

\$2.3m raised via Convertible Note

- Commitments received to raise \$2.3 million via an unsecured Convertible Note Facility (**CNF**) facilitated by Reach Markets Pty Ltd.
- Funds to be used to support the expansion of the Company's lending book.

Leading SME-focused finance platform **Propell Holdings Limited (ASX: PHL)** (the **Company**), is pleased to announce that it has entered into a Convertible Note Deed with a special purpose vehicle arranged by Reach Markets Pty Ltd (**Lead Manager**) to raise up to \$2.8m (**CNF**). The Lead Manager has received \$2.3m in commitments to date and will continue to accept commitments from sophisticated and professional investors up to the CNF limit of \$2.8m.

Summary of the Convertible Note terms

The CNF sets out a Conversion Price of 80% of the 30-day VWAP, within a Conversion Price cap of \$0.07 and a floor of \$0.03, calculated upon issue of a conversion notice, an interest rate of 10% per annum and a 30 month term to maturity. Each investor in the CNF is to be allotted 7 options to subscribe for fully paid ordinary shares for each \$1 invested, with an exercise price \$0.08, expiring on 30 September 2024. The material terms of the CNF are further set out overleaf.

The terms of the CNF are subject to shareholder approval. Prior to receipt of shareholder approval, the Company may draw up to \$500,000 as a cash advance from the funds raised under the CNF which it must then repay if shareholders do not approve the terms of the CNF. If shareholder approval is received the cash amount drawn prior will then form part of the principal amount under the CNF. The Company intends to hold an Extraordinary General Meeting (EGM) to seek approval for the terms of the CNF on a date to be determined in August 2022.

Purpose

Funds received from the CNF will 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.

Since embarking on capital raise activities in April 2022 the Company has delivered a record quarter in Q4 FY22 – the Company's sixth consecutive quarter of at least 30% QoQ growth. During the June quarter, the Company continued to make significant developments to the Platform, completing the majority of projects outlined at IPO at or ahead of time.

Background

On 13 April 2022 the Company announced that it had completed a Placement raising \$1.36m at \$0.058 per share and also announced its intention to pursue an Entitlement Offer to raise up to \$2.22m. On 23 June 2022 the Company announced that it had raised \$63,186 from the Entitlement Offer.

Whilst the Company continues to reserve the right to place the shortfall from the Entitlement Offer for up to 3 months from the Close Date, in assessing its funding options the Board considered that if the prevailing market conditions persist that the placement of shortfall, or part thereof could not be assured. Consequently, the Company considered alternative funding arrangements to ensure the Company has adequate funding to continue to pursue its growth objectives pursuant to the purpose above.

The terms of CNF have provided adequate incentive for investors to support the Company through providing the commitments received to date while preserving some flexibility in regard to the potential dilution based on the future share price increases over the term to maturity, as well as a downside safeguard for the Company through the Conversion Price cap and floor.

Outlook

The significant outcomes achieved over the June 2022 quarter reflect the strategic investments made in technology to date. 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.

Summary of the material terms of the Convertible Note Facility

Lead Manager	Reach Markets Pty Ltd
Raise Amount	\$2,300,000, with an ability to raise an additional \$500,000 to CNF limit of \$2,800,000
Structure	Unsecured Convertible Note Facility
Interest	10% per annum: 5% paid quarterly in arrears and 5% capitalised, included in conversion/redemption as applicable
Conversion terms	Conversion Price of 80% of the 30-day VWAP, with a maximum cap of \$0.07 and a minimum floor of \$0.03, calculated at the date of issue of conversion notice.
Attaching options	7 unlisted options issued upfront for each \$1 investment, ex \$0.08, exp 30/09/22
Fees paid to the Lead Manager	The CNF is covered under the existing Lead Manager mandate with Reach Markets Pty Ltd under which the Placement and Entitlement Offer were completed as follows: <ul style="list-style-type: none"> - Capital raise fee: 6% (excluding GST) + costs - Success fee: One option to subscribe for a fully paid ordinary share for each one dollar AUD raised with an exercise price of \$0.10 per option and expiring 3 years from the date of issue

Conditions precedent	<p>The CNF is subject to:</p> <ul style="list-style-type: none"> - shareholder approval of the terms of the CNF - Altor Capital Management Pty Ltd increasing the existing wholesale loan facility (Loan Facility) from \$5m to \$7.5m. Investors may refer to the details of Loan Facility in the announcement released on the ASX on 13 April 2022.
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There are no other material terms for noting and further, the Company notes that the full terms of the CNF will be set out in the Notice of Meeting for the EGM that the Board intends to complete and release to shareholders in July 2022.

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

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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.

Australia's 2.4 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.

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