

Flexible payments for professionals, made simple.



Appendix 4D and Interim Report
for the half-year ended
31 December 2021

QuickFee.

Appendix 4D

For the half-year ended 31 December 2021

Results for announcement to the market

Previous corresponding period: half-year ended 31 December 2020

| | A\$ | UP/DOWN | MOVEMENT % |
|---|-------------|---------|------------|
| Revenue from ordinary activities | 4,722,765 | Up | 5.3% |
| Loss from ordinary activities after tax attributable to members | (7,345,118) | Up | 156.4% |
| Net loss for the period attributable to members | (7,345,118) | Up | 156.4% |

The group has reported a loss for the period of A\$7,345,118 (H1 FY21: A\$2,864,367), with net assets amounting to A\$18,056,097 as at 31 December 2021 (30 June 2021: A\$24,392,797), including cash reserves of A\$11,606,977 (30 June 2021: A\$21,305,963).

Please refer to the 'review of operations and activities' on pages 3 to 7 for further explanation of the results.

Additional information supporting the Appendix 4D disclosure requirements can be found in the review of operations and activities and the financial statements for the half-year ended 31 December 2021.

Dividends

No dividends have been paid or declared by QuickFee Limited for the current financial period. No dividends of QuickFee Limited were paid for the previous financial period.

Net tangible assets per ordinary share

| | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
|--|---------------------|---------------------|
| | CENTS | CENTS |
| Net tangible assets per ordinary share | 7.89 | 13.11 |

Changes in controlled entities

The following controlled entities were registered in H1 FY21:

- Franchise Payment Services Pty Ltd, with the business names 'Jim's Pay Plan (Australia)' and 'Jim's Payments (Australia)', registered on 28 September 2021;
- QuickFee NL Holding LLC, a special purpose entity for the Northleaf borrowings facility, registered on 26 October 2021;
- QuickFee NL Financing LLC, a special purpose entity for the Northleaf borrowings facility, registered on 26 October 2021; and
- QuickFee Financing Pty Ltd, a special purpose entity for the Northleaf borrowings facility, registered on 29 October 2021.

There have been no other changes in controlled entities during the half-year ended 31 December 2021.

Interim review

The financial statements have been reviewed by the group's independent auditor without any modified conclusion, disclaimer or emphasis of matter.

Provide a personalised payment experience.

Accept payments by card, ACH, financing plan, or in four monthly payments. Your online payment platform will be totally customised for your business needs, so you can meet all your biggest payment challenges head on.



Pay in Full

Cut down on those manual processes. Offer easy online payment options with ACH transfers and credit card processing.



Pay Over Time

Delight your customers with payment financing flexibility. Give them the option to pay over 3, 6, 9, or 12 months.



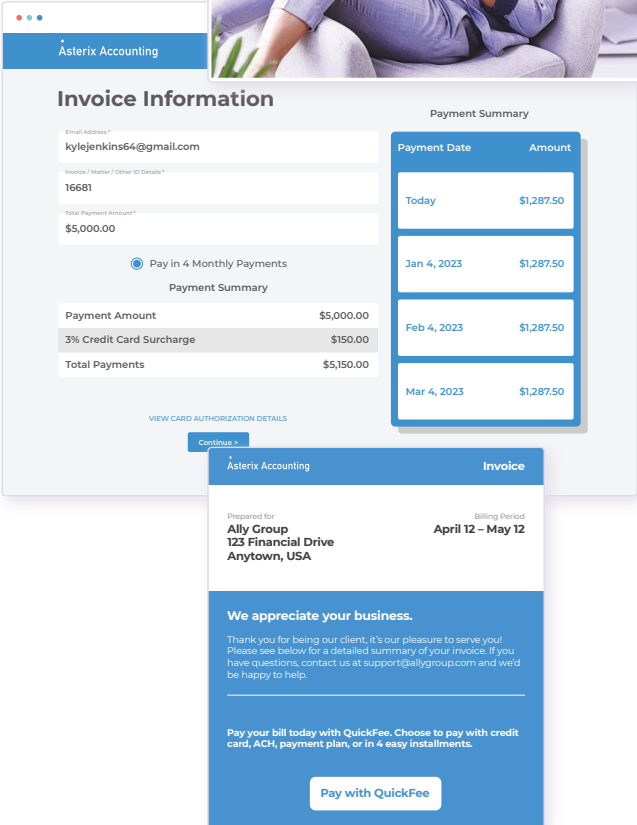
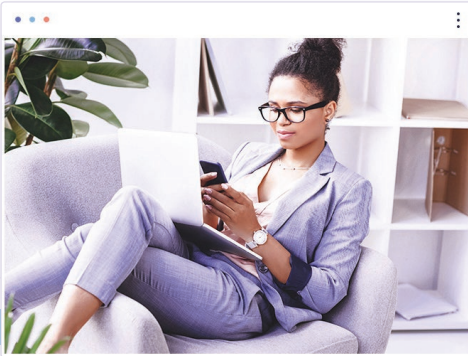
Buy Now, Pay Later (BNPL)

Let customers split their purchase into 4 easy monthly payments, using the credit card they already have.



Connect

A unified solution for invoicing and payments to help you save time and stay focused.



The screenshot shows the Asterix Accounting online payment platform interface. It includes a header with the company name, a main section for 'Invoice Information' and 'Payment Summary', and a footer with a 'Pay with QuickFee' button. The 'Invoice Information' section displays the email address 'kylejenkins64@gmail.com', invoice number '16681', and total payment amount '\$5,000.00'. The 'Payment Summary' section shows a table with payment dates and amounts: Today (\$1,287.50), Jan 4, 2023 (\$1,287.50), Feb 4, 2023 (\$1,287.50), and Mar 4, 2023 (\$1,287.50). The footer section includes a 'Pay with QuickFee' button and a 'We appreciate your business.' message.

| Payment Date | Amount |
|--------------|------------|
| Today | \$1,287.50 |
| Jan 4, 2023 | \$1,287.50 |
| Feb 4, 2023 | \$1,287.50 |
| Mar 4, 2023 | \$1,287.50 |

There's an easier way to get paid.

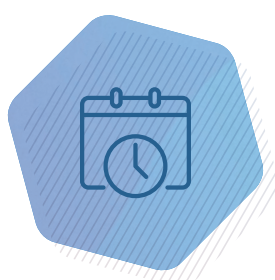
Since 2009, QuickFee has offered online payment and financing solutions that help professionals overcome challenges in accepting payments.

Serving thousands of professional service firms across the United States (US) and Australia, QuickFee is now bringing its proven payments model to a wider range of businesses than ever before, from personal and home services to the commercial space.

QuickFee aims to deliver a fully integrated and personalised online payment experience for each merchant. As a trusted payments solution provider, it's our goal to help merchants get paid anytime, anywhere – while their customers get all the payment flexibility they need.

Simply put? We're on a mission to make the payment process easier for everyone.

We empower customers to pay how and when they want, so businesses can focus on what they do best.



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Momentum continues

Message from the CEO, Eric Lookhoff

The first half of the 2022 financial year was a period of stronger performance for QuickFee, with continued growth in the US in both payments and lending, and lending in Australia continuing its recovery. We ended the half with momentum, achieving a record quarter in Q2 in the US in our core professional services segment. We are now seeing a return to pre-COVID-19 lending levels, but with accelerated payments volume and larger transaction sizes, which positions QuickFee well heading into the second half.

Our BNPL offering continues to build, with solid growth in our independent sales organisation (ISO) distribution model, merchants sign-ups, and a growing backlog of volume. We anticipate that this momentum will accelerate into the remainder of FY22 and well into FY23, becoming a material part of the QuickFee business.

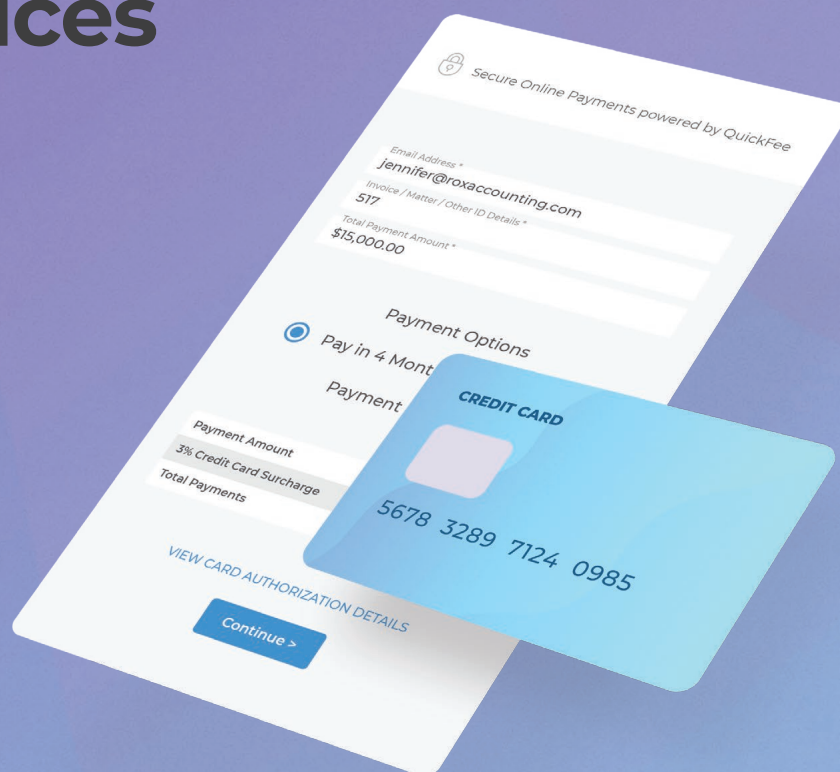
In addition to growing top line revenue, there has been a concerted effort to begin extracting benefits from the operating leverage in the business. Shifting to the ISO channel model for BNPL allowed us to reduce direct sales resources at the end of H1 FY22, and completion of our proprietary payments system in H2 paves the way for reduced spending in technology. These changes combined with growth in our core professional services segment, quickly expanding BNPL segment, and low-risk, low-cost loan book, sets the foundation for QuickFee to accelerate its path to profitability.

We continue to be well capitalised, and were very pleased to finalise a new funding deal with Northleaf Capital Partners Ltd (Northleaf) which delivers a US\$70 million-equivalent multi-currency receivables facility to fund future growth.



Review of operations and activities

Professional services



Continued growth in core professional services segment

**AOV up
9%**

**Financing
AOV up
12%**

Our leading position in the US enterprise accounting vertical has proven to be a source of growth, driven by a combination of high customer retention and deepening alliance partnerships, both resulting in longer-term contracts with our customers.

The complexity of COVID-19 related tax regulations has increased business for our customers and driven higher average order values, both of which benefit QuickFee and add scale to our platform.

Lastly, we are actively engaged in the continued digital transformation of the US accounting industry with the H1 FY22 launch of our own digital and intelligent invoicing platform, QuickFee Connect. When taken together, these dynamics continue to fuel growth and market share in our core professional services segment now and over the long-term.

Buy Now, Pay Later

Our BNPL segment is focused on providing a low-risk payment and financing option to merchants in the broader services sector. Leveraging their existing credit card limit, customers can benefit from extra time to pay without taking on new debt and as such, not requiring lengthy underwriting or a personal credit check. There are no late payments or late payment fees because our credit risk is protected by the card pre-authorisation.

In the US, our BNPL solution is distributed to merchants through ISOs, which is the primary channel distributing credit card merchant services in the US today. Additionally our Merchant Direct Platform, also launched in H1 FY22, provides service business with

an end-to-end application experience which fully automates our underwriting, risk management, and onboarding processes. This platform allows QuickFee to scale as our BNPL merchant base grows.

Lastly, by focusing on the non-discretionary services sector, including automotive, education, healthcare, and home services we experience much higher average order values than other BNPL providers serving the online e-commerce retail sector, and again with minimal credit risk. In all, we have developed a low-risk, high-yield, high-transaction BNPL solution, differentiated through unique consumer benefits and leverage an already scaled distribution channel.

A\$6.1m

BNPL backlog volume up to A\$6.1 million (30 June 2021: A\$4.6 million)

A\$0.6m

Revenue backlog up to A\$0.6million (30 June 2021: A\$0.4 million)

150,000+

128+ ISOs signed in H1 FY22 increasing the addressable market to 150,000+ merchants

Looking ahead

We are pleased with the stronger H1 FY22 performance and the momentum we have entering the second half of the financial year across the business.

In the professional services segment, we will continue to benefit from and be a catalyst for the shift to digital invoicing and payments. We will continue to increase our US market share through further penetration of accounting firm alliances and associations and increase our share of total firm volume through deeper practice management system integrations.

In the BNPL segment, we are focused on scaling up the production of our ISO partners to generate and

increase merchant acquisition, while continuing to sign up new ISOs which further increases our addressable market. This strategy helps us scale quickly in a cost-effective manner, and we expect to continue our trajectory of growing the portfolio of existing and annualised processing volume and revenue.

After successfully navigating a challenging period as a result of government stimulus measures, H1 FY22 demonstrated that QuickFee indeed has a robust business model that is now accelerating its path to profitability.



Financial results

Continued record lending and transaction volumes in our traditional core markets of accounting and legal in the US and a promising recovery in lending demand in Australia resulted in revenue growing 5% on the prior period to A\$4.7 million and gross profit up 6% to A\$3.4 million.

US net revenue was up 35% to A\$2.6 million and US gross profit up 19% to A\$2.0 million. Net revenue in Australia was down 5% to A\$1.9 million; the recovery in lending demand did not translate into interest revenue growth (vs the prior corresponding period) until Q2 FY22, which is consistent with the lag in interest revenue we see from lending volume changes.

The group reported an adjusted EBITDA* before growth expenses and significant items of A\$(0.9) million (H1 FY21: A\$0.6 million), with both the Australian and US businesses investing in headcount and growth as we build out infrastructure to support future growth.

General and administrative expenses increased A\$0.9 million to A\$3.1 million, reflecting the investment in expertise and headcount for the Australian head office and US business unit. Customer acquisition expenses in H1 FY22 were A\$2.8 million, up 100% on H1 FY21. Product development expenditures rose 89% to A\$2.8 million on the back of a substantial

increase in technology development spend to build the QuickFee BNPL platform, BNPL online merchant application software as well as BNPL underwriting software. The group reported an after-tax loss for the period of A\$7.3 million (H1 HY21: loss of A\$2.9 million). The Australian operating segment reported a net loss after tax of A\$0.1 million, with the US segment reporting a A\$3.2 million loss after A\$2.4 million of customer acquisition expenses.

Balance sheet

Net assets as at 31 December 2021 amounted to A\$18.1 million (30 June 2021: A\$24.4 million), including cash reserves of A\$11.6 million (30 June 2021: A\$21.3 million). During H1 FY22, we secured new debt funding from Northleaf Capital Partners, a global private markets investment firm, for a new US\$70 million-equivalent multi-currency receivables facility to fund QuickFee's future growth across the US and Australia. The facility consists of a US\$40 million committed first lien facility with an additional optional US\$30 million accordion feature, subject to Northleaf's approval.

Cash plus total growth capacity on facilities has increased A\$19.8 million from 30 June 2021, to A\$52.8 million.

* Adjusted EBITDA = statutory EBITDA less interest expense on loan book borrowings. This metric deducts interest on operating borrowings but excludes other finance costs.

Directors' report

For the half-year ended 31 December 2021

Your directors present their report on the consolidated entity consisting of QuickFee Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021. Throughout the report, QuickFee Limited is referred to as the 'company', or 'group' when including its subsidiaries comprising the consolidated entity.

This directors' report covers the period from 1 July 2021 to 31 December 2021 (H1 FY22). The comparative period is from 1 July 2020 to 31 December 2020 (H1 FY21).

Directors

The following persons were directors of QuickFee Limited during the whole of the half-year and up to the date of this report:

- Barry Lewin, Non-Executive Chairman
- Eric Lookhoff, Managing Director and Chief Executive Officer
- Bruce Coombes, Executive Director and Managing Director, Australia
- Dale Smorgon, Non-Executive Director

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on pages 3 to 7 of this interim report.

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 on page 9.

Rounding of amounts

The group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded off to the nearest dollar.

This report is made in accordance with a resolution of directors.



Barry Lewin

Non-Executive Chairman

16 February 2022

Auditor's independence declaration

For the half-year ended 31 December 2021



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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

.....
William Buck

William Buck (Audit) Vic Pty Ltd
ABN: 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 16 February 2022

ACCOUNTANTS & ADVISORS

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(WB015_2007)





QuickFee

ABN 93 624 448 693

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Interim report – 31 December 2021

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by QuickFee Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

QuickFee Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Suite 4.07, 10 Century Circuit, Norwest NSW 2153. Its shares are listed on the Australian Securities Exchange.

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2021

| | NOTES | H1FY22 A\$ | H1FY21 A\$ |
|---|-------|--------------------|--------------------|
| Interest revenue | 2 | 2,398,924 | 2,629,357 |
| Interest expense | 2 | (267,097) | (588,605) |
| Net interest income | | 2,131,827 | 2,040,752 |
| Revenue from contracts with customers | 3 | 2,323,841 | 1,857,453 |
| Cost of sales | | (1,042,963) | (687,525) |
| Gross profit | | 3,412,705 | 3,210,680 |
| Other income | | 11,101 | 42,033 |
| General and administrative expenses | | (3,943,311) | (2,745,387) |
| Selling and marketing expenses | | (1,206,326) | (472,911) |
| Operating (loss)/profit before growth expenses | | (1,725,831) | 34,415 |
| Customer acquisition expenses | | (2,847,236) | (1,422,606) |
| Product development expenses | | (2,758,025) | (1,456,310) |
| Operating loss | | (7,331,092) | (2,844,501) |
| Net finance costs | | (14,026) | (19,866) |
| Loss before income tax | | (7,345,118) | (2,864,367) |
| Income tax expense | | - | - |
| Loss for the period | | (7,345,118) | (2,864,367) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | | 376,497 | (1,136,725) |
| Total comprehensive loss for the period | | (6,968,621) | (4,001,092) |

| | | CENTS | CENTS |
|---|---|-------|-------|
| Loss per share for loss attributable to the ordinary equity holders of the company: | | | |
| Basic and diluted loss per share | 9 | (3.3) | (1.4) |

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

Consolidated statement of financial position

As at 31 December 2021

| | | 31 DECEMBER 2021 | 30 JUNE 2021 |
|--------------------------------------|-------|---------------------|-------------------|
| | NOTES | A\$ | A\$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 11,606,977 | 21,305,963 |
| Loan receivables | 4(a) | 27,770,470 | 25,842,632 |
| Payment processing receivables | 4(a) | 1,294,445 | 887,948 |
| Trade and other receivables | | 358,232 | 313,632 |
| Other current assets | | 800,126 | 757,597 |
| Total current assets | | 41,830,250 | 49,107,772 |
| Non-current assets | | | |
| Loan receivables | 4(a) | 342,983 | 140,485 |
| Property, plant and equipment | | 343,525 | 303,065 |
| Right-of-use assets | | 526,166 | 669,529 |
| Other non-current assets | | 116,221 | 95,242 |
| Total non-current assets | | 1,328,895 | 1,208,321 |
| Total assets | | 43,159,145 | 50,316,093 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Merchant settlements outstanding | 4(a) | 7,968,024 | 10,032,343 |
| Trade and other payables | | 1,335,451 | 962,151 |
| Contract liabilities | | 151,069 | 106,642 |
| Borrowings | 4(b) | 14,391,579 | 13,342,018 |
| Lease liabilities | | 354,616 | 340,592 |
| Employee benefit obligations | | 672,522 | 613,732 |
| Total current liabilities | | 24,873,261 | 25,397,478 |
| Non-current liabilities | | | |
| Borrowings | 4(b) | – | 140,849 |
| Lease liabilities | | 221,658 | 378,897 |
| Employee benefit obligations | | 8,129 | 6,072 |
| Total non-current liabilities | | 229,787 | 525,818 |
| Total liabilities | | 25,103,048 | 25,923,296 |
| Net assets | | 18,056,097 | 24,392,797 |
| EQUITY | | | |
| Contributed equity | | 42,597,713 | 42,597,713 |
| Other reserves | 5(a) | (2,613,407) | (3,618,375) |
| Accumulated losses | | (21,928,209) | (14,586,541) |
| Total equity | | 18,056,097 | 24,392,797 |

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2021

| | NOTES | ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED | | | TOTAL EQUITY A\$ |
|--|-------|--|--------------------|--------------------|---------------------|
| | | CONTRIBUTED EQUITY | OTHER RESERVES | ACCUMULATED LOSSES | |
| | | A\$ | A\$ | A\$ | |
| Balance at 1 July 2020 | | 25,155,956 | (2,936,281) | (6,040,455) | 16,179,220 |
| Loss for the period | | - | - | (2,864,367) | (2,864,367) |
| Other comprehensive loss | | - | (1,136,725) | - | (1,136,725) |
| Total comprehensive income/(loss) for the period | | - | (1,136,725) | (2,864,367) | (4,001,092) |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of equity, net of transaction costs | | 17,443,875 | - | - | 17,443,875 |
| Share-based payment expenses | 6(c) | - | 308,761 | - | 308,761 |
| | | 17,443,875 | 308,761 | - | 17,752,636 |
| Balance at 31 December 2020 | | 42,599,831 | (3,764,245) | (8,904,822) | 29,930,764 |

| | NOTES | ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED | | | TOTAL EQUITY A\$ |
|--|------------|--|----------------|--------------------|---------------------|
| | | CONTRIBUTED EQUITY | OTHER RESERVES | ACCUMULATED LOSSES | |
| | | A\$ | A\$ | A\$ | |
| Balance at 1 July 2021 | | 42,597,713 | (3,618,375) | (14,586,541) | 24,392,797 |
| Loss for the period | | - | - | (7,345,118) | (7,345,118) |
| Other comprehensive income | | - | 376,497 | - | 376,497 |
| Total comprehensive income/(loss) for the period | | - | 376,497 | (7,345,118) | (6,968,621) |
| Transactions with owners in their capacity as owners: | | | | | |
| Share-based payment expenses | 5(a), 6(c) | - | 631,921 | - | 631,921 |
| Transfer of forfeited share-based payment expenses | 5(a) | - | (3,450) | 3,450 | - |
| | | - | 628,471 | 3,450 | 631,921 |
| Balance at 31 December 2021 | | 42,597,713 | (2,613,407) | (21,928,209) | 18,056,097 |

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

Consolidated statement of cash flows

For the half-year ended 31 December 2021

| | H1FY22 A\$ | H1FY21 A\$ |
|--|---------------------|--------------------|
| Cash flows from operating activities | | |
| Interest, fees and charges from customers and merchants (inclusive of GST) | 4,789,740 | 4,452,769 |
| Payments to suppliers and employees (inclusive of GST) | (10,393,405) | (6,472,717) |
| Interest paid | (242,056) | (555,945) |
| Net cash (outflow) from operating activities before changes in assets/liabilities | (5,845,721) | (2,575,893) |
| Payments to merchants to settle loan receivables | (32,684,269) | (26,343,757) |
| Receipts from merchants' customers in respect of loan receivables | 28,086,728 | 33,489,869 |
| Net cash (outflow)/inflow from operating activities | (10,443,262) | 4,570,219 |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (82,262) | (62,519) |
| Payments for other non-current assets | (25,000) | - |
| Net cash (outflow) from investing activities | (107,262) | (62,519) |
| Cash flows from financing activities | | |
| Proceeds from issues of shares | - | 18,173,441 |
| Share issue transaction costs | - | (727,452) |
| Proceeds of loan receivables borrowings facility, net of repayments | 869,645 | - |
| Payments for establishment of borrowings facility | (241,109) | - |
| Principal elements of lease payments | (157,894) | (148,864) |
| Net cash inflow from financing activities | 470,642 | 17,297,125 |
| Net (decrease)/increase in cash and cash equivalents | (10,079,882) | 16,960,365 |
| Cash and cash equivalents at the beginning of the financial period | 21,305,963 | 14,970,488 |
| Effects of exchange rate changes on cash and cash equivalents | 380,896 | (1,435,053) |
| Cash and cash equivalents at end of period | 11,606,977 | 30,495,800 |

Notes to the financial statements

For the half-year ended 31 December 2021

1 Segment information

(a) Description of segments and principal activities

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team, consisting of the Chief Executive Officer, Chief Financial Officer and Managing Director, Australia. Management examines the group's performance from both a geographic and product development perspective and has identified three reportable segments of its business:

- **Segments 1 and 2 – payment and lending operations in Australia (AU) and the United States (US):** payment and lending operations in Australia (AU) and the United States (US): this part of the business operates a suite of payment and lending offerings via an online portal to professional, commercial and personal services providers in Australia and the US. These solutions help customers of service providers (the group's merchants) access the advice and services they need, with the choice to pay immediately in full or over time by instalment. The executive management team monitors the performance in the Australian and US regions separately.
- **Segment 3 – product development:** this part of the business undertakes the research and development of the group's software and technology solutions.

(b) Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) is equal to statutory EBITDA less interest expense on borrowings that support loan receivables.

Significant items comprise equity-settled share-based payments.

The consolidated statement of profit or loss and other comprehensive income shows the line item 'general and administrative expenses' which includes depreciation, amortisation and share-based payment expenses. In this note, these expenses are itemised separately and excluded from the 'general and administrative expenses' category.

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

1 Segment information (continued)

(b) Adjusted EBITDA (continued)

The table below shows adjusted EBITDA for the half-year ended 31 December 2021, which reconciles to profit/(loss) for the period:

| | AU | PRODUCT | | | TOTAL |
|---|------------------|--------------------|--------------------|--------------------|--------------------|
| | A\$ | US | DEVELOPMENT | UNALLOCATED | A\$ |
| H1FY22 | A\$ | A\$ | A\$ | A\$ | A\$ |
| Interest revenue | 1,678,064 | 720,860 | - | - | 2,398,924 |
| Interest expense | (267,097) | - | - | - | (267,097) |
| Net interest income | 1,410,967 | 720,860 | - | - | 2,131,827 |
| Revenue from contracts with customers | 494,209 | 1,829,632 | - | - | 2,323,841 |
| Cost of sales | (472,564) | (570,399) | - | - | (1,042,963) |
| Gross profit | 1,432,612 | 1,980,093 | - | - | 3,412,705 |
| Other income | 11,101 | - | - | - | 11,101 |
| General and administrative expenses | (743,260) | (1,691,787) | - | (670,724) | (3,105,771) |
| Selling and marketing expenses | (321,459) | (884,867) | - | - | (1,206,326) |
| Adjusted EBITDA before growth expenses and significant items | 378,994 | (596,561) | - | (670,724) | (888,291) |
| Customer acquisition expenses | (434,272) | (2,412,964) | - | - | (2,847,236) |
| Product development expenses | - | - | (2,758,025) | - | (2,758,025) |
| Adjusted EBITDA before significant items | (55,278) | (3,009,525) | (2,758,025) | (670,724) | (6,493,552) |
| Share-based payment expenses | - | - | - | (631,921) | (631,921) |
| Adjusted EBITDA | (55,278) | (3,009,525) | (2,758,025) | (1,302,645) | (7,125,473) |
| Depreciation and amortisation | (59,843) | (145,776) | - | - | (205,619) |
| Net finance costs | (5,480) | (8,546) | - | - | (14,026) |
| Loss before income tax | (120,601) | (3,163,847) | (2,758,025) | (1,302,645) | (7,345,118) |
| Income tax expense | - | - | - | - | - |
| Loss for the period | (120,601) | (3,163,847) | (2,758,025) | (1,302,645) | (7,345,118) |

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

1 Segment information (continued)

(b) Adjusted EBITDA (continued)

The table below shows adjusted EBITDA for the half-year ended 31 December 2020, which reconciles to profit/(loss) for the period:

| H1FY21 | AU | PRODUCT | | TOTAL | |
|---|------------------|------------------|-------------------------|--------------------|--------------------|
| | A\$ | US | DEVELOPMENT UNALLOCATED | A\$ | A\$ |
| Interest revenue | 1,823,850 | 805,507 | - | - | 2,629,357 |
| Interest expense | (319,161) | (269,444) | - | - | (588,605) |
| Net interest income | 1,504,689 | 536,063 | - | - | 2,040,752 |
| Revenue from contracts with customers | 500,489 | 1,356,964 | - | - | 1,857,453 |
| Cost of sales | (408,698) | (232,311) | - | - | (641,009) |
| Adjusted gross profit | 1,596,480 | 1,660,716 | - | - | 3,257,196 |
| Other income | 40,074 | 1,959 | - | - | 42,033 |
| General and administrative expenses | (521,643) | (960,849) | - | (768,088) | (2,250,580) |
| Selling and marketing expenses | (182,428) | (290,483) | - | - | (472,911) |
| Adjusted EBITDA before growth expenses and significant items | 932,483 | 411,343 | - | (768,088) | 575,738 |
| Customer acquisition expenses | (334,563) | (1,088,043) | - | - | (1,422,606) |
| Product development expenses | - | - | (1,456,310) | - | (1,456,310) |
| Adjusted EBITDA before significant items | 597,920 | (676,700) | (1,456,310) | (768,088) | (2,303,178) |
| Share-based payment expenses | - | - | - | (308,761) | (308,761) |
| Adjusted EBITDA | 597,920 | (676,700) | (1,456,310) | (1,076,849) | (2,611,939) |
| Depreciation and amortisation | (64,620) | (167,942) | - | - | (232,562) |
| Net finance costs | (7,011) | (12,855) | - | - | (19,866) |
| Profit/(loss) before income tax | 526,289 | (857,497) | (1,456,310) | (1,076,849) | (2,864,367) |
| Income tax expense | - | - | - | - | - |
| Profit/(loss) for the period | 526,289 | (857,497) | (1,456,310) | (1,076,849) | (2,864,367) |

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

1 Segment information (continued)

(c) Segment assets and liabilities

The table below shows segment assets and liabilities as at 31 December 2021:

| | AU | US | PRODUCT DEVELOPMENT | UNALLOCATED | TOTAL |
|--------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| 31 DECEMBER 2021 | A\$ | A\$ | A\$ | A\$ | A\$ |
| Segment assets | 20,758,367 | 10,261,495 | – | 12,139,283 | 43,159,145 |
| Total assets | 20,758,367 | 10,261,495 | – | 12,139,283 | 43,159,145 |
| Segment liabilities | 16,606,245 | 8,432,038 | – | 64,765 | 25,103,048 |
| Total liabilities | 16,606,245 | 8,432,038 | – | 64,765 | 25,103,048 |

The table below shows segment assets and liabilities as at 30 June 2021:

| | AU | US | PRODUCT DEVELOPMENT | UNALLOCATED | TOTAL |
|--------------------------|-------------------|------------------|---------------------|-------------------|-------------------|
| 30 JUNE 2021 | A\$ | A\$ | A\$ | A\$ | A\$ |
| Segment assets | 19,809,682 | 8,776,789 | – | 21,729,622 | 50,316,093 |
| Total assets | 19,809,682 | 8,776,789 | – | 21,729,622 | 50,316,093 |
| Segment liabilities | 16,884,485 | 8,900,700 | – | 138,111 | 25,923,296 |
| Total liabilities | 16,884,485 | 8,900,700 | – | 138,111 | 25,923,296 |

2 Net interest revenue

| | H1FY22 | H1FY21 |
|--|------------------|------------------|
| | A\$ | A\$ |
| Interest revenue | | |
| Loan receivables | 2,398,924 | 2,629,357 |
| Interest expense | | |
| Loan receivables – financial institution lenders | (267,097) | (588,605) |
| | (267,097) | (588,605) |
| Net interest revenue | 2,131,827 | 2,040,752 |

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

2 Net interest revenue *(continued)*

(a) Accounting policies

(i) Interest revenue

Interest revenue from loan receivables relate to the *QuickFee Pay Over Time* and *Buy Now, Pay Later (BNPL)* products. Interest revenue is recognised over the life of the loans granted by the group to its customers over the period loans remain outstanding. The group recognises this interest revenue using the effective interest rate method (in accordance with AASB 9 *Financial Instruments*), based on estimated future cash receipts over the expected life of the financial asset. In making their judgement of estimated future cash flows and expected life of the loan receivables balance, management have considered historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement and contract.

3 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of services over time and at a point in time in the following major streams:

| | APPLICATION FEE REVENUE | MERCHANT FEE REVENUE | PLATFORM FEE REVENUE | TOTAL |
|-------------------------------|----------------------------|-------------------------|-------------------------|------------------|
| | A\$ | A\$ | A\$ | A\$ |
| H1 FY22 | | | | |
| Timing of revenue recognition | | | | |
| At a point in time | – | 1,780,822 | 14,980 | 1,795,802 |
| Over time | 152,670 | – | 375,369 | 528,039 |
| | 152,670 | 1,780,822 | 390,349 | 2,323,841 |
| H1 FY21 | | | | |
| Timing of revenue recognition | | | | |
| At a point in time | – | 1,333,358 | 9,000 | 1,342,358 |
| Over time | 196,968 | – | 318,127 | 515,095 |
| | 196,968 | 1,333,358 | 327,127 | 1,857,453 |

(b) Accounting policies

(i) Application fee revenue

Revenue from application fees relate to the *QuickFee Pay Over Time* product. Application fees are recognised over the life of the loans granted by the group to its customers as the performance obligation is satisfied over the period a loan remains outstanding.

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

3 Revenue from contracts with customers (continued)

(b) Accounting policies (continued)

(ii) Merchant fee revenue

Revenue from merchant fees relate to various product offerings, including:

- *QuickFee Pay Over Time*: instalment deferral fees, instalment dishonour fees and credit card processing fees on instalments;
- *QuickFee Pay in Full*: bank transfer (ACH/EFT) and credit card processing fees on pay in full transactions; and
- *BNPL*: credit card processing fees on instalments.

Merchant fees are recognised at a point in time when the transaction is performed and there are no unfulfilled service obligations that will restrict the entitlement to receive the consideration.

(iii) Platform fee revenue

Revenue from platform fees relate to QuickFee's payment portal and is split between joining/set up fees and recurring monthly subscription fees for merchants. Joining/set up fee revenue is recognised at a point in time once the single performance obligation of establishing the customer (merchant) onto the platform is satisfied. Recurring monthly subscription fee revenue is recognised on a straight-line basis over the subscription term.

4 Financial assets and financial liabilities

(a) Loan receivables, payment processing receivables and merchant settlements outstanding

| | | 31 DECEMBER 2021 | | | 30 JUNE 2021 | | |
|----------------------------------|-----------------|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | NOTES | CURRENT A\$ | NON- CURRENT A\$ | TOTAL A\$ | CURRENT A\$ | NON- CURRENT A\$ | TOTAL A\$ |
| Gross loan receivables | 4(a)(i), (ii) | 28,000,134 | 342,983 | 28,343,117 | 26,067,912 | 140,485 | 26,208,397 |
| Expected credit losses | | (229,664) | – | (229,664) | (225,280) | – | (225,280) |
| Loan receivables | | 27,770,470 | 342,983 | 28,113,453 | 25,842,632 | 140,485 | 25,983,117 |
| Payment processing receivables | 4(a)(iii), (iv) | 1,294,445 | – | 1,294,445 | 887,948 | – | 887,948 |
| Merchant settlements outstanding | 4(a)(v), (vi) | 7,968,024 | – | 7,968,024 | 10,032,343 | – | 10,032,343 |

(i) Classification of gross loan receivables

Gross loan receivables are amounts due from customers of merchants for payment plans (loans) entered into in the ordinary course of business from the *QuickFee Pay Over Time* and *BNPL* products.

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

4 Financial assets and financial liabilities (continued)

(a) Loan receivables, payment processing receivables and merchant settlements outstanding (continued)

(ii) Recognition and measurement of gross loan receivables

Gross loan receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. Loan receivables are initially recognised at fair value. The group holds the loan receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Loan receivables are due for settlement at various times, typically up to 12 months, in line with the terms of their contracts.

(iii) Classification of payment processing receivables

Payment processing receivables are amounts due from customers of merchants for pay in full transactions made in the ordinary course of business through the QuickFee payment portal from the *QuickFee Pay in Full* product.

(iv) Recognition and measurement of payment processing receivables

Payment processing receivables are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. The carrying amounts of payment processing receivables are considered to be the same as their fair values, due to their short-term nature. Transactions awaiting settlement to QuickFee turnover quickly, typically within one to three days, in line with bank processing timeframes.

(v) Classification of merchant settlements outstanding

Merchant settlements outstanding represent the following:

- payment plans (loans) approved but yet to be settled by the group to merchants, usually due to the first instalment having not been received as cleared funds; and
- pay in full transactions yet to be settled by the group to merchants.

(vi) Recognition and measurement of merchant settlements outstanding

Merchant settlements outstanding are non-derivative financial liabilities, with fixed and determinable payments that are not quoted in an active market. The carrying amounts of merchant settlements outstanding are considered to be the same as their fair values, due to their short-term nature. Transactions awaiting settlement turnover quickly, typically within one to seven days.

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

4 Financial assets and financial liabilities (continued)

(b) Borrowings

| | NOTES | 31 DECEMBER 2021 | | | 30 JUNE 2021 | | |
|--|---------|-------------------|-------------|-------------------|-------------------|----------------|-------------------|
| | | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| | | A\$ | A\$ | A\$ | A\$ | A\$ | A\$ |
| Secured | | | | | | | |
| Lease Collateral Pty Ltd | 4(b)(i) | 14,391,579 | - | 14,391,579 | 13,342,018 | 140,849 | 13,482,867 |
| Total secured borrowings | | 14,391,579 | - | 14,391,579 | 13,342,018 | 140,849 | 13,482,867 |
| Capitalised borrowing costs | | | | | | | |
| Unamortised borrowing costs | | - | - | - | - | - | - |
| Total capitalised borrowing costs | | - | - | - | - | - | - |
| Total borrowings | | 14,391,579 | - | 14,391,579 | 13,342,018 | 140,849 | 13,482,867 |

(i) Lease Collateral Pty Ltd

The Lease Collateral Pty Ltd loan was originally entered into on 3 November 2015. As at 31 December 2021, the facility limit was A\$25,000,000 (30 June 2021: A\$25,000,000), secured over certain identified loan receivables of QuickFee AU. As at 31 December 2021, the loan attracted interest at 4.1% per annum plus the base rate as published by the Reserve Bank of Australia (30 June 2021: 4.1%). In addition, a line fee of 1.25% per annum applies, along with a scalable surcharge up to 1.0% per annum for drawdowns over A\$20,000,000 derived from the average reference bank credit default swap.

In January 2022, the group repaid in full the Lease Collateral Pty Ltd borrowings facility upon drawdown of the Northleaf Capital Partners Ltd facility. Refer to note 8 for further details.

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

5 Equity

(a) Other reserves

The following table shows a breakdown of the statement of financial position line item 'other reserves' and the movements in these reserves during the period.

| | | COMMON CONTROL RESERVE | SHARE-BASED PAYMENT RESERVE | FOREIGN CURRENCY TRANSLATION RESERVE | TOTAL OTHER RESERVES |
|---|-------|------------------------------|-----------------------------------|---|-------------------------|
| | NOTES | A\$ | A\$ | A\$ | A\$ |
| Balance at 1 July 2021 | | (3,200,000) | 440,258 | (858,633) | (3,618,375) |
| Currency translation differences | | - | - | 376,497 | 376,497 |
| Transactions with owners in their capacity as owners: | | | | | |
| Options expensed | 6(c) | - | 193,706 | - | 193,706 |
| Options forfeited | | - | (3,450) | - | (3,450) |
| Performance rights expensed | 6(c) | - | 438,215 | - | 438,215 |
| As at 31 December 2021 | | (3,200,000) | 1,068,729 | (482,136) | (2,613,407) |

6 Share-based payments

An updated 'Performance Rights and Options Plan' (PROP) was approved by shareholders at the 2021 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) and consultants to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

(a) Options

Set out below are summaries of options, including those granted under the PROP:

| | H1 FY22 | |
|--|--|----------------------|
| | AVERAGE EXERCISE PRICE PER SHARE OPTION | NUMBER OF OPTIONS |
| | A\$ | |
| As at 1 July 2021 | 0.461 | 11,733,333 |
| Granted during the period: | 0.395 | 4,575,000 |
| Forfeited/lapsed during the period | 0.605 | (4,166,667) |
| As at 31 December 2021 | 0.387 | 12,141,666 |
| Vested and exercisable at 31 December 2021 | 0.355 | 6,166,666 |

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

6 Share-based payments (continued)

(a) Options (continued)

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

| GRANT DATE | HOLDER | CODE | ISSUE DATE | EXPIRY DATE | EXERCISE PRICE | 31 DECEMBER 2021 | 30 JUNE 2021 |
|---|-------------------|------------|------------|-------------|----------------|-------------------------|---------------------|
| | | | | | | NUMBER OF OPTIONS | NUMBER OF OPTIONS |
| 2019-01-22 | Bruce Coombes | QFEAB(T1) | 2019-07-11 | 2023-07-11 | A\$ 0.300 | 1,000,000 | 1,000,000 |
| 2019-01-22 | Bruce Coombes | QFEAB(T2) | 2019-07-11 | 2023-07-11 | A\$ 0.400 | 1,000,000 | 1,000,000 |
| 2019-01-22 | Bruce Coombes | QFEAB(T3) | 2019-07-11 | 2023-07-11 | A\$ 0.500 | 1,000,000 | 1,000,000 |
| 2019-01-22 | EverBlu Capital | QFEAB(T4) | 2019-07-11 | 2022-07-11 | A\$ 0.200 | 1,000,000 | 1,000,000 |
| 2019-01-22 | EverBlu Capital | QFEAB(T5) | 2019-07-11 | 2022-07-11 | A\$ 0.300 | 1,000,000 | 1,000,000 |
| 2019-01-22 | EverBlu Capital | QFEAB(T6) | 2019-07-11 | 2022-07-11 | A\$ 0.400 | 1,000,000 | 1,000,000 |
| 2020-03-18 | Various employees | QFEAD(T1) | 2020-07-30 | 2025-06-30 | A\$ 0.500 | 866,666 | 866,666 |
| 2020-03-18 | Various employees | QFEAD(T2) | 2020-07-30 | 2025-06-30 | A\$ 0.500 | – | 333,333 |
| 2020-03-18 | Various employees | QFEAD(T3) | 2020-07-30 | 2025-06-30 | A\$ 0.500 | – | 333,334 |
| 2020-07-23 | Barry Lewin | QFEAG(T1) | 2020-07-30 | 2025-07-23 | A\$ 0.500 | 100,000 | 100,000 |
| 2020-07-23 | Barry Lewin | QFEAG(T2) | 2020-07-30 | 2025-07-23 | A\$ 0.500 | 100,000 | 100,000 |
| 2020-07-23 | Barry Lewin | QFEAG(T3) | 2020-07-30 | 2025-07-23 | A\$ 0.500 | 100,000 | 100,000 |
| 2020-07-23 | Dale Smorgon | QFEAG(T1) | 2020-07-30 | 2025-07-23 | A\$ 0.500 | 100,000 | 100,000 |
| 2020-07-23 | Dale Smorgon | QFEAG(T2) | 2020-07-30 | 2025-07-23 | A\$ 0.500 | 100,000 | 100,000 |
| 2020-07-23 | Dale Smorgon | QFEAG(T3) | 2020-07-30 | 2025-07-23 | A\$ 0.500 | 100,000 | 100,000 |
| 2021-05-26 | Various employees | QFEAH | 2022-01-21 | 2026-01-31 | A\$ 0.580 | 100,000 | 100,000 |
| 2021-05-26 | Simon Yeandle | Not issued | N/A | N/A | A\$ 0.500 | – | 750,000 |
| 2021-05-26 | Simon Yeandle | Not issued | N/A | N/A | A\$ 0.750 | – | 750,000 |
| 2021-05-26 | Eric Lookhoff | Not issued | N/A | N/A | A\$ 0.500 | – | 1,000,000 |
| 2021-05-26 | Eric Lookhoff | Not issued | N/A | N/A | A\$ 0.750 | – | 1,000,000 |
| 2021-08-20 | Various employees | QFEAI | 2022-01-21 | 2026-06-30 | A\$ 0.280 | 1,018,779 | – |
| 2021-08-20 | Various employees | QFEAJ | 2022-01-21 | 2026-06-30 | A\$ 0.319 | 1,018,734 | – |
| 2021-08-20 | Various employees | QFEAK | 2022-01-21 | 2026-06-30 | A\$ 0.344 | 1,018,734 | – |
| 2021-08-20 | Various employees | QFEAL | 2022-01-21 | 2026-06-30 | A\$ 0.382 | 1,018,753 | – |
| 2021-12-21 | Neu Capital | QFEAN | 2022-01-21 | 2025-12-02 | A\$ 0.840 | 250,000 | – |
| 2021-12-21 | Neu Capital | QFEAO | 2022-01-21 | 2025-12-02 | A\$ 0.980 | 250,000 | – |
| Total | | | | | | 12,141,666 | 11,733,333 |
| | | | | | | 31 DECEMBER 2021 | 30 JUNE 2021 |
| Weighted average remaining contractual life of options outstanding at end of period | | | | | | 2.64 years | 2.92 years |

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

6 Share-based payments (continued)

(a) Options (continued)

The grant of 3,000,000 executive options (QFEAB) to Bruce Coombes was contingent on the IPO occurring. These options expire on 9 July 2023 and comprise three tranches of 1,000,000 options (T1, T2 and T3) with exercise prices of A\$0.30, A\$0.40 and A\$0.50, respectively. T1 and T2 options vested on 9 July 2020 and 2021, respectively; T3 vest on 9 July 2022, contingent on continued employment at the vesting date.

The grant of 866,666 employee options (QFEAD T1) on 18 March 2020 vested on 30 June 2020, contingent on continued employment through to the vesting date. These options expire on 30 June 2025.

The 600,000 director options (QFEAG) granted to Barry Lewin and Dale Smorgon on 23 July 2020 vest in three equal tranches at 30 June 2021 (T1), 2022 (T2) and 2023 (T3), respectively, contingent on continued employment through to each vesting date. These options expire on 23 July 2025. As the grant date of 23 July 2020 occurred after the directors began rendering services in respect of that grant, AASB 2 requires the group to commence recognition of the share-based payment expense when the services are received. Consequently, the group commenced amortisation on 6 May 2020 as detailed in the notice of meeting for the 2020 extraordinary general meeting. The valuation inputs reflect the 23 July 2020 grant date fair value.

The grant of 100,000 employee options (QFEAH) on 26 May 2021 vested on 1 September 2021, contingent on continued employment through to the vesting date. These options expire on 31 January 2026.

The grant of 4,075,000 employee options (QFEAI, QFEAJ, QFEAK and QFEAL) on 20 August 2021 vest at various dates contingent on continued employment through to each vesting date. These options expire on 30 June 2026. As the grant date of 20 August 2021 occurred after the employees began rendering services in respect of that grant, AASB 2 requires the group to commence recognition of the share-based payment expense when the services are received. Consequently, the group commenced amortisation on 1 July 2021. The valuation inputs reflect the 20 August 2021 grant date fair value.

The grant of 500,000 options to Neu Capital Australia Pty Ltd (QFEAN and QFEAO) on 21 December 2021 vest at various dates contingent on the achievement of performance conditions. These conditions are calculated on the volume of BNPL transactions processed through the channel partnership with Splitit Payments Ltd during the first three years from the date of the first funds flow. If the Neu Capital Options vest, they will have a two-year exercise period from the date of vesting.

(i) Fair value of options granted

The assessed fair value at grant date of options was determined using the binomial pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and certain probability assumptions.

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

6 Share-based payments (continued)

(a) Options (continued)

(i) Fair value of options granted (continued)

The model inputs for options granted during the half-year ended 31 December 2021 included:

| CODE | GRANT DATE | EXERCISE PRICE | NO. OF OPTIONS | SHARE PRICE AT GRANT DATE | EXPECTED VOLATILITY | DIVIDEND YIELD | RISK-FREE INTEREST RATE | FAIR VALUE AT GRANT DATE PER OPTION |
|-------|------------|----------------|----------------|---------------------------|---------------------|----------------|-------------------------|-------------------------------------|
| QFEAI | 2021-08-20 | A\$ 0.280 | 1,018,779 | A\$ 0.225 | 85.5% | 0.0% | 0.50% | A\$ 0.1355 |
| QFEAJ | 2021-08-20 | A\$ 0.319 | 1,018,734 | A\$ 0.225 | 85.5% | 0.0% | 0.50% | A\$ 0.1300 |
| QFEAK | 2021-08-20 | A\$ 0.344 | 1,018,734 | A\$ 0.225 | 85.5% | 0.0% | 0.50% | A\$ 0.1277 |
| QFEAL | 2021-08-20 | A\$ 0.382 | 1,018,753 | A\$ 0.225 | 85.5% | 0.0% | 0.50% | A\$ 0.1230 |
| QFEAN | 2021-12-21 | A\$ 0.840 | 250,000 | A\$ 0.150 | 82.1% | 0.0% | 1.35% | A\$ 0.0364 |
| QFEAO | 2021-12-21 | A\$ 0.980 | 250,000 | A\$ 0.150 | 82.1% | 0.0% | 1.35% | A\$ 0.0325 |

(b) Performance rights

Set out below are summaries of performance rights granted under the PROP:

| | H1 FY22 PERFORMANCE RIGHTS |
|----------------------------|-------------------------------|
| As at 1 July 2021 | 700,000 |
| Granted during the period: | 5,328,650 |
| As at 31 December 2021 | 6,028,650 |

5,328,650 performance rights (QFEAM) were granted on 8 November 2021, including 1,783,957 to Eric Lookhoff (CEO) subject to shareholder approval and 1,150,469 to Simon Yeandle (CFO). In addition, 700,000 and 250,000 performance rights were granted to Eric Lookhoff on 26 May 2021 and 1 July 2021 respectively, also subject to shareholder approval. Eric Lookhoff's performance rights were approved by shareholders at the company's annual general meeting on 21 December 2021. All performance rights vest at various dates contingent on continued employment through to each vesting date. As the grant dates occurred after the employees began rendering services in respect of that grant, AASB 2 requires the group to commence recognition of the share-based payment expense when the services are received. Consequently, the group commenced amortisation on either 26 May or 1 July 2021, depending on the tranche. The valuation inputs reflect the 8 November and 21 December 2021 grant date fair value.

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

6 Share-based payments (continued)

(b) Performance rights (continued)

(i) Fair value of performance rights granted

The assessed fair value at grant date of performance rights at grant date was determined based on the share price at grant date.

The model inputs for performance rights granted during the half-year ended 31 December 2021 included:

| CODE | GRANT DATE | NO. OF PERFORMANCE RIGHTS PRICE AT GRANT DATE | SHARE PRICE AT GRANT DATE | FAIR VALUE AT GRANT DATE PER PERFORMANCE RIGHT |
|-------|------------|---|---------------------------------|--|
| QFEAM | 2021-11-08 | 3,544,693 | A\$ 0.2000 | A\$ 0.2000 |
| QFEAM | 2021-12-21 | 2,483,957 | A\$ 0.1500 | A\$ 0.1500 |

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

| | H1FY22 A\$ | H1FY21 A\$ |
|---------------------------|----------------|----------------|
| Options issued | 193,706 | 308,761 |
| Performance rights issued | 438,215 | - |
| | 631,921 | 308,761 |

7 Contingent liabilities

The group had no material contingent liabilities at 31 December 2021.

8 Events occurring after the reporting period

In January 2022, the group repaid in full the Lease Collateral Pty Ltd borrowings facility outlined in note 4(b) upon drawdown of the Northleaf Capital Partners Ltd (Northleaf) facility.

The Northleaf loan services agreement was signed on 18 November 2021. The facility consists of a US\$40 million committed first lien facility, comprising a US\$5 million revolving credit facility and a US\$35 term loan facility. The facility is drawable in either Australian or US dollars, with an additional optional US\$30 million accordion feature, subject to Northleaf's approval. The debt is secured over certain identified loan receivables of QuickFee AU and US. The facility attracts interest at 6.5% per annum plus a minimum LIBOR margin of 0.75% until 13 July 2022, and 5.75% per annum plus a minimum LIBOR margin of 0.75% thereafter, until 18 November 2025. In addition, a fee of 0.25% per annum applies to any unused portion of the committed US\$40 million facility.

Notes to the financial statements *continued*

For the half-year ended 31 December 2021

8 Events occurring after the reporting period (continued)

Initial Northleaf funding was drawn on 18 January 2022 of US\$4 million and AU\$15 million, totalling A\$20.6 million.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial periods.

9 Loss per share

(a) Reconciliation of loss used in calculating loss per share

| | H1FY22 A\$ | H1FY21 A\$ |
|--|---------------|---------------|
| Basic and diluted loss per share | | |
| Loss attributable to the ordinary equity holders of the company used in calculating loss per share | 7,345,118 | 2,864,367 |

(b) Weighted average number of shares used as the denominator

| | H1FY22 NUMBER | H1FY21 NUMBER |
|--|------------------|------------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | 222,201,238 | 206,658,166 |

(c) Information concerning the classification of securities

Options and performance rights granted are considered to be potential ordinary shares. On the basis of the group's losses, the outstanding options and performance rights are not included in the calculation of diluted earnings per share because they are antidilutive for the half-year ended 31 December 2021 and 31 December 2020. These securities could potentially dilute basic earnings per share in the future. Details relating to the options and performance rights are set out in note 6(a) and 6(b), respectively.



Notes to the financial statements *continued*

For the half-year ended 31 December 2021

10 Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by QuickFee Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

(a) New and amended standards adopted by the group

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Directors' declaration

For the half-year ended 31 December 2021

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 29 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that QuickFee Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Barry Lewin

Non-Executive Chairman

16 February 2022

Independent auditor's review report

For the half-year ended 31 December 2021



QuickFee Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of QuickFee Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Responsibility of Management for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Independent auditor's review report *continued*

For the half-year ended 31 December 2021



Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

William Buck Audit (VIC) Pty Ltd
ABN: 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 16 February 2022

Corporate directory

Directors

Barry Lewin
Non-Executive Chairman

Eric Lookhoff
Managing Director and Chief Executive Officer

Bruce Coombes
Executive Director and Managing Director, Australia

Dale Smorgon
Non-Executive Director

Secretary

Simon Yeandle

Registered office

Suite 4.07, 10 Century Circuit
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Telephone: +61(0)2 8090 7700

Principal place of business

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Norwest NSW 2153 Australia

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Telephone: +1(844)968 4387

Share register

Boardroom Pty Limited

Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000

Telephone: +61(0)2 9290 9600

Auditor

William Buck Audit (Vic) Pty Ltd

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61(0)3 9824 8555

Solicitors

Arnold Bloch Leibler

Level 24, 2 Chifley Square
Sydney NSW 2000

Telephone: +61(0)2 9226 7100

Bankers

Banc of California

Westpac Banking Corporation

Stock exchange listings

QuickFee Limited shares are listed on the
Australian Securities Exchange (ASX code: QFE)

Website

quickfee.com



QuickFee.