



July 24, 2023

**Special Committee of the Board of Directors
IOU Financial Inc.
1 Place Ville-Marie
Suite 1670
Montreal, Quebec
H3B 2B6**

Attn: Evan Price, Chairman

Dear Mr. Price:

North Mill Equipment Finance LLC and its affiliates (“North Mill”) is submitting this proposal (the “Proposal”) to acquire through a newly incorporated Canadian company all, and only all, of the outstanding common shares of IOU Financial Inc. (“IOU”) for cash consideration by way of a statutory plan of arrangement or such other transaction structure as agreed based upon tax, securities and corporate law and other relevant considerations (the “Transaction”). We are offering to purchase all common shares of IOU at a price per share of C\$0.28, representing a 27.3% premium to the price of C\$0.22 per share offered under the Arrangement Agreement dated July 13, 2023 between 9494-3677 Québec Inc. and IOU (the “Arrangement”). We believe our offer represents a Superior Proposal under the terms of the Arrangement for all IOU shareholders, including the Rolling Shareholders, as our offer is not subject to any financing contingency or due diligence or access condition and can be consummated on a timely basis. Moreover, to the extent the Rolling Shareholders agree to forego their Termination Fee of C\$885,000, we would increase the total consideration payable to all shareholders by C\$0.0077 per share for total consideration of C\$0.2877 per share.

By way of background, North Mill, headquartered in Norwalk, Connecticut, is a leading commercial lender serving small businesses all over the United States that originates and services small-ticket and mid-ticket equipment leases and loans. One of North Mill’s controlled affiliates, BriteCap Financial LLC, is a leading non-bank lender that has been providing small businesses with fast, convenient financing alternatives since 2003. North Mill has total assets in excess of US\$1 billion and tangible book equity in excess of US\$185 million. North Mill is majority owned by affiliates of InterVest Capital Partners (“InterVest”), formerly known as Wafra Capital Partners, Inc., a New York-based and SEC-registered investment adviser with over US\$8 billion in assets under management. Since 1999, InterVest has acquired and/or capitalized numerous specialty finance, rental, and leasing platforms. With the institutional backing of InterVest, we would anticipate growing IOU’s origination and servicing capabilities to a substantially greater scale.

The completion of the Transaction will not be conditional on North Mill obtaining financing. Consideration for the Transaction will be funded by cash on hand and/or additional committed capital from InterVest. No external financing is anticipated, allowing us to move quickly to reach an agreement and complete the Transaction. In this regard, while subject to the comments below, we believe the existing Arrangement is the basis for and easily adapted to our contemplated transaction.

North Mill, and our financial advisors, Oaklins E Canada, and legal advisor, HBH Strategic Advisors, are ready to commence negotiations immediately in order for North Mill to execute an Arrangement Agreement on substantially the same terms as the existing Arrangement.

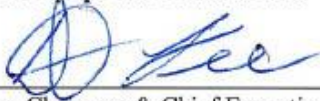
Each party shall be responsible for its own expenses in connection with the negotiation, documentation, and consummation of the Transaction, including fees and expenses of legal counsel, financial and other professional advisors.

This Proposal constitutes a statement of North Mill's present intentions but does not reflect all matters upon which agreement must be reached for the Transaction contemplated hereby to be consummated, and does not obligate the parties to execute any agreement (including an Arrangement Agreement) concerning, or otherwise enter into or consummate, the Transaction or any other transaction. A binding commitment with respect to the Transaction or any related transaction will result only from the execution of the Arrangement Agreement and any related documentation and will be subject to any conditions set forth therein. If the Arrangement Agreement is not entered into and the Transaction is not consummated for any reason (including by unilateral decision of North Mill), no party will be liable to the other parties for any indemnification, penalty, damages, or losses of any kind, except for a breach of any Binding Provisions therein.

In summary, we are excited about pursuing a combination of our companies and believe that together we can achieve great things. We stand ready, along with our advisors, to work expeditiously to drive the process forward. We look forward to receiving your response, no later than August 1, and working with you to complete a Transaction that creates superior value for all stakeholders.

Sincerely,

North Mill Equipment Finance LLC

A handwritten signature in blue ink, appearing to read "D. Lee", is written over a horizontal line.

David Lee, Chairman & Chief Executive Officer