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

Unaudited interim condensed consolidated financial statements

For the three months ended March 31, 2023 and 2022

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

NOTICE TO SHAREHOLDERS

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

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

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

Barret Reykdal
Chief Executive Officer

Mayank Mahajan, CPA, CA, MBA
Chief Financial Officer

Everyday People Financial Corp. (formerly Justify Capital Corp.)
Interim condensed consolidated statements of financial position (unaudited)

[expressed in Canadian dollars]

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

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

Approved on behalf of the Board:

(Signed) "Scott Sinclair"
Scott Sinclair, Director

Approved on behalf of the Board:

(Signed) "Robert Pollock"
Robert Pollock, Director

See accompanying notes

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

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

See accompanying notes

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

[expressed in Canadian dollars]

Period ended

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

See accompanying notes

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

Period ended

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

See accompanying notes

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

1. Corporate information

Everyday People Financial Corp. (the “Company or EP Financial”) (formerly Justify Capital Corp.) incorporated in British Columbia, Canada, has its registered office at Suite 450, 11150 Jasper Ave, Edmonton, Alberta T5K 0C7. EP Financial is a financial services company founded on the belief that everyone deserves access to affordable credit and the opportunity for homeownership. Through its technology driven ecosystem and specialty credit solutions, the Company manages credit and prepaid card programs, homeownership facilitation and payment management services. The Company's mission is to help their clients be their best financial selves with credit products and services that help everyday people add value to their everyday lives from its business lines.

On August 31, 2022, the Company completed a Reverse Takeover (the “RTO”) by way of a three-cornered amalgamation pursuant to which Everyday People Financial Inc. amalgamated with a subsidiary of Justify Capital Corp. (“Justify”). The amalgamation was completed pursuant to the terms and conditions of the Business Combination Agreement dated December 6, 2021. In connection with the amalgamation, Justify changed its name effective August 31, 2022 from Justify Capital Corp. to Everyday People Financial Corp. (“Resulting Issuer”). The symbol for the common shares of the Resulting Issuer was changed from “JST” to “EPF” on the TSX Venture Exchange (“TSXV”) and started trading on September 8, 2022.

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

Company		Place of Incorporation	Date of Acquisition, Incorporation, or Amalgamation	Effective Interest
Everyday People Financial Ltd. (“**EP UK**”)	[1]	UK	October 1, 2018	100%
iKort ehf. (“**iKort**”)	[2]	Iceland	October 1, 2018	51%
Everyday People Prepaid Card Inc. (“**EP Prepaid Card**”) (formerly EP Ventures Inc.)	[3]	Canada	April 1, 2019	100%
BPO Collections Limited (“**BPO**”)	[4]	UK	May 2, 2019	100%
Everyday People Homes Inc. (“**EP Homes**”)	[5]	Canada	September 30, 2019	100%
EP Card ehf.	[6]	Iceland	October 1, 2019	71%
Newt Kiosks, S.A. DE C.V. (“**Newt Kiosks**”)	[7]	Mexico	June 18, 2021	49%
EP Security Capital Inc. (“**EP Security**”)	[8]	Canada	June 24, 2021	100%
Climb Credit Inc. (“**Climb**”)	[9]	Canada	June 30, 2021	100%
Everyday People Care Inc. (“**EP Care**”)	[10]	Canada	September 2, 2021	100%
EP Travel Card Inc. (“**EP Travel**”)	[11]	Canada	February 14, 2022	100%
Smart Everyday People Inc. (“**SEP**”)	[12]	Canada	May 18, 2022	50%
General Credit Services Inc. (“**GCS**”)	[13]	Canada	December 30, 2022	100%
Groupe Solution Collect Solu Inc. (“**Groupe Solution**”)	[14]	Canada	March 31, 2023	100%

[1] On October 1, 2018, the Company acquired 100% of the shares of EP UK, incorporated in Scotland, UK on June 16, 2017. The purpose of the acquisition was to offer the Company’s credit products in the UK.

[2] On October 1, 2018, the Company acquired 51% of the shares of iKort, incorporated in Iceland on February 7, 2013. The primary reason for the business acquisition was to offer a pre-paid, and international e-money card in Iceland. The purchase price consideration of $46,728 was paid for the acquisition of iKort, which has minimal operational activity, and no material assets and liabilities. On March 3, 2019, BPO Innheimta ehf. ("BPO ehf") was incorporated in Iceland and iKort has 45% interest in BPO ehf. BPO ehf. was subsequently sold on December 10, 2020.

[3] On April 1, 2019, the Company acquired 100% of the shares of EP Prepaid Card incorporated in Alberta, Canada on December 17, 2015. EP Prepaid Card. was previously known as EP Ventures Inc., Everyday People Leasing Inc., and Everyday People Talent Inc. The primary reason for the business acquisition was to issue cards in specific industries and this subsidiary has no operational activity, and no material assets and liabilities.

[4] On May 2, 2019, the Company acquired 100% of the shares of BPO, incorporated in Scotland, UK on January 11, 2006. BPO is a leading debt collection company in Ayrshire, Scotland, providing a full range of collections services on behalf of several blue-chip clients across the UK. BPO had common shareholders and the primary reason for the business acquisition was to bring the management, the related intangible assets including customer relationships and trade names, and the property and equipment of BPO under one company.

[5] On September 30, 2019, the Company acquired 100% of the common shares of EP Homes, previously known as Bridge to Homeownership Investments Ltd., and all of its subsidiaries (“EP Homes Subsidiaries”). EP Homes was incorporated in Alberta, Canada on July 11, 2017. The primary reason for the acquisition was to bring EP Homes’ homeownership program under EP Financial with the vision of EP Financial as a vertically integrated platform to serve the financial needs of everyday people.

EP Homes Subsidiaries are as follows:

- EP Homes I Inc. (“EP Homes I”): EP Homes I, previously known as EAM Real Estate Investments Holdings Ltd. was incorporated in Alberta, Canada on December 6, 2016. EP Homes I is a Special Purpose Vehicle (“SPV”) for EP Homes where a portion of EP Homes’ inventory is held.
- EP Homes II Inc. (“EP Homes II”): EP Homes II, previously known as EAM Enterprises II Inc. was incorporated in Alberta, Canada on September 26, 2017. EP Homes II is a SPV for EP Homes where a portion of EP Homes’ inventory is held.
- EP Homes III Inc. (“EP Homes III”): EP Homes III, previously known as EAM Enterprises III Inc. was incorporated in Alberta, Canada on March 1, 2018. EP Homes III is a SPV for EP Homes where a portion of EP Homes’ inventory is held.
- EP Homes IV Inc. (“EP Homes IV”): EP Homes IV, previously known as EAM Enterprises IV Inc. was incorporated in Alberta, Canada on June 21, 2018. EP Homes IV is a SPV for EP Homes where a portion of EP Homes’ inventory is held.

[6] On October 1, 2019, the Company acquired 71% of the shares of EP Card ehf., incorporated in Iceland on February 27, 2019. This subsidiary has minimal operational activity, and no material assets and liabilities. EP Card ehf. owns 100% interest in EP Hungary kft. (“EP Hungary”). EP Hungary has minimal operational activity, and no material assets and liabilities.

[7] On March 23, 2021, the Company signed a binding letter of intent for 49% joint venture partnership with Newt Corporation (“Newt”) to jointly own Newt Kiosks to own asset purchased by Newt from QPAGOS. Subsequently, on June 18, 2021, Newt Kiosks was incorporated and the Company acquired 49% interest in Newt Kiosks. On March 31, 2022, the Company sold its interest in Newt Kiosks to Newt.

[8] On June 24, 2021, the Company incorporated EP Security in Canada. The Company owns 100% interest in EP Security. EP Security provides growth funding to the home security dealers with limited access to traditional lending sources.

[9] On June 30, 2021, the Company acquired 100% of the shares of Climb, incorporated in Canada. The primary reason for the acquisition was to leverage the customer base, relationships and credit building products of Climb to EP Financial’s customer base.

[10] On September 2, 2021, the Company incorporated EP Care in Canada. The Company owns 100% interest in EP Care. EP Care provides a unique program that offers everyday people an affordable path to immediate health care and wellness services by utilizing EP’s “seller-secured financing” program.

[11] On February 14, 2022, the Company incorporated EP Travel in Canada. The Company owns 100% interest in EP Travel. EP Travel partners with travel agencies and airlines across Canada to help everyday people manage expenses and make payments while travelling abroad.

[12] On May 18, 2022, the Company incorporated 14049888 Canada Inc. in Canada. On July 5, 2022, 14049888 Canada Inc.’s name was changed to Smart Everyday People Inc. The Company owns a 50% interest in SEP. SEP is a joint venture between EP Care and Smart Employee Benefits Inc. The joint venture’s focus is to provides financial products in the health care industry that provides access to health care spending accounts through a Everyday HSA virtual MasterCard program.

[13] On December 30, 2022, the Company acquired 100% of the shares of GCS incorporated in Canada. GCS is a provider of professional client management solutions executing debt collection services in Canada. The primary reason for the business acquisition was to leverage the customer base, relationships and collection services of GCS to provide EP Financial services *[note 5].*

[14] On March 31, 2023, the Company's wholly-owned subsidiary, GCS, acquired 100% of the shares of Groupe Solution, incorporated in Canada. Groupe Solution serves enterprise clients requiring accounts receivable management solutions and debt collection services in Quebec, Canada. The primary reason for the business acquisition was to leverage the customer base, relationships and collection services of Groupe Solution to provide EP Financial services *[note 5].*

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

2. Basis of presentation and going concern

Statement of compliance

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

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

Basis of measurement

These unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments, which are measured at fair value *[note 20].* The unaudited interim condensed consolidated financial statements are prepared in Canadian dollars, which is the Company's functional currency, and all amounts are rounded to the nearest dollar, except when otherwise indicated.

Basis of consolidation

These unaudited interim condensed consolidated financial statements include the financial position and operating results, if any, of the Company and its wholly owned subsidiaries: BPO, EP UK, iKort, Climb, EP Care, EP Security, EP Travel, GCS, Groupe Solution, EP Homes and EP Homes' subsidiaries (collectively the "Subsidiaries"). The Subsidiaries are entities controlled by the Company.

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

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

Going concern

These unaudited interim condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business as they come due. The Company has recurring net losses, has a deficit and negative cash flows from operations. The Company incurred net loss of $1,113,816 (March 31, 2022 - $1,088,227) for the three months ended March 31, 2023, including acquisition costs and depreciation and amortization expense, deficit of $59,873,894 as at March 31, 2023 (December 31, 2022 - $58,760,078) and cash used in operating activities of $2,187,512 for three months ended March 31, 2023 (March 31, 2022 – cash used in operating activities of $2,557,575). These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern and otherwise execute its business strategies.

The Company's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business is dependent upon various risks and uncertainties affecting the Company's future financial position and its performance including, but not limited to:

- Its ability to raise adequate equity and debt capital;
- Its ability to execute the business plan of achieving net profits in place of losses in some of the operating segments; and,
- Its ability to execute on business program that result in a performance which exceed debt covenant requirements related to EP Homes debt *[note 13]*.

Management is actively working to achieve positive cashflows and is considering various financing opportunities, the Company:

- Completed an equity capital raise of $4.6 million in January 2022 *[note 17]*;
- Raised and converted $3,484,500 of convertible debentures including interest into equity upon completion of the RTO *[note 21]*;
- A Canadian bank increased the loan facility from $4 million to $10 million in December 2021, and on March 31, 2022, amended the $10 million credit arrangement from due on demand to a term loan with a maturity date of April 4, 2024 *[note 13]*;
- Received $7 million in unsecured medium-term notes from EAM, principal shareholder, as of December 31, 2022 *[note 12]*;
- Entered into a new credit arrangement of $15 million revolving line of credit with KV Capital Inc. ("KV Capital") on November 1, 2022 *[note 13]*;
- Received $1.5 million from a financing broker to provide a mezzanine financing facility for EP Homes financing *[note 13]*; and,
- CEO and the Executive Chair of the Board have agreed for a quarterly compensation of $1.00 until the Company achieves net profit before tax, excluding acquisition costs, share-based compensation, and depreciation and amortization. Independent contractors in senior executive positions and the Board of Directors, with the exception of BPO's president, CFO, and accounting executives, have agreed to terminate their existing agreements for cash compensation and committed to profit-driven compensation based on their respective businesses' profitability *[note 12]*.

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

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

Management judgment and estimation uncertainty

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

3. Summary of significant accounting policies

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

4. Reverse takeover

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

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

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

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

In accordance with IFRS, the consideration for the Amalgamation has been calculated using the more reliably measurable of the acquisition-date fair value of the acquiree's equity interests. The Company has determined that the fair value of the Company's shares is more reliably measurable than the fair value of the Justify shares because of the limited trading activity of Justify and the recent private placement *[note 17]* of the Company's shares, which have been used to estimate the fair value of the Resulting Issuer Common Shares. The consideration for the acquisition has been calculated as $3,406,335 and is based on the fair value of the number of shares and options that the Company issued to the shareholders and option holders of Justify to give the shareholders and option holders of Justify the same percentage equity interest in the combined entity that resulted from the Amalgamation.

[expressed in Canadian dollars]

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

	Amount $
Fair value of deemed issuance of Justify's shares [1]	3,097,584
Fair value of deemed issuance of Justify's options [2]	231,542
Fair value of deemed issuance of Justify's warrants [3]	77,209
	3,406,335
Net assets (liabilities) of Justify [4]:	
Cash and cash equivalents	49,305
Trade payables	(24,003)
Listing expenses [5]	3,381,033
	3,406,335

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

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

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

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

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

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

[5] A listing expense of $3,381,033 has been included in statement of loss and comprehensive loss for the 15 months ended December 31, 2022 to reflect the difference between the fair value of the amount paid and the fair value of the net assets received from Justify.

[expressed in Canadian dollars]

5. Business combinations

Groupe Solution Collect Solu Inc.

On March 31, 2023, the Company's wholly-owned subsidiary, GCS, acquired 100% of the shares of Groupe Solution. Groupe Solution serves enterprise clients requiring accounts receivable management solutions and debt collection services in Quebec, Canada. The primary reason for the business acquisition was to expand accounts receivable collection services in Canada and to leverage the customer base, relationships, and collection services of Groupe Solution to provide EP Financial services.

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

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

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

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

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

[expressed in Canadian dollars]

Analysis of cash flows on acquisition:

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

[2] The Company issued a promissory note, in the principal amount of $800,000, does not bear interest and consists of:

- $700,000 repayable 6 months after the acquisition date in cash or by way of issuance of 700,000 common shares, and
- $100,000 repayable 18 months after the acquisition date in cash.

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

The key valuation inputs used for the $700,000 repayable in 6 months of the acquisition date are:

- Discount rate of 8.64%; and,
- Discount period of 6 months.

The key valuation inputs used for the $100,000 repayable 18 months after the acquisition date are:

- Discount rate of 8.64%; and,
- Discount period of 18 months.

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

The forecasts for Groupe Solution show that it is highly probable that the target EBITDA of $1,080,000 will be achieved. The fair value of the contingent consideration is determined by discounting the future payment to the present value. The key valuation inputs used were:

- The Company's weighted average cost of capital of 24.51%;
- Discount periods of 2 years; and,
- Cash payment of $1,400,000.

[4] Trade receivables is made of the following:

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

[5] Goodwill amounting to $920,002 is related to the synergies resulting from the acquisition, the economic value of the expertise of the workforce as well as intangible assets that do not meet the criteria for separate recognition and is not deductible for tax purposes, and $956,576 is related to deferred tax liabilities.

[expressed in Canadian dollars]

Intangible assets consist of:

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

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

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

[expressed in Canadian dollars]

General Credit Services Inc.

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

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

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

Purchase price consideration	**Amount in CAD** $
Cash paid[1]	**5,344,455**
Fair value of issuance of EP's shares [2]	**703,687**
Fair value of contingent consideration [3]	**535,856**
Total invested capital	**6,583,998**
Cash and cash equivalents	**92,382**
Customer funds	**407,700**
Cash-restricted	**100,000**
Trade receivables [4]	**506,953**
Prepaid expenses	**16,489**
Intangible assets [5]	**4,868,000**
Property and equipment	**11,982**
Due from related parties	**58,225**
Right-of-use asset	**149,652**
Goodwill [5]	**2,786,055**
Trade payables	**(560,864)**
Credit facilities [6]	**—**
Customer payables	**(407,700)**
Lease liabilities	**(169,588)**
Deferred tax liability [7]	**(1,275,288)**
Net fair value of assets acquired	**6,583,998**

[1] The purchase price was paid by making a cash payment on the closing date amounting to $5,344,455.

Analysis of cash flows on acquisition:

	Amount in CAD $
Cash paid for purchase price consideration	**(5,344,455)**
Cash acquired upon acquisition	**92,382**
Net cash flow on acquisition	**(5,252,073)**

[expressed in Canadian dollars]

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

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

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

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

[4] Trade receivables is made of the following:

	December 31, 2022 $
Gross trade receivables	**513,251**
ECLs	**(6,298)**
Trade receivables, net	**506,953**

[5] Goodwill amounting to $1,149,216 is related to the synergies resulting from the acquisition, the economic value of the expertise of the workforce as well as intangible assets that do not meet the criteria for separate recognition and is not deductible for tax purposes, and $1,275,288 is related to deferred tax liabilities.

Intangible assets consist of:

	Amount in CAD $
Customer relationships	**2,469,000**
Licenses, rights and technology	**1,358,000**
Trade name	**1,041,000**
Total intangible assets	**4,868,000**

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

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

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

[expressed in Canadian dollars]

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

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

6. Trade receivables

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

7. Property and equipment

Property and equipment consist of the following:

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

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

[expressed in Canadian dollars]

Cost	2022					
	As at September 30, 2021 $	**Additions [1]** $	**Acquisition of subsidiaries [2]** $	**Disposals [3]** $	**Foreign exchange differences** $	**As at December 31, 2022** $
Furniture & fixtures	88,203	1,308	11,982	—	(2,234)	99,259
Computer equipment	244,239	103,079	—	—	14,249	361,567
Signage	3,296	—	—	—	—	3,296
Improvements to property	264,043	43,202	—	—	(13,575)	293,670
Motor vehicles	58,156	99,636	—	(24,651)	(1,413)	131,728
	657,937	**247,225**	**11,982**	**(24,651)**	**(2,973)**	**889,520**

Accumulated depreciation	2022					
	As at September 30, 2021 $	**Depreciation [4]** $	**Acquisition of subsidiaries** $	**Disposals** $	**Foreign exchange differences** $	**As at December 31, 2022** $
Furniture & fixtures	32,120	16,559	—	—	(665)	48,014
Computer equipment	89,262	67,893	—	—	11,931	169,086
Signage	1,720	1,075	—	—	—	2,795
Improvements to property	25,842	18,858	—	—	(2,511)	42,189
Motor vehicles	25,840	28,004	—	—	(410)	53,434
	174,784	**132,389**	**—**	**—**	**8,345**	**315,518**
Net book value	**483,153**					**574,002**

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

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

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

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

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

[expressed in Canadian dollars]

8. Goodwill

Cash Generating Unit ("CGU")	**2023**				
	As at December 31, 2022 $	**Acquisitions of subsidiaries** **$**	**Impairment losses** $	**Foreign exchange differences** $	**As at March 31, 2023** $
UK collection services [3]	3,486,079	—	—	83,851	3,569,930
Canada collection services	2,786,055	1,876,578	—	—	4,662,633
	6,272,134	**1,876,578**	**—**	**83,851**	**8,232,563**

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

Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. The Company tested goodwill for impairment as at December 31, 2022, in accordance with the Company's policy.

[1] Due to the changes in macro-economic environment resulting in increases in interest rates, the projections for home purchases were decreased to conform with management's updated expectations. As a result, the Company tested EP Homes CGU, which is the EP Homes operating segment and conducted impairment assessment as at December 31, 2022. With EP Homes CGU's recoverable amount being lower than the carrying amount, an impairment charge over the full amount of goodwill was recorded. Any adverse changes in assumptions could result in impairment losses to intangible assets.

In assessing the goodwill for impairment, the Company compares the carrying value of the CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the period ended December 31, 2022, the Company applied the fair value method, employing discounted cash flow projections to the EP Homes CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the EP Homes CGU were based on the following key assumptions:

- Five-year projections based on management's expectations of the Company's operations.
- Estimates of revenue, EP Homes' profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate after tax of 40.00% (September 30, 2021 – 51.33%).
- Average revenue growth rate of 74.28% (September 30, 2021 – 155.35%).
- Long-term growth rate of 3.32% (September 30, 2021 – 1.51%). The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.

- Secured financing cost of 8.0% for 2023 (September 30, 2021 - 3.5%) and mezzanine debt of 12.0% in 2023 (September 30, 2021 – 7.5%). These have been updated for the current economic outlook. The revised rates reflect the increased interest rates from the Bank of Canada.
- The estimated number of homes to be purchased from January 1, 2023 to December 31, 2023 is 39.

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

[2] The Company's projections for the cash flows changed as the Company's strategy shifted to focus on the collection services and EP Homes facilitation services segment. Therefore, the Company tested the Climb CGU, which is in the financial services operating segment, for impairment for the period ended September 30, 2022. With Climb CGU's recoverable amount being lower than the carrying amount, an impairment charge over the full amount of goodwill was recorded.

In assessing the goodwill for impairment, the Company compares the carrying value of the CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the period ended September 30, 2022, the Company applied the fair value method, employing discounted cash flow projections to the Climb CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the Climb CGU were based on the following key assumptions:

- Seven-year projections, excluding secured-card projections, based on management's expectations of the Company's operations.
- Estimates of revenue, Climb's profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate of 21.49% (September 30, 2021 – 27.46%).
- Average revenue growth rate of 32.87% (September 30, 2021 – 148.32%).
- Long-term growth rate of 3.17% (September 30, 2021 – 1.51%). The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.

As a result of the Climb CGU analysis, the recoverable amount for the Climb CGU is ($1,447,000), therefore, the Company recognized an impairment charge of $4,538,532 against goodwill, previously carried at $4,538,532. The impairment charge is recorded as impairment loss on goodwill in the consolidated statement of loss and comprehensive loss for the 15 months ended December 31, 2022.

[3] The Company tested UK collection services CGU, which is part of the collection services operating segment, for impairment for the 15 months ended December 31, 2022, as required by IFRS to test for impairment annually. UK collection services CGU's recoverable amount of $29,031,000 is higher than the carrying amount, as a result, no impairment charge was recorded for the UK collection services CGU.

In assessing the goodwill for impairment, the Company compares the carrying value of the CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the period ended December 31, 2022, the Company applied the fair value method, employing discounted cash flow projections to the UK collection services CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the UK collection services CGU were based on the following key assumptions:

- Four-year projections, based on management's expectations of the Company's operations.
- Estimates of revenue, financial services' profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate of 18.05% (September 30, 2021 – 16.18%).

[expressed in Canadian dollars]

- Average revenue growth rate of 18.05% (September 30, 2021 – 10.73%).
- Long-term growth rate of 3.32% (September 30, 2021 – 1.51%). The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.
- The total revenue from operations is expected to increase by 13.18% in fiscal year 2023.

As a result of the UK collection services CGU analysis, the recoverable amount for the UK collection services CGU is $29,031,000, which is higher than the carrying value of $3,486,079. Therefore, there is no impairment in the UK collection services CGU.

[4] The Company's strategy shifted to focus on the collection services and EP Homes CGUs, which resulted in the Company not meeting its projections. Therefore, the Company tested the financial services CGU, which is the financial services operating segment for impairment for the 15 months ended December 31, 2022. With the financial services CGU's recoverable amount being lower than the carrying amount, an impairment charge over the full amount of goodwill was recorded.

In assessing the goodwill for impairment, the Company compares the carrying value of the CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. For the period ended December 31, 2022, the Company applied the fair value method, employing discounted cash flow projections to the financial services CGU. The Company used level 3 fair value techniques to assess the impairment of goodwill. The cash flows used in determining the fair value for the financial services CGU were based on the following key assumptions:

- Five-year projections, based on management's expectations of the Company's operations.
- Estimates of revenue, financial services' profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate of 40.00% (September 30, 2021 – 40.00%).
- Average revenue growth rate of 111.5% (September 30, 2021 – 463.58%).
- Long-term growth rate of 3.32% (September 30, 2021 – 1.51%). The long-term growth rate is the yield on the 10-year benchmark Government bond issued by the Government of Canada as of the valuation date.
- The estimated number of cards to be issued in fiscal year 2023 is 2,843.
- The estimated number of patients and clinics for fiscal year 2023 are 1,026 and 22, respectively.

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

9. Intangible assets

Intangible assets consist of the following:

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

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[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

Accumulated Depreciation

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

Cost

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

Accumulated Depreciation

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

[1] For the three months ended March 31, 2023, additions of $37,556 for licenses, rights and systems relates to the development of Customer Relationship Management (“CRM”) software. The CRM software is currently in the development phase and is not subject to depreciation as at March 31, 2023.

Acquisition of subsidiaries

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

Upon the acquisition of GCS on December 30, 2022, the Company acquired the licenses, rights and systems of GCS with a fair value of $2,469,000 *[note 5]*.

Impairment

The Company allocates the impairment loss attributable to a CGU beyond the amount of recorded goodwill on a pro rata basis across the other assets in the CGU. However, each asset within the CGU is only reduced to the highest of its fair value less costs of disposal (if measurable), its value in use (if this can be determined), and zero. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount.

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

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

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

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

[2] The trade names are indefinite-life intangible assets, of which as of March 31, 2023, $1,335,486 (December 31, 2022 - $1,304,119) is allocated to BPO's trade name, $1,150,000 (December 31, 2022 - $1,150,000) is allocated to EP Homes' trade name, $1,041,000 (December 31, 2022 - $1,041,000) is allocated to GCS's trade name, and $419,0000 is allocated to Groupe Solution's trade name *[note 5]*.

Impairment

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

[3] Customer relationships are amortized based on the average life of a customer in the respective business unit. $354,285 of depreciation is related to the existing customer relationships of which $285,825 (December 31, 2022 - $1,375,415) is related to BPO customer relationships and are being depreciated on a straight-line basis over 9 years.

Acquisitions of subsidiaries

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

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

[expressed in Canadian dollars]

10. EP Homes inventory

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

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

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

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

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

[4] As at March 31, 2023, the Company has 11 homes (December 31, 2022 – 9 homes) in its inventory which are due for sale in the next 12 months.

Lease payments to be received from EP Homes inventory for each of the next 3 years and thereafter are as follows:

	Lease Payments **$**
2023	**474,482**
2024	**392,068**
2025 and thereafter	**178,435**
	1,044,985

11. Investments

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

[expressed in Canadian dollars]

	2022			
	September 30, 2021 $	**Additions** $	**Impairment** $	**December 31, 2022** $
Investments in Newt Corporation [1]	1,138,046	160,800	(1,298,846)	—
Investments in Prospect Financial Inc. [2]	386,555	—	—	386,555
	1,524,601	**160,800**	**(1,298,846)**	**386,555**

[1] This represents the amount advanced to a business associate to advance the Company's financial products through its kiosks. On March 31, 2022, the Company sold its interest in Newt Kiosks in exchange for common shares in Newt Corporation. The Company received an additional 268,000 shares in Newt Corporation for a fair value of $160,800. At December 31, 2022, the Company is required to conduct a fair value measurement of its investment in Newt Corporation. The Company was unable to obtain sufficient financial information to support the valuation of Newt Corporation, as a result, the Company recorded an impairment loss of $1,298,846.

[2] This represents an equity position in a business associate to offset the business associate's indebtedness to the Company.

12. Related party transactions

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

Related Party	**Relationship**
Smart Everyday People Inc.	Joint venture
Homebridge Capital Inc. ("**Homebridge**")	Common shareholders
Pure Icelandic Seafood Inc. ("**Pure Icelandic**")	Common shareholders
Bridge to Homeownership UK ("**BTHO UK**")	Common shareholders
EAM Enterprises Inc.	Principal shareholder of the Company [1]
Everyday Party People Ltd. ("**Everyday Party People**")	Common shareholders
Pollock Services Corp. ("**Pollock Services**")	Wholly owned by the director of the Board
General Billing Solutions Inc. ("**GBSI**")	Common shareholders
1125855 Alberta Ltd. ("**112 AB Ltd.**")	Common shareholders
Telecom Technologies Inc. ("**Freestyle**")	Common shareholders

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

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

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

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

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

c) Transactions with related parties are as follows:

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

d) Key management personnel remuneration:

For the three months ended March 31, 2023, the key management activities include services performed by certain chief officers and vice presidents per the management services contract, and the board fees. On October 1, 2021, the existing management services contract with EAM and senior executives was cancelled and the executives entered into agreements directly with the Company. The management fees, consulting fees and salaries paid during the three months ended March 31, 2023 and March 31, 2022, are as follows:

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

[1] As at March 31, 2023, EAM Enterprises Inc. owned 20.2% (December 31, 2022 – 20.2%) of the Company's issued and outstanding shares. EAM's sole shareholder is related to the CEO and the Chairman of the board.

[2] Amounts due from BTHO UK and Smart Everyday People Inc. are unsecured and repayable in full on demand.

[3] The employees' receivables are due from certain employees. As at March 31, 2023, the loans advanced to BPO's President and Client Engagement Director are $139,943 and $62,368 respectively. $302,651 related to the Chief Financial Officer of the Company. The remaining $162,450 of employees' receivables are related to various loans provided to employees.

As at December 31, 2022, the loans advanced to BPO's President and Client Engagement Director are $138,398 and $64,623, respectively. $58,225 relates to GCS's President and former shareholders. The remaining $140,444 of employees' receivables are related to various loans provided to employees.

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

[5] Amounts due to EAM in form of a promissory note has a term of 2 years, with a maturity date of June 30, 2024. The promissory notes bears an interest rate of 12% per annum, with interest payments to be paid monthly.

[6] Amounts due to EAM and Pollock Services in form of a medium-term note has a term of 2 years, with a maturity of May 3, 2024. The medium-term note bears an interest rate of 12% per annum, with interest payments to be paid monthly.

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

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

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

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

For the three months ended March 31, 2022, management fees consist of services performed by the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, Vice President of Operations, Senior Vice Presidents, and advisory services provided by Mr. Gordon J. Reykdal, through EAM, principal shareholder.

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

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

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

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

[expressed in Canadian dollars]

13. Credit facilities

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

[1] On June 21, 2019, the Company, through EP Homes' Subsidiaries, EP Homes II and EP Homes IV entered into credit arrangement of $13.5 million with a capital provider of which $3,864,629 (December 31, 2022 - $2,354,708) has been drawn as at March 31, 2023. The term is for 12 months and will auto-renew for 12 months at the end of each subsequent term. The Company and/or a capital provider, at their discretion, may choose to terminate this auto-renewal clause. Interest is charged at the greater of: (a) 9.45% per annum or (b) bank prime rate plus 5.50%. The credit arrangement is secured by a general security agreement, which provides the capital provider first-priority security against the EP Homes inventory and a security interest over all present and after-acquired personal property of the Company. On October 12, 2022, the credit arrangement was amended from a 12 month term to a $15 million revolving credit line for a 24 month term. The interest rate on the amended credit arrangement is charged at the lesser of: (1) 10.45% per annum or (2) the greater of: (a) 8.45% per annum, or (b) bank prime rate plus 3.00%. The credit agreement contains certain financial covenants that must be maintained. As at March 31, 2023, the Company is in compliance of the financial covenants. The current portion of the facility represents 6 homes which are due for sale in the next 12 months *[note 10]*.

[2] On February 10, 2017, the Company, through EP Homes' Subsidiary, EP Homes I entered into credit arrangement of $5 million in a series of term loans with a Canadian bank of which $256,876 (December 31, 2022 - $260,354) has been drawn as at March 31, 2023. The term is for minimum of 1 year and a maximum of 5 years. The Canadian bank may suspend or terminate access to or discontinue the service immediately for any reason at any time without prior notice. Interest bearing at a rate of bank prime plus 1% per annum or a fixed interest rate to be determined at time of borrowing and based on a term of 1 to 5 years. The credit arrangement is secured by a general security agreement in form of a floating charge on the EP Homes inventory, and a personal guarantee from the majority shareholder. The Canadian bank has the right to cancel or restrict availability of any unutilized portion of this facility at any time without notice. The credit agreement contains certain financial covenants that must be maintained. As at March 31, 2023, the Company is in compliance of the financial covenants.

[3] On June 8, 2020, the Company, through EP Homes' Subsidiary, EP Homes III entered into credit arrangement of $205,000 with a credit union of which $191,093 (December 31, 2022 - $192,523) has been drawn as at March 31, 2023. The term is for 36 months with fixed interest, commencing on July 1, 2020, with a maturity date of June 30, 2023. The Company is

required to pay the facility in full on demand of the credit union. Interest is charged at a fixed rate of 3.44%. The credit arrangement is secured by a general security agreement, which provides the credit union provider first-priority security against the EP Homes inventory, a personal guarantee from the majority shareholder, and a corporate guarantee from the majority shareholder. The credit agreement contains certain financial covenants that must be maintained and measured based on the Company's most recent external prepared year-end financial statements. As at December 31, 2022, the Company is in breach of certain financial covenants. This home is occupied by a related party.

[4] On June 11, 2020, the Company, through its subsidiary, BPO entered into a credit arrangement of £50,000 GBP in form of a drawdown loan with a bank of which $55,585 (£33,216 GBP) (December 31, 2022 - $58,265 (£35,660 GBP)) has been drawn as at March 31, 2023. The interest rate for the credit arrangement is bearing at a rate of 2.5% per annum, commencing after 12 months from the date on which the loan is drawn. This lending facility is guaranteed by the UK Government under the Bounce Back Loan Scheme ("BBLS"). BBLS's purpose is to enable businesses to access finance more quickly during the coronavirus outbreak.

[5] On December 4, 2020, the Company, through EP Homes' subsidiary, EP Homes IV entered into a credit arrangement of $4 million, which was subsequently increased to $10 million with a Canadian bank of which $3,128,283 (December 31, 2022 – $3,918,558) has been drawn as at March 31, 2023. The interest rate for the credit arrangement is bearing at a rate of bank prime plus 2% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against the EP Homes inventory in EP Homes IV funded by the bank. The credit agreement contains certain financial covenants that must be maintained. On March 31, 2022, the credit arrangement was amended from due on demand to a term loan with maturity date of April 4, 2024. Out of 22 EP Homes inventory, 10 of EP Homes inventory are due for execution in the next 12 months, therefore, associated credit facilities are classified as current portion of credit facilities. As at March 31, 2023, the Company is in compliance of the financial covenants. The current portion of the facility represents 4 homes which are due for sale in the next 12 months *[note 10]*.

[6] On November 22, 2022, the Company entered into a credit arrangement of $1.9 million with a Canadian bank to acquire GCS of which $Nil has been drawn as at March 31, 2023 (December 31, 2022 - $1,900,000). The interest rate for the credit arrangement is bearing at a rate of bank prime plus 2% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property and receivables of BPO and GCS, and corporate guarantees from EP Financial and EP Homes IV. The credit arrangement matures December 30, 2024. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, the Company is in compliance of the financial covenants. On February 27, 2023, the credit facility was paid off and replaced with Facility 7.

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

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

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

[expressed in Canadian dollars]

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

The minimum principal computed portion of repayments of the credit facilities are as follows:

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

14. Government loan

Government loans consist of the following:

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

15. Promissory notes

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

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

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

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

[expressed in Canadian dollars]

16. Capital management

The primary objective of the Company's capital management is to achieve healthy capital ratios to support its business and maximize shareholder value. The Company's capital structure consists of share capital, government loans, convertible debentures, promissory notes, due to related parties, and credit facilities which as at March 31, 2023 was $91,290,526 (December 31, 2022 - $83,393,269). The Company monitors equity on the basis of the carrying amount of equity as presented on the unaudited interim condensed consolidated statements of financial position.

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

17. Capital stock

Common shares

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

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

	March 31, 2023		December 31, 2022	
	Number of shares #	**Amount $**	Number of shares #	Amount $
Balance, beginning of period	**113,976,539**	**67,483,059**	98,491,335	55,302,579
Issued from treasury [1]	**—**	**—**	4,684,000	4,193,082
Issued against compensation [2]	**—**	**—**	729,152	677,315
Issued from treasury – debt and payable conversion [3]	**—**	**—**	145,000	145,000
Issued from acquisition of subsidiaries [4]	**—**	**—**	2,662,552	1,434,256
Issued shares on RTO [5]	**—**	**—**	6,844,500	6,582,084
Issued on exercise of stock options [6]	**—**	**—**	320,000	278,842
Issued on exercise of warrants [7]	**—**	**—**	100,000	92,209
Share issuance costs [8]	**—**	**—**	—	(1,222,308)
Balance, end of period	**113,976,539**	**67,483,059**	113,976,539	67,483,059

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

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

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

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

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

[expressed in Canadian dollars]

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

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

On June 30, 2021, the Company acquired 100% interest in Climb. The shares were issued in lieu of 100% ownership in Climb totaling $6,022,236. Subsequently, on December 31, 2021, the Company issued additional 10% units to Climb shareholders in accordance with the amalgamation agreement with Climb, as the Company's shares were not listed on the stock exchange by December 31, 2021. As a result, on December 31, 2021 the Company issued 881,067 shares from treasury at a fair value of $0.8292 per share per the Black-Scholes Model and the amount of $730,569 was attributed to common shares.

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

On August 31, 2022, upon completion of the RTO, the Company converted the $3,484,500 in convertible debentures into shares at $1.00 per share, as a result, 3,484,500 shares were issued.

[6] On September 1, 2022, the shareholders of Justify ("Justify shareholders") exercised their 300,000 stock options at an exercise price of $0.15 per share. As a result, the Company issued 300,000 shares at a fair value of $0.7718 per share per the Black-Scholes Model and the amount of $231,542 was attributed to common shares. It also includes $45,000 of the exercise price received from the shareholders.

On October 24, 2022, an employee exercised 20,000 options at an exercise price of $0.00 per share. As a result, the Company issued 20,000 shares from reserves at a value of $2,300.

[7] On September 1, 2022, a Justify shareholder exercised its 100,000 warrants at an exercise price of $0.15 per share. As a result, the Company issued 100,000 warrants to a fair value of $0.7721 per share per the Black-Scholes Model and the amount of $77,209 was attributed to common shares. It also includes the $15,000 of the exercise price received from the shareholder *[note 4]*.

[8] For the three months ended March 31, 2023, share issuance costs amounted to $Nil (December 31, 2022 - $1,222,308).

Reserves – warrants

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

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

[expressed in Canadian dollars]

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

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

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

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

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

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

Reserves – Stock options

On August 31, 2022, the board of directors of the Company approved the Company's Omnibus Share Incentive Plan (the "Share Incentive Plan"), as part of the RTO. Under the Share Incentive Plan, options to purchase common shares may be granted by the Board of Directors to directors, officers, consultants, and employees. Options are generally granted at exercise prices equal to the fair market value at the grant date and have at least one year of vesting.

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

[expressed in Canadian dollars]

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

2023

	Outstanding			Exercisable	
Exercise prices **$**	**Number of options** **#**	**Weighted average remaining contractual life in years**	**Weighted average exercise price** **$**	**Number of Options** **#**	**Weighted average exercise price** **$**
0.75 [2]	3,065,197	4	0.75	1,820,000	0.75
1.00	671,733	5	1.00	160,459	1.00

2022

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

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

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

[3] For the three months ended March 31, 2023, 541,864 options expired, cancelled, or forfeited with a total value of $122,755. On December 6, 2021, the Company cancelled a contract with a consultant, as a result, 56,500 options were cancelled.

Reserves – Restricted share units

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

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

[expressed in Canadian dollars]

[1] On August 31, 2022, the Company issued RSUs as part of the RTO. For each RSU granted, compensation expense is recognized equal to the market value of one common share at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period. The market value of $0.34 was used as the closing share price on the first trading day after the RTO. For the three months ended March 31, 2023, the Company has recorded an expense of $155,425 (December 31, 2022 - $258,765) in share-based compensation expense related to the RSUs in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

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

[3] The Company accrued the share-based compensation expenses for each RSU committed and outstanding but not granted to consultants. The expense was calculated at the market value of one common share at March 31, 2023 and recognized the expenses over the term of the vesting period, with a corresponding credit to reserves. The RSUs are expected to be granted by the board of directors at the same time the March 31, 2023 unaudited interim condensed consolidated financial statements are approved.

Reserves – Contingent consideration

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

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

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

Contributed surplus

The following is a continuity of the activity in the contributed surplus account:

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

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

[expressed in Canadian dollars]

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

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

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

Share-based compensation

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

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

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

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

18. Additional cash flow information

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

[expressed in Canadian dollars]

19. Finance costs

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

[1] This represents the total interest expense for the credit facilities associated to the EP Homes inventory sold during the period.

20. Financial instruments

The Company's principal financial liabilities include trade payables, customer payables, due to related parties, promissory notes, credit facilities, government loans, lease liabilities, convertible debentures, and customer deposits. The Company's financial assets include cash and cash equivalents, cash – restricted, customer funds, loan receivables, due from related parties, investments, and trade receivables. The Company's financial instruments have been classified as either assets or liabilities at amortized cost or fair value through other comprehensive income. The following table illustrates how the financial instruments in the unaudited interim condensed consolidated statements of financial position are classified and measured:

Financial asset/liability	Classification and measurement
Cash and cash equivalents	Amortized cost
Cash - restricted	Amortized cost
Customer funds	Amortized cost
Trade receivables	Amortized cost
Loan receivables	FVTPL
Due from related parties	Amortized cost
Investments	FVTPL
Trade payables	Amortized cost
Customer payables	Amortized cost
Current portion of customer deposits	Amortized cost
Lease liabilities	Amortized cost
Due to related parties	Amortized cost
Promissory notes	Amortized cost
Credit facilities	Amortized cost
Government loans	Amortized cost
Customer deposits	Amortized cost
Convertible debentures	Amortized cost

The risks arising from the Company's financial instruments are equity price risk, interest rate risk, foreign currency risk, and liquidity risk.

[expressed in Canadian dollars]

Fair value

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

Equity price risk

The Company's non-listed equity instruments are susceptible to market price risk arising from uncertainties about future value of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on regular basis. The Company's board of directors review and approve all equity investment decisions. At the reporting date, the exposure to non-listed equity investments at fair value was $386,555.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates arising in the Company's borrowings in credit facilities. Interest rate risk is minimized through management's decision to primarily obtain fixed rate interest for the time period the asset is held per the business plan. The impact of interest rate sensitivity on the Company's loss before tax is due to the changes in the Royal Bank prime rate, ATB prime rate, and TD prime rate *[note 13]*. With all other variables held constant, the increase or decrease in interest rate by 27% or 270 basis points will result in change in the Company's loss before tax by $131,149 (December 31, 2022 - $138,293). The assumed movement in basis point for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company has transactional currency exposures that arise from loans and receivables in currencies other than its functional currency. The Company has transactional currency exposures that arise from purchases in currencies other than their functional currency, including British Pounds. The Company does not enter into derivatives to hedge the exposure.

The impact of foreign currency sensitivity on the Company's loss before tax is due to the changes in the fair value of monetary assets and liabilities as at the date of financial position. With all other variables held constant the increase or decrease in exchange rates by 10% will result in below mentioned decrease or increase respectively in net loss before tax for the period ended March 31, 2023 by $104,442 (December 31, 2022 - $46,570) on account of change in GBP exchange rate.

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

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

[expressed in Canadian dollars]

Liquidity risk

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

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

Credit risk

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

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

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

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

Contractual maturities of financial liabilities:

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

[expressed in Canadian dollars]

21. Convertible debentures

On October 25, 2021 ("Closing Date"), the Company issued $2,760,000 of 8.75% unsecured convertible debentures (the "Convertible Debentures"), with interest payable on the conversion of the Convertible Debentures. Immediately prior to the following events ("Liquidity Event"), the outstanding Convertible Debentures shall automatically be converted into common shares of the Company at the Conversion Price:

- The Company completing a *bona-fide* public offering of common shares under a prospectus filed with securities regulatory authorities in Canada; or
- The consummation of any transaction including, without limitation, any consolidation amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction or any other business combination or similar transaction.

The maturity of Convertible Debentures is October 24, 2024 and are convertible at the holder's option in whole or in part into common shares of the Company at the price of $1.00 per share ("Conversion Price") at any time.

	Liability component of Convertible Debentures	**Total**
	$	**$**
As at September 30, 2021	1,510,000	—
Issuance of Convertible Debentures [1]	1,250,000	1,250,000
Accrued Interest [2]	724,500	724,500
Conversion to Common Shares [3]	(3,484,500)	(3,484,500)
As at December 31, 2022	—	—

[1] As at March 31, 2023, $Nil (December 31, 2022 – $Nil) of Convertible Debentures were outstanding.

[2] Upon conversion of the Convertible Debentures, the Company was required to make a payment ("Make-Whole Payment") to the holders of the Convertible Debentures equal to the interest amount that the holder of the Convertible Debenture would have received in respect of the converted principal amount of the Convertible Debenture if such amount remained outstanding from the conversion date until the maturity date of October 24, 2024.

[3] On August 31, 2022, $3,484,500 of the Convertible Debentures were converted into 3,484,500 common shares at $1.00 per share as a result of the completion of the RTO.

22. Loan receivables

As at March 31, 2023, the Company recorded an impairment loss of $Nil (December 31, 2022 – $1,466,034) related to the loan receivables. The carrying value of $233,910 reflects the present value of the expected cash flows.

23. Leases

The Company has lease agreements for leased offices and equipment leases. The office leases consist of 3 office leases (December 31, 2022 – 3 office leases) the UK offices and 9 office leases (December 31, 2022 – 5 office leases) are for Canadian offices. The Company also has an equipment lease for various IT equipment.

[expressed in Canadian dollars]

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

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

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

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

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

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

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

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

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

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

24. Revenue and direct costs

Revenue

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

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

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

Direct costs

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

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

25. Deferred revenue

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

[expressed in Canadian dollars]

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

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

26. Other income

Other income consist of the following:

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

[1] For the three months ended March 31, 2023, BPO was awarded $4,060 (£2,500 GBP) (March 31, 2022 – $19,340) from the UK government for the Kickstart scheme. The Kickstart scheme provides funding to create new jobs for 16 to 24-year-olds, which covers 100% of UK's minimum wage for 25 hours per week for a total of 6 months.

[2] For the three months ended March 31, 2023, EP Homes received $14,333 from sub-leasing its previous office space located in Edmonton, Canada. For the three months ended March 31, 2022, EP Homes received $21,500 in rent reimbursements from EAM for the usage of EP Homes' office space in Edmonton, Canada.

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

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

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

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three months ended March 31, 2023 and 2022

27. Other operating expenses

Other expenses consist of the following:

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

28. Acquisition costs

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

29. Public company costs

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

30. Joint venture

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

Summarized statement of financial position of Smart Everyday People Inc:

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

[expressed in Canadian dollars]

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

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

Since the Company's share of the loss for the period exceeds the initial cost of the joint venture, the joint venture is not presented on the Company's balance sheet, and the Company's share of loss for the year ended December 31, 2022 totaled $2,855 on the consolidated statements of loss and comprehensive loss.

31. Commitments

Operating lease commitments

The Company has entered into one lease commitment for various IT equipment for its UK facilities, for which monthly lease payments are recorded as an expense.

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

Other commitments

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

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

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

On December 2, 2021, the Company entered into an agreement with an investor relations firm ("IR Firm") commencing on the signing date of the agreement. Pursuant to the agreement, the IR Firm is to develop and management comprehensive investor relations program and corporate communications program, including PR/media and stakeholder relations.

On December 7, 2021, the Company entered into a Marketing Agreement with a market maker with an initial period of 12 months starting on the latest of the (1) the date the RTO is completed and (2) the date the TSXV has approved this agreement and shall be renewed for subsequent 6-month periods unless the Company provides written notice of termination to the market maker. Pursuant to the Marketing Agreement, the market maker is to provide marketing campaign services, where they will mass-market the Company to qualified North American investment professionals.

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

On December 30, 2022, the Company entered into an Exclusive Engagement Agreement with a financing broker to source and negotiate for EP Homes one or more loans in form of mezzanine financing facility, with an estimated interest rate to be 12-14% per annum.

32. Segmented information

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

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

(2) EP Homes facilitation services – This segment acquires new homes directly from homebuilders and offers eligible clients the ability to purchase a new home through a structured lease and dedicated down payment accumulation program.

(3) Collection services – This segment provides debt collection services for corporations that have past due and default accounts.

(4) Contract receivable services – This segment acquires residential and commercial security contracts between the consumer and the alarm companies at a certain discount. Full ownership of the contracts are transferred to EP Security, however, the alarm companies have continued obligations to services customers pursuant to their service agreements with the customer.

The Chief Executive Officer is the CODM and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the following metrics:

- Financial services:
  - Average revenue per user.
  - Profit or loss for the segment.
- EP Homes facilitation services:
  - Average loan-to-value for the EP Homes inventory.
  - Profit or loss for the segment.
  - Collection services:
  - Average percentage collected per outstanding account.
  - Profit or loss for the segment.
- Contract receivable services:
  - Number of contracts.

[expressed in Canadian dollars]

- Profit or loss for the segment.

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

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

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

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

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

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

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

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

[expressed in Canadian dollars]

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

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

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

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

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

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

Geographical information

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

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

[expressed in Canadian dollars]

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

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

[1] Non-current assets excludes deferred tax assets of $Nil (December 31, 2022 - $Nil) in accordance with IFRS 8.33(b).

Information about major customers

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

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

The revenue concentration noted mirrors the consolidated nature of the Company's operations. It is the management's opinion that the loss of Customer 1 will impact the Company's performance. In addition to the customers detailed in the above table, no other services were provided any one customer that represented more than 10% of total revenue for the Company.

33. Contingent consideration

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

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

34. Contingencies

EP Financial, Gordon Reykdal ("G. Reykdal"), Barret Reykdal, Carrie Reykdal, Prospect Financial Inc., EP Homes (formerly Bridge to Homeownership Investments Ltd.) and EAM Enterprises Inc. ("EAM") have been named as defendants in a lawsuit commenced by Ed Moroz and 2122297 Alberta Ltd. ("212 Alberta" and together with Moroz, the "Plaintiffs") in the Alberta Court of Queen's Bench on February 28, 2022 (the "Claim").

In the Claim, the Plaintiffs allege that in or around July 2018, 212 Alberta and EAM and their respective principals, Moroz and G. Reykdal, agreed to transfer 10,000,000 common shares in EP Financial to the Plaintiffs in exchange for 212 Alberta transferring 10,000,000 common shares in Destiny Bioscience Global Corp. ("Destiny"). In the Claim, the Plaintiffs allege that following certain transactions that took place in furtherance of the share swap agreement, the defendants engaged in a conspiracy to significantly dilute the Plaintiffs' interest in EP Financial, which involved, among other things, providing misleading information purporting to show the Plaintiffs' interest in EP Financial, calling annual general meetings without providing notice to the Plaintiffs, breaching the terms of the share swap agreement, engaging in oppressive conduct, and breaches of fiduciary duty. The Plaintiffs claim to have suffered losses, in relation to which certain relief is sought, including, among other things, a declaration of a constructive trust over the shares of EP Financial, an accounting of EP Financial, production of certain financial disclosure, an investigation into EP Financial and damages. The Plaintiffs have not specified the amount of damages other than $50,000 for breaching a duty to act in good faith and honestly perform the defendants' contractual obligations.

A Statement of Defence and Counterclaim have been filed, asserting that the Plaintiffs' claim for the share swap is statute barred by virtue of the Limitations Act, and by a total failure of consideration given the insolvency of Destiny. Further, the defendants assert that the Plaintiffs have suffered no damages.

35. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. The Company did not believe these changes to have a material impact on the financial statements.

The changes for the comparative three months ended March 31, 2022, were as follows:

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