

Everyday People Financial Corp.

**Unaudited interim condensed consolidated financial statements
For the three months ended March 31, 2024 and 2023**

EVERYDAY PEOPLE FINANCIAL CORP.

NOTICE TO SHAREHOLDERS

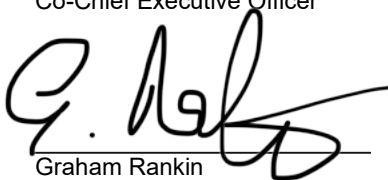
The accompanying unaudited interim condensed consolidated financial statements of Everyday People Financial Corp. (the "Company") for the three months ended March 31, 2024, have been prepared by management in accordance with International Financial Reporting Standards applicable to unaudited interim 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 Reykda
Co-Chief Executive Officer



Graham Rankin
Co-Chief Executive Officer



Dil Boparai, CPA
Chief Financial Officer

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

	Notes	March 31, 2024	December 31, 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		689,797	1,465,939
Customer funds		12,807,067	13,337,455
Cash - restricted		461,397	501,329
Trade receivables	[5]	9,803,468	6,214,242
Prepaid expenses		1,522,208	2,038,139
Current portion of due from related parties	[11]	99,155	62,343
Current portion of EP Homes inventory	[9]	5,470,815	5,343,981
Total current assets		30,853,907	28,963,428
Non-current assets			
EP Homes inventory	[9]	6,553,044	7,374,393
Intangible assets	[8]	13,898,267	14,273,734
Property and equipment	[6]	1,444,128	1,349,882
Investments	[10 and 25]	648,356	654,321
Due from related parties	[11]	799,837	755,717
Right-of-use asset	[19]	1,870,344	2,073,949
Goodwill	[7]	8,683,049	8,634,189
Total non-current assets		33,897,025	35,116,185
Total assets		64,750,932	64,079,613
Total liabilities and shareholders' equity			
Current			
Trade payables		7,750,801	9,724,189
Customer payables		12,807,067	13,337,455
Current tax liability		928,390	244,483
Current portion of deferred revenue	[22]	139,595	179,945
Current portion of lease liabilities	[19]	637,052	760,336
Current portion of customer deposits		202,431	247,446
Current portion of promissory notes	[13]	337,317	337,317
Current portion of credit facilities	[12]	7,279,649	7,241,569
Current portion of due to related parties	[11]	2,668,674	1,354,371
Total current liabilities		32,750,976	33,427,111
Non-current			
Deferred revenue	[22]	136,243	153,894
Lease liabilities	[19]	1,693,597	1,762,513
Customer deposits		99,182	92,717
Government loan		180,000	180,000
Promissory notes	[13]	714,469	714,469
Deferred tax liability		2,767,377	2,899,246
Credit facilities	[12]	9,049,724	9,562,906
Due to related parties	[11]	5,690,336	4,848,263
Total non-current liabilities		20,330,928	20,214,008
Total liabilities		53,081,904	53,641,119
Shareholders' equity			
Common shares	[15]	67,773,419	67,517,059
Reserves	[15]	2,613,334	2,793,191
Contributed surplus	[15]	1,645,387	1,569,005
Accumulated deficit		(59,842,959)	(60,713,206)
Accumulated other comprehensive loss		(520,153)	(727,555)
Total shareholders' equity		11,669,028	10,438,494
Total liabilities and shareholders' equity		64,750,932	64,079,613

Going concern [note 2]
Commitments [note 26]

Approved on behalf of the Board:

(Signed) "Nitin Kaushal"
Nitin Kaushal, Director

Approved on behalf of the Board:

(Signed) "Scott Sinclair"
Scott Sinclair, Director

See accompanying notes

Everyday People Financial Corp.

Interim condensed consolidated statements of profit and loss and comprehensive profit and loss (unaudited)

[expressed in Canadian dollars]

		Three months ended March 31, 2024	Three months ended March 31, 2023
	Notes	\$	\$
Revenue	[20]	14,805,134	7,999,834
Direct costs	[20]	4,356,835	3,418,261
Gross profit		10,448,299	4,581,573
Operating expense			
Sales, general, and administrative expenses	[21]	6,920,186	4,089,092
Other operating expenses	[24]	1,500,576	903,869
Management, consulting, and professional fees	[11]	662,931	509,528
Total operating expense		9,083,693	5,502,489
Profit (loss) from operations		1,364,606	(920,916)
Other (income) expenses			
Other income	[23]	(999,306)	(344,203)
Finance costs	[17]	896,927	616,128
Total other (income) expenses		(102,379)	271,925
Net profit (loss) before tax		1,466,985	(1,192,841)
Deferred tax recovery		132,748	119,130
Current tax expense		(729,486)	(40,105)
Net profit (loss) for the period		870,247	(1,113,816)
Other comprehensive profit			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Unrealized foreign currency translation adjustment		207,402	305,668
Total other comprehensive profit		207,402	305,668
Comprehensive profit (loss) for the period		1,077,649	(808,148)
Basic and diluted earnings (loss) per share		0.01	(0.01)
Weighted average number of shares outstanding			
- basic and diluted		115,002,253	113,967,539

See accompanying notes

Everyday People Financial Corp.
Interim condensed consolidated statements of changes in shareholders' equity (unaudited)
[expressed in Canadian dollars]

	Common shares \$	Reserves \$	Contributed Surplus \$	Deficit \$	Accumulated other comprehensive income/(loss) \$	Total Shareholders' equity \$
Three months ended March 31, 2024 [15]						
Balance, January 1, 2024	67,517,059	2,793,191	1,569,005	(60,713,206)	(727,555)	10,438,494
Net profit for the period	—	—	—	870,247	—	870,247
Other comprehensive profit	—	—	—	—	207,402	207,402
Options: issued	—	19,369	—	—	—	19,369
Options: expired/cancelled/forfeited	—	(1,135)	1,135	—	—	—
Restricted share units: issued or committed	—	133,516	—	—	—	133,516
Restricted share units: exercised	256,360	(256,360)	—	—	—	—
Warrants: expired	—	(75,247)	75,247	—	—	—
Balance, March 31, 2024	67,773,419	2,613,334	1,645,387	(59,842,959)	(520,153)	11,669,028
Three months ended March 31, 2023 [15]						
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 profit	—	—	—	—	305,668	305,668
Issuance of units	—	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

See accompanying notes

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

	Notes	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
Operating activities			
Net profit (loss) for the period		870,247	(1,113,816)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation & amortization	[6, 8 and 19]	798,941	587,410
Finance costs	[17]	670,030	516,276
Share-based compensation	[15]	152,895	230,943
Current income tax		729,486	40,105
Loss allowances		57,575	(1,319)
Non-cash other income	[23]	(268,686)	—
Deferred income tax		(132,748)	(119,130)
Interest paid	[17]	(612,608)	(418,642)
Share of loss in joint venture	[25]	5,965	—
Net change in non-cash working capital items	[16]	(3,662,151)	(787,634)
		<u>(1,391,054)</u>	<u>(1,065,807)</u>
Additions to EP homes inventory	[9]	(328,341)	(2,229,206)
Disposals to EP homes inventory	[9]	1,022,856	1,107,500
Cash used in operating activities		<u>(696,539)</u>	<u>(2,187,513)</u>
Investing activities			
Additions to intangible assets	[8]	—	(37,556)
Additions of property and equipment, net of disposals	[6]	(201,222)	3,929
Acquisition of subsidiaries, net of cash paid and acquired	[4]	—	(3,376,823)
Cash used in investing activities		<u>(201,222)</u>	<u>(3,410,450)</u>
Financing activities			
Proceeds from credit facilities	[12]	1,857,344	8,533,088
Repayments of lease liabilities	[19]	(242,582)	(140,138)
Proceeds of promissory notes, including related parties	[11]	842,073	300,000
Repayments of credit facilities	[12]	(2,333,070)	(3,034,483)
Cash provided by financing activities		<u>123,765</u>	<u>5,658,467</u>
Net foreign exchange difference		(42,078)	93,574
Net (decrease) increase in cash and cash equivalents		<u>(816,074)</u>	<u>154,078</u>
Cash and cash equivalents, beginning of the period		1,967,268	1,445,043
Cash and cash equivalents, end of the period		<u>1,151,194</u>	<u>1,599,121</u>
Less: Cash - restricted, end of the period		(461,397)	(288,421)
Cash and cash equivalents, end of the period		<u>689,797</u>	<u>1,310,700</u>

See accompanying notes

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2024 and 2023

1. Corporate information

Everyday People Financial Corp. (the “Company” or “EP Financial” or “EPF”) has its registered office at Suite 450, 11150 Jasper Ave, Edmonton, Alberta T5K 0C7. EP Financial is a financial service provider that provides everyone a chance to reestablish and build credit and have access to affordable credit options.

The Company’s unaudited interim condensed consolidated financial statements includes EP Financial and its material subsidiaries and joint ventures as follows:

Company		Place of Incorporation	Date of Acquisition, Incorporation, Amalgamation or Continuance	Effective Interest
Everyday People Investments Inc. (“ EP Investments ”)	[1]	Canada	August 31, 2022	100%
Everyday People Homes Inc. (“ EP Homes ”)	[2]	Canada	September 30, 2019	100%
Everyday People Financial Technologies Inc. (“ EP Technology ”)		Canada	August 11, 2022	100%
Everyday People Care Inc. (“ EP Care ”)		Canada	September 2, 2021	100%
Smart Everyday People Inc. (“ SEP ”)	[3]	Canada	May 18, 2022	50%
EP Travel Card Inc. (“ EP Travel ”)		Canada	February 14, 2022	100%
Everyday People Prepaid Card Inc. (“ EP Prepaid Card ”)		Canada	April 1, 2019	100%
EP Security Capital Inc. (“ EP Security ”)		Canada	June 24, 2021	100%
Everyday People Yay Inc. (“ EP YAY ”)		Canada	February 14, 2023	100%
Everyday People Revenue Cycle Management Inc. (“ EP RCM ”)		Canada	February 8, 2023	100%
General Credit Services Inc. (“ GCS ”)	[4]	Canada	December 30, 2022	100%
Groupe Solution Collect Solu Inc. (“ Groupe Solution ”)	[5]	Canada	March 31, 2023	100%
Everyday People Climb Credit Inc. (“ EP Climb ”)		Canada	June 30, 2021	100%
iKort ehf. (“ iKort ”)		Iceland	October 1, 2018	51%
EP Card ehf.		Iceland	October 1, 2019	71%
EP Financial Ltd. (“ EP UK ”)		UK	October 1, 2018	100%
BPO Collections Limited (“ BPO ”)		UK	May 2, 2019	100%
Everyday People Financial Solutions Limited (“ EPFS ”)	[6]	UK	October 31, 2023	100%
Everyday People Financial Inc. (“ EP USA ”)		USA	December 31, 2020	100%
Newt Kiosks, S.A. DE C.V. (“ Newt Kiosks ”)		Mexico	June 18, 2021	49%
BPO Financial Services Ltd. (“ BPO Financial ”)		UK	October 12, 2022	100%
BPO Care Ltd. (“ BPO Care ”)		UK	October 17, 2022	100%
BPO Homes Limited (“ BPO Homes ”)		UK	October 17, 2022	100%
BPO Collections Canada Inc. (“ BPO Canada ”)		Canada	September 21, 2020	100%
EP Supply Chain Solutions Inc. (“ EP Supply Chain ”)	[7]	USA	January 1, 2024	100%

[1] On August 31, 2022, Everyday People Financial Inc. amalgamated with a subsidiary of Justify Capital Corp., and was subsequently renamed to Everyday People Investments Inc. This company holds all Everyday People’s operating subsidiaries.

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2024 and 2023

- [2] 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. This acquisition brought the EP Homes' homeownership program under Everyday People allowing for a vertically integrated group of companies serving all of 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 an 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 an 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 an SPV for EP Homes where a portion of EP Homes' inventory is held.
- EP Homes V Inc. ("EP Homes V"): EP Homes V was incorporated in Alberta, Canada on December 21, 2022. EP Homes V is an SPV for EP Homes, however, there is currently no inventory being held under EP Homes V.
- EP Homes Ontario I Inc. ("EP Homes ON I"): EP Homes ON I was incorporated in Ontario, Canada on April 13, 2023. EP Homes ON I is an SPV for EP Homes to expand the operations into Ontario.
- EP Ontario I Down Payment Program Inc. ("EP Homes Ontario DPP"): previously known as 2808533 Ontario Inc. was incorporated in Ontario, Canada on January 15, 2021, and the name subsequently changed on April 18, 2023 to EP Ontario I Down Payment Program Inc.

- [3] 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. SEP is a joint venture between EP Care and SEB Administrative Services Inc. The joint venture's focus is to provide workers and employers with a health care spending account called the Everyday HSA; a virtual prepaid card program.
- [4] On December 30, 2022, the Company acquired 100% of the shares of GCS incorporated in British Columbia, Canada. GCS is a provider of professional client management solutions executing debt collection services in Canada.
- [5] 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 predominantly in Quebec, Canada.
- [6] On October 31, 2023, the Company's wholly-owned subsidiary, BPO acquired 100% of the issued and outstanding shares of Everyday People Financial Solutions Limited ("EPFS") previously known as Arvato Financial Solutions Limited [note 4].
- [7] On January 1, 2024, the Company incorporated EP Supply Chain in Florida, USA. EP Supply Chain provides supply chains stronger cash flow and profitability, enhancing deliverables to their customers.

These unaudited interim condensed consolidated financial statements were authorized for issue by the Company's board of directors on May 22, 2024.

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2024 and 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, 2024 and 2023 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 12 months ended December 31, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited annual financial statements for the 12 months ended December 31, 2023.

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 19]. The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, and all amounts are rounded to the nearest dollar, except when otherwise indicated. The functional currency of each legal entity is in their local currency.

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: EP Investments, BPO, EP UK, iKort, EP Climb, EP Care, EP Security, EP Travel, GCS, Groupe Solutions, EPFS, EP Supply Chain, and 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 losses from operations and has a deficit. The Company earned a net profit of \$870,247 (March 31, 2023 - \$1,113,816 net loss) for the three months ended March 31, 2024, including acquisition costs and depreciation and amortization expense, deficit of \$59,842,959 as at March 31, 2024 (December 31, 2023 - \$60,713,206) and cash used in operating activities of \$696,539 for three months ended March 31, 2024 (March 31, 2023 – cash used in operating activities of \$2,187,513). 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;
- Its ability to execute on a business program that results in a performance which exceeds debt covenant requirements related to EP Homes debt [note 12]; and,
- Its ability to capitalize on the synergistic advantages arising from the various acquisitions in the Revenue cycle management business segment.

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2024 and 2023

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 condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual audited consolidated financial statements for the 12 months ended December 31, 2023.

3. Summary of material 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 12 months ended December 31, 2023. Management believes there are no significant changes to the accounting policies in the Company's annual consolidated financial statements for the 12 months ended December 31, 2023 that could result in restatement of these unaudited interim condensed consolidated financial statements.

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the 12 months ended December 31, 2023, with the exception of the following:

Revenue recognition

Revenue from EP Supply Chain is recorded in accordance with IFRS 15. Revenue is recorded at the point in time when the delivery arrives at its destination, as that is the point in time when performance obligations are satisfied, and the risks and rewards are transferred.

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2024 and 2023

4. Business combinations

Everyday People Financial Solutions Limited

On October 31, 2023, the Company's wholly owned subsidiary, BPO acquired 100% of the issued and outstanding shares of Everyday People Financial Solutions Limited, previously owned by Bertelsmann UK Limited. EPFS is a provider of accounts receivable management services in the United Kingdom. EPFS primarily focuses on providing financial and collection management services in regulated environment overseen by the UK's Financial Conduct Authority ("FCA"). EPFS caters to major creditors operating within the financial services, utilities, telecommunications, and debt purchase sectors. The primary reason for the business acquisition was to expand the Company's revenue cycle management division. The proposed transaction is an arm's-length transaction, where BPO will not assume any debt, and no finder's fees are to be paid in connection with the acquisition.

From the date of acquisition, EPFS contributed \$1,481,863 of revenue and \$1,402,390 of profit before tax from continuing operations for the Company, for the 12 months ended December 31, 2023. If the acquisition occurred on January 1, 2023, revenue from continuing operations for the 12 months ending December 31, 2023 would have been approximately \$14,424,954 and a loss before tax from continuing operations for EPFS would have been approximately \$10,580,698.

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

Purchase price consideration	Amount in GBP	Amount in CAD
	£	\$
Cash advanced	1	2
Net working capital adjustment	314,400	528,255
Total invested capital	314,401	528,257
Cash and cash equivalents	2,316,042	3,891,414
Customer funds	1,057,029	1,776,020
Trade receivables [1]	1,786,103	3,001,010
Prepaid expenses	569,043	956,106
Property and equipment	475,818	799,469
Right-of-use asset	296,709	498,530
Trade payables	(1,369,451)	(2,300,952)
Customer payables	(1,057,029)	(1,776,018)
Lease liabilities	(296,710)	(498,532)
FV of net assets	3,777,554	6,347,047
Bargain purchase gain [2]	3,463,153	5,818,791

[1] Trade receivables from customers are \$3,001,010 (£1,786,103 GBP) as of October 31, 2023. The Company believes that the trade receivables are collectible in full, as all uncollectible trade receivables were written off prior to the acquisition.

[2] The acquisition of EPFS resulted in a bargain purchase gain of \$5,818,791 (£3,463,153 GBP), which was recorded in other income in the statements of profit and loss and comprehensive profit and loss. The bargain purchase gain occurred as the transaction was a distressed sale.

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 \$4,223,925 of revenue and \$327,098 of profit before tax from continuing operations for the Company, for the 12 months ended December 31, 2023. If the acquisition occurred on January 1, 2023, revenue from continuing operations for the 12 months ended December 31, 2023 would have been approximately

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2024 and 2023

\$5,761,215 and a profit before tax from continuing operations for Groupe Solution would have been approximately \$609,048 including shareholders' compensation of \$215,682.

The following table summarizes the 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	3,400,000
Fair value of promissory note [1]	759,889
Fair value of contingent consideration [2]	664,469
Cash due to Groupe Solution's shareholders	264,000
Total invested capital	5,088,358
Cash and cash equivalents	23,200
Customer funds	1,008,793
Trade receivables [3]	1,052,899
Prepaid expenses	65,624
Customer relationships	2,091,000
Trade name	499,000
Property and equipment	137,414
Right-of-use asset	184,093
Goodwill [4]	2,341,905
Trade payables	(447,065)
Customer payables	(1,008,793)
Lease liabilities	(173,712)
Deferred tax liability [5]	(686,000)
Net fair value of assets acquired	5,088,358

- [1] The Company issued a non-interest bearing promissory note, in the principal amount of \$800,000 and consists of:
- \$700,000 repayable 6 months after the acquisition date in cash or by way of issuance of 700,000 common shares at the discretion of the founders of Groupe Solution, and,
 - \$100,000 repayable 18 months after the acquisition date in cash.

The fair value of the promissory note was 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. However, on December 5, 2023, the Company agreed to pay the \$800,000 in cash, therefore, the payment was accounted against the carrying value of \$759,889 and the difference of \$40,111 was recorded as an expense in the consolidated statements of profit and loss and comprehensive profit and loss.

- [2] Per the purchase agreement with Groupe Solution, the Company is required to pay an 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. However, if the Groupe Solution's EBITDA does not reach \$1,080,000 and is higher than \$852,500, a portion of \$1,400,000 will be granted to Groupe Solution founders. The fair value of the contingent consideration was estimated to be \$664,469 using the Monte Carlo simulation and following a Geometric Brownian motion model.

The fair value of the contingent consideration is determined by discounting the future payment to the present value. The key valuation inputs used were:

- Forecasted EBITDA;
- The Company's closing stock price at acquisition date;
- Stock volatility;
- Risk-free rate: Based on the average yield of Government of Canada's 1-3 year marketable bonds at the acquisition date; and
- Discount rate of 21.5%.

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- [3] Trade receivables gross amount and expected credit losses are \$1,070,747 and \$17,848, respectively, as of March 31, 2023.
- [4] Goodwill amounting to \$2,341,905 includes, \$1,655,905 of which 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 \$686,000 is related to deferred tax liabilities.
- [5] 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	(2,590,000)
Total temporary difference	(2,590,000)
Expected statutory tax rate	26.5%
Deferred tax liability (rounded)	(686,000)

5. Trade receivables

	March 31, 2024 \$	December 31, 2023 \$
Receivable from customers	9,993,256	6,345,829
Expected credit losses ("ECLs") [note 18]	(189,788)	(131,587)
	9,803,468	6,214,242

6. Property and equipment

Property and equipment consist of the following:

Cost

	As at December 31, 2023 \$	Additions \$	Disposals \$	Foreign exchange differences \$	As at March 31, 2024 \$
Furniture & fixtures	184,120	8,498	—	589	193,207
Computer equipment	1,254,892	30,275	—	34,156	1,319,323
Improvements to property	318,824	—	—	5,194	324,018
Motor vehicles	136,197	244,029	(81,580)	1,895	300,541
	1,894,033	282,802	(81,580)	41,834	2,137,089

Accumulated depreciation

	As at December 31, 2023 \$	Depreciation \$	Disposals \$	Foreign exchange differences \$	As at March 31, 2024 \$
Furniture & fixtures	78,374	8,587	—	411	87,372
Computer equipment	320,628	93,588	—	23,014	437,230
Improvements to property	63,546	7,624	—	2,275	73,445
Motor vehicles	81,603	12,523	—	788	94,914
	544,151	122,322	—	26,488	692,961
Net book value	1,349,882				1,444,128

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Cost

	2023					As at December 31, 2023 \$
	As at December 31, 2022 \$	Additions \$	Acquisition of subsidiaries [note 4] \$	Disposals \$	Foreign exchange differences \$	
	Furniture & fixtures	102,555	1,646	78,571	—	
Computer equipment	361,567	53,067	842,921	(22,264)	19,601	1,254,892
Improvements to property	293,670	—	15,391	—	9,763	318,824
Motor vehicles	131,728	—	—	—	4,469	136,197
	889,520	54,713	936,883	(22,264)	35,181	1,894,033

Accumulated
depreciation

	2023					As at December 31, 2023 \$
	As at December 31, 2022 \$	Depreciation \$	Acquisition of subsidiaries \$	Disposals \$	Foreign exchange differences \$	
	Furniture & fixtures	50,809	26,733	—	—	
Computer equipment	169,086	139,093	—	—	12,449	320,628
Improvements to property	42,189	18,383	—	—	2,974	63,546
Motor vehicles	53,434	26,915	—	—	1,254	81,603
	315,518	211,124	—	—	17,509	544,151
Net book value	574,002					1,349,882

Net book value

	As at March 31, 2024 \$	As at December 31, 2023 \$
	Furniture & fixtures	105,835
Computer equipment	882,093	934,264
Improvements to property	250,573	255,278
Motor vehicles	205,627	54,594
	1,444,128	1,349,882

The property and equipment are treated as security to outstanding credit facilities as at March 31, 2024, 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.

7. Goodwill

Cash Generating Unit ("CGU")

	2024		
	As at December 31, 2023 \$	Foreign exchange differences \$	As at March 31, 2024 \$
	BPO RCM services	3,636,229	48,860
GCS RCM services	2,786,055	—	2,786,055
Groupe Solution RCM services	2,211,905	—	2,211,905
	8,634,189	48,860	8,683,049

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CGU

	2023				As at December 31, 2023 \$
	As at December 31, 2022 \$	Acquisitions of subsidiaries \$	Impairment losses \$	Foreign exchange differences \$	
BPO RCM services [1]	3,486,079	—	—	150,150	3,636,229
GCS RCM services [2]	2,786,055	—	—	—	2,786,055
Groupe Solution RCM services [3]	—	2,341,905	(130,000)	—	2,211,905
	6,272,134	2,341,905	(130,000)	150,150	8,634,189

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, 2023, in accordance with the Company's policy.

- [1] The Company tested BPO Revenue Cycle Management ("RCM") services (formerly UK collection services) CGU, which is part of the RCM services operating segment, for impairment for the 12 months ended December 31, 2023. BPO RCM services CGU's recoverable amount of \$28,660,000 as at December 31, 2023 (December 31, 2022 - \$29,031,000) is higher than the carrying amount, as a result, no impairment charge was recorded for the BPO RCM services CGU.

For the period ended December 31, 2023 and 2022, the recoverable amount as estimated based on the value in use, using discounted cash flow projections to the BPO RCM 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 BPO RCM 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 20.18% (December 31, 2022 – 18.05%).
- Average revenue growth rate of 12.1% (December 31, 2022 – 18.05%).
- Long-term growth rate of 2.00% (December 31, 2022 – 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.
- The total revenue from operations is expected to increase by 19.02% in fiscal year 2024 (13.18% in fiscal year 2023).

- [2] The Company tested GCS RCM services (formerly Canada collection services) CGU, which is part of the RCM services operating segment, for impairment for the 12 months ended December 31, 2023. GCS RCM services CGU's recoverable amount of \$6,480,000 as at December 31, 2023 is higher than the carrying amount, as a result, no impairment charge was recorded for the GCS RCM services CGU.

For the period ended December 31, 2023, the recoverable amount as estimated based on fair value less cost of disposal, using discounted cash flow projections to the GCS RCM 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 GCS RCM 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 and EBITDA are based on historical results, and future expectations of operating performance.
- Discount rate of 20.24%.
- Average revenue growth rate of 3.99%.
- Average EBITDA growth rate of 18.00%.
- Long-term growth rate of 2.00%. 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 decrease by 0.3% in fiscal year 2024.

- [3] Due to marginal revenue growth which was lower than management's expectations, the Company tested Groupe Solution RCM services CGU, which is part of the RCM services operating segment, for impairment for the 12 months ended December 31, 2023. Groupe Solution RCM services CGU's recoverable amount of \$4,190,000 as at December 31, 2023 is lower than the carrying amount, as a result, an impairment charge of \$130,000 was recorded for the Groupe Solution RCM services CGU.

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For the period ended December 31, 2023, the recoverable amount as estimated based on fair value less cost of disposal, using discounted cash flow projections to the Groupe Solution RCM 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 Groupe Solution RCM 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 and EBITDA are based on historical results, and future expectations of operating performance.
- Discount rate of 20.71%.
- Average revenue growth rate of 3.22%.
- Average EBITDA growth rate of 8.7%.
- Long-term growth rate of 2.00%. 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 0.1% in fiscal year 2024.

8. Intangible assets

Intangible assets consist of the following:

Cost

	As at December 31, 2023 \$	Additions \$	Foreign exchange difference \$	As at March 31, 2024 \$
Licenses, rights and systems [1]	3,270,439	—	—	3,270,439
Trade names [2]	3,348,893	—	18,278	3,367,171
Customer relationships [3]	13,829,083	—	140,828	13,969,911
	20,448,415	—	159,106	20,607,521

Accumulated Amortization

	As at December 31, 2023 \$	Amortization \$	Foreign exchange difference \$	As at March 31, 2024 \$
Licenses, rights and systems [1]	348,952	67,969	—	416,921
Trade names [2]	(25,967)	—	—	(25,967)
Customer relationships [3]	5,851,696	393,583	73,021	6,318,300
	6,174,681	461,552	73,021	6,709,254
Net book value	14,273,734			13,898,267

Cost

	2023					As at December 31, 2023 \$
	As at December 31, 2022 \$	Additions \$	Acquisitions of subsidiaries [note 4] \$	Impairment \$	Foreign exchange difference \$	
Licenses, rights and systems [1]	3,232,883	37,556	—	—	—	3,270,439
Trade names [2]	3,495,118	—	499,000	(688,328)	43,103	3,348,893
Customer relationships [3]	11,405,999	—	2,091,000	—	332,084	13,829,083
	18,134,000	37,556	2,590,000	(688,328)	375,187	20,448,415

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Accumulated Amortization	2023					As at December 31, 2023 \$
	As at December 31, 2022 \$	Amortization \$	Acquisitions of subsidiaries [note 4] \$	Impairment \$	Foreign exchange difference \$	
Licenses, rights and systems [1]	167,475	181,477	—	—	—	348,952
Trade names [2]	(38,767)	12,800	—	—	—	(25,967)
Customer relationships [3]	4,132,394	1,572,768	—	—	146,534	5,851,696
	4,261,102	1,767,045	—	—	146,534	6,174,681
Net book value	13,872,898					14,273,734

Net book value	As at March 31, 2024 \$	As at December 31, 2023 \$
	Licenses, rights and systems [1]	2,853,518
Trade names [2]	3,393,138	3,374,860
Customer relationships [3]	7,651,611	7,977,387
	13,898,267	14,273,734

[1] For the 3 months ended March 31, 2024, additions of \$Nil (12 months ended December 31, 2023 - \$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, 2024.

[2] The trade names are indefinite-life intangible assets, of which as of December 31, 2023, \$1,391,466 (December 31, 2023 - \$1,317,208) is allocated to BPO’s trade name, \$461,672 (December 31, 2023 - \$461,672) is allocated to EP Homes’ trade name, \$1,041,000 (December 31, 2022 - \$1,041,000) is allocated to GCS’s trade name, and \$499,000 (December 31, 2023 - \$499,000) is allocated to Groupe Solution’s trade name [note 4].

Impairment

As at December 31, 2023, the Company recorded an impairment charge of \$688,328 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. \$393,583 of depreciation is related to the existing customer relationships of which \$292,248 (December 31, 2023 - \$1,142,102) is related to BPO customer relationships and are being depreciated on a straight-line basis over 9 years. \$68,460 (December 31, 2023 - \$273,840) is related to GCS customer relationships, and \$32,875 (December 31, 2023 - \$156,826) is related to Groupe Solution customer relationships which are being depreciated on a straight-line basis over 10 years.

9. EP Homes inventory

The following is a breakdown of the EP Homes inventory as at March 31, 2024:

	March 31, 2024 \$	December 31, 2023 \$
Opening inventory	12,718,374	9,818,278
Additions [1]	328,341	7,489,565
Disposals [2]	(1,022,856)	(4,589,469)
Closing inventory [3]	12,023,859	12,718,374
Less: Current portion of EP Homes inventory [3]	(5,470,815)	(5,343,981)
Long-term EP Homes inventory	6,553,044	7,374,393

[1] For the three months ended March 31, 2024, the Company purchased 1 home amounting to \$328,341 (December 31, 2023 - 17 homes amounting to \$7,489,565).

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- [2] For the three months ended March 31, 2024, the Company disposed of 3 homes (December 31, 2023 – 10 homes) for a total cost of \$1,022,856 (December 31, 2022 - \$4,589,469).
- [3] As at March 31, 2024, the Company has 28 homes (December 31, 2023 – 30 homes) in its inventory, of which 2 homes are occupied by related parties with a carrying value of \$980,916. Out of the 28 homes in its inventory, the Company has 11 homes (December 31, 2023 – 13 homes) 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
	\$
2024	419,175
2025	386,745
2026 and thereafter	204,297
	<u>1,010,217</u>

10. Investments

	2024			
	December 31, 2023	Additions	Disposals	March 31, 2024
	\$	\$	\$	\$
Investment – Smart Everyday People [2]	654,321	—	(5,965)	648,356
	654,321	—	(5,965)	648,356
	2023			
	December 31, 2022	Additions	Disposals	December 31, 2023
	\$	\$	\$	\$
Investments in Prospect Financial Inc. [1]	386,555	—	(386,555)	—
Investment – Smart Everyday People [2]	—	654,321	—	654,321
	386,555	654,321	(386,555)	654,321

- [1] This represents an equity position in a business associate to offset the business associate's indebtedness to the Company. On December 31, 2023, EP Financial sold its equity position in Prospect Financial Inc. to EAM Enterprises Inc. for \$386,555.
- [2] For the three months ended March 31, 2024, the Company's share in the loss of SEP was \$5,965, which decreased the carrying value of the Company's investment in SEP.

For the 12 months ended December 31, 2023, the addition of \$654,321 represents EP Financial's cost for SEP's joint venture as the outstanding receivables from SEP were settled in preferred shares in SEP [note 25].

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11. Related party transactions

For the three months ended March 31, 2024, 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. (“SEP”)	Joint venture
Bridge to Homeownership UK Ltd. (“BTHO UK”)	Common shareholders
EAM Enterprises Inc. (“EAM”)	Principal shareholder of the Company [1]
EAM Factoring Inc. (“EAM Factoring”)	Wholly-owned subsidiary of EAM
Pollock Services Corp. (“Pollock Services”)	Wholly owned by the director of the Board
General Billing Solutions Inc. (“GBSI”) and 1125855 Alberta Ltd. (“112 AB Ltd.”)	Common shareholders
Telecom Technologies Inc. (“Freestyle”)	Company owned by the President of GCS
Barret Reykdal	Co-CEO of the Company
Mayank Mahajan	CFO of the Company
Ghislain Rhéaume	President of Groupe Solution
André Pitoscia	President of Groupe Solution

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

	March 31, 2024	December 31, 2023
	\$	\$
Due from BTHO UK, net [2]	68,625	67,544
Due from SEP, net [2]	120,345	76,497
Employee and management receivables, net [3 and 4]	710,022	674,018
	898,992	818,060
Less: Current portion of due from related parties	(99,155)	(62,343)
Long-term portion of due from related parties	799,837	755,717

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

	March 31, 2024	December 31, 2023
	\$	\$
Due to EAM – promissory notes [5]	190,707	190,707
Due to EAM – medium-term notes, net [6]	5,402,153	4,560,080
Due to Pollock Services – medium-term notes, net [6]	200,000	200,000
Due to EAM, net [7 and 8]	20,971	214,888
Due to EAM Factoring [8 and 9]	1,728,378	—
Due to 112 AB Ltd. and GBSI, net [8]	190,801	90,263
Due to Ghislain Rhéaume [10]	313,000	473,348
Due to André Pitoscia [10]	313,000	473,348
	8,359,010	6,202,634
Less: Current portion of due to related parties	(2,668,674)	(1,354,371)
Long-term portion of due to related parties	5,690,336	4,848,263

c) Transactions with related parties are as follows:

	March 31, 2024	March 31, 2023
	\$	\$
Interest [11]	(188,741)	(202,800)
Direct costs [12]	(250,722)	(97,403)
Other income [note 23]	—	277,335
Sale of EP Homes Inventory [13]	—	1,350,000
	(439,463)	1,327,132

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d) Key management personnel remuneration:

For the three months ended March 31, 2024, the key management activities include services performed by chief officers and vice presidents per the management services contract, and the board fees. The management fees, consulting fees and salaries paid for the three months ended March 31, 2024 and March 31, 2023, are as follows:

	March 31, 2024	March 31, 2023
	\$	\$
Management fees	317,644	178,738
Salaries, including benefits and bonuses	200,853	129,585
Board fees [4]	78,000	20,340
	596,497	328,663

[1] As at March 31, 2024, EAM Enterprises Inc. owned 19.8% (December 31, 2023 – 20.2%) of the Company's issued and outstanding shares. EAM's sole shareholder is related to the Co-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, 2024, the loans advanced to BPO's President and Client Engagement Director are \$148,759 (December 31, 2023 – \$146,768) and \$67,665 (December 31, 2023 – \$66,759), respectively. \$301,024 (December 31, 2023 - \$301,024) related to the former Chief Financial Officer of the Company, and the remaining \$192,677 (December 31, 2023 – \$144,328) of employees' receivables are related to various loans provided to employees.

[4] For the 12 months ended December 31, 2023, the Co-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.

For the 12 months ended December 31, 2023, The Co-CEO's cash advancement of \$252,000 has been deducted against the EAM medium-term note. Certain senior executives will be advanced monthly loans, which are unsecured, due on demand, and do not accrue interest.

[5] Amounts due to EAM in form of a promissory note has a term of 2 years, with a maturity date of June 30, 2025. 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 June 30, 2025. 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 \$20,971 (December 31, 2023 - \$214,888) for the three months ended March 31, 2024.

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

[9] Amounts due to EAM Factoring relate to the funds advanced for EP Supply Chain, which has an offsetting trade receivable from the partner in the USA.

[10] The Company is required to pay Ghislain Rhéaume and André Pitoscia \$313,000 (December 31, 2023 - \$473,348) each in cash, as part of the acquisition of Groupe Solution. This is the working capital over and above the agreed working capital of \$464,000 and the payment of the \$800,000 contingent consideration, per the share purchase agreement [note 4].

[11] The Company accrues interest on the amount payable to EAM at an annual interest rate of 12%. For the three months ended March 31, 2024, interest expensed to EAM totaled \$188,741 (December 31, 2023 - \$639,924).

[12] This includes \$264,205 related to dialer rentals from Freestyle and \$192,988 related to credit card processing fees from GBSI.

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[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. The Company agreed to provide property management services at \$Nil cost for the first few months to ensure the tenants living in the homes under the EP Homes' program are transitioned.

12. Credit facilities

	Interest rate per annum	Maturity	March 31, 2024 \$	December 31, 2023 \$
	Lesser of: (1) 10.45% or (2) Greater of 8.45% or prime rate + 5.50%	January 2025	7,898,688	6,927,063
Facility 1 [1]	Prime rate – 0.85%	February 2026	243,826	247,064
Facility 2	7.44%	August 2024	186,307	187,220
Facility 3	2.5%	June 2026	40,641	42,467
Facility 4	Prime rate + 2.00%	April 2024	635,940	1,984,280
Facility 5 [2]	6.46%	February 2025	4,682,130	4,840,796
Facility 6 [3]	13.5%	February 2025	1,476,969	1,595,585
Facility 7 [4]	Prime rate + 2.85%	Due on demand	125,000	150,000
Facility 8 [5]	Prime rate + 1.00%	Due on demand	885,000	830,000
Facility 9 [6]	11.3%	January 2027	154,872	—
Facility 10				
Total credit facilities			16,329,373	16,804,475
Less: current portion of credit facilities			(7,279,649)	(7,241,569)
Long-term credit facilities			9,049,724	9,562,906

[1] On June 21, 2019, the Company, through EP Homes' Subsidiaries, EP Homes II entered into credit arrangement of \$13.5 million with a capital provider of which \$7,898,688 (December 31, 2023 - \$6,927,063) has been drawn as at March 31, 2024. The term is for 24 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. 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 which has since been extended until January 2025. The credit agreement contains certain financial covenants that must be maintained. As at March 31, 2024, the Company is in compliance of the financial covenants. The current portion of the facility represents 9 homes which are due for sale in the next 12 months [note 9].

[2] 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 \$635,940 (December 31, 2023 – \$1,984,280) has been drawn as at March 31, 2024. 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 1, 2024. As at March 31, 2024, the Company is not in compliance of certain financial covenants.

[3] 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 \$4,682,130 (December 31, 2023 – \$4,840,796) million has been drawn as at March 31, 2024. The credit arrangement has a term of 2 years having an amortization period of 85 months, with monthly blended payments. The credit arrangement matures on February 28, 2025 and 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 agreement contains certain financial covenants that must be maintained. As at March 31, 2024, GCS is in compliance of the financial covenants.

[4] 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 \$1,476,969 (December 31, 2023 – \$1,595,585) has been drawn as at March 31, 2024. 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.

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- [5] GCS has an operating line of credit to a maximum of \$150,000 with a Canadian bank, of which \$125,000 (December 31, 2023 – \$150,000) has been drawn as at March 31, 2024. 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.
- [6] Groupe Solution has an operating line of credit to a maximum of \$900,000 with a Canadian bank, of which \$885,000 (December 31, 2023 – \$830,000) is drawn as at March 31, 2024. The credit facility is secured by two deeds of movable hypothec in the amounts of \$1,000,000 and \$1,200,000.

13. Promissory notes

Promissory notes as at March 31, 2024, including interest includes:

	March 31, 2024	December 31, 2023
	\$	\$
Balance, beginning of period	1,051,786	—
Acquisition of subsidiaries [1]	—	1,424,358
Additions [2]	—	437,317
Disposals [1]	—	(809,889)
Balance, end of period	1,051,786	1,051,786
Less: current portion of promissory notes	(337,317)	(337,317)
Long-term promissory notes	714,469	714,469

- [1] The additions of \$1,424,358 are related to the promissory note and contingent consideration for the acquisition of Groupe Solution [note 4]. As of December 31, 2023, the Company paid the \$809,889 of which \$759,889 paid to Groupe Solution founders [note 4] and \$50,000 paid to EAM.
- [2] For the 12 months ended December 31, 2023, of the \$196,060 additions, \$100,000 is related to a 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. \$96,060 is related to the purchase of 2 homes, where the seller agreed the Company can pay the seller upon selling certain EP Homes inventory. The promissory note is non-interest bearing.

The contingent consideration from the acquisition of Groupe Solution was revalued at year end to \$905,726, resulting in a fair value loss of \$241,257 for the 12 months ended December 31, 2023.

14. 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, promissory notes, due to related parties, and credit facilities which as at March 31, 2024 was \$93,693,588 (December 31, 2023 - \$91,755,954). 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, 2024.

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15. 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, 2024		December 31, 2023	
	Number of shares #	Amount \$	Number of shares #	Amount \$
Balance, beginning of period	114,076,539	67,517,059	113,976,539	67,483,059
Issued on exercise of RSUs [1]	1,170,000	256,360	100,000	34,000
Balance, end of period	115,246,539	67,773,419	114,076,539	67,517,059

[1] On January 19, 2024, 1,170,000 RSUs were exercised by the board of directors and management, for a total cost of \$256,360. On October 24, 2023, a consultant exercised 100,000 RSUs and the cost of \$34,000 is accounted in reserves.

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, 2024		December 31, 2023	
	Number of warrants #	Amount \$	Number of warrants #	Amount \$
Opening balance	2,617,380	566,164	4,083,397	892,612
Expired [1]	(275,380)	(75,247)	(1,466,017)	(326,448)
Ending balance	2,342,000	490,917	2,617,380	566,164

[1] For the three months ended March 31, 2024, 275,380 outstanding warrants were not exercised and expired accordingly (12 months ended December 31, 2023 – 1,466,017). The value of the expired warrants amounted to \$75,247 (12 months ended December 31, 2023 - \$326,448).

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, and on July 28, 2023, a majority of disinterested shareholders of the Company approved the Share Incentive Plan. 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, 2024		12 months ended December 31, 2023	
	Number of options #	Amount \$	Number of options #	Amount \$
Opening balance	2,388,400	840,676	3,893,597	1,119,670
Options granted [1]	—	19,369	—	174,010
Options expired/cancelled/forfeited [2]	(3,400)	(1,135)	(1,505,197)	(453,004)
Closing balance	2,385,000	858,910	2,388,400	840,676
Exercisable balance	2,150,068	—	2,150,068	—

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[1] Outstanding options as at March 31, 2024 are as follows:

2024					
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]	2,020,000	4	0.75	2,020,000	0.75
1.00	365,000	5	1.00	126,668	1.00
	2,385,000			2,146,668	0.76

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]	2,020,000	4	0.75	2,020,000	0.75
1.00	368,400	5	1.00	130,068	1.00
	2,388,400			2,150,068	0.77

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, 2024, the Company has recorded a net expense, including options cancelled/forfeited of \$19,369 (12 months ended December 31, 2023 - \$160,910) in share-based compensation expense related to the Share Incentive Plan in the consolidated statements of profit and loss and comprehensive profit and loss, with a corresponding credit to reserves.

[2] For the three months ended March 31, 2024, 3,400 (12 months ended December 31, 2023 – 1,505,197) options expired, cancelled, or forfeited with a total value of \$1,135 (December 31, 2023 - \$453,004).

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, 2024		December 31, 2023	
	Number of share units #	Amount \$	Number of share units #	Amount \$
Opening balance	3,011,000	850,495	3,307,000	281,551
Issued to directors with 3-year vesting period [1]	—	34,514	—	436,300
Issued to consultants with 2-year vesting period [1]	—	17,699	—	82,044
Issued to consultants with 1-year vesting period [2]	—	—	—	32,900
Committed to consultants with 1-year vesting period [3]	125,000	81,303	680,000	184,298
RSUs redeemed [4]	(1,170,000)	(256,360)	(100,000)	(34,000)
RSUs cancelled [5]	—	—	(876,000)	(132,598)
Ending balance	1,966,000	727,651	3,011,000	850,495

[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

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first trading day after the RTO. For the three months ended March 31, 2024, the Company has recorded an expense of \$52,213 (December 31, 2023 - \$518,344) in share-based compensation expense related to the RSUs in the consolidated statements of profit and loss and comprehensive profit and 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, 2024, the Company has recorded an expense of \$Nil (December 31, 2023 - \$32,900) in the share-based compensation expense related to the RSUs issued to consultants with 1-year vesting period in the unaudited interim condensed consolidated statements of profit and loss and comprehensive profit and 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. For the three months ended March 31, 2024, the Company accrued for 125,000 RSUs. On August 22, 2023 and November 22, 2023, the board of directors approved the issuance of 520,000 and 160,000 RSUs, respectively for \$184,298. The expense was calculated at the market value of one common share at December 31, 2023 and recognized the expenses over the term of the vesting period, with a corresponding credit to reserves.
- [4] On January 19, 2024, 1,170,000 RSUs were exercised by the board of directors and management, for a total cost of \$256,360. On October 24, 2023, a consultant exercised 100,000 RSUs and the cost of \$34,000 is accounted in reserves.
- [5] For the three months ended March 31, 2024, the Company cancelled Nil (December 31, 2023 – 876,000) RSUs that were issued or committed to directors and consultants for a total value of \$Nil (December 31, 2023 – \$132,598).

Reserves – Contingent consideration

	March 31, 2024		December 31, 2023	
	Number of shares #	Amount \$	Number of shares #	Amount \$
Opening balance	1,781,485	535,856	1,781,485	535,856
Contingent upon acquisition of subsidiaries [1]	—	—	—	—
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 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.

Share-based compensation

	For the three months ended March 31, 2024 \$	For the three months ended March 31, 2023 \$
Compensation in options	19,369	43,946
Compensation in RSUs	133,526	186,997
	152,895	230,943

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16. Additional cash flow information

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
	\$	\$
Increase in trade receivables	(3,589,227)	(312,381)
(Increase) / decrease in prepaid expenses	515,931	(222,522)
Increase in related parties	1,212,398	(789,348)
Increase / (decrease) in deferred revenue	(58,002)	(25,003)
Increase in trade payables	(1,704,702)	533,450
Increase in customer deposit	(38,549)	28,170
	<u>(3,662,151)</u>	<u>(787,634)</u>

17. Finance costs

	March 31, 2024	March 31, 2023
	\$	\$
Interest on lease liabilities <i>[note 19]</i>	36,451	34,834
Interest on debt and borrowings	612,608	418,642
Outstanding interest to related parties <i>[note 11]</i>	20,971	62,800
Total interest expense	670,030	516,276
Bank charges	226,897	99,852
Total finance costs	896,927	616,128

18. 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	Amortized cost
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.

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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.

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 profit (loss) before tax is due to the changes in the bank prime rates [note 12]. With all other variables held constant, the increase or decrease in interest rate by 2.7% or 270 basis points will result in change in the Company's profit before tax by \$109,659 (December 31, 2023 - \$168,975). 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 and United States Dollar. The Company does not enter into derivatives to hedge the exposure.

The impact of foreign currency sensitivity on the Company's profit 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 profit before tax for the period ended March 31, 2024 by \$173,290 (December 31, 2023 - \$159,180) on account of change in the GBP and USD exchange rates.

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

	March 31, 2024	December 31, 2023
	\$	\$
Cash and cash equivalents	792,483	1,199,327
Customer funds	10,487,490	10,678,401
Trade receivables	7,908,928	4,404,598
Total financial assets	19,188,901	16,282,326
Trade payables	3,824,959	5,085,312
Customer payables	10,487,490	10,678,401
Credit facilities	94,830	43,620
Total financial liabilities	14,407,279	15,807,333

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.

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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 12 months ended December 31, 2023. 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, 2024:

	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	120+ days	Total
Expected credit loss rate	0.00%	0.00%	1.18%	3.13%	18.90%	1.90%
Gross carrying amount at default	6,175,142	1,918,085	695,348	292,403	912,278	9,993,256
Expected credit loss	—	—	8,233	9,161	172,394	189,788

Contractual maturities of financial liabilities:

	Trade payables	Customer payables	Credit facilities	Promissory notes	Due to related parties	Government loans	Customer deposits	Lease liabilities	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2024	7,750,801	12,807,067	7,279,649	337,317	2,668,674	—	202,431	637,052	31,682,991
2025	—	—	9,049,724	714,469	5,690,336	180,000	99,182	282,097	16,015,808
2026	—	—	—	—	—	—	—	320,750	320,750
2027	—	—	—	—	—	—	—	320,842	320,842
2028	—	—	—	—	—	—	—	346,484	346,484
Thereafter	—	—	—	—	—	—	—	423,424	423,424
	7,750,801	12,807,067	16,329,373	1,051,786	8,359,010	180,000	301,613	2,330,649	49,110,299

19. Leases

The Company has lease agreements for leased offices and equipment leases. The office leases consist of 6 office leases (December 31, 2023 – 6 office leases) for the UK offices and 6 office leases (December 31, 2023 – 6 office leases) are for Canadian offices. The Company also has various leases for its office equipment deemed to be of low value and exempt from capitalization.

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The carrying amounts and the movements for the three months ended March 31, 2024 and for the 12 months ended December 31, 2023 are as follows:

Right-of-use assets	March 31, 2024	December 31, 2023
	\$	\$
Opening balance	2,073,949	1,411,552
Additions [1]	—	1,031,934
Additions from the acquisition of subsidiaries [note 5]	—	682,623
Disposals [2]	—	(528,645)
Depreciation	(215,067)	(506,731)
Unrealized foreign exchange gain/loss	11,462	(16,784)
	1,870,344	2,073,949
Lease liabilities	March 31, 2024	December 31, 2023
	\$	\$
Initial recognition of liability and interest [1]	2,522,849	1,787,728
Additions [1]	—	721,539
Additions from the acquisition of subsidiaries [note 4]	—	672,244
Disposals [2]	—	(200,104)
Payments	(242,582)	(633,386)
Non-cash interest accretion	38,898	150,588
Unrealized foreign exchange gain/loss	11,484	24,240
	2,330,649	2,522,849
Less: current portion of lease liabilities	(637,052)	(760,336)
Long-term lease liabilities	1,693,597	1,762,513

[1] For the 12 months ended December 31, 2023, the additions are related to the renewal of GCS's Vancouver office as well as equipment lease at BPO.

[2] For the 12 months ended December 31, 2023, the disposals are related to termination of the Toronto and Quebec lease for Groupe Solution.

The expense relating to short-term and low-value lease payments not included in lease liabilities was \$165,687 (12 months ended December 31, 2023 - \$332,222).

20. Revenue and direct costs

Revenue	Three months ended	Three months ended
	March 31, 2024	March 31, 2023
	\$	\$
RCM revenue	12,181,367	6,375,467
EP Homes facilitation fees revenue		
Sale of EP Homes inventory [1]	1,141,468	1,350,000
Lease revenue	165,761	177,910
Facilitation fees	—	36,960
Savings contribution revenue	67,306	—
Total EP Homes facilitation fees revenue	1,374,535	1,564,870
Financial services revenue	1,249,232	59,497
Total revenue	14,805,134	7,999,834

[1] For the three months ended March 31, 2024, the sale of EP Homes inventory includes the sale of 3 homes (March 31, 2023 – 3 homes which were sold to the Company's former Chief Financial Officer amounting to \$1,350,000).

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Direct costs	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
RCM services	3,122,343	2,103,650
EP Homes [1]	1,134,534	1,197,235
Financial services	99,958	117,376
Total direct costs	4,356,835	3,418,261

[1] For the three months ended March 31, 2024, direct costs of EP Homes primarily consist of the sale of 3 homes. For the three months ended March 31, 2023, direct costs of EP Homes primarily consist of the sale of 3 homes, which were sold to the Company's Chief Financial Officer.

21. Sales, general, and administrative expenses

Sales, general, and administrative expenses consist of the following:

	Three months ended March 31, 2024 \$	Three months ended March 31, 2023 \$
Employee benefits expense	5,874,793	3,120,397
Depreciation and amortization	798,941	587,410
Acquisition costs	72,477	212,150
Loss allowances on trade receivables	57,575	(1,318)
Other sales, general, and administrative expenses	116,400	170,453
	6,920,186	4,089,092

22. Deferred revenue

2024	December 31, 2023 \$	Additional deferred revenue \$	Recognized to revenue [1] \$	March 31, 2024 \$
EP Homes	290,356	32,476	(85,675)	237,157
Climb	43,483	6,250	(11,052)	38,423
Total	333,839	38,726	(96,727)	275,838
Less: Current portion of deferred revenue	(179,945)			(139,595)
Long-term portion of deferred revenue	153,894			136,243

2023	December 31, 2022 \$	Additional deferred revenue \$	Recognized to revenue [1] \$	December 31, 2023 \$
EP Homes	323,386	221,166	(254,196)	290,356
Climb	63,498	19,514	(39,529)	43,483
Total	386,884	240,680	(293,725)	333,839
Less: Current portion of deferred revenue	(235,513)			(179,945)
Long-term portion of deferred revenue	151,371			153,894

[1] For the three months ended March 31, 2024, deferred revenue from client's non-refundable deposits were recorded to revenue as the clients executed/forfeited their purchase option and recognized as revenue for the client's savings loans fees.

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23. Other income

Other income consists of the following:

	Three months ended March 31, 2024	Three months ended March 31, 2023
	\$	\$
Interest income	34,679	42,930
Gain on promissory note extinguishment [1]	—	277,335
Gain on debt forgiveness [2]	883,693	—
Other income	80,934	23,938
	<u>999,306</u>	<u>344,203</u>

[1] The Company had a holdback of \$277,335 from GCS's president, per the share purchase agreement from the acquisition of GCS. Subsequently, on March 31, 2023, GCS's president agreed to extinguish his rights to the promissory note due to the non-performance of GCS.

[2] For the three months ended March 31, 2024, the Company negotiated settlements on obligations with various vendors and customers, resulting in a gain of \$883,693, which was recorded on the consolidated statements of profit and loss and comprehensive profit and loss.

24. Other operating expenses

Other operating expenses consist of the following:

	Three months ended March 31, 2024	Three months ended March 31, 2023
	\$	\$
IT support	310,965	202,549
Subscriptions and licenses	290,207	177,072
Travel and entertainment	128,760	161,684
Office supplies	153,767	92,492
Rent and utilities	255,003	77,614
Insurance	137,307	56,331
Telephone	100,682	57,772
Marketing expenses	8,586	73,646
Credit bureaus	41,464	1,744
Repairs and maintenance	54,893	9,273
Bad debts and fines	3,425	3,135
Realized foreign currency exchange loss (gain)	4,116	(576)
Training and recruitment	11,401	(8,867)
	<u>1,500,576</u>	<u>903,869</u>

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25. Joint venture

The Company has 50% interest in Smart Everyday People Inc., a joint venture involved in providing innovative financial products in the health care industry that provides easy and quick access to health care spending account through our Everyday HSA tokenized MasterCard program in Canada. The Company's interest in Smart Everyday People Inc. is accounted for using the equity method in the 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, 2024	December 31, 2023
	\$	\$
Current assets	108,445	108,759
Non-current assets	593,668	593,668
Current liabilities	(110,873)	(99,258)
Non-current liabilities	—	—
Equity	591,240	603,169
The Company's share in equity – 50% (2023: 50%)	295,620	301,585

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

	March 31, 2024	March 31, 2023
	\$	\$
Revenue from contracts with customers	—	—
Cost of sales	(94)	(3,832)
Administrative expenses	(11,521)	(5,316)
Interest and bank charges	(314)	(550)
Loss before tax	(11,929)	(9,698)
The Company's share of loss for the period	(5,965)	(4,849)

26. 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 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

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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.

27. 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 and provides solutions to supply chains. 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 homes and offers eligible clients the ability to purchase a home through a structured lease and dedicated down payment accumulation program.
- (3) Revenue cycle management services (formerly 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.
- Revenue cycle management services:
 - Average percentage collected per outstanding account.
 - Profit or loss for the segment.
- Contract receivable services:
 - Number of contracts.
 - Profit or loss for the segment.

The following tables summarize the segmented revenue and profit or loss for the three months ended March 31, 2024 and three months ended March 31, 2023:

	For the three months ended March 31, 2024				
	Financial Services	EP Homes Facilitation Services	RCM Services	Contract Receivable Services	Total
	\$	\$	\$	\$	\$
Revenue	1,249,232	1,374,535	12,181,367	—	14,805,134
Direct costs	99,958	1,134,534	3,122,343	—	4,356,835
Total operating expenses [1]	1,674,709	150,823	7,256,625	1,536	9,083,693
Earnings (loss) from operations	(525,435)	89,178	1,802,399	(1,536)	1,364,606
Other (expenses) income [2]	663,141	(336,564)	(219,861)	(4,337)	102,379
Net profit (loss) before taxes	137,706	(247,386)	1,582,538	(5,873)	1,466,985

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	For the three months ended March 31, 2023				
	Financial Services	EP Homes Facilitation Services	RCM 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)

[1] Financial services includes corporate expenses of \$1,491,210 (March 31, 2023 - \$1,453,074).

[2] Financial services' other income of \$663,141 (March 31, 2023 - \$8,396) is primarily related to various debt forgiveness.

RCM services' other expenses of \$219,861 (March 31, 2023 - \$73,287) is primarily related interest expenses and bank charges.

EP Homes facilitation services' other expenses of \$336,564 (March 31, 2023 - \$225,642) is primarily related to interest expenses for the credit facilities.

The following tables summarize total assets and liabilities as at March 31, 2024 and December 31, 2023:

	As at March 31, 2024				
	Financial Services	EP Homes Facilitation Services	RCM Services	Contract Receivable Services	Total
	\$	\$	\$	\$	\$
Total assets	6,651,109	13,176,702	44,850,059	73,062	64,750,932
Total liabilities	7,367,205	11,381,600	34,060,057	273,042	53,081,904

	As at December 31, 2023				
	Financial Services	EP Homes Facilitation Services	RCM Services	Contract Receivable Services	Total
	\$	\$	\$	\$	\$
Total assets	4,237,392	13,865,187	45,903,635	73,399	64,079,613
Total liabilities	9,498,261	11,925,409	31,939,212	278,237	53,641,119

The following tables summarize the credit facilities and promissory notes as at March 31, 2024 and December 31, 2023:

	As at March 31, 2024				
	Financial Services	EP Homes Facilitation Services	RCM Services	Contract Receivable Services	Total
	\$	\$	\$	\$	\$
Credit facilities	—	10,440,517	5,888,856	—	16,329,373
Promissory notes	50,000	96,060	905,726	—	1,051,786
Due to related party [note 11]	4,619,055	45,500	3,444,455	250,000	8,359,010
	4,669,055	10,582,077	10,239,037	250,000	25,740,169

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	As at December 31, 2023				
	Financial Services	EP Homes Facilitation Services	RCM Services	Contract Receivable Services	Total
	\$	\$	\$	\$	\$
Credit facilities	—	10,940,058	5,864,417	—	16,804,475
Promissory notes	50,000	96,060	905,726	—	1,051,786
Due to related party [note 11]	1,004,224	249,496	3,444,455	267,500	4,965,675
	1,054,224	11,285,614	10,214,598	267,500	22,821,936

Geographical information

The following table summarizes the revenue by geographical location for the three months ended March 31, 2024 and three months ended March 31, 2023:

Revenue by geographical location:	March 31, 2024	March 31, 2023
	\$	\$
Canada	5,428,564	4,309,838
United States of America	1,199,157	8,373
United Kingdom	8,177,413	3,681,623
	14,805,134	7,999,834

The following table summarizes the non-current assets by geographical location as at March 31, 2024 and December 31, 2023:

Non-current assets by geographical location [1]:	March 31, 2024	December 31, 2023
	\$	\$
Canada	21,699,929	22,644,339
United States of America	144,281	144,281
United Kingdom	12,052,815	12,327,565
	33,897,025	35,116,185

Information about major customers

The following table provides the proportion of revenue attributed to each significant customer for the three months ended March 31, 2024 and three months ended March 31, 2023:

	March 31, 2024	March 31, 2023
	%	%
Customer 1	19.2%	24.3%
	19.2%	24.3%

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 customer detailed in the above table, no other services were provided any one customer that represented more than 10% of total revenue for the Company.

28. 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 4].

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 \$664,469 [note 4].

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29. 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 reclassification for the comparative three months ended March 31, 2023 were as follows:

- Reclassified and consolidated gain on debt settlement, other expenses, and share of profit/(loss) in joint venture with other income.
- Reclassified and consolidated marketing expenses and realized foreign currency exchange loss (gain) with other operating expenses.
- Reclassified and consolidated professional fees with management and consulting fees.
- Reclassified salaries and benefits, depreciation and amortization, share-based compensation, stock exchange fees, investor relations, board fees, loss allowances, and acquisition costs to sales, general, and administrative expenses.