

Propel Holdings Inc.
Consolidated Financial Statements
For the years ended December 31, 2025 and 2024

Independent Auditor's Report

To the Shareholders of Propel Holdings Inc.:

Opinion

We have audited the consolidated financial statements of Propel Holdings Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Key Audit Matters

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

Assessment of the Allowance for Credit Losses

Key Audit Matter Description

We draw your attention to Notes 2, 3 and 6 of the consolidated financial statements. The Company has recorded an allowance for credit losses against its loans and advances receivable for an amount of \$137,659,188 and guarantee liabilities for its Credit Services Organization ("CSO") of \$212,611 and bank services program liabilities of \$13,582,605.

The Company maintains allowances for credit losses on its loans and advances receivable and guarantee liabilities pursuant to the provisions of IFRS 9 Financial Instruments expected credit losses ("ECL") framework. The Company's allowance for credit losses is determined using an ECL approach that represents a probability-weighted estimate of cash shortfalls expected to result from defaults over the relevant time horizon. ECL is an unbiased probability-weighted estimate wherein the key inputs being probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") associated with the portfolio, sensitized to future market and macroeconomic conditions through the incorporation of forward-looking information. Qualitative adjustments to the modeled estimate of ECLs are also considered to address certain identified elements that are not directly captured by the statistically modeled ECL.

Significant assumptions and sources of estimation uncertainty in determining the allowance for credit losses include:

- High degree of measurement uncertainty in the key inputs (PD, LGD, EAD), and their resulting impact on the allowance for credit losses; and
- Selecting relevant forward-looking information.

We identified the assessment of allowance for credit losses as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the impact of the provision on net earnings and the related high degree of estimation uncertainty in determining the amounts recorded. Significant auditor judgment was required due to the high degree of measurement uncertainty in the key inputs (PD, LGD, EAD), methodology, and their resulting impact on the allowance. Assessing the allowance also required significant auditor attention and a high degree of auditor judgment to evaluate the results of our audit procedures. Further, specialized skills and knowledge, including experience in the industry, were required to apply audit procedures and evaluate the results of such procedures.

Audit Response

We responded to this matter by performing procedures in relation to the assessment of allowance for credit losses. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluated the design of certain internal controls over management's review of the ECL, which includes their review of forward-looking information and the application of credit expert judgment.
- With assistance of internal financial risk management specialists, assessed whether the methodology and assumptions used in the ECL model is consistent with IFRS® Accounting Standards.
- With assistance of internal technology audit members, evaluated the reasonableness of the aggregation of the current loan data and historical loan data established by the Company and assessed its appropriateness in supporting the Company's assessment.
- Assessed the reasonableness of the unemployment rate and salary/wages forecasts by comparing against external macroeconomic data.
- Assessed the reasonableness of qualitative adjustments considered based on loan portfolio and significant assumptions in the context of the IFRS 9 Financial Instruments ECL framework.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

Toronto, Ontario
March 2, 2026

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Propel Holdings Inc.
Consolidated statements of financial position

(expressed in US dollars)

	Note	As at	
		December 31, 2025	December 31, 2024
Assets			
Cash	5	23,928,571	20,502,070
Restricted cash	5	50,012,050	42,229,068
Loans and advances receivable	6	459,764,282	375,164,992
Other receivables	9	14,500,987	12,088,113
Prepays	8	4,531,718	3,277,754
Derivative instruments	10	195,404	-
Property and equipment	11	613,782	483,425
Deferred tax assets	19	30,692,821	25,376,724
Right-of-use assets	13	8,280,364	1,964,716
Intangible assets	12	32,804,308	26,944,305
Goodwill	12	46,462,515	42,976,255
Total Assets		671,786,802	551,007,422
Liabilities			
Accounts payable	14	13,933,837	10,563,371
Accrued liabilities	14	38,500,436	36,989,553
Derivative instruments	10	-	832,353
Credit facilities	15	329,631,502	271,960,377
Income taxes payable		13,681,687	16,017,036
Lease liabilities	13	9,405,630	2,327,551
Deferred tax liabilities	19	5,455,335	2,202,719
Total Liabilities		410,608,427	340,892,960
Shareholders' Equity			
Share capital	17	161,732,918	157,625,625
Retained earnings		89,394,165	51,063,709
Accumulated other comprehensive income (loss)		2,995,697	(3,393,863)
Contributed surplus		7,055,595	4,818,991
Total Shareholders' Equity		261,178,375	210,114,462
Total Liabilities and Shareholders' Equity		671,786,802	551,007,422

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

Approved on behalf of the Board

(signed) "Clive Kinross", Director

(signed) "Karen Martin", Director

Propel Holdings Inc.
Consolidated statements of operations

(expressed in US dollars)

	Note	For the year ended	
		December 31, 2025	December 31, 2024
Revenue			
Interest and fees on loans and advances receivable	7	464,245,403	360,039,275
Service fees	7	121,342,412	86,591,541
Other revenue	7	4,219,944	3,099,969
Total revenue		589,807,759	449,730,785
Provision for loan losses and other liabilities	6	296,862,147	222,495,877
Operating expenses			
Acquisition and data	6, 12	76,273,699	51,952,951
Salaries, wages and benefits	18, 22	48,309,927	39,454,703
General and administrative		13,714,163	13,882,149
Processing, technology and program servicing	16	32,572,845	20,142,665
Total operating expenses		170,870,634	125,432,468
Operating income		122,074,978	101,802,440
Other expenses (income)			
Interest and fees on credit facilities	15	34,041,984	31,585,290
Interest expense on lease liabilities	13	693,621	265,482
Depreciation and amortization	11, 12, 13	9,009,247	5,480,545
Foreign exchange loss		550,053	457,554
Unrealized (gain) loss on derivative instruments	10	(1,027,758)	1,403,607
Total other expenses		43,267,147	39,192,478
Income before income tax		78,807,831	62,609,962
Income tax expense (recovery)			
Current	19	21,261,280	25,356,459
Deferred	19	(1,973,748)	(9,122,364)
Net income		59,520,299	46,375,867
Weighted average number of shares outstanding:			
Basic	17	39,096,683	35,102,888
Diluted	17	42,234,502	37,963,733
Earnings per share:			
Basic	17	1.52	1.32
Diluted	17	1.41	1.22
Dividends per share:			
Total dividends		21,020,481	13,985,253
Dividends per share		0.538	0.398

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

Propel Holdings Inc.
Consolidated statements of comprehensive income and changes in equity

(expressed in US dollars)

Consolidated statements of comprehensive income

	Note	For the year ended	
		December 31, 2025	December 31, 2024
Net income		59,520,299	46,375,867
Other comprehensive income to be subsequently reclassified to net income			
Change in foreign currency translation reserve, net of tax		6,389,560	(3,612,608)
Comprehensive income		65,909,859	42,763,259

Consolidated statements of changes in equity

	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other	Total equity
					comprehensive income (loss)	
Balance as at December 31, 2024		157,625,625	4,818,991	51,063,709	(3,393,863)	210,114,462
Comprehensive income		-	-	59,520,299	6,389,560	65,909,859
Transactions recorded directly in equity						
Dividends declared and paid		-	-	(21,020,481)	-	(21,020,481)
Stock-based compensation	18	-	3,378,273	-	-	3,378,273
Common shares purchased for cancellation	17	(61,593)	-	(169,362)	-	(230,955)
Options exercised	17	4,168,886	(1,141,669)	-	-	3,027,217
Balance as at December 31, 2025		161,732,918	7,055,595	89,394,165	2,995,697	261,178,375

	Note	Share capital	Contributed surplus	Retained earnings	Accumulated other	Total equity
					comprehensive income (loss)	
Balance as at December 31, 2023		78,964,450	3,662,895	18,673,095	218,745	101,519,185
Comprehensive income		-	-	46,375,867	(3,612,608)	42,763,259
Transactions recorded directly in equity						
Dividends declared and paid		-	-	(13,985,253)	-	(13,985,253)
Stock-based compensation	18	-	1,914,831	-	-	1,914,831
Shares issued		81,821,736	-	-	-	81,821,736
Share issuance costs	17	(5,009,792)	-	-	-	(5,009,792)
Options exercised	17	1,849,231	(758,735)	-	-	1,090,496
Balance as at December 31, 2024		157,625,625	4,818,991	51,063,709	(3,393,863)	210,114,462

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

Propel Holdings Inc.
Consolidated statements of cash flows

(expressed in US dollars)

	Note	For the year ended	
		December 31, 2025	December 31, 2024
Cash flows from (used in) operating activities			
Net income		59,520,299	46,375,867
Items not affecting cash:			
Provision for loan losses	6	290,706,452	214,736,187
Unrealized (gain) loss on derivative instruments	10	(1,027,758)	1,403,607
Deferred income tax recovery	19	(1,973,748)	(9,122,364)
Amortization of acquisition transaction costs and customer acquisition data	6, 12	16,610,249	12,644,959
Amortization of transaction costs on credit facilities		1,318,703	783,881
Depreciation and amortization	11, 12, 13	9,009,247	5,483,760
Stock-based compensation	18	3,378,273	1,914,831
		377,541,717	274,220,728
Changes in:			
Restricted cash	5	(7,782,982)	(12,938,762)
Prepays	8	(1,253,964)	(1,365,798)
Acquisition transaction costs and customer acquisition data	6, 12	(26,021,719)	(23,455,403)
Other receivables		(2,412,874)	(5,004,324)
Income taxes payable		(2,335,349)	3,337,165
Accounts payable and accrued liabilities	13, 14	5,574,970	18,386,010
Net additions of loans and advances receivable	6	(408,255,691)	(333,842,352)
Principal loans and advances receivable recoveries	6	39,486,381	25,705,212
Net cash used in operating activities		(25,459,511)	(54,957,524)
Cash flows from (used in) financing activities			
Advances from credit facilities, net of payments	15	57,766,224	72,470,379
Transaction costs paid on credit facilities		(1,613,005)	(460,462)
Payments on lease liabilities	13	(1,172,354)	(1,095,797)
Dividends paid		(21,020,481)	(13,985,253)
Common shares purchased for cancellation	17	(230,955)	-
Proceeds from options exercised	17	3,027,217	1,090,496
Share issuance proceeds, net of issuance costs	17	-	76,811,944
Net cash from financing activities		36,756,646	134,831,307
Cash flows from (used in) investing activities			
Purchases of property and equipment	11	(324,616)	(34,787)
Cost of internally developed software	12	(9,871,095)	(6,253,571)
Acquisition of QuidMarket, net of cash received	23	-	(65,608,704)
Net cash used in investing activities		(10,195,711)	(71,897,062)
Effect of exchange rate changes on cash		2,325,077	(1,225,377)
Net change in cash		1,101,424	7,976,721
Cash, beginning of period		20,502,070	13,750,726
Cash, end of period		23,928,571	20,502,070
Supplemental cash flow information			
Interest received		454,548,909	349,301,684
Interest paid		32,381,504	30,201,358
Income taxes paid		22,256,651	9,883,858

Propel Holdings Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

1. Incorporation and operations

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

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

The Company, through its MoneyKey brand, is a state-licensed direct lender and currently offers either installment loans or lines of credit to new customers in several United States ("US") states. The type of product offered in each state is dependent on the specific regulatory requirements within each state. As of December 31, 2025, the Company, through its MoneyKey brand, offered products as a state-licensed direct lender in 9 states across the US.

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

The Company, through its MoneyKey brand, also operates as a bank servicer which provides marketing, analytics, and loan servicing services to an unaffiliated non-bank financial institution ("NBFI"). The NBFI has a program agreement with a Federal Deposit Insurance Corporation ("FDIC") insured Utah state-chartered bank ("NBFI Bank Partner" and together with NBFI, "Bank Service Partners") to whom it provides certain services, some of which have been outsourced by the NBFI to the Company. The NBFI Bank Partner offers unsecured open-ended lines of credit ("the Bank Service Program"). The Company provides, among other things, technology and underwriting services required for the Bank Service Program. The NBFI Bank Partner approves all key decisions regarding the marketing, underwriting, product features and pricing of the Bank Service Program. Under the program, the Company also entered an agreement to purchase loans originated through the Bank Service Program should the loans default or become non-performing ("Bank Service Program Liability"). As of December 31, 2025, the Bank Service Program was offered in 16 states across the US and is regulated by the FDIC and other bank regulators.

The Company, through its CreditFresh brand, operates as a bank servicer which provides marketing, technology, and loan servicing services to unaffiliated, FDIC insured, state-chartered banks in the US ("Bank Program"). As of December 31, 2025, the Company maintained two Bank Programs with a Kansas state-chartered, FDIC insured, bank and a Utah state-chartered, FDIC insured, bank (each a "Bank Partner" and together "Bank Partners"). Through the Bank Program, each Bank Partner offers unsecured open-ended lines of credit and is the sole originator of such lines of credit. The Bank Partners license technology, proprietary credit decisioning and underwriting capabilities from the Company and approves all key decisions regarding the marketing, underwriting, product features and pricing of the lines of credit offered through the Bank Program. The Delaware Statutory Trusts (the "DST I" and "DST II", collectively the "DSTs") have the obligation to purchase an economic interest in the principal balances of the lines of credit originated by each Bank Partner (such purchased economic interest referred to as "Bank Program Advances") once offered by such Bank Partner. The Company, through its wholly owned subsidiaries, has the sole beneficial interest in the DSTs. As of December 31, 2025, the CreditFresh Bank Program was offered in 22 states across the US and is regulated by the FDIC and other bank regulators.

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

Propel Holdings Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

1. Incorporation and operations (continued)

The Company, through its Fora Credit brand, launched a line of credit product to new customers in Canada. The type of product offered in each province is dependent on the specific regulatory requirements within each province. As of December 31, 2025, the Company, through its Fora Credit brand, offered products as a provincial-licensed direct lender in 6 provinces across Canada. The functional currency of this entity is the Canadian dollar ("CAD").

The Company also provides a Lending-as-a-Service ("LaaS") technology solution which uses the Company's proprietary fintech platform to provide white labelled technology and service solutions for partner consumer lending capabilities.

On November 15, 2024, the Company completed the acquisition of Stagemount Ltd (dba QuidMarket). Launched in 2011, QuidMarket is a leading UK-based digital only consumer lender specializing in providing short-term installment loans to individuals with limited access to traditional financial solutions. The functional currency of this entity is the Pound Sterling ("GBP").

2. Basis of presentation

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS^(R) Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Company's Board of Directors on March 2, 2026.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, Share-based Payment ("IFRS 2") and measurements that have some similarities to fair value but are not fair value, such as value-in-use in International Accounting Standard ("IAS") 36, Impairment of Assets.

Management assesses the Company's ability to continue as a going concern at each reporting date, using the quantitative and qualitative information available.

The material accounting policies adopted are set out below in Note 3.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which a reporting entity operates and is normally the currency in which the entity generates and expends cash. Each subsidiary of the Company determines its own functional currency and items included in the consolidated financial statements of each subsidiary are measured using that functional currency. Based on an analysis of the primary and secondary indicators, the functional currency of all subsidiaries have been determined to be US dollar, with the exception of Fora Credit Inc. and QuidMarket which have been determined to be Canadian dollar and pound sterling, respectively. The Company's consolidated financial statements are presented in US dollar, which is the Parent Company's functional currency.

Propel Holdings Inc.
Notes to Consolidated Financial StatementsFor the years ended December 31, 2025 and 2024 (expressed in US dollars)

2. Basis of presentation (continued)***Basis of consolidation***

The consolidated financial statements include accounts of the Company and all the entities it controls. Control is achieved over an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Based on the structure of the DSTs, the Company has assessed that the voting rights are not the dominant factor in deciding who controls the entity. CreditFresh Inc., through wholly owned subsidiaries, is the sole beneficial interest holder of the DSTs and beneficially controls the DSTs. Given CreditFresh Inc. is 100% owned by Propel Holdings Inc., the Company fully consolidates the DSTs.

Classification of current and non-current

In line with industry practice, the Company's consolidated statements of financial position are not presented using current and non-current classifications but are rather presented broadly in order of liquidity. Most of the Company's financial assets and liabilities are considered current given they are expected to be realized or settled within the Company's normal operating cycle.

All other assets and liabilities are considered as non-current and generally include: deferred tax assets, property and equipment, right-of-use assets, intangible assets, goodwill, deferred tax liabilities, lease liabilities, and credit facilities.

Change in accounting estimate

During the quarter ended June 30, 2025, the Company updated certain inputs for the measurement of expected credit losses ("ECL") and its assessment of significant increase in credit risk ("SIR") for the loans and advances receivable of its recently acquired business, QuidMarket. These changes will better align QuidMarket's portfolio and allowance with the Company and with industry best practice.

This change in accounting estimate resulted in a one-time increase in provision for loan losses and other liabilities of \$459,243 in the period as a result of \$1,957,520 in gross loans and advances receivables and \$1,205,077 in interest receivable being charged off partly offset by a reversal of allowance for credit losses of \$2,703,354.

The change in accounting estimate has been treated prospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Presentation change

Effective January 1, 2025, the Company relabelled the "processing and technology" line item on the consolidated statement of operations to "processing, technology and program servicing". For the year ended December 31, 2024, the Company reclassified \$3,479,964 of program servicing costs associated with the LaaS program from "acquisition and data" to "processing, technology and program servicing" to better reflect evolving business changes. Comparative periods have been restated to conform to current period presentation (Note 16). This change does not affect total operating income, income before income tax, net income, or the statement of cash flows.

Material Accounting Judgments, Estimates and Assumptions

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.

Propel Holdings Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

2. Basis of presentation (continued)

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the material judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most material effect on the amounts recognized in the consolidated financial statements:

Business combinations

In a business combination, all assets, liabilities and contingent liabilities that are identifiable at the date of acquisition are recorded at their fair values. Depending on the type of asset or liability, the determination of fair value can be complex and may require management to exercise judgment in measuring the fair value of the assets acquired and liabilities incurred or assumed.

Goodwill impairment testing

The determination of a cash generating unit ("CGU") is based on management's judgment and is an assessment of the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amounts of the CGUs are estimated based on an assessment of the higher of value-in-use and fair value less costs of disposal. Changes in market conditions, regulatory framework and other factors, could adversely affect the cash flows. The value-in-use approach uses a discounted cash flow based on financial forecasts approved by management, covering a five-year period. Cash flow projections until the end of an asset or CGUs useful life are extrapolated using a terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

Allowance for credit losses

The recognition of loans and advances receivables and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends of payment/collections performance in similar consumer groups as well as any available information indicating a change in the status of each customer in performing this assessment.

The Company applies the general approach for measuring and recognizing the loss allowance on loans and advances receivable. The Company has determined the likely impairment loss on loans and advances receivables which have not maintained their contractual loans and advances receivables repayment schedule. The expected credit losses are determined on a portfolio basis and are calculated considering a variety of factors, including, but not limited to: aging, delinquency levels, composition and quality of the portfolio, historical data (including collection success rate, charge-off rates, and loss experience) and certain forward looking indicators. 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.

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.

Propel Holdings Inc.
Notes to Consolidated Financial StatementsFor the years ended December 31, 2025 and 2024 (expressed in US dollars)

2. Basis of presentation (continued)*Impairment testing of definite-life intangible assets*

Management is required to use judgment in determining the CGUs and reviewing impairment indicators. Management views brands and products (MoneyKey (direct lender, CSO or sub-servicer to the Bank Service Program), Fora Credit, CreditFresh and QuidMarket) as individual CGUs and notes that the recoverable amount of the CGU is most sensitive to consumer default and collection rates (or the underlying borrower performance upon which the CGU's financial performance is dependent). Budgets comprise forecasts of revenue, provision for loan losses and other liabilities, operating expenses and overheads based on current and anticipated market conditions that have been considered and approved by the Board of Directors. Whilst the Company is able to manage most of the forecasted costs, the revenue projections are inherently uncertain due to market and economic factors.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Management uses estimates when determining deferred tax assets. These estimates are used to determine the recoverability of operating tax losses carried forward and other tax amounts. Significant judgment is required to determine the probable future income to recognize the deferred tax asset. Changes in market conditions, changes in tax legislation, and other factors, could adversely affect the ongoing value of deferred tax assets. The carrying amount of deferred tax assets is reassessed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to utilize all or part of the deferred tax assets. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it is probable that there will be sufficient taxable income for the asset to be recovered.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies

Revenue recognition

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers. The Company derives revenue from fees on purchased receivables through its subsidiaries and/or controlled entities, including: interest or fees from borrowers in direct lending arrangements, fees on purchased receivables, and fees from partners for loan servicing services.

Interest and fee income on financial instruments

Interest income is recorded using the effective interest rate (“EIR”) method for all financial assets measured at amortized cost. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR and therefore, the amortized cost of the financial asset is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR.

- i. Interest and fees from borrowers in direct lending arrangements (MoneyKey, Fora Credit and QuidMarket) and interest and fees on purchased receivables from borrowers on purchased receivables (CreditFresh)

The Company, through its MoneyKey, Fora Credit and QuidMarket brands, is the direct lender to borrowers for certain products and offers installment loans or lines of credit (depending on the product, state or province) earning interest and fees. The Company, through its CreditFresh brand, as the sole beneficial interest holder in the DSTs, earns interest and fees on the Bank Program Advances offered by the Bank Partners and purchased by the DSTs. The DSTs purchase the Bank Program Advances offered by the Bank Partners which entitles the DSTs to the future revenue earned from the underlying lines of credit purchased. The Company recognizes the interest and fees revenue using the EIR method of income recognition to the extent that it is probable that the economic benefits will flow to the Company.

Revenue from contracts with customers

The Company recognizes revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services by applying the following steps:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations; and
- recognize revenue when, or as, the Company satisfies a performance obligation.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies (continued)

The Company recognizes revenue upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services transferred. The Company evaluates contracts with customers to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. The total consideration for the arrangement is allocated to the performance obligations based on their relative fair value.

i. Fees from partners for arranging loans and fees from partners for loan servicing (MoneyKey)

The Company, through its MoneyKey brand, arranges and services loans on behalf of borrowers with third party lenders in certain states through CSO programs and earns a CSO fee for this service. The Company earns this fee over the lifetime of the loan and is recognized over that timeframe, to the extent that it is probable that the economic benefits will flow to the Company. The Company also earns revenue on collection or recovery of purchased defaulted loans at a point in time when collection is reasonably assured.

ii. Fees from partners for services (MoneyKey and LaaS)

The Company, through its MoneyKey brand and LaaS business division, provides marketing, analytics, and loan servicing services to Bank Service Partners and the LaaS program partners. The Company earns revenue for each service provided to the Bank Service Partners and the LaaS program partners. The Company earns this fee revenue over the lifetime of the loan being serviced, or as services are rendered, and as such, the fee revenue is recognized over that timeframe, to the extent that it is probable that the economic benefits will flow to the Company. The Company also earns revenue on collection or recovery of purchased defaulted receivables (from the lines of credit originated by the unaffiliated NBF Bank Partner) at a point in time when collection is reasonably assured.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities subsequently measured at amortized cost (other than financial assets and financial liabilities subsequently measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities subsequently measured at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies (continued)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	Subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the EIR method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost. Subsequent to initial recognition, other liabilities are measured at amortized cost using the EIR method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in profit or loss. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent. The Company's financial instruments measured at amortized cost include cash, restricted cash, loans and advances receivable, other receivables, accounts payable, accrued liabilities (excluding CSO Guarantee Liabilities and Bank Service Program liabilities) and credit facilities. The Company's financial instruments measured at FVTPL include derivative instruments, CSO Guarantee Liabilities and Bank Service Program liabilities.

Loans and advances receivable

Loans and advances receivable consist of unsecured installment loans and line of credit advances where it is the direct lender (MoneyKey, Fora Credit and QuidMarket), installment loans that have been guaranteed on behalf of the borrower to an originating third party lender through the CSO program (MoneyKey), purchased non-performing loans originated through the Bank Service Program (MoneyKey), and purchased Bank Program Advances (CreditFresh). Loans and advances receivable are reported net of an allowance for credit losses.

Interest and fee income is recognized using the EIR method. For under-performing loans and advances receivable (Stage 2), interest and fees revenue continues to be recognized on the gross carrying amount of the principal balance. For non-performing loans and advances receivable (Stage 3), interest and fees revenue is recognized on the amortized cost of the asset, defined as the gross carrying amount less the associated allowance for credit losses. Interest and fees receivable includes revenue that is earned and accrued through to the end of each reporting period. The expected credit loss for interest and fees receivable is included in the allowance for credit losses.

The Company capitalizes 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. The Company recognizes the acquisition transaction costs over the estimated term of the related credit products. The Company expenses acquisition transaction costs to acquisition and data expense.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies (continued)

Purchased or credit impaired

All purchased loans are initially measured at fair value on the date of acquisition. Purchased performing loans follow the same accounting as originated performing loans with respect to staging and recognition of an expected credit loss ("ECL"). Purchased or originated credit-impaired ("POCI") financial assets are assets that are credit-impaired at the time of initial recognition. A lifetime ECL is incorporated into the calculation of the EIR of these assets. Consequently, POCI assets do not carry an impairment allowance at the time of initial recognition. The amount recognized as a loss allowance subsequent to initial recognition is equal to changes in the lifetime ECL.

Impairment of financial assets

The Company applies an ECL model to its financial assets measured at amortized cost, which consist primarily of loans and advances receivables. The Company provides for these loans and advance receivables irrespective of whether a loss event has occurred or not as at the statement of financial position date. The Company performed its ECL assessment by segmenting its loans and advance receivables portfolio into three stages at each period end date: performing (Stage 1), under-performing (Stage 2) and non-performing (Stage 3).

- | | |
|---------|--|
| Stage 1 | Where there has not been a significant increase in credit risk ("SIR") since initial recognition of a financial instrument, an amount equal to twelve months ECL is recorded. The ECL is computed using a probability of default, loss given default, and exposure at default over the next twelve months. For those instruments with a remaining maturity of less than twelve months, an ECL corresponding to remaining term to maturity is used. |
| Stage 2 | Where a financial instrument experiences an SIR subsequent to origination but is not considered to be in default or credit impaired, it is included in Stage 2. This requires the computation of ECL over the remaining estimated life of the financial instrument. |
| Stage 3 | Financial instruments that are considered to be in default or credit impaired are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime ECL. |

Assessment of significant increase in credit risk

SIR are assessed based on changes in probability of default of loans and advances receivable subsequent to initial recognition. The Company uses past due information to determine whether credit risk has increased significantly since initial recognition. Loans and advance receivables are considered to have experienced a SIR and are reclassified to Stage 2 if a contractual payment is past due as at the reporting date (delinquent status) but are still within the allowable number of payments missed and/or the allowable period to cure (remedy payments in arrears and return to current status).

Loans and advance receivables are classified as non-performing (Stage 3) if a contractual payment is past due in excess of 90 days. Loans and advances receivable are charged-off when they are in Stage 3 for greater than 30 days, or generally 120 days in arrears. In no material instance would a Stage 3 balance be >120 days in arrears (see aging of Stage 2 and Stage 3 gross loans and advances receivable from date of delinquency in Note 6). The charged-off balance is recognized as a component of provision for loan losses and other liabilities in the consolidated statement of operations. The Company, where possible, works in its best efforts to recover portions of such charged-off balances.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies (continued)

Measurement of expected credit losses

For performing loans, the Company is required to record an allowance for credit losses equal to the ECLs that result from potential default events within the twelve months following the reporting date. For under-performing and non-performing loans, the Company is required to record an allowance for credit losses equal to the expected losses on those groups of loans over their remaining life.

For lines of credit that are under-performing (delinquent status), the Company does not advance any further funds to the borrower (regardless of credit limit availability) until the amounts in arrears are collected and the account returns to performing (current status).

The key inputs in the measurement of allowance for credit losses are as follows:

- The probability of default over a particular time period, based on historical loan performance of similar consumers.
- The expected loss given default, net of historical collection and recoveries performance.
- The expected exposure at default, based on historical consumer behaviour.
- Certain forward-looking indicators ("FLIs") including macroeconomic forces.

The Company does not offer renewals or extensions on any credit products. For installment loan products, borrowers can apply for new loans once their prior loan is paid in full. For lines of credit, borrowers may request additional draws (advances) to their approved credit limits only if they are performing loans (current or Stage 1 status).

The Company does not allow payments in-kind. Payment deferrals and/or amendments to payment schedules may be considered on a case-by-case basis. However, in the event that a payment deferral is granted if a borrower cannot make their upcoming payment, the account is moved into Stage 2 status. The account can only move back to Stage 1 status if the borrower makes full payment on past due amounts and moves back in-line with their original payment schedule. Amendments to payment terms may be considered; however, amendments to terms would not allow for previously due payments to no longer be overdue and could not result in a loan remaining in or reverting to Stage 1, unless in accordance with the Company or partner's policies. In general, an amendment to payment terms cannot result in an under-performing or non-performing loan converting to a performing loan. For under-performing accounts, the Company works with borrowers on payment plans to enable them to ultimately satisfy past due amounts and move back into performing status. Once an account is non-performing, it cannot move back to Stage 2 or Stage 1. The Company works with the borrower to satisfy all amounts that are past due, and if successful, the borrower can reapply, and complete an underwriting process for a new loan or line of credit.

Provision for loan losses and other liabilities

Provision for loan losses and other liabilities consists of provision for loan losses, other lending program costs, and provisions for CSO Guarantee Liabilities and Bank Service Program liabilities. The provisions for CSO Guarantee Liabilities and Bank Service Program liabilities are calculated based on the ECL methodology consistent with loans and advances receivable held by the Company.

Cash and restricted cash

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. The Company collects fees, interest and principal amounts owing from its customers or those customers it services through the CSO program and Bank Service Program. The majority of such payments are collected via automatic debits to the customer accounts made through banks and payment processors via the automated clearing house ("ACH") network. Initially, the banks and payment processors remit the entire amount debited on a given day to the Company regardless of whether all of the customer accounts had sufficient funds to cover the payment. Typically two business days later, the banks and payment processors will notify the Company of unsuccessful debits for which the Company is liable and for which the banks and payment processors will consequently debit the Company's bank account in settlement. Amounts owed to the banks and payment processors for the two-business day period immediately preceding year end are reflected as a reduction of the Company's cash balance.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies (continued)

Derivative instruments

Derivative instruments are financial contracts whose value changes in response to a change in an underlying variable, such as specified interest rate, financial instrument or commodity price, or foreign exchange rate. The Company enters into derivative contracts to manage its exposure to foreign exchange risks. Derivative transactions are governed by a uniform set of policies and procedures. Positions are monitored based on changes in exchange rates and their impact on the market value of derivatives. Derivatives are recorded on the consolidated statement of financial position at fair value using quotes from dealers.

Intangible assets

Intangible assets represent identifiable non-monetary assets and are generated internally, or acquired separately by the Company, or through a business combination.

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their estimated fair values at the date of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. 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.

Internally generated intangible assets consist of internally developed software arising from technology and/or software development which satisfies the capitalization criteria. The amount initially recognized is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. The assets that meet the recognition criteria are amortized over their economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets that are acquired by the Company have finite useful lives and are measured at cost less accumulated amortization, disposals and write-off, and accumulated impairment. Customer acquisition data is used as a key input in the Company's proprietary underwriting machine learning algorithms. Brand and customer relationships are intangible assets recognized as part of the business combination of QuidMarket (refer to Note 23). These intangible assets are measured at their estimated fair values as at the date of acquisition, less accumulated amortization, and accumulated impairment. They are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization of customer acquisition data is recognized in profit or loss as acquisition and data expense over the estimated useful lives from the date they are available for use.

Intangible assets are amortized over the estimated useful lives of the assets as follows:

	<u>Method</u>	<u>Rate</u>
Internally developed software	Straight-line	4 years
Customer acquisition data	Straight-line	1.5 years
Customer relationships	Straight-line	5 years
Brand	Straight-line	20 years

Propel Holdings Inc.
Notes to Consolidated Financial StatementsFor the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies (continued)***Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. Non-controlling interests, if any, are recognized at their proportionate share of the fair value of identifiable assets and liabilities, unless otherwise indicated. The cost of an acquisition is measured at the fair value of the assets given, equity instruments and liabilities incurred or assumed at the acquisition date. Identifiable intangible assets are recognized separately from goodwill and included in Intangible assets. Goodwill represents the excess of the price paid for the business acquired over the fair value of the net identifiable assets acquired on the date of acquisition.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the synergies of the combination. Goodwill is allocated to CGUs for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes and assessed quantitatively at least on an annual basis. Goodwill is tested for impairment at least annually or more frequently if there is an indication that a CGU or group of CGUs to which the goodwill relates, may be impaired.

During the measurement period (which is within one year from the acquisition date), the Company may, on a retrospective basis, adjust the amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The Company accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortized. Goodwill having a functional currency other than US dollar is translated at the exchange rate applicable at that period-end date. Upon disposal of a CGU, the carrying amount of goodwill related to the CGU sold is included in the determination of gains or losses on disposal. The carrying amount is determined based on the relative fair value of the disposed portion to the total CGU.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the higher of its fair value, less cost to sell, and its value-in-use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) (a) as a result of a past event; (b) when it is more probable than not an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) when a reliable estimate can be made of the amount of the obligation.

Propel Holdings Inc.
Notes to Consolidated Financial StatementsFor the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies (continued)***Income taxes***

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Stock-based compensation

The Company uses the fair value method to account for all stock-based payments. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the expected volatility of the trading price of the Company's stock, the expected lives of the awards of stock-based compensation, the exercise price and current fair value of the Company's underlying stock and the risk-free interest rate, as determined at the grant date. The associated compensation cost is recognized directly in profit or loss over the vesting period with a corresponding credit to contributed surplus. When stock options are exercised, the consideration and related contributed surplus are recorded in share capital.

Foreign currency translation

Foreign currency transactions are translated into functional currencies at exchange rates in effect on the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the foreign exchange rate applicable at that period-end date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Expenses are translated at the exchange rates that approximate those in effect on the date of the transaction. Realized and unrealized exchange gains or losses are recognized in the consolidated statement of operations and consolidated statement of comprehensive income.

Assets and liabilities of foreign operations having a functional currency other than the US dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period. Gain or losses on translation are included as a component of shareholders' equity in accumulated other comprehensive income.

The translation reserve comprises functional currency differences arising from translation of the financial statements of these operations.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

3. Material accounting policies (continued)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right-of-use ("ROU") asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The ROU assets are depreciated to the earlier of the end of useful life of the ROU asset or the lease term using the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the ROU asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from the change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, unless it has been reduced to zero.

The Company has elected to apply the practical expedient to not recognize ROU assets and lease obligations for short-term leases that have a lease term of twelve months or less and for leases of low value assets. The lease payments associated with those leases are recognized as an expense on a straight-line basis over the lease term.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

4. Future changes in accounting policies

New standards, interpretations and amendments adopted by the Company

During the year ended December 31, 2025, the Company applied the amended accounting standards, interpretations and annual improvement points that were effective as of January 1, 2025. The application of the amendments had no impact on the consolidated financial statements.

Standards issued but not yet effective

The Company continuously monitors changes proposed by the IASB and analyzes the effect that changes in the standards may have on the Company's operations.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Amendments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosures intended to enhance transparency around changes in fair value of equity instruments designated at FVTOCI, and clarify the timing of derecognition for financial liabilities settled through electronic payment systems. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Company has assessed the amendments and does not expect them to have a material impact on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18"). IFRS 18, which replaces IAS 1 Presentation of Financial Statements, will modify the presentation of the Company's Consolidated Statements of Operations by requiring income and expenses to be classified into three categories: operating, investing and financing. The standard also introduces new disclosure requirements for management-defined performance measures, and additional requirements for aggregation and disaggregation of information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 requires retrospective application with specific transition provisions. Adoption is retrospective, and the Corporation is currently assessing system changes, preparing draft disclosures, and planning comparative restatements.

5. Cash and restricted cash

Certain cash on deposit at banks earns interest at floating rates based on daily bank deposit rates.

Restricted cash is comprised of (a) reserves held as a form of collateral by unaffiliated third-party lenders (for CSO programs), Bank Partners, Bank Service Partners, banks, trustees, and payment processors for processing payments, and (b) funds held in restricted accounts for the benefit of credit facility lenders. Such restricted cash is redeemable when the stipulations for release within the related agreements have been met. As of December 31, 2025, the restricted cash balance was \$50,012,050 (December 31, 2024 - \$42,229,068).

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

6. Loans and advances receivable

Loans and advances receivable are comprised of gross consumer loans receivable (including installment loans, line of credit (“LOC”) advances, Bank Program Advances, and non-performing loans originated through the Bank Service Program), fees and interest receivable on such loans and advances, allowance for credit losses, and acquisition transaction costs. Allowance for credit losses consists of the expected credit losses (“ECLs”) of the associated loans and advances receivable based on their portfolio and stages. The term of the loans and advances receivable varies based on compliance with individual state or provincial regulations applicable to each type of product. Acquisition transaction costs consist of costs that are directly attributable and incremental to originated loans and advances receivable and are deferred and expensed over the estimated lifetime of the loans and advances receivable.

Amortization of acquisition transaction costs was \$9,574,120 for the year ended December 31, 2025 (December 31, 2024 - \$7,674,638) and is included in acquisition and data expense on the consolidated statement of operations.

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

	As at	
	December 31, 2025	December 31, 2024
Gross loans and advances receivable	507,757,870	418,348,811
Fees receivable	58,953,731	49,534,769
Interest receivable	8,724,055	3,057,744
Allowance for credit losses	(137,659,188)	(111,227,713)
Acquisition transaction costs	21,987,814	15,451,381
	459,764,282	375,164,992

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

	As at	
	December 31, 2025	December 31, 2024
Bank Program Advances (CreditFresh)	414,198,542	354,904,778
Installment loans and LOC advances (MoneyKey)	16,848,052	17,955,895
LOC advances (Fora Credit)	38,960,127	25,977,423
Bank Service Program advances (MoneyKey)	8,028,950	4,822,841
Installment loans (QuidMarket)	29,722,199	14,687,874
	507,757,870	418,348,811

Bank Program Advances, LOC advances and Bank Service Program advances all consist of open-ended lines of credit with no specific maturity date. MoneyKey LOC advances of \$6,004,747 (December 31, 2024 - \$6,288,333) are also open-ended lines of credit with no specific maturity date. Management expects to realize materially all of these assets within a 12-month period from the reporting date. MoneyKey installment loans of \$10,843,305 (December 31, 2024 - \$11,667,562) and QuidMarket installment loans will mature within a 12-month period.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

6. Loans and advances receivable (continued)

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

	As at December 31, 2025			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Bank Program Advances (CreditFresh)	323,326,688	73,812,338	17,059,516	414,198,542
Installment loans and LOC advances (MoneyKey)	8,200,351	7,632,088	1,015,613	16,848,052
LOC advances (Fora Credit)	33,836,193	4,232,757	891,177	38,960,127
Bank Service Program advances (MoneyKey)	-	2,451,433	5,577,517	8,028,950
Installment loans (QuidMarket)	17,485,391	10,442,648	1,794,160	29,722,199
	382,848,623	98,571,264	26,337,983	507,757,870

	As at December 31, 2024			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Bank Program Advances (CreditFresh)	282,694,735	57,354,221	14,855,822	354,904,778
Installment loans and LOC advances (MoneyKey)	8,532,453	7,173,773	2,249,669	17,955,895
LOC advances (Fora Credit)	22,366,602	2,935,837	674,984	25,977,423
Bank Service Program advances (MoneyKey)	-	1,126,579	3,696,262	4,822,841
Installment loans (QuidMarket)	10,085,566	4,602,308	-	14,687,874
	323,679,356	73,192,718	21,476,737	418,348,811

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

	As at December 31, 2025		
	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
0-30	41,908,717	-	41,908,717
31-60	24,572,313	-	24,572,313
61-90	30,630,671	-	30,630,671
91-120	835,566	25,925,515	26,761,081
120+	623,997	412,468	1,036,465
	98,571,264	26,337,983	124,909,247

	As at December 31, 2024		
	Stage 2 (Under-Performing)	Stage 3 (Non-Performing)	Total
0-30	32,832,714	-	32,832,714
31-60	22,072,394	-	22,072,394
61-90	17,683,417	-	17,683,417
91-120	385,438	21,086,088	21,471,526
120+	218,755	390,649	609,404
	73,192,718	21,476,737	94,669,455

Aging of Stage 2 (Under-Performing) commences from first missed payment of a given delinquency cycle. As such, some collections will have been received after initial delinquency start, supporting no further deterioration of the loan, but will not restart the delinquency aging until Propel collects all past due balances.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

6. Loans and advances receivable (continued)

The Company's risk rating system involves judgment and combines multiple borrower-specific factors to arrive at a behavioural credit score to assess the borrower's probability of default in the determination of risk ratings. The risk ratings are defined as follows:

- Low risk - Loans classified within the low risk category have a lower probability of default and below average expected credit losses relative to the overall portfolio.
- Normal risk - Loans classified within the normal risk category have a normal probability of default and average expected credit losses relative to the overall portfolio.
- High risk - Loans classified within the high risk category have a higher probability of default and above average expected credit losses relative to the overall portfolio.

The classification of loans into low, normal, and high risk categories is based on the Company's internally generated program-specific behavioural credit scoring model. The following tables provide the gross consumer loans and advances receivable segregated by the Company's risk ratings and staging classification:

	As at December 31, 2025			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Low risk	228,558,843	-	-	228,558,843
Normal risk	123,272,057	66,000,885	-	189,272,942
High risk	31,017,723	32,570,379	26,337,983	89,926,085
	382,848,623	98,571,264	26,337,983	507,757,870

	As at December 31, 2024			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Low risk	171,222,486	2,055,681	-	173,278,167
Normal risk	126,968,756	42,946,768	5,657	169,921,181
High risk	25,488,114	28,190,269	21,471,080	75,149,463
	323,679,356	73,192,718	21,476,737	418,348,811

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

6. Loans and advances receivable (continued)

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

	For the year ended December 31, 2025			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Balance as at December 31, 2024	323,679,356	73,192,718	21,476,737	418,348,811
Change in accounting estimate (Note 2)	105,656	369,763	(2,432,939)	(1,957,520)
Additions to gross loans and advances receivable	625,003,832	70,851,785	-	695,855,617
Principal payments and other adjustments	(276,273,231)	(23,172,786)	(3,239,182)	(302,685,199)
Transfers to (from)				
Stage 1 (Performing)	72,653,388	(72,653,388)	-	-
Stage 2 (Under-Performing)	(362,320,378)	362,320,378	-	-
Stage 3 (Non-Performing)	-	(312,337,206)	312,337,206	-
Gross charge-offs	-	-	(301,803,839)	(301,803,839)
Balance as at December 31, 2025	382,848,623	98,571,264	26,337,983	507,757,870
	For the year ended December 31, 2024			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Balance as at December 31, 2023	229,247,709	53,312,999	14,206,154	296,766,862
Additions to gross loans and advances receivable	468,852,058	46,657,608	-	515,509,666
Additions from business combination (Note 23)	10,845,355	-	-	10,845,355
Principal payments and other adjustments	(180,643,372)	(13,447,659)	(2,375,061)	(196,466,092)
Transfers to (from)				
Stage 1 (Performing)	59,130,919	(59,130,919)	-	-
Stage 2 (Under-Performing)	(263,753,313)	263,753,313	-	-
Stage 3 (Non-Performing)	-	(217,952,624)	217,952,624	-
Gross charge-offs	-	-	(208,306,980)	(208,306,980)
Balance as at December 31, 2024	323,679,356	73,192,718	21,476,737	418,348,811

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

6. Loans and advances receivable (continued)

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

	For the year ended December 31, 2025			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Balance as at December 31, 2024	39,357,422	53,119,534	18,750,757	111,227,713
Change in accounting estimate (Note 2)	(1,357,245)	695,370	(2,041,479)	(2,703,354)
Additions to gross loans and advances receivable	50,924,258	33,378,545	2,315,468	86,618,271
Principal payments and other adjustments, including remeasurement	(10,393,116)	35,985,065	(2,216,483)	23,375,466
Transfers to (from)				
Stage 1 (Performing)	10,872,824	(37,032,456)	-	(26,159,632)
Stage 2 (Under-Performing)	(44,940,113)	198,531,287	-	153,591,174
Stage 3 (Non-Performing)	-	(216,694,011)	270,675,647	53,981,636
Net amounts written off against allowance	-	-	(262,272,086)	(262,272,086)
Balance as at December 31, 2025	44,464,030	67,983,334	25,211,824	137,659,188

	For the year ended December 31, 2024			
	Stage 1 (Performing)	Stage 2 (Under- Performing)	Stage 3 (Non- Performing)	Total
Balance as at December 31, 2023	27,363,803	39,278,025	12,451,466	79,093,294
Additions to gross loans and advances receivable	45,955,087	28,096,468	-	74,051,555
Principal payments and other adjustments, including remeasurement	(8,413,402)	26,624,383	(2,016,563)	16,194,418
Transfers to (from) including remeasurement				
Stage 1 (Performing)	9,176,746	(30,092,766)	-	(20,916,020)
Stage 2 (Under-Performing)	(34,724,812)	105,269,366	-	70,544,554
Stage 3 (Non-Performing)	-	(116,055,942)	190,242,411	74,186,469
Net amounts written off against allowance	-	-	(181,926,557)	(181,926,557)
Balance as at December 31, 2024	39,357,422	53,119,534	18,750,757	111,227,713

Changes in allowance for credit losses were as follows:

	For the year ended	
	December 31, 2025	December 31, 2024
Balance at beginning of period	111,227,713	79,093,294
Charge-offs*	(303,761,358)	(208,306,980)
Recoveries	39,486,381	25,705,212
Provision for loan losses	290,706,452	214,736,187
Balance at end of period	137,659,188	111,227,713

*The charge-off balance includes a change in estimate amount of \$1,957,520. Refer to Note 2 for more information.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

6. Loans and advances receivable (continued)

Provisions for loan losses and other liabilities is as follows:

	For the year ended	
	December 31, 2025	December 31, 2024
Provision for loan losses	290,706,452	214,736,187
Other lending program costs	3,806,471	2,976,386
Provision for CSO Guarantee Liabilities (MoneyKey)	(275,550)	181,043
Provision for Bank Service Program liabilities (MoneyKey)	2,624,774	4,602,261
Total Provision for loan losses and other liabilities	296,862,147	222,495,877

Breakdown of provision for loan losses:

	For the year ended	
	December 31, 2025	December 31, 2024
Provision for loan losses on Bank Program Advances (CreditFresh)	198,580,270	152,649,017
Provision for loan losses on installment loans and LOC advances and Bank Service Program advances (MoneyKey)	72,809,512	49,961,064
Provision for loan losses on LOC advances (Fora Credit)	5,705,283	8,916,702
Provision for loan losses on installment loans (QuidMarket)	13,611,387	3,209,404
Total Provision for loan losses	290,706,452	214,736,187

As of December 31, 2025, the outstanding amount of active installment loans originated by an unaffiliated third party lender under the CSO programs was \$3,087,349 (December 31, 2024 - \$5,892,783), for which the risk of customer default is guaranteed by the Company. As of December 31, 2025, the outstanding amount of active LOC advances originated by NBF Bank Partner under the Bank Service Program ("Bank Service Program advances") was \$78,702,887 (December 31, 2024 - \$56,360,814). These CSO loans and Bank Service Program advances are not included in the tables above and are not included on the Company's consolidated statement of financial position.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

6. Loans and advances receivable (continued)

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

	For the year ended	
	December 31, 2025	December 31, 2024
<u>CSO program products (MoneyKey)</u>		
Fees from CSO program (Note 7)	14,956,247	13,294,942
<u>Bank Service Program advances (MoneyKey)</u>		
Fees from Bank Service Program (Note 7)	88,343,304	67,097,031
	As at	
	December 31, 2025	December 31, 2024
<u>CSO program products (MoneyKey)</u>		
Loans and advances receivables	3,845,728	4,586,302
CSO Guarantee Liabilities (Note 14)	212,611	488,161
CSO obligation (Note 14)	1,362,339	3,375,352
Installment loan borrower balances (off-balance sheet)	3,087,349	5,892,783
Reserve balances (reflected in Company's Restricted cash)	1,667,735	3,542,339
<u>Bank Service Program advances (MoneyKey)</u>		
Loans and advances receivables	8,028,950	4,822,841
Bank Service Program liabilities (Note 14)	13,582,605	10,957,830
Bank Service Program obligation (Note 14)	1,431,668	1,013,256
Line of credit borrower balances (off-balance sheet)	78,702,887	56,360,814
Reserve balances (reflected in Company's Restricted cash)	23,220,064	16,679,473

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

	Optimistic	Neutral	Pessimistic
Impact of macroeconomic factors	-3.5%	-0.5%	+7.0%

This assignment of probability weighting for the multiple scenarios using these FLIs involves, in addition to judgment, a robust internal modelling process, review and analysis to arrive at a collective view on the likelihood of each scenario. If management were to assign a 100% probability to the Pessimistic scenario, the increase in the allowance for credit losses would be approximately \$9,221,692. Conversely, if 100% probability were to be assigned to the Optimistic scenario, the decrease in the allowance would be approximately \$4,610,846. Note, such sensitivity does not consider the proactive and reactive steps management would take to alter exposure and/or modify credit risk to mitigate any potential impact to credit losses.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

7. Revenue

Disaggregation of revenue:

	For the year ended	
	December 31, 2025	December 31, 2024
Interest and fees on loans and advances receivable		
Interest and fees from borrowers on purchased receivables (CreditFresh)	381,188,260	324,495,065
Interest from borrowers in direct lending (MoneyKey)	13,734,221	14,010,923
Fees from borrowers in direct lending (MoneyKey)	7,146,737	7,382,209
Interest from borrowers in direct lending (Fora Credit)	12,211,256	8,186,881
Interest from borrowers in direct lending (QuidMarket)	49,964,929	5,964,197
	464,245,403	360,039,275
Service Fees		
Fees from CSO program (MoneyKey)	14,956,247	13,294,942
Fees from Bank Service Program (MoneyKey)	88,343,304	67,097,031
Fees from LaaS	18,042,861	6,199,568
	121,342,412	86,591,541
Other revenue	4,219,944	3,099,969
Total revenue	589,807,759	449,730,785

8. Prepaids

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

	As at	
	December 31, 2025	December 31, 2024
Prepaids	4,531,718	3,277,754

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

9. Other receivables

Other receivables are as follows:

	As at	
	December 31, 2025	December 31, 2024
Accounts receivable	9,463,134	4,187,068
Receivable from payment processor	1,848,097	1,330,198
Receivable from Bank Partners	995,121	2,584,851
Debt sale receivable	8,610	2,454,890
Goods and services tax receivable	361,522	463,833
Other receivables	1,824,503	1,067,273
Total other receivables	14,500,987	12,088,113

Accounts receivable consists mainly of Bank Partner servicing fees receivable. None of these fees have been impaired during the year ended December 31, 2025 or 2024 and have been collected subsequent to the reporting date.

10. Derivative instruments

The nature of the Company's business activities expose it to foreign currency risk. The Company has forward contracts available to reduce its exposure to foreign exchange rate fluctuations. As at December 31, 2025, the Company had open forward exchange contracts with a financial institution that matures between January 30, 2026 and June 30, 2026 and obligates the Company to sell US\$16,000,000 at prevailing forward market exchange rates. The contracts were entered into by the Company for the purpose of managing its foreign exchange exposure on Canadian expenditures.

As at December 31, 2025, the Company has open foreign exchange forward contracts with a fair market value of \$195,404 (December 31, 2024 – \$(832,353)). For the year ended December 31, 2025, the Company recorded an unrealized gain on derivative instruments of \$1,027,758 (December 31, 2024 – unrealized loss of \$1,403,607).

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

11. Property and equipment

	Furniture and fixtures	Computer equipment*	Leasehold improvements	Total
Cost				
Balance as at December 31, 2024	707,551	270,937	559,914	1,538,402
Additions	2,938	164,235	157,443	324,616
Disposals	-	(146,981)	(59,416)	(206,397)
Foreign currency translation	1,975	7,428	16,178	25,581
Balance as at December 31, 2025	712,464	295,619	674,119	1,682,202
Accumulated depreciation				
Balance as at December 31, 2024	578,026	158,968	317,983	1,054,977
Depreciation	53,697	95,775	63,004	212,476
Eliminated on disposals	-	(146,981)	(59,416)	(206,397)
Foreign currency translation	1,164	4,638	1,562	7,364
Balance as at December 31, 2025	632,887	112,400	323,133	1,068,420
Net Book Value				
Balance as at December 31, 2024	129,525	111,969	241,931	483,425
Balance as at December 31, 2025	79,577	183,219	350,986	613,782
Cost				
Balance as at December 31, 2023	691,399	265,771	403,070	1,360,240
Additions	5,589	34,625	596	40,810
Additions from business combination (Note 23)	9,942	45,151	161,339	216,432
Disposals	-	(73,057)	-	(73,057)
Foreign currency translation	621	(1,553)	(5,091)	(6,023)
Balance as at December 31, 2024	707,551	270,937	559,914	1,538,402
Accumulated depreciation				
Balance as at December 31, 2023	526,324	141,484	262,477	930,285
Depreciation	51,728	90,622	55,549	197,899
Eliminated on disposals	-	(73,057)	-	(73,057)
Foreign currency translation	(26)	(81)	(43)	(150)
Balance as at December 31, 2024	578,026	158,968	317,983	1,054,977
Net Book Value				
Balance as at December 31, 2023	165,075	124,287	140,593	429,955
Balance as at December 31, 2024	129,525	111,969	241,931	483,425

* Certain comparative amounts have been restated to account for the removal of fully amortized costs

As of December 31, 2025, property and equipment with a cost of \$140,359 (December 31, 2024 - \$nil) was not amortized as it is work-in-progress.

For the years ended December 31, 2025 and 2024, no net impairment of property and equipment was recognized by the Company.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

12. Intangible assets and goodwill

	Customer acquisition data	Internally developed software	Brand	Customer relationships	Total
Cost					
Balance as at December 31, 2024	8,357,640	28,299,122	1,864,510	8,328,144	46,849,416
Additions	9,851,165	9,871,095	-	-	19,722,260
Removal of fully amortised costs	(4,914,325)	-	-	-	(4,914,325)
Foreign currency translation	-	98,675	151,250	675,584	925,509
Balance as at December 31, 2025	13,294,480	38,268,892	2,015,760	9,003,728	62,582,860
Accumulated amortization					
Balance as at December 31, 2024	4,074,005	15,525,466	16,200	289,440	19,905,111
Amortization	6,976,128	5,821,059	97,200	1,736,640	14,631,027
Removal of fully amortised costs	(4,914,325)	-	-	-	(4,914,325)
Foreign currency translation	-	77,763	4,186	74,790	156,739
Balance as at December 31, 2025	6,135,808	21,424,288	117,586	2,100,870	29,778,552
Net Book Value					
Balance as at December 31, 2024	4,283,635	12,773,656	1,848,310	8,038,704	26,944,305
Balance as at December 31, 2025	7,158,672	16,844,604	1,898,174	6,902,858	32,804,308
Cost					
Balance as at December 31, 2023	6,980,879	21,397,551	-	-	28,378,430
Additions	5,905,153	6,256,455	-	-	12,161,608
Additions from business combination (Note 23)	-	648,000	1,944,000	8,683,200	11,275,200
Removal of fully amortised costs	(4,528,392)	-	-	-	(4,528,392)
Foreign currency translation	-	(2,884)	(79,490)	(355,056)	(437,430)
Balance as at December 31, 2024	8,357,640	28,299,122	1,864,510	8,328,144	46,849,416
Accumulated amortization					
Balance as at December 31, 2023	3,632,076	11,306,975	-	-	14,939,051
Amortization	4,970,321	4,218,530	16,200	289,440	9,494,491
Removal of fully amortised costs	(4,528,392)	-	-	-	(4,528,392)
Foreign currency translation	-	(39)	-	-	(39)
Balance as at December 31, 2024	4,074,005	15,525,466	16,200	289,440	19,905,111
Net Book Value					
Balance as at December 31, 2023	3,348,803	10,090,576	-	-	13,439,379
Balance as at December 31, 2024	4,283,635	12,773,656	1,848,310	8,038,704	26,944,305

Amortization of customer acquisition data is recorded in the acquisition and data line on the consolidated statement of operations. When the future economic benefits of the customer acquisition data costs have been fully realized the costs are recorded into the removal of fully amortized costs line in the table above. There are no gains or losses on derecognition.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

12. Intangible assets and goodwill (continued)

There have been no indicators of impairment identified during the year ended December 31, 2025. As a result, there were no impairment charges of intangible assets recorded in the year ended December 31, 2025 (December 31, 2024 - \$nil).

Goodwill is carried in GBP and revalued at each reporting period at the prevailing market rate with revaluation recorded in the foreign currency translation reserve in the consolidated statements of changes in equity. Goodwill was \$46,462,515 as at December 31, 2025 (December 31, 2024 - \$42,976,255) which is wholly attributable to the acquisition of QuidMarket which is the CGU to which it relates. Impairment testing was performed at December 31, 2025 and consisted of comparing the carrying value of the net assets of the CGU to the recoverable amount of that CGU as measured by discounting the expected future cash flows using a value-in-use approach. When determining the value-in-use of the CGU, the Company developed a discounted cash flow model where revenue and costs were forecasted based on actual operating results, 5 year operating budgets consistent with strategic plans presented to the Company's Board of Directors and a terminal growth rate of 3.0% (December 31, 2024 - 3.0%). The pre-tax discount rate used on the forecasted cash flows was 21.4% (December 31, 2024 - 22.4%). No impairment charge of goodwill was recorded in the year ended December 31, 2025 (December 31, 2024 - \$nil).

13. Right-of-use assets and lease liabilities

Right-of-use asset

The Company's incremental borrowing rate was determined to be in the range of 9-13% and was used as the discount rate for measuring the lease liabilities. The carrying amount of the right-of-use asset is listed below:

	For the year ended	
	December 31, 2025	December 31, 2024
Cost		
Balance as at December 31	5,198,695	4,817,846
Additions	7,405,062	156,910
Additions from business combination (Note 23)	-	800,928
Disposals	(267,342)	(551,201)
Foreign currency translation	57,219	(25,788)
Balance as at December 31	12,393,634	5,198,695
Accumulated depreciation		
Balance as at December 31	3,233,979	3,023,925
Charge for the period	1,141,872	758,476
Disposals	(267,342)	(547,986)
Foreign currency translation	4,761	(436)
Balance as at December 31	4,113,270	3,233,979
Net Book Value		
Balance as at December 31	1,964,716	1,793,921
Balance as at December 31	8,280,364	1,964,716

The Company's right-of-use assets include office spaces and office equipment, with the majority made up of office space.

On May 7, 2025, the Company entered into a lease agreement for a new head office location in Toronto. This lease has a non-cancellable term of 10 years with two 5 year options to extend the lease. At the commencement of the lease, the Company recognized a right-of-use asset of \$7,279,612 with a corresponding lease liability, representing the present value of future lease payments over a 15 year lease term, discounted using an incremental borrowing rate of 9%.

The weighted average lease term is 11 years (December 31, 2024 – 6 years).

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

13. Right-of-use assets and lease liabilities (continued)

Lease liabilities

Carrying amount of lease liabilities are as follows:

	For the year ended	
	December 31, 2025	December 31, 2024
Balance as at December 31	2,327,551	2,349,884
Additions	7,405,062	156,910
Additions from business combination (Note 23)	-	834,624
Interest	693,621	265,482
Payments	(1,172,354)	(1,095,797)
Foreign currency translation	151,750	(183,552)
Balance as at December 31	9,405,630	2,327,551

The maturity schedule of undiscounted lease payments is presented below:

	As at	
	December 31, 2025	December 31, 2024
Year 1	1,057,162	865,153
Year 2	1,495,092	843,102
Year 3	1,659,572	229,313
Year 4	1,619,600	215,302
Year 5	1,465,467	174,681
Onwards	17,823,437	-
Total	25,120,330	2,327,551

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

14. Accounts payable and accrued liabilities

	As at	
	December 31, 2025	December 31, 2024
Accounts payable	13,933,837	10,563,371
Accrued liabilities		
Accrued liabilities	10,142,912	6,486,034
Bank Service Program liabilities	13,582,605	10,957,830
Bank Service Program obligation	1,431,668	1,013,256
Accrued salaries and bonuses	5,119,680	7,284,070
Accrued Bank Partner fees and interest	6,648,621	7,384,850
CSO obligations	1,362,339	3,375,352
CSO Guarantee Liabilities	212,611	488,161
Total accrued liabilities	38,500,436	36,989,553

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

CSO obligations are comprised of:

- Principal and interest to which unaffiliated third-party lenders are entitled but which was collected by the Company on such third-party lender's behalf.
- Unearned CSO fees advanced to the Company by unaffiliated third-party lenders on the consumer's behalf.

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

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

15. Credit facilities

	As at	
	December 31, 2025	December 31, 2024
Fora Credit facility		
Opening balance	9,522,823	752,444
Advances from credit facility	4,278,760	13,864,943
Payments on credit facility	(2,862,536)	(5,094,564)
Foreign currency translation	199,203	-
Ending facility balance	<u>11,138,250</u>	<u>9,522,823</u>
MoneyKey facility		
Opening balance	7,150,000	4,650,000
Advances from credit facility	1,000,000	2,500,000
Payments on credit facility	(1,150,000)	-
Ending facility balance	<u>7,000,000</u>	<u>7,150,000</u>
CreditFresh facility		
Opening balance	256,400,000	195,200,000
Advances from credit facility	60,000,000	63,200,000
Payments on credit facility	(3,500,000)	(2,000,000)
Ending facility balance	<u>312,900,000</u>	<u>256,400,000</u>
Facility transaction costs	<u>(1,406,748)</u>	<u>(1,112,446)</u>
Total ending credit facilities	<u>329,631,502</u>	<u>271,960,377</u>

Under these credit facilities, for the year ended December 31, 2025 the Company incurred interest of \$31,687,883 (December 31, 2024 - \$29,935,876) and other fees related to the credit facilities of \$2,354,101 (December 31, 2024 - \$1,649,414). These amounts are recorded as "interest and fees on credit facilities" on the consolidated statement of operations.

Fora Credit facility

On November 11, 2022, the Company entered into a revolving credit facility with US and Canadian based lenders for the Company's Fora Credit line of business. The Fora Credit facility bears interest at 10.75% plus the three-month term SOFR for USD drawdowns and bears interest of 2.75% plus the Prime rate for CAD drawdowns. The amount drawn on the Fora Credit facility as of December 31, 2025 was \$11,138,250 (December 31, 2024 - \$9,522,823). The Fora Credit facility has a maturity date of May 31, 2026. The Fora Credit facility is secured by a general security agreement over all of the assets of the Company. As at December 31, 2025, the maximum borrowing base under the Fora Credit facility was approximately \$19,171,850 (December 31, 2024 - \$9,522,823).

Under the terms of the Fora Credit facility agreement, the Company is subject to certain financial and non-financial covenants.

Financial covenant	Requirement
Guarantor minimum allowable tangible net worth	\$10 million
Borrower minimum allowable tangible net worth	\$2 million
Minimum allowable tangible net worth ratio	25%
Minimum allowable unrestricted cash test	\$2.5 million
Maximum allowable leverage ratio	5.0

As of December 31, 2025, the Company was in compliance with these covenants.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

15. Credit facilities (continued)

MoneyKey facility

On April 22, 2025, the Company, and certain of its state licensed, direct lending and CSO operating subsidiaries refinanced the MoneyKey facility. The MoneyKey facility bears interest at 4.25% plus the three-month term SOFR. The amount drawn on the MoneyKey facility as of December 31, 2025 was \$7,000,000 (December 31, 2024 - \$7,150,000). The MoneyKey facility is secured by a general security agreement over all of the assets of the Company, and has a requirement for the Company to maintain an errors and omissions insurance policy of \$2,000,000 (December 31, 2024 - \$2,000,000). The MoneyKey facility has a maturity date of April 22, 2028.

As at December 31, 2025, the maximum borrowing base under the MoneyKey facility was approximately \$7,269,307 (December 31, 2024 - \$9,189,124).

Under the terms of the MoneyKey facility agreement, the Company is subject to certain financial and non-financial covenants.

Financial covenant	Requirement
Minimum allowable tangible net worth ratio	25%
Minimum allowable liquidity ratio	1.5
Minimum allowable unrestricted cash test	\$5 million
Maximum allowable leverage ratio	5.0

As of December 31, 2025, the Company was in compliance with these covenants.

CreditFresh facility

On April 25, 2025, the Company completed an amendment and upsize to its existing syndicated credit facility for its CreditFresh line of business, adding a new bank partner to the lending syndicate and receiving increased commitments from several existing lenders. The upsize represents an increased capacity of \$70 million, for a total aggregate capacity of \$400 million. As of December 31, 2025, the total drawn amount on this credit facility was \$312,900,000 (December 31, 2024 - \$256,400,000). The CreditFresh facility is secured by a pledge of the beneficial interest certificate in the DSTs to the agent for the unaffiliated third-party lenders. The CreditFresh facility has a maturity date of April 25, 2028.

As of December 31, 2025, the maximum borrowing base under the CreditFresh facility was approximately \$335,443,487 (December 31, 2024 - \$285,750,483).

The CreditFresh facility has an annualized blended effective interest rate (including other facility related fees) of 10.6% (based on the three-month SOFR rate; and excluding other lenders fees).

Under the terms of the CreditFresh facility agreement, the Company and DSTs are subject to certain financial and non-financial covenants.

Financial covenant	Requirement
Minimum allowable tangible net worth ratio	25%
Minimum allowable liquidity ratio	1.5
Minimum allowable unrestricted cash test	\$5 million
Maximum allowable leverage ratio	5.0

As of December 31, 2025, the Company and DST's were in compliance with these covenants.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

16. Processing, technology and program servicing expense

Processing, technology and program servicing expense includes payment processing costs for credit products originated through the Company's technology platform, technology costs for hosting and other software and computer hardware expenses, and other program operation costs incurred across the Company's various programs (Note 2). It also includes servicing costs incurred as part of the LaaS program.

	For the year ended	
	December 31, 2025	December 31, 2024
Processing, technology and program servicing		
Processing, technology and other program costs	20,122,169	15,740,296
LaaS servicing costs	12,450,676	4,402,369
Total expense	32,572,845	20,142,665

17. Share capital

Ordinary shares authorized

Unlimited number of common shares as at December 31, 2025.

Unlimited blank cheque preferred shares as at December 31, 2025.

Issued

As at December 31, 2025, the Company had 39,363,365 common shares issued and outstanding (December 31, 2024 – 38,841,772).

	For the year ended			
	December 31, 2025		December 31, 2024	
	# of shares	\$	# of shares	\$
Common shares				
Balance, beginning of year	38,841,772	157,625,625	34,326,732	78,964,450
Shares issued (Note 23)	–	–	4,186,000	81,821,736
Common shares purchased for cancellation	(15,000)	(61,593)	–	–
Share issuance costs	–	–	–	(5,009,792)
Share options exercised (Note 18)	536,593	4,168,886	329,040	1,849,231
Balance, closing	39,363,365	161,732,918	38,841,772	157,625,625

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

17. Share capital (continued)

Earnings per share

In accordance with IAS 33 – Earnings per share, basic and diluted earnings per share amounts are calculated by dividing the net income attributable to common shareholders of the Company by the weighted average number of shares issued during the period.

	For the year ended	
	December 31, 2025	December 31, 2024
Net income for the period	59,520,299	46,375,867
Weighted average number of shares outstanding	39,096,683	35,102,888
Basic earnings per common share	\$1.52	\$1.32
Dilutive effect of stock-based compensation	3,137,819	2,860,845
Dilutive weighted average number of share outstanding	42,234,502	37,963,733
Diluted earnings per share	\$1.41	\$1.22

18. Stock-based compensation

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

Options issued and outstanding are as follows:

	For the year ended			
	December 31, 2025		December 31, 2024	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of year	3,293,536	10.89	2,521,738	6.06
Granted during the year	124,850	16.62	1,137,000	20.00
Surrendered during the year	(4,443)	9.75	(36,162)	6.26
Exercised during the year	(536,593)	5.87	(329,040)	5.89
Outstanding at the end of the year	2,877,350	12.08	3,293,536	10.89
Exercisable at the end of the year	1,472,471	7.11	1,247,815	6.10

During the year ended December 31, 2025, the Company recorded an expense of \$3,378,273 (December 31, 2024 - \$1,914,831) in stock-based compensation expense related to its stock option plan in salaries, wages and benefits, with a corresponding adjustment to contributed surplus.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

18. Stock-based compensation

The aggregate of the estimated fair values of the options granted during the year was approximately \$690,660 (2024: \$7,406,978). Options vest over a 4 year service period. The range of inputs into the Black Scholes model are as follows:

	For the year ended	
	December 31, 2025	December 31, 2024
Weighted average share price	16.53 - 24.26	11.52 - 27.38
Weighted average exercise price	16.53 - 24.26	11.52 - 27.38
Expected volatility	39.91 - 40.20%	37.77 - 39.35%
Expected life (years)	7	4.5 - 7
Risk-free rate	2.86 - 3.19%	2.85 - 3.51%
Expected dividend yields	1.99 - 2.79%	1.47 - 2.50%

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

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

19. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2024 — 26.5%) to the effective tax rate is as follows:

	For the year ended	
	December 31, 2025	December 31, 2024
Net Income before income taxes	78,807,831	62,609,962
Expected income tax expense	20,884,097	16,590,102
Tax rate differences	(2,572,986)	(692,290)
Non-deductible expenses	940,158	704,160
Share issuance costs booked to equity	-	(1,327,595)
Other adjustments	36,263	959,718
Income tax	19,287,532	16,234,095

The Company's income tax is allocated as follows:

	For the year ended	
	December 31, 2025	December 31, 2024
Current tax expense	21,261,280	25,356,459
Deferred tax recovery	(1,973,748)	(9,122,364)
	19,287,532	16,234,095

Deferred tax assets and liabilities:

	As at	
	December 31, 2025	December 31, 2024
Property, plant and equipment	21,685	8,135
Share issuance costs	796,557	1,362,115
Capital lease obligation	2,280,639	399,373
Provision for loan losses	29,981,337	25,077,001
Operating tax losses carried forward	713,620	2,385,932
Unrealized (gain) loss on derivative instruments	(51,782)	220,573
Right-of-use assets	(2,026,963)	(322,321)
Intangible assets	(6,477,607)	(5,956,803)
Net deferred tax asset	25,237,486	23,174,005

Recorded on the consolidated statements of financial position as follows:

	As at	
	December 31, 2025	December 31, 2024
Deferred tax asset	30,692,821	25,376,724
Deferred tax liability	(5,455,335)	(2,202,719)
Deferred tax asset (net)	25,237,486	23,174,005

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

19. Income taxes (continued)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Movement in net deferred tax asset as follows:

	For the year ended	
	December 31, 2025	December 31, 2024
Balance at beginning of period	23,174,005	15,105,797
Recognized in profit/loss	1,973,748	9,122,364
Adjusted for prior year deferred accounts	89,733	(120,466)
Goodwill	-	(933,690)
Balance at end of period	25,237,486	23,174,005

20. Segment information

The Company operates and manages businesses in multiple geographical jurisdictions – providing lending related services to borrowers, banks, and other institutions in North America and in Europe. The chief operating decision maker (“CODM”) is the Chief Executive Officer and Chief Financial Officer or equivalent. The CODM makes decisions and assesses performance of the Company at the reportable segment level. For the period ending December 31, 2025, the Company has concluded that there is only one reportable segment per the guidance under IFRS 8 – Operating Segments.

All property and equipment, and leased assets are domiciled in Canada and the UK.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

21. Financial instruments and risk management

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

Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash, restricted cash, loans and advances receivable, other receivables and CSO and Bank Service Program liabilities. The maximum amount of credit risk exposure is limited to the carrying amounts of these balances. Cash is maintained with Canadian, US and UK financial institutions. Deposits held with banks may exceed the amount of federal insurance provided on such deposits. Unless otherwise disclosed, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk.

In relation to loans and advances receivable and CSO and Bank Service Program liabilities, the Company closely monitors default rates and overall recovery per dollar funded for all credit products originated through the Company's proprietary technology platform. The Company, its non-bank, and/or Bank Partners adjust lending terms and policies as deemed necessary. The Company establishes an allowance for credit losses on all loans or advances originated through its proprietary technology platform in accordance with IFRS 9. The gross exposure to the Company for CSO and Bank Service Program liabilities are disclosed in Note 6 above. Under the CSO programs, as at December 31, 2025 the amount was \$3,087,349 (December 31, 2024 - \$5,892,783) and under the Bank Service Program the amount was \$78,702,887 (December 31, 2024 - \$56,360,814). The associated maximum amount of credit risk exposure on such amounts are reflected in the CSO and Bank Service Program liabilities as outlined above.

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

Interest rate risk

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

The Company is exposed to interest rate cash flow risk on its credit facilities. On the CreditFresh facility, it bears interest at a rate plus a base rate of three-month term SOFR (with a floor of 1.75%). On the MoneyKey facility, it bears interest at a rate plus a base rate of three-month term SOFR. On the Fora Credit facility, it bears interest at a rate plus the three-month term SOFR for USD drawdowns and bears interest at a rate plus the Prime rate for CAD drawdowns. If interest rates had been 50 basis points higher and all other variables were held constant, the Company's interest expense for the period ended December 31, 2025 would increase by approximately \$399,396 (December 31, 2024 - \$333,065). If interest rates had been 50 basis points lower and all other variables were held constant, the Company's interest expense for the period ended December 31, 2025 would decrease by approximately \$399,396 (December 31, 2024 - \$333,065). The Company will not always incur the full impact of an interest rate increase or decrease due to the floor in the three-month term SOFR base rate.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024 (expressed in US dollars)

21. Financial instruments and risk management (continued)

Liquidity risk

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

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

	As at December 31, 2025				
	Carrying amount	Year 1	Year 2	Year 3	Onwards
Accounts payable	13,933,837	13,933,837	-	-	-
Accrued liabilities	38,500,436	38,500,436	-	-	-
Amount drawn on credit facilities	331,038,250	11,138,250	-	319,900,000	-
Income taxes payable	13,681,687	13,681,687	-	-	-
Total	397,154,210	77,254,210	-	319,900,000	-

	As at December 31, 2024				
	Carrying amount	Year 1	Year 2	Year 3	Onwards
Accounts payable	10,563,371	10,563,371	-	-	-
Accrued liabilities	36,989,553	36,989,553	-	-	-
Derivative financial instruments	832,353	832,353	-	-	-
Amount drawn on credit facilities	273,072,823	7,150,000	265,922,823	-	-
Income taxes payable	16,017,036	16,017,036	-	-	-
Total	337,475,136	71,552,313	265,922,823	-	-

The Company is obligated to purchase Bank Program Advances that are offered for sale to the Company by both Bank Partners. The amount of Bank Program Advances that were funded by the Bank Partners but not yet offered for sale to the Company as of December 31, 2025 was \$7,385,496 (December 31, 2024 - \$5,787,722). Management has determined no provisions are required on these amounts as of the statement of financial position date, but regularly assesses these amounts and considers whether provisions may be required in advance of an offer to sell.

The Company is obligated to guarantee the principal and interest (net of expected collections and recoveries) of CSO programs in the event that the customer defaults on their loan payments. Management has provided for the guarantee and is included in accrued liabilities as the Company. Refer to Note 14 for further details.

Propel Holdings Inc.
Notes to Consolidated Financial Statements

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21. Financial instruments and risk management (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions denominated in CAD and GBP for which the related expenses, accounts payable, accrued liabilities and lease liabilities are subject to exchange rate fluctuations. As at December 31, 2025, management had entered into foreign currency forward contracts with a notional value of \$16,000,000 to manage the risk from fluctuations in CAD foreign currency risk over time (December 31, 2024 - \$17,000,000). As at December 31, 2025 and December 31, 2024 items are denominated in the following foreign currencies:

	As at			
	December 31, 2025		December 31, 2024	
	\$CAD	£GBP	\$CAD	£GBP
Cash	1,648,422	3,306,793	841,327	3,840,608
Restricted cash	351,050	-	678,732	-
Loans and advances receivable	35,461,149	28,106,902	21,038,694	14,020,013
Accounts payable	4,298,294	1,383,573	1,278,632	1,130,548
Accrued liabilities	3,566,309	190,523	4,157,983	145,515
Lease liabilities	8,606,186	799,444	1,507,069	820,483

As at December 31, 2025, if a shift in CAD and GBP foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately \$5,019,754 (December 31, 2024 - \$2,682,040) and \$3,071,567 (December 31, 2024 - \$1,814,288) respectively due to the fluctuation, and this would be recorded in the consolidated statement of operations.

Fair value measurement

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

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

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

The fair value of financial instruments classified at amortized cost approximates their fair values due to the short term to maturity or due to them bearing market interest rates. The fair value of derivative instruments is determined using level 2 inputs and is carried at fair value. The fair value of the CSO Guarantee Liabilities and Bank Service Program liabilities are determined using level 3 inputs. There were no transfers between fair value hierarchies in 2025.

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21. Financial instruments and risk management (continued)

Financial instruments measured at fair value using level 3 inputs:

	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and FV
CSO Guarantee Liabilities	Allowance for losses on the guarantee of managed receivables.	- Borrower default rates	- Increases can increase the expected credit loss estimates and these liabilities
Bank Service Program liabilities	Allowance for losses on the obligation of managed receivables.	- Recovery rates - Macroeconomic variables - Operational factors	- Decreases can increase expected credit loss estimates and these liabilities - See Note 14 above

22. 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 which includes all directors of the board and corporate officers.

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

	For the year ended	
	December 31, 2025	December 31, 2024
Salaries	6,878,514	5,486,059
Stock-based compensation	2,406,356	1,284,566
	9,284,870	6,770,625

23. Business combinations

On November 15, 2024, the Company completed the purchase of all the shares of QuidMarket. This acquisition expands the Company's geographical footprint and provides credit solutions to more customers globally. The purchase price consisted of cash consideration of \$69,312,672 which was funded through the issuance of 4,186,000 subscription receipts (including 546,000 subscription receipts issued pursuant to the exercise in full by the underwriters of the over-allotment option). Each subscription receipt was redeemed on a one-to-one basis for a common share of Propel on closing of the transaction.

As per the terms set in the sale and purchase Agreement, the closing statements were based off of the preceding month end from the month of closing. As such, the Company has consolidated QuidMarket and recognized profit and loss on a go forward basis as of November 1, 2024 and considered this the effective acquisition date.

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23. Business combinations (continued)

The table below summarizes the fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

	<u>As at November 1, 2024</u>
Assets	
Cash	3,703,968
Loans and advances receivable	12,576,384
Other current assets	357,696
Other non-current assets	216,432
Right-of-use assets	800,928
Software	648,000
Customer relationships	8,683,200
Brand	1,944,000
Goodwill	44,808,474
	<u>73,739,082</u>
Liabilities	
Other liabilities	844,909
Tax payables	1,813,187
Deferred tax liabilities	933,690
Lease liabilities	834,624
	<u>4,426,410</u>
Net identifiable assets	<u><u>69,312,672</u></u>

The current assets acquired consists primarily of loans and advances receivable balances which have a fair value of \$12.6 million. The gross contractual amount of these receivables is \$17.6 million.

Revenue and net income for the Company for the two months ending December 31, 2024 include \$6.6 million and \$1.5 million, respectively from QuidMarket since the acquisition date. Revenue and net income for the Company would have been higher by approximately \$25.2 million and \$6.6 million for the year ended December 31, 2024 if the acquisition had taken place on January 1, 2024.

As part of this acquisition, the Company incurred transaction costs of \$3.2 million included in operating expenses on the consolidated statement of operations.