Half Year Report

31 December 2021

propell*

Contents

Appendix 4D

1. Company details

Name of entity:	Propell Holdings Limited
ACN:	614 837 099
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	17%	to	333,085
Loss from ordinary activities after tax attributable to the Owners of Propell Holdings Limited	up	17%	to	(2,244,105)
Loss for the half-year attributable to the Owners of Propell Holdings Limited	up	17%	to	(2,244,105)

	31 Dec 2021 Cents	31 Dec 2020 Cents
Basic earnings per share	(2.34)	(3.49)
Diluted earnings per share	(2.34)	(3.49)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $2,244,105 (31 December 2020: $1,912,418).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(1)	3

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period - There were no dividends paid, recommended or declared during the current financial period.

Previous period - There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report: Not applicable.

10. Audit qualification or review

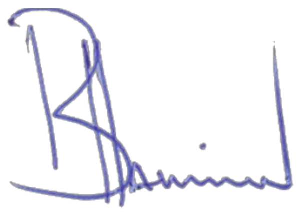
Details of audit/review dispute or qualification (if any): The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. This includes an emphasis of matter paragraph on page 32.

11. Attachments

Details of attachments (if any):

The Interim Report of Propell Holdings Limited for the half-year ended 31 December 2021 is attached.

12. Signed



Benjamin William Harrison
Director

Date **28 February 2022**
Location **Brisbane**

Corporate Information

COMPANY SECRETARY

Adam Gallagher

REGISTERED OFFICE

Level 11, 82 Eagle Street
Brisbane QLD 4000

PRINCIPAL PLACE OF BUSINESS

Level 2, 307 Queen St
Brisbane QLD 4000

SHARE REGISTER

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Telephone: 1300 554 474

AUDITOR

Pitcher Partners
Level 38, 345 Queen Street
Brisbane QLD 4000

STOCK EXCHANGE LISTING

Propell Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: PHL)

Director’s Report

Directors' Report for the Half Year to 31 December 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Propell Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

The following persons were Directors of Propell Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Benjamin William Harrison (Chairman)
- David Lindsay Brennan (resigned 24 December 2021)
- Jeremy Grant Loftus
- Michael Kane Davidson (appointed 24 December 2021)

PRINCIPAL ACTIVITIES

During the financial year the principal activities of the Group continued to be the provision of intelligent finance solutions to small businesses to improve their cashflow, primarily through lending and payments solutions.

Review of Operations and Likely Developments

Overview

Propell is a digital finance platform for the small to medium business segment. Driven by a vision to revolutionise how small businesses manage their finances, Propell centralises access to what those businesses need; deep insights into their financial health, and direct access to a suite of finance tools, including payments and lending, to enable them to operate and grow.

The future of finance is now overwhelmingly digital. Small businesses left underserviced by traditional providers are searching for alternative solutions to their finance needs. Propell is positioned for this accelerating shift and disruption of traditional service providers and their business models.

The Company has accelerated the development of Propell's digital, cloud based, open API and data driven Platform. This development has resulted in the Company delivering a world-class Platform, well ahead of the previously announced timeline. We now have a leading digital finance offering that provides customers with a modern, intelligent alternative to help them manage and optimise their business. The significant accomplishments during the half year are set out below.

Key Metrics

During the half year there was continued growth in Platform customers, increasing 138% from 30 June 2021 to more than 1,200.

The Company took a strategic approach to marketing the broader Platform as part of its customer acquisition strategy during the second quarter rather than specific targeting of the 6-month Line of Credit (LOC) or payments products. To date we are extremely pleased with the solid growth on reduced spend, reflecting the positive customer response to the broader Platform offering. There are a number of initiatives the Company has planned to encourage new and existing customers to use a broader range of the

Platform’s products, in turn generating more revenue per customer.

Despite a slowdown in lending through lower demand and a more cautious approach through the 2nd quarter due to the spread of the Delta and then Omicron COVID variants through Australia, lending origination increased were up 41% on the previous half. There was a positive increase in average loan size though, a key indicator of customer quality, increasing by 18%. Growing average loan size is critical measure in scaling the business.

Product and Technology

During the half the Company made significant developments to the Platform, completing the majority of projects outlined and allowing a shift in emphasis to primarily growth, now with the components in place to scale.

Propell Business Pulse

The business delivered Business Pulse, a fully automated tool that gives our customers a free insight into the health of their business to keep them informed and help them make better decisions. The small business financial wellness feature is designed to generate new customer leads and targeted product sales to existing customers. Business Pulse gives us the ability to place new, relevant products in front of our existing customers, at little to no incremental cost, guided by the customer data and insights it provides.

Business Pulse is a key differentiator to banks and single-category fintech’s and will continue to be a focus for further development and refinement throughout the 2022 financial year.

Full Featured Payments Platform

Towards the end of the half, the Group delivered new capabilities that enables the Propell Platform to service all SME payment needs.

The new payment capabilities include an expanded range of omnichannel payment products (now encompassing online and offline customer payments) and the acceptance of additional payment methods. Security and fraud prevention capabilities have also been upgraded.

The expanded payments product suite available to SMEs to build their own custom payments mix, includes:

- Online / E-commerce / QR payments
- In-person payments via mobile and counter-top smart terminals
- Subscriptions and recurring payments
- Payment links embedded in digital invoices

This update also brings the addition of leading buy now pay later provider Afterpay to complement Propell’s partnership with Zip.

12 Month Line of Credit

Propell developed and launched its 12 month loan product. Expansion of the lending products available on the Propell Platform has been a priority since launch, and a longer term, higher value Line of Credit has ranked highest in all Propell's customer research to date.

The new product is an unsecured line of credit, ranging from $5,000 to $250,000, with a 12 month contract term. The 12 Month Line of Credit was launched to our existing base in mid-December 2021 and is experiencing significant take-up with the average loan size increasing just under 300%.

Platform Automation

The Company has continued development of the underlying platform and systems, delivering updates to all major components. These have also delivered significant improvements to customer experience, with applicants now receiving instant 'conditional approval' at the completion of their (5-minute) online application. The changes have also significantly increased the capacity of the operational team to process applications without requiring additional staff.

Automation work has focused on 4 key areas:

- Customer Management: Personalisation of the customers' experience including greater insights into individual customer characteristics and needs
- Servicing: Streamlined management of customers and their Platform products
- Lending Management: Automation of lending processes and simplification of new product creation
- Collections: Automation of many collection actions delivering improved performance and freeing the collections team to focus on high-value tasks.

Customer Facing Tools

Due to the digital nature of the customer experience, ongoing development of Propell's digital assets is essential in growing the Platform and customer usage. Major updates to the Company's website and Customer Dashboard and Mobile App's were completed in the first half and positioned the business to focus on growth and optimisation.

Financial Overview

The high customer growth has led to a 981% increase in Interest Income for the first half of the 2022 financial year over the over the same prior year period. Interest Income for the half year was $295,480. This was supported by a 112% increase in marketing costs on the prior comparative period.

Other operating costs (excl. depreciation, amortisation, impairment and finance costs) increased 55% as the company recruited new capabilities and invested in technology and systems post IPO.

Net cash used in operating activities increased to $2,015,103 in the first half FY22, compared to $1,131,785 in H1 FY21, with increased marketing costs and employee benefits.

The net loss after tax for the half year was $2,244,105 (December 2020: loss: $1,912,418).

Outlook

Propell is positioned well for the coming period having delivered significant platform development, ahead of schedule. Completion of this work allows the Company to shift the emphasis primarily to customer, product, and revenue growth.

Focus areas for the coming half include:

- Customer growth through direct acquisition and partnerships
- Optimisation of marketing initiatives leading to lower cost to acquire customers and product sales

- Product growth through developing utilisation of both new and existing customers
- Deployment of a new lending product supported by new funding initiatives

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Significant changes in the state of affairs

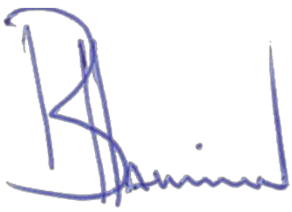
There were no significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Benjamin William Harrison
Director

Date **28 February 2022**
Location **Brisbane**

Auditor's Independence Declaration

PITCHER PARTNERS

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Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors
Propell Holdings Limited
Level 11, 82 Eagle Street
BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2021, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Propell Holdings Limited and the entities it controlled during the period.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
28 February 2022

Financial Report for the Half-year to 31 December 2021

propell*

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Note	Consolidated 31 Dec 2021 $	Consolidated 31 Dec 2020 $
Revenue			
Interest income	4	295,480	27,328
Payments revenue		45	15,801
Lending fees		16,440	2,228
Rent sublease		-	34,668
		311,965	80,025
Other income	5	21,120	205,023
Total revenue		333,085	285,048
Expenses			
Professional fees		(226,354)	(49,727)
Employee benefits expense		(926,634)	(572,427)
Occupancy		(7,932)	(34,344)
Depreciation and amortisation expense	6	(313,256)	(416,217)
Loan impairment expense net of recoveries		(148,081)	(35,414)
Impairment of assets	6	-	(108,887)
Marketing		(467,948)	(220,587)
Technology and platform costs		(188,274)	(81,870)
Loan assessment and processing		(28,025)	(12,540)
Payments processing		(1,051)	(496)
Initial public offering costs		-	(177,201)
Other expenses		(117,727)	(38,303)
Finance costs	6	(151,908)	(449,453)
Total expenses		(2,577,190)	(2,197,466)
Loss before income tax expense		(2,244,105)	(1,912,418)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the Owners of Propell Holdings Limited		(2,244,105)	(1,912,418)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the Owners of Propell Holdings Limited		(2,244,105)	(1,912,418)
		Cents	Cents

The above statement should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Assets			
Current assets			
Cash and cash equivalents		1,644,858	3,769,202
Loans receivable	7	917,731	793,139
Other receivables		6,012	5,300
Other assets		48,660	19,203
Total current assets		2,617,261	4,586,844
Non-current assets			
Property, plant and equipment		10,884	11,508
Right-of-use assets	8	174,958	-
Intangibles	9	1,165,378	1,013,120
Total non-current assets		1,351,220	1,024,628
Total assets		3,968,481	5,611,472
Liabilities			
Current liabilities			
Trade and other payables		898,860	939,222
Borrowings	10	534,000	537,751
Lease liabilities	11	94,022	-
Provisions		234,341	201,638
Other liabilities		42,245	42,245
Total current liabilities		1,803,468	1,720,856
Non-current liabilities			
Borrowings	10	1,922,600	1,572,600
Lease liabilities	11	90,337	-
Provisions		66,860	41,042
Other liabilities		7,044	28,164
Total non-current liabilities		2,086,841	1,641,806
Total liabilities		3,890,309	3,362,662
Net assets		78,172	2,248,810
Equity			
Issued capital		23,142,910	23,142,910
Reserves		(2,048,960)	(2,122,427)
Accumulated losses		(21,015,778)	(18,771,673)
Total equity		78,172	2,248,810

The above statement should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

Consolidated	Issued capital $	Reserves $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2020	15,218,211	(2,890,867)	(14,431,390)	(2,104,046)
Loss after income tax expense for the half-year	-	-	(1,912,418)	(1,912,418)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,912,418)	(1,912,418)
Transactions with Owners in their capacity as Owners:				
Contributions of equity, net of transaction costs	3,759,588	-	-	3,759,588
Share-based payments	-	133,870	-	133,870
Balance at 31 December 2020	18,977,799	(2,756,997)	(16,343,808)	(123,006)

Consolidated	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2021	23,142,910	(2,122,427)	(18,771,673)	2,248,810
Loss after income tax expense for the half-year	-	-	(2,244,105)	(2,244,105)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,244,105)	(2,244,105)
Transactions with Owners in their capacity as Owners:				
Share-based payments	-	73,467	-	73,467
Balance at 31 December 2021	23,142,910	(2,048,960)	(21,015,778)	78,172

The above statement should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

	Note	Consolidated 31 Dec 2021 $	Consolidated 31 Dec 2020 $
Cash flows from operating activities			
Loan principal advanced to customers net of payments		(205,584)	(196,419)
Payments to suppliers and employees		(1,895,137)	(1,146,390)
Interest received		267,755	27,329
Receipts from customers		16,401	116,348
Finance costs		(198,538)	(160,953)
Operating grant receipts		-	228,300
Net cash used in operating activities		(2,015,103)	(1,131,785)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,683)	-
Payments for intangibles	9	(443,227)	(256,263)
Receipts from sub-lease		-	9,429
Net cash used in investing activities		(444,910)	(246,834)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,577,745
Capital raising costs		-	(123,298)
Proceeds from borrowings		350,000	33,000
Proceeds from borrowings - convertible notes		-	410,000
Repayment of borrowings		(3,751)	(1,412)
Repayment of lease liabilities		(10,580)	(36,576)
Net cash from financing activities		335,669	1,859,459
Net increase/(decrease) in cash and cash equivalents		(2,124,344)	480,840
Cash and cash equivalents at the beginning of the financial half-year		3,769,202	519,486
Cash and cash equivalents at the end of the financial half-year		1,644,858	1,000,326

The above statement should be read in conjunction with the accompanying notes

Notes

Note 1. General Information

The financial statements cover both Propell Holdings Limited ('Parent') as an individual entity and the Group consisting of Propell Holdings Limited and the entities it controlled at the end of, or during, the half year. The financial statements are presented in Australian Dollars, which is Propell Holdings Limited's functional and presentation currency.

Propell Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal Place of Business
Level 11,82 Eagle Street Brisbane QLD 4000	Level 2, 307 Queen St, Brisbane, QLE, 4000

Note 2. Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated..

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption did not result in a material impact.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The group incurred a loss from ordinary activities of $2,244,105 during the half year ended 31 December 2021, and as at that date the group's had Net Assets of $78,172.

The Company will require further capital in order to continue operations which currently involve the development of its business and funding loan book growth. Nevertheless, the Directors have concluded that raising additional capital is subject to material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors will continue to pursue the development of fund-raising opportunities and assess its commitment to ongoing expenditure requirements to achieve a sustainable business model.

The Directors believe that the Group will be successful in carrying out its plans described above, therefore, these financial statements have been prepared on a going concern basis.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the company be unable to continue as a going concern.

Note 3. Operating Segments

The Group's operations consist of the provision of financial services to small businesses in Australia, primarily through advancing loans and providing payment processing options. The Group has considered the requirements of AASB 8 Operating Segments and assessed that the Group has one operating segment, representing the consolidated results, as this is the only segment which meets the requirements of AASB 8.

The Group only has customers in Australia and has no concentration of revenue through one customer.

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Note 4. Interest Income

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Interest on loans	294,511	25,845
Interest lease receivable	-	40
Interest on cash at bank and bank deposits	969	1,443
	295,480	27,328

Note 5. Other Income

Government Grants

Government Grants for the current half year is ATO Research and Development tax incentives of $21,120 (Dec 2020: $21,123). Also included in the Dec 2020 half year is receipts due to COVID-19 for wages $183,900 (Dec 2021: nil).

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Government grants	21,120	205,023

Note 6. Expenses

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	-	2,163
Buildings right-of-use assets	19,981	26,102
Computer equipment	2,306	-
Total depreciation	22,287	28,265
Amortisation		
Propell Platform	165,088	295,236
Customer list	92,548	92,675
Intellectual property	33,333	-
Total amortisation	290,969	387,911
Total depreciation and amortisation	313,256	416,176
Impairment		
Loan management system	-	108,887
Finance costs		
Interest and finance charges paid/payable on Loan book facility	114,421	70,292
Interest and finance charges paid/payable on Corporate facilities	32,061	31,789
Unwinding of the discount on lease liabilities	2,018	155
Unwinding of the discount and arrangement costs on convertible notes	-	338,388
Other	3,408	8,829
Finance costs expensed	151,908	449,453
Superannuation expense		
Defined contribution superannuation expense	91,139	48,323

Note 7. Loans receivable

	Consolidated	
	31 Dec 2021 $	30 Jun 2021 $
Current assets		
Loans receivable	1,175,274	996,203
Less: Allowance for expected credit losses	(257,543)	(203,064)
	917,731	793,139

Note 7. Loans Recievable

The Group provides short term loans to companies in the small business sector and has a framework and supporting policies for managing credit risk associated with its lending activities. The framework and policies encompass all stages of the credit cycle – origination, evaluation, approval, documentation, settlement, ongoing administration and problem loan management. The Group has established criteria for making lending decisions, which can vary by industry segment, past credit performance and loan purpose. In this area, the focus is on the performance of key financial risk ratios and the ability of borrowers to service the loan repayments.

When providing finance, if the borrow is a company, the Group obtains security by way of personal guarantees from the directors. Where the underlying financial asset falls into default, a caveat may be lodged against the guarantor. Loans under caveat are assessed on an ongoing basis to determine whether the value of the assets is sufficient to recover the balance outstanding. Where this is no longer considered to be the case, the loan receivable is written off.

The loan receivables of the Group are short term in nature with a contractual life of 6 or 12 months when originated. The first 12 month loans were originated in December 2021, as such, the loan receivables outstanding as at 30 December 2020 will have been either repaid, refinanced or written off during the course of the current financial year, with the remaining few loans on current payment plans.

Allowance for expected credit losses

Loan receivable balances and portfolio performance are monitored on an ongoing basis. The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to loan receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

The Group has recognised a loss of $148,081 (December 2020: $35,414) in profit or loss in respect of the expected credit losses net of recoveries for the half year ended 31 December 2021.

The continuance of the COVID pandemic through the current financial year, and particularly the emergence of the Delta and Omicron variants in Australia, has had a significant economic impact as restrictions were imposed on both individuals and businesses in an attempt to limit the spread of the virus and people have limited their activities to socially isolate. The ongoing pandemic has also increased the level of estimation uncertainty in the preparation of these financial statements.

The estimation uncertainty is associated with:

(i) the extent and duration of the disruption to businesses arising from the actions by Governments, businesses and consumers to contain the spread of the virus;

(ii) the extent and duration of any economic downturn. This includes the disruption to capital markets, deteriorating availability of credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and

(iii) the effectiveness of Government and central bank measures that have been, and will be, put in place to support businesses and consumers through this disruption and any economic downturn.

The combination of these factors has had an impact on the Group, such as on the recoverability of the loans and receivables, and new lending volumes as the Group tightened its credit lending criteria.

When determining an appropriate allowance for expected credit losses at 31 December 2021, the company undertook a detailed review of all outstanding loans receivables including consideration of the industry and region in which each customer operates, customer credit quality and requests for deferred repayment periods due to recent COVID lockdowns. When setting the expected credit loss allowance, the Group has analysed and given higher weighting to historical COVID impacted credit loss rates.

Note 7. Loans receivable (continued)

The ageing of the receivables are as follows:

Consolidated	Expected credit loss rate 31 Dec 2021 %	Carrying amount 31 Dec 2021 $	Allowance for expected credit losses 31 Dec 2021 $
Current	3.4%	752,497	25,441
10 to 30 days overdue	44.2%	140,179	61,968
31 to 60 days overdue	66.2%	34,502	22,850
61 to 90 days overdue	50.3%	26,815	13,490
91 to 180 days overdue	56.3%	149,788	84,325
Over 180 days overdue	69.0%	71,493	49,469
		1,175,274	257,543

Movements in the allowance for expected credit losses are as follows:

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Opening balance	203,064	122,756
Additional provisions recognised	157,403	252,117
Receivables written off during the year as uncollectable	(102,924)	(171,809)
Closing balance	257,543	203,064

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Loans receivable by state		
New South Wales	338,661	479,718
Queensland	291,785	216,312
Victoria	230,729	103,208
Western Australia	163,002	86,554
South Australia	137,071	71,479
Northern Territory	2,888	18,833
Australian Capital Territory	2,402	14,423
Tasmania	8,736	5,676
	1,175,274	996,203

Note 7. Loans receivable (continued)

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Loans receivable by industry sector		
Retail	196,424	121,179
Construction, renovation & maintenance	166,343	174,486
Trade & services	155,872	101,503
Hospitality & tourism	98,829	115,133
Trucking, transport & logistics	70,312	12,468
Administration, security, safety & cleaning services	67,378	16,467
Business management & services	66,805	55,664
Wholesale	66,666	51,638
Medical, health & care services	61,746	98,489
Industrial & manufacturing	41,994	69,066
Professional, scientific & technical services	39,379	45,477
Marketing, Events & Entertainment	37,603	2,954
IT & communications services	31,400	35,689
Sales & brokers	26,402	17,137
Agriculture, Forestry, Fishing & Conservation	15,862	4,077
Finance, Banking & Insurance	14,616	-
Personal & community	10,190	34,587
Other	4,840	13,151
Engineering & mechanical	2,613	9,771
Education & training	-	17,267
	1,175,274	996,203

Note 8. Right-of-use assets

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Non-current assets		
Land and buildings - right-of-use	194,939	-
Less: Accumulated depreciation	(19,981)	-
	174,958	-

During the current financial half-year the Group entered into a lease over office premises. The lease has an early termination option of 14 November 2023 that the Group expects to utilise.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Premises $
Balance at 1 July 2021	-
Additions	194,939
Depreciation expense	(19,981)
Balance at 31 December 2021	174,958

Note 9. Intangibles

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Non-current assets		
Intellectual property - at cost	50,000	50,000
Less: Accumulated amortisation	(50,000)	(16,667)
	-	33,333
Customer list - at cost (business combination)	741,400	741,400
Less: Accumulated amortisation	(710,551)	(618,003)
	30,849	123,397
Propell Platform - at cost (internally generated)	3,913,448	3,819,989
Less: Accumulated amortisation	(2,917,764)	(2,752,676)
Less: Impairment	(250,000)	(250,000)
	745,684	817,313
Intangibles work in progress - at cost (internally generated)	388,845	39,077
	1,165,378	1,013,120

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Customer list $	Intellectual property $	Propell Platform $	Work in progress $	Total $
Balance at 1 July 2021	123,397	33,333	817,313	39,077	1,013,120
Additions	-	-	54,382	388,845	443,227
Transfers in/(out)	-	-	39,077	(39,077)	-
Amortisation expense	(92,548)	(33,333)	(165,088)	-	(290,969)
Balance at 31 December 2021	30,849	-	745,684	388,845	1,165,378

Amortisation expense in relation to intangible assets has been recognised in depreciation and amortisation expenses in the statement of profit or loss and other comprehensive income.

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Intangibles are allocated to the following cash generating units (CGU):		
Propell Platform - financial services to Australian small businesses	1,165,378	1,013,120

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

The present value of future cash flows has been calculated using an average growth rate of 25% (June 2021: 25%) for cash flows in year two to five, which is based on the historical average, a terminal value growth rate of 1% (June 2021: 1%) and a pre-tax discount rate of 20.1% (June 2021: 20.1%) to determine value-in-use.

Note 9. Intangibles (continued)

Directors and management have assessed reasonable possible changes in key assumptions. The impact of such changes is as follows:

Assumption	Assumption change %	Resulting impairment $
Discount rate	1%	(337,116)
Lending margin	(1%)	(656,722)
Credit loss %	1%	(708,061)
Lending growth rate	(1%)	(273,105)

Note 10. Borrowings

	Consolidated	
	31 Dec 2021 $	30 Jun 2021 $
Current liabilities		
Loans - Altor corporate facilities (secured)	534,000	534,000
Loan - Premium funding (unsecured)	-	3,751
	534,000	537,751
Non-current liabilities		
Loans - Altor loan book facility (secured)	1,922,600	1,572,600

Altor loan book facility (secured)
This $2,500,000 facility (June 2021: $2,000,000) is provided for the sole purpose of providing funding for the Group's lending activities. The loan is secured over all present and future property of the Group's loan issuing special purpose entity BC Fund 2 Pty Ltd and its immediate parent Business & Capital Pty Ltd. The loan has a maturity date of 23 March 2023 and has an interest rate of 13% per annum, accruing daily and payable monthly in arrears.

Altor corporate facilities (secured)

	Consolidated	
	31 Dec 2021 $	30 Jun 2021 $
Altor AltFi Income Fund	424,000	424,000
Altor Private Equity Pty Ltd	110,000	110,000
	534,000	534,000

Altor AltFi Income Fund
This loan facility is for an amount not exceeding $424,000 and is subject to interest of 15% per annum payable. This loan is secured over future amounts to be received from the Australian Tax Office for Development Tax Incentives for approved R&D activities. The loan is repayable upon receipt of the payable from the Australia Tax Office or such later date agreed by the parties.

Altor Private Equity Pty Ltd
This loan facility is for an amount not exceeding $110,000. This loan is secured over future amounts to be received from the Australian Tax Office for Development Tax Incentives for approved R&D activities. The loan is repayable upon receipt of the payable from the Australia Tax Office or such later date agreed by the parties.

Note 10. Borrowings (continued)

The carrying amounts of assets owned by BC Fund 2 Pty Ltd and Business & Capital Pty Ltd pledged as security for the Altor Loan book facility are:

	Consolidated	
	31 Dec 2021 $	30 Jun 2021 $
Cash at bank	510,918	84,801
Loans receivable	917,732	793,139
Other receivable	3,722	3,010
Intangible asset	174,769	364,328
	1,607,141	1,245,278

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2021 $	30 Jun 2021 $
Total facilities		
Loans	3,034,000	2,537,751
Used at the reporting date		
Loans	2,456,600	2,110,351
Unused at the reporting date		
Loans	577,400	427,400

The unused facility relates the Altor Loan book facility.

Note 11. Lease liabilities

	Consolidated	
	31 Dec 2021 $	30 Jun 2021 $
Current liabilities		
Lease liability	94,022	-
Non-current liabilities		
Lease liability	90,337	-

Note 12. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Contingent liabilities

A bank guarantee totalling $55,079 has been provided to the lessor as security for the Group's obligations in the office premises lease (Jun 2020: $nil).

Note 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Benjamin William Harrison
Director

Date **28 February 2022**
Location **Brisbane**

Independent Auditor's Review Report

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Independent Auditor's Review Report to the Members of Propell Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Propell Holdings Limited, the "Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Propell Holdings Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Propell Holdings Limited financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which describes events and/or conditions which indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Propell Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
28 February 2022

propell*