

# QuickFee

## Appendix 4E

For the year ended 30 June 2022

Results for announcement to the market

**Previous corresponding period:** year ended 30 June 2021

	A\$	UP/DOWN	MOVEMENT %
Revenue from ordinary activities	10,860,942	Up	23.6%
Loss from ordinary activities after tax attributable to members	(13,500,096)	Up	58.0%
Net loss for the period attributable to members	(13,500,096)	Up	58.0%

The group has reported a loss for the period of A\$13,500,096 (2021: \$8,546,086), with net assets amounting to A\$16,296,323 as at 30 June 2022 (2021: A\$24,392,797), including cash reserves of A\$8,185,411 (2021: A\$21,305,963).

Additional information supporting the Appendix 4E disclosure requirements and explanations of the results can be found in the attached 'review of operations and activities' and financial statements for the year ended 30 June 2022.

### Dividends

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

### Net tangible assets per ordinary share

	30 JUNE 2022	30 JUNE 2021
	CENTS	CENTS
Net tangible assets per ordinary share	5.99	10.68

### Changes in controlled entities

Franchise Payment Services Pty Ltd was incorporated on 28 September 2021. QuickFee NL Financing LLC and QuickFee NL Holding LLC were incorporated on 28 October 2021 and QuickFee Financing Pty Ltd was incorporated on 29 October 2021. QuickFee GCI LLC was deregistered on 28 February 2022. There have been no other changes in controlled entities during the year ended 30 June 2022.

### Audit

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

# QuickFee

## Annual Report 2022



# Payments for professionals, made simple.

Since 2009, QuickFee has offered online payment and financing solutions tailored to the accounting market. Through one convenient portal, CPA firms can accept ACH/EFT and credit card payments, set recurring ACH plans, or offer low-interest financing.

Now serving thousands of professional service firms across the United States (US) and Australia, QuickFee

has shown that collecting payments doesn't have to be a challenge. With QuickFee, every merchant can offer a fully integrated and personalised payment experience – freeing staff to stop chasing down payments.

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

We help professionals get paid on time, while their clients get all the payment flexibility they need.



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# Letter from the Chair



Dear shareholders,

I am pleased to present to you QuickFee's Annual Report for the year ended 30 June 2022 (FY22), a period of strong progress, setting up QuickFee for sustained profitability.

QuickFee has progressed its suite of innovative online payment solutions and low risk loan origination offerings over the past two years, assisting customers of professional, commercial, and personal services providers to access the advice and services they need, with the choice to pay now or over time.

Over FY22, QuickFee delivered strong growth in all key drivers of the business. Total transaction volumes were up 44%, financing in the US and Australia was up 11% and 24% respectively, and BNPL run-rate volume backlog was up 148%. These results are all directly attributable to the execution of key growth initiatives, and highlight the growing demand for QuickFee's offering.

In addition, we have also seen improved yields and margins, lowered costs, and continued low bad debts, all of which are shortening QuickFee's pathway to profitability.

The progress achieved in FY22, combined with the ongoing tailwinds for the business, which include the growing prevalence of online payments in the US professional services sector, as well as increased transaction sizes due to inflation, position QuickFee favourably as we enter FY23.

Pleasingly, we saw continued improvement in lending across both the US and Australia, as COVID-19 stimulus measures came to an end. In Australia, May and June were the consecutive best performing months for lending in FY22, with June being an all-time record month.

In May 2022 we completed a strongly supported share placement and share purchase plan that raised A\$4.4 million, with global payments company "Payroc World

Access" participating in the raise. The proceeds from the placement and share purchase plan will provide sufficient capital to allow QuickFee to accelerate our proven go to market strategies and leverage our technological investment to target run-rate profitability by June 2023.

We've invested heavily in technology to improve our competitiveness. 2022 saw the launch of QuickFee's proprietary payments platform "QUBE", which has reduced costs across merchant acquisition, operations and technology, enhancing the user experience for merchants and customers. We also launched our recurring ACH product in the US in the final quarter of FY22 which will provide a recurring ACH revenue stream whilst simultaneously creating efficiencies for both merchants and customers.

Following this investment in technology, QuickFee was able to step down certain redundant operating and technology spend that was needed to build and launch the QUBE platform. Francesco Fabbrocino transitioned from CTO to the Company's strategic advisory board to continue providing his expertise and continuity across several of our products and technology. James Drummond was also transitioned from COO to a consultant role. We thank both for the key part they played in QuickFee's journey and look forward to their continued contributions.

Finally, Eric Lookhoff resigned from his role as CEO and Managing Director in August for personal and family reasons after serving as CEO throughout FY22. We wish Eric well. The Board has commenced the search for a new CEO to complement our experienced management team.

We are upbeat about the future for QuickFee. While COVID-19 has had its impacts, we have used this time to continue to build our merchant and customer base, improve our technology, and importantly, improve the operating levers that will ensure we achieve near term profitability. We again delivered record numbers

# Letter from the Chair

continued

in the final quarter of FY22, which provide us with a high level of confidence in our strategy and execution capabilities.

I would like to thank the entire QuickFee team for their committed efforts in what was another extremely busy year for the business. My fellow directors and I also wish to express our sincere gratitude to all shareholders, both new and existing, for your support. We are confident you will benefit from your investment in QuickFee in the years ahead.

Yours sincerely,



Barry Lewin  
Non-Executive Chairman

Our business model

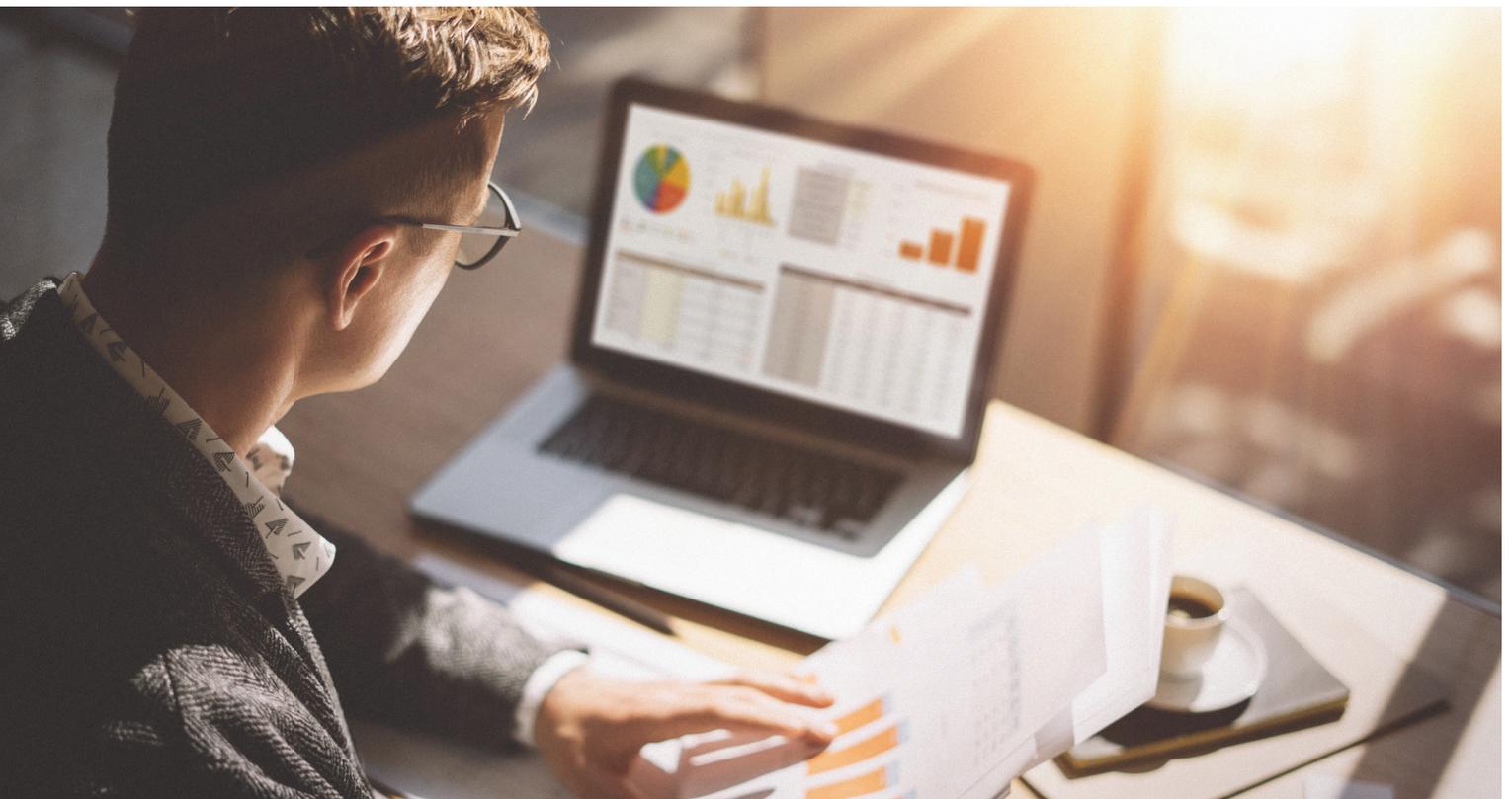
# Helping firms evolve on payments.

Our proven model is designed to save time and resources.

In our US 2022 Merchant Survey, CPA firms shared that 25% or more of their clients still pay with paper cheques. Yet many other clients prefer having secure online options or payment financing flexibility. There are hidden business costs to paper processing, too.

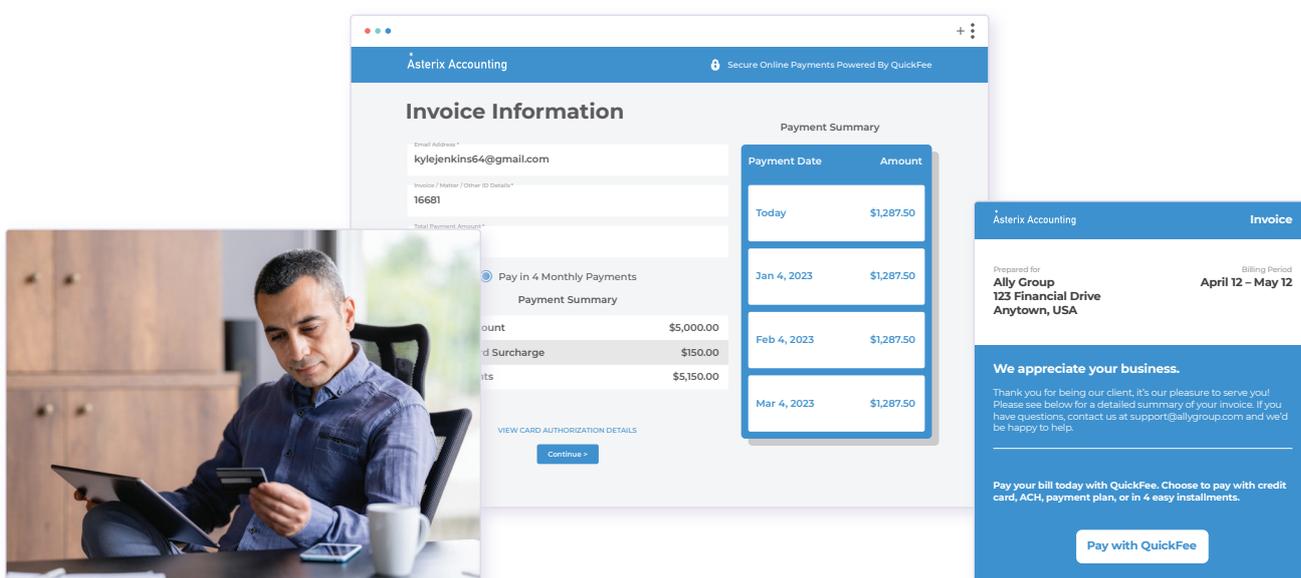
For example: 72% of firms are spending up to 5 hours per week on payment collection, with many of them manually mailing invoices. 70% of firms also have **no KPIs or quotas in place to get their clients paying faster**, leading to higher days sales outstanding (DSO) across the firm.

With QuickFee, firms can empower their clients to pay faster, using the method they choose. Our all-in-one portal is helping merchants eliminate manual processes (and evolve to meet modern payment standards.)



# Provide a personalised payment experience.

Accept payments by card, ACH/EFT, financing plan, recurring ACH, or in four monthly installments. Your online payment platform can be totally customised for your business needs – so you can meet all your biggest payment challenges.



## Pay in Full

Cut down on manual processes. Offer easy online payments with ACH/EFT, credit card, and recurring payment plans.



## Pay Over Time

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



## Connect (US only)

Adds online payments and e-invoicing to your practice management system, including CCH ProSystem fx. Send clients automated reminders with personalised invoice links.



## Buy Now, Pay Later (BNPL)

Let customers split purchases into 4 monthly payments, using the credit card already in their wallet.

# Loved by our customers:

**32%**

average reduction in overdue payments

**1,500+**

service providers served worldwide

**OVER**

**75%**

would recommend QuickFee to a friend or colleague\*

\* Results from a 14 July 2022 survey sent to 1,200 QuickFee professional services users

Our competitive advantage

# Innovating to meet the market need.

We continue to adapt our product suite to better serve the professional services world.

For almost 15 years, we've partnered with top accounting and legal firms, professional associations, and state societies. With this large and highly targeted audience, we've been empowered to build new payment options: all focused on improving client satisfaction for our firms.

With QuickFee Connect, we've combined the power of QuickFee payments with one of the leading US practice management systems, allowing firms to proactively engage their clients and send automated reminders. Most recently in the US, we also added recurring ACH payments to meet our merchants' requests for recurring and subscription billing options.

***Our long-term strategy continues to be underpinned by these pillars:***

1. Robust and effective go-to-market strategy
2. Scalable and user-friendly payment processing platform
3. Improved economic model, expected to deliver greater transactional margin and higher processing yields across lending and payments
4. Highly engaged and experienced team of payments and lending professionals



# Innovating to meet the market need.

Here's how we execute on our vision:



### **Trust from accountants worldwide.**

QuickFee was built for accounting and legal professionals with a strong service orientation. By building trust in this market, we've seen great results – and we're now serving over 30% of the IPA Top 400 firms in the US and 48% of the Top 100 in Australia.

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### **Easy and secure platform.**

Setting up our solution is simple and requires no implementation. Our third-party partners also maintain PCI compliance and meet the security requirements that accountants and other professionals demand.

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### **Built on client choice.**

Our main goals are to get professionals paid and improve client satisfaction. That's why every product we develop is centered around client choice and flexibility.

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### **Scalable and customisable.**

Many firms start with QuickFee to reduce processing fees, but then quickly adopt our full suite of payment options. This is because we give firms the ability to easily scale and customize their solution.

# Realised growth and benefits from investment.

**QuickFee achieved several important milestones during the FY22 year. We are now a significant provider of online payments and lending, helping service businesses grow and get paid. As we refined our go-to-market strategies and completed a substantial part of our technology build, we reduced expenditure and headcount with a clear focus of reaching profitability while continuing our growth path.**

## **Profit & loss: Results reflect transition from investment to profitability, increasing margins and maintaining our low credit loss model**

In the US professional services sector US Pay Now Total Transaction Volumes (TTV) grew 44% and US financing grew 11%, as QuickFee benefited from improved structural tailwinds, an increased focus on CPA firm sign-ups and account management and marketing activities, as the CPA conference circuit opened back up after COVID-19.

Financing TTV rebounded as the impact of COVID-19 economic stimulus measures dissipated, with 11% growth in the US and 24% growth in Australia vs. FY21.

BNPL showed solid TTV growth across the year to US\$3.5 million in the US and A\$0.9 million in Australia.

The group reported revenue growth of 23% to A\$10.8 million, driven by volume growth across all products in both Australia and the United States. Payments and other revenue from contracts with customers grew 39%.

Interest revenue from financing grew 9%; financing revenue is recognised over the full term of loans written, therefore revenue growth lags lending growth.

Cost of sales, which includes transaction processing costs, platform expenses and credit check and credit staff costs increased 47% to A\$2.2 million, in line with TTV.

At a group level, gross profit margins remained approximately level at 70% (FY21: 72%). Detailed analysis of the profitability of each product, including revenue yield, Net Transaction Margins and gross margins are discussed in more detail below.

Operating expenses grew \$5.9 million as investment in growth peaked and then reduced in H2; operating costs in H2 being \$0.8million lower than H1.

General and administrative costs increased as there was a full year of all new hires that were made in the prior year, particularly in the US operational and corporate areas, including the launch of a company wide employee share options and performance rights plan that resulted in share based payments expenses increasing \$0.6 million over FY21.

Sales and marketing costs grew \$1.5 million, reflecting a full year of payments talent hired over the course of FY21; QuickFee also significantly increased its presence at US CPA conferences in FY22.

Customer acquisition costs include overheads from sales management, new business sales staff, direct marketing and merchant onboarding costs. In Australia, customer acquisition costs decreased A\$0.2million as the BNPL product was refocused on Jim's Group franchisee acquisition, from a labour-intensive direct sales model. In the United States, customer acquisition costs grew 30% vs FY21; FY22 costs were split 58% / 42% between H1 FY22 and H2 FY22, as the company scaled back its direct sales function from December 2021.

## Review of operations and activities

Continued

A major milestone in QuickFee's journey was reached in the March 2022 quarter when the proprietary payments platform Qube was completed, which also enabled a reduction in technology and operations expenses in H2. Qube delivers the flexibility, stability, and redundancy of multiple integrated partners and QuickFee expects to deliver higher yields on both ACH and card volume, whilst having reduced redundant operating and technology investments which were needed to establish our current capabilities.

Product development expenditure was up \$1.5million to A\$5.2 million, with H2 FY22 \$0.4million lower than H1 FY22, after Qube was completed.

The full impact of the overhead reductions made in H2 will be seen clearly in FY23.

QF's low credit risk model continues to ensure minimal levels of bad debts were incurred across the business. Bad debt write-offs in FY22 were \$40,187, 0.06% of total lending; our five year average is 0.2%. The increase in the provision for expected credit losses in FY22 was \$211,322 to provide a conservative provision in light of current global economic conditions. The total provision at 30 June 2022 was \$396,415, which is 1.5% of the total loan receivables at 30 June 2022 (30 June 2021: 0.7%)

This demonstrates well the low credit risk nature of all of QuickFee's lending products, focussed target markets and rigorous credit processes; bad debts from these products are expected to remain at this very low level.

The group reported an adjusted EBITDA of A\$(12.6) million. Other key results comprised:

- Australian segment: gross profit of A\$2.6 million and adjusted EBITDA\* of A\$(0.3) million;
- US segment: gross profit of A\$5.0 million and adjusted EBITDA\* of A\$(4.6) million;
- Group loss after tax of A\$13.5 million for the FY22 year (FY21: loss of A\$8.5 million), reflecting the now-reduced investment made in the year in people and technology, that has placed the company on a known path to profitability.

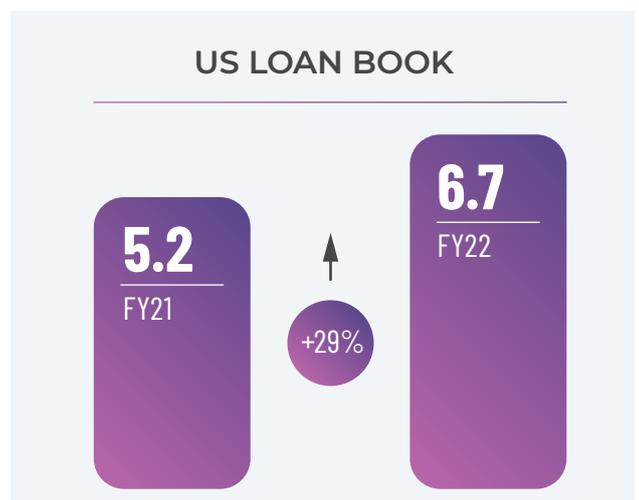
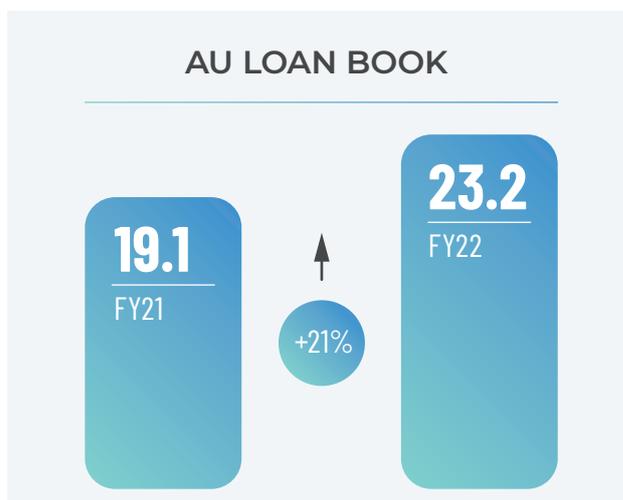
### Balance sheet: well funded

Net assets at 30 June 2022 amounted to A\$16.3 million (2021: A\$24.4 million), including cash reserves of A\$8.2 million (2021: A\$21.3 million).

The movement in net assets reflects the operating loss for the year, offset by the \$4.4m capital raised in May and June 2022 in a share placement and share purchase plan, discussed in more detail below.

The group remains well funded with adequate liquidity and growth capacity. The 21% growth in the AU loan book to A\$23.2million (30 June 2020: A\$19.1million) reflects the growth in the Financing TTV throughout FY22. The US loan book grew 29% to US\$6.7 million (30 June 2021: US\$ 5.2 million), assisted by the winding back of COVID-19 stimulus in the US economy.

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



## Review of operations and activities

Continued

### Cash and liquidity

Operating cashflow was negative A\$23.0 million, due to three main factors: cash operating loss of A\$9.9million; loan book growth funding of A\$6.9million; and a reduction in merchant settlements outstanding due to the migration of US ACH processing away from QuickFee's own bank accounts to be managed by BlueSnap: \$6.2 million.

In November 2021, QuickFee announced that it had partnered with Northleaf Capital Partners Ltd (Northleaf), 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.

The new facility offers attractive terms which will lower the average overall cost of QuickFee's borrowing as the US business scales and increases QuickFee's funding availability by over 250% in anticipation of growth in volume across its two core financing lines of business.

The new four-year asset-backed facility will replace the current A\$25 million facility backed by the Australian receivables book and QuickFee will be entitled to an advance rate of up to 90% of receivables.

The Company maintains its borrowings at a minimum in order to reduce interest expense. This also means it minimises the amount of cash it holds.

Total Liquidity is a liquidity measure that sums cash that is currently available to be drawn from facilities, plus actual cash held.

The table below summarises the movement in Total Liquidity in FY22 and at the end of the FY22 financial year. At 30 June 2022, total working capital has decreased by A\$8.0 million from 30 June 2021 and Total Liquidity has decreased by A\$6.3 million to A\$16.3 million over the same period.

Total Liquidity plus Growth Capacity increased to A\$44.0 million at 30 June 2022 (30 June 2021: A\$33.0 million), providing the Company sufficient liquidity to achieve run-rate profitability by the end of FY23 within existing cash and borrowing facilities.

## CASH AND LIQUIDITY

A\$M	30 June 2022	30 June 2021	\$+/-
Cash and cash equivalents	8.2	21.3	-13.1
Current loan receivables and other net current assets	27.2	15.7	+11.5
Borrowings	(19.7)	(13.3)	-6.4
<b>Net working capital (current assets less current liabilities)</b>	<b>15.7</b>	<b>23.7</b>	<b>-8.0</b>
Cash and cash equivalents (A)	8.2	21.3	-13.1
Available undrawn borrowings based on loan book (B)	8.1	1.3	+6.8
<b>Total Liquidity (A) + (B)</b>	<b>16.3</b>	<b>22.6</b>	<b>-6.3</b>
Growth capacity (further borrowings facility headroom)	27.7	10.4	+17.3
<b>Total Liquidity plus Growth Capacity *</b>	<b>44.0</b>	<b>33.0</b>	<b>+11.0</b>

\* Growth Capacity is the amount of unused approved borrowings facility that will become available as QuickFee's loan books grow.

## Review of operations and activities

Continued

### Capital raising

In May 2022, the Company successfully completed a A\$4.0 million share placement (“Placement”) at an issue price of A\$0.10 per share to strategic, institutional, sophisticated and professional investors in a strongly supported capital raising. The Placement was supported by new and existing institutional, family office and sophisticated investors, including Payroc WorldAccess, LLC (“Payroc”), a global merchant acquirer, processor and payment facilitator.

In addition to the Placement, the Company also completed a Share Purchase Plan (“SPP”) raising an additional A\$0.358 million before transaction costs.

The combined proceeds of the Placement and SPP provide sufficient cash to allow QuickFee to accelerate its proven go-to market strategies and leverage its completed proprietary technology stack, to target reaching run-rate profitability by June 2023. Through Payroc’s participation in the Placement, QuickFee’s relationship with them as a valued card processor has strengthened significantly

### United States: Growing volumes, profitability and operating leverage, all within a low credit risk business model

#### Professional services – United States

The US payments market continues to modernise and move more volume online; the professional services sector is a prime example of this. Strategic partnerships with Bluesnap and Payroc, possible as we have completed the build of our payments platform Qube, have improved our operating metrics and transaction margins and we will see the full benefit of this in FY23.

It is pleasing to see growth in all QuickFee products from both higher usage of existing merchants and new merchant acquisitions. Over FY22, merchant numbers grew 39% to 700 (FY21: 504) and active customers similarly grew 30% to 253,000 (FY21: 195,000)

This in turn has led to QuickFee’s ACH and Card TTV in aggregate growing 44% over FY21, up to US\$961 million (FY21: US\$668 million).

This was a pleasing outcome for what is a highly scalable revenue stream and represents substantial upside opportunity to the business as QuickFee continues to grow and the adoption of online invoicing and payments increases. The launch of Connect is also expected to drive increased volumes through the QuickFee platform.

QuickFee’s strategy to continue to grow its market share in the professional services space across all of ACH, Card and Financing remains threefold, validated by its performance throughout the entire financial year:

- Increase US market share through further penetration of accounting firm alliances and associations made possible through a return to industry conference presence in the US;
- Increase share of total firm volume through deeper practice management system integrations with the Connect product; and
- Facilitate and benefit from the industry-wide shift toward digital invoicing and online payments.

Detailed TTV and profitability metrics by product (revenue yield, Net Transaction Margin (NTM) and Gross Margin (GM)) are shown in the table overleaf.

#### ACH

QuickFee has experienced continued rapid growth in ACH TTV over the past two years, with ACH TTV in FY22 up 45% to US\$778 million.

In June 2022, the company launched its Recurring ACH product, which is enjoying strong interest from new and existing professional services firms. Recurring ACH improves customer and merchant retention, increasing volume with no additional sales effort.

Revenue yields on ACH have started to increase in Q4 FY22, driven by changes in QuickFee’s ACH pricing model which shifted merchants away from legacy fixed fees, to a percentage of volume fee. As inflation increases average transaction sizes, this new model improves yield and margin, because processing costs remain fixed per transaction. This is expected to deliver increased margin improvements into FY23.

## Review of operations and activities

Continued

Direct processing and platform costs have increased broadly in line with TTV, with NTM at 94.3% and GM at 90.1% broadly in line with FY21 (95.5% and 91.6% respectively).

### Card

QuickFee's Card product enjoyed similar TTV growth to ACH, up 40% to US\$183 million in FY22 (FY21: US\$131 million). Credit and debit cards continue to be a favoured payment method in the US for professional services fees.

In Q4 FY22 the Company increased its credit card surcharge for professional services fee payments from 3.0% to 3.5%, made possible due to our strategic relationship with card processor, Payroc. As a result, revenue yields are expected to increase by as much as 0.5% on the majority of card transactions. The positive effect of this pricing change has started to be seen in Q4 FY22 with further yield improvements expected in FY23.

(US Card revenue is the net revenue share QuickFee receives from its card processors, not the gross amount surcharged to customers. Consequently processing and platform costs for card are negligible, with GM for FY22 at 95.2%, materially level with FY21 (96.6%)).

### United States Financing

Financing saw steady TTV growth of 11% in FY22 to US\$16.8 million (FY21: US\$15.1 million) as the US economy exited its phase of Covid-19 stimulus measures and was followed by increased inflation. In Q2 FY22 QuickFee implemented increased borrowing interest rates well ahead of market price increases, which only recently began reflecting in revenue yields in Q4 FY22 as loans mature and interest is fully recognised.

Revenue yield is very much a function of loan term and interest charges (a higher fixed interest charge applies for a longer loan term). The yield decrease from 7.5% in FY21 to 6.8% reflects shorter loan terms written in FY22, offset partially by higher average interest charges in FY22 as mentioned above.

The decrease in interest expense reflects the transition from the GCI borrowing facility which was

terminated in June 2021, to the Northleaf facility commencing in January 2022.

### US BNPL

The Company's BNPL product has shown pleasing growth in every quarter of this year, with BNPL TTV of US\$3.5 million (FY21: US\$0.5 million) in the United States.

1,103 merchants have now signed up in the US and 476 in Australia, totalling 1,579, up 95% from 811 at 30 June 2021. Larger merchant signings means merchant growth is lower than TTV growth, however these larger merchants carry a lower credit risk than the average across the portfolio, driving even lower credit losses.

QuickFee's distribution strategy in the US of providing independent sales organisations (ISOs) with a bespoke BNPL solution to increase merchant acquisition and take market share, is unique among BNPL providers in the verticals in which QuickFee operates.

With QuickFee's credit-risk fully protected by the consumers' card authorisation, and strong multi-factor underwriting providing robust fraud protections, all the above is leading to an enhancement of our existing high-quality loan portfolio.

A key success measure of the growing BNPL portfolio is the global volume backlog, which now sits at A\$11.4 million, up 148% from 4.6 million at 30 June 2021.

BNPL revenue yields have increased due to the introduction of a monthly minimum fee; as volumes grow this will have less impact on yields, which will more closely mirror the fee charged to merchants.

# UNITED STATES

## PRODUCT TTV PERFORMANCE

	FY22					FY21				
	Q1	Q2	Q3	Q4	FY22	Q1	Q2	Q3	Q4	FY21
<b>TOTAL TRANSACTION VOLUMES U\$M</b>										
ACH (Pay Now) TTV	146	196	175	261	<b>778</b>	100	127	123	187	<b>537</b>
Growth vs. pcip	46%	54%	42%	40%	<b>45%</b>	245%	189%	151%	75%	<b>134%</b>
Card (Pay Now) TTV	35	46	44	58	<b>183</b>	27	31	29	44	<b>131</b>
Growth vs. pcip	30%	48%	52%	32%	<b>40%</b>	125%	94%	61%	47%	<b>72%</b>
Financing (Pay Later) TTV	3.8	4.4	4.4	4.2	<b>16.8</b>	4.1	3.8	3.3	3.9	<b>15.1</b>
Growth vs. pcip	(7)%	16%	33%	8%	<b>11%</b>	86%	12%	(8)%	0%	<b>15%</b>
BNPL TTV	0.5	0.6	1.1	1.3	<b>3.5</b>			0.1	0.4	<b>0.5</b>
Growth vs. pcip			1000%	225%	<b>600%</b>					

### MERCHANT AND CUSTOMER NUMBERS IN PERIOD

Active customers (#000s)	62	69	71	118	<b>253</b>	47	48	56	94	<b>195</b>
Growth vs. pcip	32%	44%	27%	26%	<b>30%</b>	194%	129%	107%	81%	<b>114%</b>
Active merchants (#)	507	550	576	621	<b>700</b>	402	451	476	485	<b>504</b>
Growth vs. pcip	26%	22%	21%	28%	<b>39%</b>	80%	72%	55%	37%	<b>32%</b>

### PRODUCT PROFITABILITY SUMMARY

US\$000S EXCEPT WHERE STATED	FY22					FY21				
	ACH	Card	Financing	BNPL	Total	ACH	Card	Financing	BNPL	Total
TTV US\$M	778.0	183.0	16.8	3.5	<b>981.3</b>	537.0	131.0	15.1	0.5	<b>683.6</b>
Financing revenue (interest)	-	-	1,060	162	<b>1,222</b>	-	-	1,046	17	<b>1,063</b>
Payments and other revenue	2,871	353	79	117	<b>3,420</b>	1,964	232	79	8	<b>2,283</b>
<b>TOTAL REVENUE</b>	<b>2,871</b>	<b>353</b>	<b>1,139</b>	<b>279</b>	<b>4,642</b>	<b>1,964</b>	<b>232</b>	<b>1,125</b>	<b>25</b>	<b>3,346</b>
Total revenue/volume yield %	0.37%	0.19%	6.8%	8.0%	<b>0.47%</b>	0.37%	0.18%	7.5%	5.0%	<b>0.49%</b>
Direct processing costs	(149)	-	(2)	(115)	<b>(266)</b>	(88)	-	(2)	(11)	<b>(101)</b>
Transaction losses and bad debt charge-offs	(14)	-	-	(15)	<b>(29)</b>	-	-	(43)	-	<b>(43)</b>
<b>NET TRANSACTION MARGIN (NTM)<sup>1</sup></b>	<b>2,708</b>	<b>353</b>	<b>1,137</b>	<b>149</b>	<b>4,347</b>	<b>1,876</b>	<b>232</b>	<b>1,080</b>	<b>14</b>	<b>3,202</b>
NTM/Revenue %	94.3%	100%	99.8%	53.4%	<b>93.6%</b>	95.5%	100%	96.0%	56.0%	<b>95.7%</b>
Platform, credit check and credit staff costs	(122)	(17)	(184)	(304)	<b>(627)</b>	(76)	(8)	(161)	(125)	<b>(370)</b>
Interest expense	-	-	(124)	(15)	<b>(139)</b>	-	-	(385)	(3)	<b>(388)</b>
<b>GROSS MARGIN<sup>2</sup></b>	<b>2,586</b>	<b>336</b>	<b>829</b>	<b>(170)</b>	<b>3,581</b>	<b>1,800</b>	<b>224</b>	<b>534</b>	<b>(114)</b>	<b>2,444</b>
Gross Margin/Revenue %	90.1%	95.2%	72.8%	(60.9)%	<b>77.1%</b>	91.6%	96.6%	47.5%	(456)%	<b>73.0%</b>

1. Net Transaction Margin is a non-IFRS measure that is a financial metric used by management to track QuickFee's unit economics of processing individual transactions, after deducting any transaction losses and bad debt write-offs. It excludes fixed platform and staff costs and any interest on funding facilities, as these costs are not incurred as a result of processing individual transactions. 2. Gross Trading Margin is calculated as statutory Gross Profit per QuickFee's audited financial statements, less transaction losses and bad debt write-offs (which are included in general and administrative expenses in the financial statements).

# AUSTRALIA

## PRODUCT TTV PERFORMANCE

	FY22					FY21				
	Q1	Q2	Q3	Q4	FY22	Q1	Q2	Q3	Q4	FY21
<b>TOTAL TRANSACTION VOLUMES A\$M</b>										
ACH (Pay Now) TTV	13	13	12	14	52	12	11	9	12	44
Growth vs. pcp	8%	18%	33%	17%	18%	20%	0%	-10%	-14%	-2%
Financing (Pay Later) TTV	8.0	9.3	7.8	13.0	38.1	6.4	6.9	6.6	10.9	30.8
Growth vs. pcp	25%	35%	18%	19%	24%	-41%	-48%	-43%	-20%	-38%
BNPL TTV	0.2	0.2	0.2	0.2	0.8	-	-	0.1	0.2	0.3
Growth vs. pcp	-	-	100%	0%	167%	-	-	-	-	-

## MERCHANT AND CUSTOMER NUMBERS IN PERIOD

Active customers (#000s)	13	12	10	12	35	13	11	9	10	30
Growth vs. pcp	0%	9%	11%	20%	17%	18%	0%	0%	-9%	0%
Active merchants (#)	390	394	388	421	495	358	360	369	397	491
Growth vs. pcp	9%	9%	5%	6%	1%	0%	-2%	-4%	0%	-4%

## PRODUCT PROFITABILITY SUMMARY

A\$000S EXCEPT WHERE STATED	FY22				FY21			
	EFT & card	Financing	BNPL	Total	EFT & card	Financing	BNPL	Total
TTV A\$M	52	38.1	0.9	91.0	44.0	30.8	0.3	75.1
Financing revenue (interest)	-	3,415	37	3,452	-	3,314	10	3,324
Payments and other revenue	621	385	10	1,016	543	401	37	981
<b>TOTAL REVENUE</b>	<b>621</b>	<b>3,800</b>	<b>47</b>	<b>4,468</b>	<b>543</b>	<b>3,715</b>	<b>47</b>	<b>4,305</b>
Total revenue/volume yield %	1.2%	10.0%	5.2%	4.9%	1.2%	12.1%	15.7%	5.7%
Direct processing costs	(528)	(14)	(16)	(558)	(432)	(18)	(4)	(454)
Transaction losses and bad debt charge-offs	-	-	-	-	-	(408)	-	(408)
<b>NET TRANSACTION MARGIN (NTM)<sup>1</sup></b>	<b>93</b>	<b>3,786</b>	<b>31</b>	<b>3,910</b>	<b>111</b>	<b>3,289</b>	<b>43</b>	<b>3,443</b>
NTM/Revenue %	15.0%	99.6%	66.0%	87.5%	20.4%	88.5%	91.5%	80.0%
Platform, credit check and credit staff costs	-	(424)	(10)	(434)	-	(412)	-	(412)
Interest expense	-	(834)	-	(834)	-	(454)	-	(454)
<b>GROSS MARGIN<sup>2</sup></b>	<b>93</b>	<b>2,528</b>	<b>21</b>	<b>2,642</b>	<b>111</b>	<b>2,423</b>	<b>43</b>	<b>2,577</b>
Gross Margin/Revenue %	15.0%	66.5%	44.7%	59.1%	20.4%	65.2%	91.5%	59.9%

**1.** Net Transaction Margin is a non-IFRS measure that is a financial metric used by management to track QuickFee's unit economics of processing individual transactions, after deducting any transaction losses and bad debt write-offs. It excludes fixed platform and staff costs and any interest on funding facilities, as these costs are not incurred as a result of processing individual transactions. **2.** Gross Trading Margin is calculated as statutory Gross Profit per QuickFee's audited financial statements, less transaction losses and bad debt write-offs (which are included in general and administrative expenses in the financial statements).

## Review of operations and activities

Continued

### Australia: Demand for lending making a strong recovery back to pre COVID-19 levels

Financing TTV in Australia has shown impressive growth throughout FY22 with June 2022 being an all-time record, eclipsing the previous highest month of June 2020.

Furthermore, the number of active customers and merchants is showing sustained signs of recovery as the Company's increased marketing and customer service focus on the Australian accounting and law sectors delivers more engaged merchants.

Active merchants in FY22 grew 1% to 495 and active customers were up 17% to 35,000 (FY21: 30,000), again underlining the improved demand for fee funding solutions across QuickFee's accounting and law firm client base.

Financing TTV for FY22 was A\$38.1 million, up 24% on FY21 (A\$30.8 million). These results provide great confidence that QuickFee will see further growth in FY23 towards pre-COVID-19 levels.

QuickFee makes a modest profit on its EFT and card products in Australia (Gross Margin of A\$93,000 in FY22 vs \$110,000 in FY21). This product is not sold as a profit generator but is monitored closely to ensure it makes a positive contribution to the group and remains a core part of our payments and lending offering in Australia.

As with the US, Financing revenue yields are driven by interest revenue recognised over the life of each loan. While average interest charges are slightly higher in FY22 than FY21, the growth in lending takes some time to be reflected in increased revenue yields. Direct transaction processing costs are minimal for Financing, with most costs being fixed platform and underwriting costs. Interest expense reflects the increased borrowings as cash balances decreased over FY22.

#### AU BNPL

BNPL TTV in Australia remained flat across the course of FY22 at A\$0.2 million per quarter, as the primary BNPL focus in Australia is now the homeowner services market through the Jim's Group franchise agreement

which was signed in November 2021, with the payment solution being extended to a broad range of Jim's divisions that specialise in home services.

Jim's Group has over 4,400 franchisees in over 50 divisions covering everything from lawn mowing to cleaning, conveyancing and removals, and represents a substantial opportunity for QuickFee to roll out its BNPL and payment solutions across the broader Jim's Group. In addition, other franchise groups are actively being targeted, to replicate the Jim's Group model across more low credit risk verticals.

BNPL, still a nascent product in Australia, saw revenue yield % decline from FY21 to FY22 as the Company reduced merchant set-up fees in FY22 to encourage more merchant sign-ups. There is no set-up fee for Jim's Group merchants (franchisees) which is where we expect the majority of BNPL growth to come from in FY23.

### Technology and operations

FY22 has been a transformational year for our product development, technology and operations functions. Key achievements and milestones achieved in FY22 include:

- QuickFee went live with its integrated payment gateway Connect, integrating first with CCH ProSystem fx Practice Management, the most widely used invoice management software in the US enterprise accounting market. Connect with CCH opens up 65% of the US accounting market to QuickFee's suite of payment solutions. Connect delivers a compelling value proposition for both CPA firms and their clients. CPA firms can now easily present clients with QuickFee's full suite of Pay Now and Financing solutions, automating invoice payments, receipting and reconciliation and is expected to capture higher processing volumes of existing customers while further cementing relationships.
- The company launched its fully automated merchant application process, which enables fully automated merchant underwriting and onboarding with efficient workflow to support growing demand and bringing true low-cost scalability to

## Review of operations and activities

Continued

QuickFee's merchant acquisition program. This is delivering increased lead conversion rates and lower merchant credit check, underwriting and acquisition costs.

- We strengthened our partnership with BlueSnap delivering increased ACH processing functionality, personalised merchant settlement options and enhanced fraud monitoring and risk management. This removed Quickfee from the 'payments funds flow', so that all ACH payments go directly to the merchant without passing through QuickFee's bank accounts
- QuickFee launched its integration with cloud-based accounting software Xero, making it easier for accountants to accept online payments—including credit cards, EFT and payment plans.
- We completed and launched the comprehensive merchant acquiring and payment processing platform Qube. The system consolidates and modernises the company's ACH and card processing systems, providing QuickFee's merchants with a branded point-of-purchase check out gateway, connected to multiple back-end processors and sponsor banks. Merchants benefit by having a single interface to accept and manage payments while providing their customers with multiple easy-to-use secure payment options.
- QuickFee built and launched its Recurring ACH product for the US, providing a more predictable revenue stream for merchants and convenience for their customers.

Technology development remains a cornerstone of QuickFee's success and strategy to maintain its advantage over competitors and we will continue to refine and evolve our product offerings.

### Leadership and culture

Consistent with the transformational year QuickFee has had, the company's leadership has evolved.

Francesco Fabbrocino transitioned from CTO to the Company's strategic Advisory Board in late April and continues to provide high-level expertise

across product and technology. James Drummond transitioned from COO to a consultant role in early July, contributing to selected operational efficiency initiatives. With the reduction of the direct sales team over the year, Chief Revenue Officer Aubrey Amatelli left the business in early August 2022, with business development and marketing now led by Jay Alsup, Chief Marketing Officer.

Eric Lookhoff resigned from his role as CEO and Managing Director in early August 2022 for personal and family reasons after serving as CEO throughout FY22. The Company is currently actively searching for a new CEO during this transition period:

Dale Smorgon will become an Executive Director and assume the CEO's responsibility for QuickFee's global product development technology and people and culture functions;

Bruce Coombes will assume the CEO's responsibility for global sales, account management and marketing and

Simon Yeandle will assume the CEO's responsibility for global operations, data, business systems and HR.

Last year we established and codified our core shared values. These foundational and distinctive behaviours underpin our diversity, inclusion, and community give back programs. Our values are our essence and describe not only who we are on our best days, but how we support our customers suppliers and each other every day. They form an fundamental part of the standards we expect from all our employees.

- **Humanity** – we bring our humanity to every conversation with an open heart and an open mind
- **Care** – we care for our people and the communities in which we serve
- **Serve** – we are in service to our customers, stakeholders, and to each other
- **Solve** – we solve before we sell because persistent curiosity delivers stronger outcomes
- **Evolve** – we rise, fall, fix, and learn together.

## Review of operations and activities

*Continued*

### Board of directors and leadership team



**Barry Lewin**  
Non-Executive  
Chairman



**Michael McConnell**  
Non-Executive  
Director



**Bruce Coombes**  
Executive Director and  
Managing Director, Australia



**Dale Smorgon**  
Executive Director



**Simon Yeandle**  
Chief Financial  
Officer



**Jay Alsup**  
Chief Marketing  
Officer

## Review of operations and activities

*Continued*

### **Outlook: continuing growth towards profitability**

QuickFee will continue to leverage its talent, innovative technology and foothold in the accounting market, to grow volumes and revenue to reach profitability. The Company has headed into FY23 on a solid footing and with strong momentum.

By driving more profitable growth while also reducing operating costs, we accelerate our move to profitability in a sustainable way and provide significant operating leverage as we continue to scale.



Flexible payment  
options for professionals,  
made simple.

# Directors' report

For the year ended 30 June 2022

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 year ended 30 June 2022. 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 30 June 2022 (FY22). The comparative period is from 1 July 2020 to 30 June 2021 (FY21).

## Directors and company secretary

The following persons were directors of QuickFee Limited as at the date of this report:

- Barry Lewin, Non-Executive Chairman;
- Bruce Coombes, Executive Director and Managing Director, Australia;
- Dale Smorgon, Executive Director; and
- Michael McConnell, Non-Executive Director (appointed 25 March 2022).

The directors listed above each held office as a director throughout the period and until the date of this report, except where noted. Eric Lookhoff served as Chief Executive Officer (CEO) and Managing Director from 1 July 2022 until his resignation as a director and as CEO on 5 August 2022.

The company secretary is Simon Yeandle, appointed to the position on 3 March 2022. Simon is a Chartered Accountant and joined the group on 9 October 2021 as Chief Financial Officer (CFO). He has previously held CFO roles at ASX listed companies such as oOh!media Limited (ASX:OML) and 3P Learning Limited (ASX:3PL).

Jennifer James was company secretary from the beginning of the comparative financial year until 3 March 2021.

## Principal activities

The group has developed, and generates revenue from, a suite of payment and lending offerings via an online portal to professional, commercial, and personal services providers. These solutions help customers of service providers (the group's merchants) access the advice and services they need, with the choice to pay immediately or over time by instalment. QuickFee's integrated online payment platform and financing solutions enable merchants to accept payments by ACH/EFT or card (*QuickFee PayNow*), payment plan/loan (*QuickFee Financing*), or a 'Buy Now, Pay Later' instalment plan (*QuickFee BNPL*).

The group has established two separate operations:

- QuickFee AU for the Australian market, established in 2009; and
- QuickFee US for the United States market, established in 2016.

## Dividends – QuickFee Limited

No dividends were declared or paid to members for the year ended 30 June 2022. The directors do not recommend that a dividend be paid in respect of FY22.

# Directors' report *continued*

## 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 8 to 18 of this annual report.

## Significant changes in the state of affairs

Other than the information set out in the review of operations and activities on pages 8 to 18 of this annual report, there are no significant changes in the state of affairs that the group has not disclosed.

## Events since the end of the financial year

Eric Lookhoff resigned as CEO and Managing Director on 5 August 2022. The group has commenced a search for a new CEO. No other matter or circumstance has arisen since 30 June 2022 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

## Likely developments and expected results of operations

Other than the information set out in the review of operations and activities on pages 8 to 18 of this annual report, there are no likely developments or details on the expected results of operations that the group has not disclosed.

## Environmental regulation

The group is not affected by any significant environmental regulation in respect of its operations.

## Information on directors

The following information is current as at the date of this report.

### **Barry Lewin** *Non-Executive Chairman* (MBA, B.Com, LLB)

Experience and expertise	Barry Lewin is the founder and Managing Director of Melbourne based corporate advisory firm SLM Corporate, and has significant experience advising public and private companies on transaction structuring, debt and equity issues, mergers, acquisitions, business sales and all aspects of corporate governance. Prior to establishing SLM Corporate in 1999, Barry spent 12 years as an in-house counsel to a number of ASX listed companies.	
Date of appointment	1 May 2019	
Other current directorships (listed)	Non-Executive Chairman of ELMO Software Limited (ASX:ELO), since October 2018 Non-Executive Chairman of Praemium Limited (ASX:PPS), since May 2017	
Former directorships in last 3 years (listed)	None	
Special responsibilities	Chair of the board Member of the audit and risk committee Member of the remuneration and nomination committee	
Interests in securities	Ordinary shares	2,143,000
	Share options	300,000

# Directors' report *continued*

## **Bruce Coombes** *Executive Director* (B.Bus)

Experience and expertise	<p>Bruce Coombes qualified as a Chartered Accountant in 1985 and has spent his entire career within or providing solutions to the accounting profession. Bruce is a founder of both QuickFee AU and QuickFee US, having overseen the business from its start-up phase through to its IPO until 30 June 2022 after which Bruce transitioned to the role of Managing Director, Australia.</p> <p>Previously a partner in the accounting firm, Macquarie Partners (now part of Deloitte), Bruce introduced outsourcing as a solution for Australian accounting firms. The business he created, Accountants Resourcing, was ultimately acquired by a major financial institution.</p>	
Date of appointment	15 February 2018	
Other current directorships (listed)	None	
Former directorships in last 3 years (listed)	None	
Special responsibilities	Managing Director, Australia	
Interests in securities	Ordinary shares	25,239,453
	Share options	3,000,000

## **Dale Smorgon** *Non-Executive Director* (B.Com)

Experience and expertise	<p>Dale Smorgon has held senior executive positions in a range of companies over the past 20 years, including more than 10 years with Inmatrix, acquired in 2010 by SunGard Data Systems (now FIS). Inmatrix delivered credit risk analytics and software solutions to major financial institutions and professional firms in Australia and the United States. Dale has been a director of QuickFee AU since 1 June 2012 and provides his experience and strategic direction to the business.</p> <p>Dale is currently the Chief Executive Officer of Innovative Retail Pty Ltd, which delivers premium family entertainment experiences within shopping malls.</p>	
Date of appointment	15 February 2018	
Other current directorships (listed)	None	
Former directorships in last 3 years (listed)	None	
Special responsibilities	<p>Chair of the audit and risk committee</p> <p>Member of the remuneration and nomination committee</p>	
Interests in securities	Ordinary shares	23,839,451
	Share options	300,000

# Directors' report *continued*

## **Michael McConnell** *Non-Executive Director* (B.Com)

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Experience and expertise	<p>Michael McConnell is an experienced non-executive director, having served on company boards in the US, Australia, New Zealand and Israel. He has additionally served as a CEO or executive chairman at organisations undergoing strategic or operational transformation. As a seasoned technology and financial services executive, Michael brings a wealth of experience in enterprise SaaS, cybersecurity, and business communications to the QuickFee board.</p> <p>For 15 years, Michael led the activist hedge fund for Shamrock, the Disney family investment company, and an alternative asset manager of private equity and hedge funds.</p>
Date of appointment	25 March 2022
Other current directorships (listed)	<p>Non-Executive Chairman of Adacel Technologies Limited (ASX:ADA), from May 2017</p> <p>Non-Executive Director of SPS Commerce, Inc. (NASDAQ:SPSC), from March 2018 to July 2019</p> <p>Non-Executive Director of Vonage Holdings Corp (NASDAQ:VG) from March 2019 to July 2022</p> <p>Non-Executive Director of OneSpan, Inc. (NASDAQ:OSPN), from June 2021</p>
Former directorships in last 3 years (listed)	None
Special responsibilities	<p>Member of the audit and risk committee</p> <p>Chair of the remuneration and nomination committee</p>
Interests in securities	Nil

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# Directors' report *continued*

## Meetings of directors

The numbers of meetings of QuickFee Limited's board of directors and of each board committee held during the year ended 30 June 2022, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES			
	A	B	AUDIT AND RISK		REMUNERATION AND NOMINATION	
			A	B	A	B
Barry Lewin	12	12	2	2	3	3
Eric Lookhoff	12	12	1	1	-	-
Bruce Coombes	12	12	1	1	1	1
Dale Smorgon	12	12	2	2	3	3
Michael McConnell	3	3	-	-	2	2

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year.

## Remuneration report (audited)

The remuneration report details the director and other key management personnel (KMP) remuneration arrangements for QuickFee Limited, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The remuneration report is set out under the following main headings:

- (a) Remuneration governance
- (b) Key management personnel
- (c) Human resource strategy and remuneration policy
- (d) Remuneration payments and link between performance and reward
- (e) Remuneration of key management personnel
- (f) Key terms of employment contracts
- (g) Additional statutory information

# Directors' report *continued*

## (a) Remuneration governance

The remuneration and nomination committee is responsible for reviewing the remuneration arrangements for the group's directors and executives and making recommendations to the board. The remuneration and nomination committee has two key functions:

- The purpose of the remuneration function is to provide advice, recommendations and assistance to the board in relation to the group's remuneration policies and remuneration packages of senior executives, executive directors and non-executive directors.
- The purpose of the nomination function is to review and make recommendations to the board with respect to identifying nominees for directorships and key executive appointments; considering the composition of the board, ensuring that effective induction and education procedures exist for new board appointees, key executives and senior management; ensuring that appropriate procedures exist to assess and review the performance of the chairman, non-executive directors and senior executives. The responsibility for the group's remuneration policy rests with the full board notwithstanding the establishment of the committee.

Further information regarding the committee's responsibilities is set out in the remuneration and nomination committee charter which can be viewed at <https://quickfee.com/investors/corporate-governance/corporate-governance-plan/>.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including all directors (non-executive and executive) of the group.

## (b) Key management personnel

The directors and other key management personnel of the group covered in this report are:

<b>NON-EXECUTIVE DIRECTORS</b>	<b>POSITION</b>
Barry Lewin	Chair of the board Chair of the audit and risk committee (from 1 July 2021 to 24 May 2022) Member of the audit and risk committee (from 24 May 2022) Member of the remuneration and nomination committee
<b>EXECUTIVE DIRECTORS</b>	<b>POSITION</b>
Eric Lookhoff (resigned 5 August 2022)	Chief Executive Officer Member of the audit and risk committee (from 8 February 2022 to 24 May 2022) Member of the remuneration and nomination committee (from 8 November 2021 to 24 May 2022)
Bruce Coombes	Managing Director, Australia Member of the audit and risk committee (from 1 July 2021 to 8 February 2022) Member of the remuneration and nomination committee (from 1 July 2021 to 8 November 2021)

# Directors' report *continued*

<b>NON-EXECUTIVE DIRECTORS</b>	<b>POSITION</b>
Dale Smorgon	Member of the audit and risk committee (from 1 July 2021 to 24 May 2022) Chair of the audit and risk committee (from 24 May 2022) Chair of the remuneration and nomination committee (from 1 July 2021 to 24 May 2022) Member of the remuneration and nomination committee (from 24 May 2022)
Michael McConnell	Member of the audit and risk committee (from 25 March 2022) Member of the remuneration and nomination committee (from 25 March 2022 to 24 May 2022) Chair of the remuneration and nomination committee (from 24 May 2022)
<b>OTHER KEY MANAGEMENT PERSONNEL</b>	<b>POSITION</b>
Simon Yeandle	Chief Financial Officer and Company Secretary
James Drummond	Chief Operating Officer (KMP until 31 January 2021)
Richard Formoe	Chief Revenue Officer (KMP until 31 January 2021)

## **(c) Human resource strategy and remuneration policy**

The framework encourages executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to be based on market best practice for the delivery of reward. The board of directors ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage and alignment of executive compensation; and
- transparency.

### **Assessing performance**

The remuneration and nomination committee is responsible for assessing performance against key performance indicators (KPIs) and determining the short-term incentives (STI) and long-term incentives (LTI) to be paid. To assist in this assessment, the committee receives data from independently run surveys, but not external remuneration consultants.

Performance is monitored on an informal basis throughout the year and a formal evaluation is performed annually.

# Directors' report *continued*

## **(d) Remuneration payments and link between performance and reward**

QuickFee Limited's remuneration strategy is designed to assist the group achieve its corporate objectives through appropriate fixed and performance-based remuneration as detailed below:

### **Executive remuneration**

The group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework for the year ended 30 June 2022 included:

- cash salary;
- superannuation;
- other non-monetary benefits including health insurance;
- short-term incentives; and
- long-term incentives.

The combination of these comprises the executive's total remuneration as detailed under 'key terms of employment contracts' below.

Fixed remuneration, consisting of base salary, fees, other non-monetary benefits and superannuation is reviewed annually by the remuneration and nomination committee based on individual and business performance, the overall performance of the group and comparable market remunerations.

### **Short-term incentives (STI plan)**

QuickFee Limited has established a short-term incentive plan under which employees may be provided with a cash bonus for achievement against key performance metrics.

Participation in the STI plan is determined at the discretion of the board. Key performance metrics will generally relate to conditions that are within the control of the employee; for example, profit or sales targets, strategic measures or other such conditions as the group may decide as relevant to the specific executive role. The quantum of any reward is determined by the board.

### **STI equity sacrifice plan**

For the year ending 30 June 2023, employees may elect to receive part or all of their STI awards in shares, at a 25% discount to the 7 day volume weighted average share price as at 1 July 2022. The issue price for shares awarded under this component of the company's STI plan has been calculated to be A\$0.063 per share. Employees must nominate at the beginning of the year ending 30 June 2023, the percentage of any STI awards for that full year that they wish to receive in shares. Shares will be issued in lieu of that monetary portion of their STI for the full year after the end of that financial year, at the stated issue price at the beginning of the year in question (for the year ended 30 June 2023, A\$0.063 per share).

# Directors' report *continued*

## Long-term incentives (LTI plan)

QuickFee Limited has established a 'Performance Rights and Options Plan', adopted on IPO on 9 July 2020 and amended and approved at the company's Annual General Meeting on 21 December 2021.

## Performance Rights and Options Plan (PROP)

Equity incentives under the PROP may be granted to employees (or such other person that the board determines is eligible to participate). Offers will be made at the discretion of the board. The terms of the incentives granted under PROP will be determined by the board at grant and may therefore vary over time. QuickFee Limited will regularly assess the appropriateness of its incentive plans and may amend or replace, suspend or cease using the PROP if considered appropriate by the board.

The PROP is intended to align the interests of the senior executives with shareholders. Awards under the PROP can be structured as an option to receive shares at a future date subject to the recipient paying the exercise price (share options) or a performance right to acquire a share, subject to satisfaction of any vesting conditions (performance rights).

Grants under the PROP are made to the senior executive team and other employees as the board may determine from time to time. Any grants are made subject to the ASX Listing Rules, to the extent applicable.

The table below details the fixed, short- and long-term incentives in relation to executive remuneration and the link to the group's performance.

ELEMENT	PERFORMANCE MEASURES	STRATEGIC OBJECTIVE/ PERFORMANCE LINK
Fixed remuneration	<p>The position description of each executive includes a set of individual performance measures which are reviewed and evaluated each financial year.</p> <p>Remuneration is set competitively to:</p> <ul style="list-style-type: none"> <li>Recruit the best talent to QuickFee Limited to ensure sustainable growth; and</li> <li>Retain high performance talent.</li> </ul>	<p>Each executive's individual performance measures are specifically designed to ensure alignment with the group's strategic plans for the year.</p> <p>Fixed remuneration is based on:</p> <ul style="list-style-type: none"> <li>Role and responsibility;</li> <li>Capability and competencies; and</li> <li>Comparable market remuneration.</li> </ul>
Performance-based remuneration (STIs and LTIs)	<p>QuickFee Limited's performance pay consists of short- and long-term incentives which are designed to:</p> <ul style="list-style-type: none"> <li>Motivate to achieve financial and non-financial corporate objectives;</li> <li>Reward and recognise outstanding performance and create a performance culture; and</li> <li>Retain high performance talent through the PROP and the subsequent tenure required for share options and performance rights to vest.</li> </ul>	

# Directors' report *continued*

ELEMENT	PERFORMANCE MEASURES	STRATEGIC OBJECTIVE/ PERFORMANCE LINK
Short-term incentive (STI) plan, being cash and optional equity award	<p>The personal key performance metrics of each executive relate to conditions that are within the control of the employee which include but are not limited to revenue and expense targets, strategic initiatives and such other conditions as the group requires.</p> <p>STIs are cash-based or equity-based payments;</p> <ul style="list-style-type: none"> <li>Quantum of STI = % of performance relative to an individual's key performance metrics.</li> </ul>	<p>Ensures each executive is held accountable for the outcomes that are under their control. These outcomes are designed to support the overall group objectives.</p> <p>STIs are designed to motivate individuals, create a high-performance culture, and increase employee engagement.</p>
Long-term incentive (LTI) plan, being share options and performance rights	<p>Participants must be employed on vesting date for the share options or performance rights to vest.</p> <p>Performance will be tested at the end of each vesting period.</p>	Ensures a direct link between the LTI and the creation of shareholder value.

QuickFee Limited is committed to continue evolving the key performance indicators for executives ensuring meaningful stretch targets linked to shareholder value creation on which to be assessed.

## Non-executive directors' remuneration

Each non-executive director has entered into appointment letters with QuickFee Limited, confirming the terms of their appointment and their roles and responsibilities.

Under the constitution, the board decides the total amount paid to each of the non-executive directors as remuneration for their services as a director. However, under the ASX Listing Rules, the total amount of fees paid to all directors for their services (excluding, for these purposes, the salary of any executive director) must not exceed in aggregate in any financial year the amount fixed by the company in general meeting.

The maximum annual aggregate non-executive directors' fee pool limit is A\$400,000 (inclusive of superannuation), adopted on IPO of QuickFee Limited on 9 July 2019. Any change to that aggregated annual sum needs to be approved by shareholders. The aggregate sum does not include any special and additional remuneration for special exertions and additional services performed by a director as determined appropriate by the board.

Chair and independent non-executive director, Barry Lewin's annual director fee is A\$100,000, effective from his appointment to the position on 1 May 2019. This fee also covers his role as chair/member of the audit and risk committee and as member of the remuneration and nomination committee. Dale Smorgon receives an annual fee of A\$65,000 per annum for his role as a non-executive director, chair/member of the remuneration and nomination committee, as well as member/chair of the audit and risk committee. Michael McConnell receives an annual fee

# Directors' report *continued*

of A\$65,000 per annum for his role as a non-executive director, member/chair of the remuneration and nomination committee, as well as member of the audit and risk committee.

Directors may also be reimbursed for expenses properly incurred by them in connection with the affairs of the group, including travel and other expenses in attending to the group's affairs. The directors' fees do not include a commission on, or a percentage of, profits or income.

If a director renders or is called on to perform extra services or to make any special exertions in connection with the affairs of the group, the board may arrange for special remuneration to be paid to that director, either in addition to or in substitution for that director's remuneration set out above.

There are no contractual redundancy or retirement benefit schemes for non-executive directors, other than statutory superannuation contributions (where applicable).

## Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance since inception (as the business has been established for less than five years as required by the Corporations Act 2001). However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. Consequently, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	FY22	FY21	FY20	FY19 <sup>1</sup>	FY18 <sup>1,2</sup>
Loss attributable to the ordinary equity holders of the company (A\$)	13,500,096	8,546,086	3,826,550	1,154,932	278,973
Basic and diluted loss per share attributable to the ordinary equity holders of the company (cents)	5.9	4.0	2.5	42.6	10.3

Notes:

1. Due to the conversion of QuickFee AU and QuickFee US shares to QuickFee Limited shares on 9 July 2019, basic loss per share calculated for FY18 and FY19 is not directly comparable with the results presented for FY20 onwards. For further details, refer to note 8(a) of the financial statements in the FY20 annual report.
2. FY18 represents a reduced financial period, being 15 February 2018 to 30 June 2018.

The group's earnings have remained negative since inception due to the group investing in revenue growth and cost containment, with a significant amount being invested in customer acquisition activities and product development. No dividends have ever been declared by QuickFee Limited. The group continues to focus on both revenue growth and cost containment, to reach profitability, coupled with achieving key commercial milestones in order to generate further shareholder value.

# Directors' report *continued*

## (e) Remuneration of key management personnel

The table below details remuneration of key management personnel based on the policies previously discussed for the year ended 30 June 2022.

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS		TOTAL	
	CASH SALARY AND FEES	CASH BONUS	NON-MONETARY BENEFITS	ANNUAL LEAVE	SUPER-ANNUATION	LONG SERVICE LEAVE	SHARE OPTIONS		PERFORMANCE RIGHTS
FY22	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>									
Barry Lewin	100,000	-	-	-	-	-	44,845	-	144,845
Dale Smorgon	65,000	-	-	-	-	-	44,845	-	109,845
Michael McConnell	17,298	-	-	-	-	-	-	-	17,298
<b>Executive directors</b>									
Bruce Coombes	350,000	200,000	-	9,942	23,568	4,546	7,009	-	595,065
<b>Other KMP</b>									
Eric Lookhoff <sup>2</sup>	413,320	206,660	8,784	26,053	9,730	-	(11,269)	195,678	848,956
Simon Yeandle	303,030	100,000	-	10,596	23,568	1,289	(13,042)	156,900	582,341
<b>Total compensation</b>	<b>1,248,648</b>	<b>506,660</b>	<b>8,784</b>	<b>46,591</b>	<b>56,866</b>	<b>5,835</b>	<b>72,388</b>	<b>352,578</b>	<b>2,298,350</b>

# Directors' report *continued*

The table below details remuneration of key management personnel based on the policies previously discussed for the year ended 30 June 2021.

	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS		TOTAL
	CASH SALARY AND FEES	CASH BONUS	NON-MONETARY BENEFITS	ANNUAL LEAVE	SUPER-ANNUATION	LONG SERVICE LEAVE	SHARE OPTIONS	PERFORMANCE RIGHTS	
FY21	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>									
Barry Lewin	100,000	-	-	-	-	-	94,659	-	194,659
Dale Smorgon	65,000	-	-	-	-	-	94,659	-	159,659
<b>Executive directors</b>									
Bruce Coombes	350,000	60,000	-	(10,559)	21,694	4,745	25,590	-	451,470
<b>Other KMP</b>									
Eric Lookhoff <sup>1,2</sup>	139,492	69,746	8,731	6,867	2,232	-	11,269	23,520	261,857
James Drummond <sup>1</sup>	156,231	20,087	4,913	15,450	-	-	(2,010)	-	194,671
Richard Formoe <sup>1</sup>	159,021	-	4,752	(20,610)	-	-	(9,885)	-	133,278
Simon Yeandle <sup>1</sup>	218,182	45,000	-	11,903	15,778	189	13,042	-	304,094
<b>Total compensation</b>	<b>1,187,926</b>	<b>194,833</b>	<b>18,396</b>	<b>3,051</b>	<b>39,704</b>	<b>4,934</b>	<b>227,324</b>	<b>23,520</b>	<b>1,699,688</b>

Notes:

1. Remuneration for other KMP is shown for the periods during the financial year for which each person was KMP. Refer to section (b)'key management personnel' above for relevant dates.
2. Eric Lookhoff resigned as CEO and Managing Director on 5 August 2022.

# Directors' report *continued*

## (f) Key terms of employment contracts

The tables below detail the key terms of employment contracts of key management personnel for the year ended 30 June 2022.

<b>Name</b>	Eric Lookhoff
<b>Title</b>	Managing Director and Chief Executive Officer (from 1 July 2021 to 5 August 2022)
<b>Details</b>	Base salary of US\$300,000 in FY22 (FY23: US\$350,000), STI (at 100% achievement) of US\$150,000 (FY23: A\$175,000), reviewed annually by the remuneration and nomination committee with a four-month termination notice by either party. Contract duration is unspecified.

<b>Name</b>	Bruce Coombes
<b>Title</b>	Executive Director and Managing Director, Australia (from 1 July 2021)
<b>Details</b>	Base salary of A\$373,568, inclusive of statutory superannuation in FY22 (FY23: 394,309), STI (at 100% achievement) of A\$200,000, inclusive of statutory superannuation (FY23: A\$179,259), reviewed annually by the remuneration and nomination committee with a three-month termination notice by either party. Contract duration is unspecified.

<b>Name</b>	Simon Yeandle
<b>Title</b>	Chief Financial Officer
<b>Details</b>	Base salary of A\$326,598, inclusive of statutory superannuation in FY22 (FY23: A\$336,396), STI (at 100% achievement) of A\$100,000, inclusive of statutory superannuation (FY23: A\$120,785), reviewed annually by the remuneration and nomination committee with a three-month termination notice by either party. Contract duration is unspecified.

Notes:

1. Key terms of employment contracts of key management personnel who ceased being key management personnel in the year ended 30 June 2021 are set out in the remuneration report for the year ended 30 June 2021. Refer to section (b) 'key management personnel' above for relevant dates.

# Directors' report *continued*

## (g) Additional statutory information

### (i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 30 above:

NAME	FIXED REMUNERATION		AT RISK STI		AT RISK LTI	
	FY22	FY21	FY22	FY21	FY22	FY21
	%	%	%	%	%	%
Barry Lewin	69	51	-	-	31	49
Eric Lookhoff	54	60	24	27	22	13
Bruce Coombes	65	81	34	13	1	6
Dale Smorgon	59	41	-	-	41	59
Michael McConnell	100	n/a	-	n/a	-	n/a
James Drummond	n/a	91	n/a	10	n/a	(1)
Richard Formoe	n/a	107	n/a	-	n/a	(7)
Simon Yeandle	58	81	17	15	25	4

### (ii) Performance based remuneration granted and forfeited during the year

The following tables show for each KMP how much of their STI cash bonus was awarded and how much was forfeited during the period. It also shows the value of share options and performance rights that were granted and exercised during the period. The number of share options and performance rights and percentages vested/forfeited for each grant are disclosed in sections (iii) and (iv) below.

NAME	TOTAL STI CASH BONUS			LTI SHARE OPTIONS AND PERFORMANCE RIGHTS		
	TOTAL OPPORTUNITY	AWARDED	FORFEITED	SHARE OPTIONS VALUE GRANTED <sup>1</sup>	PERFORMANCE RIGHTS VALUE GRANTED <sup>1</sup>	PERFORMANCE RIGHTS VALUE EXERCISED <sup>2</sup>
FY22	\$	%	%	\$	\$	\$
Barry Lewin	-	-	-	-	-	-
Eric Lookhoff <sup>3</sup>	206,660	100	-	(239,100)	372,594	199,868
Bruce Coombes <sup>4</sup>	200,000	100	-	-	-	-
Dale Smorgon	-	-	-	-	-	-
Michael McConnell	-	-	-	-	-	-
Simon Yeandle <sup>5</sup>	100,000	100	-	(179,325)	50,769	-

Notes:

- The value at grant date calculated in accordance with AASB 2 Share-based Payment of share options and performance rights granted during the year as part of remuneration. In FY22, share options that were granted to Eric Lookhoff and Simon Yeandle in FY21 were not issued, with performance rights being issued in lieu. This reversal of the value of share options granted in FY21, is shown in FY22, at the value at the original grant date.

# Directors' report *continued*

- The value at the exercise date of performance rights that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the performance rights at the exercise date.
- Bonuses to Eric Lookhoff were granted for meeting financial and operational targets.
- Bonuses to Bruce Coombes were granted for meeting financial and operational targets.
- Bonuses to Simon Yeandle were granted for meeting financial and operational targets.

NAME	TOTAL STI CASH BONUS			LTI SHARE OPTIONS AND PERFORMANCE RIGHTS		
	TOTAL OPPORTUNITY	AWARDED	FORFEITED	SHARE OPTIONS VALUE GRANTED <sup>1</sup>	PERFORMANCE RIGHTS VALUE GRANTED <sup>1</sup>	PERFORMANCE RIGHTS VALUE EXERCISED
FY21	\$	%	%	\$	\$	\$
Barry Lewin	-	-	-	-	-	-
Eric Lookhoff <sup>2</sup>	69,746	100	-	239,100	168,000	-
Bruce Coombes <sup>3</sup>	200,000	30	70	-	-	-
Dale Smorgon	-	-	-	-	-	-
James Drummond <sup>4</sup>	20,087	100	-	-	-	-
Richard Formoe <sup>5</sup>	93,739	-	100	-	-	-
Simon Yeandle <sup>6</sup>	45,000	75	25	179,325	-	-

#### Notes:

- The value at grant date calculated in accordance with AASB 2 Share-based Payment of share options and performance rights granted during the year as part of remuneration. In FY22, share options that were granted to Eric Lookhoff and Simon Yeandle in FY21 were not issued, with performance rights being issued in lieu. The reversal of the value of share options granted in FY21, is shown in FY22, at the value at the original grant date.
- Bonuses to Eric Lookhoff were granted for meeting operational targets.
- Bonuses to Bruce Coombes were granted for meeting internal product development and staff hiring milestones.
- Bonuses to James Drummond were granted for meeting internal operational milestones.
- Bonuses to Richard Formoe were available for meeting operational targets.
- Bonuses to Simon Yeandle were granted for meeting financial and operational targets.

# Directors' report *continued*

## (iii) Reconciliation of share options, performance rights and ordinary shares held by KMP

### (a) Share options

	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	EXERCISED	OTHER CHANGES	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE
Barry Lewin	300,000 <sup>2</sup>	-	-	-	300,000	100,000
Eric Lookhoff	2,000,000	-	-	(2,000,000) <sup>1</sup>	-	-
Bruce Coombes	3,000,000 <sup>3</sup>	-	-	-	3,000,000	2,000,000
Dale Smorgon	300,000 <sup>2</sup>	-	-	-	300,000	100,000
Michael McConnell	-	-	-	-	-	-
Simon Yeandle	1,500,000	-	-	(1,500,000) <sup>1</sup>	-	-

### (b) Performance rights

	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	EXERCISED	OTHER CHANGES	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE
Barry Lewin	-	-	-	-	-	-
Eric Lookhoff	700,000	1,783,957	(1,211,319)	-	1,272,638	250,000 <sup>4</sup>
Bruce Coombes	-	-	-	-	-	-
Dale Smorgon	-	-	-	-	-	-
Michael McConnell	-	-	-	-	-	-
Simon Yeandle	-	1,150,469	-	-	1,150,469	511,319 <sup>4</sup>

# Directors' report *continued*

## (c) Ordinary shares

	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNER- ATION	CONVERSION ON VESTING AND EXERCISE OF PERFORMANCE RIGHTS	OTHER CHANGES	BALANCE AT END OF THE YEAR
Barry Lewin	2,143,000	-	-	-	2,143,000
Eric Lookhoff	-	-	1,211,319	240,000 <sup>5</sup>	1,451,319
Bruce Coombes	25,239,453	-	-	-	25,239,453
Dale Smorgon	23,839,451	-	-	-	23,839,451
Michael McConnell	-	-	-	-	-
Simon Yeandle	60,000	-	-	498,557 <sup>5</sup>	558,557

### Notes:

- Eric Lookhoff, the group's then President of US operations was granted 2,000,000 share options on 26 May 2021 which were never issued, replaced by a grant of performance rights along with additional grants of rights after he was appointed the group's CEO (see below). Simon Yeandle, the group's Chief Financial Officer was granted to 1,500,000 share options on 26 May 2021 which were never issued, replaced by a grant of performance rights along with additional grants of performance rights (see below). This reversal of the number of share options granted in FY21, is shown in FY22.
- Barry Lewin and Dale Smorgon were granted 300,000 share options each (QFEAG), approved by shareholders at an extraordinary general meeting (EGM) of the company on 23 July 2020. These share options expire on 23 July 2025 and comprise three tranches of 100,000 share options with an exercise price of A\$0.50. T1 and T2 share options vested on 30 June 2021 and 2022 respectively; T3 vest on 30 June 2023, contingent on continued employment at each vesting date. 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 of the share-based payment expense on 6 May 2020 as detailed in the EGM notice of meeting. The valuation inputs reflect the 23 July 2020 grant date fair value.
- Bruce Coombes, the group's then CEO was granted 3,000,000 share options (QFEAB) on 9 July 2019. These share options expire on 9 July 2023 and comprise three tranches of 1,000,000 share options (T1, T2 and T3) with exercise prices of A\$0.30, A\$0.40 and A\$0.50, respectively. T1, T2 and T3 share options vested on 9 July 2020, 2021 and 2022, respectively.
- 250,000 and 511,319 performance rights granted to Eric Lookhoff and Simon Yeandle respectively, vested on 30 June 2022 and 1 July 2022 respectively and were issued on 4 July 2022.
- Other changes in ordinary shares held by KMP include participation in share placements and on-market acquisitions.

# Directors' report *continued*

## (iv) Share options, performance rights and ordinary shares granted as remuneration during or since the end of the year

### (a) Share options

All share options granted as remuneration during or since the end of the year are set out below:

#### *Directors and KMP*

No share options were granted to directors and KMP as remuneration during or since the end of the year.

#### *Other employees*

GRANT DATE	CODE	ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARE OPTIONS GRANTED	LAPSED DUE TO EMPLOYEES CEASING EMPLOYMENT	NET NUMBER OF SHARE OPTIONS GRANTED
20 Aug 2021	QFEAI(T1)	21 Jan 2022	30 Jun 2026	A\$0.280	339,607	(108,341)	231,266
20 Aug 2021	QFEAJ(T1)	21 Jan 2022	30 Jun 2026	A\$0.319	339,578	(108,331)	231,247
20 Aug 2021	QFEAK(T1)	21 Jan 2022	30 Jun 2026	A\$0.344	339,578	(108,331)	231,247
20 Aug 2021	QFEAL(T1)	21 Jan 2022	30 Jun 2026	A\$0.382	339,565	(108,328)	231,237
20 Aug 2021	QFEAI(T2)	21 Jan 2022	30 Jun 2026	A\$0.280	339,594	(108,338)	231,256
20 Aug 2021	QFEAJ(T2)	21 Jan 2022	30 Jun 2026	A\$0.319	339,578	(108,331)	231,247
20 Aug 2021	QFEAK(T2)	21 Jan 2022	30 Jun 2026	A\$0.344	339,578	(108,331)	231,247
20 Aug 2021	QFEAL(T2)	21 Jan 2022	30 Jun 2026	A\$0.382	339,594	(108,338)	231,256
20 Aug 2021	QFEAI(T3)	21 Jan 2022	30 Jun 2026	A\$0.280	339,578	(108,331)	231,247
20 Aug 2021	QFEAJ(T3)	21 Jan 2022	30 Jun 2026	A\$0.319	339,578	(108,331)	231,247
20 Aug 2021	QFEAK(T3)	21 Jan 2022	30 Jun 2026	A\$0.344	339,578	(108,331)	231,247
20 Aug 2021	QFEAL(T3)	21 Jan 2022	30 Jun 2026	A\$0.382	339,594	(108,338)	231,256
27 Jun 2022	QFEAI(T1)	29 Jul 2022	30 Jun 2026	A\$0.280	14,585	-	14,585
27 Jun 2022	QFEAJ(T1)	29 Jul 2022	30 Jun 2026	A\$0.319	14,584	-	14,584
27 Jun 2022	QFEAK(T1)	29 Jul 2022	30 Jun 2026	A\$0.344	14,584	-	14,584
27 Jun 2022	QFEAL(T1)	29 Jul 2022	30 Jun 2026	A\$0.382	14,581	-	14,581
27 Jun 2022	QFEAI(T2)	29 Jul 2022	30 Jun 2026	A\$0.280	14,582	-	14,582
27 Jun 2022	QFEAJ(T2)	29 Jul 2022	30 Jun 2026	A\$0.319	14,584	-	14,584
27 Jun 2022	QFEAK(T2)	29 Jul 2022	30 Jun 2026	A\$0.344	14,584	-	14,584
27 Jun 2022	QFEAL(T2)	29 Jul 2022	30 Jun 2026	A\$0.382	14,582	-	14,582
27 Jun 2022	QFEAI(T3)	29 Jul 2022	30 Jun 2026	A\$0.280	14,584	-	14,584
27 Jun 2022	QFEAJ(T3)	29 Jul 2022	30 Jun 2026	A\$0.319	14,584	-	14,584
27 Jun 2022	QFEAK(T3)	29 Jul 2022	30 Jun 2026	A\$0.344	14,584	-	14,584
27 Jun 2022	QFEAL(T3)	29 Jul 2022	30 Jun 2026	A\$0.382	14,582	-	14,582
<b>Total</b>					<b>4,250,000</b>	<b>(1,300,000)</b>	<b>2,950,000</b>

No share options were granted to officers who are among the five highest remunerated officers of the company and the group, but are not KMP and hence not disclosed in the remuneration report.

# Directors' report *continued*

## (b) Performance rights

All performance rights granted as remuneration during or since the end of the year are set out below:

### Directors and KMP

HOLDER	CODE	GRANT DATE	ISSUE DATE	VESTING DATE	NUMBER OUT-STANDING AT START OF THE YEAR	NUMBER OF PERFORMANCE RIGHTS GRANTS	RIGHTS VESTED	RIGHTS LAPSED	NUMBER OUT-STANDING AT END OF THE YEAR
Eric Lookhoff	QFEAM(T12)	26 May 2021	21 Jan 2022	31 Jan 2022	700,000	-	(700,000)	-	-
Eric Lookhoff	QFEAM(T13)	8 Nov 2021	21 Jan 2022	30 Jun 2022	-	250,000	-	-	250,000
Eric Lookhoff	QFEAM(T14)	8 Nov 2021	21 Jan 2022	31 Jan 2022	-	511,319	(511,319)	-	-
Eric Lookhoff	QFEAM(T15)	8 Nov 2021	21 Jan 2022	31 Jan 2023	-	511,319	-	-	511,319
Eric Lookhoff	QFEAM(T16)	8 Nov 2021	21 Jan 2022	31 Jan 2024	-	511,319	-	-	511,319
Simon Yeandle	QFEAM(T4)	8 Nov 2021	21 Jan 2022	1 Jul 2022	-	511,319	-	-	511,319
Simon Yeandle	QFEAM(T5)	8 Nov 2021	21 Jan 2022	1 Jul 2023	-	127,830	-	-	127,830
Simon Yeandle	QFEAM(T6)	8 Nov 2021	21 Jan 2022	1 Jul 2024	-	127,830	-	-	127,830
Simon Yeandle	QFEAM(T7)	8 Nov 2021	21 Jan 2022	8 Oct 2023	-	383,490	-	-	383,490
<b>Total</b>					<b>700,000</b>	<b>2,934,426</b>	<b>(1,211,319)</b>	<b>-</b>	<b>2,423,107</b>

# Directors' report *continued*

## Other employees

All other performance rights were granted to the following officers who are among the five highest remunerated officers of the company and the group, but are not KMP and hence not disclosed in the remuneration report:

HOLDER	CODE	GRANT DATE	ISSUE DATE	VESTING DATE	NUMBER OUT-STANDING AT START OF THE YEAR	NUMBER OF PERFORMANCE RIGHTS GRANTS	RIGHTS VESTED	RIGHTS LAPSED	NUMBER OUT-STANDING AT END OF THE YEAR
Jay Alsop	QFEAM(T1)	8 Nov 2021	21 Jan 2022	31 Jan 2022	-	191,185	(191,185)	-	-
Jay Alsop	QFEAM(T2)	8 Nov 2021	21 Jan 2022	31 Jan 2023	-	191,185	-	-	191,185
Jay Alsop	QFEAM(T3)	8 Nov 2021	21 Jan 2022	31 Jan 2024	-	191,186	-	-	191,186
James Drummond	QFEAM(T1)	8 Nov 2021	21 Jan 2022	31 Jan 2022	-	191,185	(191,185)	-	-
James Drummond	QFEAM(T2)	8 Nov 2021	21 Jan 2022	31 Jan 2023	-	191,185	-	(191,185)	-
James Drummond	QFEAM(T3)	8 Nov 2021	21 Jan 2022	31 Jan 2024	-	191,186	-	(191,186)	-
Francesco Fabbrocino	QFEAM(T1)	8 Nov 2021	21 Jan 2022	31 Jan 2022	-	191,185	(191,185)	-	-
Francesco Fabbrocino	QFEAM(T2)	8 Nov 2021	21 Jan 2022	31 Jan 2023	-	191,185	-	(191,185)	-
Francesco Fabbrocino	QFEAM(T3)	8 Nov 2021	21 Jan 2022	31 Jan 2024	-	191,186	-	(191,186)	-
Aubrey Amatelli	QFEAM(T8)	8 Nov 2021	21 Jan 2022	31 Jan 2023	-	191,185	-	-	191,185
Aubrey Amatelli	QFEAM(T9)	8 Nov 2021	21 Jan 2022	31 Jan 2024	-	191,185	-	-	191,185
Aubrey Amatelli	QFEAM(T10)	8 Nov 2021	21 Jan 2022	31 Jan 2025	-	191,186	-	-	191,186
Aubrey Amatelli	QFEAM(T11)	8 Nov 2021	21 Jan 2022	21 Nov 2022	-	100,000	-	-	100,000
<b>Total</b>					-	<b>2,394,224</b>	<b>(573,555)</b>	<b>(764,742)</b>	<b>1,055,927</b>

## (c) Ordinary shares

No ordinary shares were granted as remuneration during or since the end of the year.

# Directors' report *continued*

## (v) Terms and conditions of share-based payment arrangements

### (a) Share options

The terms and conditions of each grant of share options affecting KMP remuneration in the current or a future reporting period are as follows:

GRANT DATE	CODE	VESTING AND EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE \$	VALUE PER SHARE OPTION AT GRANT DATE \$	VESTED %
22 Jan 2019	QFEAB T1	9 Jul 2021	9 Jul 2023	0.300	0.0522	100
22 Jan 2019	QFEAB T2	9 Jul 2022	9 Jul 2023	0.400	0.0446	–
22 Jan 2019	QFEAB T3	9 Jul 2022	9 Jul 2023	0.500	0.0391	–
23 Jul 2020	QFEAG T1	30 Jun 2022	23 Jul 2025	0.500	0.5732	100
23 Jul 2020	QFEAG T2	30 Jun 2022	23 Jul 2025	0.500	0.5732	–
23 Jul 2020	QFEAG T3	30 Jun 2023	23 Jul 2025	0.500	0.5732	–
26 May 2021	never issued	8 Oct 2023	31 Jan 2026	0.500	0.1288	–
26 May 2021	never issued	8 Apr 2022	31 Jan 2026	0.750	0.1103	–
26 May 2021	never issued	31 Jan 2023	31 Jan 2026	0.500	0.1288	–
26 May 2021	never issued	31 Jan 2024	31 Jan 2026	0.750	0.1103	–

### (b) Performance rights

The terms and conditions of each grant of performance rights affecting KMP remuneration in the current or a future reporting period are as follows:

GRANT DATE	CODE	VESTING AND EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE \$	VALUE PER PERFORMANCE RIGHT AT GRANT DATE \$	VESTED %
26 May 2021	QFEAM(T12)	31 Jan 2022	–	–	0.200	100
8 Nov 2021	QFEAM(T13)	30 Jun 2022	–	–	0.200	100
8 Nov 2021	QFEAM(T14)	31 Jan 2022	–	–	0.200	100
8 Nov 2021	QFEAM(T15) <sup>1</sup>	31 Jan 2023	–	–	0.200	–
8 Nov 2021	QFEAM(T16) <sup>1</sup>	31 Jan 2024	–	–	0.200	–
21 Dec 2021	QFEAM(T4)	1 Jul 2022	–	–	0.150	100
21 Dec 2021	QFEAM(T5)	1 Jul 2023	–	–	0.150	–
21 Dec 2021	QFEAM(T6)	1 Jul 2024	–	–	0.150	–
21 Dec 2021	QFEAM(T7)	8 Oct 2023	–	–	0.150	–

Notes:

- 511,319 of QFEAM(T15) and 511,319 of QFEAM(T16) performance rights granted to Eric Lookhoff will lapse upon cessation of his employment, upon the expiry of his employment notice period subsequent to his resignation on 5 August 2022.

# Directors' report *continued*

All performance rights vest contingent on continued employment at the vesting date.

The number of share options and performance rights over ordinary shares in the company provided as remuneration to key management personnel is shown in the section titled 'reconciliation of share options, performance rights and ordinary shares held by KMP' above. The share options and performance rights carry no dividend or voting rights. When exercisable, each share option or performance right is convertible into one ordinary share of QuickFee Limited.

## **(vi) Other transactions with key management personnel**

Non-executive Chairman Barry Lewin is Managing Director of Melbourne based corporate advisory firm SLM Corporate Pty Ltd. SLM Corporate Pty Ltd provided a single instance of valuation services to QuickFee Limited in FY22 on normal commercial terms and conditions.

A former employee of QuickFee AU, also a family member of Bruce Coombes, was engaged to provide software development consulting services to QuickFee AU during FY21 on normal commercial terms and conditions.

Aggregate amounts of other transactions with key management personnel of QuickFee Limited are as follows:

	FY22 \$	FY21 \$
Amounts recognised as expense		
Corporate advisory and consulting fees	14,000	10,000

## **(vii) Voting of shareholders at last year's annual general meeting**

QuickFee Limited received more than 93% of 'yes' votes on its remuneration report for FY21. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

— This concludes the remuneration report, which has been audited —

# Directors' report *continued*

## Shares under option, performance rights and deferred shares

### (a) Unissued ordinary shares

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

#### Share options

GRANT DATE	CODE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF UNISSUED ORDINARY SHARES UNDER OPTION
22 Jan 2019	QFEAB(T1)	11 Jul 2023	A\$ 0.300	1,000,000
22 Jan 2019	QFEAB(T2)	11 Jul 2023	A\$ 0.400	1,000,000
22 Jan 2019	QFEAB(T3)	11 Jul 2023	A\$ 0.500	1,000,000
18 Mar 2020	QFEAD(T1)	30 Jun 2025	A\$ 0.500	533,333
23 Jul 2020	QFEAG(T1)	23 Jul 2025	A\$ 0.500	200,000
23 Jul 2020	QFEAG(T2)	23 Jul 2025	A\$ 0.500	200,000
23 Jul 2020	QFEAG(T3)	23 Jul 2025	A\$ 0.500	200,000
26 May 2021	QFEAH	31 Jan 2026	A\$ 0.580	100,000
20 Aug 2021	QFEAI(T1)	30 Jun 2026	A\$ 0.280	231,266
20 Aug 2021	QFEAJ(T1)	30 Jun 2026	A\$ 0.319	231,247
20 Aug 2021	QFEAK(T1)	30 Jun 2026	A\$ 0.344	231,247
20 Aug 2021	QFEAL(T1)	30 Jun 2026	A\$ 0.382	231,237
20 Aug 2021	QFEAI(T2)	30 Jun 2026	A\$ 0.280	231,256
20 Aug 2021	QFEAJ(T2)	30 Jun 2026	A\$ 0.319	231,247
20 Aug 2021	QFEAK(T2)	30 Jun 2026	A\$ 0.344	231,247
20 Aug 2021	QFEAL(T2)	30 Jun 2026	A\$ 0.382	231,256
20 Aug 2021	QFEAI(T3)	30 Jun 2026	A\$ 0.280	231,247
20 Aug 2021	QFEAJ(T3)	30 Jun 2026	A\$ 0.319	231,247
20 Aug 2021	QFEAK(T3)	30 Jun 2026	A\$ 0.344	231,247
20 Aug 2021	QFEAL(T3)	30 Jun 2026	A\$ 0.382	231,256
21 Dec 2021	QFEAN	02 Dec 2025	A\$ 0.840	250,000
21 Dec 2021	QFEAO	02 Dec 2025	A\$ 0.980	250,000
27 Jun 2022	QFEAI(T1)	30 Jun 2026	A\$ 0.280	14,585
27 Jun 2022	QFEAJ(T1)	30 Jun 2026	A\$ 0.319	14,584
27 Jun 2022	QFEAK(T1)	30 Jun 2026	A\$ 0.344	14,584
27 Jun 2022	QFEAL(T1)	30 Jun 2026	A\$ 0.382	14,581
27 Jun 2022	QFEAI(T2)	30 Jun 2026	A\$ 0.280	14,582
27 Jun 2022	QFEAJ(T2)	30 Jun 2026	A\$ 0.319	14,584
27 Jun 2022	QFEAK(T2)	30 Jun 2026	A\$ 0.344	14,584

# Directors' report *continued*

GRANT DATE	CODE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF UNISSUED ORDINARY SHARES UNDER OPTION
27 Jun 2022	QFEAL(T2)	30 Jun 2026	A\$ 0.382	14,582
27 Jun 2022	QFEAI(T3)	30 Jun 2026	A\$ 0.280	14,584
27 Jun 2022	QFEAJ(T3)	30 Jun 2026	A\$ 0.319	14,584
27 Jun 2022	QFEAK(T3)	30 Jun 2026	A\$ 0.344	14,584
27 Jun 2022	QFEAL(T3)	30 Jun 2026	A\$ 0.382	14,582
27 Jun 2022	QFEAP <sup>2</sup>	30 Jun 2026	A\$ 0.280	75,000
27 Jun 2022	QFEAQ <sup>2</sup>	30 Jun 2026	A\$ 0.319	75,000
27 Jun 2022	QFEAR <sup>2</sup>	30 Jun 2026	A\$ 0.344	75,000
27 Jun 2022	QFEAS <sup>2</sup>	30 Jun 2026	A\$ 0.382	75,000

## Performance rights

GRANT DATE	CODE	VESTING/ EXPIRY DATE	EXERCISE PRICE	
8 Nov 2021	QFEAM(T2)	31 Jan 2023	A\$-	191,185
8 Nov 2021	QFEAM(T3)	31 Jan 2024	A\$-	191,186
8 Nov 2021	QFEAM(T5)	01 Jul 2023	A\$-	127,830
8 Nov 2021	QFEAM(T6)	01 Jul 2024	A\$-	127,830
8 Nov 2021	QFEAM(T7)	08 Oct 2023	A\$-	383,490
8 Nov 2021	QFEAM(T8)	31 Jan 2023	A\$-	191,185
8 Nov 2021	QFEAM(T9)	31 Jan 2024	A\$-	191,185
8 Nov 2021	QFEAM(T10)	31 Jan 2025	A\$-	191,186
8 Nov 2021	QFEAM(T11)	21 Nov 2022	A\$-	100,000
<b>Total</b>				<b>9,678,410</b>

### Notes:

1. Included in these were share options and performance rights granted as remuneration to the directors and other key management personnel during the year. Details of share options and performance rights granted are disclosed in sections (g)(iii) and (iv) of the remuneration report above.
2. Not issued yet.

No share option or performance right holder has any right under the share options or performance rights to participate in any other share issue of the company or any other entity.

## (b) Shares issued on the exercise of share options and performance rights

1,784,874 ordinary shares of QuickFee Limited were issued during the year ended 30 June 2022 on the exercise of share options and performance rights granted.

# Directors' report *continued*

## Insurance of officers and indemnities

### (a) Insurance of officers

During the financial year, QuickFee Limited paid a premium of A\$114,230 to insure the directors and secretaries of the company and its controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

### (b) Indemnity of auditors

QuickFee Limited has agreed to indemnify their auditors, William Buck Audit (Vic) Pty Ltd, to the extent permitted by law, against any claim by a third party arising from QuickFee Limited's breach of their agreement. The indemnity stipulates that QuickFee Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

## Proceedings on behalf of QuickFee Limited

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

No proceedings have been brought or intervened in on behalf of QuickFee Limited with leave of the Court under section 237 of the *Corporations Act 2001*.

## Audit and non-audit services

Details of the amounts paid or payable to the auditor (William Buck Audit (Vic) Pty Ltd) for audit and non-audit services during the year are disclosed in note 17 of the financial statements.

## 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 46.

# Directors' report *continued*

## **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. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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



**Barry Lewin**

Non-Executive Chairman

25 August 2022

# Auditor's independence declaration

For the year ended 30 June 2022

**WilliamBuck**  
ACCOUNTANTS & ADVISORS

## 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 year ended 30 June 2022 here have been:

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

*William Buck*

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

*A. A. Finnis*

**A. A. Finnis**  
Director  
Melbourne, 25 August 2022

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# Corporate Governance Statement

For the year ended 30 June 2022

QuickFee Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. QuickFee Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The FY22 corporate governance statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout FY22. The FY22 corporate governance statement was approved by the board on 25 August 2022. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at <https://quickfee.com/investors/corporate-governance/corporate-governance-statement/>.



# QuickFee Limited

ABN 93 624 448 693

## Annual financial report — 30 June 2022

### Contents

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These financial statements are consolidated financial statements for the group consisting of QuickFee Limited and its subsidiaries. A list of major subsidiaries is included in note 12.

The financial statements are presented in the Australian currency.

QuickFee Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 4.07  
10 Century Circuit  
Norwest NSW 2153

Its shares are listed on the Australian Securities Exchange.

The financial statements were authorised for issue by the directors on 25 August 2022. The directors have the power to amend and reissue the financial statements.

# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	NOTES	FY22 \$	FY21 \$
Revenue	2,3	10,860,942	8,790,322
Interest expense	2(a)	(1,026,030)	(976,085)
Cost of sales	4(a)	(2,221,176)	(1,480,053)
<b>Gross profit</b>		<b>7,613,736</b>	<b>6,334,184</b>
Other income		60,909	72,205
General and administrative expenses	4(a)	(8,113,115)	(5,699,120)
Net impairment losses on loan receivables	4(a)	(196,773)	(131,491)
Selling and marketing expenses	4(a)	(2,670,056)	(1,200,956)
<b>Operating loss before growth expenses</b>		<b>(3,305,299)</b>	<b>(625,178)</b>
Customer acquisition expenses	4(a)	(4,820,449)	(4,013,299)
Product development expenses	4(a)	(5,232,217)	(3,729,609)
<b>Operating loss</b>		<b>(13,357,965)</b>	<b>(8,368,086)</b>
Net finance costs	4(b)	(142,131)	(186,159)
<b>Loss before income tax</b>		<b>(13,500,096)</b>	<b>(8,554,245)</b>
Income tax benefit	5	-	8,159
<b>Loss for the period</b>		<b>(13,500,096)</b>	<b>(8,546,086)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		782,959	(937,299)
<b>Total comprehensive loss for the period</b>		<b>(12,717,137)</b>	<b>(9,483,385)</b>
		<b>CENTS</b>	<b>CENTS</b>
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18(a)	(5.9)	(4.0)

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 30 June 2022

	NOTES	30 JUNE 2022 \$	30 JUNE 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		8,185,411	21,305,963
Loan receivables	6(a)	32,720,556	25,842,632
Payment processing receivables	6(a)	22,000	887,948
Trade and other receivables		723,399	313,632
Other current assets		604,018	757,597
<b>Total current assets</b>		<b>42,255,384</b>	<b>49,107,772</b>
<b>Non-current assets</b>			
Loan receivables	6(a)	206,554	140,485
Plant and equipment		244,729	303,065
Right-of-use assets		373,773	669,529
Other non-current assets		121,766	95,242
<b>Total non-current assets</b>		<b>946,822</b>	<b>1,208,321</b>
<b>Total assets</b>		<b>43,202,206</b>	<b>50,316,093</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Merchant settlements outstanding	6(a)	3,152,999	10,032,343
Trade and other payables	6(b)	2,519,914	962,151
Contract liabilities	3(b)	208,986	106,642
Borrowings	6(c)	19,680,096	13,342,018
Lease liabilities		286,497	340,592
Employee benefit obligations		722,586	613,732
<b>Total current liabilities</b>		<b>26,571,078</b>	<b>25,397,478</b>
<b>Non-current liabilities</b>			
Borrowings	6(c)	206,249	140,849
Lease liabilities		123,028	378,897
Employee benefit obligations		5,528	6,072
<b>Total non-current liabilities</b>		<b>334,805</b>	<b>525,818</b>
<b>Total liabilities</b>		<b>26,905,883</b>	<b>25,923,296</b>
<b>Net assets</b>		<b>16,296,323</b>	<b>24,392,797</b>
<b>EQUITY</b>			
Contributed equity	7(a)	46,651,767	42,597,713
Other reserves	7(b)	913,043	(3,618,375)
Accumulated losses		(31,268,487)	(14,586,541)
<b>Total equity</b>		<b>16,296,323</b>	<b>24,392,797</b>

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

# Consolidated statement of changes in equity

For the year ended 30 June 2022

	ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED				TOTAL EQUITY
	NOTES	CONTRIBUTED EQUITY	OTHER RESERVES	ACCUMULATED LOSSES	
		\$	\$	\$	
Balance at 1 July 2020		25,155,956	(2,936,281)	(6,040,455)	16,179,220
Loss for the period		-	-	(8,546,086)	(8,546,086)
Other comprehensive loss		-	(937,299)	-	(937,299)
<b>Total comprehensive loss for the period</b>		-	<b>(937,299)</b>	<b>(8,546,086)</b>	<b>(9,483,385)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs	7(a)	17,441,757	-	-	17,441,757
Share-based payment expenses	7(b),16(c)	-	255,205	-	255,205
		17,441,757	255,205	-	17,696,962
<b>Balance at 30 June 2021</b>		<b>42,597,713</b>	<b>(3,618,375)</b>	<b>(14,586,541)</b>	<b>24,392,797</b>

	ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED				TOTAL EQUITY
	NOTES	CONTRIBUTED EQUITY	OTHER RESERVES	ACCUMULATED LOSSES	
		\$	\$	\$	
Balance at 1 July 2021		42,597,713	(3,618,375)	(14,586,541)	24,392,797
Loss for the period		-	-	(13,500,096)	(13,500,096)
Other comprehensive income		-	782,959	-	782,959
<b>Total comprehensive income/(loss) for the period</b>		-	<b>782,959</b>	<b>(13,500,096)</b>	<b>(12,717,137)</b>
Reclassification of common control reserve to accumulated losses	7(b)		3,200,000	(3,200,000)	-
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs	7(a)	3,757,645	-	-	3,757,645
Share-based payment expenses	16(c)	-	863,018	-	863,018
Transfer of expenses relating to forfeited share options from share-based payments reserve to accumulated losses	7(b)	-	(18,150)	18,150	-
Vesting of performance rights		296,409	(296,409)	-	-
		4,054,054	3,748,459	(3,181,850)	4,620,663
<b>Balance at 30 June 2022</b>		<b>46,651,767</b>	<b>913,043</b>	<b>(31,268,487)</b>	<b>16,296,323</b>

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

# Consolidated statement of cash flows

For the year ended 30 June 2022

	NOTES	FY22 \$	FY21 \$
<b>Cash flows from operating activities</b>			
Interest, fees and charges received from customers and merchants		10,697,741	8,736,100
Payments to suppliers and employees		(19,749,002)	(15,731,596)
Interest paid		(855,465)	(988,427)
Income taxes refunded	5	-	8,159
<b>Net cash outflow from operating activities before changes in loan and payment processing receivables and merchant settlements outstanding</b>		<b>(9,906,726)</b>	<b>(7,975,764)</b>
Payments to merchants to settle loan receivables		(74,346,466)	(50,206,235)
Receipts from merchants' customers in respect of loan receivables		61,238,159	60,334,818
<b>Net cash (outflow)/inflow from operating activities</b>	8(a)	<b>(23,015,033)</b>	<b>2,152,819</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(81,937)	(173,994)
Payments for other non-current assets		(25,000)	-
Interest received from financial assets held for cash management purposes		-	24
<b>Net cash outflow from investing activities</b>		<b>(106,937)</b>	<b>(173,970)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares	7(a)	4,008,000	18,173,441
Share issue transaction costs	7(a)	(250,355)	(731,684)
Proceeds of loan receivables borrowings facility, net of repayments		8,462,384	(11,446,272)
Payments for establishment of borrowings facility		(2,698,928)	(184,661)
Principal elements of lease payments		(318,989)	(277,987)
<b>Net cash inflow from financing activities</b>		<b>9,202,112</b>	<b>5,532,837</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(13,919,858)</b>	<b>7,511,686</b>
Cash and cash equivalents at the beginning of the financial year		21,305,963	14,970,488
Effects of exchange rate changes on cash and cash equivalents		799,306	(1,176,211)
<b>Cash and cash equivalents at end of the financial year</b>		<b>8,185,411</b>	<b>21,305,963</b>

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

# Notes to the financial statements

For the year ended 30 June 2022

## 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 the following reportable segments of its business:

- **Segments 1 and 2 – 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.

In addition, Management examines the group's performance from a product profitability perspective and has identified the following reportable product segments of its business:

- **Management have identified 3 reportable product profitability segments in Australia:** QuickFee EFT & Card, QuickFee Financing and QuickFee Buy Now, Pay Later (BNPL).
- **Management have identified 4 reportable product profitability segments in the United States:** QuickFee ACH, QuickFee Card, QuickFee Financing and QuickFee Buy Now, Pay Later (BNPL).

### (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*

## 1 Segment information *continued*

### (b) Adjusted EBITDA *continued*

The table below shows adjusted EBITDA for the year ended 30 June 2022, which reconciles to profit/(loss) for the period:

FY22	AU	PRODUCT		TOTAL
	\$	US	DEVELOPMENT UNALLOCATED	
	\$	\$	\$	\$
Interest revenue	3,451,791	1,681,459	-	5,133,250
Interest expense	(834,357)	(191,673)	-	(1,026,030)
<b>Net interest revenue</b>	<b>2,617,434</b>	<b>1,489,786</b>	<b>-</b>	<b>4,107,220</b>
Revenue from contracts with customers	1,016,570	4,711,122	-	5,727,692
Cost of sales	(991,501)	(1,229,675)	-	(2,221,176)
<b>Gross profit</b>	<b>2,642,503</b>	<b>4,971,233</b>	<b>-</b>	<b>7,613,736</b>
Other income	15,895	45,014	-	60,909
General and administrative expenses	(1,559,469)	(3,507,658)	-	(6,660,924)
Selling and marketing expenses	(714,077)	(1,955,979)	-	(2,670,056)
<b>Adjusted EBITDA before growth expenses and significant items</b>	<b>384,852</b>	<b>(447,390)</b>	<b>-</b>	<b>(1,656,335)</b>
Customer acquisition expenses	(676,013)	(4,144,436)	-	(4,820,449)
Product development expenses	-	-	(5,232,217)	(5,232,217)
<b>Adjusted EBITDA before significant items</b>	<b>(291,161)</b>	<b>(4,591,826)</b>	<b>(5,232,217)</b>	<b>(11,709,001)</b>
Share-based payment expenses	-	-	-	(863,018)
<b>Adjusted EBITDA</b>	<b>(291,161)</b>	<b>(4,591,826)</b>	<b>(5,232,217)</b>	<b>(2,456,815)</b>
Depreciation and amortisation	(122,708)	(335,912)	-	(785,946)
Net finance (costs)/income	(92,975)	(49,472)	-	316
<b>Loss before income tax and loss for the period</b>	<b>(506,844)</b>	<b>(4,977,210)</b>	<b>(5,232,217)</b>	<b>(13,500,096)</b>

# Notes to the financial statements *continued*

## 1 Segment information *continued*

### (b) Adjusted EBITDA *continued*

The table below shows adjusted EBITDA for the year ended 30 June 2021, which reconciles to profit/(loss) for the period:

FY21	AU	US	PRODUCT DEVELOPMENT	UNALLOCATED	TOTAL
	\$	\$	\$	\$	\$
Interest revenue	3,324,328	1,423,823	-	-	4,748,151
Interest expense	(454,600)	(521,485)	-	-	(976,085)
<b>Net interest revenue</b>	<b>2,869,728</b>	<b>902,338</b>	-	-	<b>3,772,066</b>
Revenue from contracts with customers	980,690	3,061,481	-	-	4,042,171
Cost of sales	(866,294)	(613,759)	-	-	(1,480,053)
<b>Gross profit</b>	<b>2,984,124</b>	<b>3,350,060</b>	-	-	<b>6,334,184</b>
Other income	69,555	2,650	-	-	72,205
General and administrative expenses	(1,207,416)	(2,509,121)	-	(1,407,455)	(5,123,992)
Selling and marketing expenses	(431,585)	(769,371)	-	-	(1,200,956)
<b>Adjusted EBITDA before growth expenses and significant items</b>	<b>1,414,678</b>	<b>74,218</b>	-	<b>(1,407,455)</b>	<b>81,441</b>
Customer acquisition expenses	(832,860)	(3,180,439)	-	-	(4,013,299)
Product development expenses	-	-	(3,729,609)	-	(3,729,609)
<b>Adjusted EBITDA before significant items</b>	<b>581,818</b>	<b>(3,106,221)</b>	<b>(3,729,609)</b>	<b>(1,407,455)</b>	<b>(7,661,467)</b>
Share-based payment expenses	-	-	-	(255,205)	(255,205)
<b>Adjusted EBITDA</b>	<b>581,818</b>	<b>(3,106,221)</b>	<b>(3,729,609)</b>	<b>(1,662,660)</b>	<b>(7,916,672)</b>
Depreciation and amortisation	(121,841)	(329,573)	-	-	(451,414)
Net finance costs	(13,302)	(172,857)	-	-	(186,159)
<b>Profit/(loss) before income tax</b>	<b>446,675</b>	<b>(3,608,651)</b>	<b>(3,729,609)</b>	<b>(1,662,660)</b>	<b>(8,554,245)</b>
Income tax benefit	8,159	-	-	-	8,159
<b>Profit/(loss) for the period</b>	<b>454,834</b>	<b>(3,608,651)</b>	<b>(3,729,609)</b>	<b>(1,662,660)</b>	<b>(8,546,086)</b>

# Notes to the financial statements *continued*

## 1 Segment information *continued*

### (c) Segment assets and liabilities

The table below shows segment assets and liabilities as at 30 June 2022:

	AU	US	PRODUCT DEVELOPMENT	UNALLOCATED	TOTAL
	\$	\$	\$	\$	\$
<b>30 JUNE 2022</b>					
Segment assets	23,887,613	10,890,498	-	8,424,095	43,202,206
<b>Total assets</b>	<b>23,887,613</b>	<b>10,890,498</b>	<b>-</b>	<b>8,424,095</b>	<b>43,202,206</b>
Segment liabilities	19,613,123	9,338,503	-	(2,045,743)	26,905,883
<b>Total liabilities</b>	<b>19,613,123</b>	<b>9,338,503</b>	<b>-</b>	<b>(2,045,743)</b>	<b>26,905,883</b>

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

	AU	US	PRODUCT DEVELOPMENT	UNALLOCATED	TOTAL
	\$	\$	\$	\$	\$
<b>30 JUNE 2021</b>					
Segment assets	19,809,682	8,776,789	-	21,729,622	50,316,093
<b>Total assets</b>	<b>19,809,682</b>	<b>8,776,789</b>	<b>-</b>	<b>21,729,622</b>	<b>50,316,093</b>
Segment liabilities	16,884,486	8,900,699	-	138,111	25,923,296
<b>Total liabilities</b>	<b>16,884,486</b>	<b>8,900,699</b>	<b>-</b>	<b>138,111</b>	<b>25,923,296</b>

# Notes to the financial statements *continued*

## 1 Segment information *continued*

### (d) Product profitability

The table below shows adjusted gross profit for the year ended 30 June 2022 allocated by product profitability segment, which reconciles to gross profit for the period:

FY22	EFT AND CARD \$	FINANCING \$	BNPL \$	TOTAL \$	
<b>Australia</b>					
Interest revenue	-	3,415,081	36,710	3,451,791	
Revenue from contracts with customers	621,615	384,583	10,372	1,016,570	
<b>Total gross revenue</b>	<b>621,615</b>	<b>3,799,664</b>	<b>47,082</b>	<b>4,468,361</b>	
Direct processing costs	(527,930)	(14,031)	(16,021)	(557,982)	
Platform, credit check and credit staff costs	-	(423,601)	(9,918)	(433,519)	
<b>Cost of sales</b>	<b>(527,930)</b>	<b>(437,632)</b>	<b>(25,939)</b>	<b>(991,501)</b>	
Interest expense	-	(834,357)	-	(834,357)	
<b>Gross profit for the period</b>	<b>93,685</b>	<b>2,527,675</b>	<b>21,143</b>	<b>2,642,503</b>	
	ACH \$	CARD \$	FINANCING \$	BNPL \$	TOTAL \$
<b>United States</b>					
Interest revenue	-	-	1,459,631	221,828	1,681,459
Revenue from contracts with customers	3,955,134	485,582	108,435	161,971	4,711,122
<b>Total gross revenue</b>	<b>3,955,134</b>	<b>485,582</b>	<b>1,568,066</b>	<b>383,799</b>	<b>6,392,581</b>
Direct processing costs	(205,822)	-	(3,037)	(158,266)	(367,125)
Platform, credit check and credit staff costs	(167,612)	(23,421)	(252,807)	(418,710)	(862,550)
<b>Cost of sales</b>	<b>(373,434)</b>	<b>(23,421)</b>	<b>(255,844)</b>	<b>(576,976)</b>	<b>(1,229,675)</b>
Interest expense	-	-	(171,158)	(20,515)	(191,673)
<b>Gross profit for the period</b>	<b>3,581,700</b>	<b>462,161</b>	<b>1,141,064</b>	<b>(213,692)</b>	<b>4,971,233</b>
<b>Total gross profit for the period</b>					<b>7,613,736</b>

# Notes to the financial statements *continued*

## 1 Segment information *continued*

### (d) Product profitability *continued*

The table below shows adjusted gross profit for the year ended 30 June 2021 allocated by product profitability segment, which reconciles to gross profit for the period:

FY21	EFT AND CARD \$	FINANCING \$	BNPL \$	TOTAL \$	
<b>Australia</b>					
Interest revenue	-	3,314,428	9,900	3,324,328	
Revenue from contracts with customers	542,590	401,204	36,896	980,690	
<b>Total gross revenue</b>	<b>542,590</b>	<b>3,715,632</b>	<b>46,796</b>	<b>4,305,018</b>	
Direct processing costs	(432,331)	(17,870)	(4,346)	(454,547)	
Platform, credit check and credit staff costs	-	(411,747)	-	(411,747)	
<b>Cost of sales</b>	<b>(432,331)</b>	<b>(429,617)</b>	<b>(4,346)</b>	<b>(866,294)</b>	
Interest expense	-	(454,600)	-	(454,600)	
<b>Gross profit for the period</b>	<b>110,259</b>	<b>2,831,415</b>	<b>42,450</b>	<b>2,984,124</b>	
	ACH \$	CARD \$	FINANCING \$	BNPL \$	TOTAL \$
<b>United States</b>					
Interest revenue	-	-	1,400,747	23,076	1,423,823
Revenue from contracts with customers	2,630,917	312,598	107,372	10,594	3,061,481
<b>Total gross revenue</b>	<b>2,630,917</b>	<b>312,598</b>	<b>1,508,119</b>	<b>33,670</b>	<b>4,485,304</b>
Direct processing costs	(118,948)	-	(3,396)	(14,367)	(136,711)
Platform, credit check and credit staff costs	(101,697)	(12,205)	(216,598)	(146,548)	(477,048)
<b>Cost of sales</b>	<b>(220,645)</b>	<b>(12,205)</b>	<b>(219,994)</b>	<b>(160,915)</b>	<b>(613,759)</b>
Interest expense	-	-	(516,556)	(4,929)	(521,485)
<b>Gross profit for the period</b>	<b>2,410,272</b>	<b>300,393</b>	<b>771,569</b>	<b>(132,174)</b>	<b>3,350,060</b>
<b>Total gross profit for the period</b>					<b>6,334,184</b>

# Notes to the financial statements *continued*

## 2 Revenue

	NOTES	FY22 \$	FY21 \$
Interest revenue using the effective interest rate method	2(a)	5,133,250	4,748,151
Revenue from contracts with customers	3	5,727,692	4,042,171
<b>Total revenue</b>		<b>10,860,942</b>	<b>8,790,322</b>

### (a) Net interest revenue

	FY22 \$	FY21 \$
<b>Interest revenue</b>		
Loan receivables	5,133,250	4,748,151
<b>Interest expense</b>		
Loan receivables – financial institution lenders	(1,026,030)	(976,085)
	<b>(1,026,030)</b>	<b>(976,085)</b>
<b>Net interest revenue</b>	<b>4,107,220</b>	<b>3,772,066</b>

### (i) Interest revenue

Interest revenue from loan receivables relates to the *QuickFee Financing 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.

# Notes to the financial statements *continued*

## 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
	\$	\$	\$	\$
<b>FY22</b>				
Timing of revenue recognition				
At a point in time	-	4,895,700	22,374	4,918,074
Over time	318,915	-	490,703	809,618
	<b>318,915</b>	<b>4,895,700</b>	<b>513,077</b>	<b>5,727,692</b>
<b>FY21</b>				
Timing of revenue recognition				
At a point in time	-	2,965,697	47,959	3,013,656
Over time	356,586	-	671,929	1,028,515
	<b>356,586</b>	<b>2,965,697</b>	<b>719,888</b>	<b>4,042,171</b>

### (b) Liabilities related to contracts with customers

	30 JUNE 2022	30 JUNE 2021
	\$	\$
Total current contract liabilities – deferred revenue	208,986	106,642

#### (i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior period.

	FY22	FY21
	\$	\$
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Contract liabilities – deferred revenue	106,642	150,773

# Notes to the financial statements *continued*

## 3 Revenue from contracts with customers *continued*

### (c) Accounting policies

#### (i) Application fee revenue

Revenue from application fees relate to the *QuickFee Financing* 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.

#### (ii) Merchant fee revenue

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

- *QuickFee Financing*: 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.

# Notes to the financial statements *continued*

## 4 Other income and expense items

### (a) Breakdown of expenses by nature

	NOTES	FY22 \$	FY21 \$
<b>Cost of sales</b>			
Employee benefits <sup>1</sup>		441,192	327,013
Direct processing costs		881,285	584,468
Platform and credit check costs		674,483	339,252
Other		224,216	229,320
		<b>2,221,176</b>	<b>1,480,053</b>
<b>General and administrative expenses</b>			
Accounting, legal and professional fees		502,005	772,240
Depreciation		457,894	370,982
Amortisation		328,052	79,012
Employee benefits <sup>1</sup>		4,400,767	2,661,938
Net impairment losses on loan receivables		196,773	131,491
Recruitment		285,060	641,489
Share-based payment expenses (non-cash)	16(c)	863,018	255,205
Other		1,276,319	918,254
		<b>8,309,888</b>	<b>5,830,611</b>

An amount of \$328,052 (2021: \$79,012), representing amortisation of borrowing costs, is included in amortisation above.

# Notes to the financial statements *continued*

## 4 Other income and expense items *continued*

### (a) Breakdown of expenses by nature *continued*

	FY22 \$	FY21 \$
<b>Selling and marketing expenses</b>		
Employee benefits <sup>1</sup>	2,542,635	1,155,482
Other	127,421	45,474
	<b>2,670,056</b>	<b>1,200,956</b>
<b>Customer acquisition expenses</b>		
Employee benefits <sup>1</sup>	3,770,867	3,046,716
Other	1,049,582	966,583
	<b>4,820,449</b>	<b>4,013,299</b>
<b>Product development expenses</b>		
Employee benefits <sup>1</sup>	3,691,740	2,590,525
Other	1,540,477	1,139,084
	<b>5,232,217</b>	<b>3,729,609</b>

Notes:

- Employee benefits from each functional expense category includes aggregate superannuation/401k of A\$416,958 (2021: A\$245,345).

### (b) Net finance income/(costs)

	FY22 \$	FY21 \$
Finance income	406	24
Finance costs – lease liabilities	(22,852)	(36,191)
Finance costs – borrowings facility termination costs	–	(149,982)
Finance costs – borrowings facility line fee	(119,685)	(10)
	<b>(142,131)</b>	<b>(186,159)</b>

# Notes to the financial statements *continued*

## 5 Income tax expense

### (a) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	FY22 \$	FY21 RESTATED \$
Loss before income tax	(13,500,096)	(8,554,245)
Tax at the Australian tax rate of 25% (2021: 26.0%)	(3,375,024)	(2,224,103)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Blackhole expenditure (Section 40-880, ITAA 1997)	(120,898)	(113,587)
Employee leave obligations	31,037	72,752
Expected credit losses	42,275	(87,824)
Government grants	-	(16,746)
Prepayments	29,488	(39,698)
Share-based payments	215,755	66,353
Unrealised currency losses	-	36
Other	31,613	(10,402)
<b>Subtotal</b>	<b>229,270</b>	<b>(129,116)</b>
Difference in overseas tax rates	(244,087)	(145,776)
Adjustments for current tax of prior periods	-	(8,159)
Tax losses and other timing differences for which no deferred tax asset is recognised	3,389,841	2,498,995
<b>Income tax (benefit)</b>	<b>-</b>	<b>(8,159)</b>

### (b) Tax losses

	30 JUNE 2022 \$	30 JUNE 2021 \$
Unused Australian tax losses for which no deferred tax asset has been recognised	14,942,522	7,112,902
Potential tax benefit at 25% (2021: 26.0%)	3,735,631	1,849,355
Unused United States tax losses for which no deferred tax asset has been recognised	10,722,711	5,922,322
Potential tax benefit at 29.84% (2021: 29.84%)	3,199,657	1,767,221
<b>Total potential tax benefit</b>	<b>6,935,288</b>	<b>3,616,576</b>

Tax losses for the year ended 30 June 2021 have been restated to reflect the income tax returns lodged for the same period.

# Notes to the financial statements *continued*

## 5 Income tax expense *continued*

### (b) Tax losses *continued*

The group does not recognise deferred tax assets for carried forward tax losses attributed to the QuickFee AU and QuickFee US consolidated tax groups as at 30 June 2022 and 30 June 2021. Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## 6 Financial assets and financial liabilities

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

	NOTES	30 JUNE 2022			30 JUNE 2021		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
		\$	\$	\$	\$	\$	\$
Gross loan receivables	6(a)(i), (ii)	33,116,971	206,554	33,323,525	26,067,912	140,485	26,208,397
Expected credit losses	10(b)	(396,415)	-	(396,415)	(225,280)	-	(225,280)
<b>Loan receivables</b>		<b>32,720,556</b>	<b>206,554</b>	<b>32,927,110</b>	<b>25,842,632</b>	<b>140,485</b>	<b>25,983,117</b>
Payment processing receivables	6(a)(iii), (iv)	22,000	-	22,000	887,948	-	887,948
Merchant settlements outstanding	6(a)(v), (vi)	3,152,999	-	3,152,999	10,032,343	-	10,032,343

EXPECTED CREDIT LOSSES AGEING	30 JUNE 2022			30 JUNE 2021		
	< 30 DAYS PAST DUE	> 30 DAYS PAST DUE	TOTAL	< 30 DAYS PAST DUE	> 30 DAYS PAST DUE	TOTAL
Expected loss rate	0.39%	100%		0.62%	100%	
Expected credit loss provision	128,824	267,591	396,415	160,793	64,487	225,280
Gross receivables	33,055,934	267,591	33,323,525	26,143,910	64,487	26,208,397

# Notes to the financial statements *continued*

## 6 Financial assets and financial liabilities *continued*

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

#### (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 Financing* and *BNPL* products.

#### (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 PayNow* 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.

#### (vii) Impairment and risk exposure

Information about the impairment of loan receivables and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 10.

# Notes to the financial statements *continued*

## 6 Financial assets and financial liabilities *continued*

### (b) Trade and other payables

	30 JUNE 2022		30 JUNE 2021	
	CURRENT	TOTAL	CURRENT	TOTAL
	\$	\$	\$	\$
Trade payables	567,886	567,886	283,802	283,802
Accrued expenses	1,684,410	1,684,410	479,926	479,926
Other payables	267,618	267,618	198,423	198,423
<b>Total borrowings</b>	<b>2,519,914</b>	<b>2,519,914</b>	<b>962,151</b>	<b>962,151</b>

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

### (c) Borrowings

	NOTES	30 JUNE 2022			30 JUNE 2021		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
		\$	\$	\$	\$	\$	\$
<b>Secured</b>							
Lease Collateral Pty Ltd	6(c)(iv)	-	-	-	13,342,018	140,849	13,482,867
Northleaf Capital Partners Ltd	6(c)(i)	22,051,698	206,249	22,257,947	-	-	-
<b>Total secured borrowings</b>		<b>22,051,698</b>	<b>206,249</b>	<b>22,257,947</b>	<b>13,342,018</b>	<b>140,849</b>	<b>13,482,867</b>
<b>Capitalised borrowing costs</b>							
Unamortised borrowing costs		(2,371,602)	-	(2,371,602)	-	-	-
<b>Total capitalised borrowing costs</b>		<b>(2,371,602)</b>	<b>-</b>	<b>(2,371,602)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total borrowings</b>		<b>19,680,096</b>	<b>206,249</b>	<b>19,886,345</b>	<b>13,342,018</b>	<b>140,849</b>	<b>13,482,867</b>

# Notes to the financial statements *continued*

## 6 Financial assets and financial liabilities *continued*

### (c) Borrowings *continued*

#### (i) Northleaf Capital Partners Ltd (Northleaf)

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 (denominated in US dollars) and a US\$35 million term loan facility (denominated in Australian dollars). 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 QuickFee US. The revolving credit facility attracts interest at 6.5% per annum plus a minimum LIBOR margin of 0.75%. The term loan facility attracts interest at 6.5% per annum plus a minimum AU BBSW margin of 0.75%. The 6.5% rate decreases to 5.75% from 17 November 2022 providing that a minimum of US\$ 20 million is drawn from the facilities. In addition, a fee of 0.25% per annum applies to any unused portion of the committed US\$40 million facility. Costs related to the establishment of the Northleaf facility, including initial drawdown fees and legal and adviser fees, totalled \$2,698,928. At 30 June 2022, US\$5 million and AU\$15 million was drawn from the revolver and term loan facilities respectively.

#### (ii) Fair values

The fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

#### (iii) Risk exposures

Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 10.

#### (iv) Lease Collateral Pty Ltd

The Lease Collateral Pty Ltd loan was originally entered into on 3 November 2015. In January 2022, the group repaid in full the Lease Collateral Pty Ltd borrowings facility upon drawdown of the Northleaf Capital Partners Ltd facility noted in (i) above. (As at 30 June 2021, the facility limit was A\$25,000,000, secured over certain identified loan receivables of QuickFee AU. As at 30 June 2021, the loan attracted interest at 4.1% per annum plus the base rate as published by the Reserve Bank of Australia. In addition, a line fee of 1.25% per annum applied, 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.)

# Notes to the financial statements *continued*

## 7 Equity

### (a) Contributed equity

	NOTES	30 JUNE 2022 SHARES	30 JUNE 2021 SHARES	30 JUNE 2022 \$	30 JUNE 2021 \$
Ordinary shares	7(a)(ii)				
Fully paid		265,600,398	222,201,238	46,651,767	42,597,713
	7(a)(i)	265,600,398	222,201,238	46,651,767	42,597,713

### (i) Movements in ordinary shares:

DETAILS	NUMBER OF SHARES	TOTAL \$
<b>Balance at 1 July 2020</b>	<b>188,264,287</b>	<b>25,155,956</b>
30 July 2020: Issue at A\$0.21 pursuant to directors' participation in May 2020 placement	3,000,000	630,000
25 September 2020: Issue at A\$0.58 pursuant to September 2020 placement	25,862,068	14,999,999
16 October 2020: Issue at A\$0.50 pursuant to October 2020 share purchase plan	4,999,883	2,499,942
4 January 2021: Issue at A\$0.58 pursuant to directors' participation in September 2020 placement	75,000	43,500
Less: Transaction costs arising on share issues	-	(731,684)
<b>Balance at 30 June 2021</b>	<b>222,201,238</b>	<b>42,597,713</b>
<b>Balance at 1 July 2021</b>	<b>222,201,238</b>	<b>42,597,713</b>
21 March 2022: Issue at A\$nil pursuant to vesting of director and employee performance rights <sup>1</sup>	1,784,874	-
21 March 2022: Transfer from share based payments reserve on vesting of performance rights and conversion into ordinary shares	-	296,409
13 May 2022: Issue at A\$0.10 pursuant to May 2022 placement	36,500,000	3,650,000
21 June 2022: Issue at A\$0.07 pursuant to May 2022 share purchase plan	5,114,286	358,000
Less: Transaction costs arising on share issues	-	(250,355)
<b>Balance at 30 June 2022</b>	<b>265,600,398</b>	<b>46,651,767</b>

Notes:

1. Performance milestone comprised continued employment with the group as at 31 January 2022 in accordance with the terms of the performance rights issued under the Performance Rights and Options Plan.

# Notes to the financial statements *continued*

## 7 Equity *continued*

### (a) Contributed equity *continued*

#### (ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

#### (b) 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 year. A description of the nature and purpose of each reserve is provided below the table.

	NOTES	COMMON CONTROL RESERVE \$	SHARE-BASED PAYMENT RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	TOTAL OTHER RESERVES \$
Balance at 1 July 2020		(3,200,000)	185,053	78,666	(2,936,281)
Currency translation differences		-	-	(937,299)	(937,299)
<b>Transactions with owners in their capacity as owners:</b>					
Share options expensed	16(c)	-	231,685	-	231,685
Performance rights expensed	16(c)	-	23,520	-	23,520
<b>As at 30 June 2021</b>		<b>(3,200,000)</b>	<b>440,258</b>	<b>(858,633)</b>	<b>(3,618,375)</b>
Balance at 1 July 2021		(3,200,000)	440,258	(858,633)	(3,618,375)
Currency translation differences		-	-	782,959	782,959
Reclassification of common control reserve to accumulated losses		3,200,000			3,200,000
<b>Transactions with owners in their capacity as owners:</b>					
Share options expensed	16(c)	-	306,549	-	306,549
Performance rights expensed	16(c)	-	556,469	-	556,469
Share options forfeited	16(a)	-	(18,150)	-	(18,150)
Performance rights vested	7(a)(i), 16(c)	-	(296,409)	-	(296,409)
<b>As at 30 June 2022</b>		<b>-</b>	<b>988,717</b>	<b>(75,674)</b>	<b>913,043</b>

# Notes to the financial statements *continued*

## **7 Equity** *continued*

### **(b) Other reserves** *continued*

#### **(i) Nature and purpose of other reserves**

##### ***Common control***

The common control reserve recognised differences arising from the 15 February 2018 common control business combination between QuickFee Limited and QuickFee AU under the 'pooling method'. The 9 July 2019 legal acquisition was contingent on the IPO of QuickFee Limited and included cash settlement of A\$3,200,000 as consideration. This payment was made equally and proportionately to all shareholders of QuickFee AU.

##### ***Share-based payments***

The share-based payment reserve records items recognised as expenses on valuation of share options and performance rights issued to key management personnel, other employees and eligible contractors.

##### ***Foreign currency translation***

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

# Notes to the financial statements *continued*

## 8 Cash flow information

### (a) Reconciliation of loss after income tax to net cash (outflow)/inflow from operating activities

A\$	NOTES	FY22 \$	FY21 \$
Loss for the period		(13,500,096)	(8,546,086)
Adjustments for:			
Borrowings facility termination costs		–	149,982
Depreciation and amortisation	4(a)	785,946	451,414
Expected credit losses		156,586	(333,529)
Interest received from financial assets held for cash management purposes		–	(24)
Share-based payments	16(c)	863,018	255,205
Net unrealised foreign exchange losses		–	138
Change in operating assets and liabilities:			
Movement in loan and payment processing receivables		(5,426,348)	9,349,662
Movement in trade and other receivables		(385,326)	(33,993)
Movement in other operating assets		168,927	(435,139)
Movement in merchant settlements outstanding		(7,575,317)	924,837
Movement in trade and other payables		1,824,533	293,022
Movement in contract liabilities		(7,964)	(183,663)
Movement in employee benefit obligations		81,008	260,993
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(23,015,033)</b>	<b>2,152,819</b>

### (b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets; and
- options and performance rights issued to employees under the 'Performance Rights and Options Plan' and to service providers for no cash consideration – note 16(a).

## 9 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

# Notes to the financial statements *continued*

## 9 Critical estimates and judgements *continued*

The areas involving significant estimates or judgements are:

- non-recognition of deferred tax asset for carry-forward tax losses – note 5(b);
- impairment of loan receivables – note 10(b); and
- employee benefit obligations – note 20 (o).

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 10 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

### (a) Market risk

#### (i) Foreign exchange risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The group is primarily exposed to changes in the United States dollar against the Australian dollar on translation into the group's presentation currency of controlled entity's financial information. However, there are no material financial assets and liabilities denominated in currencies other than the functional currency of each entity. Therefore, management has concluded that market risk from foreign exchange fluctuation is not material.

#### (ii) Interest rate risk

The group is not exposed to interest rate risk on the vast majority of its financial instruments as loans and borrowings and interest received as income from customers are set at fixed interest rates. The exception to this is the borrowings from Northleaf Capital Partners Ltd which has variable components based on the 3 month USD LIBOR and AUD BBSW rates. If these rates moved by 1.00% it would change the annualised interest expense (based on the level of borrowings at the end of the period) by A\$222,579 (2021: A\$134,829).

# Notes to the financial statements *continued*

## 10 Financial risk management *continued*

### (b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

#### (i) Risk management

The group's counterparties comprise merchants signed up to the QuickFee platform and these merchants' customers that transact through this platform.

For the *QuickFee Financing* product, the merchants are primarily professional service firms that are generally long established businesses. Credit risk is managed through the maintenance of procedures, ensuring to the extent possible that merchants and their customers (the borrowers) that are counterparties to loans are of sound credit worthiness. Both QuickFee AU and QuickFee US apply the group's credit policy prior to granting any loans in order to ensure sound and prudent lending practices are applied. The policy sets out:

- limits for the value of loans granted to borrowers with respect to a merchant's annual revenue to limit risks related to a merchant's ability to repay loans on behalf of their customer, if required;
- limits for the value of loans guaranteed to any one particular merchant to limit concentration of its loan book;
- annual reviews undertaken in respect of all customer loans and merchants; and
- undertaking credit checks on borrowers above thresholds prior to granting loans.

To further protect the group from credit risk, merchants usually grant to QuickFee Limited the irrevocable right to require the merchant to purchase a *QuickFee Financing* loan for the outstanding amount in the event that a customer defaults on an instalment payment.

Accordingly, the group is not exposed to any significant credit risk on *QuickFee Financing* loan receivables due to the fact that the group usually has recourse against its merchants to recover amounts in respect of unpaid invoices used as collateral for any loan granted. This recourse from merchants is typically backed by a direct debit authority for bank accounts of each merchant. Historically the risk of default has been low due to the underlying merchants being low risk and the absence of significant risk concentration. The credit insurance policy held by QuickFee AU further mitigates against the risk of default on *QuickFee Financing* 'Fee Funding' loan receivables.

For the loan receivables relating to the *QuickFee BNPL* product, the group's primary credit risk mitigation strategies comprise:

- credit card pre-authorisation for the full invoice amount against which each instalment is captured from;
- a direct debit authority held for the bank account of each merchant to protect against chargeback risk;
- merchant eligibility criteria that excludes higher risk businesses;
- a comprehensive refund and chargeback policy that requires merchants to repay QuickFee in the event of a refund or chargeback; and
- individual transaction size limits.

# Notes to the financial statements *continued*

## 10 Financial risk management *continued*

### (b) Credit risk *continued*

#### (i) Risk management *continued*

In terms of trade receivables on merchant fee revenue collected in arrears, the group has direct debit authority for bank accounts of each merchant using the *QuickFee PayNow* portal, which reduces risk.

For both loan and trade receivables, the group can divert inbound funds for pay in full transactions processed via the payments portal to cover any amounts owing by a given merchant to the group, providing an additional level of recourse.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

#### (ii) Security

For some *QuickFee Financing* loan receivables, particularly for professional service firms with fewer than three partners, the group obtains security in the form of personal guarantees, which can be called upon if the borrower is in default under the terms of the agreement.

#### (iii) Impairment of financial assets

The group has two types of financial assets that are subject to the expected credit loss model:

- loan receivables; and
- trade receivables for merchant fee revenue collected in arrears.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss is immaterial.

#### ***Loan receivables***

The group applies the AASB 9 general approach to measuring expected credit losses (ECLs) on loan receivables, which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the *QuickFee* terms and all the cash flows that the group expects to receive. The group uses ageing of loan receivables as the basis for ECL measurement.

At each reporting date, the group assesses impairment risk on initial recognition of the loan receivable and movements in the ageing of outstanding loan receivables to estimate the ECL.

# Notes to the financial statements *continued*

## 10 Financial risk management *continued*

### (b) Credit risk *continued*

#### (iii) Impairment of financial assets *continued*

##### *Loan receivables continued*

Under this impairment approach, AASB 9 requires the group to classify loan receivables into three stages, which measure the ECL based on migration between the stages. The group has defined these stages as follows:

STAGE	AGEING	MEASUREMENT BASIS
Stage 1	Not yet due	While these loan receivables are not yet due, the group collectively assesses ECLs on loan receivables where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these loan receivables, the group recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. The group does not conduct extensive individual assessment of exposures in stage 1 as there is generally no evidence of one or more events occurring that would have a detrimental impact on estimated future cash flows.
Stage 2	1 to 30 days past due	Although there is usually no objective evidence of impairment, when a loan receivable has not been paid by the due date, it is an indication that credit risk has increased. As a result, the loss allowance for that loan receivable is measured at an amount equal to the lifetime ECL for increased credit risk. A lifetime ECL is the expected credit losses that result from all possible default events over the expected life of the loan receivable. Like stage 1, the group does not conduct extensive individual assessment on stage 2 loan receivables as the increase in credit risk is not, of itself, an event that could have a detrimental impact on future cash flows.
Stage 3	Greater than 30 days past due	When the loan receivable is greater than 30 days past due, there is considered to be objective evidence of impairment. The group identifies, both collectively and individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental impact on the estimated future cash flows of that loan receivable have occurred.

The expected loss rates are based on the payment profiles of loans over a period of 48 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors, primarily the COVID-19 pandemic, affecting the ability of the customers to settle the receivables.

# Notes to the financial statements *continued*

## 10 Financial risk management *continued*

### (b) Credit risk *continued*

#### (iii) Impairment of financial assets *continued*

##### *Loan receivables continued*

The loss allowances for loan receivables as at 30 June reconciles to the opening loss allowances as follows:

	FY22 \$	FY21 \$
Opening loss allowance as at 1 July	225,280	10,730
Increase in loan receivables loss allowance recognised in profit or loss during the year	211,322	222,362
Loan receivables written off during the year as uncollectible	(40,187)	(7,812)
<b>Closing loss allowance as at 30 June</b>	<b>396,415</b>	<b>225,280</b>

There were no receivables past due not impaired for the year ended 30 June 2022 (2021: nil).

Loan receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, days past due without repayment, recourse available to the group such as realisability of security, insurance payout and other related factors.

Impairment losses on loan receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### *Trade receivables*

The culmination of the series of protections against credit risk identified in note 10(b)(i) above is that the identified loss allowance as at 30 June 2022 and 30 June 2021 was determined for trade receivables to be immaterial, resulting in the non-recognition of any expected credit losses.

### (c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

# Notes to the financial statements *continued*

## 10 Financial risk management *continued*

### (c) Liquidity risk *continued*

#### (i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES		LESS THAN 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL CONTR-ACTUAL CASH FLOWS	CARRYING AMOUNT
AS AT 30 JUNE 2022	NOTES	\$	\$	\$	\$	\$	\$
Merchant settlements outstanding	6(a)	3,152,999	-	-	-	3,152,999	3,152,999
Trade and other payables	6(b)	2,519,914	-	-	-	2,519,914	2,519,914
Lease liabilities		356,602	289,981	134,586	-	781,169	781,169
Borrowings	6(c)	22,051,698	206,249	-	-	22,257,947	22,257,947
<b>Total</b>		<b>28,081,213</b>	<b>496,230</b>	<b>134,586</b>	<b>-</b>	<b>28,712,029</b>	<b>28,712,029</b>

#### As at 30 June 2021

Merchant settlements outstanding	6(a)	10,032,343	-	-	-	10,032,343	10,032,343
Trade and other payables	6(c)	962,151	-	-	-	962,151	962,151
Lease liabilities		340,592	283,147	134,586	-	758,325	758,325
Borrowings	6(d)	13,342,018	140,849	-	-	13,482,867	13,482,867
<b>Total</b>		<b>24,677,104</b>	<b>423,996</b>	<b>134,586</b>	<b>-</b>	<b>25,235,686</b>	<b>25,235,686</b>

## 11 Capital management

### (a) Risk management

The group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

# Notes to the financial statements *continued*

## 11 Capital management *continued*

### (b) Dividends

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

#### (i) Franking credits

	30 JUNE 2022	30 JUNE 2021
	\$	\$
Franking credits available for subsequent reporting periods based on a tax rate of 25% (2021: 26.0%)	128,399	133,535

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

The amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

## 12 Interests in other entities

### (a) Material subsidiaries

NAME OF ENTITY	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST HELD BY THE GROUP	
		30 JUNE 2022	30 JUNE 2021
		%	%
Franchise Payment Services Pty Ltd	Australia	100	-
QuickFee Australia Pty Ltd	Australia	100	100
QuickFee Finance Pty Ltd	Australia	100	100
QuickFee Financing Pty Ltd	Australia	100	-
QuickFee Group LLC	United States	100	100
QuickFee Finance LLC	United States	100	100
QuickFee GCI LLC	United States	100	100
QuickFee NL Financing LLC	United States	100	-
QuickFee NL Holding LLC	United States	100	-
QuickFee, Inc.	United States	100	100

## 13 Contingent liabilities

The group had no material contingent liabilities at 30 June 2022 (2021: nil).

# Notes to the financial statements *continued*

## 14 Events occurring after the reporting period

Eric Lookhoff resigned as Chief Executive Officer (CEO) and Managing Director on 5 August 2022. The group has commenced a search for a new CEO. No other matter or circumstance has arisen since 30 June 2022 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

## 15 Related party transactions

### (a) Subsidiaries

Interests in subsidiaries are set out in note 12(a).

### (b) Key management personnel compensation

	FY22	FY21
	\$	\$
Short-term employee benefits	1,810,683	1,404,206
Post-employment benefits	56,866	39,704
Long-term benefits	5,835	4,934
Share-based payments	424,966	250,844
	<b>2,298,350</b>	<b>1,699,688</b>

Detailed remuneration disclosures are provided in the remuneration report on pages 30 to 31.

### (c) Transactions with other related parties

	FY22	FY21
	\$	\$
<b>Sales and purchases of goods and services</b>		
Purchases of various goods and services from entities controlled by key management personnel (i)	14,000	10,000
	<b>14,000</b>	<b>10,000</b>

#### (i) Purchases from entities controlled by key management personnel

The group acquired the following services from entities that are controlled by members of the group's directors and key management personnel:

- A single instance of valuation services to QuickFee Limited in FY22 on normal commercial terms and conditions.

For detailed disclosures please refer to the remuneration report on pages 23 to 41.

# Notes to the financial statements *continued*

## 16 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) Share options

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

	FY22		FY21	
	AVERAGE EXERCISE PRICE PER SHARE OPTION \$	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION \$	NUMBER OF OPTIONS
As at 1 July	0.461	11,733,333	0.426	9,800,000
Granted during the period:	0.389	5,050,000	0.624	3,600,000
Forfeited/lapsed during the period	0.538	(5,800,000)	0.605	(1,666,667)
<b>As at 30 June</b>	<b>0.388</b>	<b>10,983,333</b>	<b>0.461</b>	<b>11,733,333</b>
Vested and exercisable at 30 June	0.368	7,958,330	0.342	5,066,666

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	30 JUNE 2022	30 JUNE 2021
						NUMBER OF SHARE OPTIONS	
22 Jan 2019	Bruce Coombes	QFEAB(T1)	11 Jul 2019	11 Jul 2023	A\$0.300	1,000,000	1,000,000
22 Jan 2019	Bruce Coombes	QFEAB(T2)	11 Jul 2019	11 Jul 2023	A\$0.400	1,000,000	1,000,000
22 Jan 2019	Bruce Coombes	QFEAB(T3)	11 Jul 2019	11 Jul 2023	A\$0.500	1,000,000	1,000,000
22 Jan 2019	EverBlu Capital	QFEAB(T4)	11 Jul 2019	11 Jul 2022	A\$0.200	1,000,000	1,000,000
22 Jan 2019	EverBlu Capital	QFEAB(T5)	11 Jul 2019	11 Jul 2022	A\$0.300	1,000,000	1,000,000
22 Jan 2019	EverBlu Capital	QFEAB(T6)	11 Jul 2019	11 Jul 2022	A\$0.400	1,000,000	1,000,000
18 Mar 2020	Various employees	QFEAD(T1)	30 Jul 2020	30 Jun 2025	A\$0.500	533,333	866,666
18 Mar 2020	Various employees	QFEAD(T2)	30 Jul 2020	30 Jun 2025	A\$0.500	-	333,333
18 Mar 2020	Various employees	QFEAD(T3)	30 Jul 2020	30 Jun 2025	A\$0.500	-	333,334
23 Jul 2020	Barry Lewin	QFEAG(T1)	30 Jul 2020	23 Jul 2025	A\$0.500	100,000	100,000
23 Jul 2020	Barry Lewin	QFEAG(T2)	30 Jul 2020	23 Jul 2025	A\$0.500	100,000	100,000
23 Jul 2020	Barry Lewin	QFEAG(T3)	30 Jul 2020	23 Jul 2025	A\$0.500	100,000	100,000
23 Jul 2020	Dale Smorgon	QFEAG(T1)	30 Jul 2020	23 Jul 2025	A\$0.500	100,000	100,000

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (a) Share options *continued*

GRANT DATE	HOLDER	CODE	ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	30 JUNE	30 JUNE
						2022	2021
						NUMBER OF SHARE OPTIONS	
23 Jul 2020	Dale Smorgon	QFEAG(T2)	30 Jul 2020	23 Jul 2025	A\$0.500	100,000	100,000
23 Jul 2020	Dale Smorgon	QFEAG(T3)	30 Jul 2020	23 Jul 2025	A\$0.500	100,000	100,000
26 May 2021	Various employees	QFEAH	21 Jan 2022	31 Jan 2026	A\$0.580	100,000	100,000
26 May 2021	Simon Yeandle	Not issued	Not issued	31 Jan 2026	A\$0.500	-	750,000
26 May 2021	Simon Yeandle	Not issued	Not issued	31 Jan 2026	A\$0.750	-	750,000
26 May 2021	Eric Lookhoff	Not issued	Not issued	31 Jan 2026	A\$0.500	-	1,000,000
26 May 2021	Eric Lookhoff	Not issued	Not issued	31 Jan 2026	A\$0.750	-	1,000,000
20 Aug 2021	Various employees	QFEAI(T1)	21 Jan 2022	30 Jun 2026	A\$0.280	231,266	-
20 Aug 2021	Various employees	QFEAJ(T1)	21 Jan 2022	30 Jun 2026	A\$0.319	231,247	-
20 Aug 2021	Various employees	QFEAK(T1)	21 Jan 2022	30 Jun 2026	A\$0.344	231,247	-
20 Aug 2021	Various employees	QFEAL(T1)	21 Jan 2022	30 Jun 2026	A\$0.382	231,237	-
20 Aug 2021	Various employees	QFEAI(T2)	21 Jan 2022	30 Jun 2026	A\$0.280	231,256	-
20 Aug 2021	Various employees	QFEAJ(T2)	21 Jan 2022	30 Jun 2026	A\$0.319	231,247	-
20 Aug 2021	Various employees	QFEAK(T2)	21 Jan 2022	30 Jun 2026	A\$0.344	231,247	-
20 Aug 2021	Various employees	QFEAL(T2)	21 Jan 2022	30 Jun 2026	A\$0.382	231,256	-
20 Aug 2021	Various employees	QFEAI(T3)	21 Jan 2022	30 Jun 2026	A\$0.280	231,247	-
20 Aug 2021	Various employees	QFEAJ(T3)	21 Jan 2022	30 Jun 2026	A\$0.319	231,247	-
20 Aug 2021	Various employees	QFEAK(T3)	21 Jan 2022	30 Jun 2026	A\$0.344	231,247	-
20 Aug 2021	Various employees	QFEAL(T3)	21 Jan 2022	30 Jun 2026	A\$0.382	231,256	-
21 Dec 2021	Neu Capital	QFEAN	21 Jan 2022	02 Dec 2025	A\$0.840	250,000	-
21 Dec 2021	Neu Capital	QFEAO	21 Jan 2022	02 Dec 2025	A\$0.980	250,000	-
27 Jun 2022	Various employees	QFEAI(T1)	29 July 2022	30 Jun 2026	A\$0.280	14,585	-
27 Jun 2022	Various employees	QFEAJ(T1)	29 July 2022	30 Jun 2026	A\$0.319	14,584	-
27 Jun 2022	Various employees	QFEAK(T1)	29 July 2022	30 Jun 2026	A\$0.344	14,584	-
27 Jun 2022	Various employees	QFEAL(T1)	29 July 2022	30 Jun 2026	A\$0.382	14,581	-
27 Jun 2022	Various employees	QFEAI(T2)	29 July 2022	30 Jun 2026	A\$0.280	14,582	-
27 Jun 2022	Various employees	QFEAJ(T2)	29 July 2022	30 Jun 2026	A\$0.319	14,584	-
27 Jun 2022	Various employees	QFEAK(T2)	29 July 2022	30 Jun 2026	A\$0.344	14,584	-
27 Jun 2022	Various employees	QFEAL(T2)	29 July 2022	30 Jun 2026	A\$0.382	14,582	-
27 Jun 2022	Various employees	QFEAI(T3)	29 July 2022	30 Jun 2026	A\$0.280	14,584	-
27 Jun 2022	Various employees	QFEAJ(T3)	29 July 2022	30 Jun 2026	A\$0.319	14,584	-
27 Jun 2022	Various employees	QFEAK(T3)	29 July 2022	30 Jun 2026	A\$0.344	14,584	-

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (a) Share options *continued*

GRANT DATE	HOLDER	CODE	ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	30 JUNE 2022	30 JUNE 2021
						NUMBER OF SHARE OPTIONS	
27 Jun 2022	Various employees	QFEAL (T3)	29 July 2022	30 Jun 2026	A\$0.382	14,582	-
27 Jun 2022	Donald Singer	QFEAP	Not issued	30 Jun 2026	A\$0.280	25,000	-
27 Jun 2022	Donald Singer	QFEAQ	Not issued	30 Jun 2026	A\$0.319	25,000	-
27 Jun 2022	Donald Singer	QFEAR	Not issued	30 Jun 2026	A\$0.344	25,000	-
27 Jun 2022	Donald Singer	QFEAS	Not issued	30 Jun 2026	A\$0.382	25,000	-
27 Jun 2022	Sharat Shankar	QFEAP	Not issued	30 Jun 2026	A\$0.280	25,000	-
27 Jun 2022	Sharat Shankar	QFEAQ	Not issued	30 Jun 2026	A\$0.319	25,000	-
27 Jun 2022	Sharat Shankar	QFEAR	Not issued	30 Jun 2026	A\$0.344	25,000	-
27 Jun 2022	Sharat Shankar	QFEAS	Not issued	30 Jun 2026	A\$0.382	25,000	-
27 Jun 2022	Francesco Fabbrocino	QFEAP	Not issued	30 Jun 2026	A\$0.280	25,000	-
27 Jun 2022	Francesco Fabbrocino	QFEAQ	Not issued	30 Jun 2026	A\$0.319	25,000	-
27 Jun 2022	Francesco Fabbrocino	QFEAR	Not issued	30 Jun 2026	A\$0.344	25,000	-
27 Jun 2022	Francesco Fabbrocino	QFEAS	Not issued	30 Jun 2026	A\$0.382	25,000	-
<b>Total</b>						<b>10,983,333</b>	<b>11,733,333</b>

	30 JUNE 2021	30 JUNE 2021
Weighted average remaining contractual life of share options outstanding at end of period	3.59 years	2.92 years

The grant of 3,000,000 executive share options (QFEAB) to Bruce Coombes was contingent on the IPO occurring. These share 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 share options vested on 9 July 2020 and 2021, respectively; T3 vested on 9 July 2022.

The grant of 3,200,000 employee share options (QFEAD/QFEAE/QFEAF) across five tranches on 18 March 2020 (533,333 outstanding as at 30 June 2022) vest at various dates contingent on continued employment through to each vesting date. The second (T2) and third tranches (T3) also contain milestone conditions. These share options expire on 30 June 2025.

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (a) Share options *continued*

The 600,000 director share 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 share options expire on 23 July 2025. As the grant date of 23 July 2020 occurred after the directors began rendering services in respect of those grants, AASB 2 requires the group to commence recognition of the share-based payment expense when the services are received. Consequently, the group commenced amortisation of the share-based payment expense on 6 May 2020 as detailed in the EGM notice of meeting. The valuation inputs reflect the 23 July 2020 grant date fair value.

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

The grant of 4,250,000 employee share options (QFEAI, QFEAJ, QFEAK and QFEAL) on 20 August 2021 and 27 June 2022 vest at various dates contingent on continued employment through to each vesting date. These share options expire on 30 June 2026. As the grant dates of 20 August 2021 and 27 June 2022 occurred after the employees began rendering services in respect of those grants, 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 and 1 January 2022 respectively. The valuation inputs reflect the 20 August 2021 and 27 June 2022 respective grant date fair values. 2,950,000 of these share options were outstanding at the end of the period.

The grant of 500,000 share 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 share options vest, they will have a two-year exercise period from the date of vesting.

The grant of 100,000 share options each (not yet issued) to Don Singer and Sharat Shankar (QFEAP, QFEAQ, QFEAR and QFEAS) on 1 September 2021 vest at various dates. These share options expire on 31 January 2026. As the grant date of 27 June 2022 occurred after the recipients 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 September 2021. The valuation inputs reflects 27 June 2022 grant date fair value.

The grant of 100,000 share options (not yet issued) to Francesco Fabbrocino (QFEAP, QFEAQ, QFEAR and QFEAS) on 1 May 2022 vest at various dates. These share options expire on 31 January 2026. As the grant date of 27 June 2022 occurred after the recipient 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 May 2022. The valuation inputs reflects 27 June 2022 grant date fair value.

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (a) Share options *continued*

#### (i) Fair value of options granted

The assessed fair value at grant date of share options was determined using the binomial pricing model that takes into account the exercise price, the term of the share 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 share option and certain probability assumptions.

The model inputs for share options granted during the year ended 30 June 2022 included:

CODE	GRANT DATE	EXERCISE PRICE	SHARE PRICE AT GRANT DATE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE PER SHARE OPTION PRICE
QFEAI(T1)	20 Aug 2021	A\$0.280	A\$0.225	85.5%	0.0%	0.50%	A\$0.1355
QFEAJ(T1)	20 Aug 2021	A\$ 0.319	A\$0.225	85.5%	0.0%	0.50%	A\$0.1300
QFEAK(T1)	20 Aug 2021	A\$0.344	A\$0.225	85.5%	0.0%	0.50%	A\$0.1277
QFEAL(T1)	20 Aug 2021	A\$0.382	A\$0.225	85.5%	0.0%	0.50%	A\$0.1230
QFEAI(T2)	20 Aug 2021	A\$0.280	A\$0.225	85.5%	0.0%	0.50%	A\$0.1355
QFEAJ(T2)	20 Aug 2021	A\$ 0.319	A\$0.225	85.5%	0.0%	0.50%	A\$0.1300
QFEAK(T2)	20 Aug 2021	A\$0.344	A\$0.225	85.5%	0.0%	0.50%	A\$0.1277
QFEAL(T2)	20 Aug 2021	A\$0.382	A\$0.225	85.5%	0.0%	0.50%	A\$0.1230
QFEAI(T3)	20 Aug 2021	A\$0.280	A\$0.225	85.5%	0.0%	0.50%	A\$0.1355
QFEAJ(T3)	20 Aug 2021	A\$ 0.319	A\$0.225	85.5%	0.0%	0.50%	A\$0.1300
QFEAK(T3)	20 Aug 2021	A\$0.344	A\$ 0.150	85.5%	0.0%	0.50%	A\$0.1277
QFEAL(T3)	20 Aug 2021	A\$0.382	A\$ 0.150	85.5%	0.0%	0.50%	A\$0.1230
QFEAN	21 Dec 2021	A\$0.840	A\$0.225	85.5%	0.0%	1.35%	A\$0.0364
QFEAO	21 Dec 2021	A\$0.980	A\$0.225	85.5%	0.0%	1.35%	A\$0.0325
QFEAP	27 Jun 2022	A\$0.280	A\$0.060	85.5%	0.0%	3.04%	A\$0.0192
QFEAQ	27 Jun 2022	A\$ 0.319	A\$0.060	85.5%	0.0%	3.04%	A\$0.0177
QFEAR	27 Jun 2022	A\$0.344	A\$0.060	85.5%	0.0%	3.04%	A\$0.0169
QFEAS	27 Jun 2022	A\$0.382	A\$0.060	85.5%	0.0%	3.04%	A\$0.0158
QFEAI(T1)	27 Jun 2022	A\$0.280	A\$0.060	85.5%	0.0%	3.04%	A\$0.0192
QFEAJ(T1)	27 Jun 2022	A\$ 0.319	A\$0.060	85.5%	0.0%	3.04%	A\$0.0177
QFEAK(T1)	27 Jun 2022	A\$0.344	A\$0.060	85.5%	0.0%	3.04%	A\$0.0169
QFEAL(T1)	27 Jun 2022	A\$0.382	A\$0.060	85.5%	0.0%	3.04%	A\$0.0158
QFEAI(T2)	27 Jun 2022	A\$0.280	A\$0.060	85.5%	0.0%	3.04%	A\$0.0192
QFEAJ(T2)	27 Jun 2022	A\$ 0.319	A\$0.060	85.5%	0.0%	3.04%	A\$0.0177
QFEAK(T2)	27 Jun 2022	A\$ 0.344	A\$ 0.060	85.5%	0.0%	3.04%	A\$0.0169

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (a) Share options *continued*

#### (i) Fair value of options granted

CODE	GRANT DATE	EXERCISE PRICE	SHARE PRICE AT GRANT DATE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE PER SHARE OPTION PRICE
QFEAL(T2)	27 Jun 2022	A\$ 0.382	A\$ 0.060	85.5%	0.0%	3.04%	A\$0.0158
QFEAI(T3)	27 Jun 2022	A\$ 0.280	A\$ 0.060	85.5%	0.0%	3.04%	A\$0.0192
QFEAJ(T3)	27 Jun 2022	A\$ 0.319	A\$ 0.060	85.5%	0.0%	3.04%	A\$0.0177
QFEAK(T3)	27 Jun 2022	A\$ 0.344	A\$ 0.060	85.5%	0.0%	3.04%	A\$0.0169
QFEAL(T3)	27 Jun 2022	A\$ 0.382	A\$ 0.060	85.5%	0.0%	3.04%	A\$0.0158

### (b) Performance rights

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

	NOTES	FY22 NUMBER OF PERFORMANCE RIGHTS	FY21
As at 1 July		700,000	-
Granted during the period:		5,328,650	700,000
Vested and converted to ordinary shares during the period:	7(a)(i)	(1,784,874)	-
Forfeited/lapsed during the period		(764,742)	
As at 30 June		3,479,034	700,000

Details of performance rights granted during the period are set out below:

GRANT DATE	HOLDER	CODE	ISSUE DATE	VESTING DATE	FY22 NUMBER OF PERFORMANCE RIGHTS	FY21
26 May 2021	Eric Lookhoff	QFEAM(T12)	21 Jan 2022	31 Jan 2022	-	700,000
21 Dec 2021	Eric Lookhoff	QFEAM(T13)	21 Jan 2022	30 Jun 2022	250,000	-
21 Dec 2021	Eric Lookhoff	QFEAM(T14)	21 Jan 2022	31 Jan 2022	511,319	-
21 Dec 2021	Eric Lookhoff	QFEAM(T15)	21 Jan 2022	31 Jan 2023	511,319	-
21 Dec 2021	Eric Lookhoff	QFEAM(T16)	21 Jan 2022	31 Jan 2024	511,319	-
8 Nov 2021	Simon Yeandle	QFEAM(T4)	21 Jan 2022	01 Jul 2022	511,319	-
8 Nov 2021	Simon Yeandle	QFEAM(T5)	21 Jan 2022	01 Jul 2023	127,830	-
8 Nov 2021	Simon Yeandle	QFEAM(T6)	21 Jan 2022	01 Jul 2024	127,830	-

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (b) Performance rights *continued*

GRANT DATE	HOLDER	CODE	ISSUE DATE	VESTING DATE	FY22	FY21
					NUMBER OF PERFORMANCE RIGHTS	
8 Nov 2021	Simon Yeandle	QFEAM(T7)	21 Jan 2022	08 Oct 2023	383,490	-
8 Nov 2021	Various employees	QFEAM(T1)	21 Jan 2022	31 Jan 2022	573,555	-
8 Nov 2021	Various employees	QFEAM(T2)	21 Jan 2022	31 Jan 2023	573,555	-
8 Nov 2021	Various employees	QFEAM(T3)	21 Jan 2022	31 Jan 2024	573,558	-
8 Nov 2021	Various employees	QFEAM(T8)	21 Jan 2022	31 Jan 2023	191,185	-
8 Nov 2021	Various employees	QFEAM(T9)	21 Jan 2022	31 Jan 2024	191,185	-
8 Nov 2021	Various employees	QFEAM(T10)	21 Jan 2022	31 Jan 2025	191,186	-
8 Nov 2021	Various employees	QFEAM(T11)	21 Jan 2022	21 Nov 2022	100,000	-
<b>Total</b>					<b>5,328,650</b>	<b>700,000</b>

All performance rights granted during the period vest contingent on continued employment at the vesting date and have no other vesting conditions.

Details of grants of performance rights outstanding at the end of the period are set out below:

GRANT DATE	HOLDER	CODE	ISSUE DATE	VESTING DATE	30 JUNE 2022	30 JUNE 2021
					NUMBER OF PERFORMANCE RIGHTS	
26 May 2021	Eric Lookhoff	QFEAM(T12)	21 Jan 2022	31 Jan 2022	-	700,000
21 Dec 2021	Eric Lookhoff	QFEAM(T13)	21 Jan 2022	30 Jun 2022	250,000	-
21 Dec 2021	Eric Lookhoff	QFEAM(T15)	21 Jan 2022	31 Jan 2023	511,319	-
21 Dec 2021	Eric Lookhoff	QFEAM(T16)	21 Jan 2022	31 Jan 2024	511,319	-
8 Nov 2021	Simon Yeandle	QFEAM(T4)	21 Jan 2022	01 Jul 2022	511,319	-
8 Nov 2021	Simon Yeandle	QFEAM(T5)	21 Jan 2022	01 Jul 2023	127,830	-
8 Nov 2021	Simon Yeandle	QFEAM(T6)	21 Jan 2022	01 Jul 2024	127,830	-
8 Nov 2021	Simon Yeandle	QFEAM(T7)	21 Jan 2022	08 Oct 2023	383,490	-
8 Nov 2021	Various employees	QFEAM(T2)	21 Jan 2022	31 Jan 2023	191,185	-
8 Nov 2021	Various employees	QFEAM(T3)	21 Jan 2022	31 Jan 2024	191,186	-
8 Nov 2021	Various employees	QFEAM(T8)	21 Jan 2022	31 Jan 2023	191,185	-
8 Nov 2021	Various employees	QFEAM(T9)	21 Jan 2022	31 Jan 2024	191,185	-
8 Nov 2021	Various employees	QFEAM(T10)	21 Jan 2022	31 Jan 2025	191,186	-
8 Nov 2021	Various employees	QFEAM(T11)	21 Jan 2022	21 Nov 2022	100,000	-
<b>Total</b>					<b>3,479,034</b>	<b>700,000</b>

All performance rights outstanding at the end of the period vest contingent on continued employment at the vesting date and have no other vesting conditions.

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (b) Performance rights *continued*

#### (i) Fair value of performance rights granted

The assessed fair value at grant date of performance shares at grant date was determined using the binomial pricing model that takes into account the term of the performance right, 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 performance right and certain probability assumptions.

The model inputs for performance rights granted during the year ended 30 June 2022 included:

GRANT DATE	CODE	EXERCISE PRICE	SHARE PRICE AT GRANT DATE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE PER PERFORMANCE RIGHT
21 Dec 2021	QFEAM (T13)	A\$-	A\$0.150	85.5%	0.0%	1.35%	A\$0.150
21 Dec 2021	QFEAM (T14)	A\$-	A\$0.150	85.5%	0.0%	1.35%	A\$0.150
21 Dec 2021	QFEAM (T15)	A\$-	A\$0.150	85.5%	0.0%	1.35%	A\$0.150
21 Dec 2021	QFEAM (T16)	A\$-	A\$0.150	85.5%	0.0%	1.35%	A\$0.150
8 Nov 2021	QFEAM (T4)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T5)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T6)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T7)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T1)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T2)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T3)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T8)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T9)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T10)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200
8 Nov 2021	QFEAM (T11)	A\$-	A\$0.200	85.5%	0.0%	1.28%	A\$0.200

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (c) Expenses arising from share-based payment transactions

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

	FY22 \$	FY21 \$
Share options issued or to be issued under the PROP (contingent on IPO)	7,009	25,590
Other share options issued or to be issued under the PROP (other)	293,740	206,095
Performance rights issued or to be issued under the PROP (other)	556,469	23,520
Other share options issued or to be issued	5,800	–
	<b>863,018</b>	<b>255,205</b>

## 17 Remuneration of auditors

During the period the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd (William Buck) as the auditor of the parent entity, QuickFee Limited, by William Buck's related network firms and non-related audit firms:

### (a) Auditors of the group – William Buck and related network firms

	FY22 \$	FY21 \$
Audit and review of financial reports		
Group	72,200	67,000
<b>Total services provided by William Buck</b>	<b>72,200</b>	<b>67,000</b>

### (b) Other auditors and their related network firms

	FY22 \$	FY21 \$
Other audit services – agreed upon procedure engagements		
Subsidiaries	14,895	2,000
<b>Total services provided by other auditors (excluding William Buck)</b>	<b>14,895</b>	<b>2,000</b>

# Notes to the financial statements *continued*

## 18 Loss per share

### (a) Basic and diluted loss per share

	FY22 CENTS	FY21 CENTS
<b>Basic and diluted loss per share</b>		
Total basic and diluted loss per share attributable to the ordinary equity holders of the company	(5.9)	(4.0)

### (b) Reconciliation of loss used in calculating basic and diluted loss per share

	FY22 \$	FY21 \$
<b>Basic and diluted loss per share</b>		
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share	13,500,096	8,546,086

### (c) Weighted average number of shares used as the denominator

	FY22 NUMBER	FY21 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	227,740,142	214,365,210

### (d) Information concerning the classification of securities

Share options and performance rights granted are considered to be potential ordinary shares. The outstanding share options and performance rights are not treated as dilutive because their conversion to ordinary shares would not increase the loss per share from continuing operations and thus they are not included in the calculation of diluted earnings per share for the years ended 30 June 2022 and 30 June 2021. These securities could potentially dilute basic earnings per share in the future. Details relating to the share options and performance rights are set out in note 16(a) and 16(b), respectively.

# Notes to the financial statements *continued*

## 19 Parent entity financial information

### (a) Summary financial information

The individual financial statements for the parent entity, QuickFee Limited, show the following aggregate amounts:

	30 JUNE 2022	30 JUNE 2021
	\$	\$
<b>Statement of financial position</b>		
Current assets	441,711	434,369
Non-current assets	31,078,417	34,074,699
<b>Total assets</b>	<b>31,520,128</b>	<b>34,509,068</b>
Current liabilities	325,861	138,112
<b>Total liabilities</b>	<b>325,861</b>	<b>138,112</b>
<b>Shareholders' equity</b>		
Contributed equity	46,651,767	42,597,713
Other reserves	988,717	440,258
Accumulated losses	(16,446,217)	(8,667,015)
	<b>31,194,267</b>	<b>34,370,956</b>
Loss for the period	7,797,352	5,163,102
<b>Total comprehensive loss</b>	<b>7,797,352</b>	<b>5,163,102</b>

### (b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its controlled entities in the year ended 30 June 2022 (2021: nil).

### (c) Guarantees entered into by the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

### (d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2022 (2021: nil).



# Notes to the financial statements *continued*

## **19 Parent entity financial information** *continued*

### **(e) Determining the parent entity financial information**

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

#### **(i) Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost in the financial statements of QuickFee Limited.

#### **(ii) Tax consolidation legislation**

QuickFee Limited and its wholly-owned Australian controlled entities have implemented tax consolidation legislation.

The head entity, QuickFee Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies

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# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of QuickFee Limited and its subsidiaries.

### (a) 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 and the *Corporations Act 2001*. QuickFee Limited is a for-profit entity for the purpose of preparing the financial statements.

These financial statements cover the period from 1 July 2021 to 30 June 2022 (FY22). The comparative period is from 1 July 2020 to 30 June 2021 (FY21).

#### (i) Compliance with IFRS

The consolidated financial statements of the QuickFee Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

#### (iii) New and amended standards adopted by the group

The group applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material* [AASB 101 and AASB 108]
- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business* [AASB 3]
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* [AASB 9, AASB 139 and AASB 7]
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia* [AASB 1054]
- Conceptual Framework for Financial Reporting and AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.

The group also elected to adopt the following amendments early:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141].

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (b) Principles of consolidation

#### (i) Subsidiaries

Subsidiaries are all entities (including structured 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 deconsolidated from the date that control ceases.

The 'pooling method' of accounting is used to account for common control business combinations by the group.

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

### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the Chief Executive Officer, Chief Financial Officer and Managing Director, Australia.

### (d) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (A\$), which is QuickFee Limited's functional and presentation currency.

#### (ii) Transactions and balances

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

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other gains/(losses).

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (d) Foreign currency translation *continued*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### (e) Revenue recognition

The accounting policies for the group's revenue from contracts with customers are explained in notes 2 and 3.

### (f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions.

### (g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (g) Income tax *continued*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (i) Investment allowances and similar tax incentives

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the research and development tax incentive regime in Australia or other investment allowances). Where the underlying tax consolidated group is in a taxable income position, the group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. Where the underlying tax consolidated group is in a taxable loss position, the group accounts for such allowances as government grants.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (h) Leases

The group leases various office suites. Rental contracts are typically made for fixed periods of three to five years.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (h) Leases *continued*

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### (i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

### (j) Loan receivables, payment processing receivables and merchant settlements outstanding

The accounting policies for the group's loan receivables, payment processing receivables and merchant settlements outstanding are explained in note 6(a).

#### (i) Impairment

The group assesses on a forward-looking basis, the expected credit losses associated with its loan receivables carried at amortised cost. The group applies the general approach permitted by AASB 9, which requires expected credit losses to be recognised at each reporting date across three stages, see note 10(b) for further details.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (k) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 10(b).

### (l) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Plant and equipment is recognised at historical cost less depreciation. Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### (m) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### (o) Employee benefits

#### (i) Short-term benefits

Liabilities for annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (o) Employee benefits *continued*

#### (ii) Other long-term employee benefit obligations

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

#### (iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'Performance Rights and Options Plan' (PROP), an employee share scheme and other service providers. Information relating to this scheme is set out in note 16.

#### *Employee options*

The fair value of options granted under the PROP are recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the group's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, loan growth targets and remaining an employee of the group over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (o) Employee benefits *continued*

#### (iii) Share-based payments *continued*

##### **Performance rights**

The fair value of performance rights granted to employees for nil consideration under the PROP is recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the performance rights. The fair value is measured at the grant date of the performance rights and is recognised in equity in the share-based payment reserve. The number of performance rights expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where performance rights are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such performance rights are reversed effective from the date of the forfeiture.

### (p) Contributed equity

#### **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.

### (q) Loss per share

#### (i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year.

#### (ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### (r) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.



# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

# Directors' declaration

For the year ended 30 June 2022

In the directors' opinion:

- (a) the financial statements and notes set out on pages 48 to 104 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 30 June 2022 and of its performance for the 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.

Note 20(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



**Barry Lewin**

Non-Executive Chairman

25 August 2022

# Independent auditor's report to the members

For the year ended 30 June 2022

**WilliamBuck**  
ACCOUNTANTS & ADVISORS

## QuickFee Limited Independent auditor's report to members

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

We have audited the financial report of QuickFee Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of 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 financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matters

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

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# Independent auditor's report to the members *continued*

## WilliamBuck

ACCOUNTANTS & ADVISORS

REVENUE RECOGNITION	
Area of focus Refer also to notes 2 and 3	How our audit addressed it
<p>The Group has three distinct non-interest revenue streams that are material to the audit, being a) its loan application fees; b) its merchant fee revenue; and c) its platform fee revenue.</p> <p>These revenues are measured both at a point in time and over time as the performance condition is satisfied under the contract.</p> <p>There is risk that revenues that recognised in-advance of the performance condition being satisfied.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— Examining the revenue policies for the individual non-interest-bearing revenue streams and tracing to underlying documentation to determine if those revenue streams are satisfied at a point in time or over time;</li> <li>— For those revenues earned at a point in time, performing a sample of cut off testing to ensure that revenues are earned in-accordance with the underlying transaction; and</li> <li>— For those revenues earned over time, tracing through to the underlying performance condition (being typically the underlying loan agreement) and ensuring that revenues are released to the profit in loss in line with the pro-rata satisfaction of that condition.</li> </ul> <p>We also ensured that disclosures of revenue recognition and the accounting policy thereon are appropriate in the financial statements.</p>
VALUATION OF THE EXPECTED CREDIT LOSS PROVISION	
Area of focus Refer also to notes 6a and 10	How our audit addressed it
<p>As disclosed in Notes 6a and 10 to the financial statements, expected credit losses for the year ended 30 June 2022 totalled \$396,415.</p> <p>The Group is exposed to an increased credit risk, notwithstanding the fact that the following key factors limit this overall exposure, being:</p> <ul style="list-style-type: none"> <li>— Recourse arrangements against underlying unpaid invoices owed to borrowers;</li> <li>— Credit insurance arrangements; and</li> <li>— An overall low risk exposure to the borrowing profile professional services firms, who have covenanted to their own professional industry bodies to trade solvently.</li> </ul> <p>At the end of the financial period management conducted a detailed analysis and calculated a provision for expected credit losses on its loan books.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— We recalculated the value of the loan books as at period end by tracing to a sample of loan contracts to ensure that the loan book adequately aged loan balances and identified any in-arrears exposures;</li> <li>— We performed an ageing analysis of the Group's loan book to identify any deterioration since the prior period;</li> <li>— We examined individual firms with material outstanding loan balances, and we reviewed the going concern status of these firms by performing background checks, reviewing publicly available information and ensuring sufficient credit checks were performed;</li> <li>— We performed subsequent receipt testing over individual loans to identify potential exposures for the Group; and</li> <li>— Examination of the Group's insurance policy to quantify any net exposures for in-arrears loan balances.</li> </ul>

# Independent auditor's report to the members *continued*

## WilliamBuck

ACCOUNTANTS & ADVISORS

VALUATION OF THE EXPECTED CREDIT LOSS PROVISION (continued)	
Area of focus Refer also to notes 6a and 10	How our audit addressed it
Due to the significance of the loan receivable balance and the complex nature of the expected credit loss calculation, this was considered a key audit matter.	We also examined key disclosures relevant to credit risk in the financial statements.

### Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

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

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

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

### Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

# Independent auditor's report to the members *continued*

## **WilliamBuck** ACCOUNTANTS & ADVISORS

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our independent auditor's report.

### Report on the Remuneration Report

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of QuickFee Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

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

*William Buck*

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

*Alan Finnis*

**A. A. Finnis**  
Director

Melbourne, 25 August 2022

# Shareholder information

For the year ended 30 June 2022

The shareholder information set out below was applicable as at 23 August 2022.

## A. Distribution of equity securities

Analysis of numbers of shareholders by size of holding:

NUMBER OF SHARES HELD	NUMBER OF HOLDERS	NUMBER OF SHARES	% OF SHARES
1 to 1,000	349	228,364	0.09
1,001 to 5,000	1,189	3,275,442	1.23
5,001 to 10,000	516	4,081,484	1.53
10,001 to 100,000	963	31,919,691	11.98
100,001 and over	216	226,856,736	85.17
<b>Total</b>	<b>3,233</b>	<b>266,361,717</b>	<b>100.00</b>

There were 81 holders of less than a marketable parcel of ordinary shares.

Analysis of numbers of option holders by size of holding:

NUMBER OF OPTIONS HELD	NUMBER OF HOLDERS	NUMBER OF OPTIONS	% OF OPTIONS
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	34	2,250,000	31.32
100,001 and over	6	4,933,333	68.68
<b>Total</b>	<b>40</b>	<b>7,183,333</b>	<b>100.00</b>

Analysis of numbers of performance right holders by size of holding:

NUMBER OF PERFORMANCE RIGHTS HELD	NUMBER OF HOLDERS	NUMBER OF PERFORMANCE RIGHTS	% OF PERFORMANCE RIGHTS
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	2	1,021,521	100.00
<b>Total</b>	<b>2</b>	<b>1,021,521</b>	<b>100.00</b>

# Shareholder information *continued*

## B. Equity security holders

### Twenty largest quoted equity security holders

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

NAME	ORDINARY SHARES	
	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
UBS Nominees Pty Ltd	46,178,764	17.34
Derida Pty Ltd	23,839,451	8.95
Jamada Holdings Pty Limited	16,209,489	6.09
Payroc World Access LLC	10,000,000	3.75
HTI Management Pty Ltd	9,794,013	3.68
Bonec Pty Limited	9,029,964	3.39
Mr Kenneth Archie Gray & Mrs Julianne Gray	8,996,753	3.38
Rubi Holdings Pty Ltd	8,513,916	3.20
HSBC Custody Nominees (Australia) Limited	5,267,720	1.98
Wingate Direct Investments Pty Ltd	4,680,000	1.76
Mr James Ashley Drummond	2,925,685	1.10
H T T Management Pty Limited	2,724,356	1.02
Citicorp Nominees Pty Limited	2,720,022	1.02
J P Morgan Nominees Australia Pty Limited	2,500,000	0.94
Thirty-Fifth Celebration Pty Ltd	2,000,000	0.75
Urban Land Nominees Pty Ltd	1,706,985	0.64
BNP Paribas Nominees Pty Ltd	1,525,647	0.57
Kazakco Pty Ltd	1,500,000	0.56
Mr Peter Halstead	1,472,414	0.55
Eric Lookhoff	1,461,319	0.55
<b>Total</b>	<b>163,046,498</b>	<b>61.22</b>
Add: remaining holders	103,315,219	38.78
<b>Total unquoted ordinary shares on issue</b>	<b>266,361,717</b>	<b>100.00</b>

# Shareholder information *continued*

## B. Equity security holders *continued*

### Unquoted equity securities

CLASS	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options	7,183,333	40
Performance rights	1,021,521	2

The following holders have unquoted securities representing more than 20% of each class:

- **Options:** Bruce Coombes (3,000,000); and
- **Performance rights:** Mr Simon Peter Yeandle & Mrs Louise Alison Yeandle (639,150), Jay Alsup (382,371)

## C. Substantial holders

QuickFee Limited has received the following substantial shareholder notifications:

	NUMBER HELD	PERCENTAGE
Thorney Technologies Ltd – group	49,398,173	18.96
Bruce Coombes – group	25,239,453	9.69
Derida Pty Limited	23,839,451	9.15
HTI Management Pty Limited – group	16,994,629	7.65

The above substantial holder details are in accordance with the most recent notification received by QuickFee Limited as at the preparation date of this shareholder information report. Substantial holders are only required to provide notification for each 1% or more change in holdings. Accordingly, the information disclosed above does not necessarily represent the holding position as at the preparation date of this shareholder information report.

## D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

- Ordinary shares: on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- Options: no voting rights.
- Performance rights: no voting rights.

## E. Other information

QuickFee Limited used the cash and assets in a form readily convertible to cash that it had at the time of admission to ASX in a way consistent with its business objectives.

# Corporate directory

## Directors

Barry Lewin  
Non-Executive Chairman

Michael McConnell  
Non-Executive Director

Bruce Coombes  
Executive Director and Managing Director, Australia

Dale Smorgon  
Executive Director

## Secretary

Simon Yeandle

## Registered office

Suite 4.07, 10 Century Circuit  
Norwest NSW 2153 Australia

Telephone: +61(0)2 8090 7700

## Principal place of business

Suite 4.07, 10 Century Circuit  
Norwest NSW 2153 Australia

Telephone: +61(0)2 8090 7700

8605 Santa Monica Blvd, Suite 83260  
West Hollywood  
California 90069 United States

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.**