



PROPEL HOLDINGS INC.

ANNUAL INFORMATION FORM

Fiscal year ended December 31, 2022

Dated as of March 21, 2023

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PROPEL HOLDINGS INC.
ANNUAL INFORMATION FORM

INTRODUCTORY INFORMATION / MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise indicates, the “**Company**”, “**Propel**”, “**us**”, “**we**” or “**our**” refer to Propel Holdings Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by it or them. Certain terms used in this Annual Information Form (the “**Annual Information Form**” or “**AIF**”) are defined under “**Glossary**”.

Unless otherwise specified or the context otherwise requires, all information provided in this Annual Information Form is given as at December 31, 2021. All references to “**\$**” or “**dollars**” are to US dollars and references to “**CAD\$**” or “**CAD dollars**” are to Canadian dollars. Amounts are stated in US dollars unless otherwise indicated. Certain totals, subtotals and percentages throughout this Annual Information Form may not reconcile due to rounding.

This Annual Information Form contains certain trademarks, such as “**Propel**”, “**MoneyKey**” “**CreditFresh**” and “**Fora Credit**” which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this Annual Information Form may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

GLOSSARY

The following terms used in this Annual Information Form have the meanings set forth below, unless otherwise indicated.

“**ACH**” means automated clearing house.

“**Adjusted EBITDA**” has the meaning set forth in the MD&A under the heading “Non-IFRS Financial Measures and Industry Metrics.”

“**Advance Notice Provisions**” means the provisions set out in the Company’s advance notice by-laws.

“**APR**” means annual percentage rate.

“**Articles**” means the Company’s articles of incorporation, as amended.

“**Bank Partners**” means the FDIC-insured banks the Company partners with, in connection with its Bank Programs.

“**Bank Programs**” means the sponsorship programs through which the Company partners with two FDIC insured, state-chartered banks through the CreditFresh brand, and operates as a sub-servicer to one FDIC insured, state-chartered bank through the MoneyKey brand.

“**Bank Service Program**” means MoneyKey’s Bank Program, pursuant to which MoneyKey acts as a sub-servicer to its indirect Bank Partners.

“**Board**” means the board of directors of the Company.

“**CAGR**” means compound annual growth rate.

“**CFPB**” means the United States Consumer Financial Protection Bureau.

“**Code of Ethics**” means the Company’s written code of ethics.

“**Common Shares**” means the common shares in the capital of the Company.

“Company”, “Propel”, “us” and “we” each has the meaning set forth on the cover page of this Annual Information Form.

“CreditFresh” means the Company’s *CreditFresh*TM brand.

“CreditFresh Facility” means the revolving credit facility by and between the Company, CreditFresh DST I and CreditFresh DST II and a US-based alternative financing provider as administrative agent on behalf of the lenders party thereto from time to time used to fund the Company’s CreditFresh products.

“Criminal Code” means the Canada *Criminal Code*, R.S.C. 1985, c. C-46.

“CSO” means, collectively, credit services organization and credit access business.

“DBRS” means DBRS, Inc.

“DDoS attack” means distributed denial-of-service attack.

“Demand Registration” means the requirement for the Company to assist the Kinross Group Permitted Holders in making a distribution of Registrable Securities pursuant to the Investor Rights Agreement.

“Ending Combined Loan and Advance Balances” has the meaning set forth in the MD&A under the heading “Non-IFRS Financial Measures and Industry Metrics”.

“ESG” means environmental, social and governance.

“FCRA” means the United States *Fair Credit Reporting Act*.

“FDIC” means the Federal Deposit Insurance Corporation.

“FICO” means the Fair Isaac Corporation.

“Fora Credit or Fora” means the Company’s *Fora Credit*TM brand

“Fora Credit Facility” means the revolving loan agreement by and between Fora Credit and between senior lender CWB Maxium Financial Inc., a part of the Canadian Western Bank Financial Group of companies, and junior lender Bastion Management and affiliates thereof from time to time used to fund the Company’s Fora Credit products.

“fintech” means financial technology.

“Fiscal 2021” means the financial year ended December 31, 2021.

“Fiscal 2022” means the financial year ended December 31, 2022.

“FTC” means the Federal Trade Commission.

“HCCR” means the provincial high cost of credit regime in the province of Alberta.

“IFRS” means International Financial Reporting Standards.

“Initiating Notice” means written notice from the Kinross Group Permitted Holders with respect to a Demand Registration.

“Installment Loans” means loans offered or facilitated over the Propel platform that are generally fixed term, fully amortizing loans with a fixed repayment schedule.

“Investor Rights Agreement” means the investor rights agreement among the Company, KFHH, MPI and the Raptor Group with respect to certain director nomination rights and shareholder rights.

“KFHH” means Kinross Family Holdings Inc.

“Kinross Group Permitted Holders” means (i) Clive Kinross and any Members of the Immediate Family of Clive Kinross; and (ii) any Person controlled, directly or indirectly, by one or more of the Persons referred to in clause (i) above.

“Line of Credit” means loans offered or facilitated over the Propel platform that are generally open-ended lines of credit that provide consumers the flexibility to draw cash advances and repay any amount up to their maximum available credit with a minimum payment due each period.

“MD&A” means management’s discussion and analysis of financial condition and results of operations in this Annual Information Form.

“Members of the Immediate Family” means with respect to any individual, each parent (whether by birth or adoption), spouse, sibling, or child (including any step-child) or other descendants (whether by birth or adoption) of such individual, each spouse of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the Tax Act as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

“MoneyKey” means the Company’s *MoneyKey*™ brand.

“MoneyKey Facility” means the Company’s revolving credit facility used to fund the Company’s MoneyKey products.

“MPI” means MPI Capital Inc.

“NBFI” means non-bank financial institution.

“NGC Committee” means the Nomination, Governance Committee.

“nominating shareholder” means, for purposes of our Advance Notice Provisions, the shareholder who is providing the notice, and each beneficial owner, if any, on whose behalf the nomination is made.

“Notice Date” means the first public announcement of the date of the meeting of Shareholders.

“OBCA” means the *Business Corporations Act* (Ontario).

“OCC” means the Office of the Comptroller of the Currency.

“Permitted Holders” means any of: (i) the Kinross Group Permitted Holders; (ii) the Raptor Group Permitted Holders; and (iii) the Stein Group Permitted Holders.

“Person” means, for purposes of the Investor Rights Agreement, any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

“Piggyback Registration” means the requirement for the Company to include all or a specified part of the Common Shares held by the Permitted Holders to be included in a prospectus offering.

“Principal Shareholders” means, collectively, MPI and KFH.

“proposed nominee” means, for purposes of our Advance Notice Provisions, the person whom a shareholder proposes to nominate for election as a director.

“Q3 2022” means the quarter ended September 30, 2022.

“Q4 2022” means the quarter ended December 31, 2022.

“Raptor Group” means Raptor Propel Holdings, LLC.

“Raptor Group Permitted Holders” means the Raptor Group and any of its Affiliates.

“Registrable Securities” means any Common Shares held by the Kinross Group Permitted Holders.

“SEDAR” means the system for electronic document analysis and retrieval.

“Shareholder” means a holder of shares of the Company.

“Stein Group Permitted Holders” means (i) Michael Stein and any Members of the Immediate Family of Michael Stein; and (ii) any Person controlled, directly or indirectly, by one or more of the Persons referred to in clause (i) above.

“Tax Act” means the *Income Tax Act* (Canada), as amended.

“Total Originations Funded” has the meaning set forth in the MD&A under the heading “Non-IFRS Financial Measures and Industry Metrics”.

“TSX” means the Toronto Stock Exchange.

NON-IFRS FINANCIAL MEASURES AND INDUSTRY METRICS

In addition to using financial measures prescribed under IFRS, this Annual Information Form makes reference to certain non-IFRS financial measures and industry metrics. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. In this Annual Information Form we use “Adjusted EBITDA” and “Ending Combined Loan and Advance Balances”, each of which are non-IFRS financial measures. This Annual Information Form also makes reference to “Total Originations Funded”, which is an industry metric used in our industry. These non-IFRS financial measures and industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures and industry metrics in the evaluation of issuers. Our management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. The definitions and reconciliations of these non-IFRS measures to the relevant reported measures contained in the Company’s Management Discussion & Analysis (“MD&A”) dated March 22, 2023 for the fiscal year ended December 31, 2022 are incorporated by reference in this Annual Information Form. A copy of the MD&A can be accessed under the Company’s profile on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This Annual Information Form contains “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our

expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

Discussions containing forward-looking information may be found, among other places, under “Business of Propel”, “Industry Overview”, “Dividend Policy”, and “Risk Factors”.

This forward-looking information includes, among other things, statements relating to:

- expectations regarding macroeconomic conditions, industry trends, the seasonality of the industry, the regulatory landscape, overall market growth rates and our growth rates and growth strategies;
- our business plans and strategies, including new products, programs, marketing partnerships geographic expansion, and ESG strategies;
- our competitive position in our industry; and
- expectations regarding our dividend policy.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described in greater detail under the heading entitled “Risk Factors”:

- risks relating to the Company being unable to access capital on acceptable terms and therefore may be unable to offer the products and services it currently offers;
- inability to effectively underwrite or assess the credit risk of its target market;
- inability to manage risks relating to its obligations as a service provider to the Bank Partner lenders that it works with;
- the information provided to the Company by consumers or third-party data providers may be inaccurate;
- our reliance on unsecured loan products, and being particularly susceptible to fluctuations in the unsecured personal loan market;
- our ability to manage risks relating to developing new loan products and services offerings;
- risks relating to the classification of our Bank Partners as not being the “true lender” of loans facilitated through our platforms;
- the dynamic regulatory landscape in which the Company operates;

- risks relating to supervisory and enforcement focus of key regulatory agencies;
- risks relating to state, provincial and/or federal legislative or regulatory changes limiting interest rates and/or fees that can be charged on our or our Bank Partners' products;
- risks relating to court decisions concerning "true lender" and "valid when made" bank lending concepts;
- scrutiny from regulators and payment processors of certain online lenders' access to the ACH system to disburse and collect loan proceeds and repayments;
- risks relating to internet-based loan origination processes that may not always be allowed under state law;
- risks relating to our indebtedness;
- the seasonality of the Company's and its Bank Partners' U.S. loan businesses;
- risks relating to anti-money laundering, anti-terrorism financing, anti-corruption and economic sanctions laws;
- risks relating to macroeconomic and other factors that are outside of our control;
- risks relating to operating in a cyclical industry and the risk that in an economic downturn, the Company may not be able to grow its business or maintain expected levels of liquidity or revenue growth;
- our ability to retain existing, and attract new, customers;
- our ability to accurately forecast loss rates, financial performance and business operations;
- changes in our access to a diversified set of marketing channels/ partners;
- the success of our marketing efforts;
- our ability to find and retain highly skilled individuals to lead and contribute to the Company's activities;
- the risk of fraudulent activity;
- risks relating to security breaches, DDoS attack or other hacking and phishing attacks on our systems or other security breaches, including internal security failures;
- risks relating to customer complaints or negative public perception of our business and brands;
- risks relating to our future endeavors, including our plans to expand into new markets;
- our ability to protect our intellectual property and proprietary technology from external threats and vulnerabilities;
- disruptions in the availability or speed of our information technology systems, including our loan management platform;
- reputational risks or liability associated with issues in the use of AI in our software;
- undetected or unknown errors or bugs in our technical software;
- any unintentional disclosure of personal consumer information, as a result of a data breach or other cyber security event;

- our ability to keep up with technology changes and advancements occurring in the broader market;
- risks relating to operating in a highly regulated industry that could restrict the products and services we offer or facilitate or increase the costs and complexity of compliance;
- our reliance on third-party lenders to conduct business in Texas;
- adverse consequences if we make loans under state or provincial lending licenses which are found to violate applicable state or provincial interest rate limits or other provisions of applicable state or provincial lending and other laws;
- ongoing compliance costs of operating in a complex regulatory environment;
- adverse consequences if we operate without a required license;
- disruption in the access to third parties that we rely on;
- reliance on our relationships with unaffiliated third-party banks;
- general risks associated with the financial services industry;
- changes to the products offered by any of the unaffiliated third-party banks;
- failure to maintain adequate insurance coverage;
- future litigation;
- risks related to volatility resulting from international conflicts, such as the current conflict in Ukraine;
- inadequate provision for credit losses;
- risk related to natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and other geo-political events;
- provisions for credit losses may be inadequate;
- concentration of a significant percentage of a loan portfolio;
- risks relating to forward-looking information in this Annual Information Form;
- volatility of Common Share price;
- any issuance of preferred shares;
- our trading price and volume could decline if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business;
- Shareholders will have limited control over our Company's operations;
- significant influence of MPI and KFH;
- the Company is a holding company;
- enforcement of judgements against persons or subsidiaries outside Canada;
- future sales of shares by MPI and KFH;
- dividends on the Common Shares are not guaranteed;

- potential dilution of our Common Shares;
- claims for indemnification by our directors and officers;
- potential loss of foreign private issuer status in the future;
- increased expenses as a result of being a public company;
- our recent financial performance, including our growth rate and profitability may not be indicative of our future performance and results;
- adverse impacts as a result of adopting new accounting standards or interpretations;
- failure to adhere to our financial reporting obligations and other public company requirements; and
- changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in “Risk Factors” should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this Annual Information Form represents our expectations as of the date of this Annual Information Form (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

All of the forward-looking information contained in this Annual Information Form is expressly qualified by the foregoing cautionary statements.

CORPORATE STRUCTURE

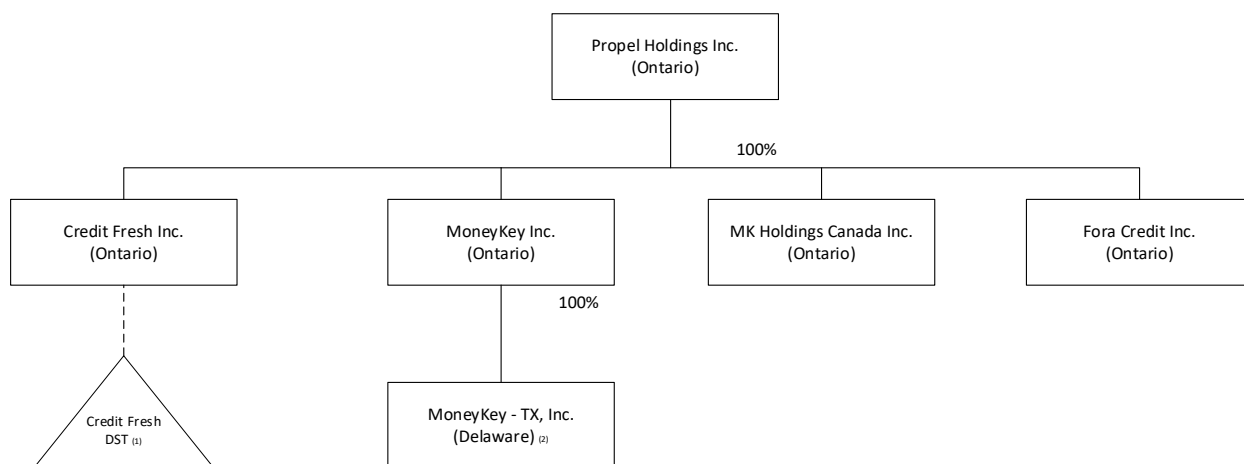
Incorporation and Head Office

Propel was incorporated on June 16, 2011, under the *Business Corporations Act* (Ontario) (the “**OBCA**”) as 2288984 Ontario Inc. and Propel amended its articles of incorporation (as amended, the “Articles”) on July 29, 2011 to change certain rights, privileges and restrictions on the Class A Common Shares and Class B Common Shares. Propel further amended its Articles on March 10, 2020, to change its name from 2288984 Ontario Inc. to Propel Holdings Inc. On June 21, 2021, the Company further amended its Articles to: (i) create a new class of preferred shares and (ii) to redesignate its Class A Common Shares and Class B Common Shares as common shares. The Company further amended its articles on October 15, 2021 to create a new class of Class A common shares. On October 19, 2021, the Company filed articles of amendment to (i) cancel all authorized and unissued common shares, Class A common shares and Class B preferred shares, (ii) create a new class of common shares, (iii) convert all previously issued and outstanding common shares and Class A common shares into the newly created common shares and (iv) create a new class of preferred shares. The Company’s head office and registered address are located at 69 Yonge St., Suite 1500,

Toronto, ON, M5E 1K3, Canada.

Intercorporate Relationships

The following organization chart sets out the intercorporate relationships of the Company and its material subsidiaries, together with the jurisdiction of formation, incorporation or continuance of each entity. For clarity, the subsidiaries below are only the material subsidiaries; the organizational chart below is not representative of our entire corporate structure.



Notes:

- (1) CreditFresh Inc., through wholly owned subsidiaries, is the sole beneficial interest holder of CreditFresh DST I, incorporated in the state of Delaware, and beneficially controls CreditFresh DST I.
- (2) MoneyKey Inc., through one of its wholly-owned subsidiaries, is the indirect owner of 100% of MoneyKey – TX, Inc., incorporated in the state of Texas.

DEVELOPMENT OF THE BUSINESS

Our History

Propel was incorporated under the OBCA on June 16, 2011 by Clive Kinross, our Chief Executive Officer. Shortly thereafter, Noah Buchman, Sheldon Saidakovsky and Dr. Jonathan Goler joined the team as co-founders. Initially, the Company commenced operations under the MoneyKey operating brand and used a Software-as-a-Service loan management system to offer online unsecured loans. Propel was capitalized by its original shareholders with \$4 million by way of equity investment. By the end of 2011, Propel had approximately \$778,000 in Total Originations Funded¹. In 2015, Propel achieved its first full year of profitability (as recognized by audited Canadian accounting standards for private enterprises employed by the Company at the time). In 2016, Propel began paying an annual dividend to its shareholders.

Since incorporation, Propel's business has evolved as it obtained licenses, built out its proprietary underwriting capabilities and lending platform and developed new loan products and capabilities including serving as a direct lender, CSO, and fintech bank partner and sub-servicer

Propel has expanded operations and is now able to facilitate credit offerings to new customers in 28 states across the United States through the MoneyKey and CreditFresh brands.

Propel has established itself as a successful, compliance-first fintech company. To date, the Company, through its operating brands, MoneyKey, CreditFresh and Fora Credit, has:

- developed its own proprietary end-to-end technology platform and invested \$18.4 million in development through December 31, 2022. In the year ending December 31, 2022, Propel has accelerated the pace of investment in its platform, including scaling up the software development team to tackle more strategic projects in parallel.
- expanded operations to facilitate new credit offerings in 28 states across the United States; and further expanded operations to facilitate new credit operations in 2 provinces across Canada.
- launched (directly or indirectly) three Bank Programs with state-chartered, FDIC-insured banks;
- integrated with over 40 marketing partners, data partners and transaction processing vendors;
- obtained and maintains 93 licenses for the various programs it operates;
- enhanced customer service capabilities through automation, digitization and roll-out of state-of-the-art telephony and customer contact systems;
- secured multiple rounds of debt funding, broadening its lending base from two to five lenders (including two state-chartered banks), increasing its facility size over time and lowering debt facility costs in each round, based on the positive credit performance of prior loan vintages;
- consistently increased its revenues since inception;

Recent History

2020

Propel added marketing relationships with Even Financial and Quin Street, rolling these out across all operating portfolios on the Propel platform by end of 2020. Additionally, CBW Bank launched additional states under the CreditFresh brand. In September 2020, Propel launched its Bank Service Program to facilitate Lines of Credit from Capital Community Bank under the MoneyKey brand.

In December 2020, Propel increased the size of its CreditFresh Debt Facility from \$35 million to \$45 million.

2021

In March 2021, Propel increased the size of its CreditFresh Debt Facility to \$120 million, added additional debt capital partners and improved the terms governing the facility. In April 2021, Propel launched a second Bank Program through CreditFresh with First Electronic Bank, facilitating the offering of fee-based Lines of Credit. In April 2021, Propel began negotiations for a Preferred Series B round led by the Raptor Group, and ultimately completed a \$15 million equity raise in June 2021. Subsequent to the Raptor Group's investment, Propel further accelerated the growth of its business through (i) the launch of a lower fee installment product in Texas and the expansion of bank credit products to Minnesota, Hawaii and Alaska; (ii) commitment from Bank Partners to allow for a minimum of five state expansion for each Bank Program for both MoneyKey and CreditFresh brands; and (iii) the launch of a new FCRA firm offer of credit campaign in select markets. In October 2021, we successfully completed our initial public offering of 6,250,000 Common Shares at a price of CAD\$9.75 per share. On the same day, the Common Shares were listed on the Toronto Stock Exchange (the "TSX") under the symbol "PRL". Further, we closed the over-allotment option granted to the underwriters for an additional 937,500 Common Shares from the Company at CAD\$9.75 per share. The aggregate gross proceeds of the IPO and the over-allotment totalled CAD\$70,078,125.

Including the three expansion states mentioned above, over the course of 2021, 10 new states were rolled out for Bank

Programs under the CreditFresh brand and 10 new states were rolled out under the MoneyKey brand through the MoneyKey Bank Service Program.

Additionally, two of Propel's Bank Partners launched their lower fee graduation programs for CreditFresh and MoneyKey customers in late Q3 2021. As of December 31, 2021 some 19,432 Bank Program customers had graduated to lower fee products. Concurrently, the Bank Partners introduced variable pricing models enabling the Bank Programs to offer lower fee versions of their fee-based Line of Credit products to customers with stronger credit risk profiles. 12% of new Bank Program Accounts in Q4 2021 were originated with lower fee products through Propel's variable rate underwriting program.

Lower fee graduation products were also launched in Q4 2021 for a subset of qualifying return customers on MoneyKey's state-licensed lending programs. In Q4 2021, some 4,417 MoneyKey Return Customer installment loans were originated at a lower fee.

2022

Over the course of 2022, Propel's Bank Partners increased the maximum loan amount to \$5,000 and continued expanding the lower free graduation programs for CreditFresh and MoneyKey customers. As of December 31, 2022 approximately 33,448 Bank Program customers had graduated to lower fee products. Additionally, over the course of 2022, Propel's Bank Partner's continued to expand their variable pricing models and offering lower fee versions of their fee-based Line of Credit products to customers with stronger credit risk profiles. As of December 31, 2022, 73,422 of new Bank Program accounts were originated with lower fee products through Propel's variable rate underwriting program.

On November 1, 2022, Mr. Peter Anderson was appointed to the board of Propel as well as the NGC Committee as an independent director.

On November 11, 2022, Propel closed on a CAD\$26M credit facility to provide the necessary debt capital for the growth of the Fora Credit brand.

Propel entered the Canadian market on November 21, 2022, with its new brand, Fora Credit™, a convenient online credit solution for underserved Canadian consumers. In line with Propel's mission of credit inclusion, Fora Credit was created to provide Canadians with access to a fair, transparent and flexible credit solution. Rooted in Propel's existing flexible, scalable technology infrastructure and capabilities in artificial intelligence ("AI"), Fora Credit enables consumers to apply online for personal lines of credit of up to CAD\$10,000 through a seamless digital application experience backed by extraordinary customer service. Fora Credit is currently available in Alberta and Ontario and Propel has plans to roll out Fora Credit into additional provinces across the country over the course of 2023.

BUSINESS OF PROPEL

Overview

Founded in 2011, Propel is an innovative online fintech company, committed to credit inclusion and helping underserved consumers by providing fair, fast and transparent access to credit with exceptional service through its online and mobile-friendly platform.

Propel's mission is to facilitate access to credit for underserved consumers and be a part of their credit journey. The following core principles drive us to fulfill our mission:

- **Inclusion. We believe every individual deserves access to credit.** Our business is currently focused on millions of American and Canadian consumers who are underserved by mainstream credit providers and deserve better and more inclusive access to credit options.
- **Evolution. We want to help consumers evolve to better credit products over time and be an integral part of their evolution to better financial health.** We aim to give consumers the potential to graduate

to more flexible, lower cost credit products over time as their financial circumstances improve.

- **Experience. We strive to provide a best-in-class customer experience.** We serve customers with urgency, respect and exceptional customer service, which includes providing financial tools, education and other products free of charge to support consumers on their path to better financial health.

To achieve our mission, we have built and operate a proprietary, leading-edge, end-to-end, AI-powered online lending platform that facilitates access to a suite of credit products and programs. We operate as a direct lender and CSO and are also involved in multiple Bank Programs (directly and indirectly) where we provide certain services, including marketing, technology, underwriting and loan servicing for bank originated loans facilitated through our mobile technology platform. All of our operations are conducted through our three consumer-facing brands: MoneyKey CreditFresh, and Fora Credit.

Propel's target market are the millions of underserved American and Canadian consumers and who struggle to access credit from traditional credit providers, such as mainstream banks and credit unions, for a variety of reasons, including low-to-moderate or volatile incomes and/or limited credit profiles. In contrast to prime and near prime consumers, the subprime consumer segment, within which the underserved consumer typically falls, often includes consumers who have low credit scores or limited credit histories with traditional credit bureaus, making them more challenging for traditional credit providers to underwrite and provide credit to. As a consequence, traditional credit providers have increasingly underserved the credit needs of this segment of the market, despite the explicit encouragement from U.S. banking regulators in recent years. According to commentary published by DBRS titled "U.S. Unsecured Personal Loans — Marketplace Lenders Continue to Expand Market Share", since 2008, traditional credit providers have pulled back approximately \$142 billion in consumer credit, and have continued to close physical branch locations, disproportionately affecting low-to-moderate income consumers and exacerbating their inability to access credit.

As a consequence of this market dynamic, fintech companies such as Propel have emerged to meet the needs of this market. According to the DBRS commentary, the share of all personal loans outstanding sourced by fintech lenders increased from just 5% in 2013 to 38% in 2018. See "Business of Propel — Industry Overview".

As at December 31, 2022, Propel has facilitated over 974,000 personal, unsecured loans and Lines of Credit through its platform, with over \$1 billion being advanced to over 627,000 unique customers. In Fiscal 2022, revenue, operating income and net income were \$226.9 million, \$33.9 million and \$15.1 million, respectively compared to \$129.6 million, \$19.1 million and \$6.6 million respectively in 2021. See "Selected Consolidated Financial Information" section below. For Fiscal 2022, year-over-year growth in revenue was 75% and year-over-year growth in Adjusted EBITDA¹ was 61%. Our revenue growth accelerated significantly in Fiscal 2022 due in large part to (i) the growth and expansion of the Bank Programs under the CreditFresh brand; (ii) facilitating the expansion of Bank Programs into additional states over fiscal year 2021; (iii) stronger consumer demand for credit; (iv) the expansion of originations through growth with key marketing partners and channels; (v) the expansion of variable pricing and graduation capabilities; and (vi) at a macro level, the continuing industry-wide transition from brick-and-mortar to online lending, and tightening across the credit supply chain, which has increased application volume and quality across Propel's platform. See "Business of Propel — Marketing and Sales".

Year Ended December 31,

	2022		2021		Period to period change	
	Percentage		Percentage			
(US\$ other than percentages)	Amount	of Revenues	Amount	of Revenues	Amount	Percentage
MoneyKey direct lending and CSO	35,985,075	16%	39,389,964	30%	(3,404,889)	(9)%
CreditFresh Bank program	158,580,768	70%	78,880,843	61%	79,699,925	101%
MoneyKey Bank Service program .	32,274,693	14%	11,378,314	9%	20,896,379	184%
Fora direct lending.	10,098	0%	-	0%	10,098	N/A
Total Combined Revenue	226,850,634		129,649,121		97,191,415	75%

Products & Business Lines

Propel delivers an industry-leading online customer experience, as evidenced by the *Excellent* Trustpilot average ratings of 4.6 out of 5 for each of the MoneyKey and CreditFresh brands, achieved from thousands of consumer reviews as at December 31, 2022. Our proprietary technology powers mobile-optimized consumer web applications which are easy-to-use and provide a convenient online credit application process and a comprehensive set of self-service online account service features, including online payments. Over 80% of our online customer activity is through mobile devices, and this continues to rise. Additionally, our highly trained in-house customer service agents are available seven days a week through our two centralized contact center locations.

Our online platform provides Propel and its three brands with the flexibility to facilitate access to credit products to underserved consumers across the subprime credit risk market. Generally, the MoneyKey brand serves consumers with a higher credit risk profile than our CreditFresh and Fora Credit brand.

Broadly speaking, the two types of credit products available through the Propel platform are:

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

The terms and conditions of the credit products vary depending on the program (direct lending, CSO or Bank Program) under which they are offered and, in the case of the direct lending, state / province licensed business, depending on the state or province in which they are offered. Credit products facilitated through the Propel platform are intended to be simple, transparent and easy to understand. The cost of the product and other important product details are presented to the consumer upfront in plain language that meets all regulatory disclosure requirements. There are no surprise fees, origination fees, late fees or prepayment penalties for any of the products offered through our platform.

Figure – Brand Comparison

Brands & Products			
Propel Brand	money key	creditfresh	fora
Consumer Product	Fully amortizing installment loans	Open-ended Lines of Credit	Open-ended Lines of Credit
	Open-ended Lines of Credit		
Operating Structure	State-Licensed Direct Lender	Bank Partner	Direct Lender
	Credit Services Organization/Credit Access Business		
	Bank Sub-servicer		
Geography Served	United States	United States	Canada
Product and service offerings are underpinned by robust operations and compliance capabilities			

Products facilitated through Propel's lending platform, regardless of brand, tend to have a lower cost of credit than other alternatives, such as bank overdrafts and typical payday lenders.

Direct Lender

MoneyKey

Certain of Propel's wholly-owned subsidiaries, operating under the MoneyKey brand, are state-licensed direct lenders and currently offer either Installment Loans in seven states or Lines of Credit to new customers in two states. Each operational state has specific legislation, such as legislation dictating the type(s) of product that can be offered, requirement to issue payment receipts or to provide consumers with a right to cure a delinquency. As such, the products offered through the direct lending program are not homogenous. Each state also requires lenders to obtain and maintain a license in order to operate in the state and regularly audits our activities to ensure we are operating in compliance with stated product requirements. In addition to state law requirements, we are also required to adhere to all applicable federal laws in issuing these loan products.

Propel earns revenue through interest revenue based on a stated APR for closed-end installment loans and a daily periodic rate of interest for open-ended lines of credit that are calculated based on a consumer's outstanding balance during a given billing period.

In one state (Tennessee), a line of credit product is offered, whereby a daily periodic rate of interest is charged as well as a customary fee, in accordance with state legislation. Such customary fee is based on a daily rate applied against a consumer's average outstanding balance during a given billing period.

Outside of the arrangements for the nine states described above, Propel, through its MoneyKey brand, has several run-off portfolios where new customer origination activity has ceased. The remaining balances and revenues for such portfolios are nominal. For several of these run-off portfolios, revenues represent fees that are earned on either the outstanding balances during a specific period or based on the customer's usage of the product.

Fora Credit

Propel's wholly-owned subsidiary, operating under the Fora Credit brand provides open ended lines of credit to new Canadian customers in the Provinces of Ontario and Alberta. Based on specific provincial legislation no two provinces are homogeneous. Based on the specific province and the legislation in effect, provinces may require lenders to obtain and maintain a license in order to operate in the specific province and may regularly audit our activities to ensure we are operating in compliance with stated product requirements. In addition to any provincial or territorial law requirements, we are also required to adhere to all applicable federal laws in issuing these loan products.

Credit Services Organization (CSO)

One of our wholly owned subsidiaries, operating under the MoneyKey brand in the state of Texas, operates as a state-licensed CSO. As a CSO, we arrange Installment Loans with customers on behalf of arm's length third-party lenders and provide a guarantee to such lenders for the loans. Similar to the direct lending business, the structure of the CSO business is governed by state law. CSO fees are earned by Propel, through its MoneyKey brand, for arranging, assisting and guaranteeing the loan on behalf of the customer. Interest is earned by the arm's length third party lenders and is subject to applicable state rates.

Bank Programs

As at December 31, 2022, our three Bank Partners currently provide Lines of Credit to new customers in 28 unique states facilitated through the Propel platform. Each Bank Partner's Line of Credit product is ubiquitous throughout the states in which they are offered.

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 U.S. ("**Bank Program**"). The Company currently maintains two Bank Programs, one with a Kansas state-chartered, FDIC insured, bank, and the other with a Utah state-chartered, FDIC insured bank. Through these Bank Programs, the Bank Partners offer unsecured open-ended lines of credit and are the sole originators of such lines of credit. The Bank Partners license technology, proprietary credit decisioning and underwriting capabilities from the Company, approve all Bank Program details, and approve all key decisions regarding the marketing, underwriting, product features and pricing of the lines of credit offered through the Bank Programs. Generally, the Bank Partners have the right to sell an economic interest in the principal balances of the lines of credit originated by the Bank Partners to the DST. The Company, through its wholly owned subsidiaries, has the sole beneficial interest in the DST. Once the offered economic interest is purchased, debits, in the Bank Partners' name, are initiated through a separate state-chartered, FDIC-insured bank. Once cleared, such funds are deposited to benefit of DST.

The Company, through its MoneyKey brand, also operates as a servicer which provides marketing, analytics, and loan servicing services to a NBFI. The NBFI has a program agreement with a FDIC insured Utah state-chartered bank 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 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 nonperforming.

Growth Strategies

Growth in Core Business

Macroeconomic Conditions. Building on our significant growth during the last 24 months of irregular and sometimes muted economic activity, we expect our business will continue to grow given that consumers are adapting to the fluctuating economic environment and resuming many pre-pandemic activities. We believe that although many households were buoyed by government stimulus, it is likely that consumer borrowing needs will return as effects of government stimulus run their course and economic activity and spending return to normal levels. Additionally, as noted by Clarity Services Inc.'s 2021 Alternative Financial Services Lending Trends Report, there has been a clear trend in consumers increasingly choosing digital channels for their financial needs, creating favourable market

conditions for our products and services.

State Expansion. Facilitating our Bank Partners' state and program expansion was a key growth driver during the recent 24 months of depressed economic activity and uncertain economic environment due to COVID-19. Propel has the capabilities and infrastructure to support our Bank Partners' portfolios' continued expansion to new states.. As at the end of 2022, Propel was facilitating new loans either as a direct lender, CSO or Bank Partner servicer or sub servicer in 28 states and two (2) provinces.

Marketing Channel Expansion. After spending many years building our technology infrastructure, industry relationships and refining our acquisition strategies, Propel broke new ground in 2019 with respect to the types of marketing partners we have established relationships with. Today, we work with some of the largest, most well-established acquisition partners serving the financial services industry, and expect our marketing footprint to continue to grow as we onboard more partners and continue to refine our strategy with each. Ten of the marketing partners with whom we have established new relationships with since 2019 comprise approximately 47% of total number of new customer originations for the period from January to December 2022.

Financial Health Education. In keeping with our belief that consumers should be provided with financial education tools and resources to help them on their path to better financial health, we are in the process of building on our existing offerings to provide additional tools through partnering with industry leaders in this space. These tools will generally be available to any consumer who comes to the website of one of our operating brands. From that perspective, we expect that these new partnerships and financial education offerings may drive additional traffic to the products offered through our platform, as well as create brand loyalty and longevity among consumers who already have or had a relationship with Propel's consumer brands, MoneyKey, CreditFresh and Fora Credit.

Graduation & Additional Markets. 2021 marked an important year for our business, which saw a core element of our strategy come to life. Our core principles have been rooted in the belief that all consumers deserve access to credit, and that they should be given the opportunity to have better credit options as their financial health improves. We have aligned ourselves with partners who hold the same belief and we have been able to successfully facilitate the graduation of consumers (ours and our partners' consumers) to Lines of Credit with improved rates based on a track record of successful repayments. We are not only able to provide the graduation of existing consumers but have implemented processes to allow for variable introductory rates at the time of origination, meaning that the risk spectrum of the target consumer is naturally expanding. In 2022, more than 7 million unique new customer applications were processed through the Propel platform. For the same period, approximately 1.03 million of these applications were accepted by Propel's automated underwriting and approximately 13.4% of these new customer applications were ultimately approved and funded. We believe that the majority of accepted applicants declined to proceed with the credit product offered because they had access to a superior offer of credit. By expanding the range of products offered by us or our partners through our platform to include additional higher dollar, lower cost products to qualifying customers, we expect to be able to convert additional applicants who are already being processed through the Propel platform.

Additionally, two of Propel's Bank Partners launched their lower fee graduation programs for their customers through the CreditFresh and MoneyKey brands in late Q3 2021. As of December 31, 2022, some 33,448 Bank Program customers had graduated to lower fee products. Concurrently, the Bank Partners introduced variable pricing models enabling the Bank Programs to offer lower fee versions of their fee-based Line of Credit products to customers with stronger credit risk profiles. ~33% of new Bank Program Accounts as at December 31, 2022 were originated with lower fee products through Propel's variable rate underwriting program

Lower fee graduation products were also launched in Q4 2021 for a subset of qualifying return customers on MoneyKey's state-licensed lending programs. As at December 31, 2022, some 16,713 MoneyKey Return Customer installment loans were originated at a lower fee

Additional Opportunities

The foregoing operating and financial targets do not reflect the impact of the following additional growth opportunities that have the potential to drive incremental growth in our business.

Near Prime Lending. As our Bank Partners continue to lower the cost of credit for existing and new consumers, we

expect that the Propel platform will, in the near future, support the facilitation of credit to an even lower risk consumer that falls within the near prime market. Although we view this as an additional adjacent opportunity because of the cross-over into a significantly different customer demographic, the movement in this direction is a natural extension of the initiatives that are already in place at Propel. The infrastructure to support this growth is established and proven and we therefore expect this to be primarily a matter of timing and focused endeavour.

Geographic Expansion. Rooted in our belief that every individual deserves access to credit, our goal is to expand Propel's products and markets to become a truly global, diversified fintech company focused on the underserved consumer. On November 21, 2022, as a natural extension of the U.S. Business, Propel launched Fora Credit as our introduction into the Canadian market. In terms of location and regulatory landscape, the Company's current focus is expanding into additional jurisdictions within the U.S. and Canada.

Expansion into other markets would be dependent on a favourable regulatory environment, market size and competitive landscape.

Adjacent Credit Products. Propel has identified a number of credit products that would be complementary offerings to the current suite of products and services that Propel provides, and which align with our mission of providing access to credit for all consumers and helping consumers evolve toward better financial health. Credit and debit cards and payroll advance loans would all be natural extensions to offer either directly or in partnership with other financial institutions or servicers in the future. Given our flexible and scalable technology and our established operations and program management infrastructure, we expect the implementation of any or all of the above would be relatively seamless.

Industry Overview

Credit Availability Remains a Challenge for Millions of North Americans

According to the most recent National Survey of Unbanked and Underbanked Households by the FDIC, over 60 million U.S. adults are financially underserved, meaning they struggle to access mainstream financial products and fall into one of the categories below:

- Over 6.0% of U.S. households or 14.1 million U.S. adults are unbanked, meaning that no one in the household had a checking or savings account at a bank or credit union; and
- 18.7% of households or 48.9 million U.S. adults are underbanked, meaning that although someone in the household has a bank account, they obtained non-bank alternative financial services in the past 12 months suggesting that their bank could not fully meet their financial needs.

These consumers are often shut out of traditional credit options. According to a recent poll from Bankrate, in 2020, 21% of U.S. consumers were denied credit, including 32% of all millennials who applied for credit. Typically, these consumers have been left with very limited options, and often have had to turn to "lenders of last resort" with potentially illegal lending models, significantly higher interest rates and less than transparent terms. The available options have evolved over the past decade as fintech innovators like Propel have brought the lending industry into the digital age and provided solutions with more reasonable rates and flexible products.

Our current addressable market comprises these approximately 60 million U.S. adults who are underserved and who struggle with access to credit from traditional providers. Management estimates this segment currently results in a total available market of approximately \$18 to \$34 billion in loan volume.

The impact of limited access to credit is further amplified in times of need. For individuals with volatile incomes, access to credit helps create consistency during times when individuals are not receiving a regular or sufficient paycheck to meet their day-to-day needs. Without access to credit, those lower income periods may lead to severe challenges for individuals and families. According to a Federal Reserve Report on the Economic Well-Being of U.S. Households in 2019, three in 10 U.S. adults experience hardships due to income volatility. Additionally, all individuals commonly deal with unbudgeted or emergency costs and expenses. Without access to credit, covering those unbudgeted expenses can become impossible which often results in deeper financial, health or other issues. When we consider that more than 25% of all U.S. adults cannot cover a \$400 emergency expense, according to the Federal

Reserve Report on the Economic Well-Being of U.S. Households in 2020, the problem becomes clear. At Propel, we are driven to help provide the solution and ensure credit inclusion for these consumers.

Conventional Bank Credit is Less Available

The financial services industry continues to evolve, even as large traditional lenders have retreated from personal, unsecured loans. As recently as July 2021, Wells Fargo, the third largest bank in the U.S. by asset size, announced it is discontinuing all unsecured personal lines of credit. According to National Community Reinvestment Coalition's Bank Closure Update, from 2008 until the third quarter of 2020, approximately 14% of U.S. bank branches have closed, with a disproportionate number of closures in lower to moderate income areas, and 10 out of every 100 previous storefront borrowers have moved online. Yet from 2015 to 2019, short-term installment loan revenue from underserved customers grew at an estimated 13.8% CAGR, according to the Financial Health Network, indicating increased demand in this segment. We believe the pervasive gap in available credit is increasingly being filled by innovative technology-enabled companies who have grown their share of the personal unsecured loan share from 5% in 2013 to 38% in 2018, according to the DBRS commentary, through direct lending or assisting banks in originating loans.

Community and Social Responsibility Activities

We believe in credit inclusion and that the credit products offered through our platform can be an important part in the development of our customers' journey to better financial health. To that end, the Company has commenced the establishment of an ESG Committee and framework with the intent of considering and adopting strategies, policies, systems and processes for the Company to ensure that our products and services are a net benefit to the social fabric of the communities in which we operate. We firmly believe that our products and services can be a key tool in helping our customers improve their financial wellness. Our platform provides user friendly financial health and educational resources to help consumers manage their day-to-day financial challenges and to better understand their path towards a strong financial future. Since 2019 the average cost of borrowing across all credit products facilitated over our platform has been consistently reduced. Our Company has facilitated a formal graduation program for our Bank Partner customers to help lower the cost of credit based on a customer's positive track record of payments.

Competition

We operate in a financial services industry that is dominated by large legacy credit providers such as chartered banks, credit unions and other traditional lenders. In addition, we compete with alternative financial services providers including other fintech credit providers that are publicly and privately owned, as well as "buy now, pay later" service providers.

Propel believes that it is able to successfully compete with such companies because of our disciplined acquisition and underwriting methodology, our leading-edge, AI-powered technology and our focused, innovative approach to facilitating credit for underserved consumers.

Experienced, Stable and Aligned Leadership Team

Our executive team has cumulative experience in the financial technology space of over 80 years. Our CEO, CFO, Chief Risk Officer and the President of CreditFresh are all founders of our business, and the rest of the executive team have been with Propel for an average of more than 7 years, out of the 11 years since our founding. Our executive team has extensive relationships within the industry, deep operational and strategic insights, and is well represented on industry boards and the roundtables of the major credit bureaus.

Additionally, Propel has a strong leadership group immediately below the executive level with an additional 40+ years of Propel tenure and industry experience.

Employees

For the twelve months ending December 31, 2022, we had an average of approximately 432 employees. As at December 31, 2022 we employed approximately 419 employees, all of whom are located in Canada. Our workforce is comprised of highly skilled corporate and contact center employees.

The majority of our employees belong to our 247-person in-house customer operations team who work in our two contact center locations in Toronto, Ontario and Winnipeg, Manitoba and who cover all customer facing interactions including loan origination, loan servicing and collections. Growth and development of this team is supported by robust in-house recruitment and training capabilities, as well as comprehensive quality assurance monitoring and compliance management groups. On-demand scaling and additional contact center team scaling is available through in-place relationships with a leading, industry-specialized BPO.

Our corporate employee base is comprised of our highly skilled technology team, our business strategy, operations and risk teams and all support functions including legal, compliance, finance and human resources. We have been able to attract and retain the right talent to help us achieve our mission.

None of our employees are currently covered by a collective bargaining agreement and we have experienced no work stoppages.

Seasonality

Our business is seasonal with a higher proportion of loan and advance balance growth generated during the second half of the year (with the three-month quarter ending December 31 (“Q4”) having strongest demand), which includes back-to-school and holiday seasons where the need for disposable income generally increases. Conversely, we tend to see higher rates of repayment of credit products coupled with lower rates of default in the first quarter of the year (particularly in late February and into March) when consumers receive their tax refunds, which coupled with the lower post-holiday demand, results in more disposable income. As a result, in a normalized growth environment our Ending Combined Loan and Advance Balances¹ experience their highest rate of growth and hit their high point near the end of the year while experiencing their lowest rate of growth over the course of the three-month quarter ending March 31 (“Q1”). Revenues, which are generated from such outstanding balances therefore tend to be highest in Q4 and margins tend to be highest in the first half of the year assuming a normal and steady-state business environment with normal seasonal patterns.

Intellectual Property

Our intellectual property rights are important to our business. We protect our intellectual property rights and our competitive advantage through a combination of trademarks, copyright, trade secret laws and contractual provisions in Canada and the United States.

Our core intellectual property also includes our acquisition and underwriting models and algorithms, our technology platform and our proprietary business processes and management systems.

We use confidentiality agreements with customers and other third parties where disclosure of proprietary information may be necessary, which limit access to and use of our proprietary intellectual property. We also use confidentiality agreements, assignment agreements and, where applicable, license agreements with our employees and contractors, which assign to us all intellectual property developed in the course of their employment or contractual engagement. We have applied for and been issued trademark registrations in Canada, the United States covering the trademarks “**MoneyKey**”, “**CreditFresh**”, “**Fora Credit**” and “**Propel**”.

We are subject to risks related to our intellectual property. For more information, see “Risk Factors — Risks Related to the Business and Industry”.

Note:

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

REGULATORY MATTERS

Regulatory Environment

The Company operates in the United States and Canada in a market that is subject to extensive, complex and rapidly evolving regulation under U.S. federal law and the laws of the states in which we operate. These cover most aspects of our business and include laws, regulations, rules and guidance relating to consumer finance and protection, privacy and data protection, and banking services, among other areas. We are impacted by these laws and regulations both directly and indirectly, including by way of our partnerships with Bank Partners. Ensuring compliance with these laws and regulations is of paramount importance for our business operations.

Licensing requirements and regulation

Our lending operations must satisfy the laws and standards of each individual U.S. state and Canadian province in which we operate. This means that when individual states and/or provinces differ in how they regulate consumer lending activity, we must operate in accordance with those jurisdictional-specific requirements.

We are subject to state and/or provincial licensing and other requirements with respect to loans that we originate directly, and we have obtained necessary licenses in order to originate loans in the jurisdictions in which we do so. Licensing statutes and regulations vary from state to state and prescribe different requirements, including, amongst other things, restrictions on loan origination and servicing practices (including limits on the type, amount, and manner of our charges), interest rate limits, disclosure requirements, periodic examination requirements, surety bond and minimum specified net worth requirements, periodic financial reporting requirements, notification requirements for changes in senior officers, share ownership or corporate control, restrictions on advertising, and requirements that loan forms be submitted for review. We are also subject to certain state licensing and other requirements with respect to our obligations under our various Bank Programs. In cases where a license is required to conduct our activities as a fintech partner for a Bank, such licenses are obtained and requirements adhered to. The bank loan products originated through the Propel platform are exempt from certain state laws and our Bank Partners are exempt from certain licensing requirements based on the federal pre-emption powers of FDIC-insured banks.

Below, we summarize several of the material federal consumer protection and other laws applicable to our business from both a U.S. and Canadian perspective. Many states and provinces have laws and regulations that are similar to the federal laws referred to below, but the degree and nature of such laws and regulations vary from jurisdiction to jurisdiction. In addition to legal or regulatory inquiries relating to these laws, we may be subject to supervision and examination by state or provincial regulatory authorities in the jurisdictions where we operate. We have experienced, are currently and will likely continue to be subject to and experience exams by state regulators. These examinations have and may continue to result in findings or recommendations that have required us, and may continue to require us, to modify our internal controls and/or business practices. We also expect to be similarly subject to examinations for our Canadian business. If we are found to have engaged in activities that require a state/provincial license without having the requisite license or in activities that are otherwise deemed to be in violation of state/provincial lending laws, the licensing authority may impose fines, impose restrictions on our operations in the relevant jurisdiction, revoke the license held or seek other remedies for activities conducted in the jurisdiction..

U.S. federal consumer protection requirements

We must comply with various federal consumer protection regimes, both pursuant to the financial products and services we provide directly and as a service provider to our Bank Partners. We are subject to regulation by the CFPB, which oversees compliance with and enforces federal consumer financial protection laws. The CFPB directly and significantly influences the regulation of consumer financial services, including the origination, brokering, servicing, transfer, and collection of consumer loans, including personal loans, and other consumer financial services we may provide. The CFPB has substantial power to regulate financial products and services received by consumers from both bank and non-bank providers of consumer financial products or services and their respective service providers, including rulemaking authority in enumerated areas of federal law applicable to consumer financial products or services such as truth in lending, fair credit reporting and fair debt collection. Under Title X of the Dodd-Frank Act, the CFPB has the authority to pursue enforcement actions against companies that offer or provide consumer financial products or services that engage in unfair, deceptive or abusive acts or practices, which can be referred to as

“UDAAP”. The CFPB may also seek a range of other remedies, including rescission of contracts, refund of money, return of real property, restitution, disgorgement of profits or other compensation for unjust enrichment, damages, civil money penalties, public notification of the violation, and “conduct” restrictions (i.e., future limits on the target’s activities or functions). Where a company has violated Title X of the Dodd-Frank Act or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions to enforce such laws and regulations.

The CFPB also has enforcement authority with respect to the conduct of third parties that provide services to financial institutions. The CFPB has made it clear that it expects non-bank entities to maintain an effective process for managing risks associated with vendor relationships, including compliance-related risks. In connection with this vendor risk management process, we are expected to perform due diligence reviews of potential vendors, review their policies and procedures and internal training materials to confirm compliance-related focus, include enforceable consequences in contracts with vendors regarding failure to comply with consumer protection requirements, and take prompt action, including terminating the relationship, in the event that vendors fail to meet our expectations.

Our business activities are also subject to applicable requirements under other federal statutes and regulations, including but not limited to:

- Federal Trade Commission Act. The Federal Trade Commission Act prohibits “unfair” and “deceptive” acts and practices in business or commerce and give the FTC enforcement authority to prevent and redress violations of this prohibition. Whether a particular act or practice violates these laws or the UDAAP-prevention laws enforced by the CFPB frequently involves a highly subjective and/or fact-specific judgment.
- Truth in Lending Act. The Truth in Lending Act (“**TILA**”) and Regulation Z, which implements it, require lenders to provide consumers with uniform, understandable information concerning certain terms and conditions of their loan and credit transactions prior to the consummation of a credit transaction and, in the case of certain open-end loans, at the time of a loan solicitation, application, approval, and origination of a credit transaction. TILA also regulates the advertising of credit and gives borrowers, among other things, certain rights regarding updated disclosures and periodic statements, security interests taken to secure the credit, the right to rescind certain loan transactions, a right to an investigation and resolution of billing errors, and the treatment of credit balances.
- Equal Credit Opportunity Act. The federal Equal Credit Opportunity Act (“**ECOA**”) prohibits creditors from discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant’s income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the federal Consumer Credit Protection Act or any applicable state law. Regulation B, which implements ECOA, restricts creditors from requesting certain types of information from loan applicants and from using advertising or making statements that would discourage on a prohibited basis a reasonable person from making or pursuing an application. ECOA also requires creditors to provide consumers and certain small businesses with timely responses to applications for credit, including notices of adverse action taken on credit applications.
- Fair Credit Reporting Act. The federal Fair Credit Reporting Act (“**FCRA**”), as amended by the Fair and Accurate Credit Transactions Act, promotes the accuracy, fairness and privacy of information in the files of consumer reporting agencies. FCRA requires a permissible purpose to obtain a consumer credit report and requires persons that furnish loan payment information to credit bureaus to report such information accurately. FCRA also imposes disclosure requirements on creditors who take adverse action on credit applications based on information contained in a consumer report or received from a third party and requires creditors who use consumer reports in establishing loan terms to provide risk-based pricing or credit score notices to affected consumers. The FCRA also imposes rules and disclosure requirements on creditors’ use of consumer reports for marketing purposes, which impacts our ability to use consumer reports and pre-screened lists to market consumer loans through direct mail and other means.
- Military Lending Act. The Military Lending Act (“**MLA**”) restricts, among other things, the interest rate and other terms that can be offered to active military personnel and their dependents. The MLA caps the

interest rate that may be offered to a covered borrower for most types of consumer credit to a 36% military annual percentage rate, or “MAPR”, which includes certain fees such as application fees, participation fees and fees for add-on products. The MLA also requires certain disclosures and prohibits certain terms, such as mandatory arbitration if a dispute arises concerning the consumer credit product.

- Electronic Fund Transfer Act and NACHA Rules. The federal Electronic Fund Transfer Act (“EFTA”) and Regulation E that implements it provide guidelines and restrictions on the provision of electronic fund transfer services to consumers, and on making an electronic transfer of funds from consumers’ bank accounts. In addition, transfers performed by automated clearing house (“ACH”) electronic transfers are subject to detailed timing and notification rules and guidelines administered by the National Automated Clearinghouse Association (“NACHA”). Most transfers of funds in connection with the origination and repayment of loans are performed by electronic fund transfers, such as ACH transfers. EFTA requires that lenders make available loan payment methods other than automatic preauthorized electronic fund transfers and prohibits lenders from conditioning the approval of a loan transaction on the borrower’s agreement to repay the loan through automatic fund transfers. Recently, the NACHA Board of Directors approved a change in the NACHA Operating Rules that requires ACH Originators to utilize commercially reasonable fraudulent transaction detection systems. The rule change requires ACH Originators, including lenders, to perform account validation as part of their commercially reasonable fraudulent transaction detection system. This rule change may require changes to our fraud detection systems and increase our costs associated with ACH electronic transfers.
- Gramm-Leach-Bliley Act. The Gramm-Leach-Bliley Act includes limitations on financial institutions’ disclosure of non-public personal information about a consumer to non-affiliated third parties, in certain circumstances requires financial institutions to limit the use and further disclosure of non-public personal information by non-affiliated third parties to whom they disclose such information, and requires financial institutions to disclose certain privacy policies and practices with respect to information sharing with affiliated and non-affiliated entities, as well as to safeguard personal customer information.

Propel’s Bank Partners are primarily subject to supervision and enforcement by the FDIC. The federal regulatory framework applicable to consumer financial services providers such as us is evolving and uncertain. Additional or different requirements may apply to the Company’s business in the future.

We have implemented policies, procedures and mechanisms designed to assist in compliance with applicable laws and regulations to identify any such future changes. Such mechanisms include (i) intaking information from various state and federal agencies who have the authority to regulate businesses such as ours and who routinely disseminate information related to changes in applicable laws; and (ii) leveraging our significant compliance infrastructure including both in-house subject matter experts as well as outside regulatory counsel to flag potential changes early in the process to ensure Company readiness. Consequently, we regularly track any such changes very closely, and to the extent we become aware of any changes, the expected impacts are generally incorporated into our forecasts and product roadmaps prior to such changes coming into effect.

While the Company has developed policies and procedures designed to assist in compliance with these laws and regulations, no assurance is given that its compliance policies and procedures will be effective or will be adequate as laws change or are applied in a new manner.

Canadian regulatory matters

We are subject to the federal laws of Canada which set maximum rates of interest, and by the various consumer protection acts that exist in each province which we operate. Section 347 of the Criminal Code prohibits the charging of an effective annual rate of interest that exceeds sixty percent (60%) for an agreement or arrangement for credit advanced. For the purposes of section 347, “interest” is broadly defined to include the aggregate of all mandatory charges and expenses, whether in the form of a fee, fine, penalty, commission or other similar charge or expense or in any other form, paid or payable for the advancing of credit under the agreement or arrangement. The Company believes that Fora Credit and the lending business activities of Fora Credit are subject to section 347 of the Criminal Code and closely monitors any legislative activity in this area, as well as government consultations. In Canada the federal government is considering lowering the criminal rate of interest on loans to 30%.

Although the Company must abide by the Criminal Code, the province of Alberta, where the Company is currently operational, has also established a HCCR regime. HCCR, which is part of the broader provincial consumer protection regime in Alberta, imposes additional requirements, including licensing and disclosures, on lenders when lending above certain interest rate thresholds. HCCRs apply to loans with interest rates that are: 32% or higher in Alberta. The Company complies with all current requirements and continues to participate in the regulatory process, monitors the landscape, and will respond as necessary as this regulation continues to develop. The Company will continue to ensure that its business complies with any HCCR regulatory changes and is well positioned to respond to any enhanced disclosure requirements.

Provinces that do not have a specific HCCR regulate the extension of credit (loans, lines of credit and leases) through cost of credit or cost of borrowing regulations set out under provincial consumer protection legislation. Beyond regulating the extension of credit, consumer protection legislation in the provinces in which the Company operates specify that if the Company's business involves certain types of customer contracts (e.g., future performance agreements, online or telephone agreements) then the Company may be required to comply with various disclosure requirements and must grant customers certain cancellation and other rights. The Company complies with all such requirements.

Overview of Propel Product Offerings

US State-Licensed Direct Lending Model

The Company operates in certain U.S. states through its wholly-owned subsidiaries, all of which are authorized to do business in such jurisdictions and hold the appropriate licenses to operate in such jurisdictions. The Company or its applicable subsidiary holds a direct lending license and is the direct lender in all 9 states in the Company's direct lending products. In Texas, where the Company operates through its wholly-owned subsidiary as a CSO. In this capacity, the Company, through its wholly-owned subsidiary, arranges loans with unaffiliated third-party lenders and earns a fee for doing so.

Individual state laws generally regulate what products may be offered in their jurisdiction; what licenses must be held in order for those products to be offered; the charges and fees that may be levied with respect to those products; and what other specific disclosures or processes, if any, must be implemented in respect to the products offered in that state. In all cases, a robust regulatory analysis is conducted prior to launching a new product or expanding our operations to new states, including a review with local external counsel.

Bank Partner Servicing Model

In the Bank Programs, iterations of which are operational under both the CreditFresh and MoneyKey brands, wholly-owned subsidiaries of Propel act as service providers or sub-servicers to our Bank Partners. The services provided include providing an online lending platform which utilizes proprietary AI underwriting capabilities, marketing and acquisitions, application processing, payment processing and customer service.

Propel currently works with three Bank Partner lenders, which are all FDIC insured, state-chartered banks which are domiciled in the states of Kansas or Utah. Each bank is the named lender of the Lines of Credit being made and maintains oversight and control over all aspects of the program and Lines of Credit.

Under U.S. federal law, the legal principle of pre-emption allows FDIC insured state-chartered banks to charge interest and fees in accordance with the laws of their home state to borrowers nationwide, regardless of the borrower's state of residence. Under both Kansas law and Utah law, the parties to a contract for open-end credit may agree to any rate of interest.

All three of our Bank Partners currently offer open-end Lines of Credit which do not charge a periodic rate of interest, but rather levy a billing cycle charge for any billing cycle in which the consumer has an outstanding principal balance. The billing cycle charge table for each of these products is disclosed to the consumer at the outset of the application for credit.

As service providers, the Company's subsidiaries may be required to obtain licenses in the states in which services are being provided. Such licenses may or may not be required in each state and, if required, are typically triggered by

functions such as the collection of payments or other servicing activities. In all cases, similar to the process outlined for the state-licensed portfolio, a comprehensive analysis focused on potential licensing requirements is conducted internally and sent to external counsel with domain expertise for verification.

Canadian Direct Lending Model

The Company through its wholly owned subsidiary also operate in Canada which is authorized to do business in such jurisdiction and holds the appropriate licenses to operate in such jurisdiction. The Company or its applicable subsidiary holds a direct lending license and is the direct lender in two (2) provinces in the Company's Canadian direct lending product

Proposed and Potential Changes in Laws/regulations and Regulatory or Legal Challenges Impacting Operations

It is possible that changes to existing laws, the promulgation of new laws or additional licensing or compliance requirements at either the US Federal or State level, or the Canadian Federal or Provincial level, could impact our business. We track such changes very closely and build any potential events, to the extent we are aware of them, into our forecasts and product roadmaps. See "Risk Factors".

In the US, state legislatures may attempt to change state laws concerning consumer credit. Over the last several years a few states have successfully inserted a "predominant economic interest" test into their state law. These tests provide that the entity who receives the predominant economic interest in a loan is the lender for purposes of such state law. However, these laws do not expressly address what factors will be considered to determine the predominant economic interest in a loan. If a court ever determined it appropriate to apply a predominant economic interest test to the bank sponsorship programs for which Propel markets and services, it is possible Propel may be deemed the lender in such state. More states may begin to adopt this test legislatively.

The CFPB continues to be active both from an enforcement perspective, as well as with respect to rulemaking and supervision. In addition, the Biden Administration has generated a new focus for the Federal Trade Commission in consumer finance related areas such as fair lending and specifically the use of big data analytics, machine learning as well as algorithms, artificial intelligence, and predictive analytics. We anticipate these tools to undergo scrutiny and possibly be subject to FTC guidance and enforcement actions.

The CFPB's Payday, Vehicle Title and Certain High-Cost Installment Loans Rule imposes certain operational obligations on our business including the provision of certain notices to consumers and changes in how our payment authorizations are structured and processed. The rule was subject to litigation in the United States District Court for the Western District of Texas — Austin Division who issued an Order for Summary Judgment in favour of the CFPB on August 31, 2021. In October 2022, the 5th Circuit court reversed the decision of the Western District of Texas Court, vacating the CFPB's small dollar rule on the basis of the CFPB's potentially unconstitutional funding structure. The CFPB filed a certified petition to appeal the case with the US Supreme Court, which is expected to be reviewed by the US Supreme Court in 2023. We do not foresee there being a material financial impact to our business as a result of the rule.

Congress regularly attempts to pass legislation to restrict usury at a federal level to all consumers similar to the federal Military Lending Act — which generally prohibits a lender from issuing credit at rates above 36% per annum to a member of the military or the member's dependents. Such bills are generally submitted on an almost annual basis but have yet to become law. While we do not expect such a bill or a similar bill to become law, there is risk that Congress could eventually pass a federal usury cap at 36% per annum.

On October 27, 2020, the Office of the Comptroller of the Currency ("OCC") issued its final rule to address the "true lender" for lending transactions involving a national bank. For certain purposes related to federal banking law, including the ability of a national bank to "export" interest-related requirements from the state from which they lend, the rule would treat a national bank as the "true lender" if it is named as the lender in the loan agreement or funds the loan.. However, on June 30, 2021 President Biden signed a resolution of disapproval under the Congressional Review Act repealing the OCC's "true lender" rule. Regardless, the OCC rule did not apply to state-chartered banks like our Bank Partners.

RISK FACTORS

In addition to all other information set out in this Annual Information Form, the following specific factors could materially adversely affect us and should be considered when deciding whether to make an investment in the Company. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may become important factors that affect our future financial condition and results of operations. The occurrence of any of the risks discussed below could materially adversely affect our business, prospects, financial condition, results of operations or cash flow.

Risk Factors Related to Our Business and Industry

The Company may be unable to access capital on acceptable terms and therefore may be unable to offer the products and services it currently offers.

We rely on third party lenders to fund our debt capital including credit facilities for our MoneyKey and CreditFresh brands. If we lose access to that capital for reasons outside of our control or require more capital, there is no guarantee that we will be able to secure additional capital on the same terms. A higher cost of capital may have adverse impacts on our business, including potentially requiring us to curtail origination and/or servicing rates in order to manage overall costs.

In an effort to reduce inflation during 2022, the Federal Reserve increased the upper end of its benchmark interest rate range from 0.25% to 4.50% and the Bank of Canada increased its target overnight interest rate from 0.25% to 4.25%. We believe there may be additional smaller increases to interest rates in both the US and Canada during 2023. Our operations may be adversely impacted by higher interest rates and inflation, primarily through higher operating costs including more expensive employee compensation and financing costs. Furthermore, rising interest rates may have a negative impact on the overall economy including an increase in the unemployment rate (which is currently at an approximately 50-year low in the US and Canada) as well as our customers' cost of living. An increase in the unemployment rate may reduce our customers' ability to repay outstanding loans. The Company's credit facilities have a floating rate component and the increase in interest rates throughout 2022 as well as expected increases in 2023 will drive a higher interest expense than originally estimated.

The Company may be unable to effectively underwrite or assess the credit risk of its target market.

An effective assessment of credit risk is an essential component of our business, both as a direct lender and on behalf of our lending partners. In order to make an assessment of whether a consumer qualifies for a product offered by us or through our platform, we rely heavily on risk models driven by AI and our proprietary technology platform which incorporate information from and integrate with a variety of information sources, including information provided by third party marketing companies, credit bureaus, as well as information from internal records. Regulatory restrictions placed on use of AI could impact the effectiveness of underwriting. Any failure to effectively execute the underwriting process as intended could result in adverse outcomes, which could include incorrect approvals or denials and higher-than-expected loan losses. Similarly, any failure in the systems integrations between our third-party data providers and us could result in the same adverse outcomes. Adequately assessing the creditworthiness of a consumer is an important aspect of our business, and our failure to do so effectively could have adverse effects on our business operations and financial results.

The Company may be unable to manage risks relating to its obligations as a service provider to the Bank Partner lenders with which it works.

As a service provider to multiple Bank Partners, Propel has various obligations that it must perform on behalf of such lenders as well as on our own behalf with respect to these transactions. The services provided include providing an online lending platform which utilizes proprietary AI underwriting capabilities, marketing and acquisitions, application processing, payment processing and customer service. Our contractual commitments include various targets that must be met as well as numerous compliance and other obligations that must be adhered to in our capacity as a service provider. Our failure to completely and adequately perform our obligations as a service provider would result in an adverse impact to our business and financial results.

The information provided to the Company by consumers or third-party data providers may be inaccurate.

Our AI-driven risk models rely on information provided to us from consumers and a variety of third-party data providers. If the information provided to us by a consumer is not properly verified for accuracy, and that information is not reflective of a consumer's actual circumstances, our risk scores may not appropriately assess the level of risk related to that individual. Similarly, although we work only with reputable sources and conduct deep due diligence on all of our vendors, if the information provided to us by a third party is inaccurate, our risk scores may not appropriately assess the level of risk related to an individual. If risk is not assessed correctly, the Company could face adverse consequences related to revenue and profitability, among others.

Substantially all our revenue is derived from unsecured loan products, and we are thus particularly susceptible to fluctuations in the unsecured personal loan market.

All of the loans facilitated through our platform are currently unsecured personal loans in the form of installment loans and lines of credit. The market for unsecured personal loans has grown rapidly in recent years, and it is unclear to what extent such market will continue to grow, if at all. A wide variety of factors could impact the market for unsecured personal loans, including macroeconomic conditions, competition, regulatory developments and other developments in the credit market. For example, FICO has recently changed its methodology in calculating credit scores in a manner that potentially penalizes borrowers who take out personal loans to pay off or consolidate credit card debt. This change could negatively affect the overall demand for personal loans. Our success will depend in part on the continued growth of the unsecured personal loan market, and if such market does not further grow or grows more slowly than we expect, our business, financial condition and results of operations could be adversely affected.

Further, because such personal loans are unsecured, there is a risk that borrowers will not prioritize repayment of such loans, particularly in any economic downturn. For example, the recent inflationary pressures may cause borrowers to incur additional debt. To the extent borrowers have or incur other indebtedness that is secured, such as a mortgage, a home equity line of credit or an auto loan, borrowers may choose to repay obligations under such secured indebtedness before repaying their loans facilitated on our platforms. In addition, borrowers may not view loans facilitated on our platforms, which were originated through an online platform, as having the same significance as other credit obligations arising under more traditional circumstances, such as loans originated by banks or other commercial financial institutions on other platforms. Any of the foregoing could lead to higher default rates and decreased demand by our Bank Partners and capital sources to fund loans facilitated by our platform, which would adversely affect our business, financial condition and results of operations.

We are continuing to develop new loan products and services offerings, and if we are unable to manage the related risks, our growth prospects, business, financial condition and results of operations could be adversely affected.

We are continuing to invest in developing new loan products and service offerings. New initiatives are inherently risky, as each involves unproven business strategies, new regulatory requirements and new financial products and services with which we, and in some cases our Bank Partners, have limited or no prior development or operating experience.

We cannot be sure that we will be able to develop, commercially market and achieve market acceptance of any new products and services that we may offer. In addition, our investment of resources to develop new products and services may either be insufficient or result in expenses that are excessive in light of revenue actually derived from these new products and services. If the profile or behavior of loan applicants using any new products and services is different from that of those currently served by our platform, the AI models may not be able to accurately evaluate the credit risk of such borrowers, and we, our Bank Partners and/or capital sources may in turn experience higher levels of delinquencies or defaults. Failure to accurately predict demand or growth with respect to our new products and services could have an adverse impact on our reputation and business, and there is always risk that new products and services will be unprofitable, will increase our costs, decrease operating margins or take longer than anticipated to achieve target margins. In addition, any new products or services may raise new and potentially complex regulatory compliance obligations, which would increase our costs and may cause us to change our business in unexpected ways. Further, our development efforts with respect to these initiatives could distract management from current operations and will divert capital and other resources from our existing business. We may also have difficulty with securing

adequate funding for any such new loan products and services, and if we are unable to do so, our ability to develop and grow these new offerings and services will be impaired. If we are unable to effectively manage the foregoing risks, our growth prospects, business, financial condition and results of operations could be adversely affected.

If loans facilitated through our platforms for one or more Bank Partners were subject to successful challenge that the Bank Partner was not the “true lender,” such loans may be unenforceable, subject to rescission or otherwise impaired, we or other program participants may be subject to fines, judgments and penalties, and/or our commercial relationships may suffer, each of which would adversely affect our business and results of operations.

Loans facilitated on our platforms by our Bank Partners are originated in reliance on the fact that our Bank Partners are the “true lenders” for such loans. That true lender status determines various loan program details, including that we do not hold licenses required solely for being the party that extends credit to consumers, and that loans facilitated on our platforms by our Bank Partners may involve interest rates and structures (and certain fees and fees structures) permissible at origination because the loan terms and lending practices are permissible only when the lender is an FDIC-insured bank, and/or the disclosures provided to borrowers would be accurate and compliant only if the lender is a bank. Many state consumer financial regulatory requirements, including usury restrictions (other than the restrictions of the state in which a Bank Partner originating a particular loan is located) and many licensing requirements and substantive requirements under state consumer credit laws, are treated as inapplicable for loans facilitated on our platforms by our Bank Partners based on principles of federal pre-emption or express exemptions provided in relevant state laws for certain types of financial institutions or loans they originate. Changes to the operational structure of and parties to the Bank Programs could impact true lender and other risks.

Recent litigation and regulatory enforcement actions in states like California, Colorado, District of Columbia and Maryland have challenged, or are currently challenging, the characterization of Bank Partners as the “true lender” in connection with programs involving origination and/or servicing relationships between a Bank Partner and a non-bank lending platform or program manager. Propel does not market or service Bank originated loans in California, Colorado, D.C. or Maryland. However, other states and customers could also bring lawsuits based on these types of relationships.

If we were faced with this type of challenge and such challenge were successful, we could face penalties and/or loans facilitated on our platforms by our Bank Partners may be void, voidable, or otherwise impaired in a manner that may have adverse effects on our operations (directly, or as a result of adverse impact on our relationships with our Bank Partners, institutional investors or other commercial counterparties).

There can be no assurance that other regulators or customers will not make assertions similar to those discussed above. If a court or a state or federal enforcement agency were to deem Propel, rather than our Bank Partners, the “true lender” for loans originated on our platforms by our Bank Partners, and if for this reason (or any other reason) the loans were deemed subject to and in violation of certain state consumer finance laws, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas) and other state and federal penalties or consequences, and the loans could be rendered void or unenforceable in whole or in part, any of which could have a material adverse effect on our business.

On October 27, 2020, the Office of the Comptroller of the Currency (“OCC”) issued a final rule to address the “true lender” issue for lending transactions involving a national bank. For certain purposes related to federal banking law, including the ability of a national bank to “export” interest-related requirements from the state from which they lend, the rule would treat a national bank as the “true lender” if it is named as the lender in the loan agreement or funds the loan. However, on June 30, 2021, President Biden signed a resolution of disapproval under the Congressional Review Act repealing the OCC’s “true lender” rule. Regardless, the OCC rule did not apply to state-chartered banks like our Bank Partners.

The Company is subject to a dynamic regulatory landscape.

We could become subject to additional legal or regulatory requirements if laws or regulations change in the jurisdictions in which we operate, or if we were to release new products or services under applicable laws or regulations to which we are not currently subject today. In addition, the regulatory framework for our products and services is evolving and uncertain as federal, state, provincial and governments and regulators consider the application of existing laws and potential adoption of new laws. Although certain of the products and services that we offer are

relatively novel, we are typically required to comply with the existing regulatory regimes for consumer financial products and services. New laws and regulations, as well as continued uncertainty regarding the application of existing laws and regulations to our products and services, may negatively affect our business. This could include the need to obtain new or different types of licenses or comply with additional laws and regulations in order to conduct our business.

The application of licensing requirements to our business model is not always clear, and while we believe we are in compliance with applicable licensing requirements, state and provincial regulators may request or require that we obtain additional licenses or otherwise comply with additional requirements in the future, which may result in changes to our business practices. We expect that under the current administration and new leadership, the CFPB will be more active both from an enforcement perspective, as well as with respect to rulemaking and supervision. In addition, the Biden Administration has generated a new focus for the Federal Trade Commission in consumer finance related areas such as fair lending and specifically the use of big data analytics, machine learning as well as algorithms, artificial intelligence, and predictive analytics. We anticipate these tools to undergo scrutiny and possibly be subject to FTC guidance and enforcement actions. Congress regularly attempts to pass legislation to restrict usury at a federal level to all consumers similar to the federal Military Lending Act — which generally prohibits a lender from issuing credit at rates above 36% per annum to a member of the military or the member's dependants. Such bills are generally submitted on an almost annual basis but have yet to become law. While we do not expect such a bill or a similar bill to become law, there is risk that Congress could eventually pass a federal usury cap at 36% per annum.

In addition to the federal regulatory landscape, Propel is subject to state and provincial regulators as both a direct lender and as a servicer to Bank Partners. State and provincial regulators may have the authority to examine Propel for law violations and revoke Propel's state and provincial licenses. Some state regulators and state Attorneys General have taken positions in opposition to bank sponsorship programs. Numerous state Attorneys General objected to and filed suit against the FDIC and OCC rules upholding the "valid when made doctrine" as well as the OCC's "true lender" rule. Furthermore, state regulators and Attorneys General have brought actions against participants involved in Bank Programs. Propel could face administrative actions as well as litigation from state and or provincial regulators and/or state Attorneys General.

Regulators and payment processors are scrutinizing certain online lenders' access to the ACH system to disburse and collect loan proceeds and repayments, and any interruption or limitation on our ability to access this critical system would materially adversely affect our business.

We typically use the ACH system (or in Canada the ACSS system) to deposit loan proceeds into borrowers' bank accounts. In some cases, the ACH or ACSS system is also relied on to collect amounts due by withdrawing funds from borrowers' bank accounts when the borrower has provided authorization to do so. ACH and ACSS transactions are processed by banks, and if these banks cease to provide ACH or ACSS processing services or are not allowed to do so, we would have to materially alter, or possibly discontinue, some or all of our business if alternative ACH or ACSS processors or other payment mechanisms are not available.

In the past, heightened regulatory scrutiny by the U.S. Department of Justice, the FDIC and other regulators has caused some banks and ACH payment processors to cease doing business with consumer lenders who are operating legally, without regard to whether those lenders are complying with applicable laws, simply to avoid the risk of heightened scrutiny or even litigation. These actions have reduced the number of banks and payment processors who provide ACH payment processing services and could conceivably make it increasingly difficult to find payment processors in the future and/or lead to significantly increased costs for these services. If we are unable to maintain access to needed services on favorable terms, we would have to materially alter, or possibly discontinue, some or all of our business if alternative processors are not available.

If we lost access to the ACH system because our payment processor was unable or unwilling to access the ACH system on our behalf, we would experience a significant reduction in borrower loan payments. Although we would notify borrowers that they would need to make their loan payments via physical check, debit card or other method of payment a large number of borrowers would likely go into default because they are expecting automated payment processing. Similarly, if regulatory changes limited our access to the ACH system or reduced the number of times ACH transactions could be re-presented, we would experience higher losses.

Internet-based loan origination processes may give rise to greater risks than paper-based processes and may not always be allowed under state law.

We use the internet to obtain application information and distribute certain legally required notices to applicants and borrowers, and to obtain electronically signed loan documents in lieu of paper documents with actual borrower signatures. These processes may entail greater risks than would paper-based loan origination processes, including risks regarding the sufficiency of notice for compliance with consumer protection laws, risks that borrowers may challenge the authenticity of loan documents, and risks that despite internal controls, unauthorized changes are made to the electronic loan documents. In addition, our software could contain “bugs” that result in incorrect calculations or disclosures or other non-compliance with federal or state laws or regulations. If any of those factors were to cause any loans, or any of the terms of the loans, to be unenforceable against the borrowers, or impair our ability to service loans, the performance of the underlying promissory notes could be adversely affected.

Our indebtedness could adversely affect our business, financial condition and results of operation.

As of December 31, 2022, we had \$148,900,000 of outstanding indebtedness pursuant to our credit facilities. The credit facilities contain covenants and events of default that may limit our financial flexibility and ability to undertake certain types of transactions. For instance, we are subject to negative covenants that restrict some of our activities, including restrictions on: incurring additional debt; creating liens; paying dividends or making other distributions; entering into certain types of agreements; making certain investments; consolidating, merging or transferring assets, or making other fundamental changes; entering into transactions with affiliates; entering into sale and lease-back transactions; and maintaining certain leverage ratios. Our current level of debt as well as the restrictions our existing debt places on us could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under our existing and future debt;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in the credit facilities, which event of default could result in all of the debt outstanding under the credit facilities becoming immediately due and payable;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other
- general corporate purposes and limiting our ability to obtain additional financing for these purposes;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under our existing and future debt. In addition, certain loans that we take out under the credit facilities are subject to variable interest rates and we had \$148,900,000 of outstanding indebtedness subject to variable interest rates as of December 31, 2022. As a result, any increase in interest rates may also materially adversely affect our liquidity, financial condition and results of operations.

Our ability to meet our payment and other obligations under our existing and future debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our existing or any future credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under the credit facilities and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital, which may have an adverse impact on our business, financial condition and results of operations.

Our U.S. loan business is seasonal in nature, which causes our revenues and earnings to fluctuate.

Our business is affected by fluctuating demand for the products and services we offer and fluctuating collection rates throughout the year. Demand for the consumer loan products offered or facilitated through our platform has historically been highest in the third and fourth quarters of each year, corresponding to the holiday season, and lowest in the first quarter of each year, corresponding to our customers' receipt of income tax refunds. This results in significant changes in portfolio sizes and profit margins from quarter to quarter. In particular, we typically experience lower growth in our Ending Combined Loan and Advance Balances¹ and an increase in profit margins in the first quarter of the year. When we experience higher growth in the second quarter through fourth quarters, portfolio balances tend to grow faster and profit margins are compressed. Our cost of sales for the non-prime loan products we offer, which represents our provision for loan losses and other liabilities, is typically lowest as a percentage of revenues in the first quarter of each year, corresponding to our customers' receipt of income tax refunds, and increases as a percentage of revenues for the remainder of each year. This seasonality requires us to manage our cash flows over the course of the year. If our revenues or collections were to fall substantially below what we would normally expect during certain periods, our ability to service debt and meet our other liquidity requirements may be adversely affected, which could have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows.

Anti-money laundering, anti-terrorism financing, anti-corruption and economic sanctions laws could have adverse consequences for us.

We maintain a compliance program designed to enable us to comply with all applicable anti-money laundering and anti-terrorism financing laws and regulations, including the Bank Secrecy Act and the USA PATRIOT Act and U.S. economic sanctions laws administered by the Office of Foreign Assets Control and Canadian economic sanctions laws administered by Global Affairs Canada. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering and terrorist financing and engaging in transactions involving sanctioned countries persons and entities. These controls include, as applicable, procedures and processes to perform borrower due diligence, respond to requests from law enforcement, and meet applicable recordkeeping and reporting requirements. We are also subject to anti-corruption and anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, and the U.S. Travel Act, and in Canada the Corruption of Foreign Public Officials Act, which prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. We have implemented an anticorruption policy to ensure compliance with these anti-corruption and anti-bribery laws. No assurance is given that our programs and controls will be effective to ensure compliance with all applicable anti-money laundering and anti-terrorism financing and anti-corruption laws and regulations, and our failure to comply with these laws and regulations could subject us to sanctions, fines, penalties, contractual liability to our Bank Partners or institutional investors, and reputational harm, all of which could harm our business.

The Company's business may be impacted by macroeconomic and other factors that are outside of our control.

Many things could impact our financial performance and business operations, including a decreased need in the market for credit products like the ones offered by and through Propel, as well as macroeconomic conditions that impact us directly or that impact consumers' ability or willingness to repay their debt obligations. Many of the consumers being served by Propel have limited credit histories and may face more volatility in the face of changing economic conditions such as unemployment, interest rates, house prices, and other factors that impact their day-to-day lives. In such cases, while the propensity to borrow may exist and potentially even increase, the ability for consumers to repay their debt obligations may be hindered by their broader financial circumstances which are being influenced by such macroeconomic conditions. An increase in default rates and loan losses may have an adverse effect on our business operations and financial performance.

Similarly, there may be economic factors that result in a decreased demand for loans, including changes in the financial situations of consumers due to increased income, increased savings, inflation, interest rates, unemployment or an influx of government stimulus as we saw during the COVID-19 pandemic. In addition, a recessionary economic environment and markets experiencing relatively high inflation and/or unemployment could affect our customers through higher borrowing costs. Failing to adjust to these conditions may result in an adverse impact to our business

operations and financial performance. Macroeconomic changes, such as changes in the broader credit markets, may also impact our ability to continue or sustain growth at the rate that we expect. A period of sustained economic slowdown may result in a decrease in funds available to us by current or future providers of capital, or an increase in the cost of those funds. An increased cost of capital may impact our cash flows, growth capabilities and financial performance.

The Company operates in a cyclical industry and in an economic downturn, the Company may not be able to grow its business or maintain expected levels of liquidity or revenue growth.

The timing, severity, and duration of an economic downturn can have a significant negative impact on our ability to generate adequate revenue and to absorb expected and unexpected losses. For example, in making a decision, or assisting our Bank Partners in making a decision, whether to extend credit to a new or existing customer or determine appropriate pricing for a loan or whether to provide a customer an advance, our decision on strategies rely on robust data collection, including from third-party sources, proprietary scoring models, and market expertise. An economic downturn could place financial stress on our customers, potentially impacting our ability to make accurate assessments or decisions about our customers' ability to pay for loans and other services we provide, as well as our customers' willingness to use our products and services. Our ability to adapt in a manner that balances future revenue production and loss management will be tested in a downturn. The longevity and severity of a downturn will also place pressure on our funding sources. There can be no assurance that our financing arrangements will remain available to us through any particular business cycle or be renewed on the same terms. The timing and extent of a downturn may also require us to change, postpone or cancel our strategic initiatives or growth plans to pursue shorter-term sustainability. The longer and more severe an economic downturn, the greater the potential adverse impact on us, which could be material.

The Company's results of operations and future prospects depend on its ability to retain existing, and attract new, customers. The Company faces intense and increasing competition and, if the Company does not compete effectively, its competitive positioning and our operating results will be harmed.

The Company operates in a rapidly changing and highly competitive industry, and its results of operations and future prospects depend on, among other things:

- the continued growth of the customer base facilitated through our platform;
- our ability to monetize the customer base facilitated through our platform, including through additional products by existing customers;
- our ability to acquire customers for ourselves or partners at a lower cost;
- our ability to continue to leverage our technologies effectively; and
- our ability to increase the overall value to us of each customer (ours and our partners) while they remain on our platform.

We expect our competition to continue to increase, as there are generally no substantial barriers to entry to the markets we serve. In addition to established enterprises such as traditional banks and credit unions, we may also face competition from new entrants such as early-stage companies or "buy-now, pay later" service providers attempting to capitalize on the same, or similar, opportunities as we are. Some of our current and potential competitors have longer operating histories, particularly with respect to financial services products similar to ours, significantly greater financial, technical, marketing and other resources and a larger customer base than we do. This allows them to, among other things, potentially offer more competitive pricing or other terms or features, a broader range of financial products, or a more specialized set of specific products or services, as well as respond more quickly than we can to new or emerging technologies and changes in customer preferences. Our existing or future competitors may develop products or services that are similar to our products and services or that achieve greater market acceptance than our products and services. This could attract customers away from our services and reduce our market share in the future. Additionally, when new competitors seek to enter our markets, or when existing market participants seek to increase their market share, these competitors sometimes undercut, or otherwise exert pressure on, the pricing terms prevalent in that market, which could adversely affect our market share and/or ability to capitalize on new market opportunities.

We currently compete at multiple levels with a variety of competitors, including:

- traditional banks and credit unions;
- new entrants obtaining banking and/or state or provincial lending licenses; and
- specialty finance and other non-bank providers, offering consumer lending-related products or advances, including “buy-now, pay later” service providers who facilitate consumer purchases from retail merchants on installment plans.

We compete with traditional banks for many of the services we offer. Because we do not currently control a bank or a bank holding company, we are subject to regulation by a variety of state, provincial and federal regulators across our products and services. This regulation by federal, provincial, state and local authorities increases our compliance costs as we navigate multiple regimes with different examination schedules and processes, varying disclosure requirements, and at times conflicting consumer protection laws. In addition, our ability to compete may be hampered in certain states where the amount of interest we are permitted to charge customers is capped and we are consequently unable to make loans to all the customers that we believe may be qualified but to whom we cannot offer the appropriate risk-adjusted margin. We believe that our ability to compete depends upon many factors both within and beyond our control, including, among others, the following:

- the size, diversity and activity levels of the customer base on our platform;
- the timing and market acceptance of products and services, including developments and enhancements to those products and services, offered by us, our partners and our competitors;
- customer service and support efforts;
- selling and marketing efforts;
- the ease of use, performance, price and reliability of solutions developed either by us or our competitors;
- changes in economic conditions, regulatory and policy developments;
- general credit markets conditions and their impact on our liquidity and ability to access funding;
- the ongoing impact of the COVID-19 pandemic on the lending and financial services markets we serve;
- our brand strength relative to our competitors; and
- competition over highly skilled personnel in the technology industry.

Our current and future business prospects demand that we act to meet these competitive challenges but, in doing so, our net revenue and results of operations could be adversely affected if we, for example, increase marketing expenditures or make other expenditures. Competitive pressures could also result in us reducing the amounts we charge for our various products and services, such as reducing the annual percentage rate on the loans we originate, incurring higher customer acquisition costs and could make it more difficult for us to grow our financial services product offerings in both number and volume for new as well as existing customers. All of the foregoing factors and events could adversely affect our business, financial condition, results of operations, cash flows and future prospects.

The Company may be unable to accurately forecast its loss rates, financial performance and business operations.

The non-prime consumer segment tends to yield high loss rates as a percentage of revenue. As a result, it is essential for us to accurately forecast and manage this metric. We rely heavily on our AI-driven risk models to determine how we score and underwrite consumers. Our forecasts are built on the basis of our historical performance and experience.

Any change or decrease in our access to a diversified set of marketing channels/partners could adversely affect our ability to attract new consumers and ultimately grow our business as a lender and/or service provider.

Currently, our acquisition efforts are broadly separated between “organic” and “non-organic” efforts. Organic marketing includes search engine optimization, online advertising, direct mail and other means of directly attracting potential customers. Non-organic marketing typically includes receiving leads from unaffiliated third parties who aim to connect consumers who are searching for credit to lenders and service providers who can provide or facilitate the credit the consumer is seeking.

Our non-organic marketing efforts are largely reliant on the relationships we have built with the vast network of third parties that we work with, which is a result of a significant dedication of time, resources and technology bandwidth to ensure an ongoing and seamless integration with these parties. This ultimately serves as a differentiator and competitive advantage relative to other players in our industry. If we were unable to maintain this diversified network of non-organic marketing resources, our ability to attract new consumers and grow our business may be adversely affected. Additionally, any decrease in the competitive advantage our marketing capabilities currently provide us may ultimately impact our business operations and financial results.

The Company’s future success is highly dependent on the success of its marketing efforts.

We dedicate a great deal of financial and personnel resources to our marketing efforts. Our ability to attract qualified borrowers depends in large part on the success of these marketing efforts and the success of the marketing channels we use to promote our products. If our marketing efforts, whether direct or indirect, are not successful, or our ability to generate and/or convert consumers at forecasted costs is hindered for any reason, our ability to grow our business may be adversely affected. Similarly, any increase in our cost of marketing and acquisition may result in reduced margins and have an impact on our financial results. In some cases, the success of our marketing efforts is dependent on factors outside of our control, such as search engine algorithms. If such external factors are adjusted such that our organic volumes decrease, our business operations and financial results could be adversely affected.

The Company may be unable to find and retain highly skilled individuals to lead and contribute to the Company’s activities.

Propel’s leadership team, comprised of its co-founders and other highly skilled executives, contributes significantly to the Company’s success. Our ability to attract, hire and retain talent in other parts of our organization is also critically important to our ongoing success. Finding the right fit in terms of skill and culture is already a challenging task and is intensified by the competition we face in recruiting high caliber individuals, especially in Toronto, Ontario, where our headquarters are located. The concentration of financial and technology companies in the area mean that we are often competing with larger and better resourced companies in hiring qualified personnel. In addition, the wide-spread adoption of work from home policies due to the COVID-19 pandemic, and the resultant permanence those policies are finding in certain technology companies, mean that we are competing for qualified local personnel with companies that are located all over the world. Our business operations may be impacted if we are not able to attract and retain the highly skilled individuals we need in areas like technology, finance and others. It is possible that in order to attract and retain qualified personnel, we will need to adjust our existing compensation structure, which will ultimately increase our personnel costs and potentially impact our financial results.

The Company may be subject to the risk of fraudulent activity.

We may be reliant on the accuracy and completeness of representations made by customers, which cannot be guaranteed. Notwithstanding the due diligence conducted by the Company and our operations processes, a customer may fraudulently misrepresent information about themselves and/or their ability to comply with the terms under which the Company has advanced funds and we may misjudge a customer’s qualification to receive a loan as a result. In cases of fraud, it is difficult and often unlikely that we will be able to collect amounts owing under affected loans, which could have a material adverse effect on our business. The consequences of fraud may also include reputational risk, loss of confidence in the Company, loss of investment opportunities, increase in redemptions and increased regulatory scrutiny and regulation.

Security breaches, DDoS attacks or other hacking and phishing attacks on our systems or other security breaches, including internal security failures, could harm our reputation or subject us to significant liability, and adversely affect our business and financial results.

We regularly encounter attempts by hostile actors to breach our network and information technology systems and such

attempts will continue to impose threats to our operations. We have previously been the subject of a cybersecurity breach. In response to this attack, we immediately implemented countermeasures and believe that we were able to fully recover with minimal impact to our business, our operations, our clients or our Bank Partners and their customers. We rely on digital and internet technologies to conduct and expand our operations, in particular through the use of our AI-driven models, and rely on information technology to collect, process and transmit sensitive and confidential data. As a result, our clients are exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive or other information, corruption or destruction of data, unavailability of data, or operational disruptions. Our operations depend, in part, on how well we protect networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to, damage to hardware, computer viruses, hacking and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, and pre-emptive expenses to mitigate the risks of failures and vulnerabilities. A compromise of our information technology, personal information or confidential information, or that of our clients, customers or third parties with whom we interact, may result in negative consequences, including system outages with respect to our platform, loss of clients, and potential liability under privacy, anti-spam, security, consumer protection or other applicable laws, and regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on our business, financial position, results of operations or cashflows. Failure to prevent or mitigate security breaches and improper or unauthorized access to, use or disclosure of our data, user data or client data could result in the loss or misuse of such data, which could harm our business and reputation. The security measures we have integrated into our internal networks and platforms, which are designed to prevent or minimize security breaches, may not function as expected or may not be sufficient to protect our internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently. As a result, we may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into our networks. Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer “hackers,” malicious code (such as viruses and worms), ransomware attacks, employee or contractor theft, unauthorized access or misuse, and DDoS attacks, sophisticated nation-state and nation-state supported actors now engage in cybersecurity attacks (including advanced persistent threat intrusions). Moreover, our platform could be breached if vulnerabilities in our platform are exploited by unauthorized third parties or due to employee error, malfeasance, or otherwise. Further, third parties may attempt to fraudulently induce employees or clients into disclosing sensitive information such as usernames, passwords or other information or otherwise compromise the security of our internal networks, electronic systems and/or physical facilities in order to gain access to our data our customers’ data. Since techniques used to obtain unauthorized access change frequently and the size and severity of DDoS attacks and security breaches are increasing, we may be unable to implement adequate preventative measures or stop DDoS attacks or security breaches while they are occurring. Despite our efforts to create security barriers to such threats, it is virtually impossible for the Company to entirely mitigate these risks. The security measures the Company has integrated into our internal network and platform, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect our internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, the Company may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into our networks, systems, or data.

If a material breach of client or user data security were to occur, as a result of third-party action, employee error, malfeasance or otherwise, and the confidentiality, integrity or availability of the clients’ and customers’ data (including personal information) was disrupted, we could incur significant liability to our clients and customers and to other individuals or businesses, and the Company may be perceived as less desirable or trustworthy, which could negatively affect our business and damage our reputation. Security breaches impacting our business could result in a loss or unauthorized access to or disclosure of clients’ and customers’ information, which, in turn, could lead to litigation, governmental audits and investigations, civil claims (including class actions), compliance agreements and possible liability. In addition, a network or security breach could damage our relationships with existing clients and customers, resulting in the loss of clients, and have a negative impact on our ability to attract and retain new clients and customers. These breaches, or any perceived breach, of the platform, or other systems through which we provide our services, whether or not any such breach is due to a vulnerability in our systems, may also undermine confidence in the Company and result in damage to our reputation, negative publicity, loss of clients and sales, increased costs to remedy any problem, and costly litigation. We may be required to expend significant capital and financial resources to protect

against such threats or to alleviate problems caused by breaches in security.

Customer complaints or negative public perception of our business and brands could result in a decline in our customer growth.

Our reputation is very important to attracting new customers to our platform as well as securing repeat and long-standing customers for the products offered through our platform. While we believe that we have a good reputation and that we provide customers with a superior experience, there can be no assurance that we will continue to maintain a good relationship with customers or avoid negative publicity. In addition, our ability to attract and retain customers is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters — even if related to seemingly isolated incidents — could erode trust and confidence and damage our reputation among existing and potential customers, which would make it difficult to attract new customers and retain existing customers, significantly decrease the demand for our products, result in increased regulatory scrutiny, and have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows.

The Company's future endeavors, including its plans to expand into new markets, may not be successful.

New markets are inherently risky, as each involves unproven business strategies, new regulatory requirements and new financial products and services with which we, and in some cases our Bank Partners, have limited or no prior development or operating experience.

The Company may be unable to protect our intellectual property and proprietary technology from external threats and vulnerabilities.

Our proprietary technology, as well as our data and analytics capabilities and AI-driven models are a critical component of our business. We take great care in ensuring that our technology and systems are protected from external threats, including through information systems policies and regular technology health checks, but cannot guarantee that any misappropriation of our proprietary information, or any illegal or inappropriate access to our technology could not occur. Unauthorized access to our proprietary models and underwriting algorithms may threaten our ability to distinguish ourselves in that realm within the broader market. If we are unable to sufficiently protect our software and other intellectual property, and if another entity takes advantage of unauthorized access to such software and/or intellectual property, we may be at a disadvantage relative to our current position.

Policing unauthorized use of our intellectual property and misappropriation of our technology and trade secrets is difficult and we may not always be aware of such unauthorized use or misappropriation. Despite our efforts to protect our intellectual property rights, unauthorized third parties may attempt to use, copy or otherwise obtain and market or distribute our intellectual property rights or technology or otherwise develop products or services with the same or similar functionality as our platform. If our competitors infringe, misappropriate or otherwise misuse our intellectual property rights and we are not adequately protected, or if our competitors are able to develop a platform with the same or similar functionality as ours without infringing our intellectual property, our competitive advantage and results of operations could be harmed. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. As a result, we may be aware of infringement by our competitors but may choose not to bring litigation to enforce our intellectual property rights due to the cost, time and distraction of bringing such litigation. Furthermore, if we do decide to bring litigation, our efforts to enforce our intellectual property rights may be met with defences, counterclaims and countersuits challenging or opposing our right to use and otherwise exploit particular intellectual property, services and technology or the enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of senior management's attention and resources, could delay further sales or the implementation of our products, impair the functionality of our platform, prevent or delay introductions of new or enhanced products or services, result in our substituting inferior or more costly technologies into our platform or injure our reputation.

The Company may experience disruptions in the availability or speed of its information technology systems, including its loan management platform.

We rely on information technology systems for many fundamental aspects of our business, including application

intake, credit adjudication, loan servicing, collection of payments and storage of Company information. Any disruption in the availability or speed of our systems, due to power outages, functionality issues, unauthorized accessed or otherwise, may adversely impact our business operations and limit our ability to carry out some of the most fundamental aspects of our business. The backup systems in place to protect against any failure or breakdown in any part of our technology infrastructure may fail, leading to longer than intended outages.

Issues in the use of AI in our software may result in reputational harm or liability.

As with many disruptive innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. AI algorithms may be flawed and data sets may be insufficient or contain biased information. Inappropriate or controversial data practices by the Company or others could impair the acceptance, utility and effectiveness of AI solutions. These deficiencies could undermine the decisions, predictions, or analysis AI-driven models produce, subjecting the Company to competitive harm, legal liability, and brand or reputational harm.

There may be undetected or unknown errors or bugs in our technical software, which we rely on for day-to-day business activities.

Our platform and internal systems rely on software that is highly technical and complex. In addition, our platform and internal systems depend on the ability of such software to store, retrieve, process and manage high volumes of data. The software upon which we rely may from time to time contain undetected technical errors or bugs. Some technical errors or bugs may only be discovered after the code has been released for external or internal use. Technical errors or other design defects within the software upon which we rely may result in failure to accurately predict a loan applicant's creditworthiness or the suitability of other applicants for our other products and services, failure to comply with applicable laws and regulations, approval of sub optimally priced loans, incorrectly displayed interest rates or other fees to borrowers and other customers, or incorrectly charged interest or fees to borrowers and other customers or to third-party partners or institutional investors, failure to detect fraudulent activity on our platform, our inability to accurately evaluate potential customers, a negative experience for customers or third-party partners, delayed introductions of new features or enhancements or failure to protect customer data or our intellectual property or other sensitive data or proprietary information. Any technical errors, bugs or defects discovered in the software upon which we rely could result in harm to our reputation, loss of customers or Bank Partners, increased regulatory scrutiny, fines or penalties, loss of revenue or liability for damages, any of which could adversely affect our business, financial condition and results of operations.

Any unintentional disclosure of personal consumer information, as a result of a data breach or other cyber security event, could have an adverse effect on our business.

We maintain personal information about our customers in our systems and databases. We have taken appropriate steps to protect such information by limiting the amount of data and the level of detail of the data that we maintain, having and implementing information security policies and procedures, installing anti-virus and malware software, using access controls and providing training to our employees (among other things). Each year, we seek to add new security measures to further strengthen our security posture. It is possible that although all of these steps have been taken, that we will not be able to prevent improper exposure of this information as a result of a cyber attack or other security event. The unintended exposure of such information may have a negative impact on our brand and reputation, as well as have financial consequences as a result of needing to control and manage the specific event.

The Company may be unable to keep up with technology changes and advancements occurring in the broader market.

We operate in a dynamic industry characterized by rapidly evolving technology, frequent product introductions, and competition based on pricing and other differentiators. We rely on our proprietary technology to make our platforms available to customers, to service customers and to introduce new products. In addition, we may increasingly rely on technological innovation as we introduce new types of products, expand our current products into new markets, and continue to streamline our platforms. The process of developing new technologies, products and services is complex, and if we are unable to successfully innovate and continue to deliver a superior customer experience, customers' demand for our products and services may decrease and our growth and operations may be harmed. Participants in our industry also compete on price, and our ability to meet the demand of our customers and those of our Bank Partners in this respect could affect our ability to maintain demand for our products and services.

We operate in a highly regulated industry and continue to be subject to laws and regulations in the US both federally and at the state level and in Canada both federally and at the provincial level that could restrict the products and services we offer or increase the costs and complexity related to remaining compliant.

Various aspects of our business are regulated at both the federal and state level in the United States and the federal and provincial level in Canada. These laws and regulations affect our business in many ways, and include regulations relating to:

- the types of products we can offer directly and indirectly;
- the types of rates we can charge on our direct product offerings;
- other terms related to our direct product offerings, including the duration of the loan terms, other charges that may be levied, repayment terms;
- the management of personal information across all products offered directly and serviced by us;
- underwriting requirements and parameters;
- disclosure requirements;
- collection and servicing activities including how we communicate with consumers;
- licensing and related activities; and
- anti-money laundering and related matters such as Know-Your-Customer and red flag rules and best practices.

Given the broad-sweeping affect and impact of these regulations, any material change to the existing regulatory framework could impact the products and services we can offer, as well as the resultant financial performance of the Company. We expect that the regulatory scrutiny that this industry is subject to will continue, and we consequently will continue to spend time, resources and incur other costs to manage through the inquiries, audits and exams we may be subject to.

The potential consequences for non-compliance under the federal and state and provincial laws within which we operate may include:

- civil penalties or other fines;
- corrective action, including changes to products, services and/or systems;
- restitution or damages to consumers who have been harmed (including pursuant to class action);
- limitation on activities within a particular jurisdiction;
- limitation on the offering of particular products and/or services;
- revocation of licenses; and
- any other consequence allowed under the particular regulation in question.

We undergo routine examinations from various state and federal agencies who have the authority to conduct such examinations to determine whether we are operating in compliance with all applicable laws. At the federal level, the CFPB has the authority to examine us directly. At the state level, we are regularly examined by the state agencies who regulate and enforce the laws we are subject to through the licenses we hold. Although we have no reason to believe that there would be any findings as a result of a routine audit or exam, we cannot predict the likelihood of that a state or federal regulator may identify an instance of non-compliance in the future. In addition, our Bank Partners are subject

to examination by their state banking agency as well as their federal prudential bank regulators. As service providers to the banks, we may also be part of those examinations.

The Company relies on third-party lenders to conduct business in Texas.

In Texas, the Company currently operates as a CSO, arranging and guaranteeing loans between unaffiliated third parties and their customers. There are a limited number of third-party lenders that make these types of loans and there is significant demand and competition for the business of these companies. These third parties rely on borrowed funds to make consumer loans. If they lose their ability to make loans or become unwilling to continue making loans to consumers and the Company cannot find another lender, the Company would be unable to continue arranging non-bank loans in Texas as a CSO, which would adversely affect its results of operations or financial condition.

If the Company makes loans under state or provincial lending licenses which are found to violate applicable state or federal interest rate limits or other provisions of applicable state lending and other laws, it could adversely affect the Company's business, results of operations, financial condition, and future prospects.

The loans we originate pursuant to our state and provincial licenses are subject to certain specific requirements which may include allowable interest and/or charges, certain consumer protection provisions, disclosure requirements, prohibitions on certain activities, and loan term lengths. If the loans we originate pursuant to our licenses were deemed subject to and in violation of certain state consumer finance, usury or other laws, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas), and other penalties or consequences, and the loans could be rendered void or unenforceable in whole or in part, any of which could have an adverse effect on our business, results of operations, financial condition, and future prospects.

The regulatory environment in which we operate is complex and will require ongoing compliance costs to continue to operate in.

The regulatory environment that we operate within imposes many requirements on our business, the management of which require ongoing costs associated to compliance. Those costs are expected to remain the same or potentially increase over time as the regulatory landscape and our business evolves. In particular, the consumer lending industry and financial services sector continues to be subject to new laws and regulations in many jurisdictions that could restrict the consumer lending products and services we offer, impose additional compliance costs on us, render our current operations unprofitable or even prohibit our current operations. In Canada the federal government is considering lowering the criminal rate of interest on loans to 30%. To the extent that regulators adopt practices of regulatory oversight that create additional compliance, transaction, disclosure or other costs, or that limit our ability to charge interest at the rates currently charged our returns may be negatively affected. A failure to comply with applicable laws, statutes regulations or regulatory policies could result in sanctions, fines or other settlements that could adversely affect our earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could also change the economics of the consumer lending sector including the salability or pricing of certain ancillary products which could have a material adverse effect on the Company.

If we are found to be operating without a required license, or in violation of a required license, our business operations and financial results could be adversely affected.

Acting as a service provider on the Bank Programs in our U.S business sometimes necessitates obtaining certain licenses to conduct marketing, servicing and/or collection activities. In preparing to go-live as a service provider in any new state, Propel goes through a rigorous due diligence process to determine which licenses may be required, and obtains such licenses prior to commencing any servicing activities. This process involves a robust internal analysis, followed by a review of that analysis by local, external counsel who ultimately advise on which licenses are required. The Bank Partners must also be satisfied and sign off on the licenses Propel has identified it needs in order to operate in a particular state.

Although Propel expends significant resources and is committed to ensuring that all necessary steps are taken in order to obtain any required licenses, it is possible that a state regulator may be of the opinion that a license is required and has not been obtained. It is possible that a regulator may have previously indicated that a license was not required but has since changed that opinion to believe that in fact a license should be obtained in order to conduct a particular activity. It is also possible that the internal research process and external counsel review process fail to identify a

required license. Additionally, it is possible that although a license has been obtained, that a state regulator may find that Propel is not appropriately complying with certain provisions of such license.

If a regulator deems that a Propel entity is operating without a required license, or that we have obtained a license but are not adequately complying with its requirements, we may be subject to fines, penalties and may be required to cease operations until a license has been attained, or indefinitely. In this case, a finding of operating without a required license could result in a disruption in business operations and/or have an adverse effect on our financial results.

A disruption in the access to third parties that we rely on, or the inability of any of these third parties to provide their services to us for any reason, would result in a disruption to our business operations.

We have contractual arrangements and partnerships with a number of third parties to carry out our business strategy and perform some of our core functions, including but limited to, credit adjudication, credit servicing, payment processing and consumer communications, among others. Where possible, we have redundancy in areas where there is reliance on third parties, however redundancy is not always possible. Any disruption in the access to these third parties, or the inability of any of these parties to provide their services or fulfill their contracts for any reason may result in a disruption to our business. Similarly, if any of these third parties change or update their products in a way that has a material impact on our use of their product or the output we are being provided with, or chooses to stop providing their products, services or partnership to us for any other reason, a disruption to our business is possible.

The Bank Programs rely on our relationships with unaffiliated third-party banks. If our current partners were to cease doing business or limit their operations in a way that affected their programs with us, our business and financial results could be adversely affected.

Propel has entered into agreements with three state-chartered, FDIC-insured banks, directly or indirectly, who originate loans through our platform and whose loans we provide services for. If any of our lending partners were to limit or cease their operations with us, our business operations and financial results could be adversely affected.

While we have excellent relationships with each of our lending partners and have robust agreements in place with all of them, it is possible that any of these banks may ask to alter the terms of our agreement with them upon contract renewal in a manner that is unfavorable to us from a financial, business or regulatory perspective. It is also possible that any of these banks may face pressure from their regulators such that they are forced to limit or cease their business operations conducted through our platform, or face hardships in other parts of their business that result in their being unable to continue with their programs with us. Any disruption to our existing programs may result in an adverse impact to our business operations and financial results.

Any change to the products being offered by any of the unaffiliated third-party banks that we work with may impact the attractiveness or viability of such products in the market, and ultimately our financial performance as it relates to the servicing of such products.

The products available through the Bank Programs are provided by the originating banks. The terms, parameters, credit and loan policy and underwriting criteria are all owned and controlled by such Bank Partners. If the terms of such products were to change in such a way that makes them less viable or desirable, the demand for these products may ultimately decrease which would have an adverse affect on our business operations and financial performance.

Risks Associated with the Financial Services Business Generally

The financial services business is, by its nature, subject to numerous and substantial risks, particularly in volatile or illiquid global financial markets and in markets influenced by risks created by systemically important financial institutions. In addition, there is the risk of losses resulting from underwriting loans, a counterparty's failure to meet commitments, customer fraud, employee errors, misconduct and fraud (including unauthorized transactions), litigation, changing regulation, lower revenue in periods of reduced demand for credit and lack of access to credit.

Failure to maintain adequate insurance coverage could substantially harm our financial condition.

Our insurance policies may not comprehensively cover all risks and liabilities. Appropriate coverage may not be available (or may not adequately cover all losses) or we may elect not to insure against certain risks. We may elect

not to do so, for example, where we consider the applicable premiums to be excessive in relation to the perceived risks and benefits that may accrue. As a result, we may be held liable for material claims beyond our insurance coverage limits that could materially and adversely impact financial performance and reputation. In addition, any significant claim against such policies may lead to increased premiums on renewal and/or additional exclusions to the terms of future policies. If insurance is not available to cover a claim or the quantum of a claim exceeds policy limits, we will be exposed to the financial impact of the event which could have an adverse impact on our business, financial performance and operations.

Future litigation could substantially harm the Company's business.

Propel is not currently involved in any material litigation; however, we may be involved in legal proceedings, claims and other litigation in the future. We may be subject to various legal proceedings and claims arising out of the ordinary course of business, including lawsuits based on registration errors, errors in data that is pulled from databases that it accesses and lost profits or other consequential damages. The outcome of litigation, regulatory investigations and arbitration disputes are inherently difficult to predict and as a result there is the risk that an unfavorable outcome could negatively affect our business, results of operations and financial condition. In addition, litigation can result in substantial costs and diversion of our resources. Insurance may not cover such investigations and claims, may not be sufficient for one or more such investigations or claims and may not continue to be available on acceptable terms. An investigation or claim brought against the Company could also result in unanticipated costs and reputational harm.

Volatility Resulting from International Conflicts, such as the Current Conflict in Ukraine

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's invasion of Ukraine has led to sanctions and export control measures being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on global economies more broadly. The extent and duration of the military action, resulting sanctions and resulting future market disruptions are impossible to predict, but could be significant. Such actions could lead to heightened volatility in the global markets and increase inflation, all of which could reduce the Company's profitability and have a material adverse effect on its business, results of operations or financial condition.

Natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events could materially adversely affect our business, results of operations or financial condition.

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, such as the COVID-19 pandemic and any continuing effects relating thereto, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect our business, results of operations or financial condition or that of our third-party manufacturers, suppliers or distributors. These events could result in increases in fuel or other energy prices, labor shortages, temporary or long-term disruption in the supply of raw materials, temporary disruption in transport to and from overseas markets, disruption in our distribution network or disruption to our information systems, any of which could have a material adverse effect on our business, results of operations or financial results.

The provision for credit losses may be inadequate.

Determining the appropriate level of the provision for credit losses is an inherently uncertain process and therefore the determination of this provision may prove to be inadequate to cover losses in connection with a loan portfolio. Factors that could lead to the inadequacy of a provision for credit losses may include the inability to appropriately underwrite credit risk of new loans, to effectively manage collections or to anticipate adverse changes in the economy or the occurrence of discrete events that adversely affect specific borrowers, industries, markets or geographic areas. For these reasons, we cannot provide assurance that our provisions for credit losses will be adequate to cover credit losses in its loan portfolio and such provisions may not keep pace with changes in the creditworthiness of customers or in collateral values. If the credit quality of customers declines, if the risk profile of a market, industry, or group of customers changes significantly, if the assumptions used to value collateral change (in particular loans supported by enterprise values), or if a market for the collateral against which the issuer has secured its loans deteriorates

significantly, our previous estimates of the appropriate level of reserves for credit losses may be inadequate. Losses from loans that exceed our expectations could have a material adverse effect on the Company.

A significant percentage of a loan portfolio may be concentrated.

The composition of the loans in a portfolio may vary widely from time to time and may be concentrated by type of loan or program, industry of employment or geography, resulting in the portfolio of loans being less diversified than anticipated. A lack of diversification may result in the Company being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography. If the industry segments or markets in which we have a concentration of loans experience adverse economic or business conditions, there could be a material adverse effect on the Company.

Risk Factors Related to the Ownership of Our Common Shares

There are risks related to forward-looking information in this Annual Information Form.

The forward-looking information included in this Annual Information Form relating to, among other things, our future results, performance, achievements, prospects, intentions or opportunities or the markets in which we operate (including, in particular, the information contained in “Business of Propel” and the other statements listed in “Forward-Looking Information”) is based on opinions, assumptions and estimates made by our Management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that our actual results in the future will be the same, in whole or in part, as those included in this Annual Information Form. See “Forward-Looking Information”.

There are risks associated with the potential volatility of Common Share price.

The market price of our Common Shares could be subject to significant fluctuations after the IPO, and it may decline below the IPO price. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could subject the market price of our Common Shares to wide price fluctuations regardless of our operating performance. Some of the factors that may cause the market price of our Common Shares to fluctuate include:

- significant volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- short sales, hedging and other derivative transactions in our Common Shares;
- announcements of new contracts, significant acquisitions or significant agreements by us or by our competitors;
- litigation or regulatory action against us;
- investors’ general perception of us and the public’s reaction to our press releases, our other public announcements and our filings with applicable securities regulators, including our financial statements;
- publication of research reports or news stories about us, our competitors or our industry;
- positive or negative recommendations or withdrawal of research coverage by securities analysts;

- changes in general political, economic, industry and market conditions and trends;
- sales of our Common Shares by our directors, executive officers, MPI, KFH and other existing Shareholders and their affiliates;
- sales, or anticipated sales, of large blocks of our Common Shares;
- recruitment or departure of key personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- the other risk factors described in this section of this Annual Information Form.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of the Common Shares may be materially adversely affected.

In addition, broad market and industry factors including national and international economic conditions could have a significant impact on the market price of our Common Shares. Hence, the price of our Common Shares could fluctuate based upon factors that are largely beyond our control, and these fluctuations could materially reduce the price of our Common Shares regardless of our operating performance.

Any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Common Shares, which could decrease the price of our Common Shares

Our Board has the authority to issue preferred shares and to determine the preferences, limitations and relative rights of preferred shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our Shareholders. Our preferred shares could be issued with liquidation, dividend and other rights superior to the rights of our Common Shares. The potential issuance of preferred shares may delay or prevent a change in control of us, discourage bids for our Common Shares at a premium over the market price and adversely affect the market price and other rights of the holders of our Common Shares.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

The trading market for our Common Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If the securities or industry analyst's covering us downgrade our Common Shares or publish inaccurate or unfavorable research about our business, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Common Shares could decrease, which could cause our trading price and volume to decline. Moreover, if our results of operations do not meet the expectations of the investor community, or one or more of the analysts who cover our Company downgrades our Common Shares or publishes unfavourable research about our business, our Common Share price could decline.

Shareholders will have limited control over our Company's operations.

Shareholders will have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. Our Board will determine major policies, including policies regarding financing, growth, debt capitalization and any future dividends to Shareholders. Generally, our Board may amend or revise these and other policies without a vote of Shareholders. Shareholders will only have a right to vote, as a class, in the limited circumstances described elsewhere in this Annual Information Form. Our Board's broad discretion in setting policies and the limited ability of holders of Common Shares to exert control over those policies increases the

uncertainty and risks of an investment in our Company.

Our Principal Shareholders, whose interests may differ from yours, have significant control over our business.

Our Principal Shareholders are our substantial Shareholders and have representation on our Board and certain rights under the Investor Rights Agreement. This could lead to conflicts of interest, real or perceived, at the board or management level where the interests of our Principal Shareholders may differ from yours. Further, our Principal Shareholders are in a position to effectively influence our management, and their interests may differ from those of the Shareholders. If our Principal Shareholders exercise such rights, a change of control and/or a fundamental change may occur. See “Principal Shareholders”.

The Company is a holding company

The Company is a holding company and essentially all of its assets are the capital stock of its material subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries.

Consequently, the Company’s cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and investments and the distribution of those earnings to Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company’s material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

Enforcement of Judgments Against Certain Persons and Foreign Subsidiaries

A substantial portion of the Company’s operations and assets are located outside of Canada, and certain of the Company’s operating subsidiaries are incorporated in jurisdictions outside of Canada. In addition, certain of the Company’s directors are resident outside of Canada. As a result, it may not be possible to satisfy a judgement against the Company or such persons in Canada or to enforce a judgement obtained in Canadian courts against the Company or such persons outside of Canada.

There is some doubt as to the enforceability in the United States by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the United States may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the United States agrees to hear a claim, it may determine that the local law in the United States, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

Future sales of shares by MPI and KFH.

No prediction can be made as to the effect, if any, of future sales of Common Shares by MPI or KFH (including pursuant to the terms of the Investor Rights Agreement) on the market price of the Common Shares. However, the future sale of a substantial number of Common Shares by MPI or KFH or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

The intentions of MPI and KFH regarding their near-term economic ownership are subject to change, with the result that MPI or KFH may sell more or less Common Shares than currently intended. Factors that could cause MPI’s or KFH’s current intentions to change include changes in the long-term strategy, changes in their liquidity needs, changes in our management, changes in tax laws, market conditions and our financial performance.

Dividends on the Common Shares are not guaranteed, and, consequently, purchasers in the IPO may never receive a return on their investment.

In Fiscal 2022 the Board made dividend payments in the amount of CAD \$0.38 per common share with annualized aggregate dividend payments of approximately CAD \$13,043,546. The amount and timing of the payment of any

dividends are not guaranteed and are subject to the discretion of the Board. Any future determination to pay dividends on our securities will be at the discretion of the Board and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant.

Dilution

The number of Common Shares that we are authorized to issue is unlimited. We cannot predict the size of future issuances of the Common Shares or the effect, if any, that future issuances and sales of the Common Shares will have on the market price of the Common Shares. We may, in our sole discretion, subject to applicable law and the rules of the TSX, issue additional Common Shares from time to time (including pursuant to any equity-based compensation plans that may be introduced in the future). The future sale or issuance of additional common shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices for the Common Shares and the interests of Shareholders may be diluted thereby. The issuance of additional Common Shares may have a dilutive effect on the interests of the Shareholders. The issuance of additional Common Shares may have a dilutive effect on the interests of Shareholders. The number of Common Shares that we are authorized to issue is unlimited. We may, in our sole discretion, subject to applicable law and the rules of the TSX, issue additional Common Shares from time to time (including pursuant to any equity-based compensation plans that may be introduced in the future), and the interests of Shareholders may be diluted thereby.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our by-laws provide that we will indemnify our directors and officers. In addition, we have entered into agreements to indemnify our directors, executive officers and other employees as determined by our Board. Under the terms of the indemnification agreements with each of our directors and officers, we are required to indemnify each of our directors and officers, to the fullest extent permitted by the laws of Ontario, Canada, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director or officer of the Company or any of its subsidiaries. We must indemnify our officers and directors against all reasonable fees, expenses, charges and other costs of any type or nature whatsoever, including any and all expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing to defend, be a witness or participate in any completed, actual, pending or threatened action, suit, claim or proceeding, whether civil, criminal, administrative or investigative, or establishing or enforcing a right to indemnification under the indemnification agreement. The indemnification agreements also require us, if so requested, to advance within 30 days of such request all reasonable fees, expenses, charges and other costs that such director or officer incurred, provided that such person will return any such advance if it is ultimately determined that such person is not entitled to indemnification by us. Any claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

We may lose foreign private issuer status in the future, which could result in significant additional costs and expenses to us.

We expect to continue to be a "foreign private issuer," and not be subject to the same requirements that are imposed upon U.S. domestic issuers by the Securities and Exchange Commission ("SEC"). We may in the future lose our foreign private issuer status if a majority of our Shares are held in the U.S. and we fail to meet the additional requirements necessary to avoid loss of foreign private issuer status, such as if: (1) a majority of our directors or executive officers are U.S. citizens or residents; (2) a majority of our assets are located in the U.S.; or (3) our business is administered principally in the U.S.

If we lose our foreign private issuer status and decide, or are required, to register as a U.S. domestic issuer, the regulatory and compliance costs to us will be significantly more than the costs incurred as a Canadian foreign private issuer. In such event, we would not be eligible to use foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are generally more detailed and extensive than the forms available to a foreign private issuer.

Risk Factors Related to the Financial Reporting

As a public company, we are required to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be effective, which could adversely affect investor confidence in our Company and, as a result, negatively impact the value of our Common Shares.

As a publicly traded company, we are subject to reporting and other obligations under applicable Canadian securities laws, including NI 52-109, and the rules of the TSX. These reporting and other obligations will place significant demands on our management, administrative, operational and accounting resources. In order to meet such requirements, we have, among other things, established systems, implement financial and management controls, reporting systems and procedures and, if necessary, hire qualified accounting and finance staff. However, if we are unable to accomplish any such necessary objectives in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the market price of our Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Our recent financial performance, including our growth rate and profitability may not be indicative of our future performance and results.

We have experienced rapid growth rates in recent years, and this revenue growth rate and related financial performance may not be indicative of our future performance. Our revenues grew to \$ 226,850,634 in the year ended December 31, 2022 from \$ 129,649,121 in Fiscal 2021 and to \$62,514,925 for the three-month period ended December 31, 2022 from \$41,177,872 for the three months ended December 31, 2021. As we grow our business, it is possible that the revenue growth rate may decrease over time and/or that revenues may decline. This may happen for various reasons, including but not limited to external, macroeconomic factors impacting the growth of our business and our inability to scale our business effectively.

We may experience adverse impacts on our reported results of operations as a result of adopting new accounting standards or interpretations.

Our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

Failure to adhere to our financial reporting obligations and other public company requirements could adversely impact the market price of our Common Shares.

We are subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Common Shares are then-listed, including National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations will place significant demands on our Management, administrative, operational and accounting resources. If we are unable to accomplish any such necessary objectives in a timely and effective manner, our ability to comply with our financial reporting

obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the trading price of the Common Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

We may in the future discover significant deficiencies or material weaknesses in our internal controls, and we cannot be certain that we will be successful in maintaining adequate control over our financial reporting and financial processes. Furthermore, as our business grows, our internal controls will become more complex, and we will require significantly more resources to ensure that our internal controls remain effective. If we or our independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market value of the Common Shares. Additionally, the existence of any significant deficiency or material weakness could require management to devote significant time and incur significant expense to remediate any such significant deficiency or material weakness, and management may not be able to remediate any such significant deficiency or material weakness in a timely manner, or at all. Moreover, any failure to maintain effective internal controls over financial reporting could cause us to fail to satisfy our reporting obligations or result in material misstatements in its financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the market value of the Common Shares.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

Note:

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

DIVIDENDS AND DISTRIBUTIONS

In Fiscal 2022 the Board paid a quarterly dividend in the amount of CAD \$0.095 per common share with annualized aggregate dividend payments of CAD \$13.0 million. Dividends will be declared and paid in arrears. The amount and timing of any dividends payable by the Company will be at the discretion of the Board and will be established on the basis of the Company's results of operations, financial condition, cash requirements, the satisfaction of solvency tests imposed by corporate laws for the declaration and payment of dividends, covenants under its debt facilities and other factors that the Board may consider relevant. See "Risk Factors".

DESCRIPTION OF SHARE CAPITAL

The following describes material terms of our share capital. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our Articles.

Authorized Share Capital

As at December 31, 2022, our authorized share capital consists of (i) an unlimited number of Common Shares of which an aggregate of 34,325,320 Common Shares are issued and outstanding; and (ii) an unlimited number of preferred shares, of which no preferred shares are issued and outstanding.

Common Shares

Dividend Rights

Shareholders are entitled to receive dividends out of our assets legally available for the payment of dividends at such times and in such amount and form as our board of directors (our “**Board**”) may from time to time determine, subject to any preferential rights of the holders of any outstanding preferred shares. See “Dividend Policy”.

Voting Rights

Shareholders are entitled to one vote per Common Share on all matters upon which Shareholders are entitled to vote.

Conversion

The Common Shares are not convertible into any other class of shares.

Meetings of Shareholders

Shareholders will be entitled to receive notice of any meeting of our shareholders (“**Shareholders**”) and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. A quorum for the transaction of business at a meeting of Shareholders is present if Shareholders who, together, hold not less than 25% of the votes attaching to our outstanding shares entitled to vote at the meeting are present in person or represented by proxy.

Pre-Emptive and Retraction Rights

Shareholders will have no pre-emptive or retraction rights.

Redemption Rights

The Company will have no redemption or purchase for cancellation rights.

Liquidation Rights

Upon our liquidation, dissolution or winding-up, whether voluntary or involuntary, Shareholders, without preference or distinction, will be entitled to receive rateably all of our assets remaining after payment of all debts and other liabilities, subject to any preferential rights of the holders of any outstanding preferred shares.

Preferred Shares

We are authorized to issue an unlimited number of preferred shares issuable in series. Each series of preferred shares shall consist of such number of preferred shares and having such rights, privileges, restrictions and conditions as may be determined by our Board prior to the issuance thereof. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred shares or as required by law, will not be entitled to vote at meetings of holders of Common Shares, and will not be entitled to vote separately as a class upon a proposal to amend our Articles in the case of an amendment of the kind referred to in paragraph (a), (b) or (e) of subsection 170(1) of the *Business Corporations Act* (Ontario). With respect to the payment of dividends and distribution of assets in the event of

liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the preferred shares are entitled to preference over the Common Shares and any other shares ranking junior to the preferred shares from time to time with respect to the payment of paid-up capital remaining after the payment of all outstanding debts on a pro rata basis, and, the payment of any or all declared but unpaid cumulative dividends or any or all declared but unpaid dividends on the preferred shares and may also be given such other preferences over Common Shares and any other shares ranking junior to the preferred shares as may be determined at the time of creation of such series.

The issuance of preferred shares and the terms selected by our Board could decrease the amount of earnings and assets available for distribution to holders of our Common Shares or adversely affect the rights and powers, including the voting rights, of the holders of our Common Shares without any further vote or action by the holders of our Common Shares. The issuance of preferred shares, or the issuance of rights to purchase preferred shares, could make it more difficult for a third party to acquire a majority of our outstanding voting shares and thereby have the effect of delaying, deferring or preventing a change of control of us or an unsolicited acquisition proposal or of making the removal of management more difficult. Additionally, the issuance of preferred shares may have the effect of decreasing the market price of our Common Shares.

Advance Notice Provisions

We have included certain advance notice provisions with respect to the election of our directors in our by-laws (the “Advance Notice Provisions”). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all Shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote. Only persons who are nominated by Shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of Shareholders, or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide us with notice, in the prescribed form, within the prescribed time periods. The Advance Notice Provisions provide requirements for proper written form of notice, which notice shall include information relating to: (i) the person whom a shareholder proposes to nominate for election as a director (the “proposed nominee”), which such information includes, among others, number of securities beneficially owned, or controlled or directed, directly or indirectly, by the proposed nominee and relationship between the nominating shareholder and the person nominated as a director; and (ii) the shareholder who is providing the notice, and each beneficial owner, if any, on whose behalf the nomination is made (the “nominating shareholder”), which such information includes, among others, number of securities beneficially owned, or controlled or directed, directly or indirectly, by the nominating shareholder and its joint actors, if any, any interests in, or rights or obligations associated with any agreement which alters the person’s economic interest in a security of the Company or economic exposure to the Company, representation as to whether such person intends to deliver a proxy circular and/or form of proxy, and in each case, any other information that may be required by applicable laws. The prescribed time periods under the Advance Notice Provisions include, (i) in the case of an annual meeting of Shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of Shareholders; provided, that if the first public announcement of the date of the annual meeting of Shareholders (the “**Notice Date**”) is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described Above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

Forum Selection

We have included a forum selection provision in our by-laws that provides that, unless we consent in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario, Canada and appellate courts therefrom, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a breach of fiduciary duty owed by any of our directors, officers or other employees

to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or our Articles or by-laws; or (iv) any action or proceeding asserting a claim otherwise related to our “affairs” (as defined in the OBCA). Our forum selection by-law also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of our by-laws.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the TSX and are traded under the symbol “PRL”. The high and low reported trading price and volumes of Common Shares on the TSX on a monthly basis for each of the months during Fiscal 2022 were as follows:

Month	Monthly High	Monthly Low	Total Monthly Volume Traded	Average Daily Volume Traded
January 2022	\$13.43	\$10.31	516,370	25,819
February 2022	\$11.17	\$8.25	473,868	24,940
March 2022	\$9.91	\$8.51	487,977	21,216
April 2022	\$9.84	\$7.55	223,262	11,163
May 2022	\$8.36	\$6.95	157,538	7,502
June 2022	\$8.00	\$6.14	144,470	6,567
July 2022	\$8.62	\$6.03	158,006	7,900
August 2022	\$9.39	\$6.91	169,920	7,724
September 2022	\$7.50	\$6.81	148,537	7,073
October 2022	\$8.71	\$6.46	331,462	16,573
November 2022	\$10.00	\$8.07	241,918	10,996
December 2022	\$9.85	\$6.99	172,574	8,629

DIRECTORS AND EXECUTIVE OFFICERS

Directors

Propel has an experienced and diverse Board of Directors. All directors will hold office for a term expiring at the close of the next annual meeting of Shareholders or until their respective successors are elected or appointed. The following table sets forth the names, ages, residence, positions and they year in which they were first appointed to our Board and is current as of the date of this AIF.

Name and Residence	Age	Position	Principal Occupation	Director Since
Michael Stein ⁽³⁾ Ontario, Canada	72	Chair of the Board	Chairman and CEO of the MPI Group	2011
Clive Kinross Ontario, Canada	52	CEO and Director	CEO of Propel	2011
Peter Monaco ⁽³⁾ Massachusetts, United States	58	Director	Managing Director at Raptor Group Holdings	2021
Poonam Puri ^{(1) (2) (3)} Ontario, Canada	50	Director	Professor of Law at Osgoode Hall Law School Member of the Board of Directors of Colliers International Group	2021
Geoff Greenwade ^{(1) (2) (3)} Texas, United States	61	Director	Past Chairman, Texas A&M Mays Business School – Commercial Banking Program	2021
Karen Martin ^{(1) (3)} Ontario, Canada	58	Director	Member of the Board of Directors and the Audit Committee of ECN Capital and Real Matters Inc.	2021
Peter Anderson ^{(2) (3)} Ontario, Canada	65	Director	Retired executive.	2022

Notes:

- (1) Member of our Audit Committee.
- (2) Member of our NGC Committee (as defined below).
- (3) Independent director for the purposes of National Instrument 58-101 — Disclosure of Corporate Governance Practices (“NI 58-101”) of the Canadian Securities Administrators.

Management

Propel has an experienced management team with significant experience in the financial services industries. The following table sets forth the names, ages, positions and years of experience of the executive officers of Propel as of the date of this Annual Information Form. Additional biographical information for each individual is provided in the text following the table:

Name	Age	Position	Employed by Company Since
Clive Kinross, Ontario	52	Chief Executive Officer	2011
Sheldon Saidakovsky, Ontario	44	Executive Vice President, Chief Financial Officer	2011
Gary Edelstein, Ontario	51	President	2016
Dr. Jonathan Goler, Ontario	42	Executive Vice President, Chief Risk Officer	2011

Noah Buchman, Ontario	37	Executive Vice President and President of CreditFresh	2011
Jay Vaghela, Ontario	41	Senior Vice President, General Counsel and Corporate Secretary	2013
Sarika Ahluwalia, Ontario	40	Senior Vice President, Corporate Affairs & Chief Compliance Officer	2016
Cindy Usprech, Ontario	45	Vice President, People and Culture	2015
Jonathan Krauklis, Ontario	40	Vice President, Operations	2012
Bradley Sherk, Ontario	47	Vice President, Operations and Shared Services	2012
Matthew Wiens, Ontario	39	Vice President, Bank Programs and Legal Affairs	2017
Rachel Kaplan, Ontario	42	Vice President, Product & Analytics	2019
Robert Joe, Ontario	35	Vice President, Finance	2018
Neal Weinstein, Ontario	60	Vice President, Software Development	2017

The directors and executive officers of Propel, as a group, beneficially own, directly or indirectly, or exercise control or direction over 16,897,691 Common Shares, representing 48.9 % of the issued and outstanding Common Shares. Accordingly, as a group, the directors and executive officers of Propel will beneficially own, or control or direct, directly or indirectly, 49.2 % of Propel's total issued and outstanding Common Shares and approximately 49.2 % of the voting power attached to all of the Common Shares. Peter Monaco is Managing Director and member of the Management Committee at the Raptor Group and disclaims beneficial ownership of the Common Shares held by the Raptor Group.

Penalties or Sanctions

None of the directors or executive officers of Propel, and to the best of its knowledge, no Shareholder holding a sufficient number of securities to affect materially the control of Propel, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the directors or executive officers of Propel, and to the best of its knowledge, no Shareholder holding a sufficient number of securities to affect materially the control of Propel, has, within the 10 years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES

None of the directors or executive officers of Propel, and to the best of our knowledge, no Shareholder holding a sufficient number of securities to affect materially the control of Propel is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form: (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for Michael Stein, who was a director of a privately held United Kingdom registered company

from February 2012 to January 2019, which company voluntarily appointed an administrator under the United Kingdom *Insolvency Act of 1986*. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

AUDIT COMMITTEE

Our Audit Committee consists of three directors, all of whom are persons determined by our Board to be both independent directors and financially literate within the meaning of NI 52-110. Our Audit Committee is currently comprised of Karen Martin, who acts as chair of this committee, Geoff Greenwade and Poonam Puri. Each of our Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

Our Board has adopted a written charter in the form set forth in Appendix A, setting forth the purpose, composition, authority and responsibility of our Audit Committee, consistent with NI 52-110. The Audit Committee assists our Board in fulfilling its oversight of:

- our financial statements and financial reporting processes;
- our systems of internal accounting and financial controls;
- the annual independent audit of our financial statements;
- legal and regulatory compliance;
- reviewing and recommending debt and equity financings, reviewing and monitoring compliance with debt covenant and reviewing the process and reports with which we measure financial results or performance; and
- public disclosure items such as quarterly press releases, investor relations materials and other public reporting requirements.

It is the responsibility of the Audit Committee to maintain free and open means of communication between the Audit Committee, the external auditors and the management of the Company. The Audit Committee is given full access to the Company’s management and records and external auditors as necessary to carry out these responsibilities. The Audit Committee has the authority to carry out such special investigations as it sees fit in respect of any matters within its various roles and responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for the payment of compensation to the independent auditor for the purpose of rendering or issuing and audit report and to any advisors employed by the Audit Committee.

Independent Auditor Service Fee

For Fiscal 2021 and Fiscal 2022, we incurred the following fees by our external auditor, MNP LLP:

	Fiscal 2021	Fiscal 2022
Audit fees ^{(1) (2)}	CAD \$ 541,576	CAD\$ 765,000
Tax fees ⁽³⁾	CAD \$ 325,811	CAD\$ 445,314
All other fees ⁽⁴⁾	CAD \$ 173,121	CAD \$ 114,000
Total fees paid	CAD \$ 1,040,507	CAD \$ 1,324,314

Notes:

⁽¹⁾ Fees for audit service on an accrued basis.

- ⁽²⁾ Fees for assurance and related services not included in audit service.
- ⁽³⁾ Fees for tax compliance, tax advice and tax planning.
- ⁽⁴⁾ All other fees not included above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal, administrative, regulatory and other proceedings, actions, claims and inquiries relating to our business. Management is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against the Company or its subsidiaries which would be material to an investor of Common Shares. See “Risk Factors”.

CONFLICTS OF INTEREST

To the knowledge of the Company, there are no known material existing or potential conflicts of interest among the Company’s directors, officers or other members of management as a result of their outside business interests except that certain of the Company’s directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Annual Information Form, there are no material interests, direct or indirect, of any of our directors or executive officers, any Shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares will be TSX Trust Company at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts of the Company that are in effect (other than certain agreements entered into in the ordinary course of business). The summaries below only describe the material attributes of each of the material contracts, are not complete and exhaustive and are subject to, and qualified in their entirety by reference to, the relevant material contract, copies of which have been filed with the Canadian securities regulatory authorities and are available on SEDAR, at www.sedar.com, under our profile. Investors are encouraged to read the full text of such material agreements.

- a) the Investor Rights Agreement;
- b) the CSO Agreement;
- c) the MoneyKey Facility Agreement;
- d) the Delinquent Loan Purchase and Sale Agreement (MoneyKey Bank Service Program);
- e) CreditFresh Program Marketing and Service Agreement (FEB);
- f) CreditFresh Program Management Agreement (CBW);
- g) the CreditFresh Facility Agreement; and

h) Fora Credit Facility Agreement.

Investor Rights Agreement

Nomination Rights

The Investor Rights Agreement will provide that the Kinross Group Permitted Holders will initially be entitled to nominate 40% of our directors (rounding up to the next whole number) and will continue to be entitled to nominate such percentage of our directors for so long as the Kinross Group Permitted Holders and the Stein Group Permitted Holders collectively hold at least 40% of the issued and outstanding Common Shares on a non-diluted basis, provided that this percentage will be reduced:

- to 30% of our directors (rounding up to the next whole member) once Kinross Group Permitted Holders and the Stein Group Permitted Holders collectively hold less than 40% but not less than 30% of the issued and outstanding Common Shares on a non-diluted basis;
- to 20% of our directors (rounding up to the next whole member) once Kinross Group Permitted Holders and the Stein Group Permitted Holders collectively hold less than 30% but not less than 20% of the issued and outstanding Common Shares on a non-diluted basis;
- to 10% of our directors (rounding up to the next whole member) once the Kinross Group Permitted Holders and the Stein Group Permitted Holders hold less than 20% but not less than 10% of the issued and outstanding Common Shares on a non-diluted basis; and
- to none of our directors once the Kinross Group Permitted Holders and the Stein Group Permitted Holders hold less than 10% of the issued and outstanding Common Shares on a non-diluted basis.

The Raptor Group Permitted Holders will initially be entitled to nominate one of our directors and will continue to be entitled to nominate such number of directors for so long as the Raptor Group Permitted Holders hold at least 5% of the issued and outstanding Common Shares on a non-diluted basis.

The Investor Rights Agreement will further provide that so long as the Stein Group Permitted Holders hold at least 10% of the issued and outstanding Common Shares on a non-diluted basis, Michael Stein (or such other individual designated by Michael Stein) shall be one of the Kinross Group Permitted Holders' director nominees.

So long as the Kinross Group Permitted Holders have the right to nominate at least one director to our Board, the Kinross Group Permitted Holders shall be entitled to have one of their director nominees serve on a standing committee of our Board, other than the Audit Committee, provided that such director nominee is not one of our officers.

Registration Rights

The Investor Rights Agreement will provide the Kinross Group Permitted Holders, with registration rights in respect of any Common Shares held by them from time to time ("**Registrable Securities**"). At any time prior to the date on which the Kinross Group Permitted Holders no longer as a group beneficially own, directly or indirectly and in the aggregate, at least 10% of the issued and outstanding Common Shares on a non-diluted basis, the Kinross Group Permitted Holders may, by delivery of a written notice (an "**Initiating Notice**"), require us to assist them in making a distribution of Common Shares owned by the Kinross Group Permitted Holders (a "**Demand Registration**"). The Initiating Notice will specify the number of Common Shares owned by the Kinross Group Permitted Holders to be subject to the Demand Registration. We are only required to effect a Demand Registration where the value of the Common Shares offered under such Demand Registration is at least C\$10 million on the date of the Initiating Notice. The Initiating Notice will specify other significant terms of the proposed offering, the proposed timetable of the distribution contemplated by the Demand Registration and the jurisdictions in which such distribution will be made. We shall be obligated to effect no more than two Demand Registrations in any 12 month period.

Any distribution contemplated by the Demand Registration will be through the underwriters selected by the Kinross Group Permitted Holders. If the underwriters determine in good faith that marketing factors require a limitation of the number of Common Shares that would be underwritten pursuant thereto, then the number of Common Shares that may be included in the distribution contemplated by the Demand Registration shall be limited to such smaller amount as determined by the underwriters in good faith. Notwithstanding any Initiating Notice, we will be entitled to postpone the filing of any offering document for up to 90 days if, in the good faith judgment of our Board, the requested Demand Registration could reasonably be expected to adversely affect us.

We are required to give prompt notice to the Kinross Group Permitted Holders, Stein Group Permitted Holders and the Raptor Group Permitted Holders of our intention to qualify any Common Shares for sale in a public offering, whether the qualification is on our behalf, pursuant to a Demand Registration or otherwise and provided that such Permitted Holders hold at least 5% of the issued and outstanding Common Shares on a non-diluted basis. Upon receiving such notice, the applicable Kinross Group Permitted Holders, Stein Group Permitted Holders and the Raptor Group Permitted Holders may require that all or a specified part of the Common Shares held by such applicable Permitted Holders be included in the proposed qualification (a “**Piggyback Registration**”). The underwriters of any public offering of Common Shares will have the right to limit, due to marketing reasons, the number of Common Shares to be qualified by such underwritten offering.

The Investor Rights Agreement will provide that if, at any time, the Company proposes to file a registration statement for the distribution of Common Shares to the public in the United States, the parties to the Investor Rights Agreement will supplement the Investor Rights Agreement so as to provide the Kinross Group Permitted Holders, Stein Group Permitted Holders and the Raptor Group Permitted Holders with Demand Registration and Piggyback Registration rights, as applicable, enabling a distribution of Common Shares to the public in the United States that are substantially equivalent to the registration rights provided under the Investor Rights Agreement with respect to distributions by way of a prospectus under applicable Canadian securities laws in one or more jurisdictions in Canada.

All expenses of or incidental to a Demand Registration or a Piggyback Registration, including, without limitation, expenses payable in connection with the qualification of the Common Shares, the fees and expenses of our counsel and auditors, the fees and expenses of each of the Kinross Group Permitted Holders, Stein Group Permitted Holders and the Raptor Group Permitted Holders, as applicable, up to a maximum of

\$40,000 for each such Permitted Holder and all costs incurred in connection with the preparation, translation, printing and delivery of the prospectus shall be borne by us, but, for greater certainty, excluding underwriter fees and commissions. In addition, we will indemnify the holders included in a Demand Registration or a Piggyback Registration against certain liabilities, including without limitation, any misrepresentation contained in the prospectus qualifying the Common Shares and any violation by the Company of any applicable laws, and to contribute to any payments that such holders may be required to make in respect thereof.

Pre-Emptive Rights

The Investor Rights Agreements will provide that each of the Kinross Group Permitted Holders, Stein Group Permitted Holders and the Raptor Group Permitted Holders, for so long as they each hold at least 5% of the issued and outstanding Common Shares on a non-diluted basis, will have pre-emptive rights to allow the Kinross Group Permitted Holders, Stein Group Permitted Holders and the Raptor Group Permitted Holders to respectively beneficially own or control, directly or indirectly, the same aggregate percentage of issued and outstanding Common Shares as each of the Kinross Group Permitted Holders, Stein Group Permitted Holders and the Raptor Group Permitted Holders, respectively, beneficially owned or controlled, directly or indirectly, immediately prior to any applicable distribution or issuance of shares or securities convertible into or exchangeable or redeemable for shares, in each case subject to certain customary exceptions.

CSO Agreement

MoneyKey TX-Inc (MoneyKey) is licensed as a Credit Service Organization (CSO) and Credit Access Business (CAB) in the state of Texas. The CSO Agreement sets the provisions under which MoneyKey, arranges Installment Loans with customers on behalf of Launch Lending, L.P (an unaffiliated third-party lender) and provides a guarantee to such lender for the loans. CSO fees are earned by MoneyKey, for arranging, assisting and guaranteeing the loan on behalf of the customer and interest is earned by the unaffiliated third-party lender and is subject to applicable state

rates.

MoneyKey Facility Agreement

The MoneyKey Facility is a revolving credit agreement between certain MoneyKey operating subsidiaries and a US based group of lenders. The MoneyKey Facility provides for a maximum borrowing of \$20 million at an 85% advance rate and interest rate of 10.20% plus three-month SOFR per annum and was entered into on May 12, 2022. On May 31st, 2022, the MoneyKey Facility was amended, including definitions of EBITDA and Adjusted EBITDA, which adjusted the calculation of leverage ratio. The Agreement also contains certain financial and nonfinancial covenants.

Delinquent Loan Purchase and Sale Agreement (MoneyKey Bank Service Program)

NCP Finance Ohio LLC (an NBFI) holds participation in lines of credit originated by and Capital Community Bank an FDIC insured Utah State chartered bank (NBFI Bank Partner) Under the arrangement, NBFI has the right to sell delinquent accounts originated by the NBFI Bank Partner. The Delinquent Loan Purchase Agreement sets out the provisions governing the sale and collection of purchased defaulted receivables from NBFI to MoneyKey.

CreditFresh Program Marketing and Service Agreement (FEB)

The Program Marketing and Service Agreement sets out the provisions under which CreditFresh provides certain services to First Electronic Bank, a Utah state-chartered, FDIC insured Bank Partner through a Bank Program. Under the Bank Program CreditFresh acts as bank servicer providing certain marketing, technology, and loan servicing services to the Bank Partner. The Bank Partner offers unsecured open-ended lines of credit and is the sole originator of such lines of credit and is responsible for all key decisions regarding the marketing, underwriting, product features approval and pricing of the lines of credit offered.

CreditFresh Program Management Agreement (CBW)

The Program Management Agreement sets out the provisions under which CreditFresh provides certain services to CBW Bank, a Kansas state-chartered, FDIC insured Bank Partner through a Bank Program. Under the Bank Program CreditFresh acts as bank servicer providing certain marketing, technology, and loan servicing services to the Bank Partner. The Bank Partner offers unsecured open-ended lines of credit and is the sole originator of such lines of credit and is responsible for all key decisions regarding the marketing, underwriting, product features approval and pricing of the lines of credit offered.

CreditFresh Facility Agreement

The CreditFresh Facility provides for a maximum borrowing amount of \$120 million in three tranches: \$45 million from “Tranche A”, \$60 million from “Tranche B”, and \$15 million from “Tranche C”. Advances for up to 85% of the advance rate of the CreditFresh Facility have a blended effective interest rate of 7.7% (based on the current prime rate and 3-month LIBOR rates; and excluding other lenders fees). Pursuant to the CreditFresh Facility, Tranche A has an advance rate of 40% with first priority level for repayment in the event of default, Tranche B has an advance rate of 45% with second priority level for repayment in the event of default, and Tranche C has an advance rate of 10% with last priority level for repayment in the event of default. Draws on Tranche A and Tranche B of the CreditFresh Facility are required to be made in proportion to their advance rate (providing an effective advance rate of 85% for such draws). Tranche C of the CreditFresh Facility may be drawn on independently. The CreditFresh Facility matures on March 23, 2024 and is subject to certain financial and nonfinancial covenants. The unused fee is 0.50% on unborrowed amounts. Please refer to the Company’s MD&A dated March 22, 2023.

Fora Credit Facility Agreement

The Fora Credit Facility Agreement is a revolving credit agreement between Fora Credit, the lenders from time to time party thereto as senior lenders and/or junior lenders, and CWB Maximum Financial Inc., as agent for the lenders and was entered into on November 11, 2022. The Fora Credit facility provides for (i) a Canadian dollar loan facility up to a maximum of CAD \$18 million, at an interest rate of prime plus the applicable margin, and (ii) a US dollar loan facility up to a maximum amount of \$5.8 million, at an interest rate of SOFR plus 10.75%, available at an advance rate of up to 85%. The Fora Credit facility matures on November 30, 2025 and is subject to certain financial and non-

financial covenants. The Fora Credit facility provides for a standby fee of 0.50% on undrawn amounts. Please refer to the Company's MD&A dated March 22, 2023.

INTERESTS OF EXPERTS

MNP LLP, Chartered Professional Accountants, located at its principal office in Toronto, Ontario, is our auditor and has confirmed that it is independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's management information circular for the 2022 annual meeting of Shareholders. Additional financial information is provided in the Company's audited annual consolidated financial statements and management's discussion and analysis of our financial condition and results of operations for our most recently completed fiscal year ended December 31, 2022. Such documentation, as well as additional information relating to the Company, may be found under the Company's profile on SEDAR at www.sedar.com.

APPENDIX A

AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of Propel Holdings Inc. (the “**Company**”).

Statement of Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and related financial disclosure;
- the implementation of risk management and internal control over financial reporting and disclosure controls and procedures; and
- external and internal audit processes.

Committee Membership

The Committee shall consist of as many directors of the Board as the Board may determine (the “**Members**”), but in any event, not less than 3 (three) Members. Each Member shall meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the Company’s securities are listed, including National Instrument 52-110 — *Audit Committees* (“**NI 52-110**”) subject to any exceptions permitted under NI 52-110. NI 52-110 also requires that to be independent, a Member be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member’s independent judgment.

Members shall be appointed by the Board, taking into account any recommendation that may be made by the Nomination, Governance and Compensation Committee of the Board (the “**NGC Committee**”). Any Member may be removed and replaced at any time by the Board, and will automatically cease to be a Member if he or she ceases to meet the qualifications required of Members. The Board will fill vacancies on the Committee by appointment from among qualified directors of the Board, taking into account any recommendation that may be made by the NGC Committee. If a vacancy exists on the Committee, the remaining Members may exercise all of its powers so long as there is a quorum.

Chair

The Board will designate one of the independent directors of the Board to be the chair of the Committee (the “**Chair**”), taking into account any recommendation that may be made by the NGC Committee.

Qualifications

At least three Members shall be independent and financially literate as described above. Members must have suitable experience and must be familiar with auditing and financial matters.

Attendance of Ex Officio Members, Management and other Persons

The Committee may invite, at its discretion, senior executives of the Company or such persons as it sees fit to attend meetings of the Committee and to take part in the discussion and consideration of the affairs of the Committee. The Committee may also require senior executives or other employees of the Company to produce such information and reports as the Committee may deem appropriate in the proper exercise of its duties. Senior executives and other employees of the Company shall attend a Committee meeting if invited by the Committee. The Committee may meet without senior executives in attendance for a portion of any meeting of the Committee.

Delegation

Subject to applicable law, the Committee may delegate any or all of its functions to any of its Members or any sub-set thereof, or other persons, from time to time as it sees fit.

Committee Operations

Meetings

The Chair, in consultation with the other Members, shall determine the schedule and frequency of meetings of the Committee. Meetings of the Committee shall be held at such times and places as the Chair may determine. To the extent possible, advance notice of each meeting will be given to each Member unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings of the Committee either in person or by telephone, video or other electronic means. Powers of the Committee may also be exercised by written resolutions signed by all Members.

At the request of the external auditors of the Company, the Chief Executive Officer or the Chief Financial Officer of the Company or any Member, the Chair shall convene a meeting of the Committee. Any such request shall set out in reasonable detail the business proposed to be conducted at the meeting so requested.

Agenda and Reporting

To the extent possible, in advance of every regular meeting of the Committee, the Chair shall prepare and distribute, or cause to be prepared and distributed, to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require senior executives and other employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

The Chair shall report to the Board on the Committee's activities since the last Board meeting. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board. Minutes of each meeting of the Committee shall be circulated to the Directors following approval of the minutes by the Members. The Committee shall oversee the preparation of, review and approve the applicable disclosure for inclusion in the Company's annual information form.

Secretary and Minutes

The secretary of the Company may act as secretary of the Committee unless an alternative secretary is appointed by the Committee. The secretary of the Committee shall keep regular minutes of Committee proceedings and shall circulate such minutes to all Members and to the chair of the Board (and to any other Director that requests that they be sent to him or her) on a timely basis.

Quorum and Procedure

A quorum for any meeting of the Committee will be a simple majority. The procedure at meetings will be determined by the Committee. The powers of the Committee may be exercised at a meeting where a quorum is present or by resolution in writing signed by all Members. In the absence of the Chair, the Committee may appoint one of its other Members to act as Chair of any meeting.

Exercise of Power between Meetings

Between meetings, the Chair, or any Member designated for such purpose by the Committee, may, if required in the circumstance, exercise any power delegated by the Committee on an interim basis. The Chair or other designated Member will promptly report to the other Members in any case in which this interim power is exercised.

Duties and Responsibilities

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board as well as any other functions that may be necessary or appropriate for the performance of its duties.

Financial Reporting and Disclosure

Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and other applicable financial disclosure, prior to the public disclosure of such information.

Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such documents or information.

Review with senior executives of the Company, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly the Company's financial position and the results of its operations in accordance with IFRS, as applicable.

Seek to ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, the Company's disclosure controls and procedures and periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration.

Internal Controls and Internal Audit

Review the adequacy and effectiveness of the Company's internal control and management information systems through discussions with senior executives of the Company and the external auditor relating to the maintenance of: (i) necessary books, records and accounts in sufficient detail to accurately and fairly reflect the Company's transactions; (ii) effective internal control over financial reporting; and (iii) adequate processes for assessing the risk of material misstatements in the financial statements and for detecting control weaknesses or fraud. From time to time the Committee shall assess any requirements or changes with respect to the establishment or operations of the internal audit function having regard to the size and stage of development of the Company at any particular time.

Satisfy itself, through discussions with senior executives of the Company that the adequacy of internal controls, systems and procedures has been periodically assessed in accordance with regulatory requirements and recommendations.

Review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.

Review and make recommendations to the Board regarding, the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks and implementation of appropriate systems and controls to manage such risks including an assessment of the adequacy of insurance coverage maintained by the Company.

Periodically review the Company's policies and procedures for reviewing and approving or ratifying related- party transactions.

External Audit

Recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of the Company.

Ensure the external auditors report directly to the Committee on a regular basis.

Review the independence of the external auditors.

Review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors.

Review the audit plan of the external auditors prior to the commencement of any audit. Establish and maintain a direct line of communication with the Company's external auditors.

Meet in camera with only the auditors, senior executives of the Company, or the Members, where and to the extent that, such parties are present, at any meeting of the Committee.

Oversee the work of the external auditors of the Company with respect to preparing and issuing an audit report or performing other audit or review services for the Company, including the resolution of issues between senior executives of the Company and the external auditors.

Review the results of the external audit and the external auditor's report thereon, including, discussions with the external auditors as to the quality of accounting principles used and any alternative treatments of financial information that have been discussed with senior executives of the Company and any other matters.

Review any material written communications between senior executives of the Company and the external auditors and any significant disagreements between the senior executives and the external auditors.

Discuss with the external auditors their perception of the Company's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto.

Discuss with the external auditors their perception of the Company's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks.

Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.

Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to address any such issues.

Associated Responsibilities

Monitor and periodically review the Whistleblower Policy of the Company and associated procedures for:

- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- the confidential, anonymous submission by directors, officers and employees of the Company of concerns regarding questionable accounting or auditing matters; and
- if applicable, any violations of applicable law, rules or regulations that relates to corporate reporting and disclosure, or violations of the Company's Code of Ethics.

Review and approve the Company's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of the Company.

Non-Audit Services

Pre-approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its Members the authority to pre-approve non-audit services but pre-approval by such Member or Members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

Other Duties

Direct and supervise the investigation into any matter brought to its attention within the scope of the Committee's duties. Perform such other duties as may be assigned to it by the Board from time to time or as may be required by

applicable law.

The Committee Chair

In addition to the responsibilities of the Chair described above, the Chair has the primary responsibility for overseeing and reporting on the evaluations to be conducted by the Committee, as well as monitoring developments with respect to accounting and auditing matters in general and reporting to the Committee on any related significant developments.

Committee Evaluation

The performance of the Committee shall be evaluated by the Board as part of its regular evaluation of the Board committees.

Access to Information and Authority to Retain Independent Advisors

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors of the Company, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial, and other advisors, consultants and experts to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve their fees. The Committee shall select such advisors, consultants and experts after taking into consideration factors relevant to their independence from management and other relevant considerations.

The Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and the external advisers, in accordance with its business judgment. Members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons and organizations from whom they receive information, and on the accuracy and completeness of the information provided. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject under applicable law.

The Committee also has the authority to communicate directly with internal and external auditors. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of the senior executives of the Company responsible for such matters and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure. This Charter is not intended to change or interpret the constating documents of the Company or applicable law or stock exchange rule to which the Company is subject, and this Charter should be interpreted in a manner consistent with all such applicable laws and rules. Certain of the provisions of this Charter may be modified or superseded by the provisions of the investor rights agreement (the "**Investor Rights Agreement**"). In the event of a conflict between this charter and the Investor Rights Agreement, the Investor Rights Agreement shall prevail.

The Board may, from time to time, permit departures from the terms of this Charter, either prospectively or retrospectively. This Charter is not intended to give rise to civil liability on the part of the Company or its Directors or officers to shareholders, security holders, customers, suppliers, partners, competitors, employees or other persons, or to any other liability whatsoever on their part.

Review of Charter

The Committee shall periodically review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.