MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
First Quarter Ended March 31, 2024
May 8, 2024

The following management's discussion and analysis ("**MD&A**") provides information concerning the consolidated financial condition and results of operations of Propel Holdings Inc. ("**Propel**", the "**Company**", "**we**", "**our**" or "**us**"). This MD&A should be read in conjunction with our unaudited interim consolidated financial statements together with the notes thereto dated as at March 31, 2024. This MD&A is dated as of **May 8, 2024** and is current to this date unless otherwise stated. The financial information presented in this MD&A is derived from the Company's unaudited interim consolidated financial statements and the related notes thereto described above, all of which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All amounts are in United States dollars except where otherwise indicated.

Forward-Looking Information

Certain statements made in this MD&A may constitute forward-looking information under applicable securities laws. These statements may relate to our expected future growth, our ability to grow Fora into a large and profitable leading digital fintech business, the ongoing rollout of the Lending-as-a-Service program and our Canadian business and the resulting impact on our financial performance in 2024, our expansion into new geographies in both the US and Canada, the success of our marketing strategies, our ability to achieve scale in variable pricing and graduation programs and the resulting growth in loans and advances receivable and Ending Combined Loan and Advance Balances[1], the short term and long term impact of the Company's portfolio growth, our future underwriting practices, the increase in our salaries, wages, benefits and administrative expenses as a result of supporting continued business development and growth, the expected growth in future revenues over upcoming periods, the expected changes in Annualized Revenue Yield[1] and future Net Charge-Off[1] rates as a result of the expansion of our facilitation of lower cost products and enhanced underwriting, our expectation for future loan loss provisions and other liabilities going forward, the anticipated reduction in the cost of credit of products offered through our platform and lower default rates resulting from the growth in new products, the impact of inflation and the overall macroeconomic environment on Net Charge-Offs[1] and profitability, expected future interest rates, the resiliency of our target consumers and expected future consumer demand for credit, the expansion and enhancement of margins, allowance for credit losses, and future changes in accounting policy. Such statements are based on management's reasonable assumptions and beliefs in light of the information currently available to us and are made as of the date of this MD&A. However, we do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in "Risks and Uncertainties". Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Company's annual information form dated March 12, 2024 (the "**AIF**"). These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully. A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on SEDAR+ at www.sedarplus.ca.

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

Non-IFRS Financial Measures and Industry Metrics

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

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

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

Business Overview

Propel is the fintech company building a new world of financial opportunity for consumers, partners, and investors. We do this by facilitating access to credit for millions of American and Canadian consumers underserved by traditional financial institutions. Through our artificial intelligence ("**AI**")-powered technology platform, Propel evaluates consumers in a more comprehensive way than traditional credit scores can. The result is the ability to offer better products to an expanded credit market for consumers, while creating sustainable, profitable growth for Propel. We operate under *Fora Credit*™ in Canada, *CreditFresh*™ and *MoneyKey*™ in the US and our recently launched white-labelled Lending-as-a-Service ("**LaaS**") product line.

To build a new world of financial opportunity, we are constantly driving towards our core mission built on 3 pillars: inclusion, evolution and experience – based on the principles that every individual deserves access to credit, that consumers should be able to evolve to better products over time, and that they deserve a best-in-class experience.

Propel enables access to credit through two types of credit products, currently available on our platform:

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

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

In the US, we operate under the MoneyKey and CreditFresh brand. Generally, the MoneyKey brand serves consumers with a higher credit risk profile than the CreditFresh brand. The MoneyKey direct lending program and CreditFresh Bank Programs are supported by two distinct revolving credit facilities. Such credit facilities collectively provided for up to $270 million of borrowing capacity at any time as of March 31, 2024. In addition, in Canada, the Fora Credit ("**Fora**") direct lending program is supported by a revolving credit facility that provides for up to approximately C$26 million of borrowing capacity at any time as of March 31, 2024. For further detail around working capital, liquidity, and debt financing, see "Liquidity and Capital Resources — Credit Facilities" in this MD&A.

On November 21, 2022, Propel entered the Canadian market with its Fora Credit brand. In line with Propel's mission of credit inclusion, Fora was created to provide Canadians with access to a fair, transparent and flexible credit solution. Leveraging Propel's existing AI-powered technology, Fora enables consumers to apply online for personal lines of credit through a seamless digital experience backed by extraordinary customer service. Fora is available in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Saskatchewan. Propel expects to roll out the product to additional provinces and territories across Canada over the next several quarters. On March 28, 2023, the Canadian federal government announced its 2023 budget which included the intention to introduce legislation to lower the maximum allowable rate of interest to 35% APR. Although timing remains uncertain, management remains confident in the Company's ability to grow Fora into a large and profitable leading digital fintech business in Canada (see "Update on the Government of Canada's Federal Budget Announcement" below for further discussion). On April 9, 2024, Propel officially launched the Fora Payment Protection Plan, which is a digital credit insurance product offered in partnership with Walnut Insurance and underwritten by Trans Global Insurance and Trans Global Life Insurance Company. This represents the first insurance product offered under one of Propel's operating brands and provides Fora customers with access to a compelling value proposition to safeguard against certain unexpected financial hardships. This product is offered in all provinces where Fora is available and represents incremental ancillary fee revenue for Propel and some credit loss mitigation in Canada.

On June 20, 2023, Propel announced that it had officially launched its LaaS service offering, through a five-year agreement to operate as the primary LaaS partner for Pathward®, N.A. ("**Pathward**"), a national bank chartered by the Office of the Comptroller of the Currency ("**OCC**"). Powered by Propel's AI-powered technology platform, Pathward provides a sub-36% APR line of credit through its partner network and also through Propel's marketing acquisition engine. In this capacity, Propel provides white labelled technology and service solutions for Pathward's consumer lending capabilities, with Propel earning fee income for customer acquisition services, loan management software, licensing of proprietary AI-powered risk and response scores and credit servicing capabilities. The credit product is offered by Pathward and is distinct from the products offered under the MoneyKey, CreditFresh, and Fora programs through the Propel platform. The Pathward partnership is also distinct from the other products offered in that (i) a portion of customers are sourced through Pathward's existing partner distribution channels; and (ii) the lines of credit originated by Pathward are acquired and held by unaffiliated third party financial institutions through forward flow arrangements. In Q1 2024, Propel launched its second LaaS partnership through its CreditFresh brand with one if its existing Bank Partners. Through this LaaS service offering, Propel earns fee income for customer acquisition services, provision of loan management software, licensing of proprietary AI-powered risk and response scores and credit servicing capabilities similar to the existing Pathward partnership. This new service offering will allow Propel to provide access to credit to even more underserved consumers across the United States. These LaaS partnerships accelerate Propel's strategic plan to diversify current product and service offerings and expand geographic reach, leveraging the same proven core competencies and technology assets.

Summary of Factors Affecting Our Performance

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

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

Origination and Revenue Growth

A key pillar of our Company mission is "credit inclusion" – we aim to enable access to credit for consumers underserved by traditional financial institutions. As a credit and services provider, our ability to generate strong, stable revenue growth and profitability depends on several factors including: i) our ability to grow our loan and advance balances while maintaining target loan losses; and ii) our ability to grow our LaaS program.

The loan portfolio, which is comprised of loan and advance balances, grows through a combination of attracting new customers (for us and our Bank Partners) and by retaining and continuing to provide credit to existing customers. A growing, diversified suite of credit products is available through our platform and across our three brands. The diversified suite of products facilitated through our platform, coupled with our robust servicing capabilities allows us to maintain high customer retention rates for us and our Bank Partners. The potential for us and our Bank Partners to develop new credit products or services and/or enter into new jurisdictions, coupled with the consistent transition in our industry from brick and mortar to online services, is expected to allow us to further grow the loan portfolio.

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

As discussed above under "Business Overview", one of the distinctions of the LaaS program is that any credit products originated through the LaaS program are acquired and held by unaffiliated third party financial institutions through forward flow arrangements. Therefore, our access to and our ability to establish relationships with these unaffiliated third party financial institutions on attractive terms is critical to our ability to facilitate additional loans through the LaaS program. We currently operate with several unaffiliated third party financial institutions through forward flow arrangements and we continue developing relationships with prospective parties who may ultimately provide additional capital for the LaaS program.

Certain credit products facilitated through our platform are offered by our state-chartered, Federal Deposit Insurance Corporation ("**FDIC**") insured Bank Partners and state-chartered, FDIC insured and federally regulated LaaS partners. We plan on deepening our relationships with our existing Bank and LaaS Partners and developing new relationships with other banks as we diversify the suite of products and services available through the Propel platform and enter new markets.

Together with our Bank Partners, we currently (as of the date of this MD&A) offer and facilitate the offer of credit products in 42 states across the US, including those states serviced through our LaaS program, and 7 provinces in Canada. We plan on entering new geographies in both the US and Canada either through our direct lending model, in combination with our existing Bank Partners, through our existing LaaS partnerships, or through potential new partnerships.

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

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

Maintaining and Improving Credit Performance

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

Cost Efficiencies

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

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

Seasonality

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

Note:

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

Macroeconomic Environment and Outlook

Our ability to operate the business and our financial performance are influenced by several macroeconomic factors including but not limited to interest rates, inflation and unemployment. With the ongoing efforts by the Federal Reserve and the Bank of Canada to reduce inflation through higher central bank interest rates, inflation has moderated from 2022 peaks, although for both countries inflation remains above the target rates as set by both central banks. As a result, we expect interest rates in both countries to remain elevated during 2024, and in particular we expect the Federal Reserve to delay and reduce the number of rate cuts through the back-half of 2024. 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, elevated interest rates may have a negative impact on the overall economy including an increase in the unemployment rate (although it remains at near historical lows in the US and below historical averages in Canada) as well as an increase in cost of living. An increase in the unemployment rate, as well as increased cost of credit for other obligations, may reduce consumers' ability to repay outstanding loans. Similar to the second half of 2023, we continue to observe some divergence in economic performance for the two countries. Notwithstanding the softer than expected 1.6% annualized US GDP growth in Q1 2024, personal spending increased by 2.5% demonstrating continued consumer resilience in light of interest rates and price levels remaining elevated. Canada GDP data for the most recent quarter available in Q4 2023 on the other hand grew at an annualized rate of only 1.0%. Furthermore, Canadian consumer spending in Q4 2023 increased by only 0.2% but per capita consumption expenditures declined for the third consecutive quarter. The slowdown in consumer spending was further demonstrated by zero retail sales growth experienced in Q1 2024, which may indicate that individuals in Canada are experiencing a more challenging macroeconomic environment as compared to the US. In light of the dynamic macroeconomic environment in both the US and Canada, we and our Bank Partners continue to take certain actions to mitigate the potential negative impact that any potential deterioration in macroeconomic conditions may have on our business, including sustaining the tightened underwriting standards on loan originations that started in early 2022. Together with our Bank Partners, we continue to actively monitor and assess the economic environment and continue to maintain a conservative underwriting posture.

In the event the economy experiences a downturn as a result of sustained elevated interest rates, ongoing or new geopolitical conflicts, amongst other factors, we believe there are several countervailing factors that may help to mitigate the negative impact. Firstly, our data continues to show a meaningful increase in customers' monthly incomes and credit scores on approved applications that Propel started to experience in early 2022. This is a result of both the tightened underwriting approach taken by us and our Bank Partners as well as tightening across the credit supply chain driving consumers with higher credit scores and incomes to products offered through the Propel platform. We believe the tightening across the credit supply chain was further exacerbated in 2023 by the regional banking crisis experienced in March and April 2023, and continues to weigh on regional banks into 2024. Secondly, data shows that our and our Bank Partners' target customers historically have demonstrated more resilience than prime borrowers and have performed better through recent periods of economic uncertainty. They are experienced at consistently living within and managing tighter budgets, are able to quickly adjust their finances as needed, and are able to fill lost employment income faster, on balance. Thirdly, we continue to observe strong employment numbers in our consumer segment and continued real wage growth, both of which have helped to offset the negative impact of the rising inflation previously experienced.

From a macroeconomic perspective, we observed a normalized Q1 period in that Total Originations Funded[1] for the quarter were lower than Q4 2023 which is typically the strongest seasonal quarter for consumer demand (see "Seasonality" above). Furthermore, we observed a more typical tax season in the US that saw consumers receive refunds resulting in overall fewer originations and higher rates of repayment coupled with lower levels of redraws from existing customers compared to Q4 2023. However, the Company with its Bank Partners continued to observe strong demand along with strong credit performance during the quarter. This resulted in the Company achieving record Total Originations Funded[1] for a Q1 period while maintaining strong credit performance and also surpassing the Total Originations Funded[1] achieved in Q2 and Q3 2023 which are typically stronger seasonal quarters than Q1 of the following year. Consistent with our strategy for most of 2023 and given the ongoing strong credit performance and quality of the consumer demand we and our Bank Partners are observing, we and our Bank Partners continued to originate a higher proportion of new customers (New Customer % of Total Originations Funded[1]) through both the CreditFresh and MoneyKey brands. Furthermore, within the new customer segment, the Company and its Bank Partners continued to expand higher yielding segments and programs within the loan portfolio that carry relatively higher cost of credit and lower average loan amounts. We and our Bank Partners were comfortable with the strategy of expanding the higher yielding product offerings given the strong credit performance we continue to experience. With respect to Canada, notwithstanding the ongoing macroeconomic uncertainty discussed above and the ongoing uncertainty of the potential impact from the Canadian Government's decision to lower the maximum allowable rate of interest to 35% APR (see "**Update on the Government of Canada's Federal Budget Announcement**" below), the Company elected to lean into the strong customer demand we are observing while maintaining strong credit performance. While we and our Bank Partners continue to actively monitor and assess the economic environment to manage the risk of any potential negative pressures on our business, we currently anticipate continued growth and strong credit performance in new customer originations for the remainder of 2024.

The continued expansion of new customer originations over most of 2023 and in Q1 2024 resulted in an increase to our Annualized Revenue Yield[1] in Q1 2024 from Q1 2023. New customers typically qualify for higher cost of credit products as compared to returning and existing customers. This is because many returning and existing customers demonstrate an ability and propensity to make their loan repayments reliably over a sustained period of time and are then offered and/or are graduated to lower cost products by us and our Bank Partners, as compared to new customers. Furthermore, as discussed above, the new customer originations in Q1 2024 prioritized and focused on the higher yielding segments within the loan portfolio that carry higher cost of credit and lower average loan amounts. Notwithstanding the focus on the higher yielding segments, we were comfortable with this strategy given the strong credit performance we experienced. However, consistent with what we have observed in recent quarters, the customers seeking credit products through the Propel platform continue to exhibit higher credit scores and higher incomes. Even though we and our Bank Partners plan to continue originating a large proportion of volume from new customers for the remainder of 2024, we expect that the continued aging of the portfolio, which includes returning and existing customers graduating to lower cost of credit products, may lead to a decline in our Annualized Revenue Yield[1]. Despite any potential decrease in revenue yield, the business is well positioned to continue originating and/or facilitating profitable loans with robust unit economics to consumers in the target market. Furthermore, we anticipate any decline in Annualized Revenue Yield[1] will be offset by a relative decline in provision for loan losses and other liabilities going forward. This is driven by the previously discussed higher quality loan vintages originated and a higher proportion of returning and existing customers (typically carrying lower risk than new customers) relative to recent quarters.

Update on the Government of Canada's Federal Budget Announcement

On March 28, 2023, the Canadian federal government announced its proposed 2023 budget which included the intention to introduce legislation to lower the maximum allowable rate of interest to 35% APR. This measure was further included in Bill C-47, an Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023. Bill C-47 received royal assent on June 28, 2023.

On December 23, 2023, pursuant to its regulation-making authority under the Budget Act, the federal government released the *Criminal Interest Rate Regulations* ("**Regulations**") to exempt certain agreements from the criminal rate of interest. The Regulations, which will come into force concurrently with the criminal interest rate amendments, include provisions relating to payday loans, as well as exemptions from the criminal rate of interest for loans that the government views as non-predatory including certain commercial loans and small dollar, non-recourse collateralized loans (pawn loans), none of which are relevant to Fora Credit's current lending activities. The federal government has indicated it may further reduce the criminal rate of interest below 35% APR. A consultation on the further lowering of the criminal rate closed on January 7, 2024. We do not have an update on the timeline or other implementation details, which are needed to implement the pending regulatory changes.

The Company continues to be actively engaged in discussions with the government, industry consultations and public relations efforts, and is closely monitoring developments. We continue to believe that without the appropriate exemptions to this change, that a blanket reduction to the maximum allowable rate of interest will have a significant adverse impact on the very consumers that the government is trying to protect. Millions of underserved Canadians will lose fair access to credit and will instead be forced towards more expensive forms of credit including payday loans, overdraft protection and even illegal lending products, or will be unable to borrow necessary funds altogether. At a minimum, we believe that appropriate implementation timing is critical to ensuring that the industry and impacted consumers have ample time to adjust.

The impact and expected timing of the implementation has been reflected in the Company's 2024 Operating and Financial Targets that were disclosed March 12, 2024. Furthermore, we do not anticipate that this decision will materially impact the Company's approach towards continuing to roll out Fora and building a sizable loan portfolio in Canada over the long term.

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

Financial and operational highlights for Q1 2024

Comparable metrics relative to Q1 2023

- ***Revenue*:** increased by 47% to $96.5 million in Q1 2024, representing record quarterly performance
- ***Adjusted EBITDA*[1]:** increased by 73% to $29.5 million in Q1 2024, representing record quarterly performance
- ***Net Income:*** increased by 77% to $13.1 million in Q1 2024, representing record quarterly performance
- ***Adjusted Net Income*[1]*:*** increased by 84% to $15.3 million in Q1 2024, representing record quarterly performance
- ***Diluted EPS*:** increased by 74% to $0.35 (C$0.48) in Q1 2024, representing record quarterly performance
- ***Adjusted Diluted EPS*[1]*:*** increased by 81% to $0.41 (C$0.56) in Q1 2024, representing record quarterly performance
- ***Return on Equity*[2]*:*** increased on an annualized basis to 49% in Q1 2024 compared to 35% in Q1 2023
- ***Adjusted Return on Equity*[1]*:*** increased on an annualized basis to 57% in Q1 2024 compared to 40% in Q1 2023
- ***Loans and Advances Receivable*:** increased by 39% in Q1 2024 to $271.2 million, a record ending balance
- ***Ending Combined Loan and Advance Balances*[1]*:*** increased by 41% in Q1 2024 to $349.2 million, a record ending balance
- ***Dividend:*** paid a Q1 2024 dividend of C$0.12 per common share on March 5, 2024, representing a 14% increase to our Q4 2023 dividend.

Note:

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

Key Components of Results of Operations

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

Loans and advances receivable

Loans and advances receivable include the following: (i) all MoneyKey direct lending products including Installment Loans and Lines of Credit; (ii) participation interest held in Line of Credit products originated by our Bank Partners pursuant to the CreditFresh Bank Program; (iii) Fora direct lending Line of Credit product; (iv) Installment Loans that have become delinquent and have been purchased pursuant to the guarantee obligation under the MoneyKey credit service organization ("**CSO**") program; (v) Line of Credit advances that have defaulted and are purchased from a non-bank financial institution ("**NBFI**") pursuant to the MoneyKey Bank Program; (vi) fees and interest that have been earned in accordance with our revenue recognition policy (See December 31, 2023 consolidated financial statements accounting policy "Material Accounting Policies" in Note 3); (vii) acquisition transaction costs; and (viii) allowances for credit losses that are computed by applying the Expected Credit Loss ("**ECL**") methodology (see "**Material Accounting Policies and Estimates — Loans and advances receivable**" in this MD&A).

Revenue

For the MoneyKey direct lending, Fora, and CreditFresh Bank Program products, our revenues consist of interest and/or fees that are earned from Installment Loans and Lines of Credit originated by Propel and/or facilitated through Propel's lending platform. We also earn CSO fee revenue in conjunction with the MoneyKey CSO program in Texas. Under the MoneyKey Bank Service Program, we earn revenues consisting of service fees for marketing, analytics, and loan servicing provided to a NBFI who in turn has a partnership with a Utah based FDIC insured state-chartered bank. For the recently launched LaaS partnerships, revenue includes fee income for customer acquisition services, loan management software, licensing of proprietary AI-powered risk and response scores and loan servicing capabilities earned by Propel through the partnership (see "**Business Overview**" above for further details). All revenues are recognized as they are earned, to the extent that it is probable that the economic benefits will flow to the Company.

Provision for loan losses and other liabilities

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

***Gross Charge-Offs*:** Loans and advances receivable are charged-off when they are in non-performing (Stage 3) status for greater than 30 days, or generally 120 days in arrears. The charged-off balance is recognized as a component of provision for loan losses and other liabilities under the consolidated statement of operations. During the year ended December 31, 2023, the Company implemented a standardized definition of default for non-performing (Stage 3) loans and advances receivable, to provide a more specific definition of loan staging and align with industry best practice. (See "**Material Accounting Policies and Estimates — Loans and advances receivable**" in this MD&A).

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

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

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

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

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

Acquisition and data expense

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

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

Together, acquisition and data expenses form the basis of our Cost Per Funded Origination[1] metric, which helps management assess the efficiency of our marketing and underwriting strategies. We capitalize acquisition transaction costs that are incremental and directly attributable to the origination of a Loan or Line of Credit advance to loans and advances receivable as per the guidance in IFRS 9. For customer acquisition data costs, we capitalize these expenditures to intangible assets as per the guidance in IAS 38 to the extent that the asset will generate probable future economic benefits. We recognize the acquisition transaction costs over the estimated term of the related credit products and recognize the customer acquisition data costs over the estimated useful life of the data. We amortize both of these costs to acquisition and data expense, and expense all other acquisition and data costs as incurred on the consolidated statement of operations. See December 31, 2023 consolidated financial statements accounting policy "**Material Accounting Policies**" in Note 3.

Salaries, wages and benefits

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

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

General and administrative expense

General and administrative expenses include occupancy (not including rent) and office expenses, legal, accounting and professional fees, telecommunications expenses, travel, and general office expenses. All expenses are recognized in the period incurred.

Processing and technology

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

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

Interest and fees on credit facilities, and lease liabilities

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

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

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

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

Supplemental Financial Measures

Below are additional financial measures that are used by management as well as our shareholders, prospective investors, and analysts in evaluating the Company's operating performance and financial condition. We refer to certain measures used by management, some of which are not recognized under IFRS. See "**Non-IFRS Financial Measures and Industry Metrics**" in this MD&A.

Return on Equity

Return on equity equals net income divided by the average shareholders' equity for the given period and is presented on an annualized basis. The average shareholders' equity is derived by using the average of each average quarterly shareholders' equity balance for a given period. We believe that return on equity is an important measure used by our shareholders, prospective investors, and analysts in evaluating the Company's ability to utilize shareholders' capital in the business.

Debt to Equity

Debt-to-Equity equals total indebtedness, which represents the total amount drawn on its credit facilities, divided by the ending shareholder's equity for the given period. We believe that Debt-to-Equity is an important measure used by our shareholders, prospective investors, analysts and lenders in evaluating the Company's financial position.

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

Non-IFRS Financial Measures and Industry Metrics

Non-IFRS Financial Measures

Ending Combined Loan and Advance Balances

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

Average Combined Loan and Advance Balances

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

EBITDA

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

EBITDA Margin

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

Adjusted EBITDA

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

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

transaction costs as an example.

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

Adjusted EBITDA Margin

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

Adjusted Net Income

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

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

Adjusted Net Income equals Net Income plus the after-tax impact of (i) non-recurring costs (i.e. financing transaction costs); plus (ii) provision for loan losses on good standing current principal (Stage 1 — Performing) balances (see "**Material Accounting Policies and Estimates — Loans and advances receivable**" in this MD&A); plus (iii) Provision for CSO Guarantee liabilities and Bank Service Program liabilities.

Adjusted Net Income Margin

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

Adjusted Earnings Per Share

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

Adjusted Return on Equity

Adjusted Return on Equity is a new non-IFRS measure used by management and other users of our financial statements that removes the effect of the non-cash forward-looking credit loss provisions that are recorded on accounts that are otherwise in good standing with no past-due amounts owed, and certain expenses or benefits incurred which in management's view are not indicative of continuing operations on an after-tax basis. Adjusted Return on Equity equals Adjusted Net Income divided by the average shareholders' equity for the given period and is presented on an annualized basis. The average shareholders' equity is derived by using the average of each average quarterly shareholders' equity balance for a given period. We believe that Adjusted Return on Equity is an important measure used by our shareholders, prospective investors, and analysts in evaluating the Company's ability to utilize shareholders' capital in the business.

Net Charge-Offs

Net Charge-Offs represent principal balances of credit products originated or facilitated on our platform that are charged off, net of any recoveries. Accounts are charged-off once they are in default (non-performing) status for greater than 30 days. Furthermore, an account is generally considered in default after a period of delinquency (having contractual payments in arrears) in excess of 90 days. We believe that the Net Charge-Offs methodology provides important information regarding credit quality and performance over a specified period.

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

Net Charge-Offs as a Percentage of Average Combined Loan and Advance Balances represents the amount of Net Charge-Offs we experience in relation to the average outstanding balances during the period and is presented on a quarterly basis. We believe that Net Charge-Offs as a percentage of Average Combined Loan and Advance Balances is an important measure used by our shareholders, prospective investors, and analysts in evaluating the Company's credit quality and performance over a specified period.

Industry Metrics

Annualized Revenue Yield

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

Cost Per Funded Origination

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

Total Originations Funded

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

New Customer % of Total Originations Funded

New Customer % of Total Originations Funded represents the percentage of all Total Originations Funded (see above for definition) originated to those customers that are new to the Propel platform. We believe this metric may be useful to an investor because it helps provide an understanding of what proportion of originations are attributable to new customers versus existing customers in the portfolio.

Selected Financial Information

Results of Operations for Consolidated statements of operations

	Three Months Ended March 31,	
	2024	**2023**
Revenue	96,503,606	65,617,332
Provision for loan losses and other liabilities	42,361,627	31,136,673
Operating expenses		
Acquisition and data	11,496,889	6,896,837
Salaries, wages and benefits	9,396,722	7,164,215
General and administrative	2,475,417	2,325,676
Processing and technology	3,633,968	2,228,981
Total operating expenses.	**27,002,996**	**18,615,709**
Operating income	**27,138,983**	**15,864,950**
Other expenses (income)		
Interest and fees on credit facilities	7,104,827	4,856,533
Interest expense on lease liabilities	72,521	85,467
Amortization of internally developed software	949,783	785,889
Depreciation of property and equipment .	51,632	47,778
Amortization of right-of-use assets	188,685	161,712
Foreign exchange loss	74,210	22,631
Unrealized loss on derivative financial Instruments	536,309	26,032
Total other expenses (income)	**8,977,967**	**5,986,042**
Income before income tax	**18,161,016**	**9,878,908**
Income tax expense (recovery)		
Current	6,249,475	1,885,374
Deferred	(1,210,312)	578,356
Net income for the period	**13,121,853**	**7,415,178**
Earnings per share ($USD):		
Basic	0.38	0.22
Diluted	0.35	0.20
Earnings per share ($CAD):		
Basic	0.52	0.29
Diluted	0.48	0.28
Return on equity[1]	49%	35%
Dividends:		
Dividends	3,030,807	2,402,353
Dividend per share.	0.088	0.070

Note:

1. See “Supplementary Financial Measures”.

Quarter over quarter results for Consolidated statements of operations

	2024	2023				2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	96,503,606	96,010,640	83,171,747	71,688,456	65,617,332	62,514,925	59,738,072	54,080,680
Provision for loan losses and other liabilities	42,361,627	51,377,131	43,187,285	36,206,543	31,136,673	32,887,310	32,553,505	31,160,299
Provision for loan losses and other liabilities as a % of revenue	*44%*	*54%*	*52%*	*51%*	*47%*	*53%*	*54%*	*58%*
Operating expenses								
Acquisition and data	11,496,889	11,634,932	10,638,072	9,387,011	6,896,837	5,329,721	6,186,628	7,066,697
Salaries, wages and benefits	9,396,722	8,865,125	7,994,000	7,489,202	7,164,215	7,371,727	6,870,706	6,011,422
General and administrative	2,475,417	2,403,984	2,135,332	1,787,901	2,325,676	2,789,060	2,045,216	1,755,553
Processing and technology	3,633,968	3,150,278	3,101,982	2,567,635	2,228,981	2,577,942	2,561,008	2,369,615
Total operating expenses	**27,002,996**	**26,054,319**	**23,869,386**	**21,231,749**	**18,615,709**	**18,068,450**	**17,663,558**	**17,203,287**
Operating income	**27,138,983**	**18,579,190**	**16,115,076**	**14,250,164**	**15,864,950**	**11,559,165**	**9,521,009**	**5,717,094**
Other expenses (income)								
Interest and fees on credit facilities	7,104,827	6,462,539	5,943,899	5,210,245	4,856,533	4,047,068	2,714,756	1,729,758
Interest expense on lease liabilities	72,521	78,247	86,260	80,758	85,467	86,635	92,240	98,185
Amortization of internally developed software	949,783	894,459	835,343	814,771	785,889	792,304	607,419	632,603
Depreciation of property and equipment	51,632	51,559	50,186	47,736	47,778	46,558	44,844	44,006
Amortization of right-of-use assets	188,685	188,333	191,001	162,451	161,712	158,241	149,187	154,510
Foreign exchange loss (gain)	74,210	98,143	274,579	(11,714)	22,631	214,746	(39,669)	(79,994)
Unrealized loss (gain) on derivative financial instruments	536,309	(809,761)	280,156	(89,374)	26,032	(345,946)	299,984	329,721
Total other expenses (income)	**8,977,967**	**6,963,519**	**7,661,424**	**6,214,873**	**5,986,042**	**4,999,606**	**3,868,761**	**2,908,789**
Income before transaction costs and income tax	**18,161,016**	**11,615,671**	**8,453,652**	**8,035,291**	**9,878,908**	**6,559,559**	**5,652,248**	**2,808,305**
Income tax expense (recovery)								
Current	6,249,475	7,709,771	4,672,134	3,861,377	1,885,374	1,301,734	2,781,087	1,542,644
Deferred	(1,210,312)	(4,577,996)	(2,390,443)	(1,531,184)	578,356	213,640	(1,322,470)	(747,443)
Net Income for the period	**13,121,853**	**8,483,896**	**6,171,961**	**5,705,098**	**7,415,178**	**5,044,185**	**4,193,631**	**2,013,104**
Net Income Margin	14%	9%	7%	8%	11%	8%	7%	4%
Weighted average shares:								
Basic	34,328,364	34,326,261	34,325,320	34,325,320	34,325,320	34,325,187	34,325,120	34,325,120
Diluted	36,993,717	36,841,803	36,835,242	36,834,157	36,449,680	36,152,037	35,642,370	35,642,370
Earnings per share ($USD):								
Basic	0.38	0.25	0.18	0.17	0.22	0.15	0.12	0.06
Diluted	0.35	0.23	0.17	0.15	0.20	0.14	0.12	0.06
Earnings per share ($CAD):								
Basic	0.52	0.34	0.24	0.22	0.29	0.20	0.16	0.07
Diluted	0.48	0.31	0.22	0.21	0.28	0.19	0.15	0.07
Return on equity[1]	49%	35%	27%	26%	35%	25%	22%	10%
Dividends:								
Dividends	3,030,807	2,664,212	2,514,003	2,553,447	2,402,353	2,428,196	2,484,108	2,579,642
Dividends per share	0.088	0.078	0.073	0.074	0.070	0.071	0.072	0.075

Note:

1. See “Supplementary Financial Measures”.

Selected Consolidated Financial Information by Fiscal Year

(US$ other than percentages)	Three Months Ended March 31, 2024	2023
Revenue	96,503,606	65,617,332
Net Income	13,121,853	7,415,178
Earnings per Share ($USD):		
Basic	0.38	0.22
Diluted	0.35	0.20
Earnings per Share ($CAD):		
Basic	0.52	0.29
Diluted	0.48	0.28
Return on equity[1]	49%	35%
Adjusted Net Income	15,325,018	8,337,051
Adjusted Earnings per Share ($USD)[2]:		
Basic	0.45	0.24
Diluted	0.41	0.23
Adjusted Earnings per Share ($CAD)[2]:		
Basic	0.60	0.33
Diluted	0.56	0.31
Adjusted Return on Equity[2]	57%	40%

Note:

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

(US$ other than percentages)	As at March 31, 2024	2023	As at Dec 31, 2023
Loans and advances receivable	271,227,279	195,788,288	259,313,236
Total Assets	359,990,804	262,422,140	344,263,104
Total Liabilities	248,184,061	175,313,638	242,743,919
Total Non-Current Liabilities	215,207,535	150,670,438	202,595,879

(US$ other than percentages)	Three Months Ended March 31,	
	2024	2023
Non-IFRS financial measures		
Ending Combined Loan and Advance Balances[1]	349,228,416	248,051,240
Average Combined Loan and Advance Balances[1]	343,255,610	247,769,792
Net Charge-Offs[1]	40,771,040	32,207,026
Net Charge-Offs as % of Average CLAB[1]	12%	13%
EBITDA[1]	26,528,464	15,816,286
EBITDA Margin[1]	27%	24%
Adjusted EBITDA[1]	29,525,967	17,045,451
Adjusted EBITDA Margin[1]	31%	26%
Adjusted Net Income[1]	15,325,018	8,337,051
Adjusted Net Income Margin[1]	16%	13%
Adjusted Earnings per Share ($USD)[1]		
Basic	0.45	0.24
Diluted	0.41	0.23
Adjusted Earnings per Share ($CAD)[1]		
Basic	0.60	0.33
Diluted	0.56	0.31
Adjusted Return on Equity[1]	57%	40%
Industry Metrics		
Total Originations Funded[1]	116,776,610	79,046,841
Annualized Revenue Yield[1]	112%	106%
Cost Per Funded Origination[1]	0.098	0.087

Note:

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

Analysis of Results for the three months ended March 31, 2024, compared to March 31, 2023

The following section provides an overview of our financial performance during the three-month period ended March 31, 2024 compared to the three-month period ended March 31, 2023.

(US$ other than percentages)	As at March 31,		% Change	As at Dec 31,	%Change
	2024	2023		2023	
Loans and advances receivable	271,227,279	195,788,288	39%	259,313,236	5%
Ending Combined Loan and Advance Balances[1]	349,228,416	248,051,240	41%	337,282,804	4%

(US$ other than percentages)	Three Months Ended March 31,		% Change
	2024	2023	
Average Combined Loan and Advance Balances[1], . .	343,255,610	247,769,792	39%
Total Originations Funded[1]	116,776,610	79,046,841	48%

	Three Months Ended							
	2024	2023				2022		
	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30
Total Originations Funded [1]	116,776,610	120,703,628	110,262,844	102,600,447	79,046,841	101,497,246	97,653,620	97,465,460
Quarter over Quarter % change	(3%)	9%	7%	30%	(22%)	4%	0%	9%
New Customer % of Total Originations Funded[1]	47%	46%	51%	48%	42%	34%	39%	38%

Note:

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

Loans and advances receivable

Loans and advances receivable increased by 39% to a record balance of $271.2 million as at March 31, 2024, compared to $195.8 million as at March 31, 2023. The growth in these balances was driven predominantly by: 1) the growth in new customer originations; 2) the expansion of variable pricing and graduation capabilities; 3) the growth of the Bank Programs; 4) the expansion of originations through growth into Canada and with key marketing channels; and 5) at a macro level, strong consumer demand for credit driven by several macroeconomic factors (see "**Macroeconomic Environment and Outlook**" above) including the continuing industry wide transition from brick-and-mortar to online lending, and tightening across the credit supply chain which has increased application volume and quality across our platform. It should be further noted that the Company's recently launched LaaS program does not contribute to its loans and advances receivable balance as these loans are held by unaffiliated third party financial institutions through forward flow arrangements.

The continued growth of the Bank Programs contributed to the increase in loans and advances receivable for the three month period ended March 31, 2024. Furthermore, as outlined in prior quarters, in collaboration with our Bank Partners, variable pricing and graduation capabilities were rolled out across Propel's platform in late Q3 2021 and contributed to the record growth achieved. Graduation capabilities facilitate the movement of consumers up the credit spectrum by providing existing customers with strong payment histories with lower cost credit and/or higher credit limits. Variable pricing enables lower cost products to be offered to qualifying new consumers with stronger credit risk profiles. Both of these capabilities allow us and our Bank Partners to fulfill critical components of our mission, namely "credit inclusion and evolution", by ensuring consumers are receiving the right credit products tailored to their risk profile and expanding the overall addressable market of consumers able to be served by Propel's platform (enabling wider coverage across the credit risk spectrum). Expanding on these capabilities for the three months ended March 31, 2024 further contributed to the growth relative to the comparable period in 2023.

Ultimately, the growth in loans and advances receivable is driven primarily by Total Originations Funded[1] which increased by 48% to $116.7 million for the three months ended March 31, 2024 compared to $79.0 million for the same period in 2023. The Total Originations Funded[1] achieved during Q1 2024 also contributed to the significant year-over-year increase of 39% to loans and advances receivable. The year-over-year growth in Total Originations Funded[1] was driven by the same factors that drove loans and advances receivable growth (see above). Additionally, the year-over-year growth was also positively impacted by the increase in new customer originations which was driven by the stronger customer demand and credit performance experienced during the quarter. New Customer % of Total Originations Funded[1] was 47% in Q1 2024 and the total amount of new customer originations in Q1 2024 was similar to Q3 2023 which was a record for the Company. By contrast, New Customer % of Total Originations Funded[1] was 42% in Q1 2023 and was impacted by the prudent, conservative underwriting and credit policies that were applied with our Bank Partners given the macroeconomic uncertainty at the time. While some of these uncertain macroeconomic factors remain, including elevated price levels and interest rates, we and our Bank Partners remain comfortable originating a higher percentage of new customers given the strong credit performance we have experienced over the past several quarters. Please see "**Macroeconomic Environment and Outlook**" above for additional detail of the factors influencing the Loans and Advances receivable.

Although the Total Originations Funded[1] for Q1 2024 was a record for a Q1 period, Propel and its Bank Partners have continued to maintain a disciplined and cautious underwriting stance to ensure the credit risk in the portfolio continues to be at an appropriate level to continue to drive profitable growth amidst some continued macroeconomic uncertainty. Thus, notwithstanding the near record level of originations for the quarter, we could have enabled substantially more volume had we and our Bank Partners leaned further into the significant consumer demand. All things considered, we still achieved a record loans and advances receivable balance and expect the quality and performance of the vintages originated during the period to be high. Please see "**Macroeconomic Environment and Outlook**" above for additional detail of the factors influencing the Loans and Advances receivable. See sections below for commentary on the financial results generated from the growth in loans and advances receivable.

Ending and Average Combined Loan and Advance Balances[1]

Ending Combined Loan and Advance Balances[1] increased by 41% to a record balance of $349.2 million as at March 31, 2024, compared to $248.1 million as at March 31, 2023. Our Average Combined Loan and Advances Balances[1,2] increased by 39% to $343.3 million for the three months ended March 31, 2024, compared to $247.8 million over the same period in 2023. The growth in our Ending Combined Loan and Advance Balances[1] is a result of the same factors that drove loans and advances receivable growth (see above).

In addition, the MoneyKey Bank Service program continues to expand and facilitates credit products across 13 states as at March 31, 2024. Furthermore, similar to CreditFresh, graduation capabilities were rolled out for this program as well. Growth in the MoneyKey Bank Service program further contributed to the growth in Ending Combined Loan and Advance Balances[1] and Average Combined Loan and Advance Balances[1]. As this program is an off-balance sheet arrangement, the associated balances are not included in our loans and advances receivable, however, are included in our Ending Combined Loan and Advance Balances[1] and Average Combined Loan and Advance Balances[1]. See "Reconciliation of IFRS measures" in this MD&A for a comparison of these measures and "Off-Balance Sheet Arrangements" for detail around this program.

Revenue

Revenue increased by 47% to a record $96.5 million for the three months ended March 31, 2024, compared to $65.6 million in the corresponding quarter of the previous year. This growth was primarily a result of the 39% growth in Average Combined Loan and Advance Balances[1,2] for the three months ended March 31, 2024.

Our revenue growth and growth in Average Combined Loan and Advance Balances[1,2] and Ending Combined Loan and Advance Balances[1], as outlined above (see "**Loans and advances receivable**"), is primarily a result of the growth in the Bank Programs under our CreditFresh brand and the MoneyKey Bank Service program, the continued economic resiliency and ongoing consumer demand, tightening across the credit supply chain driving consumers to Propel and its Bank Partners, the continued shift from brick and mortar to online lending, the expansion of originations through newly established marketing partners, strategies, and channels and the ongoing rollout of Fora in Canada. Growth was further driven by the expansion of variable pricing and graduation programs. Please see "**Loans and advances receivable**" above for additional details on the business factors that drove growth and consequently revenue and see "**Macro Economic Environment and Outlook**" for the macroeconomic factors that impacted revenue. These factors are also expected to contribute to continued growth in future revenue over the upcoming periods.

The growth in the Bank Programs under our CreditFresh brand is reflected in the charts below. CreditFresh revenue grew by 42% to $71.1 million for the three months ended March 31, 2024, compared to $50.2 million in the corresponding quarter of the previous year. The revenue for the program represents record performance for a quarter. Products originated by Bank Partners through the CreditFresh brand grew to represent 74% of Propel's revenues in the three months ended March 31, 2024 compared to 77% in the corresponding quarter of the previous year. The slightly lower share of revenue for the three months ended March 31, 2024 period was mainly a result of the relatively higher growth experienced through the Company's MoneyKey Bank Service program, Fora and the Company's recently launched LaaS program. CreditFresh Bank Program products are offered in 23 states by our Bank Partners as at March 31, 2024.

The MoneyKey Bank Service Program was offered in 13 states as at March 31, 2024 through the originating bank partner. As reflected in the charts below, this program's revenue grew by 76% to $14.7 million for the three months ended March 31, 2024, compared to $8.3 million in the corresponding quarter of the previous year. Products originated under this program represented 15% of Propel's revenues in the three months ended March 31, 2024 compared to 13% in the corresponding quarter of the previous year. The higher year-over-year revenue growth in Q1 2024 for the MoneyKey Bank Service Program as compared to the CreditFresh brand was driven by the decision to continue to expand higher yielding segments and programs within the loan portfolio during the quarter given the strong credit performance we and our bank partners have been and are continuing to experience. As compared to the Bank Programs under our CreditFresh brand, the customers served by the MoneyKey Bank Service Program typically have a higher credit risk profile and a corresponding higher yield. As discussed under the "**Macroeconomic Environment and Outlook**" section above, we were comfortable with the strategy of expanding the higher yielding product offerings given the strong credit performance we continue to experience. As we had reported in the preceding quarters, we and our Bank Partners progressively tightened underwriting standards from mid-2022 through early 2023 in light of the evolving macroeconomic landscape and following the uptick in default rates experienced in Q2 2022. Furthermore, as we had reported, such tightening was disproportionately applied to the higher credit risk portions of the overall portfolio and as such applied more to the MoneyKey programs relative to CreditFresh. Starting in Q2 2023, Propel and its bank partner started to gradually originate more volume from the MoneyKey Bank Service Program and we expect to continue gradually growing this program following the tightened underwriting applied from Q2 2022 through Q1 2023.

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

Revenue generated from our MoneyKey direct lending and CSO products increased by 19% to $8.1 million for the three months ended March 31, 2024 compared to the same quarter in the previous year. These revenues represent 8% of Propel's total revenues decreasing from 10% in the same quarter in 2023. As we had reported in prior quarters, Propel maintained a tightened and conservative underwriting stance from Q2 2022 through Q1 2023 that was disproportionately applied to the higher credit risk programs. Therefore, the MoneyKey direct lending and CSO products were impacted even more considerably as those are offered to consumers with higher credit risk profiles on balance as compared to CreditFresh and the MoneyKey Bank Service program. Starting in Q2 2023, Propel started to gradually originate more volume from the MoneyKey direct lending and CSO products which ultimately resulted in a 19% increase in revenue for Q1 2024 compared to Q1 2023. Utilizing our proprietary AI-powered underwriting technology, Propel deployed upgraded models throughout 2023 that allowed for additional originations from these higher yielding segments of the loan portfolio on a profitable basis. Notwithstanding the gradual growth in additional originations from the MoneyKey direct lending and CSO products, the Company remained relatively conservative on originations from the highest credit risk portions of the loan portfolio in Q1 2024, resulting in lower year-over-year revenue growth as compared to the MoneyKey Bank Programs and CreditFresh brand. However, we expect to continue to gradually accelerate the growth of this program during the remainder of 2024 following the period of significant tightening during 2022 and the early part of 2023 discussed above.

As discussed above, the Company launched its Fora direct lending product in Canada on November 21, 2022. Fora contributed $1.4 million to Propel's overall revenue for the three-month period ending March 31, 2024. Fora originations continue to be gradually ramped up since the launch in November 2022 allowing us time to accumulate proprietary loan performance data that helps us refine our AI-powered underwriting. Notwithstanding the slower economic growth in Canada discussed above and the ongoing uncertainty of the potential impact from the Canadian Government's decision to lower the maximum allowable rate of interest to 35% APR (see "Update on the Government of Canada's Federal Budget Announcement" above), the Company elected to lean into the strong customer demand we are observing while maintaining strong credit performance. This led to record originations and revenue in the quarter. Furthermore, Fora Q1 2024 revenue grew by 41% on a sequential basis from Q4 2023. We remain confident in establishing a significant business in the Canadian market as we continue to grow Fora over fiscal 2024.

Furthermore, given the short duration of the Company's launch of its LaaS partnerships, this program contributed a modest, albeit growing, amount to revenue for the three-month period ending March 31, 2024. As mentioned above under "**Business Overview**", Propel launched its second LaaS partnership through its CreditFresh brand with one if its existing Bank Partners. Through this LaaS service offering, Propel earns fee income for customer acquisition services, provision of loan management software, licensing of proprietary AI-powered risk and response scores and credit servicing capabilities similar to the existing Pathward partnership. This new service offering will allow Propel to provide access to credit to even more underserved consumers across the United States. During Q1 2024, the Company together with its LaaS partners, continued to ramp up origination volume. Given our prudent approach with any new business launch, it is imperative that the LaaS program achieves all operating and financial metrics including acquisition performance, conversion rates and default rates. To accomplish this requires the review and analysis of extensive data including a number of cohorts of loan performance. Once we are comfortable with the level of performance in the program, we anticipate the origination volume growth to increase considering the size of the addressable consumer market and the strong demand observed to date. As discussed above under "**Business Overview**", the LaaS program is unique from Propel's other programs in that i) the lines of credit originated by our LaaS partners are acquired and held by unaffiliated third party financial institutions through forward flow arrangements; and ii) the LaaS program earns fee income for customer acquisition services, loan management software, licensing of proprietary AI-powered risk and response scores and credit servicing capabilities. With the launch of the additional LaaS partnership in Q1 2024, Propel's LaaS program will have a more meaningful impact to the Company's results in the back part of 2024 and will be a significant business for Propel in the coming years.

	Three Months Ended March 31,					
	2024		2023		Period to period change	
(US$ other than percentages)	Amount	Percentage of Revenues	Amount[3]	Percentage of Revenues	Amount	Percentage
MoneyKey direct lending and CSO	8,096,411	8%	6,784,551	10%	1,311,859	19%
CreditFresh Bank program	71,126,223	74%	50,213,158	77%	20,913,065	42%
MoneyKey Bank Service program	14,698,425	15%	8,340,178	13%	6,358,247	76%
Fora direct lending	1,423,161	1%	120,957	0%	1,302,204	NM[2]
Other revenue[1]	1,159,386	1%	158,488	0%	1,000,898	NM[2]
Total Combined Revenue	96,503,606		65,617,332		30,886,273	47%

Note:

1. Other revenue includes deposit interest income, lead resales and fee revenue pursuant to the LaaS program.
2. Not meaningful
3. Comparative figures have been updated to conform with current presentation

Our Annualized Revenue Yield[1] for the three-month period ended March 31, 2024 increased to 112% from 106% for the same period in 2023. This increase was largely driven by: 1) a larger proportion of new customer originations as a % of Total Originations Funded[1] as described in the sections above as well as the higher proportion of new customers in the quarters leading up to Q1 2024; 2) an increase in origination volume from the MoneyKey programs which are typically higher credit risk and therefore carry a higher cost of credit (and consequently higher Annualized Revenue Yield[1]) than the CreditFresh program; 3) optimization over the course of 2023 of the graduation criteria and processes, as well as the various fee tiers on the CreditFresh program; and 4) an increase in originations from the higher yielding segments within the CreditFresh portfolio. As discussed in prior quarters, new customers typically start at a higher cost of credit before qualifying for reduced rates and higher loan amounts pursuant to the graduation programs. We would note that the Annualized Revenue Yield[1] declined on a sequential basis from 121% in Q4 2023 which was in part a result from a change in accounting estimate which increased accrued revenue in the quarter (see "**Material Accounting Policies and Estimates**" in the Company's Q4 2023 MD&A dated March 12, 2024 ("**Q4 2023 MD&A**")). Over the coming quarters we expect the Annualized Revenue Yield[1] to remain generally in line with Q1 2024. Consistent with recent quarters, we and our Bank Partners expect to continue originating a high proportion of volume from new customers and to continue expanding the higher yielding segments of the loan portfolio, all of which influence the Annualized Revenue Yield[1] upwards. However, these factors will be offset by the continued aging of the loan portfolio and associated graduation as well as the continued expansion of variable pricing functionality with our Bank Partners (see below for further discussion). We also expect the ongoing expansion of Fora to impact the overall Annualized Revenue Yield[1] as this product typically has a lower cost of credit than the MoneyKey and CreditFresh products offered in the US. Please see sections "**Macroeconomic Environment and Outlook**" as well as "**2024 Operating and Financial Targets**" in the Q4 2023 MD&A for further discussion.

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

	Three Months Ended March 31,		%
(US$ other than percentages)	**2024**	**2023**	**Change**
Revenue	96,503,606	65,617,332	47%
Average Combined Loan and Advance Balances[1]	343,255,610	247,769,792	39%
Annualized Revenue Yield[1]	112%	106%	6%

Note:

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

Provision for loan losses and other liabilities

Provision for loan losses and other liabilities increased by 36% to $42.4 million for the three-months ended March 31, 2024, compared to $31.1 million in the corresponding quarter of the previous year. The provision for loan losses and other liabilities as a percentage of revenue decreased to 44% for the three months ended March 31, 2024 as compared to 47% for the corresponding period of the previous year. The overall increase in provision for loan losses and other liabilities of 36% was lower than the growth in revenue of 47% and the overall growth in the Company's Combined Loans and Advance Balances[1] of 41% (see sections above) for the three months ended March 31, 2024.

In addition to decreasing year-over-year in Q1 2024, the provision for loan losses and other liabilities as a percentage of revenue decreased to 44% in Q1 2024 from 54% in Q4 2023. The decrease year-over-year and from Q4 2023 is a result of the ongoing strong credit performance in the loan portfolio driven by the factors discussed above under "**Macroeconomic Environment and Outlook**" including the continued resiliency of our and our Bank Partners target customer segment and the effectiveness of our proprietary AI-driven underwriting. The comparison to Q4 2023 was further influenced by the relative seasonality between the two periods. As discussed under "**Seasonality**" above, given the strong demand experienced in Q4, the provision for loan losses and other liabilities as a percentage of revenue is typically elevated as compared to Q1 which experiences lower Total Originations Funded[1]. Therefore, we would expect the provision for loan losses and other liabilities as a percentage of revenue to be lower relative to a Q4 period. However, the provision for loan losses and other liabilities as a percentage of revenue during the Q1 2024 period was especially lower due to a relatively more normalized US tax season and the stronger credit performance when comparing to Q1 2023. Furthermore, the 44% provision for loan losses and other liabilities as a percentage of revenue achieved in Q1 2024 was the lowest result since Q2 2021 which was a period that was impacted by the COVID-19 pandemic. In early 2021 consumer demand was more muted and consumers had received government relief payments (particularly in Q1 2021) resulting in an uncharacteristically low provision for loan losses and other liabilities as a percentage of revenue before normalizing in Q3 2021 and thereafter. After reaching a high point of 58% in Q2 2022, a period during which central banks started to increase interest rates and inflationary pressures were just starting to have a meaningful impact on consumers, the Company has successfully driven meaningful improvements in credit performance starting in Q3 2022 that continue through to today. We also note that the strong credit performance was achieved during a time when interest rates and inflation remained elevated and there continues to be stress on the consumer. A significant driver of this improved credit performance has been the continued refinements to our underwriting and acquisition strategy and updates to our AI powered underwriting model, which are approved by our Bank Partners. These refinements resulted in customer credit risk scores and net monthly income levels in the overall portfolio increasing notably over the aforementioned periods which drove delinquency rates down and we anticipate these modifications will in turn continue to drive strong credit performance in the coming quarters. Furthermore, the provision for loan losses and other liabilities as a percentage of revenue of 44% is well within-line with target margins for profitability and indicative of strong unit economics in a normalized growth environment. Lastly, the ability to grow our Combined Loan and Advance Balances[1] by 41%, revenue by 47% and increase the New Customer % of Total Originations Funded[1] while decreasing our provision as a percentage of revenue illustrates our capability of managing credit risk on a prudent basis while delivering strong results in a period of significant growth.

As outlined in prior MD&As, generally in periods of high growth, the business experiences a higher provision for loan losses and other liabilities as a percentage of revenue, while in periods of lower growth the inverse holds true. This is due to several factors. Firstly, new and recently originated customers tend to have higher default rates relative to existing customers in the portfolio that have been consistently making payments. Therefore, in periods of higher new and recent origination growth, the overall receivables portfolio could experience higher average missed payments and delinquency rates, and consequently a higher provision as a percentage of revenue. In periods of low growth, the portfolio is more mature leading to lower missed payment rates, defaults, and consequently provisions as a percentage of revenue. Considering the continued expansion of new customer originations leading into and in Q1 2024, the provision as a percentage of revenue of 44% is reflective of very strong credit performance and high credit quality in the portfolio. Secondly, under IFRS we record loan loss provisions based on future expected credit losses for every loan origination without matching revenue that is earned over the life of a loan (for a further discussion of this accounting treatment see "**Material Accounting Policies and Estimates — Loans and advances receivable**" in this MD&A).

As noted previously, under IFRS we are required to build allowances for future expected credit losses across all accounts including new originations and accounts in good standing that have no evidence of underperformance. The movement in the allowances has a material impact on the provision for loan losses and other liabilities expense. We employ an Expected Credit Loss ("**ECL**") methodology and model that incorporates extensive amounts of data, estimates, and other factors such as macroeconomic variables. The overall allowances for future expected credit losses as a percentage of Loan and Advance owned by the Company (Add: Fees and interest receivable) increased to 23% as at March 31, 2024 compared to 20% as at March 31, 2023. This increase was a result of the continued expansion of new customer originations which typically require a higher relative allowance versus returning and existing customers, as well as a change in accounting estimates last quarter (see "Material Accounting Policies and Estimates" in the Q4 2023 MD&A). Generally, a loan portfolio that has a higher proportion of new customers will typically have a higher allowance for future expected credit losses as compared to a more mature portfolio with existing customers who have been consistently making payments. Therefore, the allowance rate can increase during periods of high origination growth and strong and/or improving credit performance. We would further note that the overall allowances for future expected credit losses as a percentage of Loan and Advance owned by the Company (Add: Fees and interest receivable) decreased sequentially from 24% as at December 31, 2023. This decrease reflects the continued strong credit performance experienced in Q1 2024. See "**Material Accounting Policies and Estimates — Loans and advances receivable**" below for the table reflecting these percentages as well as a further discussion of the accounting treatment relating to allowances for future credit losses. The allowances take into account the higher credit quality constitution, improved credit performance, and aging in the portfolio discussed above which are factors that drive allowances for loan losses downwards. However, the continued macroeconomic headwinds and factors (see "**Macroeconomic Environment**" above) such as elevated interest rates and inflation remaining above central bank target rates that are also incorporated in the ECL model are driving increases to allowances.

Overall, in a period of robust growth, the portfolio is growing profitably with strong unit economics and the provision for loan losses and other liabilities was better than our targeted range in Q1 2024. These dynamics are very positive for the business and the overall health and quality of the portfolio over the longer term. While Propel and our Bank Partners originated a higher proportion of new customers in Q1 2024 we and our Bank Partners continue to maintain an overall prudent stance towards underwriting as we move forward considering some of the ongoing uncertainty in the macroeconomic environment.

(US$ other than percentages)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	% Change
Provision for loan losses and other liabilities	42,361,627	31,136,673	36%
Provision for loan losses and other liabilities as a % of Revenue[1]	44%	47%	(7%)
Net Charge-Offs[1]	40,771,040	32,207,026	27%
Net Charge-Offs as a % of Average CLAB[1]	12%	13%	(9%)

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

Net Charge-Offs

Net Charge-Offs[1] increased by 27% to $40.8 million for the three months ended March 31, 2024, compared to $32.2 million over the same quarter in 2023. Net Charge-Offs[1] represent the actual credit losses on the portfolio over a specified period of time and are a driving component of the provision for loan losses and other liabilities (see "**Reconciliation of Non-IFRS Measures**" in this MD&A). However, while provision for loan losses and other liabilities contains a forward-looking component accounting for expected credit losses in the future reflecting the more current level of risk in the portfolio, Net Charge-Offs[1] measure actual losses on the portfolio and, as such, in large part relate to and lag origination activity from prior periods. Both measures are useful to assess the credit performance of the portfolio.

Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1,2] decreased to 12% for the three months ended March 31, 2024 from 13% for the same quarter in 2023. Similar to the provision for loan losses and other liabilities as a percentage of revenue discussed above, the decrease in Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1] for the three months ended March 31, 2024 relative to 2023 reflects continued strong credit performance in the loan portfolio despite ongoing elevated price levels and interest rates causing stress on the consumer. Furthermore, Net Charge-Offs[1] also include recoveries on loan amounts previously charged-off. In Q1 2024, our recovery performance relative to the gross charge-offs improved compared to Q1 2023 largely driven by better performance delivered by our payment solutions team, efficiencies gained through continued automation and process enhancements across our proprietary technology platform, and some macro related factors associated with a more normalized US tax season (see "**Seasonality**" and "**Macroeconomic Environment and Outlook**" above).

Overall, we expect Net Charge-Offs as a percentage of Average Combined Loans and Advance Balances[1], when measured over a period of time and adjusted for seasonal and other demand fluctuations, to decrease over time with our enhanced underwriting and AI capabilities, which are approved by our Bank Partners, and as the products facilitated through our platform evolve to serve lower credit risk consumers through variable pricing and graduation. Products offered by our Bank Partners through the Bank Programs generally serve lower risk consumers as compared to our products offered under the MoneyKey brand. Products offered to consumers through the Bank Programs have (i) higher loan amounts; (ii) lower cost of credit to consumers; and (iii) experience lower default rates. The 12% experienced in Q1 2024 reflected the continued shift in the overall portfolio towards consumers with lower credit risk profiles and is well within the range that we would deem acceptable for a portfolio that continues exhibiting significant growth with strong unit economics and continued profitability expansion. Despite the significant increase in origination volumes and continued growth anticipated for 2024 (see our "**2024 Operating and Financial Targets**" in the Q4 2023 MD&A) as well as ongoing elevated price levels and interest rates that may drive loss rates upwards, there are a number of factors that we expect will mitigate these potential increases. Such factors include the overall and continued shift of the portfolio towards consumers with lower credit risk profiles (and consequently lower loss rates), and some of the macroeconomic and internal operating dynamics noted above and in prior MD&As including: a) consumers in our segment remaining resilient even in light of the continued elevated level of inflation and higher interest rates; b) continued refinements to underwriting and acquisition strategy driving increases in credit scores and income levels of originations facilitated through our platform; c) updates to the AI models approved by our Bank Partners that adjusted how a consumer's risk was evaluated, ultimately allowing us to facilitate more loans to consumers across the credit spectrum, while keeping defaults in line with targets; and d) the operational and technological enhancements rolled out towards the latter part of Q2 2022 and thereafter. We have observed a notable decrease in default and delinquency rates across the portfolio starting in the back half of 2022 and throughout 2023 and into Q1 2024, which have ultimately reduced Net Charge-Offs[1] metrics and we expect will keep them within target levels moving forward. Additionally, and as discussed above, even in light of the ongoing fluctuations in the macroeconomic environment, data shows that our target consumers demonstrate more resilience than prime borrowers and perform better through periods of economic uncertainty. They are experienced at consistently living with and managing tighter budgets, are able to quickly adjust their finances as needed, and are able to fill lost employment income faster on balance.

Acquisition and data expense

Acquisition and data expense increased by 67% to $11.5 million from $6.9 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase for the three months ended March 31, 2024 is due to the higher Total Originations Funded[1] over the comparable period and an increase in Cost Per Funded Origination[1]. The drivers for the higher Cost Per Funded Origination[1] are discussed further below.

Total Originations Funded[1] grew by 48% to $116.8 million from $79.0 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The growth during the three-months ended March 31, 2024 was driven in large part by a higher proportion of new customers versus repeat customers and redraws on existing Lines of Credit as compared to last year. Ultimately, the primary driver of acquisition and data expense and the Cost Per Funded Origination[1] is the new customer originations proportion of Total Originations Funded[1] where the vast majority of these expenses are incurred. The New Customer % of Total Originations Funded[1] was 47% equaling $55.4 million in Q1 2024 compared to 42% equaling $32.9 million in Q1 2023 which translated to year-over-year growth of 68%. Therefore, the increase in acquisition and data expenses of 67% is consistent with the 68% increase in the new customer origination portion of Total Originations Funded[1] described above. As detailed in this and prior quarters MD&As, we and our Bank Partners maintained especially tightened underwriting from Q2 2022 and into 2023 resulting in a lower proportion of new customer originations before the New Customer % of Total Originations Funded[1] was gradually increased from Q2 2023 onwards. These increases resulted in higher new customer originations in Q2 2023 through Q1 2024 and consequently drove higher acquisition and data expenses. Please refer to the sections above "**Loans and advances receivable**", "**Ending and Average Combined Loan and Advance Balances**[1]", and "**Revenue**" for further detail around the year-over-year origination growth drivers and the shift towards higher new customer originations.

The Cost Per Funded Origination[1] increased to $0.098 in Q1 2024 as compared to $0.087 in Q1 2023. As described above, this increase was primarily driven by the higher New Customer % of Total Originations Funded[1]. When evaluating the acquisition and data expense on a per new customer dollar originated instead of Total Originations Funded[1], the expense actually decreased modestly from Q1 2023. Acquisition and data expense per new customer dollar origination funded was $0.207 for Q1 2024 as compared to $0.209 for Q1 2023. This level of expense relative to new customer originations is well within the acceptable range to achieve targeted profitability during a period of significant growth.

There are a number of factors that drive the acquisition and data expense and consequently the Company's Cost Per Funded Origination[1] that make up the overall acquisition strategy.

Firstly, as described in prior quarters MD&As, the Company has gradually increased its organic marketing spend since Q1 2023. Organic marketing initiatives include pay-per-click and SEO marketing, direct mail and other direct branded spend that requires some upfront investment and time to translate into increased origination volume. We have experienced additional high quality new customer originations during Q1 2024 and expect similar performance during the remainder of 2024 as a result of the recent increased organic marketing spend. Furthermore, it has been the Company's experience that customers originated through organic marketing channels perform better from a default perspective as compared to those customers originated through other marketing channels. Therefore, despite the higher organic expense, we expect the lower default rates will result in continued strong profitability, and as a result we and our Bank Partners are comfortable continuing to operate on this basis. Furthermore, this helps build Propel's consumer facing brands over the long term.

Secondly, another key component of the Cost Per Funded Origination[1] is the cost to underwrite and adjudicate the new customer originations. Data costs (including data and products leveraged from credit bureaus and partners) are a key component in acquisition and data expense. As discussed in the section "**Revenue**" above, the Company made the decision to originate a greater proportion of new customers from the higher yielding segments of the loan portfolio during the quarter and gradually over 2023 which typically serve customers with a higher risk profile. As such, the revenue yield increased year-over-year. The Company made the decision to incur the additional underwriting costs to ensure the business and its Bank Partners were continuing to originate loans on a prudent and profitable basis. It should be noted that the additional underwriting efforts did result in strong credit performance during the quarter leading to continued strong profitability.

As part of our drive for continuous improvement, the Company continues to optimize and enhance our acquisition and underwriting models, which are approved by our Bank Partners, and ultimately lead to improved efficiency for the business as we are able to originate and/or facilitate and fund more dollars to new consumers while growing profitability. Overall, although the business experienced increased Cost Per Funded Origination[1] for the three month period ending March 31, 2024, in exchange origination volume and the portfolio grew considerably, credit performance continued to be strong, and the business' profitability expanded significantly.

The business has a consistent focus on improving our acquisition capabilities, reach, and spend through innovative partnerships and strategies, expansion of marketing channels, and enhancements to our proprietary acquisition model and technology. This is further helped through leveraging products and data from our partnerships with key data providers. The above ultimately leads to increasing conversion rates over time from applicants that are approved for credit through our proprietary underwriting engine, which is approved by our Bank Partners, and a corresponding reduction to the cost per funded acquisition for new customer originations over the longer term. The business has been able to effectively manage acquisition and data costs, one of the largest operating expenses for the Company, and the overall Cost Per Funded Origination[1] all while continuing to produce strong origination volume growth and record loan and advance balances, and drive increasing profitability.

Salaries, wages and benefits

Salaries, wages, and benefits expense increased by 31% to $9.4 million for the three months ended March 31, 2024, compared to $7.2 million over the corresponding quarter in 2023. This increase was due to the overall growth in our business as reflected by the 47% increase in revenue for the three-month period ending March 31, 2024, as well as the 41% increase in Ending Combined Loan and Advance Balances[1], and continued wage growth in the broader economy. Although people costs continue to grow as the business scales, we expect this growth to be outpaced by the growth in loan and advance balances and revenues from the increasing operating leverage of the business. This is highlighted by a decrease in salaries, wages and benefits as a percentage of revenue of 9.7% for the three months ending March 31, 2024 compared to 10.9% in the 2023 comparative period. We do note that a large part of these expenses, particularly the contact center headcount, is somewhat variable to overall loan volume and new customer originations.

Furthermore, the business continues to gain significant efficiencies in people costs across our contact centers as a result of enhancements to operational processes and automation through technology. "Customer experience" is a key pillar of our mission and to that end, we continuously strive to provide customers with a light touch experience (from origination, to on-going service and ultimately through to repayment) by leveraging our technology to enable more self-service capabilities and more digital (non-voice) communication channels. Some examples include increased methods of repayment through our self-service portal, automated tools to increase contact and effective interaction with customers, and continued automation on the originations and loan funding side. This self-service component reduces dependencies on live agents in the contact center, improves agent efficiency, and ultimately reduces costs to the business over time. Additionally, we continue to enjoy increased operating efficiencies arising from our enhanced 'LEO' user interface to our proprietary JAG loan management system for originations processing on the MoneyKey and CreditFresh programs. We are actively working to add additional programs to LEO in the second half of 2024 and expect to realize further operating efficiencies going forward as a result.

We have made significant advances in these areas over the past several quarters and expect to continue to leverage and enhance our own technology platform and other best-in-class software to drive additional operating efficiencies. This has contributed to a decrease in salaries, wages and benefits as a percentage of revenue in the three month period ending March 31, 2024, as noted above.

We further note that the three month period ending March 31, 2023 was impacted by the Company building up its operating infrastructure, including additional corporate hires and increasing time allocation from existing corporate employees, to develop and establish the LaaS partnership with Pathward, N.A. and the launch into the Canadian market. We expect significant economic benefit from all these new programs as they scale into the future. Notwithstanding this impact, salaries, wages and benefits as a percentage of revenue in the three month period ending March 31, 2024 decreased and would have decreased even more meaningfully were we to remove the costs attributable to these new programs.

General and administrative expense

General and administrative expenses ("**G&A**") increased by 6% to $2.5 million for the three months ended March 31, 2024, compared to $2.3 million over the corresponding quarter in 2023. Our G&A as a percentage of revenue decreased to 2.6% in Q1 2024 as compared to 3.5% in the prior period. The marginal increase in G&A expenses was driven mainly by professional and other external services fees. The Company continuously strives to manage its operating expenses in a prudent manner and the decrease in G&A expenses is reflective of these efforts.

The relatively stable cost of G&A expenses in Q1 2023 and Q1 2024 is the result of the continued cost efficiencies gained from ongoing investments in our infrastructure. As discussed in prior periods, in order to support and enable the balance growth and significant volume detailed above as well as support the increases in personnel, we had made some investments in our infrastructure and increased our G&A expenses in a couple of areas over the periods leading up to Q2 2023. As an example, we put in place additional infrastructure in the contact center that led to notable improvements in customer experience and significant efficiencies to our contact center operations. The rollout of our 'LEO' UI (mentioned above), the expansion of the digital interaction channels (webchat, SMS) and additional computer telephony integrations enhancements are specific examples of these. We expect substantial operating leverage to continue moving forward as the infrastructure we built over the years positions us well for considerable continued growth in revenue and balances across existing and new business programs moving forward. Furthermore, as detailed in the "salaries, wages and benefits" section above, G&A in Q1 2023 was impacted by expenses relating to developing and establishing the significant new business initiatives that launched or were ramping up during fiscal 2023 and into Q1 2024.

Processing and technology

Processing and technology costs increased by 63% to $3.6 million for the three months ended March 31, 2024, compared to $2.2 million for the same three-month period in 2023. The increase in processing and technology expense for the three months ended March 31, 2024 was primarily due to the 48% year-over-year growth in our Total Originations Funded[1] and consequently the 41% year-over-year growth our Ending Combined Loan and Advance Balances[1] discussed above. Another contributing factor for the year-over-year increase in processing and technology costs is the growth in transaction volume relating to the LaaS program and other lending program costs. Processing and technology expenses are predominantly variable costs associated with originating and servicing loans facilitated through the Propel platform and also include fees paid to our Bank Partners (see "**Key Components of Results of Operations**" above).

Interest and fees on credit facilities, and lease liabilities

Total interest expense (per the table below) increased by 45% to $7.2 million for the three months ended March 31, 2024, compared to $4.9 million for the same three-month period in 2023. The increase in total interest expense is primarily a result of our increased usage of our credit facilities and to a lesser degree the rising interest rate environment experienced in 2023 as interest rates were already elevated at the end of 2022. Our average daily facility outstanding (per the table below) increased by 39% to $207.0 million for the three months ended March 31, 2024 as compared to $149.4 million for the three months ended March 31, 2023. This increase in the average daily facility outstanding was used to fund the increase in loans and advances receivable. The average effective interest rate on the Company's credit facilities (which include other facility related fees) increased to 13.4% in the three months ended March 31, 2024 as compared to 12.9% in the three months ended March 31, 2023.

The increase in the average effective interest rate on the Company's credit facilities for the three months ended March 31, 2024 came as a result of continued tightening monetary policy reflected by interest rate hikes by the US Federal Reserve which continued in Q1 through Q3 2023. Our credit facility rates have a variable component that are currently tied to 3-month Term SOFR and CAD Prime and historically tied to either LIBOR, and/or US Prime (see "**Liquidity and Capital Resources – Credit Facilities**" for further detail). These variable components currently contain rate floors of 1.75% and 1% for 3-month Term SOFR and had historical rate floors of 1% for 3-month LIBOR, and 3.25% for US Prime. Considering the Fed rate increases have gradually driven 3-month Term SOFR to 5.34% by March 31, 2024, this has caused our credit facility borrowing rates to increase and likely will remain elevated in the coming quarters. Given the strong commitment from both the Federal Reserve and the Bank of Canada to curb inflation and with inflation remaining above each central bank's target rate, we believe interest rates and therefore our borrowing costs will remain elevated during 2024 (see "**Macroeconomic Environment and Outlook**" above). The current levels of interest rates and expectations of any changes are built into our 2024 outlook and although not desirable, borrowing costs would need to rise significantly above forecasted levels before having a material impact to the profitability of our business. Furthermore, we are committed to prudently managing our cash and credit facility usage in order to offset some of the increasing cost pressure. Finally, if interest rates come down eventually, this will naturally be a tailwind for the business and expand profitability.

As at March 31, 2024, the Debt-to-Equity[2] ratio for the Company was 1.91/1. With the sizable credit available under the debt facilities, the facilities structure from an advance rate perspective, and the relatively low Debt-to-Equity[2] ratio carried by the Company, we believe we are in a strong position to continue to significantly grow our loans and advances receivable. See "**Liquidity and Capital Resources**" for further detail on the structure and credit availability under our credit facilities.

	Three Months Ended March 31,			
	2024	2023	Period over period change	
(US$ other than percentages)	**Amount**	**Amount**	**Amount**	**Percentage**
Effective interest on credit facilities. .	6,939,150	4,807,668	2,131,482	44%
Average daily facility outstanding. . .	206,972,262	149,391,667	57,580,595	39%
Average effective interest rate on credit facilities	13.4%	12.9%		
Other credit facility costs[1].	165,677	48,865	116,812	239%
Other Interest (lease)	72,521	85,467	(12,946)	(15%)
Total Interest Expense.	7,177,348	4,942,000	2,235,348	45%

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

Net income

Net income increased by 77% to a record of $13.1 million for the three months ended March 31, 2024 from $7.4 million for the same period in 2023 The increase in net income relative to 2023 came primarily as a result of overall growth in revenues and balances, and effective management of the business including prudent operating cost, risk and financial management.

As outlined in the sections above, Propel experienced significant growth in the three months ended March 31, 2024 where Ending Combined Loan and Advance Balances[1] increased by 41% year over year. As a result, revenue grew by 47% for the three months ended March 31, 2024. Such growth was driven by the expansion of existing operations including the (i) scaling of the three Bank Programs across the 25 states where the CreditFresh and MoneyKey brands are active as of March 31, 2024, (ii) increasing marketing reach through marketing partner relationships and strategies established over the recent years, (iii) increased new customer origination volume including higher yield portions of the portfolio as described in the sections above, (iv) continued expansion across and up the consumer credit risk spectrum through the roll-out of lower fee products across the platform enabling us and our partners to provide credit to consumers who were not targeted previously, (v) graduation and variable pricing capabilities launched in late Q3 2021 and (vi) the contribution of Fora and the recent recently launched LaaS program. Finally, the above growth was also driven by continued strong demand for credit given the macroeconomic environment, the continued shift from brick and mortar to online lending, and tightening across the credit supply chain which has increased application volume and quality across our platform. See "**Loans and advances receivable**" for further detail and drivers.

In order to realize and deliver the initiatives and significant growth outlined above, we are required to invest in and absorb larger costs in the short-term while realizing a large portion of the revenues and economic benefits in the future. As such, in accordance with IFRS, we are required to take larger immediate expenses relating primarily to (i) the provision for loan losses and other liabilities; (ii) acquisition and data; and (iii) other operating expenses including salaries, wages, and benefits and G&A as we build up our infrastructure to support the increasing volumes and loan and advance balances. The substantial top-line revenue growth, strong credit performance, effective cost management and operating leverage led to the net income and margin expansion. The provision for loan losses and other liabilities as a percentage of revenue was 44% for the three month period ended March 31, 2024 as compared to 47% for the same period in 2023. See "**Provision for loan losses and other liabilities**" above for a further discussion. Notwithstanding the increase in acquisition and data expenses discussed above, total operating expenses which include acquisition and data expense, salaries, wages, and benefits, G&A, and processing and technology expense, when aggregated together as a percentage of revenue decreased to 28.0% for the three month period ended March 31, 2024 as compared to 28.4% for the same period in 2023. Operating expenses not including acquisition and data expense decreased to 16.1% of revenue for the three month period ended March 31, 2024 as compared to 17.9% for the same period in 2023. See all associated expense sections above for a detailed discussion of performance. The lower percentage of revenue reflects ongoing disciplined expense management and inherent operating leverage evident in the business model. As we outlined in prior periods, we expected and delivered substantial operating leverage in these areas considering the current infrastructure is built to enable considerable growth in revenue and balances. Ultimately this led to the enhancement of our profit margins both in absolute terms and on percentage terms. We expect these trends and results to continue moving forward albeit with potential quarter-to-quarter fluctuations depending on the speed of growth, possible investments in future business development activity, and overall macroeconomic factors. Higher interest rates, as an example, have been a considerable factor in driving up costs and impacting net income negatively.

From a macroeconomic perspective, despite the ongoing elevated price levels and interest rates, we continue to observe strong employment numbers in our consumer segment, continued real wage growth and ongoing strong credit performance. While the trend of strong credit performance is certainly influenced by strong employment, real wage growth, and the adjustment by consumers in the new post pandemic macroeconomic environment, it is also a result of the prudent underwriting posture by us and our Bank Partners driving the improved credit quality of the overall portfolio. Furthermore, our consumer segment demonstrated resiliency through COVID-19 as well as historically during periods of economic stress. Please see "**Macroeconomic Environment and Outlook**" above for additional factors influencing net income.

	Three Months Ended March 31,		
(US$ other than percentages)	**2024**	**2023**	**% Change**
Net Income	13,121,853	7,415,178	77%
Net Income as % of Revenue	14%	11%	
Earnings per Share ($USD):			
Basic	0.38	0.22	77%
Diluted	0.35	0.20	74%
Earnings per Share ($CAD):			
Basic	0.52	0.29	76%
Diluted	0.48	0.28	74%
Adjusted Net Income[1]	15,325,018	8,337,051	84%
Adjusted Net Income[1] Margin	16%	13%	
Adjusted Earnings per Share ($USD)[1]			
Basic	0.45	0.24	84%
Diluted	0.41	0.23	80%
Adjusted Earnings per Share ($CAD)[1]			
Basic	0.60	0.33	83%
Diluted	0.56	0.31	80%
EBITDA[1]	26,528,464	15,816,286	68%
EBITDA Margin[1]	27%	24%	
Adjusted EBITDA[1]	29,525,967	17,045,451	73%
Adjusted EBITDA Margin[1]	31%	26%	

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

Adjusted Net Income

Adjusted Net Income[1] increased by 84% to a record of $15.3 million for the three months ended March 31, 2024 from $8.3 million for the same period in 2023.

Adjusted Net Income[1] removes the effects of non-cash estimated credit loss provisions that are required under IFRS to be recorded against balances that are otherwise in good standing (see "**Material Accounting Policies and Estimates — Loans and advances receivable**" in this MD&A). As a result, in periods of significant growth where we record estimated loan losses on new originations without any corresponding income, our margins can appear artificially decreased and do not reflect the actual credit performance of the portfolio and the overall financial performance of the business. On the other hand, in periods where loan balances contract, the opposite may hold true. Making this adjustment for the three month period ended March 31, 2024 reflects the growth, particularly in Stage 1 loan and advance balances, in the period, and results in a higher Adjusted Net Income[1] relative to net income (see "**Reconciliation of Non-IFRS measures**" in this MD&A). Management believes Adjusted Net Income[1] is a truer reflection of business performance for the respective period. Notwithstanding the above, Adjusted Net Income[1] is impacted by similar dynamics and factors as those driving net income and, as such, both measures increased during the three month period ending March 31, 2024 when compared to the same period last year.

EBITDA[1]

EBITDA[1] increased by 68% to a record of $26.5 million for the three months ended March 31, 2024, from $15.8 million for the same period in 2023. The movements in EBITDA1 can be explained by similar dynamics and factors as those driving net income (see above).

Adjusted EBITDA[1]

Adjusted EBITDA[1] increased by 73% to a record of $29.5 million for the three months ended March 31, 2024 from $17.0 million for the same period in 2023. Adjusted EBITDA[1] removes the effects of non-cash estimated credit loss provisions that are required under IFRS to be recorded against balances that are otherwise in good standing (see "**Material Accounting Policies and Estimates — Loans and advances receivable**" in this MD&A). As a result, in periods of significant growth where we record estimated loan losses on new originations without any corresponding income, our margins can appear artificially decreased and do not reflect the actual credit performance of the portfolio and the overall financial performance of the business. On the other hand, in periods where loan balances contract, the opposite may hold true. Such adjustments relating to the non-cash expected credit loss provisions recorded on good standing balances are consistent with the adjustments made to Adjusted Net Income[1] albeit on a pre-tax basis. Therefore, see "Adjusted Net Income" above for a discussion of how such adjustments impacted the three-month period ending March 31, 2024. Furthermore, see "**Reconciliation of Non-IFRS measures**" in this MD&A. Management believes Adjusted EBITDA[1] is a truer reflection of business performance over the respective periods. Notwithstanding the above, Adjusted EBITDA[1] is impacted by similar dynamics and factors as those driving net income, EBITDA[1] and Adjusted Net Income[1] and, as such, both measures increased in the three months ending March 31, 2024 as compared to the same period last year.

Return on Equity[2]

Return on equity[2] increased on an annualized basis to 49% in Q1 2024 compared to 35% for the same period in 2023. As discussed in "**Supplemental Financial Measures**" above, return on equity is derived from our net income and average shareholders' equity for the given period with the average shareholders' equity calculated using the average of each average quarterly shareholders' equity balance for a given period. Further, the quarterly return on equity is presented on an annualized basis. The increase in return on equity[2] is driven by the record net income discussed above, partially offset by the higher ending balance for shareholders' equity.

Adjusted Return on Equity[1]

Adjusted Return on Equity[1] increased on an annualized basis to 57% in Q1 2024 compared to 40% for the same period in 2023. As discussed in "**Supplemental Financial Measures**" and "**Non-IFRS Financial Measures and Industry Metrics**" above, Adjusted Return on Equity[1] is derived from our Adjusted Net Income[1] and average shareholders' equity for the given period with the average shareholders' equity calculated using the average of each average quarterly shareholders' equity balance for a given period. Further, the quarterly Adjusted Return on Equity[1] is presented on an annualized basis. The increase in Adjusted Return on Equity[1] is driven by the record Adjusted Net Income[1] discussed above, partially offset by the higher ending balance for shareholders' equity.

Note:

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

Reconciliation of Non-IFRS Financial Measures

The following table provides a reconciliation of our net income to EBITDA[2] and to Adjusted EBITDA[2] for the three-month periods ending March 31, 2024 and March 31, 2023:

	Three Months Ended March 31,	
(US$ other than percentages)	**2024**	**2023**
Net Income	13,121,853	7,415,178
Interest and fees on credit facilities	7,104,827	4,856,533
Interest expense on lease liabilities	72,521	85,467
Amortization of internally developed software	949,783	785,889
Depreciation of property and equipment	51,632	47,778
Amortization of right-of-use assets	188,685	161,712
Income Tax Expense (Recovery)	5,039,163	2,463,729
EBITDA[2]	26,528,464	15,816,286
EBITDA[2] Margin	27%	24%
Provision for credit losses on current status accounts[1]	1,542,679	594,180
Provisions for CSO Guarantee liabilities and Bank Service Program liabilities	1,454,824	634,985
Adjusted EBITDA[2]	29,525,967	17,045,451
Adj. EBITDA[2] Margin	31%	26%

Note:

1. Provision included for (i) loan losses on good standing current principal (Stage 1 — Performing) balances (see "Material Accounting Policies and Estimates — Loans and advances receivable" in this MD&A).
2. See "Non-IFRS Financial Measures and Industry Metrics".

The following table provides a reconciliation of our Adjusted Return on Equity[1] for the three-month periods ending March 31, 2024 and March 31, 2023:

	Three Months Ended March 31,	
	2024	**2023**
(US$ other than percentages)		
Net Income	13,121,853	7,415,178
Provision for credit losses on current status accounts net of taxes[2]	1,133,869	445,635
Provisions for CSO Guarantee liabilities and Bank Service Program liabilities net of taxes[2]	1,069,296	476,239
Adjusted Net Income[1]	15,325,018	8,337,052
Multiplied by number of periods in year	x4	x4
Divided by average shareholders' equity for the period	106,662,964	84,374,589
Adjusted Return on Equity[1]	57%	40%

Note:

1. See "Non-IFRS Financial Measures and Industry Metrics".
2. Each item is adjusted for after-tax impact, at an effective tax rate of 26.5% for the three months ended March 31, 2024 and comparative 2023 period.

The following table provides a reconciliation of our Net Income to Adjusted Net Income[1], and Earnings Per Share to Adjusted Earnings Per Share[1], for the three-month periods ending March 31, 2024 and March 31, 2023:

	Three Months Ended March 31,	
	2024	**2023**
(US$ other than percentages)		
Net Income	13,121,853	7,415,178
Provision for credit losses on current status accounts net of taxes[2]	1,133,869	445,635
Provisions for CSO Guarantee liabilities and Bank Service Program liabilities net of taxes[2]	1,069,296	476,239
Adjusted Net Income[1]	15,325,018	8,337,052
Adjusted Net Income Margin[1]	16%	13%
Adjusted Return on Equity[1]	57%	40%
Weighted average number of Shares outstanding:		
Basic	34,328,364	34,325,320
Diluted	36,993,717	36,449,680
Earnings per Share ($USD):		
Basic	0.38	0.22
Diluted	0.35	0.20
Earnings per Share ($CAD):		
Basic	0.52	0.29
Diluted	0.48	0.28
Adjusted Earnings per Share ($USD)[1]:		
Basic	0.45	0.24
Diluted	0.41	0.23
Adjusted Earnings per Share ($CAD)[1]:		
Basic	0.60	0.33
Diluted	0.56	0.31

Note:

1. See “Non-IFRS Financial Measures and Industry Metrics”.
2. Each item is adjusted for after-tax impact, at an effective tax rate of 26.5% for the three months ended March 31, 2024 and the comparative 2023 period.

The following table provides a reconciliation of our Net Charge-Offs[1] to provision for loan losses and other liabilities for the three-month periods ending March 31, 2024 and March 31, 2023:

	Three Months Ended March 31,	
	2024	2023
(US$ other than percentages)		
Charge-offs	47,066,746	36,648,172
Recoveries	(6,295,706)	(4,441,146)
Net charge-offs[1]	40,771,040	32,207,026
Change in Provision for Loan Losses	(1,109,119)	(1,873,867)
Provision for loan losses	39,661,921	30,333,159
Movement in financial obligation[2]	1,454,824	634,985
Other lending program costs	1,244,882	168,529
Provision for loan losses and other liabilities	42,361,627	31,136,673

Note:

1. See "Non-IFRS Financial Measures and Industry Metrics".
2. Movement in financial obligation is equivalent to Provisions for CSO Guarantee liabilities and Bank Service Program liabilities.

The following table provides a reconciliation of our Ending Combined Loan and Advance Balances[1] to loans and advances receivable for the periods ending March 31, 2024 and March 31, 2023 (See "Material Accounting Policies and Estimates — Loans and advances receivable" in this MD&A):

	As at March 31,		As at Dec, 31
(US$ other than percentages)	2024	2023	2023
Ending Combined Loan and Advance balances[1]	349,228,416	248,051,240	337,282,804
Less: Loan and Advance balances owned by third party lenders pursuant to CSO program	(3,606,703)	(2,670,846)	(3,779,004)
Less: Loan and Advance balances owned by a NBFI pursuant to the MoneyKey Bank Service program	(41,080,010)	(22,562,194)	(36,736,938)
Loan and Advance owned by the Company	304,541,703	222,818,200	296,766,862
Less: Allowance for Credit Losses	(77,984,175)	(47,970,502)	(79,093,294)
Add: Fees and interest receivable	37,969,448	18,234,063	36,063,899
Add: Acquisition transaction costs	6,700,303	2,706,527	5,575,769
Loans and advances receivable	271,227,279	195,788,288	259,313,236

Note:

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

Liquidity and Capital Resources

Overview

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

Credit Facilities

	As at March 31, 2024		As at December 31, 2023	
	Max Borrowing Base	Amount Drawn	Max Borrowing Base	Amount Drawn
MoneyKey Facility. . . .	6,451,147	4,650,000	6,581,839	4,650,000
CreditFresh Facility. . .	226,636,009	206,200,000	219,855,184	195,200,000
Fora Facility. . . .	10,317,742	2,217,784	7,729,330	752,444
Total.	243,404,897	213,067,784	234,166,353	200,602,444

MoneyKey Facility

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

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

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

CreditFresh Facility

On February 23, 2023, the Company, CreditFresh DST I and CreditFresh DST II entered into a new revolving credit facility with a US based syndicate of lenders party thereto from time to time (the "**CreditFresh Facility**"). The CreditFresh Facility provides for a maximum borrowing amount of $250 million at an advance rate of 85% and an annualized blended effective interest rate (including other facility related fees) of 13.0% for Q1 2024 compared to 12.5% in the same period of 2023 (based on the current prime rate and 3-month SOFR rates; and excluding other lenders fees). The CreditFresh Facility matures on February 23, 2026. We pay an unused fee of 0.50% on unborrowed amounts.

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

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

Fora Credit Facility

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

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

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

Contractual Obligations

Our contractual obligations consist of principal repayments and interest on long-term debt, capital leases for office equipment, and operating leases for office equipment and facilities. During the three months ending March 31, 2024, the Company drew an additional $12.5 million net of repayments on our credit facilities to bring the total drawn amount on our existing credit facilities to $213.1 million. As of March 31, 2024, there were no other material changes to the contractual obligations and commitments, as disclosed in the December 31, 2023 MD&A.

Other Commitments

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

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

We also enter into forward exchange contracts to hedge against currency fluctuations between the United States dollar and the Canadian dollar. At March 31, 2024 the Company was obligated to sell $18.0 million through such forward contracts. At March 31, 2023 the Company was obligated to sell $7.5 million through such forward contracts. During the course of 2023, management significantly increased the notional amount of our FX forward contracts given the favorable CAD/USD foreign exchange rate environment.

Cash Flows

Analysis of cash flows for three months ended March 31, 2024 compared to March 31, 2023

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

	Three Months Ended March 31,	
(US$ other than percentages)	**2024**	**2023**
Net income	13,121,853	7,415,178
Items not affecting cash	43,493,565	34,597,071
Net additions of loans and advances receivable and principal recoveries	(50,451,429)	(30,582,212)
Changes in working capital and other	(17,697,735)	1,574,159
Net cash from (used in) operating activities	**(11,533,746)**	**13,004,196**
Cash flows from (used in) financing activities		
Advances from credit facilities	12,465,340	750,000
Transaction costs on credit facilities	-	(2,009,879)
Payments on lease liabilities	(286,422)	(254,290)
Dividends paid	(3,030,807)	(2,402,353)
Proceeds from options exercised	17,904	-
Net cash from (used in) financing activities	**9,166,015**	**(3,916,522)**
Cash flows from (used in) investing activities		
Purchases of property and equipment	(18,393)	(10,965)
Cost of internally generated intangible assets	(1,383,708)	(1,222,806)
Net cash from (used in) investing activities	**(1,402,101)**	**(1,233,771)**
Net change in cash	(3,769,832)	7,853,903
Cash, beginning of period	13,750,726	7,658,837
Cash, end of period	**9,980,894**	**15,512,740**

Operating Activities

Net cash generated from (used in) operating activities was $(11.5 million) for the three-month period ended March 31, 2024, compared to $13.0 million for the corresponding period in 2023.

The increase in net cash used in operating activities for the three-month period ended March 31, 2024 was driven by a higher net additions of loans and advances receivable due to the higher Total Originations Funded[1] (see "**Results of operations**" above) offset by an increase in net income and a higher provision for loan losses (the largest item not affecting cash). Furthermore, the Q1 2024 period was negatively impacted from a higher use of cash from changes in working capital which was primarily related to increased restricted cash and reserves required to fund loan growth and the payment of certain current liabilities.

We do note that net additions of loans and advances receivable is the single largest driver of the overall net cash from (used in) operating activities and significant financing capital is required to continue growing these balances. Management believes an alternate view more useful to the reader may be to reclassify net additions of loans and advances receivable and principal recoveries from operating activities to investing activities and deduct actual Net Charge-Offs[1] may provide a more accurate view of the cash generated from the Company's operating activities.

Financing Activities

Net cash generated (used in) from financing activities was $9.2 million for the three-month period ended March 31, 2024, compared to $(3.9 million) for the corresponding period in 2023. The increase for the three-month period ended March 31, 2024 was a result of the higher advances from credit facilities that was required due to the higher Total Originations Funded[1] and net additions of loans and advances receivable and the overall net cash used in operating activities during Q1 2024 described above. The increase was primarily driven by higher advances from credit facilities offset by the $3.0 million dividend paid during the period.

Investing Activities

Net cash used in investing activities was $1.4 million for the three-month period ended March 31, 2024, compared to $1.2 million for the corresponding period in 2023. The Company continues to make consistent investments in internally generated intangible assets which are comprised of our proprietary loan management system and AI powered underwriting technology platform, which is approved by our Bank Partners. Continued investments in our technology platform enable us to expand product and service offerings, integrate with new partners including banks, marketing and data partners, improve our machine learning underwriting capabilities, optimize the online customer experience, and increase automation and ease-of-use of customer service agent activities in our proprietary loan management system, amongst other things. Furthermore, such investments continue to contribute to the infrastructure growth of the new programs including Fora which launched in Q4 2022 and the LaaS program with Pathward that recently launched in Q2 2023. Finally, these continued investments, amongst other factors, ultimately contribute to the efficient people and operating cost management results that the business has achieved.

Off-Balance Sheet Arrangements

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

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

	Three Months Ended March 31,	
(US$ other than percentages)	**2024**	**2023**
CSO Program Products (MoneyKey)		
Fees from CSO program and Other revenue	3,017,873	2,143,409
Loans and advances receivable (On Balance Sheet)	2,713,358	1,411,561
CSO Guarantee Liability	273,226	375,557
CSO Obligation	1,891,826	1,416,912
Installment loan borrower balances (Off Balance Sheet)	3,606,703	2,670,846
Reserve balances (Reflected in Company's Restricted cash)	2,110,362	1,568,928
Bank Service Program Advances (MoneyKey)		
Fees from Bank Service Program and Other revenue	14,698,425	8,349,978
Loans and advances receivable (On Balance Sheet)	2,871,345	3,311,065
Bank Service Program Guarantee Liability	7,844,286	5,492,072
Bank Service Program Obligation	790,666	570,964
Line of credit borrower balances (Off Balance Sheet)	41,080,010	22,562,194
Reserve balances (Reflected in Company's Restricted cash)	12,341,872	4,499,707

Risks and Uncertainties

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

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash, restricted cash, and loans and advances receivable. The maximum amount of credit risk exposure is limited to the carrying amounts of these balances. Cash is maintained with Canadian and US financial institutions. Deposits held with banks may exceed the amount of federal insurance provided on such deposits. Unless otherwise disclosed, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk. In relation to loans and advances receivable, the Company closely monitors its customer default rate and overall recovery per dollar loaned, adjusts its lending terms and policies as deemed necessary and establishes an allowance for credit losses. See "**Analysis of Results for the three months ended March 31, 2024, compared to March 31, 2023 — Provision for loan losses and other liabilities**" above for further details.

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

Industry risk

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

Interest rate risk

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

The Company is exposed to interest rate cash flow risk on its credit facilities as they bear interest at a fixed rate plus 3-month Term SOFR per annum and a fixed rate plus CAD Prime per annum. As of March 31, 2024, and December 31, 2023, we are exposed to interest rate risk on our credit facility balance of $213.1 million and $200.6 million respectively.

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities or will not have sufficient funds to issue loans and/or advances to its customers. The Company is exposed to liquidity risk depending on the timing of customer payments, customer default rates and the availability of third-party financing. The Company manages its liquidity risk by closely monitoring its available cash on hand, available financing and expected collection rates and timing to ensure it has sufficient cash to meet its financial obligations as they come due and provide loans and advances to customers when requested. The Company is also obligated to purchase Bank Program advances that are offered for sale to the Company by both Bank Partners. The amount of Bank Program advances that were funded by the Bank Partners but not yet offered for sale to the Company as of March 31, 2024 was $3,664,658 (December 31, 2023 — $3,590,419). Management has determined no provisions are required on these amounts as of the balance sheet date, but regularly assesses these amounts and considers whether provisions may be required in advance of an offer to sell.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at March 31, 2024:

	Carrying amount	Year 1	Year 2	Year 3
Accounts Payable.	3,405,281	3,405,281	-	-
Accrued Liabilities.	23,363,903	23,363,903	-	-
Income Taxes Payable.	5,389,270	5,389,270		
Amount drawn on credit facilities . .	213,067,784	-	6,867,784	206,200,000
Total	**245,226,238**	**32,158,454**	**6,867,784**	**206,200,000**

Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions denominated in Canadian dollars for which the related expenses, and accounts payable balances are subject to exchange rate fluctuations. As at March 31, 2024 and December 31, 2023, the following items are denominated in Canadian dollars:

	As at March 31, 2024	As at December 31, 2023
Cash.	1,730,889	784,109
Restricted cash.	527,848	419,971
Loans and advances receivable	12,311,059	9,096,554
Accounts payable.	1,892,341	1,732,966
Accrued liabilities.	1,955,891	2,929,348
Lease liabilities.	2,080,428	2,349,884

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

Income tax matters

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

Material Accounting Policies and Estimates

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

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

Loans and advances receivable

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

The Company applies the general approach for measuring and recognizing the loss allowance on loans and advances receivable. The Company has determined the likely impairment loss on loans and advances receivable which have not maintained their contractual loan and advance repayment schedule. The expected credit losses factors in the Company's portfolio and is calculated considering a variety of factors, including, but not limited to: aging, delinquency levels, composition and quality of the portfolio, historical data regarding collection success rate, and the Company's historical charge-off and loss experience. The methodology and assumptions used in setting the expected credit losses are reviewed regularly in an effort to reduce any differences between loss estimates and actual losses experienced.

In reference to our accounting policy note in the December 31, 2023 consolidated financial statements in note 3, an ECL model applies to our loans and advances receivable. The Company builds an allowance for credit losses irrespective of whether a loss 'trigger' event has occurred or not. Therefore, expected losses are built up against receivables that are otherwise performing as at a specific reporting date. As part of this application, the Company segments its loans and advances into 3 stages:

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

(2) Stage 2 (Under-performing) — These are delinquent loans and advances that have one or more payments in arrears. An account in this status has the potential to go back to Stage 1 if the past due payment is brought up to date, subject to product specific requirements. Accounts generally remain in Stage 2 until payments are past due in excess of 90 days before moving to Stage 3.

(3) Stage 3 (Non-performing) — These are defaulted loans and advances where an account has a payment past due in excess of 90 days. Once an account has moved to Stage 3, it cannot return back to Stage 2 or Stage 1. There is no further judgment applied in determining the time before Stage 3 classification and is deemed non-performing. An account remains in Stage 3 for up to 30 days after which point it is charged-off.

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

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

During the year ended December 31, 2023, the Company implemented a standardized definition of default for non-performing (Stage 3) loans and advances receivable. Previously, non-performing loans and advances receivable were defined by a certain number of missed payments or a defined period of time to remedy a missed payment had elapsed. Loans and advances receivable are now classified as non-performing (Stage 3) if a contractual payment is past due in excess of 90 days to provide a more accurate reflection of loan staging and align with industry best practice. The change in accounting estimate has been treated prospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

For the period ending December 31, 2023, this change in accounting estimate resulted in a decrease in charge-offs, a corresponding increase in loan and advance receivables balance (Stage 3), and a corresponding increase in allowance for credit losses due to impact on charge-off timing from the change (a net reduction of provision for loan losses expense by $0.9 million and an after tax impact to net income of $0.7 million). Furthermore, the change resulted in a reclassification of certain Stage 3 balances to Stage 2, the recognition of additional accrued revenue from those Stage 2 balances, as well as a corresponding increase in allowance for credit losses for those fees and interest receivable (see December 31, 2023 consolidated financial statements accounting policy “Material Accounting Policies” in Note 3, and figures for “Loans and advances receivable and allowance for credit losses” in Note 6 for further information). In addition, as a result of this change, the Allowance for Credit Losses as a percentage of Loan and Advance owned by the Company (Add: Fee and interest receivable) increased to 24% at December 31, 2023 as compared to 21% at December 31, 2022 (see table below showing the allowance coverage by stage).

Years of vintage performance data by granular segment provides a baseline of how much loan principal ends up being charged-off, net of recoveries and any proceeds from debt sales. As part of this analysis, we examine a combination of the number of accounts that default (probability of default), the average amount lost or charged-off when a default occurs (loss given default), and the expected balances at default (exposure at default). The product of these three elements provides us with the baseline ECL for a particular segment. This baseline ECL is then further analyzed through internally developed credit risk models to make quantitative and qualitative adjustments for risk factors that exist in the portfolio as at the reporting date but may not have been present in the vintage performance data.

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

	As at March 31,		As at Dec 31,
	2024	**2023**	**2023**
Loan and Advance owned by the Company (Add: Fee and interest receivable) [1] ……			
Stage 1 - Performing …….	266,875,729	191,643,891	250,687,303
Stage 2 - Under-Performing …….	61,495,657	23,689,082	67,937,304
Stage 3 - Non-Performing …….	14,139,765	25,719,289	14,206,154
Total ……..	342,511,151	241,052,263	332,830,761
Allowance for Credit Losses ……			
Stage 1 - Performing …….	(28,906,482)	(17,936,796)	(27,363,803)
Stage 2 - Under-Performing …….	(36,265,962)	(9,698,509)	(39,278,025)
Stage 3 - Non-Performing …….	(12,811,731)	(20,335,197)	(12,451,466)
Total……..	(77,984,175)	(47,970,502)	(79,093,294)
Allowance for Credit Losses %			
Stage 1 - Performing …….	(11%)	(9%)	(11%)
Stage 2 - Under-Performing …….	(59%)	(41%)	(58%)
Stage 3 - Non-Performing …….	(91%)	(79%)	(88%)
Total……	(23%)	(20%)	(24%)
Loans and advances receivable (Less: Acquisition transaction costs) [1]..……...			
Stage 1 - Performing …….	237,969,247	173,707,095	223,323,500
Stage 2 - Under-Performing …….	25,229,695	13,990,573	28,659,279
Stage 3 - Non-Performing …….	1,328,034	5,384,092	1,754,688
Total……...	264,526,976	193,081,761	253,737,467
Acquisition transaction costs……...……...	6,700,303	2,706,527	5,575,769
Loans and advances receivable……..	271,227,279	195,788,288	259,313,236

Note:

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

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

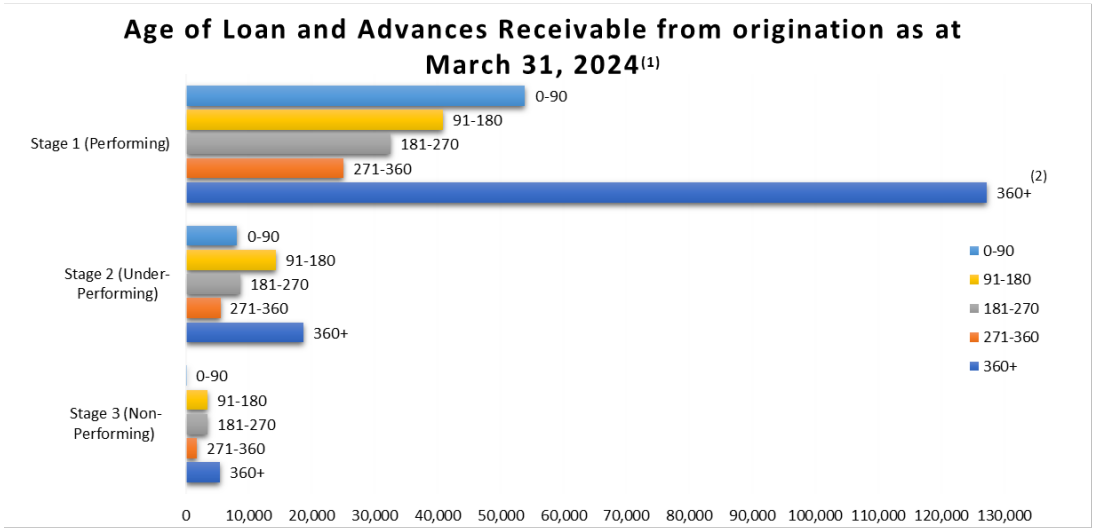
IFRS 9 impact on provision for loan losses and other liabilities

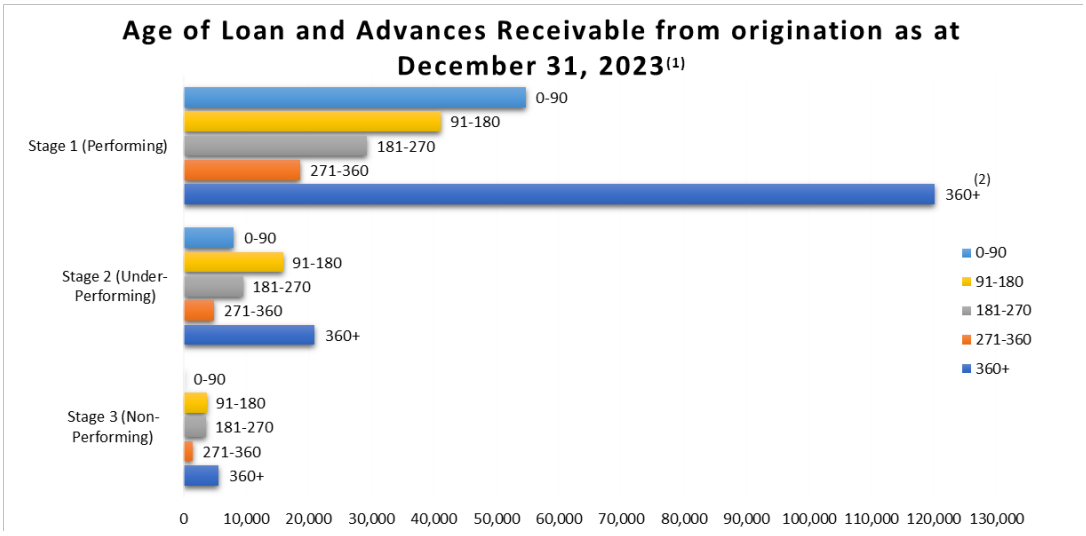
As outlined above, in accordance with IFRS 9 requirements, an ECL methodology applies to our loans and advances receivable — 12-month ECLs for Stage 1 and lifetime ECLs for Stages 2 and 3. This requires the Company to set-up an ECL allowance for credit losses upon acquisition of new finance receivables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

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

The approximate impact of applying this methodology can be estimated by the movement of the Stage 1 allowance. Therefore, the impact on the Company's provision for loan losses and other liabilities and consequently on EBITDA[1] was approximately $3.0 million for the three-month period ended March 31, 2024 as compared to $1.2 million for the three-month period ended March 31, 2023. As discussed above, the faster the origination volume grows, the larger the non-cash impact will be on provision for loan losses and other liabilities and consequently EBITDA[1] as well as net income on an after-tax basis. Management includes an Adjusted EBITDA[1] as well as an Adjusted Net Income[1] metric in order to present supplemental financial metrics that we believe are more indicative of the actual portfolio credit and overall Company performance.

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





Note:

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

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

Capitalization of intangible assets

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

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

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

Future Changes in Accounting Policies

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

In January 2020, the IASB issued Classification of liabilities as current or non-current (Amendments to IAS 1) to clarify how to classify debt and other liabilities as current or non-current. The amendments are effective for reporting periods beginning on or after January 1, 2024. This standard, which we adopted as of January 1, 2024, did not have a material impact on the consolidated financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

b) Standards issued but not yet effective

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 replaces IAS 1 Presentation of Financial Statements and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard applies to annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively, with early adoption permitted. The Company has not yet adopted the new standard and is currently assessing the impact on the consolidated financial statements.

Related Party Transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly which includes all directors of the board and corporate officers.

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

	Three Months Ended March 31,	
	2024	**2023**
Salaries	3,468,381	2,517,279
Share-based compensation	182,542	302,380
	3,650,923	2,819,659

Share Capital

As of March 31, 2024, the share capital consisted of (i) an unlimited number of common shares, of which 34,330,312 common shares were issued and outstanding, and (ii) an unlimited number of preferred shares, of which none were issued and outstanding. In addition, the Company has 2,955,528 options to acquire common shares issued and outstanding.

Normal Course Issuer Bid

On September 7, 2023, the Company announced the acceptance by the Toronto Stock Exchange (**"TSX"**) of the Company's notice of intention to proceed with a normal course issuer bid (the **"NCIB"**). Pursuant to the NCIB, the Company proposed to purchase, from time to time, up to an aggregate of 1,716,266 common shares being approximately 5% of Propel's public issued and outstanding common shares as of August 29, 2023. As at August 29, 2023, Propel had 34,325,320 common shares issued and outstanding, and the average daily trading volume for the six months prior to August 31, 2023, was 11,425. Under the NCIB, daily purchases will be limited to 2,856 common shares, representing 25% of the average daily trading volume, other than block purchase exemptions. The purchases were permitted to commence on September 11, 2023 and will terminate on September 10, 2024, or on such earlier date as the Company may complete its purchases pursuant to the NCIB. Although the Company intends to purchase Shares under its NCIB, there can be no assurances that any such purchases will be completed. Any purchases made under the NCIB will be made by Propel subject to favourable market conditions at the prevailing market price at the time of acquisition through the facilities of the TSX and/or alternative Canadian trading systems. Purchases under the NCIB may be made by means of open market transactions, privately negotiated transactions or such other means as a securities regulatory authority may permit. In connection with the NCIB, Propel may enter into an automatic securities purchase plan with its designated broker, conditional on TSX review and approval. For the three-month period ended March 31, 2024, the Company did not purchase and cancel any common shares, under the NCIB.

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

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

Management, under supervision of, and with the participation of, the CEO and CFO, have designed and evaluated the Company's DCP, as required in Canada by NI 52-109. Based on this evaluation, the CEO and CFO have concluded that the design of the system of the Company's disclosure controls and procedures were effective as at March 31, 2024. Although the Company's disclosure controls and procedures were designed effectively as of March 31, 2024, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be set forth in the Company's regulatory filings.

There were no changes in the Company's ICFR that occurred in the three-month period ending March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Foreign exchange rates used in the USD to CAD conversion of per share amounts

2024	2023				2022		
Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
1.3486	1.3624	1.3414	1.3428	1.3525	1.3578	1.3056	1.2768

Three Months Ending March 31,	Three Months Ending March 31,
2024	2023
1.3486	1.3525

Additional Information

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