Everyday People Financial Corp.

Consolidated financial statements
December 31, 2023 and 2022

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Everyday People Financial Corp.

Opinion

We have audited the consolidated financial statements of Everyday People Financial Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2023 and the 15-month period ended December 31, 2022, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 and the 15-month period ended December 31, 2022 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $1,953,128 and negative cash flows from operating activities of $5,400,717 during the year ended December 31, 2023, and the Company reported a deficit of $60,713,206 as at December 31, 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

<u>Valuation of intangible assets acquired in a business combination</u>

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

On March 31, 2023, the Company completed a business combination and acquired Groupe Solution Collect Solu Inc. for aggregate consideration of $5,088,358, including contingent consideration of $664,469. This purchase included acquiring intangible assets with a fair value of $2,590,000. Management utilized an external valuation specialist in determining the fair value of the assets acquired and liabilities assumed as at the acquisition date.

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

How our audit addressed the Key Audit Matter

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

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

<u>Impairment of goodwill and intangible assets</u>

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

As at December 31, 2023, the total carrying value of goodwill and intangible assets amounted to $8,634,189 and $14,273,734, respectively, and an impairment loss was recognized in goodwill for $130,000 and $688,328 for intangible assets. Goodwill and intangible assets are allocated to cash-generating units (CGUs). The Company assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of the CGUs. Management utilized a discounted cashflow model and involved an external valuation specialist to assist in their impairment analysis as of December 31, 2023. The analysis covered four of the Company's CGUs.

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

How our audit addressed the Key Audit Matter

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

- Evaluated the competency and objectivity of the external valuation specialists engaged by management, by considering their qualifications and expertise;

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RSM Canada LLP

Chartered Professional Accountants
May 2, 2024
Edmonton, Alberta

Everyday People Financial Corp.
Consolidated statements of financial position
[expressed in Canadian dollars]

	Notes	December 31, 2023 $	December 31, 2022 $
Assets			
Current assets			
Cash and cash equivalents		1,465,939	1,186,690
Customer funds		13,337,455	8,484,763
Cash - restricted		501,329	258,353
Trade receivables	**[6]**	6,214,242	2,343,122
Prepaid expenses		2,038,139	568,611
Current portion of loan receivables		—	80,160
Current portion of due from related parties	**[12]**	62,343	532,812
Current portion of EP Homes inventory	**[10]**	5,343,981	3,506,800
Total current assets		**28,963,428**	**16,961,311**
Non-current assets			
EP Homes inventory	**[10]**	7,374,393	6,311,478
Intangible assets	**[9]**	14,273,734	13,872,898
Property and equipment	**[7]**	1,349,882	574,002
Loan receivables		—	153,751
Investments	**[11 and 27]**	654,321	386,555
Due from related parties	**[12]**	755,717	302,049
Right-of-use asset	**[20]**	2,073,949	1,411,552
Goodwill	**[8]**	8,634,189	6,272,134
Total non-current assets		**35,116,185**	**29,284,419**
Total assets		**64,079,613**	**46,245,730**
Total liabilities and shareholders' equity			
Current			
Trade payables		9,724,189	5,362,622
Customer payables		13,337,455	8,484,763
Current tax liability	**[21]**	244,483	182,122
Current portion of deferred revenue	**[24]**	179,945	235,513
Current portion of lease liabilities	**[20]**	760,336	287,293
Current portion of customer deposits		247,446	173,053
Current portion of promissory notes	**[14]**	337,317	—
Current portion of credit facilities	**[13]**	7,241,569	3,653,343
Current portion of due to related parties	**[12]**	1,354,371	45,802
Total current liabilities		**33,427,111**	**18,424,511**
Non-current			
Deferred revenue	**[24]**	153,894	151,371
Lease liabilities	**[20]**	1,762,513	1,500,435
Customer deposits		92,717	25,255
Government loan		180,000	180,000
Promissory notes	**[14]**	714,469	—
Deferred tax liability	**[21]**	2,899,246	2,927,000
Credit facilities	**[13]**	9,562,906	5,031,065
Due to related parties	**[12]**	4,848,263	7,000,000
Total non-current liabilities		**20,214,008**	**16,815,126**
Total liabilities		**53,641,119**	**35,239,637**
Shareholders' equity			
Common shares	**[16]**	67,517,059	67,483,059
Reserves	**[16]**	2,793,191	2,829,689
Contributed surplus	**[16]**	1,569,005	656,955
Accumulated deficit		(60,713,206)	(58,760,078)
Accumulated other comprehensive loss		(727,555)	(1,203,532)
Total shareholders' equity		**10,438,494**	**11,006,093**
Total liabilities and shareholders' equity		**64,079,613**	**46,245,730**

Going concern [note 2]
Commitments [note 28]
Subsequent events [note 31]

Approved on behalf of the Board:

(Signed) "Scott Sinclair"
Scott Sinclair, Director

Approved on behalf of the Board:

(Signed) "Rob Pollock"
Rob Pollock, Director

See accompanying notes

Everyday People Financial Corp.
Consolidated statements of loss and comprehensive loss
[expressed in Canadian dollars]

	Notes	Twelve months ended December 31, 2023	Fifteen months ended December 31, 2022
		$	$
Revenue	**[22]**	**37,893,843**	**22,473,751**
Direct costs	**[22]**	14,890,232	9,727,706
Gross profit		**23,003,611**	**12,746,045**
Operating expense			
Sales, general, and administrative expenses	**[23]**	21,647,382	12,722,225
Other operating expenses	**[26]**	4,576,597	2,772,756
Management, consulting, and professional fees	**[12]**	3,022,219	5,985,940
Total operating expense		**29,246,198**	**21,480,921**
Loss from operations		**(6,242,587)**	**(8,734,876)**
Other (income) expenses			
Other income	**[25]**	(7,247,168)	(285,164)
Loss on contingent consideration	**[30]**	281,368	730,568
Impairment loss	**[8 and 9]**	818,328	29,316,335
Loss on investments	**[11]**	—	1,298,846
Listing expense	**[4]**	—	3,381,033
Finance costs	**[18]**	2,440,847	1,785,037
Total other (income) expenses		**(3,706,625)**	**36,226,655**
Net loss before tax		**(2,535,962)**	**(44,961,531)**
Deferred tax recovery (expense)	**[21]**	725,606	(543,096)
Current tax expense	**[21]**	(142,772)	(182,122)
Net loss for the period		**(1,953,128)**	**(45,686,749)**
Other comprehensive profit (loss)			
Items that may be subsequently reclassified to profit or loss			
Unrealized foreign currency translation adjustment		475,977	(830,283)
Total other comprehensive profit (loss)		**475,977**	**(830,283)**
Comprehensive loss for the period		**(1,477,151)**	**(46,517,032)**
Basic and diluted loss per share		(0.01)	(0.44)
Weighted average number of shares outstanding - basic and diluted		**113,995,220**	**105,307,937**

See accompanying notes

Everyday People Financial Corp.
Consolidated statements of changes in shareholders' equity
[expressed in Canadian dollars]

		Common shares $	Reserves $	Contributed Surplus $	Deficit $	Accumulated other comprehensive income/(loss) $	Total Shareholders' equity $
Twelve months ended December 31, 2023	**[16]**						
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		—	—	—	(1,953,128)	—	(1,953,128)
Other comprehensive profit		—	—	—	—	475,977	475,977
Options: issued		—	174,010	—	—	—	174,010
Options: expired/cancelled/forfeited		—	(453,004)	453,004	—	—	—
Restricted share units: issued or committed		—	735,542	—	—	—	735,542
Restricted share units: exercised		34,000	(34,000)	—	—	—	—
Restricted share units: cancelled		—	(132,598)	132,598	—	—	—
Warrants: expired		—	(326,448)	326,448	—	—	—
Balance, December 31, 2023		67,517,059	2,793,191	1,569,005	(60,713,206)	(727,555)	10,438,494
Fifteen months ended December 31, 2022	**[16]**						
Balance, October 1, 2021		55,302,579	1,638,097	113,450	(13,073,329)	(373,249)	43,607,548
Net loss for the period		—	—	—	(45,686,749)	—	(45,686,749)
Other comprehensive loss		—	—	—	—	(830,283)	(830,283)
Issuance of units		11,597,481	—	—	—	—	11,597,481
Issuance of common shares upon acquisition		1,434,256	—	—	—	—	1,434,256
Warrants: issued		—	643,372	—	—	—	643,372
Warrants: expired		—	(543,505)	543,505	—	—	—
Warrants: exercised		92,209	(77,209)	—	—	—	15,000
Options: issued		—	588,731	—	—	—	588,731
Options: expired/cancelled/forfeited		—	(5,662)	—	—	—	(5,662)
Options: exercised		278,842	(231,542)	—	—	—	47,300
Restricted share units: issued or committed		—	281,551	—	—	—	281,551
Share issuance costs		(1,222,308)	—	—	—	—	(1,222,308)
Common shares committed		—	535,856	—	—	—	535,856
Balance, December 31, 2022		67,483,059	2,829,689	656,955	(58,760,078)	(1,203,532)	11,006,093

See accompanying notes

Everyday People Financial Corp.
Consolidated statements of cash flows
[expressed in Canadian dollars]

	Notes	Twelve months ended December 31, 2023	Fifteen months ended December 31, 2022
		$	$
Operating activities			
Net loss for the period		(1,953,128)	(45,686,749)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation & amortization	**[7, 9 and 20]**	2,462,327	2,251,036
Finance costs	**[18]**	2,037,229	1,438,105
Share-based compensation	**[16]**	909,966	930,925
Impairment loss	**[8 and 9]**	818,328	29,316,335
Loss on contingent consideration	**[30]**	281,368	730,568
Current income tax	**[21]**	142,772	182,122
Loss allowances	**[23]**	109,206	25,648
Non-cash other income	**[25]**	(76,506)	(218,435)
Deferred income tax	**[21]**	(725,606)	543,096
Interest paid	**[18]**	(1,671,753)	(530,581)
Bargain purchase	**[25]**	(5,846,577)	—
Listing expense	**[4]**	—	3,381,033
Loss on investments	**[11]**	—	1,298,846
Non-cash revenue		—	(299,353)
Net change in non-cash working capital items	**[17]**	777,842	806,528
		(2,734,532)	(5,830,876)
Additions to EP homes inventory	**[10]**	(7,489,565)	(5,028,638)
Disposals to EP homes inventory	**[10]**	4,589,469	3,383,470
Collections (additions) to loan receivables		233,911	(1,400,592)
Cash used in operating activities		(5,400,717)	(8,876,636)
Investing activities			
Additions to intangible assets	**[9]**	(37,556)	(685,178)
Additions of property and equipment, net of disposals	**[7]**	(37,287)	(226,296)
Acquisition of subsidiaries, net of cash paid and acquired	**[4 and 5]**	426,614	(5,202,768)
Cash provided by (used in) investing activities		351,771	(6,114,242)
Financing activities			
Proceeds from unit issuance and committed capital, net	**[16]**	—	3,969,755
Proceeds from credit facilities	**[13]**	13,511,766	6,743,719
Repayments of promissory notes, including related parties	**[12 and 15]**	(1,937,871)	(1,111,772)
Proceeds from convertible debentures		—	1,050,000
Repayments of lease liabilities	**[20]**	(633,386)	(339,079)
Proceeds of promissory notes, including related parties	**[14]**	150,000	7,000,000
Repayments of credit facilities	**[13]**	(5,390,625)	(2,704,491)
Cash provided by financing activities		5,699,884	14,608,132
Net foreign exchange difference		(128,713)	(515,126)
Net (decrease) increase in cash and cash equivalents		522,225	(897,872)
Cash and cash equivalents, beginning of the period		1,445,043	2,342,915
Cash and cash equivalents, end of the period		1,967,268	1,445,043
Less: Cash - restricted, end of the period		(501,329)	(258,353)
Cash and cash equivalents, end of the period		1,465,939	1,186,690

See accompanying notes

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 12 months ended December 31, 2023 and 15 months ended December 31, 2022

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 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**")	[3]	Canada	August 11, 2022	100%
Everyday People Care Inc. ("**EP Care**")		Canada	September 2, 2021	100%
Smart Everyday People Inc. ("**SEP**")	[4]	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**")	[5]	Canada	December 30, 2022	100%
Groupe Solution Collect Solu Inc. ("**Groupe Solution**")	[6]	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**")	[7]	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%

[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.

[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. EP Homes Ontario DPP is a subsidiary of EP Homes ON I established to offer a down payment accumulation program for Ontario consumers who are awaiting construction of a new home.

[3] This subsidiary has no operational activity, and no material assets and liabilities.

[4] 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.

[5] 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.

[6] 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.

[7] 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 5].

These consolidated financial statements were authorized for issue by the Company's board of directors on May 2, 2024.

2. Basis of presentation and going concern

Statement of compliance

The consolidated financial statements of the Company for 12 months ended December 31, 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements were based on IFRS issued and outstanding as at December 31, 2023.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments, which are measured at fair value *[note 19]*. The 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 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 Homes and EP Homes' subsidiaries (collectively the "Subsidiaries"). The Subsidiaries are entities controlled by the Company.

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

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

Going concern

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business as they come due. The Company has recurring losses from operations and has a deficit. The Company incurred net loss of $1,953,128 (December 31, 2022 - $45,686,749 net loss) for the 12 months ended December 31, 2023, including acquisition costs and depreciation and amortization expense, deficit of $60,713,206 as at December 31, 2023 (December 31, 2022 - $58,760,078) and cash used in operating activities of $5,400,717 for 12 months ended December 31, 2023 (December 31, 2022 – cash used in operating activities of $8,876,636). 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 13]*; and,
- Its ability to capitalize on the synergistic advantages arising from the various acquisitions in the Revenue cycle management business segment.

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

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

Management judgment and estimation uncertainty

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

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

Judgment of EP homes inventory

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

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

Judgment of control

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

Judgment of operating segments

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

Judgment of impairment of non-financial assets

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

Estimate of provision of expected credit losses of trade receivables

The Company uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 19.

Estimate of provision of expected credit losses of related party receivables

At each reporting date, the Company assesses whether the related party receivables are impaired under the ECL model. Loss allowances are measured based on (i) ECLs that result from possible default events within the 12 months after the reporting period, or (ii) ECLs that result from all possible default events over the expected life of the related party receivable.

Estimate of fair value of warrants

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

The assumptions and model used for estimating fair value for warrants are disclosed in note 16.

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

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

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

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

The assumptions and model used for estimating fair value for equity settled stock options are disclosed in note 16.

Estimate of the recoverability of non-financial assets

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

Estimate of purchase price allocation and valuation of goodwill

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

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Estimate of useful life of property and equipment and intangible assets

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

When management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Due to the significant amount of intangible assets of the Company, variations between actual and estimated useful lives could impact operating results both positively and negatively. Asset lives, depreciation and amortization methods, and residual values are reviewed at the end of each reporting period.

Estimate of incremental borrowing rate for leases

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

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

Estimate of income taxes

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

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

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

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

3. Summary of material accounting policies

Revenue recognition

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

- EP Homes facilitation services, includes lease payments, and the sales price upon the sale of EP Homes inventory to the client. Lease payments are recognized on a monthly straight-line basis over the executed lease term with the clients. Revenue from the sale of inventory is recorded at point in time the sale of the property to the customer, which is also the date the legal title of the property is transferred to the client. The transaction price for recording property sale revenue is the sale price per the executed sale agreement. Monthly savings contribution revenue is recorded at point in time when the client either executes its purchase option to acquire the home or the customer forfeits their option to purchase the home. Monthly savings contribution revenue is collected from the client every month along with lease payments. Until the client executes or forfeits the purchase option, the saving contribution is accounted for as deferred revenue. Upon maturity of the contract inclusive of any extension, the accumulated saving contribution is accounted as revenue.
- Revenue cycle management revenue is recognized at the point in time when the Company collects and receives the funds from customers on behalf of their clients, or when the customer pays the funds directly to the client. For fixed rate contracts, the revenue is recognized over the period of time the service is provided. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transfer price needs to be allocated. In determining the transaction price for the collection services, the Company considers the effects of variable consideration (if any) in clients' contracts and is typically part of a tender pricing process.

- Financial services revenue consists of card fee revenue, interchange revenue, and interest revenue. Card fee revenue is charged to the cardholder and is recognized monthly. Interchange revenue is a fee received by the Company from the card issuing bank and is based on cardholder purchase volumes. Interchange revenue is recognized at the time the cardholder executes a transaction using the Company's card. Interest revenue represents interest on credit products and consumer loans and are recognized on an effective interest rate calculation basis during the period and is recognized monthly.
- Loan participation revenue on savings and proposal loans is deferred and are amortized into revenue over the term of the loan agreements.
- Application or administrative fees to approve clients for EP Care services are recognized at the time of approving the client of EP Care services.
- EP Security's revenue is comprised of contract revenue. Since EP Security does not have a contract in place with the customer, the revenue from the purchased service agreements falls outside the scope of IFRS 15. The revenue from purchased service agreements is recorded in accordance with *IFRS 9 – Financial Instruments.* The purchased service agreements are recorded as a financial asset at amortized cost and revenue is recognized over the term of the contracts using the Effective Interest Method.

EP Homes inventory

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

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

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

Intangible assets

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

	Rate
Licenses, rights and systems	5-12 years straight line
Customer relationships	9-10 years straight line
Trade names	10 years to indefinite

The amortization period is reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of loss and comprehensive loss. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the consolidated statements of loss and comprehensive loss when the asset is derecognized.
The Company owns the rights to the trade names. The trade names are expected to contribute to the cash flows indefinitely and there are no significant associated costs to renew the trade names. As a result, the trade names are assessed as having an indefinite useful life.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method, when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value. Acquisition-related costs are expensed as incurred and included in professional fees in the consolidated statements of loss and comprehensive loss. When the Company acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any excess of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the consideration transferred below the fair value of the net assets acquired is recorded as a gain in the consolidated statement of profit and loss and comprehensive profit and loss.

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value recognized in the consolidated statement of profit and loss and comprehensive profit and loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statement of profit and loss and comprehensive profit and loss.

Share-based payments

Stock option plan

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

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

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

Restricted share units

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

Leases

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

a) The Company as a lessee

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

b) Right-of-use assets

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

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

c) *Lease liabilities*

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease at lease commencement. If the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate at the lease commencements. After the commencement date, the amount of lease liabilities is increased to reflect accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

e) *The Company as a lessor*

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

Fair value measurements

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

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

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

Cash and cash equivalents

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

Cash – restricted

EP Financial collects payments from customers to hold in trust as security for their secured card. These funds are not available for operating use by EP Financial. BPO has funds held in a restricted bank account to remove the bank's first charge on BPO. GCS has a GIC held with a bank which is recorded in restricted cash.

Foreign currency

Functional and presentation currency

The Company determines its functional currency based on the currency of the primary economic environment in which it operates. The Company's functional and presentation currency is the Canadian dollar ("CAD").

Transactions and balances

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

Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated at into Canadian dollars at the exchange rate prevailing at the reporting date. The income and expenses of foreign operations are translated at each month end using average monthly exchange rates. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit of loss. The functional currency of the Subsidiaries are:

Subsidiaries or joint ventures	Functional Currency
EP Homes and EP Homes' subsidiaries	Canadian Dollars
EP Climb	Canadian Dollars
EP Care	Canadian Dollars
EP Security	Canadian Dollars
EP Travel	Canadian Dollars
EP Investments	Canadian Dollars
EP Technology	Canadian Dollars
EP Prepaid Cards	Canadian Dollars
EP Yay	Canadian Dollars
EP RCM	Canadian Dollars
GCS	Canadian Dollars
Groupe Solutions	Canadian Dollars
BPO Canada	Canadian Dollars
BPO	British Pound Sterling
BPO Financial	British Pound Sterling
BPO Care	British Pound Sterling
BPO Homes	British Pound Sterling
EP UK	British Pound Sterling
EPFS	British Pound Sterling
iKort	Icelandic Krona
EP Card ehf.	Icelandic Krona
EP USA	American Dollars
Newt Kiosks	Mexican Peso

Property and equipment

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

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

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

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

Investment in associates and joint ventures

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

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

The Company's investment in its associates and joint venture are accounted for using the equity method.

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

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

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

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

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

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

Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

Financial instruments

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

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

Financial assets at amortized cost (debt instruments)

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

Financial liabilities at amortized cost

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

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

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

Derecognition of financial instruments

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

Impairment of financial instruments

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

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

Offsetting of financial instruments

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

Income taxes

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

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

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

Research and development costs

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

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

Loss per share

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

The Company has the following equity instruments outstanding as at December 31, 2023, that could potentially dilute the basic loss per share in the future, but these were not included in the calculation of diluted loss per share because they are antidilutive for the 12 months ended December 31, 2023 and 15 months ended December 31, 2022.

Subsequent to the year ended December 31, 2023, the Company issued 1,170,000 common shares pursuant to the redemption of 1,170,000 RSUs.

Provisions

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

Customer funds and customer payables

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

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

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

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

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023 (unless otherwise stated). The adoption of these standards had no impact on the Company's consolidated financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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[expressed in Canadian dollars]

4. Reverse takeover

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

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

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

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

In accordance with IFRS, the consideration for the Amalgamation has been calculated using the more reliably measurable of the acquisition-date fair value of the acquiree's equity interests. The Company has determined that the fair value of the Company's shares is more reliably measurable than the fair value of the Justify shares because of the limited trading activity of Justify and the recent private placement *[note 16]* of the Company's shares, which have been used to estimate the fair value of the Resulting Issuer Common Shares. The consideration for the acquisition has been calculated as $3,406,335 and is based on the fair value of the number of shares and options that the Company issued to the shareholders and option holders of Justify to give the shareholders and option holders of Justify the same percentage equity interest in the combined entity that resulted from the Amalgamation

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

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

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

[expressed in Canadian dollars]

[2] The fair value of Justify's 300,000 outstanding options and 100,000 outstanding warrants has been estimated as $231,542 and $77,209 respectively using the Black-Scholes option pricing model with the following assumptions:

	Warrants	Options
Risk free interest rate	1.09%	1.09%
Expected volatility	31%	45%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Fair value of Resulting Issuer Share	$0.9219	$0.9219
Exercise price of the options of Justify	$0.15	$0.15
Expected term of the options of Justify	2 years	3 years

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

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

5. Business combinations

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. 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**

[expressed in Canadian dollars]

[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 statement of loss and comprehensive 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. If the acquisition occurred on January 1, 2023, revenue from continuing operations for the 12 months ending December 31, 2023 would have been approximately $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 statement of loss and comprehensive loss.

[expressed in Canadian dollars]

[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%.

[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)**

General Credit Services Inc.

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

For the 15 months ended December 31, 2022, GCS contributed $Nil of revenue and $Nil of profit before tax from continuing operations from the Company. Per GCS's audited financial statements, if the acquisition occurred on January 1, 2022, revenue from continuing operations for the 12 months ending December 31, 2022 would have been $8,587,393 and a loss before tax from continuing operations for GCS would have been $821,687, including GCS founder's compensation of $777,037.

[expressed in Canadian dollars]

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

Purchase price consideration	**Amount in CAD** $
Cash paid	**5,344,455**
Fair value of issuance of EP's shares [1]	**703,687**
Fair value of contingent consideration [2]	**535,856**
Total invested capital	**6,583,998**
Cash and cash equivalents	**92,382**
Customer funds	**407,700**
Cash-restricted	**100,000**
Trade receivables [3]	**506,953**
Prepaid expenses	**16,489**
Customer relationships	**2,469,000**
Licenses, rights and technology	**1,358,000**
Trade name	**1,041,000**
Property and equipment	**11,982**
Due from related parties	**58,225**
Right-of-use asset	**149,652**
Goodwill [4]	**2,786,055**
Trade payables	**(560,864)**
Credit facilities [5]	**—**
Customer payables	**(407,700)**
Lease liabilities	**(169,588)**
Deferred tax liability [6]	**(1,275,288)**
Net fair value of assets acquired	**6,583,998**

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

[2] Per the purchase agreement with GCS, a contingent consideration has been agreed. The Company is required to issue additional 1,781,485 EP common shares to GCS shareholders if GCS' EBITDA is equal to or greater than $1,781,485 in any one year before December 31, 2025. The fair value of the contingent consideration was estimated to be $535,856, using the DCF method.

As at the date of the acquisition, the forecasts for GCS show that it is highly probable that the target EBITDA of $1,781,485 will be achieved. The fair value of the contingent consideration is determined by discounting the future payment to the present value. The key valuation inputs used were:

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

[3] Trade receivables and expected credit losses are $513,251 and $6,298 respectively as of December 31, 2022.

[4] Goodwill amounting to $2,786,055 includes, $1,510,767 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 $1,275,288 is related to deferred tax liabilities.

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

- GCS has an operating line of credit to a maximum of $100,000 with a Canadian bank, of which $Nil has been drawn as at December 31, 2023. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property of GCS and cash collateral of $100,000 against the guaranteed investment certificates held by GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2023, GCS is in compliance of the financial covenants.

[expressed in Canadian dollars]

- GCS has an operating line of credit to a maximum of $150,000 with a Canadian bank, of which $150,000 has been drawn as at December 31, 2023. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property of GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2023, GCS is in compliance of the financial covenants.

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

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

6. Trade receivables

	December 31, 2023 $	**December 31, 2022** $
Receivable from customers	6,345,829	2,368,770
Expected credit losses ("ECLs") *[note 19]*	(131,587)	(25,648)
	6,214,242	**2,343,122**

7. Property and equipment

Property and equipment consist of the following:

Cost	**2023**					
	As at December 31, 2022 $	**Additions** $	**Acquisition of subsidiaries *[note 5]*** $	**Disposals** $	**Foreign exchange differences** $	**As at December 31, 2023** $
Furniture & fixtures	102,555	1,646	78,571	—	1,348	184,120
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**

[expressed in Canadian dollars]

Accumulated depreciation

	2023					
	As at December 31, 2022 $	**Depreciation** $	**Acquisition of subsidiaries** $	**Disposals** $	**Foreign exchange differences** $	**As at December 31, 2023** $
Furniture & fixtures	50,809	26,733	—	—	832	78,374
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**

Cost

	2022					
	As at September 30, 2021 $	**Additions** $	**Acquisition of subsidiaries *[note 5]*** $	**Disposals** $	**Foreign exchange differences** $	**As at December 31, 2022** $
Furniture & fixtures	91,499	1,308	11,982	—	(2,234)	102,555
Computer equipment	244,239	103,079	—	—	14,249	361,567
Improvements to property	264,043	43,202	—	—	(13,575)	293,670
Motor vehicles	58,156	99,636	—	(24,651)	(1,413)	131,728
	657,937	**247,225**	**11,982**	**(24,651)**	**(2,973)**	**889,520**

Accumulated depreciation

	2022					
	As at September 30, 2021 $	**Depreciation** $	**Acquisition of subsidiaries** $	**Disposals** $	**Foreign exchange differences** $	**As at December 31, 2022** $
Furniture & fixtures	33,840	17,634	—	—	(665)	50,809
Computer equipment	89,262	67,893	—	—	11,931	169,086
Improvements to property	25,842	18,858	—	—	(2,511)	42,189
Motor vehicles	25,840	28,004	—	—	(410)	53,434
	174,784	**132,389**	**—**	**—**	**8,345**	**315,518**
Net book value	**483,153**					**574,002**

Net book value

	As at December 31, 2023 $	**As at December 31, 2022** $
Furniture & fixtures	105,746	51,746
Computer equipment	934,264	192,481
Improvements to property	255,278	251,481
Motor vehicles	54,594	78,294
	1,349,882	**574,002**

The property and equipment are treated as security to outstanding credit facilities as at December 31, 2023, pursuant to a floating charge signed on February 10, 2017, the General Security Agreement (the “GSA”) signed on November 15, 2018, and the GSA signed in March 2021.

[expressed in Canadian dollars]

8. Goodwill

Cash Generating Unit ("CGU")	2023				
	As at December 31, 2022 $	Acquisitions of subsidiaries $	Impairment losses $	Foreign exchange differences $	As at December 31, 2023 $
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**

	2022				
	As at September 30, 2021 $	Acquisitions of subsidiaries $	Impairment losses $	Foreign exchange differences $	As at December 31, 2022 $
EP Homes [4]	18,761,304	—	(18,761,304)	—	**—**
EP Climb [5]	4,538,532	—	(4,538,532)	—	**—**
BPO RCM services [1]	3,653,355	—	—	(167,276)	**3,486,079**
GCS RCM services	—	2,786,055	—	—	**2,786,055**
Financial services [6]	1,092,047	—	(1,054,489)	(37,558)	**—**
	28,045,238	**2,786,055**	**(24,354,325)**	**(204,834)**	**6,272,134**

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

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.

[4] The Company tested EP Homes CGU, which is the EP Homes operating segment and conducted impairment assessment as at December 31, 2022. With EP Homes CGU's recoverable amount being lower than the carrying amount, an impairment charge over the full amount of goodwill was recorded. Any adverse changes in assumptions could result in impairment losses to intangible assets.

For the period ended December 31, 2022, the recoverable amount as estimated based on fair value less cost of disposal, using discounted cash flow projections to the EP Homes CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. As at December 31, 2022, the cash flows used in determining the fair value for the EP Homes CGU were based on the following key assumptions:

- Five-year projections based on management's expectations of the Company's operations.
- Estimates of revenue, EP Homes' profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate after tax of 40.00%.
- Average revenue growth rate of 74.28%.
- Long-term growth rate of 3.32%. The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.
- Secured financing cost of 8.0% for 2023 and mezzanine debt of 12.0% in 2023. These have been updated for the current economic outlook. The revised rates reflect the increased interest rates from the Bank of Canada.
- The estimated number of homes to be purchased from January 1, 2023 to December 31, 2023 is 39.

As a result of the EP Homes CGU analysis, the recoverable amount for the EP Homes CGU is ($3,467,000), therefore, the Company recognized an impairment charge of $18,761,304 against goodwill, previously carried at $18,761,304. The impairment charge is recorded as impairment loss on goodwill in the consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022. The current business economics for a home remain in line with original expectations.

[5] The Company tested the EP Climb CGU, which is in the financial services operating segment, for impairment for the period ended September 30, 2022. With EP Climb CGU's recoverable amount of ($1,447,000) being lower than the carrying amount of $4,538,532, an impairment charge over the full amount of goodwill was recorded in the consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022.

For the period ended September 30, 2022, the Company applied the fair value less cost of disposals, employing discounted cash flow projections to the EP Climb CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the EP Climb CGU were based on the following key assumptions:

- Seven-year projections, excluding secured-card projections, based on management's expectations of the Company's operations.
- Estimates of revenue, EP Climb's profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate of 21.49%.
- Average revenue growth rate of 32.87%.
- Long-term growth rate of 3.17%. 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.

[6] For the period ended December 31, 2022, the Company applied the fair value method, employing discounted cash flow projections to the Financial services CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the financial services CGU were based on the following key assumptions:

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

As a result of the Financial services CGU analysis, the recoverable amount for the Financial services CGU is $327,000, therefore, the Company recognized an impairment charge of $1,054,489 against goodwill, previously carried at $1,092,047. The goodwill is impaired in full, the difference of $37,558 is related to the foreign exchange differences. The impairment charge is recorded as impairment loss on goodwill in the consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022.

[expressed in Canadian dollars]

9. Intangible assets

Intangible assets consist of the following:

Cost	**2023**					
	As at December 31, 2022	**Additions**	**Acquisitions of subsidiaries *[note 5]***	**Impairment**	**Foreign exchange difference**	**As at December 31, 2023**
	$	**$**	**$**	**$**	**$**	**$**
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**

Accumulated Amortization	**2023**					
	As at December 31, 2022	**Amortization**	**Acquisitions of subsidiaries *[note 5]***	**Impairment**	**Foreign exchange difference**	**As at December 31, 2023**
	$	**$**	**$**	**$**	**$**	**$**
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**

Cost	**2022**					
	As at September 30, 2021	**Additions**	**Acquisitions of subsidiaries *[note 5]***	**Impairment**	**Foreign exchange difference**	**As at December 31, 2022**
	$	**$**	**$**	**$**	**$**	**$**
Licenses, rights and systems [1]	2,809,005	685,178	2,469,000	(2,730,300)	—	3,232,883
Trade names [2]	3,454,490	—	1,041,000	(934,646)	(65,726)	3,495,118
Customer relationships [3]	10,620,589	—	1,358,000	(90,454)	(482,136)	11,405,999
	16,884,084	**685,178**	**4,868,000**	**(3,755,400)**	**(547,862)**	**18,134,000**

Accumulated Amortization	**2022**					
	As at September 30, 2021	**Amortization**	**Acquisitions of subsidiaries *[note 5]***	**Impairment**	**Foreign exchange difference**	**As at December 31, 2022**
	$	**$**	**$**	**$**	**$**	**$**
Licenses, rights and systems [1]	36,776	351,356	—	(220,657)	—	167,475
Trade names [2]	—	—	—	(38,767)	—	(38,767)
Customer relationships [3]	2,833,996	1,384,954	—	—	(86,556)	4,132,394
	2,870,772	**1,736,310**	**—**	**(259,424)**	**(86,556)**	**4,261,102**
Net book value	**14,013,312**					**13,872,898**

[expressed in Canadian dollars]

Net book value

	As at December 31, 2023 $	As at December 31, 2022 $
Licenses, rights and systems [1]	2,921,487	3,065,408
Trade names [2]	3,374,860	3,533,885
Customer relationships [3]	7,977,387	7,273,605
	14,273,734	**13,872,898**

[1] For the 12 months ended December 31, 2023, additions of $37,556 for licenses, rights and systems relates to the development of Customer Relationship Management ("CRM") software. The CRM software is currently in the development phase and is not subject to depreciation as at December 31, 2023. For the 15 months ended December 31, 2023, additions of $469,404 are for the licenses, rights and systems for the card platform and $215,774 are related to the CRM software.

Impairment

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

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

As a result, the estimated fair value of financial services' intangible assets is $522,291, therefore, the Company recognized an impairment charge of $1,553,461 against the intangible assets related to financial services, previously carried at $2,075,752. The impairment charge is recorded as impairment loss on goodwill in the consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022.

Since the Company acquired GCS, the Company's plan is to use GCS's technology for EP Climb's operations and will no longer use Climb's technology. Therefore, for the period ended December 31, 2022, the Company impaired EP Climb's technology in full and recognized an impairment charge of $1,176,839 against intangible assets, which is part of the financial services operating segment.

[2] The trade names are indefinite-life intangible assets, of which as of December 31, 2023, $1,317,208 (December 31, 2022 - $1,304,119) is allocated to BPO's trade name, $1,150,000 (December 31, 2022 - $1,150,000) is allocated to EP Homes' trade name, $1,041,000 (December 31, 2022 - $1,041,000) is allocated to GCS's trade name, and $499,000 is allocated to Groupe Solution's trade name *[note 5]*.

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.

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

[3] Customer relationships are amortized based on the average life of a customer in the respective business unit. $1,572,768 of depreciation is related to the existing customer relationships of which $1,142,102 (December 31, 2022 - $1,375,415) is related to BPO customer relationships and are being depreciated on a straight-line basis over 9 years. The remaining $273,840 is related to GCS customer relationships, and $156,826 is related to Groupe Solution customer relationships which are being depreciated on a straight-line basis over 10 years.

[expressed in Canadian dollars]

10. EP Homes inventory

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

	December 31, 2023 $	December 31, 2022 $
Opening inventory	**9,818,278**	8,173,110
Additions [1]	**7,489,565**	5,028,638
Disposals [2]	**(4,589,469)**	(3,383,470)
Closing inventory [3]	**12,718,374**	9,818,278
Less: Current portion of EP Homes inventory [3]	**(5,343,981)**	(3,506,800)
Long-term EP Homes inventory	**7,374,393**	6,311,478

[1] For the 12 months ended December 31, 2023, the Company purchased 17 homes amounting to $7,489,565. Additions of $525,387 primarily resulted from renovations on 3 homes (December 31, 2022 – 11 homes amounting to $5,028,638).

[2] For the 12 months ended December 31, 2023, the Company disposed of 10 homes (December 31, 2022 – 9 homes) for a total cost of $4,589,469 (December 31, 2022 - $3,383,470). Disposals of $189,850 primarily resulted from the adjustment of facilitation fees and legal fees that were historically recorded in the consolidated statements of profit and loss, were capitalized to the EP Homes inventory on the consolidated statements of financial position.

[3] As at December 31, 2023, the Company has 30 homes (December 31, 2022 – 23 homes) in its inventory, of which 2 homes are occupied by related parties with a carrying value of $980,916. Out of the 30 homes in its inventory, the Company has 13 homes (December 31, 2022 – 9 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	**668,798**
2025	**471,882**
2026 and thereafter	**230,885**
	1,371,565

11. Investments

	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**

	2022			
	September 30, 2021 $	Additions $	Impairment $	December 31, 2022 $
Investments in Newt Corporation [3]	1,138,046	160,800	(1,298,846)	—
Investments in Prospect Financial Inc. [1]	386,555	—	—	386,555
	1,524,601	**160,800**	**(1,298,846)**	**386,555**

[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 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 27].*

[expressed in Canadian dollars]

[3] This represents the amount advanced to a business associate to advance the Company's financial products through its kiosks. The Company was unable to obtain sufficient financial information to support the valuation of Newt Corporation, as a result, the Company recorded an impairment loss of $1,298,846 in the consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022.

12. Related party transactions

For the 12 months ended December 31, 2023, the Company entered into several related party transactions in the normal course of business. These transactions have been recorded at the agreed upon amounts between the parties. The relationships with the related parties are as follows:

Related Party	Relationship
Smart Everyday People Inc.	Joint venture
Pure Icelandic Seafood Inc. ("**Pure Icelandic**")	Common shareholders
Bridge to Homeownership UK Ltd. ("**BTHO UK**")	Common shareholders
EAM Enterprises Inc. ("**EAM**")	Principal shareholder of the Company [1]
Everyday Party People Ltd. ("**Everyday Party People**")	Common shareholders
Pollock Services Corp. ("**Pollock Services**")	Wholly owned by the director of the Board
General Billing Solutions Inc. ("**GBSI**") 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:

	December 31, 2023 $	December 31, 2022 $
Due from BTHO UK, net [2]	**67,544**	65,383
Due from Smart Everyday People Inc., net [2]	**76,497**	367,791
Employee and management receivables, net [3 and 4]	**674,018**	401,687
	818,060	834,861
Less: Current portion of due from related parties	**(62,343)**	(532,812)
Long-term portion of due from related parties	**755,717**	302,049

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

	December 31, 2023 $	December 31, 2022 $
Due to EAM – promissory notes [5]	**190,707**	295,500
Due to EAM – medium-term notes, net [6]	**4,560,080**	6,704,500
Due to Pollock Services – medium-term notes, net [6]	**200,000**	—
Due to EAM, net [7 and 8]	**214,888**	45,802
Due to 112 AB Ltd. and GBSI, net [8]	**90,263**	—
Due to Ghislain Rhéaume [9]	**473,348**	—
Due to André Pitoscia [9]	**473,348**	—
	6,202,634	7,045,802
Less: Current portion of due to related parties	**(1,354,371)**	(45,802)
Long-term portion of due to related parties	**4,848,263**	7,000,000

[expressed in Canadian dollars]

c) Transactions with related parties are as follows:

	December 31, 2023 $	December 31, 2022 $
Interest [10]	**(639,924)**	(222,098)
Direct costs [11]	**(457,193)**	—
Other income *[note 25]*	**277,335**	—
Sale of EP Homes Inventory [12]	**1,350,000**	—
	530,218	(222,098)

d) Key management personnel remuneration:

For the 12 months ended December 31, 2023, 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 12 months ended December 31, 2023, and 15 months ended December 31, 2022, are as follows:

	December 31, 2023 $	December 31, 2022 $
Management fees	**1,485,980**	989,282
Salaries, including benefits and bonuses	**746,741**	601,336
Board fees [4]	**20,340**	52,840
	2,253,061	1,643,458

[1] As at December 31, 2023, EAM Enterprises Inc. owned 20.2% (December 31, 2022 – 19%) 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 December 31, 2023, the loans advanced to BPO's President and Client Engagement Director are $146,768 (December 31, 2022 – $138,398) and $66,759 (December 31, 2022 – $64,623), respectively. $301,024 (December 31, 2022 - $Nil) related to the Chief Financial Officer of the Company, and $Nil (December 31, 2022 – $58,225) relates to GCS's President and former shareholders. The remaining $144,328 (December 31, 2022 – $140,444) of employees' receivables are related to various loans provided to employees.

[4] 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.

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 does 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. On December 31, 2023, the Company sold its investment in Prospect Financial Inc. to EAM for $386,555.

[7] Outstanding accrued interest due to EAM for the promissory notes and medium-term notes detailed in paragraphs 5 and 6 is $214,888 (December 31, 2022 - $45,802) for the 12 months ended December 31, 2023.

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

[9] The Company is required to pay Ghislain Rhéaume and André Pitoscia $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 5]*.

[expressed in Canadian dollars]

[10] The Company accrues interest on the amount payable to EAM at an annual interest rate of 12%. For the 12 months ended December 31, 2023, interest expensed to EAM totaled $639,924 (December 31, 2022 - $222,098).

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

[12] 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.

13. Credit facilities

	Interest rate per annum	Maturity	December 31, 2023 $	December 31, 2022 $
Facility 1 [1]	Lesser of: (1) 10.45% or (2) Greater of 8.45% or prime rate + 5.50%	January 2025	6,927,063	2,354,708
Facility 2	Prime rate – 0.85%	February 2026	247,064	260,354
Facility 3	7.44%	August 2024	187,220	192,523
Facility 4	2.5%	June 2026	42,467	58,265
Facility 5 [2]	Prime rate + 2.00%	April 2024	1,984,280	3,918,558
Facility 6	Prime rate + 2.00%	Paid out	—	1,900,000
Facility 7 [3]	6.46%	February 2025	4,840,796	—
Facility 8 [4]	13.5%	February 2025	1,595,585	—
Facility 9 [5]	Prime rate + 2.85%	Due on demand	150,000	—
Facility 10 [6]	Prime rate + 1.00%	Due on demand	830,000	—
Total credit facilities			**16,804,475**	**8,684,408**
Less: current portion of credit facilities			(7,241,569)	(3,653,343)
Long-term credit facilities			**9,562,906**	**5,031,065**

[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 $6,927,063 (December 31, 2022 - $2,354,708) has been drawn as at December 31, 2023. 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 December 31, 2023, the Company is in compliance of the financial covenants. The current portion of the facility represents 4 homes which are due for sale in the next 12 months *[note 10]*.

[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 $1,984,280 (December 31, 2022 – $3,918,558) has been drawn as at December 31, 2023. 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 December 31, 2023, the Company is not in compliance of certain financial covenants. The current portion of the facility represents 5 homes which are due for sale in the next 12 months *[note 10]*. Subsequently, the Company agreed to pay out credit arrangement by using facility 1.

[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 $4,840,796 million has been drawn as at December 31, 2023. 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,

[expressed in Canadian dollars]

which provides the bank first-priority security against all present and after acquired property of GCS. Per the credit agreement, the measurement of the financial covenants are to commence March 31, 2024.

[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 $1,595,585 has been drawn as at December 31, 2023. 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.

[5] GCS has an operating line of credit to a maximum of $150,000 with a Canadian bank, of which $150,000 has been drawn as at December 31, 2023. 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 $830,000 is drawn as at December 31, 2023. The credit facility is secured by two deeds of movable hypothec in the amounts of $1,000,000 and $1,200,000.

14. Promissory notes

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

	December 31, 2023 $	December 31, 2022 $
Balance, beginning of period	—	—
Acquisition of subsidiaries [1]	1,424,358	—
Additions [2]	437,317	—
Disposals [1]	(809,889)	—
Balance, end of period	**1,051,786**	—
Less: current portion of promissory notes	**(337,317)**	—
Long-term promissory notes	**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 5]*. As of December 31, 2023, the Company paid the $809,889 of which $759,889 paid to Groupe Solution founders *[note 5]* 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.

15. 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 December 31, 2023 was $91,755,954 (December 31, 2022 - $83,393,269). The Company monitors equity on the basis of the carrying amount of equity as presented on the consolidated statements of financial position.

No changes were made to the objectives, policies and processes for capital management for the 12 months ended December 31, 2023.

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 12 months ended December 31, 2023 and 15 months ended December 31, 2022

16. Capital stock

Common shares

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

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

	December 31, 2023		December 31, 2022	
	Number of shares #	**Amount $**	Number of shares #	Amount $
Balance, beginning of period	**113,976,539**	**67,483,059**	98,491,335	55,302,579
Issued from treasury [1]	**—**	**—**	4,684,000	4,193,082
Issued against compensation [2]	**—**	**—**	729,152	677,315
Issued from treasury – debt and payable conversion [3]	**—**	**—**	145,000	145,000
Issued from acquisition of subsidiaries and RTO [4]	**—**	**—**	9,507,052	8,016,340
Issued on exercise of stock options, warrants, RSUs [5]	**100,000**	**34,000**	420,000	371,051
Share issuance costs [6]	**—**	**—**	—	(1,222,308)
Balance, end of period	**114,076,539**	**67,517,059**	113,976,539	67,483,059

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

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

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

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

On August 31, 2022, the Company issued 3,360,000 shares from treasury to the shareholders of Justify as part of the RTO. The 3,360,000 shares were issued at a fair value of $0.9219 per share per the Black-Scholes Model and the amount of $3,097,584 was attributed to common shares *[note 4]*. On August 31, 2022, upon completion of the RTO, the Company converted the $3,484,500 in convertible debentures into shares at $1.00 per share, as a result, 3,484,500 shares were issued.

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

[5] On October 24, 2023, a consultant exercised 100,000 RSUs and the cost of $34,000 is accounted in reserves.

On September 1, 2022, the shareholders of Justify ("Justify shareholders") exercised their 300,000 stock options at an exercise price of $0.15 per share. As a result, the Company issued 300,000 shares at a fair value of $0.7718 per share per the Black-Scholes Model and the amount of $231,542 was attributed to common shares. It also includes $45,000 of the exercise price received from the shareholders. On October 24, 2022, an employee exercised 20,000 options from reserves. On September 1, 2022, a Justify shareholder exercised its 100,000 warrants at an exercise price of $0.15 per share. As a result, the Company issued 100,000 warrants to a fair value of $0.7721 per share per the Black-Scholes Model and the amount of $77,209 was attributed to common shares. It also includes the $15,000 of the exercise price received from the shareholder *[note 4]*.

[expressed in Canadian dollars]

Reserves – warrants

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

	December 31, 2023		December 31, 2022	
	Number of warrants #	**Amount $**	Number of warrants #	Amount $
Opening balance	**4,083,397**	**892,612**	4,260,035	869,954
Issued [1]	**—**	**—**	2,617,380	566,163
Issued upon RTO [1]	**—**	**—**	100,000	77,209
Expired [2]	**(1,466,017)**	**(326,448)**	(2,794,018)	(543,505)
Exercised [3]	**—**	**—**	(100,000)	(77,209)
Ending balance	**2,617,380**	**566,164**	4,083,397	892,612

[1] For the 12 months ended December 31, 2023, the Company issued Nil (December 31, 2022 – 2,342,000) warrants to investors for a total fair value of $Nil (December 31, 2022 – $490,918) and Nil (December 31, 2022 – 275,380) warrants to brokers and finders for a total fair value of $Nil (December 31, 2022 – $75,245). For the 12 months ended December 31, 2023, the Company issued Nil (15 months ended December 31, 2022 – 100,000) warrants upon the RTO.

[2] For the 12 months ended December 31, 2023, 1,466,017 outstanding warrants were not exercised and expired accordingly (15 months ended December 31, 2022 – 2,794,018). The value of the expired warrants amounted to $326,448 (15 months ended December 31, 2022 - $543,505).

[3] For the 12 months ended December 31, 2023, Nil outstanding warrants were exercised (15 months ended December 31, 2022 – 100,000). The fair value of the exercised warrants amounted to $Nil (December 31, 2022 - $77,209) and was accounted in common shares.

Reserves – Stock options

On August 31, 2022, the board of directors of the Company approved the Company's Omnibus Share Incentive Plan (the "Share Incentive Plan"), as part of the RTO, 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.

	12 months ended December 31, 2023		**15 months ended December 31, 2022**	
	Number of options #	**Amount $**	**Number of options #**	**Amount $**
Opening balance	3,893,597	1,119,670	3,291,697	768,143
Options granted [1]	—	174,010	678,400	357,189
Options granted upon RTO [2]	—	—	300,000	231,542
Options exercised [2]	—	—	(320,000)	(231,542)
Options expired/cancelled/forfeited [3]	(1,505,197)	(453,004)	(56,500)	(5,662)
Closing balance	**2,388,400**	**840,676**	**3,893,597**	**1,119,670**
Exercisable balance	**2,150,068**	**—**	**1,893,367**	**—**

[expressed in Canadian dollars]

[1] Outstanding options as at December 31, 2023 are as follows:

2023

	Outstanding			Exercisable	
Exercise prices $	**Number of options** #	**Weighted average remaining contractual life in years**	**Weighted average exercise price** $	**Number of Options** #	**Weighted average exercise price** $
0.75 [2]	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**

2022

	Outstanding			Exercisable	
Exercise prices $	**Number of options** #	**Weighted average remaining contractual life in years**	**Weighted average exercise price** $	**Number of Options** #	**Weighted average exercise price** $
0.75 [2]	3,210,197	4	0.75	1,883,333	0.75
1.00	683,400	5	1.00	10,034	1.00
	3,893,597			**1,893,367**	**0.75**

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 12 months ended December 31, 2023, the Company has recorded a net expense, including options cancelled/forfeited of $160,910 (15 months ended December 31, 2022 - $351,528) in share-based compensation expense related to the Share Incentive Plan in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

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

[3] For the 12 months ended December 31, 2023, 1,505,197 (15 months ended December 31, 2022 – 56,500) options expired, cancelled, or forfeited with a total value of $453,004 (December 31, 2022 - $5,662).

Reserves – Restricted share units

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

	December 31, 2023		December 31, 2022	
	Number of share units #	**Amount** $	**Number of share units** #	**Amount** $
Opening balance	**3,307,000**	**281,551**	—	—
Issued to directors with 3-year vesting period [1]	**—**	**436,300**	2,772,000	237,571
Issued to consultants with 2-year vesting period [1]	**—**	**82,044**	200,000	21,194
Issued to consultants with 1-year vesting period [2]	**—**	**32,900**	210,000	16,450
Committed to consultants with 1-year vesting period [3]	**680,000**	**184,298**	125,000	6,336
RSUs redeemed [4]	**(100,000)**	**(34,000)**	—	—
RSUs cancelled [5]	**(876,000)**	**(132,598)**	—	—
Ending balance	**3,011,000**	**850,495**	3,307,000	281,551

[expressed in Canadian dollars]

[1] On August 31, 2022, the Company issued RSUs as part of the RTO. For each RSU granted, compensation expense is recognized equal to the market value of one common share at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period. The market value of $0.34 was used as the closing share price on the first trading day after the RTO. For the 12 months ended December 31, 2023, the Company has recorded an expense of $518,344 (December 31, 2022 - $258,765) in share-based compensation expense related to the RSUs in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[2] On November 29, 2022, the Company issued 210,000 RSUs to consultants with a 1-year vesting period, in accordance with their consultancy agreements. The 210,000 RSUs were approved by the board of directors on November 29, 2022. For each RSU granted, compensation expense is recognized equal to the market value of one common share at the grant date based on the number of RSUs expected to vest, recognized over the term of the vesting period. The market value of $0.235 was used at the closing share price on the grant date. For the 12 months ended December 31, 2023, the Company has recorded an expense of $32,900 (December 31, 2022 - $16,450) in the share-based compensation expense related to the RSUs issued to consultants with 1-year vesting period in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[3] The Company accrued the share-based compensation expenses for each RSU committed and outstanding but not granted to consultants, and 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 October 24, 2023, a consultant exercised 100,000 RSUs and the cost of $34,000 is accounted in reserves.

[5] For the 12 months ended December 31, 2023, the Company cancelled 876,000 RSUs that were issued or committed to directors and consultants for a total value of $132,598.

Reserves – Contingent consideration

	December 31, 2023		December 31, 2022	
	Number of shares #	Amount $	Number of shares #	Amount $
Opening balance	**1,781,485**	**535,856**	—	—
Contingent upon acquisition of subsidiaries [1]	**—**	**—**	1,781,485	535,856
Ending balance	**1,781,485**	**535,856**	1,781,485	535,856

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

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

Share-based compensation

	For the 12 months ended December 31, 2023 $	For the 15 months ended December 31, 2022 $
Compensation in options	**174,010**	351,528
Compensation in RSUs	**735,957**	281,551
Compensation in shares	**—**	289,500
Exchange differences	**—**	8,346
	909,967	**930,925**

[expressed in Canadian dollars]

17. Additional cash flow information

	For the 12 months ended December 31, 2023 $	For the 15 months ended December 31, 2022 $
Increase in trade receivables	**182,788**	(531,892)
(Increase) / decrease in prepaid expenses	**(447,799)**	(80,834)
Increase in related parties	**(131,315)**	(407,686)
Increase / (decrease) in deferred revenue	**(53,045)**	33,884
Increase in trade payables	**1,085,358**	1,656,946
Increase in customer deposit	**141,855**	136,110
	777,842	806,528

18. Finance costs

	December 31, 2023 $	December 31, 2022 $
Interest on lease liabilities *[note 20]*	**150,588**	137,222
Interest on debt and borrowings	**1,671,753**	530,581
Outstanding interest to related parties *[note 12]*	**214,888**	45,802
Interest on convertible debentures	**—**	724,500
Total interest expense	**2,037,229**	**1,438,105**
Bank charges	**403,618**	346,932
Total finance costs in other (expenses) income	**2,440,847**	**1,785,037**

19. 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.

[expressed in Canadian dollars]

Fair value

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates arising in the Company's borrowings in credit facilities. Interest rate risk is minimized through management's decision to primarily obtain fixed rate interest for the time period the asset is held per the business plan. The impact of interest rate sensitivity on the Company's loss before tax is due to the changes in the Royal Bank prime rate, ATB prime rate, and TD prime rate *[note 13]*. With all other variables held constant, the increase or decrease in interest rate by 27% or 270 basis points will result in change in the Company's loss before tax by $168,975 (December 31, 2022 - $138,293). The assumed movement in basis point for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company has transactional currency exposures that arise from loans and receivables in currencies other than its functional currency. The Company has transactional currency exposures that arise from purchases in currencies other than their functional currency, including British Pounds. The Company does not enter into derivatives to hedge the exposure.
The impact of foreign currency sensitivity on the Company's loss before tax is due to the changes in the fair value of monetary assets and liabilities as at the date of financial position. With all other variables held constant the increase or decrease in exchange rates by 10% will result in below mentioned decrease or increase respectively in net loss before tax for the period ended December 31, 2023 by $159,180 (December 31, 2022 - $46,570) on account of change in GBP exchange rate.

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

	December 31, 2023 £	December 31, 2022 £
Cash and cash equivalents	**710,544**	**682,041**
Customer funds	**6,326,442**	**4,545,469**
Trade receivables	**2,609,514**	**920,119**
Total financial assets	**9,646,500**	**6,147,629**
Trade payables	**3,012,804**	**824,474**
Customer payables	**6,326,442**	**4,545,469**
Credit facilities	**25,843**	**35,660**
Total financial liabilities	**9,365,089**	**5,405,603**

Liquidity risk

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

Liquidity risk is also related to the possibility of insufficient debt and equity financing available to fund the desired growth of the Company and to refinance the current and long-term debt and trade payables as they become due. The Company's financial condition and results of operations could be adversely affected if it were not able to obtain appropriate levels of debt or equity financing. Liquidity risk also relates to the potential for early demand of credit facilities prior to the sale of EP Homes inventory.

[expressed in Canadian dollars]

Credit risk

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

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

With reference to breakdown of accounts receivable in note 6, there is exposure to credit risk owing on trade receivable balances, Management actively mitigates the risk by ensuring receivables remain current. The policy to calculate the allowance is disclosed in note 3 of the consolidated financial statements for the 15 months ended December 31, 2022. Set out below is the information about the credit risk exposure on the Company's trade receivables with customers using a provision matrix for December 31, 2023:

	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	120+ days	Total
Expected credit loss rate	0.00%	2.30%	5.17%	20.87%	24.31%	2.07%
Gross carrying amount at default	4,435,409	886,915	708,525	57,282	257,698	6,345,829
Expected credit loss	—	20,388	36,601	11,957	62,641	131,587

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	**9,724,189**	**13,337,455**	**7,241,569**	**337,317**	**1,354,371**	**—**	**247,446**	**760,336**	**33,002,683**
2025	**—**	**—**	**9,562,906**	**714,469**	**4,848,263**	**180,000**	**92,717**	**280,628**	**15,678,983**
2026	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**282,097**	**282,097**
2027	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**320,750**	**320,750**
2028	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**320,842**	**320,842**
Thereafter	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**558,196**	**558,196**
	9,724,189	**13,337,455**	**16,804,475**	**1,051,786**	**6,202,634**	**180,000**	**340,163**	**2,522,849**	**50,163,551**

20. Leases

The Company has lease agreements for leased offices and equipment leases. The office leases consist of 6 office leases (December 31, 2022 – 3 office leases) for the UK offices and 6 office leases (December 31, 2022 – 5 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.

[expressed in Canadian dollars]

The carrying amounts and the movements for the 12 months ended December 31, 2023 and for the 15 months ended December 31, 2022 are as follows:

Right-of-use assets	**December 31, 2023** **$**	**December 31, 2022** **$**
Opening balance	**1,411,552**	1,611,881
Additions [1]	**1,031,934**	—
Additions from the acquisition of subsidiaries *[note 5]*	**682,623**	149,651
Disposals [2]	**(528,645)**	—
Depreciation	**(506,731)**	(382,337)
Unrealized foreign exchange gain/loss	**(16,784)**	32,357
	2,073,949	1,411,552

Lease liabilities	**December 31, 2023** **$**	**December 31, 2022** **$**
Initial recognition of liability and interest [1]	**1,787,728**	1,859,216
Additions [1]	**721,539**	—
Additions from the acquisition of subsidiaries *[note 5]*	**672,244**	169,253
Disposals [2]	**(200,104)**	—
Payments	**(633,386)**	(339,079)
Non-cash interest accretion	**150,588**	137,222
Unrealized foreign exchange gain/loss	**24,240**	(38,884)
	2,522,849	1,787,728
Less: current portion of lease liabilities	**(760,336)**	(287,293)
Long-term lease liabilities	**1,762,513**	1,500,435

[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 $332,222 (15 months ended December 31, 2022 - $72,878).

21. Income taxes

Significant components of the income tax provision are as follows:

	December 31, 2023 **$**	**December 31, 2022** **$**
Current income tax expense	**142,772**	182,122
Deferred income tax expense (recovery)	**(725,606)**	543,096
Provision for income taxes	**(582,834)**	**725,218**

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 12 months ended December 31, 2023 and 15 months ended December 31, 2022

Reconciliation to effective tax rate

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

	December 31, 2023 $	December 31, 2022 $
Loss of continuing operations before income taxes	**(2,535,962)**	(44,961,531)
Weighted average Canadian income tax rate	**23.00%**	23.00%
Income tax expense (recovery) based on statutory income tax rate	**(583,000)**	(10,341,000)
Difference between rates applicable to the Company and rates applicable to subsidiaries		
Share based compensation	**209,000**	214,000
Effect of non-deductible expenses and other items	**59,000**	974,000
Prior periods true-up	**(169,000)**	(323,000)
Rate difference in foreign jurisdictions	**(71,000)**	320,000
Impairment of goodwill	**30,000**	5,601,000
Change in unrecognized deferred tax assets	**1,291,000**	4,231,000
Gain on bargain purchase	**(1,370,000)**	—
Other adjustments	**21,166**	49,218
	(582,834)	725,218
Effective income tax rate	**23.0%**	(1.6%)

Deferred income tax liability

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

	December 31, 2023 $	December 31, 2022 $
Property and equipment	**(33,000)**	(46,000)
Intangible assets	**(3,409,000)**	(3,102,000)
Other temporary differences	**273,754**	221,000
Non-capital loss carryforwards	**269,000**	—
	(2,899,246)	(2,927,000)

Unrecognized deferred tax assets

	December 31, 2023 $	December 31, 2022 $
Non-capital losses carry-forward	**7,243,000**	5,776,000
Share issuance costs and financing costs	**415,000**	143,000
Property and equipment	**365,000**	302,000
Intangible assets	**300,000**	131,000
Other temporary differences	**435,000**	753,000
	8,758,000	7,105,000

Reconciliation of deferred tax asset movement

	December 31, 2023 $	December 31, 2022 $
Deferred tax expense / (recovery) in the consolidated statement of profit and loss	**(725,606)**	24,124
Deferred tax in goodwill related to business combinations	**686,000**	1,275,288
Deferred tax expense / (recovery) in write-off of deferred tax assets	**—**	(461,138)
	(39,606)	838,274

[expressed in Canadian dollars]

The Company has non-capital losses related to the Canadian operating entity that can be applied to reduce future year's taxable income. No deferred tax assets have been recorded as there is insufficient evidence of future taxable income.

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

	December 31, 2023	December 31, 2022
Amount ($)	33,388,192	24,934,589
Expiry	2036 to 2043	2036 to 2042

22. Revenue and direct costs

Revenue	**12 months ended December 31, 2023 $**	**15 months ended December 31, 2022 $**
RCM revenue		
Collections revenue	31,276,311	17,405,117
Other revenue	509,910	—
Total RCM revenue	**31,786,221**	**17,405,117**
EP Homes facilitation fees revenue		
Sale of EP Homes inventory [1]	4,953,171	3,622,279
Lease revenue	793,122	495,280
Facilitation fees	—	184,089
Savings contribution revenue	132,529	94,690
Total EP Homes facilitation fees revenue	**5,878,822**	**4,396,338**
Financial services revenue	**228,800**	**372,943**
Contract receivables revenue	**—**	**299,353**
Total revenue	**37,893,843**	**22,473,751**

[1] For the 12 months ended December 31, 2023, the sale of EP Homes inventory includes the sale of 10 homes (December 31, 2022 – 9 homes) of which three homes were sold to the Company's Chief Financial Officer amounting to $1,350,000.

Direct costs	**12 months ended December 31, 2023 $**	**15 months ended December 31, 2022 $**
RCM services	9,344,406	5,495,564
EP Homes [1]	5,099,867	3,886,743
Financial services	445,959	316,537
Contract receivables	—	28,862
Total direct costs	**14,890,232**	**9,727,706**

[1] For the 12 months ended December 31, 2023, direct costs of EP Homes is the cost EP Homes inventory sold, of which $1,197,235 is related to the EP Homes inventory sold to the Company's Chief Financial Officer.

23. Sales, general, and administrative expenses

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

	12 months ended December 31, 2023 $	**15 months ended December 31, 2022 $**
Employee benefits expense	**18,025,411**	9,869,677
Depreciation and amortization	**2,462,328**	2,251,036
Acquisition costs	**610,580**	—
Loss allowances on trade receivables	**109,206**	25,648
Other sales, general, and administrative expenses	**439,857**	575,864
	21,647,382	**12,722,225**

[expressed in Canadian dollars]

24. Deferred revenue

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

2022	**September 30, 2021** $	**Additional deferred revenue** $	**Recognized to revenue [1]** $	**December 31, 2022** $
EP Homes	266,433	203,962	(147,009)	323,386
Climb	86,566	36,085	(59,153)	63,498
Total	**352,999**	**240,047**	**(206,162)**	**386,884**
Less: Current portion of deferred revenue	(290,889)			(235,513)
Long-term portion of deferred revenue	62,110			151,371

[1] For the 12 months ended December 31, 2023, 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.

25. Other income

Other income consists of the following:

	12 months ended December 31, 2023 $	**15 months ended December 31, 2022** $
Sale of interest in Newt Kiosks [1]	**—**	160,800
Interest income	**132,457**	—
Gain on promissory note extinguishment [2]	**277,335**	—
Gain on sale of contracts [3]	**76,506**	—
Trade payable settlement [4]	**1,144,192**	—
Bargain purchase gain [5]	**5,804,227**	—
Other income (expenses)	**(187,549)**	124,365
	7,247,168	**285,165**

[1] On March 31, 2022, the Company sold its interest in Newt Kiosks, S.A. DE C.V. ("Newt Kiosks") to Newt Corporation for 268,000 shares at a value of $0.60 per share for a total value of $160,800.

[2] 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.

[3] For the 12 months ended December 31, 2023, the Company sold 167 security contracts to Hatch Security Ltd. For $300,543, which settled the loan receivables balance of $224,037, resulting in a gain of $76,506 which was recorded on the consolidated statements of loss and comprehensive loss.

[4] For the 12 months ended December 31, 2023, the Company negotiated settlements on certain trade payable balances, resulting in a gain, which was recorded on the consolidated statements of loss and comprehensive loss.

[expressed in Canadian dollars]

[5] On October 31, 2023, the Company's wholly-owned subsidiary, BPO, acquired 100% of shares of EPFS. As a result of the business combination, this resulted in a bargain purchase of $5,818,791 (£3,463,153 GBP), which was recorded as a gain on the consolidated statements of loss and comprehensive loss [note 5].

26. Other operating expenses

Other operating expenses consist of the following:

	12 months ended December 31, 2023 $	15 months ended December 31, 2022 $
IT support	**1,200,698**	753,363
Subscriptions and licenses	**716,522**	103,944
Travel and entertainment	**594,402**	574,938
Office supplies	**470,956**	374,498
Rent and utilities	**454,920**	301,249
Insurance	**338,189**	132,273
Telephone	**318,911**	83,960
Marketing expenses	**222,548**	320,806
Credit bureaus	**121,586**	—
Repairs and maintenance	**75,995**	43,645
Bad debts and fines	**25,328**	48,743
Realized foreign currency exchange loss (gain)	**20,618**	4,446
Training and recruitment	**15,924**	30,891
	4,576,597	**2,772,756**

27. Joint venture

The Company has 50% interest in Smart Everyday People Inc., a joint venture involved in providing innovative financial products in the health care industry that provides easy and quick access to health care spending account through our Everyday HSA tokenized MasterCard program in Canada. The Company's interest in Smart Everyday People Inc. is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarized statement of financial position of Smart Everyday People Inc:

	December 31, 2023 $	December 31, 2022 $
Current assets	**108,759**	51,673
Non-current assets	**593,668**	433,117
Current liabilities	**(99,258)**	(528,010)
Non-current liabilities	**—**	—
Equity	**603,169**	(43,220)
The Company's share in equity – 50% (2022: 50%)	**301,585**	(21,610)

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

	December 31, 2023 $	December 31, 2022 $
Revenue from contracts with customers	**—**	—
Cost of sales	**(36,560)**	—
Administrative expenses	**(13,419)**	(42,367)
Interest and bank charges	**(3,397)**	(853)
Loss before tax	**(53,376)**	(43,220)
The Company's share of loss for the period	**(26,688)**	(21,610)

28. 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 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.

29. Segmented information

The Company has four reportable operating segments based on the products and services provided. The reportable operating segments are as follows:

(1) Financial services – This segment issues secured / prepaid credit cards. The CODM reviews the results of all card services in Canada and UK collectively. The UK card services, and Canada card services have been aggregated to form the financial services reporting segment.

(2) EP Homes facilitation services – This segment acquires 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.

[expressed in Canadian dollars]

- 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 12 months ended December 31, 2023 and 15 months ended December 31, 2022:

	For the 12 months ended December 31, 2023				
	Financial Services $	**EP Homes Facilitation Services $**	**RCM Services $**	**Contract Receivable Services $**	**Total $**
Revenue	228,800	5,879,116	31,785,927	—	**37,893,843**
Direct costs	445,959	5,099,867	9,344,406	—	**14,890,232**
Total operating expenses [1]	4,222,760	505,885	24,515,607	1,946	**29,246,198**
Earnings (loss) from operations	**(4,439,919)**	**273,364**	**(2,074,086)**	**(1,946)**	**(6,242,587)**
Other (expenses) income [2]	564,416	(1,807,549)	4,853,018	96,740	**3,706,625**
Net loss before taxes	**(3,875,503)**	**(1,534,185)**	**2,778,932**	**94,794**	**(2,535,962)**

	For the 15 months ended December 31, 2022				
	Financial Services $	**EP Homes Facilitation Services $**	**RCM Services $**	**Contract Receivable Services $**	**Total $**
Revenue	372,543	4,396,738	17,405,117	299,353	**22,473,751**
Direct costs	316,537	3,886,743	5,495,565	28,861	**9,727,706**
Total operating expenses [1]	7,046,046	1,464,893	12,645,297	324,685	**21,480,921**
Earnings (loss) from operations	**(6,990,040)**	**(954,898)**	**(735,745)**	**(54,193)**	**(8,734,876)**
Other (expenses) income [2]	(15,120,851)	(19,312,613)	(324,708)	(1,468,483)	**(36,226,655)**
Net loss before taxes	**(22,110,891)**	**(20,267,511)**	**(1,060,453)**	**(1,522,676)**	**(44,961,531)**

[1] This includes depreciation and amortization expenses of $2,462,328 (December 31, 2022 - $1,537,705), of which $160,406 (December 31, 2022 - $531,509) is related to financial services, $16,932 (December 31, 2022 - $114,770) is related to EP Homes facilitation services, $2,283,556 (December 31, 2022 - $1,603,323) is related to RCM services, and $1,434 (December 31, 2022 - $1,434) is related to contract receivable services *[notes 7, 9 and 20]*.

[2] Financial services' other income of $564,416 (December 31, 2022 – $15,120,851) is primarily related to settlements on trade payable balances.

RCM services' other income of $4,853,018 (December 31, 2022 - $19,312,613) is primarily related to the bargain purchase gain from the EPFS acquisition on October 31, 2023 *[note 5]*.

EP Homes facilitation services' other expenses of $1,807,549 (December 31, 2022 - $19,312,613) is primarily related to interest expenses for the 12 months ended December 31, 2023.

Contract receivable services' other income of $96,740 (December 31, 2022 - $1,468,483) is primarily related to the interest income from the loan receivable.

[expressed in Canadian dollars]

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

	Financial Services $	EP Homes Facilitation Services $	RCM Services $	Contract Receivable Services $	Total $
					As at December 31, 2023
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**

	Financial Services $	EP Homes Facilitation Services $	RCM Services $	Contract Receivable Services $	Total $
					As at December 31, 2022
Total assets	3,503,846	11,209,964	31,294,838	237,082	**46,245,730**
Total liabilities	8,282,093	7,821,716	18,876,603	259,225	**35,239,637**

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

	Financial Services $	EP Homes Facilitation Services $	RCM Services $	Contract Receivable Services $	Total $
					As at December 31, 2023
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 12]*	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**

	Financial Services $	EP Homes Facilitation Services $	RCM Services $	Contract Receivable Services $	Total $
					As at December 31, 2022
Credit facilities	—	6,726,143	1,958,265	—	**8,684,408**
Due to related party *[note 12]*	3,260,045	45,500	3,444,455	250,000	**7,000,000**
	3,260,045	6,771,643	5,402,720	250,000	**15,684,408**

Geographical information

The following table summarizes the revenue by geographical location for the 12 months ended December 31, 2023 and 15 months ended December 31, 2022:

Revenue by geographical location:	**December 31, 2023 $**	**December 31, 2022 $**
Canada	20,305,899	5,000,063
United States of America	30,436	68,571
United Kingdom	17,557,508	17,405,117
	37,893,843	**22,473,751**

[expressed in Canadian dollars]

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

Non-current assets by geographical location [1]:	**December 31, 2023 $**	**December 31, 2022 $**
Canada	22,644,339	13,947,049
United States of America	144,281	547,036
United Kingdom	12,327,565	14,790,334
	35,116,185	**29,284,419**

Information about major customers

The following table provides the proportion of revenue attributed to each significant customer for the 12 months ended December 31, 2023 and 15 months ended December 31, 2022:

	December 31, 2023 %	**December 31, 2022 %**
Customer 1	25.4%	36.8%
	25.4%	**36.8%**

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.

30. Contingent consideration

On December 8, 2022, the Company entered into a purchase agreement with GCS to acquire assets and operations of GCS. Per the purchase agreement, the Company is required to issue additional 1,781,485 shares to GCS shareholders if GCS's EBITDA is equal to $1,781,485 in any year before December 31, 2025. The fair value of the contingent consideration was estimated to be $535,856 *[note 5]*.

On March 31, 2023, the Company entered into a purchase agreement with Groupe Solution to acquire assets and operations of Groupe Solution. Per the Purchase Agreement, a contingent consideration has been agreed. The Company is required to pay additional $1,400,000, either in cash or by way of issuance of 1,400,000 common shares of the Company, if Groupe Solution's Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is equal to or greater than $1,080,000 in any one year before March 31, 2025. The fair value of the contingent consideration was estimated to be $664,469 *[note 5].*

31. Subsequent events

1. On January 17, 2024, the TSX Venture Exchange ("TSX-V") granted conditional approval to the Corporation for the extension of the expiry dates of a total of 2,342,000 share purchase warrants (the "Warrants") issued on January 21, 2022. The expiry date of these Warrants has been extended to January 21, 2025, while retaining all other terms and conditions of the original Warrants. Each warrant remains exercisable at $1.25 per common share.

2. On January 22, 2024, the Company issued 1,170,000 common shares pursuant to the redemption of 1,170,000 RSUs. Of which, 1,040,000 RSUs were initially granted to directors on August 31, 2022, and an additional 130,000 RSUs were granted to certain contractors on November 29, 2022. As a result, the Company has 115,246,539 shares issued and outstanding.

32. 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 fifteen months ended December 31, 2022 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.