Everyday People Financial Corp.

Management's Discussion and Analysis

EverydayPeople® FINANCIAL

For the three months ended March 31, 2024 and 2023

May 22, 2024

The effective date of this Management's Discussion and Analysis is, May 22, 2024, except as otherwise noted.

INTRODUCTION

Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Everyday People Financial Corp. ("EP Financial" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2024 and 2023. This MD&A has been prepared in compliance with National Instrument 51-102 – Continuous Disclosure Obligations requirements. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2024 and audited consolidated financial statements of the Company for the year ended December 31, 2023, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included in the MD&A. The MD&A was reviewed by the Audit Committee and subsequent approved and authorized for issue by the Board of Directors on May 22, 2024. The information contained herein is presented as of May 22, 2024, unless otherwise indicated.

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

CORPORATE OVERVIEW

EP Financial has its registered office at Suite 450, 11150 Jasper Avenue, Edmonton, Alberta, T5K 0C7. On August 31, 2022, the Company completed an RTO by way of a three-cornered amalgamation pursuant to which Everyday People Financial Inc. amalgamated with a subsidiary of Justify Capital Corp. ("Justify"). The amalgamation was completed pursuant to the terms and conditions of the Business Combination Agreement dated December 6, 2021. In connection with the amalgamation, Justify continued into Alberta, Canada and simultaneously changed its name effective August 30, 2022 from Justify Capital Corp. to Everyday People Financial Corp. ("Resulting Issuer"). The symbol for the common shares of the Resulting Issuer was changed from "JST" to "EPF" on the TSX Venture Exchange ("TSXV"). The symbol for the shares of the Resulting Issuer was EPFCF on the OTCQB Venture Market ("OTCQB").

Basis of consolidation

Please refer to the unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2024 and 2023 (the "consolidated financial statements") as well as the audited consolidated financial statements for the 12 months ended December 31, 2023 for details of the companies included.

THE BUSINESS

EP Financial is founded on the belief that everyone deserves a second chance to financially reestablish themselves with access to affordable credit products. We are changing the way people manage money by enhancing our client services with our own affordable and specialized financial products and literacy programs. We're helping everyday people rebuild their financial health for generational wealth. EP Financial has over 450 employees with operations first established in 2006 in the United Kingdom, Canada, and the United States of America.

The Company includes three main pillars of business: one pillar, Revenue Cycle Management ("RCM") operates under our Co-CEO, Graham Rankin, and two pillars, EP Financial Services and EP Homes operates under our Co-CEO, Barret Reykdal. We stand for creativity and entrepreneurship. Our combination of companies, products and services has been established to ensure we can fulfill consumers' financial needs and service them in a low-cost, effective manner.

EP Financial is comprised of the following business lines:

1. Revenue Cycle Management Services:

   Headquartered in the UK and Canada, and operating under the companies, BPO Collections Limited ("BPO"), Everyday People Financial Solutions Limited ("EPFS") (formerly Arvato), General Credit Services Inc. ("GCS"), and Groupe Solution Collect Solu Inc. ("Groupe Solution"). The combined businesses have been operating for more than 75 years on behalf of blue-chip clients across the United Kingdom and Canada in both public and private sectors. We are founded on the belief that everyone deserves a second chance to financially reestablish themselves in an affordable way. We are changing the way revenue cycle management agencies work by enhancing our client services with affordable financial products and literacy programs while achieving optimal receivables management for our clients.

   In 2008, we began the process of requiring our United Kingdom RCM customers to complete a vulnerability and affordability assessment which ensures that longer payment plans are established to fit within the customer's cash flow and other financial commitments. This resulted in long-term, solid relationships with our customers which have successfully benefited both our clients and the RCM customers. Our intentions are to establish the same operating practices in Canada. We are proud to lead the industry with our innovative and leading-edge technologies that provide effortless and seamless processes, ensuring we put our customers at the heart of our business.

2. <u>Financial Services:</u>

   Headquartered in Edmonton, Alberta Canada and Miami, Florida USA, EP Financial operates under four companies. EP Cards, a credit facilitator, and payment card program manager helping businesses manage bespoke payment card programs, credit reporting, card networks and issuing banks as well as offering our own card programs. EP Pay Later that partners with merchants and credit industry affiliates to provide affordable buy now, pay later payment plans that are backed by our robust RCM centers. Smart Everyday People, a partnership with SEB Administrative Services Inc., an Insurtech company focused on benefits administration technology and services and a wholly owned subsidiary of Cooperators Insurance. Together, we're leading the mission to help everyday people eliminate out-of-pocket health expenses through the Everyday HSA, an efficient and affordable health spending account procurement card that we believe can significantly contribute to the betterment of healthcare ecosystems across the globe. EP Supply Chain Solutions turns supply chains into high-performance value chains allowing for better cash flow and profitability, enhancing deliverables to their customers.

3. <u>EP Homes:</u>

   Headquartered in Edmonton, Alberta Canada, we are proudly making the opportunity for homeownership an achievable goal for people of all walks of life. We partner with homebuilders, mortgage brokers, lenders, land developers, realtors, financiers, and government agencies to help everyday people find their path to homeownership through our credit and homeownership facilitation programs that we tailor to meet the needs of each of our clients, and partners. The Bridge to Homeownership Program gives qualified homebuyers the best possible opportunity to acquire a home in a community they love and in a financially responsible way. Through a structured three-year lease and down payment accumulation plan, the Program addresses the key barriers to achieving homeownership, and helps our partners expand their market reach to grow a larger community of homebuyers.

BUSINESS AND OPERATIONS HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND SUBSEQUENT EVENTS

- On January 19, 2024, the Company issued 1,170,000 common shares pursuant to the redemption of 1,170,000 Restricted Share Units ("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.

- On January 22, 2024, TSXV granted conditional approval to the Company 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.

ACQUISITION HIGHLIGHTS

The integration of GCS, Groupe Solution, and EPFS is progressing well, and the Company's plan to add accretive acquisitions to the Company's RCM services segment will continue throughout 2024.

Non-IFRS Financial Measures

This MD&A refers to Adjusted EBITDA which is non-IFRS financial measures, are not standardized measures under IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

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

OVERALL PERFORMANCE

Revenue for the three months ended March 31, 2024, was $14.8 million as compared to $8.0 million for the three months ended March 31, 2023, resulting in a total increase of 85% or $6.8 million, which was primarily due to:

- $5.8 million increase in RCM services revenue, primarily due to the acquisition of Groupe Solution, and EPFS, and the increase in number of contracts in BPO and GCS.
- $1.2 million increase in financial services revenue, primarily due to the introduction of new financial services products.
- $0.2 million decrease in EP Homes facilitation revenue, primarily due to the homes being sold are lower in value as compared to the homes sold in the three months ended March 31, 2023.

Profit from operations for the three months ended March 31, 2024, was $1.4 million (three months ended March 31, 2023 - $0.9 million loss from operations). For more information, see the Selected Quarterly Information section.

Cash flow activities for the three months ended March 31, 2024 and March 31, 2023 are as follows:

- Net cash used in operating activities for the three months ended March 31, 2024, was $0.7 million (March 31, 2023 - $2.2 million cash used).
- Net cash used in investing activities for the three months ended March 31, 2024 was $0.2 million (March 31, 2023 - $3.4 million cash used).
- Net cash provided by financing activities for the three months ended March 31, 2024 was $0.1 million (March 31, 2023 - $5.7 million cash provided).

For further details of the cash flow activities, see the Cash Flow Summary section.

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SELECTED QUARTERLY INFORMATION

		Three months ended March 31, 2024 ($)	Three months ended March 31, 2023 ($)
Revenue	[1]	**14,805,134**	**7,999,834**
Direct costs	[2]	4,356,835	3,418,261
Gross profit		**10,448,299**	**4,581,573**
Operating expenses			
Sales, general, and administrative expenses	[3]	6,920,186	4,089,092
Other operating expenses		1,500,576	903,869
Management, consulting, and professional fees	[4]	662,931	509,528
Total operating expenses		**9,083,693**	**5,502,489**
Profit (loss) from operations		**1,364,606**	**(920,916)**
Total other (expenses) income		**102,379**	**(271,925)**
Net profit (loss) before tax		**1,466,985**	**(1,192,841)**
Income tax recovery (expense)		(596,738)	79,025
Net profit (loss) for the period		**870,247**	**(1,113,816)**
Comprehensive profit (loss) for the period		**1,077,649**	**(808,148)**

Consolidated balance sheet information	[5]	**March 31, 2024**	**December 31, 2023**
Total assets		64,750,932	64,079,613
Total non-current financial liabilities		17,563,551	17,556,019
Deficit		(59,842,959)	(60,713,206)
Dividends declared		$nil	$nil
Basic and diluted earnings (loss) per share		0.01	(0.01)

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RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

Non-IFRS financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results under IFRS. There are various limitations related to the use of non-IFRS financial measures versus their nearest IFRS equivalents. Investors are encouraged to review the unaudited interim condensed consolidated financial statements in its entirety and are cautioned not to put undue reliance on any non-IFRS financial measure and view it in conjunction with the most comparable IFRS financial measures. In evaluating these non-IFRS financial measures, please be aware that in the future we will continue to have adjustments similar to those adjusted in the presented period.

		Three months ended	Three months ended
		March 31, 2024 ($)	March 31, 2023 ($)
Adjusted EBITDA reconciliation			
Net income (loss) before tax		1,466,985	(1,192,841)
Adjustments			
Interest included in direct cost		—	17,031
Depreciation and amortization		798,941	587,410
Acquisition costs	[a]	72,477	212,150
Share-based compensation		152,895	230,943
Finance costs		896,927	616,128
Gain on debt settlement		(286,686)	—
Total adjustment to net income (loss) before tax		**1,634,554**	**1,663,662**
Adjusted EBITDA		**3,101,539**	**470,821**
Less: Finance costs		(896,927)	(616,128)
Adjusted EBTDA		**2,204,612**	**(145,307)**

[a] Acquisition costs include the legal fees and professional fees related to acquisitions of Groupe Solution and EPFS.

DISCUSSION ON RESULTS OF OPERATIONS

The Company has based the following discussion on its consolidated financial statements. Please read the discussion below along with these consolidated financial statements, as it is qualified in its entirety by reference to them.

[1] Revenue

	Three months ended March 31,	Three months ended March 31,	Three months ended	
	2024 ($)	**2023 ($)**	**Change ($)**	**Change (%)**
EP Homes facilitation services	1,374,535	1,564,870	(190,335)	(12%)
RCM services	12,181,367	6,375,467	5,805,900	91%
Financial services	1,249,232	59,497	1,189,735	2,000%
Revenue	**14,805,134**	**7,999,834**	**6,805,300**	**85%**

The increase in revenue of RCM services amounting to:

- $5,805,900 increase for the three months ended March 31, 2024, is primarily due to the acquisition of Groupe Solution on March 31, 2023, and EPFS on October 31, 2023, and the increase in number of contracts in BPO.

The increase in revenue of financial services segment amounting to:

- $1,189,735 increase for the three months ended March 31, 2024, is primarily due to launch of the new financial services products that fall under the financial services segment.

[2] Direct costs

	Three months ended March 31, 2024 ($)	Three months ended March 31, 2023 ($)	Three months ended Change ($)
EP Homes facilitation services	1,134,534	1,197,235	(62,701)
RCM services	3,122,343	2,103,650	1,018,693
Financial services	99,958	117,376	(17,418)
Total	**4,356,835**	**3,418,261**	**938,574**
As a % of total revenue	30%	43%	—

The increase in direct costs of RCM services amounting to:

- $1,018,693 increase for the three months ended March 31, 2024, are primarily related to the acquisitions of Groupe Solution, and EPFS and is aligned with the increase in BPO revenue, as compared to the three months ended March 31, 2023.

[3] Sales, general, and administrative expenses

	Three months ended March 31, 2024 ($)	Three months ended March 31, 2023 ($)	Three months ended Change ($)
Employee benefits expense	5,874,793	3,120,397	2,754,396
Depreciation and amortization	798,941	587,410	211,531
Acquisition costs	72,477	212,150	(139,673)
Loss allowances	57,575	(1,318)	58,893
Other expenses	116,400	170,453	(54,053)
Total	**6,920,186**	**4,089,092**	**2,831,094**
As a % of total revenue	47%	51%	—

The increase in employee benefit expenses amounting to:

- $2,754,396 increase for the three months ended March 31, 2024, are primarily due to the $0.8 million increase from the acquisition of Groupe Solution, and $2.1 million increase from the acquisition of EPFS.

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

	Three months ended March 31, 2024 ($)	Three months ended March 31, 2023 ($)	Three months ended Change ($)
Management and consulting fees	361,618	200,813	160,805
Professional fees	301,313	308,715	(7,402)
Total	**662,931**	**509,528**	**153,403**
As a % of total revenue	5%	6%	—

The increase in management and consulting fees amounting to:

- $160,805 increase for the three months ended March 31, 2024, are related to management being on a salary-based compensation plan for the three months ended March 31, 2024, as compared to a profit driven compensation plan for the three months ended March 31, 2023.

[5] Consolidated balance sheet information

Total assets of $64.8 million primarily consist of $12.0 million in EP Homes inventory, $13.9 million in intangible assets, $12.8 million in customer funds, and $8.7 million goodwill accounted upon acquisition of BPO, GCS, Groupe Solution and EPFS.

The non-current financial liabilities are calculated as defined in the CPA Canada handbook, therefore, deferred tax liability is excluded from total long-term financial liabilities. The non-current financial liabilities as at March 31, 2024, primarily consist of lease liabilities of $1.7 million compared to $1.8 million as at December 31, 2023, $5.7 million of due to related parties as at March 31, 2024 as compared to $4.8 million as at December 31, 2023, and $9.0 million in credit facilities as at March 31, 2024 as compared to $9.6 million as at December 31, 2023.

Basic and diluted earnings (loss) per share is calculated based on the weighted average number of the Company's issued and outstanding common shares. For the three months ended March 31, 2024, the earnings (loss) per share was $0.01 compared to $(0.01) for the 12 months ended December 31, 2023. The diluted earnings (loss) per share does not include the effect of the Company's warrants and options as they are anti-dilutive.

Outstanding Securities

The Company's outstanding securities as of March 31, 2024 and December 31, 2023 are as follows:

Description of securities	**Number of securities outstanding as at March 31, 2024**	**Number of securities outstanding as at December 31, 2023**
Common shares	115,246,539	114,076,539
Warrants	2,342,000	2,617,380
Options	2,385,000	2,388,400
RSUs	1,966,000	3,011,000
Equity fully diluted	**121,939,539**	**122,093,319**

Financial Instruments

Please refer to Note 18 of the unaudited interim condensed consolidated financial statements for details on measurement, carrying value, and fair value of financial instruments. For the three months ended March 31, 2024, the Company did not have any derivative financial instruments, and the Company did not engage in hedging activities.

SELECTED QUARTERLY RESULTS

The following table sets forth selected unaudited interim quarterly results for the last eight quarters.

	03/31/2024	**12/31/2023**	**09/30/2023**	**06/30/2023**	**3/31/2023**	**12/31/2022**	**9/30/2022**	**6/30/2022**
Revenue	14,805,134	9,665,542	9,434,434	10,794,034	7,999,834	4,760,594	4,910,352	4,783,687
Revenue Q/Q change %	53%	2%	(13%)	35%	68%	(3%)	3%	6%
Profit (loss) from operations	1,364,606	(5,264,812)	2,729	(59,589)	(920,916)	(2,089,145)	(1,866,145)	(1,378,121)
Net income (loss) for the period	870,247	125,091	(365,650)	(598,753)	(1,113,816)	(27,104,091)	(10,336,942)	(4,246,344)
Comprehensive income (loss) for the period	1,077,649	486,639	(569,504)	(586,138)	(808,148)	(25,900,184)	(10,954,848)	(4,983,396)
Adjusted EBITDA	3,101,539	3,132,497	1,132,204	983,070	470,821	(972,050)	(631,863)	(608,872)
Earnings (loss) per share, basic and diluted	0.01	0.01	0.00	(0.01)	(0.01)	(0.23)	(0.10)	(0.05)

LIQUIDITY AND CAPITAL RESOURCES

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

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

The Company's cash balance was $0.7 million as at March 31, 2024 as compared to $1.5 million as at December 31, 2023.

Management and the board closely monitor the Company's operations and monthly revenue and expenses of the RCM 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. EP Financial currently has $10.4 million senior secured credit facilities with financial institutions to support existing inventory of EP Homes and is working with the institutions to further increase the existing facilities and/or placing new facilities to support the growth of the EP Homes segment, please refer to the section below entitled "Credit facilities" in "*items affecting liquidity*" of this MD&A for further information. There are no assurances that increased credit facilities or new credit facilities or working capital loan financing or expected profits will be available to the Company on acceptable terms, or at all.

Going Concern

The unaudited interim condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business as they come due. The Company has recurring net losses and a deficit. The Company earned a net profit of $870,247 (March 31, 2023 - $1,113,816 net loss) for the three months ended March 31, 2024, including acquisition costs and depreciation and amortization expense, deficit of $59,842,959 as at March 31, 2024 (December 31, 2023 - $60,713,206) and cash used in operating activities of $696,539 for three months ended March 31, 2024 (March 31, 2023 – cash used in operating activities of $2,187,513). These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern and otherwise execute its business strategies.

For further details, refer to Note 2 of the Company's consolidated financial statements.

CASH FLOW SUMMARY

The following table provides a summary of cash inflows and outflows by activity for the three months ended March 31, 2024 and March 31, 2023:

Cash inflows and (outflows) by activity:		**March 31, 2024**	**March 31, 2023**
Change in operating activities prior to EP Homes inventory	[1]	(1,391,054)	(1,065,807)
Additions and disposals of EP Homes inventory	[2]	694,515	(1,121,706)
Cash used in operating activities		(696,539)	(2,187,513)
Cash used in investing activities	[3]	(201,222)	(3,410,450)
Cash provided by financing activities	[4]	123,765	5,658,467
Foreign exchange on cash held in foreign currency		(42,078)	93,574
Net cash (outflows) inflows		(816,074)	154,078
Cash and cash equivalents, beginning of period		1,967,268	1,445,043
Cash and cash equivalents, end of period		1,151,194	1,599,121
Less: Cash – restricted, end of period		(461,397)	(288,421)
Cash and cash equivalents, end of period		689,797	1,310,700

[1] Cash used in operating activities

Cash used in operating activities prior to EP Homes inventory and additions to contract receivables for the three months ended March 31, 2024 amounted to $1.4 million, as compared to $1.1 million cash used for the three months ended March 31, 2023. The cash used in operating activities increased as their was a decrease in the net change in working capital compared to the three months ended March 31, 2023.

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

The primary reason for provided for the three months ended March 31, 2024 of $0.7 million as compared to cash used of $1.1 million for the three months ended March 31, 2023 was due to the sale of 3 homes (March 31, 2023 – 3 homes) for $1.0 million (March 31, 2023 - $1.1 million) and the purchase of 1 home (March 31, 2023 – 5 homes) amounting to $0.3 million (March 31, 2023 - $2.2 million) for the three months ended March 31, 2024.

[3] Cash used in investing activities

Net cash used investing activities for the three months ended March 31, 2024 was $0.2 million (March 31, 2023 - $3.4 million cash used) is primarily due to the purchases of property and equipment.

[4] Cash provided by financing activities

Net cash provided by financing activities for the three months ended March 31, 2024 was $0.1 million (March 31, 2023 - $5.7 million cash provided), which primarily comprised of:

- $0.5 million in net repayments (March 31, 2023 - $5.5 million net proceeds) from credit facilities.
- $0.8 million proceeds (March 31, 2023 - $0.3 million proceeds) of promissory notes.
- $0.2 million repayments (March 31, 2023 - $0.1 million repayments) of lease liabilities.

Items affecting liquidity

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

		March 31, 2024 $	December 31, 2023 $
Current assets			
Cash and cash equivalents		689,797	1,465,939
Customer funds	[1]	12,807,067	13,337,455
Cash – restricted		461,397	501,329
Trade receivables	[2]	9,803,468	6,214,242
Prepaid expenses		1,522,208	2,038,139
Current portion of due from related parties		99,155	62,343
Current portion of EP homes inventory	[3]	5,470,815	5,343,981
Total current assets		**30,853,907**	**28,963,428**
Current liabilities			
Trade payables	[4]	7,750,801	9,724,189
Customer payables	[1]	12,807,067	13,337,455
Current portion of customer deposits		202,431	247,446
Current tax liability		928,390	244,483
Current portion of deferred revenue		139,595	179,945
Current portion of lease liabilities		637,052	760,336
Due to related parties		2,668,674	1,354,371
Current portion of promissory notes		337,317	337,317
Current portion of credit facilities	[5]	7,279,649	7,241,569
Total current liabilities		**32,750,976**	**33,427,111**
Net working capital	[6]	**(1,897,069)**	**(4,463,683)**

[1] Customer funds and customer payable

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. Any overpayments older than 12 months are considered dormant and they are recognized as revenue. Everyday People Climb Credit Inc. ("Climb") collects loan payments from customers and reports payments to the credit bureau to increase credit rating of clients. The cash in customer funds is shown separately under current assets, which is offset by the corresponding customer payable under current liability.

[2] Trade receivables

Trade receivables primarily include the commission receivables from the clients related to RCM. BPO, GCS, Groupe Solution, and EPFS collect the funds on behalf of its clients and transfers the collected funds to the client per the agreed service agreement for certain clients, called gross clients. BPO, GCS, Groupe Solution, and EPFS generate the invoice for its collections and then the client pays commissions as per the agreed terms. The funds collected are received in the bank account for which BPO has signing authority, therefore, the risk of not collecting on the commissions are minimal. The Company reported $9.8 million of receivables as at March 31, 2024, as compared to $6.2 million as at December 31, 2023. The increase in trade receivables is in line with the increase in the RCM segment, from the acquisition of Groupe Solution and EPFS and aligned with the increase in BPO revenue.

[3] Current portion of EP Homes inventory

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

The Company reported 11 homes representing $5.5 million of the current portion of the EP Homes inventory as at March 31, 2024 as compared to 13 homes representing $5.3 million as at December 31, 2023, because the average book value per home is higher, as compared to the three months ended March 31, 2024.

[4] Trade payables

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

The Company reported $7.8 million of trade payables and accrued liabilities as at March 31, 2024 and $9.7 million as at December 31, 2023. Trade payables includes $5.5 million (December 31, 2023 – $6.9 million) from RCM services, $2.0 million (December 31, 2023 – $2.7 million) from financial services, and $0.2 million (December 31, 2023 – $0.2 million) from EP Homes segment.

The primary increase for the three months ended March 31, 2024 as compared to 12 months ended December 31, 2023 is primarily due to the acquisition of Groupe Solution on March 31, 2023 and the acquisition of EPFS on October 31, 2023, and the increase in outstanding payables for GCS and BPO.

[5] Credit facilities

The Company works with multiple credit facility providers to finance EP Homes inventory. It has incorporated SPVs specific to the credit facility provider to provide general security on the financed homes by the credit facilities provider. The interest rate for the credit facilities used for EP Homes inventory, range between prime plus 1% to 13.5% per annum. The term for certain facilities are from payable on demand without notice to 24 months. For further information about the terms of the credit facilities, please refer to note 12 of the consolidated financial statements as at March 31, 2024.

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

The Company reported $7.3 million as the current portion of credit facilities as at March 31, 2024 as compared to $7.2 million as at December 31, 2023, and $9.0 million in long-term credit facilities as at March 31, 2024 as compared to $9.6 as at December 31, 2023. The current portion and long-term portion of credit facilities totaled $16.3 million as at

March 31, 2024 as compared to $16.8 million as at December 31, 2023. The primary reason for the decrease in the credit facilities is due to 2 homes were sold for the three months ended March 31, 2024. The $2.8 million loan for EP Homes IV is currently in current portion of credit facilities.

[6] Net working capital

The net working capital is $(1.9) million as of March 31, 2024 and $(4.5) million as of December 31, 2023.

COMMITMENTS AND CONTINGENCIES

Other commitments

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

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

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

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

LEGAL PROCEEDINGS

The Company has no material legal proceedings.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

As at March 31, 2024, $0.9 million was due from related parties (December 31, 2023 - $0.8 million). As at March 31, 2024, the due from related parties consist of $0.7 million for employees and management receivables (December 31, 2023 - $0.7 million), and $0.1 million related to SEP (December 31, 2023 - $0.1 million) and BTHO UK (December 31, 2023 - $0.1 million). For more details, please refer to Note 11 from consolidated financial statements.

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

As at March 31, 2024, $8.4 million was due to related parties (December 31, 2023 - $6.2 million). The increase of $2.5 million was primarily due to the proceeds from EAM promissory notes and EAM Factoring. For more details, please refer to Note 11 from the consolidated financial statements.

c) Transactions with related parties are as follows:

For the three months ended March 31, 2024, the impact on the consolidated statement of profit and loss and comprehensive profit and loss from related party transactions was $(0.4) million (March 31, 2023 – $1.3 million). The decrease of $1.7 million is primarily because 3 homes were sold to the Company's former Chief Financial Officer for the three months ended March 31, 2023 and the gain on extinguishment debt by GCS's president. For more details, please refer to Note 11 from the consolidated financial statements.

d) Key management personnel remuneration:

For the three months ended March 31, 2024, the key management remuneration was $0.6 million (March 31, 2023 - $0.3 million). The increase of $0.3 million is primarily due to the increase in management fees and salaries for the acquisitions of Groupe Solution and EPFS. For more details, please refer to Note 11 from the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

The preparation of the unaudited interim condensed consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual outcomes could differ from these estimates. The Company's critical accounting estimates relates to estimate of purchase price of allocation, valuation of goodwill and judgement used to value EP Homes inventory and estimate of the restricted share units. Refer to note 2 of the consolidated financial statements as at and for the 12 months ended December 31, 2023 for detailed information of the accounting estimates and judgments.

ACCOUNTING POLICIES INCLUDING CHANGES IN ACCOUNTING POLICIES AND INITIAL ADOPTION

The unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2024 and 2023 of the Company have been prepared in accordance with IFRS as issued by IASB.

Please refer to note 3 of the consolidated financial statements as at and for the 12 months ended December 31, 2023 and as at and for the 15 months ended December 31, 2022 for further information about the Company's significant accounting policies.

RISKS AND UNCERTAINTIES

EP Financial is exposed to several risks and uncertainties. A summary of the material risks that could affect the financial condition, operating results, or business of EP Financial can be found in the section "Risks and Uncertainties" of EP Financial's Annual MD&A dated December 31, 2023, which is available under EP Financial's profile on SEDAR+ at www.sedarplus.com.

FURTHER INFORMATION

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