Propel Holdings Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

Period ended March 31, 2023

Propel Holdings Inc.
Condensed interim consolidated statements of financial position (unaudited)
(expressed in US dollars)

	Note	As at March 31, 2023	As at December 31, 2022
Assets			
Cash		15,512,740	7,658,837
Restricted cash	4	20,813,006	22,615,319
Loans and advances receivable	5	195,788,288	195,628,431
Other receivables		6,718,714	6,752,364
Prepaids	7	1,553,164	1,701,189
Property and equipment	9	487,820	524,633
Deferred tax assets		7,826,878	8,210,248
Right-of-use assets	11	1,959,131	2,116,549
Intangible assets	10	11,762,399	11,472,976
Total Assets		**262,422,140**	256,680,546
Liabilities			
Accounts payable	12	3,048,239	2,296,453
Accrued liabilities	12	14,935,796	16,161,225
Derivative financial instruments	8	47,725	21,693
Credit facilities	13	147,640,121	148,900,000
Income taxes payable		5,891,765	3,944,569
Lease liabilities	11	2,510,156	2,672,030
Deferred tax liabilities		1,239,836	1,043,901
Total Liabilities		**175,313,638**	175,039,871
Shareholders' Equity			
Share capital	14	78,952,871	78,952,871
Retained earnings		6,043,802	1,030,977
Contributed surplus		2,111,830	1,656,827
Total Shareholders' Equity		**87,108,503**	81,640,675
Total Liabilities and Shareholders' Equity		**262,422,140**	256,680,546

Approved on behalf of the Board

(signed) "Clive Kinross", Director

(signed) "Karen Martin", Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Propel Holdings Inc.
Condensed interim consolidated statements of operations and comprehensive income (unaudited)
(expressed in US dollars)

	Note	For the three-month periods ended March 31, 2023	March 31, 2022
Revenue	6	65,617,332	50,516,957
Provision for loan losses and other liabilities	5	31,136,673	23,551,631
Operating expenses			
Acquisition and data	10	6,896,837	8,647,081
Salaries, wages and benefits	15, 18	7,164,215	6,455,839
General and administrative		2,325,676	2,254,758
Processing and technology		2,228,981	2,521,378
Total operating expenses		**18,615,709**	19,879,056
Operating income		**15,864,949**	7,086,270
Other income (expenses)			
Interest and fees on credit facilities	13	(4,856,533)	(1,293,277)
Interest expense on lease liabilities	11	(85,467)	(102,420)
Amortization of internally developed software	10	(785,889)	(564,453)
Depreciation of property and equipment	9	(47,778)	(22,807)
Depreciation of right-of-use assets	11	(161,712)	(159,952)
Foreign exchange gain (loss)		(22,631)	36,990
Unrealized gain (loss) on derivative financial instruments	8	(26,032)	221,893
Total other expenses		**(5,986,042)**	(1,884,026)
Income before income tax		**9,878,907**	5,202,244
Income tax expense (recovery)			
Current		1,885,374	1,378,271
Deferred		578,356	(52,554)
Net income for the period		**7,415,178**	3,876,527
Weighted average number of shares outstanding:			
Basic	14	34,325,320	34,325,120
Diluted	14	36,449,680	35,379,537
Earnings per share:			
Basic	14	$0.22	$0.11
Diluted	14	$0.20	$0.11

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Propel Holdings Inc.
Condensed interim consolidated statements of cash flows (unaudited)
(expressed in US dollars)

	Note	For the three-month periods ended **March 31, 2023**	March 31, 2022
Cash flows from (used in) operating activities			
Net income		7,415,178	3,876,527
Items not affecting cash:			
Provision for loan losses	5	30,333,159	22,361,770
Unrealized gain (loss) on derivative financial instruments	8	26,032	(221,893)
Deferred income tax (recovery) expense		579,305	(52,554)
Amortization of acquisition transaction costs and customer acquisition data	5,10	2,208,193	2,001,490
Depreciation of property and equipment	9	47,778	22,807
Amortization of internally developed software	10	785,889	564,453
Depreciation of right-of-use assets	11	161,712	159,952
Stock-based compensation	15	455,003	231,461
		42,012,249	28,944,013
Changes in:			
Restricted cash	3	1,802,313	273,481
Prepaids	7	148,025	253,508
Acquisition transaction costs and customer acquisition data	5,10	(1,971,504)	(2,654,671)
Other receivables		33,650	(294,110)
Income taxes recoverable/payable		1,947,196	732,223
Accounts payable and accrued liabilities	12	(385,521)	(3,282,709)
Net additions of loans and advances receivable	5	(35,023,358)	(45,804,350)
Principal loans and advances receivable recoveries	5	4,441,146	2,818,823
Net cash used in operating activities		**13,004,196**	(19,013,792)
Cash flows from (used in) financing activities			
Advances from credit facilities	13	750,000	20,600,000
Transaction costs on credit facilities	13	(2,009,879)	-
Payments on lease liabilities	11	(254,290)	(248,672)
Dividends paid		(2,402,353)	(2,563,057)
Net cash from financing activities		**(3,916,522)**	17,788,271
Cash flows from (used in) investing activities			
Purchases of property and equipment	9	(10,965)	(41,355)
Cost of internally developed software	10	(1,222,806)	(1,064,448)
Net cash used in investing activities		**(1,233,771)**	(1,105,803)
Net change in cash		7,853,903	(2,331,324)
Cash, beginning of period		7,658,837	7,238,761
Cash, end of period		**15,512,740**	4,907,437
Supplemental cash flow information			
Interest received		3,034,616	5,250,303
Interest paid		4,691,309	1,144,714
Income taxes paid		15,988	600,000

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Propel Holdings Inc.
Condensed interim consolidated statements of changes in equity (unaudited)
(expressed in US dollars)

	Share Capital	**Contributed surplus**	**Retained earnings/(deficit)**	**Total equity**
Balance as at December 31, 2022	**78,952,871**	**1,656,827**	**1,030,977**	**81,640,675**
Net income for the period	-	-	7,415,178	**7,415,178**
Transactions recorded directly in equity				
Dividends declared and paid	-	-	(2,402,353)	**(2,402,353)**
Stock-based compensation	-	455,003	-	**455,003**
Balance as at March 31, 2023	**78,952,871**	**2,111,830**	**6,043,802**	**87,108,503**

	Share Capital	Contributed surplus	Retained earnings/(deficit)	Total equity
Balance as at December 31, 2021	78,951,062	419,647	(4,041,467)	75,329,242
Net income for the period	-	-	3,876,527	3,876,527
Transactions recorded directly in equity				
Dividends declared and paid	-	-	(2,563,057)	(2,563,057)
Stock-based compensation	-	231,461	-	231,461
Balance as at March 31, 2022	78,951,062	651,108	(2,727,997)	76,874,173

The accompanying notes are an integral part of these condensed interim consolidated financial statements

1. Incorporation and operations

Propel Holdings Inc. was incorporated under the Business Corporations Act (Ontario) on June 16, 2011 and its head office is located in 69 Yonge Street, Toronto, Ontario, Canada. The Company issued shares publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "PRL" on October 20, 2021.

Propel Holdings Inc. and all of the companies that it controls (collectively referred to as the "Company") is a leading financial technology company, committed to credit inclusion and helping underserved consumers by providing fair, fast, and transparent access to credit with exceptional service. The Company operates through its three brands: *MoneyKey, CreditFresh,* and *Fora*.

The Company, through its MoneyKey brand, is a state-licensed direct lender and currently offers either installment loans or lines of credit to new customers in several United States ("US") states. The type of product offered in each state is dependent on the specific regulatory requirements within each operational state. As of March 31, 2023, the Company, through its MoneyKey brand, offered products as a state-licensed direct lender in 9 states across the US.

The Company, through its MoneyKey brand, is also a state-licensed Credit Access Business ("CAB") and Credit Services Organization ("CSO") in the state of Texas. Through its CSO programs, the Company provides services related to unaffiliated third-party lenders' consumer loan products in accordance with applicable state laws. These services include arranging loans, assisting in the preparation of loan applications and documents, and providing guarantees of consumer loan payment obligations to the unaffiliated third-party lender in the event that the customer defaults on their loan payments ("CSO Guarantee Liabilities").

The Company, through its MoneyKey brand, also operates as a servicer which provides marketing, analytics, and loan servicing services to an unaffiliated non-bank financial institution ("NBFI"). The NBFI has a program agreement with a Federal Deposit Insurance Corporation ("FDIC") insured Utah state-chartered bank ("NBFI Bank Partner" and together with NBFI, "Bank Service Partners") to whom it provides certain services, some of which have been outsourced by the NBFI to the Company. The NBFI Bank Partner offers unsecured open-ended lines of credit ("the "Bank Service Program"). The Company provides, among other things, technology and underwriting services required for the Bank Service Program. The NBFI Bank Partner approves all key decisions regarding the marketing, underwriting, product features and pricing of the Bank Service Program. Under the program, the Company also entered an agreement to purchase loans originated through the Bank Service Program should the loans default or become non-performing ("Bank Service Program Liability"). As of March 31, 2023, the Bank Service Program was offered in 14 states across the US and is regulated by the FDIC and other bank regulators.

The Company, through its CreditFresh brand, operates as a bank servicer which provides marketing, technology, and loan servicing services to unaffiliated, FDIC insured, state-chartered banks in the US ("Bank Program"). As of March 31, 2023, the Company maintained two Bank Programs with a Kansas state-chartered, FDIC insured, bank and a Utah state-chartered, FDIC insured, bank ("Bank Partner(s)"). Through the Bank Program, the Bank Partner offers unsecured open-ended lines of credit and is the sole originator of such lines of credit. The Bank Partner licenses technology, proprietary credit decisioning and underwriting capabilities from the Company and approves all key decisions regarding the marketing, underwriting, product features and pricing of the lines of credit offered through the Bank Program. Delaware Statutory Trust (the "DST I" and "DST II", collectively the "DSTs") have the obligation to purchase an economic interest in the principal balances of the lines of credit originated by the Bank Partner (such purchased economic interest referred to as "Bank Program Advances") once offered by such Bank Partner. The Company, through its wholly owned subsidiaries, has the sole beneficial interest in the DSTs. As of March 31, 2023, the CreditFresh Bank Program was offered in 24 states across the US and is regulated by the FDIC and other bank regulators.

Pursuant to the Bank Program agreements, the Bank Partners earn all program fees during the mutually agreed upon period of time prior to any offer being made to the Company. Following the purchase by the DSTs of the loan and advance receivable, the Bank Partners continue to hold legal title to the loan and maintain the relationship with the customer, which includes the funding of any future advances under the line of credit. The DSTs acquire an economic interest in the line of credit advances and the Company records the same as a loan and advance receivable on its balance sheet. Additionally, the Bank Partners continue to earn a trailing fee calculated based on the amounts collected by the DSTs.

The Company, through its Fora Credit brand, launched a line of credit product to new customers in Canada. The type of product offered in each province is dependent on the specific regulatory requirements within each province. As of March 31, 2023, the Company, through its Fora brand, offered products as a provincial-licensed direct lender in 3 provinces across Canada. The functional currency of this entity is the Canadian dollar ("CAD"). All balances related to the Fora brand are immaterial to the consolidated financial statements as at and for the three-month period ended March 31, 2023.

2. Basis of presentation

Statement of compliance

The unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2023 were prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company's most recent audited annual consolidated financial statements. These unaudited condensed interim consolidated financial statements do not include all of the disclosures included in the Company's audited annual consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read together with the most recent audited annual consolidated financial statements.

These condensed interim consolidated financial statements for the period ended March 31, 2023, were authorized for issue by the Company's Board of Directors on May 9, 2023.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in US dollars. Each subsidiary of the Company determines its own functional currency and items included in the consolidated financial statements of each subsidiary are measured using that functional currency. The Company's consolidated financial statements are presented in US dollar, which is the Company's presentation currency.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. 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 future periods if the revision affects both current and future periods.

The estimates, judgements and assumptions used in the most recent audited annual consolidated financial statements do not differ materially from those used for these condensed interim consolidated financial statements.

3. Future Changes in Accounting Policies

The future changes in accounting policies described in the most recent audited annual consolidated financial statements do not differ materially from those still applicable to these condensed interim consolidated financial statements.

There are no new standards issued but not yet effective as at January 1, 2023 that have a material impact to the Company's consolidated financial statements.

4. Restricted cash

Restricted cash is comprised of (a) reserves held as a form of collateral by unaffiliated third-party lenders (for CSO programs), Bank Partners, Bank Service Partners, banks, trustees, and payment processors for processing payments, and (b) funds held in restricted accounts for the benefit of credit facility lenders. Such restricted cash is redeemable when the stipulations for release within the related agreements have been met. As of March 31, 2023, the restricted cash balance was $20,813,006 (December 31, 2022 - $22,615,319).

For the periods ended March 31, 2023 and 2022 (in US dollars)

5. Loans and advances receivable and allowance for credit losses

Loans and advances receivable are comprised of gross consumer loans receivable (including installment loans, line of credit (“LOC”) advances, Bank Program Advances, and non-performing loans originated through the Bank Service Program), fees and interest receivable on such loans and advances, allowance for credit losses, and acquisition transaction costs. Allowance for credit losses consists of the expected credit losses ("ECLs") of the associated loans and advances receivable based on their portfolio and stages. The term of the loans and advances varies based on compliance with individual state regulations applicable to each type of product. Acquisition transaction costs consist of costs that are directly attributable and incremental to originated loans and advances receivable and are deferred and expensed over the estimated lifetime of the loans and advances receivable. Amortization of acquisition transaction costs was $1,033,073 for the 3 months ended March 31, 2023 (March 31, 2022 - $1,069,107) and is included in acquisition and data expense on the condensed interim consolidated statement of operations and comprehensive income.

A breakdown of the Company's loans and advances receivable balance is as follows:

	As at	
	March 31, 2023	December 31, 2022
Gross loans and advances receivable	222,818,200	223,411,186
Fees receivable	16,490,668	17,409,292
Interest receivable	1,743,395	1,856,601
Allowance for credit losses	(47,970,502)	(49,844,370)
Acquisition transaction costs	2,706,527	2,795,722
	195,788,288	195,628,431

The allocation of the Company’s gross loans and advances receivable by product type is as follows:

	As at	
	March 31, 2023	December 31, 2022
Bank Program Advances (CreditFresh)	207,291,062	207,301,258
Installment loans and LOC advances (MoneyKey and Fora)	12,216,073	12,194,989
Bank Service Program advances (MoneyKey)	3,311,065	3,914,939
	222,818,200	223,411,186

Propel Holdings Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited)
For the periods ended March 31, 2023 and 2022 (in US dollars)

5. Loans and advances receivable (continued)

Bank Program Advances and Bank Service Program advances all consist of open-ended lines of credit with no specific maturity date. LOC advances of $6,616,335 (December 31, 2022 - $5,557,346) are also open-ended lines of credit with no specific maturity date. Management expects to realize materially all of these assets within a 12-month period from the reporting date. Installment loans of $5,599,739 (December 31, 2022 - $6,637,643) will mature within a 12-month period.

Classification of the gross loans and advances receivable by ECL stage is as follows:

	As at March 31, 2023			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Installment loans and LOC advances (MoneyKey and Fora)	8,380,998	1,868,854	1,966,221	12,216,073
Bank Program advances (CreditFresh)	168,624,030	18,225,029	20,442,003	207,291,062
Bank Service Program advances (MoneyKey)	-	-	3,311,065	3,311,065
	177,005,028	**20,093,883**	**25,719,289**	**222,818,200**

	As at December 31, 2022			
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Installment loans and LOC advances (MoneyKey and Fora)	7,546,028	2,208,231	2,440,730	12,194,989
Bank Program advances (CreditFresh)	167,027,418	20,907,161	19,366,679	207,301,258
Bank Service Program advances (MoneyKey)	-	-	3,914,939	3,914,939
	174,573,446	23,115,392	25,722,348	223,411,186

Aging of Stage 2 and Stage 3 gross loans and advances receivable from date of delinquency:

	As at March 31, 2023		
	Stage 2 (Under-Performing)	**Stage 3 (Non-Performing)**	**Total**
0-30	15,152,119	1,539,951	16,692,070
31-60	3,908,116	8,248,662	12,156,778
61-90	306,429	9,540,383	9,846,812
91-120	283,321	5,699,885	5,983,206
120+	443,898	690,408	1,134,306
	20,093,883	**25,719,289**	**45,813,172**

	As at December 31, 2022		
	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
0-30	17,843,350	2,088,730	19,932,080
31-60	4,364,117	14,162,529	18,526,646
61-90	302,739	8,013,671	8,316,410
91-120	161,141	988,456	1,149,597
120+	444,045	468,962	913,007
	23,115,392	25,722,348	48,837,740

For the periods ended March 31, 2023 and 2022 (in US dollars)

5. Loans and advances receivable (continued)

An analysis of the changes in the classification of gross loans and advances receivable is as follows:

	For the three-month periods ended March 31, 2023			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Balance as at December 31, 2022	174,573,446	23,115,392	25,722,348	223,411,186
Additions to gross loans and advances receivable	64,544,257	1,612,958	4,840,820	70,998,035
Principal payments and other adjustments	(31,859,200)	(1,912,008)	(1,171,641)	(34,942,849)
Transfers to (from)				
Stage 1 (Performing)	(41,256,208)	41,256,208	-	-
Stage 2 (Under-Performing)	11,002,733	(11,002,733)	-	-
Stage 3 (Non-Performing)	-	(32,975,934)	32,975,934	-
Gross charge offs	-	-	(36,648,172)	(36,648,172)
Balance as at March 31, 2023	**177,005,028**	**20,093,883**	**25,719,289**	**222,818,200**

	For the three-month periods ended March 31, 2022			
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Balance as at December 31, 2021	92,841,249	12,695,267	7,263,754	112,800,270
Additions to gross loans and advances receivable	69,710,637	2,768,466	5,292,149	77,771,252
Principal payments and other adjustments	(33,889,116)	(2,383,240)	(317,638)	(36,589,994)
Transfers to (from)				
Stage 1 (Performing)	(26,232,878)	26,232,878	-	-
Stage 2 (Under-Performing)	6,608,266	(6,608,266)	-	-
Stage 3 (Non-Performing)	-	(18,580,498)	18,580,498	-
Gross charge offs	-	-	(21,781,825)	(21,781,825)
Balance as at March 31, 2022	109,038,158	14,124,607	9,036,938	132,199,703

For the periods ended March 31, 2023 and 2022 (in US dollars)

5. Loans and advances receivable (continued)

An analysis of the changes in the classification of the allowance for credit losses is as follows:

	For the three-month periods ended March 31, 2023			
	Stage 1 (Performing)	**Stage 2 (Under-Performing)**	**Stage 3 (Non-Performing)**	**Total**
Balance as at December 31, 2022	17,506,732	11,980,089	20,357,549	49,844,370
Additions to gross loans and advances receivable	7,253,428	746,899	3,972,484	11,972,811
Principal payments and other adjustments	(2,810,162)	(863,680)	(917,070)	(4,590,912)
Remeasurement of allowance before transfers	(937,371)	(774,883)	146,915	(1,565,339)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	(4,421,977)	18,869,062	-	14,447,085
Stage 2 (Under-Performing)	1,346,146	(4,716,547)	-	(3,370,401)
Stage 3 (Non-Performing)	-	(15,542,431)	25,708,996	10,166,565
Net amounts written off against allowance	-	-	(28,933,677)	(28,933,677)
Balance as at March 31, 2023	**17,936,796**	**9,698,509**	**20,335,197**	**47,970,502**

	For the three-month periods ended March 31, 2022			
	Stage 1 (Performing)	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
Balance as at December 31, 2021	10,117,649	7,682,876	5,900,249	23,700,774
Additions to gross loans and advances receivable	7,752,939	1,577,585	4,310,912	13,641,436
Principal payments and other adjustments	(3,031,743)	(1,008,219)	(310,662)(4,350,624)	
Remeasurement of allowance before transfers	(385,925)	(359,291)	1,345	(743,871)
Transfers to (from) including remeasurement				
Stage 1 (Performing)	(3,631,024)	13,135,731	-	9,504,707
Stage 2 (Under-Performing)	851,002	(3,036,413)	-	(2,185,411)
Stage 3 (Non-Performing)	-	(9,849,171)	14,671,724	4,822,553
Net amounts written off against allowance	-	-	(17,290,021)	(17,290,021)
Balance as at March 31, 2022	11,672,898	8,143,098	7,283,547	27,099,543

Changes in allowance for credit losses were as follows:

	For the three-month periods ended	
	March 31, 2023	March 31, 2022
Balance at beginning of period	49,844,370	23,700,774
Charge-offs	(36,648,172)	(21,781,825)
Recoveries	4,441,146	2,818,824
Provision for loan losses	30,333,159	22,361,770
Balance at end of period	**47,970,503**	27,099,543

For the periods ended March 31, 2023 and 2022 (in US dollars)

5. Loans and advances receivable (continued)

Provisions for loan losses and other liabilities is as follows:

	For the three-month periods ended	
	March 31, 2023	March 31, 2022
Provision for loan losses	30,333,159	22,361,770
Other lending program costs	168,529	361,315
Provision for CSO Guarantee Liabilities (MoneyKey and Fora)	706,354	(266,343)
Provision for Bank Service Program liabilities (MoneyKey)	(71,369)	1,094,889
Total Provision for loan losses and other liabilities	**31,136,673**	23,551,631

Breakdown of provision for loan losses:

	For the three-month periods ended	
	March 31, 2023	March 31, 2022
Provision for loan losses on installment loans and LOC advances and Bank Service Program advances (MoneyKey and Fora)	6,156,748	8,811,512
Provision for loan losses on Bank Program advances (CreditFresh)	24,176,411	13,550,258
Total Provision for loan losses	**30,333,159**	22,361,770

As of March 31, 2023, the outstanding amount of active installment loans originated by an unaffiliated third party lender under the CSO programs was $2,670,846 (December 31, 2022 - $$2,988,636), for which the risk of customer default is guaranteed by the Company. As of March 31, 2023, the outstanding amount of active line of credit advances originated by NBFI Bank Partner under the Bank Service Program (“Bank Service Program advances”) was $22,562,194 (December 31, 2022 - $21,088,522). These CSO loans and Bank Service Program advances are not included in the tables above and are not included on the Company’s condensed interim statement of financial position.

A breakdown of the Company’s gross loans and advances receivables and off-balance sheet arrangements is as follows:

	For the three-month periods ended	
	March 31, 2023	March 31, 2022
CSO Program Products (MoneyKey)		
Revenue (Note 6)	2,143,409	3,251,563
Loans and advances receivables (On Balance Sheet)	1,411,561	1,837,143
CSO Guarantee Liability (Note 12)	375,557	647,256
CSO obligation (Note 12)	1,416,912	2,006,940
Installment loan borrower balances (Off Balance Sheet)	2,670,846	3,752,500
Reserve balances (Reflected in Company's Restricted cash)	1,568,928	2,196,111
Bank Service Program advances (MoneyKey)		
Revenues (Note 6)	8,349,978	7,956,334
Loans and advances receivables (On Balance Sheet)	3,311,065	2,050,422
Bank Service Program guarantee liability (Note 12)	5,492,072	5,733,938
Bank Service Program obligation (Note 12)	570,964	269,491
Line of credit borrower balances (Off Balance Sheet)	22,562,194	22,199,374
Reserve balances (Reflected in Company's Restricted cash)	4,499,707	4,369,978

For the periods ended March 31, 2023 and 2022 (in US dollars)

5. Loans and advances receivable (continued)

As part of calculating the allowance for credit losses, the Company utilizes internally developed credit risk models considering the probability of default, loss given default, and exposure at default based on historical performance, as well as quantitative and qualitative adjustments for other relevant risk factors. The Company's measurement of ECLs is influenced by forward looking indicators ("FLIs") which include the impact of macroeconomic forces on the business. With respect to macroeconomic forces, consideration is given to variables such as unemployment rate, inflation rate, and wage growth that have an influence on the business and its customer segment. As part of the process, 3 forward looking scenarios are developed 1) Optimistic; 2) Neutral; and 3) Pessimistic. The table below shows the impact of the FLIs under each scenario which is developed using internally developed models in consideration of each macroeconomic factor. Management judgement is then applied to determine probability weightings to each of these scenarios to determine a probability weighted allowance for credit losses as of the reporting date.

	Optimistic	**Neutral**	**Pessimistic**
Impact of macroeconomic factors	-3.5%	+1.5%	+11.0%

This assignment of probability weighting for the multiple scenarios using these FLIs involves, in addition to judgement, a robust internal modelling process, review, and analysis to arrive at a collective view on the likelihood of each scenario. If management were to assign a 100% probability to the Pessimistic scenario, the increase in the allowance for credit losses would be approximately $5,825,778. Conversely, if 100% probability were to be assigned to the Optimistic scenario, the decrease in the allowance would be approximately $1,853,657. Note, such sensitivity does not consider the proactive and reactive steps management would take to alter exposure and/or modify credit risk to mitigate any potential impact to credit losses.

6. Revenue

Disaggregation of revenue:

	For the three-month periods ended	
	March 31, 2023	March 31, 2022
Fees from borrowers on purchased receivables (CreditFresh)	50,345,934	31,736,407
Interest from borrowers in direct lending (MoneyKey)	2,913,364	5,250,303
Fees from borrowers in direct lending (MoneyKey)	1,743,395	2,322,350
Fees from CSO program (MoneyKey)	2,143,409	3,251,563
Fees from Bank Service Program (MoneyKey)	8,349,978	7,956,334
Interest from direct lending (Fora)	121,252	-
Total revenue	**65,617,332**	50,516,957

7. Prepaids

Prepaid expenses consist of operating costs that are expensed over the periods they benefit. Prepaid costs are as follows:

	As at	
	March 31, 2023	December 31, 2022
Prepaids	1,553,164	1,701,189

For the periods ended March 31, 2023 and 2022 (in US dollars)

8. Derivative financial instruments

The nature of the Company's business activities expose it to foreign currency risk. The Company has forward contracts available to reduce its exposure to foreign exchange rate fluctuations.

As at March 31, 2023, the Company had entered into forward exchange contracts with a financial institution that matures between April 28, 2023 and December 29,2023 and obligates the Company to sell US$7,500,000 at prevailing forward market exchange rates. The contracts were entered into by the Company for the purpose of managing its foreign exchange exposure on Canadian expenditures. As at March 31, 2023, the Company has open foreign exchange forward contracts with a negative fair market value of $47,725 (December 31, 2022 $21,693). For the three months ended March 31, 2023, the Company recorded an unrealized gain (loss) on derivative financial instruments of $(26,032) (March 31, 2022 - $221,893).

9. Property and equipment

	Furniture and fixtures	**Computer equipment**	**Leasehold improvements**	**Total**
Cost				
Balance, December 31, 2022	631,488	934,075	403,070	**1,968,633**
Additions	4,795	6,170	-	**10,965**
Balance, March 31, 2023	**636,283**	**940,245**	**403,070**	**1,979,598**
Accumulated depreciation				
Balance, December 31, 2022	468,011	768,774	207,215	**1,444,000**
Depreciation	13,781	20,420	13,577	**47,778**
Balance, March 31, 2023	**481,792**	**789,194**	**220,792**	**1,491,778**
Net Book Value				
Balance, December 31, 2022	163,477	165,301	195,855	**524,633**
Balance, March 31, 2023	**154,491**	**151,051**	**182,278**	**487,820**

	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost				
Balance, December 31, 2021	614,536	780,337	390,770	1,785,643
Additions	5,752	35,603	-	41,355
Balance, March 31, 2022	620,288	815,940	390,770	1,826,998
Accumulated depreciation				
Balance, December 31, 2021	416,085	703,813	165,887	1,285,785
Depreciation	7,999	12,806	2,002	22,807
Balance, March 31, 2022	424,084	716,619	167,889	1,308,592
Net Book Value				
Balance, December 31, 2021	198,451	76,524	224,883	499,858
Balance, March 31, 2022	196,204	99,321	222,881	518,406

As of March 31, 2023, property and equipment with a cost of $2,913 (December 31, 2022 - $12,340) was not amortized as it is work-in-progress.

Propel Holdings Inc.
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10. Intangible assets

	Customer acquisition data	**Internally developed software**	**Total**
Cost			
Balance, December 31, 2022	6,895,781	16,065,323	**22,961,104**
Additions	1,027,626	1,222,806	**2,250,432**
Removal of fully amortised costs*	(880,980)	-	**(880,980)**
Balance, March 31, 2023	**7,042,427**	**17,288,129**	**24,330,556**
Accumulated amortization			
Balance, December 31, 2022	3,511,615	7,976,513	**11,488,128**
Amortization	1,175,120	785,889	**1,961,009**
Removal of fully amortised costs*	(880,980)	-	**(880,980)**
Balance, March 31, 2023	**3,805,755**	**8,762,402**	**12,568,157**
Net Book Value			
Balance, December 31, 2022	3,384,166	8,088,810	**11,472,976**
Balance, March 31, 2023	**3,236,672**	**8,525,727**	**11,762,399**

	Customer acquisition data	Internally developed software	Total
Cost			
Balance, December 31, 2021	5,305,544	10,974,665	16,280,209
Additions	1,269,529	1,064,448	2,333,977
Removal of fully amortised costs*	(947,347)	-	(947,347)
Balance, March 31, 2022	5,627,726	12,039,113	17,666,839
Accumulated amortization			
Balance, December 31, 2021	2,987,940	5,379,734	8,367,674
Amortization	932,383	564,453	1,496,836
Removal of fully amortised costs*	(947,347)	-	(947,347)
Balance, March 31, 2022	2,972,976	5,944,187	8,917,163
Net Book Value			
Balance, December 31, 2021	2,317,604	5,594,931	7,912,535
Balance, March 31, 2022	2,654,750	6,094,926	8,749,676

* There are no gains or losses on derecognition

Amortization of Customer acquisition data is recorded in the Acquisition and data line on the condensed interim consolidated statements of operations and comprehensive income. When the future economic benefits of the Customer acquisition data costs have been fully realized the costs are recorded into the Removal of fully amortized costs line in the table above.

There have been no indicators of impairment identified during the three months ended March 31, 2023. As a result, there were no impairment charges of intangible assets recorded in the period ended March 31, 2023 and 2022.

For the periods ended March 31, 2023 and 2022 (in US dollars)

11. Right-of-use assets and lease obligations

Right-of-use asset

Under IFRS 16, the recognition of assets and present value of all lease obligations with a lease term greater than one year are presented on the condensed interim consolidated statements of financial position as right-of-use assets and lease liabilities. The Company's incremental borrowing rate was determined to be 13% and was used as the discount rate for measuring the lease liabilities. The carrying amount of the right-of use asset is listed below:

	ROU Asset
Cost	
Balance, December 31, 2022	4,484,249
Additions	4,294
Balance, March 31, 2023	**4,488,543**
Accumulated depreciation	
Balance, December 31, 2022	2,367,700
Charge for the period	161,712
Balance, March 31, 2023	**2,529,412**
Net Book Value	
Balance, December 31, 2022	2,116,549
Balance, March 31, 2023	**1,959,131**

	ROU Asset
Cost	
Balance, December 31, 2021	4,959,577
Additions	13,949
Balance, March 31, 2022	4,973,526
Accumulated depreciation	
Balance, December 31, 2021	2,480,598
Charge for the period	159,952
Balance, March 31, 2022	2,640,550
Net Book Value	
Balance, December 31, 2021	2,478,979
Balance, March 31, 2022	2,332,976

The Company's right-of-use assets include office spaces and office equipment, with the majority made up of office space. The weighted average lease term is 6 years (December 31, 2022 – 6 years).

For the periods ended March 31, 2023 and 2022 (in US dollars)

11. Right-of-use assets and lease obligations (continued)

Lease liabilities

Carrying amount of lease liabilities are as follows:

	Lease Liability
Cost	
Balance, December 31, 2022	2,672,030
Additions	4,294
Interest	85,467
Payments	(254,290)
Foreign currency translation	2,655
Balance, March 31, 2023	**2,510,156**
Reported as:	
Current:	
Balance, December 31, 2022	700,138
Balance, March 31, 2023	**719,675**
Non-current:	
Balance, December 31, 2022	1,971,892
Balance, March 31, 2023	**1,790,481**
Carrying amount:	
Balance, December 31, 2022	2,672,030
Balance, March 31, 2023	**2,510,156**

	Lease Liability
Cost	
Balance, December 31, 2021	3,183,737
Additions	13,949
Interest	102,420
Payments	(248,672)
Foreign currency translation	42,802
Balance, March 31, 2022	3,094,236
Reported as:	
Current:	
Balance, December 31, 2021	592,759
Balance, March 31, 2022	602,859
Non-current:	
Balance, December 31, 2021	2,590,978
Balance, March 31, 2022	2,491,376
Carrying amount:	
Balance, December 31, 2021	3,183,737
Balance, March 31, 2022	3,094,236

For the periods ended March 31, 2023 and 2022 (in US dollars)

11. Right-of-use assets and lease obligations (continued)

The maturity analysis of lease liabilities is presented below:

	As at March 31, 2023
Year 1	719,675
Year 2	699,949
Year 3	682,062
Year 4	408,470
Total	**2,510,156**

12. Accounts payable and accrued liabilities

	As at	
	March 31, 2023	December 31, 2022
Accounts Payable	**3,048,239**	2,296,453
Accrued Liabilities		
Bank Service Program liabilities	5,492,072	4,785,718
Bank Service Program obligation	570,964	614,945
Accrued Bank Partner fees and interest	3,432,036	3,057,615
CSO Obligations	1,416,912	1,609,346
CSO Guarantee liabilities	375,557	446,926
Other accrued liabilities	2,863,407	1,701,268
Accrued salaries and bonuses	784,848	3,945,407
Total Accrued Liabilities	**14,935,796**	**16,161,225**

Bank Service Program liabilities are comprised of expected net losses on all outstanding Bank Service Program advances which the Company shall purchase upon default (non-performing), which represents the estimated fair value of the liabilities at that date. The fair value of the Bank Service Program liabilities are classified as Level 3 under IFRS 7. The expected net losses is included in accrued liabilities as the Company does not take title to the Bank Service Program advances and they are not included in the condensed interim consolidated statements of financial position.

CSO obligations are comprised of: a) principal and interest to which unaffiliated third-party lenders are entitled but which was collected by the Company on such third-party lender's behalf, b) unearned CSO fees advanced to the Company by unaffiliated third-party lenders on the consumer's behalf.

CSO Guarantee liabilities are expected net losses on all originated CSO loans on which the Company is obligated to guarantee principal and interest (net of expected collections and recoveries on guaranteed loans transferred to the Company), which represents the estimated fair value of the guarantees at that date. The fair value of the CSO Guarantee liabilities are classified as Level 3 under IFRS 7. The expected net losses is included in accrued liabilities as the Company does not take title to the CSO loans and they are not included in the condensed interim consolidated statements of financial position.

For the periods ended March 31, 2023 and 2022 (in US dollars)

13. Credit facilities

	As at	
	March 31, 2023	December 31, 2022
MoneyKey Facility		
Opening Balance	4,650,000	4,650,000
Advances from credit facility	-	300,000
Payments on credit facility	-	(300,000)
Ending Facility Balance	**4,650,000**	4,650,000
CreditFresh Facility		
Opening Balance	144,250,000	42,220,000
Advances from credit facility	750,000	112,855,000
Payments on credit facility	-	(10,825,000)
Ending Facility Balance	**145,000,000**	144,250,000
Facility transaction costs	(2,009,879)	-
Total Ending Credit Facilities	**147,640,121**	148,900,000

MoneyKey Facility

On May 12, 2022, the MoneyKey facility was amended to extend the maturity date from May 15, 2022 to May 12, 2025. The MoneyKey facility bears interest at 10.2% plus the three-month term SOFR. The amount drawn on the MoneyKey facility as of March 31, 2023 was $4,650,000 (December 31, 2022 - $4,650,000). The MoneyKey facility is secured by a general security agreement over all of the assets of the Company, and has a requirement for the Company to maintain an errors and omissions insurance policy of $2,000,000 (December 31, 2022 - $2,000,000). The entire balance drawn on the facility is classified as non-current.

As at March 31, 2023, the maximum borrowing base under the MoneyKey facility was approximately $5,813,463 (December 31, 2022 - $6,772,131).

Under the terms of the credit facility agreement, the Company is subject to certain financial and non-financial covenants. As of March 31, 2023, the Company was in compliance with these covenants.

For the periods ended March 31, 2023 and 2022 (in US dollars)

13. Credit facilities (continued)

<u>CreditFresh Facility</u>

On February 24, 2023, the Company entered into a new $250,000,000 credit facility for the Company's CreditFresh line of business. This new credit facility replaces and upsizes the previous CreditFresh facility by $90,000,000 and matures on February 24, 2026. As of March 31, 2023, the total drawn amount on this credit facility was $145,000,000 (December 31, 2022 - $144,250,000). The CreditFresh facility is secured by a pledge of the beneficial interest certificate in the DSTs to the agent for the unaffiliated third-party lenders. The entire balance drawn on the facility is classified as non-current.

As of March 31, 2023, the maximum borrowing base under the CreditFresh Facility was approximately $165,575,918 (December 31, 2022 - $160,000,000).

The CreditFresh facility has a blended effective interest rate of 12.5% (based on the three-month SOFR rates; excluding other lenders fees). Under the terms of the CreditFresh Facility, the DSTs are subject to certain financial and non-financial covenants. As of March 31, 2023, the DST's were in compliance with these covenants.

Under both of these credit facilities, for the 3 months ended March 31, 2023 the Company incurred interest of $4,693,814 (March 31, 2022 - $1,161,900) and other fees related to the credit facilities of $162,719 (March 31, 2022 - $131,377) and is recorded as "interest and fees on credit facilities" on the condensed interim consolidated statements of operations and comprehensive income.

14. Share capital

Ordinary shares Authorized

Unlimited number of common shares as at March 31, 2023.

Unlimited blank cheque preferred shares as at March 31, 2023.

Issued

As at March 31, 2023, the Company had 34,325,320 Common Shares issued and outstanding (December 31, 2022 – 34,325,320).

	As at			
	March 31, 2023		December 31, 2022	
	# of shares	**$**	# of shares	$
<u>Common shares</u>				
Balance, opening	34,325,320	78,952,871	34,325,120	78,951,062
Share options exercised	-	-	200	1,809
Balance, closing	**34,325,320**	78,952,871	34,325,320	78,952,871

For the periods ended March 31, 2023 and 2022 (in US dollars)

14. Share capital (continued)

In accordance with IAS 33 – Earnings per share, basic and diluted earnings per share amounts are calculated by dividing the net income attributable to common shareholders of the Company by the weighted average number of shares issued during the period after giving effect, on a retrospective basis, to share capital changes due to a share split that occurred as part of the initial public offering.

	For the three-month periods ended March 31,	
	2023	2022
Net income for the period	7,415,178	3,876,527
Weighted average number of shares outstanding	34,325,320	34,325,120
Basic earnings per common share	$0.22	$0.11
Weighted average number of shares outstanding	34,325,320	34,325,120
Dilutive effect of stock-based compensation	2,124,360	1,054,417
Dilutive weighted average number of share outstanding	36,449,680	35,379,537
Diluted earnings per share	$0.20	$0.11

15. Stock-based compensation

The Company has an employee stock option plan. The purpose of the plan is to advance the interests of the Company by encouraging key employees to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of, the Company. The general terms of award under the plan provide that options in the common shares of the Company are granted to employees, officers, directors and consultants for their services. Options are generally granted at exercise prices equal to the fair market value of common shares at the grant date, vest over a 4-year period and expire after a maximum of 10 years. Under the terms of the stock option plan, the number of shares reserved for issuance pursuant to the exercise of all options may not exceed 10% of the issued and outstanding common shares on a diluted basis at any time.

During the three months ending March 31, 2023, 459,100 options were granted by the Company (three months ending March 31, 2022 - 394,250). For the three months ending March 31, 2023, the Company recorded stock-based compensation expense of $455,003 (three months ending March 31, 2022 - $231,461) and is recorded in “Salaries, wages and benefits” on the condensed interim consolidated statements of operations and comprehensive income with a corresponding adjustment to contributed surplus. Inputs used in the valuation of this options grant were as follows:

	For the three-month periods ended March 31, 2023
Weighted average share price	$5.00
Weighted average exercise price	$5.00
Expected volatility	65.4%
Expected life (years)	2.22
Risk-free rate	3.78%
Expected dividend yields	5.40%

Expected volatility was determined by calculating the historical volatility of comparable companies’ share price over the previous years. The expected life used in the model has been adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

16. Segment information

The Company operates and manages its business in one industry segment – providing lending related services to borrowers, banks, and other institutions in the US and Canada. The Company does not present segmented information as it has determined that its operations fall under this one segment and operates primarily in one geographic region. The chief operating decision maker ("CODM") is the Chief Executive Officer and Chief Financial Officer. The CODM makes decisions and assesses performance of the Company at the consolidated level.

Materially all revenue for the period ended March 31, 2023 was earned fully in the US. All property and equipment, and leased assets are domiciled in Canada.

17. Financial instruments and risk management

As part of normal operations, the Company is exposed to a variety of financial risks: credit risk, interest rate risk, liquidity risk, foreign currency risk and industry risk. The Company manages these through an integrated risk management framework, including ongoing identification, measurement and monitoring of risks potentially arising in financial and economic markets.

Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash, restricted cash, loans and advances receivable, other receivables and CSO and Bank Service Program liabilities. The maximum amount of credit risk exposure is limited to the carrying amounts of these balances. Cash is maintained with Canadian and US financial institutions. Deposits held with banks may exceed the amount of federal insurance provided on such deposits. Unless otherwise disclosed, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk. In relation to loans and advances receivable and CSO and Bank Service Program liabilities, the Company closely monitors default rates and overall recovery per dollar funded for all credit products originated through the Company's proprietary technology platform. The Company, its non-bank, and/or Bank Partners adjust lending terms and policies as deemed necessary. The Company establishes an allowance for credit losses on all loans or advances originated through its proprietary technology platform in accordance with IFRS 9. The gross exposure to the Company for CSO and Bank Service Program amounts are disclosed in note 5 above. Under the CSO programs, as at March 31, 2023 the amount was $2,670,846 (December 31, 2022 - $2,988,636) and under the Bank Service Program the amount $22,562,194 (December 31, 2022 - $21,088,522). The associated maximum amount of credit risk exposure on such amounts are reflected in the CSO and Bank service program liabilities as outlined above.

The Company has a concentration of credit risk because substantially all of its loans and advances receivable balance is comprised of unsecured small dollar, high interest/financing fee advances and loans to US customers with similar credit characteristics.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is exposed to interest rate cash flow risk on its credit facilities as it bears interest at a rate plus a base rate of three-month term SOFR (with a floor of 1.75%) on the CreditFresh facility and at a rate plus a base rate of three-month term SOFR on the MoneyKey facility. If interest rates had been 50 basis points higher and all other variables were held constant, the Company's interest expense for the period ended March 31, 2023 would increase by approximately $149,240 (December 31, 2022: $232,379). If interest rates had been 50 basis points lower and all other variables were held constant, the Company's interest expense for the period ended March 31, 2023 would be $149,240 (December 31, 2022 – $211,339). The Company will not always incur the full impact of an interest rate increase or decrease due to the 1.75% floor in the three-month term SOFR base rate.

For the periods ended March 31, 2023 and 2022 (in US dollars)

17. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities or will not have sufficient funds to issue loans and/or advances to its customers. The Company is exposed to liquidity risk depending on the timing of customer payments, customer default rates and the availability of third-party financing. The Company manages its liquidity risk by closely monitoring its available cash on hand, available financing and expected collection rates and timing to ensure it has sufficient cash to meet its financial obligations as they come due and provide loans and advances to customers when requested.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

As at March 31, 2023	**Carrying amount**	**Year 1**	**Year 2**	**Year 3**	**Onwards**
Accounts Payable	**3,048,239**	(3,048,239)	-	-	-
Accrued Liabilities	**14,935,796**	(14,935,796)	-	-	-
Amount drawn on Credit facilities	**149,650,000**	-	-	(149,650,000)	-
Derivative financial instruments	**47,725**	(47,725)	-	-	-
Total	**167,681,760**	(18,031,760)	-	(149,650,000)	-

As at December 31, 2022	Carrying amount	Year 1	Year 2	Year 3	Onwards
Accounts Payable	2,296,453	(2,296,453)	-	-	-
Accrued Liabilities	16,161,225	(16,161,225)	-	-	-
Credit facilities	148,900,000	-	(144,250,000)	(4,650,000)	-
Derivative financial instruments	21,693	(21,693)	-	-	-
Total	**167,379,371**	(18,479,371)	(144,250,000)	(4,650,000)	-

The Company is obligated to purchase Bank Program advances that are offered for sale to the Company by both Bank Partners. The amount of Bank Program advances that were funded by the Bank Partners but not yet offered for sale to the Company as of March 31, 2023 was $6,070,353 (December 31, 2022 – $3,990,109). Management has determined no provisions are required on these amounts as of the statement of financial position date, but regularly assesses these amounts and considers whether provisions may be required in advance of an offer to sell.

The Company is obligated to guarantee the principal and interest (net of expected collections and recoveries on guaranteed loans transferred to the Company) of CSO programs in the event that the customer defaults on their loan payments. Management has provided for this allowance and is included in accrued liabilities as the Company. Refer to note 12 for further details.

17. Financial instruments and risk management (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions denominated in CAD for which the related expenses, accounts payable, accrued liabilities and lease liabilities are subject to exchange rate fluctuations. As at March 31, 2023, management had entered into foreign currency forward contracts with a notional value of $7,500,000 to manage the risk from fluctuations in foreign currency risk over time (December 31, 2022: $3,850,000). As at March 31, 2023 and December 31, 2022 the following items are denominated in CAD:

	As at	
	March 31, 2023	**December 31, 2022**
Cash	625,321	157,115
Accounts Payable	924,172	747,114
Accrued Liabilities	428,286	1,451,089
Lease Liabilities	2,510,156	2,672,030

As at March 31, 2023, if a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $407,994 (December 31, 2022 - $457,032) due to the fluctuation, and this would be recorded in the condensed interim consolidated statements of operations and comprehensive income.

Fair value measurement

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

- Level 1 - valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Level 1	**Level 2**	**Level 3**
Cash	Derivative financial instruments	Loans and advances receivables
Restricted cash		Other receivables
		Accounts payable
		Accrued liabilities
		Credit facilities

The fair value of financial instruments classified at amortized cost approximates their fair values due to the short term to maturity or due to them bearing market interest rates. The fair value of derivative financial instruments is determined using level 2 inputs and is carried at fair value. The fair value of the CSO Guarantee liabilities, CSO obligations and Bank Service Program liabilities are determined using level 3 inputs.

For the periods ended March 31, 2023 and 2022 (in US dollars)

17. Financial instruments and risk management (continued)

Financial instruments measured at fair value using level 3 inputs:

	Valuation technique	**Significant unobservable inputs**	**Inter-relationships between significant unobservable inputs and FV**
CSO Guarantee liabilities and CSO obligations	Allowance for losses on the guarantee of managed receivables.	-Borrower default rates	- Increases can increase the expected credit loss estimates and these liabilities
Bank Service Program liabilities	Allowance for losses on the obligation of managed receivables.	- Recovery rates - Macroeconomic Variables - Operational factors	- Decreases can increase expected credit loss estimates and these liabilities - See note 5 above

18. Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly including all Executives and Directors.

Compensation expense for the Company's key management personnel is as follows:

	For the three-month periods ended	
	March 31, 2023	March 31, 2022
Salaries	3,351,572	3,436,713
Stock-based compensation	410,599	214,713
Total	**3,762,171**	3,651,426

19. Subsequent events

There have been no subsequent events between the end of the period and the date of filing of these condensed interim financial statements.