Payments and financing, built for professionals.

Appendix 4D and Interim Report
for the half-year ended
31 December 2022

QuickFee.

Appendix 4D

For the half-year ended 31 December 2022

Results for announcement to the market

Previous corresponding period: half-year ended 31 December 2021

	$'000	UP/DOWN	MOVEMENT %
Revenue from ordinary activities	6,879	Up	45.6%
Loss from ordinary activities after tax attributable to members	(4,411)	Down	39.9%
Net loss for the period attributable to members	(4,411)	Down	39.9%

The group has reported a loss for the period of $4,411,000 (H1 FY22: $7,345,000), with net assets amounting to $12,598,000 as at 31 December 2022 (30 June 2022: $16,296,000), including cash reserves of $2,434,000 (30 June 2022: $8,185,000).

Additional information supporting the Appendix 4D disclosure requirements and explanations of the results can be found in the attached 'review of operations and activities' and financial statements for the half-year ended 31 December 2022.

Dividends

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

Net tangible assets per ordinary share

	31 DECEMBER 2022 CENTS	31 DECEMBER 2021 CENTS
Net tangible assets per ordinary share	4.59	7.89

Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2022.

Interim review

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

Contents

The QuickFee Suite

Making it easy for clients to pay.

Our mission is simple: To help professional services firms get paid faster and meet the demand for convenient online payments. Through the QuickFee portal, your firm's clients can pay with credit card, EFT/ACH/eCheck, recurring payments, or payment plans.

Credit card/EFT/ACH:
Start accepting online payments through a convenient, customised portal.

Recurring Payments:
Set regular clients on a more consistent schedule.

Financing:
Give clients more flexibility (while you get paid upfront). Generate payment plans at 3, 6, 9, or 12-month terms.

Connect:
Save hours of unbillable time with online payments and e-invoicing, integrated with Wolters Kluwer CCH Pro System *fx* and CCH Axcess Practice.

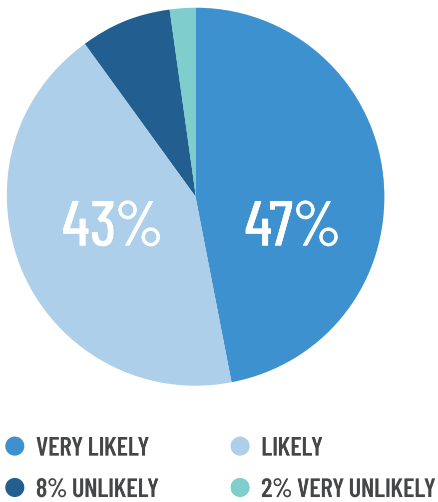
Professional service firms still need help with payments and AR.

With thousands of CPA and law firms served since 2009, QuickFee is in a unique position to meet the payment needs of these two professions.

In 2022, QuickFee sent a Payment Plan User Survey to 1,400 business clients of leading professional services firms. 77% of respondents reported that payment plans are “very” or “extremely” important to them when working with an accountant or lawyer. 90% were likely to use QuickFee’s payment plan option again.

Along with flexible options and payment plans, **firms still need assistance with online payments and e-invoicing adoption.** According to QuickFee’s 2022 CPA Firm Survey, 77% of firms receive paper cheques for up to half of all client payments. Many of these firms spend 5 or more hours a week on payment collection too.

90% ARE LIKELY TO USE A PAYMENT PLAN OPTION AGAIN.



Review of operations and activities

Focus on professional services and profitability.

In H1 FY23, QuickFee built upon the recent investments it has made across the business, refocussing on the professional services market. We continue to benefit from both the digital transformation of the US accounting industry and macroeconomic tailwinds, while improving yields through our technology and partnerships and carefully containing costs to target run-rate cash profitability by the end of FY23.

We have leveraged our leading position in the US enterprise accounting vertical, with continued organic volume growth in both payments and lending, and a record December 2022 quarter in terms of new customer acquisition.

Australia has shown an encouraging post-Covid recovery with 6 successive quarters of increasing lending volume vs. the prior corresponding quarter and similar to the US, challenging economic conditions are currently driving increased demand for borrowing from non-bank lenders.

We are pleased with the strong H1 FY23 performance and the momentum we have entering the second half of FY23.

TOTAL TRANSACTION VALUES (TTV)	H1 FY23	H1 FY22	YEAR-ON-YEAR MOVEMENT
US ACH (Pay Now)	**US$ 452m**	US$ 342m	+32%
US Card (Pay Now)	**US$ 96m**	US$ 81m	+19%
Total US Pay Now	**US$ 548m**	**US$ 423m**	**+30%**
US Financing (Pay Later)	**US$ 10.1m**	US$ 8.2m	+23%
AU Financing (Pay Later)	**A$ 20.6m**	A$ 17.3m	+19%
AU 'Q Pay Plan' (Pay Later)	**A$ 0.8m**	A$ 0.4m	+100%

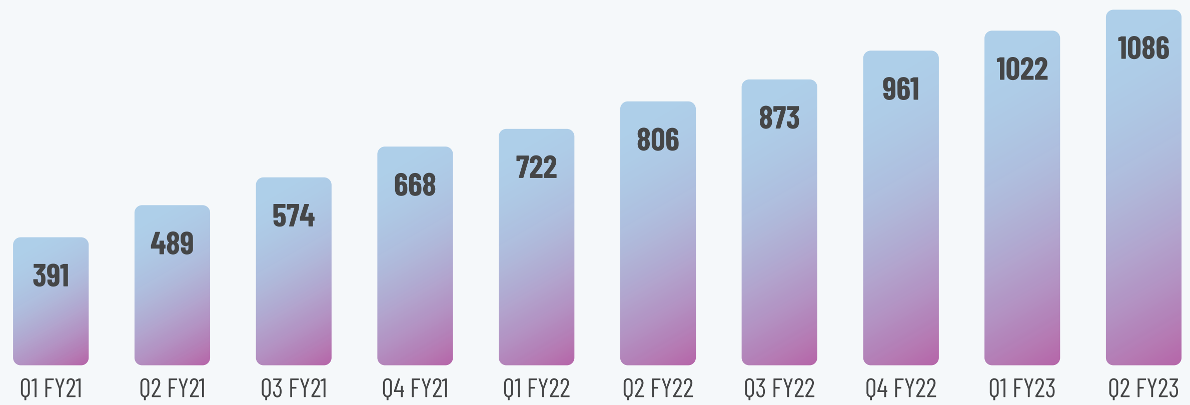
Review of operations and activities

Continued

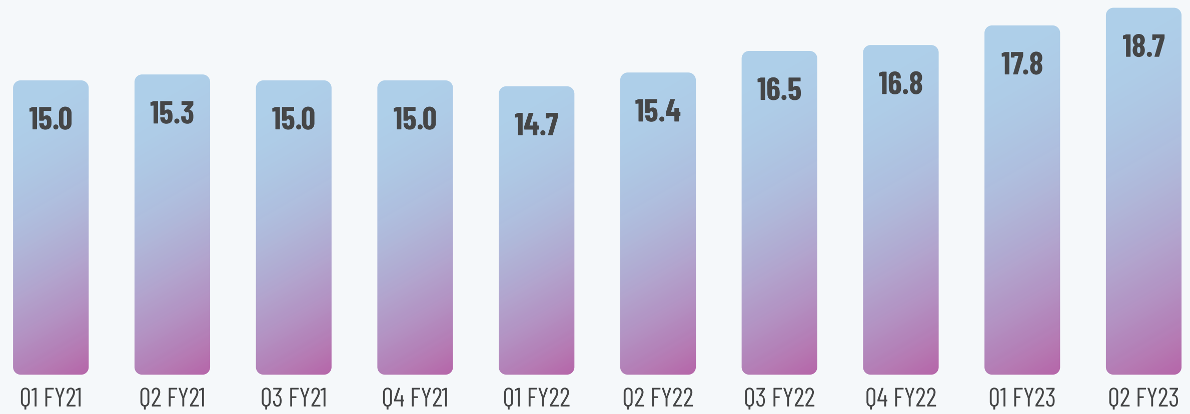
United States

In the US professional services market, Pay Now Total Transaction Volumes (TTV) grew 30% vs H1 FY22 and US Financing grew 23%, driven by continued growth in new firms and their clients using QuickFee's products.

US PAY NOW 'LAST 12 MONTHS' ROLLING TTV (US$M)



US FINANCING 'LAST 12 MONTHS' ROLLING TTV (US$M)

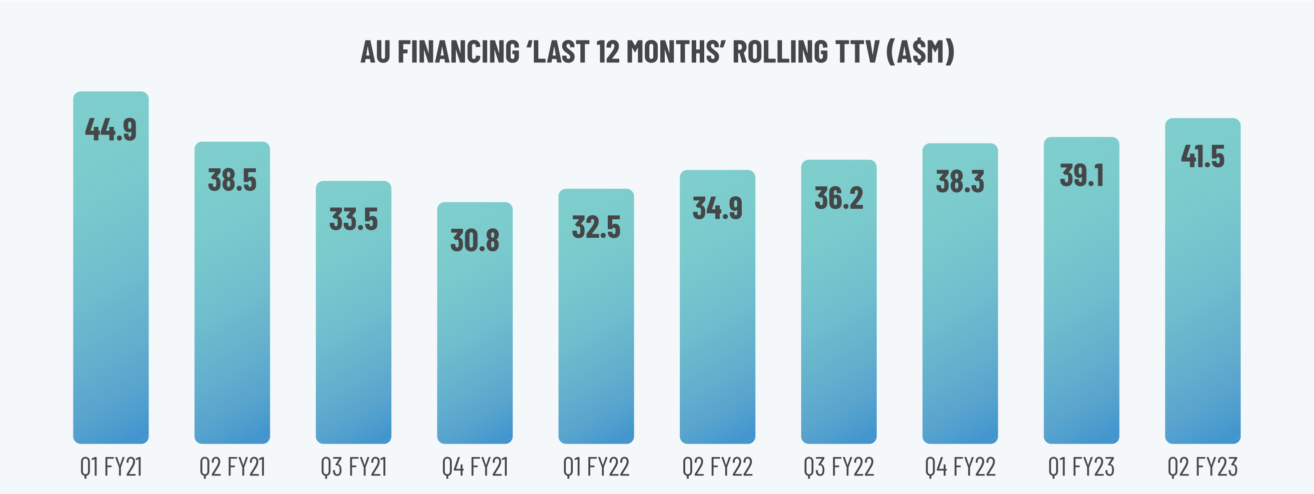


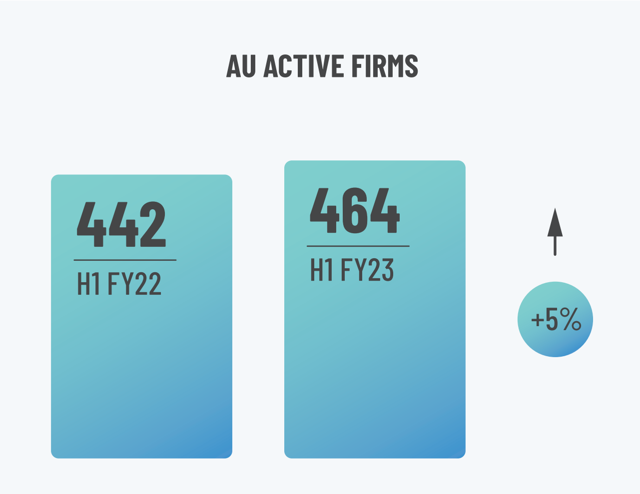
US ACTIVE FIRMS

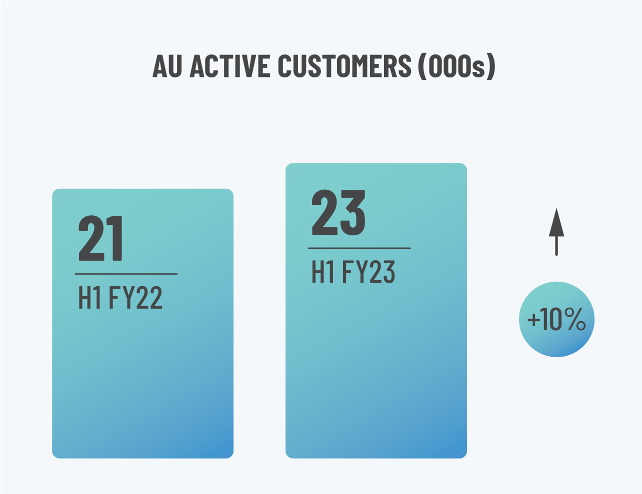
US ACTIVE CUSTOMERS (000s)

Australia

Financing TTV in Australia grew 19% vs H1 FY22, as challenging economic conditions drove demand for borrowing and cashflow solutions.







Technology: acceleration of Connect integrations

In FY22 QuickFee went live with its own digital and intelligent invoicing platform and payment gateway, QuickFee 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.

We have now launched cost-effective development programs to accelerate delivery of several new practice management integrations by the end of FY23.

Leadership and culture

QuickFee's leadership continues to evolve as we refocus our business on profitability and growth from our core products.

Jennifer Warawa commenced as President, North America in November 2022 and is leading operations in the US, bringing with her 20 years' experience in the accounting profession, with half of that time running her own firm in Canada and the other half in a variety of executive leadership roles, including Sage Group PLC.

Francesco Fabbrocino, former CTO, continues to provide ongoing expertise to the development team. With the reduction of the direct sales team over the course of FY22, Chief Revenue Officer Aubrey Amatelli left the business in early August 2022 and the role of Chief Marketing Officer has been eliminated to be replaced with a VP, Growth & Customer Success. James Drummond remains with the business working on operational strategy and efficiency initiatives.

Outlook: disciplined growth towards profitability

We have 3 key focus areas to leverage our talent, innovative technology and foothold in the accounting market, to aim to become a profitable business in FY24.

Firstly, driving organic growth through acquiring and activating new customers while maximising cross sell and upsell opportunities to our existing customer base. We have implemented 'leading indicator' KPIs and best practice customer success processes to ensure we maximise the huge revenue opportunities we have.

Secondly, build and execute strategic partnerships to enable exponential growth. We are going to maximise existing partnership opportunities and, through our deep experiences and relationships in the accounting profession, we have identified numerous new customer acquisition partnership opportunites with organisations such as software companies and US state CPA associations, which can deliver high numbers of customers very quickly.

Lastly, accelerate our Connect integrations product development, in the most cost effective way we can. This not only generates more loyalty within our customer base and defends us from competition but gives us a much greater go-to-market offering for new accounting firms.

All of the above are designed grow volumes and revenue from existing and new customers to drive profitable growth and to accelerate our move to profitability in a sustainable way. We are really excited about the outlook for QuickFee to continue to grow its position as the market leader in helping professional services firms get paid faster.

Financial performance

Profit & loss: continued record lending and payments volumes in the US and strong recovery in Australia, maintaining our low credit loss model.

Revenue

The group reported US revenue growth of 63% to $4.164 million (H1 FY22: $2.551 million), AU revenue growth of 25% to $2.715 million (H1 FY22: $2.172 million), totalling $6.879 million, up 46% on H1 FY22 ($4.723 million).

Revenue growth was driven by a combination of increased TTV and increased revenue yields across all products in both Australia and the United States.

Following the discontinuing of US BNPL operations, in Australia QuickFee is taking advantage of the growing traction the 'Q Pay Plan' product is experiencing.

Cost of sales, which includes transaction processing costs, platform and credit risk management expenses, increased 27% to $1.321 million (H1 FY22: $1.043 million). Gross margin as a percentage of revenue fell from 72% to 65%, reflecting higher interest costs in H1 FY23 due to rising interest rates on our credit facility; and surplus cash in the US in the prior period leading to lower interest costs in H1 FY22.

REVENUE

A$'000	H1 FY23	H1 FY22	YEAR-ON-YEAR MOVEMENT
US ACH (Pay Now)	2,541	1,576	+61%
US Card (Pay Now)	268	151	+78%
US Financing (Pay Later)	1,126	709	+59%
US BNPL	229	115	+99%
US revenue	**4,164**	**2,551**	**+63%**
AU Financing (Pay Later)	2,328	1,839	+27%
AU Pay Now	353	310	+14%
AU BNPL	34	23	+48%
AU revenue	**2,715**	**2,172**	**+25%**
Group revenue	**6,879**	**4,723**	**+46%**

SUMMARY PROFIT AND LOSS

A$'000	H1 FY23	H1 FY22	YEAR-ON-YEAR MOVEMENT
Revenue	**6,879**	**4,723**	**+46%**
Gross profit	**4,456**	**3,413**	**+31%**
Gross margin %	*65%*	*72%*	*-7% pts*
Other income	100	11	+809%
Operating expenses	**(8,246)**	(10,549)	-22%
Adjusted EBITDA [1]	**(3,690)**	**(7,125)**	**-48%**
Depreciation and amortisation	**(567)**	(206)	+175%
Net finance costs	**(154)**	(14)	+1,000%
Loss for the period	**(4,411)**	**(7,345)**	**-40%**

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

Financial performance

Continued

Operating expenses: substantial reductions

With recent rationalisations of BNPL sales teams and product development functions as our proprietary payments platform Qube was completed, operating expenses were $8.246 million, 22% ($2.3 million) lower than H1 FY22 ($10.549 million).

General and adminstrative costs (excluding depreciation and amortisation) stayed approximately level, increasing $30,000 after including US office sublease income.

Sales and marketing costs fell 1%; marketing and customer success teams headcounts remained stable across the period.

Customer acquisition costs include overheads from sales management, new business sales staff, direct marketing and merchant onboarding costs. In the United States, customer acquisition costs fell approximately $1.3 million as we had scaled back our direct sales function from December 2021.

In Australia, customer acquisition costs decreased approximately $0.2 million as we pivoted from a labour-intensive direct BNPL merchant sales model to a 'one-to-many' digital marketing function for acquiring Jim's Group franchisees.

Product development expenditure decreased 34% to $1.812 million (H1 FY22 $2.758 million); this reflects the step down in investment made from April 2022.

QF's low credit risk model, underpinned by professional firms' guarantee of their client's borrowings, continues to ensure minimal levels of bad debts were incurred across the business. Net bad debt write-offs in H1 FY23 were $61,000, 0.16% of total lending; our five and a half year average is 0.19%. The provision for expected credit losses in H1 FY23 decreased $167,000, due to the discontinuation of the BNPL product. The total provision at 31 December 2022 was $230,000, which is 0.64% of the total loan receivables at 31 December 2022 (30 June 2022: 1.1%).

This demonstrates well the low credit risk nature of all of QuickFee's lending products, operating in markets proven to high creditworthiness, and our rigorous underwriting processes. Bad debts are expected to remain at this very low level.

The group reported an adjusted EBITDA of $(3.69) million, an improvement of 48% ($3.435 million) over H1 FY22.

Other key results comprised:

- Australian segment: gross profit of $1.446 million and adjusted EBITDA* of $(0.068) million;
- US segment: gross profit of $3.010 million and adjusted EBITDA* of $(0.464) million;
- Group loss after tax of $4.411 million for H1 FY23 (H1 FY22: loss of $7.345 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.

A$'000	H1 FY23	H1 FY22	YEAR-ON-YEAR MOVEMENT
General and administrative expenses	**3,868**	3,737	+3%
Selling and marketing expenses	**1,195**	1,207	-1%
Customer acquisition costs	**1,371**	2,847	-52%
Product development expenses	**1,812**	2,758	-34%
Total operating expenses	**8,246**	10,549	-22%

Financial performance

Continued

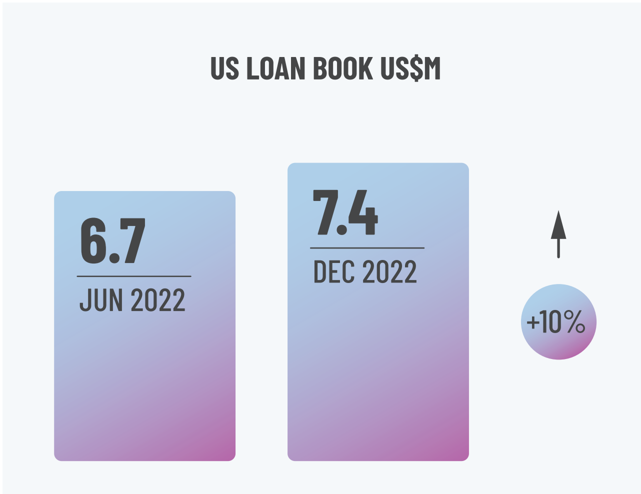
Balance sheet: well funded

The group remains well funded with adequate liquidity and growth capacity.

Net assets at 31 December were $12.598 million (30 June 2022: $16.296 million), including cash reserves of $2.434 million (30 June 2022: $8.185 million).

Loan receivables grew 10% to $36.2 million (30 June 2022: from $32.9 million). The AU loan book grew 9% to $25.3 million (30 June 2022: $23.2 million) and the US loan book grew 10% in local currency to US$7.4 million (30 June 2022: US$ 6.7 million).

Growth in both books reflects the increase in Financing TTV throughout the period, offset by minor reductions in the BNPL book as those books had largely run off by 31 December 2022.



Financial performance

Continued

Cash and liquidity: sufficient to reach profitability

Operating cashflow was negative $9.5 million, due to four main factors: cash operating loss of $3.8 million; loan book growth funding of $2.9 million; a reduction in merchant settlements outstanding of $1.7 million; and a reduction in trade creditors and accruals of $1.1 million.

The improvement in lending in both the US and AU in the period has resulted in the total loan books growing $3.3 million from 30 June 2022 to 31 December 2022, which has been funded by increased borrowings of $3.5 million.

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 H1 FY23 and at 31 December 2022. At 31 December 2022, total working capital has decreased by $4.1 million from 30 June 2022 and Total Liquidity has decreased by $6.3 million to $10.0 million over the same period.

Total Liquidity plus growth capacity was $35.6 million, providing the Company sufficient liquidity to achieve run-rate profitability by the end of FY23 within existing cash and borrowing facilities.

A$M	31 December 2022	30 June 2022	$+/-
Cash and cash equivalents	2.4	8.2	-5.8
Loan receivables and other net current assets	32.7	27.2	+5.5
Borrowings	(23.5)	(19.7)	-3.8
Net working capital (current assets less current liabilities)	**11.6**	**15.7**	**-4.1**
Cash and cash equivalents (A)	2.4	8.2	-5.8
Available undrawn borrowings based on loan book (B)	7.6	8.1	-0.5
Total Liquidity (A) + (B)	**10.0**	**16.3**	**-6.3**
Growth capacity (further borrowings facility headroom)	25.6	27.7	-2.1
Total Liquidity plus growth capacity	**35.6**	**44.0**	**-8.4**

Auditor's independence declaration

For the half-year ended 31 December 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 half-year ended 31 December 2022 there have been:

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

William Buck

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

A. A. Finnis
Director
Melbourne, 16 February 2023

Level 20, 181 William Street, Melbourne VIC 3000
+61 3 9824 8555
vic.info@williambuck.com
williambuck.com.au

Directors' report

For the half-year ended 31 December 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 half-year ended 31 December 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 2022 to 31 December 2022 (H1 FY23). The comparative period is from 1 July 2021 to 31 December 2021 (H1 FY22).

Directors

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

- Dale Smorgon, Non-Executive Chairman
- Bruce Coombes, Executive Director and Managing Director, Australia
- Michael McConnell, Non-Executive Director.

Barry Lewin served as Non-Executive Chairman from 1 July 2022 until his retirement on 21 November 2022.

Dale Smorgon served as Non-Executive Director from 1 July 2022 until his appointment as Non-Executive Chairman on 22 November 2022.

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.

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 4 to 11 of this interim report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Rounding of amounts

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

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

D. Smorgon

Dale Smorgon
Non-Executive Chairman

16 February 2023

QuickFee

ABN 93 624 448 693

Interim report – 31 December 2022

Contents

Financial statements

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by QuickFee Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2022

	NOTES	H1 FY23 $'000	H1 FY22 $'000
Revenue	2,3(a)	6,879	4,723
Interest expense	2(a)	(1,102)	(267)
Cost of sales		(1,321)	(1,043)
Gross Profit		**4,456**	**3,413**
Other income		100	11
General and administrative expenses		(4,542)	(3,898)
Net impairment credit/(losses) on loan receivables		107	(45)
Selling and marketing expenses		(1,195)	(1,207)
Operating loss before growth expenses		**(1,074)**	**(1,726)**
Customer acquisition expenses		(1,371)	(2,847)
Product development expenses		(1,812)	(2,758)
Operating loss		**(4,257)**	**(7,331)**
Net finance costs		(154)	(14)
Loss before income tax		**(4,411)**	**(7,345)**
Income tax expense		–	–
Loss for the period		**(4,411)**	**(7,345)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		157	376
Total comprehensive loss for the period		**(4,254)**	**(6,969)**

		CENTS	CENTS
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	9	(1.7)	(3.3)

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

Consolidated statement of financial position

As at 31 December 2022

	NOTES	31 DECEMBER 2022 $'000	30 JUNE 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents		2,434	8,185
Loan receivables	4(a)	35,360	32,721
Trade and other receivables		726	745
Other current assets		365	604
Total current assets		38,885	42,255
Non-current assets			
Loan receivables	4(a)	798	206
Plant and equipment		182	245
Right-of-use assets		212	374
Other non-current assets		123	122
Total non-current assets		1,315	947
Total assets		40,200	43,202
LIABILITIES			
Current liabilities			
Merchant settlements outstanding	4(a)	1,423	3,153
Trade and other payables		1,218	2,520
Contract liabilities		213	209
Borrowings	4(b)	23,549	19,680
Lease liabilities		189	286
Employee benefit obligations		736	723
Total current liabilities		27,328	26,571
Non-current liabilities			
Borrowings	4(b)	182	206
Lease liabilities		83	123
Employee benefit obligations		9	6
Total non-current liabilities		274	335
Total liabilities		27,602	26,906
Net assets		12,598	16,296
EQUITY			
Contributed equity	5(a)	47,138	46,652
Other reserves	5(b)	1,140	913
Accumulated losses		(35,680)	(31,269)
Total equity		12,598	16,296

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2022

	NOTES	ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED CONTRIBUTED EQUITY $'000	OTHER RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
Balance at 1 July 2021		42,598	(3,618)	(14,587)	24,393
Loss for the period		–	–	(7,345)	(7,345)
Other comprehensive income		–	376	–	376
Total comprehensive income/(loss) for the period		–	376	(7,345)	(6,969)
Transactions with owners in their capacity as owners:					
Share-based payment expenses	6(c)	–	632	–	632
Transfer of forfeited share-based payment expenses		–	(3)	3	–
		–	629	3	632
Balance at 31 December 2021		42,598	(2,613)	(21,929)	18,056

	NOTES	ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED CONTRIBUTED EQUITY $'000	OTHER RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
Balance at 1 July 2022		46,652	913	(31,269)	16,296
Loss for the period		–	–	(4,411)	(4,411)
Other comprehensive income		–	157	–	157
Total comprehensive income/(loss) for the period		–	157	(4,411)	(4,254)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	5(a)	346	–	–	346
Share-based payment expenses	6(c)	–	210	–	210
Vesting of performance rights	5(b)	140	(140)	–	–
		486	70	–	556
Balance at 31 December 2022		47,138	1,140	(35,680)	12,598

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

Consolidated statement of cash flows

For the half-year ended 31 December 2022

	H1 FY23 $'000	H1 FY22 $'000
Cash flows from operating activities		
Interest, fees and charges from customers and merchants (inclusive of GST)	7,044	4,790
Payments to suppliers and employees (inclusive of GST)	(10,691)	(10,393)
Interest paid	(1,196)	(242)
Net cash outflow from operating activities before changes in loan and payment processing receivables and merchant settlements outstanding	(4,843)	(5,845)
Payments to merchants to settle loan receivables and movement in merchant settlements outstanding	(39,967)	(32,684)
Receipts from merchants' customers in respect of loan receivables	35,356	28,087
Net cash outflow from operating activities	(9,454)	(10,442)
Cash flows from investing activities		
Payments for plant and equipment	(10)	(82)
Proceeds from disposal of plant and equipment	38	–
Payments for other non-current assets	–	(25)
Net cash inflow/(outflow) from investing activities	28	(107)
Cash flows from financing activities		
Proceeds from issues of shares	350	–
Share issue transaction costs	(4)	–
Proceeds of loan receivables borrowings facility, net of repayments	3,391	870
Payments for establishment of borrowings facility and issue of subsequent loan notes	(95)	(241)
Principal elements of lease payments	(174)	(158)
Net cash inflow from financing activities	3,468	471
Net decrease in cash and cash equivalents	(5,956)	(10,080)
Cash and cash equivalents at the beginning of the financial period	8,185	21,306
Effects of exchange rate changes on cash and cash equivalents	205	381
Cash and cash equivalents at the end of the financial period	2,434	11,607

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

Notes to the financial statements

For the half-year ended 31 December 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 President-North America, Managing Director, Australia and Chief Financial Officer.

Management examines the group's performance from both a geographic, product development and product profitability perspective and has identified the following reportable operating segments of its business:

(i) **Payment and lending operations in Australia (AU);**

(ii) **Payment and lending operations in the United States (US);**

These parts of the business operates a suite of payment and lending offerings via an online portal to professional, commercial and homeowner 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.

(iii) **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 profitability segments of its business:

(i) **In Australia:** QuickFee EFT & Card, QuickFee Financing and QuickFee Buy Now, Pay Later (BNPL);

(ii) **In the United States:** QuickFee ACH, QuickFee Card, QuickFee Financing and QuickFee Buy Now, Pay Later (BNPL),

(b) Country and product development segments

(i) Adjusted gross profit and EBITDA

Adjusted gross profit is equal to revenue, less cost of sales and less interest expense on borrowings that support loan receivables. Similarly, adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) is equal to statutory EBITDA less interest expense on borrowings that support loan receivables.

(ii) Depreciation, amortisation and share-based payment expenses

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

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

1 Segment information (continued)

(b) Country and product development segments (continued)

The table below shows loss for the half-year ended 31 December 2022, allocated by country and product development segment, which reconciles to loss for the period:

H1 FY23	AU $'000	US $'000	PRODUCT DEVELOPMENT $'000	UNALLOCATED $'000	TOTAL $'000
Interest revenue	2,118	1,200	–	–	3,318
Interest expense	(679)	(423)	–	–	(1,102)
Net interest revenue	**1,439**	**777**	**–**	**–**	**2,216**
Revenue from contracts with customers	597	2,964	–	–	3,561
Cost of sales	(590)	(731)	–	–	(1,321)
Adjusted gross profit	**1,446**	**3,010**	**–**	**–**	**4,456**
Other income	3	97	–	–	100
General and administrative expenses	(918)	(1,604)	–	(1,136)	(3,658)
Selling and marketing expenses	(386)	(809)	–	–	(1,195)
Adjusted EBITDA before growth expenses and significant items	**145**	**694**	**–**	**(1,136)**	**(297)**
Customer acquisition expenses	(213)	(1,158)	–	–	(1,371)
Product development expenses	–	–	(1,812)	–	(1,812)
Adjusted EBITDA before significant items	**(68)**	**(464)**	**(1,812)**	**(1,136)**	**(3,480)**
Share-based payment expenses	–	–	–	(210)	(210)
Adjusted EBITDA	**(68)**	**(464)**	**(1,812)**	**(1,346)**	**(3,690)**
Depreciation and amortisation	(50)	(151)	–	(366)	(567)
Net finance costs	(57)	(97)	–	–	(154)
Loss before income tax and loss for the period	**(175)**	**(712)**	**(1,812)**	**(1,712)**	**(4,411)**

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

1 Segment information (continued)

(b) Country and product development segments (continued)

The table below shows loss for the half-year ended 31 December 2021, allocated by country and product development segment, which reconciles to loss for the period:

H1 FY22	AU $'000	US $'000	PRODUCT DEVELOPMENT $'000	UNALLOCATED $'000	TOTAL $'000
Interest revenue	1,678	721	–	–	2,399
Interest expense	(267)	–	–	–	(267)
Net interest revenue	**1,411**	**721**	**–**	**–**	**2,132**
Revenue from contracts with customers	494	1,830	–	–	2,324
Cost of sales	(473)	(570)	–	–	(1,043)
Adjusted gross profit	**1,432**	**1,981**	**–**	**–**	**3,413**
Other income	11	–	–	–	11
General and administrative expenses	(743)	(1,692)	–	(671)	(3,106)
Selling and marketing expenses	(321)	(885)	–	–	(1,206)
Adjusted EBITDA before growth expenses and significant items	**379**	**(596)**	**–**	**(671)**	**(888)**
Customer acquisition expenses	(434)	(2,413)	–	–	(2,847)
Product development expenses	–	–	(2,758)	–	(2,758)
Adjusted EBITDA before significant items	**(55)**	**(3,009)**	**(2,758)**	**(671)**	**(6,493)**
Share-based payment expenses	–	–	–	(632)	(632)
Adjusted EBITDA	**(55)**	**(3,009)**	**(2,758)**	**(1,303)**	**(7,125)**
Depreciation and amortisation	(60)	(146)	–	–	(206)
Net finance costs	(5)	(9)	–	–	(14)
Loss before income tax and loss for the period	**(120)**	**(3,164)**	**(2,758)**	**(1,303)**	**(7,345)**

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

1 Segment information (continued)

(c) Segment assets and liabilities

The table below shows segment assets and liabilities as at 31 December 2022:

31 DECEMBER 2022	AU $'000	US $'000	PRODUCT DEVELOPMENT $'000	UNALLOCATED $'000	TOTAL $'000
Segment assets	25,782	11,859	–	2,559	40,200
Total assets	**25,782**	**11,859**	**–**	**2,559**	**40,200**
Segment liabilities	17,835	11,821	–	(2,054)	27,602
Total liabilities	**17,835**	**11,821**	**–**	**(2,054)**	**27,602**

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

30 JUNE 2022	AU $'000	US $'000	PRODUCT DEVELOPMENT $'000	UNALLOCATED $'000	TOTAL $'000
Segment assets	23,888	10,890	–	8,424	43,202
Total assets	**23,888**	**10,890**	**–**	**8,424**	**43,202**
Segment liabilities	19,613	9,339	–	(2,046)	26,906
Total liabilities	**19,613**	**9,339**	**–**	**(2,046)**	**26,906**

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

1 Segment information (continued)

(d) Product profitability segments

The table below shows adjusted gross profit for the half-year ended 31 December 2022 allocated by product profitability segment, which reconciles to gross profit for the period:

H1 FY23	EFT AND CARD $'000	FINANCING $'000	BNPL $'000	TOTAL $'000
Australia				
Interest revenue	–	2,089	29	2,118
Revenue from contracts with customers	353	239	5	597
Total gross revenue	**353**	**2,328**	**34**	**2,715**
Direct processing costs	(320)	(10)	(21)	(351)
Platform, credit check and credit staff costs	–	(233)	(6)	(239)
Cost of sales	**(320)**	**(243)**	**(27)**	**(590)**
Interest expense	–	(679)	–	(679)
Adjusted gross profit for the period	**33**	**1,406**	**7**	**1,446**

H1 FY23	ACH $'000	CARD $'000	FINANCING $'000	BNPL $'000	TOTAL $'000
United States					
Interest revenue	–	–	1,066	134	1,200
Revenue from contracts with customers	2,541	268	60	95	2,964
Total gross revenue	**2,541**	**268**	**1,126**	**229**	**4,164**
Direct processing costs	(214)	–	–	(97)	(311)
Platform, credit check and credit staff costs	(135)	(28)	(235)	(22)	(420)
Cost of sales	**(349)**	**(28)**	**(235)**	**(119)**	**(731)**
Interest expense	–	–	(423)	–	(423)
Adjusted gross profit for the period	**2,192**	**240**	**468**	**110**	**3,010**
Total adjusted gross profit for the period					**4,456**

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

1 Segment information (continued)

(d) Product profitability segments (continued)

The table below shows adjusted gross profit for the half-year ended 31 December 2021 allocated by product profitability segment, which reconciles to gross profit for the period:

H1 FY22	EFT AND CARD $'000	FINANCING $'000	BNPL $'000	TOTAL $'000
Australia				
Interest revenue	–	1,663	15	1,678
Revenue from contracts with customers	310	179	5	494
Total gross revenue	**310**	**1,842**	**20**	**2,172**
Direct processing costs	(244)	(8)	(8)	(260)
Platform, credit check and credit staff costs	–	(211)	(2)	(213)
Cost of sales	**(244)**	**(219)**	**(10)**	**(473)**
Interest expense	–	(267)	–	(267)
Adjusted gross profit for the period	**66**	**1,356**	**10**	**1,432**

H1 FY22	ACH $'000	CARD $'000	FINANCING $'000	BNPL $'000	TOTAL $'000
United States					
Interest revenue	–	–	652	69	721
Revenue from contracts with customers	1,576	151	57	46	1,830
Total gross revenue	**1,576**	**151**	**709**	**115**	**2,551**
Direct processing costs	(72)	–	–	(48)	(120)
Platform, credit check and credit staff costs	(84)	(8)	(97)	(261)	(450)
Cost of sales	**(156)**	**(8)**	**(97)**	**(309)**	**(570)**
Interest expense	–	–	–	–	–
Adjusted gross profit for the period	**1,420**	**143**	**612**	**(194)**	**1,981**
Total adjusted gross profit for the period					**3,413**

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

2 Net interest revenue

	NOTES	H1 FY23 $'000	H1 FY22 $'000
Interest revenue using the effective interest rate method	2(a)	3,317	2,399
Revenue from contracts with customers	3	3,562	2,324
Total revenue		**6,879**	**4,723**

(a) Net interest revenue

	H1 FY23 $'000	H1 FY22 $'000
Interest revenue		
Loan receivables	3,317	2,399
Interest expense		
Loan receivables – financial institution lenders	(1,102)	(267)
	(1,102)	**(267)**
Net interest revenue	**2,215**	**2,132**

(i) Interest revenue

Interest revenue from loan receivables relate 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. 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*

For the half-year ended 31 December 2022

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:

H1 FY23	APPLICATION FEE REVENUE $'000	MERCHANT FEE REVENUE $'000	PLATFORM FEE REVENUE $'000	TOTAL $'000
Timing of revenue recognition				
At a point in time	–	3,270	8	3,278
Over time	194	–	90	284
	194	**3,270**	**98**	**3,562**
H1 FY22				
Timing of revenue recognition				
At a point in time	–	1,781	15	1,796
Over time	152	–	376	528
	152	**1,781**	**391**	**2,324**

(b) 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 and merchant charges.

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*

For the half-year ended 31 December 2022

4 Financial assets and financial liabilities

(a) Loan receivables and merchant settlements outstanding

		31 DECEMBER 2022			30 JUNE 2022		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
	NOTES	$'000	$'000	$'000	$'000	$'000	$'000
Gross loan receivables	4(a)(i), (ii)	35,590	798	36,388	33,118	206	33,324
Expected credit losses		(230)	–	(230)	(397)	–	(397)
Loan receivables		**35,360**	**798**	**36,158**	**32,721**	**206**	**32,927**
Merchant settlements outstanding	4(a)(iii), (iv)	1,423	–	1,423	3,153	–	3,153

(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 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.

(iv) Recognition and measurement of merchant settlements outstanding

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

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

4 Financial assets and financial liabilities (continued)

(b) Borrowings

		31 DECEMBER 2022			30 JUNE 2022		
	NOTES	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000	CURRENT $'000	NON-CURRENT $'000	TOTAL $'000
Secured							
Northleaf Capital Partners Ltd	4(b)(i)	25,650	182	25,832	22,052	206	22,258
Total secured borrowings		**25,650**	**182**	**25,832**	**22,052**	**206**	**22,258**
Capitalised borrowing costs							
Unamortised borrowing costs		(2,101)	–	(2,101)	(2,372)	–	(2,372)
Total capitalised borrowing costs		**(2,101)**	**–**	**(2,101)**	**(2,372)**	**–**	**(2,372)**
Total borrowings		**23,549**	**182**	**23,731**	**19,680**	**206**	**19,886**

(i) Northleaf Capital Partners Ltd (Northleaf)

The Northleaf loan services agreement 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 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.

At 31 December 2022, US$7 million and AU$15.5 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.

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

5 Equity

(a) Contributed equity

H1 FY23	NOTES	31 DECEMBER 2022 SHARES	30 JUNE 2022 SHARES	31 DECEMBER 2022 $'000	30 JUNE 2022 $'000
Ordinary shares					
Fully paid		269,861,717	265,600,398	47,138	46,652
		269,861,717	**265,600,398**	**47,138**	**46,652**

(i) Movements in ordinary shares:

DETAILS	NUMBER OF SHARES	TOTAL $'000
Balance at 1 July 2022	**265,600,398**	**46,652**
4 July 2022: Issue at $nil pursuant to vesting of director and employee performance rights	761,319	–
4 July 2022: Transfer from share based payments reserve on vesting of performance rights and conversion into ordinary shares	–	140
24 November 2022: Issue at $0.10 pursuant to May 2022 placement	3,500,000	350
Less: Transaction costs arising on share issues	–	(4)
Balance at 31 December 2022	**269,861,717**	**47,138**

(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.

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

5 Equity (continued)

(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 period.

	NOTES	SHARE-BASED PAYMENT RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL OTHER RESERVES $'000
Balance at 1 July 2022		989	(76)	913
Currency translation differences		–	157	157
Transactions with owners in their capacity as owners:				
Share options expensed	6(c)	95	–	95
Performance rights expensed	6(c)	115	–	115
Performance rights vested	5(a)(i)	(140)	–	(140)
As at 31 December 2022		1,059	81	1,140

6 Share-based payments

(a) Share options

The QuickFee Limited '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.

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

	H1 FY23	
	AVERAGE EXERCISE PRICE PER SHARE OPTION $	NUMBER OF SHARE OPTIONS
As at 1 July 2022	0.388	10,983,333
Granted during the period:	0.095	1,975,000
Forfeited/lapsed during the period	0.301	(3,150,000)
As at 31 December 2022	0.356	9,808,333
Vested and exercisable at 31 December 2022	0.367	8,216,664

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

6 Share-based payments (continued)

(a) Share options (continued)

1,975,000 employee share options granted on 1 November 2022 (QFEAP, QFEAU, QFEAV and QFEAW), which are outstanding as at 31 December 2022, vest at various dates contingent on continued employment through to each vesting date. These share options expire on 30 June 2027. As the grant date of 1 November 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 2022. The valuation inputs reflect the 1 November 2022 grant date fair values.

(i) Fair value of options granted

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

The model inputs for options granted during the half-year ended 31 December 2022 included:

CODE	GRANT DATE	EXERCISE PRICE	NO. OF OPTIONS	SHARE PRICE AT GRANT DATE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE PER OPTION
QFEAP	1 Nov 2022	$0.080	493,774	$0.067	79.2%	0.0%	3.41%	$0.041
QFEAU	1 Nov 2022	$0.091	493,734	$0.067	79.2%	0.0%	3.41%	$0.039
QFEAV	1 Nov 2022	$0.099	493,734	$0.067	79.2%	0.0%	3.41%	$0.038
QFEAW	1 Nov 2022	$0.110	493,758	$0.067	79.2%	0.0%	3.41%	$0.036

(b) Performance rights

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

	H1 FY23 NUMBER OF PERFORMANCE RIGHTS
As at 1 July 2022	**3,479,034**
Granted during the period:	7,984,639
Vested and converted to ordinary shares during the period:	(761,319)
Forfeited/lapsed during the period	(2,078,565)
As at 31 December 2022	**8,623,789**

All performance rights vest at various dates contingent on continued employment through to each vesting date.

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

6 Share-based payments (continued)

(b) Performance rights (continued)

As certain grant dates occurred after the employees began rendering services in respect of that grant, AASB 2 requires the group to commence recognition of the share-based payment expense when the services are received. Consequently, the group commenced amortisation between 1 July 2022 and 1 October 2022, depending on the tranche. The valuation inputs reflect the 1 November 2022 and 21 November 2022 grant date fair values.

191,185 and 191,186 performance rights granted to various employees on 1 November 2022 (QFEAM (T2) and QFEAM (T3)) respectively, vest on 31 January 2023 and 2024 respectively.

Performance rights QFEAM (T17) and QFEAM (T18) were granted to executives as part of the company's Long Term Incentive (LTI) Plan. 1,375,000 QFEAM (T17) performance rights vest on the first date after 31 January 2023 that a 30day Volume Weighted Average Price of the Company's shares (ASX:QFE) (VWAP) of 15 cents is achieved. 1,375,000 QFEAM (T18) performance rights 2 vest on the first date after 31 January 2024 that a 30day VWAP of the Company's shares (ASX:QFE) WAP of 20 cents is achieved. Both these tranches of performance rights expire on 30 June 2025.

4,852,268 QFEAM (T19) performance rights were granted to directors, executives and employees as part of the Company's Short Term Incentive (STI) Equity Sacrifice Plan (STIESP). Under the STIESP, for the year ending 30 June 2023, directors, executives and employees may elect to receive part or all of their non-executive directors' fees or STI awards in shares, issued at the 7 day VWAP as at 1 July 2022, together with a 25% incentive bonus also paid in shares at the same price. The issue price for shares awarded under this component of the company's STI plan has been calculated to be $0.063 per share. Employees must nominate at the beginning of the year ending 30 June 2023, the percentage of any fees or 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 fees or STI for the full year after the end of that financial year and any required shareholder approval, at the price set at the beginning of the year in question (for the year ended 30 June 2023, $0.063 per share).

The number of QFEAM (T19) performance rights issued under the STIESP to each participant are calculated based on the percentage of fees or STI awards each participant elected to sacrifice, assuming a maximum 100% payment of fees or STI awards in the FY23 year.

The above issues to Bruce Coombes (Executive Director) and Michael McConnell (Non-executive Director) were approved at the Company's Annual General Meeting on 21 November 2022.

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

6 Share-based payments (continued)

(b) Performance rights (continued)

(i) Fair value of performance rights granted

The assessed fair value at grant date of performance 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.

QFEAM (T19) performance rights were granted as part of the company's FY23 Short Term Incentive Equity Sacrifice Plan to Directors and employees. Directors and employees may elect to sacrifice part or all of their cash Short Term Incentive (STI) or non-executive director fees for FY23 for equity. More details of this plan are set out in the Company's 2022 Annual Report. The expected monetary amount of cash STI or fees sacrificed is taken into account in assessing the fair value of these performance rights.

The model inputs for performance rights granted during the half-year ended 31 December 2022 included:

CODE	GRANT DATE	EXERCISE PRICE	NO. OF PERFOR-MANCE RIGHTS	SHARE PRICE AT GRANT DATE	EXPECTED VOLATILITY	PROBA-BILITY OF VESTING	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE PER PERFOR-MANCE RIGHT
QFEAM (T17)	1 Nov 2022	$-	1,316,185	$0.670	79.2%	34.9%	3.25%	$0.067
QFEAM (T18)	1 Nov 2022	$-	1,316,186	$0.670	79.2%	22.5%	3.25%	$0.067
QFEAM (T17)	21 Nov 2022	$-	250,000	$0.670	79.2%	34.6%	3.20%	$0.067
QFEAM (T18)	21 Nov 2022	$-	250,000	$0.670	79.2%	22.2%	3.20%	$0.067
QFEAM (T19)	1 Nov 2022	$-	2,106,647	$0.670	79.2%	100.0%	3.19%	$0.025
QFEAM (T19)	21 Nov 2022	$-	2,745,621	$0.670	79.2%	100.0%	3.11%	$0.025

(c) Expenses arising from share-based payment transactions

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

	H1 FY23 $'000	H1 FY22 $'000
Options issued	95	194
Performance rights issued	115	438
	210	632

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

7 Contingent liabilities

The group had no material contingent liabilities at 31 December 2022.

8 Events occurring after the reporting period

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

9 Loss per share

(a) Basic loss per share

	H1 FY23 CENTS	H1 FY22 CENTS
Basic and diluted loss per share		
Total basic and diluted loss per share attributable to the ordinary equity holders of the company	(1.7)	(3.3)

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

	H1 FY23 $'000	H1 FY22 $'000
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share	(4,411)	(7,345)

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

	H1 FY23 SHARES	H1 FY22 SHARES
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	267,072,130	222,201,238

(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 half years ended 31 December 2022 and 31 December 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 6(a) and 6(b), respectively.

Notes to the financial statements *continued*

For the half-year ended 31 December 2022

10 Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by QuickFee Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

(a) New and amended standards adopted by the group

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

Directors' declaration

For the half-year ended 31 December 2022

In the directors' opinion:

(a) the financial statements and notes set out on pages 15 to 35 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that QuickFee Limited will be able to pay its debts as and when they become due and payable.

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

Dale Smorgon
Non-Executive Chairman

16 February 2023

Independent auditor's review report

For the half-year ended 31 December 2022

WilliamBuck
ACCOUNTANTS & ADVISORS

QuickFee Limited
Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of QuickFee Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and

b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Responsibility of Management for the Financial Report

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

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williambuck.com.au

Independent auditor's review report continued

For the half-year ended 31 December 2022

WilliamBuck
ACCOUNTANTS & ADVISORS

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 Decemebr 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

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

A. A. Finnis
Director
Melbourne, 16 February 2023

Corporate directory

Directors

Dale Smorgon
Non-Executive Chairman

Michael McConnell
Non-Executive Director

Bruce Coombes
Executive Director and Managing Director, Australia

Secretary

Simon Yeandle

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Share register

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Solicitors

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Level 24, 2 Chifley Square
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Bankers

Westpac Banking Corporation

Stock exchange listings

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

Website

quickfee.com

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Appendix 4D and Interim Report
for the half-year ended
31 December 2022

QuickFee.