propell*

Propell Holdings Limited

ACN 614 837 099

Annual Report - 30 June 2025

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 2025.

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:

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

Principal activities

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

Review of operations and likely developments

The loss for the Group after providing for income tax amounted to $4,427,819 (30 June 2024: $2,376,087).

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.

Delisting from ASX

In May 2025, Propell delisted from the ASX. The Company determined that the costs of being a publicly listed entity were not offset by benefits in shareholder value or capital access. Time and resources are being reallocated towards strategic objectives.

Product and Technology

During the year, the Company invested in development of its products and technology.

In FY25, Propell implemented a new "Low Doc" credit assessment process for customer loan applications. This "Low Doc" approach allows customer assessment using bank statement data as an alternative to financial statements. Propell's core credit assessment criteria, which involve determining loan serviceability by forecasting surplus cash profit, remain unchanged.

Expansion of acquisition channels

During the year, Propell more than doubled its broker referral network, signing agreements with additional broker firms. The Company continues to sign agreements with additional broker firms and expects to maintain the growth of its broker referral network. The Company's expanded broker referral network has significantly accelerated growth in inbound leads for the Company as Propell views its broker referral network as a key element in its pathway to profitability, with higher speed to market and lower risk to margin.

Increase in wholesale facilities

During the year, the Company secured an increase in its wholesale funding facility limit from $11,000,000 to $15,000,000 while it pursues a larger wholesale funding facility with another provider.

Reduction in cost base

Following the Company's delisting from the ASX, Propell has realised ongoing cost savings in the vicinity of $300,000 per annum.

Financial Overview

During the year ended 30 June 2025, the Company's loan book declined due to poor credit quality of applicants. Propell's loan book reduced to $3,922,204 as at 30 June 2025 (2024: $6,366,814). Credit impaired losses for the year were $2,228,664 (2024: $191,222).

Operating revenue (excluding fair value gain on financial instruments) for the year ended 30 June 2025 was $2,146,275 (2024: $1,272,027). The increase in revenue was due to growth in the loan book during the prior year.

Propell maintained strong lending margins in FY25, with wholesale borrowing cost of 11.5% per annum and weighted average customer pricing of approximately 2.6% per month.

Credit impaired losses for the year ended 30 June 2025 were $2,228,664 (2024: $191,222). Operating expenses (excluding credit impaired losses) were $4,147,382 (2024: $4,015,725).

As a result, Propell's net loss after tax for the year ended 30 June 2025 was $4,427,819 (2024: net loss of $2,376,087).

Net cash inflows from interest received less cash outflows from payments to suppliers and employees was $118,320 net inflow (2024: $1,132,684 net outflow).

Outlook

Propell's high net interest margins, a low operating cost base, headroom in its wholesale funding facility 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 actively pursue 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 18 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 is unable 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.

Dividends

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

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Group during the financial year except for Propell's delisting from the ASX.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2025 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
PKF Brisbane Audit (2024: PKF Brisbane Audit) is 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 2025, and the number of meetings attended by each Director were:

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

‘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 and CCA.

Information on Directors

Name:	Michael Kane Davidson
Title:	Executive Chair
Experience and expertise:	Michael found his passion for technology and small enterprise early in his telecommunications career in Australia and the UK. He was previously CEO of Propell and was instrumental in growing the business from payments into alternative finance.

Name:	Benjamin William Harrison
Title:	Non-Executive Director
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.
Special responsibilities:	Mr Harrison is a member of the Audit and Risk Committee.

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.
Special responsibilities:	Mr Loftus is a member and Chair of the Audit and Risk Committee.

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.

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

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Michael Kane Davidson
Director

25 August 2025
Brisbane

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

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

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
25 AUGUST 2025

Propell Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	Consolidated 2025 $	Consolidated 2024 $
Revenue			
Interest income	4	2,058,400	1,194,488
Lending fees		87,875	77,539
		2,146,275	1,272,027
Fair value gain on financial instruments	12	382,128	280,671
Total revenue		2,528,403	1,552,698
Expenses			
Professional fees		(579,348)	(608,996)
Employee benefits expense		(1,080,664)	(987,043)
Occupancy	5	(24,757)	(8,118)
Depreciation and amortisation expense	5	(380)	(37,563)
Loan impairment expense net of recoveries	5	(2,808,840)	86,940
Marketing		(25,853)	(242,686)
Technology and platform costs		(152,284)	(186,677)
Loan assessment and processing		(84,155)	(127,785)
Other expenses		(190,272)	(203,296)
Finance costs	5	(2,009,669)	(1,613,561)
Total expenses		(6,956,222)	(3,928,785)
Loss before income tax expense		(4,427,819)	(2,376,087)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the Owners of Propell Holdings Limited		(4,427,819)	(2,376,087)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the Owners of Propell Holdings Limited		(4,427,819)	(2,376,087)

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 2025

	Note	Consolidated 2025 $	Consolidated 2024 $
Assets			
Current assets			
Cash and cash equivalents	7	167,081	731,773
Loans receivable	8	3,922,204	6,366,814
Other assets		30,059	26,521
Total current assets		4,119,344	7,125,108
Non-current assets			
Property, plant and equipment		1,035	212
Intangibles	9	-	-
Total non-current assets		1,035	212
Total assets		4,120,379	7,125,320
Liabilities			
Current liabilities			
Trade and other payables	10	230,423	119,312
Borrowings	11	-	748,901
Convertible Notes	12	-	1,969,764
Provisions	13	191,658	165,982
Total current liabilities		422,081	3,003,959
Non-current liabilities			
Borrowings	11	11,341,777	9,723,034
Convertible notes	12	2,702,613	-
Provisions	13	80,205	58,949
Total non-current liabilities		14,124,595	9,781,983
Total liabilities		14,546,676	12,785,942
Net liabilities		(10,426,297)	(5,660,622)
Equity			
Issued capital	14	25,903,579	25,903,579
Convertible notes - equity	12	-	337,856
Reserves	15	(2,745,247)	(1,799,538)
Accumulated losses	16	(33,584,629)	(30,102,519)
Total deficiency in equity		(10,426,297)	(5,660,622)

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 2025

Consolidated	Issued capital $	Convertible Note $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2023	24,409,451	337,856	(1,859,586)	(27,726,432)	(4,838,711)
Loss after income tax expense for the year	-	-	-	(2,376,087)	(2,376,087)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(2,376,087)	(2,376,087)
Transactions with Owners in their capacity as Owners:					
Contributions of equity, net of transaction costs (note 14)	1,494,128	-	-	-	1,494,128
Share-based payments (note 15)	-	-	60,048	-	60,048
Balance at 30 June 2024	25,903,579	337,856	(1,799,538)	(30,102,519)	(5,660,622)

Consolidated	Issued capital $	Convertible Note $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2024	25,903,579	337,856	(1,799,538)	(30,102,519)	(5,660,622)
Loss after income tax expense for the year	-	-	-	(4,427,819)	(4,427,819)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,427,819)	(4,427,819)
Transactions with Owners in their capacity as Owners:					
Transfer of expired options	-	-	(945,709)	945,709	-
Fair value gain – derecognition of equity component of transfer of note (note 12)	-	(337,856)	-	-	(337,856)
Balance at 30 June 2025	25,903,579	-	(2,745,247)	(33,584,629)	(10,426,297)

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 2025

	Note	Consolidated 2025 $	Consolidated 2024 $
Cash flows from operating activities			
Loan principal advanced to customers net of payments		(302,927)	(3,708,434)
Payments to suppliers and employees		(1,965,855)	(2,437,669)
Interest and fees received		2,084,174	1,304,985
Finance costs		(323,372)	-
Net cash used in operating activities	26	(507,980)	(4,841,118)
Cash flows from financing activities			
Proceeds from issue of shares	14	-	1,374,826
Capital raising costs		-	(85,698)
Proceeds from borrowings		-	3,791,865
Interest and other finance costs paid		(56,712)	(113,425)
Repayment of lease liabilities		-	(40,303)
Net cash from/(used in) financing activities		(56,712)	4,927,265
Net increase/(decrease) in cash and cash equivalents		(564,692)	86,147
Cash and cash equivalents at the beginning of the financial year		731,773	645,626
Cash and cash equivalents at the end of the financial year	7	167,081	731,773

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 an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Registered office

Level 2
15 Mayneview Street
Milton QLD 4064

Principal place of business

Level 2
15 Mayneview Street
Milton QLD 4064

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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 $4,427,819 (2024: $2,376,087 net loss) for the year ended 30 June 2025 and reported a net asset deficiency of $10,426,297 (2024: $5,660,622 net asset deficiency) and a net cash outflow from operating activities of $507,980 (2024: $4,841,118 outflow), which would ordinarily give rise to uncertainty regarding the Group's ability to continue as a going concern.

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

In making this assessment, the Board has considered the recent increase in the Company's wholesale funding facility to $15,000,000 and unused facility limit of $3,658,223 as at 30 June 2025 (refer to note 11); recent growth in the Company's Loan book since the introduction of "Low Doc" credit assessment in May 2025; forecast near-term growth in the loan book to the current facility limit of $15,000,000 underpinned by recent sizeable growth in Propell's broker referral network; continued strong net interest margins; and the Company's low operating cost base.

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").

Note 2. Material accounting policy information (continued)

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.

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 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Propell Holdings Limited as at 30 June 2025 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.

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.

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.

Note 2. Material accounting policy information (continued)

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.

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 right at the end of the reporting period 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. Material accounting policy information (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.

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.

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.

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.

Note 2. Material accounting policy information (continued)

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.

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.

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 2025. 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.

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

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

Note 4. Interest income

	Consolidated	
	2025	2024
	$	$
Interest on loans	2,057,010	1,192,802
Interest on cash at bank and bank deposits	1,390	1,686
	2,058,400	1,194,488

Note 5. Expenses

	Consolidated	
	2025	2024
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation		
Buildings right-of-use assets	-	35,233
Computer equipment	380	2,330
Total depreciation	380	37,563
Finance costs		
Interest and finance charges paid/payable on Loan book facility	1,039,458	743,277
Interest and finance charges paid/payable on Corporate facilities	95,835	87,701
Effective interest on Convertible note - host debt (note 12)	833,833	772,293
Unwinding of the discount on lease liabilities	-	1,610
Amortised borrowing costs on Loan book facility	16,872	3,748
Other	23,671	4,932
Finance costs expensed	2,009,669	1,613,561
Leases		
Expenses relating to short-term leases	24,757	8,118
Superannuation expense		
Defined contribution superannuation expense	98,298	81,542
Share-based payments expense		
Share-based payments expense	-	60,048
Expected credit losses		
Expected credit losses expensed during the period on loans receivable	2,228,664	191,222
Movement in provision for expected credit losses	580,176	(278,162)
Loan impairment expense/(benefit) net of recoveries	2,808,840	(86,940)

Note 6. Income tax

	Consolidated 2025 $	Consolidated 2024 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,427,819)	(2,376,087)
Tax at the statutory tax rate of 25%	(1,106,955)	(594,022)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	-	15,012
Sundry items	66,676	602
	(1,040,279)	(578,408)
Derecognition of deferred tax	1,160,374	588,965
Adjustment recognised for prior periods	(120,095)	(10,557)
Income tax expense	-	-

	Consolidated 2025 $	Consolidated 2024 $
Deferred tax assets not recognised		
Temporary differences	1,422,412	937,183
Operating tax loss	5,360,228	3,701,560
Capital tax loss	98,090	98,090
Total deferred tax assets not recognised	6,880,730	4,736,833

The deferred tax assets not brought to account as disclosed above only relate to the Propell tax group. The Group has not yet completed the tax consolidation calculations resulting from the acquisition of the Business and Capital Pty Ltd Group. Refer to note 2 for further details.

Note 7. Cash and cash equivalents

	Consolidated 2025 $	Consolidated 2024 $
Current assets		
Cash at bank	167,081	731,773

Note 8. Loans receivable

	Consolidated 2025 $	Consolidated 2024 $
Current assets		
Loan principal and interest receivable before impairment	6,761,291	6,681,669
Less: credit impaired	(2,228,664)	(191,222)
Carrying amount	4,532,627	6,490,447
Plus: accrued revenue	349,387	256,002
Less: expected credit losses	(959,810)	(379,635)
Reported amount	3,922,204	6,366,814

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

	Consolidated 2025 $	Consolidated 2024 $
Opening balance	379,635	657,797
Additional provisions recognised	580,175	(278,162)
Closing balance	959,810	379,635

Loan receivables and allowance for expected credit losses

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

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

Allowance for expected credit losses

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 $2,808,840 (2024: $86,940 gain) in profit or loss in respect of loan impairment provision written back for the year ended 30 June 2025. This loss comprises impairment expense of $2,228,664 (2024: $191,222 expense) and the movement in the allowance for expected credit losses of $580,175 loss (2024: $278,162 gain).

When determining an appropriate allowance for expected credit losses at 30 June 2025, 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.

Note 8. Loans receivable (continued)

Consolidated	Expected credit loss rate 2025 %	2024 %	Carrying amount 2025 $	2024 $	Allowance for expected credit losses 2025 $	2024 $
Not overdue	3.91177%	2.12435%	1,953,712	5,606,888	76,425	119,110
0 to 60 days overdue	21.28185%	21.24346%	1,032,413	540,738	219,717	114,871
60 to 180 days overdue	42.91415%	42.48692%	1,546,502	342,821	663,668	145,654
			4,532,627	6,490,447	959,810	379,635

	Consolidated 2025 $	2024 $
Loan principal and interest receivable by state		
New South Wales	2,805,399	3,638,638
Victoria	1,099,573	1,206,708
Queensland	304,852	793,541
Western Australia	152,121	477,568
South Australia	91,508	182,029
Tasmania	74,880	162,515
Australian Capital Territory	4,294	29,448
	4,532,627	6,490,447

	Consolidated 2025 $	2024 $
Loan principal and interest receivable by industry sector		
Trade and services	806,672	1,431,133
Retail and wholesale	387,809	791,327
Hospitality and tourism	819,052	1,459,219
Medical, health and care services	505,464	440,343
Industrial and manufacturing	7,664	89,271
Construction, renovation and maintenance	1,205,856	1,486,161
Engineering and mechanical	152,634	295,857
Trucking, transport and logistics	313,902	269,832
Business management and services	333,574	227,304
	4,532,627	6,490,447

Note 9. Intangibles

	Consolidated 2025 $	Consolidated 2024 $
Non-current assets		
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)	(4,558,253)
	-	-
	-	-

Note 10. Trade and other payables

	Consolidated 2025 $	Consolidated 2024 $
Current liabilities		
Trade payables	25,430	58,402
Accrued expenses	223,718	111,466
GST (receivable) / payable	(18,725)	(50,556)
	230,423	119,312

Note 11. Borrowings

	Consolidated 2025 $	Consolidated 2024 $
Current liabilities		
Loans - Altor corporate facility	-	748,901
	-	748,901
Non-current liabilities		
Loans - Altor loan book facility	4,369,494	9,723,034
Loans - Altor corporate facility	6,972,283	-
	11,341,777	9,723,034

Altor loan book facility (secured)
This $8,027,717 facility (2024: $11,000,000) is provided by Altor Capital Management Pty Ltd as trustee for the Altor AltFi Income Fund ("Altor") 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 21 May 2028 (2024 : 31 August 2025) and has an interest rate of 11.5% per annum (2024 : 11.5% per annum), accruing daily and payable monthly in arrears.

Note 11. Borrowings (continued)

Altor corporate facility (secured)
This $6,972,283 facility (2024 : $748,901) is provided by Altor to fund the Group's accumulated credit impaired loans and capitalised wholesale funding interest.

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 21 May 2028 (2024 : 31 August 2025) and has an interest rate of 11.5% per annum (2024 : 11.5% per annum), accruing daily and payable monthly in arrears.

	Consolidated	
	2025	2024
	$	$
Altor AltFi Income Fund	-	638,901
Altor Private Equity Pty Ltd	-	110,000
Altor Corporate Facility	6,972,283	-
	6,972,283	748,901

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	
	2025	2024
	$	$
Cash at bank	-	431,589
Loans receivable	3,922,204	6,366,814
	3,922,204	6,798,403

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

	Consolidated	
	2025	2024
	$	$
Total facilities		
Altor loan book facility	8,027,717	11,000,000
Altor corporate facilities	6,972,283	748,901
	15,000,000	11,748,901
Used at the reporting date		
Altor loan book facility	4,369,494	9,723,034
Altor corporate facilities	6,972,283	748,901
	11,341,777	10,471,935
Unused at the reporting date		
Altor loan book facility	3,658,223	1,276,966
Altor corporate facilities	-	-
	3,658,223	1,276,966

propell*

Note 12. Convertible notes

	Consolidated 2025 $	2024 $
Current liabilities - unsecured		
Financial liability - embedded derivative	-	39,351
Financial liability - host debt	-	1,930,413
	-	1,969,764
Non-current liabilities - unsecured		
Financial liability - embedded derivative	247,537	-
Financial liability - host debt	2,455,076	-
	2,702,613	-

On 22 May 2025, Altor purchased the convertible notes from the note holders for a consideration of $2,677,013.65. Altor subsequently extended the maturity date of the convertible notes to 21 November 2027. The variable exercise price was reset to between $0.01 and $0.03 and the note is convertible at the option of the note holder into ordinary shares at a conversion price of 70% of the 30-day VWAP at any time after the date of issue and up until the maturity date. The notes continue to attract interest at a coupon rate of 10% per annum, with 50% of the coupon rate paid every 90 days in arrears and the remaining 50% of the coupon rate accruing on the outstanding principal, and payable at maturity.

The convertible notes include a debt component reported as a financial liability measured at amortised cost and a conversion option considered an embedded derivative measured at FVTPL.

The embedded derivative component has been revalued at 30 June 2025 in accordance with Accounting Standard *AASB 9 Financial Instruments*. Following the revaluation at 30 June 2025, the embedded derivative has been valued at $247,537 (2024: $39,351) using the Monte Carlo Simulation Valuation Model. The fair values have been based on a closing Company share price at 30 June 2025 of $0.01 (2024: $0.012), volatility of 100% (2024: 95%), and a risk-free rate of 3.228% (2024: 4.463%).

Refer to note 18 for further information on financial instruments.

Refer to note 19 for further information on fair value measurement.

	Financial liability - embedded derivative $	Financial liability - host debt $	Total Financial liabilities $	Convertible notes - equity $
1 July 2023	320,022	1,271,547	1,591,569	337,856
Effective interest on convertible notes	-	772,293	772,293	-
Coupon paid	-	(113,427)	(113,427)	-
Fair value gain recognised	(280,671)	-	(280,671)	-
30 June 2024	39,351	1,930,413	1,969,764	337,856
1 July 2024	39,351	1,930,413	1,969,764	337,856
Effective interest on convertible notes	-	833,833	833,833	-
Coupon paid	-	(56,712)	(56,712)	-
Fair value loss – derivative valued on transfer of note	208,186	-	208,186	-
Fair value gain – transfer of convertible note	-	(252,458)	(252,458)	-
Fair value gain – derecognition of equity component of transfer of note	-	-	-	(337,856)
30 June 2025	247,537	2,455,076	2,702,613	-

Note 13. Provisions

	Consolidated 2025 $	Consolidated 2024 $
Current liabilities		
Annual leave	191,658	165,982
Non-current liabilities		
Long service leave	80,205	58,949

Note 14. Issued capital

	Consolidated			
	2025 Shares	2024 Shares	2025 $	2024 $
Ordinary shares - fully paid	278,338,116	278,338,116	25,903,579	25,903,579

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2023	120,355,520		24,409,451
Share issue	13 February 2024	85,000,000	$0.01	850,000
Share issue	16 February 2024	36,106,600	$0.01	361,066
Share issue	21 February 2024	16,375,996	$0.01	163,760
Share issue	26 March 2024	20,500,000	$0.01	205,000
Share issue costs incurred in the year		-	$0.00	(85,698)
Balance	30 June 2024	278,338,116		25,903,579
Balance	30 June 2025	278,338,116		25,903,579

No shares were issued by the Company during the year ended 30 June 2025.

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 27.

Note 14. Issued capital (continued)

Options on issue at 30 June 2024 are shown in the following table.

Grant date	Expiry date	Exercise price	Number under option
01/10/2020	01/10/2024	$0.30	5,433,333
01/10/2020	01/10/2024	$0.20	1,403,245
22/02/2021	22/02/2025	$0.20	3,500,000
21/09/2022	21/09/2025	$0.10	8,174,790
30/06/2023	30/06/2025	$0.10	500,000
30/06/2023	30/06/2028	$0.10	300,000
28/02/2024	30/09/2024	$0.08	16,100,000
28/02/2024	30/09/2025	$0.10	2,300,000
08/04/2024	08/04/2027	$0.03	7,600,000
02/05/2024	08/04/2027	$0.03	3,610,660
			48,922,028

Options on issue at 30 June 2025 are shown in the following table.

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

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 15. Reserves

	Consolidated 2025 $	Consolidated 2024 $
Share-based payment reserve	774,286	1,719,995
Subsidiary interest reserve	(3,519,533)	(3,519,533)
	(2,745,247)	(1,799,538)

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.

Note 15. Reserves (continued)

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 2023	1,659,947	(3,519,533)	(1,859,586)
Share based payments	60,048	-	60,048
Balance at 30 June 2024	1,719,995	(3,519,533)	(1,799,538)
Transfer of expired options	(945,709)	-	(945,709)
Balance at 30 June 2025	774,286	(3,519,533)	(2,745,247)

Note 16. Accumulated losses

	Consolidated 2025 $	Consolidated 2024 $
Accumulated losses at the beginning of the financial year	(30,102,519)	(27,726,432)
Loss after income tax expense for the year	(4,427,819)	(2,376,087)
Transfer to options reserve	945,709	-
Accumulated losses at the end of the financial year	(33,584,629)	(30,102,519)

Note 17. Dividends

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

Note 18. 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.

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 2025 (2024: nil) except for the embedded derivative in the Convertible Note (refer to note 12).

Market risk

Note 18. Financial instruments (continued)

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 twenty-four months based on the interest rate of the loan book facility.

For the year end 30 June 2025, all of the Group's borrowings were at fixed interest rates (2024: all). Details of the Group's borrowing facilities are set out in note 11.

The Group's Loans receivable all have fixed interest rates and six to twenty-four month maturities.

As at 30 June 2025, the Group had Loans receivable of $3,922,204 (2024: $6,366,814). The average interest rate on all Loans was approximately 2.7% per month (2024: approximately 2.7% per month). Profit or loss is sensitive to higher/lower interest income from Loans receivable as a result of changes in interest rates. If interest rates were to increase or decrease by 0.1% per month, the impact to profit and loss would be an increase or decrease to interest revenue of $84,980 (2024: +/- 0.1% impact +/- $44,240).

As at 30 June 2025, the Group had long-term borrowings of $11,341,777 (2024: $10,471,935). The average interest rate on all borrowings was approximately 11.6% per annum (2024: approximately 11.6% per annum). Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. If interest rates were to increase or decrease by 1% per annum, the impact to profit and loss would be an increase or decrease to interest expense of $101,365 (2024: +/- 1% impact +/- $71,636).

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. Details of Loans receivable balances and Allowance for expected credit losses are provided in note 8.

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.

All cash deposits at 30 June 2025 and 30 June 2024 were with the Groups principal banker, The Commonwealth Bank of Australia.

Allowance for expected credit losses
The Group has recognised a provision of $959,810 (2024: $379,635) in respect of the expected credit losses as at 30 June 2025.

Note 18. Financial instruments (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2025 %	2024 %	Carrying amount 2025 $	2024 $	Allowance for expected credit losses 2025 $	2024 $
Not overdue	3.91177%	2.12435%	1,953,712	5,606,888	76,425	119,110
0 to 2 months overdue	21.28185%	21.24346%	1,032,413	540,738	219,717	114,871
2 to 6 months overdue	42.91415%	42.48692%	1,546,502	342,821	663,668	145,654
			4,532,627	6,490,447	959,810	379,635

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 2025 $	2024 $
Altor loan book facility	3,658,223	1,276,966

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 - 2025	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	-	230,423	-	-	-	230,423
Interest-bearing - fixed rate						
Loans (corporate facility)	11.50%	801,813	801,813	7,373,189	-	8,976,815
Loans (loan book facility)	11.50%	502,492	502,492	4,620,740	-	5,625,724
Convertible notes	48.40%	1,308,065	1,308,065	3,356,645	-	5,972,775
Total non-derivatives		2,842,793	2,612,370	15,350,574	-	20,805,737
Derivatives						
Convertible note - conversion feature	-	-	-	247,537	-	247,537
Total derivatives		-	-	247,537	-	247,537

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

Note 18. Financial instruments (continued)

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 19. 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 - 2025	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivative liability - conversion feature	-	-	247,537	247,537
Total liabilities	-	-	247,537	247,537

There were no transfers between levels during the financial year.

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 20. 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 Executive Officer and Chief Financial Officer

Note 20. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to key management personnel of the Group is set out below:

	Consolidated	
	2025	2024
	$	$
Short-term employee benefits	509,633	510,077
Post-employment benefits	50,608	49,115
Long-term benefits	9,618	8,202
Share-based payments	75,000	100,000
	644,859	667,394

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF Brisbane Audit, the auditor of the Group:

	Consolidated	
	2025	2024
	$	$
Audit services - PKF Brisbane Audit		
Audit or review of the financial statements	71,500	75,000

Note 22. Related party transactions

Parent entity
Propell Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to Directors and other KMP are set out in note 20 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 23. 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 2025 $	Parent 2024 $
Loss after income tax	(1,129,467)	(1,311,962)
Total comprehensive income	(1,129,467)	(1,311,962)

Consolidated statement of financial position

	Parent 2025 $	Parent 2024 $
Total current assets	4,289	247,450
Total assets	5,158,855	(480,734)
Total current liabilities	182,704	32,024
Total liabilities	9,857,600	2,750,689
Net liabilities	(4,698,745)	(3,231,423)
Equity		
Issued capital	25,903,580	25,903,580
Convertible notes - equity	-	337,856
Share-based payment reserve	774,286	1,719,995
Accumulated losses	(31,376,611)	(31,192,854)
Total deficiency in equity	(4,698,745)	(3,231,423)

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 2025 and 30 June 2024.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Material accounting policy information
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 24. 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 2025 %	Ownership interest 2024 %
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 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 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 26. Cash flow information

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

	Consolidated 2025 $	Consolidated 2024 $
Loss after income tax expense for the year	(4,427,819)	(2,376,087)
Adjustments for:		
Depreciation and amortisation	380	37,563
Share-based payments	-	265,048
Capitalisation of finance costs	1,095,183	958,411
Fair value (gain)/loss on financial instruments	(382,128)	(280,671)
Unwinding of discount on convertible notes	581,375	772,293
Change in operating assets and liabilities:		
Decrease/(increase) in in loans receivable	2,444,610	(3,762,416)
Decrease/(increase) in prepayments	(3,538)	14,729
Decrease/(increase) in other operating assets	239	2,330
Increase/(decrease) in trade and other payables	111,111	(468,977)
Increase/(decrease) in employee benefits	46,932	(1,273)
Increase/(decrease) other provisions	25,675	(2,068)
Net cash used in operating activities	(507,980)	(4,841,118)

Note 26. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	$	Total $
Balance at 1 July 2023	8,331,849	8,331,849
Borrowings	4,750,540	4,750,540
Convertible notes	658,866	658,866
Derivative liabilities	(280,671)	(280,671)
Lease liabilities	(40,303)	(40,303)
Balance at 30 June 2024	13,420,281	13,420,281
Borrowings	869,842	869,842
Convertible notes	524,663	524,663
Derivative liabilities	208,186	208,186
Balance at 30 June 2025	15,022,972	15,022,972

Note 27. Share-based payments

Ordinary shares

No shares were issued by the Company during the year ended 30 June 2025.

Share options

No options over ordinary shares were issued by the Company during the year ended 30 June 2025.

Set out below is a summary of all options over ordinary shares granted and lapsed during the year ended 30 June 2025 and the prior year:

	Number of options 2025	Weighted average exercise price 2025	Number of options 2024	Weighted average exercise price 2024
Outstanding at the beginning of the financial year	48,922,028	$0.11	44,811,368	$0.17
Granted	-	$0.00	11,210,660	$0.03
Expired / Lapsed	(26,936,578)	$0.15	(7,100,000)	$0.37
Outstanding at the end of the financial year	21,985,450	$0.06	48,922,028	$0.11
Vested and exercisable at the end of the financial year	21,985,450	$0.06	48,922,028	$0.11

Note 27. Share-based payments (continued)

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	2025 Number	2024 Number
01/10/2020	01/10/2024	-	5,433,333
01/10/2020	01/10/2024	-	1,403,245
22/02/2021	22/02/2025	-	3,500,000
21/09/2022	21/09/2025	8,174,790	8,174,790
30/06/2023	30/06/2025	-	500,000
30/06/2023	30/06/2028	300,000	300,000
28/02/2024	30/09/2024	-	16,100,000
28/02/2024	30/09/2025	2,300,000	2,300,000
08/04/2024	08/04/2027	7,600,000	7,600,000
02/05/2024	08/04/2027	3,610,660	3,610,660
		21,985,450	48,922,028

The weighted average remaining contractual life of options over ordinary shares that were outstanding at the end of the financial year was 2.05 years (2024: 1.17 years).

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 2025 and of its performance for the financial year ended on that date;
- 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 information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

Michael Kane Davidson
Director

25 August 2025
Brisbane

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROPELL HOLDINGS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying 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 2025, 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 material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of Propell Holdings Limited 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 2025 and of its performance for the year ended on that date; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 & 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.

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 2025 of $4,427,819 (2024: $2,376,087) and reported a net assets deficiency of $10,426,297 (2024: $5,660,622 net asset deficiency). For the year ended 30 June 2025, the Group reported cash outflows from operating activities of $507,980 (2024: $4,841,118 outflows). 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.

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 2025 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:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii. the consolidated entity disclosure statement that is true and correct and is free of 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 has 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 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 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 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 consolidated entity'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 consolidated entity'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 consolidated entity 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 consolidated entity to express an opinion on the group 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.

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
25 August 2025

Company secretary	Adam Gallagher
Registered office	Level 2 15 Mayneview Street Milton QLD 4064
Principal place of business	Level 2 15 Mayneview Street Milton QLD 4064
Auditor	PKF Brisbane Audit Level 2 66 Eagle Street Brisbane QLD 4000

Set out below are the entities that form part of the consolidated Group at the end of the financial year ended 30 June 2025.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Propell Holdings Limited	Body corporate	Australia	100.00%	Australia
Propell Services Pty Ltd	Body corporate	Australia	100.00%	Australia
Propell IP Pty Ltd	Body corporate	Australia	100.00%	Australia
Business and Capital Pty Ltd	Body corporate	Australia	100.00%	Australia
BC Fund 2 Pty Ltd	Body corporate	Australia	100.00%	Australia
BC Fund 3 Pty Ltd	Body corporate	Australia	100.00%	Australia