Everyday People Financial Corp.

Management's Discussion and Analysis

For the nine months ended September 30, 2024 and 2023

November 14, 2024

EverydayPeople® FINANCIAL

The effective date of this Management's Discussion and Analysis is, November 14, 2024, except as otherwise noted.

INTRODUCTION

Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Everyday People Financial Corp. ("EP Financial" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended September 30, 2024 and 2023. This MD&A has been prepared in compliance with National Instrument 51-102 – Continuous Disclosure Obligations requirements. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the nine months ended September 30, 2024 and audited consolidated financial statements of the Company for the year ended December 31, 2023, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included in the MD&A. The MD&A was reviewed by the Audit Committee and subsequent approved and authorized for issue by the Board of Directors on November 14, 2024. The information contained herein is presented as of November 14, 2024, unless otherwise indicated.

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

CORPORATE OVERVIEW

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

Basis of consolidation

Please refer to the unaudited interim condensed consolidated financial statements as at and for the nine months ended September 30, 2024, and 2023 (the "consolidated financial statements") as well as the audited consolidated financial statements for the 12 months ended December 31, 2023 for details of the companies included.

THE BUSINESS

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

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

EP Financial is comprised of the following business lines:

1. <u>Revenue Cycle Management Services:</u>

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

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

2. Financial Services:

Headquartered in Edmonton, Alberta Canada and Miami, Florida USA, EP Financial Services operates primarily on a fee-for-service model, generating revenue from financial services and card fees. As a credit facilitator and program manager, EP Financial helps businesses and government agencies coordinate with card networks, credit bureaus, and banks to implement customized payment card and credit access programs. Additionally, EP Financial offers its own unique B2C card and credit access programs. The Company's financial products and services are meticulously crafted and frequently tailored to meet the unique needs of our clients who are serving everyday people, every day.

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

3. EP Homes:

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

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

BUSINESS AND OPERATIONS HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND SUBSEQUENT EVENTS

- On January 19, 2024, the Company issued 1,170,000 common shares pursuant to the redemption of 1,170,000 Restricted Share Units ("RSUs"), of which, 1,040,000 RSUs were initially granted to directors on August 31, 2022, and an additional 130,000 RSUs were granted to certain contractors on November 29, 2022. As a result, the Company has 115,246,539 shares issued and outstanding.

- On January 22, 2024, TSXV granted conditional approval to the Company for the extension of the expiry dates of a total of 2,342,000 share purchase warrants (the "Warrants") issued on January 21, 2022. The expiry date of these Warrants has been extended to January 21, 2025, while retaining all other terms and conditions of the original Warrants. Each warrant remains exercisable at $1.25 per common share.

- On November 7, 2024, the Company's wholly-owned subsidiary, BPO acquired 100% of the issued and outstanding shares of CCS Group Holdings Limited ("CCS") pursuant to the share purchase agreement dated September 23, 2024. CCS is a provider of accounts receivable management services in the United Kingdom. CCS primarily focuses on providing debt collection services in the UK and regulated by the UK's Financial Conduct Authority ("FCA"). The primary reason for the business acquisition was to expand the Company's revenue cycle management division. The proposed transaction is an arm's-length transaction. BPO acquired 100% of CCS shares in exchange for *(all amounts are expressed in CAD and GBP using the foreign exchange rate of, GBP£1.00=CAD$1.8075):*

    a. An aggregate cash payment of:
        - $4,247,625 (£2,350,000 GBP) on the closing date;
        - $225,938 (£125,000 GBP) holdback for approximately 90 days following the closing date; and,
        - $711,703 (£393,750 GBP) in deferred payment in six equal monthly installments on the last day of each month commencing the following the 2-year anniversary of the closing date (November 1, 2026).

    b. Issuance of 2,233,565 common shares of the Company, issued at a deemed price of $1.00 per common share (the "Investment Shares"). Per the share purchase agreement, if the Investment Shares do not

achieve a minimum value of $1.00 per common share on the 2-year anniversary of the closing date of the acquisition, BPO shall pay the CCS Shareholders subject to the following:

- Difference between $1,118,391 (£618,750 GBP) and the actual value of one-half the Investment Shares on the 2-year anniversary of the closing date, in six equal monthly installments without interest;
- If CCS achieves both the initial performance payment and the final performance payment, as defined below, BPO will pay the CCS Shareholders the same amount and in the same manner for the other one-half of the Investment Shares (the "Conditional Additional Payment"), but if either of the performance payments is not achieved by CCS, no further Conditional Additional Payment will be due; and
- If the Investment Shares reach a minimum value of $1.00 per common share on the 2-year anniversary of the closing date, no Non-Conditional Additional Payment or Conditional Additional Payment will be required.

c. In addition, the CCS Shareholders may earn up to an additional $710,679 (£393,750 GBP) (the "Performance Amount") in cash in two pro-rated payments based on CCS achieving specific EBITDA targets within 2-years following the closing date.

   If CCS achieves a trailing six months of EBITDA between $542,250 (£300,000 GBP) and $677,813 (£375,000 GBP) or greater, the CCS Shareholders will received one-half of the Performance Amount, pro-rated on a sliding scale between 80% and 100% (the "Initial Performance Payment"). A second trailing six months of EBITDA meeting the same criteria triggers the other one-half of the Performance Amount (the "Final Performance Amount"). The CCS Shareholders will select the trailing six month-periods to declare for both payments and will notify BPO in writing. If EBITDA is less than $542,250 (£300,000 GBP) during the relevant periods, the respective payments will be forfeited.

The Company funded the cash payment through debt, under a credit arrangement with a UK bank (the "Bank"). The Bank made available a non-revolving committed loan facility of $5,964,750 (£3,300,000 GBP) to BPO, with a 5-year term (the "Bank Loan"). Monthly interest payments only are due for the first year. The Bank Loan is payable in equal monthly installments plus interest, starting in year 2, and $903,750 (£500,000 GBP) each in years 2, 3, and 4, with any remaining balance due in year 5. The Bank Loan has a floating rate of 4.75% plus the Bank of England's base rate with a base rate floor being 3.75%. The Bank Loan is secured by a bond and floating charge/debenture granted by BPO.

ACQUISITION HIGHLIGHTS

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

Non-IFRS Financial Measures

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

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

OVERALL PERFORMANCE

Revenue for the three months ended September 30, 2024, was $17.8 million as compared to $9.4 million for the three months ended September 30, 2023, resulting in a total increase of 89% or $8.4 million, which was primarily due to:

- $4.1 million increase in RCM services revenue, primarily due to the acquisition of EPFS, and the increase in the number of contracts in BPO.
- $2.9 million increase in EP Homes facilitation revenue, is related to 8 homes sold for three months ended September 30, 2024 as compared to 0 homes sold for three months ended September 30, 2023.
- $1.4 million increase in financial services revenue, primarily due to the introduction of new financial services products.

Revenue for the nine months ended September 30, 2024, was $48.3 million as compared to $28.2 million for the nine months ended September 30, 2023, resulting in a total increase of 71% or $20.1 million, which was primarily due to:

- $13.6 million increase in RCM services revenue, primarily due to the acquisitions of Groupe Solution and EPFS, and the increase in number of contracts in BPO.
- $3.7 million increase in financial services revenue, primarily due to the introduction of new financial services products.
- $2.8 million increase in EP Homes facilitation revenue, is related to 16 homes sold for nine months ended September 30, 2024 as compared to 6 homes sold for nine months ended September 30, 2023.

Profit from operations for the three months ended September 30, 2024, was $1.4 million (three months ended September 30, 2023 - $3k profit from operations). **Profit from operations** for the nine months ended September 30, 2024, was $3.4 million (nine months ended September 30, 2023 - $1.0 million loss from operations). For more information, see the Selected Quarterly Information section.

Cash flow activities for the nine months ended September 30, 2024 and September 30, 2023 are as follows:

- Net cash provided by operating activities for the nine months ended September 30, 2024 was $5.1 million (September 30, 2023 - $2.6 million cash used).
- Net cash used in investing activities for the nine months ended September 30, 2024 was $0.6 million (September 30, 2023 - $3.4 million cash used).
- Net cash used in financing activities for the nine months ended September 30, 2024 was $6.2 million (September 30, 2023 - $7.0 million cash provided).

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

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SELECTED QUARTERLY INFORMATION

		Three months ended	Three months ended	Nine months ended	Nine months ended
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		($)	($)	($)	($)
Revenue	[1]	**17,784,282**	**9,434,434**	**48,344,782**	**28,228,302**
Direct costs	[2]	7,388,778	3,107,537	17,465,091	10,918,363
Gross profit		**10,395,504**	**6,326,897**	**30,879,691**	**17,309,939**
Operating expenses					
Sales, general, and administrative expenses	[3]	7,071,554	4,844,746	21,415,181	13,678,391
Other operating expenses		1,370,345	1,086,518	4,279,153	3,144,001
Management, consulting, and professional fees	[4]	558,855	392,904	1,792,441	1,465,322
Total operating expenses		**9,000,754**	**6,324,168**	**27,486,775**	**18,287,714**
Profit (loss) from operations		**1,394,750**	**2,729**	**3,392,916**	**(977,775)**
Total other (expenses) income		**182,921**	**(451,865)**	**239,461**	**(1,305,792)**
Net profit (loss) before tax		**1,577,671**	**(449,136)**	**3,632,377**	**(2,283,567)**
Income tax recovery (expense)		(600,166)	83,486	(1,715,534)	205,349
Net profit (loss) for the period		**977,505**	**(365,650)**	**1,916,843**	**(2,078,218)**
Comprehensive profit (loss) for the period		**1,493,582**	**(569,504)**	**2,810,056**	**(1,963,789)**

Consolidated balance sheet information	[5]	**September 30, 2024**	**December 31, 2023**
Total assets		64,288,764	64,079,613
Total non-current financial liabilities		11,646,847	17,556,019
Deficit		(58,796,363)	(60,713,206)
Dividends declared		$nil	$nil
Basic and diluted earnings (loss) per share		0.02	(0.01)

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RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

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

		Three months ended	**Three months ended**	**Nine months ended**	**Nine months ended**
		September 30, 2024 $	**September 30, 2023 $**	**September 30, 2024 $**	**September 30, 2023 $**
Adjusted EBITDA reconciliation					
Net income (loss) before tax		**1,577,671**	**(449,136)**	**3,632,377**	**(2,283,567)**
Adjustments					
Interest included in direct cost		117	38,612	7,446	90,896
Depreciation and amortization		820,729	663,942	2,424,020	1,878,649
Acquisition costs	[a]	—	120,635	72,477	377,617
Share-based compensation		102,275	264,863	448,081	740,343
Finance costs		737,479	493,288	2,424,967	1,782,157
Gain on debt settlement		(153,600)	—	(440,286)	—
Total adjustment to net income (loss) before tax		**1,507,000**	**1,581,340**	**4,936,705**	**4,869,662**
Adjusted EBITDA		**3,084,671**	**1,132,204**	**8,569,082**	**2,586,095**
Less: Finance costs		(737,479)	(493,288)	(2,424,967)	(1,782,157)
Adjusted EBTDA		**2,347,192**	**638,916**	**6,144,115**	**803,938**

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

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DISCUSSION ON RESULTS OF OPERATIONS

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

[1] Revenue

	Three months ended September 30,	Three months ended September 30,	Three months ended		Nine months ended September 30,	Nine months ended September 30,	Nine months ended	
	2024 ($)	**2023 ($)**	**Change ($)**	**Change (%)**	**2024 ($)**	**2023 ($)**	**Change ($)**	**Change (%)**
EP Homes services	3,824,549	960,686	2,863,863	298%	7,586,644	4,744,456	2,842,188	60%
RCM services	12,461,543	8,412,879	4,048,664	48%	36,852,449	23,305,475	13,546,974	58%
Financial services	1,498,190	60,869	1,437,321	2,361%	3,905,689	178,371	3,727,318	2,090%
Total	**17,784,282**	**9,434,434**	**8,349,848**	**89%**	**48,344,782**	**28,228,302**	**20,116,480**	**71%**

The increase in revenue of RCM services segment amounting to:

- $4.0 million increase for the three months ended September 30, 2024, is primarily due to the acquisition of EPFS on October 31, 2023, and the increase in number of contracts in BPO.
- $13.5 million increase for the nine months ended September 30, 2024, is primarily due to the acquisition of Groupe Solution on March 31, 2023, and EPFS on October 31, 2023, and the increase in the number of contracts in BPO.

The increase in revenue of financial services segment amounting to:

- $1.4 million increase for the three months ended September 30, 2024, is primarily due to launch of the new financial services products.
- $3.7 million increase for the nine months ended September 30, 2024, is primarily due to launch of the new financial services products.

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

- $2.9 million increase for the three months ended September 30, 2024, is related to 8 homes sold for three months ended September 30, 2024, as compared to 0 homes sold for three months ended September 30, 2023.
- $2.8 million increase for the nine months ended September 30, 2024, is related to 16 homes sold for nine months ended September 30, 2024, as compared to 6 homes sold for nine months ended September 30, 2023.

[2] Direct costs

	Three months ended September 30,	Three months ended September 30,	Nine months ended September 30,	Nine months ended September 30,	Three months ended	Nine months ended
	2024 ($)	**2023 ($)**	**2024 ($)**	**2023 ($)**	**Change ($)**	**Change ($)**
EP Homes services	3,530,819	786,679	7,007,796	4,028,486	2,744,140	2,979,310
RCM services	3,713,637	2,218,752	10,112,832	6,560,324	1,494,884	3,552,508
Financial services	144,322	102,106	344,462	329,553	42,217	14,910
Total	**7,388,778**	**3,107,537**	**17,465,091**	**10,918,363**	**4,281,242**	**6,546,728**
As a % of total revenue	42%	33%	36%	39%	—	—

The increase in direct costs of RCM services amounting to:

- $1.5 million increase for the three months ended September 30, 2024, are primarily related to the acquisition of EPFS and is aligned with the increase in BPO revenue, as compared to the three months ended September 30, 2023.
- $3.6 million increase for the nine months ended September 30, 2024, are primarily related to the acquisitions of Groupe Solution and EPFS, and is aligned with the increase in BPO revenue, as compared to the nine months ended September 30, 2023.

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

- $2.7 million increase for the three months ended September 30, 2024, is primarily related to the cost of 8 homes sold for three months ended September 30, 2024 as compared to 0 homes sold for three months ended September 30, 2023.
- $3.0 million increase for the nine months ended September 30, 2024, is primarily related to the cost of 16 homes sold for nine months ended September 30, 2024 as compared to 6 homes sold for nine months ended September 30, 2023.

[3] Sales, general, and administrative expenses

	Three months ended September 30, 2024 ($)	Three months ended September 30, 2023 ($)	Nine months ended September 30, 2024 ($)	Nine months ended September 30, 2023 ($)	Three months ended Change ($)	Nine months ended Change ($)
Employee benefits expense	6,195,024	3,898,899	18,562,253	10,985,702	2,296,125	7,576,551
Depreciation and amortization	820,729	663,942	2,424,020	1,878,649	156,787	545,371
Acquisition costs	—	120,635	72,477	377,617	(120,635)	(305,140)
Loss allowances	(63,324)	24,162	(6,485)	19,165	(87,486)	(25,650)
Other expenses	119,125	137,108	362,916	417,258	(17,983)	(54,342)
Total	**7,071,554**	**4,844,746**	**21,415,181**	**13,678,391**	**2,286,807**	**7,736,790**
As a % of total revenue	40%	51%	44%	48%	—	—

The increase in employee benefit expenses amounting to:

- $2.3 million increase for the three months ended September 30, 2024, are primarily due to the $2.0 million increase from the acquisition of EPFS.
- $7.6 million increase for the nine months ended September 30, 2024, are primarily due to the $0.9 million increase from the acquisition of Groupe Solution, and $6.2 million increase from the acquisition of EPFS.

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

	Three months ended September 30, 2024 ($)	Three months ended September 30, 2023 ($)	Nine months ended September 30, 2024 ($)	Nine months ended September 30, 2023 ($)	Three months ended Change ($)	Nine months ended Change ($)
Management and consulting fees	263,758	191,154	879,565	641,237	72,604	238,328
Professional fees	295,097	201,750	912,876	824,085	93,346	88,791
Total	**558,855**	**392,904**	**1,792,441**	**1,465,322**	**165,950**	**327,119**
As a % of total revenue	3%	4%	4%	5%	—	—

The increase in management and consulting fees amounting to:

- $0.2 million increase for the nine months ended September 30, 2024, are related to management being on a salary-based compensation plan for the nine months ended September 30, 2024, as compared to a profit driven compensation plan for the nine months ended September 30, 2023.

[5] Consolidated balance sheet information

As at September 30, 2024, total assets of $64.3 million (December 31, 2023 - $64.1 million) primarily consist of $6.7 million in EP Homes inventory (December 31, 2023 - $5.3 million), $14.0 million in intangible assets (December 31, 2023 - $14.3 million), $12.1 million in customer funds (December 31, 2023 - $13.3 million), and $8.9 million goodwill (December 31, 2023 - $8.6 million) accounted upon acquisition of BPO, GCS, and Groupe Solution.

The non-current financial liabilities are calculated as defined in the CPA Canada handbook, therefore, deferred tax liability is excluded from total long-term financial liabilities. The non-current financial liabilities as at September 30, 2024, primarily consist of lease liabilities of $1.7 million as compared to $1.8 million as at December 31, 2023, $5.3 million of due to related parties as at September 30, 2024 as compared to $4.8 million as at December 31, 2023, and $4.0 million in credit facilities as at September 30, 2024 as compared to $9.6 million as at December 31, 2023.

Basic and diluted earnings (loss) per share is calculated based on the weighted average number of the Company's issued and outstanding common shares. For the nine months ended September 30, 2024, the earnings (loss) per share was $0.02 compared to $(0.02) for the nine months ended September 30, 2023. The diluted earnings (loss) per share does not include the effect of the Company's warrants and options as they are anti-dilutive.

Outstanding Securities

The Company's outstanding securities as of September 30, 2024 and December 31, 2023 are as follows:

Description of securities	**Number of securities outstanding as at September 30, 2024**	**Number of securities outstanding as at December 31, 2023**
Common shares	116,215,796	114,076,539
Warrants	2,342,000	2,617,380
Options	1,885,000	2,388,400
RSUs	1,882,000	3,011,000
Equity fully diluted	**122,324,796**	**122,093,319**

Financial Instruments

Please refer to Note 18 of the unaudited interim condensed consolidated financial statements for details on measurement, carrying value, and fair value of financial instruments. For the nine months ended September 30, 2024, the Company did not have any derivative financial instruments, and the Company did not engage in hedging activities.

SELECTED QUARTERLY RESULTS

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

	09/30/2024	**06/30/2024**	**03/31/2024**	**12/31/2023**	**09/30/2023**	**06/30/2023**	**3/31/2023**	**12/31/2022**
	($)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Revenue	17,784,282	15,755,366	14,805,134	9,665,542	9,434,434	10,794,034	7,999,834	4,760,594
Revenue Q/Q change %	13%	6%	53%	2%	(13%)	35%	68%	(3%)
Profit (loss) from operations	1,394,750	633,559	1,364,606	(5,264,812)	2,729	(59,589)	(920,916)	(2,089,145)
Net income (loss) for the period	977,505	69,091	870,247	125,091	(365,650)	(598,753)	(1,113,816)	(27,104,091)
Comprehensive income (loss) for the period	1,493,582	238,825	1,077,649	486,639	(569,504)	(586,138)	(808,148)	(25,900,184)
Adjusted EBITDA	3,084,671	2,381,566	3,101,539	3,132,497	1,132,204	983,070	470,821	(972,050)
Earnings (loss) per share, basic and diluted	0.01	0.00	0.01	0.01	0.00	(0.01)	(0.01)	(0.23)

LIQUIDITY AND CAPITAL RESOURCES

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

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

The Company's cash balance was $0.7 million as at September 30, 2024 as compared to $1.5 million as at December 31, 2023.

Management and the board closely monitor the Company's operations and monthly revenue and expenses of the RCM services, financial services, and EP Homes facilitation services segments to ensure the Company has sufficient working capital to execute its strategic business plan. Appropriate adjustments to projections and to the monthly expenses are made when necessary. EP Financial currently has $5.5 million senior secured credit facilities with financial institutions to support existing $6.7 million inventory of EP Homes and is working on selling its inventory and paying off all associated credit facilities to align with EP Homes' strategic shift in its business plan.

CASH FLOW SUMMARY

The following table provides a summary of cash inflows and outflows by activity for the nine months ended September 30, 2024 and September 30, 2023:

Cash inflows (outflows) by activity:		**September 30, 2024 ($)**	**September 30, 2023 ($)**
Change in operating activities prior to EP Homes inventory	[1]	(918,144)	1,120,553
Additions and disposals of EP Homes inventory	[2]	5,988,159	(3,747,126)
Cash provided by (used in) operating activities		5,070,015	(2,626,573)
Cash used in investing activities	[3]	(613,224)	(3,441,238)
Cash provided by (used in) financing activities	[4]	(6,199,312)	7,042,724
Foreign exchange on cash held in foreign currency		556,909	(407,559)
Net cash (outflows) inflows		(1,185,612)	567,355
Cash and cash equivalents, beginning of period		1,967,268	1,445,043
Cash and cash equivalents, end of period		781,656	2,012,398
Less: Cash – restricted, end of period		(109,917)	(481,361)
Cash and cash equivalents, end of period		671,739	1,531,037

[1] Cash used in operating activities

Cash used in operating activities prior to the additions and disposals of EP Homes inventory for the nine months ended September 30, 2024 amounted to $0.9 million, as compared to $1.1 million cash provided by operating activities for the nine months ended September 30, 2023. The cash used in operating activities increased as there was a decrease in the net change in working capital compared to the nine months ended September 30, 2023.

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

The primary reason for cash provided of $5.1 million for the nine months ended September 30, 2024 as compared to cash used of $2.6 million for the nine months ended September 30, 2023 was due to the sale of 16 homes (September 30, 2023 – 6 homes) for $6.6 million (September 30, 2023 - $3.5 million), the purchase and renovation costs of 1 home (September 30, 2023 – 16 homes) amounting to $0.6 million (September 30, 2023 - $7.2 million) for the nine months ended September 30, 2024.

[3] Cash used in investing activities

Net cash used investing activities for the nine months ended September 30, 2024 was $0.6 million (September 30, 2023 - $3.4 million cash used) is primarily due to the purchases of property and equipment.

[4] Cash provided by financing activities

Net cash used in financing activities for the nine months ended September 30, 2024 was $6.2 million (September 30, 2023 - $7.0 million cash provided), which primarily comprised of:

- $5.5 million in net repayments (September 30, 2023 - $8.2 million net proceeds) from credit facilities.
- $0.1 million in net proceeds (September 30, 2023 - $0.7 million repayments) of promissory notes.
- $0.8 million repayments (September 30, 2023 - $0.4 million repayments) of lease liabilities.

Items affecting liquidity

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

		September 30, 2024 ($)	December 31, 2023 ($)
Current assets			
Cash and cash equivalents		671,639	1,465,939
Customer funds	[1]	12,052,844	13,337,455
Cash – restricted		109,917	501,329
Trade receivables	[2]	11,110,027	6,214,242
Current portion of loan receivables		5,212,702	—
Prepaid expenses		1,426,407	2,038,139
Current portion of due from related parties		66,246	62,343
Current portion of EP homes inventory	[3]	6,730,215	5,343,981
Total current assets		**37,379,997**	**28,963,428**
Current liabilities			
Trade payables	[4]	7,923,484	9,724,189
Customer payables	[1]	12,052,844	13,337,455
Current portion of customer deposits		32,432	247,446
Current tax liability		2,048,765	244,483
Current portion of deferred revenue		157,063	179,945
Current portion of lease liabilities		388,321	760,336
Due to related parties		5,429,507	1,354,371
Current portion of promissory notes		476,257	337,317
Current portion of credit facilities	[5]	7,255,345	7,241,569
Total current liabilities		**35,764,018**	**33,427,111**
Net working capital	[6]	**1,615,979**	**(4,463,683)**

[1] Customer funds and customer payable

BPO, GCS, Groupe Solution, and EPFS collect payments on behalf of its customers. The funds belong to the clients and are not available for operating use by BPO, GCS, Groupe Solution, and EPFS. Customers are invoiced at various intervals and paid accordingly. The source of payments received are not always known and may include overpayments. The funds from overpayments remain in the bank account until they can be traced and applied to the correct account or refunded. Any overpayments older than 12 months are considered dormant and they are recognized as revenue. Everyday People Climb Credit Inc. ("Climb") collects loan payments from customers and reports payments to the credit bureau to increase credit rating of clients. The cash in customer funds is shown separately under current assets, which is offset by the corresponding customer payable under current liability.

[2] Trade receivables

Trade receivables primarily include the commission receivables from the clients related to RCM, and receivables related to financial services. BPO, GCS, Groupe Solution, and EPFS collect the funds on behalf of its clients and transfers the collected funds to the client per the agreed service agreement for certain clients, called gross clients. BPO, GCS, Groupe Solution, and EPFS generate the invoice for its collections and then the client pays commissions as per the agreed terms. The funds collected are received in the bank account for which BPO has signing authority, therefore, the risk of not collecting on the commissions are minimal. The Company reported $11.1 million of receivables as at

September 30, 2024, as compared to $6.2 million as at December 31, 2023. The increase in trade receivables is in line with the increase in the RCM revenue and the increase in financial services revenue.

[3] Current portion of EP Homes inventory

The current portion of the EP Homes inventory represents the number of homes expected to be executed in the next 12 months per the client agreement. EP Homes has shifted its business strategy from the Bridge to Homeownership program to the BDPP. As a result, EP Homes is planning to sell all homes within the next 12 months. There might be unforeseen situations where the client requests to further extend the agreed execution date, which results in changes in expected cash flow. Upon execution of the agreement, the Company pays back the outstanding credit facilities and mezzanine debt associated with the home and remaining cash flow is used per the planned budget.

The Company reported 15 homes representing $6.7 million of the current portion of the EP Homes inventory as at September 30, 2024 as compared to 13 homes representing $5.3 million as at December 31, 2023.

[4] Trade payables

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

The Company reported $7.9 million of trade payables and accrued liabilities as at September 30, 2024 and $9.7 million as at December 31, 2023. Trade payables includes $5.7 million (December 31, 2023 – $6.9 million) from RCM services, $1.7 million (December 31, 2023 – $2.7 million) from financial services, and $0.5 million (December 31, 2023 – $0.2 million) from EP Homes segment.

The primary reason for the decrease for the nine months ended September 30, 2024 as compared to 12 months ended December 31, 2023 is primarily due to the payment of major suppliers in RCM services and financial services segment.

[5] Credit facilities

The Company works with multiple credit facility providers to finance EP Homes inventory. It has incorporated SPVs specific to the credit facility provider to provide general security on the financed homes by the credit facilities provider. The interest rate for the credit facilities used for EP Homes inventory, range between prime plus 1% to 13.5% per annum. The term for certain facilities is from payable on demand without notice to 24 months. For further information about the terms of the credit facilities, please refer to note 12 of the consolidated financial statements as at September 30, 2024.

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

The Company reported $7.3 million as the current portion of credit facilities as at September 30, 2024 as compared to $7.2 million as at December 31, 2023, and $4.0 million in long-term credit facilities as at September 30, 2024 as compared to $9.6 million as at December 31, 2023. The current portion and long-term portion of credit facilities totaled $11.3 million as at September 30, 2024 as compared to $16.8 million as at December 31, 2023. The primary reason for the decrease in the credit facilities is due to 16 homes were sold for the nine months ended September 30, 2024. The $5.5 million loan associated to the EP Homes Inventory is currently in current portion of credit facilities as all homes are expected to be sold within 12 months.

[6] Net working capital

The net working capital improved by $6.1 million and is $1.6 million as of September 30, 2024 as compared to a working capital deficiency of $4.5 million as of December 31, 2023. As part of the Company's strategic shift in the EP Homes' business plan, the Company plans to sell all its EP Homes inventory and pay off all credit facilities associated to the EP Homes inventory within the next 12 months. This will impact the Company positively from a cash flow perspective as finance costs will continue to reduce, allowing the Company to reduce its current liabilities, resulting in a net working capital increase.

COMMITMENTS AND CONTINGENCIES

Other commitments

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

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

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

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

LEGAL PROCEEDINGS

The Company has no material legal proceedings.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

For the nine months ended September 30, 2024 and 12 months ended December 31, 2023, the Company entered into several related party transactions in the normal course of business. These transactions have been recorded at the agreed upon amounts between the parties. The relationships with the related parties are as follows:

Related Party	Relationship
Smart Everyday People Inc. ("**SEP**")	Joint venture
Bridge to Homeownership UK Ltd. ("**BTHO UK**")	Common shareholders
EAM Enterprises Inc. ("**EAM**")	Principal shareholder of the Company
Pollock Services Corp. ("**Pollock Services**")	Wholly owned by a former director of the Board
General Billing Solutions Inc. ("**GBSI**") and 1125855 Alberta Ltd. ("**112 AB Ltd.**")	Common shareholders
Telecom Technologies Inc. ("**Freestyle**")	Company owned by the President of GCS
12508257 Canada Inc.	Wholly owned by a former officer of the Company
Ghislain Rhéaume	Former president of Groupe Solution
André Pitoscia	Former president of Groupe Solution

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

As at September 30, 2024, $0.8 million was due from related parties (December 31, 2023 - $0.8 million). As at September 30, 2024, the due from related parties consist of $0.6 million for employees and management receivables (December 31, 2023 - $0.7 million), $Nil related to SEP (December 31, 2023 - $0.1 million), $0.1 million related to BTHO UK (December 31, 2023 - $0.1 million), and $0.1 million related to Freestyle (December 31, 2023 - $Nil). For more details, please refer to Note 11 from consolidated financial statements.

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

As at September 30, 2024, $10.8 million was due to related parties (December 31, 2023 - $6.2 million). The increase of $4.6 million was primarily due to the proceeds from EAM. For more details, please refer to Note 11 from the consolidated financial statements.

c) Transactions with related parties are as follows:

For the nine months ended September 30, 2024, the impact on the consolidated statement of profit and loss and comprehensive profit and loss from related party transactions was $(2.5) million (September 30, 2023 – $0.3 million). The decrease of $2.8 million is primarily because 3 homes were sold a former officer of the Company for the nine months ended September 30, 2023 and the increase in direct costs related to the service provided by GBSI and 112 AB Ltd. For more details, please refer to Note 11 from the consolidated financial statements.

d) Key management personnel remuneration:

For the nine months ended September 30, 2024, the key management remuneration was $2.1 million (September 30, 2023 - $1.0 million). The increase of $1.1 million is primarily due to the increase in the management fees and salaries for the acquisitions of Groupe Solution and EPFS, as well as, the increase in the number of senior officers in the Company, and the increase in board fees. For more details, please refer to Note 11 from the consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

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

ACCOUNTING POLICIES INCLUDING CHANGES IN ACCOUNTING POLICIES AND INITIAL ADOPTION

The unaudited interim condensed consolidated financial statements as at and for the nine months ended September 30, 2024 and 2023 of the Company have been prepared in accordance with IFRS as issued by IASB.

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

RISKS AND UNCERTAINTIES

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

FURTHER INFORMATION

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