



Everyday People Financial Corp.
Management's Discussion and Analysis

*For the three months and year ended December 31, 2024 and 2023
[expressed in Canadian dollars except where noted]*

April 30, 2025

The effective date of this Management's Discussion and Analysis is, April 30, 2025, 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 12 months ended December 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 audited consolidated financial statements of the Company for the year ended December 31, 2024 and December 31, 2023, together with the notes thereto. Unless otherwise noted, all amounts are reported in thousands of Canadian dollars. 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 April 30, 2025. The information contained herein is presented as of April 30, 2025, unless otherwise indicated.

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

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, impairment losses, acquisition costs, 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. EP Financial trades on the TSX Venture Exchange ("TSXV") under the symbol EPF, and on the OTCQB Venture Market ("OTCQB") under the symbol EPFCF.

Basis of consolidation

Please refer to the audited consolidated financial statements as at and for the 12 months ended December 31, 2024, and 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. EP Financial has over 500 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 Co-CEO, Barret Reykdal, and two pillars, EP Financial Services and EP Homes operates under our Co-CEO, Tyler Hatch. 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"), CCS Group Holdings Limited ("CCS"), 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 our 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. Financial Services:

Headquartered in Edmonton, Alberta Canada, EP Financial Services operates primarily on a fee-for-service model, generating revenue from financial services and card fees. As a credit facilitator and program manager, EP Financial helps businesses and government agencies coordinate with card networks, credit bureaus, and banks to implement customized payment card and credit access programs. Additionally, EP Financial offers its own unique B2C card

and credit access programs. The Company's financial products and services are meticulously crafted and frequently tailored to meet the unique needs of our clients who are serving everyday people, every day.

EP Supply Chain turns supply chains into high-performance value chains, allowing for better cash flow and profitability, enhancing deliverables to their customers.

EP Supply Chain is a distribution program operated under the Company's EP Financial Services pillar, enabling the delivery of essential goods through licensed third-party exporters and distributors. The Company earns a fee-based share of margin on fulfilled shipments, without holding inventory or assuming lending risk. While the Company supports certain exporters and distributors with access to working capital and logistical coordination, often through a related party, it does so without assuming any financial or balance sheet risk. In exchange, the Company participates in a profit-sharing arrangement with these exporters and distributors, aligning incentives and enabling them to scale purchase volumes more efficiently.

A \$3.7 million decrease in Financial Services revenue was recorded during the fourth quarter, attributable to the reversal of previously accrued revenue related to the Company's EP Supply Chain operations. No additional revenue was recorded in Q4 2024, following the adoption of a more conservative, cash-based revenue recognition policy.

Although the Company operates on an accrual basis and typically recognizes revenue when control of goods transfers to customers and payments have been received by the exporter, the revised treatment recognizes that Supply Chain revenue be recognized only when cash is received by the Company. As a result, the \$3.7 million in revenue previously accrued in Q1 through Q3 was reversed, and \$2.8 million of expected Q4 revenue was not recorded.

The adjustment is entirely non-cash in nature and does not reflect an impairment or collectability issue. The Company has received written confirmation of \$6.4 million in total amounts owed as of December 31, 2024, from the exporting partner. Payments have commenced and will be recognized when cash is received in future periods. Management believes these revenues will be recognized over the next 12 months.

This structure supports the Company's EP Financial Services growth strategy while preserving balance sheet strength. It also represents the first of several accretive steps planned under the Company's expanded EP Financial Services model, focused on scaling recurring, non-lending income streams through strategic partnerships and capital-light operations.

3. EP Homes:

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.

The Company has decided to shift EP Homes' business strategy from the Bridge to Homeownership Program to a Borrowed Down Payment Program ("BDPP"). The BDPP program gives homebuyers an alternative option to purchase a home without having to save for a down payment. Through the BDPP program, qualified homebuyers may access up to 5% equity of their new home purchase as a loan from the Company, to be applied as their down payment to purchase their home. This allows the buyer to become a homeowner with an insured mortgage that would be offered at a competitive interest rate.

BUSINESS AND OPERATIONS HIGHLIGHTS FOR THE 12 MONTHS ENDED DECEMBER 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.

- 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, and subsequently, on January 06, 2025 these warrants were extended to January 21, 2026 while retaining all other terms and conditions of the original Warrants. Each warrant remains exercisable at \$1.25 per common share.
- On November 7, 2024, the Company's wholly-owned subsidiary, BPO acquired 100% of the issued and outstanding shares of CCS Group Holdings Limited ("CCS") pursuant to the share purchase agreement dated September 23, 2024. CCS is a provider of accounts receivable management services in the United Kingdom. CCS primarily focuses on providing debt collection services in the UK and regulated by the UK's Financial Conduct Authority ("FCA"). 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. BPO acquired 100% of CCS shares in exchange for *(all amounts are expressed in CAD and GBP using the foreign exchange rate of, GBP£1.00=CAD\$1.7997):*
 - An aggregate cash payment of:
 - \$4,229 (£2,350 GBP) on the closing date;
 - \$225 (£125 GBP) holdbacks for approximately 90 days following the closing date;
 - \$1,341 (£745 GBP) in deferred to 2 years and payable in six equal monthly installments; and,
 - \$601 (£334 GBP) in deferred payments in six equal monthly installments on the last day of each month commencing the following the 2-year anniversary of the closing date (November 1, 2026).
 - Issuance of 2,233,565 common shares of the Company, issued at a deemed price of \$1.00 per common share (the "Investment Shares"). As at the acquisition date, the Company's shares were trading at \$0.38, therefore, the value of the shares issued totaled \$849 (£472 GBP).

Per the share purchase agreement, if the Investment Shares do not achieve a minimum value of \$1.00 per common share on the 2-year anniversary of the closing date of the acquisition, BPO shall pay the CCS Shareholders subject to the following:

- Difference between \$1,114 (£619 GBP) and the actual value of one-half the Investment Shares on the 2-year anniversary of the closing date, in six equal monthly installments without interest;
 - If CCS achieves both the initial performance payment and the final performance payment, as defined below, BPO will pay the CCS Shareholders the same amount and in the same manner for the other one-half of the Investment Shares (the "Conditional Additional Payment"), but if either of the performance payments is not achieved by CCS, no further Conditional Additional Payment will be due; and
 - If the Investment Shares reach a minimum value of \$1.00 per common share on the 2-year anniversary of the closing date, no Non-Conditional Additional Payment or Conditional Additional Payment will be required.
- In addition, the CCS Shareholders may earn up to an additional \$709 (£394 GBP) (the "Performance Amount") in cash in two pro-rated payments based on CCS achieving specific EBITDA targets within 2-years following the closing date.

If CCS achieves a trailing six months of EBITDA between \$540 (£300 GBP) and \$675 (£375 GBP) or greater, the CCS Shareholders will receive one-half of the Performance Amount, pro-rated on a sliding scale between 80% and 100% (the "Initial Performance Payment"). A second trailing six months of EBITDA meeting the same criteria triggers the other one-half of the Performance Amount (the "Final Performance Amount"). The CCS Shareholders will select the trailing six-month periods to declare for both payments and will notify BPO in writing. If EBITDA is less than \$540 (£300 GBP) during the relevant periods, the respective payments will be forfeited.

The Company funded the cash payment through debt, under a credit arrangement with a UK bank (the "Bank"). The Bank made available a non-revolving committed loan facility of \$6,010 (£3,325 GBP) to BPO, with a 5-year term (the "Bank Loan"). Monthly interest payments only are due for the first year. The Bank Loan is payable in equal monthly installments plus interest, starting in year 2, and \$903,750 (£500,000 GBP) each in years 2, 3, and 4, with any remaining balance due in year 5. The Bank Loan has a floating rate of 4.75% plus the Bank of England's base rate with a base rate floor being 3.75%. The Bank Loan is secured by a bond and floating charge/debenture granted by BPO.

- On January 2, 2025, the Company issued 1,000,000 common shares to DC Bank, whereby the Company and DC Bank agreed to settle outstanding debt in the amount of \$553 owed to DC Bank, together with the Company

utilizing different technology services of DC Bank, which allows for a reduction in monthly fees payable to DC Bank under the New Program Agreements.

- On January 6, 2025, the Company announced its intention to extend the expiry date of 2,342,000 common share purchase warrants originally issued on January 21, 2022. These warrants had previously been amended on December 31, 2023, to extend their expiry to January 21, 2025. The Company applied to the TSXV for approval to further extend the expiry date of the warrants to January 21, 2026. On January 6, 2025, the TSXV approved the extension. All other terms of the warrants, including the exercise price of \$1.25 per common share, remain unchanged.
- On January 20, 2025, the Company issued an aggregate of 2,439,024 common shares to EAM at a deemed price of \$0.82 per common share to settle a portion of the outstanding indebtedness in the amount of \$2 million. Upon completion of the debt settlement, EAM together with Gordon Reykdal will hold 20.8% of the Company's issued and outstanding common shares. The debt settlement will not result in the creation of a new control person or insider of the Company.
- On January 29, 2025, the Company issued an aggregate of 3,636,364 common shares to EAM at a deemed price of \$1.10 per common share to settle a portion of the outstanding indebtedness in the amount of \$4 million. Upon completion of the debt settlement, EAM together with Gordon Reykdal will hold 22.7% of the Company's issued and outstanding common shares. The debt settlement will not result in the creation of a new control person or insider of the Company.

ACQUISITION HIGHLIGHTS

The integration of CCS is progressing well, and the Company's plan is to add accretive acquisitions to the Company's RCM services segment will continue throughout 2025.

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 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 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 December 31, 2024, was \$8.8 million as compared to \$9.7 million for the three months ended December 31, 2023, resulting in a total decrease of 9% or \$0.9 million, which was primarily due to:

- \$2.0 million increase in RCM services revenue, primarily driven by the acquisition of CCS, and the increase in accounts in the remaining RCM services entities.
- \$0.7 million increase in EP Homes services revenue is due to the 4 homes sold, as compared to 3 homes sold last year.
- \$3.6 million decrease in financial services revenue, primarily attributed to a reversal of revenue related to our supply chain operations. Although the Company operates on an accrual basis of accounting, recognizing revenue when control of goods transfers to customers, typically upon delivery, revenue related to the supply chain operations was reversed during the current reporting period pursuant to a more conservative approach, resulting in the reversal of previously accrued revenue and recognition on a cash basis.

Revenue for the 12 months ended December 31, 2024, was \$57.1 million as compared to \$37.9 million for the 12 months ended December 31, 2023, resulting in a total increase of 51% or \$19.2 million, which was primarily due to:

- \$15.6 million increase in RCM services revenue, primarily due to the acquisitions of Groupe Solution, EPFS, and CCS and the increase in the operations in BPO.
- \$3.5 million increase in EP Homes facilitation revenue, is related to 20 homes sold for 12 months ended December 31, 2024, as compared to 10 homes sold for 12 months ended December 31, 2023.

Loss from operations for the three months ended December 31, 2024, was \$8.5 million (three months ended December 31, 2023 - \$5.3 million). For more information, see the Selected Annual Information section.

Loss from operations for the 12 months ended December 31, 2024, was \$5.1 million (12 months ended December 31, 2023 - \$6.2 million). For more information, see the Selected Annual Information section.

Cash flow activities for the 12 months ended December 31, 2024, and December 31, 2023, are as follows:

- Net cash provided by operating activities for the 12 months ended December 31, 2024, was \$6.2 million (December 31, 2023 - \$5.4 million cash used in operating activities).
- Net cash used in investing activities for the 12 months ended December 31, 2024, was \$5.2 million (December 31, 2023 - \$0.4 million cash provided by investing activities).
- Net cash used in financing activities for the 12 months ended December 31, 2024, was \$2.4 million (December 31, 2023 - \$5.7 million cash provided by financing activities).

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

SELECTED ANNUAL INFORMATION

		Three months ended	Three months ended	12 months ended	12 months ended
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
		\$000	\$000	\$000	\$000
Revenue	[1]	8,782	9,666	57,126	37,893
Direct costs	[2]	5,925	3,972	23,389	14,890
Gross profit		2,857	5,694	33,737	23,003
Operating expenses					
Sales, general, and administrative expenses	[3]	8,582	7,969	29,997	21,647
Other operating expenses		2,013	1,433	6,293	4,577
Management, consulting, and professional fees	[4]	789	1,557	2,580	3,022
Total operating expenses		11,384	10,959	38,870	29,246
Loss from operations		(8,527)	(5,265)	(5,133)	(6,243)
Total other income (expenses)		(1,770)	5,012	(1,529)	3,707
Net loss before tax		(10,297)	(253)	(6,662)	(2,536)
Income tax recovery (expense)		1,750	377	34	583
Net profit (loss) for the period		(8,547)	124	(6,628)	(1,953)
Comprehensive profit (loss) for the period		(8,629)	487	(5,818)	(1,477)

Consolidated balance sheet information	[5]	December 31, 2024	December 31, 2023
		\$000	\$000
Total assets		63,945	64,078
Total non-current financial liabilities		16,621	17,068
Deficit		(67,341)	(60,713)
Dividends declared		\$nil	\$nil
Basic and diluted loss per share		(0.06)	(0.02)

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 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.

Consolidated Adjusted EBITDA

		Three months ended	Three months ended	12 months ended	12 months ended
		December 31, 2024 \$000	December 31, 2023 \$000	December 31, 2024 \$000	December 31, 2023 \$000
Adjusted EBITDA reconciliation					
Net loss before tax		(10,296)	(252)	(6,662)	(2,536)
<i>Adjustments</i>					
Interest included in direct cost		2	77	10	168
Depreciation and amortization		966	583	3,389	2,462
Acquisition costs	[a]	253	233	324	611
Share-based compensation		10	170	458	910
Finance costs		634	659	3,058	2,441
One-time expenses	[b]	602	1,663	448	1,663
Reversal of surplus revenue	[c]	2,678	—	2,678	—
Total adjustment to net loss before tax		5,145	3,385	10,365	8,255
Adjusted EBITDA		(5,151)	3,133	3,703	5,719
Less: Finance costs		(634)	(659)	(3,058)	(2,441)
Adjusted EBTDA		(5,785)	2,474	645	3,278

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

[b] One-time expenses for the three months and 12 months ended December 31, 2024, include \$0.4 million loss on fair value for the contingent consideration. For the three months and 12 months ended December 31, 2023 include a loss on fair value for the contingent consideration of \$0.2 million, impairment of \$0.8 million of which \$0.7 million is related to EP Homes impairment of trade name and \$0.1 million is related to Groupe Solution impairment of goodwill, and \$0.6 million for the reclass of management loans.

[c] This amount pertains to suspense and overpayment revenue recognized during the year in accordance with standard business practices in the UK. Given the legal obligation to issue refunds upon customer request, applicable for a period of up to five years under the UK statute of limitations—we have recorded an adjustment to reflect the potential liability associated with such refunds. Historically, less than 1% of these funds are actually refunded. All customer refund requests have been honoured in full, including those submitted beyond the statute of limitations.

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Adjusted EBITDA – RCM services

		Three months ended	Three months ended	12 months ended	12 months ended
		December 31, 2024 \$000	December 31, 2023 \$000	December 31, 2024 \$000	December 31, 2023 \$000
Adjusted EBITDA reconciliation					
Net profit (loss) before tax		(2,959)	1,441	(712)	3,613
<i>Adjustments</i>					
Depreciation and amortization		836	543	3,143	2,284
Acquisition costs		253	233	324	547
Share-based compensation		128	77	205	80
Finance costs		361	214	1,310	753
One-time expenses		449	601	449	601
Reversal of surplus revenue		2,678	—	2,678	—
Total adjustment to net profit (loss) before tax		4,705	1,668	8,109	4,265
Adjusted EBITDA		1,746	3,109	7,397	7,878
Less: Finance costs		(361)	(214)	(1,310)	(753)
Adjusted EBTDA		1,385	2,895	6,087	7,125

Adjusted EBITDA – EP Homes services

		Three months ended	Three months ended	12 months ended	12 months ended
		December 31, 2024 \$000	December 31, 2023 \$000	December 31, 2024 \$000	December 31, 2023 \$000
Adjusted EBITDA reconciliation					
Net loss before tax		(546)	(1,313)	(1,181)	(1,534)
<i>Adjustments</i>					
Interest included in direct costs		2	77	10	168
Depreciation and amortization		93	—	93	17
Share-based compensation		(4)	11	18	43
Finance costs		121	239	925	946
One-time expenses		154	775	154	775
Total adjustment to net loss before tax		366	1,102	1,200	1,949
Adjusted EBITDA		(180)	(211)	19	415
Less: Finance costs		(121)	(239)	(925)	(946)
Adjusted EBTDA		(301)	(450)	(906)	(531)

Adjusted EBITDA – Financial services

		Three months ended	Three months ended	12 months ended	12 months ended
		December 31, 2024 \$000	December 31, 2023 \$000	December 31, 2024 \$000	December 31, 2023 \$000
Adjusted EBITDA reconciliation					
Net profit (loss) before tax		(5,887)	815	(630)	526
<i>Adjustments</i>					
Depreciation and amortization		93	—	93	17
Share-based compensation		—	—	—	21
Finance costs		29	29	112	124
One-time (income) expenses		—	46	8	46
Total adjustment to net profit (loss) before tax		122	75	213	208
Adjusted EBITDA		(5,765)	890	(417)	734
Less: Finance costs		(29)	(29)	(112)	(124)
Adjusted EBTDA		(5,794)	861	(529)	610

Adjusted EBITDA – Corporate services

		Three months ended	Three months ended	12 months ended	12 months ended
		December 31, 2024 \$000	December 31, 2023 \$000	December 31, 2024 \$000	December 31, 2023 \$000
Adjusted EBITDA reconciliation					
Net loss before tax		(904)	(1,195)	(4,140)	(5,141)
<i>Adjustments</i>					
Depreciation and amortization		13	12	50	48
Acquisition costs		—	—	—	64
Share-based compensation		(113)	82	235	767
Finance costs		123	176	709	618
One-time (income) expenses		(71)	270	(151)	336
Total adjustment to net loss before tax		(48)	540	843	1,833
Adjusted EBITDA		(952)	(655)	(3,297)	(3,308)
Less: Finance costs		(123)	(176)	(709)	(618)
Adjusted EBTDA		(1,075)	(831)	(4,006)	(3,926)

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 December 31,	Three months ended December 31,	Three months ended December 31,		12 months ended December 31,	12 months ended December 31,	12 months ended December 31,	
	2024	2023	Change	Change	2024	2023	Change	Change
	\$000	\$000	\$000	(%)	\$000	\$000	\$000	(%)
EP Homes services	1,855	1,134	721	64%	9,441	5,879	3,562	61%
RCM services	10,492	8,481	2,011	24%	47,344	31,786	15,558	49%
Financial services	(3,565)	50	(3,615)	(7,230%)	341	228	113	50%
Total	8,782	9,665	(883)	(9%)	57,126	37,893	19,233	51%

The increase in revenue of RCM services segment amounting to:

- \$2.0 million increase for the three months ended December 31, 2024, is primarily due to the acquisition of CCS on November 7, 2024, and organic growth in the operations for the remaining RCM entities.
- \$15.6 million increase for the 12 months ended December 31, 2024, is primarily due to the acquisition of Groupe Solution on March 31, 2023, EPFS on October 31, 2023, and CCS on November 7, 2024, and the growth in the operations for the remaining RCM entities.

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

- \$0.1 million increase for the three months ended December 31, 2024, is due to the higher selling price of 4 homes sold during this period, compared to the selling prices of 3 homes sold in the same period of 2023.
- \$3.6 million increase for the 12 months ended December 31, 2024, is related to 20 homes sold for 12 months ended December 31, 2024, as compared to 10 homes sold in the same period of 2023.

The decrease in revenue of financial services segment amounting to:

- \$3.6 million decrease in financial services revenue, primarily attributed to a reversal of revenue related to our supply chain operations. Although the Company operates on an accrual basis of accounting, recognizing revenue when control of goods transfers to customers, typically upon delivery, revenue related to the supply chain operations was reversed during the current reporting period pursuant to a more conservative approach, resulting in the reversal of previously accrued revenue and recognition on a cash basis.

[2] Direct costs

	Three months ended December 31,	Three months ended December 31,	12 months ended December 31,	12 months ended December 31,	Three months ended December 31,	12 months ended December 31,
	2024	2023	2024	2023	Change	Change
	\$000	\$000	\$000	\$000	\$000	\$000
EP Homes services	1,914	1,071	8,922	5,100	843	3,822
RCM services	3,963	2,784	14,076	9,344	1,179	4,732
Financial services	47	116	391	446	(69)	(55)
Total	5,924	3,971	23,389	14,890	1,953	8,499
As a % of total revenue	67%	41%	41%	39%	—	—

The increase in direct costs of RCM services amounting to:

- \$1.2 million increase for the three months ended December 31, 2024, are primarily related to the acquisition of CCS and is aligned with the increase in RCM services revenue, as compared to the same period of 2023.
- \$4.7 million increase for the 12 months ended December 31, 2024, is primarily related to the acquisitions of Groupe Solution, EPFS and CCS, and is aligned with the increase in RCM services revenue, as compared to the same period of 2023.

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

- \$0.8 million increase for the three months ended December 31, 2024, is primarily related to the higher cost of 4 homes sold for the three months ended December 31, 2024, as compared to the cost of 3 homes sold for the same period in 2023.
- \$3.8 million increase for the 12 months ended December 31, 2024, is primarily related to the cost of 20 homes sold for the 12 months ended December 31, 2024, as compared to 10 homes sold for the same period in 2023.

[3] Sales, general, and administrative expenses

	Three months ended December 31,	Three months ended December 31,	12 months ended December 31,	12 months ended December 31,	Three months ended December 31,	12 months ended December 31,
	2024	2023	2024	2023	Change	Change
	\$000	\$000	\$000	\$000	\$000	\$000
Employee benefits expense	7,158	7,041	25,720	18,025	117	7,695
Depreciation and amortization	966	583	3,390	2,462	383	928
Acquisition costs	252	233	324	611	19	(287)
Loss allowances	97	90	90	109	7	(19)
Other expenses	110	22	473	440	88	33
Total	8,583	7,969	29,997	21,647	614	8,350
As a % of total revenue	98%	82%	53%	57%	—	—

The increase in employee benefit expenses amounting to:

- \$7.7 million increase for the 12 months ended December 31, 2024, are primarily due to the acquisition of Groupe Solution, EPFS, and CCS.

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

	Three months ended December 31,	Three months ended December 31,	12 months ended December 31,	12 months ended December 31,	Three months ended December 31,	12 months ended December 31,
	2024	2023	2024	2023	Change	Change
	\$000	\$000	\$000	\$000	\$000	\$000
Management and consulting fees	302	1,280	1,182	1,920	(978)	(738)
Professional fees	485	278	1,398	1,102	207	296
Total	787	1,558	2,580	3,022	(771)	(442)
As a % of total revenue	9%	16%	5%	8%	—	—

The decrease in management and consulting fees amounting to:

- \$1.0 million decrease for the three months ended December 31, 2024, is primarily related to the reduction of management in the Company, as compared to the same period in 2023.
- \$0.7 million decrease for the 12 months ended December 31, 2024, is primarily related to the reduction of management in the Company, as compared to the same period in 2023.

The increase in professional fees amounting to:

- \$0.2 million increase for the three months ended December 31, 2024, is primarily related to the increased audit fees, as compared to the same period in 2023.
- \$0.3 million increase for the 12 months ended December 31, 2024, is primarily related to the increased audit fees, as compared to the same period in 2023.

[5] Consolidated balance sheet information

As at December 31, 2024, total assets of \$63.9 million (December 31, 2023 - \$64.1 million) primarily consist of \$5.0 million in properties held for lease and sale (December 31, 2023 - \$12.7 million), \$17.7 million in intangible assets (December 31, 2023 - \$14.9 million), \$13.3 million in customer funds (December 31, 2023 - \$13.3 million), \$6.8 million in trade receivables (December 31, 2023 - \$6.2 million), and \$12.8 million for goodwill (December 31, 2023 - \$8.6 million) accounted upon acquisition of BPO, GCS, Groupe Solution, and CCS.

The non-current financial liabilities are calculated as defined in the CPA Canada handbook; therefore, deferred tax liability is excluded from total long-term financial liabilities. The non-current financial liabilities as at December 31, 2024, primarily consist of lease liabilities of \$2.9 million as compared to \$1.8 million as at December 31, 2023, \$5.9 million of due to related parties as at December 31, 2024 as compared to \$4.8 million as at December 31, 2023, \$2.5 million for promissory notes as compared to \$0.7 million as at December 31, 2023, and \$5.3 million in credit facilities as at December 31, 2024 as compared to \$9.7 million as at December 31, 2023.

Basic and diluted loss per share is calculated based on the weighted average number of the Company's issued and outstanding common shares. For the 12 months ended December 31, 2024, the loss per share was \$0.06 as compared to \$0.02 loss per share for the 12 months ended December 31, 2023.

Outstanding Securities

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

Description of securities	Number of securities outstanding as at December 31, 2024	Number of securities outstanding as at December 31, 2023
Common shares	118,654,361	114,076,539
Warrants	2,342,000	2,617,380
Options	1,885,000	2,388,400
RSUs	1,267,000	3,011,000
Equity fully diluted	124,148,361	122,093,319

Financial Instruments

Please refer to Note 17 of the consolidated financial statements for details on measurement, carrying value, and fair value of financial instruments. For the 12 months ended December 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 quarter:

	12/31/2024	09/30/2024	06/30/2024	03/31/2024	12/31/2023	09/30/2023	06/30/2023	3/31/2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	8,782	17,784	15,756	14,805	9,666	9,434	10,794	8,000
Revenue Q/Q change %	(51%)	13%	6%	53%	2%	(13%)	35%	68%
Profit (loss) from operations	(8,526)	1,395	633	1,365	(5,265)	3	(60)	(921)
Net income (loss) for the period	(8,546)	978	69	870	125	(365)	(599)	(1,114)
Comprehensive income (loss) for the period	(8,629)	1,493	239	1,078	487	(570)	(586)	(808)
Adjusted EBITDA	(5,151)	3,085	2,382	3,102	3,133	1,132	983	471
Earnings (loss) per share, basic and diluted	(0.06)	0.01	0.00	0.01	0.01	(0.00)	(0.01)	(0.01)

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 with a Schedule 1 Bank to launch its financial services products and working capital for the financial services segment is primarily funded by the capital raised in past financing. EP Homes services segment required debt and equity financing to support the bridge to homeownership operations, since significant capital is required to scale the bridge to homeownership program, the Company strategically shifted its business model to the borrowed down payment program, where significant debt and financing is not required.

The Company's cash balance was \$1.6 million as at December 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 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 \$4.2 million senior secured credit facilities with financial institutions to support existing \$5.0 million property portfolio of EP Homes and is working on selling its properties and paying off all associated credit facilities to align with EP Homes' strategic shift in its business plan.

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CASH FLOW SUMMARY

The following table provides a summary of cash inflows and outflows by activity for the 12 months ended December 31, 2024, and December 31, 2023:

Cash inflows (outflows) by activity:		December 31, 2024 \$000	December 31, 2023 \$000
Cash provided by (used in) operating activities	[1]	6,205	(5,401)
Cash provided by (used in) investing activities	[2]	(5,179)	352
Cash provided by (used in) financing activities	[3]	(2,420)	5,700
Foreign exchange on cash held in foreign currency		1,143	(129)
Net cash inflows (outflows)		(251)	522
Cash and cash equivalents, beginning of period		1,967	1,445
Cash and cash equivalents, end of period		1,716	1,967

[1] Cash provided by (used in) operating activities

Net cash provided by operating activities for the 12 months ended December 31, 2024, amounted to \$6.2 million, (December 31, 2023 - \$5.4 million cash used in operating activities). The cash provided by operating activities for the 12 months ended December 31, 2024, increased by \$11.6 million, primarily due to the proceeds from the sale of the EP Homes properties.

[2] Cash provided by (used in) investing activities

Net cash used investing activities for the 12 months ended December 31, 2024, was \$5.2 million (December 31, 2023 – \$0.4 million provided by investing activities), of which \$4.4 million cash used (December 31, 2023 - \$0.4 million cash provided) was related to the acquisition of CCS on November 7, 2024.

[3] Cash provided by (used in) financing activities

Net cash used in financing activities for the 12 months ended December 31, 2024, was \$2.4 million (December 31, 2023 - \$5.7 million cash provided), which primarily comprised of:

- \$0.7 million in net proceeds (December 31, 2023 – \$1.8 million of net repayments) of promissory notes.
- \$1.0 million of repayments (December 31, 2023 – \$0.6 million) of lease liabilities.
- \$2.1 million of net repayments (December 31, 2023 – \$8.1 million net proceeds) of credit facilities.

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Items affecting liquidity

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

		December 31, 2024	December 31, 2023
		\$000	\$000
Current assets			
Cash and cash equivalents		1,615	1,466
Customer funds	[1]	13,347	13,337
Cash – restricted		101	501
Trade receivables	[2]	6,797	6,214
Prepaid expenses		1,371	2,038
Due from related parties		530	818
Current portion of properties held for lease and sale	[3]	2,069	5,344
Total current assets		25,830	29,718
Current liabilities			
Trade payables	[4]	11,081	9,724
Customer payables	[1]	13,347	13,337
Other current liabilities		245	674
Current tax liability		335	245
Current portion of lease liabilities		511	760
Current portion of due to related parties		608	1,354
Current portion of promissory notes		1,454	337
Current portion of credit facilities	[5]	9,545	7,242
Total current liabilities		37,126	33,673
Net working capital	[6]	(11,296)	(3,955)

[1] Customer funds and customer payable

RCM services collect payments on behalf of its customers. The funds belong to the clients and are not available for operating use by the Company. 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. 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 services. RCM services 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. RCM services 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 the Company has signing authority, therefore, the risk of not collecting on the commissions are minimal. The Company reported \$6.8 million of receivables as at December 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 services revenue.

[3] Current portion of properties held for lease and sale

The current portion of the properties held for lease and sale 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 the sale of the properties, the Company repays the outstanding credit facilities and mezzanine debt associated with the home and remaining cash flow is used per the planned budget.

The Company reported 4 homes representing \$2.1 million of the current portion of the properties held for lease and sale as at December 31, 2024, as compared to 13 homes representing \$5.3 million as at December 31, 2023.

[4] Trade payables

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

The Company reported \$11.1 million of trade payables and accrued liabilities as at December 31, 2024 and \$9.7 million as at December 31, 2023. Trade payables includes \$8.5 million (December 31, 2023 – \$6.9 million) from RCM services, \$2.1 million (December 31, 2023 – \$2.7 million) from financial services, and \$0.4 million (December 31, 2023 – \$0.1 million) from EP Homes segment.

The primary reason for the decrease for the 12 months ended December 31, 2024, as compared to 12 months ended December 31, 2023 is primarily due to the payment of major suppliers in RCM services and financial services segment.

[5] Credit facilities

The Company works with multiple credit facility providers to finance the EP Homes properties. 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 properties, range between prime plus 1% to 13.5% per annum. The term for certain facilities is from payable on demand without notice to 24 months. For further information about the terms of the credit facilities, please refer to note 11 of the consolidated financial statements as at December 31, 2024.

Any demand of the existing credit facilities with a short notice may create liquidity issues for the Company. The Company has decided to pivot the EP Homes business strategy from the Bridge to Homeownership program to a BDPP program, where the new strategy requires less capital to execute the business model. As a result, the Company plans to sell all of its properties held for lease and sale and pay off all associated credit facilities within 12 months.

In 2023 and 2024, the company entered in credit agreements with lenders to finance acquisitions. These credit arrangements are structured so the acquired company funds the payments.

The Company reported \$9.5 million as the current portion of credit facilities as at December 31, 2024 as compared to \$7.2 million as at December 31, 2023, and \$5.3 million in long-term credit facilities as at December 31, 2024 as compared to \$9.7 million as at December 31, 2023. The current portion and long-term portion of credit facilities totaled \$14.9 million as at December 31, 2024 as compared to \$17.0 million as at December 31, 2023. The primary reason for the decrease in the credit facilities is due to 20 homes were sold for the 12 months ended December 31, 2024. The \$4.2 million loan associated to the properties held in EP Homes is currently in current portion of credit facilities as all homes are expected to be sold within 12 months. However, for the 12 months ended December 31, 2024, obtained a credit facility of \$4.7 million for the acquisition of CCS.

[6] Net working capital

The net working capital deficiency increased by \$7.3 million. The net working capital deficiency as of December 31, 2024 is \$11.3 million, as compared to \$4.0 million as of December 31, 2023. The primary reason for the increase in net working capital deficiency is due to majority of the credit facilities are due to mature within the next 12 months. The Company is working with lenders to extend their current facilities or repay the credit facilities to strengthen its net working capital. Additionally, as part of the Company's strategic shift in the EP Homes' business plan, the Company plans to sell all its EP Homes inventory and pay off all credit facilities associated to the EP Homes inventory within the next 12 months. This will impact the Company positively from a cash flow perspective as finance costs will continue to reduce, allowing the Company to reduce its current liabilities, resulting in a net working capital increase.

COMMITMENTS AND CONTINGENCIES

Other commitments

On September 30, 2024, the Company terminated the old Processing Agreement and BIN Sponsorship Agreement and entered into a new BIN Sponsorship and Processing Services Agreement (the "Agreement") with Digital Commerce Bank ("DC Bank"). Pursuant to the Agreement, the Company entered into a Card Program Services Agreement and a Transaction Processing Agreement (collectively referred to as "New Program Agreements").

On September 30, 2024, the Company entered into a Card Program Services Agreement with DC Bank for an 8-year term, maturing September 30, 2032. Pursuant to the Card Program Services Agreement, DC Bank agreed act as a Program Manager and provide services related to the provision of prepaid cards to the Company's clients. The Card Program Services Agreement grants the Company non-exclusive and revocable license to use DC Bank's property for the purpose of operating its card program(s). The Card Program Services Agreement does not transfer ownership of the intellectual property to the Company. The Card Program Services Agreement has an 8-year renewal option, subject to an agreement between all parties.

On September 30, 2024, the Company entered into a Transaction Processing Agreement with DC Bank for an 8-year term, maturing September 30, 2032. Pursuant to the Transaction Processing Agreement, DC Bank agreed to provide transaction processing services to the Company. The Transaction Processing Agreement grants the Company non-exclusive and revocable license to access and use DC Bank's processor software and documentation solely for the purpose of utilizing the processing services. DC Bank owns all intellectual property, and the Transaction Processing Agreement grants the Company a limited license to use the intellectual property. The Transaction Processing Agreement does not transfer ownership of the intellectual property to the Company.

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 12 months ended December 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 until July 31, 2024
Bridge to Homeownership UK Ltd. ("BTHO UK")	Common shareholders
EAM Enterprises Inc. ("EAM")	Principal shareholder of the Company
Pollock Services Corp. ("Pollock Services")	Wholly owned by a former director of the Board
General Billing Solutions Inc. ("GBSI")	Company owned by the President of GCS
1125855 Alberta Ltd. ("112 AB Ltd.")	Company owned by the President of GCS
People First Credit Corporate ("People First")	Company owned by the President of GCS
Telecom Technologies Inc. ("Freestyle")	Company owned by the President of GCS
12508257 Canada Inc.	Wholly owned by a former officer of the Company
Ghislain Rhéaume	Former president of Groupe Solution
André Pitoscia	Former president of Groupe Solution

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

As at December 31, 2024, \$0.5 million was due from related parties (December 31, 2023 - \$0.8 million), of which \$0.4 million are related to employees and management receivables (December 31, 2023 - \$0.7 million), \$Nil related to SEP (December 31, 2023 - \$0.1 million), \$0.1 million related to BTHO UK (December 31, 2023 - \$0.1 million). For more details, please refer to Note 10 from the consolidated financial statements.

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

As at December 31, 2024, \$6.5 million was due to related parties (December 31, 2023 - \$6.2 million), of which \$6.3 million is due to EAM (December 31, 2023 - \$5.0 million), and \$0.2 million is due to 112 AB Ltd. (December 31, 2023 - \$90). For more details, please refer to Note 10 from the consolidated financial statements.

c) Transactions with related parties are as follows:

For the 12 months ended December 31, 2024, the impact on the consolidated statement of loss and comprehensive loss from related party transactions was \$3.2 million loss (December 31, 2023 – \$1.7 million loss). For more details, please refer to Note 10 from the consolidated financial statements.

d) Key management personnel remuneration:

For the 12 months ended December 31, 2024, the key management remuneration was \$2.6 million (December 31, 2023 - \$2.2 million). The increase of \$0.4 million is primarily due to the increase in the salaries as management personnel grew from the acquisitions of Groupe Solution, EPFS, and CCS as well as, the increase in the number of senior officers in the Company. For more details, please refer to Note 10 from the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

The preparation of the 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 relate to estimate of purchase price of allocation, valuation of goodwill and judgement used to value properties held for lease and sale, and estimate of the restricted share units. Refer to note 2 of the consolidated financial statements as at and for the year ended December 31, 2024, for detailed information of the accounting estimates and judgments.

ACCOUNTING POLICIES INCLUDING CHANGES IN ACCOUNTING POLICIES AND INITIAL ADOPTION

The consolidated financial statements as at and for the year ended December 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 for further information about the Company's significant accounting policies.

RISKS AND UNCERTAINTIES

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

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

[1] RISKS RELATED TO BUSINESS GROWTH THROUGH ACQUISITIONS

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

Potential issues associated with these acquisitions could include, among other things, EP Financial's ability to realize the full extent of the benefits or cost savings that it expects to realize as a result of the completion of the acquisition within the anticipated time frame, or at all; the ability of EP Financial to gain the necessary consents, clearances and

approvals in connection with the acquisition; the diversion of management's attention from base strategies and objectives; and, EP Financial's ability to successfully combine its businesses with the business of the acquired company in a manner that permits cost savings to be realized. Areas which may challenge the success of integrating the businesses of acquired companies with EP Financial's business include: retaining executives and key employees, conforming standards, controls, procedures and policies, business cultures and compensation structures among EP Financial and the acquired company, consolidating and streamlining corporate and administrative infrastructures, consolidating sales and marketing operations, retaining existing service providers and attracting new providers, identifying and eliminating redundant and underperforming operations and assets, coordinating geographically dispersed organizations, and managing tax costs or inefficiencies associated with integrating EP Financial's operations following completion of the acquisitions. The process of integrating acquired companies and operations into EP Financial's operations may result in unforeseen operating difficulties and may require significant financial resources and management's time and attention that would otherwise be available for the ongoing development or expansion of its existing operations. In addition, acquisitions outside of Canada increase EP Financial's exposure to risks associated with foreign operations, including fluctuations in foreign exchange rates and compliance with foreign laws and regulations. If an acquisition is not successfully completed or integrated into EP Financial's existing operations, its business, results of operations and financial condition could be materially adversely impacted.

EP Financial has limited experience in making acquisitions, entering collaborations and in-licensing product candidates and therefore cannot provide assurance that any acquisition, collaboration or in-license will result in short-term or long-term benefits to it. EP Financial may incorrectly judge the value of an acquired business or in-licensed product candidate. In addition, EP Financial's future success would depend in part on its ability to manage the rapid growth associated with some of these acquisitions, collaborations and in-licenses. EP Financial cannot provide assurance that it would be able to successfully combine its business with that of acquired businesses, manage a collaboration or integrate in-licensed product candidates. Furthermore, the development or expansion of EP Financial's business may require a substantial capital investment by EP Financial.

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

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

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

Additional Capital Requirements

To date, EP Financial has funded its operations predominantly through private placements of equity and debt in addition to revenue generated from its RCM services segments, EP Homes facilitation services and financial services. EP Financial expects to require substantial additional funding in the future to sufficiently finance its RCM services acquisitions. Further, changing circumstances, some of which may be beyond EP Financial's control, could cause EP Financial to consume capital significantly faster than EP Financial currently anticipates, and EP Financial may need to seek additional funds sooner than planned. EP Financial's future funding requirements, both short-term and long-term, will depend on many factors, including:

- the ability for EP Financial to generate revenue from RCM services, EP Homes and financial based activities;
- the costs involved in growing EP Financial's organization to the size needed to allow for the development and potential commercialization of EP Financial's current and any future products and services;
- the costs of developing sales and marketing capabilities to target all customers with poor credit;
- the costs of training employees who are supporting or will support EP Financial's business;

- generating and collecting data and intellectual property, and strengthening EP Financial's regional and national presence as a FinTech company;
- the costs of developing and testing digital technology solutions;
- selling and marketing activities undertaken in connection with the potential commercialization of EP Financial's current or any future products and services, and costs involved in the creation of an effective sales and marketing organization; and
- the costs of operating as a public company.

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

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

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

Financial and Liquidity Risk

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

EP Financial may incur a substantial amount of debt in the future. As of December 31, 2024, EP Financial had total consolidated debt of \$14.9 million of which \$4.2 million is secured by EP Homes properties amounting to \$5.0 million. EP Financial's management will consider a number of factors when evaluating its level of indebtedness and when making decisions regarding the incurrence of any new indebtedness, including the purchase price of assets to be acquired with debt financing, the estimated market value of its assets and the ability of particular assets and EP, as a whole, to generate cash flow to cover the expected debt service. Incurring a substantial amount of debt could have important consequences for EP Financial's business, including:

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

EP Financial may not be able to generate sufficient cash flow to meet EP Financial's debt service obligations. EP Financial's ability to generate sufficient cash flow from operations to make scheduled payments on EP Financial's debt obligations will depend on its current and future financial performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond EP Financial's control. In the future, EP Financial may fail to generate sufficient cash flow from the collection of non-performing accounts to meet EP Financial's cash

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

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

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

Operational and Industry Risks

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

Operational Risk – RCM Services

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

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

- low employee morale;
- fewer experienced employees;
- higher training costs;

- disruptions in EP Financial's operations;
- loss of efficiency; and
- excess costs associated with unused space in EP Financial's facilities.

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

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

Interest Rate Risk

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

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

Achieving Publicly Announced Milestones

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

Unfavourable Publicity or Consumer Perception

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

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

would harm EP Financial's reputation and could have a material adverse effect on EP Financial's business, prospects, financial condition and financial performance.

Market Competition

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

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

Natural Disasters

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

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

Reliance on Key Inputs

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

Reliance on Key Executives

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

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

Employee Misconduct

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

Liability Arising from Fraudulent or Illegal Activity

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

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

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

Conflicts of Interest

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

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

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of EP Financial's directors, a director who has such a

conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of EP Financial are required to act honestly, in good faith and in the best interests of EP Financial.

Operating Risk and Insurance Coverage

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

Computer System Failures

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

Foreign Operations

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

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

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

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

RCM Services

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

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

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

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

Exchange Rate Fluctuations

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

[4] RISKS RELATED TO TECHNOLOGY

Technology Implementation

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

Management believes that EP Financial's future success will depend in part upon EP Financial's ability to enhance its existing platform, to develop and introduce new services in a timely manner with features and pricing that meet changing client and market requirements, and to persuade cardholders to adopt same. New elements of EP Financial's platform must compete with established competitors and may require significant investment in research, development and marketing in order to gain traction amongst cardholders and potential cardholders. EP Financial schedules and prioritizes its development efforts according to a variety of factors including, but not limited to, EP Financial's perceptions of market trends, client and cardholder requirements, and resource availability. EP Financial faces intense competition in the marketplace and is confronted by rapidly changing technology, evolving industry standards and consumer needs, and the frequent introduction of new solutions by its competitors. EP Financial's solutions are complex and can require a significant investment of time and resources to develop. These activities can take longer than EP

Financial's expectations. EP Financial may encounter unanticipated difficulties that require it to redirect or scale back its efforts and EP Financial may need to modify its plans in response to changing cardholder requirements, market demands, resource availability, regulatory requirements or other factors. If development of EP Financial's solutions becomes significantly more expensive due to changes in regulatory requirements or industry practices, or other unforeseen factors, EP Financial may be at a disadvantage compared to its larger or more established competitors that may have greater resources to devote to product development and implementation. If EP Financial does not manage its development efforts efficiently and effectively, it may fail to produce in a timely manner, or at all, solutions that respond appropriately to the needs of clients and cardholders, and EP Financial's competitors may develop offerings that more successfully anticipate market evolution and address market expectations. If EP Financial's services are not responsive and competitive, clients may shift their business to competing products or platforms. Clients may also resist adopting EP Financial's services for various reasons, including reluctance to disrupt existing relationships and business practices or to invest in necessary technological integration, or preference for competitors' offerings or self-developed capabilities.

Cybersecurity and Technology

EP Financial's reliance on digital infrastructure for loan origination, servicing, and customer engagement exposes it to cybersecurity threats. A breach or failure in data protection could lead to financial loss, reputational harm, regulatory penalties, or business disruption.

Computer and Payment Network System Risks

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

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

System Management Risks

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

EP Financial relies heavily on information technology, or "IT", systems. EP Financial must expand, improve and automate these systems to maintain the quality of its platform and services going forward and, in particular, to avoid service interruptions, security breaches and slower system performance for its enterprise solutions. EP Financial also depends on IT systems to help manage essential functions such as revenue recognition, budgeting, forecasting, financial reporting, invoicing, collections and other administrative functions. Despite the use of IT systems, many of EP Financial's processes remain manual in nature and thus EP Financial must also continue to manage its employees, operations, finances, research and development and capital investments efficiently. EP Financial's productivity and the

quality of its platform may be adversely affected if it does not quickly and effectively integrate and train new employees on its systems, processes and security protocols, or if it fails to appropriately coordinate across functional groups and offices. If EP Financial does not adapt to meet the evolving challenges of its business, and if EP Financial does not effectively and efficiently scale its operations to support its business, the quality of EP Financial's platform may suffer, its IT systems and infrastructure may be more prone to security breaches and service interruptions, and relationships with its clients and cardholders may be harmed, which, in turn, could have an adverse impact on EP Financial's financial condition and financial performance.

Risk of System Failure

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

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

Difficulty Protecting Proprietary Technology

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

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

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

Internet and Mobile Device Risks

EP Financial's business could be adversely impacted by changes in the Internet and mobile device accessibility of cardholders.

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

Third-Party Intellectual Property Claims

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

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

[5] RISKS PERTAINING TO REGULATORY COMPLIANCE

Regulatory Risks

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

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

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

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

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

of regulatory consent orders may adversely affect EP Financial's ability to collect non-performing accounts and adversely affect EP Financial's business. EP Financial's failure to comply with laws or regulations applicable to EP Financial could limit EP Financial's ability to collect receivables, which could reduce EP Financial's profitability and adversely affect EP Financial's business.

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

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

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

Compliance and Risk Management Risks

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

EP Financial is subject to anti-money laundering laws such as the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and its regulations, and the US Bank Secrecy Act. EP Financial's ability to comply with applicable laws and regulations is largely dependent on the establishment and maintenance of compliance, review and reporting systems, as well as the ability to attract and retain qualified compliance and other risk management personnel. In the event that EP Financial enters into new markets, it may become subject to laws and regulations which differ from those of its current markets, and which may conflict with other laws and regulations to which it is subject. EP Financial cannot provide any assurance that its compliance policies and procedures will be effective or that EP Financial will always be successful in monitoring or evaluating applicable risks. In the case of alleged non-compliance with applicable laws or regulations, EP Financial could be subject to investigations and legal or regulatory proceedings that may result in substantial penalties or claims against it. Any such claims may materially and adversely affect EP Financial's reputation, financial condition and the value of any investment in EP Financial.

Personal Data Collection Risk

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

Legislation and regulation of digital businesses, including privacy and data protection regimes, could create unexpected additional costs, subject EP Financial to enforcement actions for compliance failures, or cause EP Financial to change its technology solution or business model, which may have an adverse effect on the demand for EP Financial's platform. Many local, provincial/state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of data collected from and about consumers and devices, and the regulatory framework for privacy issues is evolving worldwide. Various Canadian, US, Mexican and foreign governments, consumer agencies, self-regulatory bodies and public advocacy groups have called for new regulation directed at the collection and retention of personal information, and EP Financial expects to see an increase in legislation and regulation related to the collection and use of such data. Such legislation or regulation could affect the costs of doing business.

PIPEDA and substantially similar provincial privacy laws in Canada considers information collected and retained by EP Financial, including name, date of birth, social insurance number, address and other information collected from its cardholders, as protected personal information. EP Financial is also subject to US privacy laws including the US Gramm-Leach-Bliley Act and various state privacy laws. In the ordinary course of EP Financial's business, EP Financial collects stores and uses certain personal information of its cardholders that may be subject to regulation under privacy law regimes in the jurisdictions in which EP Financial operates if, in the aggregate, the information would allow EP Financial to identify a person. While EP Financial takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, if EP Financial experiences a data breach it may face claims by cardholders whose personal information is disclosed without authorization, which claims may have a material adverse effect on EP Financial's business and financial condition. EP Financial may also be subject to various regulatory proceedings and additional oversight as a result of any loss or disclosure of personal information. Evolving and changing definitions of personal information within Canada, the US and internationally, especially relating to classification of machine or device identifiers, geo-location data and other information, have caused EP Financial, in the past and may cause EP Financial in the future, to change business practices or limit or restrict EP Financial's ability to operate or expand its business. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. The measures EP Financial takes to protect the personal information that it collects, uses and discloses in its operations may be inadequate to protect such information and the loss thereof may have a material adverse effect on EP Financial's business, operations and future prospects.

Further, many governments are restricting the storage of information about individuals beyond their national borders. Such restrictions could, depend upon their scope, limit EP Financial's ability to utilize technology infrastructure consolidation, redundancy and load-balancing techniques resulting in increased infrastructure costs, decreased operational efficiencies and performance, and potentially a greater risk of system failure.

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

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

Anti-Money Laundering

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

Governments, law enforcement agencies and regulators around the world employ a variety of means, including establishing regulatory requirements applicable to financial institutions, to curtail the ability of criminal and terrorist elements to profit from, or finance, their activities. It is widely recognized that financial institutions are uniquely

positioned and possess the necessary infrastructure to assist in the fight against money laundering, terrorist financing and criminal activity through prevention, detection and the exchange of information. Money laundering, terrorist financing and economic sanctions violations represent regulatory, legal, financial and reputational risk to EP Financial. EP Financial is subject to a number of expanding and constantly evolving AML/anti-terrorist financing laws, regulations and economic sanctions internationally. EP Financial is committed to sustaining secure financial systems in the countries in which it maintains operations by taking the necessary action, using a risk-based approach. EP Financial's AML program includes policies and internal controls for secured cards with respect to client identification and due diligence, transaction monitoring, investigating and reporting of suspicious activity, and evaluation of new services to prevent or detect activities that may pose AML risk to EP Financial.

Market Standard Compliance

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

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

Compliance with Payment Network Rules

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

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

KYC Compliance Risks

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

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

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

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

[6] RISKS PERTAINING TO EP FINANCIAL SHARES

Volatile Market Price for the EP Financial Shares

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

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

Tax Issues

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

No Dividends

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

FURTHER INFORMATION

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