

Q3 FY22 Summary of Activities

- Platform customer growth up 35% on Q2 FY22 to 1,700~, up 420%+ since IPO (Apr 2021)
- Significant lending growth, up 211% on Q2 to \$2.53m for the quarter, and with January and March representing largest months on record
- Launched new lending product to public with significant immediate take up, further proving the Platform's ability to launch new products quickly and smoothly
- Completed implementation of major platform upgrades including new customer-facing Mobile Apps and Dashboard, Website and Platform Automation

[Join CEO and MD of Propell Holdings Michael Davidson for a live and interactive shareholder briefing where he will discuss the Entitlement Offer, use of funds and how to participate.
https://propell.investorportal.com.au/shareholder-briefing/](https://propell.investorportal.com.au/shareholder-briefing/)

Leading SME-focused Fintech, Propell Holdings Limited (ASX:PHL, Propell or the Company) is pleased to provide a summary of its activities for the quarter ended 31 March 2022.

Overview

Propell is the first and only digital multi-product finance platform focussed on the small business segment in Australia. 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 digital. Small businesses, left underserved 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.

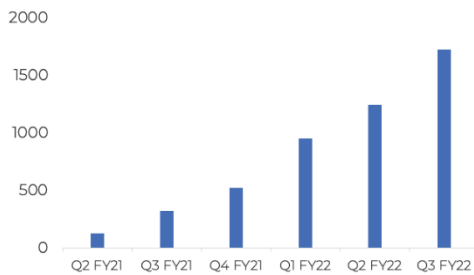
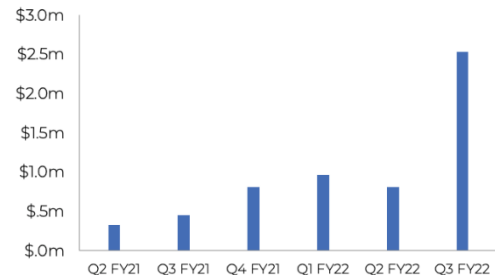
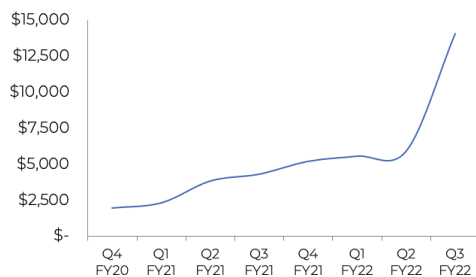
The Company has delivered many significant accomplishments during the March quarter as set out below.

Company Metrics

During the quarter there was continued growth in Platform customers, increasing 35% from 31 December 2021 to more than 1,700.

The Company saw a record quarter for Lending, delivering a 211% increase on Q2. This growth was supported by the launch of a new Line of Credit product, and improvements seen in Platform customer financials and sentiment.

Apart from rising borrower numbers, lending volumes were also driven by a 138% increase in average loan size, a key indicator of customer quality. This represents a critical measure in scaling the business.

35% QoQ growth in Platform customers

New lending up 211% QoQ

138% QoQ increase in average loan size


Product and Technology

During the quarter, the Company continued to make significant developments to the Platform, completing the majority of projects outlined at IPO at or ahead of time. This completion of work allows the Company to shift emphasis primarily to growth, having the components in place to scale customers and platform usage.

New Lending Product

Following the ongoing success of our 6-month Line of Credit product and consistent feedback from our customers on providing a longer dated and larger facility, during the last half Propell developed a new lending product on the Platform.

The new longer dated loan product has been built off the back of Propell's leading credit decisioning engine and broader loan management system.

Results to date

- Increase in Total Approved Facilities of \$3.9m
- Significant increase in monthly lending, underpinned by the 12-mth LOC
- Increase in average loan size by 138% QoQ

- Improvement in customer quality as measured through traditional credit scoring and Propell's own assessment engine

Key features of the new product include:

- Unsecured, Line of Credit Facility
- Loans from \$5,000 to \$250,000
- Simple pricing with a flat rate monthly fee and no application or account charges
- Up to 12 months duration, however flexibility to repay the loan at any time
- All customers gain access to Propell Platform benefits
 - Simple and fast, 100% digital customer journey with signup and approval in minutes, and drawdown and settlement within hours
 - All customers are enabled with access to all of Propell's expanding range of SME finance tools including Payments, Lending and Insights

Following successful trials in December and January, the product launch has proved incredibly successful. This is an important milestone for the Company as it builds on Propell's core proposition, further enabling fast and simple access for small businesses to the finance products they need to run and grow. Given its characteristics, larger average loan size and target segment demand, the product represents a new important revenue line that is expected to contribute materially to the future income growth.

It is essential to note that this launch is further evidence of the platform's ability to deliver new products in a fast and flawless way. This key ability is based on the extensive development investments made in the Platform technology throughout 2021.

Platform Automation

The Company has continued development of the underlying Platform throughout the quarter, delivering continued updates to Platform automation, and enabling volume growth without headcount growth.

Automation work has continued to focus on 4 key areas;

- Customer Management – Onboarding and Personalisation
- 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 collections functions delivering improved lending performance and freeing the collections team to focus on high-value tasks

Financial Result

Propell had cash on hand of approximately \$0.14m at 31 March 2022. Propell recently completed a placement raising \$1.36 million and has also launched an entitlement offer to eligible shareholders to raise an additional \$2.2 million. Funds

from the capital raising initiative will be used to support ongoing Platform development, wholesale facility extension and working capital requirements.

Revenue was flat on the previous quarter to \$99,000 even though lending activity increased substantially. This is due to the timing of revenues on new lending lagging the increased activity, and a shift to longer dated lending product delivering those revenues over the longer period compared to the Company's 6 month product. The Company anticipates Q4 will start to see the impact of the significantly increased lending activity.

The business continues to focus on managing costs associated with marketing and acquisition, staying relatively flat (down 2.6%), while delivering a significant improvement in costs to acquire new Platform customers.

Staff costs increased to \$436,000 for the quarter, in line with plans outlined at IPO. Administration and Corporate were up 70% due to finalisation and implementation of key projects.

The loss in Q3 FY22 was \$864,000, up on the previous quarter but still below Q1 & Q2 FY22. The loss was a result of ongoing product development and operating costs. It is forecast costs will remain relatively flat in the coming quarter as the business scales lending in line with demand, whilst continuing to grow the customer base at lower costs to acquire.

Payments to related parties of the entity and their associates detailed in Section 6 of the Appendix 4C relate to the directors' fees paid during the quarter.

Outlook

Propell is positioned well for the coming period having delivered significant platform development, ahead of schedule, through to end of Q3 FY22. Completion of this work allows the Company to shift from the dual focus on development and growth, to placing the emphasis primarily on customer, product, and revenue growth.

Focus areas for the coming quarter include:

- Customer growth through direct acquisition and partnerships
- Lending growth through rapidly expanding customer base
- Additional Platform product growth in Lending, Payments, Insights and Card & Account
- Pipeline of initiatives for Q4 FY22 and H1 FY23

Use of Funds

Propell was admitted to the official list of the ASX on 14 April 2021 following completion of an IPO raising \$5m. A comparison of the Company's actual expenditure since admission to 31 March 2022 against the estimated expenditure in the use of funds statement is set out below as required by ASX Listing Rule 4.7C.2.

Description	Prospectus A\$'000	Used to 31- Mar-2022 A\$'000	Used in 31- Mar-2022 A\$'000
Development	600	697	117
Marketing	2,000	1,510	247
Working Capital	2,700	2,782	718
Costs of Offer	700	952	-
Total	6,000	5,941	1,056

Participate in Entitlement Offer

Shareholders can request an electronic copy of their personalised Entitlement Offer application form be emailed to them as soon as available: <https://propell.investorportal.com.au/register-rights-issue/>

Should you wish to apply for an amount greater than your allocation, use the same BPAY details to fund the full amount you would like to be allocated.

Reach Markets are the advisers managing the Entitlement Offer and can be contacted on 1300 805 795 or via advisers@reachmarkets.com.au

Join a briefing

Join CEO and MD of Propell Holdings Michael Davidson for a live and interactive shareholder briefing where he will discuss the Entitlement Offer, use of funds and how to participate.

Click here to register for a session: <https://propell.investorportal.com.au/shareholder-briefing/>

This announcement was authorised for release to the market by the board of Propell Holdings Limited.

For further information, please contact:

Mr. Michael Davidson (CEO)

T: 1300 804 091

E: investor@propellme.com.au

Ms. Sophie Bradley (IR Executive)

T: +61 450 423 331

E: IR@reachmarkets.com.au

Mr. Christian Riedel, CFA (Executive Director)

T: 1300 805 795

E: Christian.riedel@reachmarkets.com.au

To stay up to date on company news and announcements, please register your details on the Propell Holdings Limited investor portal: <https://propell.investorportal.com.au/stay-up-to-date/>

About Propell

Propell Holdings Limited (ASX:PHL) is the first and only multi-product financial services platform targeted at addressing all financial needs of Australian small business owners, in one simple app.

Propell's digital platform is aimed at improving the cashflow and financial wellbeing of small businesses by aggregating a range of finance products and services including lending, payments and cashflow forecasting tools. The Company leverages its extensive customer data with an artificial intelligence (AI) based engine to deliver its products in an entirely digital manner.

Propell launched the platform in mid-2020 and is focused on further customer growth and development of its product suite.

To stay up to date on company news and announcements, please register your details on the Propell Holdings Limited investor portal (<https://propell.investorportal.com.au/stay-up-to-date/>).

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Propell Holdings Limited

ABN

62 614 837 099

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	99	375
1.2 Payments for		
(a) research and development	(38)	(194)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(187)	(685)
(d) leased assets	(10)	(34)
(e) staff costs	(436)	(1,165)
(f) administration and corporate costs	(231)	(714)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(62)	(260)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide detail if material)	-	-
1.9 Net cash from / (used in) operating activities	(865)	(2,676)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(3)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(117)	(577)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (net customer receivable disbursements)	(1,391)	(1,590)
2.6	Net cash from / (used in) investing activities	(1,509)	(2,170)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	877	1,227
3.6	Repayment of borrowings	-	(4)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	877	1,223

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,645	3,771
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(865)	(2,676)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,509)	(2,170)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	877	1,223
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	148	148

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	93	1,590
5.2	Call deposits	55	55
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	148	1,645
<i>Item 5.2 Call Deposits relates to a term deposit used to secure a bank guarantee provided to a lessor.</i>			

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	134
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Item 6.1 Includes Directors fees, Salaries and related payment paid to the Directors and / or their associated entities. This includes salary payments to Michael Davidson's as Propell's CEO since his appointment as a director on 24 December 2021.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	3,334	3,334
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	3,034	3,034
7.5	Unused financing facilities available at quarter end		0
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>i) The Company has fully drawn down a warehouse facility with private investment firm, Altor Capital Management Pty Ltd ("Altor"). Following the end of the quarter the facility was increased to \$5m to accommodate the increased lending being currently experienced by the company. The facility has an interest rate of 13% and a maturity date of 30 March 2023. The facility is secured over Propell's Loans & Advances.</p> <p>ii) The company owes \$0.534m on a fully drawn working capital facility from Altor AltFi Income Fund. This loan has an interest rate of 15% and is secured over current and future amounts to be received from the Australian Tax Office for Development Tax Incentives for approved R&D activities.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(865)
8.2	Cash and cash equivalents at quarter end (item 4.6)	148
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	148
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.2
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Yes	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: On 28 April 2022 the company completed a share placement that raised \$1.36m in ordinary share capital. In addition, the company is undertaking an entitlement offer to existing shareholders with the aim of raising an additional \$2.2m in ordinary share capital.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes - through additional capital raised and the increased wholesale lending facility, both after quarter end.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: Thursday, 28 March 2022

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.