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

Consolidated financial statements

December 31, 2022 and September 30, 2021

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Everyday People Financial Corp.

Opinion

We have audited the consolidated financial statements of Everyday People Financial Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and September 30, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the 15-month period ended December 31, 2022 and the 12-month period ended September 30, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the 15-month period ended December 31, 2022 and the 12-month period ended September 30, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has incurred a net loss of $45,686,749 and negative cash flows from operating activities of $8,876,636 during the period ended December 31, 2022, and the Company reported a deficit of $58,760,078 as at December 31, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the period ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Valuation of intangible assets acquired in a business combination

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

On December 30, 2022, the Company completed a business combination and acquired General Credit Services Inc. for aggregate consideration of $6,583,998, including contingent consideration of $535,856. This purchase included acquiring intangible assets with a fair value of $4,868,000. Management utilized an external valuation specialist in determining the fair value of the assets acquired and liabilities assumed as at the acquisition date.

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

How our audit addressed the Key Audit Matter

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

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

Impairment of goodwill and intangible assets

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

As at December 31, 2022, the total carrying value of goodwill and intangible assets amounted to $6,272,134 and $13,872,898, respectively, and an impairment loss of $27,850,301 was recognized. Goodwill and intangible assets are allocated to cash-generating units (CGUs). The Company assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of the CGUs. Management utilized a discounted cashflow model and involved an external valuation specialist to assist in their impairment analysis as of December 31, 2022. The analysis covered four of the Company's CGUs within which goodwill had been previously allocated.

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

How our audit addressed the Key Audit Matter

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RSM Canada LLP

Chartered Professional Accountants
May 1, 2023
Edmonton, Alberta

Everyday People Financial Corp. (formerly Justify Capital Corp.)
Consolidated statements of financial position
[expressed in Canadian dollars]

	Notes	December 31, 2022 $	September 30, 2021 $
Assets			
Current assets			
Cash and cash equivalents		1,186,690	2,313,177
Customer funds		8,484,763	4,762,693
Cash - restricted		258,353	29,738
Trade receivables	**[6]**	2,343,122	1,304,276
Prepaid expenses		568,611	471,277
Current portion of loan receivables	**[22]**	80,160	—
Current portion of due from related parties	**[12]**	532,812	116,914
Current portion of EP Homes inventory	**[10]**	3,506,800	6,465,610
Total current assets		**16,961,311**	**15,463,685**
Non-current assets			
EP Homes inventory	**[10]**	6,311,478	1,707,500
Intangible assets	**[9]**	13,872,898	14,013,312
Property and equipment	**[7]**	574,002	483,153
Loan receivables	**[22]**	153,751	—
Investments	**[11]**	386,555	1,524,601
Due from related parties	**[12]**	302,049	314,637
Deferred tax asset	**[24]**	—	461,138
Right-of-use asset	**[23]**	1,411,552	1,611,881
Goodwill	**[8]**	6,272,134	28,045,238
Total non-current assets		**29,284,419**	**48,161,460**
Total assets		**46,245,730**	**63,625,145**
Total liabilities and shareholders' equity			
Current			
Trade payables		5,362,622	3,280,799
Customer payables		8,484,763	4,762,693
Current tax liability	**[24]**	182,122	419,645
Current portion of deferred revenue	**[26]**	235,513	290,889
Current portion of lease liabilities	**[23]**	287,293	396,642
Current portion of customer deposits		173,053	58,599
Current portion of promissory notes	**[15]**	—	1,343,761
Current portion of credit facilities	**[13]**	3,653,343	4,645,180
Current portion of due to related parties	**[12]**	45,802	4,378
Total current liabilities		**18,424,511**	**15,202,586**
Non-current			
Deferred revenue	**[26]**	151,371	62,110
Lease liabilities	**[23]**	1,500,435	1,462,574
Customer deposits		25,255	3,600
Government loan	**[14]**	180,000	180,000
Convertible debentures	**[21]**	—	1,510,000
Deferred tax liability	**[24]**	2,927,000	1,596,727
Credit facilities	**[13]**	5,031,065	—
Due to related parties	**[12]**	7,000,000	—
Total non-current liabilities		**16,815,126**	**4,815,011**
Total liabilities		**35,239,637**	**20,017,597**
Shareholders' equity			
Common shares	**[17]**	67,483,059	55,302,579
Reserves	**[17]**	2,829,689	1,638,097
Contributed surplus	**[17]**	656,955	113,450
Deficit		(58,760,078)	(13,073,329)
Accumulated other comprehensive loss		(1,203,532)	(373,249)
Total shareholders' equity		**11,006,093**	**43,607,548**
Total liabilities and shareholders' equity		**46,245,730**	**63,625,145**

Going concern [note 2]
Commitments [note 30]
Contingencies [note 33]
Subsequent events [note 34]

Approved on behalf of the Board:

(Signed) "Scott Sinclair"
Scott Sinclair, Director

Approved on behalf of the Board:

(Signed) "David Robinson"
David Robinson, Director

See accompanying notes

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

	Notes	Fifteen months ended December 31, 2022	Twelve months ended September 30, 2021
		$	$
Revenue	**[25]**	**22,473,751**	**13,566,906**
Direct costs	**[19 and 25]**	9,727,706	6,250,671
Gross profit		**12,746,045**	**7,316,235**
Operating expense			
Salaries and benefits		8,938,752	5,542,935
Professional fees		3,344,316	1,688,389
Depreciation and amortization	**[7, 9 and 23]**	2,251,036	1,537,705
Management fees	**[12]**	1,933,102	1,338,520
Other operating expenses	**[28]**	1,571,317	518,540
Share-based compensation	**[17]**	930,925	736,951
Consulting fees		708,522	352,437
Travel and entertainment		574,939	98,654
Marketing expenses		320,805	71,658
Rent and utilities		301,249	220,179
Investor relations		294,239	—
Board fees		228,710	—
Stock exchange fees		52,915	4,357
Loss allowances	**[20 and 22]**	25,648	—
Realized foreign currency exchange loss (gain)		4,446	(42,029)
Total operating expense		**21,480,921**	**12,068,296**
Loss from operations		**(8,734,876)**	**(4,752,061)**
Other (expenses) income			
Gain on debt settlement		60,490	—
Other income	**[27]**	356,982	737,987
Share of loss in joint venture	**[29]**	(2,855)	—
Other expenses		(129,453)	—
Payment of contingent consideration	**[32]**	(730,568)	—
Loss on investments	**[11]**	(1,298,846)	—
Finance costs	**[19]**	(1,785,037)	(742,663)
Listing expenses	**[4]**	(3,381,033)	—
Impairment loss	**[8, 9 and 22]**	(29,316,335)	—
Total other (expenses) income		**(36,226,655)**	**(4,676)**
Net loss before tax		**(44,961,531)**	**(4,756,737)**
Taxes			
Deferred tax recovery (expense)	**[24]**	(543,096)	242,081
Current tax expense	**[24]**	(182,122)	(419,645)
Net loss for the period		**(45,686,749)**	**(4,934,301)**
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss			
Unrealized foreign currency translation adjustment		(830,283)	(74,475)
Total other comprehensive loss		**(830,283)**	**(74,475)**
Comprehensive loss for the period		**(46,517,032)**	**(5,008,776)**
Basic and diluted loss per share		(0.44)	(0.06)
Weighted average number of shares outstanding - basic and diluted		**105,307,937**	**86,401,756**

See accompanying notes

Everyday People Financial Corp. (formerly Justify Capital Corp.)
Consolidated statements of changes in shareholders' equity
[expressed in Canadian dollars]

Period ended

	Notes	Common shares $	Reserves $	Contributed Surplus $	Deficit $	Accumulated other comprehensive income/(loss) $	Total Shareholders' deficiency $
Fifteen months ended December 31, 2022	**[17]**						
Balance, October 1, 2021		55,302,579	1,638,097	113,450	(13,073,329)	(373,249)	43,607,548
Net loss for the period		—	—	—	(45,686,749)	—	(45,686,749)
Other comprehensive loss		—	—	—	—	(830,283)	(830,283)
Issuance of units		11,597,481	—	—	—	—	11,597,481
Issuance of common shares upon acquisition		1,434,256	—	—	—	—	1,434,256
Warrants: issued		—	643,372	—	—	—	643,372
Warrants: expired		—	(543,505)	543,505	—	—	—
Warrants: exercised		92,209	(77,209)	—	—	—	15,000
Options: issued		—	588,731	—	—	—	588,731
Options: expired		—	(5,662)	—	—	—	(5,662)
Options: exercised		278,842	(231,542)	—	—	—	47,300
Restricted share units: issued and committed		—	281,551	—	—	—	281,551
Share issuance costs		(1,222,308)	—	—	—	—	(1,222,308)
Common shares - committed		—	535,856	—	—	—	535,856
Balance, December 31, 2022		67,483,059	2,829,689	656,955	(58,760,078)	(1,203,532)	11,006,093
Twelve months ended September 30, 2021	**[17]**						
Balance, October 1, 2020		40,616,879	113,450	—	(8,139,028)	(298,774)	32,292,527
Net loss for the period		—	—	—	(4,934,301)	—	(4,934,301)
Other comprehensive loss		—	—	—	—	(74,475)	(74,475)
Issuance of units		5,701,525	—	—	—	—	5,701,525
Issuance of common shares upon acquisition		6,022,236	—	—	—	—	6,022,236
Issuance of options upon acquisition		—	51,192	—	—	—	51,192
Issuance of warrants upon acqusition		—	23,875	—	—	—	23,875
Share-based compensation		3,820,000	716,951	—	—	—	4,536,951
Issuance of warrants		(846,079)	846,079	—	—	—	—
Share issuance costs		(11,982)	—	—	—	—	(11,982)
Expiration of warrants		—	(113,450)	113,450	—	—	—
Balance, September 30, 2021		55,302,579	1,638,097	113,450	(13,073,329)	(373,249)	43,607,548

See accompanying notes

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

Period ended

	Notes	Fifteen months ended December 31, 2022 $	Twelve months ended September 30, 2021 $
Operating activities			
Net loss for the period		(45,686,749)	(4,934,301)
Adjustments to reconcile net loss to net cash used in operating activities:			
Impairment loss	**[8, 9 and 22]**	29,316,335	—
Listing expense	**[4]**	3,381,033	—
Depreciation & amortization	**[7, 9 and 23]**	2,251,036	1,537,705
Loss on investments	**[11]**	1,298,846	—
Share-based compensation	**[17]**	930,925	736,951
Finance costs	**[19]**	1,438,105	525,228
Interest paid	**[19]**	(530,581)	(309,156)
Payment of contingent consideration	**[32]**	730,568	—
Deferred income tax	**[24]**	543,096	(242,081)
Current income tax	**[24]**	182,122	419,645
Loss allowances	**[20]**	25,648	—
Share of loss in joint venture	**[29]**	2,855	—
Gain on debt settlement	**[15]**	(60,490)	—
Non-cash revenue	**[22]**	(299,353)	—
Non-cash other income	**[27]**	(160,800)	—
Net change in non-cash working capital items	**[18]**	806,528	(101,667)
		(5,830,875)	(2,367,676)
Additions to EP homes inventory	**[10]**	(5,028,638)	(920,000)
Disposals to EP homes inventory	**[10]**	3,383,470	2,923,100
Additions to loan receivables	**[22]**	(1,400,592)	—
Cash provided by (used in) operating activities		(8,876,636)	(364,576)
Investing activities			
Additions to intangible assets	**[9]**	(685,178)	(300,000)
Additions to property and equipment, net of disposals	**[7]**	(226,296)	(105,679)
Additions to investments	**[11]**	—	(1,138,045)
Cash acquired on reverse takeover	**[4]**	49,305	—
Acquisition of a subsidiary, net of cash paid and acquired	**[5]**	(5,252,073)	28,217
Cash used in investing activities		(6,114,242)	(1,515,507)
Financing activities			
Proceeds from unit issuance and committed capital, net	**[17]**	3,969,755	4,189,543
Proceeds from credit facilities	**[13]**	6,743,719	3,010,083
Proceeds from promissory notes, including related parties	**[12 and 15]**	7,000,000	200,000
Proceeds from convertible debentures	**[21]**	1,050,000	1,510,000
Repayments of lease liabilities	**[23]**	(339,079)	(281,210)
Repayments of promissory notes	**[14]**	(1,111,772)	(510,641)
Repayments of credit facilities	**[13]**	(2,704,491)	(5,210,872)
Proceeds from government loans	**[14]**	—	40,000
Cash provided by financing activities		14,608,132	2,946,903
Net foreign exchange difference		(515,126)	(17,686)
Net (decrease) increase in cash and cash equivalents		(897,872)	1,049,134
Cash and cash equivalents, beginning of the period		2,342,915	1,293,781
Cash and cash equivalents, end of the period		1,445,043	2,342,915
Less: Cash - restricted, end of the period		(258,353)	(29,738)
Cash and cash equivalents, end of the period		1,186,690	2,313,177
Supplemental cash flow information			
Non-cash investing and financing activities:			
Issuance of common shares to CEO for accrued bonuses		—	3,800,000

See accompanying notes

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 15 months ended December 31, 2022 and 12 months ended September 30, 2021

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 changed its fiscal year-end from September 30 to December 31, and this is the financial reporting period adopting the new year-end date, to align with the financial reporting of most public issuers. The financial statements are therefore consolidated financial statements for the 15 months ended December 31, 2022, compared to the 12 months ended September 30, 2021.

The Company’s 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]	United Kingdom	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]	United Kingdom	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%

[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 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 *[note 5]*.

[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 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.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Company's board of directors on May 1, 2023.

2. Basis of presentation and going concern

Statement of compliance

The consolidated financial statements of the Company for the 15 months ended December 31, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements were based on IFRS issued and outstanding as at December 31, 2022.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments, which are measured at fair value *[note 20].* The 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 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, SEP, GCS, EP Homes and EP Homes' subsidiaries (collectively the "Subsidiaries"). The Subsidiaries are entities controlled by the Company.

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

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

Going concern

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business as they come due. The Company has recurring net losses, has a deficit and negative cash flows from operations. The Company incurred net loss of $45,686,749 (September 30, 2021 - $4,934,301) for the 15 months ended December 31, 2022, including listing expenses, impairment losses, depreciation and amortization expense, and professional fees related to going public, deficit of $58,760,078 as at December 31, 2022 (September 30, 2021 - $13,073,329) and cash used in operating activities of $8,876,636 for 15 months ended December 31, 2022 (September 30, 2021 – cash used in operating activities of $364,576). 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 in 2022:

- 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]*; and,
- Received $1.5 million from a financing broker to provide a mezzanine financing facility for EP Homes financing *[note 34]*.

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

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

Management judgment and estimation uncertainty

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

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

Judgment of EP homes inventory

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

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

Judgment of control

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

Judgment of loan collectability

The Company's management used their judgment to assess the collectability of the outstanding loan receivable. The Company considers the borrower high risk, therefore, the Company's management used a discount rate of 30% to estimate the recoverability of the loan receivable.

Judgment of operating segments

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

Judgment of impairment of non-financial assets

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

Judgment of measurement of investments

When the fair values of investments recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using alternative valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial statements.

Judgment of the impact of COVID-19

As a result of measures enacted during fiscal 2022 to combat the COVID-19 pandemic, increased uncertainty surrounding global economic conditions and business impacts have occurred. The Company has reviewed its estimates, judgments and assumptions used in the preparation of its consolidated financial statements, including the determination of whether indicators of impairment exist for its tangible and intangible assets, including goodwill, estimated losses on revenue from fixed-fee arrangement contracts, the credit risk of its counterparties, and the estimates and judgments used for the measurement of its deferred tax assets.

The potential impacts of the surrounding global economic uncertainties on the Company's operations and financial conditions and on overall customer demand, may require revisions in future periods to estimates and assumptions. Although management expects COVID-19 related disruptions to continue beyond fiscal 2022, it believes that the Company's long-term estimates and assumptions do not require further revisions, however management continues to monitor and evaluate the situation and its impact on the Company's business.

Judgment of the impact of Brexit

The UK's withdrawal from the European Union ("EU") took place on January 31, 2020 ("Brexit"). Brexit has created uncertainty about the future relationship between the UK and the EU. With formal trade deal negotiations finally approved in April 2021, there still remains uncertainty about the scope of such arrangements in the Company's business.

Two of the Company's subsidiaries are incorporated in the UK have significant operations and a substantial workforce within the country. The Company enjoys certain benefits based on the UK's membership in the EU, and the lack of clarity around the future relationship between the UK and EU creates uncertainty that may have a material impact on the Company's business and operations. The Company may also be required to incur additional expense as it adapts to the new political and regulatory environment. The management has taken steps and enacted plans to ensure that the Company is able to operate our business in the normal course following Brexit. Additionally, Brexit has the potential to adversely affect global economic conditions and the stability of global financial markets, which in turn could have a material adverse effect on the Company's business, financial condition, and results of operations.

Estimate of fair value of warrants

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

The assumptions and model used for estimating fair value for warrants are disclosed in note 17.

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

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

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

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

The assumptions and model used for estimating fair value for equity settled stock options are disclosed in note 17.

Estimate of the recoverability of non-financial assets

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

Estimate of fair value of common shares

Pre-RTO, the fair value of the common shares were estimated on the management's assessment of the Company's performance and the common share issuance price to shareholders, including third party common share issuance.

Post-RTO, the fair value of the common shares are estimated according to the quoted price on the day of the conclusion of the agreement.

Estimate of purchase price allocation and valuation of goodwill

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

Estimate of useful life of property and equipment and intangible assets

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

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

Estimate of incremental borrowing rate for leases

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

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

Estimate of income taxes

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

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

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

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

3. Summary of significant accounting policies

Revenue recognition

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

- EP Homes facilitation services, includes lease payments, and the sales price upon the sale of EP Homes inventory to the client. Lease payments are recognized on a monthly straight-line basis over the executed lease term with the clients. Revenue from the sale of inventory is recorded at point in time the sale of the property to the customer, which is also the date the legal title of the property is transferred to the client. The transaction price for recording property sale revenue is the sale price per the executed sale agreement. Monthly savings contribution revenue is recorded at point in time when the client either executes its purchase option to acquire the home or the customer forfeits their option to purchase the home. Monthly savings contribution revenue is collected from the client every month along with lease payments. Until the client executes or forfeits the purchase option, the saving contribution is accounted for as deferred revenue. Upon maturity of the contract inclusive of any extension, the accumulated saving contribution is accounted as revenue.

- Collection services revenue is recognized at the point in time when the Company collects and receives the funds from customers on behalf of their clients. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transfer price needs to be allocated. In determining the transaction price for the collection services, the Company considers the effects of variable consideration (if any) in clients' contracts and is typically part of a tender pricing process.

- Financial services revenue consists of card fee revenue, interchange revenue, and interest revenue. Card fee revenue is charged to the cardholder and is recognized monthly. Interchange revenue is a fee received by the Company from the card issuing bank and is based on cardholder purchase volumes. Interchange revenue is recognized at the time the cardholder executes a transaction using the Company's card. Interest revenue represents interest on credit products and consumer loans and are recognized on an effective interest rate calculation basis during the period and is recognized monthly.

- Loan participation revenue on savings and proposal loans is deferred and are amortized into revenue over the term of the loan agreements.

- Application or administrative fees to approve clients for EP Care services are recognized at the time of approving the client of EP Care services.

- EP Security's revenue is comprised of contract revenue. Since EP Security does not have a contract in place with the customer, the revenue from the purchased service agreements falls outside the scope of IFRS 15. The revenue from purchased service agreements is recorded in accordance with *IFRS 9 - Financial Instruments.* The purchased service agreements are recorded as a financial asset at amortized cost and revenue is recognized over the term of the contracts using the Effective Interest Method.

EP Homes inventory

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

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

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

Intangible assets

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

	Rate
Licenses, rights and technology	5-10 years straight line
Customer relationships	9 years straight line
Trade name	Indefinite

The amortization period is reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of loss and comprehensive loss. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the consolidated statements of loss and comprehensive loss when the asset is derecognized.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value. Acquisition-related costs are expensed as incurred and included in professional fees in the consolidated statements of loss and comprehensive loss. When the Company acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any excess of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the consideration transferred below the fair value of the net assets acquired is recorded as a gain in the consolidated statement of comprehensive income. The business combination performed with related parties are also measured at the acquisition date fair value.

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

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

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

Share-based payments

Stock Option Plan

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

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

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

Common Shares

Prior to becoming a publicly traded company, the Company issued shares to employees, consultants, and advisors in lieu of cash payment with respect for compensation of services provided. The shares were issued from treasury at fair market value and recorded as share-based compensation expense in the consolidated statement of loss and comprehensive loss and the corresponding side in common shares. The fair market value of the common shares is determined based on the most recent private placement of capital.

Restricted share units

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

Common shares

The Company raises capital by issuance of a unit which is comprised of one common share and warrants. Common shares and warrants are classified as equity. The cash received less the fair value of the warrants is recorded in the common shares. The fair value of the warrants issued is estimated using the Black-Scholes model. Share issuance costs directly attributable to the issuance of units are recognized as a reduction to shareholder equity, net of any tax effects.

Leases

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

a) The Company as a lessee

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

b) Right-of-use assets

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

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

c) *Lease liabilities*

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease at the lease commencement. If the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate at the lease commencements. After the commencement date, the amount of lease liabilities is increased to reflect accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

e) *The Company as a lessor*

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

Fair value measurements

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

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

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

Government grants and assistance

Government grants are recognized at their fair value in the period when there is reasonable assurance that the conditions attaching to the grant will be met and that the grant will be received. Grants are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate. When the grant relates to an asset, it is recognized as income over the useful life of the depreciable asset.

Cash and cash equivalents

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

Cash – restricted

EP Financial collects payments from customers to hold in trust as security for their secured card. These funds are not available for operating use by EP Financial.

Foreign currency

Functional and presentation currency

The Company determines its functional currency based on the currency of the primary economic environment in which it operates. The Company's functional and presentation currency is the Canadian dollar ("CAD"), while the functional currencies of its subsidiaries are as follows:

Company	Functional Currency
EP UK	British pound
IKort	Icelandic krona
EP Ventures Inc.	Canadian dollar
BPO	British pound
EP Homes	Canadian dollar
EP Card ehf.	Icelandic krona
EP Security	Canadian dollar
Climb	Canadian dollar
EP Care	Canadian dollar
EP Travel	Canadian dollar
GCS	Canadian dollar

The effects of changes of the exchange rates are accounted in other comprehensive income or loss ("OCI").

Transactions and balances

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

Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated at into Canadian dollars at the exchange rate prevailing at the reporting date, retained earnings are converted at the exchange rate prevailing at the last reporting date and the consolidated statement of loss and comprehensive loss are translated at respective month end using average monthly exchange rates. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit of loss.

Property and equipment

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

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

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

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

Investment in associates and joint ventures

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

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investment in its associates and joint venture are accounted for using the equity method.

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

Financial instruments

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

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

Financial assets at amortized cost (debt instruments)

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

Financial liabilities at amortized cost

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

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

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

Derecognition of financial instruments

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

Impairment of financial instruments

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

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

Offsetting of financial instruments

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

Income taxes

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

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

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

Research and development costs

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

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

Loss per share

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

Provisions

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

Customer funds and customer payables

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

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

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

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

Customer deposits

EP Homes collects security deposits from its customers, which are held in-trust. EP Homes has an obligation to refund the security deposits to its customers upon maturity of the lease agreement, subject to the customer being in good standing and no damage is done to the property occupied by the customer.

Convertible debentures

Convertible debentures include both liability and equity components associated with the conversion option. The liability component of the convertible debentures is initially recognized at fair value determined by discounting the future principal and interest payments at the rate of interest prevailing at the date of issue for a similar non-convertible debt instrument.

The equity component of the convertible debentures is initially recognized at fair value determined as the difference between the gross proceeds of the convertible debt issuance less the liability component and the deferred tax liability that arises from the temporary difference between the carrying value of the liability and its tax basis. The equity component is allocated to contributed surplus within shareholders' equity. Directly attributable transaction costs related to the issuance of convertible debentures are allocated to the liability and equity components on a pro-rata basis, reducing the fair value at the time of initial recognition.

New accounting standards not yet adopted

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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[expressed in Canadian dollars]

4. Reverse takeover

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

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

[expressed in Canadian dollars]

[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 to reflect the difference between the fair value of the amount paid and the fair value of the net assets received from Justify.

5. Business combinations

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.

From the date of acquisition, 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.

[expressed in Canadian dollars]

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

Purchase price consideration	**Amount in CAD** $
Cash advanced to GCS [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 partial 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)**

[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' Earnings before interest, taxes, depreciation, and amortization ("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 due to the significant expansion of the business and the synergies realized. 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.

[expressed in Canadian dollars]

[4] Trade receivables is made of the following:

	December 31, 2022 $
Gross trade receivables	513,251
Expected credit losses	(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 December 31, 2022. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property of GCS and cash collateral of $100,000 against the guaranteed investment certificates held by GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, 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 December 31, 2022. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property of GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, GCS is in compliance of the financial covenants.

[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)

[expressed in Canadian dollars]

Climb Credit Inc.

On June 30, 2021, the Company acquired 100% of the assets and operations of Climb. Climb, incorporated in British Columbia, Canada, provides various credit rebuilding tools in Canada. The primary reason for the acquisition was to leverage the customer base and credit building products of Climb and provide it to EP Financial's customer base. The Company expensed transaction costs of $64,895 for the valuation and legal fees of the Climb acquisition.

From the date of acquisition, Climb contributed $51,947 of revenue and $266,779 to loss before taxes from continuing operations of the Company in the consolidated financial statements for the year ending September 30, 2021. If the combination had taken place at the beginning of the fiscal year 2021, revenue from continuing operations would have been $324,691 and loss before tax from continuing operations for the Company would have been $1,313,716.

The following table summarizes the final allocation of the purchase price consideration to the assets acquired as at June 30, 2021 based on their fair values:

Purchase price consideration	**Amount in CAD** $
Fair value of deemed issuance of EP's shares [1]	**6,022,236**
Fair value of deemed issuance of EP's options [2]	**51,192**
Fair value of deemed issuance of EP's warrants [3]	**23,875**
Cash advanced to Climb [4]	**225,500**
Total invested capital [5]	**6,322,803**
Cash and cash equivalents	**28,217**
Customer funds	**398,429**
Trade receivables	**183,402**
Prepaid expenses	**13,545**
Right-of-use asset	**22,244**
Property and equipment	**2,042**
Trade payables	**(126,940)**
Customer payable	**(398,429)**
Deferred revenue	**(85,670)**
Lease liabilities	**(41,434)**
Government loan	**(60,000)**
Intangible assets [6]	**1,848,865**
Goodwill [6]	**4,538,532**
Net fair value of assets acquired	**6,322,803**

The purchase price consideration was calculated based on:

[1] 8,810,879 of EP shares exchanged for Climb shares based on 0.10667 exchange ratio multiplied by the fair value of EP's shares of $0.6835.

[expressed in Canadian dollars]

[2] 385,197 of EP options exchanged for Climb shares based on 0.10667 exchange ratio multiplied by the fair value EP's options of $0.1329 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1.39%
Expected volatility	67%
Expected dividend yield	0%
Expected forfeiture rate	0%
Fair value of Resulting Issuer Common Share	$0.680
Exercise price of the options	$0.6563 to $0.75
Expected term of the options	5 years

[3] 359,017 of EP warrants exchanged for Climb warrants based on 0.10667 exchange ratio multiplied by the fair value of EP warrants of $0.0665 using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1.39%
Expected volatility	67%
Expected dividend yield	0%
Expected forfeiture rate	0%
Fair value of Resulting Issuer Common Share	$0.680
Exercise price of the warrants	$1.25
Expected term of the warrants	2 years

[4] The Company advanced Climb $225,500 in cash to assist with outstanding debt and to fund operating expenses.

[5] Per the amalgamation agreement with Climb, the Company is required to pay additional 10% in shares to Climb shareholders if the Company's shares are not listed on the TSX Venture Exchange ("TSXV") by December 31, 2021. A contingency does exist as at September 30, 2021 in which the Company might have to pay additional 10% in shares, however, as at September 30, 2021 there was no indication of the Company's shares not being listed on the TSXV prior to December 31, 2021. Therefore, the Company has not considered the value of the additional shares as a part of the purchase price.

[6] Goodwill amounting to $4,538,532 is relating to the synergies resulting from the acquisition, the economic value of the expertise of the workforce acquired as well as intangible assets that do not meet the criteria for separate recognition and is not deductible for tax purposes.

Intangible assets consist of:

	Amount in CAD $
Customer relationships	**90,454**
Licenses, rights and technology	**1,176,839**
Trade name	**581,572**
Total intangible assets	**1,848,865**

[7] Since Climb has losses of approximately $4.2 million, this results in a deferred tax asset. Therefore, management takes the position to not recognize the deferred tax asset.

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 15 months ended December 31, 2022 and 12 months ended September 30, 2021

6. Trade receivables

	December 31, 2022 $	September 30, 2021 $
Receivable from customers	2,368,770	1,238,178
Grant receivables [1]	—	66,098
Expected credit losses ("ECLs") [2]	(25,648)	—
	2,343,122	**1,304,276**

[1] The grant receivable balance for September 30, 2021 amounting to $66,098 (£38,602 GBP) consists of grant receivable for BPO's customer analysis project. BPO was awarded a grant from Scottish Enterprise for PTP amounting to £57,591 GBP.

[2] An allowance for expected credit loss of $25,648 was recorded as at December 31, 2022 *[note 20]*.

7. Property and equipment

Property and equipment consist of the following:

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**

[expressed in Canadian dollars]

Cost	2021					
	As at September 30, 2020 $	**Additions [1]** $	**Acquisition of subsidiaries [2]** $	**Disposals [3]** $	**Foreign exchange differences** $	**As at September 30, 2021** $
Furniture & fixtures	37,365	50,413	649	—	(224)	88,203
Computer equipment	142,054	101,825	1,393	—	(1,033)	244,239
Signage	3,296	—	—	—	—	3,296
Improvements to property	263,163	2,196	—	—	(1,316)	264,043
Motor vehicles	58,426	—	—	—	(270)	58,156
	504,304	**154,434**	**2,042**	**—**	**(2,843)**	**657,937**

Accumulated depreciation	2021					
	As at September 30, 2020 $	**Depreciation** $	**Acquisition of subsidiaries** $	**Disposals** $	**Foreign exchange differences** $	**As at September 30, 2021** $
Furniture & fixtures	6,265	25,945	—	—	(90)	32,120
Computer equipment	28,563	61,340	—	—	(641)	89,262
Signage	860	860	—	—	—	1,720
Improvements to property	11,159	14,988	—	—	(305)	25,842
Motor vehicles	15,152	10,841	—	—	(153)	25,840
	61,999	**113,974**	**—**	**—**	**(1,189)**	**174,784**
Net book value	**442,305**					**483,153**

[1] The property and equipment include additions of $1,309 (September 30, 2021 - $50,413) for furniture & fixture by EP Financial, $103,079 (September 30, 2021 - $101,825) for computer equipment by EP Financial, EP Security, and BPO, $43,202 (September 30, 2021 - $2,196) for improvements to property by EP Financial and GCS, and $99,636 (September 30, 2021 – Nil) for motor vehicles by BPO.

[2] The acquisition of subsidiaries relates to the acquisition of GCS on December 30, 2022 and Climb on June 30, 2021. Upon the acquisition of GCS, the Company acquired $11,982 of furniture and fixtures. Upon the acquisition of Climb, the Company acquired $649 of furniture and fixtures and $1,393 of computer equipment.

[3] The property and equipment include disposals of $24,651 (September 30, 2021 – Nil) for motor vehicles by BPO.

[4] For the 15 months ended December 31, 2022, the company recorded depreciation of property and equipment amounting to $130,577 (September 30, 2021 - $113,974).

The property and equipment are treated as security to outstanding credit facilities as at December 31, 2022, 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")	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**

CGU	2021				
	As at September 30, 2020 $	Additions $	Impairment losses $	Foreign exchange differences $	As at September 30, 2021 $
EP Homes [1]	18,761,304	—	—	—	18,761,304
Climb [2]	—	4,538,532	—	—	4,538,532
UK collection services [3]	3,669,570	—	—	(16,215)	3,653,355
Financial services [4]	1,095,385	—	—	(3,338)	1,092,047
	23,526,259	**4,538,532**	**—**	**(19,553)**	**28,045,238**

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 policy in note 3.

[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 statement of loss and comprehensive loss. 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 statement of loss and comprehensive loss.

[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%).
- Average revenue growth rate of 18.05% (September 30, 2021 – 10.73%).

[expressed in Canadian dollars]

- 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 statement of loss and comprehensive loss.

9. Intangible assets

Intangible assets consist of the following:

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**

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 15 months ended December 31, 2022 and 12 months ended September 30, 2021

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**

Cost

	2021				
	As at September 30, 2020 $	**Additions** $	**Acquisition of subsidiaries** $	**Foreign exchange difference** $	**As at September 30, 2021** $
Licenses, rights and systems [1]	1,332,166	300,000	1,176,839	—	2,809,005
Trade names [2]	2,879,396	—	581,572	(6,478)	3,454,490
Customer relationships [3]	10,576,874	—	90,454	(46,739)	10,620,589
	14,788,436	**300,000**	**1,848,865**	**(53,217)**	**16,884,084**

Accumulated depreciation

	2021				
	As at September 30, 2020 $	**Depreciation** $	**Acquisition of subsidiaries** $	**Foreign exchange difference** $	**As at September 30, 2021** $
Licenses, rights, and systems [1]	—	36,776	—	—	36,776
Trade names [2]	—	—	—	—	—
Customer relationships [3]	1,664,878	1,184,590	—	(15,472)	2,833,996
	1,664,878	**1,221,366**	**—**	**(15,472)**	**2,870,772**
Net Book Value	**13,123,558**				**14,013,312**

[1] For the 15 months ended December 31, 2022, additions of $469,404 for licenses, rights and systems relates to the DC Bank Phase II Development and additions of $215,774 are for the development of Customer Relationship Management ("CRM") software. The CRM software is currently in the development phase and is not subject to depreciation as at December 31, 2022. As at December 31, 2022, the Company recorded an impairment charge of $1,553,461 for the financial services licenses, rights and systems.

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 statement of loss and comprehensive loss.

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]*.

For the year ended September 30, 2021, the additions of $300,000 for licenses, rights and systems relates to the development costs of the credit card program and the loan management system per the contract with a Schedule 1 Canadian Chartered Bank ("Schedule 1 Bank").

Upon acquisition of Climb on June 30, 2021, the Company acquired licenses, rights, and systems with a fair value of $1,176,839 for the technology platform that was owned by Climb that offers seamless onboarding experience to potential customers. 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, 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 December 31, 2022, $1,304,119 is allocated to BPO's trade name (September 30, 2021 - $1,366,695), $1,413,393 is allocated to EP Homes' trade name (September 30, 2021 - $1,413,393), $88,580 is allocated to EP UK's trade name (September 30, 2021 - $92,830), $581,572 is allocated to Climb's trade name (September 30, 2021 - $581,572), and $1,041,000 is allocated to GCS's trade name *[note 5]*.

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. $1,407,720 of depreciation is related to the existing customer relationships of which $1,375,415 (September 30, 2021 - $1,178,188) is related to BPO customer relationships and are being depreciated on a straight-line basis over 9 years, and $51,688 (September 30, 2021 - $6,402) is related to Climb customer relationships, which was impaired in full on December 31, 2022.

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 December 31, 2022:

	December 31, 2022 $	September 30, 2021 $
Opening inventory	**8,173,110**	10,176,210
Additions [1]	**5,028,638**	920,000
Disposals [2]	**(3,383,470)**	(2,923,100)
Closing inventory [3]	**9,818,278**	8,173,110
Less: Current portion of EP Homes inventory [4]	**(3,506,800)**	(6,465,610)
Long-term EP Homes inventory	**6,311,478**	1,707,500

[1] For the 15 months ended December 31, 2022, the Company purchased 11 homes amounting to $5,028,638 (September 30, 2021 – 2 homes amounting to $920,000).

[2] For the 15 months ended December 31, 2022, the Company disposed of 9 homes (September 30, 2021 – 8 homes) for a total cost of $3,383,470 (September 30, 2021 - $2,923,100).

[3] As at December 31, 2022, the Company has 23 homes (September 30, 2021 – 21 homes) in its inventory, of which 1 home is occupied by a related party with a carrying value of $355,000.

[4] As at December 31, 2022, the Company has 9 homes (September 30, 2021 – 17 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	**490,246**
2024	**384,650**
2025 and thereafter	**185,810**
	1,060,706

11. Investments

	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**

	2021			
	September 30, 2020 $	Additions $	Impairment $	September 30, 2021 $
Investments in Newt Corporation [1]	—	1,138,046	—	1,138,046
Investments in Prospect Financial Inc. [2]	—	386,555	—	386,555
	—	**1,524,601**	**—**	**1,524,601**

[expressed in Canadian dollars]

[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 15 months ended December 31, 2022, 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

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

	December 31, 2022 $	September 30, 2021 $
Due from Homebridge, net	**—**	5,756
Due from Pure Icelandic, net	**—**	5,250
Due from BTHO UK, net [2]	**65,383**	61,766
Due from Smart Everyday People Inc., net [2]	**367,791**	—
Employee receivables, net [6]	**401,687**	358,779
	834,861	431,551
Less: Current portion of due from related parties	**(532,812)**	(116,914)
Long-term portion of due from related parties	**302,049**	314,637

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

	December 31, 2022 $	September 30, 2021 $
Due to EAM – promissory notes, net [3]	**295,500**	**2,673**
Due to EAM - medium-term notes, net [4]	**6,704,500**	**—**
Due to EAM, net [5]	**45,802**	**—**
Due to Everyday Party People, net	**—**	**1,705**
	7,045,802	**4,378**
Less: Current portion of due to related parties	**(45,802)**	**(4,378)**
Long-term portion of due to related parties	**7,000,000**	**—**

[expressed in Canadian dollars]

Transactions with related parties are as follows:

	December 31, 2022 $	September 30, 2021 $
Interest [7]	**222,098**	27,117
Management fees [8]	**1,933,102**	1,338,520
	2,155,200	1,365,637

[1] As at December 31, 2022, EAM Enterprises Inc. owned 19% (September 30, 2021 – 27.64%) of the Company's fully diluted equity including issued and outstanding warrants. 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] 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, commencing July 1, 2022.

[4] Amounts due to EAM 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, commencing May 4, 2022.

[5] Outstanding accrued interest due to EAM for the promissory notes and medium-term notes detailed in paragraphs 3 and 4 above.

On November 21, 2020, EAM Enterprises Inc. converted its outstanding debt of $1,500,000 at $0.75 per unit and the Company issued 2,000,000 units accordingly, which includes 2,000,000 shares and 1,000,000 warrants. Of the total consideration of $1,500,000, the Company has allocated $213,401 to warrants based on the fair value estimated per the Black-Scholes Model and the balance of $1,286,599 to common shares.

[6] The employees' receivables are due from certain employees in accordance with BPO's employee benefit policy. 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.

[7] The Company accrues interest on amount payable to EAM at an annual interest rate of 12%. For the 15 months ended December 31, 2022, interest expensed to EAM totaled $222,098 (September 30, 2021 - $27,117).

[8] Management fees consist of services performed by the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer, Senior Vice Presidents, Vice Presidents, and advisory services provided by Mr. Gordon J. Reykdal, through EAM, principal shareholder for the period of October 1, 2021 to November 3, 2022 and as Chief Strategy Officer thereafter.

[expressed in Canadian dollars]

c) Key management personnel remuneration

For the 15 months ended December 31, 2022, the key management activities include services performed by 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 15 months ended December 31, 2022 and the year ended September 30, 2021, are as follows:

	December 31, 2022 $	September 30, 2021 $
Management fees [1]	**1,933,102**	1,338,520
Salaries, including benefits and bonuses [2]	**900,291**	907,551
Board fees	**228,710**	—
	3,062,103	2,246,071

[1] 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.

[2] Salaries include services performed by BPO's president. It also includes performance bonuses of $573,569 (£365,400 GBP) (September 30, 2021 – $239,764 (£140,000 GBP)) for BPO's president and $85,120 (September 30, 2021 – $Nil) for EAM per the agreement dated October 1, 2020.

13. Credit facilities

	December 31, 2022 $	September 30, 2021 $
Facility 1 [1]	**2,354,708**	**745,464**
Facility 2 [2]	**260,354**	**1,050,396**
Facility 3 [3]	**192,523**	**199,296**
Facility 4 [4]	**58,265**	**81,584**
Facility 5 [5]	**3,918,558**	**2,568,440**
Facility 6 [6]	**1,900,000**	**—**
Facility 7 [7]	**—**	**—**
Facility 8 [8]	**—**	**—**
Total credit facilities	**8,684,408**	**4,645,180**
Less: current portion of Facility 1 [1]	**(596,250)**	**(745,464)**
Less: current portion of Facility 2 [2]	**(260,354)**	**(1,050,396)**
Less: current portion of Facility 3 [3]	**(192,523)**	**(199,296)**
Less: current portion of Facility 4 [4]	**(58,265)**	**(81,584)**
Less: current portion of Facility 5 [5]	**(1,635,647)**	**(2,568,440)**
Less: current portion of Facility 6 [6]	**(910,304)**	**—**
Less: current portion of Facility 7 [7]	**—**	**—**
Less: current portion of Facility 8 [8]	**—**	**—**
Current portion of credit facilities	**(3,653,343)**	**(4,645,180)**
Long-term credit facilities	**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 $2,354,708 (September 30, 2021 - $745,464) has been drawn as at December 31, 2022. 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 December 31, 2022, the Company is in compliance of the financial covenants.

[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 $260,354 (September 30, 2021 - $1,050,396) has been drawn as at December 31, 2022. 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 December 31, 2022, 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 $192,523 (September 30, 2021 - $199,296) has been drawn as at September 30, 2022. 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 $58,265 (£35,660 GBP) (September 30, 2021 - $81,584 (£50,000 GBP)) has been drawn as at December 31, 2022. 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 $3,918,558 (September 30, 2021 – $2,568,440) has been drawn as at December 31, 2022 for 16 homes. 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 December 31, 2022, the Company is in compliance of the financial covenants.

[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 $1.9 million has been drawn as at December 31, 2022. 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.

[7] GCS has an operating line of credit to a maximum of $100,000 with a Canadian bank, of which $Nil has been drawn as at December 31, 2022. 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

[expressed in Canadian dollars]

of GCS and cash collateral of $100,000 against the guaranteed investment certificates held by GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, GCS is in compliance of the financial covenants.

[8] 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 December 31, 2022. The interest rate is bearing at bank prime plus 2.85% per annum. The credit arrangement is secured by a general security agreement, which provides the bank first-priority security against all present and after acquired property of GCS. The credit arrangement is due on demand at the sole discretion of the bank. The credit arrangement contains certain financial covenants that must be maintained. As at December 31, 2022, 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**	**Total**
	$	$	$	$	$	$	$
2023	**596,250**	**192,523**	**260,354**	**58,265**	**1,635,647**	**910,304**	**3,653,343**
2024	**1,758,458**	**—**	**—**	**—**	**2,282,911**	**989,696**	**5,031,065**
2025 and thereafter	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	2,354,708	**192,523**	**260,354**	**58,265**	**3,918,558**	**1,900,000**	**8,684,408**

14. Government loan

Government loans consist of the following:

	December 31, 2022	**September 30, 2021**
	$	$
Opening balance	180,000	80,000
Additions [1]	—	40,000
Acquisitions of subsidiaries [2]	—	60,000
Closing balance	**180,000**	**180,000**

[1] On April 9, 2020, EP Financial and EP Homes entered into a credit arrangement of $40,000 each for a total of $80,000 with the government of Canada for the Canadian Emergency Business Account ("CEBA"). Subsequently, on December 30, 2020, EP Financial and EP Homes received additional CEBA loan of $20,000 each for an accumulated total of $120,000. The loan is set up as a revolving loan with 0% interest until December 31, 2020. On January 1, 2021, the outstanding balance of the CEBA will convert to a non-revolving term loan with a maturity date of December 31, 2025, and an annual interest rate of 5%, non-interest bearing up to and including December 31, 2022. If 75% ($90,000) of the loan is paid on or before December 31, 2022, the remaining 25% ($30,000) of the debt shall be forgiven.

[2] Climb also entered into the above-mentioned credit arrangements for CEBA of which $60,000 has been drawn as at December 31, 2022 (September 30, 2021 - $60,000).

15. Promissory notes

Promissory notes as at December 31, 2022, including interest includes:

- Promissory note A of $Nil (September 30, 2021 - $19,493) [1];
- Promissory note B of $Nil (September 30, 2021 - $476,730) [1];
- Promissory note C of $Nil (September 30, 2021 - $641,286) [2]; and
- Promissory note D of $Nil (September 30, 2021 - $206,252) [3];

[1] In June 2019, the Company through its subsidiary EP Homes II has provided 2 promissory notes amounting to $1,701,650 to a receiver of which $Nil (September 30, 2021 - $496,223) is outstanding as at September 30, 2022. Promissory Note A has a 90-day term with an additional 90-day period with a maturity date of December 8, 2019, whereas, Promissory Note B has a 180-day term with an additional 90-day period with a maturity date of March 7, 2020. Interest rate on Promissory Note A and Promissory Note B is 5% per annum, compounded monthly, and payable at the end of the term. Interest rate of 12% per annum, compounded monthly will be charged if the promissory notes are not paid in full at the end of the term. The Company is required to provide security to the receiver in form of a collateral debenture, in which security shall be registered against title of the homes purchased, in the event the amount due remains outstanding by the end of the additional 90-day period. During the twelve months ended September 30, 2022, the Company has paid out Promissory Note A and Promissory Note B in full.

[2] In June 2019, the Company through its subsidiary EP Homes I provided a promissory note amounting to $502,481 to a receiver of which $Nil (September 31, 2021 - $641,286) is outstanding as at September 30, 2022. Promissory Note C has a 90-day term with an additional 90-day period, with a maturity date of December 8, 2019. Interest rate on Promissory Note C is 5% per annum, compounded monthly, and payable at end of the term. Interest of 12% per annum, compounded monthly will be charged if the promissory note is not paid in full at the end of the term. The Company is required to provide security to the receiver in form of a collateral debenture, in which security shall be registered against title of the homes purchased, in the event the amount due remains outstanding by the end of the additional 90-day period. During the twelve months ended September 30, 2022, the Company has paid out Promissory Note C in full.

[3] In February 2021, the Company provided a promissory note amounting to $200,000 of which $Nil (September 30, 2021 - $206,252) is outstanding as at September 30, 2022. The interest rate on Promissory Note D is 8.75% per annum commencing February 4, 2021, and due on demand. In October 2021, the promissory note was amended into a convertible debenture *[note 21].*

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 December 31, 2022 was $83,393,269 (September 30, 2021 - $62,981,520). The Company monitors equity on the basis of the carrying amount of equity as presented on the consolidated statements of financial position.

No changes were made to the objectives, policies and processes for capital management for the 15 months ended December 31, 2022.

[expressed in Canadian dollars]

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:

	December 31, 2022		September 30, 2021	
	Number of shares #	**Amount $**	Number of shares #	Amount $
Balance, beginning of period	**98,491,335**	**55,302,579**	78,051,756	40,466,879
Issued from treasury [1]	**4,684,000**	**4,193,082**	5,802,033	3,718,847
Issued against compensation [2]	**729,152**	**677,315**	3,826,667	3,820,000
Issued from treasury – debt and payable conversion [3]	**145,000**	**145,000**	2,000,000	1,286,599
Issued from acquisition of subsidiaries [4]	**2,662,552**	**1,434,256**	8,810,879	6,022,236
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)**	—	(11,982)
Balance, end of period	**113,976,539**	**67,483,059**	98,491,335	55,302,579

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

For the year ended September 30, 2021, the Company issued 5,802,033 units from treasury, which includes 5,802,033 shares and 2,901,017 warrants at $0.75 per unit for a total value of $4,351,525. Of the total consideration of $4,351,525, the Company has allocated $632,678 to warrants based on the fair value estimated per the Black-Scholes Model and the balance amount of $3,718,847 to common shares. The $4,351,525 includes $150,000 committed capital received in 2020.

[2] For the 15 months ended December 31, 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.

During 2021, the Company issued 3,800,000 shares to the CEO at $1.00 per share for a total value of $3,800,000 for the CEO's outstanding bonus for 2019 and 2020.

During 2021, the Company issued 26,667 shares for $20,000 to an executive in accordance with his consultancy agreement and recorded it as share-based compensation in the statement of loss and comprehensive loss.

[3] For the 15 months ended December 31, 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.

On November 21, 2020, EAM Enterprises Inc. converted its outstanding debt of $1,500,000 at $0.75 per unit and the Company issued 2,000,000 units accordingly, which includes 2,000,000 shares and 1,000,000 warrants. Of the total consideration of $1,500,000, the Company has allocated $213,401 to warrants based on the fair value estimated per the Black-Scholes Model and the balance of $1,286,599 to common shares.

[expressed in Canadian dollars]

[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 issued 8,810,879 shares to the shareholders of Climb as part of the acquisition of 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, 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 15 months ended December 31, 2022, share issuance costs amounted to $1,222,308 (September 31, 2021 - $11,982).

Reserves – warrants

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

	December 31, 2022		September 30, 2021	
	Number of warrants	**Amount**	Number of warrants	Amount
	#	**$**	#	$
Opening balance	**4,260,035**	**869,954**	3,961,838	113,450
Issued [1]	**2,617,380**	**566,163**	3,901,017	846,079
Issued upon RTO [2]	**100,000**	**77,209**	—	—
Issued from acquisition of subsidiaries [3]	**—**	**—**	359,018	23,875
Expired [4]	**(2,794,018)**	**(543,505)**	(3,961,838)	(113,450)
Exercised [5]	**(100,000)**	**(77,209)**	—	—
Ending balance	**4,083,397**	**892,612**	4,260,035	869,954

[expressed in Canadian dollars]

[1] For the 15 months ended December 31, 2022, the Company issued 2,342,000 (September 30, 2021 – 3,901,017) warrants to investors for a total fair value of $490,918 and 275,380 warrants to brokers and finders in connection with the private placement for a total fair value of $75,245.

[2] For the 15 months ended December 31, 2022, the Company issued 100,000 (September 30, 2021 – Nil) warrants as part of the RTO.

[3] On June 30, 2021, the Company issued 359,018 warrants from treasury to the shareholders of Climb as part of the acquisition for a total fair value of $23,875.

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

	2022	2021
Weighted average risk-free interest rate	0.9500% to 3.6400%	0.6600% to 1.4500%
Expected volatility based on 2 years of history	49.57% to 74.53%	78.79% to 80.27%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Common share fair value at the issue date	$0.90 to $1.00	$0.75
Exercise price for one warrant	$1.00 to $1.25	$1.25
Expected term of warrants	2 years	2 years

[4] For the 15 months ended December 31, 2022, 2,794,018 outstanding warrants were not exercised and expired accordingly (September 30, 2021 – 3,961,838). The fair value of the expired warrants amounted to $543,505 (September 30, 2021 - $113,450).

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

	2022	2021
Weighted average risk-free interest rate	0.6600% to 1.4500%	1.3700% to 1.9500%
Expected volatility based on 2 years of history	78.79% to 80.27%	41.38%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Common share fair value at the issue date	$0.75	$0.75
Exercise price for one warrant	$1.25	$1.25
Expected term of warrants	2 years	2 years

[5] For the 15 months ended December 31, 2022, 100,000 outstanding warrants were exercised (September 30, 2021 – Nil). The fair value of the exercised warrants amounted to $77,209 (September 30, 2021 - $Nil) and was accounted in common shares.

[expressed in Canadian dollars]

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.

	December 31, 2022		September 31, 2021	
	Number of options #	Amount $	Number of options #	Amount $
Opening balance	3,291,697	768,143	—	—
Options granted [1]	678,400	357,189	2,906,500	716,951
Options granted upon RTO [3]	300,000	231,542		
Options granted upon acquisitions of subsidiaries [2]	—	—	385,197	51,192
Options exercised [3]	(320,000)	(231,542)	—	—
Options cancelled/forfeited [4]	(56,500)	(5,662)	—	—
Closing balance	**3,893,597**	**1,119,670**	**3,291,697**	**768,143**
Exercisable balance	**1,893,367**	**—**	**948,333**	**—**

[1] Outstanding options to officers, consultants and employees as at December 31, 2022 are as follows:

	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 account for stock options granted to officers, consultants, advisors and employees. For the 15 months ended December 31, 2022, the Company has recorded a net expense, including options cancelled/forfeited of $351,528 (September 30, 2021 - $716,951) in share-based compensation expense related to the Share Incentive Plan in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[2] For the year ended September 30, 2021, the Company issued 385,197 options from treasury to the shareholders of Climb as part of the acquisition for a total fair value of $51,192.

Options granted in 2022 and 2021 were determined using the Black-Scholes option pricing model with the following assumptions:

	For the 15 months ended December 31, 2022	For the year ended September 30, 2021
Risk free interest rate (% per annum)	1.28% to 3.61%	0.40% to 0.90%
Expected hold period to exercise (years)	5 years	1.5 years to 5 years
Common share fair value at the issue date	$1.00	$0.75 to $1.00
Expected forfeiture rate (%)	0%	0%
Volatility in the price of the company's shares (%)	51.44% to 67.64%	66.40% to 68.05%
Dividend yield (%)	0%	0%

[expressed in Canadian dollars]

[3] 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.

[4] On December 6, 2021, the Company cancelled a contract with a consultant, as a result, the 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.

	December 31, 2022	
	Number of share units \#	Amount $
Opening balance	**—**	**—**
Issued to directors with 3-year vesting period [1]	**2,772,000**	**237,571**
Issued to consultants with 2-year vesting period [1]	**200,000**	**21,194**
Issued to consultants with 1-year vesting period [2]	**210,000**	**16,450**
Committed to consultants with 1-year vesting period [3]	**125,000**	**6,336**
Ending balance	**3,307,000**	**281,551**

[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 15 months ended December 31, 2022, the Company has recorded an expense of $258,765 (September 30, 2021 - $Nil) 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 15 months ended December 31, 2022, the Company has recorded an expense of $16,450 in share-based compensation expense related to the RSUs issued to consultants with 1-year vesting period in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[3] As of December 31, 2022, 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 December 31, 2022 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 2022 year-end financials are approved.

Reserves – Contingent consideration

	December 31, 2022	
	Number of shares \#	Amount $
Opening balance	**—**	**—**
Contingent upon acquisition of subsidiaries [1]	**1,781,485**	**535,856**
Ending balance	**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' Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is equal to or greater than $1,781,485 in any one year before December 31, 2025.

[expressed in Canadian dollars]

The forecasts for GCS show that it is highly probable that the target EBITDA will be achieved due to the significant expansion of the business and the synergies realized. 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:

	December 31, 2022 $	September 30, 2021 $
Contributed surplus, beginning of year	**113,450**	—
Expired warrants [1]	**543,505**	113,450
	656,955	**113,450**

[1] For the 15 months ended December 31, 2022, 2,794,018 outstanding warrants were not exercised and expired accordingly (September 30, 2021 – 3,961,838). The fair value of the expired warrants amounted to $543,505 (September 30, 2021 - $113,450).

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

	2022	2021
Weighted average risk-free interest rate	0.6600% to 1.4500%	1.3700% to 1.9500%
Expected volatility based on 2 years of history	78.79% to 80.27%	41.38%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Common share fair value at the issue date	$0.75	$0.75
Exercise price for one warrant	$1.25	$1.25
Expected term of warrants	2 years	2 years

Share-based compensation

	December 31, 2022 $	September 30, 2021 $
Compensation in options, net of cancelled/forfeited [1]	351,528	716,951
Compensation in RSUs [2]	281,551	—
Compensation in shares [3]	289,500	20,000
Exchange differences	8,346	—
	930,925	**736,951**

[1] For the 15 months ended December 31, 2022, the Company has recorded a net expense, including options cancelled/forfeited of $351,528 (September 30, 2021 - $716,951) in share-based compensation expense related to the Share Incentive Plan in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[2] For the 15 months ended December 31, 2022, the Company has recorded an expense of $281,551 (September 30, 2021 - $Nil) in share-based compensation expense related to the RSUs in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

[3] For the 15 months ended December 31, 2022, 289,500 shares were issued at $1.00 per share to employees, managements and consultants and recorded as share-based compensation in the consolidated statement of loss and comprehensive loss for a total value of $289,500.

[expressed in Canadian dollars]

18. Additional cash flow information

	December 31, 2022 $	September 30, 2021 $
(Increase) / decrease in trade receivables	**(531,892)**	461,831
Increase in prepaid expenses	**(80,834)**	(298,349)
(Increase) / decrease in related parties	**(407,686)**	(891,790)
Increase in deferred revenue	**33,884**	86,828
Increase in trade payables	**1,656,946**	517,165
Increase in customer deposit	**136,110**	22,648
	806,528	(101,667)

19. Finance costs

	Classification	December 31, 2022 $	September 30, 2021 $
Interest on lease liabilities *[note 23]*	Finance costs	**137,222**	93,893
Interest on debt and borrowings	Finance costs - cash paid	**530,581**	309,156
Outstanding interest to related parties *[note 12]*	Finance costs	**45,802**	—
Interest on convertible debentures *[notes 17 and 21]*	Finance costs	**724,500**	122,179
Total interest expense		**1,438,105**	525,228
Bank charges	Finance costs	**346,932**	217,435
Total finance costs in other (expenses) income		**1,785,037**	**742,663**
Interest on debt and borrowings	Direct costs [1]	**159,524**	133,064
Total finance costs in direct costs		**159,524**	**133,064**
Total finance costs		**1,944,561**	**875,727**

[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 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.

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 $138,293 (September 30, 2021 - $20,702). 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.

[expressed in Canadian dollars]

Foreign currency risk

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

The impact of foreign currency sensitivity on the Company's loss before tax is due to the changes in the fair value of monetary assets and liabilities as at the date of financial position. With all other variables held constant the increase or decrease in exchange rates by 10% will result in below mentioned decrease or increase respectively in net loss before tax for the period ended December 31, 2022 by $46,570 (September 30, 2021 - $64,225) on account of change in GBP exchange rate.

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

	December 31, 2022 £	September 30, 2021 £
Cash and cash equivalents	682,041	1,029,190
Customer funds	4,545,469	2,478,871
Trade receivables	920,119	543,087
Total financial assets	6,147,629	4,051,148
Trade payables	824,474	855,318
Customer payables	4,545,469	2,478,871
Credit facilities	35,660	47,646
Total financial liabilities	5,405,603	3,381,835

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, EP Homes facilitation services, and contract receivable 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 as they become due. The Company is expected to keep the loan to value ("LTV") of EP Homes up to 85%, including mezzanine debt, however, the current LTV of EP Homes inventory is 69%. The Company's financial condition and results of operations could be adversely affected if it were not able to obtain appropriate levels of debt or equity financing. Liquidity risk also relates to the potential for early demand of credit facilities prior to the sale of EP Homes inventory.

[expressed in Canadian dollars]

Credit risk

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

Trade receivables are mainly with UK corporations 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 disclose in note 3 of these consolidated financial statements. Set out below is the information about the credit risk exposure on the Company's trade receivables with customers using a provision matrix for December 31, 2022:

	Current	1 – 30 days	31 – 60 days	61 – 90 days	91+ days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	3.50%	24.82%	1.09%
Gross carrying amount at default	385,869	1,519,041	242,387	107,687	88,138	2,343,122
Expected credit loss	—	—	—	3,771	21,877	25,648

Contractual maturities of financial liabilities:

	Trade payables $	Customer payables $	Credit facilities $	Due to related parties $	Government loans $	Customer deposits $	Lease liabilities $	Total $
2023	**5,362,622**	**8,484,763**	**3,653,343**	**45,802**	**—**	**173,053**	**260,211**	**17,979,794**
2024	**—**	**—**	**—**	**—**	**180,000**	**25,256**	**145,275**	**350,531**
2025	**—**	**—**	**5,031,065**	**7,000,000**	**—**	**—**	**213,891**	**12,244,956**
2026	**—**	**—**	**—**	**—**	**—**	**—**	**208,966**	**208,966**
2027	**—**	**—**	**—**	**—**	**—**	**—**	**194,075**	**194,075**
Thereafter	**—**	**—**	**—**	**—**	**—**	**—**	**765,310**	**765,310**
	5,362,622	**8,484,763**	**8,684,408**	**7,045,802**	**180,000**	**198,309**	**1,787,728**	**31,743,632**

21. Convertible debentures

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 and commenced on October 25, 2021 ("Closing Date"). 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.

[expressed in Canadian dollars]

	Liability component of Convertible Debenture	Total
	$	$
As at September 30, 2020	—	—
Issuance of Convertible Debentures [1]	1,510,000	1,510,000
As at September 30, 2021	**1,510,000**	**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 December 31, 2022, $Nil (September 30, 2021 – $1,510,000) 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 December 31, 2022, the Company recorded an impairment loss of $1,466,034 related to the loan receivables. The carrying value of $233,911 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 (September 30, 2021 – 3 office leases) the UK offices and 5 office leases (September 30, 2021 – 3 office leases) are for Canadian offices. The Company also has an equipment lease for various IT equipment.

The carrying amounts and the movements during the 15 months ended December 31, 2022 and for the year ended September 30, 2021 are as follows:

Right-of-use assets	**December 31, 2022**	**September 30, 2021**
	$	$
Opening balance	**1,611,881**	972,737
Additions [1]	**—**	845,294
Additions from the acquisition of subsidiaries [2]	**149,651**	22,241
Depreciation	**(382,337)**	(202,365)
Unrealized foreign exchange gain/loss	**32,357**	(26,026)
	1,411,552	1,611,881

[expressed in Canadian dollars]

Lease liabilities	**December 31, 2022** **$**	**September 30, 2021** **$**
Initial recognition of liability and interest as at October 1, 2019 [1]	**1,859,216**	1,162,523
Additions [1]	**—**	845,294
Additions from the acquisition of subsidiaries [2]	**169,253**	41,434
Payments	**(339,079)**	(280,948)
Non-cash interest accretion	**137,222**	93,893
Unrealized foreign exchange gain/loss	**(38,884)**	(2,980)
	1,787,728	1,859,216
Less: current portion of lease liabilities	**(287,293)**	(396,642)
Long-term lease liabilities	**1,500,435**	1,462,574

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

	December 31, 2022 **$**	**September 30, 2021** **$**
Depreciation expense of right-to-use assets	**382,337**	202,365
Interest expense on lease liabilities	**137,222**	93,893
	519,559	296,258

[1] The additions in the right-of-use asset and lease liabilities in fiscal 2021 are related to the EP Financial's new office located in Edmonton, Canada.

[2] For the 15 months ended December 31, 2022, the additions from the acquisition of subsidiaries are related to the right-of-use assets and lease liabilities acquired from GCS for their offices located in Montreal, Vancouver, and Vaughan, Canada.

For the year ended September 30, 2021, the additions from the acquisition of subsidiaries related to the right-of-use asset and lease liabilities acquired from Climb for their office located in Mississauga, Canada. The Climb lease was subsequently terminated in June 2022.

The expense relating to short-term and low-value lease payments not included in lease liabilities was $72,878 (September 30, 2021 - $41,696).

24. Income taxes

Significant components of the income tax provision are as follows:

	December 31, 2022 **$**	**September 30, 2021** **$**
Current income tax expense	**182,122**	419,645
Deferred income tax expense (recovery)	**543,096**	(242,081)
Provision for income taxes	**725,218**	**177,564**

[expressed in Canadian dollars]

Reconciliation to effective tax rate

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

	December 31, 2022 $	September 30, 2021 $
Income (loss) of continuing operations before income taxes (recovery)	**(44,961,531)**	(4,756,737)
Weighted average Canadian income tax rate	**23.00%**	23.00%
Income tax expense (recovery) based on statutory income tax rate	**(10,341,000)**	(1,094,049)
Difference between rates applicable to the Company and rates applicable to subsidiaries		
Share based compensation	**214,000**	169,499
Effect of non-deductible expenses and other items	**974,000**	48,079
Prior periods true-up	**(323,000)**	(36,987)
Rate difference in foreign jurisdictions	**320,000**	87
Impairment of goodwill	**5,601,000**	—
Change in unrecognized deferred tax assets	**4,231,000**	1,077,139
Other adjustments	**49,218**	13,796
	725,218	177,564
Effective income tax rate	**(1.6%)**	(3.7%)

Deferred income tax liability

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

	December 31, 2022 $	September 30, 2021 $
Property and equipment	**(46,000)**	(60,971)
Share issuance costs and financing costs	**—**	4,039
Non-capital losses carry-forward	**—**	486,280
Intangible assets	**(3,102,000)**	(1,723,166)
Other temporary differences	**221,000**	158,229
	(2,927,000)	(1,135,589)

Unrecognized deferred tax assets

	December 31, 2022 $	September 30, 2021 $
Non-capital losses carry-forward	**5,776,000**	2,711,225
Share issuance costs and financing costs	**143,000**	50,137
Property and equipment	**302,000**	34,928
Intangible assets	**131,000**	—
Other temporary differences	**753,000**	78,210
	7,105,000	**2,874,500**

Notes to consolidated financial statements

[expressed in Canadian dollars]

For the 15 months ended December 31, 2022 and 12 months ended September 30, 2021

Reconciliation of deferred tax asset movement

	December 31, 2022 $	September 30, 2021 $
Deferred tax expense / (recovery) in the consolidated statement of loss	**24,124**	(242,081)
Deferred tax in goodwill related to business combinations	**1,275,288**	—
Deferred tax expense / (recovery) in write-off of deferred tax assets	**(461,138)**	—
	838,274	(242,081)

The Company has non-capital losses related to the Canadian operating entity that can be applied to reduce future year's taxable income. The opening deferred tax asset of $461,138 recorded in 2020 on the consolidated statement of financial position has been written-off by the Company. No deferred tax assets have been recorded as there is insufficient evidence of future taxable income.

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

	December 31, 2022	September 30, 2021
Amount ($)	24,934,589	16,930,165
Expiry	2036 to 2042	2036 to 2041

25. Revenue and direct costs

Revenue

	15 months ended December 31, 2022 $	Year ended September 30, 2021 $
Collection services revenue	**17,405,117**	**10,158,065**
EP Homes facilitation fees revenue		
Sale of EP Homes inventory [1]	3,622,279	2,858,500
Lease revenue [2]	495,280	403,900
Facilitation fees	184,089	—
Savings contribution revenue	94,690	43,609
Total EP Homes facilitation fees revenue	**4,396,338**	**3,306,009**
Financial services revenue	**372,943**	**102,832**
Contract receivables revenue	**299,353**	**—**
Total revenue	**22,473,751**	**13,566,906**

[1] Sale of EP Homes inventory amounting to $3,622,279 (September 30, 2021 - $2,858,500) includes the sale of 9 homes (September 30, 2021 – 8 homes) for the 15 months ended December 31, 2022.

[2] Lease revenue amounting to $495,280 (September 30, 2021 - $403,900) consists of bi-weekly, semi-monthly and monthly lease payments from clients in the EP Homes program for the 15 months ended December 31, 2022.

[expressed in Canadian dollars]

Direct costs

	15 months ended December 31, 2022 $	Year ended September 30, 2021 $
Collection services direct costs	**5,495,564**	2,689,885
EP Homes direct costs [1]	**3,886,743**	3,518,502
Financial services direct costs	**316,537**	42,284
Contract receivables direct costs	**28,862**	—
Total direct costs	**9,727,706**	**6,250,671**

[1] Direct costs of EP Homes consists of $3,378,710 (September 30, 2021 - $2,923,100) for the cost of EP Homes inventory sold for the 15 months ended December 31, 2022.

26. Deferred revenue

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

2021	**September 30, 2020** $	**Additional deferred revenue** $	**Recognized to revenue [1]** $	**September 30, 2021** $
EP Homes	180,502	124,011	(38,080)	266,433
Climb	—	86,566	—	86,566
Total	**180,502**	**210,577**	**(38,080)**	352,999
Less: Current portion of deferred revenue	(143,266)			(290,889)
Long-term portion of deferred revenue	37,236			62,110

[1] For the 15 months ended December 31, 2022, deferred revenue from client’s monthly savings options of $147,009 (September 30, 2021 – $38,080) was recognized to revenue as the clients executed or forfeited on their purchase option, and $59,152 (September 30, 2021 - $Nil) was recognized as revenue for the client’s savings loans fees.

[expressed in Canadian dollars]

27. Other income

Other income consist of the following:

	December 31, 2022 $	September 30, 2021 $
Kickstart scheme [1]	**111,886**	308,173
Rent reimbursements [2]	**81,441**	27,765
Canadian Emergency Wage Subsidy ("CEWS") [3]	**—**	91,496
Sale of interest in Newt Kiosks [4]	**160,800**	—
Other income	**2,855**	78,829
Job retention scheme ("JRS") grant [5]	**—**	231,724
	356,982	737,987

[1] For the 15 months ended December 31, 2022, BPO was awarded $111,886 (£65,304 GBP) 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 15 months ended December 31, 2022, EP Homes received $81,441 from sub-leasing its previous office space located in Edmonton, Canada. For the year ended September 30, 2021, EP Homes received $27,765 in rent reimbursements from EAM for the usage of EP Homes' office space in Edmonton, Canada.

[3] For the 15 months ended December 31, 2022, Climb received a grant for $Nil (September 30, 2021 – $91,496) for the CEWS.

[4] 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.

[5] For the 15 months ended December 31, 2022, BPO received $Nil (September 30, 2021 - $231,724 (£133,635 GBP)) for the COVID-19 JRS. The UK government provides JRS to employers up to 80% (up to £2,500 GBP) of their employees' wages for hours they are on furlough during the COVID-19 pandemic.

28. Other operating expenses

Other expenses consist of the following:

	December 31, 2022 $	September 30, 2021 $
Office supplies	**370,226**	300,697
Subscriptions and licenses	**103,944**	53,595
IT support	**753,363**	71,260
Insurance	**132,273**	46,126
Bad debts	**48,743**	12,444
Telephone	**83,960**	16,404
Training and recruitment	**30,891**	4,538
Repairs and maintenance	**43,645**	12,783
Donations	**4,272**	693
	1,571,317	518,540

[expressed in Canadian dollars]

29. Joint venture

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

Summarized statement of financial position of Smart Everyday People Inc:

	December 31, 2022 $	September 30, 2021 $
Current assets	**51,673**	—
Non-current assets	**433,117**	—
Current liabilities	**(528,010)**	—
Non-current liabilities	**—**	—
Equity	**(43,220)**	—
The Company's share in equity – 50%	**(21,610)**	—

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

	December 31, 2022 $	September 30, 2021 $
Revenue from contracts with customers	**—**	—
Cost of sales	**—**	—
Administrative expenses	**(42,367)**	—
Interest and bank charges	**(853)**	—
Loss before tax	**(43,220)**	—
The Company's share of loss for the period	**(21,610)**	—

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 totaled $2,855 on the consolidated statements of loss and comprehensive loss.

30. 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.

	December 31, 2022 $	September 30, 2021 $
Within one year	**11,683**	33,234
After one year but not more than five years	**2,614**	33,375
More than five years	**—**	—
	14,297	66,609

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.

31. 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.

[expressed in Canadian dollars]

(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.
  - Profit or loss for the segment.

The following tables summarize the segmented revenue and profit or loss for the 15 months ended December 31, 2022 and for the year ended September 30, 2021:

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

			For the year ended September 30, 2021	
	Financial Services	**EP Homes Facilitation Services**	**Collection Services**	**Total**
	$	**$**	**$**	**$**
Revenue	102,832	3,306,009	10,158,065	**13,566,906**
Direct costs	42,283	3,518,502	2,689,886	**6,250,671**
Total operating expenses [1]	4,044,002	753,052	7,271,242	**12,068,296**
Earnings (loss) from operations	**(3,983,453)**	**(965,545)**	**196,937**	**(4,752,061)**
Other (expenses) income [2]	53,579	(479,222)	420,967	**(4,676)**
Net loss before taxes	(3,929,874)	(1,444,767)	617,904	**(4,756,737)**

[1] This includes depreciation and amortization expenses of $2,251,036 (September 30, 2021 - $1,537,705), of which $531,509 (September 30, 2021 - $99,521) is related to financial services, $114,770 (September 30, 2021 - $93,924) is related to EP Homes facilitation services, $1,603,323 (September 30, 2021 - $1,344,260) is related to collection services, and $1,434 (September 30, 2021 - $Nil) is related to contract receivable services *[notes 7, 9 and 23]*.

[expressed in Canadian dollars]

[2] Financial services' other expenses of $15,120,851 (September 30, 2021 – $53,579 other income) is primarily related to $8,825,604 (September 30, 2021 - $Nil) for impairment losses *[notes 8 and 9]*, $3,381,033 (September 30, 2021 - $Nil) for listing expenses for the RTO *[note 4]*, $1,012,530 (September 30, 2021 - $40,155) related to interest expenses *[note 19]*, and $730,569 (September 30, 2021 - $Nil) for payment of contingent consideration of Climb acquisition *[note 32]*.

EP Homes facilitation services' other expenses of $19,312,613 (September 30, 2021 – $479,222) is primarily related to $19,024,697 (September 30, 2021 - $Nil) is related to impairment losses on goodwill and intangible assets *[notes 8 and 9],* $514,076 (September 30, 2021 - $494,584) for interest expenses, which are offset by $60,490 (September 30, 2021 - $Nil) for gain on debt settlement, and $72,649 (September 30, 2021 - $28,737) for other income *[note 27].*

Collection services' other expenses of $324,708 (September 30, 2021 - $420,967 other income) is primarily related to $331,167 (September 30, 2021 – $194,548) for interest and bank charges *[note 19]*, which is offset by other income.

Contract receivable services' other expenses of $1,468,483 (September 30, 2021 - $Nil) is primarily related to the impairment loss of the contract receivables *[note 22].*

The following tables summarize total assets and liabilities as at December 31, 2022 and September 30, 2021:

					As at December 31, 2022
	Financial Services	**EP Homes Facilitation Services**	**Collection Services**	**Contract Receivable Services**	**Total**
	$	**$**	**$**	**$**	**$**
Total assets	2,356,360	11,710,624	31,941,664	237,082	**46,245,730**
Total liabilities	6,218,564	13,627,130	13,629,065	1,764,877	**35,239,636**

				As at September 30, 2021
	Financial Services	**EP Homes Facilitation Services**	**Collection Services**	**Total**
	$	**$**	**$**	**$**
Total assets	12,480,571	29,479,120	21,665,454	**63,625,145**
Total liabilities	4,710,909	6,804,874	8,501,814	**20,017,597**

The following tables summarize the credit facilities and promissory notes as at December 31, 2022 and September 30, 2021:

					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 [1]	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**

					As at September 30, 2021
	Financial Services	**EP Homes Facilitation Services**	**Collection Services**	**Contract Receivable Services**	**Total**
	$	**$**	**$**	**$**	**$**
Credit facilities	—	4,563,596	81,584	**—**	**4,645,180**
Promissory notes	206,252	1,137,509	—	**—**	**1,343,761**
	206,252	5,701,105	81,584	**—**	**5,988,941**

[expressed in Canadian dollars]

Geographical information

The following table summarizes the revenue by geographical location for the 15 months ended December 31, 2022 and for the year ended September 30, 2021:

Revenue by geographical location:	December 31, 2022 $	September 30, 2021 $
Canada	5,000,063	3,405,631
United States of America	68,571	—
United Kingdom	17,405,117	10,161,275
	22,473,751	**13,566,906**

The following table summarizes the non-current assets by geographical location as at December 31, 2022 and September 30, 2021:

Non-current assets by geographical location [1]:	December 31, 2022 $	September 30, 2021 $
Canada	14,315,081	32,456,421
United States of America	547,036	—
United Kingdom	14,790,334	15,243,901
	29,652,451	**47,700,322**

[1] Non-current assets excludes deferred tax assets of $Nil (September 30, 2021 - $461,138) 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 15 months ended December 31, 2022 and for the year ended September 30, 2021:

	December 31, 2022 %	September 30, 2021 %
Customer 1	36.8%	14.6%
Customer 2	7.9%	11.8%
Customer 3	7.7%	15.6%
Customer 4	6.9%	16.2%
	59.4%	**58.2%**

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.

32. Contingent consideration

On June 7, 2021, the Company entered into an amalgamation agreement with Climb to acquire assets and operations of Climb. Per the amalgamation agreement, the Company was required to pay an additional 10% of the Climb acquisition price in shares to Climb shareholders if the Company's shares were not listed on a stock exchange by December 31, 2021. Therefore, on December 31, 2021, the Company issued 881,088 shares to Climb shareholders at $0.8292 per share for a total value of $730,568. The payment of contingent consideration of $730,568 has been included in the consolidated statements of comprehensive loss for the 15 months ended December 31, 2022.

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]*.

33. 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.

34. Subsequent events

1. During January 2023 and February 2023, the Company received $577,000 in form of the 12% unsecured medium-term note with a 2-year term to maturity.

2. On February 14, 2023, the Company entered into a Financing Agreement for Mezzanine Financing Facility (the “Mezzanine Debt”) in the amount of $1,500,000. The Mezzanine Debt bears an interest rate of 13.5% per annum paid monthly and matures on February 29, 2024. The Mezzanine Debt is secured by a general security agreement providing security over all present and after acquired property of the Company, subordinate only to any general security agreement registered by the first mortgagee.

3. On March 31, 2023, the Company’s wholly-owned subsidiary, GCS acquired 100% of the issued and outstanding shares of Groupe Solution Collect Solu Inc. (“Groupe Solution”) pursuant to the share purchase agreement dated March 30, 2023. 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. GCS acquired 100% of Groupe Solution shares in exchange for:

    a. An aggregate cash payment by GCS to the Groupe Solution shareholders of $3.4 million; and,
    b. Issuance of a promissory note on the closing date in the principal amount of $800,000, without interest, of which $700,000 shall be payable in 6 months following the closing date either in cash or by the issuance of 700,000 of the Company’s marketable shares, at the sole discretion of Groupe Solution shareholders. The remaining $100,000 shall be payable in cash without interest on or before the date that is 18 months following the closing date.
    c. In addition, the Groupe Solution shareholders may earn up to an additional $1.4 million, either in cash or by way of issuance of $1.4 million of the Company’s shares, if the twelve months EBITDA of Groupe Solution is equal to or greater than $1,080,000.

The Company funded the cash payment via advances under the credit arrangement with a Canadian bank. For the funding of the cash payment, GCS has entered into a credit arrangement with a Canadian bank for a $5.3 million revolving reducing facility. The credit facility is to be used to acquire 100% of the shares of Groupe Solution and pay the existing $1.9 million loan. The interest on the credit facility is payable at a two-year fixed rate of approximately 7% per annum. The credit facility is secured by a general security agreement, which provides the lender security interest over all present and after-acquired personal property of the GCS and Groupe Solution. The credit facility is payable in full in seven years from the date of advance. GCS is required to make blended payments of approximately $80,000 per month on the last day of each month commencing 30 days following the advance.

The Company has engaged external consultants to complete the purchase price allocation for the acquisition. Since the purchase price allocation is not yet completed, related disclosures are not yet available.

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 year ended September 30, 2021 period were as follows:

- Reclassified other revenue to other income for $78,829.
- Renamed other expenses to other operating expenses.
- Renamed interest and bank charges to finance costs.