

Q2 FY22 Summary of Activities

- **Platform customer growth, up 31% on Q1 FY22 and 874% on Q2 FY20**
- **Platform growth continued despite a difficult trading environment in key markets (NSW and Victoria)**
- **While uncertainty and difficult conditions resulted in a cautious approach to trading and growth during the quarter, we are now seeing a noticeable improvement in trading conditions in January**
- **Launched full feature payment capability on Platform**
- **Signed platform integration partnership with global payments company Square to further strengthen payments offering**
- **Completed development and implementation of major platform upgrades including new customer-facing Mobile Apps and Dashboard, Website and Platform Automation**
- **Strong focus on reduction in operating expenditure during difficult economic period**
- **Exciting results of new product under trial in January, results to be announced 1 February**
- **Propell CEO Michael Davidson to hold investor webinar 11am AEDT Tuesday 1 February – [register here](#)**

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 December 2021.

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 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 December quarter as set out below.

While lending and payments growth were flat during the period due to COVID, the Company took to opportunity to accelerate 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 provides customers with a modern, intelligent alternative to help them manage and optimise their business.

Company Metrics

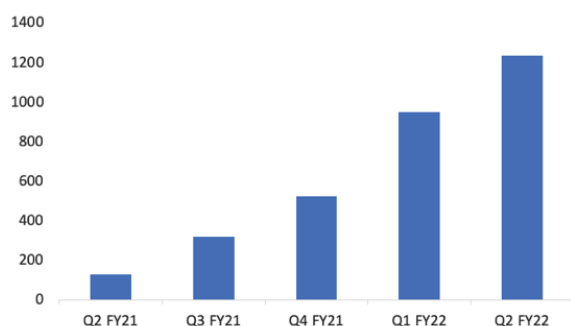
During the quarter there was continued growth in Platform customers, increasing 31% from 30 September 2021 to more than 1,200.

The Company took a strategic approach to marketing the broader Platform as part of its customer acquisition strategy during the 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.

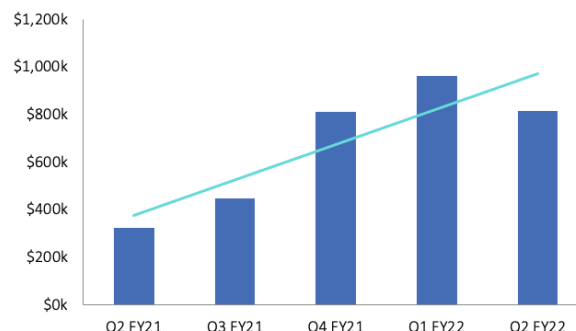
New lending stalled, down 16% on the previous quarter, due to the ongoing impact of COVID-19 to Propell's target segment. Total lending is trending upwards over the year with a 149% increase year on year.

There was a positive increase in average loan size though, a key indicator of customer quality, increasing by 6%. Growing average loan size is critical measure in scaling the business.

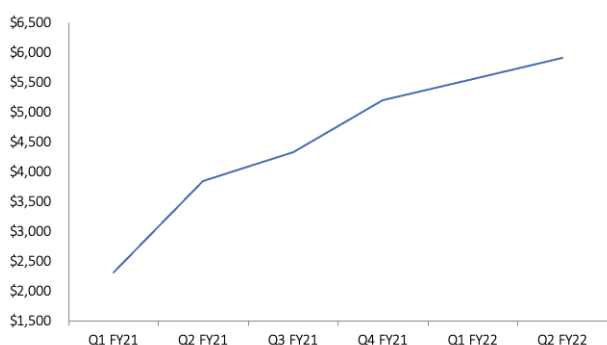
Platform Customers – 37% growth



New Lending – Down 16% QoQ, up 149% PcP



6% growth in average loan size



Product and Technology

During the quarter 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.

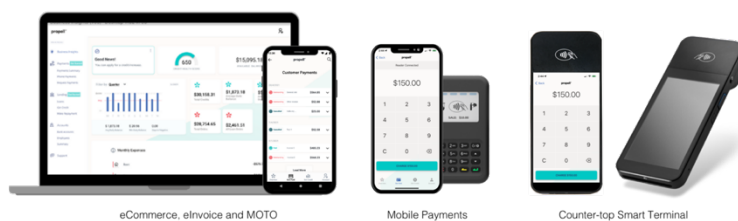
Full Feature Payment Capability

Enabling SME payment acceptance is key to Propell's core proposition. By offering more payment products (online, in-store, invoicing) and more payment methods (additional wallets, cards and Buy-Now Pay-Later), Propell can cater to a wider group of SMEs, and also cater to more of their individual needs through greater product reach.

The addition of this capability allows the Company to better service its existing customers, driving more platform usage and revenue, whilst also expanding the addressable market.

- Major upgrade to Platform that significantly expands payments capability including mobile and smart device counter-top terminals
- Expanded range of payment types accepted including additional BNPL provider Afterpay
- Product launching with >200 pre-approved customers, allows the Platform to ramp up activity quickly over the remainder of FY22

Payments



Cards



Wallets



BNPL



Platform partnership with Square

The addition of Square to the Propell platform gives Propell customers greater flexibility in getting paid, improving both the user experience with their end customer as well as their cashflow. This partnership gives businesses of all types and sizes access to one of Australia's most used payments tools, Square.

Propell will work closely with Square to provide ecommerce payments to businesses in industries, such as retail, food and beverage, hair and beauty, professional services, and home and repair.

Key points

- Partnership with global payments fintech Square Inc, who recently acquired Afterpay
- Strengthens platform for Propell's customers (SMEs) with additional integrations
- Propell to offer native platform integration to existing Square customers

Platform Automation

The Company has continued development of the underlying platform throughout the year, delivering updates to all major components. These updates touch all areas of the operation, resulting in significant improvements to the customer experience, with applicants now receiving instant 'conditional approval' at the completion of their (5-minute) online application.

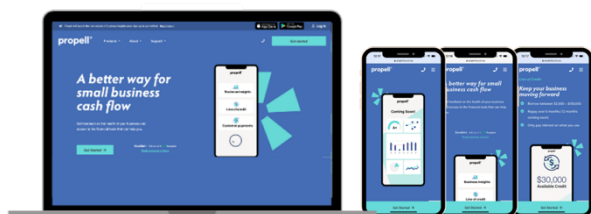
The changes have also given the operational teams capacity to process a >500% increase in application volume without requiring additional operational staff. Automation work has focused on 4 key areas:

- 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 collections functions delivering improved lending performance and freeing the collections team to focus on high-value tasks

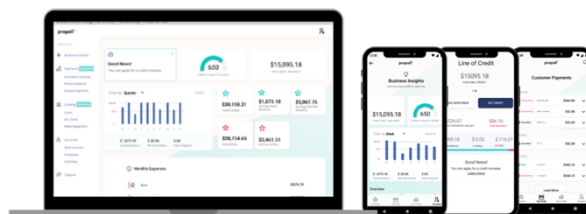
Customer Facing Tools

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 are complete and position the business to focus growth and optimisation.

New Website and Origination Experience



Re-designed Apps and Dashboard



Financial Result

Propell has cash on hand of approximately \$1.64m at 31 December 2021.

Revenue was down 44% on the previous quarter to \$98,000 due to significant reductions in lending activity due to the ongoing impact of COVID. The business expects revenue to rebound in the coming quarter as those segments proceed to exit the difficult trading environment.

To address this impact, the business implemented measures, highlighted in the last quarterly update, to significantly reduce costs, with Advertising and Marketing down 37% to \$192,000 and Administration and Corporate costs down 61% to \$135,000. Staff costs increased marginally by 12%, in line with plans outlined at IPO, but are expected to remain flat in the coming quarter.

The loss in Q2 FY22 was \$640,000, down 41% on the previous quarter. The loss was a result of ongoing product development and operating costs. It is forecast costs will remain flat in the coming quarter as a number of major projects have completed implementation and further optimisation of acquisition deliver 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 2021. 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
- 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
- Pipeline of initiatives for FY22 with many scheduled for launch in H1 FY22

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 December 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 31- Dec-2021 A\$'000	Used in 31- Dec-2021 A\$'000
Development	600	571	316
Marketing	2,000	1,034	251
Working Capital	2,700	1,415	389
Costs of Offer	700	952	-
Total	6,000	3,973	952

Investor webinar

Propell will hold an investor webinar & Q&A for all shareholders and interested parties at 11am AEDT on Tuesday 1 February 2022.

CEO Michael Davidson will discuss the quarterly results and a further business update to be announced tomorrow. Please register for the webinar at: https://us02web.zoom.us/webinar/register/WN_DrURoP8cTbeNfXdKT3Oknw

After registering, you will receive a confirmation email containing information about joining the webinar as well as dial-in details for those that would prefer to join by phone.

For the Q&A session, investors are invited to send questions prior to the webinar to matt@nwrcommunications.com.au

Please note a replay of the webinar will be available at the above-mentioned Zoom link shortly following the conclusion of the live session.

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")

31 December 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	98	276
1.2	Payments for		
	(a) research and development	(17)	(79)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(192)	(497)
	(d) leased assets	52	(24)
	(e) staff costs	(386)	(729)
	(f) administration and corporate costs	(135)	(483)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(61)	(199)
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	(640)	(1,734)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2)	(2)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(316)	(537)

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
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)	68	(199)
2.6	Net cash from / (used in) investing activities	(250)	(738)

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	150	250
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	150	346

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,385	3,771
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(640)	(1,734)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(250)	(738)

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)	150	346
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,645	1,645

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	1,590	2,330
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)	1,645	2,385
<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	22
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	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	3,034	2,457
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,034	2,457
7.5 Unused financing facilities available at quarter end		577
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 \$1.923m 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 \$0.534m on a fully drawn working capital facility from Altor Capital Pty Ltd or its related parties. 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.</div></div>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(640)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,645
8.3 Unused finance facilities available at quarter end (item 7.5)	577
8.4 Total available funding (item 8.2 + item 8.3)	2,222
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.5
<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: Monday, 31 January 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.