

Q4 FY22 Summary of Activities

- Significant growth made across key KPIs in Q4:
 - Number of customers on Platform increased to over 2,150 (+30% QoQ, + >320% vs PCP)
 - Lending volumes expanded to \$3.4m (+35% QoQ, + >320% vs PCP), with May and June representing largest months on record
 - Average loan size increased to just under \$20,000 (+40% QoQ, + >278% vs PCP)
- Company shifting focus to revenue growth given core technology build is complete
- Raised \$2.3 million via convertible note with funds to be applied to the continued scaling of the business through the expansion of the lending book with a key focus on achieving cashflow breakeven in the medium term.
- \$386k cash at end of Q4 with receipts up to \$197k in the quarter (+99% vs Q3)
- Extraordinary General Meeting to be held 12pm (AEST) on Wednesday 24th August at L2 307 Queen St, Brisbane QLD
- Join Propell CEO Michael Davidson for an investor briefing next Thursday 4th August at 12pm (AEST) where he will provide a company update and explain the next steps for growth. [Click here to register.](#)

Leading SME-focused finance platform, **Propell Holdings Limited (ASX:PHL, Propell or the Company)** is pleased to provide a summary of its activities for the quarter ended 30 June 2022.

Overview

Propell is Australia's first and only all-in-one finance platform providing SMEs with lending solutions that are faster to access, easier to use and simpler to manage using a digital-first approach. 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 June quarter as set out below.

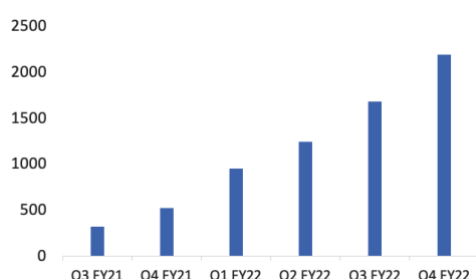
Update for Q4 2022

During the quarter there was continued growth in Platform customers, increasing 30% from 31 March 2022 to more than 2,150, marking the sixth consecutive quarter of growth of at least 30%.

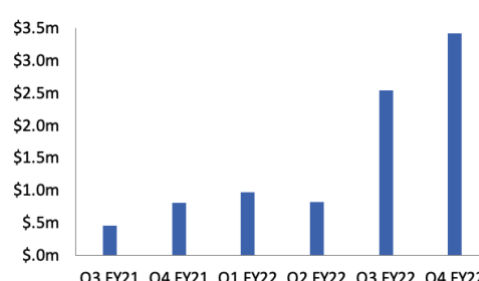
The Company saw a record quarter for Lending, delivering a 35% increase on Q3 and a 320%+ increase on the previous corresponding quarter. This growth was supported by the launch of a new Line of Credit product and improvements seen in Platform customer financials and sentiment.

Apart from rising borrower numbers, lending volumes were also driven by a 40% QoQ increase in average loan size, a key indicator of customer quality. This represents a critical measure in scaling the business.

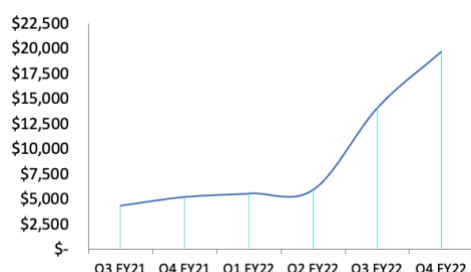
30% QoQ growth in Platform customers



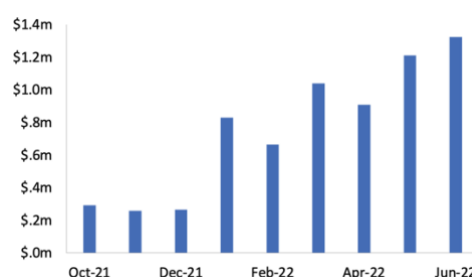
New lending up 35% QoQ



38% QoQ increase in average loan size



Record lending month in June, +9% MoM



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.

New Lending Product

Following the ongoing success of Propell's Line of Credit products (6 month and 12 month) and consistent feedback from our customers, Propell has developed a new lending product on the Platform, called Business Loans, that provide a fixed dollar amount, over a fixed term that can be used for specific business purposes like buying assets or equipment.

With the addition of Business Loans as a new product our customers now have more choice and access to capital to operate and grow in the way they want. Customers now have increased flexibility with existing Line of Credit facilities, or fixed term loans at competitive rates with our new Business Loan product.

Initially the Business Loan product will be launched as an unsecured product however over time we will add a secured Business Loan product.

The new Business Loan leverages Propell's existing leading credit decisioning engine and broader loan management system, key components of its proprietary financial services Platform.

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 four 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 held cash on hand of approximately \$386,000 at 30 June 2022. Propell has fundraising activities underway to support ongoing Platform development, a wholesale facility extension and working capital requirements.

Receipts from customers increased significantly quarter-on-quarter from \$99,000 to \$197,000 in Q4 (+99%), driven by a substantial increase in lending activity.

The business continues to focus on managing customer acquisition and marketing costs, which increased by 12% quarter-on-quarter, while delivering a significant improvement in the cost per new customer acquired.

Staff costs remained flat for the quarter, in line with the plan outlined at IPO, and are only expected to increase marginally as the business continues to scale. Administration and Corporate costs reduced by 7% in Q4.

The cash loss in Q4 FY22 was \$790,000, representing a 9% improvement compared to Q3. The loss was a result of significant customer growth, ongoing product development and operating costs.

On 11 July 2022, the Company announced it had raised \$2.3m in capital through a Convertible Note placement. The Convertible Note placement remains open for applications of an additional \$0.5m. [Click here to request your form.](#)

Funds from the capital raise are to be applied to the continued scaling of the business through the expansion of the lending book with a key focus on achieving cashflow breakeven in the medium term.

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

The strong growth without large increases in corresponding cost reflects the strategic investments made in technology to date to scale up. This now enables management to shift focus away from product development to driving revenue growth.

Focus areas for the coming quarter include:

- Customer growth through direct acquisition and partnerships
- Lending growth through ongoing expansion of customer base
- Additional Platform product growth in Lending, Insights and Small Business Card & Account
- Pipeline of initiatives for H1 FY23

The board's strategic focus remains on becoming the go-to finance solution for small businesses – a single place where businesses can live their entire financial life in a simple, convenient and 100% digital way, free from the constraints of old-fashioned banks – with the long-term goal of reaching 100,000 clients in five years.

Extraordinary General Meeting

The Company intends to hold an Extraordinary General Meeting for shareholders at 12pm (AEST) on Wednesday, 24th August 2022. Notice and details of this meeting were lodged on the ASX on 22 July 2022.

Date: Wednesday, 24th August 2022

Time: 12pm (Brisbane time)

Place: Level 2, 307 Queen Street, Brisbane QLD 4000

Join a Briefing

Join Propell CEO Michael Davidson for an investor briefing next Thursday 4th August at 12pm (AEST) where he will provide a company update and explain the next steps for growth. [Click here to register.](#)

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Authorised on behalf of the Propell Holdings Board of Directors.

About Propell

Propell Holdings Limited (ASX:PHL) is Australia's first and only all-in-one finance platform providing SMEs with lending solutions that are faster to access, easier to use and simpler to manage using a digital-first approach.

Australia's 2.3 million small and medium enterprises (SMEs) aren't satisfied with lending solutions provided by banks and are frustrated with their slow and difficult processes and paperwork. 38% of SMEs have indicated they are actively looking for new solutions in a market comprising \$423 billion in SME loans.

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, register your details on the [Propell Holdings investor portal](#).

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 June 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	197	572
1.2 Payments for		
(a) research and development	(34)	(228)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(209)	(894)
(d) leased assets	(23)	(57)
(e) staff costs	(431)	(1,596)
(f) administration and corporate costs	(215)	(929)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(75)	(335)
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	(790)	(3,464)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(3)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(123)	(699)

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)	(2,340)	(3,930)
2.6	Net cash from / (used in) investing activities	(2,463)	(4,633)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,290	1,290
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	2,200	3,427
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	3,490	4,714

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	150	3,771
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(790)	(3,464)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,463)	(4,633)

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)	3,490	4,714
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	387	387

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	331	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)	386	1,645

Item 5.2 Call Deposits relates to a term deposit used to secure a bank guarantee provided to a lessor.

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	-

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 as Propell's CEO since his appointment as a director on 24 December 2021.

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,534	5,534
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,534	5,534
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 \$5m wholesale facility with a 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 Propell's Loans and Advances.</p> <p>ii) The company owes \$0.534m on a fully drawn working capital facility from Altor. 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)	(790)
8.2	Cash and cash equivalents at quarter end (item 4.6)	386
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	386
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.5
	<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: 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 11 July 2022, the Company announced that it had received commitments for \$2.3m under a Convertible Note facility.	

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 – pursuant to the convertible noted facility announced 11 July 2022, the Company has received the Initial Draw of \$500,000 and anticipates receiving the remaining capital subject to shareholder approval which is being sought at an EGM to be held 24 August 2022. The Company expects that the additional capital will allow it to fund its operations and achieve its stated objectives.

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: Friday, 29 July 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.