MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

First Quarter Ended March 31, 2023

May 9, 2023

The following management's discussion and analysis ("**MD&A**") provides information concerning the consolidated financial condition and results of operations of Propel Holdings Inc. ("**Propel**", the "**Company**", "**we**", "**our**" or "**us**"). This MD&A should be read in conjunction with our unaudited interim consolidated financial statements together with the notes thereto dated as at March 31, 2023. This MD&A is dated as of **May 9, 2023** and is current to this date unless otherwise stated. The financial information presented in this MD&A is derived from the Company's unaudited interim consolidated financial statements and the related notes thereto described above, all of which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All amounts are in United States dollars except where otherwise indicated.

Forward-Looking Information

Certain statements made in this MD&A may constitute forward-looking information under applicable securities laws. These statements may relate to our expected future growth, our updated 2023 operating and financial targets for Ending Combined Loan and Advance Balances[1] year over year growth, revenue, Adjusted EBITDA Margin[1], Net Income Margin and Adjusted Net Income[1] along with our underlying assumptions related thereto, the expected launch of the Pathward program and the recent launch of our Canadian business and the resulting impact on our financial performance in 2023 and 2024, our expansion into new geographies in both the US and Canada, our ability to achieve scale in variable pricing and graduation programs and the resulting growth in loans and advances receivable and Ending Combined Loan and Advance Balances[1], the short term and long term impact of the Company's portfolio growth, our future underwriting practices, the increase in our salaries, wages, benefits and administrative expenses as a result of supporting continued business development and growth, the expected growth in future revenues over upcoming periods, the expected changes in Annualized Revenue Yield[1] and future Net Charge-Off[1] rates as a result of the expansion of our facilitation of lower cost products and enhanced underwriting, our expectation for future loan loss provisions and other liabilities going forward, the anticipated reduction in the cost of credit of products offered through our platform and lower default rates resulting from the growth in new products, the impact of inflation and the overall macroeconomic environment on Net Charge-Offs[1] and profitability, expected future interest rates, the resiliency of our target consumers and expected future consumer demand for credit, the expansion and enhancement of margins, allowance for credit losses, and future changes in accounting policy. Such statements are based on management's reasonable assumptions and beliefs in light of the information currently available to us and is made as of the date of this MD&A. However, we do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in "Risks and Uncertainties". Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Company's annual information form dated March 22, 2023 (the "**AIF**"). These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully. A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

Non-IFRS Financial Measures and Industry Metrics

This MD&A makes reference to certain non-IFRS financial measures and industry metrics. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. The non-IFRS financial measures include "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income", "Adjusted Net Income Margin", "Adjusted Earnings Per Share", "Average Combined Loan and Advance Balances", "EBITDA", "EBITDA Margin", "Ending Combined Loan and Advance Balances", "Net Charge-Offs", and "Net Charge-Offs as a Percentage of Average Combined Loan and Advance Balances". This MD&A also makes reference to industry metrics that are considered supplementary measures under applicable securities laws. These industry metrics include "Annualized Revenue Yield", "Average New Customer Loan Amount", "Cost Per Funded Origination" and "Total Originations Funded." See "Key Components of Results of Operations" in this MD&A for definitions of such non-IFRS financial measures and industry metrics.

For a reconciliation of the non-IFRS financial measures refenced herein, please see "Reconciliation of Non-IFRS Financial Measures" in this MD&A.

These non-IFRS financial measures and industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures and industry metrics in the evaluation of issuers. The Company's management also uses non-IFRS financial measures and industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management and executive compensation. The key performance indicators used by the Company may be calculated in a manner different than similar key performance indicators used by other similar companies.

Business Overview

Propel is an innovative online financial technology company committed to credit inclusion and helping underserved consumers by providing fair, fast and transparent access to credit with exceptional service. Our mission consists of 3 pillars: inclusion, evolution and experience – based on the principles that every individual deserves access to credit, that consumers should be able to evolve to better products over time, and that they deserve a best-in-class experience. The Company currently facilitates access to credit products for millions of underserved American and Canadian consumers who struggle to access credit from mainstream credit providers through its proprietary, leading-edge, end-to-end, artificial intelligence ("**AI**")-powered online lending platform. Propel currently operates three consumer-facing brands which directly offer or facilitate access to credit: *MoneyKey*™ and *CreditFresh*™ in the US and, the recently launched *Fora Credit*™ in Canada. Generally, the MoneyKey brand serves consumers with a higher credit risk profile than the CreditFresh brand in the US. The two types of credit products currently available through the Propel platform are:

- Installment Loans — six- to twelve-month fixed term, fully amortizing loans with a fixed repayment schedule; and
- Lines of Credit — open-ended lines of credit that provide consumers the flexibility to draw cash advances and repay any amount up to their available credit with a minimum payment due each period.

The terms and conditions of the credit products vary depending on the jurisdiction in which they are offered and the program under which they are offered. Credit products facilitated through the Propel platform are intended to be simple, transparent and easy to understand. The cost of the product and other important terms and product details are presented to the consumer upfront and in plain language. There are no surprise fees, origination fees, late fees or prepayment penalties for any of the products offered through our platform.

In the US, the MoneyKey direct lending program and CreditFresh Bank Programs are supported by two distinct revolving credit facilities. Such credit facilities collectively provided for up to $270 million of borrowing capacity at any time as of March 31, 2023. In addition, in Canada, the Fora Credit ("Fora") direct lending program is supported by a revolving credit facility that provides for up to approximately C$26 million of borrowing capacity at any time. For further detail around working capital, liquidity, and debt financing, see "Liquidity and Capital Resources — Credit Facilities" in this MD&A.

On October 17, 2022, Propel announced that it had entered a five-year agreement to become the primary Lending-as-a-Service (LaaS) partner for Pathward, N.A. ("Pathward"). Powered by Propel's industry-leading, proprietary fintech platform, Pathward will provide credit solutions, starting with a sub-36% APR line of credit, through this LaaS capability through its partners. In line with Propel and Pathward's shared mission of financial inclusion, these credit products will be offered through a seamless online integration into the Propel platform. In this capacity, Propel will provide white labelled technology and service solutions for Pathward's consumer lending capabilities, with the agreement contemplating fee income earned by Propel for customer acquisition services, loan management software, licensing of proprietary AI-powered risk and response scores and credit servicing capabilities. The credit product will be offered by Pathward and is distinct from the products currently offered or facilitated through the Propel platform. This partnership accelerates Propel's strategic plan to expand and diversify its current product and service offerings and geographic reach as an adjacent business to its established business lines.

On November 21, 2022, Propel announced that it had entered the Canadian market with its new brand, Fora. In line with Propel's mission of credit inclusion, Fora was created to provide Canadians with access to a fair, transparent and flexible credit solution. Leveraging Propel's existing flexible, scalable technology infrastructure and capabilities in AI and machine learning, Fora enables consumers to apply online for personal lines of credit through a seamless digital experience backed by extraordinary customer service. Fora is currently available in Alberta, Ontario and British Columbia. Propel expects to roll out the product to additional provinces across Canada over the next several quarters. On March 28, 2023, the Canadian federal government announced its proposed 2023 budget which included the intention to introduce legislation to lower the maximum allowable rate of interest to 35% APR. Although timing is uncertain, management does not believe that a reduction in the maximum allowable rate of interest, even if passed within 2023, will have an impact on the Company's plans in Canada or its 2023 consolidated financial results (see "Government of Canada's Federal Budget Announcement" below for further discussion).

Summary of Factors Affecting Our Performance

We believe that our performance and future success depends on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk Factors" section of the AIF.

Our ability to continue to grow the business and generate improvements in the financial performance depends on our ability to execute on our three-pronged strategy of: (i) continuing to generate strong and stable revenue growth by facilitating additional credit to new, existing, and returning customers; (ii) improving credit performance through continuously enhancing our AI-powered underwriting capabilities; and (iii) driving operating cost efficiencies across our platform by increasing automation and online customer self-service capabilities, and managing our key operating costs such as customer acquisition, personnel, and our cost of credit.

Origination Growth

A key pillar of our Company mission is "credit inclusion" – we aim to serve consumers who cannot easily access credit through the traditional financial services sector. As a credit and services provider, our ability to generate strong, stable revenue growth and profitability depends on our ability to grow our loan and advance balances, while maintaining target loan losses.

The loan portfolio, which is comprised of loan and advance balances, grows through a combination of attracting new customers (for us and our Bank Partners) and by retaining and continuing to provide credit to existing customers. A growing, diversified suite of credit products is available through our platform and across

our three brands. The diversified suite of products facilitated through our platform, coupled with our robust servicing capabilities allows us to maintain high customer retention rates for us and our Bank Partners. The potential for us and our Bank Partners to develop new credit products or services and/or enter into new jurisdictions, coupled with the consistent transition in our industry from brick and mortar to online services, is expected to allow us to further grow the loan portfolio.

Our ability to access debt capital on attractive terms is critical to our ability to make or facilitate loans, grow our receivables and grow our business. We have long-term relationships with many of our debt capital partners and have attractive economic terms that underpin our ability to grow loan and advance balances profitably. Furthermore, we continue developing relationships with prospective new debt partners who may ultimately provide additional debt capital to the business in the future, as required.

Certain credit products facilitated through our platform are offered by our state-chartered, FDIC insured Bank Partners. We plan on deepening our relationships with our existing Bank Partners and developing new relationships with other banks as we diversify the suite of products and services available through the Propel platform and enter new markets.

We currently operate in 27 states across the US and 3 provinces in Canada. We plan on entering new geographies in both the US and Canada either through our direct lending model or in combination with our existing Bank Partners or potential new partnerships. We also expect to expand into new states through the soon to be launched Pathward LaaS partnership.

In order to be served effectively, the consumers that we and our Bank Partners work with require a deeper level of credit adjudication which looks beyond traditional credit scores and sources. Thus, growing originations is also dependent on our diverse and innovative partnerships and our sophisticated technology integrations with numerous data providers to obtain various inputs, including alternative credit bureau data and income and employment data.

Continuing to develop new, and enhancing existing relationships with marketing partners, enables us to fulfill on our multichannel and diversified marketing strategy which helps drive growth and increases access to consumer markets, geographically and across the credit spectrum.

Improving Credit Performance

Coupled with maintaining a growing loan portfolio, our business is dependent on ensuring that loan losses remain low and within a target range to ensure profitability. We have developed and operate a proprietary AI, machine learning underwriting technology focused on improving and optimizing our real-time loan decision-making to ensure that we are effective in evaluating a consumer's creditworthiness when factoring in thousands of applicant specific attributes as well as current macroeconomic and credit market conditions. Maintaining and improving on target loan loss rates is critical to the business' profitability and to the continued growth of our loan and advance balances.

Cost Efficiencies

Our main variable costs are those related to loan and advance originations, which consist primarily of marketing costs, acquisition costs, and data costs related to underwriting. Our ability to achieve target cost efficiencies on each funded origination dollar is based on managing marketing costs through innovative partnerships and marketing strategies, managing our data costs by effectively leveraging products and data from our data providers, as well as increasing customer retention and scaling our business. In addition to acquiring new customers, we also focus on retaining existing customers on the Propel platform, generally at a significantly lower cost than acquiring new customers.

Apart from customer acquisition costs, operating costs are an important factor in our profitability. As we grow our business, we expect to generate further meaningful operating cost efficiencies relating to salaries and overhead costs, as well as processing costs connected with the funding and servicing of loans originated and serviced through our proprietary technology platform.

Seasonality

Typically, a higher proportion of loan and advance balance growth is generated during the second half of the year (with the three-months ending December 31 ("Q4") having strongest demand), which includes back-to-school and holiday seasons where the need for disposable income generally increases. Conversely, we tend to see higher rates of repayment of credit products coupled with lower rates of default in the first three months of the year ending March 31 ("Q1"), particularly in late February and into March when consumers receive their tax refunds. This, when coupled with the lower post-holiday demand, typically results in more disposable income. As a result, in a normalized economic environment, our Ending Combined Loan and Advance Balances[1] experience their highest rate of growth and hit their high point near the end of the year while experiencing their lowest rate of growth over the course of Q1. Revenues, which are generated from these outstanding balances, therefore tend to be highest in Q4 and margins tend to be highest in the first half of the year assuming a normal and steady-state business environment with normal seasonal patterns.

Note:
1. See "Non-IFRS Financial Measures and Industry Metrics".

Macroeconomic Environment and Outlook

Our ability to operate the business and our financial performance are influenced by several macroeconomic factors including but not limited to interest rates, inflation and unemployment. The ongoing recovery from the COVID-19 pandemic, as well as other factors including the ongoing conflict in Ukraine, have had a negative impact on inflation as measured by the consumer price index on an annual basis. Despite a recent downward trend, inflation remains elevated relative to historical levels and above the target rates as set by the Federal Reserve and the Bank of Canada. In an effort to reduce inflation, the Federal Reserve increased the upper end of its benchmark interest rate range from 0.25% to 5.00% since the beginning of 2022 through Q1 2023, and the Bank of Canada increased its target overnight interest rate from 0.25% to 4.50% during the same period. While we believe that both central banks have largely completed their interest rate increases, there may be additional smaller increases to interest rates in both the US and Canada during the remainder of 2023. Our operations may be adversely impacted by higher interest rates and inflation, primarily through higher operating costs including more expensive employee compensation and financing costs. Furthermore, rising interest rates may have a negative impact on the overall economy including an increase in the unemployment rate (which is currently at an approximately 50-year low in the US and Canada) as well as our customers' cost of living. An increase in the unemployment rate may reduce our customers' ability to repay outstanding loans. In light of the current macroeconomic environment, we and our Bank Partners have taken certain actions to mitigate the potential negative impact that the deteriorating macroeconomic conditions may have on our business, including the tightening of underwriting standards on loan originations starting in early 2022. Together with our Bank Partners, we continue to actively monitor and assess the economic environment in order to manage the risk of further negative pressures on our business. In light of these conditions, it is possible that we, and our Bank Partners, will undertake further tightening of underwriting standards as may be necessary to further protect the credit quality of the business' portfolio.

In addition to the tighter underwriting standards, we believe there are several countervailing factors that may help to mitigate the negative impact of a potentially worsening economic environment. Firstly, our data shows a meaningful increase in customers' monthly incomes and credit scores on approved applications since early 2022. This is a result of both the tightened underwriting approach taken by us and our Bank Partners as well as tightening across the credit supply chain driving consumers with higher credit scores and incomes to products offered through the Propel platform. Secondly, data shows that our and our Bank Partners' target customers historically have demonstrated more resilience than prime borrowers and have performed better through recent periods of economic uncertainty. They are experienced at consistently living within and managing tighter budgets, are able to quickly adjust their finances as needed, and are able to fill lost employment income faster, on balance. Thirdly, despite the higher rate of inflation, we have observed strong employment numbers in our consumer segment and continued real wage growth both of which have helped to offset the negative impact of rising inflation.

From a macroeconomic perspective, we observed a more normalized Q1 period for the first time since before the COVID-19 pandemic. Within our and our Bank Partners target segment, we observed a more typical tax season in the US that saw consumers receiving refunds resulting in fewer originations and higher rates of repayment coupled with lower levels of redraws from existing customers as compared to prior years. Along with the tempered demand, we and our Bank Partners maintained a disciplined and cautious underwriting stance to ensure the credit risk in the portfolio continues to be at the appropriate level to drive profitable growth. Thus, although we could have enabled substantially more origination volume had we and our Bank Partners not tightened our credit policies, we still achieved a record Combined Loans and Advances Balance[1] during the three-month period ended March 31, 2023, and expect the quality of the vintages originated during this period to remain high.

While the previously mentioned higher customer credit scores and incomes have resulted in higher quality vintages originated, this trend has also caused our Annualized Revenue Yield[1] to decrease. This is partly driven by higher credit score and higher income consumers qualifying for lower cost of credit products. The other dynamic which is related to the more conservative underwriting with our Bank Partners is that our Total Originations Funded[1] have been disproportionately weighted towards returning and existing customers versus new customers. Existing customers who have demonstrated the ability and propensity to make their loan repayments reliably over a sustained period of time are typically offered and/or are graduated to lower cost products as compared to new customers. As we and our Bank Partners continue to maintain a tighter underwriting posture, it is possible that the Annualized Revenue Yield[1] will decrease further as the portfolio constitution continues to shift to the appropriate risk level during 2023. Despite the decrease in revenue yield, the business is well positioned to continue originating and/or facilitating profitable loans with attractive unit economics to our target market. Furthermore, we anticipate that any decline in Annualized Revenue Yield[1] will be offset by a relative decline in provision for loan losses and other liabilities going forward. This is driven by the previously discussed higher quality vintages originated and higher proportion of returning and existing customers which typically are lower risk versus new customers.

US Regional Banking Failures

During March and April 2023, several US regional banks failed due to declining asset values and their inability to meet rapid customer withdrawals. This led to concerns of a systemic banking crisis amongst smaller, regional banks in the US which resulted in several regional deposit taking institutions experiencing instability from the sudden loss of customer deposits. We believe these events may continue to cause ongoing disruption to the financial sector in the US including tighter lending standards which may have a negative impact on the overall US economy.

Propel does not hold customer deposits and does not have any direct relationships with any of the financial institutions that failed during March and April 2023. As such, there has been no direct operational impact to Propel and our business has continued to operate without disruption. Furthermore, Propel maintains relationships with multiple financial institutions, processors and vendors to ensure that there is redundancy across the entire company's operations and no single point of failure. This includes several syndicates of lenders that support Propel's various credit facilities, all of whom have reported that they are currently in a strong financial position. Propel also understands that to date none of its Bank Partners, processors and deposit holdings institutions has been adversely impacted by the situation.

We also believe that the potential for further tightening across the financial sector may have a positive impact on the Company. As we have observed since the beginning of 2022, the existing tightening that has occurred across the credit supply chain has driven consumers with higher credit scores and incomes to products offered through the Propel platform.

Government of Canada's Federal Budget Announcement

On March 28, 2023, the Canadian federal government announced its proposed 2023 budget which included the intention to introduce legislation to lower the maximum allowable rate of interest to 35% APR. This measure was further included in Bill C-47, an Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023. While we are aware of the high level intentions of the government, there are many specifics, including the intended implementation date and what will be included and excluded from

this measure, that have yet to be announced. The Company is actively engaged in industry consultations and continuing to closely monitor the situation. We believe very strongly that this decision will have a significant adverse impact on the very consumers that the government is trying to protect. Millions of underserved Canadians will lose fair access to credit and will instead be forced towards more expensive forms of credit including payday loans, overdraft protection and even illegal lending products or will be unable to borrow necessary funds altogether.

Given Fora's modest relative contribution to the overall business and the unknown implementation timeline, we believe this decision will not have an impact to the Company's achievement of 2023 Operating and Financial Targets that were disclosed March 22, 2023. While Propel continues to evaluate the impact of this decision beyond 2023, we do not anticipate that this decision will materially impact the Company's approach towards continuing to roll out Fora and building a significant operation in Canada long term. Furthermore, we believe the proposed lower APR will likely force those companies that are smaller and with a high cost of capital out of business resulting in consumers turning to well capitalized lenders with operating leverage such as Propel for credit.

Note:
1. See "Non-IFRS Financial Measures and Industry Metrics".

Financial and operational highlights for Q1 2023

Comparable metrics relative to Q1 2022

- ***Loans and Advances Receivable*:** increased by 57% in Q1 2023 to $195.8 million, a record ending balance
- ***Ending Combined Loan and Advance Balances[1]:*** increased by 57% in Q1 2023 to $248.1 million, a record ending balance
- ***Total Originations Funded[1]:*** decreased by 12% to $79.0 million in Q1 2023
- ***Revenue*:** increased by 30% to $65.6 million in Q1 2023, representing record quarterly performance
- ***Adjusted EBITDA[1]*:** increased by 75% to 17.0 million in Q1 2023, representing record quarterly performance
- ***Net Income*:** increased by 91% to $7.4 million in Q1 2023, representing record quarterly performance
- ***Adjusted Net Income[1]:*** increased by 48% to 8.3 million in Q1 2023, representing record quarterly performance
- ***Cost of Debt Capital:*** average effective interest rate increased to 12.9% in Q1 2023 from 8.9% in the comparative period in 2022
- ***Dividend:*** paid a Q1 2023 dividend of C$0.095 per common share on March 7, 2023, representing a 5.8% dividend yield against Propel's closing share price on May 9, 2023.

Note:
1. See "Non-IFRS Financial Measures and Industry Metrics".

Key Components of Results of Operations

The measures below are used by management in assessing our business. We refer to certain measures used by management, some of which are not recognized under IFRS. See "Non-IFRS Financial Measures and Industry Metrics" in this MD&A.

Loans and advances receivable

Loans and advances receivable include the following: (i) all MoneyKey direct lending products including Installment Loans and Lines of Credit; (ii) participation interest held in Line of Credit products originated by our Bank Partners pursuant to the CreditFresh Bank Program; (iii) Fora direct lending Line of Credit product; (iv) Installment Loans that have become delinquent and have been purchased pursuant to the guarantee obligation under the MoneyKey credit service organization ("**CSO**") program; (v) Line of Credit advances that have defaulted and are purchased from a non-bank financial institution ("**NBFI**") pursuant to the MoneyKey Bank Program; (vi) fees and interest that have been earned in accordance with our revenue recognition policy (See December 31, 2022 consolidated financial statements accounting policy "Significant Accounting Policies" in Note 3); (vii) acquisition transaction costs; and (viii) allowances for credit losses that are computed by applying the Expected Credit Loss ("**ECL**") methodology (see "Critical Accounting Policies and Estimates — Loans and advances receivable" in this MD&A).

Revenue

For the MoneyKey and Fora direct lending and CreditFresh Bank Program products, our revenues consist of interest and/or fees that are earned from Installment Loans and Lines of Credit originated by Propel and/or facilitated through Propel's lending platform. We also earn CSO fee revenue in conjunction with the MoneyKey CSO program in Texas. Under the MoneyKey Bank Service Program, we earn revenues consisting of service fees for marketing, analytics, and loan servicing provided to a NBFI who in turn has a partnership with a Utah based FDIC-insured state-chartered bank. All revenues are recognized as they are earned, to the extent that it is probable that the economic benefits will flow to the Company.

Provision for loan losses and other liabilities

Our provision for loan losses and other liabilities is composed of the following:

Gross Charge-Offs**:** Loans and advances receivable are charged-off when they are in default status (Stage 3) for greater than 60 days, which is generally 90 to 120 days in arrears. The charged-off balance is recognized as a component of provision for loan losses and other liabilities under the consolidated statement of operations and comprehensive income. During the year ended December 31, 2022, the Company recalibrated its charge-off timing to better align loan collection and recovery practices, based on a reassessment of collections behavior of the portfolio, as well as become more in line with industry practice for other open line of credit product companies. (See "Critical Accounting Policies and Estimates — Loans and advances receivable" in this MD&A).

Recoveries on charged-off loans and advances*:* All amounts collected on charged-off account balances are recorded as recoveries. Also included within recoveries are proceeds from the sale of charged-off debt.

Provision for movements in our allowance for credit losses: The allowance for credit losses is calculated by applying an ECL methodology in accordance with IFRS 9 (see "Critical Accounting Policies and Estimates — Loans and advances receivable" in this MD&A) against our receivables. Factors used in the calculation of the allowance include the probability of default, loss given default, and exposure at default. These factors are based on historical performance, quantitative and qualitative adjustments for other relevant risk factors, as well as forward-looking indicators, which include the impact of macroeconomic forces.

Provisions for CSO Guarantee Liability and Bank Service Program Liability: For our MoneyKey CSO product, and as part of being a CSO, we are required to guarantee the loans made and owned by the two unaffiliated third-party lenders with whom we partner. The provision for financial guarantee represents the movement in the CSO guarantee liability that is estimated by management. Such estimate is made by applying expected credit loss estimates on the loans owned by the third-party lender.

Under the MoneyKey Bank Service Program the NBFI that holds participation in the Line of Credit advances, originated by their Bank Partner, has the right to sell accounts that default to MoneyKey. The Bank Service Program Liability represents management's estimate of expected losses on accounts that we project to purchase. The movement in this liability is included as a component of provision for loan losses and other liabilities.

Other Lending Program Costs: Other costs such as consumer discounts, refunds, and others relating to the credit products are included under other lending program costs.

Acquisition and data expense

Acquisition expenses include costs incurred to attract consumers through our established marketing channels. Such channels include, but are not limited to: lead affiliate partners, online marketplace partners, search engine optimization and direct mail initiatives.

Data expenses include costs incurred for data and tools that are required as key inputs in the Company's proprietary underwriting machine learning algorithms and process. Our AI and machine learning models incorporate and use third party data, in addition to our own proprietary data, as an input for determining the creditworthiness of a potential customer and what they may qualify for. These costs include amounts paid to credit bureaus and alternative data providers.

Together, acquisition and data expenses form the basis of our Cost Per Funded Origination[1] metric, which helps management assess the efficiency of our marketing and underwriting strategies. We capitalize acquisition transaction costs that are incremental and directly attributable to the origination of a Loan or Line of Credit advance to loans and advances receivable as per the guidance in IFRS 9, and for customer acquisition data costs we capitalize these expenditures to Intangible assets as per the guidance in IAS 38. We recognize the acquisition transaction costs over the estimated term of the related credit products and recognize the customer acquisition data costs over the estimated useful life of the data. We expense both of these costs to acquisition and data expense on the consolidated statement of operations and comprehensive income. See December 31, 2022 consolidated financial statements accounting policy "Significant Accounting Policies" in Note 3.

Salaries, wages and benefits

Salaries, wages and benefits include payroll and other personnel-related expenses. This includes salaries, wages, bonuses, stock-based compensation expense, and benefits; all of which are recognized in the period that they are incurred.

A portion of salaries, wages and benefits relating to the development of our technology and proprietary lending platform is capitalized as intangible assets in accordance with IAS 38 and recognized over the estimated life of those assets. See "Critical Accounting Policies and Estimates – Capitalization of intangible assets" in this MD&A

General and administrative expense

General and administrative expenses include occupancy (not including rent) and office expenses, legal, accounting and professional fees, telecommunications expenses, travel, and general office expenses. All expenses are recognized in the period incurred. Furthermore, these include costs associated with being a reporting issuer and as such have increased in relation to prior comparable periods where the Company was a private business.

Processing and technology

Processing expenses include all costs associated with payment processing for credit products originated through our technology platform. This includes automated clearing house processing fees, electronic funds transfer fees, card and other payment form processing fees, general banking expenses, and fees paid to our Bank Partners.

Technology expenses include web hosting expenses, as well as any expenses relating to software and computer hardware that are expensed as incurred.

Interest and fees on credit facilities, term loans, and lease liabilities

See "Liquidity and Capital Resources" in this MD&A for a full breakdown and discussion around our credit facilities and term loans.

Amortization of internally developed software, right-of-use assets, and depreciation of property and equipment

Amortization of right-of-use assets relates to our lease obligations in accordance with IFRS 16. In accordance with IAS 38, we capitalize allowable software development costs and amortize those costs using a straight-line method over the estimated useful life of the related intangible assets. Costs associated with software development research and post-deployment are expensed as incurred.

This expense does not include customer acquisition data costs that are capitalized to intangible assets in accordance with IAS 38 (see "Acquisition and data expense" above). We amortize these costs over their estimated useful life to acquisition and data expense on the consolidated statement of operations and comprehensive income.

Note:
1. See "Non-IFRS Financial Measures and Industry Metrics".

Non-IFRS Financial Measures and Industry Metrics

Non-IFRS Financial Measures

Ending Combined Loan and Advance Balances

Ending Combined Loan and Advance Balances measures the ending balances of all credit products originated by Propel and/or facilitated through the Propel platform as at the end of a relevant period. Such balances include (i) MoneyKey's direct lending products; (ii) participation interest held in Line of Credit receivables originated by CreditFresh Bank Program partners; (iii) Fora direct lending Line of Credit product; (iv) Installment Loans originated and owned by third-party lenders pursuant to the MoneyKey CSO product; and (v) participation interest held in receivables purchased by an unaffiliated NBFI pursuant to the MoneyKey Bank Service Program. As some credit products facilitated over the Propel platform are neither originated nor owned by our brands and thus not recognized as loans and advances receivable under IFRS, we believe that this measure provides investors with important information to evaluate the magnitude of potential revenue performance.

Average Combined Loan and Advance Balances

Average Combined Loan and Advance Balances measures the average outstanding balances of all credit products originated by Propel and/or facilitated through the Propel platform over the relevant period. Such average balances include (i) MoneyKey's direct lending products; (ii) participation interest held in Line of Credit receivables originated by CreditFresh Bank Program partners; (iii) Fora direct lending Line of Credit product; (iv) Installment Loans originated and owned by third-party lenders pursuant to the MoneyKey CSO product; and (v) participation interest held in receivables purchased by an unaffiliated NBFI pursuant to the MoneyKey Bank Service Program. As some credit products facilitated over the Propel platform are neither originated nor owned by our brands and thus not recognized as loans and advances receivable under IFRS, we believe that this measure provides investors with important information to evaluate the magnitude of potential revenue performance. Starting in Q1 2023, Propel modified the methodology of calculating Average Combined Loan and Advance Balances[1] by using the average of the beginning and ending balances for a given period. This metric was previously calculated by using each of the ending monthly balances for the period. Updating the calculation will make the metric comparable to how investors are able to calculate and derive it based on the information provided in the MD&A.

EBITDA

EBITDA is a supplemental measure used by management and other users of our financial statements including shareholders and lenders, to assess the financial performance of our business without regard to financing methods or capital structure. For the applicable period, EBITDA equals net income/loss *plus* (i) interest and financing costs, plus (ii) amortization on intangible assets, right-of-use assets, and depreciation of property and equipment, plus (iii) income taxes, in each case to the extent deducted from net income in such period determined on a consolidated basis in accordance with IFRS.

EBITDA Margin

EBITDA Margin equals EBITDA divided by Revenue for the given period.

Adjusted EBITDA

Adjusted EBITDA is a supplemental measure used by management and other users of our financial statements that removes the effect of the non-cash forward-looking credit loss provisions that are recorded on accounts that are otherwise in good standing with no past-due amounts owed. Under IFRS 9 we are required to apply an ECL model where twelve months of estimated losses are booked on loans and advances as soon as they are originated while their associated income is recognized over their lifetimes as well as on accounts that are in good standing (current or Stage 1 accounts — see “Critical Accounting Policies and Estimates — Loans and advances receivable” in this MD&A). These provisions are included in our provision for loan losses and other liabilities and management believes that adjusting for them provides investors a more accurate picture of the portfolio’s credit performance and the Company’s overall financial results for a given period.

Furthermore, we deduct, as applicable, certain expenses, costs, charges or benefits incurred in a given period which in management’s view are not indicative of continuing operations, including financing transaction costs as an example.

Adjusted EBITDA equals EBITDA plus (i) non-recurring costs (i.e. financing transaction costs); plus (ii) provision for loan losses on good standing current principal (Stage 1 — Performing) balances (see “Critical Accounting Policies and Estimates — Loans and advances receivable” in this MD&A); plus (iii) Provision for CSO Guarantee liabilities and Bank Service Program liabilities.

Adjusted EBITDA Margin

Adjusted EBITDA Margin equals Adjusted EBITDA divided by Revenue for the given period.

Adjusted Net Income

Adjusted Net Income is a supplemental measure used by management and other users of our financial statements that removes the effect of the non-cash forward-looking credit loss provisions that are recorded on accounts that are otherwise in good standing with no past-due amounts owed on an after-tax basis. Under IFRS 9 we are required to apply an ECL model where twelve months of estimated losses are booked on loans and advances as soon as they are originated while their associated income is recognized over their lifetimes as well as on accounts that are in good standing (current or Stage 1 accounts — see “Critical Accounting Policies and Estimates — Loans and advances receivable” in this MD&A). These provisions are included in our provision for loan losses and other liabilities and management believes that adjusting for them provides investors a more accurate picture of the portfolio’s credit performance and the Company’s overall financial results for a given period.

Furthermore, we deduct, as applicable, certain expenses, costs, charges or benefits incurred in a given period on an after-tax basis, which in management’s view are not indicative of continuing operations, including financing transaction costs as an example.

Adjusted Net Income equals Net Income plus the after-tax impact of (i) non-recurring costs (i.e. financing transaction costs); plus (ii) provision for loan losses on good standing current principal (Stage 1 — Performing) balances (see “Critical Accounting Policies and Estimates — Loans and advances receivable” in

this MD&A); plus (iii) Provision for CSO Guarantee liabilities and Bank Service Program liabilities.

Adjusted Net Income Margin

Adjusted Net Income Margin equals Adjusted Net Income divided by Revenue for the given period.

Adjusted Earnings Per Share

Adjusted Earnings Per Share is a supplemental measure used by management and other users of our financial statements that removes the effect of the non-cash forward-looking credit loss provisions that are recorded on accounts that are otherwise in good standing with no past-due amounts owed, and certain expenses or benefits incurred which in management's view are not indicative of continuing operations on an after-tax basis. Adjusted Earnings Per Share equals Adjusted Net Income divided by the weighted average number of shares outstanding for the given period.

Net Charge-Offs

Net Charge-Offs represent principal balances of credit products originated or facilitated on our platform that are charged off, net of any recoveries. Accounts are charged-off once they exceed 60 days in default status. Furthermore, an account enters default after a period of delinquency (having payments in arrears), the duration of which is dependent on several factors, but is generally between 30 and 60 days. We believe that the Net Charge-Offs methodology provides important information regarding credit quality and performance over a specified period.

Net Charge-Offs as a Percentage of Average Combined Loan and Advance Balances

Net Charge-Offs as a Percentage of Average Combined Loan and Advance Balances represents the amount of Net Charge-Offs we experience in relation to the average outstanding balances during the period.

This is a new non-IFRS financial measure as the Company previously used Net Charge-Offs as a Percentage of Revenue and Net Charge-Offs as a Percentage of Total Funded. The Company decided to remove Net Charge-Offs as a percentage of Revenue since the Company already presents provision for loan losses and other liabilities as a percentage of revenue which effectively provides the user with equivalent information.

Furthermore, management believes that using Net Charge-Offs as a percentage of Total Funded might not fully reflect the charge-off performance in the loan portfolio. The Net Charge-Offs experienced for a given period are usually not related to the originations in that same period due to the lagging nature of Net Charge-Offs. The Net Charge-Offs are largely related to and resulting from prior period originations. In addition, in periods where a conservative approach to underwriting is maintained by Propel and its Bank Partners and consequently origination volume is relatively low, the denominator for the calculation of Net Charge-Offs as a percentage of Total Funded is relatively lower than it otherwise would be which could distort the metric for the period. Therefore, evaluating Net Charge-Offs as a percentage of the Average Combined Loan and Advance Balances may be more representative of charge-off performance in the portfolio for a given period. Lastly, Net Charge-Offs as a percentage of Average Combined Loan and Advance Balances is a more commonly used metric by other financial services companies similar to Propel.

Industry Metrics

Annualized Revenue Yield

Annualized Revenue Yield is calculated by dividing the Revenue generated over a specific period by the Average Combined Loan and Advance Balances outstanding over the same period and multiplying such quotient by an amount necessary to annualize the yield. We believe that, in addition to providing a view on the portfolio's revenue generation, this metric also provides investors a meaningful representation of the Company's mix of products that make up the loan and advance portfolio.

Average New Customer Loan Amount

Average New Customer Loan Amount represents the average amount borrowed by customers for Installment Loans and the average first draw down on a customer Line of Credit advance over a specified period. Using this metric, investors will be able to view trends on both (i) how much consumers are borrowing; and (ii) how loan sizes originated through the Propel platform, that in many cases reflect the type of product offered and consumer credit quality, are changing over time.

Cost Per Funded Origination

Cost Per Funded Origination represents total acquisition and data expense incurred for each dollar funded through Installment Loans and Lines of Credit to new and repeat customers and to existing Line of Credit customers via redraws. This metric is the amount of direct costs incurred during a period divided by the total dollars funded during that same period. We believe that this metric provides investors a view of (i) how much we spend per dollar funded; and (ii) trends on how much it costs to grow the loan and advance portfolio.

Total Originations Funded

Total Originations Funded represents the dollar amounts of all credit products originated by Propel and/or facilitated through the Propel platform across all of Propel's products and programs, not all of which are originated or owned by Propel and thus not treated as loans and advances receivable under IFRS. The funded amount includes new and returning customers for Installment Loans and Lines of Credit as well as redraws on Lines of Credit. Total Originations Funded may be useful to an investor because it helps provide an understanding of total Propel platform volumes and the growth and trajectory of our revenues.

Selected Financial Information

Results of Operations for Consolidated statements of operations and comprehensive income

	Three Months Ended March 31,	
	2023	2022
Revenue	65,617,332	50,516,957
Provision for loan losses and other liabilities	31,136,673	23,551,631
Operating expenses		
Acquisition and data	6,896,837	8,647,081
Salaries, wages and benefits	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	(4,856,533)	(1,293,277)
Interest expense on lease liabilities	(85,467)	(102,420)
Amortization of internally developed software	(785,889)	(564,453)
Depreciation of property and equipment .	(47,778)	(22,807)
Amortization of right-of-use assets	(161,712)	(159,952)
Foreign exchange gain (loss)	(22,631)	36,990
Unrealized gain (loss) on derivative financial Instruments	(26,032)	221,893
Total other income (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**
Earnings per share:		
Basic	0.22	0.11
Diluted	0.20	0.11
Dividends:		
Dividends	2,402,353	2,563,057
Dividend per share.	0.070	0.075

Quarter over quarter results for Consolidated statements of operations and comprehensive income

	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	65,617,332	62,514,925	59,738,072	54,080,680	50,516,957	41,177,872	32,742,895	28,431,463
Provision for loan losses and other liabilities	31,136,673	32,887,310	32,553,505	31,160,299	23,551,631	21,846,098	15,420,843	10,860,002
Provision for loan losses and other liabilities as a % of revenue	*47%*	*53%*	*54%*	*58%*	*47%*	*53%*	*47%*	*38%*
Operating expenses								
Acquisition and data	6,896,837	5,329,721	6,186,628	7,066,697	8,647,081	9,012,671	6,201,683	4,644,465
Salaries, wages and benefits	7,164,215	7,371,727	6,870,706	6,011,422	6,455,839	6,746,338	5,240,934	4,868,834
General and administrative	2,325,676	2,789,060	2,045,216	1,755,553	2,254,758	1,747,037	1,184,597	878,446
Processing and technology	2,228,981	2,577,942	2,561,008	2,369,615	2,521,378	1,648,783	1,571,133	1,410,858
Total operating expenses	**18,615,709**	**18,068,450**	**17,663,558**	**17,203,287**	**19,879,056**	**19,154,829**	**14,198,347**	**11,802,603**
Operating income	**15,864,949**	**11,559,165**	**9,521,009**	**5,717,094**	**7,086,270**	**176,945**	**3,123,705**	**5,768,858**
Other income (expenses)								
Interest and fees on credit facilities	(4,856,533)	(4,047,068)	(2,714,756)	(1,729,758)	(1,293,277)	(1,193,162)	(1,212,845)	(979,666)
Interest on term loan	-	-	-	-	-	-	-	(443,136)
Interest expense on lease liabilities	(85,467)	(86,635)	(92,240)	(98,185)	(102,420)	(106,035)	(106,564)	(113,492)
Amortization of internally developed software	(785,889)	(792,304)	(607,419)	(632,603)	(564,453)	(610,520)	(493,375)	(530,532)
Depreciation of property and equipment	(47,778)	(46,558)	(44,844)	(44,006)	(22,807)	(24,513)	(25,186)	(30,329)
Amortization of right-of-use assets	(161,712)	(158,241)	(149,187)	(154,510)	(159,952)	(158,649)	(159,629)	(172,280)
Foreign exchange gain (loss)	(22,631)	(214,746)	39,669	79,994	36,990	(676,292)	197,830	46,063
Unrealized gain (loss) on derivative financial instruments	(26,032)	345,946	(299,984)	(329,721)	221,893	2,077	(148,960)	(133,712)
Total other income (expenses)	**(5,986,042)**	**(4,999,606)**	**(3,868,761)**	**(2,908,789)**	**(1,884,026)**	**(2,767,094)**	**(1,948,729)**	**(2,357,084)**
Income before transaction costs and income tax	**9,878,907**	**6,559,559**	**5,652,248**	**2,808,305**	**5,202,244**	**(2,590,149)**	**1,174,976**	**3,411,774**
Transaction and financing costs	-	-	-	-	-	1,285,034	323,216	41,605
Income tax expense (recovery)								
Current	1,885,374	1,301,734	2,781,087	1,542,644	1,378,271	590,691	638,246	1,602,571
Deferred	578,356	213,640	(1,322,470)	(747,443)	(52,554)	(2,252,817)	(412,530)	(709,476)
Net Income for the period	**7,415,178**	**5,044,185**	**4,193,631**	**2,013,104**	**3,876,527**	**(2,213,057)**	**626,044**	**2,477,074**
Weighted average shares: [1]								
Basic	34,325,320	34,325,187	34,325,120	34,325,120	34,325,120	34,325,120	26,904,134	24,859,028
Diluted	36,449,680	36,152,037	35,642,370	35,642,370	35,373,537	35,248,120	27,480,752	26,134,672
Earnings per share: [1]								
Basic	0.22	0.14	0.12	0.06	0.11	-0.06	0.02	0.10
Diluted	0.20	0.14	0.12	0.06	0.11	-0.06	0.02	0.09
Dividends: [1]								
Dividends	2,402,353	2,428,196	2,484,108	2,579,642	2,563,057	2,547,870	672,913	3,783,310
Dividends per share	0.070	0.071	0.072	0.075	0.075	0.074	0.024	0.152

[1] All quarterly share amounts prior to Q4 2021 reflect the 2:1 share split that occurred as part of the Pre-Closing Capital Changes. See “Share Capital” for further details.

Selected Consolidated Financial Information by Fiscal Year

(US$ other than percentages)	For the Three Months ended March 31, 2023	2022
Revenue	65,617,332	50,516,957
Net Income	7,415,178	3,876,527
Earnings per Share:		
Basic	0.22	0.11
Diluted	0.20	0.11
Adjusted Net Income	8,337,051	5,628,616
Adjusted Earnings per Share:		
Basic	0.24	0.16
Diluted	0.23	0.16

(US$ other than percentages)	As at March 31, 2023	As at March 31, 2022	As at Dec 31, 2022
Loans and advances receivable	195,788,288	124,789,615	195,628,431
Total Assets	262,422,140	169,059,100	256,680,546
Total Liabilities	175,313,638	92,184,927	175,039,871
Total Non-Current Liabilities	150,670,438	65,588,031	151,915,793

(US$ other than percentages)	Three Months Ended March 31,	
	2023	2022
Non-IFRS financial measures		
Ending Combined Loan and Advance Balances[1]	248,051,240	158,151,577
Average Combined Loan and Advance Balances[1][2]	247,769,792	146,497,373
Net Charge-Offs[1]	32,207,027	18,963,002
Net Charge-Offs as % of Average CLAB[1]	13%	13%
EBITDA[1]	15,816,286	7,345,153
EBITDA Margin[1]	24%	15%
Adjusted EBITDA[1]	17,045,451	9,728,948
Adjusted EBITDA Margin[1]	26%	19%
Adjusted Net Income[1]	8,337,051	5,628,616
Adjusted Net Income Margin[1]	13%	11%
Adjusted Earnings per Share[1]		
Basic	0.24	0.16
Diluted	0.23	0.16
Industry Metrics		
Total Originations Funded[1]	79,046,841	89,771,105
Average New Customer Loan Amount[1]	1,873	1,268
Annualized Revenue Yield[1][2]	106%	138%
Cost Per Funded Origination[1]	0.087	0.096

Note:

(1) See “Non-IFRS Financial Measures and Industry Metrics”.
(2) Comparative figures have been restated to conform with the updated calculation methodology of Average Combined Loan and Advance Balances. Refer to Non-IFRS Financial Measures section for further information of this modification.

Analysis of Results for the three months ended March 31, 2023, compared to March 31, 2022

The following section provides an overview of our financial performance during the three-month period ended March 31, 2023 compared to the three-period ended March 31, 2022.

(US$ other than percentages)	**As at March 31,**		**%Change**	**As at Dec 31,**	**%Change**
	2023	**2022**		**2022**	
Loans and advances receivable	195,788,288	124,789,615	57%	195,628,431	0%
Ending Combined Loan and Advance Balances[1]	248,051,240	158,151,577	57%	247,488,344	0%

	Three months ended March 31,		**%Change**	**Three months ended Dec 31,**	**%Change**
	2023	**2022**		**2022**	
Average Combined Loan and Advance Balances[1][2].	247,769,792	146,497,373	69%	227,934,252	9%
Total Originations Funded[1]	79,046,841	89,771,105	(12)%	101,497,246	(22)%

	Three Months ended							
	2023	**2022**				**2021**		
	Mar 31	**Dec 31**	**Sept 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sept 30**	**Jun 30**
Total Originations Funded [1]	79,046,841	101,497,246	97,653,620	97,465,460	89,771,105	90,525,914	55,786,711	45,370,533
Quarter over Quarter % change	(22)%	3.9%	0.2%	8.6%	(0.8%)	62.3%	23.0%	29.2%

Note:
(1) See "Non-IFRS Financial Measures and Industry Metrics"

(2) Comparative figures have been restated to conform with the updated calculation methodology of Average Combined Loan and Advance Balances. Refer to Non-IFRS Financial Measures section for further information of this modification.

Loans and advances receivable

Loans and advances receivable increased by 57% to $195.8 million as at March 31, 2023, compared to $124.8 million as at March 31, 2022. The growth in these balances was driven predominantly by: 1) the general growth of the Bank Programs under our CreditFresh brand; 2) the expansion of variable pricing and graduation capabilities; 3) the expansion of originations through growth with key marketing partners and channels; and 4) at a macro level, strong consumer demand for credit driven by several macroeconomic factors (see "Macroeconomic Environment and Outlook" above) including the continuing industry wide transition from brick-and-mortar to online lending, and tightening across the credit supply chain which has increased application volume and quality across our platform.

The general growth of the Bank Programs contributed to the increase in balances realized in the three month period ended March 31, 2023. This growth was fueled by the continued expansion across the additional states and bank partnerships established between 2019 and 2021. Furthermore, as outlined in prior quarters, in collaboration with our Bank Partners, variable pricing and graduation capabilities were rolled out across Propel's platform in late Q3 2021 and contributed to record growth in the subsequent quarters through March

31, 2023. Graduation capabilities facilitate the movement of consumers up the credit spectrum by providing existing customers with strong payment histories with lower cost credit and/or higher credit limits. Variable pricing enables lower cost products to be offered to qualifying new consumers with stronger credit risk profiles. Both of these capabilities allow us and our Bank Partners to fulfill critical components of our mission, namely "credit inclusion and evolution", by ensuring consumers are receiving the right credit products tailored to their risk profile and expanding the overall addressable market of consumers able to be served by Propel's platform (enabling wider coverage across the credit risk spectrum). Expanding on these capabilities for the three months ended March 31, 2023 further contributed to the growth relative to the comparable period in 2022.

Ultimately, the growth in loans and advances receivable is driven primarily by Total Originations Funded[1] which decreased by 12% to $79.0 million for the three months ended March 31, 2023, compared to $89.8 million for the same period in 2022. The decline in year-over-year Total Originations Funded[1] was driven in part by a more normalized tax season for the target consumer segment. During the quarter, we observed that tax refund receipts for our and our Bank Partners' customers were higher on a relative basis to the past several years. This resulted in fewer new customer originations and higher rates of loan repayment coupled with lower levels of originations to existing or returning customers. These portfolio dynamics experienced in Q1 2023 are consistent with normalized seasonal patterns for the business (see "Summary of Factors Affecting Our Performance - Seasonality" above). However, as discussed in prior periods, as a result of COVID-19 related factors, many of the seasonal patterns historically observed for the business were disrupted in the 2020 through 2022 fiscal years. Furthermore, in light of continued macroeconomic uncertainty and overall prudence, conservative underwriting and credit policies on new customer originations were applied during the quarter in a similar fashion to prior quarters in 2022 that resulted in fewer new customer originations and consequently Total Originations Funded[1] than would have otherwise been greater for the quarter. Please see "Macroeconomic Environment and Outlook" above for additional detail of the factors influencing the Loans and Advances receivable. Notwithstanding the decrease in Total Originations Funded[1] for the quarter, it remained at a high enough level to drive a modest quarter over quarter increase in the loans and advances receivable balance which grew to a record level as at the end of March 31, 2023.

Along with the tempered demand observed in Q1, Propel and our Bank Partners have maintained a disciplined and cautious underwriting stance amidst the uncertainty to ensure the credit risk in the portfolio continues to be at an appropriate level to continue to drive profitable growth. Thus, although we could have enabled substantially more volume had we and our Bank Partners not tightened our credit policies, we still achieved a record loans and advances receivable balance and expect the quality of the vintages originated during the period to be high. Please see "Macroeconomic Environment and Outlook" above for additional detail of the factors influencing the Loans and Advances receivable.

See sections below for commentary on the financial results generated from the growth in loans and advances receivable.

Ending and Average Combined Loan and Advance Balances[1]

Ending Combined Loan and Advance Balances[1] increased by 57% to $248.1 million as at March 31, 2023, compared to $158.2 million as at March 31, 2022. Our Average Combined Loan and Advances Balances[1] increased by 69% to $247.8 million for the three months ended March 31, 2023, compared to $146.5 million over the same period in 2022. The growth in our Ending Combined Loan and Advance Balances[1] is a result of the same factors that drove loans and advances receivable growth (see above).

In addition, the MoneyKey Bank Service program, which was launched towards the end of 2020, continues to expand and now facilitates credit products across 14 states. Furthermore, similar to CreditFresh, graduation capabilities were rolled out for this program as well. Growth in the MoneyKey Bank Service program further contributed to the growth in Ending Combined Loan and Advance Balances[1] and Average Combined Loan and Advance Balances[1]. As this program is an off-balance sheet arrangement, the associated balances are not included in our loans and advances receivable, however, are included in our Ending Combined Loan and Advance Balances[1] and Average Combined Loan and Advance Balances[1]. See

"Reconciliation of IFRS measures" in this MD&A for a comparison of these measures and "Off-Balance Sheet Arrangements" for detail around this program.

Revenue

Revenue increased by 30% to a record $65.6 million for the three months ended March 31, 2023, compared to $50.5 million in the corresponding quarter of the previous year. This growth was primarily a result of the 69% growth in Average Combined Loan and Advance Balances[1] for the three months ended March 31, 2023. Our revenue growth and growth in Average Combined Loan and Advance Balances[1] and Ending Combined Loan and Advance Balances[1], as outlined above (see "Loans and advances receivable"), is primarily a result of the growth in the Bank Programs under our CreditFresh brand and the MoneyKey Bank Service program, the continued economic strength and ongoing consumer demand, tightening across the credit supply chain driving consumers to Propel and its Bank Partners, the continued shift from brick and mortar to online lending, and the expansion of originations through newly established marketing partners, strategies, and channels. Growth was further driven by the expansion of variable pricing and graduation programs. Please see "Loans and advances receivable" above for additional details on the business factors that drove revenue and see "Macro Economic Environment and Outlook" for the macroeconomic factors that impacted revenue. These factors are also expected to drive continued growth in future revenue over the upcoming periods.

The growth in the Bank Programs under our CreditFresh brand is reflected in the charts below. CreditFresh revenue grew by 59% to $50.3 million for the three months ended March 31, 2023, compared to $31.7 million in the corresponding quarter of the previous year. This represents record quarterly revenue for the program. As a result of this growth, products originated by Bank Partners through the CreditFresh brand grew to represent 77% of Propel's revenues in the three months ended March 31, 2023 compared to 63% in the corresponding quarter of the previous year. CreditFresh Bank Program products are currently offered in 24 states by our Bank Partners.

The MoneyKey Bank Service Program was launched in September 2020 and is currently offered in 14 states as at March 31, 2023 through the originating bank. As reflected in the charts below, this program's revenue grew by 5% to $8.3 million for the three months ended March 31, 2023, compared to $8.0 million in the corresponding quarter of the previous year. Products originated under this program represented 13% of Propel's revenues in the three months ended March 31, 2023 compared to 16% in the corresponding quarter of the previous year. The growth in this program accounts for approximately 3% of the Company's $15.1 million year over year growth in revenue in the three months ended March 31, 2023 period. As compared to the Bank Programs under our CreditFresh brand, the customers served by the MoneyKey Bank Service Program typically have a higher risk profile. Given the continued tightening of our underwriting standards with our Bank Partners as previously discussed, this tightening has disproportionately impacted the MoneyKey Bank Service Program. As a result, growth under the MoneyKey Bank Program was lower for the three month period ended March 31, 2023 than it would have otherwise been had the tightening not occurred. Furthermore, the disproportionate tightening of the MoneyKey Bank Service Program also resulted in a lower Annualized Revenue Yield[1] on the overall portfolio since this program typically offers products with higher cost of credit than the products offered under the CreditFresh brand.

The growth in the Bank Programs under our CreditFresh brand and our MoneyKey Bank Service Program reflect the Company's strategy of realizing state expansion and providing credit access to a wider and increasing customer market through direct and indirect Bank Programs. These Bank Programs provide products to consumers that have lower credit risk profiles as compared to MoneyKey's legacy direct lending and CSO programs. As such, the Bank Programs have enabled the Company and our Bank Partners to broaden our presence and coverage across the non-prime credit risk spectrum.

Revenue generated from our legacy MoneyKey direct lending and CSO products decreased by 37% to $6.8 million for the three months ended March 31, 2023 compared to the same quarter in the previous year. These revenues represent 10% of Propel's total revenues decreasing from 22% in the same quarter in 2022.

As noted above in the "Loans and advances receivable" section, Propel and our Bank Partners have maintained a tightened and conservative underwriting stance in Q1 2023 in light of continued macroeconomic uncertainty. Management's approach was focused on prioritizing such tightening on the highest credit risk portions of the overall portfolio. Therefore, although more conservative credit policies were applied across all programs, this impacted the legacy MoneyKey direct lending and CSO products even more considerably as those are offered to consumers with higher credit risk profiles on balance as compared to CreditFresh and the MoneyKey Bank Service program. As a result of increased relative tightening on this more mature legacy program and its impact on the associated balances and origination volumes, we experienced the 37% reduction in revenue outlined above for the three months ended March 31, 2023.

As discussed above, the Company launched its Fora direct lending product in Canada on November 21, 2022. Given the short duration since launch, Fora contributed a modest $0.1 million amount to Propel's overall revenue for the three month period ended March 31, 2023. We expect the program to have an increasingly accretive impact to revenue in 2023 and beyond.

	Three Months Ended March 31,					
	2023		2022		Period to period change	
(US$ other than percentages)	Amount	Percentage of Revenues	Amount	Percentage of Revenues	Amount	Percentage
MoneyKey direct lending and CSO	6,800,169	10%	10,824,216	21%	(4,024,048)	(37)%
CreditFresh Bank program	50,345,934	77%	31,736,407	63%	18,609,527	59%
MoneyKey Bank Service program . .	8,349,978	13%	7,956,334	16%	393,644	5%
Fora direct lending	121,252	0%	-	-	121,252	100%
Total Combined Revenue	65,617,332		50,516,957		15,100,375	30%

Our Annualized Revenue Yield[1] for the three-month period ended March 31, 2023 decreased to 106% from 138% for the same period in 2022. The decline in revenue yield was driven predominantly by: 1) the continued rollout of variable pricing and graduation functionality with our Bank Partners; 2) the tightening of the highest risk portion within our portfolio; and 3) the shift in the proportion of originations to return and existing customers vs. new customers.

As outlined above, the Company rolled out variable pricing and graduation functionality on its platform for its Bank Partners in late Q3 2021. This is consistent with our strategy of providing access to credit to a larger segment of underserved consumers and facilitating a lower cost of credit to new customers, who would otherwise go elsewhere for their credit needs, as well as existing customers who demonstrate positive payment behavior over a period of time. This enables us to further increase origination volumes across our platform by expanding up the credit spectrum by facilitating access to lower and appropriately priced products to customers with lower credit risk attributes. The fee graduation functionality on our platform enables our Bank Partners to progressively offer reduced rates to existing customers exhibiting positive re-payment performance. This enhances customer retention and helps with improving their credit profiles over time thereby increasing value for both the Company and customers. In addition to contributing to the lower Annualized Revenue Yield[1],we expect these initiatives may reduce Net Charge-Off[1] rates for the portfolio over time while driving significant growth in Total Originations Funded[1] and Ending Combined Loan and Advance Balances[1], as well as top and bottom line growth.

The continued tightening of underwriting standards has disproportionately impacted our legacy MoneyKey direct lending and CSO products as compared to CreditFresh and the Bank Programs. Products offered by our Bank Partners through the Bank Programs generally serve lower credit risk consumers and carry lower yields as compared to our legacy direct lending and CSO products offered under the MoneyKey brand. As such, products offered to consumers through the Bank Programs have lower costs of credit, higher average loan amounts, as well as lower default rates, therefore maintaining and potentially enhancing margins while expanding the potential customer base that can receive products by and through the Propel platform.

Furthermore, within the Bank Programs, the MoneyKey Bank Service Program has been disproportionately impacted as compared to the CreditFresh Bank Programs due to the continued tightening of underwriting standards applied more extensively to the higher credit risk, higher rate portions of the overall portfolio. The Bank Programs under the CreditFresh brand typically serve a lower risk profile and conversely, offer lower cost of credit products as compared to the MoneyKey Bank Service Program.

	Three Months Ended March 31,		%
(US$ other than percentages)	**2023**	**2022**	**Change**
Revenue	65,617,332	50,516,957	30%
Average Combined Loan and Advance Balances(1)(2)	247,769,792	146,497,373	69%
Annualized Revenue Yield(1)(2)	106%	138%	(23)%

Note: (1) See "Non-IFRS Financial Measures and Industry Metrics"

(2) Comparative figures have been restated to conform with the updated calculation methodology of Average Combined Loan and Advance Balances. Refer to Non-IFRS Financial Measures section for further information of this modification.

Coupled with lower costs of credit and lower default rates, products offered by our Bank Partners through the Bank Programs have higher maximum loan amounts appropriate for lower credit risk consumers that have relatively higher incomes. This is reflected by our consistently increasing Average New Customer Loan Amount[1]. This amount increased to $1,873 for the three months ended March 31, 2023 relative to $1,268 for the three month period in the prior year. Variable pricing has also contributed notably to the increases in Average New Customer Loan Amount[1] as new consumers with stronger credit risk profiles are able to not only qualify for lower cost of credit products, but also higher loan amounts. We expect this trend to continue as the addressable market of consumers able to be serviced by the Propel platform continues to have better credit risk, higher incomes, and ability to repay higher loan amounts. As the portfolio continues to shift towards those customers with higher incomes and stronger credit risk profiles, we expect loss rates to decline going forward. Despite the decline in the Annualized Revenue Yield[1] experienced during the three months ended March 31, 2023, we have also experienced a stable provision for loan losses and other liabilities as a percentage of revenue of 47%, which is equal to that experienced in the comparable period in 2022. Furthermore, we have also experienced a decreasing provision for loan losses and other liabilities as a percentage of revenue over the prior three quarters. These trends demonstrate that the existing loan portfolio is experiencing decreasing loss rates (see "Provision for loan losses and other liabilities" below for further detail) as the Annualized Revenue Yield[1] is decreasing which is ultimately consistent with our strategy.

The credit tightening by us and our Bank Partners in addition to tightening across the credit supply chain is a result of various macroeconomic factors (please see "Macroeconomic Environment and Outlook" above). Notwithstanding the decreasing Annualized Revenue Yield[1], given the stronger credit risk profiles, higher incomes and the historical resiliency of our and our Bank Partners' target consumers, we believe that we will be able to continue originating and/or facilitating profitable loans with attractive unit economics.

Provision for loan losses and other liabilities

Provision for loan losses and other liabilities increased by 32% to $31.1 million for the three-months ended March 31, 2023, compared to $23.6 million in the corresponding quarter of the previous year. The provision for loan losses and other liabilities as a percentage of revenue was equal to 47% for the three months ended March 31, 2023, which was the same for the corresponding period in 2022 as noted in the above section. The overall increase in provision for loan losses and other liabilities of 32% is consistent with the growth in revenue of 30% and the overall growth in the Company's Combined Loans and Advance Balances[1] of 57% (see sections above).

The provision for loan losses and other liabilities as a percentage of revenue has decreased quarter-over-quarter from a high point of 58% in Q2 2022 to 47% in Q1 2023 reflecting improving credit performance that began in the back half of Q2 2022 and continues through to the present. The improving credit performance in the portfolio is being achieved during a time of heightened macroeconomic uncertainty and stress on the consumer. As noted above, the provision as a percentage of revenue of 47% was the same as that experienced in Q1 2022. During the period of Q1 2022, central banks were just starting to increase interest rates and inflationary pressures were just starting to have a meaningful impact on consumers. Furthermore, the provision for loan losses and other liabilities as a percentage of revenue of 47% is in-line with target margins for profitability and indicative of strong unit economics in a normalized growth environment.

As outlined in prior MD&As, generally in periods of high growth, the business experiences a higher provision for loan losses and other liabilities as a percentage of revenue, while in periods of lower growth the inverse holds true. This is due to several factors. Firstly, new and recently originated customers tend to have higher default rates relative to existing customers in the portfolio that have been consistently making payments. Therefore, in periods of higher new and recent origination growth, the overall receivables portfolio could experience higher average missed payments and delinquency rates, and consequently a higher provision as a percentage of revenue. In periods of low growth, the portfolio is more mature leading to lower missed payment rates, defaults, and consequently provisions as a percent of revenue. Secondly, under IFRS we record loan loss provisions based on future expected credit losses for every loan origination without matching revenue that is earned over the life of a loan (for a further discussion of this accounting treatment see "Critical Accounting Policies and Estimates — Loans and advances receivable" in this MD&A). While the provision as a percentage of revenue was especially elevated in Q2 2022 as a result of increased delinquencies experienced earlier in the year, through deliberate and measured actions taken by management and our Bank Partners, including the further tightening of underwriting criteria, the provision for loan losses and other liabilities as a percentage of revenue was driven down and back in-line with target margins required during a normalized growth period.

As noted above, the elevated provision for loan losses and other liabilities as a percentage of revenue in Q2 2022 of 58% was driven by a higher level of delinquencies and worse credit quality vintages particularly in April and May 2022. As detailed in the Company's Q2 2022 MD&A, delinquency rates were higher in Q2 as customers began adjusting to the new post pandemic economic environment and elevated level of inflation. These increased delinquencies were driven more from the existing customers in the portfolio rather than new customers who were originated through tighter underwriting that was pre-emptively implemented earlier in the year in anticipation. First payment delinquency rates continued to perform well and drove lower overall portfolio loss rates and delinquencies. Through the second half of Q2 and throughout Q3 and Q4 2022, management continued to work with our partners to prudently refine credit policy and actively roll-out a number of effective operational and system enhancements to help facilitate consumers' ability to remain in good standing. As a result of continued refinements to underwriting and acquisition strategy, customer credit risk scores and net monthly income levels in the overall portfolio increased notably over the periods and we anticipate these will in turn drive stronger credit performance in the coming quarters. Operational and technological enhancements resulted in further process automation, increased methods of repayment, tools for customer service agents to increase contact and improve their work with customers in arrears, reduced risk on open but unutilized credit limits, and enhanced repayment flexibility to support consumers who may struggle to make upcoming payments. Finally, it is our belief, through observing consumer behaviour, that consumers are continuing to adjust to the new environment and are recalibrating their spending as well as their budgets accordingly. As a result of the factors above, we experienced a gradual reduction in first payment delinquency rates towards the latter part of Q2 2022 and payment default rates in general over the course of Q3 2022, Q4 2022, and Q1 2023 driving the quarter-over-quarter reduction of provision for loan losses and other liabilities as a percentage of revenue from 58% in Q2 2022 to 54% in Q3 2022 to 53% in Q4 2022 and to 47% in Q1 2023. We expect such reduced delinquency and payment default rates to continue moving forward considering the strong credit performance we and our Bank Partners are experiencing at present.

As noted previously, under IFRS we are required to build allowances for future expected credit losses across all accounts including new originations and accounts in good standing that have no evidence of

underperformance. The movement in the allowances has a material impact on the provision for loan losses and other liabilities expense. We employ an Expected Credit Loss ("ECL") methodology and model that incorporates extensive amounts of data, estimates, and other factors such as macroeconomic variables. The overall allowances for future expected credit losses as a percentage of loan and advance balances owned by the Company increased to 22% as at March 31, 2023 compared to 20% as at March 31, 2022. See "Critical Accounting Policies and Estimates — Loans and advances receivable" below for the table reflecting these percentages as well as a further discussion of the accounting treatment relating to allowances for future credit losses. The allowances take into account the higher credit quality constitution and maturity in the portfolio discussed above which are factors that drive allowances for loan losses downwards. However, the continued macroeconomic headwinds and factors (see "Macroeconomic Environment" above) that are also incorporated in the ECL model including the heightened macroeconomic risk and elevated level of delinquency rates evident in the post pandemic environment are driving increases to allowances.

Overall, in a period of robust growth, the portfolio is growing profitably with strong unit economics and the provision for loan losses and other liabilities remains within our targeted range for the past several quarters and as we head into Q2 2023. These dynamics are very positive for the business and the overall health and quality of the portfolio over the longer term. Propel and our Bank Partners continue to maintain a prudent stance towards underwriting as we move forward considering some of the ongoing uncertainty in the macroeconomic environment.

(US$ other than percentages)	**Three Months Ended March 31,**		**% Change**
	2023	**2022**	
Provision for loan losses and other liabilities.	31,136,673	23,551,631	32%
Provision for loan losses and other liabilities as a % of Revenue[(1)].	47%	47%	2%
Net Charge-Offs[(1)].	32,207,027	18,963,002	70%
Net Charge-Offs as a % of Average CLAB[(1)]	13%	13%	0%

Note:
1. See "Non-IFRS Financial Measures and Industry Metrics".

Net Charge-Offs

Net Charge-Offs[1] increased by 70% to $32.2 million for the three months ended March 31, 2023, compared to $19.0 million over the same quarter in 2022. Net Charge-Offs[1] represent the actual credit losses on the portfolio over a specified period of time and are a driving component of the provision for loan losses and other liabilities (see "Reconciliation of Non-IFRS Measures" in this MD&A). However, while provision for loan losses and other liabilities contains a forward-looking component accounting for expected credit losses in the future reflecting the more current level of risk in the portfolio, Net Charge-Offs[1] measure actual losses on the portfolio and, as such, in large part relate to and lag origination activity from prior periods. Both measures are useful to assess the credit performance of the portfolio.

Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1] remained the same at 13% for the three months ended March 31, 2023 compared to the same period in 2022. Similar to the provision for loan losses and other liabilities as a percentage of revenue discussed above, Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1] remained at the same level as the comparable period in 2022 despite it being a time of heightened macroeconomic uncertainty and stress on the consumer. As discussed above, Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1] is a new metric that replaces the previously used Net Charge-Offs as a percentage of Revenue and Net Charge-Offs as a percentage of Total Funded. The Company decided to remove Net Charge-Offs as a percentage of Revenue since the Company already presents provision for loan losses and other liabilities as a percentage of revenue which effectively provides the user with equivalent information. Furthermore, management believes that using Net Charge-Offs as a percentage of Total Funded might not fully and properly

reflect the charge-off performance in the loan portfolio. The Net Charge-Offs[1] experienced for a given period are usually not related to the originations in that same period due to the lagging nature of Net Charge-Offs[1]. The Net Charge-Offs[1] are largely related to and resulting from prior period originations. In addition, in periods where a conservative approach to underwriting is maintained by Propel and its Bank Partners and consequently origination volume is relatively low, the denominator for the calculation of Net Charge-Offs as a percentage of Total Funded is relatively lower than it otherwise would be which could distort the metric for the period. Therefore, evaluating Net Charge-Offs as a percentage of the Average Combined Loan and Advance Balances[1] may be more representative of charge-off performance in the portfolio for a given period. Lastly, Net Charge-Offs as a percentage of Average Combined Loan and Advance Balances[1] is a more commonly used metric by other financial services companies similar to Propel.

As noted above, Net Charge-Offs[1] are a driving component of the provision for loan losses and other liabilities (see the associated table in the "Reconciliation of Non-IFRS Measures" section below). While Net Charge-Offs[1] increased by 70% in Q1 2023, the provision for loan losses and other liabilities increased by only 32% in Q1 2023 (see section above). Therefore, the higher increase in Net Charge-Offs[1]was offset by other components within the provision for loan losses and other liabilities expense. See the "Reconciliation of Non-IFRS Financial Measures" for the table that provides a reconciliation of these two measures and the breakdown of the components that offset the increase in Net Charge-Offs[1] for the period. The largest component driving this offset is the decrease in the change in provision for loan losses evident in the reconciliation table referenced, which is in turn driven by the overall reduction in the allowances for loan losses which decreased to $48.0 million at March 31, 2023 from $49.8 million at December 31, 2022. See the table provided in the section "Critical Accounting Policies and Estimates – Loans and advances receivable" below that provides a breakdown of the allowances for loan losses by stage. The quarter-over-quarter reduction in the allowances for loan losses was driven primarily by both the decrease in the Stage 2 or under-performing portion of the loans and advances receivable balance as well as the decrease in the expected credit loss percentage applied to this Stage 2 balance. Credit performance in our Stage 2 balance over the course of Q1 2023 was particularly strong. The combination of the general prudent underwriting applied by the Company and our Bank Partners leading into Q1 2023, the notable operational efficiencies put in place last year, and the higher tax refunds received by those customers within the Stage 2 category drove higher repayment and collections rates as well as higher cure rates where more customers settled payments in arrears and moved back into Stage 1 as a result. Such strong performance led to both a reduction in the Stage 2 balance as well as a reduction in the expected credit loss percentage applied to derive the Stage 2 allowance for loan losses leading to a release in the allowance and consequently a reduction in the change in provision for loan losses experienced for the quarter. In addition to the above, the provision for CSO guarantee and bank service program liabilities was lower in Q1 2023 as compared to the Q1 2022, which further offset the increase in Net Charge-Offs[1]. This was primarily driven by lower overall balance growth in Q1 2023 of the Company's off-balance sheet programs. See the same table referenced above in the "Reconciliation of Non-IFRS Financial Measures" section that shows these measures for the respective comparable periods.

Overall, we expect Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1], when measured over a period of time and adjusted for seasonal and other demand fluctuations, to decrease over time with our enhanced underwriting and as the products facilitated through our platform evolve to serve lower credit risk consumers through variable pricing and graduation. Products offered by our Bank Partners through the Bank Programs generally serve lower risk consumers as compared to our legacy products offered under the MoneyKey brand. Products offered to consumers through the Bank Programs have (i) higher loan amounts; (ii) lower cost of credit to consumers; and (iii) experience lower default rates. The 13% experienced in Q1 2023 is lower than pre-pandemic levels and as such reflects the shift in the overall portfolio towards consumers with lower credit risk profiles. Furthermore, the Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1] experienced in Q1 2023 and last quarter reflect acceptable levels for the portfolio that result in strong unit economics and drive continued profitable growth. On a go-forward basis, we do expect our Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1] to remain stable and in-line with the levels experienced in 2022. Although the significant increase in origination volumes and growth anticipated beyond Q1 2023 (see our "2023 Operating and Financial

Targets" disclosed in our year ended December 31, 2022 MD&A dated March 22, 2023) as well as continuing macroeconomic stress factors may drive loss rates upwards, there are a number of factors that we expect will mitigate increases and may ultimately drive this percentage downwards. Such factors include the overall and continued shift of the portfolio towards consumers with lower credit risk profiles (and consequently lower loss rates), and some of the macroeconomic and internal operating dynamics noted above under "Provision for loan losses and other liabilities" including: a) consumers in our segment continuing to readjust to the new post pandemic economic environment including the elevated level of inflation; b) continued refinements to underwriting and acquisition strategy driving increases in credit scores and income levels of originations facilitated through our platform; and c) the operational and technological enhancements rolled out towards the latter part of Q2 2022. We have observed a notable decrease in default and delinquency rates across the portfolio towards the latter part of Q2 2022 and over the course of Q3 2022, Q4 2022 and Q1 2023, which we expect will ultimately reduce Net Charge-Offs[1] metrics over time. Additionally, and as discussed above, even in light of the ongoing fluctuations in the macroeconomic environment, data shows that our target consumers demonstrate more resilience than prime borrowers and perform better through periods of economic uncertainty. They are experienced at consistently living with and managing tighter budgets, are able to quickly adjust their finances as needed, and are able to fill lost employment income faster on balance.

Acquisition and data expense

Acquisition and data expense decreased by 20% to $6.9 million from $8.6 million for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. This decrease is primarily due to the lower Total Originations Funded[1] over the comparable period as well as a lower Cost Per Funded Origination[1] further discussed below.

The 12% decrease in Total Originations Funded[1] (as noted in the "Loans and advances receivable" section above) together with the decrease in our Cost Per Funded Origination[1] to $0.087 in Q1 2023 as compared to $0.096 Q1 2022, driven by the continued optimization of our acquisition and underwriting models, resulted in the decrease in acquisition and data expenses noted above. The decrease reflects improved efficiency for the business as we were able to originate and/or facilitate and fund more dollars to consumers at a reduced acquisition and data cost relative to the amounts originated. More specifically, this decrease in acquisition and data expense was driven by a couple of significant factors: a) improved acquisition strategies and enhancements to our proprietary acquisition models and algorithms; and b) tighter underwriting and acceptance criteria, together with our Bank Partners, deployed on new customer acquisition volume.

The business has a consistent focus on improving our acquisition capabilities, reach, and spend through innovative partnerships and strategies, expansion of marketing channels, and enhancements to our proprietary acquisition model and technology. This is further helped through leveraging products and data from our partnerships with key data providers. The above ultimately leads to increasing conversion rates from applicants that are approved for credit through our proprietary underwriting engine, and a corresponding reduction to the cost per funded acquisition for new customer originations. As such, we experienced a lower overall acquisition and data expense per new customer dollar funded in addition to the reduction in overall Cost Per Funded Origination[1] outlined in the paragraph above. The business has been able to decrease acquisition and data costs, one of the largest operating expenses for the Company, and the overall Cost Per Funded Origination[1] all while continuing to produce strong origination volume growth and record loan and advance balances.

We anticipate the cost efficiencies with our acquisition and data expense to continue moving forward in an environment where our and our Bank Partners' underwriting continues to be tightened. However, once we and our Bank Partners start normalizing our underwriting standards, we expect that volume on the new customer originations side to increase along with acquisition and data cost.

Salaries, wages and benefits

Salaries, wages, and benefits expense increased by 11% to $7.2 million for the three months ended March 31, 2023, compared to $6.5 million over the corresponding quarter in 2022. This increase was due to the overall growth in our business as reflected by the 30% increase in revenue for the three month period ended March 31, 2023, the 57% increase in Ending Combined Loan and Advance Balances[1], and strong wage growth in the broader economy. Moving forward, although people costs will continue to grow as the business scales, we expect such growth to continue to be outpaced by the growth in loan and advance balances and revenue generating considerable operating leverage for the business. A large part of these expenses, particularly the contact center headcount, is variable to overall loan volume and new customer originations.

Furthermore, the business continues to gain significant efficiencies in people costs across our contact centers as a result of enhancements to operational processes and automation through technology. "Customer experience" is a key pillar of our mission and to that end, we continuously strive to provide customers with a light touch experience (from origination, to service and ultimately through to repayment) by leveraging our technology to enable more self-service capabilities and more digital (non-voice) communication channels. Some examples include increased methods of repayment through our self-service portal, automated tools to increase contact and effective interaction with customers, and more automation on the originations and loan funding side. This helps reduce dependencies on live agents in the contact center, improves agent efficiency, and ultimately reduces costs to the business over time. We have made significant advances in these areas over the past several quarters and expect to continue to leverage and enhance our technology platform to drive additional efficiencies. This has contributed to a decrease in salaries, wages and benefits as a percentage of revenue in the three month period ending March 31, 2023 as compared to the same periods in 2022.

We further note that the Company has been building up its operating infrastructure, including additional corporate hires and increasing time allocation from existing corporate employees, to develop and establish the significant new business initiatives that have yet to be or have recently been launched. These include the soon to be launched Lending-as-a-Service (LaaS) partnership with Pathward, N.A. and the recent launch into the Canadian market. See the "Business Overview" section for additional detail. The Company incurred approximately $0.5 million in salaries, wages, and benefits during the three month period ending March 31, 2023 that were related to these two major initiatives. We expect significant economic benefit from these two programs as they launch and scale into the future. Removing the costs attributable to these new programs, the existing CreditFresh and MoneyKey business, and Propel as a whole, would be more profitable and we would have experienced and demonstrated further operating leverage and cost efficiencies relating to salaries, wages, and benefits as it relates to growth in revenue and balances in our established lines of business.

General and administrative expense

General and administrative expenses ("**G&A**") increased nominally by 3% to $2.3 million for the three months ended March 31, 2023, compared to $2.3 million over the corresponding quarter in 2022. This relatively slight increase came primarily as a result of the overall growth in our business and infrastructure. In order to support and enable the balance growth and significant volume detailed above as well as support the increases in personnel, we increased our G&A expenses in a couple of areas. As an example, we put in place additional infrastructure in the contact center that led to notable improvements in customer experience and significant efficiencies to our contact center operations. Further contributing to the increase, as detailed in the "salaries, wages and benefits" section above, we incurred additional G&A expenses relating to developing and establishing the significant new business initiatives that have yet to be or have recently launched.

Notwithstanding the small increase, our general and administrative expense decreased as a percentage of revenue to 3.5% in Q1 2023 as compared to 4.5% in Q1 2022. We expect substantial operating leverage to continue moving forward as the infrastructure we built over the years positions us well for considerable continued growth in revenue and balances across existing and new business programs moving forward.

Processing and technology

Processing and technology costs decreased by 12% to $2.2 million for the three months ended March 31, 2023, compared to $2.5 million for the same three-month period in 2022. The decrease in processing and technology expense was primarily due to the decline in our Total Originations Funded[1] discussed in the associated sections above as these are predominantly variable costs associated with originating and servicing loans facilitated through the Propel platform. The decrease in processing and technology costs also reflects the scalability and operating leverage inherent in our model. Processing and technology costs include fees paid to our Bank Partners (see 'Key Components of Results of Operations' above).

Interest and fees on credit facilities, term loans, and lease liabilities

Total interest expense (per the table below) increased by 254% to $4.9 million for the three months ended March 31, 2023, compared to $1.4 million for the same three-month period in 2022. The increase in total interest expense came as a result of our increased usage of our credit facilities and from the rising interest rate environment. Our average daily facility outstanding (per the table below) increased by 156% to $149.4 million for the three months ended March 31, 2023 as compared to $58.3 million for the three months ended March 31, 2022. This increase in the average daily facility outstanding was used to fund the 57% increase in loans and advances receivable. For the three months ended March 31, 2023, the interest rate on our credit facilities increased primarily as a result of the rising interest rate environment further detailed below. The average effective interest rate on the Company's credit facilities increased to 12.9% in the three months ended March 31, 2023 as compared to 8.9% in the three months ended March 31, 2022.

The increase in the average effective interest rate on the Company's credit facilities for the three months ended March 31, 2023 came as a result of continued tightening monetary policy reflected by interest rate hikes by the US Federal Reserve. Our credit facility rates have a variable component that has historically been tied to either LIBOR,3-month Term SOFR, and/or US Prime (see "Liquidity and Capital Resources – Credit Facilities" for further detail). Such variable component contains a rate floor of 1% for 3-month LIBOR, a rate floor of 1.75% for 3-month Term SOFR and 3.25% for US Prime. Considering the Fed rate increases have gradually driven 3-month LIBOR to 5.19%, 3-month Term SOFR to 4.91%, and US Prime to 8.00% by March 31, 2023, this has caused our credit facility borrowing rates to increase and it is possible that they may continue to climb in the coming quarters. With the strong commitment from the Federal Reserve to curb inflation, there could be further interest rate increases expected ahead which will, in turn, impact our borrowing costs. This also includes potential further interest rate increases by the Bank of Canada which would impact our recently established credit facility to fund Fora in Canada. The current levels of interest rates and expectations of further increases are built into our 2023 outlook and although not desirable, borrowing costs would need to rise significantly above forecasted levels before having a material impact to the profitability of our business. Furthermore, we are committed to prudently managing our cash and credit facility usage in order to offset some of the increasing cost pressure.

As at March 31, 2023, the debt-to-equity ratio for the Company was 1.72/1. With the sizable credit available under the debt facilities including the undrawn Fora credit facility and the new and upsized CreditFresh credit facility, the facilities structure from an advance rate perspective, and the relatively low debt to equity ratio carried by the Company, we believe we are in a strong position to continue to significantly grow our loans and advances receivable. See "Liquidity and Capital Resources" for further detail on the structure and credit availability under our credit facilities.

(US$ other than percentages)	Three Months Ended March 31, 2023 Amount	2022 Amount	Period over period change Amount	Percentage
Effective interest on credit facilities. .	4,807,668	1,293,277	3,514,391	272%
Average daily facility outstanding. . .	149,391,667	58,324,444	91,067,222	156%
Average effective interest rate on credit facilities	12.9%	8.9%		
Other credit facility costs(1).	48,865	-	48,865	100%
Other Interest (lease)	85,467	102,420	(16,953)	(17)%
Total Interest Expense.	4,942,000	1,395,697	3,546,303	254%

(1) This includes the amortization of transaction costs capitalized as part of the new CreditFresh revolving credit facility that closed on February 23, 2023. See "Liquidity and Capital Resources" below.

Net income

Net income increased by 91% to $7.4 million for the three months ended March 31, 2023 from $3.9 million for the same period in 2022. The increase in net income relative to 2022 came primarily as a result of overall growth in revenues and balances, and effective management of the business including prudent operating cost, risk and financial management.

As outlined in the sections above, Propel experienced significant growth in the three months ended March 31, 2023 where Ending Combined Loan and Advance Balances[1] increased by 57% year over year. As a result, revenue grew by 30% for the three months ended March 31, 2023. Such growth was driven by the expansion of existing operations including the (i) scaling of the three Bank Programs across the 27 states where the CreditFresh and MoneyKey brands are active, (ii) increasing marketing reach through marketing partner relationships and strategies established over the recent years, (iii) continued expansion across and up the consumer credit risk spectrum through the roll-out of lower fee products across the platform enabling us and our partners to provide credit to consumers who were not targeted previously, and (iv) graduation and variable pricing capabilities launched in late Q3 2021. Finally, the above growth was also driven by continued strong demand for credit given the macroeconomic environment, the continued shift from brick and mortar to online lending, and tightening across the credit supply chain which has increased application volume and quality across our platform. See "Loans and advances receivable" for further detail and drivers.

In order to realize and deliver the initiatives and significant growth outlined above, we are required to invest in and absorb larger costs in the short-term while realizing a large portion of the revenues and economic benefits in the future. As such, in accordance with IFRS, we are required to take larger immediate expenses relating primarily to (i) the provision for loan losses and other liabilities; (ii) acquisition and data; and (iii) other operating expenses including salaries, wages, and benefits and G&A as we build up our infrastructure to support the increasing volumes and loan and advance balances. Furthermore, as outlined in the above sections, we also incurred additional people related and G&A expenses to build out infrastructure to enable the two new business development initiatives that have yet to be or have recently launched: (i) the LaaS program with Pathward N.A., and (ii) the Canadian market business Fora. Notwithstanding the increased cost, the business experienced increased net income for the three month period considering the substantial top-line revenue growth and operating leverage. The provision for loan losses and other liabilities as a percentage of revenue was 47% for the three month period ended March 31, 2023 as compared to 47% for the same period in 2022. See "Provision for loan losses and other liabilities" above for a further discussion. Total operating expenses which include acquisition and data expense, salaries, wages, and benefits, G&A, and processing and technology expense, when aggregated together as a percentage of revenue decreased to 28% for the three month period ended March 31, 2023 as compared to 39% for the same period in 2022. See

all associated expense sections above for a detailed discussion of performance. The lower percentage of revenue reflects ongoing disciplined expense management and inherent operating leverage evident in the business model. We expect substantial operating leverage in these areas to continue considering the current infrastructure is in a position to enable considerable growth in revenue and balances leading to the enhancement of our profit margins both in absolute terms and on percentage terms moving forward.

From a macroeconomic perspective, despite the higher rate of inflation, we continue to observe strong employment numbers in our consumer segment and continued real wage growth. After observing a modest impact on increased consumer delinquencies from rising inflation in early Q2 2022, we have observed a downward trend through the end of Q1 2023 and into Q2 2023. This downward trend is likely due to the offsetting economic factors mentioned above, and adjustment by consumers in the new post pandemic macroeconomic environment and the proactive underwriting tightening by us and our Bank Partners. Furthermore, our consumer segment demonstrated resiliency through COVID-19 as well as historically during periods of economic stress. Please see “Macroeconomic Environment and Outlook” above for additional factors influencing net income.

	Three Months Ended March 31,		
(US$ other than percentages)	**2023**	**2022**	**% Change**
Net Income	7,415,178	3,876,527	91%
Net Income as % of Revenue	11%	8%	
Earnings per Share:			
Basic	$0.22	$0.11	91%
Diluted	$0.20	$0.11	86%
Adjusted Net Income[(1)]	8,337,051	5,628,616	48%
Adjusted Net Income[(1)] Margin	13%	11%	
Adjusted Earnings per Share[(1)]			
Basic	$0.24	$0.16	48%
Diluted	$0.23	$0.16	44%
EBITDA[(1)]	15,816,286	7,345,153	115%
EBITDA Margin[(1)]	24%	15%	
Adjusted EBITDA[(1)]	17,045,451	9,728,948	75%
Adjusted EBITDA Margin[(1)]	26%	19%	

Note:
1. See “Non-IFRS Financial Measures and Industry Metrics”.

Adjusted Net Income

Adjusted Net Income[1] increased by 48% to $8.3 million for the three months ended March 31, 2023 from $5.6 million for the same period in 2022.

Adjusted Net Income[1] removes the effects of non-cash estimated credit loss provisions that are required under IFRS to be recorded against balances that are otherwise in good standing (see “Critical Accounting Policies and Estimates — Loans and advances receivable” in this MD&A). As a result, in periods of significant growth where we record estimated loan losses on new originations without any corresponding income, our margins can appear artificially decreased and do not reflect the actual credit performance of the portfolio and the overall financial performance of the business. On the other hand, in periods where loan

balances contract, the opposite may hold true. Making this adjustment for the three month period ended March 31, 2023 reflects the growth, particularly in Stage 1 loan and advance balances, in the period, and results in a higher Adjusted Net Income[1] relative to net income. (see "Reconciliation of Non-IFRS measures" in this MD&A). Management believes Adjusted Net Income[1] is a truer reflection of business performance for the respective period. Notwithstanding the above, Adjusted Net Income[1] is impacted by similar dynamics and factors as those driving net income and, as such, both measures increased during the three month period ending March 31, 2023 when compared to the same periods last year.

EBITDA[1]

EBITDA[1] increased by 115% to $15.8 million for the three months ended March 31, 2023, from $7.3 million for the same period in 2022. The movements in EBITDA[1] can be explained by similar dynamics and factors as those driving net income (see above).

Adjusted EBITDA[1]

Adjusted EBITDA[1] increased by 75% to $17.0 million for the three months ended March, 31, 2023 from $9.7 million for the same period in 2022. Adjusted EBITDA[1] removes the effects of non-cash estimated credit loss provisions that are required under IFRS to be recorded against balances that are otherwise in good standing (see "Critical Accounting Policies and Estimates — Loans and advances receivable" in this MD&A). As a result, in periods of significant growth where we record estimated loan losses on new originations without any corresponding income, our margins can appear artificially decreased and do not reflect the actual credit performance of the portfolio and the overall financial performance of the business. On the other hand, in periods where loan balances contract, the opposite may hold true. Such adjustments relating to the non-cash expected credit loss provisions recorded on good standing balances are consistent with the adjustments made to Adjusted Net Income[1] albeit on a pre-tax basis. Therefore, see "Adjusted Net Income" above for a discussion of how such adjustments impacted the three- month period ending March 31, 2023. Furthermore, see "Reconciliation of Non-IFRS measures" in this MD&A. Management believes Adjusted EBITDA[1] is a truer reflection of business performance over the respective periods. Notwithstanding the above, Adjusted EBITDA[1] is impacted by similar dynamics and factors as those driving net income, EBITDA[1] and Adjusted Net Income[1] and, as such, both measures increased in the three months ending March 31, 2023 as compared to the same period last year.

Note:
1. See "Non-IFRS Financial Measures and Industry Metrics".

Reconciliation of Non-IFRS Financial Measures

The following table provides a reconciliation of our net income to EBITDA[2] and to Adjusted EBITDA[2] for the three-month period ending March 31, 2023 and March 31, 2022:

	Three Months Ended March 31,	
(US$ other than percentages)	2023	2022
Net Income	7,415,178	3,876,527
Interest and fees on credit facilities	4,856,533	1,293,277
Interest expense on lease liabilities	85,467	102,420
Amortization of internally developed software	785,889	564,453
Depreciation of property and equipment	47,778	22,807
Amortization of right-of-use assets	161,712	159,952
Income Tax Expense (Recovery)	2,463,729	1,325,717
EBITDA(2)	15,816,286	7,345,153
EBITDA(2) Margin	24%	15%
Provision for credit losses on current status accounts(1)	594,179	1,555,249
Provisions for CSO Guarantee liabilities and Bank Service Program liabilities	634,985	828,546
Adjusted EBITDA (2)	17,045,451	9,728,948
Adj. EBITDA(2) Margin	26%	19%

Note:

(1) Provision included for (i) loan losses on good standing current principal (Stage 1 — Performing) balances (see “Critical Accounting Policies and Estimates — Loans and advances receivable” in this MD&A).

(2) See “Non-IFRS Financial Measures and Industry Metrics”.

The following table provides a reconciliation of our Net Income to Adjusted Net Income[1], and Earnings Per Share to Adjusted Earnings Per Share[1], for the three-month period ending March 31, 2023 and March 31, 2022.

	Three Months Ended March 31,	
(US$ other than percentages)	**2023**	**2022**
Net Income	7,415,178	3,876,527
Provision for credit losses on current status accounts net of taxes[(2)]	445,635	1,143,108
Provisions for CSO Guarantee liabilities and Bank Service Program liabilities net of taxes[(2)]	476,239	608,981
Adjusted Net Income	8,337,051	5,628,616
Adjusted Net Income Margin	13%	11%
Weighted average number of Shares outstanding:		
Basic	34,325,320	34,325,120
Diluted	36,449,680	35,379,537
Earnings per Share:		
Basic	0.22	0.11
Diluted	0.20	0.11
Adjusted Earnings per Share:		
Basic	0.24	0.16
Diluted	0.23	0.16

Note:

(1) See “Non-IFRS Financial Measures and Industry Metrics”.

(2) Each item is adjusted for after-tax impact, at an effective tax rate of 25.0% for the three months ended March 31, 2023 and 26.5% for the comparative 2022 period.

The following table provides a reconciliation of our Net Charge-Offs[1] to provision for loan losses and other liabilities for the three-month period ending March 31, 2023 and March 31, 2022:

	Three Months Ended March 31,	
(US$ other than percentages)	**2023**	**2022**
Charge-offs	(36,648,172)	(21,781,825)
Recoveries	4,441,146	2,818,823
Net charge-offs[(1)]	(32,207,026)	(18,963,002)
Change in Provision for Loan Losses	1,873,867	(3,398,768)
Provision for loan losses	(30,333,159)	(22,361,770)
Movement in financial obligation[(2)]	(634,985)	(828,546)
Other lending program costs	(168,529)	(361,315)
Provision for loan losses and other liabilities	(31,136,673)	(23,551,631)

Note:

(1) See "Non-IFRS Financial Measures and Industry Metrics".

(2) Movement in financial obligation is equivalent to Provisions for CSO Guarantee liabilities and Bank Service Program liabilities.

The following table provides a reconciliation of our Ending Combined Loan and Advance Balances[1] to loans and advances receivable for periods ending March 31, 2023 and March 31, 2022 (See "Critical Accounting Policies and Estimates — Loans and advances receivable" in this MD&A):

	As at March 31,		As at Dec 31,
(US$ other than percentages)	**2023**	**2022**	**2022**
Ending Combined Loan and Advance balances[1]	248,051,240	158,151,577	247,488,344
Less: Loan and Advance balances owned by third party lenders pursuant to CSO program	(2,670,846)	(3,752,500)	(2,988,636)
Less: Loan and Advance balances owned by a NBFI pursuant to the MoneyKey Bank Service program	(22,562,194)	(22,199,374)	(21,088,522)
Loan and Advance owned by the Company	222,818,200	132,199,703	223,411,186
Less: Allowance for Credit Losses	(47,970,502)	(27,099,543)	(49,844,370)
Add: Fees and interest receivable	18,234,063	16,657,696	19,265,893
Add: Acquisition transaction costs	2,706,527	3,031,759	2,795,722
Loans and advances receivable	195,788,288	124,789,615	195,628,431

(1) See "Non-IFRS Financial Measures and Industry Metrics".

Liquidity and Capital Resources

Overview

Our principal uses of funds are for making loans and advances originated by Propel and/or facilitated through our platform as well as for operating expenses and debt service requirements. We believe that the capacity under our existing credit facilities, as well the earnings and cash flow generated by the business are sufficient to support the short to medium term growth of our Ending Combined Loan and Advance Balances[1], our ongoing operating expenses, future dividends, and the new initiatives outlined in the sections above (see "Business Overview"). However, our ability to fund future Combined Loan and Advance Balances[1] and our operating expenses depends upon, among other things, our continued ability to access debt capital at attractive rates, the credit quality of our Combined Loan and Advance Balances[1] as well as the future growth and stability of our operating performance. See "Risk Factors" in the AIF for additional information.

Credit Facilities

	As at March 31, 2023		As at December 31, 2022	
	Max Borrowing Base	**Amount Drawn**	**Max Borrowing Base**	**Amount Drawn**
MoneyKey Facility. . . .	5,813,463	4,650,000	6,772,131	4,650,000
CreditFresh Facility. . .	165,575,918	145,000,000	160,000,000	144,250,000
Fora Facility. . . .	1,264,660	-	332,597	-
Total.	172,654,041	149,650,000	167,104,728	148,900,000

MoneyKey Facility

The MoneyKey Facility is secured by a general security agreement over all of the assets of the Company and certain of its operating subsidiaries.

On May 12, 2022, the Company, and certain of its state-licensed, direct lending and CSO operating subsidiaries renewed, amended and restated the revolving credit facility (the "MoneyKey Facility") with a US based syndicate of lenders party thereto from time to time. The MoneyKey Facility provides for a maximum borrowing of $20 million at an 85% advance rate, and interest rate of 10.2% plus the three-month Term SOFR per annum. We pay an unused fee of 0.75% on unborrowed amounts. The MoneyKey Facility matures on May 12, 2025.

Under the terms of the MoneyKey Facility, the Company is subject to certain financial and non-financial covenants, including restrictions on us, and certain of our operating subsidiaries, subject to certain exceptions as to: indebtedness; liens; dividends or distributions on or redemptions of equity interests; material changes to our business; liquidations, mergers, or consolidations into any other entity; and transfers of equity interests of the Company or certain of its operating subsidiaries. The Company is permitted to pay dividends on its Shares provided that an event of default has not occurred and would not occur as a result of the payment of the dividend. In addition, several of the material financial covenants include tangible net worth, liquidity, and leverage tests. Furthermore, several material operating covenants include default and cash recovery tests. The Company continues to be compliant with all such covenants.

CreditFresh Facility

On February 23, 2023, the Company, CreditFresh DST I and CreditFresh DST II entered into a new revolving credit facility with a US based syndicate of lenders party thereto from time to time (the "**CreditFresh Facility**"). The CreditFresh Facility provides for a maximum borrowing amount of $250 million at an advance rate of 85% and a blended effective interest rate of approximately 12.5% for Q1 2023 compared to

8.9% in the same period of 2022 (based on the current prime rate and 3-month SOFR rates; and excluding other lenders fees). The CreditFresh Facility matures on February 23, 2026. We pay an unused fee of 0.50% on unborrowed amounts.

The CreditFresh Facility is secured (i) by a pledge of the beneficial interest of the Company in CreditFresh DST I and CreditFresh DST II and (ii) by general security over all of the assets of CreditFresh DST I and CreditFresh DST II.

Under the terms of the CreditFresh Facility, the Company, CreditFresh DST I, and CreditFresh DST II are subject to certain financial and non-financial covenants including restrictions on us, and certain of our operating subsidiaries, subject to certain exceptions as to: indebtedness; liens; dividends; distributions on or redemptions of equity interests; material changes to our business; liquidations, mergers, or consolidations into any other entity; transfers of equity interests of the Company or certain of its operating subsidiaries; minimum equity and liquidity; and leverage. The Company is permitted to pay dividends on its Shares provided that an event of default has not occurred and would not occur as a result of the payment of the dividend. In addition, several of the material financial covenants include tangible net worth, liquidity, and leverage tests. Furthermore, several material operating covenants include default and cash recovery tests. The Company continues to be compliant with all such covenants.

Fora Credit Facility

On November 11, 2022, the Company and one of its subsidiaries entered into a revolving credit facility with US and Canadian based lenders party thereto from time to time (the "Fora Credit Facility"). The Fora Credit Facility provides for a maximum borrowing amount of approximately C$26 million through a Canadian dollar loan facility and a US dollar loan facility. The Fora Credit Facility matures on November 30, 2025. We pay an unused fee of 0.50% on unborrowed amounts.

The Fora Credit Facility is secured by a general security agreement over all of the assets of the Fora Credit as well as a general security agreement over all of the assets of the Company.

Under the terms of the Fora Credit Facility, the Company is subject to certain financial and non-financial covenants, including restrictions on us, and certain of our operating subsidiaries, subject to certain exceptions as to: indebtedness; liens; dividends; distributions on or redemptions of equity interests; material changes to our business; liquidations, mergers, or consolidations into any other entity; transfers of equity interests of the Company or certain of its operating subsidiaries; minimum equity and liquidity; and leverage. The Company is permitted to pay dividends on its Shares provided that an event of default has not occurred and would not occur as a result of the payment of the dividend. In addition, several of the material financial covenants include loan credit performance, tangible net worth, liquidity, and leverage tests. Furthermore, several material operating covenants include default and cash recovery tests. The Company is compliant with all such covenants.

Contractual Obligations

Our contractual obligations consist of principal repayments on long-term debt, interest on long-term debt, equipment loans and capital leases for equipment and vehicles, operating leases for vehicles, office equipment and facilities. During the three months ending March 31, 2023, the Company drew an additional $0.8 million net of repayments on our credit facilities to bring the total drawn amount on our existing credit facilities to $149.7 million. As of March 31, 2023, there were no other material changes to the contractual obligations and commitments, as disclosed in the December 31, 2022 MD&A.

Other Commitments

MoneyKey has certain commitments, obligations, and liabilities under both its CSO Program and its Bank Program. See “Off-Balance Sheet Arrangements” in this MD&A for further detail.

Propel has the legal requirement to maintain various cash reserve balances to operate its programs through both brands and for payment processing with banks. Such cash reserves are reported as Restricted cash in the Consolidated Statement of Financial Position.

We also enter into forward exchange contracts to hedge against currency fluctuations between the United States dollar and the Canadian dollar. At March 31, 2023 the Company was obligated to sell $7.5 million through such forward contracts. At March 31, 2022 the Company was obligated to sell $10.75 million through such forward contracts.

Cash Flows

Analysis of cash flows for three months ended March 31, 2023 compared to March 31, 2022

Our cash flows in the applicable period are summarized in the following table for the periods indicated, which have been derived from our condensed interim financial statements and related notes.

	Three months ended March 31,	
(US$ other than percentages)	**2023**	**2022**
Net income	7,415,178	3,876,527
Items not affecting cash	34,597,071	25,067,486
Net additions of loans and advances receivable and principal recoveries	(30,582,212)	(42,985,526)
Changes in working capital and other	1,574,159	(4,972,278)
Net cash from (used in) operating activities	**13,004,196**	**(19,013,792)**
Cash flows from (used in) financing activities		
Advances from credit facilities	750,000	20,600,000
Payments on credit facilities	-	-
Transaction costs on credit facilities	(2,009,879)	-
Payments on lease liabilities	(254,290)	(248,672)
Dividends paid	(2,402,353)	(2,563,057)
Proceeds from shares issued	-	-
Proceeds from options exercised	-	-
Net cash from (used in) financing activities	**(3,916,522)**	**17,788,271**
Cash flows from (used in) investing activities		
Purchases of property and equipment	(10,965)	(41,355)
Cost of internally generated intangible assets	(1,222,806)	(1,064,448)
Net cash from (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**

Operating Activities

Net cash generated from (used in) operating activities was $13.0 million for the three-month period ended March 31, 2023, compared to $(19.0 million) for the corresponding period in 2022. The increase in net cash from operating activities when comparing the periods was largely driven by the following factors: i) an increase in Net Income; ii) a higher provision for loan losses (the largest item not affecting cash) and iii) lower net additions of loans and advances receivable due to the lower Total Originations Funded[1] (see "Results of operations" above). We do note that net additions of loans and advances receivable is the single largest driver of the overall net cash from (used in) operating activities and significant financing capital is required to continue growing these balances. Management believes an alternate view more useful to the reader may be to reclassify net additions of loans and advances receivable and principal recoveries from operating activities to investing activities and deduct actual Net Charge-Offs[1] may provide a more accurate view of the cash generated from the Company's operating activities.

Financing Activities

Net cash generated (used in) from financing activities was $(3.9 million) for the three-month period ended March 31, 2023, compared to $17.8 million for the corresponding period in 2022. The decrease for the three-month period ended March 31, 2023 came as a result of the lower advances from credit facilities and a one-time transaction expense of $2.0 million relating to the recently upsized CreditFresh credit facility that closed in February 2023. Due to the lower Total Originations Funded[1] and positive net cash generated from operating activities during the quarter, the Company required minimal funding from its credit facilities.

Investing Activities

Net cash from (used in) investing activities was $(1.2 million) for the three-month period ended March 31, 2023, compared to $(1.1 million) for the corresponding period in 2022. The modest increase in cash used was due to continued investment in internally generated intangible assets which are comprised of our proprietary loan management system and AI powered underwriting technology platform. Continued investments in our technology platform enable us to expand product and service offerings, integrate with new partners including banks, marketing and data partners, improve our machine learning underwriting capabilities, optimize the online customer experience, and increase automation and ease-of-use of customer service agent activities in our proprietary loan management system, amongst other things. Furthermore, such investments contributed to the build-out infrastructure to enable the launch of new initiatives including Fora launched in Q4 2022 and the Lending-as-a-Service (LaaS) program with Pathward that is yet to be launched.

Off-Balance Sheet Arrangements

Through our MoneyKey brand, we provide services related to unaffiliated third-party lenders' consumer loan products as a state-licensed CAB and CSO in the state of Texas. 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 lenders in the event that the customer defaults on their loan payments. In addition, we provide loan servicing over the duration of the loan. A borrower who obtains a loan through the CSO program pays MoneyKey a fee for the services (the "CSO Fee"), which includes the guarantee to the third-party lender of the repayment of the borrower's loan. Once the loan is originated and the guarantee is provided, the Company sets up a reserve with the lender (as a percentage of the outstanding loan amount) which is reported as restricted cash in our consolidated statement of financial position. We estimate a liability for losses associated with the guarantee provided to the lender (the "CSO Guarantee Liability") using a similar ECL methodology to the allowance for credit losses on our loans and advances receivable. The loan products provided under this program are Installment loans.

In addition, through our MoneyKey brand, we provide services to an NBFI which has a program agreement with a Bank Partner to whom it provides services, some of which have been outsourced to MoneyKey, including marketing, analytics, and loan servicing services. The Bank Partner offers unsecured Lines of Credit to borrowers in which the NBFI purchases an economic interest in the advances on those Lines of Credit. Under the program, the Company has an agreement to purchase balances originated through this program should the accounts default or become non-performing loans and are presented for sale. Once the economic interest is purchased from the Bank Partner by the NBFI, the Company sets up a reserve with the NBFI (as a percentage of the outstanding advance amount) which is reported as restricted cash in our consolidated statement of financial position. We also estimate a liability (the "Bank Service Program Liability") for losses associated with the purchase of defaulted loans from the NBFI using a similar ECL methodology to the allowance for credit losses on our loans and advances receivable.

	Three months ended March 31,	
(US$ other than percentages)	**2023**	**2022**
CSO Program Products (MoneyKey)		
Revenue	2,143,409	3,251,563
Loans and advances receivable (On Balance Sheet)	1,411,561	1,837,143
CSO Guarantee Liability	375,557	647,256
CSO Obligation	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)		
Revenue	8,349,978	7,956,334
Loans and advances receivable (On Balance Sheet)	3,311,065	2,050,422
Bank Service Program Guarantee Liability	5,492,072	5,733,938
Bank Service Program Obligation	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

Risks and Uncertainties

We are exposed to a variety of financial risks and uncertainties in the normal course of operations including credit risk, industry risk, liquidity risk, interest rate risks, and exchange rate risk. See "Risk Factors" in the AIF for a more detailed discussion of risks we may face.

Our overall risk management program and business practices seek to minimize any potential adverse effects on our consolidated financial performance. Risk management is carried out under practices approved by our Board. This includes identifying, evaluating, and hedging financial risks based on our requirements. Our Board provides guidance for overall risk management, covering many areas of risk.

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, and loans and advances receivable. 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, the Company closely monitors its customer default rate and overall recovery per dollar loaned, adjusts its lending terms and policies as deemed necessary and establishes an allowance for credit losses.

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 and Canadian customers with higher credit risk characteristics.

Industry risk

The consumer lending industry within which the Company operates is subject to a number of laws and regulations at both the state and federal levels in the US and both the provincial and federal levels in Canada. Changes to these laws and regulations as well as differences in interpretation when applying them to the Company's business pose a risk to the Company as the impact of these changes could have a material adverse impact on the Company's asset values and overall financial results. The Company manages this risk by, among other things: having a robust and experienced in-house legal department and regulatory compliance department (comprised of lawyers, auditors and other compliance professionals) dedicated to the interpretation, application, monitoring and advisory activities related to applicable laws and regulations; undertaking robust internal analyses and developing in-house processes and systems to manage compliance risk; having business controls in place to manage compliance risk; employing internal and external legal counsel to assist in interpreting and applying new and existing laws and regulations, being an active participant in an industry trade organization and in identifying and monitoring upcoming changes; and by undergoing internal and external audits to ensure ongoing compliance with applicable requirements.

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 they bear interest at a fixed rate plus 3-month Term SOFR per annum. As of March 31, 2023, and December 31, 2022, we are exposed to interest rate risk on our credit facility balance of $149.7 and $148.9 million respectively.

Changes in the 3-month Term SOFR rates may impact our cost of borrowing and any subsequent changes to our credit facility may increase our interest rate risk.

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 also 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 balance sheet 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 the following contractual maturities of undiscounted cash flows as at March 31, 2023:

	Carrying amount	Year 1	Year 2	Year 3
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)**

Foreign currency exchange 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 Canadian dollars for which the related expenses, accounts payable and term loan balances are subject to exchange rate fluctuations. As at March 31, 2023 and December 31, 2022, the following items are denominated in Canadian dollars:

	As at March 31, 2023	As at Dec 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

To minimize foreign currency risk management enters into forward currency hedging instruments to exchange US dollars for Canadian dollars at a rate that is at or close to the Company's budgeted currency rate.

Income tax matters

The income of the Company must be computed in accordance with Canadian and U.S. tax laws, all of which may be changed in a manner that could adversely affect the Company's business, financial condition, or results of operation.

Critical Accounting Policies and Estimates

This MD&A uses information from our consolidated financial statements which are prepared in accordance with IFRS. The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the 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.

Loans and advances receivable

The recognition of loans and advances receivables owned by the Company and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends and any available information indicating a customer could be experiencing liquidity problems as well as available information indicating a change in the status of each customer in performing this assessment.

The Company applies the general approach for loans and advances receivable. The Company has determined the likely impairment loss on loans and advances receivable which have not maintained their contractual loan and advance repayment schedule. The expected credit losses factors in the Company's portfolio and is calculated considering a variety of factors, including, but not limited to: aging, delinquency

levels, composition and quality of the portfolio, historical data regarding collection success rate, and the Company's historical charge-off and loss experience. The methodology and assumptions used in setting the expected credit losses are reviewed regularly in an effort to reduce any differences between loss estimates and actual losses experienced.

In reference to our accounting policy note in the December 31, 2022 consolidated financial statements in note 3, an ECL model applies to our loans and advances receivable. The Company builds an allowance for credit losses irrespective of whether a loss 'trigger' event has occurred or not. Therefore, expected losses are built up against receivables that are otherwise performing as at a specific reporting date. As part of this application, the Company segments its loans and advances into 3 stages:

(1) Stage 1 (Performing) — These are current and good standing loans and advances that have no payments in arrears.

(2) Stage 2 (Under-performing) — These are delinquent loans and advances that have one or more payments in arrears. An account in this status has the potential to go back to Stage 1 if the past due payment is brought up to date. The length of time that an account can stay in Stage 2 (before moving into Stage 3) depends on the type of product offering. However, an account can generally remain in Stage 2 anywhere between 30 and 60 days with payments in arrears before moving to Stage 3.

(3) Stage 3 (Non-performing) — These are defaulted loans and advances where an account has either (a) a certain number of payments missed, or (b) a defined period of time to remedy a missed payment has elapsed (depending on the product offering design) and the full amount of outstanding principal plus accrued fees to the date of default become due. Once an account has moved to Stage 3, it cannot return back to Stage 2 or Stage 1. The criteria for each loan or advance, as applicable, to move to Stage 3 is predefined and objective. There is no further judgment applied in determining the time before Stage 3 classification (beyond the product design strategy which determines when the loan defaults) and is deemed credit impaired. An account remains in Stage 3 for up to 60 days after which point it is charged-off.

There are no further fees charged to accounts in Stage 3 and the account is no longer cycling actively in our loan management system. Furthermore, the Company does not provide any additional credit to borrowers who are in arrears (whether Stage 2 or Stage 3).

The above stages are further segmented at a program, product and aging level. Allowances for credit losses are applied to each stage by computing ECLs for each granular segment using a combination of detailed historical loan performance data, forward-looking indicators, and an element of management judgement. Additionally, the longest period of time a borrower can go between mandatory repayments is monthly, and as such, impairment of loans can be adequately assessed in a timely manner. For accounts in Stage 1, a 12-month expected credit loss is applied and for accounts in Stages 2 and 3, a lifetime expected credit loss is applied.

During the year ended December 31, 2022, the Company recalibrated its charge-off timing from generally 60 to 90 days past due to 90 to 120 days past due (30 days in Stage 3 to 60 days in Stage 3) to provide a more accurate reflection of loan collections and recoveries (based on a reassessment of collections behavior of the portfolio), align more to internal operational processes around the length of time non-performing accounts are actively worked, as well as become more consistent with financial industry peers and providers of credit products (i.e. credit cards and lines of credit). The change in accounting estimate has been treated prospectively from Q4 2022 onwards in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The Company does not currently anticipate any further adjustments to its charge-off timing.

Years of vintage performance data by granular segment provides a baseline of how much loan principal ends up being charged-off, net of recoveries and any proceeds from debt sales. As part of this analysis, we examine a combination of the number of accounts that default (probability of default), the average amount lost or charged-off when a default occurs (loss given default), and the expected balances at default (exposure at default). The product of these three elements provides us with the baseline ECL for a particular segment. This

baseline ECL is then further analyzed through internally developed credit risk models to make quantitative and qualitative adjustments for risk factors that exist in the portfolio as at the reporting date but may not have been present in the vintage performance data.

Our measurement of ECLs is also influenced by forward looking indicators which include the impact of macroeconomic forces on our business. With respect to the macroeconomic forces, consideration is given to variables such as unemployment rate, inflation rate, and wage growth, among others, that have an influence on our business. As part of the process, 3 forward looking scenarios are developed 1) Optimistic, 2) Neutral, 3) Pessimistic in consideration of each macroeconomic factor, and management judgment is applied to determine a probability weighted allowance for credit losses as of the reporting date.

	As at March 31,		As at December 31
	2023	2022	2022
Loan and Advance balances owned by Company[1]			
Current Principal (Stage 1 - Performing)	177,005,028	109,038,158	174,573,446
Delinquent Principal (Stage 2 - Under-Performing)	20,093,883	14,124,607	23,115,392
Default Principal (Stage 3 - Non-Performing)	25,719,289	9,036,938	25,722,348
Total	222,818,200	132,199,703	223,411,186
Allowances for Loan Losses/Expected Credit Losses			
Current Principal (Stage 1 - Performing)	(17,936,796)	(11,672,898)	(17,506,732)
Delinquent Principal (Stage 2 - Under-Performing)	(9,698,509)	(8,143,098)	(11,980,089)
Default Principal (Stage 3 - Non-Performing)	(20,335,197)	(7,283,547)	(20,357,549)
Total	(47,970,502)	(27,099,543)	(49,844,370)
Allowances for Loan Losses/Expected Credit Losses %			
Current Principal (Stage 1 - Performing)	(10%)	(11%)	(10%)
Delinquent Principal (Stage 2 - Under-Performing)	(48%)	(58%)	(52%)
Default Principal (Stage 3 - Non-Performing)	(79%)	(81%)	(79%)
Total	(22%)	(20%)	(22%)
Loan and Advance balances owned by Company net of Allowance			
Current Principal (Stage 1 - Performing)	159,068,232	97,365,260	157,066,714
Delinquent Principal (Stage 2 - Under-Performing)	10,395,374	5,981,509	11,135,304
Default Principal (Stage 3 - Non-Performing)	5,384,092	1,753,391	5,364,798
Total	174,847,698	105,100,160	173,566,816
Fees and interest receivable..	18,234,063	16,657,696	19,265,893
Acquisition transaction costs	2,706,527	3,031,759	2,795,722
Loans and advances receivable.	195,788,288	124,789,615	195,628,431

Note:

(1) See "Reconciliation of Non-IFRS financial measures — reconciliation of our Ending Combined Loan and Advance Balances to loans and advances receivable"

The movement in these allowances for loan losses shown above are a large component that drives the provision for loan losses and other liabilities expense (see "Key Components of Results of Operations — Provision for loan losses and other liabilities" in this MD&A).

IFRS 9 impact on provision for loan losses and other liabilities

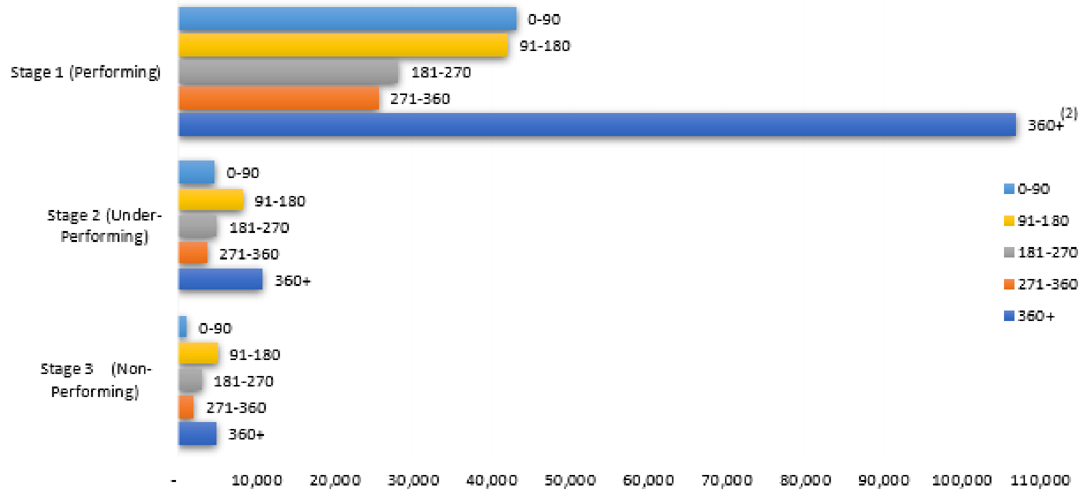
As outlined above, in accordance with IFRS 9 requirements, an ECL methodology applies to our loans and advances receivable — 12-month ECLs for Stage 1 and lifetime ECLs for Stages 2 and 3. This requires the Company to set-up an ECL allowance for credit losses upon acquisition of new finance receivables and irrespective of whether a loss 'trigger' event has occurred or not. Therefore, expected losses are built up against receivables that are otherwise performing and have no negative payment history as at a specific reporting date. This early recognition of future credit losses is materially different than an 'incurred' credit loss methodology and management feels is a very conservative way to account for loan losses.

Under IFRS, an allowance for loan losses is required for Stage 1 representing the total expected credit losses over a 12-month period. Therefore, from an accounting perspective, the Company is required to take a material provision for loan losses and other liabilities expense today and only recognize revenue over the term of the product as it is earned. In periods of significant growth in loans and advances receivable a charge to provision for loan losses and other liabilities is required for future expected losses prior to any revenue being generated. Note that we are also required to set up provisions for estimated CSO Guarantee Liabilities and Bank Service Program liabilities that are computed using the ECL model as well (see "Key Components of Operations — Provision for loan losses and other liabilities"). This is included in the impact to provision for loan losses and other liabilities shown below.

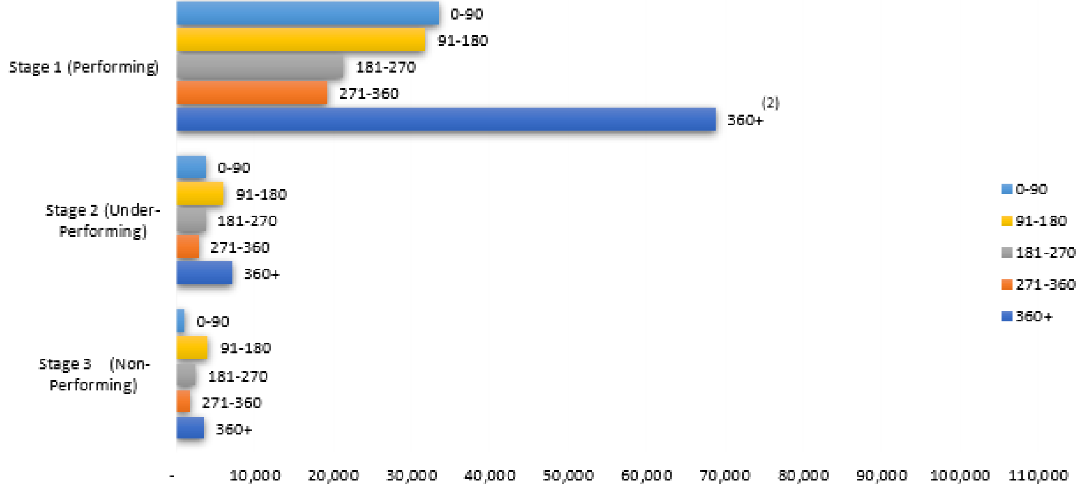
The approximate impact of applying this methodology can be estimated by the movement of the Stage 1 allowance. Therefore, the impact on the Company's provision for loan losses and other liabilities and consequently on EBITDA[1] was approximately $1.2 million for the three-month period ended March 31, 2023 as compared to $2.4 million for the three-month period ended March 31, 2022. As discussed above, the faster the origination volume grows, the larger the non-cash impact will be on provision for loan losses and other liabilities and consequently EBITDA[1] as well as net income on an after-tax basis. Management has introduced an Adjusted EBITDA[1] as well as an Adjusted Net Income[1] metric in order to present supplemental financial metrics that we believe are more indicative of the actual portfolio credit and overall Company performance.

Note:
1. See "Non-IFRS Financial Measures and Industry Metrics".

Age of Loan and Advances Receivable from origination as at March 31, 2023[1]



Age of Loan and Advances Receivable from origination as at December 31, 2022[1]



Note:

(1) All line of credit advances are aged from the date the line of credit is opened, as opposed to the age of each individual draw. In most instances, balances are drawn, repaid, and then drawn again over the life of the line of credit.

(2) Materially all receivables aged 360+ days are line of credit advances from lines opened for more than 360 days. Management believes these older aged line of credit advances in Stage 1 will continue to perform equal to or better than the younger aged Stage 1 line of credit advances since they have demonstrated strong repayment behavior for longer, while remaining in Stage 1 (performing) status. Given the characteristics of the credit products offered through the Company's platform, including a mandatory principal repayment component on each scheduled payment, delinquent status (Stage 2) and non-performing status (Stage 3) loans have historically been identified shortly after a borrower is unable to repay. In addition, if a borrower has drawn up to its credit limit, they will be unable to draw any further until a principal repayment is collected. If the borrower does not pay any portion of the mandatory scheduled payment, the full principal balance outstanding is moved to delinquent status (Stage 2).

Capitalization of intangible assets

Internally developed intangible assets consist mainly of development costs related to the development of software. These costs are recognized as an intangible asset when the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Management considers all appropriate facts and circumstances in making this assessment including historical experience, costs and anticipated future economic conditions. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of the expected future benefit.

Future Changes in Accounting Policies

a) New standards, interpretations and amendments adopted by the Company

There were no new standards, interpretations or amendments that had a material impact to the Company's consolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

b) Standards issued but not yet effective

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.

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:

	Three Months Ended March 31,	
	2023	2022
Salaries	3,351,572	3,436,713
Share-based compensation	410,599	214,713
	3,762,171	3,651,426

Share Capital

On October 20, 2021, the Company successfully closed its initial public offering (the "IPO") of common shares at a price of C$9.75 per common share. On October 26, 2021, the underwriters exercised the over-allotment option granted to them in connection with the IPO. In aggregate, the Company sold 7,187,500 Shares (including the exercise of the over-allotment option) for gross proceeds of C$70,078,125. The Shares are listed for trading on the Toronto Stock Exchange under the symbol "**PRL**". In connection with and immediately prior to the closing of the IPO, the Company implemented the following pre-closing capital changes (the "**Pre-Closing Capital Changes**"):

- our share capital was amended to create class A common shares;
- certain shareholders exchanged their common shares for class A common shares on a 1:1 basis;
- the stated capital of the class A common shares was increased by $6.0 million resulting in a non-cash dividend to the class A common shareholders;
- our issued and outstanding share capital was split on a 2:1 basis;
- our share capital was amended again to be comprised of an unlimited number of common shares and unlimited number of preferred shares;
- all outstanding shares of the Company were exchanged for common shares on a 1:1 basis;
- all other classes of shares included in our authorized share capital prior to such amendments were repealed from our articles; and

221,110 common shares were issued pursuant to the exercise of all outstanding options issued under the Company's legacy option plan. As of March 31, 2023, our share capital consisted of (i) an unlimited number of common shares, of which 34,325,320 common shares were issued and outstanding, and (ii) an unlimited number of preferred shares, of which none were issued and outstanding. In addition, the Company has 2,509,650 options to acquire common shares issued and outstanding.

Disclosure Controls & Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR")

Management is responsible for establishing and maintaining adequate DCP and ICFR, each as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**").

Management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DCP, as required in Canada by NI 52-109. Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company's disclosure controls and procedures were effective as at March 31, 2023. Although the Company's disclosure controls and procedures were designed effectively as of March 31, 2023, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be set forth in the Company's regulatory filings.

There were no changes in the Company's ICFR that occurred in the period ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Additional Information

Additional information relating to the Company, including the Company's AIF is available on SEDAR at www.sedar.com. The Company's Common Shares are listed for trading on the TSX under the symbol "PRL"