



Everyday People Financial Corp.

Consolidated financial statements

December 31, 2024 and 2023

Expressed in Canadian dollars

To the Shareholders of Everyday People Financial Corp.:

Opinion

We have audited the consolidated financial statements of Everyday People Financial Corp. (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2024 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Business combination

Key Audit Matter Description

During the year ended December 31, 2024, the Company, through its wholly owned subsidiary, acquired CCS Group Holdings Limited. The acquisition was accounted for as a business combination.

In determining the acquisition date fair value of the consideration paid, assets acquired, liabilities assumed, and the resulting goodwill, management exercised a high degree of judgment to evaluate the significant assumptions used in determining these fair values including but not limited to, forecasted operating results, long-term growth rates, and discount rates.

We considered this a key audit matter due to the extensive audit effort involved and a high degree of auditor judgment required when performing audit procedures and evaluating the audit evidence related to management's estimates.

Please refer to Notes 2 and 4 to the consolidated financial statements for further details.

Audit Response

We responded to this matter by performing audit procedures in relation to the business combination. Our audit work in relation to this included, but was not restricted to, the following:

- We analyzed the purchase agreement to obtain an understanding of the key terms and conditions involved in the acquisition;
- We evaluated the appropriateness of the acquisition being accounted for as a business combination under IFRS 3 Business Combinations rather than an asset acquisition;
- We evaluated the reasonability of key inputs used in the discounted cash flow model, such as forecasted revenues, gross margin, operating expenses, long-term growth rates and the discount rates used by management;
- We involved internal valuation specialists to assess the valuation methodology applied, and the various inputs utilized to determine a reasonable discount rate by referencing current industry and comparable company information; and
- We assessed the appropriateness of the disclosures relating to the assumptions used in the purchase price allocation assessment in the notes to the consolidated financial statements

Impairment of goodwill and intangible assets

Key Audit Matter Description

As at December 31, 2024, the Company recorded goodwill and intangible assets of \$12,794 and \$17,644 respectively. The Company performs impairment testing on goodwill and indefinite life intangible assets on an annual basis, or more frequently when there are indications of impairment.

An impairment loss is recognized if the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its estimated recoverable amount. In determining the recoverable amount, management used key assumptions in the discounted cash flow model, including forecasted operating results, long-term growth rates, and discount rates.

We considered this a key audit matter due to the significant judgments made by management in estimating the recoverable amount for goodwill and intangible assets and a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's estimates. This resulted in an increased extent of audit effort, including the involvement of internal valuation specialists.

Please refer to Notes 2, 7 and 8 to the consolidated financial statements for further details.

Audit Response

We responded to this matter by performing audit procedures in relation to the impairment of goodwill and intangible assets. Our audit work in relation to this matter included, but was not restricted to the following:

- We obtained an understanding of how management performs the annual goodwill and intangible asset impairment test, including how forecasts are set and reviewed;
- We obtained and reviewed management's assessment of CGUs to which goodwill and intangible assets have been allocated and assessed for reasonability;
- We evaluated the reasonability of key inputs used such as forecasted revenues, gross margin, operating expenses, long-term growth rates and the discount rates determined by management in the discounted cash flow projection model;
- With the assistance of internal valuation specialists, we evaluated the reasonableness of the discount rates used by management by comparing the Company's weighted average cost of capital against publicly available market data, as well as the earnings multiple by assessing comparable market data and transactions; and
- We assessed the appropriateness of the disclosures relating to the assumptions used in the impairment assessment in the notes to the consolidated financial statements.

Other Matter

The consolidated financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on May 2, 2024.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Burlington, Ontario

April 30, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Everyday People Financial Corp.
Consolidated statements of financial position
[expressed in thousands of Canadian dollars]

		As at December 31, 2024	As at December 31, 2023
	Notes	\$000	\$000
Assets			
Current assets			
Cash and cash equivalents		1,615	1,466
Customer funds		13,347	13,337
Cash - restricted		101	501
Trade receivables	[5]	6,797	6,214
Prepaid expenses		1,371	2,038
Due from related parties	[10]	530	818
Current portion of properties held for lease and sale	[9]	2,069	5,344
Total current assets		25,830	29,718
Non-current assets			
Properties held for lease and sale	[9]	2,973	7,374
Intangible assets	[8]	17,644	14,928
Property and equipment	[6]	1,534	1,350
Right-of-use asset	[18]	3,170	2,074
Goodwill	[7]	12,794	8,634
Total non-current assets		38,115	34,360
Total assets		63,945	64,078
Total liabilities and shareholders' equity			
Current			
Trade and other payables		11,081	9,724
Customer payables		13,347	13,337
Current tax liability	[19]	335	245
Other current liabilities		245	674
Current portion of lease liabilities	[18]	511	760
Current portion of promissory notes	[12]	1,454	337
Current portion of credit facilities	[11]	9,545	7,242
Current portion of due to related parties	[10]	608	1,354
Total current liabilities		37,126	33,673
Non-current			
Lease liabilities	[18]	2,907	1,763
Promissory notes	[12]	2,516	714
Deferred tax liability	[19]	3,880	2,899
Credit facilities	[11]	5,310	9,743
Due to related parties	[10]	5,888	4,848
Total non-current liabilities		20,501	19,967
Total liabilities		57,627	53,640
Shareholders' equity			
Common shares	[14]	69,035	67,517
Reserves	[14]	4,542	4,362
Accumulated deficit		(67,341)	(60,713)
Accumulated other comprehensive profit (loss)		82	(728)
Total shareholders' equity		6,318	10,438
Total liabilities and shareholders' equity		63,945	64,078

Going concern [note 2]

Subsequent events [note 26]

Approved on behalf of the Board:

(Signed) "Scott Sinclair"

Scott Sinclair, Director

Approved on behalf of the Board:

(Signed) "Dave Guebert"

Dave Guebert, Director

See accompanying notes

Everyday People Financial Corp.
Consolidated statements of loss and comprehensive loss
[expressed in thousands of Canadian dollars]

		Year ended December 31, 2024	Year ended December 31, 2023
	Notes	\$000	\$000
Revenue	[20]	57,126	37,893
Direct costs	[20]	23,389	14,890
Gross profit		33,737	23,003
Operating expense			
Sales, general, and administrative expenses	[21]	29,997	21,647
Other operating expenses	[23]	6,293	4,577
Management, consulting, and professional fees	[10]	2,580	3,022
Total operating expense		38,870	29,246
Loss from operations		(5,133)	(6,243)
Other (income) expenses			
Other income	[22]	(2,057)	(7,247)
Loss on contingent consideration	[12]	448	281
Impairment loss	[7, 8 and 9]	80	818
Finance costs	[16]	3,058	2,441
Total other (income) expense		1,529	(3,707)
Net loss before tax		(6,662)	(2,536)
Deferred tax recovery	[19]	227	726
Current tax expense	[19]	(193)	(143)
Net loss for the period		(6,628)	(1,953)
Other comprehensive profit (loss)			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Unrealized foreign currency translation adjustment		913	476
Deferred tax expense on revaluation	[19]	(103)	—
Total other comprehensive profit		810	476
Comprehensive loss for the period		(5,818)	(1,477)
Loss per share - basic	[25]	(0.06)	(0.02)

See accompanying notes

Everyday People Financial Corp.
Consolidated statements of changes in shareholders' equity
[expressed in thousands of Canadian dollars]

	Notes	Reserves			Total Reserves \$000	Common shares \$000	Deficit \$000	Accumulated other comprehensive income/(loss) \$000	Total Shareholders' equity \$000
		Committed common shares \$000	Reserves \$000	Contributed surplus \$000					
Twelve months ended December 31, 2024 [14]									
Balance, January 1, 2024		—	2,793	1,569	4,362	67,517	(60,713)	(728)	10,438
Net loss for the period		—	—	—	—	—	(6,628)	—	(6,628)
Other comprehensive profit		—	—	—	—	—	—	810	810
Issuance of common shares upon acquisition		—	—	—	—	849	—	—	849
Options: issued		—	31	—	31	—	—	—	31
Options: expired/cancelled/forfeited		—	(190)	190	—	—	—	—	—
Restricted share units: issued or committed		—	428	—	428	—	—	—	428
Restricted share units: exercised		—	(669)	—	(669)	669	—	—	—
Restricted share units: cancelled		—	(49)	49	—	—	—	—	—
Common shares - committed		390	—	—	390	—	—	—	390
Warrants: expired		—	(75)	75	—	—	—	—	—
Balance, December 31, 2024		390	2,269	1,883	4,542	69,035	(67,341)	82	6,318
Twelve months ended December 31, 2023 [14]									
Balance, January 1, 2023		—	2,830	657	3,487	67,483	(58,760)	(1,204)	11,006
Net loss for the period		—	—	—	—	—	(1,953)	—	(1,953)
Other comprehensive profit		—	—	—	—	—	—	476	476
Options: issued		—	174	—	174	—	—	—	174
Options: expired/cancelled/forfeited		—	(453)	453	—	—	—	—	—
Warrants: expired		—	(326)	326	—	—	—	—	—
Restricted share units: issued or committed		—	735	—	735	—	—	—	735
Restricted share units: exercised		—	(34)	—	(34)	34	—	—	—
Restricted share units: cancelled		—	(133)	133	—	—	—	—	—
Balance, December 31, 2023		—	2,793	1,569	4,362	67,517	(60,713)	(728)	10,438

See accompanying notes

Everyday People Financial Corp.
Consolidated statements of cash flows
[expressed in thousands of Canadian dollars]

		Year ended December 31, 2024	Year ended December 31, 2023
	Notes	\$000	\$000
Operating activities			
Net loss for the period		(6,628)	(1,953)
Adjustments to reconcile net loss to net cash used in operating activities:			
Disposals (additions) to properties held for lease and sale	[9]	7,596	(2,900)
Depreciation & amortization	[6, 8 and 18]	3,389	2,462
Finance costs	[16]	2,494	2,037
Share-based compensation	[14]	459	910
Loss on contingent consideration	[12]	448	281
Current income tax	[19]	193	143
Provision for expected credit losses	[17]	90	109
Impairment loss	[7, 8 and 9]	80	818
Share of loss in joint venture		8	—
Non-cash other income	[22]	—	(77)
Bargain purchase	[22]	—	(5,847)
Collections (additions) to loan receivables		—	234
Deferred income tax	[19]	(227)	(726)
Interest paid	[16]	(1,837)	(1,672)
Net change in non-cash working capital items	[15]	140	778
Cash provided by (used in) operating activities		6,205	(5,401)
Investing activities			
Additions to intangible assets	[8]	—	(38)
Additions of property and equipment, net of disposals	[6]	(788)	(37)
Acquisition of subsidiaries, net of cash paid and acquired	[4]	(4,391)	427
Cash provided by (used in) investing activities		(5,179)	352
Financing activities			
Proceeds from credit facilities	[17]	7,839	13,512
Proceeds of promissory notes, including related parties	[17]	940	150
Repayments of promissory notes, including related parties	[17]	(223)	(1,938)
Repayments of lease liabilities	[17 and 18]	(1,007)	(633)
Repayments of credit facilities	[17]	(9,969)	(5,391)
Cash provided by (used in) financing activities		(2,420)	5,700
Net foreign exchange difference		1,143	(129)
Net (decrease) increase in cash and cash equivalents		(251)	522
Cash and cash equivalents, beginning of the period		1,967	1,445
Cash and cash equivalents, end of the period		1,716	1,967
Less: Cash - restricted, end of the period		(101)	(501)
Cash and cash equivalents, end of the period		1,615	1,466

See accompanying notes

Everyday People Financial Corp.

Notes to consolidated financial statements

[expressed in Canadian dollars in thousands except where noted]

For the year ended December 31, 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. The Company includes three main pillars of business:

1. **Revenue cycle management (“RCM”)**: Headquartered in Canada and the United Kingdom, RCM operates as a fee-for-service model and provides commission or fixed rate debt collection services for corporations with past due and default accounts.
2. **Financial services**: Headquartered in Canada, financial services operates as a fee-for-service model, generating revenue from financial services and prepaid card fees.
3. **EP Homes facilitation services and Borrowed Down Payment Program (“EP Homes”)**: Headquartered in Canada, EP Homes provides eligible clients with alternative homeownership solutions through its Bridge to Homeownership Program (“BTHO Program”) and the Borrowed Down Payment Program (“BDPP Program”). The BTHO Program gives eligible clients the opportunity to purchase a home through a structured three-year lease and savings accumulation plan. Over the three-year lease, the client makes monthly payments with a portion relating to lease of the property and a portion relating to saving for a down payment. The client has the option to purchase the property at the end of the lease. The BDPP Program gives eligible clients an alternative option to purchase a home without having to save for a down payment by providing eligible clients with a loan of up to 5% of the value of their new home.

The Company’s consolidated financial statements include EP Financial, and its material subsidiaries as follows:

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

Everyday People Financial Corp.

Notes to consolidated financial statements

[expressed in Canadian dollars in thousands except where noted]

For the year ended December 31, 2024 and 2023

- [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 EP Financial'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 its subsidiaries ("EP Homes Subsidiaries"). EP Homes was incorporated in Alberta, Canada on July 11, 2017.
- 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.
- [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 with stronger cash flow and profitability, enhancing deliverables to their customers.
- [8] 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") and acquires CCS Group Holdings Limited's wholly owned subsidiary, Commercial Collection Services Limited. CCS primarily focuses on providing debt collection services in the UK, expanding the Company's revenue cycle management division [note 4].

These consolidated financial statements were authorized for issue by the Company's board of directors on April 30, 2025.

Notes to consolidated financial statements

[expressed in Canadian dollars in thousands except where noted]

For the year ended December 31, 2024 and 2023

2. Basis of presentation

Statement of compliance

The annual consolidated financial statements of the Company have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include the operating results of the Company and its subsidiaries.

Basis of measurement and going concern

These consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments, which are measured at fair value [note 17]. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, and all amounts are rounded to the nearest thousand (\$000), except when otherwise indicated. The functional currency of each legal entity is that of their country of incorporation.

The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and can realize its assets and discharge its liabilities and commitments in the normal course of business as they come due. During the year, the Company incurred a net loss of \$6,628 (December 31, 2023 - \$1,953), and as at December 31, 2024 has a net working capital deficit of \$11,296 (December 31, 2023 - \$3,955) in addition to an accumulated net deficit. These conditions indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern.

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

Basis of consolidation

These 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 consolidated financial statements.

Management judgment and estimation uncertainty

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

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

Judgment of classification of properties held for lease and sale

The Company holds 11 residential properties, including bare land to facilitate its EP Homes program as at December 31, 2024 and 30 residential properties as at December 31, 2023. The Company has determined that inventory is the appropriate accounting standard to record the residential properties and bare land because the properties are held for sale in the ordinary

Notes to consolidated financial statements

[expressed in Canadian dollars in thousands except where noted]

For the year ended December 31, 2024 and 2023

course of business. The ordinary course of business is to assist the client in purchasing property through the Company's EP Homes program.

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

The Company exercised significant judgment in determining the appropriate classification of properties that are leased prior to sale. Due to the interim leasing activity, these properties may fall within the scope of IAS 16: Property, Plant and Equipment, rather than IAS 2: Inventories. The classification impacts the presentation of the properties on the statement of financial position, as well as the timing and nature of expense recognition (i.e., depreciation under IAS 16 versus cost of sales under IAS 2).

The Company is exposed to credit risk associated from the possibility that customers may default on their lease obligations.

The Company also manages a portion of its inventory portfolio for resale. A risk exists that sales of homes may not yield the expected profit margin due to unfavorable market conditions, cost overruns, or other operational factors. To mitigate this risk, the Company regularly assesses the local real estate market trends, maintains flexible pricing strategies to respond to market demand, implements cost control measures during renovations and development.

The Company's management used their judgement for the classification of these homes between current and non-current properties held for lease and sale on the consolidated statement of financial position. The home is classified as current when:

- The purchase option agreement matures within 12 months from the reporting date;
- The home is actively listed for sale and is available for immediate sale in its present condition; or,
- The home is vacant and is expected to be sold within 12 months.

Reclassification between current and non-current may occur when there is a change in use or management's strategy. Such reclassifications are accounted for prospectively, with disclosure provided where material.

Judgment of control

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

Judgment of operating segments

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

Judgment of impairment of non-financial assets

Assessment of impairment triggers are based on management's judgment of whether there are sufficient internal and external factors that would indicate an asset or cash generating unit ("CGU") is impaired, or any indicators of impairment reversal. The determination of the Company's CGUs is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Management's judgment determined that EP Homes, Financial services, BPO, GCS, Groupe Solution, and CCS each constitute separate CGUs.

Judgment of determining the lease terms of contracts with renewal options – As a lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease

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term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Company did not include the renewal period as part of the lease term for office leases. Due to the Company's significant growth, management is not reasonably certain that they will exercise the renewal options for the lease as there is a potential to change offices, based on the Company's size.

Judgment of purchase price allocation and business combinations

Management exercises significant judgment in accounting for business combinations in accordance with IFRS 3: Business Combinations. This includes identifying the acquirer, determining the acquisition date, and allocating the purchase price to the identifiable assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. IFRS 3 requires management to determine whether the acquisition meets the definition of a business combination. Judgment is involved in determining whether the Company obtained control over the acquiree.

These judgments involve the use of valuation techniques and assumptions regarding future cash flows, discount rates, and market conditions.

Estimate of provision of expected credit losses of trade receivables

The Company uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due to groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historically observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 19.

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

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

The cumulative expense recognized for equity-settled transactions at each reporting date reflects the extent to which the vesting period has elapsed and the Company's best estimate of the number of equity instruments that will ultimately vest.

The assumptions and model used for estimating fair value for equity settled stock options are disclosed in note 14.

Estimate of the recoverability of non-financial assets

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

Estimate of purchase price allocation and valuation of goodwill

In applying its accounting policy for business acquisition, tangible and intangible assets acquired through business combinations are initially recorded at their fair values based on assumptions made by management. Management uses its judgment to assign value to intangible assets in accordance with IFRS and making estimates based on factors such as significant changes in technological, market, economic or legal environment, business and market trends, future prospects, current market value and other economic factors. The difference in the purchase price paid and net assets acquired is recognized as goodwill. The difference arises due to the economic value of the expertise of the workforce acquired and other assets that do not meet the criteria for separate recognition per IFRS. Actual results could differ significantly from these estimates.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting

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date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor, which is subject to significant management judgment.

Estimate of useful life of property and equipment and intangible assets

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

When management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Due to the significant amount of intangible assets of the Company, variations between actual and estimated useful lives could impact operating results both positively and negatively.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Management used their judgement to assess that the estimated useful life of the EP Homes trade name should be changed from indefinite life to 5 years, during the year, due to EP Homes' strategic shift from the BTHO Program to the BDPP Program.

Estimate of incremental borrowing rate for leases

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

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

Estimate of income taxes

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

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

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

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

3. Summary of material accounting policies

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprises of cash at bank and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Cash – restricted

Restricted cash represents amounts that are not available for general use by the Company due to legal and contractual restrictions.

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Customer funds and customer payables

BPO, GCS, Groupe Solution, EPFS, and CCS collect payments on behalf of clients. Amounts collected belong to the clients and are maintained in client trust accounts, and are not available for operating use by BPO, GCS, Groupe Solution, EPFS, and CCS. Clients are invoiced at various intervals and paid accordingly. The source of payments received in the client trust accounts are not always known and may include overpayments. The funds from overpayments remain in the client bank account until they can be traced and applied to the correct account or refunded.

Properties held for lease and sale

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

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

The current portion and non-current portion of properties held for lease and sale is determined based on the maturity date of the executed lease agreement on each respective property.

In the leases, the Company does not transfer substantially all the risks and rewards incidental to ownership of the properties, as a result, the leases are classified as operating leases. Lease revenue arising is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statements of profit or loss due to its operating nature.

Intangible assets

Intangible assets acquired in a business combination are measured on initial recognition at fair value at the date of acquisition. Internally generated intangible assets that meet the criteria for recognition are measured on initial recognition at cost. Intangible assets with finite lives are amortized over their estimated useful life and assessed for indicators of impairment at each reporting period. Following initial recognition, finite life intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The Company's intangible assets are amortized over their estimated useful lives, which may be less than their legal life. The Company commences amortization for the assets when they are available for use. Amortization of intangible assets are recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets, as follows:

	Rate
Licenses, rights and systems	5-12 years straight line
Customer relationships	9-10 years straight line
Trade names	10 years to indefinite

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

The Company owns the rights to trade names. The trade names are expected to contribute to the cash flows indefinitely, with the exception of EP Homes trade name, and there are no significant associated costs to renew the trade names. As a result, the trade names are assessed as having an indefinite useful life, and are tested for impairment annually.

Research and development costs

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

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Business combinations and goodwill

Business combinations are accounted for using the acquisition method, when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value. Acquisition-related costs are expensed as incurred and included in professional fees in the consolidated statements of loss and comprehensive loss. When the Company acquires a business, it assesses the net assets acquired for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any excess of the consideration transferred over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the consideration transferred below the fair value of the net assets acquired is recorded as a gain in the consolidated statement of loss and comprehensive loss.

Goodwill arising from acquisition is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, at the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a liability that is a financial instrument and within the scope of IFRS 9: Financial Instruments, is measured at fair value recognized in the consolidated statement of loss and comprehensive loss, at each reporting date in accordance with IFRS 9.

Leases

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

a) The Company as a lessee

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

b) Right-of-use assets

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

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

c) Lease liabilities

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

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option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the interest rate implicit in the lease at lease commencement. If the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate at the lease commencement. After the commencement date, the amount of lease liabilities is increased to reflect accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

e) The Company as a Lessor

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

Property and equipment

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

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

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

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

Impairment of non-financial assets

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

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

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

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

The Company conducts impairment testing on its goodwill and intangible assets with indefinite useful lives annually as at December 31st and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company determines the fair value of each CGU to which goodwill and intangible assets are allocated using the higher of value in use and fair value, less cost of disposal.

Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value including directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15: Revenue from Contracts with Customers. All financial liabilities are recognized initially at fair value, and in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

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

Financial assets at amortized cost

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

Financial liabilities at amortized cost

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of loss and comprehensive loss when the liabilities are derecognized as well as through the EIR amortization process.

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

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

Derecognition of financial instruments

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

Impairment of financial instruments

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

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

Offsetting of financial instruments

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

Fair value measurements

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

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

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

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Share-based payments

Equity-settled transactions

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

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

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

Foreign currency

Functional and presentation currency

The Company determines its functional currency based on the currency of the primary economic environment in which it operates. The Company's functional and presentation currency is the Canadian dollar ("CAD").

Transactions and balances

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

Subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated at into Canadian dollars at the exchange rate prevailing at the reporting date. The income and expenses of foreign operations are translated at each month end using average monthly exchange rates. The exchange differences arising on translation for consolidation are recognized in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss. The functional currencies of the subsidiaries are:

Subsidiaries

EP Homes and EP Homes' subsidiaries
EP Climb
EP Care
EP Security
EP Travel
EP Investments
EP Prepaid Cards
EP Yay
EP RCM
GCS
Groupe Solutions
BPO Canada

Functional Currency

Canadian Dollars
Canadian Dollars
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Canadian Dollars
Canadian Dollars

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BPO	British Pound Sterling
BPO Financial	British Pound Sterling
BPO Care	British Pound Sterling
BPO Homes	British Pound Sterling
EP UK	British Pound Sterling
EPFS	British Pound Sterling
CCS	British Pound Sterling
iKort	Icelandic Krona
EP Card ehf.	Icelandic Krona
EP USA	American Dollars
EP Supply Chain	American Dollars

Income taxes

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

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

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

Revenue recognition

The Company generates revenue from three operating segments:

1. **RCM**: Which comprises of commission-based and fixed-fee collection revenue.
2. **Financial services**: Comprises of prepaid credit card revenue, interchange revenue, and interest revenue.
3. **EP Homes**: Comprises of rental revenue, sale of property revenue, and savings contribution revenue.

RCM

RCM revenue is recognized at the point in time when the Company collects and receives the funds from debtors on behalf of their clients, or when the debtor pays the funds directly to the client. For fixed-fee contracts, the revenue is recognized over the period of time the service is provided, as the amount collected from the debtors does not determine the fee earned. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the

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transaction price needs to be allocated. In determining the transaction price for the RCM services, the Company considers the effects of variable consideration (if any) in clients' contracts.

Financial services

Prepaid credit card fee revenue is charged to the cardholder and is recognized monthly. Interchange revenue is a fee received by the Company from the card issuing bank and is based on cardholder purchase volumes. Interchange revenue is recognized at the time the cardholder executes a transaction using the prepaid credit card. Interest revenue represents interest on credit products and consumer loans and are recognized on an effective interest rate calculation basis during the period and is recognized monthly.

EP Homes

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

Loss per share

Basic loss per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Provisions

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

New and amended standards and interpretations

The Company applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after January 1, 2024 (unless otherwise stated). The adoption of these standards had no impact on the Company's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities with Covenants as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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The amendments were effective for annual reporting periods beginning on or after January 1, 2024.

Amendments to IAS IFRS 16 Leases: "Lease Liability in a Sale and Leaseback"

On September 22, 2022, the IASB issued "*Lease Liability in a Sale and Leaseback*" with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

The amendments were effective for annual reporting periods beginning on or after January 1, 2024.

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to sale and leaseback transactions entered into after the date of initial application.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: "Supplier finance arrangements"

On May 25, 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

With the amendments, the IASB has introduced new disclosure requirements in IFRS to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

The amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

The amendments to IAS 7 and IFRS 7 were effective for annual reporting periods beginning on or after January 1, 2024.

Accounting standards issued but not effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its consolidated financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1: Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

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It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary consolidated financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7: Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on its financial reporting.

IFRS 19: Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after January 1, 2027, with early application permitted.

As the Company's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

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4. Business combinations and asset acquisitions

Business combinations

CCS Group Holdings Limited

On November 7, 2024, the Company's wholly owned subsidiary, BPO acquired 100% of the issued and outstanding shares of CCS and acquired CCS Group Holdings Limited's wholly owned subsidiary, Commercial Collection Services Limited. CCS primarily focuses on providing debt collection services in the UK. The primary reason for this acquisition was to expand the Company's RCM division.

From the date of acquisition, CCS contributed \$1,843 (£1,024) of revenue and \$272 (£151) of net loss before tax for the Company. If the acquisition occurred on January 1, 2024, CCS would have contributed \$11,800 (£6,556) in revenue for the year ending December 31, 2024, and a net profit before tax of \$1,283 (£713).

The following table summarizes the allocation of the purchase price consideration to the net assets acquired as at November 7, 2024, based on their fair values:

Purchase price consideration	Amount in GBP £000	Amount in CAD \$000
Cash paid	2,350	4,229
Holdback	125	225
Common shares issued [1]	472	849
Additional payments [2]	745	1,341
Fair value of deferred payment [3]	334	601
Fair value of contingent consideration [4]	300	540
Net working capital adjustment	39	71
Total invested capital	4,365	7,856
Cash and cash equivalents	35	63
Customer funds	3,055	5,498
Trade receivables	877	1,579
Prepaid expenses	187	337
Property and equipment	59	106
Right-of-use asset	669	1,203
Customer relationships	1,650	2,970
Trade name	700	1,260
Trade payables	(841)	(1,513)
Customer payables	(3,055)	(5,498)
Lease liabilities	(502)	(903)
Deferred tax liabilities [5]	(629)	(1,132)
Fair value of net assets acquired	2,205	3,970
Goodwill [6]	2,159	3,886

[1] Per the purchase agreement, the Company issued to the sellers an aggregate of 2,233,565 common shares in the capital of EP Financial at a deemed price of \$1.00 per common share. As at the acquisition date, the Company's shares were trading at \$0.38, therefore, the fair value of the shares issued totaled \$849 (£472).

[2] Per the purchase agreement, in the event that the common shares issued to the sellers do not achieve a minimum value of \$1.00 per common share by the 2-year anniversary of the acquisition date, the Company shall pay the sellers as follows:

- The difference between \$1,114 (£619) and the actual Canadian dollar value of half of the common shares issued by EP Financial, based on the exchange rate on the 2-year anniversary ("Non-Conditional Additional Payment").
- If CCS achieved both the initial performance payment and the final performance payment, as disclosed in sub note 4 below, then BPO shall pay the difference between \$1,114 (£619) and the actual Canadian dollar value of half of the common shares issued by EP Financial, based on the exchange rate of the 2-year anniversary, in 6 equal monthly installments ("Conditional Additional Payment").

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- In the event that the common shares achieve a minimum value of \$1.00 per share on the 2-year anniversary, then BPO shall not pay either of the Non-Conditional Additional Payment and Conditional Additional Payment.

The fair value of the additional payments was estimated to be \$1,341 (£745) using the Monte Carlo simulation and following a Geometric Brownian motion model and determined by discounting the future payment to the present value. The key valuation inputs used were:

- Forecasted earnings before interest, taxes, depreciation, and amortization ("EBITDA");
- The Company's closing stock price at acquisition date;
- Stock volatility;
- Risk-free rate: Based on the average yield of the UK and Canadian governments' 2-year marketable bonds at the acquisition date;
- EBITDA volatility; and
- Discount rate of 16.04%.

[3] Per the purchase agreement, the sellers shall be paid a deferred payment of \$709 (£394) in six equal monthly installments on the last day of each month, commencing the month following the 2-year anniversary of the acquisition date. Payments are discounted using BPO's cost of borrowing. The fair value of the deferred payment was estimated to be \$601 (£334).

[4] Per the purchase agreement, the sellers may also earn up to \$709 (£394) in cash by way of two performance payments consisting of one initial performance payment and one final performance payment, based upon CCS achieving specified EBITDA targets within the 2 years following the acquisition date. The fair value of the contingent consideration was estimated to be \$601 (£334) using the Monte Carlo simulation and following a Geometric Brownian motion model and 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 the UK and Canadian governments' 2-year marketable bonds at the acquisition date;
- EBITDA volatility; and
- Discount rate of 16.04%.

[5] The Company has recorded the following net deferred tax liability as a result of the CCS acquisition as at November 7, 2024:

	Amount in GBP £000	Amount in CAD \$000
Temporary differences		
Intangible assets	(2,350)	(4,229)
Favourable lease	(167)	(300)
Total temporary difference	(2,517)	(4,529)
Expected statutory tax rate	25.0%	25.0%
Deferred tax liability (rounded)	(629)	(1,132)

[6] Goodwill amounting to \$3,886 (£2,159) includes, \$2,754 (£1,530) 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 \$1,132 (£629) is related to deferred tax liabilities recognized.

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 UK. 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

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acquisition was to expand the Company's RCM 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 \$1,482 (£884) of revenue and \$1,402 (£837) of net loss before tax for the Company, for the year ended December 31, 2023. If the acquisition occurred on January 1, 2023, EPFS would have contributed \$14,425 (£8,606) in revenue for the year ending December 31, 2023, and a net loss before tax of \$10,581 (£6,313).

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

Purchase price consideration	Amount in GBP £000	Amount in CAD \$000
Net working capital adjustment	315	528
Total invested capital	315	528
Cash and cash equivalents	2,316	3,891
Customer funds	1,057	1,776
Trade receivables	1,786	3,001
Prepaid expenses	569	956
Property and equipment	476	800
Right-of-use asset	297	499
Trade payables	(1,369)	(2,301)
Customer payables	(1,057)	(1,776)
Lease liabilities	(297)	(499)
Fair value of net assets acquired	3,778	6,347
Bargain purchase gain [1]	3,463	5,819

[1] The acquisition of EPFS resulted in a bargain purchase gain of \$5,819 (£3,463), which was recorded in other income in the consolidated statements of loss and comprehensive 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.

From the date of acquisition, Groupe Solution contributed \$4,224 of revenue and \$327 of net loss before tax for the Company, for the year ended December 31, 2023. If the acquisition occurred on January 1, 2023, Groupe Solution would have contributed \$5,761 in revenue for the year ended December 31, 2023, and a net loss before tax of \$609.

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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 \$000
Cash paid	3,400
Fair value of promissory note [1]	760
Fair value of contingent consideration [2]	664
Cash due to Groupe Solution's shareholders	264
Total invested capital	5,088
Cash and cash equivalents	23
Customer funds	1,009
Trade receivables [3]	1,053
Prepaid expenses	66
Customer relationships	2,091
Trade name	499
Property and equipment	137
Right-of-use asset	184
Trade payables	(447)
Customer payables	(1,009)
Lease liabilities	(174)
Deferred tax liability [5]	(686)
Fair value of net assets acquired	2,746
Goodwill [4]	2,342

- [1] The Company issued a non-interest-bearing promissory note, in the principal amount of \$800 and consists of:
- \$700 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 repayable 18 months after the acquisition date in cash.

The fair value of the promissory note was estimated to be \$760 (\$672 repayable in 6 months after the acquisition date and \$88 repayable in 18 months after the acquisition date), which was determined by using a discounted cash flow ("DCF") method. However, on December 5, 2023, the Company agreed to pay \$800 in cash, therefore, the payment was accounted against the carrying value of \$760 and the difference of \$40 was recorded as an expense in the consolidated statements of loss and comprehensive loss.

- [2] Per the purchase agreement with Groupe Solution, the Company is required to pay an additional \$1,400, 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 EBITDA is equal to or greater than \$1,080 in any one year before March 31, 2025. However, if Groupe Solution's EBITDA does not reach \$1,080 and is higher than \$853, a portion of \$1,400 will be granted to Groupe Solution founders. The fair value of the contingent consideration was estimated to be \$664 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%.

- [3] Trade receivables gross amount and expected credit losses are \$1,071 and \$18, respectively, as of March 31, 2023.

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- [4] Goodwill amounting to \$2,342 includes, \$1,656 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 is related to deferred tax liabilities recognized.
- [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 \$000
Temporary differences	
Intangible assets	(2,590)
Total temporary difference	(2,590)
Expected statutory tax rate	26.5%
Deferred tax liability (rounded)	(686)

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 3: Business Combinations, as SEP did not meet the definition of a business. Consequently, the Company has accounted for this as an asset acquisition, with the asset consisting of the new Health Spending Account platform the Company is developing as part of its financial services business segment.

The 50% of SEP was previously accounted for as a joint venture, using the equity method. Subsequent to purchasing the remaining 50% of SEP, SEP has become a wholly-owned subsidiary of the Company.

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

Purchase price consideration	Amount in CAD \$000
Cash paid	—
Previously held interest	646
Total consideration	646
Cash and cash equivalents	3
Customer funds	5
Trade receivables	2
Prepaid expenses	48
Intangible assets	725
Trade payables	(4)
Customer payables	(5)
Due to related parties	(128)
Net fair value of assets acquired	646

5. Trade receivables

	December 31, 2024 \$000	December 31, 2023 \$000
Receivable from customers	7,012	6,346
ECL [note 17]	(215)	(132)
	6,797	6,214

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6. Property and equipment

Property and equipment consist of the following:

Cost

	2024				
	As at December 31, 2023 \$000	Additions \$000	Acquisition of subsidiaries [note 4] \$000	Disposals \$000	Foreign exchange differences \$000
Furniture & fixtures	701	12	167	—	4
Computer equipment	3,706	110	1,416	(608)	196
Improvements to property	429	91	—	—	27
Motor vehicles	139	575	—	(142)	11
	4,975	788	1,583	(750)	238

Accumulated depreciation

	2024				
	As at December 31, 2023 \$000	Depreciation \$000	Acquisition of subsidiaries [note 4] \$000	Disposals \$000	Foreign exchange differences \$000
Furniture & fixtures	598	29	163	—	3
Computer equipment	2,771	307	1,314	(361)	141
Improvements to property	199	31	—	—	13
Motor vehicles	58	90	—	(59)	4
	3,626	457	1,477	(420)	161
Net book value	1,349				1,534

Cost

	2023				
	As at December 31, 2022 \$000	Additions \$000	Acquisition of subsidiaries [note 4] \$000	Disposals \$000	Foreign exchange differences \$000
Furniture & fixtures	103	2	475	—	4
Computer equipment	362	53	2,677	(22)	25
Improvements to property	294	—	90	—	8
Motor vehicles	131	—	—	—	6
	890	55	3,242	(22)	43

Accumulated depreciation

	2023				
	As at December 31, 2022 \$000	Depreciation \$000	Acquisition of subsidiaries [note 4] \$000	Foreign exchange differences \$000	As at December 31, 2023 \$000
Furniture & fixtures	51	27	397	3	478
Computer equipment	169	139	1,833	20	2,161
Improvements to property	42	18	75	2	137
Motor vehicles	54	27	—	1	82
	316	211	2,305	26	2,858
Net book value	574				1,350

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Net book value	As at December 31, 2024 \$000	As at December 31, 2023 \$000
Furniture & fixtures	91	106
Computer equipment	649	934
Improvements to property	304	255
Motor vehicles	490	55
	1,534	1,350

7. Goodwill

Cash Generating Unit (“CGU”)	2024			
	As at December 31, 2023	Acquisition of subsidiaries [note 4]	Foreign exchange differences	As at December 31, 2024
	\$000	\$000	\$000	\$000
BPO RCM services [1]	3,637	—	256	3,893
GCS RCM services [2]	2,786	—	—	2,786
Groupe Solution RCM services [3]	2,212	—	—	2,212
CCS RCM services [4]	—	3,886	17	3,903
	8,635	3,886	273	12,794
CGU	2023			
	As at December 31, 2022	Acquisition of subsidiaries [note 4]	Impairment losses	Foreign exchange differences
	\$000	\$000	\$000	\$000
BPO RCM services [1]	3,486	—	—	150
GCS RCM services [2]	2,786	—	—	—
Groupe Solution RCM services [3]	—	2,342	(130)	—
	6,272	2,342	(130)	150

The Company tested goodwill for impairment as at December 31, 2024, in accordance with the Company's policy.

- [1] The Company tested BPO RCM services CGU for impairment at December 31, 2024. The BPO RCM services CGU's recoverable amount of \$15,710 as at December 31, 2024 (December 31, 2023 - \$28,660) 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, 2024 and 2023, the recoverable amount was estimated based on the value in use, using discounted cash flow projections of the CGU. The recoverable amount of the BPO RCM services CGU was calculated using the following key assumptions:

- Five-year of discreet projected cash flows and a terminal value.
- Estimates of revenue, profit, working capital and operating cash flows are based on historical results, and future expectations of operating performance.
- Discount rate of 15.0% (December 31, 2023 – 20.2%).
- Average revenue growth rate of 4.0% (December 31, 2023 – 12.1%).
- Long-term growth rate of 2.0% (December 31, 2023 – 2.0%). 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.

- [2] The Company tested the GCS RCM services CGU for impairment at December 31, 2024. The GCS RCM services CGU's recoverable amount of \$6,420 as at December 31, 2024 (December 31, 2023 - \$6,480) is higher than the carrying amount, as a result, no impairment charge was recorded for the GCS RCM services CGU.

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For the period ended December 31, 2024 and 2023, the recoverable amount as estimated based on the value in use which was greater than fair value less cost of disposal. The recoverable amount of the GCS RCM services CGU was calculated using the following key assumptions:

- Five-year of discreet projected cash flows and a terminal value.
- Estimates of revenue and EBITDA are based on historical results, and future expectations of operating performance.
- Discount rate of 19.3% (December 31, 2023 – 20.2%).
- Average revenue growth rate of 6.7% (December 31, 2023 – 4.0%).
- Average EBITDA growth rate of 11.0% (December 31, 2023 – 18.0%).
- Long-term growth rate of 2.0% (December 31, 2023 – 2.0%). 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.

- [3] The Company tested the Groupe Solution RCM services CGU for impairment at December 31, 2024. The Groupe Solution RCM services CGU's recoverable amount of \$5,080 as at December 31, 2024 (December 31, 2023 - \$4,190) is higher than the carrying amount, as a result, no impairment charge (December 31, 2023 - \$130) was recorded for the Groupe Solution RCM services CGU.

For the period ended December 31, 2024 and 2023, the recoverable amount was estimated based on the value in use, which is higher than fair value less cost of disposal. The recoverable amount of the Groupe Solution RCM services CGU was calculated using the following key assumptions:

- Five-year of discreet projected cash flows and a terminal value.
- Estimates of revenue and EBITDA are based on historical results, and future expectations of operating performance.
- Discount rate of 19.3% (December 31, 2023 – 20.7%).
- Average revenue growth rate of 2.9% (December 31, 2023 – 3.2%).
- Average EBITDA growth rate of 18.0% (December 31, 2023 – 8.7%).
- Long-term growth rate of 2.0% (December 31, 2023 – 2.0%). 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.

- [4] The Company tested the CCS RCM services CGU for impairment at December 31, 2024. The CCS RCM services CGU's recoverable amount is higher than the carrying amount, as a result, no impairment charge was recorded for the CCS RCM services CGU.

For the period ended December 31, 2024 and 2023, the recoverable amount was estimated based on the value in use, which is greater than fair value less cost of disposal. The recoverable amount of the CCS RCM services CGU was calculated using the following key assumptions:

- Five-year of discreet projected cash flows and a terminal value.
- Estimates of revenue and EBITDA are based on historical results, and future expectations of operating performance.
- Discount rate of 16.5%.
- Average revenue growth rate of 3.7%.
- Long-term growth rate of 2.0%. 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.

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8. Intangible assets

Intangible assets consist of the following:

Cost

	2024				
	As at December 31, 2023 \$000	Additions \$000	Acquisitions of subsidiaries [note 4] \$000	Foreign exchange difference \$000	As at December 31, 2024 \$000
Licenses, rights and systems [1]	3,207	—	71	—	3,278
Trade names [2]	3,426	—	1,260	102	4,788
Customer relationships	15,209	—	2,970	861	19,040
	21,842	—	4,301	963	27,106

Accumulated Amortization

	As at December 31, 2023 \$000	Amortization \$000	Acquisitions of subsidiaries [note 4] \$000	Foreign exchange difference \$000	As at December 31, 2024 \$000
Licenses, rights and systems [1]	742	280	—	—	1,022
Trade names [2]	90	92	—	—	182
Customer relationships	6,082	1,696	—	480	8,258
	6,914	2,068	—	480	9,462
Net book value	14,928				17,644

Cost

Cost	2023					As at December 31, 2023 \$000
	As at December 31, 2022 \$000	Additions \$000	Acquisitions of subsidiaries [note 4] \$000	Impairment \$000	Foreign exchange difference \$000	
Licenses, rights and systems [1]	2,516	691	—	—	—	3,207
Trade names [2]	3,572	—	499	(688)	43	3,426
Customer relationships	12,786	—	2,091	—	332	15,209
	18,874	691	2,590	(688)	375	21,842

Accumulated Amortization

	As at December 31, 2022 \$000	Amortization \$000	Acquisitions of subsidiaries [note 4] \$000	Foreign exchange difference \$000	As at December 31, 2023 \$000
Licenses, rights and systems [1]	561	181	—	—	742
Trade names [2]	77	—	—	13	90
Customer relationships	4,363	1,573	—	146	6,082
	5,001	1,754	—	159	6,914
Net book value	13,873				14,928

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Net book value	As at December 31, 2024 \$000	As at December 31, 2023 \$000
Licenses, rights and systems [1]	2,256	2,465
Trade names [2]	4,606	3,336
Customer relationships	10,782	9,127
	17,644	14,928

- [1] For the year ended December 31, 2024, additions of \$71 are related to the asset acquisition of SEP on July 31, 2024. The intangible asset, HSA platform acquired is currently in the development phase and is not subject to amortization as at December 31, 2024. For the year ended December 31, 2024, the Company applied the replacement cost method under the cost approach to assess the valuation of the HSA platform. Replacement costs were estimated based on third-party costs to recreate the asset at current market rates, adjusting for entrepreneurial incentives and prompt premium.

For the year ended December 31, 2023, additions were \$691, of which \$654 are related to the development of the HSA software, which is currently in the development phase and is not subject to amortization as at December 31, 2024. \$37 is 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 amortization as at December 31, 2023.

- [2] Intangible assets with indefinite useful lives are tested for impairment annually, concurrently with the impairment assessment of goodwill [note 7]. On January 1, 2024, the Company assessed the useful life of EP Homes' trade name to change from indefinite life to finite life of 5 years, due to the Company's strategic shift from the BTHO Program to the BDPP Program. As a result, the Company recorded amortization of \$92 for the EP Homes' trade name for the year ended December 31, 2024. For the year ended December 31, 2023, the Company applied the relief from royalty method to assess the valuation of the EP Homes' trade name, which is part of the EP Homes operating segment. The recoverable amount based on the value in use for EP Homes' trade name was calculated using the following key assumptions:

- Five-year of discreet projected cash flows and a terminal value.
- Estimates of revenue are based on historical results, and future expectations of operating performance.
- Discount rate of 35.0%.
- Average revenue growth rate of 61.0%.
- Long-term growth rate of 3.3%. The long-term growth rate is the yield on the 20-year benchmark Government bond issued by the Government of Canada as of the valuation date.

As a result, the estimated recoverable amount of EP Homes' trade name is \$464, therefore, the Company recorded an impairment charge of \$688 for EP Homes' trade name.

9. Properties held for lease and sale

The following is a breakdown of the properties held for lease and sale as at December 31, 2024:

	December 31, 2024 \$000	December 31, 2023 \$000
Opening properties held for lease and sale	12,718	9,818
Additions [1]	738	7,490
Disposals [2]	(8,334)	(4,590)
Impairment [3]	(80)	—
Closing properties held for lease and sale [4]	5,042	12,718
Less: Current portion of properties held for lease and sale	(2,069)	(5,344)
Long-term properties held for lease and sale	2,973	7,374

- [1] For the year ended December 31, 2024, the Company purchased 1 home (December 31, 2023 – 17 homes) amounting to \$328 and incurred construction costs on 1 home of \$410 (December 31, 2023 – \$7,490).

- [2] For the year ended December 31, 2024, the Company disposed of 20 homes (December 31, 2023 – 10 homes) with a total cost of \$8,334 (December 31, 2023 - \$4,590), of which 10 homes were sold in the open market, 8 homes were sold to the Company's clients, and 2 homes were sold to related parties.

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[3] For the year ended December 31, 2024, the Company recorded an impairment loss for 1 home amounting to \$80 (December 31, 2023 - \$Nil).

[4] As at December 31, 2024, the Company has 11 homes (December 31, 2023 – 30 homes) in its inventory, subsequent to December 31, 2024, the Company sold 4 homes.

Lease payments to be received from the properties held for lease and sale for each of the next 3 years and thereafter are as follows:

	Lease Payments
	\$000
2025	288
2026	157
2027 and thereafter	11
	456

10. Related party transactions

For the year ended December 31, 2024, the Company entered into several related party transactions in the normal course of business. These transactions have been recorded at fair value at initial recognition. The relationships with the related parties are as follows:

Related Party	Relationship
Smart Everyday People Inc. (“SEP”)	Joint venture until July 31, 2024
Bridge to Homeownership UK Ltd. (“BTHO UK”)	Common shareholders
EAM Enterprises Inc. (“EAM”)	Principal shareholder of the Company [1]
Pollock Services Corp. (“Pollock Services”)	Wholly owned by a former director of the board
General Billing Solutions Inc. (“GBSI”)	Company owned by the President of GCS
1125855 Alberta Ltd. (“112 AB Ltd.”)	Company owned by the President of GCS
People First Credit Corporate (“People First”)	Company owned by the President of GCS
Telecom Technologies Inc. (“Freestyle”)	Company owned by the President of GCS
12508257 Canada Inc.	Wholly owned by a former officer of the Company
Ghislain Rhéaume	Former President of Groupe Solution
André Pitoscia	Former President of Groupe Solution

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

	December 31, 2024	December 31, 2023
	\$000	\$000
Due from BTHO UK, net	72	68
Due from SEP, net	—	76
Employee and management receivables, net [2]	415	674
Due from GBSI, net	43	—
	530	818

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

	December 31, 2024 \$000	December 31, 2023 \$000
Due to EAM, net [3]	6,321	4,966
Due to Pollock Services – medium-term notes, net [4]	—	200
Due to 112 AB Ltd., net [5]	175	90
Due to Ghislain Rhéaume [6]	—	473
Due to André Pitoscia [6]	—	473
	6,496	6,202
Less: Current portion of due to related parties	(608)	(1,354)
Long-term portion of due to related parties	5,888	4,848

c) Transactions with related parties are as follows:

	December 31, 2024 \$000	December 31, 2023 \$000
Interest [7]	(637)	(640)
Management fees [8]	(941)	(1,486)
Direct costs [9]	(3,009)	(1,592)
Other income [note 23]	—	277
Revenue [9]	1,416	1,723
	(3,171)	(1,718)

d) Key management personnel remuneration:

For the year ended December 31, 2024, the key management activities include services performed by chief officers and vice presidents per the management services contracts. The management fees and salaries paid for the year ended December 31, 2024 and December 31, 2023, are as follows:

	December 31, 2024 \$000	December 31, 2023 \$000
Management fees	941	1,486
Salaries, including benefits and bonuses	1,617	747
	2,558	2,233

[1] As at December 31, 2024, EAM Enterprises Inc. owned 18.9% (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, due on demand, and non-interest bearing.

[3] Amounts due to EAM are in form of a medium-term note or a promissory note. The medium-term note 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 \$493 (December 31, 2023 - \$215). Subsequent to December 31, 2024, \$6,000 was settled in shares of EP Financial.

[4] As at December 31, 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 consolidated statements of financial position [note 20].

As at December 31, 2023, 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 [note 20].

[5] Amounts due to 112 AB Ltd. are unsecured and repayable in full on demand.

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- [6] For the year ended December 31, 2023, the Company is required to pay Ghislain Rhéaume and André Pitoscia \$473 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, the remaining payment of \$800 contingent consideration, and \$565 is payment of the contingent consideration, per the share purchase agreement [note 4]. For the year ended December 31, 2024, 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 year ended December 31, 2024, interest expensed to EAM totaled \$637 (December 31, 2023 - \$640).
- [8] For the year ended December 31, 2024, management fees consist of services performed by senior officers and vice presidents of the Company.
- [9] The direct costs include \$1,785 (December 31, 2023 - \$264) related to subcontracting collection activities to Freestyle, \$1,055 (December 31, 2023 - \$1,135) for cost of 2 homes sold to related parties, and \$169 (December 31, 2023 - \$193) related to credit card processing fees from GBSI.

The revenue includes \$1,235 (December 31, 2023 - \$1,350) for 2 homes sold to officers of the Company and \$181 (December 31, 2023 - \$373) related to RCM revenue from People First.

11. Credit facilities

	Interest rate per annum	Maturity	December 31, 2024 \$000	December 31, 2023 \$000
Facility 1 [1]	Lesser of: (1) 10.45% or (2) Greater of 8.45% or prime rate + 5.50%	January 2025	2,528	6,927
Facility 2	Prime rate – 0.85%	February 2026	238	247
Facility 3	7.44%	August 2024	—	187
Facility 4	2.5%	June 2026	29	43
Facility 5 [2]	Prime rate + 2.00%	April 2024	—	1,984
Facility 6 [3]	6.46%	February 2025	4,193	4,841
Facility 7 [4]	13.5%	February 2025	489	1,596
Facility 8 [5]	Prime rate + 2.85%	Due on demand	145	150
Facility 9 [6]	Prime rate + 1.00%	Due on demand	888	830
Facility 10	5.00%	December 2026	183	180
Facility 11	11.3%	January 2027	127	—
Facility 12	10.6%	September 2027	345	—
Facility 13 [7]	Greater of: (1) 10.45% or (2) prime rate + 3.50%	September 2025	680	—
Facility 14 [8]	BOE Base Rate + 4.75% Margin	November 2029	4,746	—
Facility 15	5.74%	December 2029	264	—
Total credit facilities			14,855	16,985
Less: current portion of credit facilities			(9,545)	(7,242)
Long-term credit facilities			5,310	9,743

- [1] On June 21, 2019, the Company, through EP Homes' subsidiary, EP Homes II entered into credit arrangement of \$13,500 with a capital provider of which \$2,528 (December 31, 2023 - \$6,927) has been drawn as at December 31, 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

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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.

- [2] On December 4, 2020, the Company, through EP Homes' subsidiary, EP Homes IV entered into a credit arrangement of \$4,000, which was subsequently increased to \$10,000 with a Canadian bank of which \$Nil (December 31, 2023 – \$1,984) has been drawn as at December 31, 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 December 31, 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 \$5,300 with a Canadian Bank to acquire Groupe Solution and to pay off Facility 6, of which \$4,193 (December 31, 2023 – \$4,841) has been drawn as at December 31, 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 is subject to certain financial covenants. The financial covenants consist of debt service coverage ratio of greater than 1.25 and funded debt to EBITDA of less than 3. As at December 31, 2024, GCS is in compliance of the financial covenants. Subsequent to December 31, 2024, the credit facility was extended to June 30, 2025.
- [4] On February 14, 2023, the Company, through its subsidiary, EP Homes entered a credit arrangement of \$1,500 with a capital provider to provide mezzanine financing for the homes currently held by EP Homes, of which \$489 (December 31, 2023 – \$1,596) has been drawn as at December 31, 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 mortgage.
- [5] GCS has an operating line of credit to a maximum of \$150 with a Canadian bank, of which \$145 (December 31, 2023 – \$150) has been drawn as at December 31, 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 with a Canadian bank, of which \$888 (December 31, 2023 – \$830) is drawn as at December 31, 2024. The credit facility is secured by two deeds of movable hypothec in the amounts of \$1,000 and \$1,200.
- [7] On June 7, 2024, the Company, through EP Homes' subsidiary, EP Homes II entered into credit arrangement of \$1,075 with a capital provider of which \$680 has been drawn on. The term of the loan is 12 months from October 1, 2024. The credit facility represents 1 home which is under construction which is expected to sell within 1 year.
- [8] On November 7, 2024, the Company, through its subsidiary, BPO entered into a credit arrangement of \$6,012 (£3,325) to acquire CCS of which \$4,746 (£2,625) has been drawn on as of December 31, 2024. The term is 60 months. The credit arrangement is secured by a floating charge over all assets and undertaking of BPO, EP Financial, and CCS, security from subordinated creditors, corporate guarantees by BPO, EP Financial, and CCS. The credit arrangement is subject to certain financial covenants. The financial covenants consist of a gross leverage ratio of less than 1.9, a cash flow coverage ratio of greater than 1.3, an interest service coverage ratio of greater than 4, and a liquidity of greater than £200. As at December 31, 2024, BPO is in compliance of the financial covenants.

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12. Promissory notes

Promissory notes as at December 31, 2024, including interest includes:

2024							
	As at December 31, 2023 \$000	Additions [1] \$000	Acquisition of subsidiaries [2] \$000	Repayments [3] \$000	Fair value revaluations [4] \$000	Foreign exchange difference \$000	As at December 31, 2024 \$000
Promissory notes	146	200	—	(96)	—	—	250
Contingent consideration: Groupe Solution	905	—	—	(127)	475	—	1,253
Additional payments: CCS	—	—	1,341	—	—	6	1,347
Deferred payments: CCS	—	—	601	—	—	4	605
Contingent consideration: CCS	—	—	540	—	(27)	2	515
	1,051	200	2,482	(223)	448	11	3,970
Less: current portion of promissory notes	(337)						(1,454)
Long-term promissory notes	714						2,516

2023							
	As at December 31, 2022 \$000	Additions \$000	Acquisition of subsidiaries [2] \$000	Repayments [3] \$000	Fair value revaluations [4] \$000		As at December 31, 2023 \$000
Promissory notes	—	196	—	(50)	—		146
Contingent consideration: Groupe Solution	—	—	664	—	241		905
Promissory note: Groupe Solution	—	—	760	(800)	40		—
	—	196	1,424	(850)	281		1,051
Less: current portion of promissory notes	—						(337)
Long-term promissory notes	—						714

[1] For the year ended December 31, 2024, the additions were \$200, which are related to the promissory note to 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.

[2] For the year ended December 31, 2024, the additions of \$2,482 are related to the acquisition of CCS, of which \$1,341 is related to the fair value of the additional payments, \$601 is for the fair value of the deferred payment, and \$540 is for the contingent consideration [note 4].

For the year ended December 31, 2023, the additions of \$1,666 are related to the acquisition of Groupe Solution, of which \$760 is related to the promissory note and \$664 is related to the contingent consideration [note 4].

[3] For the year ended December 31, 2024, of the repayments of \$223, \$127 is related to the payment of contingent consideration to the Groupe Solution founders, \$96 is related to payment to a seller for purchase of a home in 2023.

For the year ended December 31, 2023, of the repayments of \$850, \$800 was related to the payment of the promissory notes paid to Groupe Solution founders [note 4].

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- [4] As at December 31, 2024, the Groupe Solution contingent consideration was revalued to \$1,253, which resulted in a loss from the revaluation of contingent consideration of \$475. Also, the CCS contingent consideration was revalued to \$515, which resulted in a gain from the revaluation of the contingent consideration of \$27.

As at December 31, 2023, the contingent consideration from the acquisition of Groupe Solution was revalued at year end to \$906, resulting in a fair value loss of \$241. Upon the acquisition of Groupe Solution, the promissory note was fair valued at \$760, however, \$800 was repaid for the promissory note, as a result, the Company recorded a fair value loss of \$40.

13. 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 common shares, promissory notes, due to related parties, and credit facilities which as at December 31, 2024 was \$94,356 (December 31, 2023 - \$91,756). The Company monitors equity on the basis of the carrying amount of equity as presented on the consolidated statements of financial position.

No changes were made to the objectives, policies and processes for capital management for the year ended December 31, 2024.

14. Capital stock

Common shares

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

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

	December 31, 2024		December 31, 2023	
	Number of shares #	Amount \$000	Number of shares #	Amount \$000
Balance, beginning of period	114,076,539	67,517	113,976,539	67,483
Issued from acquisition of subsidiary [1]	2,233,565	849	—	—
Issued on exercise of RSUs [2]	2,344,257	669	100,000	34
Balance, end of period	118,654,361	69,035	114,076,539	67,517

- [1] On November 7, 2024, the Company issued 2,233,565 shares to the shareholders of CCS as part of the acquisition of CCS. The shares were issued as part of the purchase price consideration for the 100% ownership in CCS [note 4]. The stock price on the date of acquisition was \$0.38 per share for a value of \$849.

- [2] For the year ending December 31, 2024, 2,344,257 (December 31, 2023 – 100,000) RSUs were exercised by the board of directors and management, for a total cost of \$669 (December 31, 2023 – \$34).

Common shares – committed

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

	December 31, 2024		December 31, 2023	
	Number of shares #	Amount \$000	Number of shares #	Amount \$000
Balance, beginning of period	—	—	—	—
Committed to issue shares [1]	1,000,000	390	—	—
Balance, end of period	1,000,000	390	—	—

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[1] For the year ended December 31, 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.

Reserves – warrants

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

	December 31, 2024 Warrants in units	December 31, 2023 Warrants in units
Opening balance	2,617,380	4,083,397
Expired [1]	(275,380)	(1,466,017)
Ending balance [2]	2,342,000	2,617,380

[1] For the year ended December 31, 2024, 275,380 outstanding warrants were not exercised and expired accordingly (year ended December 31, 2023 – 1,466,017). The value of the expired warrants amounted to \$75 (year ended December 31, 2023 - \$327).

[2] On January 22, 2024, the Company extended 2,342,000 warrants for 1 year. The original maturity of the warrants was set for January 21, 2024, and are now extended to January 21, 2025.

2024					
Outstanding				Exercisable	
Exercise prices	Number of warrants	Weighted average remaining contractual life in years	Weighted average exercise price	Number of warrants	Weighted average exercise price
\$	#		\$	#	\$
1.25	2,342,000	1	1.25	2,342,000	1.25
	2,342,000		1.25	2,342,000	1.25

2023					
Outstanding				Exercisable	
Exercise prices	Number of warrants	Weighted average remaining contractual life in years	Weighted average exercise price	Number of warrants	Weighted average exercise price
\$	#		\$	#	\$
1.00	275,380	1	1.00	275,380	1.00
1.25	2,342,000	1	1.25	2,342,000	1.25
	2,617,380		1.22	2,617,380	1.22

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"), 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.

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 year ending December 31, 2024 the Company has recorded an expense of \$31 (year ended December 31, 2023 - \$174) in share-based compensation related to the options granted in accordance with the Share Incentive Plan in the consolidated statements of loss and comprehensive loss, with a corresponding credit to reserves.

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	December 31, 2024 Options in units	December 31, 2023 Options in units
Opening balance	2,388,400	3,893,597
Options granted [1]	—	—
Options expired [2]	(503,400)	(1,505,197)
Closing balance	1,885,000	2,388,400
Exercisable balance	1,768,333	2,150,068

[1] Outstanding options as at December 31, 2024 are as follows:

2024					
Outstanding				Exercisable	
Exercise prices	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price	Number of Options	Weighted average exercise price
\$	#		\$	#	\$
0.75 [2]	1,520,000	1.3	0.75	1,520,000	0.75
1.00	365,000	2.5	1.00	248,333	1.00
	1,885,000			1,768,333	0.79

2023					
Outstanding				Exercisable	
Exercise prices	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price	Number of Options	Weighted average exercise price
\$	#		\$	#	\$
0.75 [2]	2,020,000	2.3	0.75	2,020,000	0.75
1.00	368,400	3.5	1.00	130,068	1.00
	2,388,400			2,150,068	0.77

[2] For the year ended December 31, 2024, 503,400 (year ended December 31, 2023 – 1,505,197) options expired with a total value of \$190 (December 31, 2023 - \$453).

Reserves – Restricted share units

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

	December 31, 2024 Number of units	December 31, 2023 Number of units
Opening balance	3,011,000	3,307,000
Issued to directors with 3-year vesting period	396,000	—
Issued to consultants with 1-year vesting period	350,000	680,000
RSUs exercised	(2,344,257)	(100,000)
RSUs cancelled	(145,743)	(876,000)
Ending balance	1,267,000	3,011,000

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Reserves – Contingent consideration

	December 31, 2024		December 31, 2023	
	Number of shares #	Amount \$000	Number of shares #	Amount \$000
Opening balance [1]	1,781,485	536	1,781,485	536
Ending balance	1,781,485	536	1,781,485	536

[1] This amount relates to the contingent consideration of the acquisition of GCS on December 30, 2022. Per the purchase agreement with GCS, the Company will be required to issue 1,781,485 common shares to former GCS shareholders if GCS' EBITDA is equal to \$1,782 in any one year before December 31, 2025. The fair value of the contingent consideration was estimated to be \$536, using the DCF method.

Share-based compensation

	For the year ended December 31, 2024 \$000	For the year ended December 31, 2023 \$000
Compensation in options	31	174
Compensation in RSUs	428	736
	459	910

15. Additional cash flow information

	For the year ended December 31, 2024 \$000	For the year ended December 31, 2023 \$000
Decrease / (increase) in trade receivables	(537)	183
Decrease / (increase) in prepaid expenses	667	(448)
Repayments for related parties	(835)	(131)
Increase / (decrease) in other current liabilities	(429)	89
Increase in trade payables	1,274	1,085
	140	778

16. Finance costs

	December 31, 2024 \$000	December 31, 2023 \$000
Interest on lease liabilities [note 19]	164	150
Interest on debt and borrowings	1,837	1,247
Outstanding interest to related parties [note 11]	493	640
Total interest expense	2,494	2,037
Bank charges	564	404
Total finance costs	3,058	2,441

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17. Financial instruments

The Company's principal financial liabilities include trade payables, customer payables, due to related parties, promissory notes, and credit facilities. The Company's financial assets include cash and cash equivalents, cash – restricted, customer funds, due from related parties, and trade receivables. The Company's financial instruments have been classified as either assets or liabilities at amortized cost or fair value through profit and loss. The following table illustrates how the financial instruments in the consolidated statements of financial position are classified and measured:

Financial assets/liabilities	Classification and measurement
Cash and cash equivalents	Amortized cost
Cash – restricted	Amortized cost
Customer funds	Amortized cost
Trade receivables	Amortized cost
Due from related parties	Amortized cost
Trade payables	Amortized cost
Customer payables	Amortized cost
Due to related parties	Amortized cost
Promissory notes	Amortized cost and FVTPL
Credit facilities	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, current portion of promissory notes, current portion of credit facilities, customer payables, current portion of due to related parties, and due from related parties approximate their carrying values due to the short-term maturity of these financial instruments. The fair value of transactions with related parties approximates their carrying value because they are due on demand, with the exception of EAM. The Company's market borrowing rate is 9%, whereas, the interest in the EAM loan is 12%.

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. The financial instruments in Level 1 consist of cash and cash equivalents, cash – restricted, customer funds, and customer payables. The financial instruments in Level 2 are trade receivables, due from related parties, trade payables, due to related parties, and credit facilities. The financial instruments in Level 3 consist of contingent considerations as there is minimal market activity for this liability, and the fair value is estimated based on key internal estimates including discount rate and estimated growth rates. There have been no transfers into Level 3 from other levels within the fair value hierarchy.

Included within the promissory notes are contingent considerations related to the acquisitions of Groupe Solution and CCS, with a value of \$1,254 and \$515, respectively. Included within the consolidated statements of loss and comprehensive loss, \$475 was recorded as a revaluation loss on contingent consideration for Groupe Solution and a \$27 revaluation gain on contingent consideration for CCS was recorded. A change in 10% in the discount rate, would not result in a material difference in the fair value of the contingent considerations.

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 credit facilities. Interest rate risk is minimized through management's decision to primarily obtain fixed rate borrowings. The impact of interest rate sensitivity on the Company's net loss before tax is due to the changes in the bank prime rates and bank base rates [note 11]. With all other variables held constant, the increase or decrease in interest rate by 2.7% or 270 basis points will result in a change in the Company's net loss before tax by \$102 (December 31, 2023 - \$169).

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

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Company has transactional currency exposures that arise from purchases in currencies other than their functional currency, including British Pound Sterling. The Company does not enter into derivatives to hedge the exposure.

The impact of foreign currency sensitivity on the Company's net loss before tax is due to the changes in the fair value of monetary assets and liabilities as at the date of financial position. With all other variables held constant the increase or decrease in exchange rates by 10% will result in below mentioned decrease or increase respectively in net loss before tax for the period ended December 31, 2024 by \$304 (December 31, 2023 - \$159) on account of change in the GBP exchange rates.

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

	December 31, 2024 \$000	December 31, 2023 \$000
Cash and cash equivalents	1,718	1,199
Customer funds	11,541	10,678
Trade receivables	4,837	4,405
Total financial assets	18,096	16,282
Trade payables	6,714	5,085
Customer payables	11,541	10,678
Credit facilities	5,246	44
Total financial liabilities	23,501	15,807

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 RCM 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 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.

The following table reconciles the movements in liabilities arising from financing activities:

Liability	December 31, 2023 \$000	Cash flow \$000	Non-cash changes \$000	December 31, 2024 \$000
Credit facilities	16,985	(2,130)	—	14,855
Promissory notes	1,051	(223)	3,142	3,970
Due to related parties	6,202	940	(646)	6,496
Lease liabilities	2,523	(1,007)	1,902	3,418
	26,761	(2,420)	4,398	28,739

Liability	December 31, 2022 \$000	Cash flow \$000	Non-cash changes \$000	December 31, 2023 \$000
Credit facilities	8,684	8,120	181	16,985
Promissory notes	—	—	1,051	1,051
Due to related parties	7,046	(1,790)	946	6,202
Lease liabilities	1,788	(633)	1,368	2,523
	17,518	5,697	3,546	26,761

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Contractual maturities of financial liabilities:

	Trade payables \$000	Customer payables \$000	Credit facilities \$000	Promissory notes \$000	Due to related parties \$000	Other current liabilities \$000	Lease liabilities \$000	Total \$000
2025	11,081	13,347	9,545	1,454	608	245	511	36,791
2026	—	—	1,619	2,516	5,888	—	520	10,543
2027	—	—	1,139	—	—	—	528	1,667
2028	—	—	966	—	—	—	454	1,420
2029	—	—	1,586	—	—	—	346	1,932
Thereafter	—	—	—	—	—	—	1,059	1,059
	11,081	13,347	14,855	3,970	6,496	245	3,418	53,412

Credit risk

Credit risk arises from cash and cash equivalents, restricted cash as well as credit exposure to customers, including outstanding trade 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 client's funds as they are received into bank accounts controlled by the Company, 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 primarily receives the funds directly to the Company's bank account, credit risk on trade receivables is not material.

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

2024						
	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	120+ days	Total
Expected credit loss rate	0.21%	5.20%	10.53%	51.64%	27.74%	3.07%
Gross carrying amount at default	5,814	558	190	122	328	7,012
Expected credit loss	12	29	20	63	91	215
2023						
	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	120+ days	Total
Expected credit loss rate	0.00%	2.30%	5.17%	20.87%	24.31%	2.07%
Gross carrying amount at default	4,435	887	709	57	258	6,346
Expected credit loss	—	20	37	12	63	132

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	December 31, 2024 \$000	December 31, 2023 \$000
Opening balance	132	26
Provision for expected credit losses	90	109
Write off	(7)	(3)
	215	132

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18. Leases

The Company has lease agreements for leased offices and equipment leases. The office leases consist of 7 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 IBR for the leases range between 4.36% and 8.45%.

The carrying amounts and the movements for the year ended December 31, 2024, and for the year ended December 31, 2023 are as follows:

Right-of-use assets	December 31, 2024	December 31, 2023
	\$000	\$000
Opening balance	2,074	1,412
Additions [1]	710	1,032
Additions from the acquisition of subsidiaries [note 4]	1,203	683
Disposals [2]	—	(529)
Depreciation	(864)	(507)
Unrealized foreign exchange gain/loss	47	(17)
	3,170	2,074
Lease liabilities	December 31, 2024	December 31, 2023
	\$000	\$000
Initial recognition of liability and interest [1]	2,523	1,788
Additions [1]	723	722
Additions from the acquisition of subsidiaries [note 4]	903	672
Disposals [2]	—	(200)
Payments	(1,007)	(633)
Non-cash interest accretion	164	150
Unrealized foreign exchange gain/loss	112	24
	3,418	2,523
Less: current portion of lease liabilities	(511)	(760)
Long-term lease liabilities	2,907	1,763

[1] For the year ended December 31, 2024, the additions are related to 4 leases. BPO renewed 1 office lease and entered into 1 new equipment lease. GCS renewed 1 office lease, and EPFS entered into 1 new office lease in the UK. For the year 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 year 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 \$830 (year ended December 31, 2023 - \$332).

19. Income taxes

Significant components of the income tax provision are as follows:

	December 31, 2024	December 31, 2023
	\$000	\$000
Current income tax expense	193	143
Deferred income tax recovery	(227)	(726)
Provision for income taxes	(34)	(583)

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Total tax expenses recorded through other comprehensive loss:

	December 31, 2024 \$000	December 31, 2023 \$000
Deferred income tax expense – other comprehensive income	103	—
Provision for income taxes	103	—

Reconciliation to effective tax rate

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

	December 31, 2024 \$000	December 31, 2023 \$000
Loss of continuing operations before income taxes	(6,662)	(2,536)
Weighted average Canadian income tax rate	23.00%	23.00%
Income tax recovery based on statutory income tax rate	(1,533)	(583)
Difference between rates applicable to the Company and rates applicable to subsidiaries		
Share based compensation	105	209
Effect of non-deductible expenses and other items	41	59
Prior periods true-up	(11)	(169)
Rate difference in foreign jurisdictions	216	(71)
Impairment of goodwill	—	30
Change in unrecognized deferred tax assets	1,154	1,291
Gain on bargain purchase	—	(1,370)
Other adjustments	(6)	21
	(34)	(583)
Effective income tax rate	0.5%	23.0%

Deferred income tax liability

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

	December 31, 2024 \$000	December 31, 2023 \$000
Property and equipment	(188)	(33)
Intangible assets	(4,068)	(3,409)
Other temporary differences	213	274
Non-capital loss carry-forwards	163	269
	(3,880)	(2,899)

Unrecognized deferred tax assets

	December 31, 2024 \$000	December 31, 2023 \$000
Non-capital losses carry-forward	35,542	31,478
Share issuance costs and financing costs	1,744	1,802
Property and equipment	2,223	1,553
Intangible assets	1,312	1,305
Other temporary differences	1,895	1,893
	42,716	38,031

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Reconciliation of deferred tax asset movement

	December 31, 2024 \$000	December 31, 2023 \$000
Deferred tax recovery in the consolidated statement of loss	(227)	(726)
Deferred tax in goodwill related to business combinations	1,105	686
	878	(40)

The Company has non-capital losses related to the Canadian operating entity that can be applied to reduce future year's taxable income. No deferred tax assets have been recorded as there is insufficient evidence of future taxable income.

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

	December 31, 2024	December 31, 2023
Amount (\$000)	36,310	33,388
Expiry	2037 to 2044	2036 to 2043

20. Revenue and direct costs

Revenue	Year ended December 31, 2024 \$000	Year ended December 31, 2023 \$000
RCM revenue	47,344	31,786
EP Homes revenue		
Sale of properties held for lease and sale [1]	8,740	4,953
Lease revenue	463	793
Savings contribution revenue	238	133
Total EP Homes revenue	9,441	5,879
Financial services revenue	341	228
Total revenue	57,126	37,893

[1] For the year ended December 31, 2024, the sale of EP Homes inventory includes the sale of 20 homes (December 31, 2023 – 10 homes).

Direct costs	Year ended December 31, 2024 \$000	Year ended December 31, 2023 \$000
RCM services	14,076	9,344
EP Homes [1]	8,922	5,100
Financial services	391	446
Total direct costs	23,389	14,890

[1] For the year ended December 31, 2024, direct costs of EP Homes primarily consist of the sale of 20 homes. For the year ended December 31, 2023, direct costs of EP Homes primarily consist of the sale of 10 homes.

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21. Sales, general, and administrative expenses

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

	Year ended December 31, 2024 \$000	Year ended December 31, 2023 \$000
Employee benefits expense	25,720	18,025
Depreciation and amortization	3,389	2,462
Acquisition costs	324	611
Loss allowances on trade receivables	90	109
Other sales, general, and administrative expenses	474	440
	29,997	21,647

22. Other income (expenses)

Other income consists of the following:

	Year ended December 31, 2024 \$000	Year ended December 31, 2023 \$000
Interest income	171	132
Overpayment and suspense income [1]	676	—
Gain from refund of VAT [2]	830	—
Trade payable settlement [3]	502	1,144
Gain on promissory note extinguishment [4]	—	277
Gain on sale of contracts [5]	—	77
Bargain purchase gain [6]	—	5,804
Other income (expenses)	(122)	(187)
	2,057	7,247

[1] For the year ended December 31, 2024, the Company recognized \$676 in income related to overpayment and suspense funds.

[2] On October 25, 2024, the Company received a \$830 (£463) refund from the UK government for over remittance of VAT in the prior year.

[3] For the year ended December 31, 2024, the Company negotiated settlements on obligations with various vendors resulting in a gain of \$502, which was recorded on the consolidated statements of loss and comprehensive loss.

[4] The Company had a holdback of \$277 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.

[5] On June 30, 2023, the Company sold security contracts to Hatch Security Ltd. for \$301, which settled the receivables balance of \$224, resulting in a gain of \$77 which was recorded on the consolidated statements of loss and comprehensive loss.

[6] On October 31, 2023, the Company's wholly owned subsidiary, BPO, acquired 100% of shares of EPFS. As a result of the business combination, this resulted in a bargain purchase of \$5,804 (£3,463), which was recorded as a gain on the consolidated statements of loss and comprehensive loss [note 4].

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23. Other operating expenses

Other operating expenses consist of the following:

	Year ended December 31, 2024 \$000	Year ended December 31, 2023 \$000
IT support	1,505	1,201
Rent and utilities	1,162	455
Subscriptions and licenses	1,025	717
Office supplies	578	471
Insurance	571	338
Travel and entertainment	463	594
Telephone	392	319
Repairs and maintenance	174	76
Credit bureaus	152	122
Fines	126	—
Marketing expenses	72	222
Realized foreign currency exchange loss (gain)	43	21
Training and recruitment	23	16
Bad debts	7	25
	6,293	4,577

24. 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 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.
- (3) Revenue cycle management 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 EP Homes properties.
 - Profit or loss for the segment.
- Revenue cycle management services:
 - Average percentage collected per outstanding account.
 - Profit or loss for the segment.

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For the year ended December 31, 2024 and 2023

The following tables summarize the segmented revenue and profit or loss for the year ended December 31, 2024 and December 31, 2023:

	For the year ended December 31, 2024			
	Financial Services \$000	EP Homes Services \$000	RCM Services \$000	Total \$000
Revenue	341	9,441	47,344	57,126
Direct costs	(391)	(8,922)	(14,076)	(23,389)
Total operating expenses, before corporate expenses [1]	(1,073)	(640)	(33,898)	(35,611)
Loss from operations, before corporate expenses	(1,123)	(121)	(630)	(1,874)
Corporate expenses	(1,505)	(305)	(1,449)	(3,259)
Loss from operations	(2,628)	(426)	(2,079)	(5,133)
Other expenses [2]	(389)	(1,059)	(81)	(1,529)
Net profit (loss) before taxes	(3,017)	(1,485)	(2,160)	(6,662)

	For the year ended December 31, 2023			
	Financial Services \$000	EP Homes Services \$000	RCM Services \$000	Total \$000
Revenue	229	5,879	31,786	37,894
Direct costs	(446)	(5,100)	(9,345)	(14,891)
Total operating expenses, before corporate expenses [1]	(532)	(506)	(23,680)	(24,718)
Profit (loss) from operations, before corporate expenses	(749)	273	(1,239)	(1,715)
Corporate expenses	(3,693)	—	(835)	(4,528)
Profit (loss) from operations	(4,442)	273	(2,074)	(6,243)
Other (expenses) income [2]	661	(1,807)	4,853	3,707
Net profit (loss) before taxes	(3,781)	(1,534)	2,779	(2,536)

[1] This includes depreciation and amortization expenses of \$3,281 (December 31, 2023 - \$2,462), of which \$152 (December 31, 2023 - \$162) is related to financial services, \$1 (December 31, 2023 - \$17) is related to EP Homes services, and \$3,128 (December 31, 2023 - \$2,283) is related to RCM services [notes 6, 8 and 18].

[2] For the year ended December 31, 2024, financial services' other expenses of \$389 are primarily related to interest expenses and bank charges. For the year ended December 31, 2023, financial services' other income of \$661 is primarily related to the gain on settlements of trade payable balances.

For the year ended December 31, 2024, EP Homes services' other expenses of \$1,059 (December 31, 2023 - \$1,807) are primarily related to interest expenses for the credit facilities.

For the year ended December 31, 2023, RCM services' other income of \$4,853 is primarily related to the bargain purchase gain from the EPFS acquisition on October 31, 2023 [note 4].

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

	As at December 31, 2024			
	Financial Services \$000	EP Homes Services \$000	RCM Services \$000	Total \$000
Total assets	2,962	5,750	55,233	63,945
Total liabilities	10,052	4,598	42,977	57,627
Net assets	(7,090)	1,152	12,256	6,318

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	As at December 31, 2023			
	Financial Services \$000	EP Homes Services \$000	RCM Services \$000	Total \$000
Total assets	4,311	13,865	45,902	64,078
Total liabilities	9,776	11,925	31,939	53,640
Net assets	(5,465)	1,940	13,963	10,438

Geographical information

The following table summarizes the revenue by geographical location for the year ended December 31, 2024 and December 31, 2023:

	December 31, 2024 \$000	December 31, 2023 \$000
Revenue by geographical location:		
Canada	27,804	20,306
United States of America	—	30
United Kingdom	29,322	17,557
	57,126	37,893

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

	December 31, 2024 \$000	December 31, 2023 \$000
Non-current assets by geographical location:		
Canada	17,043	21,888
United States of America	—	144
United Kingdom	21,072	12,328
	38,115	34,360

Information about major customers

The following table provides the proportion of revenue attributed to each significant customer for the years ended December 31, 2024 and December 31, 2023:

	December 31, 2024 %	December 31, 2023 %
Customer 1	20.5%	25.4%
	20.5%	25.4%

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 to one customer that represented more than 10% of total revenue for the Company.

Everyday People Financial Corp.

Notes to consolidated financial statements

[expressed in Canadian dollars in thousands except where noted]

For the year ended December 31, 2024 and 2023

25. Loss per share

The following table reflects the income and share data used in the basic and diluted loss per share calculations:

	December 31, 2024	December 31, 2023
	\$000	\$000
Net loss for the year	(\$6,628)	(\$1,953)
Weighted average number of common shares outstanding	115,835	113,995
Effect of dilutive restricted share units	1,914	770
Diluted weighted average number of common shares	117,749	114,765
Loss per share – basic	(\$0.06)	(\$0.02)
Loss per share – diluted	(\$0.06)	(\$0.02)

For the year ended December 31, 2024, 1,885 (December 31, 2023 – 3,894) stock options outstanding have not been included in the diluted loss per share calculation because the options' exercise price was greater than the average market price of the common shares during the year.

26. Subsequent events

1. Subsequent to December 31, 2024, EP Homes sold 4 properties, reducing the properties held for lease and sale balance to \$3,679, and repaid \$1,146 in credit facilities.
2. On January 2, 2025, the Company issued 1,000,000 common shares to DC Bank, whereby the Company and DC Bank agreed to settle outstanding debt in the amount of \$553 owed to DC Bank, together with the Company utilizing different technology services of DC Bank, which allows for a reduction in monthly fees payable to DC Bank under the new program agreements.
3. On January 20, 2025, the Company issued an aggregate of 2,439,024 common shares to EAM at a deemed price of \$0.82 per common share to settle a portion of the outstanding indebtedness in the amount of \$2 million. Upon completion of the debt settlement, EAM together with Gordon Reykdal will hold 20.8% of the Company's issued and outstanding common shares. The debt settlement will not result in the creation of a new control person or insider of the Company.
4. On January 29, 2025, the Company issued an aggregate of 3,636,364 common shares to EAM at a deemed price of \$1.10 per common share to settle a portion of the outstanding indebtedness in the amount of \$4 million. Upon completion of the debt settlement, EAM together with Gordon Reykdal will hold 22.7% of the Company's issued and outstanding common shares. The debt settlement will not result in the creation of a new control person or insider of the Company.

27. Comparative figures

Certain comparative figures have been reclassified on the statement of financial position to conform to the presentation adopted in the current year.

The following reclassifications for the comparative year ended December 31, 2023 have been made:

- Reclassified investments to be included in intangible assets.
- Reclassified deferred revenue, customer deposits to other current liabilities.
- Reclassified government loans to be included in credit facilities.
- Reclassified contributed surplus to be included in reserves.