

## Q4 FY21 Summary of Activities

- **Record quarter with continued strong growth across all key metrics, including 81.2% growth in total customers and 80.5% increase in total loans**
- **Business Insights tool launched on the Platform offering all SMEs analysis on their finances**
- **First BNPL product offered on the Platform from 1 July through partnership with Zip Co**
- **Invoice payments capability launched allowing SME customers to accept instant online invoices**
- **Appointed highly experienced finance executive Brett Wayne as CFO**

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 June 2021. Propell has built a leading digital, cloud-based platform offering tailored finance products to help small to medium businesses manage and optimise their cash flows with products including funds for operating and growth (lending) and broad payment acceptance (instant payment receipts).

### **Successful initial public offer**

Propell marked a significant funding milestone at the start of the quarter. The Company's shares commenced trade on the Australian Securities Exchange (ASX) on 14 April. The initial public offer (IPO) attracted strong support from investors, raising \$5 million in equity funding with the issue of 25 million new shares at a price of \$0.20 per share.

Proceeds from the IPO are being used to fund growth initiatives including marketing, customer acquisition and platform development. This has already produced results, with total customers increasing 81.2% since listing and total loans climbing 80.5% for the quarter. Further business growth highlights are set out below.

### **Growth in key customers & loans metrics**

During the quarter total customers grew by 81.2% to 782, which compares to 430 when the Company listed on ASX in mid-April 2021. New customers on the Propell Platform also grew by 60.9% to 520 at end of Q4 FY21. This reflects the additional investment in marketing and customer acquisition strategies made possible by the IPO.

Similarly, growth in total loans grew strongly throughout the period, reaching over \$800,000 (80.5% increase on Q3 FY21). The business also saw the average loan size, a key indicator of customer quality, continue to increase during the period, up 47.8% on Q3 FY21.

### **Cash flow and financial update**

Revenue increased on the previous quarter on the back of solid growth and in-line with the growth outlined above. Operating costs also increased compared to the previous quarter as the business embarked on the stated plan to increase investment in both customer acquisition and platform development leading to the expected increase in marketing and staffing costs. These increases are in-line with expectations.

The quarter included several one-off expenses relating to the preparation for, and delivery of the IPO. These one-off expenses will not recur in future periods and it is expected that Q1 FY22 will revert to the underlying levels of expenditure in-line with the business plan to increase investment in the key areas, customer acquisition and platform development.

It is important to note that marketing and new customer acquisition costs precede revenue growth due to the lag between customer credit approval, loan drawdown and repayment. In addition, the bulk of marketing costs are on new customer acquisition, and the business will benefit from repeat loan drawdown over time from the increasing customer portfolio. Propell has also increased its existing customer marketing activities to cross sell products, increase approved credit utilisation and repeat drawdowns by quality customers.

The business has also implemented a number of initiatives aimed at improving cost efficiencies, for example bringing in-house a number of functions (digital marketing, content creation, social engagement) which were outsourced prior to IPO. This will improve the performance of those functional areas and reduce costs.

### **Operations and product developments**

The quarter also saw Propell deliver new products and features as part of its growth strategy. Business Insights, a tool to further support customers to manage and optimise their finances, was launched in June. This first stage of Business Insights represents the foundation of a premium subscription offering that will ultimately deliver business health-checks incorporating external data sources, comparisons and 360° insights. Business Insights will initially be provided to all customers that join the Platform.

Work in the quarter also culminated in the first Buy Now, Pay Later (BNPL) product being added to the Propell Platform on 1 July, following a partnership with Zip Co Limited. The launch of Zip's BNPL gives Propell business customers greater flexibility when seeking payment, improving both their customers experience and importantly their own cashflow. Propell will provide a fully integrated payments solution with Zip to its SMEs, giving their customers the ability to accept payments with Zip's interest free BNPL payment solutions.

In April the Company launched a new invoice payments capability on the Platform allowing SME customers to accept instant online invoice payments by embedding a payment option directly into the electronic invoice issued to their end customers. This capability also allows seamless integration with Xero's cloud-based accounting software to incorporate a 'pay now' feature into their invoices.

Further to product mix and operations developments, Propell also added to the strength of its management team in the quarter with the appointment of Brett Wayne as Chief Financial Officer. Brett is a highly credentialed finance executive having spent over 25 years in the financial services and insurance sectors across Europe and Australia. Before joining Propell on 7 June, Brett was Head of Finance, Performance Management and Strategy for Auto & General Insurance Company Limited, a multinational firm that forms part of the BHL Group.

### **Outlook**

After the achievements of the last 12 months, Propell is well placed to build on the momentum in FY22. The proprietary and third-party capabilities offered through Propell's Platform today have shown its ability to attract customers in a competitive market. The Company's technology is scalable and ready to service a growing customer base as follow-on offerings already in the pipeline increase Propell's ability to capture market share in the year ahead.

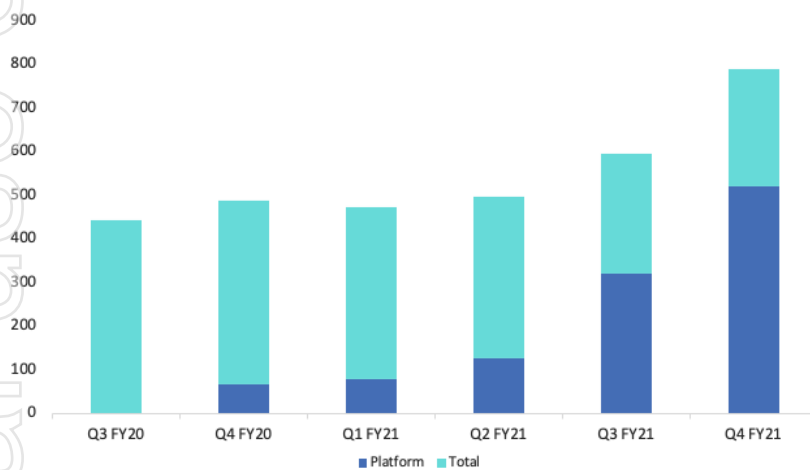
Propell CEO, Michael Davidson said: *"The funding unlocked thanks to the enormous support from our IPO investors has provided Propell with the fuel needed to extend our technology and reach."*

*"With the addition of new capabilities on our Platform including Business Insights and Zip's BNPL product, Propell is well placed to continue to capture small and medium sized businesses looking for a modern finance partner."*

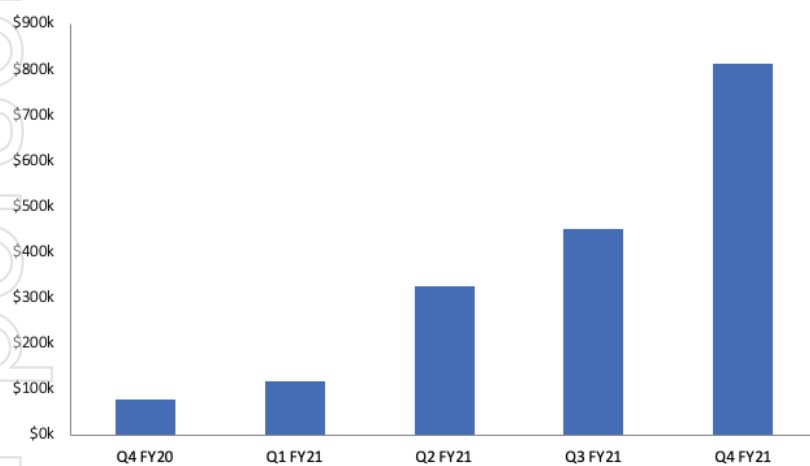
*"Growth recorded in the June quarter is a testament to the competitiveness of our technology and demonstrates our team's"*

ability to deliver on Propell's ambitious growth plans. We now look forward to building on the significant momentum we have seen over the last six months as we move into FY22."

### Strong growth in Total Customers as well as Customers on Platform



### Growth in total loans



**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 June 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-Jun-2021 A\$'000	Used in Jun-21 Quarter A\$'000
Development	600	35	35
Marketing	2,000	419	419
Working Capital	2,700	297	297
Costs of Offer	700	952	356
<b>Total</b>	<b>6,000</b>	<b>1,703</b>	<b>1,107</b>

**Variations to the CEO's Remuneration**

In acknowledgement of the increased scope of the role post IPO, the board has approved a revised remuneration package for the Company's CEO, Michael Davidson.

Pursuant to Listing Rule 3.16.4, the company advises that Mr Davidson's executive services agreement will increase to a fixed remuneration of A\$250,000 per year (excluding statutory superannuation contributions).

There is no set contract term with either party able to give the other three months' written notice to terminate. All other terms remain unchanged.

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/>

**For more information, please contact**

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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 June 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	111	364
1.2 Payments for		
(a) research and development	(101)	(219)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(369)	(793)
(d) leased assets	(18)	(48)
(e) staff costs	(300)	(1,036)
(f) administration and corporate costs	(271)	(551)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(20)	(220)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	19	516
1.8 Other (transaction costs related to IPO)	(9)	(433)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(958)</b>	<b>(2,418)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(8)	(8)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(150)	(406)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$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)	(454)	(884)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(612)</b>	<b>(1,298)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,578
3.2	Proceeds from issue of convertible debt securities	-	410
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(346)	(520)
3.5	Proceeds from borrowings	405	538
3.6	Repayment of borrowings	(1)	(40)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>57</b>	<b>6,966</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,282	519
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(958)	(2,418)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(612)	(1,298)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	57	6,966
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,769</b>	<b>3,769</b>

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	3,769	5,282
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,769</b>	<b>5,282</b>

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	84
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>		



<b>7. Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	2,534	2,107
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	2,534	2,107
7.5 <b>Unused financing facilities available at quarter end</b>		427
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 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 &amp; Advances.</p> <p>ii) The company owes \$0.524m on a fully drawn working capital facility from Altor AltFi Income Fund. This loan has an interest rate of 15% and is secured over the amounts to be received from the Australian Tax Office for Development Tax Incentives for approved R&amp;D activities for the 2020 financial year. The loan is repayable on the receipt from the Australia Tax Office.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(958)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,769
8.3 Unused finance facilities available at quarter end (item 7.5)	427
8.4 Total available funding (item 8.2 + item 8.3)	4,196
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4.4
<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: Friday, 30 July 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.