated October 1, 2020.

13. Credit facilities

	December 31, 2022 $	September 30, 2021 $
Facility 1 [1]	**2,354,708**	**745,464**
Facility 2 [2]	**260,354**	**1,050,396**
Facility 3 [3]	**192,523**	**199,296**
Facility 4 [4]	**58,265**	**81,584**
Facility 5 [5]	**3,918,558**	**2,568,440**
Facility 6 [6]	**1,900,000**	**—**
Facility 7 [7]	**—**	**—**
Facility 8 [8]	**—**	**—**
Total credit facilities	**8,684,408**	**4,645,180**
Less: current portion of Facility 1 [1]	**(596,250)**	**(745,464)**
Less: current portion of Facility 2 [2]	**(260,354)**	**(1,050,396)**
Less: current portion of Facility 3 [3]	**(192,523)**	**(199,296)**
Less: current portion of Facility 4 [4]	**(58,265)**	**(81,584)**
Less: current portion of Facility 5 [5]	**(1,635,647)**	**(2,568,440)**
Less: current portion of Facility 6 [6]	**(910,304)**	**—**
Less: current portion of Facility 7 [7]	**—**	**—**
Less: current portion of Facility 8 [8]	**—**	**—**
Current portion of credit facilities	**(3,653,343)**	**(4,645,180)**
Long-term credit facilities	**5,031,065**	**—**

[1] On June 21, 2019, the Company, through EP Homes' Subsidiaries, EP Homes II and EP Homes IV entered into credit arrangement of $13.5 million with a capital provider of which $2,354,708 (September 30, 2021 - $745,464) has been drawn as at December 31, 2022. The term is for 12 months and will auto-renew for 12 months at the end of each subsequent term. The Company and/or a capital provider, at their discretion, may choose to terminate this auto-renewal clause. Interest is charged at the greater of: (a) 9.45% per annum or (b) bank prime rate plus 5.50%. The credit arrangement is secured by a general security agreement, which provides the capital provider first-priority security against the EP Homes inventory and a security interest over all present and after-acquired personal property of the Company. On October 12, 2022, the credit

arrangement was amended from a 12 month term to a $15 million revolving credit line for a 24 month term. The interest rate on the amended credit arrangement is charged at the lesser of: (1) 10.45% per annum or (2) the greater of: (a) 8.45% per annum, or (b) bank prime rate plus 3.00%. The credit agreement contains certain financial covenants that must be maintained. As at December 31, 2022, the Company is in compliance of the financial covenants.

[2] On February 10, 2017, the Company, through EP Homes' Subsidiary, EP Homes I entered into credit arrangement of $5 million in a series of term loans with a Canadian bank of which $260,354 (September 30, 2021 - $1,050,396) has been drawn as at December 31, 2022. The term is for minimum of 1 year and a maximum of 5 years. The Canadian bank may suspend or terminate access to or discontinue the service immediately for any reason at any time without prior notice. Interest bearing at a rate of bank prime plus 1% per annum or a fixed interest rate to be determined at time of borrowing and based on a term of 1 to 5 years. The credit arrangement is secured by a general security agreement in form of a floating charge on the EP Homes inventory, and a personal guarantee from the majority shareholder. The Canadian bank has the right to cancel or restrict availability of any unutilized portion of this facility at any time without notice. The credit agreement contains certain financial covenants that must be maintained. As at December 31, 2022, the Company is in compliance of the financial covenants.

[3] On June 8, 2020, the Company, through EP Homes' Subsidiary, EP Homes III entered into credit arrangement of $205,000 with a credit union of which $192,523 (September 30, 2021 - $199,296) has been drawn as at September 30, 2022. The term is for 36 months with fixed interest, commencing on July 1, 2020, with a maturity date of June 30, 2023. The Company is required to pay the facility in full on demand of the credit union. Interest is charged at a fixed rate of 3.44%. The credit arrangement is secured by a general security agreement, which provides the credit union provider first-priority security against the EP Homes inventory, a personal guarantee from the majority shareholder, and a corporate guarantee from the majority shareholder. The credit agreement contains certain financial covenants that must be maintained and measured based on the Company's most recent external prepared year-end financial statements. As at December 31, 2022, the Company is in breach of certain financial covenants. This home is occupied by a related party.

[4] On June 11, 2020, the Company, through its subsidiary, BPO entered into a credit arrangement of £50,000 GBP in form of a drawdown loan with a bank of which $58,265 (£35,660 GBP) (September 30, 2021 - $81,584 (£50,000 GBP)) has been drawn as at December 31, 2022. The interest rate for the credit arrangement is bearing at a rate of 2.5% per annum, commencing after 12 months from the date on which the loan is drawn. This lending facility is guaranteed by the UK Government under the Bounce Back Loan Scheme ("BBLS"). BBLS's purpose is to enable businesses to access finance more quickly during the coronavirus outbreak.

[5] On December 4, 2020, the Company, through EP Homes' subsidiary, EP Homes IV entered into a credit arrangement of $4 million, which was subsequently increased to $10 million with a Canadian bank of which $3,918,558 (September 30, 2021 – $2,568,440) has been drawn as at December 31, 2022 for 16 homes. The interest rate for the credit arrangement is bearing at a rate of bank prime plus 2% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against the EP Homes inventory in EP Homes IV funded by the bank. The credit agreement contains certain financial covenants that must be maintained. On March 31, 2022, the credit arrangement was amended from due on demand to a term loan with maturity date of April 4, 2024. Out of 22 EP Homes inventory, 10 of EP Homes inventory are due for execution in the next 12 months, therefore, associated credit facilities are classified as current portion of credit facilities. As at December 31, 2022, the Company is in compliance of the financial covenants.

[6] On November 22, 2022, the Company entered into a credit arrangement of $1.9 million with a Canadian bank to acquire GCS of which $1.9 million has been drawn as at December 31, 2022. The interest rate for the credit arrangement is bearing at a rate of bank prime plus 2% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property and receivables of BPO and GCS, and corporate guarantees from EP Financial and EP Homes IV. The credit arrangement matures December 30, 2024. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, the Company is in compliance of the financial covenants.

[7] GCS has an operating line of credit to a maximum of $100,000 with a Canadian bank, of which $Nil has been drawn as at December 31, 2022. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property

[expressed in Canadian dollars]

of GCS and cash collateral of $100,000 against the guaranteed investment certificates held by GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, GCS is in compliance of the financial covenants.

[8] GCS has an operating line of credit to a maximum of $150,000 with a Canadian bank, of which $Nil has been drawn as at December 31, 2022. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property of GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, GCS is in compliance of the financial covenants.

The minimum principal computed portion of repayments of the credit facilities are as follows:

	Capital Provider Loan $	**Credit Union Loan** $	**Canadian Bank Loan** $	**Bounce Back Loan** $	**Canadian Bank Loan** $	**Canadian Bank Loan** $	**Total** $
2023	**596,250**	**192,523**	**260,354**	**58,265**	**1,635,647**	**910,304**	**3,653,343**
2024	**1,758,458**	**—**	**—**	**—**	**2,282,911**	**989,696**	**5,031,065**
2025 and thereafter	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2,354,708	**192,523**	**260,354**	**58,265**	**3,918,558**	**1,900,000**	**8,684,408**

14. Government loan

Government loans consist of the following:

	December 31, 2022 $	**September 30, 2021** $
Opening balance	180,000	80,000
Additions [1]	—	40,000
Acquisitions of subsidiaries [2]	—	60,000
Closing balance	**180,000**	**180,000**

[1] On April 9, 2020, EP Financial and EP Homes entered into a credit arrangement of $40,000 each for a total of $80,000 with the government of Canada for the Canadian Emergency Business Account ("CEBA"). Subsequently, on December 30, 2020, EP Financial and EP Homes received additional CEBA loan of $20,000 each for an accumulated total of $120,000. The loan is set up as a revolving loan with 0% interest until December 31, 2020. On January 1, 2021, the outstanding balance of the CEBA will convert to a non-revolving term loan with a maturity date of December 31, 2025, and an annual interest rate of 5%, non-interest bearing up to and including December 31, 2022. If 75% ($90,000) of the loan is paid on or before December 31, 2022, the remaining 25% ($30,000) of the debt shall be forgiven.

[2] Climb also entered into the above-mentioned credit arrangements for CEBA of which $60,000 has been drawn as at December 31, 2022 (September 30, 2021 - $60,000).

15. Promissory notes

Promissory notes as at December 31, 2022, including interest includes:

- Promissory note A of $Nil (September 30, 2021 - $19,493) [1];
- Promissory note B of $Nil (September 30, 2021 - $476,730) [1];
- Promissory note C of $Nil (September 30, 2021 - $641,286) [2]; and
- Promissory note D of $Nil (September 30, 2021 - $206,252) [3];

[1] In June 2019, the Company through its subsidiary EP Homes II has provided 2 promissory notes amounting to $1,701,650 to a receiver of which $Nil (September 30, 2021 - $496,223) is outstanding as at September 30, 2022. Promissory Note A has a 90-day term with an additional 90-day period with a maturity date of December 8, 2019, whereas, Promissory Note B has a 180-day term with an additional 90-day period with a maturity date of March 7, 2020. Interest rate on Promissory Note A and Promissory Note B is 5% per annum, compounded monthly, and payable at the end of the term. Interest rate of 12% per annum, compounded monthly will be charged if the promissory notes are not paid in full at the end of the term. The Company is required to provide security to the receiver in form of a collateral debenture, in which security shall be registered against title of the homes purchased, in the event the amount due remains outstanding by the end of the additional 90-day period. During the twelve months ended September 30, 2022, the Company has paid out Promissory Note A and Promissory Note B in full.

[2] In June 2019, the Company through its subsidiary EP Homes I provided a promissory note amounting to $502,481 to a receiver of which $Nil (September 31, 2021 - $641,286) is outstanding as at September 30, 2022. Promissory Note C has a 90-day term with an additional 90-day period, with a maturity date of December 8, 2019. Interest rate on Promissory Note C is 5% per annum, compounded monthly, and payable at end of the term. Interest of 12% per annum, compounded monthly will be charged if the promissory note is not paid in full at the end of the term. The Company is required to provide security to the receiver in form of a collateral debenture, in which security shall be registered against title of the homes purchased, in the event the amount due remains outstanding by the end of the additional 90-day period. During the twelve months ended September 30, 2022, the Company has paid out Promissory Note C in full.

[3] In February 2021, the Company provided a promissory note amounting to $200,000 of which $Nil (September 30, 2021 - $206,252) is outstanding as at September 30, 2022. The interest rate on Promissory Note D is 8.75% per annum commencing February 4, 2021, and due on demand. In October 2021, the promissory note was amended into a convertible debenture *[note 21].*

16. Capital management

The primary objective of the Company's capital management is to achieve healthy capital ratios to support its business and maximize shareholder value. The Company's capital structure consists of share capital, government loans, convertible debentures, promissory notes, due to related parties, and credit facilities which as at December 31, 2022 was $83,393,269 (September 30, 2021 - $62,981,520). The Company monitors equity on the basis of the carrying amount of equity as presented on the consolidated statements of financial position.

No changes were made to the objectives, policies and processes for capital management for the 15 months ended December 31, 2022.

[expressed in Canadian dollars]

17. Capital stock

Common shares

Authorized: Unlimited number of common shares, no par value.

The following table summarizes the change in issued common shares of the Company:

	December 31, 2022		September 30, 2021	
	Number of shares #	**Amount $**	Number of shares #	Amount $
Balance, beginning of period	**98,491,335**	**55,302,579**	78,051,756	40,466,879
Issued from treasury [1]	**4,684,000**	**4,193,082**	5,802,033	3,718,847
Issued against compensation [2]	**729,152**	**677,315**	3,826,667	3,820,000
Issued from treasury – debt and payable conversion [3]	**145,000**	**145,000**	2,000,000	1,286,599
Issued from acquisition of subsidiaries [4]	**2,662,552**	**1,434,256**	8,810,879	6,022,236
Issued shares on RTO [5]	**6,844,500**	**6,582,084**	—	—
Issued on exercise of stock options [6]	**320,000**	**278,842**	—	—
Issued on exercise of warrants [7]	**100,000**	**92,209**	—	—
Share issuance costs [8]	**—**	**(1,222,308)**	—	(11,982)
Balance, end of period	**113,976,539**	**67,483,059**	98,491,335	55,302,579

[1] For the 15 months ended December 31, 2022, the Company issued 4,684,000 units from treasury, which includes 4,684,000 shares and 2,342,000 warrants at $1.00 per unit for a total value of $4,684,000. Of the total consideration of $4,684,000, the Company has allocated $490,918 to warrants based on the fair value estimated per the Black-Scholes Model and the balance amount of $4,193,082 to common shares.

For the year ended September 30, 2021, the Company issued 5,802,033 units from treasury, which includes 5,802,033 shares and 2,901,017 warrants at $0.75 per unit for a total value of $4,351,525. Of the total consideration of $4,351,525, the Company has allocated $632,678 to warrants based on the fair value estimated per the Black-Scholes Model and the balance amount of $3,718,847 to common shares. The $4,351,525 includes $150,000 committed capital received in 2020.

[2] For the 15 months ended December 31, 2022, the Company issued 729,152 shares against share-based compensation. Of which, 289,500 shares were issued at $1.00 per share to employees, managements and consultants and recorded them as share-based compensation in the consolidated statement of loss and comprehensive loss for a total value of $289,500. 39,652 shares were issued at $0.75 per share to EP Security consultants per the consultancy agreements for a total value of $29,739. Additionally, the Company issued 400,000 shares at fair value of $0.8952 based on the fair value estimated per the Black-Scholes Model to agents for their brokerage fees for a total value of $358,076.

During 2021, the Company issued 3,800,000 shares to the CEO at $1.00 per share for a total value of $3,800,000 for the CEO's outstanding bonus for 2019 and 2020.

During 2021, the Company issued 26,667 shares for $20,000 to an executive in accordance with his consultancy agreement and recorded it as share-based compensation in the statement of loss and comprehensive loss.

[3] For the 15 months ended December 31, 2022, the Company issued 145,000 shares from treasury at $1.00 per unit for a total value of $145,000 to set off the outstanding legal costs related to the Climb acquisition.

On November 21, 2020, EAM Enterprises Inc. converted its outstanding debt of $1,500,000 at $0.75 per unit and the Company issued 2,000,000 units accordingly, which includes 2,000,000 shares and 1,000,000 warrants. Of the total consideration of $1,500,000, the Company has allocated $213,401 to warrants based on the fair value estimated per the Black-Scholes Model and the balance of $1,286,599 to common shares.

[expressed in Canadian dollars]

[4] On December 30, 2022, the Company issued 1,781,485 shares to the shareholders of GCS as part of the acquisition of GCS. The shares were issued as part of the purchase price consideration for the 100% ownership in GCS. The shares were issued at the closing trading price on the date of acquisition at $0.395 per share for a value of $703,687, which was attributed to common shares.

On June 30, 2021, the Company issued 8,810,879 shares to the shareholders of Climb as part of the acquisition of Climb. The shares were issued in lieu of 100% ownership in Climb totaling $6,022,236. Subsequently, on December 31, 2021, the Company issued additional 10% units to Climb shareholders in accordance with the amalgamation agreement with Climb, as the Company's shares were not listed on the stock exchange by December 31, 2021. As a result, the Company issued 881,067 shares from treasury at a fair value of $0.8292 per share per the Black-Scholes Model and the amount of $730,569 was attributed to common shares.

[5] On August 31, 2022, the Company issued 3,360,000 shares from treasury to the shareholders of Justify as part of the RTO. The 3,360,000 shares were issued at a fair value of $0.9219 per share per the Black-Scholes Model and the amount of $3,097,584 was attributed to common shares *[note 4]*.

On August 31, 2022, upon completion of the RTO, the Company converted the $3,484,500 in convertible debentures into shares at $1.00 per share, as a result, 3,484,500 shares were issued.

[6] On September 1, 2022, the shareholders of Justify ("Justify shareholders") exercised their 300,000 stock options at an exercise price of $0.15 per share. As a result, the Company issued 300,000 shares at a fair value of $0.7718 per share per the Black-Scholes Model and the amount of $231,542 was attributed to common shares. It also includes $45,000 of the exercise price received from the shareholders.

On October 24, 2022, an employee exercised 20,000 options at an exercise price of $0.00 per share. As a result, the Company issued 20,000 shares from reserves at a value of $2,300.

[7] On September 1, 2022, a Justify shareholder exercised its 100,000 warrants at an exercise price of $0.15 per share. As a result, the Company issued 100,000 warrants to a fair value of $0.7721 per share per the Black-Scholes Model and the amount of $77,209 was attributed to common shares. It also includes the $15,000 of the exercise price received from the shareholder *[note 4]*.

[8] For the 15 months ended December 31, 2022, share issuance costs amounted to $1,222,308 (September 31, 2021 - $11,982).

Reserves – warrants

Warrant holders have the right to purchase one common share for $1.00 to $1.25. The following table summarizes the changes in warrants of the Company:

	December 31, 2022		September 30, 2021	
	Number of warrants #	**Amount $**	Number of warrants #	Amount $
Opening balance	**4,260,035**	**869,954**	3,961,838	113,450
Issued [1]	**2,617,380**	**566,163**	3,901,017	846,079
Issued upon RTO [2]	**100,000**	**77,209**	—	—
Issued from acquisition of subsidiaries [3]	**—**	**—**	359,018	23,875
Expired [4]	**(2,794,018)**	**(543,505)**	(3,961,838)	(113,450)
Exercised [5]	**(100,000)**	**(77,209)**	—	—
Ending balance	**4,083,397**	**892,612**	4,260,035	869,954

[expressed in Canadian dollars]

[1] For the 15 months ended December 31, 2022, the Company issued 2,342,000 (September 30, 2021 – 3,901,017) warrants to investors for a total fair value of $490,918 and 275,380 warrants to brokers and finders in connection with the private placement for a total fair value of $75,245.

[2] For the 15 months ended December 31, 2022, the Company issued 100,000 (September 30, 2021 – Nil) warrants as part of the RTO.

[3] On June 30, 2021, the Company issued 359,018 warrants from treasury to the shareholders of Climb as part of the acquisition for a total fair value of $23,875.

The fair value of issued warrants has been estimated using the Black-Scholes option pricing model with the following assumptions:

	2022	**2021**
Weighted average risk-free interest rate	0.9500% to 3.6400%	0.6600% to 1.4500%
Expected volatility based on 2 years of history	49.57% to 74.53%	78.79% to 80.27%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Common share fair value at the issue date	$0.90 to $1.00	$0.75
Exercise price for one warrant	$1.00 to $1.25	$1.25
Expected term of warrants	2 years	2 years

[4] For the 15 months ended December 31, 2022, 2,794,018 outstanding warrants were not exercised and expired accordingly (September 30, 2021 – 3,961,838). The fair value of the expired warrants amounted to $543,505 (September 30, 2021 - $113,450).

The fair value of the expired warrants has been estimated using the Black-Scholes option pricing model with the following assumptions:

	2022	**2021**
Weighted average risk-free interest rate	0.6600% to 1.4500%	1.3700% to 1.9500%
Expected volatility based on 2 years of history	78.79% to 80.27%	41.38%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Common share fair value at the issue date	$0.75	$0.75
Exercise price for one warrant	$1.25	$1.25
Expected term of warrants	2 years	2 years

[5] For the 15 months ended December 31, 2022, 100,000 outstanding warrants were exercised (September 30, 2021 – Nil). The fair value of the exercised warrants amounted to $77,209 (September 30, 2021 - $Nil) and was accounted in common shares.

[expressed in Canadian dollars]

Reserves – Stock options

On August 31, 2022, the board of directors of the Company approved the Company's Omnibus Share Incentive Plan (the "Share Incentive Plan"), as part of the RTO. Under the Share Incentive Plan, options to purchase common shares may be granted by the Board of Directors to directors, officers, consultants, and employees. Options are generally granted at exercise prices equal to the fair market value at the grant date and have at least one year of vesting.

	December 31, 2022		September 31, 2021	
	Number of options #	**Amount $**	**Number of options #**	**Amount $**
Opening balance	3,291,697	768,143	—	—
Options granted [1]	678,400	357,189	2,906,500	716,951
Options granted upon RTO [3]	300,000	231,542		
Options granted upon acquisitions of subsidiaries [2]	—	—	385,197	51,192
Options exercised [3]	(320,000)	(231,542)	—	—
Options cancelled/forfeited [4]	(56,500)	(5,662)	—	—
Closing balance	**3,893,597**	**1,119,670**	**3,291,697**	**768,143**
Exercisable balance	**1,893,367**	**—**	**948,333**	**—**

[1] Outstanding options to officers, consultants and employees as at December 31, 2022 are as follows:

	Outstanding			Exercisable	
Exercise prices $	**Number of options #**	**Weighted average remaining contractual life in years**	**Weighted average exercise price $**	**Number of Options #**	**Weighted average exercise price $**
0.75 [2]	3,210,197	4	0.75	1,883,333	0.75
1.00	683,400	5	1.00	10,034	1.00

The Company uses the fair value method to account for stock options granted to officers, consultants, advisors and employees. For the 15 months ended December 31, 2022, the Company has recorded a net expense, including options cancelled/forfeited of $351,528 (September 30, 2021 - $716,951) in share-based compensation expense related to the Share Incentive Plan in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[2] For the year ended September 30, 2021, the Company issued 385,197 options from treasury to the shareholders of Climb as part of the acquisition for a total fair value of $51,192.

Options granted in 2022 and 2021 were determined using the Black-Scholes option pricing model with the following assumptions:

	For the 15 months ended December 31, 2022	For the year ended September 30, 2021
Risk free interest rate (% per annum)	1.28% to 3.61%	0.40% to 0.90%
Expected hold period to exercise (years)	5 years	1.5 years to 5 years
Common share fair value at the issue date	$1.00	$0.75 to $1.00
Expected forfeiture rate (%)	0%	0%
Volatility in the price of the company's shares (%)	51.44% to 67.64%	66.40% to 68.05%
Dividend yield (%)	0%	0%

[expressed in Canadian dollars]

[3] As part of the RTO, 300,000 stock options were exercised by Justify shareholders. Another 20,000 stock options were exercised by an employee on October 24, 2022 at a value of $2,300.

[4] On December 6, 2021, the Company cancelled a contract with a consultant, as a result, the 56,500 options were cancelled.

Reserves – Restricted share units

Under the Share Incentive Plan, RSUs may be granted by the Board of Directors to directors, officers, consultants, and employees. RSUs are generally granted at exercise prices equal to the fair market value at the grant date and have at least one year of vesting.

	December 31, 2022	
	Number of share units **#**	Amount **$**
Opening balance	**—**	**—**
Issued to directors with 3-year vesting period [1]	**2,772,000**	**237,571**
Issued to consultants with 2-year vesting period [1]	**200,000**	**21,194**
Issued to consultants with 1-year vesting period [2]	**210,000**	**16,450**
Committed to consultants with 1-year vesting period [3]	**125,000**	**6,336**
Ending balance	**3,307,000**	**281,551**

[1] On August 31, 2022, the Company issued RSUs as part of the RTO. For each RSU granted, compensation expense is recognized equal to the market value of one common share at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period. The market value of $0.34 was used as the closing share price on the first trading day after the RTO. For the 15 months ended December 31, 2022, the Company has recorded an expense of $258,765 (September 30, 2021 - $Nil) in share-based compensation expense related to the RSUs in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[2] On November 29, 2022, the Company issued 210,000 RSUs to consultants with a 1-year vesting period, in accordance with their consultancy agreements. The 210,000 RSUs were approved by the board of directors on November 29, 2022. For each RSU granted, compensation expense is recognized equal to the market value of one common share at the grant date based on the number of RSUs expected to vest, recognized over the term of the vesting period. The market value of $0.235 was used at the closing share price on the grant date. For the 15 months ended December 31, 2022, the Company has recorded an expense of $16,450 in share-based compensation expense related to the RSUs issued to consultants with 1-year vesting period in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[3] As of December 31, 2022, the Company accrued the share-based compensation expenses for each RSU committed and outstanding but not granted to consultants. The expense was calculated at the market value of one common share at December 31, 2022 and recognized the expenses over the term of the vesting period, with a corresponding credit to reserves. The RSUs are expected to be granted by the board of directors at the same time the 2022 year-end financials are approved.

Reserves – Contingent consideration

	December 31, 2022	
	Number of shares **#**	Amount **$**
Opening balance	**—**	**—**
Contingent upon acquisition of subsidiaries [1]	**1,781,485**	**535,856**
Ending balance	**1,781,485**	**535,856**

[1] On December 30, 2022, the Company acquired GCS. Per the Purchase Agreement with GCS, a contingent consideration has been agreed. The Company is required to issue an additional 1,781,485 EP common shares to GCS shareholders if GCS' Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is equal to or greater than $1,781,485 in any one year before December 31, 2025.

[expressed in Canadian dollars]

The forecasts for GCS show that it is highly probable that the target EBITDA will be achieved due to the significant expansion of the business and the synergies realized. The fair value of the contingent consideration is determined by discounting the future payment to the present value using the Company's weighted average cost of capital of 20.19%. The fair value of the contingent consideration was estimated to be $535,856.

Contributed surplus

The following is a continuity of the activity in the contributed surplus account:

	December 31, 2022 $	September 30, 2021 $
Contributed surplus, beginning of year	**113,450**	—
Expired warrants [1]	**543,505**	113,450
	656,955	**113,450**

[1] For the 15 months ended December 31, 2022, 2,794,018 outstanding warrants were not exercised and expired accordingly (September 30, 2021 – 3,961,838). The fair value of the expired warrants amounted to $543,505 (September 30, 2021 - $113,450).

The fair value of the expired warrants has been estimated using the Black-Scholes option pricing model with the following assumptions:

	2022	2021
Weighted average risk-free interest rate	0.6600% to 1.4500%	1.3700% to 1.9500%
Expected volatility based on 2 years of history	78.79% to 80.27%	41.38%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Common share fair value at the issue date	$0.75	$0.75
Exercise price for one warrant	$1.25	$1.25
Expected term of warrants	2 years	2 years

Share-based compensation

	December 31, 2022 $	September 30, 2021 $
Compensation in options, net of cancelled/forfeited [1]	351,528	716,951
Compensation in RSUs [2]	281,551	—
Compensation in shares [3]	289,500	20,000
Exchange differences	8,346	—
	930,925	**736,951**

[1] For the 15 months ended December 31, 2022, the Company has recorded a net expense, including options cancelled/forfeited of $351,528 (September 30, 2021 - $716,951) in share-based compensation expense related to the Share Incentive Plan in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[2] For the 15 months ended December 31, 2022, the Company has recorded an expense of $281,551 (September 30, 2021 - $Nil) in share-based compensation expense related to the RSUs in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[3] For the 15 months ended December 31, 2022, 289,500 shares were issued at $1.00 per share to employees, managements and consultants and recorded as share-based compensation in the consolidated statement of loss and comprehensive loss for a total value of $289,500.

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 15 months ended December 31, 2022 and 12 months ended September 30, 2021

18. Additional cash flow information

	December 31, 2022 $	September 30, 2021 $
(Increase) / decrease in trade receivables	**(531,892)**	461,831
Increase in prepaid expenses	**(80,834)**	(298,349)
(Increase) / decrease in related parties	**(407,686)**	(891,790)
Increase in deferred revenue	**33,884**	86,828
Increase in trade payables	**1,656,946**	517,165
Increase in customer deposit	**136,110**	22,648
	806,528	(101,667)

19. Finance costs

	Classification	December 31, 2022 $	September 30, 2021 $
Interest on lease liabilities *[note 23]*	Finance costs	**137,222**	93,893
Interest on debt and borrowings	Finance costs - cash paid	**530,581**	309,156
Outstanding interest to related parties *[note 12]*	Finance costs	**45,802**	—
Interest on convertible debentures *[notes 17 and 21]*	Finance costs	**724,500**	122,179
Total interest expense		**1,438,105**	525,228
Bank charges	Finance costs	**346,932**	217,435
Total finance costs in other (expenses) income		**1,785,037**	**742,663**
Interest on debt and borrowings	Direct costs [1]	**159,524**	133,064
Total finance costs in direct costs		**159,524**	**133,064**
Total finance costs		**1,944,561**	**875,727**

[1] This represents the total interest expense for the credit facilities associated to the EP Homes inventory sold during the period.

20. Financial instruments

The Company's principal financial liabilities include trade payables, customer payables, due to related parties, promissory notes, credit facilities, government loans, lease liabilities, convertible debentures, and customer deposits. The Company's financial assets include cash and cash equivalents, cash – restricted, customer funds, loan receivables, due from related parties, investments, and trade receivables. The Company's financial instruments have been classified as either assets or liabilities at amortized cost or fair value through other comprehensive income. The following table illustrates how the financial instruments in the consolidated statements of financial position are classified and measured:

Financial asset/liability	Classification and measurement
Cash and cash equivalents	Amortized cost
Cash - restricted	Amortized cost
Customer funds	Amortized cost
Trade receivables	Amortized cost
Loan receivables	FVTPL
Due from related parties	Amortized cost
Investments	FVTPL
Trade payables	Amortized cost
Customer payables	Amortized cost
Current portion of customer deposits	Amortized cost
Lease liabilities	Amortized cost
Due to related parties	Amortized cost
Promissory notes	Amortized cost
Credit facilities	Amortized cost
Government loans	Amortized cost
Customer deposits	Amortized cost
Convertible debentures	Amortized cost

The risks arising from the Company's financial instruments are equity price risk, interest rate risk, foreign currency risk, and liquidity risk.

Fair value

The fair values of cash and cash equivalents, restricted cash, customer funds, loan receivables, trade receivables, trade payables, promissory notes, credit facilities, customer payables, customer deposits, and government loans approximate their carrying values due to the short-term maturity of these financial instruments. The fair value of convertible debentures, due to related parties and due from related parties approximates their carrying value due to the market-based rates. The Company uses a fair value hierarchy, based on the relative objectivity of inputs used to measure fair value, with Level 1 representing inputs with the highest level of objectivity and Level 3 representing the lowest level of objectivity.

Equity price risk

The Company's non-listed equity instruments are susceptible to market price risk arising from uncertainties about future value of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on regular basis. The Company's board of directors review and approve all equity investment decisions. At the reporting date, the exposure to non-listed equity investments at fair value was $386,555.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates arising in the Company's borrowings in credit facilities. Interest rate risk is minimized through management's decision to primarily obtain fixed rate interest for the time period the asset is held per the business plan. The impact of interest rate sensitivity on the Company's loss before tax is due to the changes in the Royal Bank prime rate, ATB prime rate, and TD prime rate *[note 13]*. With all other variables held constant, the increase or decrease in interest rate by 27% or 270 basis points will result in change in the Company's loss before tax by $138,293 (September 30, 2021 - $20,702). The assumed movement in basis point for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

[expressed in Canadian dollars]

Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company has transactional currency exposures that arise from loans and receivables in currencies other than its functional currency. The Company has transactional currency exposures that arise from purchases in currencies other than their functional currency, including British Pounds. The Company does not enter into derivatives to hedge the exposure.

The impact of foreign currency sensitivity on the Company's loss before tax is due to the changes in the fair value of monetary assets and liabilities as at the date of financial position. With all other variables held constant the increase or decrease in exchange rates by 10% will result in below mentioned decrease or increase respectively in net loss before tax for the period ended December 31, 2022 by $46,570 (September 30, 2021 - $64,225) on account of change in GBP exchange rate.

The financial assets and liabilities exposed to foreign currency risk are detailed as follows in GBP:

	December 31, 2022 £	September 30, 2021 £
Cash and cash equivalents	**682,041**	**1,029,190**
Customer funds	**4,545,469**	**2,478,871**
Trade receivables	**920,119**	**543,087**
Total financial assets	**6,147,629**	**4,051,148**
Trade payables	**824,474**	**855,318**
Customer payables	**4,545,469**	**2,478,871**
Credit facilities	**35,660**	**47,646**
Total financial liabilities	**5,405,603**	**3,381,835**

Liquidity risk

Liquidity risk represents the risk that the Company will have difficulty meeting obligations of financial liabilities. There can be significant fluctuation in the timing of the Company's cash receipts due to various external factors. The Company monitors the liquidity and capital resource for every reportable operating segment. The Company's collection services segment has been generating sufficient cash to support its current operations and planned growth. Management mitigates this risk by working closely with the board to monitor the Company's operations, monthly revenue and expenses of the collection services, financial services, EP Homes facilitation services, and contract receivable services segments to ensure the Company has sufficient working capital to execute its strategic business plan. Appropriate adjustments to projections and to the monthly expenses are made when necessary.

Liquidity risk is also related to the possibility of insufficient debt and equity financing available to fund the desired growth of the Company and to refinance the current and long-term debt as they become due. The Company is expected to keep the loan to value ("LTV") of EP Homes up to 85%, including mezzanine debt, however, the current LTV of EP Homes inventory is 69%. The Company's financial condition and results of operations could be adversely affected if it were not able to obtain appropriate levels of debt or equity financing. Liquidity risk also relates to the potential for early demand of credit facilities prior to the sale of EP Homes inventory.

[expressed in Canadian dollars]

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposure to customers, including outstanding trade receivables, loan receivables, and due from related parties. The Company manages credit risk on cash and cash equivalents by ensuring the counterparties are banks, governments and government agencies with high credit ratings.

Trade receivables are mainly with UK corporations for whom the Company provides collection services on their default accounts. The Company manages its customers' bank accounts, and the receivable amounts are based on a portion of the amounts collected for its customers. Since the Company manages collection on behalf of its customers and receives the funds directly to the Company's bank account, credit risk on trade receivables is not material.

With reference to breakdown of accounts receivable in note 6, there is exposure to credit risk owing on trade receivable balances, Management actively mitigates the risk by ensuring receivables remain current. The policy to calculate the allowance is disclose in note 3 of these consolidated financial statements. Set out below is the information about the credit risk exposure on the Company's trade receivables with customers using a provision matrix for December 31, 2022:

	Current	**1 – 30 days**	**31 – 60 days**	**61 – 90 days**	**91+ days**	**Total**
Expected credit loss rate	0.00%	0.00%	0.00%	3.50%	24.82%	1.09%
Gross carrying amount at default	385,869	1,519,041	242,387	107,687	88,138	2,343,122
Expected credit loss	—	—	—	3,771	21,877	25,648

Contractual maturities of financial liabilities:

	Trade payables $	**Customer payables $**	**Credit facilities $**	**Due to related parties $**	**Government loans $**	**Customer deposits $**	**Lease liabilities $**	**Total $**
2023	**5,362,622**	**8,484,763**	**3,653,343**	**45,802**	**—**	**173,053**	**260,211**	**17,979,794**
2024	**—**	**—**	**—**	**—**	**180,000**	**25,256**	**145,275**	**350,531**
2025	**—**	**—**	**5,031,065**	**7,000,000**	**—**	**—**	**213,891**	**12,244,956**
2026	**—**	**—**	**—**	**—**	**—**	**—**	**208,966**	**208,966**
2027	**—**	**—**	**—**	**—**	**—**	**—**	**194,075**	**194,075**
Thereafter	**—**	**—**	**—**	**—**	**—**	**—**	**765,310**	**765,310**
	5,362,622	**8,484,763**	**8,684,408**	**7,045,802**	**180,000**	**198,309**	**1,787,728**	**31,743,632**

21. Convertible debentures

The Company issued $2,760,000 of 8.75% unsecured convertible debentures (the "Convertible Debentures"), with interest payable on the conversion of the Convertible Debentures and commenced on October 25, 2021 ("Closing Date"). Immediately prior to the following events ("Liquidity Event"), the outstanding Convertible Debentures shall automatically be converted into common shares of the Company at the Conversion Price:

- The Company completing a *bona-fide* public offering of common shares under a prospectus filed with securities regulatory authorities in Canada; or
- The consummation of any transaction including, without limitation, any consolidation amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction or any other business combination or similar transaction.

The maturity of Convertible Debentures is October 24, 2024 and are convertible at the holder's option in whole or in part into common shares of the Company at the price of $1.00 per share ("Conversion Price") at any time.

[expressed in Canadian dollars]

	Liability component of Convertible Debenture $	Total $
As at September 30, 2020	—	—
Issuance of Convertible Debentures [1]	1,510,000	1,510,000
As at September 30, 2021	**1,510,000**	**1,510,000**
Issuance of Convertible Debentures [1]	1,250,000	1,250,000
Accrued Interest [2]	724,500	724,500
Conversion to Common Shares [3]	(3,484,500)	(3,484,500)
As at December 31, 2022	**—**	**—**

[1] As at December 31, 2022, $Nil (September 30, 2021 – $1,510,000) of Convertible Debentures were outstanding.

[2] Upon conversion of the Convertible Debentures, the Company was required to make a payment ("Make-Whole Payment") to the holders of the Convertible Debentures equal to the interest amount that the holder of the Convertible Debenture would have received in respect of the converted principal amount of the Convertible Debenture if such amount remained outstanding from the conversion date until the maturity date of October 24, 2024.

[3] On August 31, 2022, $3,484,500 of the Convertible Debentures were converted into 3,484,500 common shares at $1.00 per share as a result of the completion of the RTO.

22. Loan receivables

As at December 31, 2022, the Company recorded an impairment loss of $1,466,034 related to the loan receivables. The carrying value of $233,911 reflects the present value of the expected cash flows.

23. Leases

The Company has lease agreements for leased offices and equipment leases. The office leases consist of 3 office leases (September 30, 2021 – 3 office leases) the UK offices and 5 office leases (September 30, 2021 – 3 office leases) are for Canadian offices. The Company also has an equipment lease for various IT equipment.

The carrying amounts and the movements during the 15 months ended December 31, 2022 and for the year ended September 30, 2021 are as follows:

Right-of-use assets	December 31, 2022 $	September 30, 2021 $
Opening balance	**1,611,881**	972,737
Additions [1]	**—**	845,294
Additions from the acquisition of subsidiaries [2]	**149,651**	22,241
Depreciation	**(382,337)**	(202,365)
Unrealized foreign exchange gain/loss	**32,357**	(26,026)
	1,411,552	1,611,881

[expressed in Canadian dollars]

Lease liabilities	**December 31, 2022** **$**	**September 30, 2021** **$**
Initial recognition of liability and interest as at October 1, 2019 [1]	**1,859,216**	1,162,523
Additions [1]	**—**	845,294
Additions from the acquisition of subsidiaries [2]	**169,253**	41,434
Payments	**(339,079)**	(280,948)
Non-cash interest accretion	**137,222**	93,893
Unrealized foreign exchange gain/loss	**(38,884)**	(2,980)
	1,787,728	1,859,216
Less: current portion of lease liabilities	**(287,293)**	(396,642)
Long-term lease liabilities	**1,500,435**	1,462,574

The amounts recognized in the consolidated statement of loss and comprehensive loss are as follows:

	December 31, 2022 **$**	**September 30, 2021** **$**
Depreciation expense of right-to-use assets	**382,337**	202,365
Interest expense on lease liabilities	**137,222**	93,893
	519,559	296,258

[1] The additions in the right-of-use asset and lease liabilities in fiscal 2021 are related to the EP Financial's new office located in Edmonton, Canada.

[2] For the 15 months ended December 31, 2022, the additions from the acquisition of subsidiaries are related to the right-of-use assets and lease liabilities acquired from GCS for their offices located in Montreal, Vancouver, and Vaughan, Canada.

For the year ended September 30, 2021, the additions from the acquisition of subsidiaries related to the right-of-use asset and lease liabilities acquired from Climb for their office located in Mississauga, Canada. The Climb lease was subsequently terminated in June 2022.

The expense relating to short-term and low-value lease payments not included in lease liabilities was $72,878 (September 30, 2021 - $41,696).

24. Income taxes

Significant components of the income tax provision are as follows:

	December 31, 2022 **$**	**September 30, 2021** **$**
Current income tax expense	**182,122**	419,645
Deferred income tax expense (recovery)	**543,096**	(242,081)
Provision for income taxes	**725,218**	**177,564**

[expressed in Canadian dollars]

Reconciliation to effective tax rate

The overall income tax provision differs from the amount that would be obtained by applying the combined statutory income tax rate to income (loss) due to the following:

	December 31, 2022 $	September 30, 2021 $
Income (loss) of continuing operations before income taxes (recovery)	**(44,961,531)**	(4,756,737)
Weighted average Canadian income tax rate	**23.00%**	23.00%
Income tax expense (recovery) based on statutory income tax rate	**(10,341,000)**	(1,094,049)
Difference between rates applicable to the Company and rates applicable to subsidiaries		
Share based compensation	**214,000**	169,499
Effect of non-deductible expenses and other items	**974,000**	48,079
Prior periods true-up	**(323,000)**	(36,987)
Rate difference in foreign jurisdictions	**320,000**	87
Impairment of goodwill	**5,601,000**	—
Change in unrecognized deferred tax assets	**4,231,000**	1,077,139
Other adjustments	**49,218**	13,796
	725,218	177,564
Effective income tax rate	**(1.6%)**	(3.7%)

Deferred income tax liability

Significant components of the net deferred income tax liability are as follows:

	December 31, 2022 $	September 30, 2021 $
Property and equipment	**(46,000)**	(60,971)
Share issuance costs and financing costs	**—**	4,039
Non-capital losses carry-forward	**—**	486,280
Intangible assets	**(3,102,000)**	(1,723,166)
Other temporary differences	**221,000**	158,229
	(2,927,000)	(1,135,589)

Unrecognized deferred tax assets

	December 31, 2022 $	September 30, 2021 $
Non-capital losses carry-forward	**5,776,000**	2,711,225
Share issuance costs and financing costs	**143,000**	50,137
Property and equipment	**302,000**	34,928
Intangible assets	**131,000**	—
Other temporary differences	**753,000**	78,210
	7,105,000	**2,874,500**

[expressed in Canadian dollars]

Reconciliation of deferred tax asset movement

	December 31, 2022 $	September 30, 2021 $
Deferred tax expense / (recovery) in the consolidated statement of loss	**24,124**	(242,081)
Deferred tax in goodwill related to business combinations	**1,275,288**	—
Deferred tax expense / (recovery) in write-off of deferred tax assets	**(461,138)**	—
	838,274	(242,081)

The Company has non-capital losses related to the Canadian operating entity that can be applied to reduce future year's taxable income. The opening deferred tax asset of $461,138 recorded in 2020 on the consolidated statement of financial position has been written-off by the Company. No deferred tax assets have been recorded as there is insufficient evidence of future taxable income.

The Company had the following Canadian income tax attributes to carry forward:

	December 31, 2022	September 30, 2021
Amount ($)	24,934,589	16,930,165
Expiry	2036 to 2042	2036 to 2041

25. Revenue and direct costs

Revenue

	15 months ended December 31, 2022 $	Year ended September 30, 2021 $
Collection services revenue	**17,405,117**	**10,158,065**
EP Homes facilitation fees revenue		
Sale of EP Homes inventory [1]	3,622,279	2,858,500
Lease revenue [2]	495,280	403,900
Facilitation fees	184,089	—
Savings contribution revenue	94,690	43,609
Total EP Homes facilitation fees revenue	**4,396,338**	**3,306,009**
Financial services revenue	**372,943**	**102,832**
Contract receivables revenue	**299,353**	**—**
Total revenue	**22,473,751**	**13,566,906**

[1] Sale of EP Homes inventory amounting to $3,622,279 (September 30, 2021 - $2,858,500) includes the sale of 9 homes (September 30, 2021 – 8 homes) for the 15 months ended December 31, 2022.

[2] Lease revenue amounting to $495,280 (September 30, 2021 - $403,900) consists of bi-weekly, semi-monthly and monthly lease payments from clients in the EP Homes program for the 15 months ended December 31, 2022.

[expressed in Canadian dollars]

Direct costs

	15 months ended December 31, 2022 $	Year ended September 30, 2021 $
Collection services direct costs	**5,495,564**	2,689,885
EP Homes direct costs [1]	**3,886,743**	3,518,502
Financial services direct costs	**316,537**	42,284
Contract receivables direct costs	**28,862**	—
Total direct costs	**9,727,706**	**6,250,671**

[1] Direct costs of EP Homes consists of $3,378,710 (September 30, 2021 - $2,923,100) for the cost of EP Homes inventory sold for the 15 months ended December 31, 2022.

26. Deferred revenue

2022	**September 30, 2021** $	**Additional deferred revenue** $	**Recognized to revenue [1]** $	**December 31, 2022** $
EP Homes	266,433	203,962	(147,009)	323,386
Climb	86,566	36,085	(59,153)	63,498
Total	**352,999**	**240,047**	**(206,162)**	386,884
Less: Current portion of deferred revenue	(290,889)			(235,513)
Long-term portion of deferred revenue	62,110			151,371

2021	**September 30, 2020** $	**Additional deferred revenue** $	**Recognized to revenue [1]** $	**September 30, 2021** $
EP Homes	180,502	124,011	(38,080)	266,433
Climb	—	86,566	—	86,566
Total	**180,502**	**210,577**	**(38,080)**	352,999
Less: Current portion of deferred revenue	(143,266)			(290,889)
Long-term portion of deferred revenue	37,236			62,110

[1] For the 15 months ended December 31, 2022, deferred revenue from client's monthly savings options of $147,009 (September 30, 2021 – $38,080) was recognized to revenue as the clients executed or forfeited on their purchase option, and $59,152 (September 30, 2021 - $Nil) was recognized as revenue for the client's savings loans fees.

[expressed in Canadian dollars]

27. Other income

Other income consist of the following:

	December 31, 2022 $	September 30, 2021 $
Kickstart scheme [1]	**111,886**	308,173
Rent reimbursements [2]	**81,441**	27,765
Canadian Emergency Wage Subsidy (“CEWS”) [3]	**—**	91,496
Sale of interest in Newt Kiosks [4]	**160,800**	—
Other income	**2,855**	78,829
Job retention scheme (“JRS”) grant [5]	**—**	231,724
	356,982	737,987

[1] For the 15 months ended December 31, 2022, BPO was awarded $111,886 (£65,304 GBP) from the UK government for the Kickstart scheme. The Kickstart scheme provides funding to create new jobs for 16 to 24-year-olds, which covers 100% of UK’s minimum wage for 25 hours per week for a total of 6 months.

[2] For the 15 months ended December 31, 2022, EP Homes received $81,441 from sub-leasing its previous office space located in Edmonton, Canada. For the year ended September 30, 2021, EP Homes received $27,765 in rent reimbursements from EAM for the usage of EP Homes’ office space in Edmonton, Canada.

[3] For the 15 months ended December 31, 2022, Climb received a grant for $Nil (September 30, 2021 – $91,496) for the CEWS.

[4] On March 31, 2022, the Company sold its interest in Newt Kiosks, S.A. DE C.V. (“Newt Kiosk) to Newt Corporation for 268,000 shares at a value of $0.60 per share for a total value of $160,800.

[5] For the 15 months ended December 31, 2022, BPO received $Nil (September 30, 2021 - $231,724 (£133,635 GBP)) for the COVID-19 JRS. The UK government provides JRS to employers up to 80% (up to £2,500 GBP) of their employees’ wages for hours they are on furlough during the COVID-19 pandemic.

28. Other operating expenses

Other expenses consist of the following:

	December 31, 2022 $	September 30, 2021 $
Office supplies	**370,226**	300,697
Subscriptions and licenses	**103,944**	53,595
IT support	**753,363**	71,260
Insurance	**132,273**	46,126
Bad debts	**48,743**	12,444
Telephone	**83,960**	16,404
Training and recruitment	**30,891**	4,538
Repairs and maintenance	**43,645**	12,783
Donations	**4,272**	693
	1,571,317	518,540

[expressed in Canadian dollars]

29. Joint venture

The Company has 50% interest in Smart Everyday People Inc., a joint venture involved in providing innovative financial products in the health care industry that provides easy and quick access to health care spending account through our Everyday HSA tokenized MasterCard program in Canada. The Company's interest in Smart Everyday People Inc. is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarized statement of financial position of Smart Everyday People Inc:

	December 31, 2022 $	September 30, 2021 $
Current assets	**51,673**	—
Non-current assets	**433,117**	—
Current liabilities	**(528,010)**	—
Non-current liabilities	**—**	—
Equity	**(43,220)**	—
The Company's share in equity – 50%	**(21,610)**	—

Summarized statement of profit and loss of Smart Everyday People Inc:

	December 31, 2022 $	September 30, 2021 $
Revenue from contracts with customers	**—**	—
Cost of sales	**—**	—
Administrative expenses	**(42,367)**	—
Interest and bank charges	**(853)**	—
Loss before tax	**(43,220)**	—
The Company's share of loss for the period	**(21,610)**	—

Since the Company's share of the loss for the period exceeds the initial cost of the joint venture, the joint venture is not presented on the Company's balance sheet, and the Company's share of loss for the year totaled $2,855 on the consolidated statements of loss and comprehensive loss.

30. Commitments

Operating lease commitments

The Company has entered into one lease commitment for various IT equipment for its UK facilities, for which monthly lease payments are recorded as an expense.

	December 31, 2022 $	September 30, 2021 $
Within one year	**11,683**	33,234
After one year but not more than five years	**2,614**	33,375
More than five years	**—**	—
	14,297	66,609

Other commitments

On August 8, 2018, the Company signed a letter of intent (the "LOI") with Directcash Bank ("DC Bank") for a 7-year term, where DC Bank agreed to provide card issuing, loan processing and adjudication system, and transaction processing services for a Visa credit card product marketed and funded by the Company. Per the LOI, DC Bank agrees to enable the Company to procure the distribution of cards for purposes of the Company's card program and DC Bank will provide and operate a credit card platform to set up and charge fees for the credit cards.

On January 31, 2020, the Company entered into a processing agreement (the "DC Bank Processing Agreement") with DC Bank for a 7-year term maturing January 31, 2028. Pursuant to the terms of the DC Bank Processing Agreement, DC Bank has agreed to provide transaction processing services to the Company. The DC Bank Processing Agreement grants the Company a limited, non-transferable, non-exclusive, revocable license to access and use DC Bank's processor software solely for the purpose of utilizing the processing services. DC Bank owns all intellectual property, and the DC Bank Processing Agreement grants the Company a limited license to use the intellectual property. The DC Bank Processing Agreement does not transfer ownership of the intellectual property to the Company.

Effective January 31, 2021, the Company entered into a BIN sponsorship agreement (the "DC Bank BIN Sponsorship Agreement") with DC Bank for an initial 7-year term maturing January 31, 2028. Pursuant to the DC Bank BIN Sponsorship Agreement, the Company is to provide DC Bank program management and marketing services with respect to each card program implemented by the Company in Canada pursuant to which cards issued by DC Bank will be sold by the Company or any EP Financial distributor. The Company is responsible to promote and market programs to prospective customers in Canada, and the Company will be responsible for any costs and expenses that it incurs in promoting and marketing the programs.

On December 2, 2021, the Company entered into an agreement with an investor relations firm ("IR Firm") commencing on the signing date of the agreement. Pursuant to the agreement, the IR Firm is to develop and management comprehensive investor relations program and corporate communications program, including PR/media and stakeholder relations.

On December 7, 2021, the Company entered into a Marketing Agreement with a market maker with an initial period of 12 months starting on the latest of the (1) the date the RTO is completed and (2) the date the TSXV has approved this agreement and shall be renewed for subsequent 6-month periods unless the Company provides written notice of termination to the market maker. Pursuant to the Marketing Agreement, the market maker is to provide marketing campaign services, where they will mass-market the Company to qualified North American investment professionals.

On August 24, 2022, the Company entered into an Issuer Trading Services Agreement with Generation IACP Inc. ("Generation IACP") with initial term of 6 months and shall be renewed for subsequent 6-month periods unless the Company provides written notice of termination to Generation IACP. Pursuant to the Issuer Trading Services Agreement, Generation IACP is to provide trading services with respect to the common shares of the Company, with the primary objective of contributing to market liquidity of the shares in Canada.

On December 30, 2022, the Company entered into an Exclusive Engagement Agreement with a financing broker to source and negotiate for EP Homes one or more loans in form of mezzanine financing facility, with an estimated interest rate to be 12-14% per annum.

31. Segmented information

The Company has four reportable operating segments based on the products and services provided. The reportable operating segments are as follows:

(1) Financial services – This segment issues secured / prepaid credit cards. The CODM reviews the results of all card services in Canada and UK collectively. The UK card services, and Canada card services have been aggregated to form the financial services reporting segment.

(2) EP Homes facilitation services – This segment acquires new homes directly from homebuilders and offers eligible clients the ability to purchase a new home through a structured lease and dedicated down payment accumulation program.

(3) Collection services – This segment provides debt collection services for corporations that have past due and default accounts.

[expressed in Canadian dollars]

(4) Contract receivable services – This segment acquires residential and commercial security contracts between the consumer and the alarm companies at a certain discount. Full ownership of the contracts are transferred to EP Security, however, the alarm companies have continued obligations to services customers pursuant to their service agreements with the customer.

The Chief Executive Officer is the CODM and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the following metrics:

- Financial services:
  - Average revenue per user.
  - Profit or loss for the segment.
- EP Homes facilitation services:
  - Average loan-to-value for the EP Homes inventory.
  - Profit or loss for the segment.
- Collection services:
  - Average percentage collected per outstanding account.
  - Profit or loss for the segment.
- Contract receivable services:
  - Number of contracts.
  - Profit or loss for the segment.

The following tables summarize the segmented revenue and profit or loss for the 15 months ended December 31, 2022 and for the year ended September 30, 2021:

	For the 15 months ended December 31, 2022				
	Financial Services $	EP Homes Facilitation Services $	Collection Services $	Contract Receivable Services $	Total $
Revenue	372,543	4,396,738	17,405,117	299,353	**22,473,751**
Direct costs	316,537	3,886,743	5,495,565	28,861	**9,727,706**
Total operating expenses [1]	7,046,046	1,464,893	12,645,297	324,685	**21,480,921**
Earnings (loss) from operations	**(6,990,040)**	**(954,898)**	**(735,745)**	**(54,193)**	**(8,734,876)**
Other (expenses) income [2]	(15,120,851)	(19,312,613)	(324,708)	(1,468,483)	**(36,226,655)**
Net loss before taxes	(22,110,891)	(20,267,511)	(1,060,453)	(1,522,676)	**(44,961,531)**

	For the year ended September 30, 2021			
	Financial Services $	EP Homes Facilitation Services $	Collection Services $	Total $
Revenue	102,832	3,306,009	10,158,065	**13,566,906**
Direct costs	42,283	3,518,502	2,689,886	**6,250,671**
Total operating expenses [1]	4,044,002	753,052	7,271,242	**12,068,296**
Earnings (loss) from operations	**(3,983,453)**	**(965,545)**	**196,937**	**(4,752,061)**
Other (expenses) income [2]	53,579	(479,222)	420,967	**(4,676)**
Net loss before taxes	(3,929,874)	(1,444,767)	617,904	**(4,756,737)**

[1] This includes depreciation and amortization expenses of $2,251,036 (September 30, 2021 - $1,537,705), of which $531,509 (September 30, 2021 - $99,521) is related to financial services, $114,770 (September 30, 2021 - $93,924) is related to EP Homes facilitation services, $1,603,323 (September 30, 2021 - $1,344,260) is related to collection services, and $1,434 (September 30, 2021 - $Nil) is related to contract receivable services *[notes 7, 9 and 23]*.

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 15 months ended December 31, 2022 and 12 months ended September 30, 2021

[2] Financial services' other expenses of $15,120,851 (September 30, 2021 – $53,579 other income) is primarily related to $8,825,604 (September 30, 2021 - $Nil) for impairment losses *[notes 8 and 9]*, $3,381,033 (September 30, 2021 - $Nil) for listing expenses for the RTO *[note 4]*, $1,012,530 (September 30, 2021 - $40,155) related to interest expenses *[note 19]*, and $730,569 (September 30, 2021 - $Nil) for payment of contingent consideration of Climb acquisition *[note 32]*.

EP Homes facilitation services' other expenses of $19,312,613 (September 30, 2021 – $479,222) is primarily related to $19,024,697 (September 30, 2021 - $Nil) is related to impairment losses on goodwill and intangible assets *[notes 8 and 9],* $514,076 (September 30, 2021 - $494,584) for interest expenses, which are offset by $60,490 (September 30, 2021 - $Nil) for gain on debt settlement, and $72,649 (September 30, 2021 - $28,737) for other income *[note 27].*

Collection services' other expenses of $324,708 (September 30, 2021 - $420,967 other income) is primarily related to $331,167 (September 30, 2021 – $194,548) for interest and bank charges *[note 19]*, which is offset by other income.

Contract receivable services' other expenses of $1,468,483 (September 30, 2021 - $Nil) is primarily related to the impairment loss of the contract receivables *[note 22].*

The following tables summarize total assets and liabilities as at December 31, 2022 and September 30, 2021:

					As at December 31, 2022
	Financial Services	**EP Homes Facilitation Services**	**Collection Services**	**Contract Receivable Services**	**Total**
	$	**$**	**$**	**$**	**$**
Total assets	2,356,360	11,710,624	31,941,664	237,082	**46,245,730**
Total liabilities	6,218,564	13,627,130	13,629,065	1,764,877	**35,239,636**

				As at September 30, 2021
	Financial Services	**EP Homes Facilitation Services**	**Collection Services**	**Total**
	$	**$**	**$**	**$**
Total assets	12,480,571	29,479,120	21,665,454	**63,625,145**
Total liabilities	4,710,909	6,804,874	8,501,814	**20,017,597**

The following tables summarize the credit facilities and promissory notes as at December 31, 2022 and September 30, 2021:

					As at December 31, 2022
	Financial Services	**EP Homes Facilitation Services**	**Collection Services**	**Contract Receivable Services**	**Total**
	$	**$**	**$**	**$**	**$**
Credit facilities	—	6,726,143	1,958,265	—	**8,684,408**
Due to related party [1]	3,260,045	45,500	3,444,455	250,000	**7,000,000**
	3,260,045	6,771,643	5,402,720	250,000	**15,684,408**

					As at September 30, 2021
	Financial Services	**EP Homes Facilitation Services**	**Collection Services**	**Contract Receivable Services**	**Total**
	$	**$**	**$**	**$**	**$**
Credit facilities	—	4,563,596	81,584	**—**	**4,645,180**
Promissory notes	206,252	1,137,509	—	**—**	**1,343,761**
	206,252	5,701,105	81,584	**—**	**5,988,941**

[expressed in Canadian dollars]

Geographical information

The following table summarizes the revenue by geographical location for the 15 months ended December 31, 2022 and for the year ended September 30, 2021:

Revenue by geographical location:	**December 31, 2022** **$**	**September 30, 2021** **$**
Canada	5,000,063	3,405,631
United States of America	68,571	—
United Kingdom	17,405,117	10,161,275
	22,473,751	**13,566,906**

The following table summarizes the non-current assets by geographical location as at December 31, 2022 and September 30, 2021:

Non-current assets by geographical location [1]:	**December 31, 2022** **$**	**September 30, 2021** **$**
Canada	14,315,081	32,456,421
United States of America	547,036	—
United Kingdom	14,790,334	15,243,901
	29,652,451	**47,700,322**

[1] Non-current assets excludes deferred tax assets of $Nil (September 30, 2021 - $461,138) in accordance with IFRS 8.33(b).

Information about major customers

The following table provides the proportion of revenue attributed to each significant customer for the 15 months ended December 31, 2022 and for the year ended September 30, 2021:

	December 31, 2022 **%**	**September 30, 2021** **%**
Customer 1	36.8%	14.6%
Customer 2	7.9%	11.8%
Customer 3	7.7%	15.6%
Customer 4	6.9%	16.2%
	59.4%	**58.2%**

The revenue concentration noted mirrors the consolidated nature of the Company's operations. It is the management's opinion that the loss of Customer 1 will impact the Company's performance. In addition to the customers detailed in the above table, no other services were provided any one customer that represented more than 10% of total revenue.

32. Contingent consideration

On June 7, 2021, the Company entered into an amalgamation agreement with Climb to acquire assets and operations of Climb. Per the amalgamation agreement, the Company was required to pay an additional 10% of the Climb acquisition price in shares to Climb shareholders if the Company's shares were not listed on a stock exchange by December 31, 2021. Therefore, on December 31, 2021, the Company issued 881,088 shares to Climb shareholders at $0.8292 per share for a total value of $730,568. The payment of contingent consideration of $730,568 has been included in the consolidated statements of comprehensive loss for the 15 months ended December 31, 2022.

On December 8, 2022, the Company entered into a purchase agreement with GCS to acquire assets and operations of GCS. Per the purchase agreement, the Company is required to issue additional 1,781,485 shares to GCS shareholders if GCS's

EBITDA is equal to $1,781,485 in any year before December 31, 2025. The fair value of the contingent consideration was estimated to be $535,856 *[note 5]*.

33. Contingencies

EP Financial, Gordon Reykdal ("G. Reykdal"), Barret Reykdal, Carrie Reykdal, Prospect Financial Inc., EP Homes (formerly Bridge to Homeownership Investments Ltd.) and EAM Enterprises Inc. ("EAM") have been named as defendants in a lawsuit commenced by Ed Moroz and 2122297 Alberta Ltd. ("212 Alberta" and together with Moroz, the "Plaintiffs") in the Alberta Court of Queen's Bench on February 28, 2022 (the "Claim").

In the Claim, the Plaintiffs allege that in or around July 2018, 212 Alberta and EAM and their respective principals, Moroz and G. Reykdal, agreed to transfer 10,000,000 common shares in EP Financial to the Plaintiffs in exchange for 212 Alberta transferring 10,000,000 common shares in Destiny Bioscience Global Corp. ("Destiny"). In the Claim, the Plaintiffs allege that following certain transactions that took place in furtherance of the share swap agreement, the defendants engaged in a conspiracy to significantly dilute the Plaintiffs' interest in EP Financial, which involved, among other things, providing misleading information purporting to show the Plaintiffs' interest in EP Financial, calling annual general meetings without providing notice to the Plaintiffs, breaching the terms of the share swap agreement, engaging in oppressive conduct, and breaches of fiduciary duty. The Plaintiffs claim to have suffered losses, in relation to which certain relief is sought, including, among other things, a declaration of a constructive trust over the shares of EP Financial, an accounting of EP Financial, production of certain financial disclosure, an investigation into EP Financial and damages. The Plaintiffs have not specified the amount of damages other than $50,000 for breaching a duty to act in good faith and honestly perform the defendants' contractual obligations.

A Statement of Defence and Counterclaim have been filed, asserting that the Plaintiffs' claim for the share swap is statute barred by virtue of the Limitations Act, and by a total failure of consideration given the insolvency of Destiny. Further, the defendants assert that the Plaintiffs have suffered no damages.

34. Subsequent events

1. During January 2023 and February 2023, the Company received $577,000 in form of the 12% unsecured medium-term note with a 2-year term to maturity.

2. On February 14, 2023, the Company entered into a Financing Agreement for Mezzanine Financing Facility (the “Mezzanine Debt”) in the amount of $1,500,000. The Mezzanine Debt bears an interest rate of 13.5% per annum paid monthly and matures on February 29, 2024. The Mezzanine Debt is secured by a general security agreement providing security over all present and after acquired property of the Company, subordinate only to any general security agreement registered by the first mortgagee.

3. On March 31, 2023, the Company’s wholly-owned subsidiary, GCS acquired 100% of the issued and outstanding shares of Groupe Solution Collect Solu Inc. (“Groupe Solution”) pursuant to the share purchase agreement dated March 30, 2023. Groupe Solution serves enterprise clients requiring accounts receivable management solutions and debt collection services in Quebec, Canada. The primary reason for the business acquisition was to leverage the customer base, relationships and collection services of Groupe Solution to provide EP Financial services. GCS acquired 100% of Groupe Solution shares in exchange for:

    a. An aggregate cash payment by GCS to the Groupe Solution shareholders of $3.4 million; and,
    b. Issuance of a promissory note on the closing date in the principal amount of $800,000, without interest, of which $700,000 shall be payable in 6 months following the closing date either in cash or by the issuance of 700,000 of the Company’s marketable shares, at the sole discretion of Groupe Solution shareholders. The remaining $100,000 shall be payable in cash without interest on or before the date that is 18 months following the closing date.
    c. In addition, the Groupe Solution shareholders may earn up to an additional $1.4 million, either in cash or by way of issuance of $1.4 million of the Company’s shares, if the twelve months EBITDA of Groupe Solution is equal to or greater than $1,080,000.

The Company funded the cash payment via advances under the credit arrangement with a Canadian bank. For the funding of the cash payment, GCS has entered into a credit arrangement with a Canadian bank for a $5.3 million revolving reducing facility. The credit facility is to be used to acquire 100% of the shares of Groupe Solution and pay the existing $1.9 million loan. The interest on the credit facility is payable at a two-year fixed rate of approximately 7% per annum. The credit facility is secured by a general security agreement, which provides the lender security interest over all present and after-acquired personal property of the GCS and Groupe Solution. The credit facility is payable in full in seven years from the date of advance. GCS is required to make blended payments of approximately $80,000 per month on the last day of each month commencing 30 days following the advance.

The Company has engaged external consultants to complete the purchase price allocation for the acquisition. Since the purchase price allocation is not yet completed, related disclosures are not yet available.

35. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. The Company did not believe these changes to have a material impact on the financial statements.

The changes for the comparative year ended September 30, 2021 period were as follows:

- Reclassified other revenue to other income for $78,829.
- Renamed other expenses to other operating expenses.
- Renamed interest and bank charges to finance costs.