

Q1 FY22 Summary of Activities

- Continued to deliver growth across the business whilst trading through a difficult trading environment in key markets (NSW and Victoria)
- Platform customer growth up 82% on Q4 FY21
- Revenue growth up 60% on Q4 FY21
- New lending growth up 19% QoQ despite difficult trading conditions
- Signed partnership with Square (NYSE:SQ) – will further strengthen Propell's payments capability and expand access to new market segments, with scope for expansion into shared global markets
- Significant development of underlying capability of Propell platform, laying foundation for implementation of new platform partners
- Strong Q2 product and partnership pipeline in place

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 30 September 2021.

Overview

Propell is a digital finance platform for the small to medium business segment. Propell's vision is to revolutionise how small to medium businesses manage and optimise their finances with products including business insights, payments and lending.

Current trends in the global payments and lending sectors provide tailwinds for alternative financial solutions for small businesses who may have been left underserved by traditional service providers, including banks. Propell expects the ongoing evolution of technology and entirely digital customer-centric approaches to further disrupt traditional service providers and their business models.

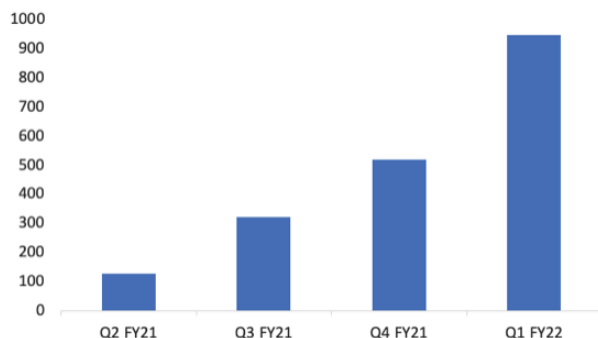
The Company has delivered many significant achievements during Q1 FY22. A number of these have been set out below, however the key highlight was the continued development of Propell's digital, cloud based, open API and data driven Platform, and growth of customers on the platform. This digital finance offering provides customers with an intelligent solution with multiple financial products to help them manage and optimise their cashflow.

Company Metrics

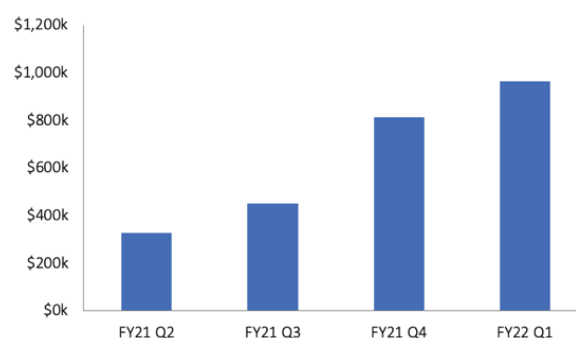
During the quarter there was strong growth in platform customers, increasing 82% from 30 June 2021 to over 950. The Company has continued to invest in marketing and customer acquisition strategies, with the strong growth reflecting the positive customer response.

Growth in new lending continued during the quarter with a record quarter (\$964,000 in Q1 FY22). This represents a 20% increase on Q4 FY21. The company also saw the average loan size increase by 33%, a key indicator of customer quality.

82% growth in platform customers



Continued growth in new lending



Outlook

- Continued delivery on defined growth strategy and a vision to create a Platform that delivers an experience and service not currently available to small businesses
- Strong customer and product growth continuing into FY22 with expectation of increased growth as key markets exit lockdown
- Q2 will see the launch of a number of new key initiatives expected to deliver a meaningful improvement to Propell's business metrics including; New payments products and capability, new lending products enabling greater coverage of customer needs, new business insights capability enabling
- Continued development of product features on platform with development of payments and lending capability available to customers
- Strong pipeline of initiatives for FY22 with many scheduled for launch in Q2

Product and Technology

Square partnership

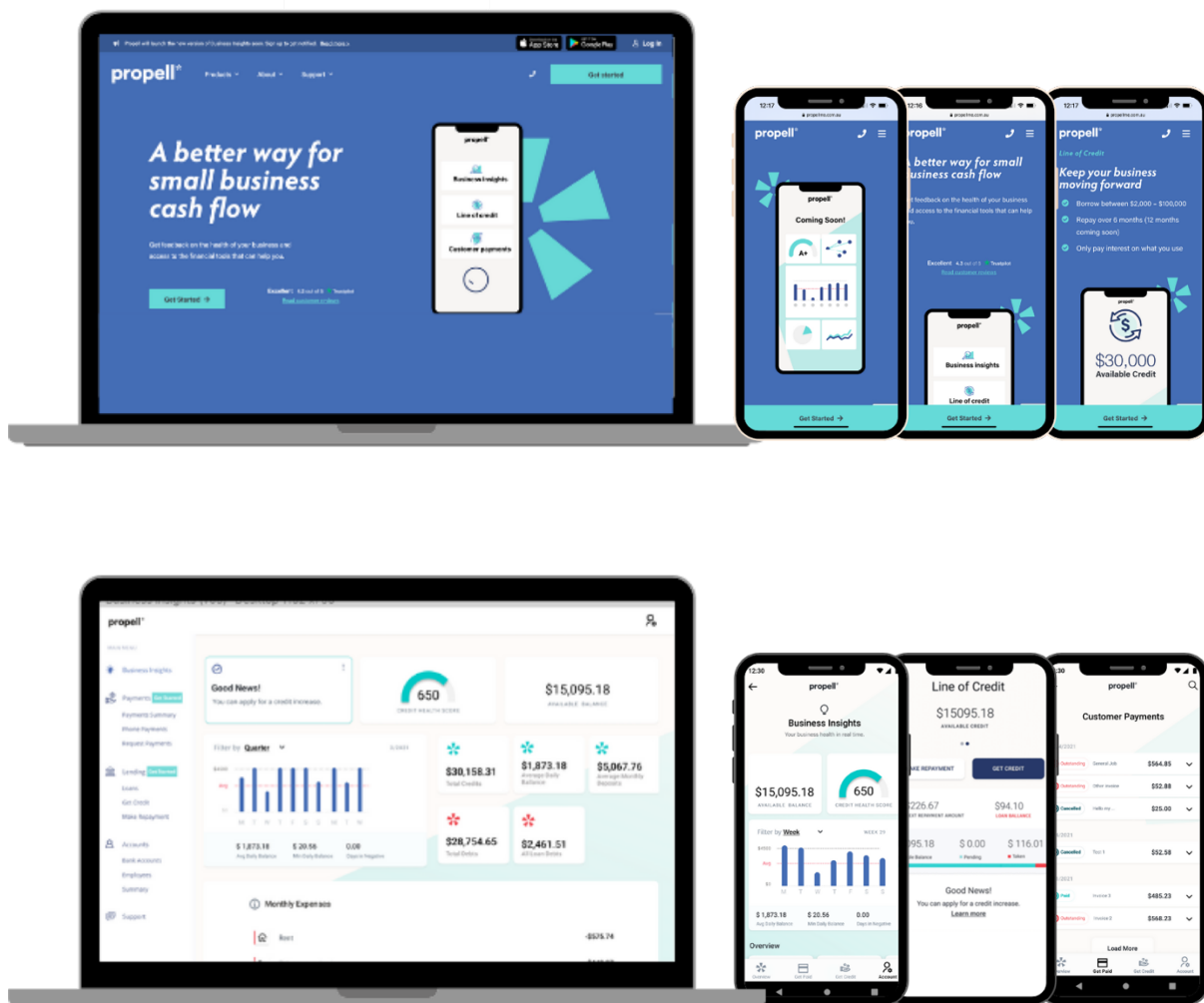
- In early October the Company announced its strategic partnership with global payments company Square (NYSE:SQ).
- Square is a US listed business with a market capitalisation of approximately US\$117 billion
- This partnership gives Propell's customers, of all types and sizes, access to one of Australia's most used payments tools including ecommerce payments to businesses in industries, such as retail, food and beverage, hair and beauty, professional services, and home and repair.
- The partnership allows Propell to further strengthen its value proposition to customers to better understand and manage their finances and provide access to products and services to improve their cashflow.

Customer-facing developments

- New website launch – New website design to better communicate Propell's platform offering and will lead to improved lead conversion.
- New customer mobile apps and dashboard released – Mobile apps updated in-line with new branding, also incorporating updated Business Insights and foundations of a number of developments launching in Q2 FY22.

Platform developments

- Service platform launch and automation – Platform efficiency is core to Propell's strategy. Delivery of the Service platform enables significant streamlining of customer tasks and further automation, all leading to faster delivery and scalability with less resource requirements.
- Collections platform launch – Continued development and automation of Propell's collections processes leading to improvements in lending performance.



Financial Result

Propell is in a solid financial position with cash on hand of approximately \$2.4m at 30 September 2021.

Revenue was up 60% on the previous quarter to \$178k. Advertising and marketing were down 17% on the previous quarter due to reductions in spend in key markets in lockdown. Staff costs increase, in line with plans outlined at IPO, but are expected to remain flat in the coming quarter.

The loss in Q1 FY22 was \$1.2m. The loss was a result of increases in ongoing product development and marketing costs. It is forecast there will be a reduction in spend in these areas as major projects reach implementation and further optimisation of acquisition deliver lower costs to acquire.

Use of Funds

Propell was admitted to the official list of the ASX on 14 April 2021 following completion of an IPO raising \$5m. The September 2021 quarter is included in a period covered by a use of funds statement in the IPO prospectus lodged with ASX under Listing rule 1.1 condition 3. A comparison of the Company's actual expenditure since admission to 30 June 2021 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 30-Sep- 2021 A\$'000	Used to 30-Sep- 2021 A\$'000
Development	600	255	220
Marketing	2,000	783	365
Working Capital	2,700	1,027	730
Costs of Offer	700	952	-
Total	6,000	3,017	1,315

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.

Authorised for release by the Board of Propell Holdings Limited.

About Propell

Propell Holdings Limited (ASX:PHL) is an Australian fintech company providing intelligent finance solutions to small-medium enterprises (SMEs).

Propell's digital platform is aimed at improving SME cashflow 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.

For more information see <https://propellme.com.au/> and the investor website <https://propellholdings.com/>

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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")

30 September 2021

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		178	178
1.2 Payments for			
(a) research and development		(61)	(61)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		(305)	(305)
(d) leased assets		(76)	(76)
(e) staff costs		(345)	(345)
(f) administration and corporate costs		(348)	(348)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(138)	(138)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (transaction costs related to IPO)		-	-
1.9 Net cash from / (used in) operating activities		(1,094)	(1,094)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		-	-
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		(220)	(220)

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)	(266)	(266)
2.6	Net cash from / (used in) investing activities	(486)	(486)

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	200	200
3.6	Repayment of borrowings	(4)	(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	196	196

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,769	3,769
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,094)	(1,094)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(486)	(486)

Appendix 4C

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

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)	196	196
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,385	2,385

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	2,330	3,769
5.2	Call deposits	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)	2,385	3,769

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	18
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.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,534	2,307
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,534	2,307
7.5 Unused financing facilities available at quarter end		227
7.6 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.		
<div><div>i) The Company has drawn down \$1.573m of a \$2m warehouse facility provided by private investment firm, Altor Capital Management Pty Ltd ("Altor"). The facility has an interest rate of 13% and a maturity date of 30 March 2023. The facility is secured over the Group's Loans & Advances.</div><div>ii) The company owes \$0.424m 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 and is repayable on receipt of the receivable or 31 October 2021.</div><div>iii) The company owes \$0.110m on a fully drawn working capital facility from Altor Private Equity Pty Ltd. This loan is interest free 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 and is repayable on receipt of the receivable or 31 October 2021.</div></div>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,094)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,385
8.3 Unused finance facilities available at quarter end (item 7.5)	227
8.4 Total available funding (item 8.2 + item 8.3)	2,612
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.4
<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:	
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:	

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:

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, 29 October 2021

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.