

Everyday People Financial Corp.

Unaudited interim condensed consolidated financial statements
For the nine months ended September 30, 2024 and 2023

EVERYDAY PEOPLE FINANCIAL CORP.

NOTICE TO SHAREHOLDERS

The accompanying unaudited interim condensed consolidated financial statements of Everyday People Financial Corp. (the "Company") for the three and nine months ended September 30, 2024, have been prepared by management in accordance with International Financial Reporting Standards applicable to unaudited interim condensed consolidated financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited interim condensed consolidated financial statements, management is satisfied that these unaudited interim condensed consolidated financial statements have been fairly presented.

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

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

(Signed) "Barret Reykdal"

Barret Reykdal
Co-Chief Executive Officer

(Signed) "Graham Rankin"

Graham Rankin
Co-Chief Executive Officer

(Signed) "Dil Boparai"

Dil Boparai, CPA
Chief Financial Officer

Everyday People Financial Corp.
Interim condensed consolidated statements of financial position (unaudited)
[expressed in Canadian dollars]

	Notes	September 30, 2024	December 31, 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		671,639	1,465,939
Customer funds		12,052,844	13,337,455
Cash - restricted		109,917	501,329
Trade receivables	[5]	11,110,027	6,214,242
Prepaid expenses		1,426,407	2,038,139
Current portion of loan receivables	[26]	5,212,702	—
Current portion of due from related parties	[11]	66,246	62,343
Current portion of EP Homes inventory	[9]	6,730,215	5,343,981
Total current assets		37,379,997	28,963,428
Non-current assets			
EP Homes inventory	[9]	—	7,374,393
Intangible assets	[8]	14,014,961	14,273,734
Property and equipment	[6]	1,587,443	1,349,882
Investments	[10 and 25]	—	654,321
Due from related parties	[11]	778,034	755,717
Right-of-use asset	[19]	1,638,321	2,073,949
Goodwill	[7]	8,890,008	8,634,189
Total non-current assets		26,908,767	35,116,185
Total assets		64,288,764	64,079,613
Total liabilities and shareholders' equity			
Current			
Trade payables		7,923,484	9,724,189
Customer payables		12,052,844	13,337,455
Current tax liability		2,048,765	244,483
Current portion of deferred revenue	[22]	157,063	179,945
Current portion of lease liabilities	[19]	388,321	760,336
Current portion of customer deposits		32,432	247,446
Current portion of promissory notes	[13]	476,257	337,317
Current portion of credit facilities	[12]	7,255,345	7,241,569
Current portion of due to related parties	[11]	5,429,507	1,354,371
Total current liabilities		35,764,018	33,427,111
Non-current			
Deferred revenue	[22]	143,457	153,894
Lease liabilities	[19]	1,728,731	1,762,513
Customer deposits		44,235	92,717
Government loan		180,000	180,000
Promissory notes	[13]	184,469	714,469
Deferred tax liability		2,790,948	2,899,246
Credit facilities	[12]	4,039,008	9,562,906
Due to related parties	[11]	5,326,947	4,848,263
Total non-current liabilities		14,437,795	20,214,008
Total liabilities		50,201,813	53,641,119
Shareholders' equity			
Common shares	[15]	68,105,391	67,517,059
Common shares - committed	[15]	390,000	—
Reserves	[15]	2,339,171	2,793,191
Contributed surplus	[15]	1,883,094	1,569,005
Accumulated deficit		(58,796,363)	(60,713,206)
Accumulated other comprehensive profit (loss)		165,658	(727,555)
Total shareholders' equity		14,086,951	10,438,494
Total liabilities and shareholders' equity		64,288,764	64,079,613

Commitments [note 27]

Subsequent events [note 30]

Approved on behalf of the Board:

(Signed) "Nitin Kaushal"
Nitin Kaushal, Director

Approved on behalf of the Board:

(Signed) "Gord Reykdal"
Gord Reykdal, Director

See accompanying notes

Everyday People Financial Corp.

Interim condensed consolidated statements of profit and loss and comprehensive profit and loss (unaudited)

[expressed in Canadian dollars]

		Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
	Notes	\$	\$	\$	\$
Revenue	[20]	17,784,282	9,434,434	48,344,782	28,228,302
Direct costs	[20]	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 expense					
Sales, general, and administrative expenses	[21]	7,071,554	4,844,746	21,415,181	13,678,391
Other operating expenses	[24]	1,370,345	1,086,518	4,279,153	3,144,001
Management, consulting, and professional fees	[11]	558,855	392,904	1,792,441	1,465,322
Total operating expense		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)
Other (income) expenses					
Other income	[23]	(920,400)	(41,423)	(2,672,514)	(476,365)
Share of loss in joint venture	[25]	—	—	8,086	—
Finance costs	[17]	737,479	493,288	2,424,967	1,782,157
Total other (income) expenses		(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)
Deferred tax recovery (expense)		(73,877)	179,165	106,381	403,870
Current tax expense		(526,289)	(95,679)	(1,821,915)	(198,521)
Net profit (loss) for the period		977,505	(365,650)	1,916,843	(2,078,218)
Other comprehensive profit (loss)					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Unrealized foreign currency translation adjustment		516,077	(203,854)	893,213	114,429
Total other comprehensive profit (loss)		516,077	(203,854)	893,213	114,429
Comprehensive profit (loss) for the period		1,493,582	(569,504)	2,810,056	(1,963,789)
Basic and diluted earnings (loss) per share		0.01	(0.00)	0.02	(0.02)
Weighted average number of shares outstanding					
- basic and diluted		115,429,713	113,976,539	115,230,454	113,976,539

See accompanying notes

Everyday People Financial Corp.
Interim condensed consolidated statements of changes in shareholders' equity (unaudited)
[expressed in Canadian dollars]

	Common shares \$	Reserves \$	Contributed Surplus \$	Deficit \$	Accumulated other comprehensive income/(loss) \$	Total Shareholders' equity \$
Nine months ended September 30, 2024 [15]						
Balance, January 1, 2024	67,517,059	2,793,191	1,569,005	(60,713,206)	(727,555)	10,438,494
Net profit for the period	—	—	—	1,916,843	—	1,916,843
Other comprehensive profit	—	—	—	—	893,213	893,213
Options: issued	—	43,035	—	—	—	43,035
Options: expired/cancelled/forfeited	—	(189,289)	189,289	—	—	—
Restricted share units: issued or committed	—	405,366	—	—	—	405,366
Restricted share units: exercised	588,332	(588,332)	—	—	—	—
Restricted share units: cancelled	—	(49,553)	49,553	—	—	—
Common shares - committed	390,000	—	—	—	—	390,000
Warrants: expired	—	(75,247)	75,247	—	—	—
Balance, September 30, 2024	68,495,391	2,339,171	1,883,094	(58,796,363)	165,658	14,086,951
Nine months ended September 30, 2023 [15]						
Balance, January 1, 2023	67,483,059	2,829,689	656,955	(58,760,078)	(1,203,532)	11,006,093
Net loss for the period	—	—	—	(2,078,218)	—	(2,078,218)
Other comprehensive profit	—	—	—	—	114,429	114,429
Options: issued	—	136,880	—	—	—	136,880
Options: expired/cancelled/forfeited	—	(310,979)	310,979	—	—	—
Warrants: expired	—	(326,448)	326,448	—	—	—
Restricted share units: issued or committed	—	603,461	—	—	—	603,461
Restricted share units: cancelled	—	(108,264)	108,264	—	—	—
Balance, September 30, 2023	67,483,059	2,824,339	1,402,646	(60,838,296)	(1,089,103)	9,782,645

See accompanying notes

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

	Notes	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
Operating activities			
Net profit (loss) for the period		1,916,843	(2,078,218)
Adjustments to reconcile net profit (loss) to net cash used in operating activities:			
Depreciation & amortization	[6, 8 and 19]	2,424,020	1,878,649
Finance costs	[17]	1,849,133	1,480,706
Current income tax		1,821,915	198,521
Share-based compensation	[15]	448,081	740,343
Share of loss in joint venture	[25]	8,086	—
Loss allowances		(6,485)	19,165
Non-cash other income	[23]	(422,286)	(76,506)
Deferred income tax		(106,381)	(403,870)
Interest paid	[17]	(1,320,206)	(1,276,730)
Net change in non-cash working capital items	[16]	(7,530,864)	638,493
		(918,144)	1,120,553
Additions to EP homes inventory	[9]	(639,307)	(7,231,144)
Disposals to EP homes inventory	[9]	6,627,466	3,484,018
Cash provided by (used in) operating activities		5,070,015	(2,626,573)
Investing activities			
Additions to intangible assets	[8]	—	(37,556)
Additions of property and equipment, net of disposals	[6]	(613,224)	(26,859)
Cash used in investing activities		(613,224)	(3,441,238)
Financing activities			
Proceeds from credit facilities	[12]	3,033,490	13,268,551
Proceeds of promissory notes, including related parties	[11]	656,271	—
Repayments of promissory notes, including related parties	[11]	(591,060)	(736,357)
Repayments of lease liabilities	[19]	(754,312)	(427,849)
Repayments of credit facilities	[12]	(8,543,701)	(5,061,621)
Cash provided by (used in) financing activities		(6,199,312)	7,042,724
Net foreign exchange difference		556,909	(407,559)
Net (decrease) increase in cash and cash equivalents		(1,185,612)	567,355
Cash and cash equivalents, beginning of the period		1,967,268	1,445,043
Cash and cash equivalents, end of the period		781,656	2,012,398
Less: Cash - restricted, end of the period		(109,917)	(481,361)
Cash and cash equivalents, end of the period		671,739	1,531,037

See accompanying notes

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three and nine months ended September 30, 2024 and 2023

1. Corporate information

Everyday People Financial Corp. (the "Company" or "EP Financial" or "EPF") has its registered office at Suite 450, 11150 Jasper Ave, Edmonton, Alberta T5K 0C7. EP Financial is a financial service provider that provides everyone a chance to reestablish and build credit and have access to affordable credit options.

The Company's unaudited interim condensed consolidated financial statements include EP Financial and its material subsidiaries as follows:

Company		Place of Incorporation	Date of Acquisition, Incorporation, Amalgamation or Continuance	Effective Interest
Everyday People Investments Inc. ("EP Investments")	[1]	Canada	August 31, 2022	100%
Everyday People Homes Inc. ("EP Homes")	[2]	Canada	September 30, 2019	100%
Everyday People Care Inc. ("EP Care")		Canada	September 2, 2021	100%
Smart Everyday People Inc. ("SEP")	[3]	Canada	May 18, 2022	100%
EP Travel Card Inc. ("EP Travel")		Canada	February 14, 2022	100%
Everyday People Prepaid Card Inc. ("EP Prepaid Card")		Canada	April 1, 2019	100%
EP Security Capital Inc. ("EP Security")		Canada	June 24, 2021	100%
Everyday People Yay Inc. ("EP YAY")		Canada	February 14, 2023	100%
Everyday People Revenue Cycle Management Inc. ("EP RCM")		Canada	February 8, 2023	100%
General Credit Services Inc. ("GCS")	[4]	Canada	December 30, 2022	100%
Groupe Solution Collect Solu Inc. ("Groupe Solution")	[5]	Canada	March 31, 2023	100%
Everyday People Climb Credit Inc. ("EP Climb")		Canada	June 30, 2021	100%
BPO Collections Limited ("BPO")		UK	May 2, 2019	100%
Everyday People Financial Solutions Limited ("EPFS")	[6]	UK	October 31, 2023	100%
EP Supply Chain Solutions Inc. ("EP Supply Chain")	[7]	USA	January 1, 2024	100%

[1] On August 31, 2022, Everyday People Financial Inc. amalgamated with a subsidiary of Justify Capital Corp., and was subsequently renamed to Everyday People Investments Inc. This company holds all Everyday People's operating subsidiaries.

[2] 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. This acquisition brought the EP Homes' homeownership program under Everyday People allowing for a vertically integrated group of companies serving all of 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 an 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 an 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 an SPV for EP Homes where a portion of EP Homes' inventory is held.

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three and nine months ended September 30, 2024 and 2023

- [3] 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. SEP is a joint venture between EP Care and SEB Administrative Services Inc. On July 31, 2024, the Company purchased the remaining 50% interest from SEB Administrative Services Inc., making SEP a wholly-owned subsidiary of the Company. SEP's focus is to provide workers and employers with a health care spending account called the Everyday HSA; a virtual prepaid card program.
- [4] On December 30, 2022, the Company acquired 100% of the shares of GCS incorporated in British Columbia, Canada. GCS is a provider of professional client management solutions executing debt collection services in Canada.
- [5] On March 31, 2023, the Company's wholly owned subsidiary, GCS, acquired 100% of the shares of Groupe Solution. Groupe Solution serves enterprise clients requiring accounts receivable management solutions and debt collection services predominantly in Quebec, Canada *[note 4]*.
- [6] On October 31, 2023, the Company's wholly-owned subsidiary, BPO acquired 100% of the issued and outstanding shares of Everyday People Financial Solutions Limited ("EPFS") previously known as Arvato Financial Solutions Limited *[note 4]*.
- [7] On January 1, 2024, the Company incorporated EP Supply Chain in Florida, USA. EP Supply Chain provides supply chains stronger cash flow and profitability, enhancing deliverables to their customers.

These unaudited interim condensed consolidated financial statements were authorized for issue by the Company's board of directors on November 14, 2024.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three and nine months ended September 30, 2024 and 2023

2. Basis of presentation and going concern

Statement of compliance

The unaudited interim condensed consolidated financial statements of the Company for the nine months ended September 30, 2024 and 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). The accounting policies adopted in preparing these condensed interim financial statements are consistent with those applied in the Company's audited annual financial statements and notes as at and for the 12 months ended December 31, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the 12 months ended December 31, 2023.

Basis of measurement

These unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments, which are measured at fair value [note 18]. The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, and all amounts are rounded to the nearest dollar, except when otherwise indicated. The functional currency of each legal entity is in their local currency.

Basis of consolidation

These unaudited interim condensed consolidated financial statements include the financial position and operating results, if any, of the Company and its wholly owned subsidiaries (the "Subsidiaries"). The Subsidiaries are entities controlled by the Company.

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

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

Management judgment and estimation uncertainty

The management judgment and estimation applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual audited consolidated financial statements for the 12 months ended December 31, 2023.

3. Summary of material accounting policies

The policies applied in these unaudited interim condensed consolidated financial statements are based on IFRS issued and outstanding as of the date the Company's board of directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the 12 months ended December 31, 2023. Management believes there are no significant changes to the accounting policies in the Company's annual consolidated financial statements for the 12 months ended December 31, 2023 that could result in restatement of these unaudited interim condensed consolidated financial statements.

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three and nine months ended September 30, 2024 and 2023

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the 12 months ended December 31, 2023, with the exception of the following:

Revenue recognition

Revenue from EP Supply Chain is recorded in accordance with IFRS 15. Revenue is recorded at the point in time when the delivery arrives at its destination, which is the point in time when performance obligations are satisfied, and the risks and rewards are transferred.

Asset acquisitions

When an acquisition does not meet the criteria for a business, it is accounted for as an asset acquisition. The cost of the acquisition is allocated to the individual identifiable assets and liabilities based on their relative fair values at the acquisition date. This includes tangible and intangible assets as well as any liabilities assumed. Asset acquisitions do not give rise to goodwill.

Unlike business combinations, where transaction costs are expensed as incurred, transaction costs in an asset acquisition are capitalized as part of the cost of the acquired assets.

Deferred tax is not recognized on initial recognition of the assets and liabilities unless it arises from a taxable temporary difference related to a previously recognized asset or liability.

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three and nine months ended September 30, 2024 and 2023

4. Business combinations and asset acquisitions

Business combinations

Everyday People Financial Solutions Limited

On October 31, 2023, the Company's wholly owned subsidiary, BPO acquired 100% of the issued and outstanding shares of Everyday People Financial Solutions Limited, previously owned by Bertelsmann UK Limited. EPFS is a provider of accounts receivable management services in the United Kingdom. EPFS primarily focuses on providing financial and collection management services in a regulated environment overseen by the UK's Financial Conduct Authority ("FCA"). EPFS caters to major creditors operating within the financial services, utilities, telecommunications, and debt purchase sectors. 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, where BPO will not assume any debt, and no finder's fees are to be paid in connection with the acquisition.

From the date of acquisition, EPFS contributed \$1,481,863 of revenue and \$1,402,390 of profit before tax from continuing operations for the Company, for the 12 months ended December 31, 2023. If the acquisition occurred on January 1, 2023, revenue from continuing operations for the 12 months ending December 31, 2023 would have been approximately \$14,424,954 and a loss before tax from continuing operations for EPFS would have been approximately \$10,580,698.

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

Purchase price consideration	Amount in GBP	Amount in CAD
	£	\$
Cash advanced	1	2
Net working capital adjustment	314,400	528,255
Total invested capital	314,401	528,257
Cash and cash equivalents	2,316,042	3,891,414
Customer funds	1,057,029	1,776,020
Trade receivables	1,786,103	3,001,010
Prepaid expenses	569,043	956,106
Property and equipment	475,818	799,469
Right-of-use asset	296,709	498,530
Trade payables	(1,369,451)	(2,300,952)
Customer payables	(1,057,029)	(1,776,018)
Lease liabilities	(296,710)	(498,532)
FV of net assets	3,777,554	6,347,047
Bargain purchase gain [1]	3,463,153	5,818,791

[1] The acquisition of EPFS resulted in a bargain purchase gain of \$5,818,791 (£3,463,153 GBP), which was recorded in other income in the statements of profit and loss and comprehensive profit and loss. The bargain purchase gain occurred as the transaction was a distressed sale.

Groupe Solution Collect Solu Inc.

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

From the date of acquisition, Groupe Solution contributed \$4,223,925 of revenue and \$327,098 of profit before tax from continuing operations for the Company, for the 12 months ended December 31, 2023. If the acquisition occurred on January 1, 2023, revenue from continuing operations for the 12 months ended December 31, 2023 would have been approximately

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three and nine months ended September 30, 2024 and 2023

\$5,761,215 and a profit before tax from continuing operations for Groupe Solution would have been approximately \$609,048 including shareholders' compensation of \$215,682.

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

Purchase price consideration	Amount in CAD
	\$
Cash paid	<u>3,400,000</u>
Fair value of promissory note [1]	759,889
Fair value of contingent consideration [2]	664,469
Cash due to Groupe Solution's shareholders	<u>264,000</u>
Total invested capital	<u>5,088,358</u>
Cash and cash equivalents	23,200
Customer funds	1,008,793
Trade receivables [3]	1,052,899
Prepaid expenses	65,624
Customer relationships	2,091,000
Trade name	499,000
Property and equipment	137,414
Right-of-use asset	184,093
Goodwill [4]	2,341,905
Trade payables	(447,065)
Customer payables	(1,008,793)
Lease liabilities	(173,712)
Deferred tax liability [5]	(686,000)
Net fair value of assets acquired	<u>5,088,358</u>

- [1] The Company issued a non-interest bearing promissory note, in the principal amount of \$800,000 and consists of:
- \$700,000 repayable 6 months after the acquisition date in cash or by way of issuance of 700,000 common shares at the discretion of the founders of Groupe Solution, and,
 - \$100,000 repayable 18 months after the acquisition date in cash.

The fair value of the promissory note was estimated to be \$759,889 (\$671,588 repayable in 6 months after the acquisition date and \$88,311 repayable in 18 months after the acquisition date), which was determined by using the discounted cash flow ("DCF") method. However, on December 5, 2023, the Company agreed to pay the \$800,000 in cash, therefore, the payment was accounted against the carrying value of \$759,889 and the difference of \$40,111 was recorded as an expense in the consolidated statements of profit and loss and comprehensive profit and loss.

- [2] Per the purchase agreement with Groupe Solution, the Company is required to pay an additional \$1,400,000, either in cash or by way of issuance of 1,400,000 common shares of the Company, at the discretion of Groupe Solution's founders, if Groupe Solution's Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is equal to or greater than \$1,080,000 in any one year before March 31, 2025. However, if the Groupe Solution's EBITDA does not reach \$1,080,000 and is higher than \$852,500, a portion of \$1,400,000 will be granted to Groupe Solution founders. The fair value of the contingent consideration was estimated to be \$664,469 using the Monte Carlo simulation and following a Geometric Brownian motion model.

The fair value of the contingent consideration is determined by discounting the future payment to the present value. The key valuation inputs used were:

- Forecasted EBITDA;
- The Company's closing stock price at acquisition date;
- Stock volatility;
- Risk-free rate: Based on the average yield of Government of Canada's 1-3 year marketable bonds at the acquisition date; and
- Discount rate of 21.5%.

Everyday People Financial Corp.

Notes to unaudited interim condensed consolidated financial statements

[expressed in Canadian dollars]

For the three and nine months ended September 30, 2024 and 2023

- [3] Trade receivables gross amount and expected credit losses are \$1,070,747 and \$17,848, respectively, as of March 31, 2023.
- [4] Goodwill amounting to \$2,341,905 includes, \$1,655,905 of which 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 \$686,000 is related to deferred tax liabilities.
- [5] The Company has recorded the following net deferred tax liability as a result of the Groupe Solution acquisition as at March 31, 2023:

	Amount in CAD \$
Temporary differences	
Intangible assets	(2,590,000)
Total temporary difference	(2,590,000)
Expected statutory tax rate	26.5%
Deferred tax liability (rounded)	(686,000)

Asset acquisitions

Smart Everyday People Inc.

On July 31, 2024, the Company acquired the remaining 50% of the issued and outstanding shares of SEP. SEP's objective is to provide workers and employers with a health care spending account called the Everyday HSA; a virtual prepaid card program. The purpose of the acquisition was to gain control over the launch of the product and operations of SEP. The acquisition constituted an asset acquisition rather than a business combination as defined in IFRS, as SEP did not meet the definition of a business.

The assets and liabilities recognized in the consolidated statement of financial position on the date of acquisition were:

	Amount in CAD \$
Purchase price consideration	
Cash paid	1
Previously held interest [1]	646,235
Total consideration	646,236
Cash and cash equivalents	2,666
Customer funds	4,591
Trade receivables	2,500
Prepaid expenses	47,760
Intangible assets	724,871
Trade payables	(3,958)
Customer payables	(4,591)
Due to related parties	(127,603)
Net fair value of assets acquired	646,236

- [1] This consists of the cost of the 50% previously held equity interests in SEP as at July 31, 2024.

5. Trade receivables

	September 30, 2024 \$	December 31, 2023 \$
Receivable from customers	11,241,486	6,345,829
Expected credit losses ("ECLs") [note 18]	(131,459)	(131,587)
	11,110,027	6,214,242

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6. Property and equipment

Property and equipment consist of the following:

Cost	2024				
	As at December 31, 2023	Additions	Disposals	Foreign exchange differences	As at September 30, 2024
	\$	\$	\$	\$	\$
Furniture & fixtures	184,120	9,909	—	3,627	197,656
Computer equipment	1,254,892	42,078	—	181,004	1,477,974
Improvements to property	318,824	—	—	27,193	346,017
Motor vehicles	136,197	561,237	(133,870)	19,132	582,696
	1,894,033	613,224	(133,870)	230,956	2,604,343

Accumulated depreciation	2024				
	As at December 31, 2023	Depreciation	Disposals	Foreign exchange differences	As at September 30, 2024
	\$	\$	\$	\$	\$
Furniture & fixtures	78,374	26,508	—	2,342	107,224
Computer equipment	320,628	276,704	—	125,581	722,913
Improvements to property	63,546	23,363	—	12,651	99,560
Motor vehicles	81,603	50,857	(52,364)	7,107	87,203
	544,151	377,432	(52,364)	147,681	1,016,900
Net book value	1,349,882				1,587,443

Cost	2023					
	As at December 31, 2022	Additions	Acquisition of subsidiaries [note 4]	Disposals	Foreign exchange differences	As at December 31, 2023
	\$	\$	\$	\$	\$	\$
Furniture & fixtures	102,555	1,646	78,571	—	1,348	184,120
Computer equipment	361,567	53,067	842,921	(22,264)	19,601	1,254,892
Improvements to property	293,670	—	15,391	—	9,763	318,824
Motor vehicles	131,728	—	—	—	4,469	136,197
	889,520	54,713	936,883	(22,264)	35,181	1,894,033

Accumulated depreciation	2023					
	As at December 31, 2022	Depreciation	Acquisition of subsidiaries	Disposals	Foreign exchange differences	As at December 31, 2023
	\$	\$	\$	\$	\$	\$
Furniture & fixtures	50,809	26,733	—	—	832	78,374
Computer equipment	169,086	139,093	—	—	12,449	320,628
Improvements to property	42,189	18,383	—	—	2,974	63,546
Motor vehicles	53,434	26,915	—	—	1,254	81,603
	315,518	211,124	—	—	17,509	544,151
Net book value	574,002					1,349,882

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Net book value

	As at September 30, 2024	As at December 31, 2023
	\$	\$
Furniture & fixtures	90,432	105,746
Computer equipment	755,061	934,264
Improvements to property	246,457	255,278
Motor vehicles	495,493	54,594
	1,587,443	1,349,882

7. Goodwill

Cash Generating Unit ("CGU")

	2024		
	As at December 31, 2023	Foreign exchange differences	As at September 30, 2024
	\$	\$	\$
BPO RCM services	3,636,229	255,819	3,892,048
GCS RCM services	2,786,055	—	2,786,055
Groupe Solution RCM services	2,211,905	—	2,211,905
	8,634,189	255,819	8,890,008

CGU

	2023				
	As at December 31, 2022	Acquisitions of subsidiaries	Impairment losses	Foreign exchange differences	As at December 31, 2023
	\$	\$	\$	\$	\$
BPO RCM services [1]	3,486,079	—	—	150,150	3,636,229
GCS RCM services [2]	2,786,055	—	—	—	2,786,055
Groupe Solution RCM services [3]	—	2,341,905	(130,000)	—	2,211,905
	6,272,134	2,341,905	(130,000)	150,150	8,634,189

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, 2023, in accordance with the Company's policy.

[1] The Company tested BPO Revenue Cycle Management ("RCM") services (formerly UK collection services) CGU, which is part of the RCM services operating segment, for impairment for the 12 months ended December 31, 2023. BPO RCM services CGU's recoverable amount of \$28,660,000 as at December 31, 2023 (December 31, 2022 - \$29,031,000) is higher than the carrying amount, as a result, no impairment charge was recorded for the BPO RCM services CGU.

For the period ended December 31, 2023, the recoverable amount as estimated based on the value in use, using discounted cash flow projections to the BPO RCM 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 BPO RCM 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 20.18%.
- Average revenue growth rate of 12.1%.
- Long-term growth rate of 2.00%. 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 19.02% in fiscal year 2024 (13.18% in fiscal year 2023).

[2] The Company tested GCS RCM services (formerly Canada collection services) CGU, which is part of the RCM services operating segment, for impairment for the 12 months ended December 31, 2023. GCS RCM services CGU's recoverable

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amount of \$6,480,000 as at December 31, 2023 is higher than the carrying amount, as a result, no impairment charge was recorded for the GCS RCM services CGU.

For the period ended December 31, 2023, the recoverable amount as estimated based on fair value less cost of disposal, using discounted cash flow projections to the GCS RCM 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 GCS RCM 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 and EBITDA are based on historical results, and future expectations of operating performance.
- Discount rate of 20.24%.
- Average revenue growth rate of 3.99%.
- Average EBITDA growth rate of 18.00%.
- Long-term growth rate of 2.00%. 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 decrease by 0.3% in fiscal year 2024.

[3] Due to marginal revenue growth which was lower than management's expectations, the Company tested Groupe Solution RCM services CGU, which is part of the RCM services operating segment, for impairment for the 12 months ended December 31, 2023. Groupe Solution RCM services CGU's recoverable amount of \$4,190,000 as at December 31, 2023 is lower than the carrying amount, as a result, an impairment charge of \$130,000 was recorded for the Groupe Solution RCM services CGU.

For the period ended December 31, 2023, the recoverable amount as estimated based on fair value less cost of disposal, using discounted cash flow projections to the Groupe Solution RCM 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 Groupe Solution RCM 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 and EBITDA are based on historical results, and future expectations of operating performance.
- Discount rate of 20.71%.
- Average revenue growth rate of 3.22%.
- Average EBITDA growth rate of 8.7%.
- Long-term growth rate of 2.00%. 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 0.1% in fiscal year 2024.

8. Intangible assets

Intangible assets consist of the following:

Cost

	As at December 31, 2023 \$	Additions \$	Acquisitions of subsidiaries [note 4] \$	Foreign exchange difference \$	As at September 30, 2024 \$
Licenses, rights and systems [1]	3,270,439	—	724,871	—	3,995,310
Trade names [2]	3,348,893	—	—	95,700	3,444,593
Customer relationships [3]	13,829,083	—	—	737,351	14,566,434
	20,448,415	—	724,871	833,049	22,006,337

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Accumulated Amortization

	As at December 31, 2023 \$	Amortization \$	Acquisitions of subsidiaries [note 4] \$	Foreign exchange difference \$	As at September 30, 2024 \$
Licenses, rights and systems [1]	348,952	203,907	—	—	552,859
Trade names [2]	(25,967)	—	—	—	(25,967)
Customer relationships [3]	5,851,696	1,200,632	—	412,156	7,464,484
	6,174,681	1,404,539	—	412,156	7,991,376
Net book value	14,273,734				14,014,961

Cost

	2023					As at December 31, 2023 \$
	As at December 31, 2022 \$	Additions \$	Acquisitions of subsidiaries [note 4] \$	Impairment \$	Foreign exchange difference \$	
Licenses, rights and systems [1]	3,232,883	37,556	—	—	—	3,270,439
Trade names [2]	3,495,118	—	499,000	(688,328)	43,103	3,348,893
Customer relationships [3]	11,405,999	—	2,091,000	—	332,084	13,829,083
	18,134,000	37,556	2,590,000	(688,328)	375,187	20,448,415

Accumulated Amortization

	2023					As at December 31, 2023 \$
	As at December 31, 2022 \$	Amortization \$	Acquisitions of subsidiaries [note 4] \$	Impairment \$	Foreign exchange difference \$	
Licenses, rights and systems [1]	167,475	181,477	—	—	—	348,952
Trade names [2]	(38,767)	12,800	—	—	—	(25,967)
Customer relationships [3]	4,132,394	1,572,768	—	—	146,534	5,851,696
	4,261,102	1,767,045	—	—	146,534	6,174,681
Net book value	13,872,898					14,273,734

Net book value

	As at September 30, 2024 \$	As at December 31, 2023 \$
Licenses, rights and systems [1]	3,442,451	2,921,487
Trade names [2]	3,470,560	3,374,860
Customer relationships [3]	7,101,950	7,977,387
	14,014,961	14,273,734

[1] For the nine months ended September 30, 2024, additions of \$724,871 are related to the acquisition of SEP on July 31, 2024. The intangible asset acquired is currently in the development phase and is not subject to depreciation as at September 30, 2024.

For the 12 months ended December 31, 2023 additions of \$37,556 are related to licenses, rights and systems relates to the development of Customer Relationship Management (“CRM”) software. The CRM software is currently in the development phase and is not subject to depreciation as at September 30, 2024.

[2] The trade names are indefinite-life intangible assets, of which as of September 30, 2023, \$1,468,888 (December 31, 2023 - \$1,317,208) is allocated to BPO's trade name, \$461,672 (December 31, 2023 - \$461,672) is allocated to EP Homes' trade

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name, \$1,041,000 (December 31, 2023 - \$1,041,000) is allocated to GCS's trade name, and \$499,000 (December 31, 2023 - \$499,000) is allocated to Groupe Solution's trade name [note 4].

Impairment

As at December 31, 2023, the Company recorded an impairment charge of \$688,328 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. \$1,200,632 of depreciation is related to the existing customer relationships of which \$896,327 (December 31, 2023 - \$1,142,102) is related to BPO customer relationships and are being depreciated on a straight-line basis over 9 years. \$205,380 (December 31, 2023 - \$273,840) is related to GCS customer relationships, and \$98,925 (December 31, 2023 - \$156,826) is related to Groupe Solution customer relationships which are being depreciated on a straight-line basis over 10 years.

9. EP Homes inventory

The following is a breakdown of the EP Homes inventory as at September 30, 2024:

	September 30, 2024	December 31, 2023
	\$	\$
Opening inventory	12,718,374	9,818,278
Additions [1]	639,307	7,489,565
Disposals [2]	(6,627,466)	(4,589,469)
Closing inventory [3]	6,730,215	12,718,374
Less: Current portion of EP Homes inventory [3]	(6,730,215)	(5,343,981)
Long-term EP Homes inventory	—	7,374,393

- [1] For the nine months ended September 30, 2024, the Company purchased 1 home amounting to \$328,342 and renovations on 1 home of \$310,965 (December 31, 2023 – 17 homes amounting to \$7,489,565).
- [2] For the nine months ended September 30, 2024, the Company disposed of 16 homes (December 31, 2023 – 10 homes) for a total cost of \$6,627,466 (December 31, 2023 - \$4,589,469).
- [3] As at September 30, 2024, the Company has 15 homes (December 31, 2023 – 30 homes) in its inventory. The Company intends to sell all homes in its inventory 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
	\$
2024	50,655
2025	—
2026 and thereafter	—
	50,655

10. Investments

	2024			
	December 31, 2023	Additions	Disposals	September 30, 2024
	\$	\$	\$	\$
Investment – Smart Everyday People [1]	654,321	—	(654,321)	—
	654,321	—	(654,321)	—

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	2023			December 31, 2023 \$
	December 31, 2022 \$	Additions \$	Disposals \$	
Investments in Prospect Financial Inc. [2]	386,555	—	(386,555)	—
Investment – Smart Everyday People [1]	—	654,321	—	654,321
	386,555	654,321	(386,555)	654,321

[1] For the nine months ended September 30, 2024, the Company's share in the loss of SEP was \$8,086, which decreased the carrying value of the Company's investment in SEP to \$646,235. On July 31, 2024, the Company acquired the remaining 50% of shares in SEP for \$1, making SEP a wholly-owned subsidiary of the Company. As a result, this eliminated the investment on the consolidated statement of financial position.

For the 12 months ended December 31, 2023, the addition of \$654,321 represents EP Financial's cost for SEP's joint venture as the outstanding receivables from SEP were settled in preferred shares in SEP [note 25].

[2] This represents an equity position in a business associate to offset the business associate's indebtedness to the Company. On December 31, 2023, EP Financial sold its equity position in Prospect Financial Inc. to EAM Enterprises Inc. for \$386,555.

11. Related party transactions

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

Related Party	Relationship
Smart Everyday People Inc. ("SEP")	Joint venture
Bridge to Homeownership UK Ltd. ("BTHO UK")	Common shareholders
EAM Enterprises Inc. ("EAM")	Principal shareholder of the Company [1]
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:

	September 30, 2024 \$	December 31, 2023 \$
Due from BTHO UK, net	71,784	67,545
Due from SEP, net	—	76,497
Employee and management receivables, net [2]	624,939	674,018
Freestyle, net [9]	147,557	—
	844,280	818,060
Less: Current portion of due from related parties	(66,246)	(62,343)
Long-term portion of due from related parties	778,034	755,717

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

	September 30, 2024	December 31, 2023
	\$	\$
Due to EAM, net [3]	10,440,153	4,965,675
Due to Pollock Services – medium-term notes, net [4]	—	200,000
Due to 112 AB Ltd. and GBSI, net [5]	316,301	90,263
Due to Ghislain Rhéaume [6]	—	473,348
Due to André Pitoscia [6]	—	473,348
	<u>10,756,454</u>	<u>6,202,634</u>
Less: Current portion of due to related parties	(5,429,507)	(1,354,371)
Long-term portion of due to related parties	<u>5,326,947</u>	<u>4,848,263</u>

c) Transactions with related parties are as follows:

	September 30, 2024	September 30, 2023
	\$	\$
Interest [7]	(589,774)	(510,327)
Management fees [8]	(723,773)	(530,097)
Direct costs [9]	(1,220,044)	(286,463)
Other income [note 23]	—	277,335
Sale of EP Homes Inventory [10]	—	1,350,000
	<u>(2,533,591)</u>	<u>300,448</u>

d) Key management personnel remuneration:

For the nine months ended September 30, 2024, the key management activities include services performed by chief officers and vice presidents per the management services contracts, and the board fees. The management fees, salaries, and board fees paid for the nine months ended September 30, 2024 and September 30, 2023, are as follows:

	September 30, 2024	September 30, 2023
	\$	\$
Management fees	723,773	530,097
Salaries, including benefits and bonuses	1,159,771	420,239
Board fees	238,500	20,340
	<u>2,122,044</u>	<u>970,676</u>

[1] As at September 30, 2024, EAM Enterprises Inc. owned 19.6% (December 31, 2023 – 20.2%) of the Company's issued and outstanding shares. EAM's sole shareholder is related to the Co-CEO and the Chairman of the board.

[2] The employees' receivables are due from certain employees and management. All amounts are unsecured and non-interest bearing.

[3] Amounts due to EAM are in form of a medium-term note, or a promissory note. Of the \$10,440,153 due to EAM, \$5,380,599 (December 31, 2023 - \$4,965,675) is related to the medium-term note, which has a term of 2 years, with a maturity date of June 30, 2026. The medium-term note bears an interest rate of 12% per annum, with interest payments to be paid monthly. The outstanding accrued interest payable for the medium term note is \$420,004 (December 31, 2023 - \$214,888). The remaining \$4,639,550 is the amount loaned to EP Supply Chain, which has an offsetting loan receivable.

[4] As at September 30, 2024, the owner of Pollock Services is no longer a related party, as a result, the promissory note payable to Pollock Services was reclassified to promissory notes, on the unaudited interim condensed statements of financial position [note 13].

As at December 31, 2024, amounts due to Pollock Services in form of a medium-term note has a term of 2 years, with a maturity of June 30, 2025. The medium-term note bears an interest rate of 12% per annum, with interest payments to be paid monthly.

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- [5] Amounts due to GBSI and 112 AB Ltd. are unsecured and repayable in full on demand.
- [6] For the year ended December 31, 2023, the Company is required to pay Ghislain Rhéaume and André Pitoscia \$473,348 each in cash, as part of the acquisition of Groupe Solution. This is the working capital over and above the agreed working capital of \$464,000, the remaining payment of \$800,000 contingent consideration, and \$564,938 payment of the contingent consideration, per the share purchase agreement [note 4]. For the nine months ended September 30, 2023, the amounts payable to Ghislain Rhéaume and André Pitoscia have been reclassified to trade payables as they are no longer considered a related party.
- [7] The Company accrues interest on the amount payable to EAM at an annual interest rate of 12%. For the nine months ended September 30, 2024, interest expensed to EAM totaled \$589,774 (December 31, 2023 - \$639,924).
- [8] For the nine months ended September 30, 2024, management fees consist of services performed by senior officers and vice presidents of the Company.
- [9] This includes \$1,091,067 (September 30, 2023 - \$80,481) related to dialer rentals from Freestyle and \$128,978 (September 30, 2023 - \$115,745) related to credit card processing fees from GBSI.
- [10] On March 31, 2023, the Company sold 3 homes from its EP Homes Inventory to a former officer of the Company, for \$1,350,000. The Company agreed to provide property management services at \$Nil cost for the first few months to ensure the tenants living in the homes under the EP Homes' program are transitioned.

12. Credit facilities

	Interest rate per annum	Maturity	September 30, 2024	December 31, 2023
			\$	\$
Facility 1 [1]	Lesser of: (1) 10.45% or (2) Greater of 8.45% or prime rate + 5.50%	January 2025	4,277,658	6,927,063
Facility 2	Prime rate – 0.85%	February 2026	241,429	247,064
Facility 3	7.44%	August 2024	184,799	187,220
Facility 4	2.5%	June 2026	33,200	42,467
Facility 5 [2]	Prime rate + 2.00%	April 2024	—	1,984,280
Facility 6 [3]	6.46%	February 2025	4,359,419	4,840,796
Facility 7 [4]	13.5%	February 2025	830,330	1,595,585
Facility 8 [5]	Prime rate + 2.85%	Due on demand	130,000	150,000
Facility 9 [6]	Prime rate + 1.00%	Due on demand	745,000	830,000
Facility 10	11.3%	January 2027	139,997	—
Facility 11	10.6%	September 2027	352,521	—
Total credit facilities			11,294,353	16,804,475
Less: current portion of credit facilities			(7,255,345)	(7,241,569)
Long-term credit facilities			4,039,008	9,562,906

- [1] On June 21, 2019, the Company, through EP Homes' subsidiary, EP Homes II entered into credit arrangement of \$13.5 million with a capital provider of which \$4,277,658 (December 31, 2023 - \$6,927,063) has been drawn as at September 30, 2024. The term is for 24 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. 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 which has since been extended until January 2025. The credit agreement contains certain financial covenants that must be maintained. As at September 30, 2024, the Company is in compliance of the financial covenants. The current portion of the facility represents 13 homes which are expected to sell in the next 12 months [note 9].

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- [2] 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 \$Nil (December 31, 2023 – \$1,984,280) has been drawn as at September 30, 2024. 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 June 30, 2022, the credit arrangement was amended from due on demand to a term loan with maturity date of April 1, 2024. As at September 30, 2024, the Company has paid off the credit arrangement in full.
- [3] On February 27, 2023, the Company, through its subsidiary, GCS entered a credit arrangement of \$5.3 million with a Canadian Bank to acquire Groupe Solution and to pay off Facility 6, of which \$4,359,419 (December 31, 2023 – \$4,840,796) million has been drawn as at September 30, 2024. The credit arrangement has a term of 2 years having an amortization period of 85 months, with monthly blended payments. The credit arrangement matures on February 28, 2025 and 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 agreement contains certain financial covenants that must be maintained. As at September 30, 2024, GCS is in compliance of the financial covenants.
- [4] On February 14, 2023, the Company, through its subsidiary, EP Homes entered a credit arrangement of \$1.5 million with a capital provider to provide mezzanine financing for the homes currently held by EP Homes, of which \$830,330 (December 31, 2023 – \$1,595,585) has been drawn as at September 30, 2024. The credit arrangement is secured by a general security agreement providing security interest over all present and after acquired property of the Company, subordinate only to any General Security Agreement registered by the first mortgagee.
- [5] GCS has an operating line of credit to a maximum of \$150,000 with a Canadian bank, of which \$130,000 (December 31, 2023 – \$150,000) has been drawn as at September 30, 2024. 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.
- [6] Groupe Solution has an operating line of credit to a maximum of \$900,000 with a Canadian bank, of which \$745,000 (December 31, 2023 – \$830,000) is drawn as at September 30, 2024. The credit facility is secured by two deeds of movable hypothec in the amounts of \$1,000,000 and \$1,200,000.

13. Promissory notes

Promissory notes as at September 30, 2024, including interest includes:

	September 30, 2024	December 31, 2023
	\$	\$
Balance, beginning of period	1,051,786	—
Acquisition of subsidiaries [1]	—	1,424,358
Additions [2]	200,000	437,317
Disposals [1]	(591,060)	(809,889)
Balance, end of period	660,726	1,051,786
Less: current portion of promissory notes	(476,257)	(337,317)
Long-term promissory notes	184,469	714,469

- [1] For the nine months ended September 30, 2024, of the disposals of \$591,060, \$530,000 is related to the payment of contingent consideration to the Groupe Solution founders, and \$61,060 is related to payment to a seller for purchase of a home in 2023.

For the 12 months ended December 31, 2023, the additions of \$1,424,358 are related to the promissory note and contingent consideration for the acquisition of Groupe Solution [note 4]. As of December 31, 2023, the Company paid the \$809,889 of which \$759,889 paid to Groupe Solution founders [note 4] and \$50,000 paid to EAM.

- [2] For the nine months ended September 30, 2024, the additions of \$200,000 were related to the promissory note from Pollock Services Corp. The promissory note was reclassified from due to related parties to promissory notes, as the owner of Pollock Services Corp. is a former director of the board. The promissory note has a maturity date of June 30, 2025, and bears an interest rate of 12% per annum, with interest payments to be paid monthly.

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For the 12 months ended December 31, 2023, of the \$196,060 additions, \$100,000 is related to a medium-term note that was received. The medium-term note has a term of 2-years with a maturity date of January 31, 2025. The medium-term note bears an interest rate of 12% per annum, with interest payments to be paid monthly, commencing March 1, 2023. \$96,060 is related to the purchase of 2 homes, where the seller agreed the Company can pay the seller upon selling certain EP Homes inventory. The promissory note is non-interest bearing.

The contingent consideration from the acquisition of Groupe Solution was revalued at year end to \$905,726, resulting in a fair value loss of \$241,257 for the 12 months ended December 31, 2023.

14. 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, promissory notes, due to related parties, and credit facilities which as at September 30, 2024 was \$91,386,924 (December 31, 2023 - \$91,755,954). The Company monitors equity on the basis of the carrying amount of equity as presented on the unaudited interim condensed consolidated statements of financial position.

No changes were made to the objectives, policies and processes for capital management for the nine months ended September 30, 2024.

15. 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:

	September 30, 2024		December 31, 2023	
	Number of shares #	Amount \$	Number of shares #	Amount \$
Balance, beginning of period	114,076,539	67,517,059	113,976,539	67,483,059
Issued on exercise of RSUs [1]	2,139,257	588,332	100,000	34,000
Balance, end of period	116,215,796	68,105,391	114,076,539	67,517,059

[1] For the nine months ended September 30, 2024, 2,139,257 RSUs were exercised by the board of directors and management, for a total cost of \$588,332. On October 24, 2023, a consultant exercised 100,000 RSUs and the cost of \$34,000 is accounted in reserves.

Common shares – committed

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

	September 30, 2024		December 31, 2023	
	Number of shares #	Amount \$	Number of shares #	Amount \$
Balance, beginning of period	—	—	—	—
Issued on exercise of RSUs [1]	1,000,000	390,000	—	—
Balance, end of period	1,000,000	390,000	—	—

[1] For the nine months ended September 30, 2024, 1,000,000 common shares were committed to a vendor for payment of their outstanding trade payable balance. The value of the 1,000,000 committed common shares totaled \$390,000.

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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:

	September 30, 2024		December 31, 2023	
	Number of warrants #	Amount \$	Number of warrants #	Amount \$
Opening balance	2,617,380	566,164	4,083,397	892,612
Expired [1]	(275,380)	(75,247)	(1,466,017)	(326,448)
Ending balance	2,342,000	490,917	2,617,380	566,164

[1] For the nine months ended September 30, 2024, 275,380 outstanding warrants were not exercised and expired accordingly (12 months ended December 31, 2023 – 1,466,017). The value of the expired warrants amounted to \$75,247 (12 months ended December 31, 2023 - \$326,448).

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, and on July 25, 2024, a majority of disinterested shareholders of the Company approved the Share Incentive Plan. 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.

	September 30, 2024		December 31, 2023	
	Number of options #	Amount \$	Number of options #	Amount \$
Opening balance	2,388,400	840,676	3,893,597	1,119,670
Options granted [1]	—	43,035	—	174,010
Options expired/cancelled/forfeited [2]	(503,400)	(189,289)	(1,505,197)	(453,004)
Closing balance	1,885,000	694,422	2,388,400	840,676
Exercisable balance	1,681,667	—	2,150,068	—

[1] Outstanding options as at September 30, 2024 are as follows:

Exercise prices \$	Number of options #	2024		Exercisable	
		Weighted average remaining contractual life in years	Weighted average exercise price \$	Number of Options #	Weighted average exercise price \$
0.75 [2]	1,520,000	1	0.75	1,520,000	0.75
1.00	365,000	3	1.00	161,667	1.00
	1,885,000			1,681,667	0.77

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		2023		Exercisable	
		Outstanding			
		Weighted average remaining contractual life in years	Weighted average exercise price	Number of Options	Weighted average exercise price
Exercise prices	Number of options			#	
\$	#		\$		\$
0.75 [2]	2,020,000	4	0.75	2,020,000	0.75
1.00	368,400	5	1.00	130,068	1.00
	2,388,400			2,150,068	0.77

The Company uses the fair value method to value the services provided over the vesting period to account for stock options granted to officers, consultants, advisors and employees. For the nine months ended September 30, 2024 the Company has recorded a net expense, including options cancelled/forfeited of \$43,035 (12 months ended December 31, 2023 - \$160,910) in share-based compensation expense related to the Share Incentive Plan in the consolidated statements of profit and loss and comprehensive profit and loss, with a corresponding credit to reserves.

[2] For the nine months ended September 30, 2024, 503,400 (12 months ended December 31, 2023 – 1,505,197) options expired, cancelled, or forfeited with a total value of \$189,289 (December 31, 2023 - \$453,004).

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.

	September 30, 2024		December 31, 2023	
	Number of share units	Amount	Number of share units	Amount
	#	\$	#	\$
Opening balance	3,011,000	850,495	3,307,000	281,551
Issued to directors with 3-year vesting period [1]	396,000	136,812	—	436,300
Issued to consultants with 2-year vesting period [1]	—	45,491	—	82,044
Issued to consultants with 1-year vesting period [2]	350,000	59,000	—	32,900
Committed to consultants with 1-year vesting period [3]	410,000	164,063	680,000	184,298
RSUs redeemed [4]	(2,139,257)	(588,332)	(100,000)	(34,000)
RSUs cancelled [5]	(145,743)	(49,553)	(876,000)	(132,598)
Ending balance	1,882,000	617,976	3,011,000	850,495

[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 nine months ended September 30, 2024, the Company granted 396,000 RSUs to a Director. For the nine months ended September 30, 2024, the Company has recorded an expense of \$182,303 (December 31, 2023 - \$518,344) in share-based compensation expense related to the RSUs in the consolidated statements of profit and loss and comprehensive profit and loss, with a corresponding credit to reserves.

[2] For the nine months ended September 30, 2024, the Company issued 350,000 RSUs to consultants with a 1-year vesting period, in accordance with their consultancy agreements. 300,000 RSUs were approved by the board of directors on May 22, 2024, and 50,000 RSUs were approved by the board of directors on August 13, 2024. 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. For the nine months ended September 30, 2024, the Company has recorded an expense of \$59,000 (12 months ended December 31, 2023 - \$32,900) in the share-based compensation expense related to the RSUs issued to consultants with 1-year vesting period in the unaudited interim condensed consolidated statements of profit and loss and comprehensive profit and loss, with a corresponding credit to reserves.

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- [3] The Company accrued the share-based compensation expenses for each RSU committed and outstanding but not granted to consultants. For the nine months ended September 30, 2024, the Company accrued for 410,000 RSUs. On August 22, 2023 and November 22, 2023, the board of directors approved the issuance of 520,000 and 160,000 RSUs, respectively for \$184,298. The expense was calculated at the market value of one common share at December 31, 2023 and recognized the expenses over the term of the vesting period, with a corresponding credit to reserves.
- [4] On January 19, 2024, 2,139,257 RSUs were exercised by the board of directors and management, for a total cost of \$588,332. On October 24, 2023, a consultant exercised 100,000 RSUs and the cost of \$34,000 is accounted in reserves.
- [5] For the nine months ended September 30, 2024, the Company cancelled 145,743 (December 31, 2023 – 876,000) RSUs that were issued or committed to directors and consultants for a total value of \$49,553 (December 31, 2023 – \$132,598).

Reserves – Contingent consideration

	September 30, 2024		December 31, 2023	
	Number of shares #	Amount \$	Number of shares #	Amount \$
Opening balance	1,781,485	535,856	1,781,485	535,856
Contingent upon acquisition of subsidiaries	—	—	—	—
Ending balance	1,781,485	535,856	1,781,485	535,856

Share-based compensation

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
	\$	\$
Compensation in options	43,035	136,881
Compensation in RSUs	405,046	603,462
	448,081	740,343

16. Additional cash flow information

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
	\$	\$
Increase in trade receivables	(4,896,293)	(594,615)
Increase in loan receivables	(5,212,702)	—
Decrease in prepaid expenses	602,041	22,244
Proceeds / (repayments) in related parties	4,267,048	(1,191,402)
Increase / (decrease) in deferred revenue	(33,321)	641,850
Increase / (decrease) in trade payables	(1,994,143)	1,688,200
Increase / (decrease) in customer deposit	(263,494)	72,216
	(7,530,864)	638,493

17. Finance costs

	September 30, 2024	September 30, 2023
	\$	\$
Interest on lease liabilities [note 19]	108,923	121,947
Interest on debt and borrowings	1,320,206	1,276,730
Outstanding interest to related parties [note 11]	420,004	82,029
Total interest expense	1,849,133	1,480,706
Bank charges	575,834	301,451
Total finance costs	2,424,967	1,782,157

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18. 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, and customer deposits. The Company's financial assets include cash and cash equivalents, cash – restricted, customer funds, current portion of loan receivables, due from related parties, investments, and trade receivables. The Company's financial instruments have been classified as either assets or liabilities at amortized cost or fair value through other comprehensive income. The following table illustrates how the financial instruments in the unaudited interim condensed consolidated statements of financial position are classified and measured:

Financial asset/liability	Classification and measurement
Cash and cash equivalents	Amortized cost
Cash – restricted	Amortized cost
Customer funds	Amortized cost
Loan receivables	FVTPL
Trade receivables	Amortized cost
Due from related parties	Amortized cost
Investments	Amortized cost
Trade payables	Amortized cost
Customer payables	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

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.

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 profit (loss) before tax is due to the changes in the bank prime rates [note 12]. With all other variables held constant, the increase or decrease in interest rate by 2.7% or 270 basis points will result in change in the Company's profit before tax by \$101,220 (December 31, 2023 - \$168,975). The assumed movement in basis point for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

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

The impact of foreign currency sensitivity on the Company's profit 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

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exchange rates by 10% will result in below mentioned decrease or increase respectively in net profit before tax for the period ended September 30, 2024 by \$498,894 (December 31, 2023 - \$159,180) on account of change in the GBP and USD exchange rates.

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

	September 30, 2024	December 31, 2023
	\$	\$
Cash and cash equivalents	601,475	1,199,327
Customer funds	8,894,683	10,678,401
Trade receivables	9,062,111	4,404,598
Current portion of loan receivables	5,212,702	—
Total financial assets	23,770,971	16,282,326
Trade payables	3,401,510	5,085,312
Customer payables	8,894,683	10,678,401
Credit facilities	531,403	43,620
Total financial liabilities	12,827,596	15,807,333

Liquidity risk

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

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

Credit risk

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

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

With reference to breakdown of accounts receivable in note 5, there is exposure to credit risk owing on trade receivable balances. Management actively mitigates the risk by ensuring receivables remain current. The policy to calculate the allowance is disclosed in note 3 of the consolidated financial statements for the 12 months ended December 31, 2023. Set out below is the information about the credit risk exposure on the Company's trade receivables with customers using a provision matrix for September 30, 2024:

	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	120+ days	Total
Expected credit loss rate	0.00%	0.32%	0.62%	6.65%	3.42%	1.17%
Gross carrying amount at default	5,900,392	1,190,992	750,908	207,877	3,191,317	11,241,486
Expected credit loss	—	3,817	4,630	13,819	109,193	131,459

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Contractual maturities of financial liabilities:

	Trade payables \$	Customer payables \$	Credit facilities \$	Promissory notes \$	Due to related parties \$	Government loans \$	Customer deposits \$	Lease liabilities \$	Total \$
2024	7,923,484	12,052,844	7,255,345	476,257	5,429,507	—	32,432	388,321	33,558,190
2025	—	—	4,039,008	184,469	5,326,947	180,000	44,235	360,848	10,135,507
2026	—	—	—	—	—	—	—	366,610	366,610
2027	—	—	—	—	—	—	—	353,460	353,460
2028	—	—	—	—	—	—	—	232,556	232,556
Thereafter	—	—	—	—	—	—	—	415,257	415,257
	7,923,484	12,052,844	11,294,353	660,726	10,756,454	180,000	76,667	2,117,052	45,061,580

19. Leases

The Company has lease agreements for leased offices and equipment leases. The office leases consist of 6 office leases (December 31, 2023 – 6 office leases) for the UK offices and 6 office leases (December 31, 2023 – 6 office leases) are for Canadian offices. The Company also has various leases for its office equipment deemed to be of low value and exempt from capitalization.

The carrying amounts and the movements for the nine months ended September 30, 2024 and for the 12 months ended December 31, 2023 are as follows:

Right-of-use assets	September 30, 2024	December 31, 2023
	\$	\$
Opening balance	2,073,949	1,411,552
Additions [1]	163,739	1,031,934
Additions from the acquisition of subsidiaries [note 4]	—	682,623
Disposals [2]	—	(528,645)
Depreciation	(655,771)	(506,731)
Unrealized foreign exchange gain/loss	56,404	(16,784)
	1,638,321	2,073,949

Lease liabilities	September 30, 2024	December 31, 2023
	\$	\$
Initial recognition of liability and interest [1]	2,522,849	1,787,728
Additions [1]	163,883	721,539
Additions from the acquisition of subsidiaries [note 4]	—	672,244
Disposals [2]	—	(200,104)
Payments	(754,312)	(633,386)
Non-cash interest accretion	116,316	150,588
Unrealized foreign exchange gain/loss	68,316	24,240
	2,117,052	2,522,849
Less: current portion of lease liabilities	(388,321)	(760,336)
Long-term lease liabilities	1,728,731	1,762,513

[1] For the nine months ended September 30, 2024, the additions are related to the renewal of one of BPO's office in the UK. For the 12 months ended December 31, 2023, the additions are related to the renewal of GCS's Vancouver office as well as an equipment lease at BPO.

[2] For the 12 months ended December 31, 2023, the disposals are related to termination of the Toronto and Quebec lease for Groupe Solution.

The expense relating to short-term and low-value lease payments not included in lease liabilities was \$513,312 (12 months ended December 31, 2023 - \$332,222).

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20. Revenue and direct costs

Revenue	Three months ended September 30, 2024 \$	Three months ended September 30, 2023 \$	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
RCM revenue	12,461,543	8,412,879	36,852,449	23,305,475
EP Homes facilitation fees revenue				
Sale of EP Homes inventory [1]	3,653,578	710,000	7,010,453	4,022,452
Lease revenue	102,833	196,186	389,357	555,069
Facilitation fees	—	54,500	—	119,086
Savings contribution revenue	68,138	—	186,834	47,849
Total EP Homes revenue	3,824,549	960,686	7,586,644	4,744,456
Financial services revenue	1,498,190	60,869	3,905,689	178,371
Total revenue	17,784,282	9,434,434	48,344,782	28,228,302

[1] For the nine months ended September 30, 2024, the sale of EP Homes inventory includes the sale of 16 homes (September 30, 2023 – 7 homes).

Direct costs	Three months ended September 30, 2024 \$	Three months ended September 30, 2023 \$	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
RCM services	3,713,637	2,218,753	10,112,833	6,560,324
EP Homes [1]	3,530,819	786,679	7,007,796	4,028,485
Financial services	144,322	102,105	344,462	329,554
Total direct costs	7,388,778	3,107,537	17,465,091	10,918,363

[1] For the nine months ended September 30, 2024, direct costs of EP Homes primarily consist of the sale of 16 homes. For the nine months ended September 30, 2023, direct costs of EP Homes primarily consist of the sale of 7 homes.

21. Sales, general, and administrative expenses

Sales, general, and administrative expenses consist of the following:

	Three months ended September 30, 2024 \$	Three months ended September 30, 2023 \$	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
Employee benefits expense	6,195,025	3,898,899	18,562,253	10,985,702
Depreciation and amortization	820,729	663,942	2,424,020	1,878,649
Acquisition costs	—	120,635	72,477	377,616
Loss allowances on trade receivables	(63,325)	24,162	(6,485)	19,166
Other sales, general, and administrative expenses	119,125	137,108	362,916	417,258
	7,071,554	4,844,746	21,415,181	13,678,391

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22. Deferred revenue

2024	December 31, 2023	Additional deferred revenue	Recognized to revenue [1]	September 30, 2024
	\$	\$	\$	\$
EP Homes	290,356	82,213	(215,506)	157,063
Climb	43,483	12,394	(26,979)	28,898
EP Prepaid Card	—	114,559	—	114,559
Total	333,839	209,166	(242,485)	300,520
Less: Current portion of deferred revenue	(179,945)			(157,063)
Long-term portion of deferred revenue	153,894			143,457

2023	December 31, 2022	Additional deferred revenue	Recognized to revenue [1]	December 31, 2023
	\$	\$	\$	\$
EP Homes	323,386	221,166	(254,196)	290,356
Climb	63,498	19,514	(39,529)	43,483
Total	386,884	240,680	(293,725)	333,839
Less: Current portion of deferred revenue	(235,513)			(179,945)
Long-term portion of deferred revenue	151,371			153,894

[1] For the nine months ended September 30, 2024, deferred revenue from client's non-refundable deposits were recorded to revenue as the clients executed/forfeited their purchase option and recognized as revenue for the client's savings loans fees.

23. Other income

Other income consists of the following:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
	\$	\$	\$	\$
Interest income	48,292	29,389	125,099	90,081
Gain on promissory note extinguishment [1]	—	—	—	277,335
Gain on debt forgiveness [2]	866,893	—	2,452,676	—
Gain on sale of contracts [3]	—	—	—	76,506
Other income	5,215	12,034	94,739	32,443
	920,400	41,423	2,672,514	476,365

[1] The Company had a holdback of \$277,335 from GCS's president, per the share purchase agreement from the acquisition of GCS. Subsequently, on March 31, 2023, GCS's president agreed to extinguish his rights to the promissory note.

[2] For the nine months ended September 30, 2024, the Company negotiated settlements on obligations with various vendors and customers, resulting in a gain of \$2,452,676, which was recorded on the interim condensed consolidated statements of profit and loss and comprehensive profit and loss.

[3] On June 30, 2023, the Company sold 167 security contracts to Hatch Security Ltd. for \$300,543, which settled the loan receivables balance of \$224,037, resulting in a gain of \$76,506 which was recorded on the interim condensed consolidated statements of profit and loss and comprehensive profit and loss.

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24. Other operating expenses

Other operating expenses consist of the following:

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
	\$	\$
IT support	970,126	781,504
Subscriptions and licenses	790,567	500,530
Rent and utilities	758,851	273,620
Insurance	434,661	248,777
Office supplies	413,281	323,583
Travel and entertainment	322,047	449,234
Telephone	264,260	198,575
Repairs and maintenance	126,916	35,249
Credit bureaus	119,316	82,523
Marketing expenses	41,986	206,375
Training and recruitment	16,221	(2,734)
Realized foreign currency exchange loss (gain)	16,001	7,784
Bad debts and fines	4,920	38,981
	4,279,153	3,144,001

25. Joint venture

On July 31, 2024, the Company bought the remaining 50% of the shares in SEP, and as a result, the SEP is a wholly-owned subsidiary of the Company. Therefore, SEP is no longer considered a joint venture, and as a result, the statement of financial position and statement of profit and loss are not disclosed below for the nine months ended September 30, 2024.

Smart Everyday People Inc., which is 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. Prior to the transaction on July 31, 2024 [note 4], the Company's interest in Smart Everyday People Inc. was accounted for using the equity method in the unaudited interim condensed consolidated financial statements.

Summarized statement of financial position of Smart Everyday People Inc:

	September 30, 2024	December 31, 2023
	\$	\$
Current assets	—	108,759
Non-current assets	—	593,668
Current liabilities	—	(99,258)
Non-current liabilities	—	—
Equity	—	603,169
The Company's share in equity – 100% (2023: 50%)	—	301,585

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

	September 30, 2024	September 30, 2023
	\$	\$
Revenue from contracts with customers	—	—
Cost of sales	(2,550)	(21,750)
Administrative expenses	(12,387)	(6,180)
Interest and bank charges	(1,234)	(2,928)
Loss before tax	(16,171)	(30,858)
The Company's share of loss for the period – 100% (2023: 50%)	(8,086)	(30,858)

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26. Loan receivables

The carrying amounts and the movements for the nine months ended September 30, 2024 and for the 12 months ended December 31, 2023 are as follows:

Loan receivables	September 30, 2024	December 31, 2023
	\$	\$
Opening balance	—	—
Additions [1]	5,212,702	—
	<u>5,212,702</u>	<u>—</u>

[1] On January 1, 2024, the Company entered into a Cooperation Agreement with a U.S.-based supply chain company to support improved cash flow and enhance service delivery to customers. During the nine months ended September 30, 2024, the Company extended \$5,212,702 in loans.

27. 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.

28. Segmented information

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

- (1) Financial services – This segment issues operates as a fee-for-service model, generating revenue from financial services and prepaid card fees. The CODM reviews the results of all financial 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 and Borrowed Down Payment Plan ("EP Homes services") – This segment acquires homes and offers eligible clients the ability to purchase a home through a structured lease and dedicated down payment accumulation program.

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- (3) Revenue cycle management services (formerly collection services) – This segment provides debt collection services for corporations that have past due and default accounts.

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 services:
 - Average loan-to-value for the EP Homes inventory.
 - Profit or loss for the segment.
- Revenue cycle management services:
 - Average percentage collected per outstanding account.
 - Profit or loss for the segment.

The following tables summarize the segmented revenue and profit or loss for the nine months ended September 30, 2024 and nine months ended September 30, 2023:

	For the nine months ended September 30, 2024			
	Financial Services	EP Homes Services	RCM Services	Total
	\$	\$	\$	\$
Revenue	3,905,689	7,586,644	36,852,449	48,344,782
Direct costs	344,462	7,007,796	10,112,833	17,465,091
Total operating expenses [1]	3,632,422	426,162	23,428,191	27,486,775
Earnings (loss) from operations	(71,195)	152,686	3,311,425	3,392,916
Other (expenses) income [2]	1,775,596	(787,713)	(748,422)	239,461
Net profit (loss) before taxes	1,704,401	(635,027)	2,563,003	3,632,377

	For the nine months ended September 30, 2023			
	Financial Services	EP Homes Services	RCM Services	Total
	\$	\$	\$	\$
Revenue	178,664	4,744,456	23,305,182	28,228,302
Direct costs	329,553	4,028,486	6,560,324	10,918,363
Total operating expenses [1]	3,729,199	232,337	14,326,178	18,287,714
Earnings (loss) from operations	(3,880,381)	483,633	2,418,973	(977,775)
Other (expenses) income [2]	(354,217)	(704,565)	(247,010)	(1,305,792)
Net loss before taxes	(4,234,598)	(220,932)	2,171,963	(2,283,567)

[1] Financial services include corporate expenses of \$3,220,864 (September 30, 2023 - \$2,283,567).

[2] Financial services' other income of \$1,775,596 (September 30, 2023 – other expenses of \$458,607) is primarily related to various debt forgiveness.

RCM services' other expenses of \$748,422 (September 30, 2023 - \$247,010) is primarily related interest expenses and bank charges.

EP Homes facilitation services' other expenses of \$787,713 (September 30, 2023 - \$704,565) is primarily related to interest expenses for the credit facilities.

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The following tables summarize total assets and liabilities as at September 30, 2024 and December 31, 2023:

	As at September 30, 2024			
	Financial Services	EP Homes Services	RCM Services	Total
	\$	\$	\$	\$
Total assets	13,360,835	7,639,708	43,288,221	64,288,764
Total liabilities	11,249,869	6,579,115	32,372,829	50,201,813

	As at December 31, 2023			
	Financial Services	EP Homes Services	RCM Services	Total
	\$	\$	\$	\$
Total assets	4,310,791	13,865,187	45,903,635	64,079,613
Total liabilities	9,776,498	11,925,409	31,939,212	53,641,119

The following tables summarize the credit facilities and promissory notes as at September 30, 2024 and December 31, 2023:

	As at September 30, 2024			
	Financial Services	EP Homes Services	RCM Services	Total
	\$	\$	\$	\$
Credit facilities <i>[note 12]</i>	—	5,533,953	5,760,400	11,294,353
Promissory notes <i>[note 13]</i>	250,000	35,000	375,726	660,726
Due to related party <i>[note 11]</i>	6,208,035	234,891	4,313,528	10,756,454
	6,458,035	8,742,872	10,410,219	24,753,333

	As at December 31, 2024			
	Financial Services	EP Homes Services	RCM Services	Total
	\$	\$	\$	\$
Credit facilities <i>[note 12]</i>	—	10,940,058	5,864,417	16,804,475
Promissory notes <i>[note 13]</i>	50,000	96,060	905,726	1,051,786
Due to related party <i>[note 11]</i>	1,271,724	249,496	3,444,455	4,965,675
	1,321,724	11,285,614	10,214,598	22,821,936

Geographical information

The following table summarizes the revenue by geographical location for the nine months ended September 30, 2024 and nine months ended September 30, 2023:

	September 30, 2024	September 30, 2023
	\$	\$
Revenue by geographical location:		
Canada	21,055,209	15,352,254
United States of America	3,766,691	23,934
United Kingdom	23,522,882	12,852,114
	48,344,782	28,228,302

The following table summarizes the non-current assets by geographical location as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	\$	\$
Non-current assets by geographical location [1]:		
Canada	14,558,690	22,644,339
United States of America	144,281	144,281
United Kingdom	12,205,796	12,327,565
	26,908,767	35,116,185

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Information about major customers

The following table provides the proportion of revenue attributed to each significant customer for the nine months ended September 30, 2024 and nine months ended September 30, 2023:

Customer 1	September 30, 2024	September 30, 2023
	%	%
	18.3%	24.3%
	18.3%	24.3%

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 customer detailed in the above table, no other services were provided any one customer that represented more than 10% of total revenue for the Company.

29. Contingent consideration

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

On March 31, 2023, the Company entered into a purchase agreement with Groupe Solution to acquire assets and operations of Groupe Solution. Per the Purchase Agreement, a contingent consideration has been agreed. The Company is required to pay additional \$1,400,000, either in cash or by way of issuance of 1,400,000 common shares of the Company, if Groupe Solution's EBITDA is equal to or greater than \$1,080,000 in any one year before March 31, 2025. The fair value of the contingent consideration was estimated to be \$664,469 [note 4].

30. Subsequent events

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:
 - i. \$4,247,625 (£2,350,000 GBP) on the closing date;
 - ii. \$225,938 (£125,000 GBP) holdback for approximately 90 days following the closing date; and,
 - iii. \$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:
 - i. 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;
 - ii. 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
 - iii. 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.

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- 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.

31. 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 reclassification for the comparative nine months ended September 30, 2023 were as follows:

- Reclassified and consolidated gain on debt settlement, other expenses, and share of profit/(loss) in joint venture with other income.
- Reclassified and consolidated marketing expenses and realized foreign currency exchange loss (gain) with other operating expenses.
- Reclassified and consolidated professional fees with management and consulting fees.
- Reclassified salaries and benefits, depreciation and amortization, share-based compensation, stock exchange fees, investor relations, board fees, loss allowances, and acquisition costs to sales, general, and administrative expenses.