

# Half-year Report 2025

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propell\*



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# Appendix 4D

## Propell Holdings Limited Appendix 4D Half-year report



### 1. Company details

Name of entity:	Propell Holdings Limited
ACN:	614 837 099
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

### 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	75% to	1,267,974
Loss from ordinary activities after tax attributable to the Owners of Propell Holdings Limited	up	121% to	(2,025,768)
Loss for the half-year attributable to the Owners of Propell Holdings Limited	up	121% to	(2,025,768)
		<b>31 Dec 2024 Cents</b>	<b>31 Dec 2023 Cents</b>
Basic earnings per share		(0.73)	(0.76)
Diluted earnings per share		(0.73)	(0.76)

#### Dividends

There were no dividends paid, recommended or declared during the current financial period.

#### Comments

The loss for the Group after providing for income tax amounted to \$2,025,768 (31 December 2023: \$916,573).

### 3. Net tangible assets

	<b>31 Dec 2024 Cents</b>	<b>30 Jun 2024 Cents</b>
Net tangible assets per ordinary security	<u>(3)</u>	<u>(2)</u>

### 4. Control gained over entities

Not applicable.

### 5. Loss of control over entities

Not applicable.

### 6. Dividends

#### Current period

There were no dividends paid, recommended or declared during the current financial period.

#### Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Not applicable.

10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

*Details of attachments (if any):*

The Interim Report of Propell Holdings Limited for the half-year ended 31 December 2024 is attached.

12. Signed

Signed 

Date: 17 February 2025

Benjamin William Harrison  
Director  
Brisbane

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# Corporate Information

## COMPANY SECRETARY

Adam Gallagher

## REGISTERED OFFICE

Level 2, 15 Mayneview St  
Milton QLD 4064

## PRINCIPAL PLACE OF BUSINESS

Level 2, 15 Mayneview St  
Milton QLD 4064

## SHARE REGISTER

XCEND

Level 1, 139 Macquarie Street  
Sydney NSW 2000

Email: [support@xcend.co](mailto:support@xcend.co)

Telephone: +61 (2) 7208 8033

## AUDITOR

PKF Brisbane Audit

Level 2, 66 Eagle Street  
Brisbane QLD 4000

## STOCK EXCHANGE LISTING

Propell Holdings Limited shares are listed on the  
Australian Securities Exchange (ASX code: PHL)

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# Directors' Report

**Propell Holdings Limited**  
**Directors' report**  
**31 December 2024**



The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group", the "Company" or "Propell") consisting of Propell Holdings Limited (referred to hereafter as the "parent entity") and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

## Directors

The following persons were Directors of Propell Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Benjamin William Harrison (Chair)  
Jeremy Grant Loftus  
Michael Kane Davidson

## Principal activities

During the financial year the principal activities of the Group continued to be the provision of intelligent finance solutions to small businesses to improve their cashflow, primarily through lending solutions.

## Review of operations and likely developments

The loss for the Group after providing for income tax amounted to \$2,025,768 (31 December 2023: \$916,573).

## Overview

Propell is a pioneering digital finance platform in Australia, offering a range of finance tools to small businesses. It is the only multi-product platform that focuses solely on serving the small business segment, with a mission to redefine how they manage their finances. Propell offers centralised access to essential financial services, such as deep insights into financial health, and direct access to a suite of finance tools, including payments and lending.

As the finance industry trends towards digitisation, small businesses are seeking alternative finance solutions to supplement the limited offerings provided by traditional service providers. Propell is well-positioned to meet customer demands in this shifting industry, driving disruption of traditional service providers and their business models.

The Company has completed the 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 that provides customers with a modern, intelligent alternative to help them manage and optimise their business.

The significant accomplishments during the year are set out below.

## Growth with a focus on profit

During the half-year ended 31 December 2024, the Company experienced strong growth in interest income, which increased by approximately 200% to \$1,276,984 (31 December 2023: \$417,634) (refer to note 5). The growth in interest income was a result of growth in Propell's loan book, which increased by 180% to \$6,178,860 (31 December 2023: \$2,201,678) (refer to note 7 and 2023 half-year financial statements).

As a result, the Company's net cash generated by operating activities for the half-year of \$433,042 was a significant improvement on the previous half-year result (31 December 2023: \$314,175 outflow).

## Product and Technology

During the year, the Company continued to invest in development of its products and technology, with the components in place to scale.

## Expansion of acquisition channels

During the half-year, the Company continued to grow its broker referral network and expects to maintain the growth of its broker referral network. The Company's expanded broker referral network has significantly accelerated growth in inbound leads for the Company and Propell views its broker referral network as a key element in its pathway to profitability, with higher speed to market and lower risk to margin.

## Increase in wholesale facilities

During the prior year, the Company secured an increase in its wholesale funding facility limit from \$7,500,000 to \$11,000,000 while maintaining the interest rate at 11.5%.

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### **Maintain a low cost base**

During the half-year, Propell maintained its low cost base, driven by Propell's focus on achieving profitability, while ensuring a sustainable cost structure moving forward.

### **Financial Overview**

Propell's loan book grew to \$6,178,860 (31 December 2023: \$2,201,678) (refer to note 7 and 2023 half-year financial statements), representing an increase of 180%. As a result, interest income increased by more than 200% to \$1,276,984 (31 December 2023: \$417,634) (refer to note 5).

Propell maintained strong lending margins during the half-year, with wholesale borrowing cost of 11.5% per annum and weighted average customer pricing of approximately 2.5% per month.

Underlying operating expenses (excluding loan impairment and finance costs) for the half-year were \$804,672 (31 December 2023: \$1,126,693), a 29% reduction on the prior period.

Loan impairment costs for the half-year increased due to a small number of loans moving to over 180 days in arrears. This was due to the loans being issued prior to the implementation of Propell's enhanced credit assessment criteria. The Company expects impairment costs in future periods to reduce as losses return to a more normal level.

Propell's net loss after tax for the half-year ended 31 December 2024 was \$2,025,768 (31 December 2023: \$916,573 net loss).

The Company's net cash generated by operating activities for the half-year of \$433,042 was a significant improvement on the previous half-year result (31 December 2023: \$314,175 outflow).

### **Outlook**

Propell's loan book growth and the substantial operating cost reductions reflect Propell's ability to grow without adding additional resources or compromising client experience.

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

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

Subsequent to the balance date, Propell has engaged with the ASX to discuss its potential removal from the official list.

The focus areas for the coming year include:

- **Lending capacity:** Obtain a new and increased wholesale funding facility to serve 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.
- **Customer penetration:** Broaden the suite of lending products to increase product per customer and attract new clients.

Achievement of the above, in combination with Propell's improved operating metrics, is expected to provide a clear pathway to 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.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the financial half-year.



**Propell Holdings Limited**  
**Directors' report**  
**31 December 2024**



**Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years, except for:

- Subsequent to the balance date, Propell has engaged with the ASX to discuss its potential removal from the official list.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read "Benjamin Harrison", written over a horizontal line.

Benjamin William Harrison  
Director

17 February 2025  
Brisbane

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# Auditors Independence Declaration



PKF Brisbane Audit  
ABN 33 873 151 348  
Level 2, 66 Eagle Street  
Brisbane, QLD 4000  
Australia

+61 7 3839 9733  
brisbane@pkf.com.au  
pkf.com.au

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PROPELL HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2024, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Propell Holdings Limited and the entities it controlled during the half year.

PKF

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'S Lindemann', written over a light blue horizontal line.

SHAUN LINDEMANN  
PARTNER

17 FEBRUARY 2025  
BRISBANE



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# Financial Statements for the half-year ended 31 December 2024

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**Propell Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2024**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Interest income	5	1,276,984	417,634
Lending fees		35,585	47,014
		<u>1,312,569</u>	<u>464,648</u>
Fair value (loss)/gain on financial instruments	9	(44,595)	260,289
Total revenue		<u>1,267,974</u>	<u>724,937</u>
<b>Expenses</b>			
Professional fees		(130,335)	(356,407)
Employee benefits expense		(447,927)	(419,348)
Occupancy		(9,874)	1,246
Depreciation and amortisation expense	6	(209)	(36,692)
Loan impairment expense net of recoveries		(1,354,778)	190,082
Marketing		(9,841)	(30,935)
Technology and platform costs		(74,551)	(129,334)
Loan assessment and processing		(53,145)	(84,202)
Payments processing		(610)	(628)
Other expenses		(78,180)	(70,393)
Finance costs	6	(1,134,292)	(704,899)
Total expenses		<u>(3,293,742)</u>	<u>(1,641,510)</u>
<b>Loss before income tax expense</b>		<b>(2,025,768)</b>	<b>(916,573)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the Owners of Propell Holdings Limited</b>		<b>(2,025,768)</b>	<b>(916,573)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the Owners of Propell Holdings Limited</b>		<b><u>(2,025,768)</u></b>	<b><u>(916,573)</u></b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	14	(0.73)	(0.76)
Diluted earnings per share	14	(0.73)	(0.76)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Propell Holdings Limited**  
**Statement of financial position**  
**As at 31 December 2024**



Note	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,119,345	731,773
Loans receivable	4,970,728	6,366,764
Other assets	59,011	26,571
Total current assets	6,149,084	7,125,108
<b>Non-current assets</b>		
Property, plant and equipment	2	212
Total non-current assets	2	212
<b>Total assets</b>	6,149,086	7,125,320
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	623,134	119,312
Borrowings	748,901	748,901
Convertible notes	2,467,736	1,969,764
Provisions	183,113	165,982
Total current liabilities	4,022,884	3,003,959
<b>Non-current liabilities</b>		
Borrowings	9,734,278	9,723,034
Provisions	78,314	58,949
Total non-current liabilities	9,812,592	9,781,983
<b>Total liabilities</b>	13,835,476	12,785,942
<b>Net liabilities</b>	(7,686,390)	(5,660,622)
<b>Equity</b>		
Issued capital	25,903,579	25,903,579
Convertible notes - equity	337,856	337,856
Reserves	(2,474,697)	(1,799,538)
Accumulated losses	(31,453,128)	(30,102,519)
<b>Total deficiency in equity</b>	(7,686,390)	(5,660,622)

*The above statement of financial position should be read in conjunction with the accompanying notes*



**Propell Holdings Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2024**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Convertible Note \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2023	24,409,451	337,856	(1,859,586)	(27,726,432)	(4,838,711)
Loss after income tax expense for the half-year	-	-	-	(916,573)	(916,573)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(916,573)	(916,573)
<i>Transactions with Owners in their capacity as Owners:</i>					
Share-based payments	-	-	1,564	-	1,564
Balance at 31 December 2023	<u>24,409,451</u>	<u>337,856</u>	<u>(1,858,022)</u>	<u>(28,643,005)</u>	<u>(5,753,720)</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Convertible Note \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2024	25,903,579	337,856	(1,799,538)	(30,102,519)	(5,660,622)
Loss after income tax expense for the half-year	-	-	-	(2,025,768)	(2,025,768)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(2,025,768)	(2,025,768)
<i>Transactions with Owners in their capacity as Owners:</i>					
Transfer of expired options	-	-	(675,159)	675,159	-
Balance at 31 December 2024	<u>25,903,579</u>	<u>337,856</u>	<u>(2,474,697)</u>	<u>(31,453,128)</u>	<u>(7,686,390)</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Propell Holdings Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2024**



	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Loan principal advanced to customers net of payments	404,448	228,044
Payments to suppliers and employees	(814,463)	(1,141,286)
Interest received	949,432	655,779
Finance costs	(106,375)	(56,712)
Net cash from/(used in) operating activities	433,042	(314,175)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	350,000
Interest and other finance costs paid	(45,470)	-
Repayment of lease liabilities	-	(40,303)
Net cash from/(used in) financing activities	(45,470)	309,697
Net increase/(decrease) in cash and cash equivalents	387,572	(4,478)
Cash and cash equivalents at the beginning of the financial half-year	731,773	645,626
Cash and cash equivalents at the end of the financial half-year	1,119,345	641,148

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Propell Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**



**Note 1. General information**

The financial statements cover both Propell Holdings Limited ("Parent") as an individual entity and the Group consisting of Propell Holdings Limited and the entities it controlled at the end of, or during, the half year. The financial statements are presented in Australian Dollars, which is Propell Holdings Limited's functional and presentation currency.

Propell Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office is:

**Registered office**

Level 2  
15 Mayneview Street  
Milton QLD 4064

**Principal place of business**

Level 2  
15 Mayneview Street  
Milton QLD 4064

**Note 2. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption did not result in a material impact.

**Going concern**

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the Group reported a net loss of \$2,025,768 (31 December 2023: \$916,573 net loss) for the half-year ended 31 December 2024 and a net cash inflow from operating activities of \$433,042 (31 December 2023: \$314,175 outflow). As at 31 December 2024, there was a net asset deficiency of \$7,686,390 (30 June 2024: \$5,660,622 net asset deficiency), which would ordinarily give rise to uncertainty regarding the Group's ability to continue as a going concern.

However, the Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied the Group has the resources to continue for the foreseeable future as a going concern and pay debts as they fall due.

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**Note 2. Material accounting policy information (continued)**

In making this assessment, the Board has considered the Company's cash balance of \$1,119,345 as at 31 December 2024; net cash inflow from operating activities for the half-year of \$433,042; growth in interest income of over 200% during the half-year (refer to note 5); capital raising completed during 2024 providing proceeds of \$1,374,826 before costs; growth in the Company's Loan book during 2024; increase in the Company's wholesale funding facility to \$11,000,000 during 2024; unused wholesale funding facility limit of \$1,265,722 as at 31 December 2024; forecast near-term growth in the loan book to the current facility limit of \$11,000,000 underpinned by growth in Propell's broker referral network; Propell's pursuit of a larger wholesale funding facility; continued strong net interest margins; the Company's low operating cost base combined with ongoing cost management initiatives; and the Company's recent expansion of its product range.

Subsequent to the balance date, Propell has engaged with the ASX to discuss its potential removal from the official list.

The Directors note that the Company's Convertible Note (refer to note 9) has a maturity date of 28 February 2025. In the event that the Company is removed from the official list, the Company has an in-principal agreement with a third party to refinance the Convertible Note to senior debt. Given the proposed delisting process will extend beyond the Convertible Note maturity date of 28 February 2025, the Company is seeking a short-term extension of the maturity date of the Convertible Note in order to facilitate the delisting process and refinance. If the Company is unsuccessful in obtaining approval to be removed from the official list, the Directors intend to seek an extension of the maturity date of the Convertible Note to allow time to raise sufficient capital to repay the Convertible Note. Propell's Board has a strong track record of raising capital and as such, the Directors are confident that the Company will be able to raise sufficient capital to repay the Convertible Note.

Based on the above, the Directors have concluded that a going concern basis of accounting is appropriate.

Should the above actions not generate the expected cash flows, the Group would need to raise additional debt or equity capital to fund the ongoing operations. The ability to generate sufficient cash inflows to fund the ongoing operations is subject to material uncertainty which would cast significant doubt as to whether the Group would be able to meet its debts as and when they fall due, and therefore continue as a going concern. The Group may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

**Note 3. Critical accounting judgements, estimates and assumptions**

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include the assessment of significant increases in credit risk since initial recognition, recent loss experience, historical collection rates and forward-looking information and assessment of default. The actual credit losses in future years may be higher or lower.

**Note 4. Operating segments**

The Group's operations consist of the provision of financial services to small businesses in Australia, primarily through advancing loans. The Group has considered the requirements of *AASB 8 Operating Segments* and assessed that the Group has one operating segment, representing the consolidated results, as this is the only segment which meets the requirements of *AASB 8*.

The Group only has customers in Australia and has no concentration of revenue through one customer.

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**Propell Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**



**Note 5. Interest income**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$</b>	<b>\$</b>
Interest on loans	1,276,571	394,631
Interest on trade finance	-	22,500
Interest on cash at bank and bank deposits	413	503
	<u>1,276,984</u>	<u>417,634</u>

**Note 6. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings right-of-use assets	-	35,233
Computer equipment	209	1,459
Total depreciation	<u>209</u>	<u>36,692</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on Loan book facility	564,648	308,900
Interest and finance charges paid/payable on Corporate facilities	48,311	32,061
Interest and finance charges paid/payable on Convertible note (note 9)	510,089	353,740
Unwinding of the discount on lease liabilities	-	(1,046)
Amortised borrowing costs on Loan book facility	11,244	11,244
Finance costs expensed	<u>1,134,292</u>	<u>704,899</u>
<i>Leases</i>		
Expenses relating to short-term leases	<u>9,874</u>	<u>-</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>42,388</u>	<u>41,578</u>

**Note 7. Loans receivable**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Loans receivable before impairment	6,178,860	6,681,669
Less: credit impaired	(1,086,399)	(191,222)
<b>Carrying amount</b>	<u>5,092,461</u>	<u>6,490,447</u>
Plus: accrued revenue	526,281	256,002
Less: expected credit losses	(648,014)	(379,635)
<b>Reported amount</b>	<u>4,970,728</u>	<u>6,366,814</u>

Movements in the allowance for expected credit losses are as follows:

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**Note 7. Loans receivable (continued)**

	Consolidated 31 Dec 2024	30 Jun 2024
	\$	\$
Opening balance	379,635	657,797
Increase/(decrease) in provisions recognised	268,379	(278,162)
Closing balance	<u>648,014</u>	<u>379,635</u>

*Loans receivable and allowance for expected credit losses*

The Group provides short term loans (six to twenty-four months) to companies in the small-to-medium sized business sector and has a framework and supporting policies for managing credit risk associated with its lending activities. The framework and policies encompass all stages of the credit cycle including origination, evaluation, approval, documentation, settlement, ongoing administration and problem loan management. The Group has established criteria for making lending decisions, which can vary by industry segment, past financial performance, level of existing debt, past credit performance and loan purpose. In this area, the focus is on the performance of key financial risk ratios and the ability of borrowers to service the loan repayments.

When providing finance, the Group obtains security by way of personal guarantees from the directors of the borrower. Where the underlying financial asset falls into default, a caveat may be lodged against the guarantor.

*Allowance for expected credit losses*

The Group has recognised a loss of \$1,354,778 (30 June 2024: \$86,940 gain) in profit or loss in respect of loan impairment provision for the half year ended 31 December 2024. This loss comprises impairment expense of \$1,086,399 (30 June 2024: \$191,222) and the movement in the allowance for expected credit losses of \$268,379 loss (30 June 2024: \$278,162 gain). The increase in the allowance for expected credit losses is a result of the increase in the Company's loan impairment expense for the half-year.

*Loan impairment expense compared to the prior comparative period*

The Statement of profit or loss and other comprehensive income for the period shows loan impairment expense net of recoveries of \$1,354,778 (31 December 2023: \$190,082), comprising loan impairment expense of \$1,086,399 (31 December 2023: \$288,033 expense) and the movement in the allowance for expected credit losses of \$268,379 loss (31 December 2023: \$478,115 gain).

The increase in loan impairment expense during the period compared to the prior comparative period was a result of a small number of larger value loans that moved into the 180 days category. The Company has adopted a prudent approach to loan impairment and fully provides for all loans over 180 days. The loans over 180 days as at 31 December 2024 were mostly issued prior to the implementation of Propell's enhanced credit assessment criteria, which was in response to rising arrears, tightening credit markets and deteriorating quality of credit applications. The Company's enhanced credit assessment criteria includes obtaining a larger set of customer information including historical financial statements and bank statements.

The increase in allowance for expected credit losses during the period was a result of the Company's increase in loan impairment expense for the half-year. However, the allowance for expected credit losses as at 31 December 2023 was lower than the historical average provision and therefore, the higher allowance for expected credit losses as at 31 December 2024 represents a return to a higher level reflecting the credit decision process at the time. The Company expects impairment costs in future periods to reduce as losses return to a more normal level.

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**Propell Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**



**Note 8. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Loans - Altor corporate facilities (secured)	<u>748,901</u>	<u>748,901</u>
<i>Non-current liabilities</i>		
Loans - Altor loan book facility (secured)	<u>9,734,278</u>	<u>9,723,034</u>

*Altor loan book facility (secured)*

This \$11,000,000 facility (June 2024: \$11,000,000) is provided for the sole purpose of providing funding for the Group's lending activities. The loan is secured over all present and future property of the Group's loan issuing special purpose entity BC Fund 2 Pty Ltd and its immediate parent Business & Capital Pty Ltd, which can be called upon at maturity or in the event of default. The loan maturity date has been extended to 28 February 2026 (June 2024: 31 August 2025) and has an interest rate of 11.5% per annum (June 2024: 11.5% per annum), accruing daily and payable monthly in arrears.

*Altor corporate facilities (secured)*

This \$748,901 facility (June 2024: \$748,901) was provided to fund the Group's research and development activities, specifically, the Company's technology development. The loan is secured over all present and future property of the Group and can be called upon at maturity or in the event of default.

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
Altor AltFi Income Fund	638,901	638,901
Altor Private Equity Pty Ltd	<u>110,000</u>	<u>110,000</u>
	<u>748,901</u>	<u>748,901</u>

*Altor AltFi Income Fund*

This loan facility is for an amount of \$638,901 (June 2024: \$638,901) and is subject to interest of 15% per annum. The loan maturity date has been extended to 28 February 2026 (June 2024: 1 October 2025) and the Company is currently negotiating a further extension to the loan maturity date.

*Altor Private Equity Pty Ltd*

This loan facility is for an amount of \$110,000 (June 2024: \$110,000) and is not subject to interest charges. The loan maturity date has been extended to 28 February 2026 (June 2024: 1 October 2025) and the Company is currently negotiating a further extension to the loan maturity date.

**Assets pledged as security**

The carrying amounts of assets owned by BC Fund 2 Pty Ltd and Business & Capital Pty Ltd pledged as security for the Altor Loan book facility are:

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	857,770	431,589
Loans receivable	<u>4,970,728</u>	<u>6,366,814</u>
	<u>5,828,498</u>	<u>6,798,403</u>



**Propell Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**



**Note 8. Borrowings (continued)**

**Financing arrangements**

Unrestricted access was available at the reporting date to the following lines of credit:

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>30 Jun 2024</b>
	<b>\$</b>	<b>\$</b>
Total facilities		
Altor loan book facility	11,000,000	11,000,000
Altor corporate facilities	748,901	748,901
	<u>11,748,901</u>	<u>11,748,901</u>
Used at the reporting date		
Altor loan book facility	9,734,278	9,723,034
Altor corporate facilities	748,901	748,901
	<u>10,483,179</u>	<u>10,471,935</u>
Unused at the reporting date		
Altor loan book facility	1,265,722	1,276,966
Altor corporate facilities	-	-
	<u>1,265,722</u>	<u>1,276,966</u>

**Note 9. Convertible notes**

The embedded derivative component has been revalued at 31 December 2024 in accordance with Accounting Standard AASB 9 *Financial Instruments*. Following the revaluation at 31 December 2024, the embedded derivative has been valued at \$83,946 (30 June 2024: \$39,351) using the Monte Carlo Simulation Valuation Model. The fair values have been based on a closing Company share price at 31 December 2024 of \$0.021 (30 June 2024: \$0.012), volatility of 100% (30 June 2024: 95%), and a risk-free rate of 4.373% (30 June 2024: 4.463%).

A fair value loss of \$44,595 (30 June 2024: \$280,671 gain) has been recorded in respect to the derivative liability, being the movement in the fair values of the embedded derivative between 30 June 2024 and 31 December 2024.

	<b>Financial liability - embedded derivative</b>	<b>Financial liability - host debt</b>	<b>Total Financial liabilities</b>	<b>Convertible notes - equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 July 2023	320,022	1,271,547	1,591,569	337,856
Issued during the period	-	-	-	-
Issue costs capitalised	-	-	-	-
Effective interest on convertible notes	-	772,293	772,293	-
Coupon paid	-	(113,427)	(113,427)	-
Fair value gain recognised	(280,671)	-	(280,671)	-
30 June 2024	<u>39,351</u>	<u>1,930,413</u>	<u>1,969,764</u>	<u>337,856</u>
1 July 2024	39,351	1,930,413	1,969,764	337,856
Issued during the period	-	-	-	-
Issue costs capitalised	-	-	-	-
Effective interest on convertible notes	-	510,089	510,089	-
Coupon paid	-	(56,712)	(56,712)	-
Fair value loss recognised	44,595	-	44,595	-
31 December 2024	<u>83,946</u>	<u>2,383,790</u>	<u>2,467,736</u>	<u>337,856</u>

**Propell Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**



**Note 10. Issued capital**

	31 Dec 2024 Shares	30 Jun 2024 Shares	Consolidated 31 Dec 2024 \$	30 Jun 2024 \$
Ordinary shares - fully paid	278,338,116	278,338,116	25,903,579	25,903,579

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called.

**Options**

Options on issue as at 31 December 2024 are shown in the following table:

Grant date	Expiry date	Exercise price	Number under option
22/02/2021	22/02/2026	\$0.20	3,500,000
21/09/2022	21/09/2025	\$0.10	8,174,790
30/06/2023	30/06/2025	\$0.10	500,000
30/06/2023	30/06/2028	\$0.10	300,000
28/02/2024	30/09/2025	\$0.10	2,300,000
08/04/2024	08/04/2027	\$0.03	7,600,000
02/05/2024	08/04/2027	\$0.03	3,610,660
			<u>25,985,450</u>

No options were issued during the half-year ended 31 December 2024 and 22,936,578 options expired during the period.

**Share buy-back**

There is no current on-market share buy-back.

**Note 11. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 12. Contingent liabilities**

There are no contingent liabilities or commitments as at the date of this financial report.

**Note 13. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years, except for:

- Subsequent to the balance date, Propell has engaged with the ASX to discuss its potential removal from the official list.

**Propell Holdings Limited**  
**Notes to the financial statements**  
**31 December 2024**



**Note 14. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2024</b>	<b>31 Dec 2023</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the Owners of Propell Holdings Limited	<u>(2,025,768)</u>	<u>(916,573)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>278,338,116</u>	<u>120,355,520</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>278,338,116</u>	<u>120,355,520</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.73)	(0.76)
Diluted earnings per share	(0.73)	(0.76)

Options and other potential equity securities on issue at the end of the year have not been included in the determination of diluted earnings per share, as the Group has incurred a loss for the period and they are therefore not dilutive in nature.

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**Propell Holdings Limited**  
**Directors' declaration**  
**31 December 2024**



In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read "Benjamin", written over a horizontal line.

Benjamin William Harrison  
Director

17 February 2025  
Brisbane

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PROPELL HOLDINGS LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of Propell Holdings Limited ("the company") and controlled entities ("consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Propell Holdings Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

In conducting our review, we have complied with the auditor independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the company a written Auditor's Independence Declaration.





### Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'Shaun Lindemann', written over a light blue horizontal line.

SHAUN LINDEMANN  
PARTNER

17 FEBRUARY 2025  
BRISBANE

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**propell\***