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

Management's Discussion and Analysis

For the three months ended March 31, 2023 and 2022

May 19, 2023

The effective date of this Management's Discussion and Analysis is, May 19, 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 Financial" 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 three months ended March 31, 2023 and March 31, 2022. 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 unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2023 and the audited consolidated financial statements of the Company for the 15 months ended December 31, 2022, 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 19, 2023, unless otherwise indicated.

The Company's unaudited interim condensed 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"), Pro-forma revenue, and Pro-forma net income (loss) 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 quarterly 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 Financial has its registered office at Suite 450, 11150 Jasper Avenue, Edmonton, Alberta T5K 0C7. 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").

Basis of consolidation

Please refer to the unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022 for details for the companies included in the unaudited interim condensed consolidated financial statements.

THE BUSINESS

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 its clients be their best financial selves with credit products and services that help everyday people add value to their everyday lives. EP Financial is comprised of the following business lines:

1. Collection Services: This segment offers collection services through BPO that operates in Ayrshire, Scotland and GCS and Groupe Solution that operate in Canada. BPO, GCS, and Groupe Solution are debt collection agencies specializing in the collection of consumer and commercial debt.

2. Financial Services: EP Financial offers secured credit cards 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.

3. 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.

EP Financial 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 THREE MONTHS ENDED MARCH 31, 2023 AND SUBSEQUENT EVENTS

- For the three months ended March 31, 2023, the Company received $300,000 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:

    - An 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 6.46% per annum, with an amortization period of 85 months. 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.

ACQUISITION HIGHLIGHTS

The integration of GCS and Groupe Solution is progressing well and the Company plans to continue to add accretive acquisitions to the Company's collection services segment throughout 2023 and 2024.

COMMITMENT TO PROFITABILITY BY SENIOR MANAGEMENT AND BOARD OF DIRECTORS

The senior executives and Board of Directors are committed to the Company in achieving profitability to build shareholder value, therefore, the CEO and the Executive Chair of the Board have agreed for a quarterly compensation of $1.00 until the Company achieves net profit before tax, excluding acquisition costs, share-based compensation, and depreciation and amortization. Independent contractors in senior executive positions and the Board of Directors, with the exception of BPO's president, CFO, and accounting executives, have agreed to terminate their existing agreements for cash compensation and committed to profit-driven compensation based on their respective businesses' profitability. Certain senior executives will be advanced monthly loans, which are unsecured and due on demand, and will be disclosed in the related party note. Total management, CEO and Executive chair, and board fees, would have been $318,518, $173,250, and $133,341, respectively, for the three months ending March 31, 2023. This will be reviewed on a quarterly basis.

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, acquisition costs, depreciation and amortization expenses, impairment loss on goodwill, and other non-cash expenses (income). We believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. EP Financial'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 net loss before tax, for which a reconciliation is provided in "Reconciliation of Non-IFRS Measures" table below "Selected Quarterly 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 Quarterly Information".

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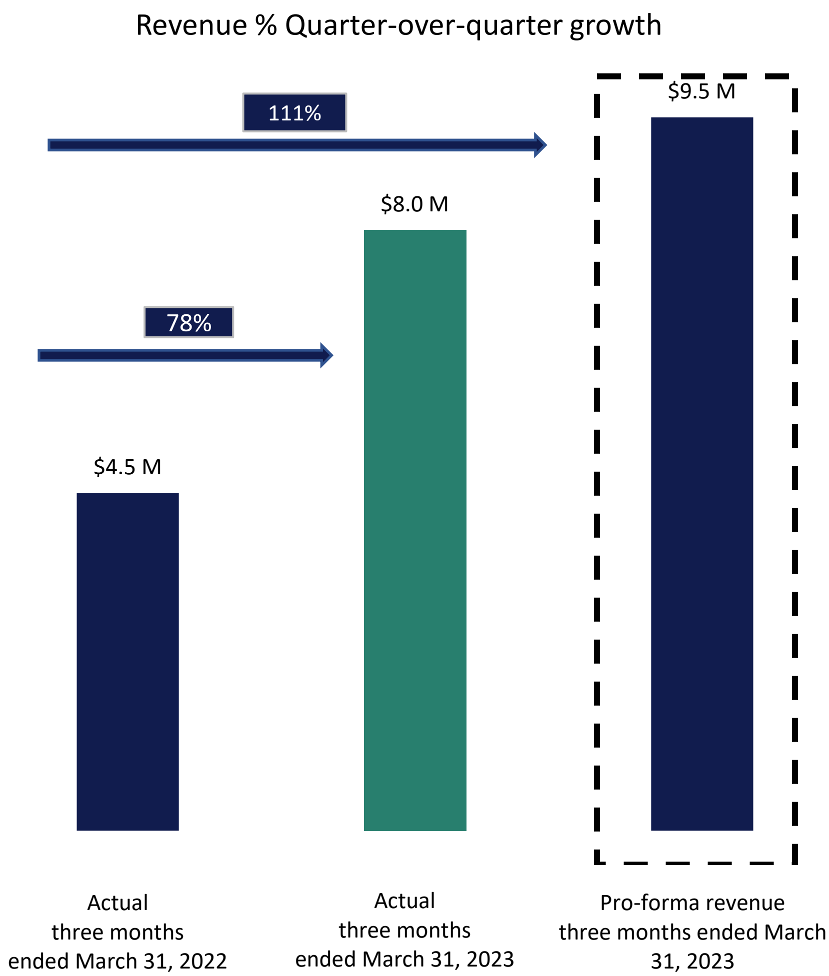
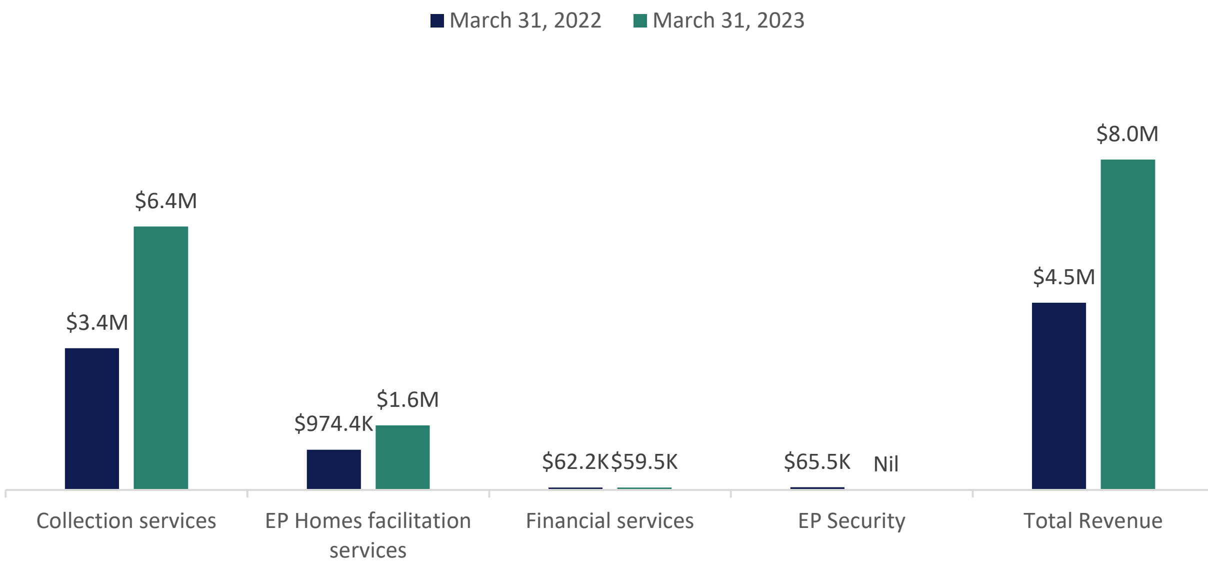
QUARTERLY HIGHLIGHTS



- Revenue increased by 78% to $8.0 million, compared to $4.5 million.
- Pro-forma revenue of $9.5 million for the three months ended March 31, 2023, see Non-IFRS Financial Measures.
- Gross profit increased to $4.6 million, compared to $2.6 million.
- Loss from operations of $0.9 million, compared to $1.3 million.
- Adjusted EBITDA of $0.5 million, compared to $0.1 million.
- Net loss before tax of $1.2 million, compared to $1.2 million.
- Pro-forma net loss before tax of $1.1 million for the three months ended March 31, 2023, see Non-IFRS Financial Measures.

OVERALL PERFORMANCE

Revenue for the three months ended March 31, 2023, was $8.0 million as compared to $4.5 million for the three months ended March 31, 2022.



- The total increase of 78% or $3.5 million for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 is primarily due to:
    - $3.0 million increase in collection services revenue, primarily due to the acquisition of GCS and increased number of contracts in BPO (primarily from Her Majesty's Revenue and Customs "HMRC").
    - $0.6 million increase in EP Homes facilitation services revenue is related to 3 homes sold to the Company's Chief Financial Officer for the three months ended March 31, 2023, as compared to 2 homes sold for the three months ended March 31, 2022.

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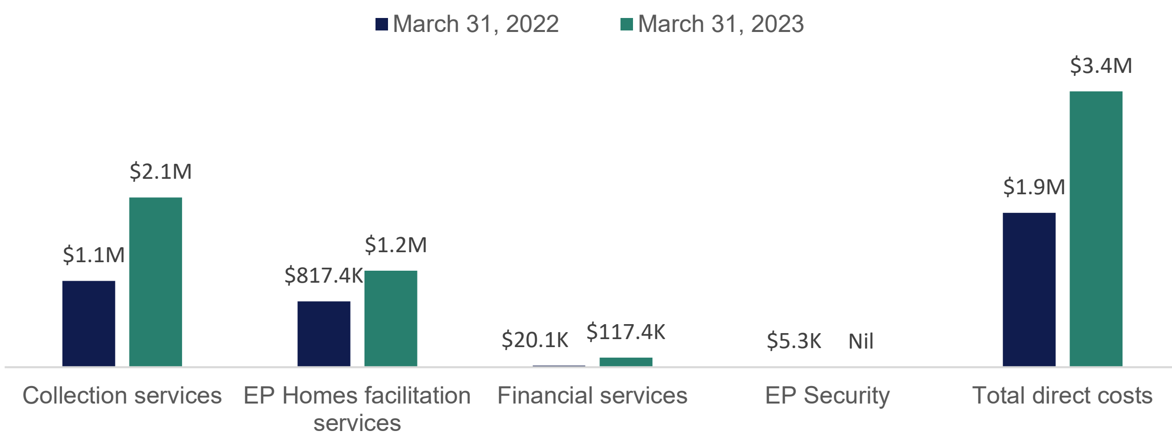
Direct costs for the three months ended March 31, 2023, were $3.4 million as compared to $1.9 million for the three months ended March 31, 2022.



- The total increase of $1.5 million for the three months ended March 31, 2023 is primarily due to:
    - $1.0 million increase in collection services direct costs primarily related to the acquisition of GCS on December 30, 2022.
    - $0.4 million increase in EP Homes direct costs is related to 3 homes sold for the Company's Chief Financial Officer (three months ended March 31, 2022 – 2 homes sold) for the three months ending March 31, 2023.
    - $0.1 million increase in financial services is due to increased operations in this business segment.

Gross profit for the three months ended March 31, 2023, was $4.6 million as compared to $2.6 million for the three months ended March 31, 2022.

- The increase of $2.0 million for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022 is primarily due to:
    - $1.9 million increase in collection services gross profit, is due to acquisition of GCS. Gross profit for collection services was 67% (three months ending March 31, 2022 – 69%).

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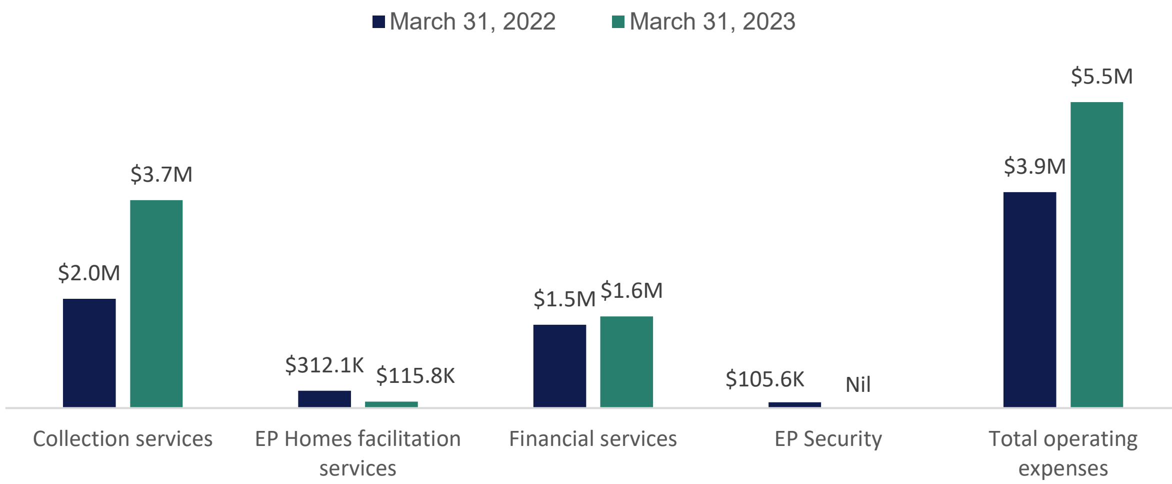
Total operating expenses for the three months ended March 31, 2023, were $5.5 million was recorded as compared to $3.9 million for the three months ended March 31, 2022.



- The total increase of $1.6 million for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022 is primarily due to:
  - $1.7 million increase in collection services is primarily related to $1.3 million increase in salaries and benefits, which is due to the acquisition of GCS and BPO's increased workforce, and $0.4 million increase in other operating expenses is due to the acquisition of GCS.
  - $0.1 million increase in financial services is primarily related to the public company costs and acquisition costs related to the Groupe Solution acquisition.
  - $0.2 million decrease in EP Homes facilitation services is primarily related to the decrease in cross-charges related to the RTO.

Loss from operations for the three months ended March 31, 2023, was $0.9 million (three months ended March 31, 2022 - $1.3 million).

The decrease of $0.4 million in loss from operations for the three months ended March 31, 2023 are primarily due to:

- $2.0 million increase in gross profit for the three months ended March 31, 2023, which was set off by $1.6 million increase in operating expenses as mentioned above. The Adjusted EBITDA was $0.5 million for the three months ended March 31, 2023 (three months ended March 31, 2022 – Adjusted EBITDA of $0.1 million). See the Selected Quarterly Information section.

Basic and Diluted EPS for the three months ended March 31, 2023 was ($0.01) as compared to ($0.02) for the three months ended March 31, 2022.

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Cash flow activities for the three months ended March 31, 2023 and March 31, 2022 are as follows:

- Net cash used in operating activities for the three months ended March 31, 2023, was $2.2 million (March 31, 2022 - $2.6 million cash used) was due to:
  - Proceeds from the sale of homes for $1.1 million (March 31, 2022 - $0.7 million) for 3 homes (March 31, 2022 – 2 homes).
  - The payments for the purchase of homes for $2.2 million (March 31, 2022 – $1.9 million) for 5 homes (March 31, 2022 – 5 homes).
  - Net payments for the contract receivables of $Nil (March 31, 2022 - $0.3 million) for the purchase of security contracts.
  - Net loss adjusted for working capital items is $1.1 million (March 31, 2022 - $1.1 million), which includes net loss set off by changes in working capital.

- Net cash used in investing activities for the three months ended March 31, 2023 was $3.4 million (March 31, 2022 - $0.1 million) is primarily due to the $3.4 million net cash paid for the acquisition of Groupe Solution.

- Net cash provided by financing activities for the three months ended March 31, 2023 was $5.7 million (March 31, 2022 - $3.3 million cash provided), which primarily comprised of:
  - $5.5 million in net proceeds (March 31, 2022 - $0.9 million net proceeds) from credit facilities.
  - $Nil net proceeds (March 31, 2022 - $3.5 million proceeds) from unit issuance and committed capital.
  - $0.3 million proceeds (March 31, 2022 - $1.1 million repayments) of promissory notes.
  - $0.1 million repayments (March 31, 2022 - $0.1 million repayments) of lease liabilities.

EP Financial’s cash and cash equivalent balance was $1.3 million as at March 31, 2023 as compared to $1.2 million as at December 31, 2022.

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ECONOMIC FACTORS

EP Financial'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.

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 Financial's financial services segment performance may be adversely affected by economic, political or inflationary conditions in any market in which EP Financial 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 Financial's ability to remain competitive. Refer to "Risk and Uncertainties" of this MD&A for further information.

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SELECTED QUARTERLY INFORMATION

		Three months ended	Three months ended
		March 31, 2023	March 31, 2022
		($)	($)
Revenue	[1]	**7,999,834**	**4,534,173**
Direct costs	[2]	3,418,261	1,911,554
Gross profit		**4,581,573**	**2,622,619**
Operating Expenses			
Salaries and benefits	[3]	2,889,454	1,579,545
Other operating expenses		830,799	369,078
Depreciation and amortization	[4]	587,410	462,191
Management and consulting fees	[5]	200,813	505,499
Professional fees	[5]	308,715	665,945
Public company costs		170,453	48,668
Share-based compensation	[6]	230,943	212,922
Marketing expenses		73,646	38,483
Acquisition costs		212,150	—
Loss allowances		(1,318)	2,170
Realized foreign currency exchange loss (gain)		(576)	267
Total operating expenses	[7]	**5,502,489**	**3,884,768**
Loss from operations	[8]	**(920,916)**	**(1,262,149)**
Total other (expenses) income		**(271,925)**	**37,208**
Net loss before tax		**(1,192,841)**	**(1,224,941)**
Income tax recovery		79,025	136,714
Net loss for the period		**(1,113,816)**	**(1,088,227)**
Comprehensive loss for the period		**(808,148)**	**(1,779,307)**

Consolidated Balance Sheet information	[9]	**March 31, 2023**	**December 31, 2022**
Total assets		56,881,047	46,245,730
Total non-current financial liabilities		20,815,819	13,888,126
Deficit		(59,873,894)	(58,760,078)
Dividends declared		$nil	$nil
Basic and diluted loss per share		(0.01)	(0.44)

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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 unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022 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
		March 31, 2023	**March 31, 2022**
Adjusted EBITDA reconciliation			
Net loss before tax		**(1,192,841)**	**(1,224,941)**
Adjustments			
Interest included in direct cost		17,031	6,690
Depreciation and amortization		587,410	462,191
Acquisition costs	[a]	212,150	—
Costs related to going public	[b]	—	714,599
Share-based compensation		230,943	212,922
Finance costs		616,128	230,437
Gain on debt settlement		—	(60,491)
Other income		—	(207,154)
Total adjustment to loss from operations		**1,663,662**	**1,359,194**
Adjusted EBITDA		**470,821**	**134,253**

Pro-forma revenue reconciliation		**Three months ended March 31, 2023 ($)**
Company revenue		7,999,834
Adjustments		
Groupe Solution revenue	[c]	1,540,041
Pro-forma revenue		**9,539,875**

Pro-forma net income (loss) reconciliation		**Three months ended March 31, 2023 ($)**
Company net income (loss)		(1,192,841)
Adjustments		
Groupe Solution net income (loss)	[c]	43,350
Pro-forma net income (loss) before tax		**(1,149,491)**

[a] Acquisition costs include the legal fees and professional fees related to the acquisitions.

[b] Costs related to going public are related to the professional fees and public company costs incurred to complete the RTO.

[c] Groupe Solution revenue and net income (loss) represents revenue and net income (loss) for the three months ended March 31, 2023 from Groupe Solution's management prepared financial statements. If EP Financial would have acquired Groupe Solution on January 1, 2023, Groupe Solution would have contributed approximately $1,540,041 in revenue from continuing operations and approximately $43,350 in net profit before taxes, including shareholders' compensation of $54,198 for the three months ended March 31, 2023.

DISCUSSION ON RESULTS OF OPERATIONS

The Company has based the following discussion on its unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023 and 2022. Please read the below discussion along with these unaudited interim condensed consolidated financial statements, as it is qualified in its entirety by reference to them.

[1] Revenue

	Three months ended March 31,	Three months ended March 31,	Three months ended	
	2023 ($)	2022 ($)	Change ($)	Change (%)
Collection services	6,375,467	3,432,138	2,943,329	86%
EP Homes facilitation services	1,564,870	974,367	590,503	61%
Financial services	59,497	62,195	(2,698)	(4%)
Contract receivables	—	65,473	(65,473)	(100%)
Revenue	**7,999,834**	**4,534,173**	**3,465,661**	**76%**

The increase in revenue of collection services amounting to:

- $2,943,329 increase for the three months ended March 31, 2023 is primarily related to the acquisition of GCS and increase in contracts in BPO, specifically from HMRC.

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

- $590,503 increase for the three months ended March 31, 2023 is primarily due to 3 homes sold to the Company's Chief Financial Officer for the three months ended March 31, 2023, as compared to 2 homes sold for the three months ended March 31, 2022.

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[2] Direct costs

	Three months ended March 31,	Three months ended March 31,	Three months ended
	2023 ($)	2022 ($)	Change ($)
Collection services	2,103,650	1,068,854	1,034,796
EP Homes facilitation services	1,197,235	817,385	379,850
Financial services	117,376	20,066	97,310
Contract receivables	—	5,250	(5,250)
Total	**3,418,261**	**1,911,555**	**1,506,706**
As a % of total revenue	43%	42%	—

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

- $379,850 increase for the three months ended March 31, 2023 is primarily due to increase in cost of homes sold, as 3 homes were sold for the three months ended March 31, 2023 as compared to 2 homes sold for the three months ended March 31, 2022.

The increase in direct costs of collection services amounting to:

- $1,034,796 increase for the three months ended March 31, 2023 is primarily related to the acquisition of GCS and aligned with the increase in BPO's revenue, as compared to the three months ended March 31, 2022.

The increase in direct costs of financial services amounting to:

- $97,310 increase for the three months ended March 31, 2023 is due to the increased operations in the EP Travel, EP Care, EP Secured Card business lines.

[3] Salaries and benefits

	Three months ended March 31,	Three months ended March 31,	Three months ended
	2023 ($)	2022 ($)	Change ($)
Salaries and benefits	2,889,454	1,579,558	1,309,896
Total	**2,889,454**	**1,579,558**	**1,309,896**
As a % of total revenue	36%	35%	—

The increase in salaries and benefits amounting to:

- $1,309,896 increase for the three months ended March 31, 2023 is primarily due to the $1.2 million for the acquisition of GCS on December 30, 2022 and $0.1 million increase in work force in EP Financial and BPO. Salaries and benefits include $2,547,209 (March 31, 2022 - $1,153,262) for collection services and $431,224 (March 31, 2022 - $391,088) for financial services.

[4] Depreciation and amortization

	Three months ended March 31,	Three months ended March 31,	Three months ended
	2023 ($)	**2022 ($)**	**Change ($)**
Depreciation and amortization	587,410	462,191	125,219
Total	**587,410**	**462,191**	**125,219**
As a % of total revenue	7%	10%	—

The increase in depreciation and amortization expense amounting to:

- $125,219 increase for the three months ended March 31, 2023 is primarily due to the intangible assets and right of use asset amortization, which were acquired as part of the GCS acquisition on December 30, 2022.

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

	Three months ended March 31,	Three months ended March 31,	Three months ended
	2023 ($)	**2022 ($)**	**Change ($)**
Management and consulting fees	200,813	505,499	(304,686)
Professional fees	308,715	665,931	(357,216)
Total	**509,528**	**1,171,430**	**(661,901)**
As a % of total revenue	6%	26%	—

The decrease in management and consulting fees amounting to:

- $304,686 decrease for the three months ended March 31, 2023 is primarily due certain senior executives terminating their existing agreements for cash compensation and entering into a profit-driven compensation agreement where their compensation is contingent on the quarterly profitability of their respective business line.

The decrease in professional fees amounting to:

- $357,216 decrease for the three months ended March 31, 2023 is primarily due to the decrease in professional fees incurred related to the RTO.

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[6] Share-based compensation

	Three months ended March 31,	Three months ended March 31,	Three months ended
	2023 ($)	**2022 ($)**	**Change ($)**
Compensation in Options	43,946	67,922	(23,976)
Compensation in RSUs and shares	186,997	145,000	41,997
Total	**230,943**	**212,922**	**18,021**
As a % of total revenue	3%	5%	—

- $23,976 decrease of compensation in options is primarily due to the cost accounting method for recording the cost of service. This accounting method accounts for higher cost for the services provided in the earlier periods of service and the monthly cost reduces over the term of the vesting period.
- $41,997 increase of compensation in RSU and shares is primarily due to the costs of the RSUs issued and committed to the directors and consultants upon completion of the RTO.
- For the three months ended March 31, 2023, the Company granted Nil options (March 31, 2022 – 8,400), committed 125,000 RSUs (March 31, 2022 - Nil), and Nil shares (March 31, 2022 – 289,500).

[7] Total operating expenses

For the three months ended March 31, 2023, the total operating expenses of $0.8 million were recorded as compared to $0.4 million for the three months ended March 31, 2022. Total operating expenses were 10% of revenue as compared to 8% of revenue for the three months ended March 31, 2023, as a result of the Company's growth strategies.

	Three months ended March 31,	Three months ended March 31,	Three months ended
	2023 ($)	**2022 ($)**	**Change ($)**
IT support	202,549	109,039	93,510
Subscriptions and licenses	177,072	16,964	160,108
Travel and entertainment	161,684	76,514	85,170
Office supplies	92,492	67,046	25,446
Rent and utilities	77,614	51,329	26,285
Telephone	57,772	11,496	46,276
Insurance	56,331	21,791	34,540
Repairs and maintenance	9,273	4,003	5,270
Bad debts	3,135	2,416	719
Credit bureaus	1,744	—	1,744
Training and recruitment	(8,867)	8,480	(17,347)
Total	**830,799**	**369,078**	**461,721**
As a % of total revenue	10%	8%	—

[8] Loss from operations

Loss from operations was $0.9 million (three months ended March 31, 2023 - $1.3 million) for the three months ended March 31, 2023.

The decrease of $0.4 million in loss from operations for the three months ended March 31, 2023 are primarily due to:

- $2.0 million increase in gross profit for the three months ended March 31, 2023, which was set off by $1.6 million increase in operating expenses as mentioned above. The Adjusted EBITDA was $0.5 million for the three months ended March 31, 2023 (three months ended March 31, 2022 – Adjusted EBITDA of $0.1 million). See the Selected Quarterly Information section.

[9] Consolidated balance sheet information

Total assets of $56.8 million primarily consist of $10.9 million in EP Homes inventory, $17.2 million in intangible assets, $9.4 million in customer funds, and $8.2 million goodwill accounted upon acquisition of BPO, GCS, and Groupe Solution.

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 March 31, 2023, primarily consist of lease liabilities of $2.1 million compared to $1.5 million as at December 31, 2022, $7.2 million of due to related parties as at March 31, 2023 as compared to $7.0 million as at December 31, 2022, and $9.3 million in credit facilities as at March 31, 2023 as compared to $5.0 million as at December 31, 2022.

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 three months ended March 31, 2023, the loss per share was ($0.01) compared to ($0.44) for the 15 months ended December 31, 2022. The diluted loss 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 March 31, 2023 and December 31, 2022 are as follows:

Description of securities	**Number of securities outstanding as at March 31, 2023**	**Number of securities outstanding as at December 31, 2022**
Common shares	113,976,539	113,976,539
Warrants	4,083,397	4,083,397
Options	3,351,733	3,893,597
Restricted share units ("RSUs")	3,432,000	3,307,000
Equity fully diluted	**124,843,669**	**125,260,533**

Financial Instruments

Please refer to the unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2023 and the year ended December 31, 2022 for details on measurement, carrying value, and fair value of financial instruments. For the year ended December 31, 2022, the Company did not have any derivative financial instruments, and the Company did not engage in hedging activities.

SELECTED QUARTERLY RESULTS

The following table sets forth selected unaudited interim quarterly results.

	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021	6/30/2021
Collection services	6,375,467	3,584,725	3,837,143	3,695,344	3,432,138	2,855,768	2,665,413	2,962,793
EP Homes facilitation services	1,564,870	1,057,328	918,049	932,185	974,367	514,408	169,774	535,583
Financial services	59,497	75,669	87,971	85,666	62,195	61,441	58,945	17,734
Contract revenue	—	42,872	67,189	70,492	65,473	53,327	—	—
Revenue	**7,999,834**	**4,760,594**	**4,910,352**	**4,783,687**	**4,534,173**	**3,484,944**	**2,894,132**	**3,516,110**
Q/Q change %	**68%**	**(3%)**	**3%**	**6%**	**30%**	**20%**	**(18%)**	**25%**
Direct costs	3,418,261	2,161,181	2,199,667	2,076,762	1,911,555	1,378,541	571,560	1,492,131
Gross profit	**4,581,573**	**2,599,413**	**2,710,685**	**2,706,925**	**2,622,618**	**2,106,403**	**2,322,572**	**2,023,979**
Expenses								
Salaries and benefits	2,889,454	1,787,809	2,056,191	1,745,828	1,579,558	1,769,379	2,037,676	1,337,695
Professional fees	308,715	557,872	624,689	567,444	665,931	928,367	736,117	433,868
Depreciation and amortization	587,410	456,644	447,098	457,289	462,191	427,814	434,320	376,699
Management and consulting fees	200,813	735,236	482,428	460,839	505,499	457,622	528,169	392,393
Share-based compensation	230,943	197,320	91,125	235,204	212,922	194,353	186,525	203,359
Other operating expenses [1]	830,799	587,804	597,480	483,347	369,078	409,794	293,026	200,717
Marketing expenses	73,646	36,484	120,639	85,287	38,483	39,913	34,708	12,620
Public company costs	170,453	314,229	156,225	48,867	48,668	7,875	4,357	—
Acquisition costs	212,150	—	—	—	—	—	—	—
Loss allowances	(1,318)	13,258	—	—	2,170	10,220	—	—
Realized foreign currency exchange loss (gain)	(576)	1,901	955	941	267	382	538	—
Total operating expenses	**5,502,489**	**4,688,558**	**4,576,830**	**4,085,046**	**3,884,767**	**4,245,719**	**4,255,436**	**2,957,351**
Loss from operations	**(920,916)**	**(2,089,145)**	**(1,866,145)**	**(1,378,121)**	**(1,262,149)**	**(2,139,316)**	**(1,932,864)**	**(933,372)**
Other income (loss)	**(271,925)**	**(24,192,706)**	**(8,507,390)**	**(2,772,129)**	**37,208**	**(791,639)**	**(191,821)**	**(52,568)**
Net loss before tax	**(1,192,841)**	**(26,281,851)**	**(10,373,535)**	**(4,150,250)**	**(1,224,941)**	**(2,930,955)**	**(2,124,685)**	**(985,940)**
Income tax recovery (expense)	79,025	(822,240)	36,593	(96,094)	136,714	19,809	9,606	(78,366)
Net loss for the period	**(1,113,816)**	**(27,104,091)**	**(10,336,942)**	**(4,246,344)**	**(1,088,227)**	**(2,911,146)**	**(2,115,079)**	**(1,064,305)**
Comprehensive loss for the year	**(808,148)**	**(25,900,184)**	**(10,954,848)**	**(4,983,396)**	**(1,779,307)**	**(2,899,295)**	**(2,111,581)**	**(1,268,658)**

[1] Other expenses include IT support, subscriptions and licenses, travel and entertainment, office supplies, rent and utilities, insurance, telephone, repairs and maintenance, computer, training and recruitment, 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 Financial's collection services segment has been generating sufficient cash to support its current operations and planned growth. EP Financial 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 $1.3 million as at March 31, 2023 as compared to $1.2 million as at December 31, 2022.

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 Financial currently has $14.2 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

The unaudited interim condensed 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 $1,113,816 (March 31, 2022 - $1,088,227) for the three months ended March 31, 2023, including acquisition costs and depreciation and amortization expense, deficit of $59,873,894 as at March 31, 2023 (December 31, 2022 - $58,760,078) and cash used in operating activities of $2,187,513 for three months ended March 31, 2023 (March 31, 2022 – cash used in operating activities of $2,557,575). 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.

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;
- Received $7 million in unsecured medium-term notes from EAM, principal shareholder, as of December 31, 2022;

- Entered into a new credit arrangement of $15 million revolving line of credit with KV Capital Inc. (“KV Capital”) on November 1, 2022;
- Received $1.5 million from a financing broker to provide a mezzanine financing facility for EP Homes financing; and,
- CEO and the Executive Chair of the Board have agreed for a quarterly compensation of $1.00 until the Company achieves net profit before tax, excluding acquisition costs, share based compensation, depreciation and amortization. Independent contractors in senior executive positions and the Board of Directors, with the exception of BPO’s president, CFO, and accounting executives, have agreed to terminate their existing agreements for cash compensation and committed to profit-driven compensation based on their respective businesses’ profitability.

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 unaudited interim condensed 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.

CASH FLOW SUMMARY

The following table provides a summary of cash inflows and outflows by activity for the three months ended March 31, 2023 and March 31, 2022.

Cash inflows and (outflows) by activity:		**March 31, 2023**	**March 31, 2022**
Change in operating activities prior to EP Homes inventory	[1]	(1,065,807)	(1,051,307)
Addition and disposals of EP Homes inventory	[2]	(1,121,706)	(1,185,430)
Additions and disposals of contract receivables	[3]	—	(320,838)
Cash used in operating activities		(2,187,513)	(2,557,575)
Cash used in investing activities	[4]	(3,410,450)	(106,126)
Cash provided by financing activities	[5]	5,658,467	3,272,413
Foreign exchange on cash held in foreign currency		93,574	(194,284)
Net cash (outflows) inflows		154,078	414,428
Cash and cash equivalents, beginning of period		1,445,043	2,066,931
Cash and cash equivalents, end of period		1,599,121	2,481,359
Less: Cash – restricted, end of period		(288,421s)	(41,906)
Cash and cash equivalents, end of period		1,310,700	2,439,453

[1] Cash used in operating activities

Cash used in operating activities prior to EP Homes inventory and additions to contract receivables for the three months ended March 31, 2023 amounted to $1.1 million, as compared to $1.1 million for the three months ended March 31, 2022. The increase in cash used from operating activities was primarily due to the Adjusted EBITDA, finance costs, 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 three months ended March 31, 2023 of $2.2 million as compared to cash provided of $2.6 million for the three months ended March 31, 2022 was due to the disposal of 3 homes (March 31, 2022 – 2 homes) for $1.1 million (March 31, 2022 - $0.7 million) and the purchase of 5 homes (March 31, 2022 – 5 homes) amounting to $2.2 million (March 31, 2022 - $1.9 million) for the three months ended March 31, 2023.

[3] Cash provided by (or used in) additions and disposals of contract receivables

For the three months ended March 31, 2022, this represents the net amount paid to purchase 746 security contracts. Please refer to note 22 of the unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022.

[4] Cash used in investing activities

Net cash used in investing activities for the three months ended March 31, 2023 was $3.4 million (March 31, 2022 - $0.1 million) is primarily due to the $3.4 million net cash paid for the acquisition of Groupe Solution.

[5] Cash provided by financing activities

Net cash provided by financing activities for the three months ended March 31, 2023 was $5.7 million (March 31, 2022 - $3.3 million cash provided), which primarily comprised of:

- $5.5 million in net proceeds (March 31, 2022 - $0.9 million net proceeds) from credit facilities.
- $Nil net proceeds (March 31, 2022 - $3.5 million proceeds) from unit issuance and committed capital.
- $0.3 million proceeds (March 31, 2022 - $1.1 million repayments) of promissory notes.
- $0.1 million repayments (March 31, 2022 - $0.1 million repayments) of lease liabilities.

Items affecting liquidity

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

		March 31, 2023 $	December 31, 2022 $
Current assets			
Cash and cash equivalents		1,310,700	1,186,690
Customer funds	[1]	9,445,837	8,484,763
Cash – restricted		288,421	258,353
Trade receivables	[2]	3,708,401	2,343,122
Prepaid expenses		856,757	568,611
Current portion of loan receivables		80,159	80,160
Current portion of due from related parties		785,013	532,812
Current portion of EP homes inventory	[3]	4,937,774	3,506,800
Total current assets		**21,413,062**	**16,961,311**
Current liabilities			
Trade payables	[4]	6,343,135	5,362,622
Customer payables	[1]	9,445,837	8,484,763
Current portion of customer deposits		199,621	173,053
Current tax liability		226,721	182,122
Current portion of deferred revenue		204,214	235,513
Current portion of lease liabilities		344,413	287,293
Due to related parties		193,935	45,802
Current portion of credit facilities	[5]	4,907,534	3,653,343
Total current liabilities		**21,865,410**	**18,424,511**
Net working capital	[6]	**(452,348)**	**(1,463,200)**

[1] Customer funds and customer payable

BPO, GCS and Groupe Solution collect payments on behalf of its customers. The funds belong to the clients and are not available for operating use by BPO, GCS, and Groupe Solution. 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, GCS, and Groupe Solution collect the funds on behalf of its clients and transfers the collected funds to the client as per the agreed schedule. BPO, GCS, and Groupe Solution generate the invoice for its collections and then the client pays 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 commissions are minimal. The Company reported $3.7 million of receivables as at December 31, 2022, as compared to $2.3 million as at December 31, 2022. The increase in trade receivables is in line with the increase in collection services segment, from the acquisitions of Groupe Solution and the increase in 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 11 homes representing $4.9 million of the current portion of the EP Homes inventory as at March 31, 2023 as compared to 9 homes representing $3.5 million as at December 31, 2022.

[4] Trade payables and accrued liabilities

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

The Company reported $6.3 million of trade payable and accrued liabilities as at March 31, 2023 and $5.4 million as at December 31, 2022. Trade payables includes $2.4 million from collection services, $3.7 million from financial services, and $0.2 million from EP Homes segment.

The primary increase for the three months ended March 31, 2023 as compared to December 31, 2022 is primarily due to the expenses accounted for professional fees related to the acquisitions.

[5] Credit facilities

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

Credit facilities 1, 2, 3, 5, 6, and 10 listed below, 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 13.5% 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 unaudited interim condensed consolidated financial statements as at March 31, 2023.

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 $4.9 million as the current portion of credit facilities as at March 31, 2023 as compared to $3.7 million as at December 31, 2022, and $9.3 million in long-term credit facilities as at March 31, 2023 as compared to $5.0 as at December 31, 2022. The current portion and long-term portion of credit facilities totaled $14.2 million as at March 31, 2023 as compared to $8.7 million as at December 31, 2022. The primary reason for the increase in the credit facilities is due to GCS obtaining an additional credit facility for the acquisition of Groupe Solution, 2 additional homes in EP Homes Inventory were financed, and $1.4 million of mezzanine funding related to the EP Homes inventory.

	March 31, 2023	**December 31, 2022**
	$	**$**
Facility 1	**3,864,629**	2,354,708
Facility 2	**256,876**	260,354
Facility 3	**191,093**	192,523
Facility 4	**55,585**	58,265
Facility 5	**3,128,283**	3,918,558
Facility 6	**—**	1,900,000
Facility 7	**5,300,000**	—
Facility 8	**1,386,547**	—
Facility 9	**—**	—
Facility 10	**—**	—
Total credit facilities	**14,183,013**	8,684,408
Less: current portion of Facility 1	**(2,171,750)**	(596,250)
Less: current portion of Facility 2	**(256,876)**	(260,354)
Less: current portion of Facility 3	**(191,093)**	(192,523)
Less: current portion of Facility 4	**(55,585)**	(58,265)
Less: current portion of Facility 5	**(1,114,176)**	(1,635,647)
Less: current portion of Facility 6	**—**	(910,304)
Less: current portion of Facility 7	**(618,896)**	—
Less: current portion of Facility 8	**(499,158)**	—
Less: current portion of Facility 9	**—**	—
Less: current portion of Facility 10	**—**	—
Current portion of credit facilities	**(4,907,534)**	(3,653,343)
Long-term credit facilities	**9,275,479**	**5,031,065**

[6] Net working capital

The net working capital is $(1.3) million as of March 31, 2023 and $(1.5) million as of December 31, 2022.

The current portion of the credit facilities includes $0.6 million for the $5.3 million credit facility received by GCS to purchase Groupe Solution.

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.

	March 31, 2023 $	December 31, 2022 $
Within one year	**11,941**	11,683
After one year but not more than five years	**—**	2,614
More than five years	**—**	—
	11,941	14,297

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 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 three months ended March 31, 2023, 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
Pollock Services Corp. (“**Pollock Services**”)	Wholly owned by the director of the Board
General Billing Solutions Inc. (“**GBSI”**)	Common shareholders
1125855 Alberta Ltd. (“**112 AB Ltd.**”)	Common shareholders
Telecom Technologies Inc. (“**Freestyle**”)	Common shareholders

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

	March 31, 2023 $	December 31, 2022 $
Due from BTHO UK, net [2]	**66,956**	65,383
Due from Smart Everyday People Inc., net [2]	**477,205**	367,791
Employee receivables, net [3]	**667,412**	401,687
Loans to executives, net [4]	**318,518**	—
	1,530,091	834,861
Less: Current portion of due from related parties	**(785,013)**	(532,812)
Long-term portion of due from related parties	**745,078**	302,049

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

	March 31, 2023 $	December 31, 2022 $
Due to EAM – promissory notes, net [5]	**295,500**	295,500
Due to EAM - medium-term notes, net [6]	**6,524,747**	6,704,500
Due to Pollock Services – medium-term notes, net [6]	**200,000**	—
Due to EAM, net [7 and 8]	**89,198**	45,802
Due to GBSI, net [8]	**16,698**	—
Due to 112 AB Ltd., net [8]	**78,039**	—
	7,214,182	7,045,802
Less: Current portion of due to related parties	**(193,935)**	(45,802)
Long-term portion of due to related parties	**7,020,247**	7,000,000

c) Transactions with related parties are as follows:

	March 31, 2023 $	March 31, 2022 $
Interest [9]	**(202,800)**	(5,851)
Management fees [10]	**(200,813)**	(326,972)
Direct costs [11]	**(97,403)**	—
Other income [12]	**277,335**	**—**
Sale of EP Homes Inventory [13]	**1,350,000**	**—**
	1,126,319	(332,823)

d) Key management personnel remuneration:

For the three months ended March 31, 2023, 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 three months ended March 31, 2023 and March 31, 2022, are as follows:

	March 31, 2023 $	March 31, 2022 $
Management fees [14]	**178,738**	326,972
Salaries, including benefits and bonuses [15]	**129,585**	134,091
Board fees [4]	**20,340**	—
	328,663	461,063

[1] As at March 31, 2023, EAM Enterprises Inc. owned 19% (December 31, 2022 – 19%) 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] The employees' receivables are due from certain employees. As at March 31, 2023, the loans advanced to BPO's President and Client Engagement Director are $139,943 and $62,368 respectively. $302,651 related to the Chief Financial Officer of the Company. The remaining $162,450 of employees' receivables are related to various loans provided to employees.

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.

[4] The CEO and the Executive Chair of the Board agreed to a quarterly compensation of $1.00 until the Company achieves net profit before tax, excluding acquisition costs, share-based compensation, depreciation and amortization. Independent contractors in senior executive positions and the Board of Directors, with the exception of BPO's president, CFO, and accounting executives, have agreed to terminate their existing agreements for cash compensation and committed to profit-driven compensation based on their respective businesses' profitability. Certain senior executives will be advanced monthly loans, which are unsecured and due on demand. For the three months ended March 31, 2023, the loans provided to the senior executives total $318,518. Additionally, board fees of $133,341 and the CEO's and Executive Chair's fees of $173,250 would have been accounted in the unaudited interim condensed consolidated statements of loss and comprehensive loss.

[5] 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.

[6] Amounts due to EAM and Pollock Services 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.

[7] Outstanding accrued interest due to EAM for the promissory notes and medium-term notes detailed in paragraphs 3 and 4 is $62,800 (December 31, 2022 - $45,802) for the three months ending March 31, 2023.

[8] Amounts due to EAM, GBSI, and 112 AB Ltd. are unsecured and repayable in full on demand.

[9] The Company accrues interest on amount payable to EAM at an annual interest rate of 12%. For the three months ended March 31, 2023, interest expensed to EAM totaled $202,800 (December 31, 2022 - $222,098).

[10] For the three months ended March 31, 2023, management fees consist of services performed by the Chief Financial Officer, Chief Technology Officer, and other senior management.

For the three months ended March 31, 2022, 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.

[11] This includes $35,268 related to dialer rentals from Freestyle and $62,135 related to credit card processing fees from GBSI.

[12] On February 28, 2023, the Company received $277,335 from GCS's president in form of a promissory note. Subsequently, on March 31, 2023, GCS's president agreed to extinguish his rights to the promissory note *[note 26]*.

[13] On March 31, 2023, the Company sold 3 homes from its EP Homes Inventory to the Company's Chief Financial Officer for $1,350,000.

[14] For the three months ended March 31, 2023, management fees consist of services performed by the Chief Financial Officer, Chief Technology Officer, and other senior management.

For the three months ended March 31, 2022, 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.

[15] Salaries include services performed by BPO's president.

CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

The unaudited interim condensed consolidated financial statements as at and for the for the three months ended March 31, 2023 and 2022 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 15 months ended December 31, 2022 for further information about the company's basis of presentation of these unaudited interim condensed 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, Climb in 2021, GCS in 2022, and Groupe Solution in 2023.

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 unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2023 and 2022 of the Company have been prepared in accordance with IFRS as issued by IASB.

Please refer to note 3 of the audited 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 Financial's business, the legal and economic climate in which it operates and its present stage of development, EP Financial is subject to significant risks. EP Financial'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 Financial or that EP Financial currently considers immaterial may also impair the business and operations of EP Financial and cause the trading price of EP Financial to decline. If any of the following or other risks occur, EP Financial's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of EP Financial 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 Financial and should not rely upon forward-looking statements as a prediction of future results. Risk factors relating to EP Financial include, but are not limited to, the factors set out below.

The acquisition of any of the securities of EP Financial 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 Financial 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 Financial should carefully evaluate the following risk factors associated with EP Financial'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 Financial may face.

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

[1] RISKS RELATED TO BUSINESS GROWTH THROUGH ACQUISITIONS

EP Financial operates in a rapidly evolving industry and, as such, EP Financial 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 Financial, entering markets in which EP Financial has limited or no direct experience, and potential loss of EP Financial'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 Financial'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 Financial 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 Financial'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 Financial's business include: motivating, recruiting and retaining executives and key employees, conforming standards, controls, procedures and policies, business cultures and compensation structures among EP Financial 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 Financial's operations following completion of the acquisitions. The process of integrating acquired companies and operations into EP Financial'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 Financial'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 Financial's existing operations, its business, results of operations and financial condition could be materially adversely impacted. EP Financial 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 Financial may incorrectly judge the value or worth of an acquired company or business or in-licensed product candidate. In addition, EP Financial'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 Financial 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 Financial's business may require a substantial capital investment by EP Financial.

EP Financial's ability to generate sufficient cash flow from operations to make scheduled payments on EP Financial'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 Financial's control. In the future, EP Financial may fail to generate sufficient cash flow from the collection of non-performing accounts to meet EP Financial's cash requirements. Further, EP Financial capital requirements may vary materially from those currently planned if, for example, EP Financial's revenues do not reach expected levels, EP Financial has to incur unforeseen expenses, EP Financial invests in acquisitions or makes other investments that EP Financial believes will benefit its competitive position. If EP Financial does not generate sufficient cash flow from operations to satisfy its debt obligations, including interest payments and the payment of principal at maturity, EP Financial 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 Financial incurs significant legal, accounting and other expenses. As a public company, EP Financial is subject to various securities laws and regulations, which impose various requirements on EP Financial, including the requirement to establish and maintain effective disclosure and financial controls and corporate governance practices. EP Financial'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 Financial's legal and financial compliance costs and make some activities more time-consuming and costly.

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

History of Losses

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

EP Financial generated a net loss of $808,148 for the three months ended March 31, 2023 and a net loss of $1,779,307 for the three months ended March 31, 2022. EP Financial has incurred net losses in each year of the prior two years, and anticipates increasing expenses in the future. EP Financial 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, 2022 and March 31, 2023, respectively. EP Financial 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 Financial 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 Financial expects and may not result in increased revenue or growth in EP Financial's business. Any failure to increase revenue sufficiently to keep pace with EP Financial's investments and other expenses could prevent EP Financial from maintaining or increasing profitability or positive cash flows on a consistent basis. If EP Financial is unable to successfully address these risks and challenges as it encounters them, EP Financial's business, financial condition and results of operations could be adversely affected.

If EP Financial is unable to generate adequate revenue growth and manage its expenses, EP Financial 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 Financial 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 Financial 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 Financial has a $25,000,000 credit facility with two banks which is to be used for secured financing. EP Financial also entered into an exclusive agreement for mezzanine debt financing for homes. There is no guarantee that EP Financial 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 Financial's control, could cause EP Financial to consume capital significantly faster than EP Financial currently anticipates, and EP Financial may need to seek additional funds sooner than planned. EP Financial's future funding requirements, both short-term and long-term, will depend on many factors, including:

- the ability for EP Financial to generate revenue from collection services, EP Homes and financial based activities;
- the costs involved in growing EP Financial's organization to the size needed to allow for the development and potential commercialization of EP Financial'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 Financial's business;
- generating and collecting data and intellectual property, and strengthening EP Financial'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 Financial'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 Financial can generate sufficient revenue to finance its working capital requirements, which EP Financial may never do, EP Financial expects to finance its future cash needs through a combination of equity and debt financings.

EP Financial's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which EP Financial may have no or limited control. If adequate funds are not available on commercially acceptable terms when needed, EP Financial 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 Financial 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 Financial's ability to access capital as and when needed.

EP Financial 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 Financial's Shares, the issuance of additional securities, whether equity or debt, by EP Financial, or the possibility of such issuance, may cause the market price of EP Financial's Shares to decline. The incurrence of indebtedness could result in increased fixed payment obligations and EP Financial 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 Financial's ability to conduct its business. EP Financial could also be required to seek funds through arrangements with collaborators or others at an earlier stage than otherwise would be desirable and EP Financial may be required to relinquish rights or otherwise agree to terms unfavorable to EP Financial any of which may have a material adverse effect on EP Financial's business, operating results and prospects. Further, any additional fundraising efforts may divert EP Financial's management from its day-to-day activities, which may adversely affect EP Financial'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 Financial's ability to raise capital. EP Financial'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 Financial's current or any future products and services may adversely affect EP Financial's business and operations, including without limitation, EP Financial's ability to raise additional capital.

Financial and Liquidity Risk

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

EP Financial may incur a substantial amount of debt in the future. As of March 31, 2023, EP Financial had total consolidated debt of $21,376,510 and out of this $8,827,428 secured by EP Homes inventory amounting to $10,939,982. EP Financial'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 Financial's business, including:

- making it more difficult for EP Financial to satisfy its obligations with respect to its debt, to its trade or other creditors;
- increasing EP Financial's vulnerability to adverse economic or industry conditions;
- limiting EP Financial'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 Financial'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 Financial's flexibility in planning for, or reacting to, changes in EP Financial's business and the industry in which EP Financial operates; and
- placing EP Financial at a competitive disadvantage to less leveraged competitors.

EP Financial may not be able to generate sufficient cash flow to meet EP Financial's debt service obligations. EP Financial's ability to generate sufficient cash flow from operations to make scheduled payments on EP Financial'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 Financial's control. In the future, EP Financial may fail to generate sufficient cash flow from the collection of non-performing accounts to meet EP Financial's cash requirements. Further, EP Financial's capital requirements may vary materially from those currently planned if, for example, EP Financial's revenues do not reach expected levels, EP Financial has to incur unforeseen expenses, EP Financial invests in acquisitions or makes other investments that EP Financial believes will benefit its competitive position. If EP Financial does not generate sufficient cash flow from operations to satisfy its debt obligations, including interest payments and the payment of principal at maturity, EP Financial may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets or seeking to raise additional capital. EP Financial 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 Financial's ability to refinance would depend upon the condition of the finance and credit markets. EP Financial'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 Financial's business, financial condition or results of operations and may delay or prevent the expansion of its business. EP Financial's credit facilities contain financial and other restrictive covenants, including restrictions on how EP Financial operates its business. These restrictions may interfere with EP Financial's ability to engage in other necessary or desirable business activities, which could materially affect EP Financial’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 Financial’s lenders of rights with respect to the collateral pledged under certain of EP Financial’s outstanding indebtedness; or
- EP Financial’s inability to secure alternative financing on favorable terms, if at all.

Cost of Operating as a Public Company

As a public company, EP Financial will incur significant legal, accounting and other expenses. As a public company, EP Financial 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 Financial’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 Financial’s legal and financial compliance costs and make some activities more time-consuming and costly.

[3] RISK PERTAINING TO EP FINANCIAL’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 Financial and its operating subsidiaries in future periods. However, depending on the length and severity of the pandemic, COVID-19 could impact EP Financial’s operations, could cause delays and could impair EP Financial’s ability to raise funds depending on COVID-19's effect on capital markets. To the knowledge of EP Financial’s management as of the date of this Filing Statement, COVID-19 does not present, at this time, any specific known impacts to EP Financial in relation to EP Financial’s plan of distribution and use of proceeds related to the EP Financial Private Placements, nor to the timelines, business objectives or disclosed milestones related thereto. EP Financial 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 Financial’s business.

Operational and Industry Risks

EP Financial’s performance may be adversely affected by economic, political or inflationary conditions in any market in which EP Financial 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 Financial’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 Financial’s business, financial results and ability to succeed in international markets. Other factors associated with the economy that could influence EP Financial’s performance include the financial stability of the lenders on EP Financial’s bank loans and credit facilities and EP Financial’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 Financial’s business, including the insolvency of lending institutions, notably the lenders providing EP Financial’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 Financial's financial condition and results of operations.

Operational Risk – Collection Services

EP Financial's collection services business segment 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 Financial may not collect a sufficient amount to cover its investment and the costs of running its business.

To operate profitably, EP Financial 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 Financial's overhead and, in case of reduction of significant account, EP Financial 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 Financial's operations;
- loss of efficiency; and
- excess costs associated with unused space in EP Financial'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 Financial 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 Financial is unable to maintain its business or adapt to changing market needs as well as its current or future competitors, EP Financial may experience reduced access to non-performing accounts and, therefore, reduced profitability.

EP Financial'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 Financial collects through its collections operations are unsecured, EP Financial typically would not be able to collect on those receivables. Although EP Financial's financial services business segment could benefit from an increase in personal bankruptcies and insolvencies, EP Financial 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 Financial's actual collection experience with respect to a non-performing or insolvent bankrupt receivables portfolio is significantly lower than the total amount EP Financial projected EP Financial's financial condition and results of operations could be adversely impacted.

Operational Risks – EP Homes

EP Financial 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 Financial'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 Financial'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 during the 15 months ended December 31, 2022.

Interest Rate Risk

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

In the ordinary course of providing EP Homes facilitation services, EP Financial 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 Financial's credit facility and secured debt will fluctuate as a result of changes in market rates. EP Financial does not currently hold any financial instruments that hedge or mitigate risks associated with changes in interest rates.

Operational Risks – EP Financial Services

EP Financial 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 Financial'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 Financial's goodwill impairment testing involves the use of estimates and the exercise of judgment, including judgments regarding expected future business performance and market conditions.

EP Financial's strategy shifted to focus on the collection services and EP Homes facilitation services segment. Therefore, EP Financial 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 Financial's products and services will depend on many factors, including EP Financial's ability to establish and maintain working partnerships or relationships with industry participants in order to market its products and services, EP Financial'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 Financial may from time to time be engaged. There can be no assurance that EP Financial will be successful in its efforts to develop and implement, or assist EP Financial in, a successful commercialization strategy for EP Financial's products and services.

Achieving Publicly Announced Milestones

From time to time, EP Financial 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 Financial's business plan, financial condition or operating results and the trading price of the EP Financial shares.

Unfavourable Publicity or Consumer Perception

EP Financial is exposed to reputational risk. Reputational risk is the risk that an activity by EP Financial or one of its representatives will impair EP Financial's image in the community or public confidence in EP Financial's business, which may result in legal action, additional regulatory oversight or have a negative impact on EP Financial'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 Financial 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 Financial's corporate governance practices, codes of conduct and risk management policies, procedures and training also assist in the management of reputational risk.

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

Fraudulent and other illegal activity involving EP Financial's products and services could lead to reputational damage to EP Financial and reduce the use and acceptance of EP Financial'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 Financial relies upon third parties for transaction processing services, which subjects EP Financial 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 Financial's products and services could result in reputational damage to EP Financial, which could reduce the use and acceptance of EP Financial's products and services, cause third-party service providers and financial intermediaries to cease doing business with EP Financial or lead to greater regulation or oversight, that would increase EP Financial's compliance costs. Furthermore, in an effort to counteract fraud involving EP Financial's products and services, EP Financial may implement risk control mechanisms that could make it more difficult for cardholders to obtain and use EP Financial's products and services, which would negatively impact EP Financial'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 Financial's ability to remain competitive. EP Financial expects competition to increase as the barriers to enter these industries are low. Mounting competition may force EP Financial to charge less for its products and services, or offer pricing models that are less attractive to it and decrease its margins.

EP Financial 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 Financial's existing and potential competitors are more established, have longer operating histories, benefit from greater name recognition, may have offerings and technology that EP Financial does not or which are more advanced and established than EP Financial's, and may have more financial, technical, sales and marketing resources than EP Financial 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 Financial does to compete aggressively on the basis of price and other contract terms, or to compete with EP Financial by offering cardholders services that EP Financial 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 Financial 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 Financial or its competitors, the industries will experience disruptions and changes in business models, which may result in the loss of clients. EP Financial's innovation efforts may lead EP Financial 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 Financial's offerings are not perceived as competitively differentiated, due to competition and growth in the industry or EP Financial's failure to develop adequately to meet market demands, EP Financial 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 Financial'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 Financial can to grow more quickly and strengthen their competitive position through innovation, development and acquisitions. In order to compete effectively, EP Financial 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 Financial'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 Financial, or EP Financial may need to pay substantial premiums to acquire those businesses.

Natural Disasters

EP Financial'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 Financial'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 Financial's business, operating results and financial condition and its insurance coverage may be insufficient to compensate EP Financial 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 Financial's or its clients' businesses or the economy as a whole. EP Financial 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 Financial for losses that may occur.

Reliance on Key Inputs

EP Financial'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 Financial. 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 Financial.

Reliance on Key Executives

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

EP Financial faces significant competition for these types of personnel from other FinTech companies. EP Financial cannot predict its success in hiring or retaining the personnel it requires for continued growth. In addition, due to limited financial resources, EP Financial 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 Financial's executive officers or other key personnel could potentially harm its business, operating results or financial condition.

Employee Misconduct

EP Financial 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 Financial's reputation. If any such actions are instituted against EP Financial, and EP Financial is not successful in defending itself or asserting its rights, those actions could have a substantial impact on EP Financial's business and results of operations, including the imposition of substantial fines or other sanctions.

Liability Arising from Fraudulent or Illegal Activity

EP Financial 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 Financial'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 Financial's agreements with third parties. Such misconduct could expose EP Financial 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 Financial to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting EP Financial 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 Financial at such time.

EP Financial 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 Financial's operations. Events, including those beyond the control of EP Financial, 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 Financial's operations and may negatively affect demand for EP Financial's future products and services.

Conflicts of Interest

EP Financial 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 Financial'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 Financial. In some cases, EP Financial's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to EP Financial's business and affairs and that could adversely affect EP Financial's operations. These outside business interests could require significant time and attention of EP Financial's executive officers and directors.

In addition, EP Financial 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 Financial 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 Financial, and from time to time, these persons may be competing with EP Financial 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 Financial'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 Financial are required to act honestly, in good faith and in the best interests of EP Financial.

Operating Risk and Insurance Coverage

EP Financial plans to have adequate insurance to protect all its assets, operations and employees. While EP Financial 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 Financial is expected to be exposed. In addition, no assurance can be given that such insurance will be adequate to cover EP Financial's liabilities or will be generally available in the future, or, if available, that premiums will be commercially justifiable. If EP Financial were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if EP Financial 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 Financial'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 Financial's business operations as well as inappropriate disclosure of confidential or proprietary data. While EP Financial has not to date experienced a material system failure or security breach, rectifying any damages, disruptions or breaches may lead to EP Financial incurring additional financial costs.

Foreign Operations

In addition to its collection business in the UK, EP Financial intends to offer EP Homes facilitation services in the UK. As a result, EP Financial 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 Financial'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 Financial'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 Financial'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 Financial 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 Financial's international operations expose it to risks which could harm its business, results of operations and financial condition. A significant portion of EP Financial's current operations are conducted outside Canada. This could expose EP Financial to adverse economic, industry and political conditions that may have a negative impact on EP Financial's ability to manage its existing collections service operations or pursue alternative strategic transactions, which could have a negative effect on EP Financial's business, results of operations and financial condition. The global nature of EP Financial'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 Financial operates;

- foreign exchange controls on currency conversion and the transfer of funds that might prevent EP Financial from repatriating cash earned in countries outside Canada in a tax-efficient manner;
- currency exchange rate fluctuations, currency restructurings, inflation or deflation and EP Financial'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 Financial operates or challenges to EP Financial'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 Financial'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 Financial's international operations;
- the impact on EP Financial's day-to-day operations and EP Financial'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 Financial'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 Financial's business, results of operations and financial condition.

Exchange Rate Fluctuations

Due to the international scope of EP Financial's current and future operations, EP Financial'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 Financial's reporting currency is denominated in Canadian dollars, EP Financial's functional currency is the Canadian dollar and the majority of EP Financial's operating expenses are paid in Canadian dollars. EP Financial 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 Financial's business and the price of EP Financial'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 Financial's results of operations and cash flows from period to period. Currently, EP Financial 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 Financial 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 Financial'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 Financial 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 Financial'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 Financial's future success will depend in part upon EP Financial'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 Financial'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 Financial schedules and prioritizes its development efforts according to a variety of factors including, but not limited to, EP Financial's perceptions of market trends, client and cardholder requirements, and resource availability. EP Financial 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 Financial's solutions are complex and can require a significant investment of time and resources to develop. These activities can take longer than EP Financial's expectations. EP Financial may encounter unanticipated difficulties that require it to redirect or scale back its efforts and EP Financial 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 Financial's solutions becomes significantly more expensive due to changes in regulatory requirements or industry practices, or other unforeseen factors, EP Financial 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 Financial 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 Financial's competitors may develop offerings that more successfully anticipate market evolution and address market expectations. If EP Financial's services are not responsive and competitive, clients may shift their business to competing products or platforms. Clients may also resist adopting EP Financial'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 Financial's business is dependent on the efficient and uninterrupted operation of computer and payment network systems and data centers.

EP Financial'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 Financial'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 Financial'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 Financial 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 Financial's systems or processes, or those of its partners, or an improper action by EP Financial's employees, agents or third-party partners, EP Financial could suffer financial loss, loss of cardholders, regulatory sanctions and damage to its reputation. The measures EP Financial 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 Financial may experience other problems unrelated to system failures. EP Financial 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 Financial's business and reputation and expose EP Financial to potential liability and increased operating expenses. Some of EP Financial's contracts with its clients contain service level standards pertaining to the operation of its systems, and provide EP Financial's clients with the right to terminate their contracts with it if its system downtime exceeds stated limits. If EP Financial faces system interruptions or failures, EP Financial's business interruption insurance may not be adequate to cover the losses or damages that it incurs.

System Management Risks

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

EP Financial relies heavily on information technology, or "IT", systems. EP Financial 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 Financial 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 Financial's processes remain manual in nature and thus EP Financial must also continue to manage its employees, operations, finances, research and development and capital investments efficiently. EP Financial'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 Financial does not adapt to meet the evolving challenges of its business, and if EP Financial does not effectively and efficiently scale its operations to support its business, the quality of EP Financial'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 Financial's financial condition and financial performance.

Risk of System Failure

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

EP Financial depends on the sustained and uninterrupted performance of its technology platforms. If EP Financial's technology platforms cannot scale to meet demand, or if there are errors in the execution of any of the functions performed by EP Financial's platforms, then its business could be harmed. Since EP Financial'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 Financial'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 Financial's software could result in negative publicity, damage to EP Financial's brand and reputation, loss of or delay in market acceptance of EP Financial'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 Financial may be required to expend additional resources to help mitigate any problems that may result. Alleviating problems resulting from errors in EP Financial's software could require significant expenditures of capital and other resources and could cause interruptions, delays or the cessation of EP Financial's business, any of which would adversely impact EP Financial's reputation as well as its financial position, financial performance and growth prospects.

Difficulty Protecting Proprietary Technology

EP Financial’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 Financial’s platform without compensation, which could erode EP Financial’s competitive advantages and harm its business.

EP Financial’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 Financial 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 Financial’s efforts, EP Financial 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 Financial’s technology or obtain and use information that EP Financial regards as proprietary. EP Financial 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 Financial 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 Financial’s technology is difficult. The laws of some countries may not afford the same protections for EP Financial’s intellectual property rights as those of Canada and the US, and mechanisms for enforcing EP Financial’s rights with respect to intellectual property in such countries may be inadequate. From time to time, it may be necessary for EP Financial 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 Financial’s business, financial condition and financial performance. If EP Financial is unable to protect its proprietary rights (including aspects of its platform), EP Financial 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 Financial’s business could be adversely impacted by changes in the Internet and mobile device accessibility of cardholders.

EP Financial’s business depends on cardholders' access to its platform via a mobile device or personal computer and the Internet. EP Financial 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 Financial’s platform. In addition, the Internet infrastructure that EP Financial 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 Financial’s services. Any such failure in Internet or mobile device or computer accessibility, even for a short period of time, could adversely affect EP Financial’s results of operations.

Third-Party Intellectual Property Claims

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

EP Financial’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 Financial has no assurance that third parties will not assert intellectual property claims against it. EP Financial 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 Financial, EP Financial 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 Financial may become a party could subject it to significant liability to third parties, require EP Financial to seek licenses from third parties, require EP Financial to pay ongoing royalties or subject EP Financial 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 Financial'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 Financial'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 Financial operates could subject EP Financial's business to new restrictions, or result in increased costs associated with complying with such legislation and regulations. EP Financial 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 Financial 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 Financial's international operations could increase EP Financial's cost of doing business in international jurisdictions.

EP Financial's operations are subject to licensing and regulation by governmental and regulatory bodies in the jurisdictions in which EP Financial operates. The laws and regulations of the international countries in which EP Financial operates, may limit EP Financial's ability to collect on and enforce EP Financial's rights with respect to non-performing accounts regardless of any act or omission on EP Financial's part. Some laws and regulations applicable to credit issuers may preclude EP Financial from collecting on non-performing accounts EP Financial 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 Financial'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 Financial's ability to collect on non-performing accounts and adversely affect EP Financial's business. EP Financial's failure to comply with laws or regulations applicable to EP Financial could limit EP Financial's ability to collect on receivables, which could reduce EP Financial's profitability and adversely affect EP Financial's business.

Failure to comply with government regulation of the collections industry could result in penalties, fines, litigation, damage to EP Financial's reputation or the suspension or termination of EP Financial's ability to conduct EP Financial's business. The collections industry throughout the markets in which EP Financial's collection services segment operates is governed by various laws and regulations, many of which require EP Financial 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 Financial or EP Financial's vendors have failed to comply with applicable laws and regulations, EP Financial could be subject to penalties, litigation losses and expenses, damage to EP Financial's reputation, or the suspension or termination of, or required modification to, EP Financial's ability to conduct collections, which would adversely affect EP Financial'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 Financial's ability to recover amounts owing with respect to the receivables, whether or not EP Financial committed any wrongful act or omission in connection with the account.

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

Compliance and Risk Management Risks

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

EP Financial 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 Financial'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 Financial 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 Financial cannot provide any assurance that its compliance policies and procedures will be effective or that EP Financial will always be successful in monitoring or evaluating applicable risks. In the case of alleged non-compliance with applicable laws or regulations, EP Financial 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 Financial's reputation, financial condition and the value of any investment in EP Financial.

Employee and Third-Party Misconduct

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

EP Financial'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 Financial takes to prevent and detect these activities may not be effective in all cases. Any unauthorized actions by EP Financial's employees or agents could lead to regulatory or criminal proceedings, which, in each case, could have a material and adverse effect on EP Financial. Furthermore, EP Financial's employees could make errors recording or executing transactions, which may result in additional material costs to EP Financial.

Personal Data Collection Risk

Measures EP Financial 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 Financial to enforcement actions for compliance failures, or cause EP Financial to change its technology solution or business model, which may have an adverse effect on the demand for EP Financial'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 Financial 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 Financial, including name, date of birth, social insurance number, address and other information collected from its cardholders, as protected personal information. EP Financial 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 Financial's business, EP Financial 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 Financial operates if, in the aggregate, the information would allow EP Financial to identify a person. While EP Financial takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, if EP Financial 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 Financial's business and financial condition. EP Financial 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 Financial, in the past and may cause EP Financial in the future, to change business practices or limit or restrict EP Financial'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 Financial 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 Financial'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 Financial'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 Financial 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 Financial conducts business. The measures EP Financial 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 Financial fails to protect personal data or other data relating to consumers or comply with applicable laws and regulations or industry standards applicable thereto, EP Financial 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 Financial's reputation and loss of goodwill. Perceived concerns relating to EP Financial's collection, use, disclosure and retention of data, including the security measures applicable to the data EP Financial collects, whether or not valid, may harm EP Financial's reputation and inhibit adoption or use of EP Financial's services by current and potential clients and cardholders. EP Financial 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 Financial 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 Financial's ability to conduct its business.

The regulation of data privacy globally could have an adverse effect on EP Financial's business, results of operations and financial condition by increasing EP Financial's compliance costs. The regulation of data privacy, including interpretations and determinations by regulatory authorities in the countries in which EP Financial 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 Financial’s collection service segment operations and requires EP Financial 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 Financial has taken significant steps to protect the security of its data and the personal data of its customers, EP Financial 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 Financial. EP Financial is subject to a number of expanding and constantly evolving AML/anti-terrorist financing laws, regulations and economic sanctions internationally. EP Financial 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 Financial’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 Financial.

Market Standard Compliance

Changes in market standards applicable to EP Financial’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 Financial’s platform and services. EP Financial 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 Financial’s development resources. If EP Financial’s platform is not consistent with emerging standards, its market position and sales could be impaired. If EP Financial makes the wrong decisions about compliance with these standards, or are late in conforming or fail to do so, EP Financial’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 Financial’s business, financial position and results of operations.

EP Financial is subject to association rules that could subject it to a variety of fines or penalties that may be levied by EP Financial’s financial institution partners, card associations or networks for acts or omissions by EP Financial or businesses that work with EP Financial, including card processors, such as MasterCard PTS. The termination of the card association registrations held by EP Financial 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 Financial’s ability to provide its services could have an adverse effect on EP Financial’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 Financial’s operating expenses, reduce EP Financial’s profit margins and may adversely affect EP Financial’s business, results of operations and financial condition.

KYC Compliance Risks

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

EP Financial 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 Financial 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 Financial's reputation and financial condition.

Furthermore, EP Financial will use and rely on third-party service providers to complete key aspects of AML/KYC screenings. Although EP Financial 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 Financial'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 Financial'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 Financial. Any of these effects could have a negative impact on the operations of EP Financial.

[6] RISKS PERTAINING TO EP FINANCIAL SHARES

Substantial Number of Authorized but Unissued EP Financial Shares

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

Dilution

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

Market for the EP Financial Shares

There can be no assurance that an active trading market for the EP Financial shares will develop or, if developed, that any market will be sustained. EP Financial cannot predict the prices at which the EP Financial shares will trade. Fluctuations in the market price of the EP Financial shares could cause an investor to lose all or part of its investment in the EP Financial shares. Factors that could cause fluctuations in the trading price of the EP Financial shares include: (i) announcements of new offerings, products, services or technologies; (ii) commercial relationships, acquisitions or other events involving the EP Financial 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 Financial shares or the size of the EP Financial’s public float; (vi) actual or anticipated changes or fluctuations in the EP Financial’s results of operations; (vii) whether the EP Financial’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 EP Financial, 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 Financial shares; (xiv) departures of key employees or members of management; or (xv) an adverse impact on the EP Financial from any of the other risks cited herein.

Significant Sales of EP Financial Shares

Although EP Financial shares held by existing shareholders of EP Financial will be freely tradable under applicable securities legislation, the EP Financial shares held by the EP Financial’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 Financial 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 Financial shares and may make it more difficult for investors to sell EP Financial shares at a favourable time and price.

Volatile Market Price for the EP Financial 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 Financial shares will be subject to market trends generally, notwithstanding any potential success of the EP Financial. The value of the EP Financial shares will be affected by such volatility.

The volatility of the EP Financial shares may affect the ability of holders to sell the EP Financial shares at an advantageous price or at all. Market price fluctuations in the EP Financial shares may be adversely affected by a variety of factors relating to the EP Financial’s business, including fluctuations in the EP Financial’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 Financial shares, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the EP Financial 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 Financial shares.

Additionally, the value of the EP Financial shares is subject to market value fluctuations based upon factors that influence the EP Financial’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 Financial shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the EP Financial’s performance.

Tax Issues

There may be income tax consequences in relation to the EP Financial 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 Financial 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 Financial's business, prospects, financial position, financial condition or results of operations may suffer.

No Dividends

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

Unaudited interim condensed consolidated financial statements

For the three months ended March 31, 2023 and 2022

EVERYDAY PEOPLE FINANCIAL CORP. (FORMERLY JUSTIFY CAPITAL CORP.)

NOTICE TO SHAREHOLDERS

The accompanying unaudited interim condensed consolidated financial statements of Everyday People Financial Corp. (formerly Justify Capital Corp.) (the "Company") for the three months ended March 31, 2023, have been prepared by management in accordance with International Financial Reporting Standards applicable to unaudited interim condensed consolidated financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited interim condensed consolidated financial statements, management is satisfied that these unaudited interim condensed consolidated financial statements have been fairly presented.

Under National Instrument 51-102, part 4, sub-section 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

Barret Reykdal
Chief Executive Officer

Mayank Mahajan, CPA, CA, MBA
Chief Financial Officer

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

	Notes	March 31, 2023 $	December 31, 2022 $
Assets			
Current assets			
Cash and cash equivalents		1,310,700	1,186,690
Customer funds		9,445,837	8,484,763
Cash - restricted		288,421	258,353
Trade receivables	**[6]**	3,708,400	2,343,122
Prepaid expenses		856,757	568,611
Current portion of loan receivables	**[22]**	80,159	80,160
Current portion of due from related parties	**[12]**	785,013	532,812
Current portion of EP Homes inventory	**[10]**	4,937,774	3,506,800
Total current assets		**21,413,061**	**16,961,311**
Non-current assets			
EP Homes inventory	**[10]**	6,002,210	6,311,478
Intangible assets	**[9]**	17,217,080	13,872,898
Property and equipment	**[7]**	685,302	574,002
Loan receivables	**[22]**	153,751	153,751
Investments	**[11]**	386,555	386,555
Due from related parties	**[12]**	745,078	302,049
Right-of-use asset	**[23]**	2,045,447	1,411,552
Goodwill	**[8]**	8,232,563	6,272,134
Total non-current assets		**35,467,986**	**29,284,419**
Total assets		**56,881,047**	**46,245,730**
Total liabilities and shareholders' equity			
Current			
Trade payables		6,343,135	5,362,622
Customer payables		9,445,837	8,484,763
Current tax liability		226,721	182,122
Current portion of deferred revenue	**[25]**	204,214	235,513
Current portion of lease liabilities	**[23]**	344,413	287,293
Current portion of customer deposits		199,621	173,053
Current portion of credit facilities	**[13]**	4,907,534	3,653,343
Current portion of due to related parties	**[12]**	193,935	45,802
Total current liabilities		**21,865,410**	**18,424,511**
Non-current			
Deferred revenue	**[25]**	157,667	151,371
Lease liabilities	**[23]**	2,131,473	1,500,435
Customer deposits		26,858	25,255
Government loan	**[14]**	180,000	180,000
Promissory notes	**[15]**	2,024,095	—
Deferred tax liability		3,770,929	2,927,000
Credit facilities	**[13]**	9,275,479	5,031,065
Due to related parties	**[12]**	7,020,247	7,000,000
Total non-current liabilities		**24,586,748**	**16,815,126**
Total liabilities		**46,452,158**	**35,239,637**
Shareholders' equity			
Common shares	**[17]**	67,483,059	67,483,059
Reserves	**[17]**	2,937,878	2,829,689
Contributed surplus	**[17]**	779,710	656,955
Deficit		(59,873,894)	(58,760,078)
Accumulated other comprehensive loss		(897,864)	(1,203,532)
Total shareholders' equity		**10,428,889**	**11,006,093**
Total liabilities and shareholders' equity		**56,881,047**	**46,245,730**

Going concern [note 2]
Commitments [note 31]
Contingencies [note 34]

Approved on behalf of the Board:

(Signed) "Scott Sinclair"
Scott Sinclair, Director

Approved on behalf of the Board:

(Signed) "Robert Pollock"
Robert Pollock, Director

See accompanying notes

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

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
		$	$
Revenue	**[12 and 24]**	**7,999,834**	**4,534,173**
Direct costs	**[19 and 24]**	3,418,261	1,911,555
Gross profit		**4,581,573**	**2,622,618**
Operating expense			
Salaries and benefits		2,889,454	1,579,558
Other operating expenses	**[27]**	830,799	369,078
Depreciation and amortization	**[7, 9 and 23]**	587,410	462,191
Professional fees		308,715	665,931
Share-based compensation	**[17]**	230,943	212,922
Acquisition costs	**[28]**	212,150	—
Management and consulting fees	**[12]**	200,813	505,499
Public company costs	**[29]**	170,453	48,668
Marketing expenses		73,646	38,483
Loss allowances	**[20]**	(1,318)	2,170
Realized foreign currency exchange loss (gain)		(576)	267
Total operating expense		**5,502,489**	**3,884,767**
Loss from operations		**(920,916)**	**(1,262,149)**
Other (income) expenses			
Gain on debt settlement		—	(60,491)
Other income	**[12 and 26]**	(344,203)	(207,154)
Finance costs	**[12 and 19]**	616,128	230,437
Total other (income) expenses		**271,925**	**(37,208)**
Net loss before tax		**(1,192,841)**	**(1,224,941)**
Taxes			
Deferred tax recovery		119,130	167,175
Current tax expense		(40,105)	(30,461)
Net loss for the period		**(1,113,816)**	**(1,088,227)**
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss			
Unrealized foreign currency translation adjustment		305,668	(691,080)
Total other comprehensive (loss) income		**305,668**	**(691,080)**
Comprehensive loss for the period		**(808,148)**	**(1,779,307)**
Basic and diluted loss per share		(0.01)	(0.02)
Weighted average number of shares outstanding - basic and diluted		**113,967,539**	**102,419,419**

See accompanying notes

Everyday People Financial Corp. (formerly Justify Capital Corp.)
Interim condensed consolidated statements of changes in shareholders' equity (unaudited)

[expressed in Canadian dollars]

Period ended

	Notes	Common shares $	Reserves $	Contributed Surplus $	Deficit $	Accumulated other comprehensive income/(loss) $	Total Shareholders' deficiency $
Three months ended March 31, 2023	**[17]**						
Balance, January 1, 2023		67,483,059	2,829,689	656,955	(58,760,078)	(1,203,532)	11,006,093
Net loss for the period		—	—	—	(1,113,816)	—	(1,113,816)
Other comprehensive loss		—	—	—	—	305,668	305,668
Options: issued		—	43,946	—	—	—	43,946
Options: expired/cancelled/forfeited			(122,755)	122,755	—	—	—
Restricted share units: issued or committed		—	186,998	—	—	—	186,998
Balance, March 31, 2023		67,483,059	2,937,878	779,710	(59,873,894)	(897,864)	10,428,889
Three months ended March 31, 2022	**[17]**						
Balance, January 1, 2022		56,892,386	1,678,062	123,338	(15,984,475)	(361,399)	42,347,912
Net loss for the period		—	—	—	(1,088,227)	—	(1,088,227)
Other comprehensive loss		—	—	—	—	(691,080)	(691,080)
Issuance of units		4,647,077	—	—	—	—	4,647,077
Issuance of warrants		(490,918)	566,165	—	—	—	75,247
Share issuance costs		(1,222,308)	—	—	—	—	(1,222,308)
Share-based compensation		—	67,922	—	—	—	67,922
Expiration of warrants		—	(10,134)	10,134	—	—	—
Balance, March 31, 2022		59,826,237	2,302,015	133,472	(17,072,702)	(1,052,479)	44,136,543

See accompanying notes

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

Period ended

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022
		$	$
Operating activities			
Net loss for the period		(1,113,816)	(1,088,227)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation & amortization	**[7, 9 and 23]**	587,410	462,191
Share-based compensation	**[17]**	230,943	212,922
Finance costs	**[19]**	516,276	177,489
Interest paid	**[19]**	(418,642)	(84,186)
Deferred income tax	**[24]**	(119,130)	(167,175)
Current income tax	**[24]**	40,105	30,461
Loss allowances	**[20]**	(1,319)	2,170
Gain on debt settlement	**[15]**	—	(60,491)
Non-cash other income	**[27]**	—	(160,800)
Net change in non-cash working capital items	**[18]**	(787,634)	(375,661)
		(1,065,807)	(1,051,307)
Additions to EP homes inventory	**[10]**	(2,229,206)	(1,877,330)
Disposals to EP homes inventory	**[10]**	1,107,500	691,900
Additions to contract receivables, net of contract revenue	**[22]**	—	(440,827)
Collections of contract receivables	**[21]**	—	119,989
Cash provided by (used in) operating activities		(2,187,513)	(2,557,575)
Investing activities			
Additions to intangible assets	**[9]**	(37,556)	—
Disposals of property and equipment, net of additions	**[7]**	3,929	(106,126)
Acquisition of a subsidiary, net of cash paid and acquired	**[5]**	(3,376,823)	—
Cash used in investing activities		(3,410,450)	(106,126)
Financing activities			
Proceeds from unit issuance and committed capital, net	**[17]**	—	3,529,755
Proceeds from credit facilities	**[13]**	8,533,088	1,368,418
Proceeds from promissory notes, including related parties	**[12 and 15]**	300,000	—
Repayments of lease liabilities	**[23]**	(140,138)	(72,661)
Repayments of promissory notes	**[14]**	—	(1,111,772)
Repayments of credit facilities	**[13]**	(3,034,483)	(441,327)
Cash provided by financing activities		5,658,467	3,272,413
Net foreign exchange difference		93,574	(194,284)
Net (decrease) increase in cash and cash equivalents		154,078	414,428
Cash and cash equivalents, beginning of the period		1,445,043	2,066,931
Cash and cash equivalents, end of the period		1,599,121	2,481,359
Less: Cash - restricted, end of the period		(288,421)	(41,906)
Cash and cash equivalents, end of the period		1,310,700	2,439,453

See accompanying notes

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

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's unaudited interim condensed 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]	UK	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]	UK	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%
Groupe Solution Collect Solu Inc. ("**Groupe Solution**")	[14]	Canada	March 31, 2023	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 the 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.

[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 a 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 *[note 5]*.

[14] On March 31, 2023, the Company's wholly-owned subsidiary, GCS, acquired 100% of the shares of Groupe Solution, incorporated in Canada. 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 *[note 5]*.

These unaudited interim condensed consolidated financial statements were authorized for issue by the Company's board of directors on May 19, 2023.

2. Basis of presentation and going concern

Statement of compliance

The unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2023 and 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). The accounting policies adopted in preparing these condensed interim financial statements are consistent with those applied in the Company's audited annual financial statements and notes as at and for the 15 months ended December 31, 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

These condensed interim financial statements do not conform in all respects to the requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's audited annual financial statements and notes as at and for the 15 months ended December 31, 2022.

Basis of measurement

These unaudited interim condensed 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 unaudited interim condensed 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 unaudited interim condensed 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, GCS, Groupe Solution, 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 unaudited interim condensed consolidated financial statements.

Going concern

These unaudited interim condensed 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 $1,113,816 (March 31, 2022 - $1,088,227) for the three months ended March 31, 2023, including acquisition costs and depreciation and amortization expense, deficit of $59,873,894 as at March 31, 2023 (December 31, 2022 - $58,760,078) and cash used in operating activities of $2,187,512 for three months ended March 31, 2023 (March 31, 2022 – cash used in operating activities of $2,557,575). 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:

- 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]*;
- Received $1.5 million from a financing broker to provide a mezzanine financing facility for EP Homes financing *[note 13]*; and,
- CEO and the Executive Chair of the Board have agreed for a quarterly compensation of $1.00 until the Company achieves net profit before tax, excluding acquisition costs, share-based compensation, and depreciation and amortization. Independent contractors in senior executive positions and the Board of Directors, with the exception of BPO's president, CFO, and accounting executives, have agreed to terminate their existing agreements for cash compensation and committed to profit-driven compensation based on their respective businesses' profitability *[note 12]*.

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 unaudited interim condensed 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 management judgment and estimation applied in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the 15 months ended December 31, 2022.

3. Summary of significant accounting policies

The policies applied in these unaudited interim condensed consolidated financial statements are based on IFRS issued and outstanding as of the date the Company's board of directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the 15 months ended December 31, 2022. Management believes there are no significant changes to the accounting policies in the Company's annual consolidated financial statements for the 15 months ended December 31, 2022 that could result in restatement of these unaudited interim condensed consolidated financial statements.

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 unaudited interim condensed 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.

[expressed in Canadian dollars]

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

[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 for the 15 months ended December 31, 2022 to reflect the difference between the fair value of the amount paid and the fair value of the net assets received from Justify.

[expressed in Canadian dollars]

5. Business combinations

Groupe Solution Collect Solu Inc.

On March 31, 2023, the Company's wholly-owned subsidiary, GCS, acquired 100% of the shares of Groupe Solution. 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 expand accounts receivable collection services in Canada and to leverage the customer base, relationships, and collection services of Groupe Solution to provide EP Financial services.

From the date of acquisition, Groupe Solution contributed $Nil of revenue and $Nil of profit before tax from continuing operations for the Company. If the acquisition occurred on January 1, 2023, revenue from continuing operations for the three months ending March 31, 2023 would have been approximately $1,540,041 and a profit before tax from continuing operations for Groupe Solution would have been approximately $43,350, including shareholders' compensation of $54,198.

The valuation of Groupe Solution's assets and liabilities had not been completed by the date the unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors. Thus, the provisional carrying values of Groupe Solution's assets and liabilities may need to be subsequently adjusted, prior to March 31, 2024 (one year after the acquisition).

The following table summarizes the provisional allocation of the purchase price consideration to the assets acquired as at March 31, 2023 based on their fair values:

Purchase price consideration	**Amount in CAD** $
Cash paid [1]	**3,400,000**
Fair value of promissory note [2]	**759,889**
Fair value of contingent consideration [3]	**1,164,206**
Total invested capital	**5,324,095**
Cash and cash equivalents	**23,200**
Customer funds	**1,008,793**
Trade receivables [4]	**1,052,899**
Prepaid expenses	**65,624**
Intangible assets [5]	**3,592,000**
Property and equipment	**137,414**
Right-of-use asset	**233,239**
Goodwill [5]	**1,876,578**
Trade payables	**(447,065)**
Customer payables	**(1,008,793)**
Lease liabilities	**(253,218)**
Deferred tax liability [6]	**(956,576)**
Net fair value of assets acquired	**5,324,095**

[1] The purchase price was paid by making a cash payment on the closing date in the amount of $3,400,000 to Groupe Solution founders.

[expressed in Canadian dollars]

Analysis of cash flows on acquisition:

	Amount in CAD $
Cash paid for purchase price consideration	**(3,400,000)**
Cash acquired upon acquisition	**23,200**
Net cash flow on acquisition	**(3,376,800)**

[2] The Company issued a promissory note, in the principal amount of $800,000, does not bear interest and consists of:
- $700,000 repayable 6 months after the acquisition date in cash or by way of issuance of 700,000 common shares, and
- $100,000 repayable 18 months after the acquisition date in cash.

As the current share price of EP Financial is substantially below $1.00 share price, it is assumed that the Groupe Solution shareholders would elect to receive cash payments. The fair value of the promissory note is estimated to be $759,889 ($671,588 repayable in 6 months after the acquisition date and $88,311 repayable in 18 months after the acquisition date), which was determined by using the discounted cash flow ("DCF") method.

The key valuation inputs used for the $700,000 repayable in 6 months of the acquisition date are:
- Discount rate of 8.64%; and,
- Discount period of 6 months.

The key valuation inputs used for the $100,000 repayable 18 months after the acquisition date are:
- Discount rate of 8.64%; and,
- Discount period of 18 months.

[3] Per the purchase agreement with Groupe Solution, a contingent consideration has been agreed. The Company is required to pay additional $1,400,000, either in cash or by way of issuance of 1,400,000 common shares of the Company, at the discretion of Groupe Solution's founders, if Groupe Solution's Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is equal to or greater than $1,080,000 in any one year before March 31, 2025. The fair value of the contingent consideration was estimated to be $1,164,206, using the DCF method.

The forecasts for Groupe Solution show that it is highly probable that the target EBITDA of $1,080,000 will be achieved. 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 24.51%;
- Discount periods of 2 years; and,
- Cash payment of $1,400,000.

[4] Trade receivables is made of the following:

	December 31, 2022 $
Gross trade receivables	**1,070,747**
Expected credit losses ("ECLs")	**(17,848)**
Trade receivables, net	**1,052,899**

[5] Goodwill amounting to $920,002 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 $956,576 is related to deferred tax liabilities.

[expressed in Canadian dollars]

Intangible assets consist of:

	Amount in CAD $
Customer relationships	**2,761,000**
Licenses, rights and technology	**412,000**
Trade name	**419,000**
Total intangible assets	**3,592,000**

[6] The Company has recorded the following net deferred tax liability as a result of the Groupe Solution acquisition as at March 31, 2023:

	Amount in CAD $
Temporary differences	
Intangible assets	**(3,592,000)**
Property and equipment	**(17,721)**
Total temporary difference	**(3,609,721)**
Expected statutory tax rate	**26.5%**
Deferred tax liability	**(956,576)**

[expressed in Canadian dollars]

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.

For the 15 months ended December 31, 2022, 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.

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 paid[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 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)**

[expressed in Canadian dollars]

[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' 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. 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.

[4] Trade receivables is made of the following:

	December 31, 2022 $
Gross trade receivables	**513,251**
ECLs	**(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 March 31, 2023. 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 March 31, 2023, 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 March 31, 2023. 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 March 31, 2023, GCS is in compliance of the financial covenants.

[expressed in Canadian dollars]

[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)**

6. Trade receivables

	March 31, 2023 $	December 31, 2022 $
Receivable from customers	3,736,452	2,368,770
ECLs *[note 20]*	(28,052)	(25,648)
	3,708,400	**2,343,122**

7. Property and equipment

Property and equipment consist of the following:

Cost	2023					
	As at December 31, 2022 $	Additions [1] $	Acquisition of subsidiaries [2] $	Disposals [3] $	Foreign exchange differences $	As at March 31, 2023 $
Furniture & fixtures	99,259	1,307	78,569	—	972	180,107
Computer equipment	361,567	14,664	58,845	(19,900)	5,673	420,849
Signage	3,296	—	—	—	—	3,296
Improvements to property	293,670	—	—	—	6,805	300,475
Motor vehicles	131,728	—	—	—	4,470	136,198
	889,520	**15,971**	**137,414**	**(19,900)**	**17,920**	**1,040,925**

Accumulated depreciation	2023					
	As at December 31, 2022 $	Depreciation [4] $	Acquisition of subsidiaries $	Disposals $	Foreign exchange differences $	As at March 31, 2023 $
Furniture & fixtures	48,014	3,604	—	—	3,764	55,382
Computer equipment	169,086	15,123	—	—	3,825	188,034
Signage	2,795	501	—	—	—	3,296
Improvements to property	42,189	4,020	—	—	1,812	48,021
Motor vehicles	53,434	6,736	—	—	720	60,890
	315,518	**29,984**	**—**	**—**	**10,121**	**355,623**
Net book value	**574,002**					**685,302**

[expressed in Canadian dollars]

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**

[1] The property and equipment include additions of $1,307 (December 31, 2022 - $1,308) for furniture & fixture by EP Financial, $14,664 (December 31, 2022 - $103,079) for computer equipment by EP Financial, EP Care, and BPO.

[2] The acquisition of subsidiaries relates to the acquisition of Groupe Solution. Upon the acquisition of Groupe Solution, the company acquired $58,845 of computer equipment and $78,569 (December 31, 2022 - $11,982) of furniture and fixtures.

[3] The property and equipment include disposals of $19,900 (December 31, 2022 – $24,651 for motor vehicles by BPO) for computer equipment by BPO.

[4] For the three months ended March 31, 2023, the Company recorded depreciation of property and equipment amounting to $29,984 (December 31, 2022 - $132,389).

The property and equipment are treated as security to outstanding credit facilities as at March 31, 2023, 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")	2023				
	As at December 31, 2022 $	Acquisitions of subsidiaries $	Impairment losses $	Foreign exchange differences $	As at March 31, 2023 $
UK collection services [3]	3,486,079	—	—	83,851	3,569,930
Canada collection services	2,786,055	1,876,578	—	—	4,662,633
	6,272,134	**1,876,578**	**—**	**83,851**	**8,232,563**

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**

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 Company's policy.

[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 consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022. 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 consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022.

[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%).

[expressed in Canadian dollars]

- Average revenue growth rate of 18.05% (September 30, 2021 – 10.73%).
- 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 consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022.

9. Intangible assets

Intangible assets consist of the following:

Cost	**2023**					
	As at December 31, 2022 $	**Additions $**	**Acquisitions of subsidiaries $**	**Impairment $**	**Foreign exchange difference $**	**As at March 31, 2023 $**
Licenses, rights and systems [1]	3,232,883	37,556	412,000	—	—	3,682,439
Trade names [2]	3,495,118	—	419,000	—	31,368	3,945,486
Customer relationships [3]	11,405,999	—	2,761,000	—	241,683	14,408,682
	18,134,000	**37,556**	**3,592,000**	—	**273,051**	**22,036,607**

[expressed in Canadian dollars]

Accumulated Depreciation

	2023					
	As at December 31, 2022 $	**Depreciation** $	**Acquisitions of subsidiaries** $	**Impairment** $	**Foreign exchange difference** $	**As at March 31, 2023** $
Licenses, rights and systems [1]	167,475	77,733	—	—	—	245,208
Trade names [2]	(38,767)	27,945	—	—	—	(10,822)
Customer relationships [3]	4,132,394	354,285	—	—	98,462	4,585,141
	4,261,102	**459,963**	**—**	—	**98,462**	**4,819,527**
Net book value	**13,872,898**					**17,217,080**

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**

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**

[1] For the three months ended March 31, 2023, additions of $37,556 for licenses, rights and systems relates to 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 March 31, 2023.

Acquisition of subsidiaries

Upon the acquisition of Groupe Solution on March 31, 2023, the Company acquired the licenses, rights, and systems of Groupe Solution with a fair value of $412,000 *[note 5]*.

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]*.

Impairment

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 consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022.

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, for the period ended December 31, 2022, 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 March 31, 2023, $1,335,486 (December 31, 2022 - $1,304,119) is allocated to BPO's trade name, $1,150,000 (December 31, 2022 - $1,150,000) is allocated to EP Homes' trade name, $1,041,000 (December 31, 2022 - $1,041,000) is allocated to GCS's trade name, and $419,0000 is allocated to Groupe Solution's trade name *[note 5]*.

Impairment

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. $354,285 of depreciation is related to the existing customer relationships of which $285,825 (December 31, 2022 - $1,375,415) is related to BPO customer relationships and are being depreciated on a straight-line basis over 9 years.

Acquisitions of subsidiaries

Upon acquisition of Groupe Solution on March 31, 2023, the Company acquired customer relationships with a fair value of $2,761,000 *[note 5]*.

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

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

10. EP Homes inventory

The following is a breakdown of the EP Homes inventory as at March 31, 2023:

	March 31, 2023 $	December 31, 2022 $
Opening inventory	**9,818,278**	8,173,110
Additions [1]	**2,229,206**	5,028,638
Disposals [2]	**(1,107,500)**	(3,383,470)
Closing inventory [3]	**10,939,984**	9,818,278
Less: Current portion of EP Homes inventory [4]	**(4,937,774)**	(3,506,800)
Long-term EP Homes inventory	**6,002,210**	6,311,478

[1] For the three months ended March 31, 2023, the Company purchased 5 homes amounting to $2,132,000. Additions of $97,206 resulted from renovations on 3 homes (December 31, 2022 – 11 homes amounting to $5,028,638).

[2] For the three months ended March 31, 2023, the Company disposed of 3 homes (December 31, 2022 – 9 homes) for a total cost of $1,107,500 (December 31, 2022 - $3,383,470).

[3] As at March 31, 2023, the Company has 25 homes (December 31, 2022 – 23 homes) in its inventory, of which 1 home is occupied by a related party with a carrying value of $355,000.

[4] As at March 31, 2023, the Company has 11 homes (December 31, 2022 – 9 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	**474,482**
2024	**392,068**
2025 and thereafter	**178,435**
	1,044,985

11. Investments

	2023			
	December 31, 2022 $	Additions $	Impairment $	March 31, 2023 $
Investments in Prospect Financial Inc. [2]	386,555	—	—	386,555
	386,555			**386,555**

[expressed in Canadian dollars]

	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**

[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 three months ended March 31, 2023, 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
Pollock Services Corp. ("**Pollock Services**")	Wholly owned by the director of the Board
General Billing Solutions Inc. ("**GBSI**")	Common shareholders
1125855 Alberta Ltd. ("**112 AB Ltd.**")	Common shareholders
Telecom Technologies Inc. ("**Freestyle**")	Common shareholders

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

	March 31, 2023 $	December 31, 2022 $
Due from BTHO UK, net [2]	**66,956**	65,383
Due from Smart Everyday People Inc., net [2]	**477,205**	367,791
Employee receivables, net [3]	**667,412**	401,687
Loans to executives, net [4]	**318,518**	—
	1,530,091	834,861
Less: Current portion of due from related parties	**(785,013)**	(532,812)
Long-term portion of due from related parties	**745,078**	302,049

[expressed in Canadian dollars]

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

	March 31, 2023 $	December 31, 2022 $
Due to EAM – promissory notes, net [5]	**295,500**	295,500
Due to EAM - medium-term notes, net [6]	**6,524,747**	6,704,500
Due to Pollock Services – medium-term notes, net [6]	**200,000**	—
Due to EAM, net [7 and 8]	**89,198**	45,802
Due to GBSI, net [8]	**16,698**	—
Due to 112 AB Ltd., net [8]	**88,039**	—
	7,214,182	7,045,802
Less: Current portion of due to related parties	**(193,935)**	(45,802)
Long-term portion of due to related parties	**7,020,247**	7,000,000

c) Transactions with related parties are as follows:

	March 31, 2023 $	March 31, 2022 $
Interest [9]	**(202,800)**	(5,851)
Management fees [10]	**(200,813)**	(326,972)
Direct costs [11]	**(97,403)**	—
Other income [12]	**277,335**	—
Sale of EP Homes Inventory [13]	**1,350,000**	—
	1,126,319	(332,823)

d) Key management personnel remuneration:

For the three months ended March 31, 2023, the key management activities include services performed by certain 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 three months ended March 31, 2023 and March 31, 2022, are as follows:

	March 31, 2023 $	March 31, 2022 $
Management fees [10]	**178,738**	326,972
Salaries, including benefits and bonuses [14]	**129,585**	134,091
Board fees [4]	**20,340**	—
	328,663	461,063

[1] As at March 31, 2023, EAM Enterprises Inc. owned 20.2% (December 31, 2022 – 20.2%) of the Company's issued and outstanding shares. 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] The employees' receivables are due from certain employees. As at March 31, 2023, the loans advanced to BPO's President and Client Engagement Director are $139,943 and $62,368 respectively. $302,651 related to the Chief Financial Officer of the Company. The remaining $162,450 of employees' receivables are related to various loans provided to employees.

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.

[4] The CEO and the Executive Chair of the Board agreed to a quarterly compensation of $1.00 until the Company achieves net profit before tax, excluding acquisition costs, share-based compensation, depreciation and amortization. Independent contractors in senior executive positions and the Board of Directors, with the exception of BPO's president, CFO, and accounting executives, have agreed to terminate their existing agreements for cash compensation and committed to profit-driven compensation based on their respective businesses' profitability. Certain senior executives will be advanced monthly loans, which are unsecured and due on demand. For the three months ended March 31, 2023, the loans provided to the senior executives total $318,518. Additionally, board fees of $133,341 and the CEO's and Executive Chair's fees of $173,250 would have been accounted in the unaudited interim condensed consolidated statements of loss and comprehensive loss.

[5] 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.

[6] Amounts due to EAM and Pollock Services 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.

[7] Outstanding accrued interest due to EAM for the promissory notes and medium-term notes detailed in paragraphs 5 and 6 is $62,800 (December 31, 2022 - $45,802) for the three months ending March 31, 2023.

[8] Amounts due to EAM, GBSI, and 112 AB Ltd. are unsecured and repayable in full on demand.

[9] The Company accrues interest on amount payable to EAM at an annual interest rate of 12%. For the three months ended March 31, 2023, interest expensed to EAM totaled $202,800 (December 31, 2022 - $222,098).

[10] For the three months ended March 31, 2023, management fees consist of services performed by the Chief Financial Officer, Chief Technology Officer, and other senior management.

For the three months ended March 31, 2022, 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.

[11] This includes $35,268 related to dialer rentals from Freestyle and $62,135 related to credit card processing fees from GBSI.

[12] On February 28, 2023, the Company received $277,335 from GCS's president in form of a promissory note. Subsequently, on March 31, 2023, GCS's president agreed to extinguish his rights to the promissory note *[note 26]*.

[13] On March 31, 2023, the Company sold 3 homes from its EP Homes Inventory to the Company's Chief Financial Officer for $1,350,000.

[14] Salaries include services performed by BPO's president.

[expressed in Canadian dollars]

13. Credit facilities

	March 31, 2023 $	December 31, 2022 $
Facility 1 [1]	**3,864,629**	2,354,708
Facility 2 [2]	**256,876**	260,354
Facility 3 [3]	**191,093**	192,523
Facility 4 [4]	**55,585**	58,265
Facility 5 [5]	**3,128,283**	3,918,558
Facility 6 [6]	**—**	1,900,000
Facility 7 [7]	**5,300,000**	—
Facility 8 [8]	**1,386,547**	—
Facility 9 [9]	**—**	—
Facility 10 [10]	**—**	—
Total credit facilities	**14,183,013**	8,684,408
Less: current portion of Facility 1 [1]	**(2,171,750)**	(596,250)
Less: current portion of Facility 2 [2]	**(256,876)**	(260,354)
Less: current portion of Facility 3 [3]	**(191,093)**	(192,523)
Less: current portion of Facility 4 [4]	**(55,585)**	(58,265)
Less: current portion of Facility 5 [5]	**(1,114,176)**	(1,635,647)
Less: current portion of Facility 6 [6]	**—**	(910,304)
Less: current portion of Facility 7 [7]	**(618,896)**	—
Less: current portion of Facility 8 [8]	**(499,158)**	—
Less: current portion of Facility 9 [9]	**—**	—
Less: current portion of Facility 10 [10]	**—**	—
Current portion of credit facilities	**(4,907,534)**	(3,653,343)
Long-term credit facilities	**9,275,479**	**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 $3,864,629 (December 31, 2022 - $2,354,708) has been drawn as at March 31, 2023. 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 March 31, 2023, the Company is in compliance of the financial covenants. The current portion of the facility represents 6 homes which are due for sale in the next 12 months *[note 10]*.

[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 $256,876 (December 31, 2022 - $260,354) has been drawn as at March 31, 2023. 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 March 31, 2023, 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 $191,093 (December 31, 2022 - $192,523) has been drawn as at March 31, 2023. 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 $55,585 (£33,216 GBP) (December 31, 2022 - $58,265 (£35,660 GBP)) has been drawn as at March 31, 2023. 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 $3,128,283 (December 31, 2022 – $3,918,558) has been drawn as at March 31, 2023. 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 March 31, 2023, the Company is in compliance of the financial covenants. The current portion of the facility represents 4 homes which are due for sale in the next 12 months *[note 10]*.

[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 $Nil has been drawn as at March 31, 2023 (December 31, 2022 - $1,900,000). 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. On February 27, 2023, the credit facility was paid off and replaced with Facility 7.

[7] On February 27, 2023, the Company, through its subsidiary, GCS entered a credit arrangement of $5.3 million with a Canadian Bank to acquire Groupe Solution and to pay off Facility 6, of which $5,000,000 million has been drawn as at March 31, 2023. The interest rate is bearing at 6.46% per annum. The credit arrangement has a term of 2 years having an amortization period of 85 months, with monthly blended payments. 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. Per the credit agreement, the measurement of the financial covenants are to commence December 31, 2023.

[8] On February 14, 2023, the Company through its subsidiary, EP Homes entered a credit arrangement of $1.5 million with a capital provider to provide mezzanine financing for the homes currently held by EP Homes, of which $1,386,547 has been drawn as at March 31, 2023. The interest rate is bearing at 13.5%. The credit arrangement is secured by a general security agreement providing security interest over all present and after acquired property of the Company, subordinate only to any General Security Agreement registered by the first mortgagee.

[9] 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 March 31, 2023. 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 March 31, 2023, GCS is in compliance of the financial covenants.

[expressed in Canadian dollars]

[10] 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 March 31, 2023. 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 March 31, 2023, 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 $	Capital Provider Loan $	Total $
2023	**2,171,750**	**191,093**	**256,876**	**55,585**	**1,114,176**	**618,896**	**1,386,547**	**5,794,923**
2024	**1,692,879**	**—**	**—**	**—**	**2,014,107**	**660,092**	**—**	**4,367,078**
2025 and thereafter	**—**	**—**	**—**	**—**	**—**	**4,021,012**	**—**	**4,021,012**
	3,864,629	**191,093**	**256,876**	**55,585**	**3,128,283**	**5,300,000**	**1,386,547**	**14,183,013**

14. Government loan

Government loans consist of the following:

	March 31, 2023 $	December 31, 2022 $
Balance, beginning of period	180,000	180,000
Additions	—	—
Balance, end of period	**180,000**	**180,000**

15. Promissory notes

Promissory notes as at March 31, 2023, including interest includes:

	March 31, 2023 $	December 31, 2022 $
Balance, beginning of period	—	—
Additions [1]	100,000	—
Acquisition of subsidiaries [2]	1,924,095	—
Balance, end of period	**2,024,095**	—

[1] For the three months ended March 31, 2023, the additions of $100,000 are related to the medium-term note that was received. The medium-term note has a term of 2-years with a maturity date of January 31, 2025. The medium-term note bears an interest rate of 12% per annum, with interest payments to be paid monthly, commencing March 1, 2023.

[2] The additions of $1,924,095 are related to the promissory note and contingent consideration for the acquisition of Groupe Solution *[note 5]*.

[expressed in Canadian dollars]

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 March 31, 2023 was $91,290,526 (December 31, 2022 - $83,393,269). The Company monitors equity on the basis of the carrying amount of equity as presented on the unaudited interim condensed consolidated statements of financial position.

No changes were made to the objectives, policies and processes for capital management for the three months ended March 31, 2023.

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:

	March 31, 2023		December 31, 2022	
	Number of shares #	**Amount $**	Number of shares #	Amount $
Balance, beginning of period	**113,976,539**	**67,483,059**	98,491,335	55,302,579
Issued from treasury [1]	—	—	4,684,000	4,193,082
Issued against compensation [2]	—	—	729,152	677,315
Issued from treasury – debt and payable conversion [3]	—	—	145,000	145,000
Issued from acquisition of subsidiaries [4]	—	—	2,662,552	1,434,256
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)
Balance, end of period	**113,976,539**	**67,483,059**	113,976,539	67,483,059

[1] For the three months ended March 31, 2023, the Company issued Nil shares from treasury for a total value of $Nil.

For the year 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.

[2] For the three months ended March 31, 2023, the Company issued Nil shares against share-based compensation.

During 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.

[3] For the three months ended March 31, 2023, the Company issued Nil shares from treasury for a total value of $Nil.

[expressed in Canadian dollars]

During 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.

[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 acquired 100% interest in 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, on December 31, 2021 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 three months ended March 31, 2023, share issuance costs amounted to $Nil (December 31, 2022 - $1,222,308).

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:

	March 31, 2023		December 31, 2022	
	Number of warrants #	**Amount $**	Number of warrants #	Amount $
Opening balance	**4,083,397**	**892,612**	4,260,035	869,954
Issued [1]	—	—	2,617,380	566,163
Issued upon RTO [2]	—	—	100,000	77,209
Expired [3]	—	—	(2,794,018)	(543,505)
Exercised [4]	—	—	(100,000)	(77,209)
Ending balance	**4,083,397**	**892,612**	4,083,397	892,612

[expressed in Canadian dollars]

[1] For the three months ended March 31, 2023, the Company issued Nil (December 31, 2022 – 2,342,000) warrants to investors for a total fair value of $Nil (December 31, 2022 – $490,918) and Nil (December 31, 2022 – 275,380) warrants to brokers and finders in connection with the private placement for a total fair value of $Nil (December 31, 2022 – $75,245).

[2] For the three months ended March 31, 2023, the Company issued Nil (December 31, 2022 – 100,000) warrants.

[3] For the three months ended March 31, 2023, 2,794,018 outstanding warrants were not exercised and expired accordingly (December 31, 2022 – 2,794,018). The fair value of the expired warrants amounted to $543,505 (December 31, 2022 - $543,505).

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

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

[4] For the three months ended March 31, 2023, Nil outstanding warrants were exercised (December 31, 2022 – 100,000). The fair value of the exercised warrants amounted to $Nil (December 31, 2022 - $77,209) and was accounted in common shares.

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.

	Three months ended March 31, 2023		**15 months ended December 31, 2022**	
	Number of options #	**Amount $**	**Number of options #**	**Amount $**
Opening balance	3,893,597	1,119,670	3,291,697	768,143
Options granted [1]	—	43,946	678,400	357,189
Options granted upon RTO [2]	—	—	300,000	231,542
Options exercised [2]	—	—	(320,000)	(231,542)
Options expired/cancelled/forfeited [3]	(541,864)	(122,755)	(56,500)	(5,662)
Closing balance	**3,351,733**	**1,040,861**	**3,893,597**	**1,119,670**
Exercisable balance	**1,980,459**	**—**	**1,893,367**	**—**

[expressed in Canadian dollars]

[1] Outstanding options to officers, consultants and employees as at March 31, 2023 are as follows:

2023

	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]	3,065,197	4	0.75	1,820,000	0.75
1.00	671,733	5	1.00	160,459	1.00

2022

	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 value the services provided over the vesting period to account for stock options granted to officers, consultants, advisors and employees. For the three months ended March 31, 2023, the Company has recorded a net expense, including options cancelled/forfeited of $43,946 (December 31, 2022 - $351,528) in share-based compensation expense related to the Share Incentive Plan in the unaudited interim condensed consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[2] 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.

[3] For the three months ended March 31, 2023, 541,864 options expired, cancelled, or forfeited with a total value of $122,755. On December 6, 2021, the Company cancelled a contract with a consultant, as a result, 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.

	March 31, 2023		December 31, 2022	
	Number of share units **#**	**Amount** **$**	**Number of share units** **#**	**Amount** **$**
Opening balance	**3,307,000**	**281,551**	—	—
Issued to directors with 3-year vesting period [1]	**—**	**143,303**	2,772,000	237,571
Issued to consultants with 2-year vesting period [1]	**—**	**12,122**	200,000	21,194
Issued to consultants with 1-year vesting period [2]	**—**	**12,338**	210,000	16,450
Committed to consultants with 1-year vesting period [3]	**125,000**	**19,235**	125,000	6,336
Ending balance	**3,432,000**	**468,549**	3,307,000	281,551

[expressed in Canadian dollars]

[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 three months ended March 31, 2023, the Company has recorded an expense of $155,425 (December 31, 2022 - $258,765) 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 three months ended March 31, 2023, the Company has recorded an expense of $Nil (December 31, 2022 - $16,450) in share-based compensation expense related to the RSUs issued to consultants with 1-year vesting period in the unaudited interim condensed consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[3] 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 March 31, 2023 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 March 31, 2023 unaudited interim condensed consolidated financial statements are approved.

Reserves – Contingent consideration

	March 31, 2023		December 31, 2022	
	Number of share units #	**Amount $**	**Number of shares #**	**Amount $**
Opening balance	**1,781,485**	**535,856**	—	—
Contingent upon acquisition of subsidiaries [1]	**—**	**—**	1,781,485	535,856
Ending balance	**1,781,485**	**535,856**	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' EBITDA is equal to or greater than $1,781,485 in any one year before December 31, 2025.

The forecasts for GCS show that it is highly probable that the target EBITDA will be achieved. 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:

	March 31, 2023 $	**December 31, 2022 $**
Contributed surplus, beginning of year	656,955	113,450
Expired warrants [1]	—	543,505
Expired/cancelled/forfeited options [2]	122,755	—
	779,710	656,955

[1] For the three months ended March 31, 2023, $Nil outstanding warrants were not exercised and expired accordingly (December 31, 2022 – 2,794,018). The fair value of the expired warrants amounted to $Nil (December 31, 2022 - $543,505).

[expressed in Canadian dollars]

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

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

[1] For the three months ended March 31, 2023, 541,864 outstanding stock options were not exercised and cancelled accordingly (December 31, 2022 – Nil). The fair value of the unexercised and cancelled stock options amounted to $122,555 (December 31, 2022 - $Nil).

Share-based compensation

	March 31, 2023 **$**	**March 31, 2022** **$**
Compensation in options, net of cancelled/forfeited [1]	**43,946**	67,922
Compensation in RSUs [2]	**186,997**	—
Compensation in shares [3]	**—**	145,000
	230,943	**212,922**

[1] For the three months ended March 31, 2023, the Company has recorded a net expense, including options cancelled/forfeited of $43,946 (March 31, 2022 - $67,922) in share-based compensation expense related to the Share Incentive Plan in the unaudited interim condensed consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[2] For the three months ended March 31, 2023, the Company has recorded an expense of $186,997 (December 31, 2022 - $Nil) in share-based compensation expense related to the RSUs in the unaudited interim condensed consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[3] For the three months ended March 31, 2023, Nil (December 31, 2022 – 289,500) shares were issued at $1.00 per share to employees, management, and consultants and recorded a share-based compensation in the unaudited interim condensed consolidated statements of loss and comprehensive loss for a total value of $Nil (December 31, 2022 - $289,500).

18. Additional cash flow information

	March 31, 2023 **$**	**March 31, 2022** **$**
(Increase) / decrease in trade receivables	**(312,381)**	(393,386)
(Increase) / decrease in prepaid expenses	**(222,522)**	3,530
(Increase) / decrease in related parties	**(789,348)**	(383,232)
Increase in deferred revenue	**(25,003)**	(21,282)
Increase in trade payables	**533,450**	412,455
Increase in customer deposit	**28,170**	6,254
	(787,634)	(375,661)

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

19. Finance costs

	Classification	March 31, 2023 $	March 31, 2022 $
Interest on lease liabilities *[note 23]*	Finance costs	**34,834**	27,904
Interest on debt and borrowings	Finance costs - cash paid	**418,642**	84,186
Outstanding interest to related parties *[note 12]*	Finance costs	**62,800**	5,851
Interest on convertible debentures *[note 21]*	Finance costs	**—**	59,548
Total interest expense		**516,276**	177,489
Bank charges	Finance costs	**99,852**	52,948
Total finance costs in other (expenses) income		**616,128**	**230,437**
Interest on debt and borrowings	Direct costs [1]	**17,031**	6,690
Total finance costs in direct costs		**17,031**	**6,690**
Total finance costs		**633,159**	**237,127**

[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 unaudited interim condensed 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.

[expressed in Canadian dollars]

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 $131,149 (December 31, 2022 - $138,293). 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.

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 March 31, 2023 by $104,442 (December 31, 2022 - $46,570) on account of change in GBP exchange rate.

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

	March 31, 2023	**December 31, 2022**
	£	**£**
Cash and cash equivalents	**745,587**	**682,041**
Customer funds	**4,308,922**	**4,545,469**
Trade receivables	**1,023,049**	**920,119**
Total financial assets	**6,077,558**	**6,147,629**
Trade payables	**690,994**	**824,474**
Customer payables	**4,308,922**	**4,545,469**
Credit facilities	**33,220**	**35,660**
Total financial liabilities	**5,033,136**	**5,405,603**

[expressed in Canadian dollars]

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, and EP Homes facilitation 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 and trade payables as they become due. 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.

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 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 disclosed in note 3 of the consolidated financial statements for the 15 months ended December 31 2022. Set out below is the information about the credit risk exposure on the Company's trade receivables with customers using a provision matrix for March 31, 2023:

	Current	1 – 30 days	31 – 60 days	61 – 90 days	91+ days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	2.02%	3.51%	0.75%
Gross carrying amount at default	686,726	1,608,204	566,454	180,283	694,785	3,736,452
Expected credit loss	—	—	—	3,638	24,414	28,052

Contractual maturities of financial liabilities:

	Trade payables $	Customer payables $	Credit facilities $	Due to related parties $	Government loans $	Customer deposits $	Lease liabilities $	Total $
2023	**6,343,135**	**9,445,837**	**4,907,534**	**193,935**	**—**	**199,621**	**349,367**	**21,439,429**
2024	**—**	**—**	**—**	**—**	**180,000**	**26,858**	**280,585**	**487,443**
2025	**—**	**—**	**9,275,479**	**7,020,247**	**—**	**—**	**282,062**	**16,577,788**
2026	**—**	**—**	**—**	**—**	**—**	**—**	**320,715**	**320,715**
2027	**—**	**—**	**—**	**—**	**—**	**—**	**320,805**	**320,805**
Thereafter	**—**	**—**	**—**	**—**	**—**	**—**	**908,336**	**908,336**
	6,343,135	**9,445,837**	**14,183,013**	**7,214,182**	**180,000**	**226,479**	**2,461,870**	**40,054,516**

[expressed in Canadian dollars]

21. Convertible debentures

On October 25, 2021 ("Closing Date"), 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. 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.

	Liability component of Convertible Debentures	**Total**
	$	**$**
As at September 30, 2021	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 March 31, 2023, $Nil (December 31, 2022 – $Nil) 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 March 31, 2023, the Company recorded an impairment loss of $Nil (December 31, 2022 – $1,466,034) related to the loan receivables. The carrying value of $233,910 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 (December 31, 2022 – 3 office leases) the UK offices and 9 office leases (December 31, 2022 – 5 office leases) are for Canadian offices. The Company also has an equipment lease for various IT equipment.

[expressed in Canadian dollars]

The carrying amounts and the movements during the three months ended March 31, 2023 and for the year ended December 31, 2022 are as follows:

Right-of-use assets	**March 31, 2023** **$**	**December 31, 2022** **$**
Opening balance	**1,411,552**	1,611,881
Additions [1]	**544,377**	—
Additions from the acquisition of subsidiaries [2]	**233,329**	149,651
Depreciation	**(107,574)**	(382,337)
Unrealized foreign exchange gain/loss	**(36,237)**	32,357
	2,045,447	1,411,552

Lease liabilities	**March 31, 2023** **$**	**December 31, 2022** **$**
Initial recognition of liability and interest [1]	**1,787,728**	1,859,216
Additions [1]	**544,377**	—
Additions from the acquisition of subsidiaries [2]	**253,218**	169,253
Payments	**(159,899)**	(339,079)
Non-cash interest accretion	**34,834**	137,222
Unrealized foreign exchange gain/loss	**15,628**	(38,884)
	2,475,886	1,787,728
Less: current portion of lease liabilities	**(344,413)**	(287,293)
Long-term lease liabilities	**2,131,473**	1,500,435

[1] For the three months ended March 31, 2023, the additions are related to the renewal of GCS's Vancouver office.

[2] For the three months ended March 31, 2023, the additions from the acquisitions of subsidiaries are related to the leases acquired from Groupe Solution for their offices located in Montreal, Quebec, and Toronto, Canada.

For the 15 months ended December 31, 2022, the additions from the acquisition of subsidiaries are related to the leases acquired from GCS for their offices located in Montreal, Vancouver, and Vaughan, Canada.

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

	March 31, 2023 **$**	**March 31, 2022** **$**
Depreciation expense of right-to-use assets	**107,574**	57,127
Interest expense on lease liabilities	**34,834**	27,629
	142,408	84,756

The expense relating to short-term and low-value lease payments not included in lease liabilities was $35,575 (December 31, 2022 - $72,878).

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

24. Revenue and direct costs

Revenue

	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Collection services revenue	**6,375,467**	**3,432,138**
EP Homes facilitation fees revenue		
Sale of EP Homes inventory [1]	1,350,000	730,000
Lease revenue [2]	177,910	111,680
Facilitation fees	36,960	108,576
Savings contribution revenue	—	24,111
Total EP Homes facilitation fees revenue	**1,564,870**	**974,367**
Financial services revenue	**59,497**	**62,195**
Contract receivables revenue	**—**	**65,473**
Total revenue	**7,999,834**	**4,534,173**

[1] Sale of EP Homes inventory amounting to $1,350,000 (March 31, 2022 - $730,000) includes the sale of 3 homes (March 31, 2022 – 2 homes) for the three months ended March 31, 2023.

[2] Lease revenue amounting to $177,910 (March 31, 2022 - $111,680) consists of bi-weekly, semi-monthly, and monthly lease payments from clients in the EP Homes program for the three months ended March 31, 2023.

Direct costs

	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Collection services	2,103,650	1,068,855
EP Homes [1]	1,197,235	817,385
Financial services	117,376	20,065
Contract receivables	—	5,250
Total direct costs	**3,418,261**	**1,911,555**

[1] Direct costs of EP Homes consists of $1,197,235 (March 31, 2022 - $817,385) for the cost of EP Homes inventory sold to the Company's Chief Financial Officer for the three months ended March 31, 2023 *[note 12]*.

25. Deferred revenue

2023	**December 31, 2022 $**	**Additional deferred revenue $**	**Recognized to revenue [1] $**	**March 31, 2023 $**
EP Homes	323,386	53,877	(76,715)	300,548
Climb	63,498	7,271	(9,436)	61,333
Total	**386,884**	**61,148**	**(86,151)**	**361,881**
Less: Current portion of deferred revenue	(235,513)			(204,214)
Long-term portion of deferred revenue	151,371			157,667

[expressed in Canadian dollars]

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

[1] For the three months ended March 31, 2023, deferred revenue from client's non-refundable deposits of $76,715 (March 31, 2022 – $147,009) were recognized to revenue as the clients executed or forfeited on their purchase option, and $9,436 (December 31, 2022 - $59,153) was recognized as revenue for the client's savings loans fees.

26. Other income

Other income consist of the following:

	March 31, 2023 $	March 31, 2022 $
Kickstart scheme [1]	**4,060**	19,340
Rent reimbursements [2]	**14,333**	21,500
Sale of interest in Newt Kiosks [3]	—	160,800
Interest income [4]	**42,930**	—
Gain on promissory note extinguishment [5]	**277,335**	—
Other income	**5,545**	5,514
	344,203	207,154

[1] For the three months ended March 31, 2023, BPO was awarded $4,060 (£2,500 GBP) (March 31, 2022 – $19,340) 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 three months ended March 31, 2023, EP Homes received $14,333 from sub-leasing its previous office space located in Edmonton, Canada. For the three months ended March 31, 2022, EP Homes received $21,500 in rent reimbursements from EAM for the usage of EP Homes' office space in Edmonton, Canada.

[3] 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.

[4] For the three months ended March 31, 2023, the Company earned interest income of $42,930 for the outstanding loan receivable *[note 22].*

[5] On February 28, 2023, the Company received $227,335 from GCS's president in form of a promissory note. Subsequently, on March 31, 2023, GCS's president agreed to extinguish his rights related to the promissory note.

[expressed in Canadian dollars]

27. Other operating expenses

Other expenses consist of the following:

	March 31, 2023 $	March 31, 2022 $
IT support	**202,549**	109,039
Subscriptions and licenses	**177,072**	16,964
Travel and entertainment	**161,684**	76,514
Office supplies	**92,492**	67,046
Rent and utilities	**77,614**	51,329
Telephone	**57,772**	11,496
Insurance	**56,331**	21,791
Repairs and maintenance	**9,273**	4,003
Bad debts	**3,135**	2,416
Credit bureaus	**1,744**	—
Training and recruitment	**(8,867)**	8,480
	830,799	369,078

28. Acquisition costs

For the three months ended March 31, 2023, acquisition costs totaled $212,150, which is related to $153,165 legal fees and $58,985 for other professional fees related to the acquisitions *[note 5]*.

29. Public company costs

For the three months ended March 31, 2023, public company costs totaled $170,453, which is related to $117,293 for investor relations, $20,340 for board fees, and $32,820 for stock exchange fees.

30. 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 has tokenized MasterCard program in Canada. The Company's interest in Smart Everyday People Inc. is accounted for using the equity method in the unaudited interim condensed 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 unaudited interim condensed consolidated financial statements are set out below:

Summarized statement of financial position of Smart Everyday People Inc:

	March 31, 2023 $	December 31, 2022 $
Current assets	**76,895**	51,673
Non-current assets	**611,502**	433,117
Current liabilities	**(741,315)**	(528,010)
Non-current liabilities	**—**	—
Equity	**(52,918)**	(43,220)
The Company's share in equity – 50%	**(26,459)**	(21,610)

[expressed in Canadian dollars]

Summarized statement of profit and loss of Smart Everyday People Inc:

	March 31, 2023 $	March 31, 2022 $
Revenue from contracts with customers	**—**	—
Cost of sales	**(3,832)**	—
Administrative expenses	**(5,316)**	—
Interest and bank charges	**(550)**	—
Loss before tax	**(9,698)**	—
The Company's share of loss for the period	**(4,849)**	—

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 ended December 31, 2022 totaled $2,855 on the consolidated statements of loss and comprehensive loss.

31. 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.

	March 31, 2023 $	December 31, 2022 $
Within one year	**11,941**	11,683
After one year but not more than five years	**—**	2,614
More than five years	**—**	—
	11,941	14,297

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.

32. 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.

(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.

[expressed in Canadian dollars]

- Profit or loss for the segment.

The following tables summarize the segmented revenue and profit or loss for the three months ended March 31, 2023 and 2022:

	For the three months ended March 31, 2023				
	Financial Services $	**EP Homes Facilitation Services $**	**Collection Services $**	**Contract Receivable Services $**	**Total $**
Revenue	59,497	1,564,870	6,375,467	—	**7,999,834**
Direct costs	117,376	1,197,235	2,103,650	—	**3,418,261**
Total operating expenses [1]	1,646,865	115,805	3,739,375	444	**5,502,489**
Earnings (loss) from operations	**(1,704,744)**	**251,830**	**532,441**	**(444)**	**(920,916)**
Other (expenses) income [2]	(8,396)	(225,642)	(73,287)	35,400	**(271,925)**
Net loss before taxes	**(1,713,140)**	**26,138**	**458,861**	**34,956**	**(1,192,841)**

	For the three months ended March 31, 2022				
	Financial Services $	**EP Homes Facilitation Services $**	**Collection Services $**	**Contract Receivable Services $**	**Total $**
Revenue	62,195	974,367	3,432,138	65,473	**4,534,173**
Direct costs	20,066	817,385	1,068,854	5,250	**1,911,555**
Total operating expenses [1]	1,501,176	312,136	1,965,903	105,552	**3,884,767**
Earnings (loss) from operations	**(1,459,047)**	**(155,154)**	**397,381**	**(45,329)**	**(1,262,149)**
Other (expenses) income [2]	76,779	710	(40,256)	(25)	**37,208**
Net loss before taxes	**(1,382,268)**	**(154,444)**	**357,125**	**(45,354)**	**(1,224,941)**

[1] This includes depreciation and amortization expenses of $587,410 (March 31, 2022 - $462,191), of which $71,833 (March 31, 2022 - $108,528) is related to financial services, $15,607 (March 31, 2022 - $22,954) is related to EP Homes facilitation services, $500,111 (March 31, 2022 - $330,350) is related to collection services, and $359 (March 31, 2022 - $359) is related to contract receivable services *[notes 7, 9 and 23]*.

[2] Financial services' other expenses of $8,396 (March 31, 2022 – $76,779 other income) is primarily related to interest expenses *[note 19]*.

EP Homes facilitation services' other expenses of $225,642 is primarily related to interest expenses for the three months ending March 31, 2023.

Collection services' other expenses of $73,287 (March 31, 2022 - $40,256) is primarily related to interest and bank charges *[note 19]*.

Contract receivable services' other income of $35,400 (March 31, 2022 - $25) is primarily related to the interest income from the loan receivable *[note 27].*

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

The following tables summarize total assets and liabilities as at March 31, 2023 and December 31, 2022:

	Financial Services $	EP Homes Facilitation Services $	Collection Services $	Contract Receivable Services $	Total $
					As at March 31, 2023
Total assets	4,327,978	12,397,257	39,952,165	236,574	**56,913,974**
Total liabilities	8,975,074	9,806,421	27,437,117	266,473	**46,485,085**

	Financial Services $	EP Homes Facilitation Services $	Collection Services $	Contract Receivable Services $	Total $
					As at December 31, 2022
Total assets	3,503,846	11,209,964	31,294,838	237,082	**46,245,730**
Total liabilities	8,282,093	7,821,716	18,876,603	259,224	**35,239,636**

The following tables summarize the credit facilities and promissory notes as at March 31, 2023 and December 31, 2022:

	Financial Services $	EP Homes Facilitation Services $	Collection Services $	Contract Receivable Services $	Total $
					As at March 31, 2023
Credit facilities	—	8,827,428	5,355,585	—	**14,183,013**
Due to related party *[note 12]*	3,280,292	45,500	3,444,455	250,000	**7,020,247**
	3,280,292	8,872,928	8,800,040	250,000	**21,203,260**

	Financial Services $	EP Homes Facilitation Services $	Collection Services $	Contract Receivable Services $	Total $
					As at December 31, 2022
Credit facilities	—	6,726,143	1,958,265	—	**8,684,408**
Due to related party *[note 12]*	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**

Geographical information

The following table summarizes the revenue by geographical location for the three months ended March 31, 2023 and 2022:

Revenue by geographical location:	**March 31, 2023** **$**	**March 31, 2022** **$**
Canada	4,309,838	1,097,718
United States of America	8,373	4,317
United Kingdom	3,681,623	3,432,138
	7,999,834	**4,534,173**

[expressed in Canadian dollars]

The following table summarizes the non-current assets by geographical location as at March 31, 2023 and December 31, 2022:

Non-current assets by geographical location [1]:	March 31, 2023 $	December 31, 2022 $
Canada	19,822,587	14,315,081
United States of America	144,282	547,036
United Kingdom	15,501,116	14,790,334
	35,467,985	**29,652,451**

[1] Non-current assets excludes deferred tax assets of $Nil (December 31, 2022 - $Nil) 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 three months ended March 31, 2023 and 2022:

	March 31, 2023 %	March 31, 2022 %
Customer 1	24.3%	36.6%
	24.3%	**36.6%**

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 for the Company.

33. Contingent consideration

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]*.

On March 31, 2023, the Company entered into a purchase agreement with Groupe Solution to acquire assets and operations of Groupe Solution. Per the Purchase Agreement, a contingent consideration has been agreed. The Company is required to pay additional $1,400,000, either in cash or by way of issuance of 1,400,000 common shares of the Company, if Groupe Solution's Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is equal to or greater than $1,080,000 in any one year before March 31, 2025. The fair value of the contingent consideration was estimated to be $1,164,206 *[note 5].*

34. 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.

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 three months ended March 31, 2022, were as follows:

- Consolidated management fees and consulting fees.
- Consolidated other operating expenses, travel and entertainment, and rent and utilities.
- Consolidated board fees, investor relations, and stock exchange fees as public company costs.
- Bifurcated acquisition costs from professional fees.
- Reclassed the assets and liabilities between the operating segments.