

FY25 Q2 Update and Appendix 4C

Key highlights:

- **Financial**
 - Year-to-date net cash inflows from operating activities of \$105,000, representing the first half-year cash profit since the Company was listed in April 2021. Net cash flows from operating activities in Q2 FY25 was an outflow of \$43,000.
 - Receipts from customers were in line with the previous quarter and up 111% on PCP to \$535,000, due to significant loan book growth during 2024.
 - Operating costs up 49% QoQ and down 11% on PCP to \$578,000.
- **Lending**
 - Loan book remained relatively flat during the quarter.
 - Average loan size on originations steady QoQ and up 152% on PCP to \$92,000.
 - Weighted average interest rate on originations steady at 2.61% per month.
- **Operations**
 - Launched a new Trade receivables loan facility product whereby customers provide trade receivables as security for a loan facility with Propell, which is expected to result in an increase in Propell's loan approval rate and loan book growth.
 - Introduced an automated online credit assessment tool for brokers that significantly reduces the time to obtain a conditional credit decision, which has resulted in an improved loan approval rate.

Leading SME-focused finance platform, **Propell Holdings Limited (ASX:PHL)** ("Propell" or the "Company") is pleased to provide a summary of its activities and cashflows (Appendix 4C) for the quarter ended 31 December 2024.

Update for Q2 FY25

In response to Propell's high rate of declined credit applications in recent quarters, Propell launched a new Trade receivables loan facility product during the quarter, which enables customers that do not meet all of Propell's credit assessment criteria to access a loan facility and/or a more favourable interest rate by providing trade receivables as security for the loan. This new product is expected to result in an increase in Propell's loan approval rate and consequently, loan book growth, as the Company continues to innovative its approach to grow its loan book.

In Q2 FY25, Propell released its new online broker tool, which allows brokers to obtain automated instant indicative credit decisioning by entering key client data into a web interface that utilises Propell's credit assessment criteria. Propell's online broker tool has resulted in a higher rate of approved applications, as brokers are able to quickly gauge which opportunities meet Propell's credit assessment criteria.

propell*

Broker Quick Quote Calculator

Enter financial information to get a quick indicative decision from Propell.

Amount of Funds Required (\$)

\$ e.g. \$140,000

CREDIT INFORMATION ⓘ

Credit Report platform

Select credit platform

Company Credit Score (if known)

e.g. 3

Director Credit Score (if known) ⓘ

e.g. 601

Age of Business (years) ⓘ

e.g. 5

FINANCIAL INFORMATION

*The accuracy of the quick quote relies on accurate data.
We will verify later with actual Financial information.

Revenue ⓘ

Turnover Previous Financial YTD (\$) ⓘ Turnover Current Financial YTD (\$)

\$ e.g. \$140,000 \$ e.g. \$140,000

Net Profit ⓘ

Net Profit Previous Financial YTD (\$) ⓘ Net Profit Current Financial YTD (\$)

\$ e.g. \$140,000 \$ e.g. \$140,000

DEBT INFORMATION

Is the ATO debt up to date?

Yes or No

What is the current amount of loans held by the business as at today? ⓘ

\$ e.g. \$40,000

Broker Email

Submit

Illustration 1: Propell's online broker tool

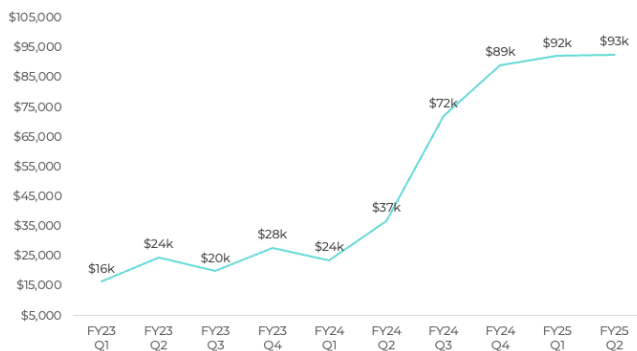


Chart 1: Weighted average loan size

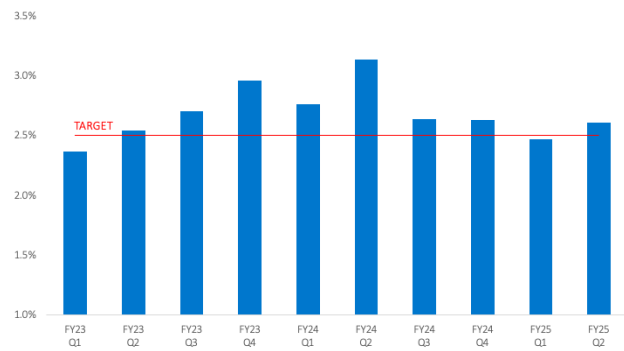


Chart 2: Weighted average monthly fee for new loans

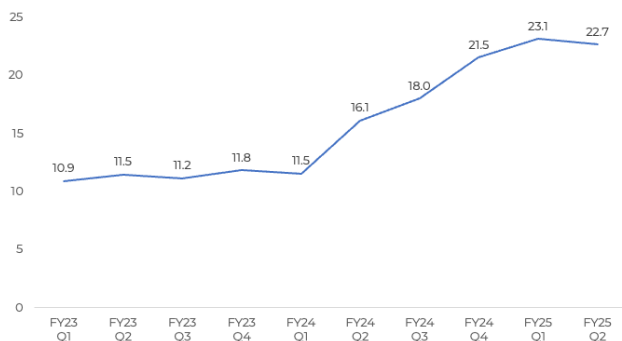


Chart 3: Loan tenure of originations

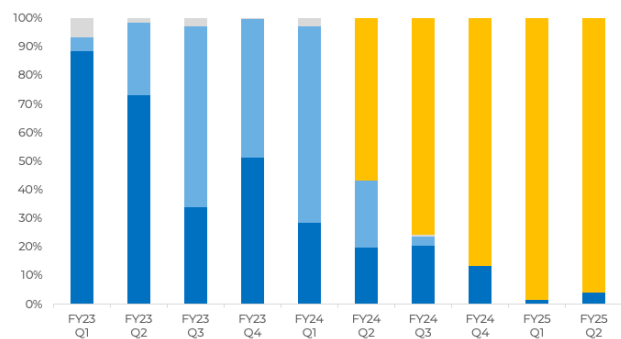


Chart 4: Product mix by tenure

Financial Result

Year-to-date FY25, Propell recorded net cash inflows from operating activities of \$105,000, which represents the first half-year cash profit from operating activities since the Company was listed in April 2021. During Q2 FY25, Propell recorded net cash outflows from operating activities of \$43,000.

Propell held cash on hand of approximately \$1,116,000 as at 31 December 2024. This cash balance includes available cash in the Company's lending facility and funding of investing cash flows and, per previous quarterly activities reports, is consistent with the Company's reporting since listing in 2021.

The net cash outflow from operating activities in Q2 FY25 was \$43,000 compared to a cash profit of \$148,000 in the previous quarter and a cash loss of \$394,000 in the prior comparative period. Receipts from customers were in line with the previous quarter and increased by 111% on PCP to \$535,000 due to loan book growth in 2024. Operating costs were up 49% QoQ due to timing of payments and down 11% on PCP to \$578,000 due to costs relating to a proposed transaction in the prior year. The recent improved operating results reflect the loan book growth during 2024 and the cost savings associated with the restructuring undertaken in 2023. The reduced cost base is expected to continue to deliver savings in future quarters while maintaining operating objectives and servicing customer needs.

Based on Propell's near-term objective of sustained profitability, the Board expects that the operating cash results, headroom in the Company's debt facility, and the available cash at the end of the quarter will enable the Company to continue to meet its business objectives.

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, including the CEO's remuneration.

Outlook

The Company's recent revenue growth and substantial operating cost reductions reflect Propell's ability to grow without adding additional resources or compromising client experience.

Strong net interest margins, a low operating cost base, and the ability to rapidly grow the loan book puts Propell in a sustainable position moving forward.

The Company continues to expand its growing broker referral network to facilitate loan book growth and pursue additional wholesale funds to continue to meet the anticipated demand going forward.

The focus areas for the coming quarters include:

- **Lending capacity:** Obtain a new and increased wholesale funding facility to service client demand.
- **Ability to fill capacity:** Boost lending growth through the Company's established broker referral network.
- **Operational margins:** Hold the cost base at current levels while scaling the business and customer base.

Achievement of the above, in combination with Propell's improved operating metrics, is expected to achieve sustained profitability as the Company's loan book continues to grow with strong lending margins.

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 traditional banks.

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

For further information, please contact:

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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. 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. 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 is positioned for this accelerating shift and disruption of traditional service providers and their business models.

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")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	535	1,071
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	(10)
(d) leased assets	-	-
(e) staff costs	(242)	(448)
(f) administration and corporate costs	(213)	(357)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(123)	(151)
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	(43)	105
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	-	-

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 (6 months) \$A'000
	(f) other non-current assets	-	-
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)	308	282
2.6	Net cash from / (used in) investing activities	308	282

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	-	-
3.6	Repayment of borrowings	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	851	729
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(43)	105

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	308	282
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,116	1,116

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	1,116	851
5.2	Call deposits	-	-
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)	1,116	851
<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	54
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 payments to the Directors and / or their associated entities. This includes salary payments to Michael Davidson as Propell's CEO and Director.</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	11,749	10,472
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	11,749	10,472
7.5 Unused financing facilities available at quarter end		1,277
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.		
<p>i) The Company has a \$11m wholesale facility with a private investment firm, Altor Capital Management Pty Ltd ("Altor"). The facility has an interest rate of 11.5% and a maturity date of 30 March 2025. The facility is secured over Propell's Loans and Advances.</p> <p>ii) The Company owes \$0.749m 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)	(43)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,116
8.3 Unused finance facilities available at quarter end (item 7.5)	1,277
8.4 Total available funding (item 8.2 + item 8.3)	2,393
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	55.7
<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?	
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?	
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?	
<i>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.</i>	

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, 31 January 2025

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.