Propell Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Propell Holdings Limited
ACN:	614 837 099
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	194%	to	2,414,460
Loss from ordinary activities after tax attributable to the Owners of Propell Holdings Limited	up	-	to	(4,480,995)
Loss for the year attributable to the Owners of Propell Holdings Limited	up	-	to	(4,480,995)

	2023 Cents	2022 Cents
Basic earnings per share	(3.72)	(4.48)
Diluted earnings per share	(3.72)	(4.48)

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 $4,480,995 (30 June 2022: $4,473,764).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(4.0)	(1.6)

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.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

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11. Attachments

Details of attachments (if any):

The Annual Report of Propell Holdings Limited for the year ended 30 June 2023 is attached.

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12. Signed

Signed ____________________________ Date: 31 August 2023

Benjamin William Harrison
Director
Brisbane

Annual Report 2023

propell*

Contents

Large Target Market

2.5m

SMEs in Australia

$423b

SME loans

Strong Market Growth

47%+

SME's grew in 2022

15%+

Growth in average loan size to SMEs

The Propell platform is a unique proposition for SMEs

Lending

Access to in-house & 3rd party platform connected lending products.

Proprietary assessment using predictive analytics and machine learning with demonstrated results

Payments

Providing core payments capability to SMEs in a centralised solution Payments including Credit, Debit, Digital Wallets,MOTO, Invoice Financing.

Technology

Providing core payments capability to SMEs in a centralised solution

Data

Rich proprietary data generated across product, customer, payments, financial, behavioural

Corporate Information

COMPANY SECRETARY
Adam Gallagher

REGISTERED OFFICE
Level 11, 82 Eagle Street
Brisbane QLD 4000

PRINCIPAL PLACE OF BUSINESS
Level 2, 307 Queen St
Brisbane QLD 4000

SHARE REGISTER
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Telephone: 1300 554 474

AUDITOR
Pitcher Partners
Level 38, 345 Queen Street
Brisbane QLD 4000

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

Chairperson Report

Dear Shareholders,

As we present our 3rd annual report for Propell Holdings Limited (ASX: PHL) for the financial year ending June 2023, we acknowledge that this has been a particularly challenging year for the Australian economy and our SME customers. Despite the headwinds, I am pleased to share that your company has taken steps to defend its position and prepare for a brighter future.

Propell remains Australia's premier all-in-one finance platform dedicated to simplifying financial management for SMEs through a digital-first approach. We continue our mission to upend conventional financial management by providing our customers with a centralised hub of financial tools, including payments and lending options, and crucial insights into their financial health.

In an economy where traditional financial service providers are increasingly falling short of meeting SMEs' evolving needs; the future lies in digital finance solutions. Propell is positioned to capitalise on the opportunities provided by this market shift. We are encouraged by the current global trends in payments and lending, which clearly indicate that disruptive, customer-centric solutions like ours are the way forward.

Under the dedicated leadership of Managing Director, Michael Davidson, the Company has achieved robust platform optimisation, introducing additional customer-centric offerings, streamlined processes, and amplified our underlying proprietary platform's capabilities. While these initiatives have led to significant revenue growth, they've also been carefully managed to avoid escalating our operating costs.

This past year has not been without its challenges. In the latter half of FY23, the equity market underwent significant fluctuations that impact high-growth technology companies, particularly those in the FinTech sector. As a result, despite the tangible progress and improvements we have made, our share price has suffered along with others in the FinTech and broader micro-cap market. While this has been disheartening, the Board remains confident that Propell has never been better poised for future success.

As we look to FY24 and beyond, we are both optimistic and pragmatic. We recognise the economic challenges currently faced by Australia but believe that we have adequately future-proofed the business to navigate through the next 12 months.

To all our customers, we extend our thanks for your continued faith in Propell. And to our employees, we thank you for your valued collective contributions over the last year, you all are vital to Propell's success.

Finally, to our shareholders, we appreciate your ongoing support which is invaluable to us. We commit to keeping you apprised of our endeavours and milestones as we steer Propell towards a prosperous future.

Yours Sincerely,

Benjamin Harrison
Chairperson

Date **31st August 2023**
Location **Brisbane**

CEO Report

"The past financial year was a pivotal period for both the broader economic environment and our organisation. We have executed key strategic decisions that ensured not just short-term survival but long-term competitiveness."

Michael Davidson
Chief Executive Officer

CEO Report

Dear Shareholders,

It is my pleasure to present to you Propell Holdings Ltd's annual report for FY23.

The past year has been an exceptional one, underpinned by a strategic focus on expanding our customer base, streamlining our operations, and laying down a solid framework for future growth. FY23 has been pivotal for the company in its quest to revolutionise financial services for small businesses in Australia.

Building upon our accomplishments from FY22, we've maintained a sharp focus on enhancing our digital finance platform, broadening our reach with both customers and product.

While we are pleased with this progress, it's important to address the challenges we have faced over the past year. As disclosed in previous quarterly updates, we've experienced deteriorating lending performance, largely influenced by the difficult economic environment that Australian SMEs are currently navigating. This has led to a noticeable increase in impairments within our loan portfolio.

In response, we have taken a conservative approach to our financial reporting, which has been reflected in our provisions. This is a calculated move to ensure the business' ongoing stability and pave the way for future growth opportunities.

FINANCIAL HIGHLIGHTS

Our financial discipline has yielded a 220% increase in interest revenue to $1.8 million and a 294% increase in operating revenue to $2.4 million. Operating costs (excluding depreciation, amortisation, impairment and finance costs) have been reduced by 27%, improving our underlying net operating result.

Our focus on achieving profitability is also reflected in our lean organisational structure, where we've reduced our full-time headcount substantially, without compromising on the quality of our customer experience.

While these figures are promising, they merely lay the groundwork for our ambitious goals ahead.

OPERATIONAL OVERVIEW

We have successfully delivered on our commitment to develop a world-class digital, cloud-based, open API, and data-driven platform.

Product and Technology

The completion of our cutting-edge digital, cloud-based, open API, and data-driven Platform is not just a milestone but a leap forward in our capabilities. We have now pivoted our focus from product development to rapid customer acquisition and scaling, backed by a state-of-the-art platform.

Customer Growth and Quality

In FY23, we've seen a 23% increase in our platform customer base, bringing it to more than 2,650 businesses. Not just the quantity, but the quality of our customers has also improved, evident from a 20% increase in average loan sizes to $24k. We have also diversified our acquisition channels by establishing a broker referral network, thereby reducing our historical reliance on direct acquisition.

Wholesale Funding

We increased our funding facility from $5m to $7.5m at a more favourable interest rate of 11.5%.

Cost Management

Our strategic cost-cutting initiatives have resulted in a substantial reduction in full-time headcount, aligning our operations more closely with our profitability goals.

The Propell Value Proposition

Our digital finance platform's core strength lies in its singular focus on the small business segment. The platform's open architecture and data-driven analytics provide small businesses with unparalleled insights into their financial health, coupled with a range of financial tools tailored to their needs.

OUTLOOK & STRATEGY

Strategic Priorities

1. Lending Capacity: Secure a new, increased wholesale funding facility to meet rising customer demand.
2. Origination Capacity: Continue to amplify lending growth via our established broker referral network.
3. Operational Margins: Maintain the cost base at current levels while scaling operations and the customer base.
4. Customer Penetration: Broaden the suite of lending products to attract new clients and increase product-per-customer metrics.

Short-term Focus

- Product Growth: Leverage growing acquisition channel to drive volume and revenue growth.
- Broker Network: We aim to leverage our broker network for accelerated loan growth.
- Wholesale Funding: To support our growing loan book, we're looking to secure an even larger wholesale funding facility.

Medium to Long-term Objectives

- Operational Efficiency: Hold operational costs at current levels while aggressively growing the customer base.
- Expanding Product Portfolio: Enrich our lending products suite to drive customer loyalty and attract new business.

THE FUTURE

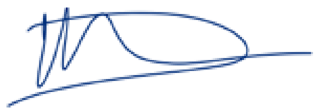
We are well positioned to expand our reach in the digital finance landscape for small businesses. As we look ahead, we are keenly aware of the changing financial ecosystem and the role that Propell is poised to play in it. Our goal remains to become the de facto financial solutions provider for small businesses, providing a 100% digital platform that frees them from the limitations of traditional banking systems.

In the years to come, our aspiration is not just to be a digital finance platform but the definitive financial ecosystem for small businesses, an environment where they can manage their entire financial lives free from the limitations of traditional banking systems.

Achievement of these goals would not have been possible without the unyielding commitment of the Propell team and the strategic guidance of our Board. I would also like to extend my gratitude to our shareholders, whose vision fuels our pursuit of this goal.

I wish to extend my heartfelt thanks to our committed team and supportive board, without whom none of our accomplishments would be possible. Thank you for your continued support and trust.

Regards,



Michael Davidson
CEO

Date **31st August 2023**
Location **Brisbane**

Directors' Report

Directors' Report

Propell Holdings Limited
Directors' report
30 June 2023

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 or "parent entity") and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of Propell Holdings Limited during the whole of the financial 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

To be read in conjunction with the CEO Report.

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

In FY23, the Company experienced robust growth in its customer base and enhanced credit quality of new customers. The number of platform customers reached more than 2,650, an increase of 23% compared to the previous year (2022: 2,150). Average loan size, a key indicator of customer quality, increased by approximately 20% in FY23 to $24k (2022: $20k).

During the year, the Company improved its lending margin by 3.5 percentage points by reducing its wholesale borrowing cost from 13% to 11.5% while increasing in its weighted average customer pricing by 2 percentage points.

Product and Technology

During the year, the Company completed development of the Platform, allowing a shift in emphasis to growth, with the components in place to scale.

Expansion of acquisition channels

In FY23, the Company established and grew its broker referral network, which has significantly accelerated the growth in inbound leads. Historically, the business has relied on digital marketing for lead generation. The Company views its newly established broker referral network as a key element in its pathway to profitability, providing higher speed to market and lower risk to margin.

Increase in wholesale facilities

During the year, the Company secured an increase in its wholesale funding facility limit from $5,000,000 to $7,500,000 while reducing the interest rate from 13% to 11.5% (subject to the terms outlined in the ASX announcement dated 17 August 2022).

Reduction in cost base

In FY23, Propell embarked on a cost-cutting initiative, leading to reductions across a number of areas, including local teams. These changes were driven by Propell's focus on achieving profitability sooner, together with structural change as a result of the completion of the Company's Platform. These changes have led to a reduction in full-time headcount of around 75%, ensuring a more sustainable cost structure moving forward.

Financial Overview

The Company's significant growth in customers and lending resulted in a 220% increase in interest revenue during the 2023 financial year to $1,755k (2022: $799k). Operating revenue for the year was $2,414k, a 294% increase on 2022 operating revenue of $821k. Operating revenue includes a one-off revenue of $581k from the fair value gain on revaluation of the Convertible Notes.

Operating costs (excluding depreciation, amortisation, impairment and finance costs) decreased 27% to $2,720k (2022: $3,713k) as the Company pursued cost optimisation initiatives to improve its net operating result while continuing to meet the needs of its customers and operating objectives.

The FY23 result includes a one-off expense of $804k for impairment of intangible assets. The intangible assets balance represents technology development costs that were historically capitalised rather than expensed. The Directors made a conservative decision to impair the balance of the intangible assets to nil as at 30 June 2023. This decision was based on the evaluation of a discounted cash flow model to assess the fair value of the intangible assets. The change in circumstance that led to the recognition of the impairment loss includes cost factors such as increasing loan impairment expense; economic factors such as increasing interest rates; and market conditions such as deteriorating performance of small businesses.

Net cash used in operating activities improved from $7,338k in FY22, to $1,492k in FY23.

The net loss after tax for the year was $4,481k (FY22: net loss of $4,474k).

Outlook

Propell's revenue 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 growing broker referral network to facilitate loan book growth and pursue additional wholesale funds to continue to meet the anticipated demand going forward.

Concurrently, the Company continues to investigate organic and acquisition opportunities to add to its product offering.

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.

Business risks

The activities of the Company are subject to risks which may impact on its future performance. The Company has appropriate actions, systems and safeguards for known risks, however, some are outside its control. The primary risks faced by the Group include:

Economic factors - the operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies.

Regulatory risk, Government policy - Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes and Government policies in Australia, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company.

Customers failing to repay their financial obligations to the Company - if Propell's customers do not fulfil their financial obligations, the Company may experience a decrease in revenue and increase impairment expenses.

Default – default or breaches under the Company's funding arrangements may lead to loss of current available funding.

Inability to access alternative debt funding on favourable terms - if Propell fails to maintain its current Funding Arrangements or seeks to expand its loan book to new customers, the Company would be required to source alternative debt funding.

Defects with the Propell Platform and credit assessment tool - errors or defects identified and/or experience by customers or users of the Platform could harm the Company's reputation, business and financial performance.

Credit assessment risks - Propell's credit systems and process may not produce an accurate evaluation of a customer's credit risk as a result of inaccuracy of data provided by third parties, human error by a credit officer or other employee, software bugs, technological failures, software errors, and incorrectly understood statistical evaluations/algorithm errors. Refer to note 26 of the Financial Report for further information on Propell's credit risk assessment.

Competition - an alternative small business financing solution may have access to lower funding costs, greater scale and resource benefits, and may offer a product that is better priced, which could adversely affect the Company's competitiveness.

Reliance on third parties and contractual risk - the success of the Company's operations is heavily reliant upon the counterparties to its material contracts continuing to meet obligations under the respective contracts.

Security breaches - A malicious attack on any of the Company's systems, processes or people from external or internal sources may put customer data and technologies used to run the Platform at risk, which may have a material adverse effect on the Company's operational and financial performance.

Protection of intellectual property - There is a risk that Propell's intellectual property may be compromised in a number of ways, including through unauthorised use or copying of Propell's software.

Rate of Propell customer adoption - The ability of Propell to increase revenue and achieve profitability is dependent on its ability to scale its business, which is dependent on a number of factors including its ability to onboard new SMEs, attract new customers and encourage repeat business.

Loss of customers - if the Company fails to retain its customers, this is likely to affect the financial performance of the Company.

Additional capital requirements - The Company's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds.

Limited trading history - the Company is a growing business with limited trading history and any number of factors could adversely affect the operations and business model of Propell.

Propell raises additional capital

During the financial year, Propell raised additional capital:
• on 11 July 2022, the Group raised $1,760,000 via a Convertible Note.
• on 1 December 2022, the Group raised a further $540,000 via a Convertible Note.

Funds from these capital raises will be used to execute the Company's growth strategy, which includes continuing to grow customer numbers and the lending book, while exploring entry into new industry verticals, new products and new geographies.

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

Significant changes in the state of affairs
Significant changes in the state of affairs of the Group during the financial period, were as follows:

During the financial year, Propell raised additional capital:
• on 11 July 2022, the Group raised $1,760,000 via a Convertible Note.
• on 1 December 2022, the Group raised a further $540,000 via a Convertible Note.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2023 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.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnity of officers
The Company has indemnified the Directors and Officers of the Company for costs incurred, in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Auditor
Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001.*

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	Eligible	Attended	Eligible	Attended
Benjamin Harrison	10	10	2	2
Jeremy Loftus	10	10	2	2
Michael Davidson	10	10	-	-

'Eligible' means the number of meetings held that the Director was eligible to attend as a member of the Board or the Audit and Risk Committee.

'Attended' means the number of meetings attended by the eligible Director.

The Company did not have a formal Nomination and Remuneration Committee during the reporting period and relevant matters were managed directly by the Board.

Company secretary
Name:
Adam Gallagher

Qualifications:
Bachelor of Economics, Master in Commerce, Graduate Diploma in Information Systems and Graduate Diploma in Applied Corporate Governance

Experience:
Mr Gallagher has over two decades of experience across technology, debt and equity markets as a business owner, executive, M&A manager, investor and officeholder. He has been providing corporate services for listed companies for over ten years as a Director, Company Secretary and executive. He has previously held officeholder roles in ASX listed technology companies: CT1, YPB, and currently in EVS, CCR, CCA and PHL.

Information on Directors

Name:	Benjamin William Harrison
Title:	Non-Executive Chair
Qualifications:	Bachelor of Science, Master of Applied Finance and Investment
Experience and expertise:	Mr Harrison has vast experience in advising companies. Ben is the Chief Investment officer of Altor Capital, a boutique alternative investment manager and corporate advisory firm, where he advises and assists in the venture capital and private equity sectors in Australia. Mr Harrison has been involved at board level in a number of investee companies on behalf of investors. His experience extends well beyond financing and M&A into; investment, strategy, financial management, corporate restructuring, corporate governance and general management.
Other current directorships:	Nil
Former directorships (last 3 years):	Change Financial Limited (CCA.ASX) (resigned November 2022)
Special responsibilities:	Mr Harrison is a member of the Audit and Risk Committee.
Interests in shares:	3,199,547 ordinary shares
Interests in options:	1,100,000 options

Name:	Jeremy Grant Loftus
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce, CPA
Experience and expertise:	Mr Loftus has over 20 years finance experience including as CFO for several ASX listed companies and multiple start-ups. Within a diverse range of sectors in Australia, he has contributed in early growth phases through to public listing and beyond, capturing opportunity in equity and debt funding markets to sustain high growth. Mr Loftus has been working in online lending since 2017 as CEO, CFO and Company Secretary covering SME and consumer lending.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Mr Loftus is a member and Chairman of the Audit and Risk Committee.
Interests in shares:	302,503 ordinary shares
Interests in options:	Nil

Name:	Michael Kane Davidson
Title:	Executive Director and Chief Executive Officer
Experience and expertise:	Michael found his passion for technology and small enterprise early in his telecommunications career in Australia and the UK. He has been CEO of Propell since its foundation having grown the business from payments into alternative finance. Michael was integral in securing service provider deals with large Australian banks.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	1,037,714 ordinary shares
Interests in options:	5,325,000 options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

Name	Position
Directors	
Benjamin William Harrison	Non-Executive Chair
Jeremy Grant Loftus	Non-Executive Director
Michael Kane Davidson	Executive Director and Chief Executive Officer
Executives	
Gary Hazelwood	Chief Financial Officer

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for Shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors (the "Board") ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to Shareholders
- performance linkage and alignment of executive compensation
- transparency

Due to the current size and complexity of the Company, the Board has decided to fulfil the duties of a Nomination and Remuneration Committee in accordance with the adopted Remuneration Charter that forms part of the Corporate Governance Charter. The Board in its capacity as Nomination and Remuneration Committee, is responsible for determining and reviewing remuneration arrangements for Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performing personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to Shareholders' interests. The Board seeks to enhance Shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in Shareholder value, consisting of dividends; growth in share price; earnings per share; delivering constant or increasing return on assets; and non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in Shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors remuneration
Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the market. The Chair is not present at any discussions relating to the determination of the Chair's own remuneration. Non-executive Directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The current approved maximum annual aggregate remuneration for non-executive Directors is $500,000.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which may include fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ("STI") program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ("KPI's") being achieved. KPI's include profit contribution, business growth, customer satisfaction, leadership contribution and product development.

The long-term incentives ("LTI") include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in Shareholders value relative to the entire market and the increase compared to the Group's direct competitors. The Board, in fulfilling the duties of a Nomination and Remuneration Committee in accordance with the Company's Remuneration Charter, reviewed the long-term equity-linked performance incentives for executives during the year ended 30 June 2023.

Use of remuneration consultants
No external remuneration consultants were engaged during the financial year ended 30 June 2023.

Details of remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

2023	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Benjamin Harrison	72,000	-	-	-	-	-	72,000
Jeremy Loftus	39,701	-	-	2,835	1,585	-	44,121
Executive Directors:							
Michael Davidson	257,269	-	-	26,408	4,166	56,026	343,869
Other Key Management Personnel:							
Gary Hazelwood	232,710	-	-	23,102	3,596	10,250	269,658
	601,680	-	-	52,345	9,347	66,276	729,648

2022	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Benjamin Harrison	72,000	-	-	-	-	-	72,000
Jeremy Loftus	53,930	-	-	5,260	3,074	-	62,264
David Brennan (1)	20,130	-	-	1,938	(6,750)	-	15,318
Executive Directors:							
Michael Davidson (2)	276,558	-	-	25,123	10,940	30,941	343,562
Other Key Management Personnel:							
Gary Hazelwood (3)	11,004	-	-	1,022	-	250	12,276
	433,622	-	-	33,343	7,264	31,191	505,420

(1) David Brennan resigned as a Director on 24 December 2021.

(2) Michael Davidson was appointed as a Director on 24 December 2021 and was a KMP for the entire period.

(3) Gary Hazelwood was formally appointed as Chief Financial Officer on 2 August 2022 after commencing on 13 June 2022 to allow for transition of the CFO role.

Salary and fees includes the movement in the annual leave provision.

Share based payments includes the expense for ordinary shares and options granted to KMP as part of their remuneration. The value of the options is calculated as at the grant date. The amounts disclosed as part of remuneration for the prior financial year have been determined by amortising the grant date value on a straight-line basis over the period from grant date to vesting date.

Fees relating to Benjamin Harrison are paid to Riverfire Capital Ventures Pty Ltd, a personal services company of which Mr Harrison is the sole Director, in return for it arranging for the provision of his services to the Company.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2023	Fixed remuneration 2022	Performance related 2023	Performance related 2022
Non-Executive Directors:				
Benjamin Harrison	100%	100%	-	-
Jeremy Loftus	100%	100%	-	-
Executive Directors:				
Michael Davidson	100%	100%	-	-
Other Key Management Personnel:				
Gary Hazelwood	100%	100%	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Michael Davidson
Title:	Chief Executive Officer
Agreement commenced:	29 March 2017
Term of agreement:	Continues until terminated with notice under applicable legislation.
Details:	Employment agreement with remuneration of $250,000 per annum plus superannuation.

Name:	Gary Hazelwood
Title:	Chief Financial Officer
Agreement commenced:	13 June 2022
Term of agreement:	Three months written notice
Details:	Employment agreement with remuneration of $220,000 per annum plus superannuation.

Key management personnel are entitled to termination payments under applicable legislation except in the event of removal for misconduct or breach of service agreement.

Share-based compensation

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Gary Hazelwood	500,000	13/06/2022	13/06/2024	13/06/2025	$0.10	$0.021
Michael Davidson	3,250,000	24/08/2022	24/08/2022	24/08/2025	$0.10	$0.017

Options granted carry no dividend or voting rights. Vesting is conditional upon employment at the vesting date.

Details of options over ordinary shares granted, vested and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted $	Number of options vested $	Number of options lapsed
Michael Davidson	24/08/22	24/08/22	3,250,000	53,771	3,250,000	-

Issue of shares, convertible notes and retention rights over ordinary shares

There were no shares, convertible notes or retention rights over ordinary shares granted to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023 $	FY22 $	FY21 $	FY20 $	FY19 $
Total revenue	2,455,870	820,729	684,754	1,006,917	1,019,283
Loss after tax	(4,445,491)	(4,473,764)	(4,340,283)	(2,135,503)	(5,057,224)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	FY22	FY21	FY20	FY19
Share price at financial year end ($)	0.03	0.05	0.11	-	-
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(3.69)	(4.48)	(6.25)	(4.74)	(7.37)
Diluted earnings per share (cents per share)	(3.69)	(4.48)	(6.25)	(4.74)	(7.37)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	On-market Acquisition	Rights issue Acquisition	Balance at resignation	Balance at the end of the year
Ordinary shares					
Benjamin Harrison	3,199,547	-	-	-	3,199,547
Jeremy Loftus	302,503	-	-	-	302,503
Michael Davidson	1,019,714	18,000	-	-	1,037,714
Gary Hazelwood	500,000	-	-	-	500,000
	5,021,764	18,000	-	-	5,039,764

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year (restated)	Granted	Exercised	Balance at resignation	Balance at the end of the year
Options over ordinary shares					
Benjamin Harrison	1,100,000	-	-	-	1,100,000
Jeremy Loftus	-	-	-	-	-
Michael Davidson	2,075,000	3,250,000	-	-	5,325,000
Gary Hazelwood	500,000	-	-	-	500,000
	3,675,000	3,250,000	-	-	6,925,000

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Benjamin Harrison	1,100,000	-	1,100,000
Michael Davidson	2,075,000	3,250,000	5,325,000
Gary Hazelwood	-	500,000	500,000
	3,175,000	3,750,000	6,925,000

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Propell Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
01/12/2018	01/12/2023	$0.40	1,100,000
01/10/2020	01/10/2024	$0.30	5,433,333
10/11/2020	1/10/2024	$0.20	1,403,245
07/04/2021	07/04/2024	$0.30	2,000,000
07/04/2021	07/04/2024	$0.40	4,000,000
08/02/2021	07/02/2024	$0.20	3,500,000
13/06/2022	13/06/2025	$0.10	500,000
23/08/2022	22/08/2025	$0.10	300,000
24/08/2022	24/08/2025	$0.10	8,174,790
1/12/2022	1/12/2025	$0.10	2,010,000
01/01/2023	01/01/2026	$0.10	290,000
01/12/2022	30/08/2024	$0.08	16,100,000
			44,811,368

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Propell Holdings Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of Pitcher Partners

There are no officers of the Company who are former partners of Pitcher Partners.

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 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

____
Benjamin William Harrison
Director

31 August 2023
Brisbane

Corporate Governance Statement 2023

The Board of Directors (Board) of Propell Holdings Limited (Propell, Company or Group) is responsible for the corporate governance of Propell and its subsidiaries. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations (4th Edition) (Principles or Recommendations), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for the corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the recommendations, the Board has offered full disclosure of the nature and reason for the departure.

The Board will periodically review and develop its governance policies and practices as the Company grows in size and complexity.

The Corporate Governance Charter is available on the Company's website at https://propell.investorportal.com.au/corporate-governance/

This Corporate Governance Statement was authorised for issue by the Board on 31 August 2023.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Board and management functions

The Board has a Charter outlining its roles and responsibilities, which is available on the Company's website in Section 1 (page 3) of the Corporate Governance Charter. It clearly delineates matters reserved for the Board and those delegated to management.

In summary, the responsibilities of the Propell Board include:

- oversight of the Company, including its control and accountability systems;
- setting the Company's major goals, including the strategies and financial objectives to be implemented by management;
- appointing, removing and managing the Chief Executive Officer;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and/or Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring that appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- instilling sound corporate governance practices in the board and executive.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director or an employee. However, the Board acknowledges that it retains the ultimate responsibility for the exercise of such powers under the Corporations Act 2001 (Cth).

The Board has delegated responsibility to the Chief Executive Officer for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing Propell's annual budget, recommending it to the Board for approval and managing day to day operations within the budget;
- managing day to day operations in accordance with standards for social and ethical practices which have been set by the Board; and
- approval of capital expenditure and business transactions within predetermined limits set by the Board.

1.2 Appointment of Directors

The Company performs appropriate checks of any person to be appointed a Director, either by the Board or nominated by shareholders. These checks include details of the person's character, experience, education and other factors.

As is required by the ASX Governance Recommendations, all material information in the Company's possession relevant to a Director's election or re-election is provided to shareholders in the relevant notice of meeting for each Annual General Meeting (AGM).

The Company will provide the following information to shareholders to enable them to make an informed decision as to whether to elect a Director for the first time:

- biographical details including relevant qualifications, experience and skills that they bring to the Board;
- details of any other material Directorships currently held;
- any materially adverse information revealed by the checks the Company has performed about the candidate;
- any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally;
- whether the Board considers that, if elected, the candidate will qualify as an independent Director; and whether the Board supports the election of the candidate.

The Company will provide the following information to shareholders to enable them to make an informed decision as to whether to re-elect a Director standing for re-election:

- biographical details;
- relevant qualifications, experience and skills they bring to the Board;
- detail of any other material Directorships currently held;
- term of office currently served;
- whether the Board considers the Director an independent Director; and
- if the Board supports their re-election.

1.3 Written Agreements

The Company requires written agreements for Directors and senior executives specifying their roles, responsibilities, and the Company's expectations. A summary of the key terms of the remuneration for KMP executives is included in the published Remuneration Report within the Annual Report.

1.4 Company Secretary

During FY23, the Company Secretary was Adam Gallagher.

The Company Secretary reports directly to the Board, providing advice on governance matters, ensuring compliance with policies and procedures, managing the timely dispatch of board papers, accurately recording meeting minutes, and assisting in Director induction and development. The Board is responsible for appointing or removing the Company Secretary.

Adam's relevant skills, qualifications and experience are set out on page 24 of the 2023 Annual Report.

1.5 Diversity

The Board has a formal Diversity Policy that is included in Section 8 (pages 56-58) of its Corporate Governance Charter.

In summary the Company respects and values diversity (which includes but is not limited to gender, age, disability, ethnicity, marital or family status, religious beliefs, socio-economic background, perspective, experience, cultural background, sexual orientation and gender identity), and the benefit of its integration throughout the Company to enrich the Company's perspective, improve corporate performance, increase shareholder value and maximise the probability of achievement of the Company's goals. The Company acknowledges that diversity is important to the Company's ability to attract, retain and motivate employees from the widest possible pool of available talent and the Company is committed to diversity at all levels (Principle).

With respect to gender diversity, the Board has chosen not to set measurable objectives and targets due to the small size and scale of its operations. The Board will review this position in future reporting periods.

The Board of Propell has three Directors, all of whom are male. In the senior executive, the Company has one female employee(s) and three male employees. A 'senior executive' is defined as the CEO and the CEO's direct reports. The total number of female employees is 3, which accounts for 50% of all employees and 33% across the Company.

Propell is not a 'relevant employer' as defined under the Workplace Gender Equality Act.

Propell does not comply with Recommendation 1.5 (b) as it has not set measurable objectives regarding gender diversity.

1.6 & 1.7 Board & Executive Performance Evaluation

The Company defines its Senior Executives as the CEO and its executive leadership group, including Key Management Personnel (KMP).

The Board regularly evaluates its own performance, individual Directors (including Executive Directors), and committee functions.

The Chairman meets with Directors to discuss their performance, and the Board evaluates the Chairman's performance. Directors retiring by rotation undergo an evaluation by the Chairman. The evaluation considers factors such as capability, skills, industry understanding, value-adding contribution, and performance in key areas of responsibility.

Similarly, the Chief Executive Officer assesses the performance of executives based on assigned goals and these factors. The evaluation occurs annually and aims to enhance the effectiveness of Directors, the Board, and executives.

The assessment program was conducted during the 2023 financial year.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE.

2.1 Nomination Committee

Due to the small size of the Company and Board, the responsibilities of a Nomination Committee are currently carried out by the full Board. The relevant charter is set out in Section 5 of the Company's Corporate Governance Charter (pages 28 – 32). The Board will reassess its position during the 2024 financial year to determine if establishing a formal committee is appropriate for the Company.

The Board regularly assesses its balance of skills, knowledge, experience, independence and diversity against the relevant provisions in its Corporate Governance Charter, including the Skills Matrix per 2.2 below, to enable it to discharge its duties and responsibilities effectively. Should the Board deem that a director vacancy exists, the Board then identifies candidates with the appropriate expertise and experience, using external consultants as appropriate. The most suitable candidate is appointed but must stand for election at the next annual general meeting following their appointment.

The process for re-election of a Director is in accordance with the Company's Constitution, which requires that each year, at least one-third of the Directors (excluding a Managing Director) retire from office at the annual general meeting. The retiring Directors may be eligible for re-election.

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2.2 Skills matrix

TIt is important for the Board to have the appropriate mix of skills, knowledge, and experience to effectively oversee the Company's operations and make informed decisions. To fulfil this principle, the Company has implemented a Board Skills Matrix (Matrix) as a valuable tool for assessing and enhancing the composition and capabilities of the Board, which is set out in Section 1 (page 5) of the Corporate Governance Charter.

The Matrix is designed to identify and evaluate the skills, experience, qualifications, and diversity of the Directors, enabling the Board to assess any gaps in skills or knowledge and address them through appropriate recruitment, training, or other initiatives.

The Matrix covers a broad range of areas, including but not limited to finance, legal, governance, health & safety, technology, human resources and strategy. Each Directors' skills and experience are assessed and mapped against these criteria, providing a clear overview of the collective strengths and areas that may require further development or focus.

The Board regularly reviews and updates the Matrix to ensure its relevance and alignment with the Company's evolving needs and strategic priorities. This ongoing evaluation enables the Board to identify any gaps in skills or expertise and take proactive steps to address them.

By utilising the Matrix, the Company strives to maintain a diverse and highly skilled Board that can effectively guide and

govern the organisation, make informed decisions, and adapt to the changing business landscape. This commitment to a robust and dynamic Board composition enhances the Company's ability to deliver long-term value to its stakeholders and achieve sustainable growth in a rapidly evolving business environment.

Details of the Directors, including their qualifications and experience, are set out in the Directors Report in the 2023 Annual Report on page 24.

2.3 Status of Independence

The Board comprises three directors in total, two of which are non-executive, including the Chairman, Ben Harrison. The CEO, Michael Davidson, was appointed Managing Director on 24 December 2021.

The following table sets out the details of the Directors who served on the Board during FY23, their length of service and their status of independence.

There are currently no independent directors. The Chairman, Ben Harrison was involved in managing the IPO process that occurred in April 2021, and as such he was considered to be an executive at that time, and thus having been an executive in the last three years he cannot be considered to be independent.

Risk Management Committee Member Jeremy Loftus fulfilled the main finance functions of the Group until the appointment of a CFO in June 2021 following which he has assisted with the handover of the executive finance functions and similarly he is not considered to be independent.

Name	Position	Appointed	Independence
Benjamin Harrison	Non-Executive Chairman	15 September 2016	Non Independent
Jeremy Loftus	Non-Executive Director	13 November 2018	Non Independent
Michael Davidson	Managing Director & CEO	24 December 2021	Non Independent

2.4 & 2.5 Independence

The Board considers a Director to be independent where he or she is:

- independent of management, that is a non-executive Director; and
- free from any business or other relationship that could materially interfere, or could reasonably be perceived to materially interfere, with the exercise of his or her unfettered and independent judgment.

Materiality is assessed on a case-by-case basis by reference to the Directors' individual circumstances rather than any general materiality thresholds.

Refer to section 2.3 for independence of Directors.

In view of the size of the Company and the nature of its activities, the Board considers that the current mix of skills, experience, qualifications, and experience on the Board is appropriate. The Board will continue to monitor the requirements for independent Directors in the context of the Company's communicated objectives.

During FY23, the role of the Chairman and the role of the CEO were exercised by different individuals: Benjamin Harrison and Michael Davidson, respectively.

The Chairman's overarching responsibilities are to provide appropriate leadership to the Board and the Company and to ensure the Board fulfils its obligations under the Corporate Governance Charter.

2.6 Induction program & professional development

Newly appointed Directors are provided with an induction program to ensure their active involvement in Board decision-making from the start. This program includes written information about the Company, its operations, and ongoing Board matters.

Additionally, new Directors have scheduled meetings with the Chairman, Chief Executive Officer, Chief Financial Officer and the Company Secretary.

The Board encourages continuous professional development for Directors through workshops, seminars, and external education opportunities.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendations 3.1, 3.2, 3.3 and 3.4

The Company has developed a comprehensive Code of Conduct, Whistleblower Policy, and Anti-Bribery and Corruption Policy, which apply to all Directors, Senior Executives, employees, and contractors. The Code of Conduct and Anti-Bribery and Corruption Policy is disclosed within our Corporate Governance Charter (refer Section 1, page 8 and Section 11, page 77). These policies are readily accessible on the Company's website, providing transparency and clarity regarding the Company's values, expectations, and standards of behaviour.

The Code of Conduct serves as a guiding document that outlines the ethical principles, professional standards, and conduct expected from all individuals associated with the Company. It covers various areas, including conflicts of interest, confidentiality, and compliance with laws and regulations.

The Whistleblower Policy is also available on the Company's website - https://propell.investorportal.com.au/corporate-governance/ - and provides a mechanism for employees and stakeholders to report any concerns or wrongdoing within the organisation, ensuring confidentiality and protection against retaliation. It encourages individuals to come forward with information related to illegal activities, unethical behaviour, or any other misconduct that may adversely impact the Company.

Additionally, the Anti-Bribery and Corruption Policy sets clear guidelines and procedures to prevent bribery, corruption, and unethical practices in any form. It outlines the Company's commitment to conducting business with integrity, complying with anti-bribery laws, and ensuring fair competition.

To ensure accountability and enforcement of these policies, any material breach is reported to the Board or a designated Committee of the Board. This reporting mechanism ensures that significant breaches are appropriately addressed, investigated, and remedied. By promptly addressing any breaches, the Company demonstrates its commitment to upholding the highest standards of integrity and ethical conduct

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 Audit Committee

The Company has established an Audit & Risk Management Committee that consists of two directors. The Chairman of the Audit & Risk Management Committee is Risk Management

Committee. Jeremy Loftus, who is not an independent director however he is not the Chairman or an executive of the Company.

The skills and experience of the Committee members together with the number of meetings held, and the number of meetings attended by each Committee member in the reporting period are set out in the 2023 Annual Report.

The Board considers that the technical skills, qualifications and experience represented by the involvement of its members are most suited to the effective discharge of the responsibilities of this Committee

The Board will monitor the level of participation in the Committee as the Company grows and consider any additional Directors that are appointed to the Board.

The Committee's roles and responsibilities are detailed in a formalised Audit & Risk Management Committee Charter that is included in the Corporate Governance Charter available on the Company's website.

The Company the Audit & Risk Management Committee is responsible for:

- reviewing the annual and half year financial reporting carried out by the Company;
- reviewing the accounting policies of the Company;
- reviewing the scope of the external auditors and internal auditor/compliance team (if appointed) and any material issues arising from these audits;
- overseeing the independence of the external auditors and determining procedures for the rotation of audit partners;
- ensuring the sufficiency of, and compliance with, ethical guidelines and Company policies affecting corporate governance, financial reporting and corporate control together with compliance with laws and external regulations;
- identification of the full range of actual or potential risk exposures which are material to the Company; and
- the effectiveness of the group's risk management systems and strategies.

4.2 CEO and CFO Declaration

Each year the Chief Executive Officer and the Chief Financial Officer provide the Board with written confirmation that:

- The consolidated financial statements for each half-year and full financial year present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with accounting standards; and
- The declarations provided in accordance with Section 295A of the Corporations Act are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board has received this assurance from the Chief Executive Officer and the Chief Financial Officer in relation to the 2023 financial year.

4.3 Verification of periodic reports

The Company's financial and half-yearly financial reports are audited prior to being released to the market. Directors also require a s295A declaration from the CEO and CFO before any financial reports are released to the market.

The ARC reviews the Company's financial reports, including the Company's Annual Report and recommends whether Directors should approve the release of these documents to the market.

The Company has established a diligent review mechanism for all non-audited or reviewed periodic corporate reports. These reports include financial statements, interim financial reports, operational updates, and other relevant disclosures that provide information on the Company's performance, financial position, and prospects.

Reports are circulated to all Directors before their public release. This practice allows the Board to have a comprehensive understanding of the contents, implications, and key messages conveyed in the reports. It enables Directors to engage in informed discussions, provide valuable insights, and collectively ensure the accuracy and integrity of the information being communicated to the market.

The Company continuously evaluates and enhances its review mechanisms to align with evolving regulatory requirements, industry best practices, and emerging reporting standards. It maintains open channels of communication with the independent reviewers, the Board, and relevant stakeholders to ensure a collaborative and rigorous approach to the preparation, review, and dissemination of non-audited or reviewed periodic corporate reports.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Written disclosure policy

The Company has established comprehensive procedures to identify and disclose matters that may have a material impact on the price or value of its securities in compliance with ASX disclosure requirements.

The continuous disclosure policy, which outlines the Company's commitment to providing timely and relevant information to the market, is explicitly included in the Corporate Governance Charter. This Charter is readily accessible on the Company's website, enabling stakeholders, including investors, analysts, and the general public, to familiarise themselves with the Company's disclosure practices and guidelines.

Both senior management and the Board assume responsibility for scrutinising events and information to determine the necessity of disclosure. This shared responsibility ensures a comprehensive and balanced assessment of potential disclosure matters. Senior management, led by the Chief Executive Officer, monitors ongoing developments within the Company, evaluates their potential impact, and promptly informs the Board about significant events or information that may require disclosure.

The Board, in collaboration with senior management, exercises due diligence in evaluating the significance and materiality of the identified events or information. This evaluation process is guided by the Company's commitment to maintaining market integrity and ensuring that shareholders and other stakeholders have access to information that may affect their investment decisions.

5.2 Market announcements sent to the Board

The Company has established an approval process which ensures all directors have reviewed and approved all material market announcements, prior to these being provided to the ASX.

The Company Secretary is responsible for lodging all communications with the ASX and providing a confirmation of lodgment to the Directors.

5.3 Presentations released to the ASX

All presentations where the Company provides financial results or new and substantive content are released to the ASX prior to being made public elsewhere.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1 Company & governance information

The Company provides general and current information regarding its purpose, board and leadership and activities, as well as its Corporate Governance Charter.

6.2 Investor relations program

The Company has engaged an external investor relations group to assist in developing and executing its investor relations program.

Within this program, the Company encourages two-way communication by inviting shareholders and investors to contact the Company on each external communication and ASX release. It also arranges investor webinars following the release of each financial report that includes an allocation of time for investor questions.

6.3 Security holder participation at meetings

Shareholders are encouraged to attend all Annual General Meetings and other general meetings and are given the opportunity to meet management immediately following each meeting. In addition, management will respond to meeting or information requests by shareholders in a timely manner.

The Company uses its general meetings (GMs) as an opportunity to further engage with its shareholders and seek their input on the management of the Company. The Company will undertake a number of steps to seek to maximise shareholders' ability to participate in the GM process by:

(a) making Directors, members of Management and the external auditor available at the AGM;

(b) allowing shareholders in attendance at a GM a reasonable opportunity to ask questions regarding the items of business, including questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report; and

(c) providing shareholders who are unable to attend a GM with an opportunity to submit questions in advance of the GM..

6.4 Resolutions decided by poll

The Board has determined that all shareholder resolutions will be decided by poll.

6.5 Electronic communication

The Company's website contains a facility for shareholders to direct inquiries to the Company and to elect to receive communications from the Company via email. The Company's securities registrar similarly provides shareholders with the option of receiving information electronically, as well as the details to communicate and access information regarding their holdings.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK.

7.1 & 7.2 Risk Management Committee & Review

The Company has established an Audit & Risk Management Committee that consists of two directors. The Chairman of the Audit & Risk Management Committee is Jeremy Loftus, who is not an independent director however he is not the Chairman or an executive of the Company.

The Board considers that the technical skills, qualifications and experience represented by the involvement of its members are most suited to the effective discharge of the responsibilities of this Committee.

The Board will monitor the level of participation in the Committee as the Company grows and consider any additional Directors that are appointed to the Board.

The Committee's roles and responsibilities are detailed in a formalised Audit & Risk Management Committee Charter that is included in the Corporate Governance Charter that is available on the Company's website.

The Audit & Risk Management Committee is responsible for the Company's risk management framework. It sets the risk appetite and profile for management, reviewing and updating as required.

Management through the CEO is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Committee on the risk management and control environment on a regular basis.

The Committee in conjunction with the external auditors monitors the effectiveness of management's internal control and reporting system.

The risk framework of the Company is reviewed at least annually and has been reviewed during the year.

7.3 Internal audit function

The Company has not implemented an internal audit function due to the relatively small size of its current operations. In the current stage of the Company's development, the Board believes that the Audit & Risk Management Committee, with the CEO and CFO, can monitor the effectiveness and improvement of the Company's control environment as well as incorporate any relevant comments from the Company's auditor in completion of the Annual and Half-Year audit processes.

7.4 Economic, Environmental or Social Sustainability

While being committed to corporate social responsibility, the Company acknowledges that its size and nature of operations currently limit its exposure to economic, environmental, and social sustainability risks. The Company operates within the fintech industry.

Considering the specific nature of our business, the Company has assessed that the direct economic risks associated with traditional industries, such as resource depletion, supply chain disruptions, or market fluctuations, do not significantly impact our operations. Additionally, our business model aligns with environmentally friendly practices, as our operations primarily rely on digital platforms, which inherently minimise environmental footprints compared to traditional industries.

While the Company acknowledges the importance of economic, environmental, and social sustainability, we maintain transparency by openly disclosing our assessment of these risks and our current position. This allows investors and stakeholders to gain a comprehensive understanding of our business operations, including the extent of our exposure to sustainability risks.

As the Company continues to grow and evolve, we remain committed to periodically reassessing our exposure to economic, environmental, and social sustainability risks. This ongoing evaluation will ensure that we adapt our practices and strategies in accordance with emerging sustainability trends, industry best practices, and the evolving expectations of our stakeholders.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY.

8.1 Remuneration Committee

Due to the Company's relatively small size, a separate Remuneration Committee has not yet been established. The responsibilities of a Remuneration Committee are carried out by the Board. The processes the Company employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive are set out below in 8.2.

8.2 Non-Executive Director & Executive Remuneration

The aggregate remuneration of non-executive Directors is approved by shareholders. Individual Directors' remuneration is determined by the Board within the approved aggregate total. In determining the appropriate level of Directors' fees, the Remuneration & Nomination Committee benchmarks data from other public companies of a similar nature to Propell with regard to its size and industry.

Non-executive Directors of Propell as applicable, are:

- not entitled to participate in performance-based remuneration practices unless approved by shareholders.
- Currently remunerated by means of payment of cash benefits in the form of Directors' fees or alternatively by issue of securities in lieu of cash benefits provided it is approved by shareholders.

The Company does not currently have in place a retirement benefit scheme or allowance for its non-executive Directors, except for the payment of superannuation if applicable.

A review of the compensation arrangements for the Chief Executive Officer and Senior Executives is conducted annually by the Board and in future with the support of the Remuneration & Nomination Committee taking into consideration the performance of the individual executive, salary packages paid to executives in other public companies of a similar size or market section, market competitive rates and the results of the Company during the relevant period.

The objective of the Company's remuneration policy is not only to provide a salary package that properly reflects the person's duties and responsibilities, but also to attract, retain and motivate the executive to the highest possible quality and standard, enabling the organisation to succeed.

The Company has an Employee Share Option Plan (ESOP) which provides the Board with the discretion to grant equity to eligible Directors (subject to shareholder approval), executives and consultants for the purpose of incentivising them and aligning their interests with those of shareholders.

The Board ensures that the payment of equity-based executive remuneration is made in accordance with thresholds and rules established by the ESOP.

The Company's policies relating to the remuneration of Directors and Senior Executives and the level of remuneration paid each year (including components) is detailed in the Remuneration Report of the Annual Report and Notes to and forming part of the Financial Statements.

8.3 Hedging arrangements

Directors and Executives may not engage in hThe Company strictly prohibits Directors and executives from engaging in hedging arrangements, derivatives trading, or any activities that modify the economic risk associated with the Company's securities. This prohibition extends to various transactions, including but not limited to warrants, equity swaps, put and call options, and contracts for difference.

The prohibition on hedging arrangements and derivatives trading serves multiple purposes. First, it prevents potential conflicts of interest that may arise when Directors or executives have financial interests that are at odds with the Company's performance. It also promotes transparency and fairness by eliminating the possibility of individuals benefiting from short-term fluctuations in the Company's securities at the expense of other shareholders.

By strictly enforcing this prohibition, the Company demonstrates its commitment to fostering a culture of integrity, aligning the incentives of its leadership team with the long-term success of the Company, and safeguarding the interests of its shareholders.

Financial Statements

FY2023

Auditor's Independence Declaration

PITCHER PARTNERS

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors
Propell Holdings Limited
Level 11, 82 Eagle Street
BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

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

Pitcher Partners

PITCHER PARTNERS

DAN COLWELL
Partner

Brisbane, Queensland
31 August 2023

Propell Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Revenue			
Interest income	5	1,755,165	799,283
Lending fees		7,445	21,343
Other revenue		384	103
		1,762,994	820,729
Other income	6	70,409	-
Fair value gain on financial instruments	19	581,057	-
Total revenue		2,414,460	820,729
Expenses			
Professional fees		(570,390)	(364,933)
Employee benefits expense		(1,325,091)	(1,810,130)
Occupancy	7	(11,803)	(11,538)
Depreciation and amortisation expense	7	(399,359)	(675,137)
Loan impairment expense net of recoveries		(1,808,836)	(522,009)
Impairment of intangible assets	7	(804,385)	-
Marketing		(250,740)	(828,281)
Technology and platform costs		(318,097)	(333,379)
Loan assessment and processing		(97,469)	(80,287)
Payments processing		67,702	(2,200)
Other expenses		(213,815)	(282,185)
Finance costs	7	(1,163,172)	(384,414)
Total expenses		(6,895,455)	(5,294,493)
Loss before income tax expense		(4,480,995)	(4,473,764)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the Owners of Propell Holdings Limited		(4,480,995)	(4,473,764)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the Owners of Propell Holdings Limited		(4,480,995)	(4,473,764)
		Cents	**Cents**
Basic earnings per share	36	(3.72)	(4.48)
Diluted earnings per share	36	(3.72)	(4.48)

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

Propell Holdings Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	645,626	385,967
Loans receivable	10	2,604,398	4,449,742
Other receivables	12	2,303	4,750
Other assets	13	38,947	16,556
Total current assets		3,291,274	4,857,015
Non-current assets			
Property, plant and equipment	14	2,542	9,572
Right-of-use assets	11	35,233	129,102
Intangibles	15	-	1,108,642
Total non-current assets		37,775	1,247,316
Total assets		3,329,049	6,104,331
Liabilities			
Current liabilities			
Trade and other payables	16	588,289	863,081
Borrowings	17	534,000	534,000
Lease liabilities	18	40,303	98,742
Derivative liabilities	19	320,022	-
Provisions	20	176,474	274,879
Other liabilities	21	-	42,245
Total current liabilities		1,659,088	1,812,947
Non-current liabilities			
Borrowings	17	5,187,395	5,000,000
Lease liabilities	18	-	40,303
Convertible notes	19	1,271,547	-
Provisions	20	49,730	68,159
Other liabilities	21	-	28,164
Total non-current liabilities		6,508,672	5,136,626
Total liabilities		8,167,760	6,949,573
Net liabilities		(4,838,711)	(845,242)
Equity			
Issued capital	22	24,409,451	24,433,102
Convertible notes - equity	19	337,856	-
Reserves	23	(1,859,586)	(2,032,907)
Accumulated losses	24	(27,726,432)	(23,245,437)
Total deficiency in equity		(4,838,711)	(845,242)

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

Propell Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital $	Convertible Note $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2021	23,142,910	-	(2,122,427)	(18,771,673)	2,248,810
Loss after income tax expense for the year	-	-	-	(4,473,764)	(4,473,764)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,473,764)	(4,473,764)
Transactions with Owners in their capacity as Owners:					
Contributions of equity, net of transaction costs (note 22)	1,290,192	-	-	-	1,290,192
Share-based payments (note 37)	-	-	89,520	-	89,520
Balance at 30 June 2022	24,433,102	-	(2,032,907)	(23,245,437)	(845,242)

Consolidated	Issued capital $	Convertible Note $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2022	24,433,102	-	(2,032,907)	(23,245,437)	(845,242)
Loss after income tax expense for the year	-	-	-	(4,480,995)	(4,480,995)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,480,995)	(4,480,995)
Transactions with Owners in their capacity as Owners:					
Share-based payments (note 23) and (note 37)	-	-	173,321	-	173,321
Convertible notes, net of issue costs (note 19)	-	337,856	-	-	337,856
Contributed equity transaction costs	(23,651)	-	-	-	(23,651)
Balance at 30 June 2023	24,409,451	337,856	(1,859,586)	(27,726,432)	(4,838,711)

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

Propell Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Loan principal advanced to customers net of payments		486,012	(3,892,895)
Payments to suppliers and employees		(2,872,526)	(3,704,938)
Interest received		1,270,970	532,255
Receipts from customers		-	61,945
Finance costs		(376,220)	(334,661)
Net cash used in operating activities	35	(1,491,764)	(7,338,294)
Cash flows from investing activities			
Payments for property, plant and equipment	14	-	(2,929)
Payments for intangibles	15	-	(699,188)
Proceeds from disposal of property, plant and equipment		3,261	-
Net cash from/(used in) investing activities		3,261	(702,117)
Cash flows from financing activities			
Proceeds from issue of shares	22	-	1,424,793
Capital raising costs		(16,766)	(134,601)
Proceeds from borrowings		-	3,427,400
Proceeds from borrowings - convertible notes		2,300,000	-
Convertible note issue costs		(181,680)	-
Repayment of borrowings		(250,000)	(3,751)
Repayment of lease liabilities		(103,392)	(56,665)
Net cash from financing activities		1,748,162	4,657,176
Net increase/(decrease) in cash and cash equivalents		259,659	(3,383,235)
Cash and cash equivalents at the beginning of the financial year		385,967	3,769,202
Cash and cash equivalents at the end of the financial year	9	645,626	385,967

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

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 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 11
82 Eagle Street
Brisbane QLD 4000

Principal place of business

Level 2
307 Queen St
Brisbane QLD 4000

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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 made a net loss of $4,480,995 (2022: $4,473,764 net loss) for the year ended 30 June 2023 and reported a net asset deficiency of $4,838,711 (2022: $845,242 net asset deficiency) and a net cash outflow from operating activities of $1,491,764 (2022: $7,338,294 outflow). The factors that contributed to this position include:

• Investment in the development of Propell’s Platform to ensure Propell is Australia’s first and only all-in-one finance platform for SMEs.

• Customer acquisition expenditure that resulted in a 20% increase in customers during the year and 220% increase in interest revenue.

• Loan impairment expense of $1,808,836 (2022: $522,009) due to more difficult macroeconomic conditions driven by rising interest rates and inflation, which led to an increase in arrears (loans over 180 days past due).

• One-off costs for impairment of intangible assets of $804,385.

• One-off costs to rationalise the Company’s cost base, which provides a pathway to profitability.

The net asset deficiency reported at 30 June 2023 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.

Note 2. Significant accounting policies (continued)

In making this assessment, the Board has considered the following key factors:

- The Group raised $2.3m via a Convertible Note during 2023 (of which $1.76m was raised on 11 July 2022 and $0.54m was raised on 1 December 2022).
- As per its 11 July 2022 announcement, the Convertible Note facility allows for up to $2.8m to be raised. As at 30 June 2023, the Group had received $2.3m of the capital. The Group is working on drawing the remaining $0.5m of the Convertible Note facility and is exploring alternative capital raising options. Until these initiatives are completed, Altor has provided a financial commitment to support the Group over the next twelve months in line with its budget requirements.
- At 30 June 2023, the Group held cash of $645,626.
- A budget and cash flow forecast has been prepared, which extends beyond 30 September 2024. This demonstrates that the Group will have access to sufficient liquid resources to fund its obligations for a period greater than twelve months from the date of this report.
- The Group's cash flow forecast demonstrates that the following measures will enable the Group to generate net cash inflows within twelve months from the date of this report:
  - On 24 August 2022, Propell’s wholesale facility increased from $5,000,000 to $7,500,000, which supports the Group's forecast growth in lending and revenue. As at 30 June 2023, $2,750,000 of this facility was undrawn.
  - On 24 August 2022, the interest rate that applies to the Group's wholesale debt facility decreased from 13% to 11.5%, which has improved Propell’s gross margin.
  - The twelve-month loan product, which launched in January 2022 and resulted in significant lending and revenue growth in FY23, continues to receive strong uptake from customers.
  - During FY23, the Group established and grew its broker referral network, which has significantly accelerated the growth in inbound leads. Historically, the business has relied on digital marketing for lead generation. The Group views its newly established broker referral network as a key element in its pathway to profitability, providing higher speed to market and lower risk to margin.
  - As at 30 June 2023, Propell had completed its investment in development of the Propell Platform, which has significantly reduced the Group's development costs.
  - As at 30 June 2023, the Group had reduced its headcount by around 75% compared to 30 June 2022, resulting in ongoing salary cost savings of approximately 50%, with no reduction in Propell’s capacity to rapidly scale customers numbers and lending, while maintaining its customer service standards.
- Propell has not included several opportunities in it's cash flow forecast, which would significantly improve and accelerate the Group's ability to generate net cash inflows. These opportunities primarily relate to organic and acquisition opportunities to add to the Group's product offering.

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment and derivative financial instruments.

Note 2. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Propell Holdings Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended. Propell Holdings Limited and its subsidiaries together are referred to in these financial statements as the "Group", the "Company" or "Propell".

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Propell Holdings Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 2. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Where a customer misses a payment, late fees may be applied, which are recognised outside of the effective interest rate.

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. *AASB 15 Revenue from Contracts with Customers* requires the use of a principle-based five step recognition and measurement model. The five steps are:
i) identify the contract with a customer;
ii) identify the performance obligations in the contract;
iii) determine the transaction price which takes into account estimates of variable consideration and the time value of money;
iv) allocate the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
v) recognise revenue when or as each performance obligation is satisfied.

Where there is variable consideration in calculating a transaction price, revenue will only be recognised if it is highly probable that a significant revenue reversal will not subsequently occur. AASB 15 applies to contracts with customers, except for revenue arising from items such as financial instruments.

Lending fees
Lending fees consists of late and dishonour fees on loans to small business customers. This revenue is recognised at a point in time when the performance obligation has been satisfied, at the transaction price determined in the contract.

Payments revenue
Payments revenue consists of volume and platform fees. Volume fees are primarily based on a percentage of total dollar value of payments processed. Revenues from volume fees are recognised on a gross basis when the customer has the obligation to pay the transaction fees on the related through-put via the interchange merchant. Associated costs payable to processing parties are classified as data processing costs. Platform fees consist of standard monthly fees charged for third party access to the Propell processing platform. Fees are earned when the performance obligation is satisfied, being the provision of access and the revenue is recognised on an over-time basis.

Government grants
Government grants are recognised when there is reasonable certainty that the grant will be received, and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 2. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Propell Holdings Limited (the "head entity") and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

Loans and receivables
A financial asset are measured at amortised cost if both of the following conditions are met:
i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Loan receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The initial fair value of loan receivables includes capitalised origination fees net of capitalised transaction costs.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows has expired or has been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a twelve-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next twelve months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset. The Group depreciated property, plant and equipment on a straight-line basis as follows:

Leasehold improvements	3 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Research and development costs

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the Group can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 2. Significant accounting policies (continued)

Intellectual property
Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of ten years.

Customer list
The customer list acquired in a business combination is amortised on a straight-line basis over the period of their expected benefit, being their finite life of four years.

Software
Costs incurred in acquiring or developing Information Technology software are initially recognised as an intangible asset, and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, software costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses. The loan management system and technology platform intangible assets are being amortised over their estimated useful lives of five years and one year respectively.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within twelve months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. The Group operates share-based payment employee share and option schemes.

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 2. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) twelve months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the Owners of Propell Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Significant accounting policies (continued)

Comparatives
Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The new accounting standards and interpretations that are relevant to the activities of the Group are not expected to have a material impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Details of the assumptions used in determining the fair value are provided in note 37.

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.

Fair Value Measurements and Valuation Processes
The Group measures certain assets and liabilities at fair value for financial reporting purposes. In estimating the fair value of these assets and liabilities, the Group uses market- observable data to the extent it is available. Where market-observable data is not available, the Group engages qualified third- party values to assist with the valuation and work closely with management to establish the appropriate valuation techniques and inputs to the valuation model. Key inputs to the valuation model for valuation of derivatives embedded in convertible notes recognised as financial liability include the Company's share price, volatility and the risk-free rate.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. Impairment triggers include declining product or origination performance, technology changes, adverse changes in the economic or political environment and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Income Tax Consolidation Impacts from the Acquisition of the Business & Capital Group
Propell Holdings Ltd is presently the head company of a tax consolidated group ("Propell tax group”) comprising Propell Services Pty Ltd and Propell IP Pty Ltd and A.C.N. 621 07 194 Pty Ltd (deregistered in 2021). Similarly, Business and Capital Pty Ltd is presently the head of a tax consolidated group (“Business & Capital tax group”) comprising BC Fund 1 Pty Ltd (deregistered in 2021), BC Fund 2 Pty Ltd and BC Fund 3 Pty Ltd. Under the tax consolidation regime, the Business & Capital tax group will automatically join the Propell tax group on acquisition of 100% of the share capital of Business & Capital. While some specified assets (such as cash) retain their original tax cost, the tax cost of many of the assets held by a joining entity are reset on entry into a tax consolidated group. As such, any change in the tax cost base of an asset will, in turn, have an impact on (for example):

- in the case of a depreciating asset, the tax depreciable base which is deducted over the life of the asset;
- in the case of a capital gains tax (CGT) asset, the cost base applied when the asset is sold for the purpose of determining a capital gain;
- in the case of intangible asset, the tax-deductible cost of the respective asset.

The tax costs are reset under a complex calculation in a manner that reflects their respective share of the head company's cost of acquiring the joining company. Factors which can alter the acquisition cost for tax purposes include:

- the application of CGT rollover by exchanging shareholders;
- the presence of tax losses in the joining entity; and
- the amount of goodwill or other intangible value in the joining entities.

It is noted, detailed tax consolidation calculations will be prepared in due course, once these matters have been established, and once the joining date is determined. These calculations may in turn impact the carrying amounts of a deferred tax assets or deferred tax liabilities that are disclosed on the balance sheet.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than twelve months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Capitalisation of development costs
Development projects where knowledge and understanding gained from research and practical experience are directed towards developing new products or processes, are recognised as intangible assets in the statement of financial position when they meet the criteria for capitalisation. Development costs may be capitalised if Propell can demonstrate the technical and commercial feasibility of completing the product or process, the intention and ability to complete the development and use or sell the asset. It must also be probable that future economic benefits related to the asset will flow to Propell and the acquisition cost can be reliably measured. The reported value includes all directly attributable costs, such as those for materials and services as well as compensation to employees. Individual assessment is made of major ongoing research and development projects to determine whether these criteria have been met. However, because it may be difficult to distinguish between research and development projects, this judgment can be affected by individual interpretations.

Note 4. Operating segments

The Group’s operations consist of the provision of financial services to small businesses in Australia, primarily through advancing loans and providing payment processing options. 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.

Note 5. Interest income

	Consolidated 2023 $	Consolidated 2022 $
Interest on loans	1,753,684	798,139
Interest on cash at bank and bank deposits	1,481	1,144
	1,755,165	799,283

Note 6. Other income

	Consolidated 2023 $	Consolidated 2022 $
Government grants	70,409	-

Note 7. Expenses

	Consolidated 2023 $	Consolidated 2022 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Buildings right-of-use assets	93,869	66,608
Computer equipment	1,233	4,865
Total depreciation	95,102	71,473
Amortisation		
Propell platform	304,257	446,934
Customer list	-	123,397
Intellectual property	-	33,333
Total amortisation	304,257	603,664
Total depreciation and amortisation	399,359	675,137
Impairment		
Propell Platform (note 15)	804,385	-
Finance costs		
Interest and finance charges paid/payable on Loan book facility	551,168	309,145
Interest and finance charges paid/payable on Corporate facilities	63,600	63,600
Effective interest on Convertible note - host debt (note 19)	432,533	-
Convertible note issue costs recognised directly to profit or loss	87,553	-
Unwinding of the discount on lease liabilities	4,325	5,933
Amortised borrowing costs on Loan book facility	18,740	-
Other	5,253	5,736
Finance costs expensed	1,163,172	384,414
Net loss on disposal		
Net loss on disposal of property, plant and equipment	2,536	-
Leases		
Expenses relating to short-term leases	11,803	11,538
Superannuation expense		
Defined contribution superannuation expense	118,042	178,815
Share-based payments expense		
Share-based payments expense	52,742	89,520
Expected credit losses		
Expected credit losses expensed during the period on loans receivable	1,518,173	357,939
Movement in provision for expected credit losses	290,663	164,070
Loan impairment expense net of recoveries	1,808,836	522,009

Note 8. Income tax

	Consolidated 2023 $	Consolidated 2022 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,480,995)	(4,473,764)
Tax at the statutory tax rate of 25%	(1,120,249)	(1,118,441)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	13,186	22,380
Capital raising costs	-	(31,735)
Sundry items	23,201	17,028
	(1,083,862)	(1,110,768)
Derecognition of deferred tax	1,086,320	950,806
Adjustment recognised for prior periods	(2,458)	159,962
Income tax expense	-	-

	Consolidated 2023 $	Consolidated 2022 $
Deferred tax assets not recognised		
Temporary differences	840,690	202,069
Operating tax loss	3,001,940	2,481,820
Capital tax loss	98,090	98,090
Total deferred tax assets not recognised	3,940,720	2,781,979

The deferred tax assets not brought to account as disclosed above only relate to the Propell tax group. As noted in Note 3, the Group has not yet completed the tax consolidation calculations resulting from the acquisition of the Business and Capital Pty Ltd Group.

Note 9. Cash and cash equivalents

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Cash at bank	590,547	330,888
Cash on deposit	55,079	55,079
	645,626	385,967

Cash on deposit was held as security for bank guarantees.

Note 10. Loans receivable

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Loans receivable before impairment	4,413,234	4,971,751
Less: credit impaired	(1,518,173)	(357,939)
Less: movement in allowance for expected credit losses	(290,663)	(164,070)
Carrying amount	2,604,398	4,449,742

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

	Consolidated 2023 $	Consolidated 2022 $
Opening balance	367,134	203,064
Additional provisions recognised	290,663	164,070
Closing balance	657,797	367,134

Loan receivables and allowance for expected credit losses

The Group provides short term loans (six to twelve 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 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 if a company. Where the underlying financial asset falls into default, a caveat may be lodged against the guarantor.

Allowance for expected credit losses
Loan receivable balances and portfolio performance are monitored on an ongoing basis. The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to loan receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

The Group has recognised a loss of $1,808,836 (2022: $522,009) in profit or loss in respect of loan impairment expense for the year ended 30 June 2023. This loss comprises impairment of $1,518,173 (2022: $357,939) and the movement in the allowance for expected credit losses of $290,663 (2022: $164,070). The year-on-year increase in the provision for doubtful debts is a result of a decision by the Directors to change the Company's policy as at 1 July 2022 to write-off all loans with payments greater than 180 days overdue. This newly adopted policy represents a prudent approach by the Directors given recent changes in economic and market conditions, which have adversely impacted small businesses. The Company remains committed to actively pursuing and collecting all overdue payments from customers.

When determining an appropriate allowance for expected credit losses at 30 June 2023, the Company undertook a detailed review of all outstanding loans receivables including consideration of the industry and region in which each customer operates, customer credit quality, and requests for deferred repayment periods. The Group updated its forward-looking assumptions including inflation, interest rate, unemployment and other macroeconomic impacts.

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Note 10. Loans receivable (continued)

Consolidated	Expected credit loss rate 2023 %	Expected credit loss rate 2022 %	Carrying amount 2023 $	Carrying amount 2022 $	Allowance for expected credit losses 2023 $	Allowance for expected credit losses 2022 $
Not overdue	11.53979%	2.88477%	1,711,210	4,230,838	197,470	122,050
0 to 60 days overdue	23.07958%	37.44809%	1,107,450	495,809	255,595	185,671
60 to 180 days overdue	46.15916%	65.84690%	443,535	90,229	204,732	59,413
			3,262,195	4,816,876	657,797	367,134

	Consolidated 2023 $	Consolidated 2022 $
Loans receivable by state		
New South Wales	1,060,229	1,495,588
Queensland	866,691	1,289,458
Victoria	615,192	883,680
Western Australia	188,028	317,325
South Australia	207,295	419,540
Australian Capital Territory	245,084	66,316
Tasmania	60,253	344,969
Northern Territory	19,423	-
	3,262,195	4,816,876

	Consolidated 2023 $	Consolidated 2022 $
Loans receivable by industry sector		
Trade and services	885,473	1,020,953
Retail and wholesale	644,412	533,104
Hospitality and tourism	342,110	434,266
Medical, health and care services	316,052	403,526
Industrial and manufacturing	169,820	372,281
Construction, renovation and maintenance	292,061	366,666
Engineering and mechanical	176,488	275,040
Real estate	157,588	221,213
Trucking, transport and logistics	84,540	203,457
Business management and services	193,651	185,907
Other	-	800,463
	3,262,195	4,816,876

Note 11. Right-of-use assets

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Land and buildings - right-of-use	195,710	195,710
Less: Accumulated depreciation	(160,477)	(66,608)
	35,233	129,102

The Company entered into a lease over office premises during the 2022 financial year.

The lease term is three years with an early termination option of two years and no option to extend. The annual rental increase is 3.75%.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Premises $
Balance at 1 July 2021	-
Additions	195,710
Depreciation expense	(66,608)
Balance at 30 June 2022	129,102
Depreciation expense	(93,869)
Balance at 30 June 2023	35,233

Note 12. Other receivables

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Other receivables	2,303	4,750

Note 13. Other assets

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Prepayments	38,947	16,556

Note 14. Property, plant and equipment

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Computer equipment - at cost	9,751	15,548
Less: Accumulated depreciation	(7,209)	(5,976)
	2,542	9,572

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer equipment $	Total $
Balance at 1 July 2021	11,508	11,508
Additions	2,929	2,929
Depreciation expense	(4,865)	(4,865)
Balance at 30 June 2022	9,572	9,572
Disposals	(5,797)	(5,797)
Depreciation expense	(1,233)	(1,233)
Balance at 30 June 2023	2,542	2,542

Note 15. Intangibles

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Intellectual property - at cost	50,000	50,000
Less: Accumulated amortisation	(50,000)	(50,000)
	-	-
Customer list - at cost (business combination)	741,400	741,400
Less: Accumulated amortisation	(741,400)	(741,400)
	-	-
Propell Platform - at cost (internally generated)	4,558,253	4,558,253
Less: Accumulated amortisation and impairment	(4,558,253)	(3,449,611)
	-	1,108,642
	-	1,108,642

Note 15. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Customer list $	Propell Platform $	Intellectual property $	Work in progress $	Total $
Balance at 1 July 2021	123,397	817,313	33,333	39,077	1,013,120
Additions	-	699,186	-	-	699,186
Transfers in/(out)	-	39,077	-	(39,077)	-
Amortisation expense	(123,397)	(446,934)	(33,333)	-	(603,664)
Balance at 30 June 2022	-	1,108,642	-	-	1,108,642
Impairment expense	-	(804,385)	-	-	(804,385)
Amortisation expense	-	(304,257)	-	-	(304,257)
Balance at 30 June 2023	-	-	-	-	-

Amortisation expense in relation to intangible assets has been recognised in depreciation and amortisation expenses in the statement of profit or loss and other comprehensive income.

	Consolidated 2023 $	Consolidated 2022 $
Intangibles are allocated to the following cash generating units (CGU):		
Lending	-	1,108,642

Note 16. Trade and other payables

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Trade payables	356,880	287,577
Accrued expenses	137,183	333,494
Interest payable	127,200	186,527
GST (receivable) / payable	(32,974)	55,483
	588,289	863,081

Note 17. Borrowings

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Loans - Altor corporate facilities (secured)	534,000	534,000
Non-current liabilities		
Loans - Altor loan book facility (secured)	5,187,395	5,000,000

Note 17. Borrowings (continued)

Altor loan book facility (secured)
This $7,500,000 facility (2022: $5,000,000) 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 has a maturity date of 30 March 2025 (2022: 30 March 2025) and has an interest rate of 11.5% per annum (30 June 2022: 13% per annum), accruing daily and payable monthly in arrears.

Altor Corporate facilities (secured)
This $534,000 facility (2022: $534,000) 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.

	Consolidated	
	2023 $	2022 $
Altor AltFi Income Fund	424,000	424,000
Altor Private Equity Pty Ltd	110,000	110,000
	534,000	534,000

Altor AltFi Income Fund
This loan facility is for an amount not exceeding $424,000 and is subject to interest of 15% per annum payable. On 29 August 2023, the loan maturity date was extended to 1 October 2024 (2022: repayable at a date to be agreed by the parties).

Altor Private Equity Pty Ltd
This loan facility is for an amount not exceeding $110,000. On 29 August 2023, the loan maturity date was extended to 1 October 2024 (2022: repayable at a date to be agreed by the parties).

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:

	Consolidated	
	2023 $	2022 $
Cash at bank	535,744	153,293
Loans receivable	2,604,398	4,449,742
Other receivable	-	2,510
Intangible asset	-	545,194
	3,140,142	5,150,739

Note 17. Borrowings (continued)

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

	Consolidated 2023 $	Consolidated 2022 $
Total facilities		
Altor loan book facility	7,500,000	5,000,000
Altor corporate facilities	534,000	534,000
	8,034,000	5,534,000
Used at the reporting date		
Altor loan book facility	5,187,395	5,000,000
Altor corporate facilities	534,000	534,000
	5,721,395	5,534,000
Unused at the reporting date		
Altor loan book facility	2,312,605	-
Altor corporate facilities	-	-
	2,312,605	-

Note 18. Lease liabilities

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Lease liability	40,303	98,742
Non-current liabilities		
Lease liability	-	40,303

The total cash outflow for leases in 2023 was $107,392 (2022: $62,712).

Note 19. Convertible notes

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities - unsecured		
Financial liability - embedded derivative	320,022	-
Non-current liabilities - unsecured		
Financial liability - host debt	1,271,547	-

Note 19. Convertible notes (continued)

During the period, the Company issued convertible notes with an aggregate principal amount of $2,300,000 and a variable exercise price between $0.03 and $0.07, which mature on 28 February 2025. The notes are convertible at the option of the note holder into ordinary shares at a conversion price of 80% of the 30-day volume weighted average price (VWAP) at any time after the date of issue and up the maturity date.

The notes attract interest at a coupon rate of 10% per annum. 50% of the coupon rate is paid every 90 days in arrears with the remaining 50% of the coupon rate accruing on the outstanding principal, and payable at maturity.

On initial recognition, the convertible notes included a debt component reported as a financial liability measured at amortised cost, a conversion option considered an embedded derivative measured at FVTPL and an equity component. The costs associated with the transaction have been apportioned between the components recognised at the date of entering into the arrangement.

The embedded derivative component has been revalued at 30 June 2023 in accordance with Accounting Standard AASB 9 Financial Instruments. Following the revaluation at 30 June 2023, the embedded derivative has been valued at $320,022 using the Monte Carlo Simulation Valuation Model. The fair values have been based on a closing Company share price at 30 June 2023 of $0.029, volatility of 80%, and a risk-free rate of 4.251%.

A fair value gain of $581,057 has been recorded in respect to the derivative liability, being the movement in the fair values of the embedded derivative between issue date and 30 June 2023.

Refer to note 26 for further information on financial instruments.

Refer to note 27 for further information on fair value measurement.

	Financial liability - embedded derivative $	Financial liability - host debt $	Total Financial liabilities $	Convertible notes - equity $
1 July 2021				
Issued during the period	-	-	-	-
Issue costs capitalised	-	-	-	-
Effective interest on convertible notes	-	-	-	-
Coupon paid	-	-	-	-
Fair value gain recognised	-	-	-	-
30 June 2022	-	-	-	-
1 July 2022				
Issued during the period	901,079	1,026,384	1,927,463	372,537
Issue costs capitalised	-	(98,274)	(98,274)	(34,681)
Effective interest on convertible notes	-	432,533	432,533	-
Coupon paid	-	(89,096)	(89,096)	-
Fair value gain recognised	(581,057)	-	(581,057)	-
30 June 2023	320,022	1,271,547	1,591,569	337,856

Note 20. Provisions

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Annual leave	176,474	274,879
Non-current liabilities		
Long service leave	49,730	68,159

Note 21. Other liabilities

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Subsidies and grants received in advance	-	42,245
Non-current liabilities		
Subsidies and grants received in advance	-	28,164

In the prior year, subsidies and grants received in advance consists of refundable Research and Development tax incentives which are being recognised as income over the period in which the depreciation expense on the related capitalised development is being recognised.

Note 22. Issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	120,355,520	120,355,520	24,409,451	24,433,102

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	95,790,160		23,142,910
Share issue	28 April 2022	23,475,947	$0.06	1,361,607
Entitlement offer	24 June 2022	1,089,413	$0.06	63,186
Share issue costs incurred in the year		-	$0.00	(134,601)
Balance	30 June 2022	120,355,520		24,433,102
Share issue costs incurred in the year		-	$0.00	(23,651)
Balance	30 June 2023	120,355,520		24,409,451

On 28 April 2022, the Company issued 23,475,947 ordinary shares as part of a placement at a price of 5.8 cents per share to raise $1,361,607 in cash.

On 24 June 2022, the Company completed an Entitlement Offer and raised $63,186 in cash through a 1:2.5 non-renounceable offer at 5.8 cents per share.

Note 22. Issued capital (continued)

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
For details of options issued during the year as share based payments, refer to note 35.

Options on issue at 30 June 2023 and 30 June 2022 are shown in the following table.

The top section of the table totalling 44,811,368 Options represents the Options on issue as at 30 June 2023.

The bottom section of the table totalling 18,436,578 Options represents the Options on issue as at 30 June 2022.

Grant date	Expiry date	Exercise price	Number under option
01/12/2018	01/12/2023	$0.40	1,100,000
01/10/2020	01/10/2024	$0.30	5,433,333
10/11/2020	01/10/2024	$0.20	1,403,245
07/04/2021	07/04/2024	$0.30	2,000,000
07/04/2021	07/04/2024	$0.40	4,000,000
08/02/2021	07/02/2024	$0.20	3,500,000
13/06/2022	12/06/2025	$0.10	500,000
23/08/2022	22/08/2025	$0.10	300,000
24/08/2022	24/08/2025	$0.10	8,174,790
01/12/2022	01/12/2025	$0.10	2,010,000
01/12/2022	01/12/2025	$0.08	16,100,000
01/01/2023	01/01/2026	$0.10	290,000
			44,811,368
01/12/2018	01/12/2023	$0.40	1,100,000
01/10/2020	01/10/2024	$0.30	5,433,333
10/11/2020	01/10/2024	$0.20	1,403,245
07/04/2021	07/04/2024	$0.30	2,000,000
07/04/2021	07/04/2024	$0.40	4,000,000
08/02/2021	22/02/2025	$0.20	3,500,000
10/05/2021	10/05/2026	$0.20	500,000
13/06/2022	12/06/2025	$0.10	500,000
			18,436,578

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

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns to Shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group is subject to certain financing arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 23. Reserves

	Consolidated 2023 $	Consolidated 2022 $
Share-based payment reserve	1,659,947	1,486,626
Subsidiary interest reserve	(3,519,533)	(3,519,533)
	(1,859,586)	(2,032,907)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Subsidiary interest reserve
This reserve is used to record transactions that result in a change in the Group's interest in a subsidiary that does not result in a loss of control.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share option reserve $	Subsidiary interest reserve $	Total $
Balance at 1 July 2021	1,397,106	(3,519,533)	(2,122,427)
Share based payments	89,520	-	89,520
Balance at 30 June 2022	1,486,626	(3,519,533)	(2,032,907)
Share based payments	173,321	-	173,321
Balance at 30 June 2023	1,659,947	(3,519,533)	(1,859,586)

Note 24. Accumulated losses

	Consolidated 2023 $	Consolidated 2022 $
Accumulated losses at the beginning of the financial year	(23,245,437)	(18,771,673)
Loss after income tax expense for the year	(4,480,995)	(4,473,764)
Accumulated losses at the end of the financial year	(27,726,432)	(23,245,437)

Note 25. Dividends

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

Note 26. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks, primarily market risk, credit risk and liquidity risk. The Group's risk management program focuses on understanding the drivers of financial risk and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

Note 26. Financial instruments (continued)

The Group's Board, through the Risk Committee, is responsible for the Company’s risk management framework. It sets the risk appetite and profile for management, reviewing and updating it if required. Management through the CEO is responsible for designing, implementing and reporting on the adequacy of the Company’s risk management and internal control system.

Derivatives

The Group does not enter into any derivative contracts for trading. The Group did not hold any derivatives as at 30 June 2023 (2022: nil) except for the embedded derivative in the Convertible Note (refer to note 19).

Market risk

Market risk is the risk that a change in market prices such as interest rates will affect the Group’s income or the value of holdings in its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Foreign currency risk
The Group is not exposed to any significant foreign exchange rate risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from loans receivable, long-term borrowings and cash deposits. Instruments obtained at variable rates exposes the Group to interest rate risk. Instruments obtained at fixed rates exposes the Group to fair value interest rate risk.

The Group is exposed to fair value interest rate risk due to mismatches in interest rates between assets and liabilities. The Company manages this risk by fixing the interest rate of its loan book facility for a period greater than twelve months and setting the pricing for its customers for a period of up to twelve months based on the interest rate of the loan book facility.

For the year end 30 June 2023, all of the Group's borrowings were at fixed interest rates (2022: all). Details of the Group's borrowing facilities are set out in Note 17.

The Group's Loans receivable all have fixed interest rates and six or twelve month maturities.

As at 30 June 2023, the Group had cash and cash equivalents of $645,626 (2022: $385,967). The average interest rate on all deposits was 0.01% (2022: 0.01%). Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. If interest rates were to increase or decrease by 0.1%, the impact to profit and loss would be an increase or decrease to interest revenue of $646 (2022: +/- 0.1% impact +/- $386).

Credit risk
Credit risk refers to the risk that a customer or counterparty to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. Credit risk for the Group is concentrated in Loan receivables. Note 10 provides details of Loans receivable balances and Allowance for expected credit losses.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to loan receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on historical collection rates and forward-looking information that is available.

Generally, receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 180 days.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Note 26. Financial instruments (continued)

All cash deposits at 30 June 2023 and 30 June 2022 were with the Groups principal banker, The Commonwealth Bank of Australia.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages operational liquidity risk by maintaining cash reserves and available borrowing facilities and by monitoring actual and forecast cash flows. The Group seeks to have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2023 $	Consolidated 2022 $
Altor loan book facility	2,312,605	-

Remaining contractual maturities
The following table details the Groups remaining contractual maturity for its financial instrument liabilities. The table shows the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	590,824	-	-	-	590,824
Loans	-	110,000	-	-	-	110,000
Interest-bearing - fixed rate						
Loans (corporate facility)	15.00%	551,200	-	-	-	551,200
Loans (loan book facility)	11.50%	596,550	5,634,808	-	-	6,231,358
Convertible notes	48.40%	113,425	2,626,068	-	-	2,739,493
Lease liability	5.00%	41,456	-	-	-	41,456
Total non-derivatives		2,003,455	8,260,876	-	-	10,264,331
Derivatives						
Convertible note - conversion feature	-	-	320,022	-	-	320,022
Total derivatives		-	320,022	-	-	320,022

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Note 26. Financial instruments (continued)

Consolidated - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	863,081	-	-	-	863,081
Loans	-	110,000	-	-	-	110,000
Interest-bearing - fixed rate						
Loans	13.79%	1,074,000	650,000	5,487,500	-	7,211,500
Lease liability	5.00%	97,686	41,456	-	-	139,142
Total non-derivatives		2,144,767	691,456	5,487,500	-	8,323,723

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value due to their short term nature.

Note 27. Fair value measurement

Fair value hierarchy
The following table details the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivative liability - conversion feature	-	320,022	-	320,022
Total liabilities	-	320,022	-	320,022

Consolidated - 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivative liability - conversion feature	-	-	-	-
Total liabilities	-	-	-	-

There were no transfers between levels during the financial year.

Note 27. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3
The Convertible Notes comprise a host debt instrument, a conversion feature to exchange a variable number of the entity's own equity instruments for a fixed amount of Convertible Notes, and bonus options. The bonus options can be settled by the entity exchanging a fixed number of the entity's own equity securities in return for a fixed amount of cash paid by the holder of the bonus options. In valuing the Convertible Notes at initial recognition we determined:

(i) the fair value of the conversion feature of the Convertible Notes using a Monte Carlo Simulation Approach;
(ii) the present value of the host debt contract with respect to market rates of return; and
(iii) the residual value of the bonus options by deducting from the face value of the Convertible Notes the amounts determined in (i) and (ii).

The Monte Carlo Simulation Approach is adopted to re-value the derivative liability component of the Convertible Notes at each subsequent reporting date.

Note 28. Key management personnel disclosures

Directors
The following persons were Directors of Propell Holdings Limited during the financial year:

Benjamin William Harrison	Non-Executive Director
Jeremy Grant Loftus	Non-Executive Director
Michael Kane Davidson	Executive Director

Other key management personnel
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Gary Hazelwood	Chief Financial Officer

Compensation
The aggregate compensation made to Directors of the Group is set out below:

	Consolidated	
	2023	2022
	$	$
Short-term employee benefits	601,680	433,622
Post-employment benefits	52,345	33,343
Long-term benefits	9,347	7,264
Share-based payments	66,276	31,191
	729,648	505,420

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the Group:

	Consolidated	
	2023	2022
	$	$
Audit services - Pitcher Partners		
Audit or review of the financial statements	106,500	88,000

Note 30. Contingent liabilities

A bank guarantee of $55,079 was provided to lessors during the prior year in relation to the lease of office premises.

Note 31. Related party transactions

Parent entity
Propell Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Key management personnel
Disclosures relating to Directors and other KMP are set out in note 28 and the remuneration report included in the Directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Consolidated statement of profit or loss and other comprehensive income

	Parent	
	2023 $	2022 $
Loss after income tax	(3,308,552)	(4,881,138)
Total comprehensive income	(3,308,552)	(4,881,138)

Note 32. Parent entity information (continued)

Consolidated statement of financial position

	Parent 2023 $	Parent 2022 $
Total current assets	15,976	173,739
Total assets	15,976	173,739
Total current liabilities	2,218,067	826,349
Total liabilities	3,489,614	826,349
Net liabilities	(3,473,638)	(652,610)
Equity		
Issued capital	24,409,451	24,433,102
Convertible notes - equity	337,856	-
Share-based payment reserve	1,659,947	1,486,626
Accumulated losses	(29,880,892)	(26,572,338)
Total deficiency in equity	(3,473,638)	(652,610)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Propell Services Pty Ltd	Australia	100%	100%
Propell IP Pty Ltd	Australia	100%	100%
Business and Capital Pty Ltd	Australia	100%	100%
BC Fund 2 Pty Ltd	Australia	100%	100%
BC Fund 3 Pty Ltd	Australia	100%	100%

Note 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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.

Note 35. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2023 $	Consolidated 2022 $
Loss after income tax expense for the year	(4,480,995)	(4,473,764)
Adjustments for:		
Depreciation and amortisation	401,894	675,137
Impairment of intangibles	804,385	-
Share-based payments	52,742	89,520
Capitalisation of finance costs	476,755	-
Fair value gain/(loss) on financial instruments	(581,057)	-
Unwinding of discount on convertible notes	362,178	-
Change in operating assets and liabilities:		
Decrease/(increase) in loans receivable	1,845,344	(3,656,604)
Decrease/(increase) in prepayments	(22,391)	2,647
Decrease/(increase) in other operating assets	(2,538)	553
Increase/(decrease) in trade and other payables	(231,247)	(76,141)
Increase/(decrease) in employee benefits	(116,834)	100,358
Net cash used in operating activities	(1,491,764)	(7,338,294)

Non-cash investing and financing activities

	Consolidated 2023 $	Consolidated 2022 $
New leases entered into	-	195,710

Changes in liabilities arising from financing activities

Consolidated	$	Total $
Balance at 1 July 2021	3,049,573	3,049,573
Borrowings	3,423,649	3,423,649
Lease liabilities	139,045	139,045
Balance at 30 June 2022	6,612,267	6,612,267
Borrowings	226,755	226,755
Convertible notes	1,271,547	1,271,547
Derivative liabilities	320,022	320,022
Lease liabilities	(98,742)	(98,742)
Balance at 30 June 2023	8,331,849	8,331,849

Note 36. Earnings per share

	Consolidated 2023 $	2022 $
Loss after income tax attributable to the Owners of Propell Holdings Limited	(4,480,995)	(4,473,764)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	120,355,520	99,939,322
Weighted average number of ordinary shares used in calculating diluted earnings per share	120,355,520	99,939,322
	Cents	**Cents**
Basic earnings per share	(3.72)	(4.48)
Diluted earnings per share	(3.72)	(4.48)

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 they are not dilutive.

Note 37. Share-based payments

Share options

On 10 November 2020, 1,403,245 options were issued to a private capital funder as consideration to extend the offer of financing of the loan book of a subsidiary. The options are exercisable at $0.20 per options with a 4 year expiry. The options were vested and exercisable upon grant. $133,870 being the value of the options on issue was initially capitalised as finance costs and subsequently amortised.

On 7 April 2021, 6,000,000 options were granted as part of the capital raising fee for the initial public offering. All options issued have a 3 year expiry. 2,000,000 options were issued with a $0.30 exercise price and 4,000,000 with $0.40. Upon grant the options immediately vested and were exercisable. The fair value of the options of $432,600 were recognised as capital raising costs.

Lender, Lead Manager and Arranger Options

On 24 August 2022, 3,500,000 options were granted to Altor Capital Management Pty Ltd (Lender Options) as part of the reduction in its Wholesale Funding interest rate from 13% to 11.5%. The fair value of these options of $58,100 was recognised as borrowing costs and offset against the Altor loan book liability. The options have a 3 year expiry and $0.10 exercise price. Upon grant, the options immediately vested and were exercisable.

On 24 August 2022, 1,424,790 options were granted to Reach Markets Pty Ltd (Lead Manager Options) as part compensation for the previous Entitlement Offer and Placement. The fair value of these options of $23,669 was recognised as capital raising costs and offset against issued capital. The options have a 3 year expiry and $0.10 exercise price. Upon grant, the options immediately vested and were exercisable.

On 1 December 2022 and 1 January 2023, 2,010,000 and 290,000 options were granted respectively to Reach Markets Pty Ltd (Arranger Options) as part compensation for arranging convertible note drawdowns. The fair value of these options of $33,666 was recognised as an issue cost of the convertible notes. The options have a 3 year expiry and $0.10 exercise price. Upon grant, the options immediately vested and were exercisable.

Note 37. Share-based payments (continued)

Employee Share and Option Plan ("ESOP")

The ESOP enables the Group to offer eligible employees options to subscribe for shares in the Parent. The ESOP is designed to reward and motivate performance and employee retention.

The ESOP options are non-transferrable, issued for nil consideration, have an exercise price and vest over a period of time. Vesting is conditional on employment at the vesting date. The contractual term of the share options is the earlier of the option expiry date and the date up to 6 months after the option holder ceases employment depending on the circumstances as set in the plan or employment contract. The employee is also not permitted to dispose of any shares issued upon exercise of the options within twelve months after the shares are issued, unless the sale offer is permitted under section 707 of the *Corporations Act 2001 (Cth).*

Option holders do not have any right to participate in new issues of securities in the Company and option holders do not participate in dividends or in bonus share issues unless the options are exercised and the resultant shares are issued prior to the record date.

During the year ended 30 June 2023, 800,000 options (2022: 500,000) were granted under the ESOP, all with a $0.10 (2022: $0.10) exercise price and a 3-year (2022: 3 year) expiry.

The total expense from ESOP transactions during the year ended 30 June 2023 was $52,742 (2022: $89,250).

Set out below is a summary of all options over ordinary shares granted as share based payments during the year ended 30 June 2023 and the prior year:

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Outstanding at the beginning of the financial year	13,003,245	$0.29	12,503,245	$0.30
Granted	10,774,790	$0.10	500,000	$0.10
Expired / Lapsed	(500,000)	$0.10	-	$0.00
Outstanding at the end of the financial year	23,278,035	$0.15	13,003,245	$0.29
Vested and exercisable at the end of the financial year	22,478,035	$0.15	12,093,245	$0.30

Set out below are the options over ordinary shares issued as share based payments that were outstanding at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
01/12/2018	01/12/2023	1,100,000	1,100,000
10/11/2020	01/10/2024	1,403,245	1,403,245
07/04/2021	07/04/2024	2,000,000	2,000,000
07/04/2021	07/04/2024	4,000,000	4,000,000
08/02/2021	07/02/2024	3,500,000	3,500,000
10/05/2021	10/05/2026	-	500,000
13/06/2022	12/06/2025	500,000	500,000
23/08/2022	22/08/2025	300,000	-
24/08/2022	24/08/2025	8,174,790	-
01/12/2022	01/12/2025	2,010,000	-
01/01/2023	01/01/2026	290,000	-
		23,278,035	13,003,245

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Note 37. Share-based payments (continued)

The weighted average remaining contractual life of options over ordinary shares that were outstanding at the end of the financial year was 1.35 years (2022: 1.89 years).

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

For the options over ordinary shares that were granted as share based payments during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
23/08/2022	22/08/2025	$0.05	$0.10	75.00%	-	3.59%	$0.017
24/08/2022	24/08/2025	$0.04	$0.10	75.00%	-	3.68%	$0.017
01/12/2022	01/12/2025	$0.03	$0.10	80.00%	-	4.25%	$0.017
01/01/2023	01/01/2026	$0.03	$0.10	80.00%	-	4.25%	$0.005

Volatility was determined with reference to the daily change in share price over the past 18 to 24 months using a standard deviation of 11.5%.

For the options over ordinary shares that were granted as share based payments during the prior financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
13/06/2022	12/06/2025	$0.06	$0.10	75.00%	-	3.39%	$0.021

Volatility was determined with reference to the daily change in share price over the past 18 to 24 months using a standard deviation of 11.5%.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001.*

On behalf of the Directors

Benjamin William Harrison
Director

31 August 2023
Brisbane

Independent Auditor's Report

to the Members of Propell Holdings Ltd

PITCHER PARTNERS

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

Independent Auditor's Report
To the Members of Propell Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Propell Holdings Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 "Going concern" in the financial report that states the Group incurred a net loss after tax for the year ended 30 June 2023 of $4,480,995 (2022: $4,473,764 loss) and reported a net asset deficiency of $4,838,711 (2022: $845,242 net asset deficiency). For the year ended 30 June 2023, the Group reported cash outflows from operating activities of $1,491,764 (2022: $7,338,294 outflow). These events or conditions, along with other matters as set forth in Note 2 "Going concern" indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><td colspan="2">Expected credit loss provisioning
Refer to Note 3 and 10</td></tr>
<tr><td>As at 30 June 2023, the Group recognised $657,797 of expected credit loss (ECL) provisions in accordance with AASB 9 Financial Instruments as disclosed in Note 10 of the financial report.

The ECL model developed by management to determine expected credit losses requires significant judgement and assumptions to be made including:
• Selection of criteria for identifying a significant increase in credit risk;
• Selection of parameters used in the model in relation to probability of default, loss given default and exposure at default; and
• Forward economic scenarios that consider the impact on expected credit losses of potential macro-economic events.</td><td>Our procedures included, amongst others:
• Understanding and evaluating the design and implementation of controls in relation to the ECL model;
• Testing the inputs in calculating the probability of default and loss given default, as well as agreeing a sample of loan information to source documentation;
• Assessing the provisioning methodology with reference to relevant accounting standards and market practices;
• Evaluating the reasonableness of management's significant assumptions and judgements in the selection of parameters and criteria used in the ECL model in relation to the calculation of probability of default, loss given default, exposure at default and significant increase in credit risk due to macro-economic events; and
• Assessing the adequacy of the Group's disclosures on ECL provisions to ensure compliance with Australian Accounting Standards.</td></tr>
<tr><td colspan="2">Effective interest rate
Refer to Note 5 and 10</td></tr>
<tr><td>The Group reported interest income of $1,753,684 in the year to 30 June 2023 and net loans receivable of $2,604,398 at 30 June 2023.

Interest income received from loan receivables is determined using the effective interest rate (EIR) method in accordance with AASB 9 Financial Instruments. The loans receivable balance is measured and presented at amortised cost using the effective interest rate method.

The Group's accounting policy over the effective interest rate is disclosed in Note 2 of the financial report.</td><td>Our procedures included, amongst others:
• Assessing the Group's accounting policy for revenue recognition with reference to the relevant accounting standards;
• Understanding and evaluating the design and implementation of controls relating to the calculation of the EIR;
• Agreeing a sample of data inputs used in calculating the EIR to underlying source data such as signed loan agreements and bank statements;
• Assessing the accuracy and completeness of interest income by recalculating interest income under the EIR method; and
• Assessing the adequacy of the Group's disclosures regarding EIR to ensure compliance with Australian Accounting Standards.</td></tr>
</table>

Key audit matter	How our audit addressed the matter
Accounting for convertible notes ***Refer to Note 3, 19 and 26***	

During the year, the company issued convertible notes with an aggregate principal amount of $2,300,000 and a variable exercise price between $0.03 and $0.07, which mature on 28 February 2025. The notes are convertible at the option of the note holder into ordinary shares at a conversion price of 80% of the 30-day volume weighted average price (VWAP) at any time after the date of issue and up the maturity date.
 	
The notes attract interest at a coupon rate of 10% per annum. 50% of the coupon rate is paid every 90 days in arrears with the remaining 50% of the coupon rate accruing on the outstanding principal, and payable at maturity.
 	
Accounting for the convertible notes was a key audit matter due to:
• The complexity involved in assessing whether to account for the convertible notes as equity, a liability or combination of both;
• Measurement at initial recognition of the individual components which consist of an embedded derivative liability at fair value (conversion feature), financial liability at amortised cost (host debt) and equity (bonus options); and
• Subsequent measurement of the derivative liability at fair value using a Monte Carlo Simulation Valuation Model.
	Our procedures included, amongst others:
	• Understanding the terms and conditions of the convertible notes as disclosed in the Convertible Note Facility agreement, focusing on the terms of the conversion feature and bonus options;
	• Engaging our internal financial instrument valuation expert to:
	  ○ assess the reasonableness of the valuation approach, observable inputs and discount rates used by management's expert to value the embedded derivative, financial liability at amortised cost and equity components at inception; and
	  ○ assess the reasonableness of the valuation approach and observable inputs used by management's expert to fair value the embedded derivative at the reporting date.
	• Evaluating the competence, capability and objectivity of management's expert and our internal expert;
	• Assessing the accounting treatment of issue costs incurred in respect to the convertible notes; and
	• Assessing the adequacy of the Group's disclosures regarding the convertible notes to ensure compliance with Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 31 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Propell Holdings Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

PITCHER PARTNERS

DAN COLWELL
Partner

Brisbane, Queensland
31 August 2023

Shareholder Information

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	21	-	-	-
1,001 to 5,000	98	0.28	-	-
5,001 to 10,000	106	0.72	-	-
10,001 to 100,000	269	8.98	13	3.30
100,001 and over	141	90.02	25	96.70
	635	100.00	38	100.00
Holding less than a marketable parcel	-	-	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Tomanovic Multiown Pty Ltd	22,734,700	18.89
Adman Lanes Pty Ltd	22,350,000	18.57
Henadome Pty Ltd	4,310,350	3.58
Plutus Capital Pty Ltd	2,676,556	2.22
Mr Tom Koutsoupias	2,516,000	2.09
Sixth Erra Pty Ltd	1,830,677	1.52
Brennan Super (WA) Pty Ltd	1,500,000	1.25
David Brennan	1,403,568	1.17
Mr Andrew Robert Burns	1,340,196	1.11
Monex Boom Securities (HK) Ltd	1,308,834	1.09
Mrs Sandra Mary Pereira	1,293,110	1.07
Sinclair Superannuation Fund	1,041,667	0.87
Mr Michael Davidson	1,037,714	0.86
Tzelepis Nominees Pty Ltd	1,000,000	0.83
Brett Hales	1,000,000	0.83
Dr Chet Sezer	1,000,000	0.83
Appwam Pty Ltd	1,000,000	0.83
Mr David Frederick Oakley	989,883	0.82
Angora Lane Pty Ltd	979,017	0.81
Angora Lane Super Fund	979,016	0.81
	72,291,288	60.05

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	26,411,368	38

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Tomanovic Multiown Pty Ltd	22,734,700	18.89
Adman Lanes Pty Ltd	22,350,000	18.57

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities to which voting rights apply.

Securities subject to voluntary escrow

There are no securities subject to voluntary escrow.

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