# Appendix 4E

## For the year ended 30 June 2023

## Results for announcement to the market

**Previous corresponding period:** year ended 30 June 2022

| | $'000 | UP/DOWN | MOVEMENT % |
|---|---|---|---|
| Revenue from ordinary activities | 14,766 | Up | 36.0% |
| Loss from ordinary activities after tax attributable to members | (8,076) | Down | -40.2% |
| Net loss for the period attributable to members | (8,076) | Down | -40.2% |

The group has reported a loss for the period of A$8,076k (2022: $13,500k), with net assets amounting to A$8,945k as at 30 June 2023 (2022: A$16,296k), including cash reserves of A$3,387k (2022: A$8,185k).

Please refer to the 'review of operations and activities' on pages 5 to 13 for further explanation of the results.

Additional information supporting the Appendix 4E disclosure requirements can be found in the review of operations and activities and the financial statements for the year ended 30 June 2023.

### Dividends

No dividends have been paid, recommended, reinvested or declared by QuickFee Limited for the current financial year. No dividends of QuickFee Limited were paid for the previous financial year. The group does not operate a dividend reinvestment plan.

### Net tangible assets per ordinary share

| | 30 JUNE 2023 CENTS | 30 JUNE 2022 CENTS |
|---|---|---|
| Net tangible assets per ordinary share | 3.27 | 5.99 |

### Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2023.

### Foreign entities

All foreign entities have adopted the same accounting standards as the Australian parent entity.

### Audit

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

# E-invoicing and payments for professionals.

Annual Report **2023**

QuickFee.

# We help professionals get paid faster.

QuickFee is a fast-growing financial technology company, primarily serving accounting and law firms in the United States and Australia.

**Our mission is to help professional service firms accelerate their Accounts Receivable (A/R) and get paid faster.** With multiple online payment options and powerful e-invoicing integrations for practice management systems, the QuickFee platform speeds up the entire bill-to-cash cycle for firms.

Through the QuickFee portal, clients can pay their professional service provider with a credit or debit card, EFT or ACH transfer, or a payment plan over 3-12 months. It allows the client to set their own pace for payments while the firm gets paid upfront and in full. The result? Firms get increased access to working capital – and can spend less time chasing down payments.

Our vision: Professionals get more time to focus on serving their clients – and can deliver all the payment convenience and flexibility their clients need.

## CONTENTS

# Letter from the Chair

Dear shareholders,

On behalf of the Board, I am pleased to present QuickFee's Annual Report for the year ended 30 June 2023 (FY23).

Over the past year, we have delivered a strong set of financial results across the business, in addition to further strengthening our management team and refining our growth strategy to refocus on our core professional services lending and payments offerings.

We are now reaping the benefits of the considerable investment in product development in recent years to deliver transaction volume and yield growth on a substantially lower cost base.

The demand for our market leading payments and lending solutions for professional services firms across both Australia and the US is gaining momentum, driven in part by more challenging economic conditions and our clients desire to protect and preserve their cash.

Our products are designed to empower professional service firms to embrace digital payments, adopt e-invoicing and automate their bill-to-cash workflow. Our unique solutions enable our customers to significantly improve their working capital management and get paid faster.

In FY23, QuickFee delivered record results across all key metrics. Total group revenue was up 36% to $14.8 million, driven by record total transaction values (TTV) and record financing volumes in Australia and the US. Our loan book has grown to a record A$43.2 million at 30 June 2023, up from A$32.9 million at 30 June 2022.

The focus on higher margin lending products generated yield improvement in Australia and the US and by removing non-essential costs from the business our operating expenses reduced by 21% over the past year. Our lending products continue to have minimal credit risk and bad debts, as QuickFee's direct clients, our professional services firms, guarantee their clients borrowings.

The Australian business posted a strong FY23 result with Finance TTV growth of 22% to $46.4 million, revenue growth of 36%,and an increase in Finance revenue yield to 11.3%. In addition, we had 525 active firm customers, an all-time record number. In the past year, the legal disbursement funding product has continued to grow and now accounts for 15% of the Australian loan book at $6.5 million.

The US business had an exceptional year of growth in FY23, with revenue up 36%, total transaction values up 21%, and Financing volumes up 24%. The growth in TTV reflects the quality and breadth of our digital payments offering, supported by QuickFee Connect which integrates with leading practice management solutions. Our merchant numbers in the US increased by 8% to 756 in the past year and active customers grew 7% to 319,000.

Importantly, throughout the past year, our leadership team in the US has strengthened with the appointment of Jennifer Warawa, to President, North America. Under Jennifer's leadership our US growth strategy has been further refined. We have seen both lending and payment volume growth from the activation of important strategic alliances within the CPA community.

Our growth potential in the US remains significant, with many accounting and law firms prioritising automation and efficiency within their payments processes as they move towards e-invoicing.

QuickFee enters FY24 at an inflection point in revenue and earnings growth, as we track towards group operating breakeven. Pleasingly, in Q4 FY23 we saw 50%+ growth in both the US and AU Financing revenue, giving us strong momentum heading into FY24.

We are executing against our growth strategy and the Board is confident we have the right leadership and management in place to drive expansion across both the Australian and US markets.

I would like to thank the entire QuickFee team for their hard work and dedication in another busy year. My fellow directors and I would also like to thank our shareholders for their ongoing support. We remain optimistic that QuickFee is in a strong position to deliver improved profitability and earnings growth in FY24.

Yours sincerely,

Dale Smorgon
Non-Executive Chairman

# Fixing the broken bill-to-cash cycle for firms.

## QuickFee's product suite resolves critical gaps in the invoicing and A/R processes at many professional service firms.

In a 2022 US survey, over three-quarters of QuickFee firms reported that clients were primarily paying with paper cheques. This number dropped to 56% in our 2023 A/R and Invoicing Survey, illustrating how firms are embracing digital payments as an alternative to cheques.

Even as cheque volume decreases – and e-invoicing adoption spreads – many accounting and law firms still struggle with high Days Sales Outstanding (DSO) and cash locked in Accounts Receivable. This is due, at least in part, to an extended bill-to-cash cycle that requires too much manual work.

**From the 2023 US QuickFee A/R and Invoicing Survey:**

+ The average DSO for professional services firms was 47.6 days.
+ Almost a third (32%) of respondents say it takes 60 days or more to receive payment.
+ Almost a third (30%) of respondents are not sending regular invoice reminders to clients.
+ 71% of respondents are spending 1-3 hours a week on payment follow-up, with a smaller number (14%) spending 5-10 hours or more.

QuickFee is uniquely positioned to help firms solve these core issues with automated invoicing, payment, and financing options that all reduce the time spent on manual follow-up.

The QuickFee platform also assists firms with freeing up working capital locked up in Accounts Receivable. This capital can then be invested in digital transformation, recruiting, and other critical priorities – a game-changer as firms grapple with challenges like automation and an uncertain economic climate.

Our winning strategy

# Preparing our platform and team to meet market demand.

In FY23, the QuickFee team invested considerable resources in its proprietary technology. With the creation of a centralised firm portal, QuickFee successfully transitioned most of its firms from using third-party platforms to QuickFee-owned and managed software. This significantly increased the security, integration potential, and long-term scalability of our platform.

After pivoting away from the commercial services market and discontinuing the Buy Now, Pay Later (BNPL) product in early FY23, QuickFee also re-committed to meeting the needs of professional services firms. Primarily, this meant developing new practice management integrations and building on existing technology partnerships in the accounting and legal professions.

**Additionally, the QuickFee team made structural changes in FY23 as part of our re-commitment to professional service firms:**

1. Appointing Jennifer Warawa as President, North America, drawing on her vast experience and network as a thought leader and innovator in the accounting profession.

2. Streamlining the US team with a professional services focus and building more alignment across cross-functional departments.

3. Evaluating QuickFee's payment partners with respect to the needs of professional services firms and making strategic changes to third-party vendors for ACH processing.

4. Strengthening our Card processing technology and embedding it into the proprietary QuickFee platform.

5. Prioritising relationships with top professional services firms, networks, and alliances – most notably, by appointing Rafael Casas to lead on Strategic Alliances and Partnerships in the US.

Between these investments, QuickFee is ready not only to continue serving the accounting profession, but to build a reputation as an A/R accelerator and digital transformation leader for firms in the US and Australia.

# Provide a personalised payment experience.

Firms can accept multiple forms of payment with QuickFee. Through the QuickFee firm portal, it's easy to reconcile settlements and transactions, or get notified when a client pays their invoice.

## 5 seamless payment solutions:

**Card Payments** - Merchant fees optional! Accept debit and credit cards, with the option to pass the credit card surcharge to the client. Compatible with most card types.

**EFT/ACH/eCheck** - It's free for your clients to pay via EFT/ACH or eCheck(US). There are no caps on what you can accept and no maximums on invoicing.

**Finance** - Give clients more flexibility (while the firm gets paid upfront). Generate customised payment plans at 3, 6, 9, or 12-month terms.

**Connect (US)** - Save hours of unbillable time with online payments and e-invoicing, integrated directly with your practice management system. Compatible with Wolters Kluwer CCH Pro System *fx*, Wolters Kluwer CCH Axcess Practice, and IRIS Practice Engine.

**Recurring Payments (US)** - Set your regular clients on a consistent schedule with our recurring payment feature. Comes with standard ACH and Card processing.

# QuickFee is at an inflection point and well-positioned for growth

QuickFee is making great progress on our mission to be the market leading Accounts Receivable accelerator for professional service firms.

**We empower professional service firms to:**

+ Embrace digital payments;
+ Reduce Accounts Receivable through use of our specialised finance product;
+ Adopt e-invoicing; and
+ Automate their bill-to-cash workflow.

As a result, our customers achieve unparalleled efficiency in their Accounts Receivable process and collections, freeing them up to do higher value work while enabling them to get paid faster.

## United States commentary

**Professional services**

In FY23, our total transaction volume growth showcases the success of our digital payments offerings (QuickFee Finance, ACH and Card), along with Connect's seamless integration with leading practice management solutions. These solutions have been well-received in the market, providing firms' clients with flexible and user-friendly payment options, enhancing the client experience, and optimising speed and cost efficiency within the firms' bill-to-cash cycle.

Additionally, there were several market dynamics in the accounting profession that acted as tailwinds for QuickFee's offering in the US, the most prominent being the talent shortage which caused a need for increased automation and efficiency within firms to offset their ability to fully staff their firm.

Furthermore, the US payments market continued modernising and moving more payment volume online and the professional services sector was a prime example of this shift. In a June 2023 survey of professional services firm contacts, 56% said that half or more of their clients were paying with paper cheques – down from 77% of respondents in 2022. Only 4% reported that their firms still relied entirely on traditional mail for invoicing, with the majority now offering e-invoicing instead (or using a combination of both methods).

These market dynamics translated into favourable growth in all QuickFee products from both higher usage of existing merchants and new merchant acquisitions. In FY23, merchant numbers grew 8% to 756 (FY22: 700) and active customers similarly grew 7% to 319,000 (FY22: 253,000). This in turn has led to QuickFee's ACH and Card TTV in aggregate growing 21% over FY22, up to US$1.164 billion (FY22: US$961 million).

This was an encouraging 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. Connect adoption has also delivered increased volumes through the QuickFee platform.

QuickFee's strategy of continued market share growth in the professional services vertical across ACH, Card and Financing is driven primarily through three strategic levers:

+ Boost organic growth through a revamped sales approach and execution of comprehensive digital marketing strategy, enabling accelerated new customer acquisition, substantial growth in our Finance product, and increased penetration of existing firms through Connect adoption.

+ Enhanced focus on, and acceleration of, our strategic alliances and partnerships strategy to achieve exponential growth by leveraging 'one to many' relationships. Increase US market share through deeper engagement with accounting firm alliances and associations, facilitated by our new head of

Strategic Alliances and Partnerships and sustained participation in key industry conferences.

+ Drive cost-effective product development with a narrow focus on expanding Connect integrations to reach more practice management systems, unlocking the US accounting market for QuickFee's payment solutions and enhancing firm experience through a revamped product UX/UI.

Detailed TTV and profitability metrics by product, revenue yield, Net Transaction Margin (NTM) and Gross Margin (GM) are shown in the tables on the following pages.

**Pay Over Time (Finance)**
Uncertainty in economic conditions saw increased demand for our Finance product as businesses looked to preserve cash and boost cashflow, while professional service firms aimed to accelerate their Accounts Receivable collections. With that, Finance saw much stronger growth in FY23 compared to FY22, with TTV up 24% in FY23 to US$20.9 million (FY22 up 11% on FY21 to US$16.8 million). QuickFee implemented increased borrowing interest rates in Q2 FY23 as well as at the start of FY24 to maintain our net interest margins, and the impact of these increases is reflected in both increasing FY23 revenue yields of 8.3% (FY22: 6.8%) and into FY24.

**Pay Now (ACH and Card)**
QuickFee has experienced continued rapid growth in ACH TTV over the past two years, with ACH TTV in FY23 up 22% to US$953 million.

QuickFee's Card product enjoyed similar TTV growth to ACH, up 15% to US$211 million n FY23 (FY22: US$183 million). Credit and debit cards continue to be a favoured payment method in the US for professional services fees.

Visa announced that effective April 15, 2023, the cap on credit card surcharge was being lowered from 4% to 3% across the United States with the exception of Connecticut and Massachusetts, where surcharge programs are not permitted. QuickFee increased the credit card surcharge for professional service fee payments by 0.5% (to 3.5%) during Q4 FY22 and had anticipated an increased yield for FY23. However, we were required to comply with this regulation change and therefore reduced the credit card surcharge and yields reduced accordingly.

**QuickFee Connect**
In FY23, two additional integrations were developed for QuickFee Connect. Both CCH Axcess and IRIS Practice Engine, combined with our initial integration with CCH ProSystem fx, represent the practice management solutions used by a large portion of the US accounting market. Connect delivers a compelling value proposition for both CPA firms and their clients. CPA firms can easily present clients with QuickFee's full suite of Pay Now and Pay Over Time solutions, automating their bill-to-cash workflow. For customers that have adopted Connect, we have seen up to 64% in payment volume increase year-over-year, which further validates the importance of Connect in accelerating our transaction volume from both existing and new customers.

## Australia: a return to pre-Covid levels of activity

With Finance TTV growth of 22% to A$46.4 million in FY23 (FY22: A$38.1 million), following FY22 growth of 24% on FY21, and all-time records of both active firm numbers of 525 in FY23 and lending of A$14.9 million in Q4 FY23, we are as well-placed as we have ever been in the Australian market.

Increasingly challenging economic conditions have driven robust demand for fee funding solutions across QuickFee's accounting and law firm client base.

While the market in Australia is mature, we continue to sign up new accounting and law firms, with additional prospects for QuickFee's growing legal disbursement funding product, which we have been offering since 2014. This product provides funding for up to 30 months for disbursement costs for law firms specialising in personal injury cases. The product comprises 15% ($6.5 million) of the Australian loan book at 30 June 2023.

Finance revenue grew 38% to A$5.2 million (FY22: A$3.8 million), from a combination of 22% TTV growth and increases we made to our interest rates in Q2 FY23, with revenue yields increasing to 11.3% in FY23 (FY22 10.0%).

QuickFee makes a small gross margin on its EFT and card products in Australia. These products are offered as an option on our payment portal rather than being sold as a profit generator.

# Review of operations and activities

*Continued*

Our 'Q Pay Plan' product, which provides Finance to the homeowner services market and includes the Jim's Group Franchise agreement, continues to make a positive contribution to the group with FY23 TTV up 113% to A$1.7 million (FY22: A$0.8 million).

QuickFee founder and Executive Director Bruce Coombes continues to lead the Australian business, ensuring we have a committed and stable team servicing our long-term customers in our home market.

Detailed TTV and profitability metrics by product (revenue yield, Net Transaction Margin (NTM) and Gross Margin (GM)) are shown in the tables on the following pages.

## Board of directors and leadership team

**Dale Smorgon**
Non-Executive
Chariman

**Michael McConnell**
Non-Executive
Director

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

**Jennifer Warawa**
President,
North America

**Simon Yeandle**
Chief Financial Officer and
Company Secretary

## Financial performance

**Profit & loss: Results reflect a refocus on professional services lending and payments; leveraging past investments in our technology platform to deliver transaction volume and revenue yield growth; renewed leadership; removing non-essential costs from the business; and a continued low credit loss business model.**

Record Total Transaction Volumes (TTV) in the US across all products and a strong year of growth in Australia drove a much improved financial performance in FY23 as QuickFee tracks towards profitability.

The group reported revenue growth of 36% to A$14.8 million, with interest revenue from Finance up 43% to A$7.3million (FY22: A$5.1 million) and payments revenue and other revenue from contracts with customers up 30% to A$7.4 million (FY22: A$5.7 million).

As QuickFee's lending activities are funded by approximately 90% borrowings and 10% equity, a combination of growth in the loan books and the higher interest rate environment resulted in interest expense increasing A$1.6 million to A$2.6 million in FY23. The effects of increases in the interest rates it charges clients of professional firms made during the year will continue to be reflected in interest revenue growth.

Cost of sales increased 25% to A$2.8 million, in line with volumes, as a majority of payments processing costs are variable.

Detailed analysis of the profitability of each product, including revenue yield, Net Transaction Margins and Gross Margins are shown in the tables on the following pages.

### REVENUE

| A$'000 | FY23 | FY22 | YEAR-ON-YEAR MOVEMENT |
|---|---|---|---|
| US ACH (Pay Now) | 5,345 | 3,955 | 35% |
| US Card (Pay Now) | 564 | 486 | 16% |
| US Finance (Pay Later) | 2,558 | 1,567 | 63% |
| US BNPL | 230 | 384 | -40% |
| **US revenue** | **8,697** | **6,392** | **36%** |
| | | | |
| AU Finance (Pay Later) | 5,226 | 3,800 | 38% |
| AU Pay Now | 764 | 622 | 23% |
| AU BNPL | 79 | 47 | 68% |
| **AU revenue** | **6,069** | **4,469** | **36%** |
| | | | |
| **Group revenue** | **14,766** | **10,861** | **36%** |

### SUMMARY PROFIT AND LOSS

| A$'000 | FY23 | FY22 | YEAR-ON-YEAR MOVEMENT |
|---|---|---|---|
| **Group revenue** | 14,766 | 10,861 | +36% |
| **Gross profit** | **9,361** | **7,614** | **+23%** |
| Gross margin % | 63% | 70% | -7%pts |
| | | | |
| Other income | 151 | 61 | +148% |
| Operating expenses | (16,042) | (20,247) | -21% |
| **Adjusted EBITDA[1]** | **(6,530)** | **(12,572)** | **+48%** |
| | | | |
| Depreciation and amortisation | (1,127) | (786) | -43% |
| Net finance costs | (419) | (142) | -195% |
| **Loss for the period** | **(8,076)** | **(13,500)** | **+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.

## Review of operations and activities

*Continued*

With the increased focus on reaching profitability and removal of non-essential costs from the business, all operating expense categories decreased, in total by 21% (A$4.2 million), with H2 FY23 lower by approximately 5% than H1 FY23.

General and administrative costs decreased by 5% to A$7.1 million (FY22: A$7.5 million).

Sales and marketing costs decreased 11% to A$2.4 million QuickFee narrows its focus to attend US acccounting events which continue to be a productive source of leads and relationship management.

Customer acquisition costs (which include overheads from sales management, new business sales staff, direct marketing and merchant onboarding costs) were reduced by 45% to A$2.6 million as the business narrowed its focus and rebuilt its US sales team.

Product development expenditure was reduced by 25% to A$3.9 million, reflecting the step down in technology spend from April 2022. However, QuickFee continues to invest in its Connect integration product that will accelerate TTV and revenue growth, and new product UX/UI that will drive firm sign-ups and retention.

One of the core tenets of QuickFee's business model is the low credit risk nature of its lending product, which is reinforced by our professional firms' guarantee of their client's borrowings. This continues to ensure minimal levels of bad debts across the business.

Net bad debt write-offs in FY23 were A$78,000, 0.1% of total lending (FY22: 0.10%). Our six year average is 0.18%. The provision for expected credit losses in FY23 decreased A$177,000, due to the discontinuation of the BNPL product. The total provision at 30 June 2023 was A$219,000, which is 0.5% of the total loan receivables at 30 June 2023 (30 June 2022: 1.2%).

This demonstrates the low credit risk nature of all of QuickFee's lending products and the firms we underwrite. Bad debts are expected to remain at this very low level.

The group reported an adjusted EBITDA of A$(6.5) million. Other key results comprised:

+ Australian segment: gross profit of A$3.3 million and adjusted EBITDA of A$0.2 million;
+ US segment: gross profit of A$6.1 million and adjusted EBITDA of A$(0.7) million, up from A$(4.6) million in FY22);
+ Group loss after tax of A$8.1 million for the FY23 year (FY22: loss of A$13.5 million), reflecting the revenue growth and reduced cost base in FY23, that sees QuickFee approaching profitability.

### OPERATING EXPENSES

| A$'000 | FY23 | FY22 | YEAR-ON-YEAR MOVEMENT |
|---|---|---|---|
| General and administrative expenses | **(7,116)** | (7,524) | -5% |
| Selling and marketing expenses | **(2,389)** | (2,670) | -11% |
| Customer acquisition costs | **(2,639)** | (4,821) | -45% |
| Product development expenses | **(3,898)** | (5,232) | -25% |
| **Total operating expenses** | **(16,042)** | **(20,247)** | **-21%** |

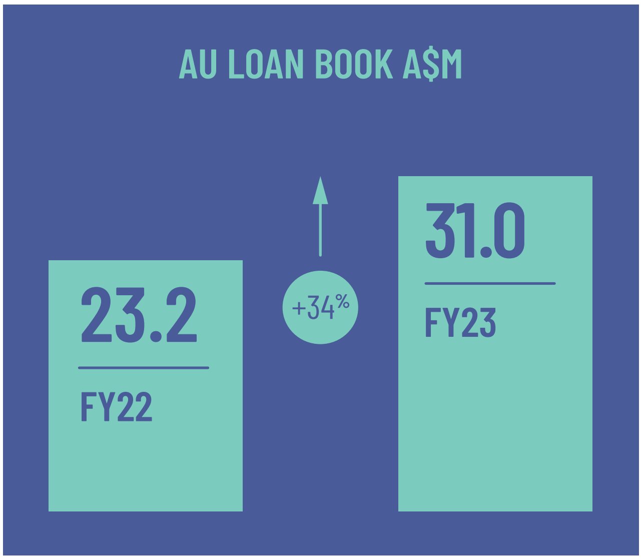
**Balance sheet: well funded**

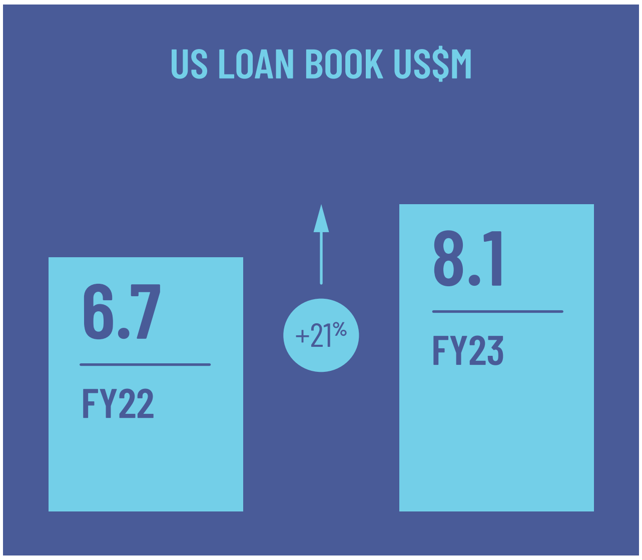
Net assets at 30 June 2023 amounted to A$8.9 million (2022: A$16.3 million).

QuickFee's lending business relies on its asset-backed borrowing facility with Northleaf Capital Partners (Northleaf) to fund approximately 90% of growth in the loan book, with 10% funded out of our own capital.

The strong growth in our lending business in the year has led to our loan book growing to A$43.2 million at 30 June 2023, from A$32.9 million at 30 June 2022. This growth across both the US and Australian books has been primarily funded by drawing on the Northleaf facility.

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




**Cash and liquidity**

Total Liquidity of A$8.2 million at 30 June 2023 shown in the table below represents the amount of cash available to fund operating activities and the 10% first-loss, equity-funded growth in the loan book. The Company maintains its cash on hand and drawn borrowings at a minimum in order to reduce interest expense.

The Northleaf debt facility provides up to A$60.3 million, so there is a further A$19.7 million of borrowing facility headroom. Total Liquidity plus this growth capacity was A$27.9 million at 30 June 2023.

**CASH AND LIQUIDITY**

| A$M | 30 JUNE 2023 | 30 JUNE 2022 | $+/- |
|---|---|---|---|
| Cash and cash equivalents (A) | 3.4 | 8.2 | -4.8 |
| Available undrawn borrowings based on loan book at 30 June (B) | 4.8 | 8.1 | -3.3 |
| **Total Liquidity (A) + (B)** | **8.2** | **16.3** | **-8.1** |
| Growth capacity (further borrowings facility headroom) | 19.7 | 27.7 | -8.0 |
| **Total Liquidity plus growth capacity** | **27.9** | **44.0** | **-16.1** |

## Outlook: well-structured for growth and profitability

The foundational work completed during FY23 across QuickFee's operating model, culture and talent, expanded product offering, and commercial technology stack puts the organisation on a solid footing. Combined with continued market tailwinds, including ongoing adoption of online payments and e-invoicing in the US, the path to scaled revenue growth and improved profitability in FY24 looks favourable.

Our strategic priorities are clear, and we are confident in our ability to execute them and deliver substantial revenue growth and profitability. QuickFee will continue to grow its position as the market leader and we enter FY24 with a fully staffed organisation that is optimistic, energised and committed to helping professional service firms accelerate their Accounts Receivable and get paid faster through QuickFee's product and service offering.

## AUSTRALIA

## PRODUCT TTV PERFORMANCE

| | FY23 | | | | | FY22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | FY23 | Q1 | Q2 | Q3 | Q4 | FY22 |
| **TOTAL TRANSACTION VOLUMES A$M** | | | | | | | | | | |
| EFT & Card (Pay Now) TTV | 14 | 15 | 14 | 19 | 62 | 13 | 13 | 12 | 14 | 52 |
| Growth vs. pcp | 8% | 15% | 17% | 36% | 19% | 8% | 18% | 33% | 17% | 18% |
| Finance (Pay Over Time) TTV | 8.9 | 11.7 | 10.9 | 14.9 | 46.4 | 8.0 | 9.3 | 7.8 | 13.0 | 38.1 |
| Growth vs. pcp | 11% | 26% | 40% | 15% | 22% | 25% | 35% | 18% | 19% | 24% |
| BNPL TTV | 0.4 | 0.4 | 0.5 | 0.4 | 1.7 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 |
| Growth vs. pcp | 100% | 100% | 150% | 100% | 113% | - | - | 100% | 0% | 167% |
| | | | | | | | | | | |
| **FIRM AND CUSTOMER NUMBERS** | | | | | | | | | | |
| Active customers (#000s) | 14 | 13 | 12 | 14 | 39 | 13 | 12 | 10 | 12 | 35 |
| Growth vs. pcp | 8% | 8% | 20% | 17% | 11% | 0% | 9% | 11% | 20% | 17% |
| Active firms (#) | 397 | 410 | 409 | 424 | 525 | 390 | 394 | 388 | 421 | 495 |
| Growth vs. pcp | 2% | 4% | 5% | 1% | 6% | 9% | 9% | 5% | 6% | 1% |

## PRODUCT PROFITABILITY SUMMARY

| **A$000S EXCEPT WHERE STATED** | FY23 | | | | FY22 | | | |
|---|---|---|---|---|---|---|---|---|
| | **EFT & Card** | **Financing** | **BNPL** | **Total** | **EFT & Card** | **Financing** | **BNPL** | **Total** |
| **VOLUME A$M** | 62 | 46.4 | 1.7 | 110.1 | 52.0 | 38.1 | 0.9 | 91.0 |
| | | | | | | | | |
| Finance revenue (interest) | - | 4,699 | 67 | 4,766 | - | 3,415 | 37 | 3,452 |
| Payments and other revenue | 764 | 527 | 12 | 1,303 | 622 | 385 | 10 | 1,017 |
| **TOTAL REVENUE** | 764 | 5,226 | 79 | 6,069 | 622 | 3,800 | 47 | 4,469 |
| Total revenue/volume yield % | 1.2% | 11.3% | 4.6% | 5.5% | 1.2% | 10.0% | 5.2% | 4.9% |
| | | | | | | | | |
| Direct processing costs | (689) | (22) | (15) | (726) | (528) | (14) | (16) | (558) |
| Transaction (losses) and bad debt (charge-offs)/write-backs | - | (130) | - | (130) | - | - | - | - |
| **NET TRANSACTION MARGIN (NTM)** | 75 | 5,074 | 64 | 5,213 | 94 | 3,786 | 31 | 3,911 |
| NTM/Revenue % | 9.8% | 97.1% | 81.0% | 85.9% | 15.1% | 99.6% | 66.0% | 87.5% |
| | | | | | | | | |
| Platform, credit cheque and credit staff costs | - | (475) | (13) | (488) | - | (424) | (10) | (434) |
| Interest expense | - | (1,604) | - | (1,604) | - | (834) | - | (834) |
| **GROSS MARGIN** | 75 | 2,995 | 51 | 3,121 | 94 | 2,528 | 21 | 2,643 |
| Gross Margin/Revenue % | 9.8% | 57.3% | 64.6% | 51.4% | 15.1% | 66.5% | 44.7% | 59.1% |

## UNITED STATES

### PRODUCT TTV PERFORMANCE

| | FY23 | | | | | FY22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | FY23 | Q1 | Q2 | Q3 | Q4 | FY22 |
| **TOTAL TRANSACTION VOLUMES US$M** | | | | | | | | | | |
| ACH (Pay Now) TTV | 200 | 252 | 212 | 289 | 953 | 146 | 196 | 175 | 261 | 778 |
| Growth vs. pcp | 37% | 29% | 21% | 11% | 22% | 46% | 54% | 42% | 40% | 45% |
| Card (Pay Now) TTV | 42 | 54 | 51 | 64 | 211 | 35 | 46 | 44 | 58 | 183 |
| Growth vs. pcp | 20% | 17% | 16% | 10% | 15% | 30% | 48% | 52% | 32% | 40% |
| Finance (Pay Over Time) TTV | 4.8 | 5.3 | 5.0 | 5.8 | 20.9 | 3.8 | 4.4 | 4.4 | 4.2 | 16.8 |
| Growth vs. pcp | 26% | 20% | 14% | 38% | 24% | -7% | 16% | 33% | 8% | 11% |
| BNPL TTV | 1.1 | 0.1 | - | - | 1.2 | 0.5 | 0.6 | 1.1 | 1.3 | 3.5 |
| Growth vs. pcp | 120% | -83% | -100% | -100% | -66% | | | 1000% | 225% | 600% |
| | | | | | | | | | | |
| **FIRM AND CUSTOMER NUMBERS IN PERIOD** | | | | | | | | | | |
| Active customers (#000s) | 84 | 94 | 85 | 125 | 319 | 62 | 69 | 71 | 118 | 253 |
| Growth vs. pcp | 35% | 36% | 20% | 6% | 26% | 32% | 44% | 27% | 26% | 30% |
| Active firms (#) | 646 | 657 | 667 | 699 | 756 | 507 | 550 | 576 | 621 | 700 |
| Growth vs. pcp | 27% | 19% | 16% | 13% | 8% | 26% | 22% | 21% | 28% | 39% |

### PRODUCT PROFITABILITY SUMMARY

| **US$000S EXCEPT WHERE STATED** | FY23 | | | | | FY22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | ACH | Card | Financing | BNPL | Total | ACH | Card | Financing | BNPL | Total |
| **VOLUME US$ M** | 953 | 211 | 20.9 | 1.2 | 1,186.1 | 778 | 183 | 16.8 | 3.5 | 981.3 |
| | | | | | | | | | | |
| Finance revenue (interest) | - | - | 1,636 | 91 | 1,727 | - | - | 1,060 | 162 | 1,222 |
| Payments and other revenue | 3,599 | 380 | 94 | 64 | 4,137 | 2,871 | 353 | 79 | 117 | 3,420 |
| **TOTAL REVENUE** | 3,599 | 380 | 1,730 | 155 | 5,864 | 2,871 | 353 | 1,139 | 279 | 4,642 |
| Total revenue/volume yield % | 0.38% | 0.18% | 8.3% | 12.9% | 0.49% | 0.37% | 0.19% | 6.8% | 8.0% | 0.47% |
| | | | | | | | | | | |
| Direct processing costs | (414) | - | (1) | (74) | (489) | (149) | - | (2) | (115) | (266) |
| Transaction (losses) and bad debt (charge-offs)/write-backs | - | - | - | 34 | 34 | (14) | - | - | (15) | (29) |
| **NET TRANSACTION MARGIN (NTM)** | 3,185 | 380 | 1,729 | 115 | 5,409 | 2,708 | 353 | 1,137 | 149 | 4,347 |
| NTM/Revenue % | 88.5% | 100.0% | 99.9% | 74.2% | 92.2% | 94.3% | 100.0% | 99.8% | 53.4% | 93.6% |
| | | | | | | | | | | |
| Platform, credit check and credit staff costs | (155) | (34) | (360) | (15) | (564) | (122) | (17) | (184) | (304) | (627) |
| Interest expense | - | - | (687) | (4) | (691) | - | - | (124) | (15) | (139) |
| **GROSS MARGIN** | 3,030 | 346 | 682 | 96 | 4,154 | 2,586 | 336 | 829 | (170) | 3,581 |
| Gross Margin/Revenue % | 84.2% | 91.1% | 39.4% | 61.9% | 70.8% | 90.1% | 95.2% | 72.8% | (60.9)% | 77.1% |

# Directors' report

For the year ended 30 June 2023

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 2023. 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 30 June 2023 (FY23). The comparative period is from 1 July 2021 to 30 June 2022 (FY22).

## Directors and company secretary

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

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

The company secretary is Simon Yeandle, appointed to the position on 3 March 2021. Simon is a Chartered Accountant and joined the group on 9 October 2020 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).

## Principal activities

The group has developed, and generates revenue from, a suite of payment and lending offerings via an online portal to professional and commercial services providers. These solutions help customers of service providers (the group's 'firms') 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 Finance, Financing or Pay Over Time*), or a 'Buy Now, Pay Later' instalment plan in Australia (*Q Pay Plan*).

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

No dividends were declared or paid to members for the year ended 30 June 2023. The directors do not recommend that a dividend be paid in respect of FY23.

# 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 5 to 13 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 5 to 13 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

No matter or circumstance has arisen since 30 June 2023 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 5 to 13 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.

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

| | |
|---|---|
| Experience and expertise | 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.<br><br>Dale is currently the Chief Executive Officer of Innovative Retail Pty Ltd, which delivers premium family entertainment experiences within shopping malls. |
| Date of appointment | 15 February 2018 |
| Other current directorships (listed) | None |
| Former directorships in last 3 years (listed) | None |
| Special responsibilities | Chair of the audit and risk committee<br><br>Member of the remuneration and nomination committee |
| Interests in securities | Ordinary shares 27,839,541<br>Share options 300,000 |

# Directors' report *continued*

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

| | |
|---|---|
| Experience and expertise | 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.<br><br>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. |
| 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 27,226,597<br>Share options –<br>Performance rights 500,000 |

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

| | |
|---|---|
| Experience and expertise | 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.<br><br>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. |
| Date of appointment | 25 March 2022 |
| Other current directorships (listed) | Non-Executive Chairman of Adacel Technologies Limited (ASX:ADA), from May 2017<br><br>Non-Executive Director of OneSpan, Inc. (NASDAQ:OSPN), from June 2021 |
| Former directorships in last 3 years (listed) | Non-Executive Director of SPS Commerce, Inc. (NASDAQ:SPSC), from March 2018 to July 2019<br><br>Non-Executive Director of Vonage Holdings Corp (NASDAQ:VG) from March 2019 to July 2022 |
| Special responsibilities | Member of the audit and risk committee<br>Chair of the remuneration and nomination committee |
| Interests in securities | Ordinary shares 967,262 |

# 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 2023, and the numbers of meetings attended by each director were:

| | FULL MEETINGS OF DIRECTORS | | MEETINGS OF COMMITTEES | | | |
|---|---|---|---|---|---|---|
| | | | AUDIT AND RISK | | REMUNERATION AND NOMINATION | |
| | A | B | A | B | A | B |
| Barry Lewin | 5 | 5 | 1 | 1 | – | – |
| Eric Lookhoff | 1 | 1 | – | – | – | – |
| Bruce Coombes | 12 | 12 | – | – | – | – |
| Dale Smorgon | 12 | 12 | 2 | 2 | 2 | 2 |
| Michael McConnell | 12 | 12 | 2 | 2 | 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:

| NON-EXECUTIVE DIRECTORS | POSITION |
|---|---|
| Dale Smorgon | Chair of the board from 22 November 2022<br>Chair of the audit and risk committee<br>Member of the remuneration and nomination committee |
| Michael McConnell | Chair of the remuneration and nomination committee<br>Member of the audit and risk committee |
| Barry Lewin<br>(retired 21 November 2022) | Chair of the board from 1 July 2022 to 21 November 2022<br>Member of the audit and risk committee from 1 July 2022 to 21 November 2022<br>Member of the remuneration and nomination committee from 1 July 2022 to 21 November 2022 |
| **EXECUTIVE DIRECTORS** | **POSITION** |
| Bruce Coombes | Managing Director, Australia |
| Eric Lookhoff<br>(resigned 5 August 2022) | Chief Executive Officer from 1 July 2022 to 5 August 2022 |
| **OTHER KEY MANAGEMENT PERSONNEL** | **POSITION** |
| Simon Yeandle | Chief Financial Officer and Company Secretary |
| Jennifer Warawa | President, North America (from 28 November 2022) |

# Directors' report *continued*

## (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.

## (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 2023 included:

- cash salary;
- superannuation;
- 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 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

Employees may elect to receive part or all of their STI awards, and directors part or all of their fees, in performance rights, with an additional 25% incentive in monetary value added. The issue price for shares awarded upon vesting of any performance rights under this component of the company's STI plan is the 7 day volume weighted average share price as at 1 July each year and was calculated to be A$0.063 per share for the year ended 30 June 2023. Employees must nominate at the beginning of the year the percentage of any STI awards for that full year that they wish to receive in rights. Rights will be issued in lieu of that monetary portion of their STI for the full year and a percentage of these equal to each person's STI achievement percentage will vest after the end of that financial year, at the stated issue price at the beginning of the year in question.

### Long-term incentives (LTI plan)

QuickFee Limited has established a 'Performance Rights and Options Plan', adopted on IPO on 9 July 2019 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 annually and 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.

# Directors' report *continued*

| ELEMENT | PERFORMANCE MEASURES | STRATEGIC OBJECTIVE/ PERFORMANCE LINK |
|---|---|---|
| Fixed remuneration | The position description of each executive includes a set of individual performance measures which are reviewed and evaluated each financial year.<br>Remuneration is set competitively to:<br>• Recruit the best talent to QuickFee Limited to ensure sustainable growth; and<br>• Retain high performance talent. | Each executives' individual performance measures are specifically designed to ensure alignment with the group's strategic plans for the year.<br>Fixed remuneration is based on:<br>• Role and responsibility;<br>• Capability and competencies; and<br>• Comparable market remuneration. |
| Performance-based remuneration (STIs and LTIs) | QuickFee Limited's performance pay consists of short- and long-term incentives which are designed to:<br>• Motivate to achieve financial and non-financial corporate objectives;<br>• Reward and recognise outstanding performance and create a performance culture; and<br>• Retain high performance talent through the PROP and the subsequent tenure required for share options and performance rights to vest. | |
| Short-term incentive (STI) plan, being cash and optional equity award | 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.<br>STIs are cash-based or equity-based payments;<br>• Quantum of STI = % of performance relative to an individual's key performance metrics. | Ensures each executive is held accountable for the outcomes that are under their control. These outcomes are designed to support the overall group objectives.<br>STIs are designed to motivate individuals, create a high-performance culture, and increase employee engagement. |
| Long-term incentive (LTI) plan, being share options and performance rights | Participants must be employed on vesting date for the share options or performance rights to vest.<br>Performance will be tested at the end of each vesting period. | 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.

# Directors' report *continued*

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

| | FY23 | FY22 | FY21 | FY20 | FY19[1] |
|---|---|---|---|---|---|
| Loss attributable to the ordinary equity holders of the company (A$'000) | 8,076 | 13,500 | 8,546 | 3,827 | 1,155 |
| Basic and diluted loss per share attributable to the ordinary equity holders of the company (cents) | 3.0 | 5.9 | 4.0 | 2.5 | 42.6 |

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 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.

# Directors' report *continued*

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.

## (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 2023.

| | SHORT-TERM BENEFITS | | | | | POST-EMPLOYMENT BENEFITS | LONG-TERM BENEFITS | SHARE-BASED PAYMENTS | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CASH SALARY AND FEES | CASH BONUS | PERFORMANCE RIGHTS[3] | NON-MONETARY BENEFIT | ANNUAL LEAVE | SUPERANNUATION | LONG SERVICE LEAVE | SHARE OPTIONS | PERFORMANCE RIGHTS | TOTAL |
| **FY23** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** |
| **Non-executive directors** | | | | | | | | | | |
| Dale Smorgon[2] | 85,417 | 60,000 | – | – | – | – | – | 18,193 | – | 163,610 |
| Michael McConnell | 16,928 | – | 23,698 | – | – | – | – | – | – | 40,626 |
| Barry Lewin | 41,667 | – | – | – | – | – | – | (39,127) | – | 2,540 |
| **Executive directors** | | | | | | | | | | |
| Bruce Coombes[2] | 368,126 | 97,222 | 32,677 | – | 18,671 | 25,292 | 9,219 | 340 | 8,132 | 559,679 |
| **Other KMP** | | | | | | | | | | |
| Eric Lookhoff | 138,011 | – | – | 1,916 | (3,712) | 21,161 | – | – | – | 157,376 |
| Simon Yeandle[2] | 308,896 | 63,971 | 16,918 | – | 9,483 | 25,292 | 3,461 | – | 64,285 | 492,306 |
| Jennifer Warawa | 308,592 | 75,795 | – | 5,330 | 23,256 | 8,283 | – | – | 59,681 | 480,937 |
| **Total compensation** | **1,267,637** | **296,988** | **73,293** | **7,246** | **47,698** | **80,028** | **12,680** | **(20,594)** | **132,098** | **1,897,074** |

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 | | |
|---|---|---|---|---|---|---|---|---|---|
| | CASH SALARY AND FEES | CASH BONUS | NON-MONETARY BENEFITS | ANNUAL LEAVE | SUPERANNUATION | LONG SERVICE LEAVE | SHARE OPTIONS | PERFORMANCE RIGHTS | TOTAL |
| **FY22** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** |
| Non-executive directors | | | | | | | | | |
| Dale Smorgon | 65,000 | – | – | – | – | – | 44,845 | – | 109,845 |
| Michael McConnell | 17,298 | – | – | – | – | – | – | – | 17,298 |
| Barry Lewin | 100,000 | – | – | – | – | – | 44,845 | – | 144,845 |
| Executive directors | | | | | | | | | |
| Bruce Coombes | 350,000 | 200,000 | – | 9,942 | 23,568 | 4,546 | 7,009 | – | 595,065 |
| Other KMP | | | | | | | | | |
| Eric Lookhoff | 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 |
| Total compensation | 1,248,648 | 506,660 | 8,784 | 46,591 | 56,866 | 5,835 | 72,388 | 352,578 | 2,298,350 |

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. With the departure of Eric Lookhoff on 5 August 2022, the board determined that Dale Smorgon would receive additional remuneration of $15,000 per month and Bruce Coombes and Simon Yeandle $7,500 each per month for the performance of their respective CEO responsibilities, from 1 August 2022 to 30 November 2022. These amounts are included in the cash bonus amounts above.
3. Performance rights paid as a short term benefit as part of the STI equity sacrifice plan described in section (d) 'Remuneration payments and link between performance and reward' above. The amounts shown here are the fair value of rights awarded and expensed in the year. Refer to note 16 'share-based payments' in the financial report for more details.

## (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 2023.

| Name | Dale Smorgon |
|---|---|
| Title | Non-executive Chairman |
| Details | Base salary of A$100,000, inclusive of statutory superannuation in FY23, reviewed annually by the remuneration and nomination committee. FY24 remuneration remains the same as FY23. Contract duration is unspecified. |

| Name | Michael McConnell |
|---|---|
| Title | Non-executive Director |
| Details | Base salary of A$65,000, inclusive of statutory superannuation in FY23, reviewed annually by the remuneration and nomination committee. FY24 remuneration remains the same as FY23. Contract duration is unspecified. |

| Name | Bruce Coombes |
|---|---|
| Title | Executive Director and Managing Director, Australia |
| Details | Base salary of A$394,309, inclusive of statutory superannuation in FY23, STI (at 100% achievement) of A$$179,259, inclusive of statutory superannuation, reviewed annually by the remuneration and nomination committee with a three-month termination notice by either party. FY24 remuneration remains the same as FY23. Contract duration is unspecified. |

| Name | Jennifer Warawa |
|---|---|
| Title | President, North America (from 28 November 2022) |
| Details | Base salary of US$350,000 in FY23, STI (at 100% achievement) of US$175,000, reviewed annually by the remuneration and nomination committee with a four-month termination notice by either party. FY24 remuneration remains the same as FY23. Contract duration is unspecified. |

| Name | Simon Yeandle |
|---|---|
| Title | Chief Financial Officer |
| Details | Base salary of A$336,396, inclusive of statutory superannuation in FY23, STI (at 100% achievement) of A$$120,785, inclusive of statutory superannuation, reviewed annually by the remuneration and nomination committee with a three-month termination notice by either party. FY24 remuneration remains the same as FY23. Contract duration is unspecified. |

# 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 23 above:

| | FIXED REMUNERATION | | AT RISK STI | | AT RISK LTI | |
|---|---|---|---|---|---|---|
| | FY23 | FY22 | FY23 | FY22 | FY23 | FY22 |
| NAME | % | % | % | % | % | % |
| Dale Smorgon | 52 | 59 | 37 | – | 11 | 41 |
| Bruce Coombes | 75 | 65 | 23 | 34 | 2 | 1 |
| Michael McConnell | 100 | 100 | – | – | – | – |
| Barry Lewin | 52 | 69 | – | – | 48 | 31 |
| Eric Lookhoff | 100 | 54 | – | 24 | – | 22 |
| Simon Yeandle | 71 | 58 | 16 | 17 | 13 | 25 |
| Jennifer Warawa | 72 | n/a | 16 | n/a | 12 | n/a |

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

The following tables show for each KMP how much of their STI 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 BONUS | | | | | LTI OPTIONS | LTI PERFORMANCE RIGHTS | |
|---|---|---|---|---|---|---|---|---|
| | TOTAL OPPOR-TUNITY | AWARDED | FORFEITED | % ELECTED TO BE PAID IN CASH | % ELECTED TO BE PAID IN PERFOR-MANCE RIGHTS | SHARE OPTIONS LAPSED | PERFOR-MANCE RIGHTS VALUE GRANTED[1] | PERFOR-MANCE RIGHTS VALUE VESTED AND EXERCISED[2] |
| FY23 | A$ | % | % | | | A$ | A$ | A$ |
| Dale Smorgon | – | – | – | – | – | 18,193 | – | – |
| Bruce Coombes[3] | 179,259 | 75 | 25 | 50 | 50 | 340 | 9,514 | – |
| Michael McConnell | – | – | – | – | – | | – | – |
| Barry Lewin | – | – | – | – | – | (39,127) | – | – |
| Eric Lookhoff[3] | – | – | 100 | – | – | – | – | – |
| Simon Yeandle[3] | 120,785 | 56 | 44 | 50 | 50 | – | 9,608 | 102,264 |
| Jennifer Warawa[3] | 151,590 | 50 | 50 | 100 | – | – | 116,352 | – |

# Directors' report *continued*

Notes:
1. 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.
2. 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.
3. Bonuses were granted for meeting financial and operational targets.

| FY22 | TOTAL OPPORTUNITY A$ | AWARDED % | FORFEITED % | SHARE OPTIONS VALUE GRANTED[1] A$ | PERFORMANCE RIGHTS VALUE GRANTED[1] A$ | PERFORMANCE RIGHTS VALUE EXERCISED[2] A$ |
|---|---|---|---|---|---|---|
| Dale Smorgon | – | – | – | – | – | – |
| Bruce Coombes[3] | 200,000 | 100 | – | – | – | – |
| Michael McConnell | – | – | – | – | – | – |
| Barry Lewin | – | – | – | – | – | – |
| Eric Lookhoff[3] | 206,660 | 100 | – | (239,100) | 372,594 | 199,868 |
| Simon Yeandle[3] | 100,000 | 100 | – | (179,325) | 50,769 | – |

Notes:
1. 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.
2. 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.
3. Bonuses to Bruce Coombes, Eric Lookhoff and Simon Yeandle were granted for meeting financial and operational targets.

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

### (a) Share options

| | BALANCE AT THE START OF THE YEAR | CEASED AS KMP | EXERCISED | EXPIRED/ FORFEITED | BALANCE AT END OF THE YEAR | VESTED AND EXERCISABLE AT THE END OF THE YEAR |
|---|---|---|---|---|---|---|
| Dale Smorgon[1] | 300,000 | – | – | | 300,000 | 300,000 |
| Bruce Coombes[2] | 3,000,000 | – | – | – | 3,000,000 | 3,000,000 |
| Michael McConnell | – | – | – | – | – | – |
| Barry Lewin[1] | 300,000 | (300,000) | – | – | – | – |
| Eric Lookhoff | – | – | – | – | – | – |
| Simon Yeandle | – | – | – | – | – | – |
| Jennifer Warawa | – | – | – | – | – | – |

# Directors' report *continued*

### (b) Performance rights

| | BALANCE AT THE START OF THE YEAR | GRANTED AS REMUNER-ATION | VESTED | CEASED AS KMP | EXPIRED/ FORFEITED | BALANCE AT END OF THE YEAR | VESTED AND EXER-CISABLE AT THE END OF THE YEAR[4] |
|---|---|---|---|---|---|---|---|
| Dale Smorgon | – | – | – | – | – | – | – |
| Bruce Coombes[4, 5] | – | 2,278,359 | (1,333,770) | – | (444,589) | 500,000 | 1,333,770 |
| Michael McConnell[4] | – | 967,262 | (967,262) | – | – | – | 967,262 |
| Barry Lewin | – | – | – | – | – | – | – |
| Eric Lookhoff[3] | 1,272,638 | – | (250,000) | (1,022,638) | – | – | – |
| Simon Yeandle[3, 4, 5] | 1,150,469 | 1,698,264 | (1,185,342) | – | (524,241) | 1,139,150 | 674,023 |
| Jennifer Warawa[5] | – | 1,500,000 | – | – | – | 1,500,000 | – |

### (c) Ordinary shares

| | BALANCE AT THE START OF THE YEAR | CONVERSION ON VESTING AND EXERCISE OF PERFORMANCE RIGHTS | CEASED AS KMP | OTHER CHANGES[6] | BALANCE AT END OF THE YEAR |
|---|---|---|---|---|---|
| Dale Smorgon | 23,839,451 | – | – | 4,000,000 | 27,839,451 |
| Bruce Coombes | 25,239,453 | – | – | 653,374 | 25,892,827 |
| Michael McConnell | – | – | – | – | – |
| Barry Lewin | 2,143,000 | – | (2,143,000) | – | – |
| Eric Lookhoff | 1,451,319 | 250,000 | (1,701,319) | – | – |
| Simon Yeandle | 558,557 | 511,319 | – | 213,724 | 1,283,600 |
| Jennifer Warawa | – | – | – | 500,000 | 500,000 |

Notes:

1. 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, T2 and T3 share options vested on 30 June 2021, 2022 and 2023 (for Dale Smorgon) respectively, 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.
2. Bruce Coombes, the group's then CEO was granted 3,000,000 share options (QFEAB) on 9 July 2019. These share options expired on 9 July 2023 without exercise.
3. 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.

4. 967,262, 1,778,359 and 1,198,264 performance rights were issued to Michael McConnell, Bruce Coombes and Simon Yeandle respectively on 5 December 2022, under the company's Short Term Incentive (STI) Equity Sacrifice Plan (STIESP) for directors and employees. Under this plan, directors and employees may elect to receive part or all of their annual fees or Short Term Incentive 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. The number of performance rights vested under this scheme were 967,262, 1,333,770 and 674,023 for Michael McConnell, Bruce Coombes and Simon Yeandle respectively; these rights converted to ordinary shares and were issued on 15 August 2023.
5. 500,000 performance rights were granted to each of Bruce Coombes and Simon Yeandle and 3,000,000 to Jennifer Warawa during the year, as part of their LTI remuneration. Details of terms and conditions are set out in section (v)(b) below.
6. Other changes in ordinary shares held by KMP include participation in share placements and on-market acquisitions.

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

### (a) Share options

***Directors and KMP***

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

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 | GRANT DATE | ISSUE DATE | VESTING DATE | GRANTED | VESTED | EXPIRED/ FORFEITED | BALANCE AT END OF THE YEAR |
|---|---|---|---|---|---|---|---|
| Bruce Coombes | 21 Nov 2022 | 5 Dec 2022 | 31 Jan 2023 – 30 Jun 2025 | 250,000 | – | – | 250,000 |
| Bruce Coombes | 21 Nov 2022 | 5 Dec 2022 | 31 Jan 2024 – 30 Jun 2025 | 250,000 | – | – | 250,000 |
| Bruce Coombes | 21 Nov 2022 | 5 Dec 2022 | 30 Jun 2023 | 1,778,359 | (1,333,770) | (444,589) | – |
| Michael McConnell | 21 Nov 2022 | 5 Dec 2022 | 30 Jun 2023 | 967,262 | (967,262) | – | – |
| Simon Yeandle | 1 Nov 2022 | 5 Dec 2022 | 31 Jan 2023 – 30 Jun 2025 | 250,000 | – | – | 250,000 |
| Simon Yeandle | 1 Nov 2022 | 5 Dec 2022 | 31 Jan 2024 – 30 Jun 2025 | 250,000 | – | – | 250,000 |
| Simon Yeandle | 1 Nov 2022 | 5 Dec 2022 | 30 Jun 2023 | 1,198,264 | (674,023) | (524,241) | – |
| Jennifer Warawa | 28 Nov 2022 | 13 Apr 2023 | 31 Jan 2023 – 30 Jun 2025 | 750,000 | – | – | 750,000 |
| Jennifer Warawa | 28 Nov 2022 | 13 Apr 2023 | 31 Jan 2024 – 30 Jun 2025 | 750,000 | – | – | 750,000 |
| Jennifer Warawa | 28 Nov 2022 | 13 Apr 2023 | 28 Nov 2023 | 750,000 | – | – | 750,000 |
| Jennifer Warawa | 28 Nov 2022 | 13 Apr 2023 | 28 Nov 2024 | 750,000 | – | – | 750,000 |
| **Total** | | | | **7,943,885** | **(2,975,055)** | **(968,830)** | **4,000,000** |

For terms and conditions of each grant of performance rights see section (v) below.

***Other employees***

No performance rights 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*

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

### (a) 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 QFEAM) | NAME | VESTING AND EXERCISE DATE | EXPIRY DATE | EXERCISE PRICE A$ | VALUE PER PERFORMANCE RIGHT AT GRANT DATE A$ | NUMBER OF PERFORMANCE RIGHTS GRANTED | VESTED % (NUMBER) |
|---|---|---|---|---|---|---|---|
| STI grants | | | | | | | |
| 1 Nov 2022 | Simon Yeandle[3] | 30 Jun 2023 | – | 0.0504 | 0.025 | 1,198,264 | 56% (674,023) |
| 21 Nov 2022 | Michael McConnell[3] | 30 Jun 2023 | – | 0.0504 | 0.025 | 967,262 | 100% |
| 21 Nov 2022 | Bruce Coombes[3] | 30 Jun 2023 | – | 0.0504 | 0.025 | 1,778,359 | 75% (1,333,770) |
| LTI grants | | | | | | | |
| 8 Nov 2021 | Simon Yeandle | 1 Jul 2022 | – | – | 0.20 | 511,319 | 100 |
| 8 Nov 2021 | Simon Yeandle | 1 Jul 2023 | – | – | 0.20 | 127,830 | 100 |
| 8 Nov 2021 | Simon Yeandle | 1 Jul 2024 | – | – | 0.20 | 127,830 | – |
| 8 Nov 2021 | Simon Yeandle | 8 Oct 2023 | – | – | 0.20 | 383,490 | – |
| 1 Nov 2022 | Simon Yeandle[1] | 31 Jan 2023 – 30 Jun 2025 | 30 Jun 2025 | – | 0.067 | 250,000 | – |
| 1 Nov 2022 | Simon Yeandle[2] | 31 Jan 2024 – 30 Jun 2025 | 30 Jun 2025 | – | 0.067 | 250,000 | – |
| 21 Nov 2022 | Bruce Coombes[1] | 31 Jan 2023 – 30 Jun 2025 | 30 Jun 2025 | – | 0.067 | 250,000 | – |
| 21 Nov 2022 | Bruce Coombes[2] | 31 Jan 2024 – 30 Jun 2025 | 30 Jun 2025 | – | 0.067 | 250,000 | – |
| 28 Nov 2022 | Jennifer Warawa[1] | 31 Jan 2023 – 30 Jun 2025 | 30 Jun 2025 | – | 0.062 | 750,000 | – |
| 28 Nov 2022 | Jennifer Warawa[2] | 31 Jan 2024 – 30 Jun 2025 | 30 Jun 2025 | – | 0.062 | 750,000 | – |
| 28 Nov 2022 | Jennifer Warawa | 28 Nov 2023 | – | – | 0.062 | 750,000 | – |
| 28 Nov 2022 | Jennifer Warawa | 28 Nov 2024 | – | – | 0.062 | 750,000 | – |

Notes:

All performance rights vest contingent on continued employment at the vesting date. Those performance rights with only tenure-based vesting conditions are only granted after careful consideration by the board that (a) the terms are appropriate and equitable and will satisfy ASX Listing Rules 6.1 and 12.5; (b) a grant of equity instruments rather than cash is more commonplace in the industry in which the company operates; and (c) the grant will better align the recipients' interests with that of the company and its shareholders.

Further vesting conditions for certain performance rights are set out below.

1. Vesting is contingent upon 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.
2. Vesting is contingent upon the first date after 31 January 2024 that a 30day Volume Weighted Average Price of the company's shares (ASX:QFE) (VWAP) of 20 cents is achieved.
3. Vesting is contingent on individual fees/STI achievement under the company's Short Term Incentive (STI) Equity Sacrifice Plan (STIESP) for directors and employees. See note 4 under section g (iii) above for more details. The expected monetary amount of cash STI or fees sacrificed (deemed exercise price) is taken into account in assessing the fair value of these performance rights.

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

Retired 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.

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

| | FY23<br>A$ | FY22<br>A$ |
|---|---|---|
| Amounts recognised as expense | | |
| Corporate advisory and consulting fees | – | 14,000 |

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

QuickFee Limited received more than 92% of 'yes' votes on its remuneration report for FY22. 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 |
|---|---|---|---|---|
| 18 Mar 2020 | QFEAD | 30 Jun 2025 | A$ 0.500 | 533,333 |
| 23 Jul 2020 | QFEAG | 23 Jul 2025 | A$ 0.500 | 500,000 |
| 26 May 2021 | QFEAH | 31 Jan 2026 | A$ 0.580 | 100,000 |
| 20 Aug 2021 | QFEAI | 30 Jun 2026 | A$ 0.280 | 537,519 |
| 20 Aug 2021 | QFEAJ | 30 Jun 2026 | A$ 0.319 | 537,494 |
| 20 Aug 2021 | QFEAK | 30 Jun 2026 | A$ 0.344 | 537,494 |
| 20 Aug 2021 | QFEAL | 30 Jun 2026 | A$ 0.382 | 537,492 |
| 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 | QFEAQ | 30 Jun 2026 | A$ 0.280 | 75,000 |
| 27 Jun 2022 | QFEAR | 30 Jun 2026 | A$ 0.319 | 75,000 |
| 27 Jun 2022 | QFEAS | 30 Jun 2026 | A$ 0.344 | 75,000 |
| 27 Jun 2022 | QFEAT | 30 Jun 2026 | A$ 0.382 | 75,000 |
| 1 Nov 2022 | QFEAP | 30 Jun 2027 | A$0.080 | 393,771 |
| 1 Nov 2022 | QFEAU | 30 Jun 2027 | A$0.091 | 393,735 |
| 1 Nov 2022 | QFEAV | 30 Jun 2027 | A$0.099 | 393,735 |
| 1 Nov 2022 | QFEAW | 30 Jun 2027 | A$0.110 | 393,759 |
| Total share options | | | | 5,658,332 |

## Shares under option, performance rights and deferred shares *continued*

### (a) Unissued ordinary shares *continued*

**Performance rights**

| GRANT DATE | CODE | VESTING/ EXPIRY DATE | EXERCISE PRICE | NUMBER OF UNISSUED ORDINARY SHARES UNDER OPTION |
|---|---|---|---|---|
| 8 Nov 2021 | QFEAM | 01 Jul 2024 | A$– | 127,830 |
| 8 Nov 2021 | QFEAM | 08 Oct 2023 | A$– | 383,490 |
| 1 Nov 2022 | QFEAM | 31 Jan 2023 – 30 Jun 2025 | A$– | 1,000,000 |
| 1 Nov 2022 | QFEAM | 31 Jan 2024 – 30 Jun 2025 | A$– | 1,000,000 |
| 1 Nov 2022 | QFEAM | 31 Jan 2023 | A$– | 191,186 |
| 21 Nov 2022 | QFEAM | 31 Jan 2023 – 30 Jun 2025 | A$– | 250,000 |
| 21 Nov 2022 | QFEAM | 31 Jan 2024 – 30 Jun 2025 | A$– | 250,000 |
| 28 Nov 2022 | QFEAM | 31 Jan 2023 – 30 Jun 2025 | A$– | 750,000 |
| 28 Nov 2022 | QFEAM | 31 Jan 2024 – 30 Jun 2025 | A$– | 750,000 |
| 28 Nov 2022 | QFEAM | 28 Nov 2023 | A$– | 750,000 |
| 28 Nov 2022 | QFEAM | 28 Nov 2024 | A$– | 750,000 |
| Total performance rights | | | | 6,202,506 |
| Total | | | | 11,860,838 |

Notes:

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) to (v) of the remuneration report above.

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

952,504 ordinary shares of QuickFee Limited were issued during the year ended 30 June 2023 on the exercise of share options and performance rights granted. 3,559,444 ordinary shares of QuickFee Limited were issued after the end of the year ended 30 June 2023 and prior to the date of this report on the exercise of share options and performance rights granted.

# Directors' report *continued*

## Material business risks

The group is a risk-conscious organisation with integrated risk management frameworks and policies throughout every part of the organisation. The material business risks faced by the group that are likely to have an effect on the future activities and financial prospects of the group are outlined below:

### Competition risks

The group operates in a competitive industry and there is a risk of new providers or existing competitors delivering a comparatively superior product. If a larger, better funded finance provider markets or creates a comparable product at a lower price point, this could negatively impact the group's growth in the US market or could diminish the group's market share in the Australian market. This risk is mitigated by the group's unique position in the market relative to its competitors and substantial investment in its relationship management function that strengthens customers' loyalty to QuickFee.

### Client and firm credit risk

There is a risk of potential failure of clients or firms to meet their obligations at the appropriate time with respect to loans granted to them. This risk is mitigated through firms guaranteeing repayment of the principal loaned in full should a client fail to meet its obligations. However, firms are also subject to repayment risk in the same manner as clients. The group continues to monitor and manage counterparty risk through internal decisioning capabilities, controls and protocols, including its credit policies, which are regularly reviewed to ensure they remain effective.

### Company financing risk

A loss of, or adverse impact to the group's funding sources, could limit its ability to write new loans. This includes an inability to extend or refinance expiring facilities, an inability to set up new funding platforms to fund growth in loans, or an increase in funding costs which reduces the group's revenues or cash flow which could materially impact on the Company's business, operating and financial performance and growth. This risk is mitigated by QuickFee's management and board working with new and existing debt providers, as well as investors and investment banks (domestically and abroad) to identify the most appropriate funding solutions for the current and future business requirements. QuickFee continually monitors its existing cash, liquidity and funding position to ensure that sufficient funds are available for every day operations.

### Revenue and growth risk

The group's ability to increase revenue and achieve profitability is dependent on the ability to profitably scale the business, which in turn is dependent on achieving a high level of sign-ups of new firms and growing transaction volumes from existing firms, across all its product offerings. There is no guarantee that all or any of the group's growth strategies will be successfully implemented or deliver the expected returns. Transaction volumes of its lending products might also be impacted by general economic conditions or any regulatory changes which impact its lending or payments operations.

# Directors' report *continued*

QuickFee regularly reviews its strategies and plans that underpin them. The group plans to deliver continued market share growth in the professional services vertical through three strategic levers. Firstly, deliver organic growth through a revamped sales approach and execution of comprehensive digital marketing strategy, enabling accelerated new customer acquisition, substantial growth in the Finance product, and increased penetration of existing firms through Connect adoption. Secondly, an enhanced focus on, and acceleration of, the group's strategic alliances and partnerships strategy to achieve exponential growth by leveraging 'one to many' relationships through deeper engagement with accounting firm alliances and associations. Lastly, to drive cost-effective product development with a narrow focus on expanding Connect integrations to reach more practice management systems, unlocking the US accounting market for QuickFee's payment solutions and enhancing firm experience through a revamped product UX/UI.

## People risk

The strategic management of the group depends substantially on its senior management and its key personnel. Failure to attract or retain existing key management personnel could have an adverse impact on the group. QuickFee rewards its employees competitively through its remuneration governance processes and is continually improving its culture through the use of enablement programs like engagement surveys, to ensure management has a holistic view on employee satisfaction and is aware of any potential risks that may arise.

## Privacy and data security risks

As a technology-focused lending and payments business, the group collects and holds a range of personal and commercial information about customers and partners. There is a risk that QuickFee's systems, or those of its third-party service providers, may be impacted by external malicious attacks. Compliance with privacy and data security legislation relating to managing information security and safeguarding customer data remains a paramount key consideration and impacts the way the group approaches everything it does and the decisions it makes. The group takes the storage of this data very seriously and place the highest priority on ensuring its security, deploying extensive strategies to strengthen its systems security and uses a mix of governance, technical and procedural controls to prevent, detect and manage any cyber-attacks or unauthorised access to data it holds.

## Exchange rate risk

Volatility in exchange rates can impact the group's ability to maintain or grow margins, however, to a significant extent the group's business currently enjoys natural hedges: the revenue that the group obtains in a particular foreign currency closely matches the expenses it incurs in that currency (such as US dollars). The directors believe that natural hedges presently mitigate any exchange rate volatility risk for the group to an economically acceptable level.

## Regulatory risk

The group is subject to a range of laws, regulations, and industry compliance requirements in the jurisdictions in which it conducts business. The financial services sector in both Australia and the United States continues to undergo substantial political and regulatory scrutiny and potential regulatory change. Future changes to law or regulation, or potential changes to law or regulation which oblige industry participants to proactively change their business models, alter their funding arrangements or change their pricing disclosure could have a material adverse effect on the group's, financial position, operating and financial performance and/or growth. The group's legal and compliance teams proactively ensure effective management of all obligations and continuously monitor the legislative and regulatory landscape and industry bodies and regulators for relevant changes.

# Directors' report *continued*

## Insurance of officers and indemnities

### (a) Insurance of officers

During the financial year, QuickFee Limited paid a premium of A$115,277 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

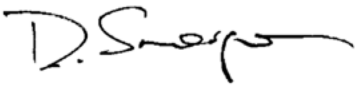
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 39.

## 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 and financial statements have been rounded off to the nearest thousand dollars, or in certain cases the nearest dollar.

# Directors' report *continued*

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



**Dale Smorgon**

Non-Executive Chairman

24 August 2023

# Auditor's independence declaration

For the year ended 30 June 2023

William Buck
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 2023 there 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**
Director
Melbourne, 24 August 2023

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

# Corporate governance statement

For the year ended 30 June 2023

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 FY23 corporate governance statement is dated as at 30 June 2023 and reflects the corporate governance practices in place throughout FY23. The FY23 corporate governance statement was approved by the board on 24 August 2023. 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 2023

### Contents

**Financial statements**



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 24 August 2023. 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 2023

| | NOTES | FY23 $'000 | FY22 $'000 |
|---|---|---|---|
| Revenue | 2,3 | 14,766 | 10,861 |
| Interest expense | 2(a) | (2,629) | (1,026) |
| Cost of sales | 4(a) | (2,776) | (2,221) |
| **Gross profit** | | **9,361** | **7,614** |
| Other income | | 151 | 61 |
| General and administrative expenses | 4(a) | (7,116) | (7,524) |
| Depreciation and amortisation | | (1,127) | (786) |
| Selling and marketing expenses | 4(a) | (2,389) | (2,670) |
| **Operating loss before growth expenses** | | **(1,120)** | **(3,305)** |
| Customer acquisition expenses | 4(a) | (2,639) | (4,821) |
| Product development expenses | 4(a) | (3,898) | (5,232) |
| **Operating loss** | | **(7,657)** | **(13,358)** |
| Net finance costs | 4(b) | (419) | (142) |
| **Loss before income tax** | | **(8,076)** | **(13,500)** |
| Income tax expense | 5 | – | – |
| **Loss for the period** | | **(8,076)** | **(13,500)** |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit or loss:* | | | |
| Exchange differences on translation of foreign operations | | 168 | 783 |
| **Total comprehensive loss for the period** | | **(7,908)** | **(12,717)** |

| | | CENTS | CENTS |
|---|---|---|---|
| Loss per share for loss attributable to the ordinary equity holders of the company: | | | |
| Basic and diluted loss per share | 18 | (3.0) | (5.9) |

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 2023

| | NOTES | 30 JUNE 2023 $'000 | 30 JUNE 2022 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 3,387 | 8,185 |
| Loan receivables | 6(a) | 42,146 | 32,721 |
| Trade and other receivables | | 576 | 745 |
| Other current assets | | 667 | 604 |
| Total current assets | | 46,776 | 42,255 |
| **Non-current assets** | | | |
| Loan receivables | 6(a) | 1,044 | 207 |
| Plant and equipment | | 123 | 245 |
| Right-of-use assets | | 114 | 374 |
| Other non-current assets | | 56 | 121 |
| Total non-current assets | | 1,337 | 947 |
| Total assets | | 48,113 | 43,202 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Merchant settlements outstanding | 6(a) | 3,520 | 3,153 |
| Trade and other payables | 6(b) | 1,997 | 2,520 |
| Contract liabilities | 3(b) | 313 | 209 |
| Borrowings | 6(c) | 32,200 | 19,680 |
| Lease liabilities | | 94 | 286 |
| Employee benefit obligations | | 791 | 723 |
| Total current liabilities | | 38,915 | 26,571 |
| **Non-current liabilities** | | | |
| Borrowings | 6(c) | 199 | 206 |
| Lease liabilities | | 43 | 123 |
| Employee benefit obligations | | 11 | 6 |
| Total non-current liabilities | | 253 | 335 |
| Total liabilities | | 39,168 | 26,906 |
| Net assets | | 8,945 | 16,296 |
| **EQUITY** | | | |
| Contributed equity | 7(a) | 47,241 | 46,652 |
| Other reserves | 7(b) | 1,049 | 913 |
| Accumulated losses | | (39,345) | (31,269) |
| Total equity | | 8,945 | 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 year ended 30 June 2023

| | NOTES | ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED<br>CONTRIBUTED EQUITY<br>$'000 | OTHER RESERVES<br>$'000 | ACCUMULATED LOSSES<br>$'000 | TOTAL EQUITY<br>$'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2021** | | 42,598 | (3,619) | (14,587) | 24,392 |
| Loss for the period | | – | – | (13,500) | (13,500) |
| Other comprehensive income | | – | 783 | – | 783 |
| **Total comprehensive loss for the period** | | – | 783 | (13,500) | (12,717) |
| Reclassification of common control reserve to accumulated losses | 7(b) | – | 3,200 | (3,200) | – |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Contributions of equity, net of transaction costs | 7(a) | 3,758 | – | – | 3,758 |
| Share-based payment expenses | 7(b), 16(c) | – | 863 | – | 863 |
| Transfer of expenses relating to forfeited share options from share-based payments reserve to accumulated losses | 7(b) | – | (18) | 18 | – |
| Vesting of performance rights | | 296 | (296) | – | |
| | | 4,054 | 3,749 | (3,182) | 4,621 |
| **Balance at 30 June 2022** | | 46,652 | 913 | (31,269) | 16,296 |

| | NOTES | ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED<br>CONTRIBUTED EQUITY<br>$'000 | OTHER RESERVES<br>$'000 | ACCUMULATED LOSSES<br>$'000 | TOTAL EQUITY<br>$'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2022** | | 46,652 | 913 | (31,269) | 16,296 |
| Loss for the period | | – | – | (8,076) | (8,076) |
| Other comprehensive income | | – | 168 | – | 168 |
| **Total comprehensive income/(loss) for the period** | | – | 168 | (8,076) | (7,908) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Contributions of equity, net of transaction costs | 7(a) | 345 | – | – | 345 |
| Share-based payment expenses | 7(b), 16(c) | – | 212 | – | 212 |
| Vesting of performance rights | | 244 | (244) | – | – |
| | | 589 | (32) | – | 557 |
| **Balance at 30 June 2023** | | 47,241 | 1,049 | (39,345) | 8,945 |

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 2023

| | NOTES | FY23 $'000 | FY22 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest, fees and charges from customers and merchants (inclusive of GST) | | 15,241 | 10,698 |
| Payments to suppliers and employees (inclusive of GST) | | (19,354) | (19,749) |
| Interest paid | | (2,747) | (856) |
| **Net cash outflow from operating activities before changes in loan and payment processing receivables and merchant settlements outstanding** | | **(6,860)** | **(9,907)** |
| Payments to merchants to settle loan receivables and movement in merchant settlements outstanding | | (80,423) | (74,346) |
| Receipts from merchants' customers in respect of loan receivables | | 71,097 | 61,238 |
| **Net cash outflow from operating activities** | 8(a) | **(16,186)** | **(23,015)** |
| **Cash flows from investing activities** | | | |
| Payments for plant and equipment | | (34) | (82) |
| Proceeds from disposal of plant and equipment | | 38 | – |
| Payments for other non-current assets | | – | (25) |
| **Net cash inflow/(outflow) from investing activities** | | **4** | **(107)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issues of shares | 7(a) | 350 | 4,008 |
| Share issue transaction costs | 7(a) | (5) | (250) |
| Proceeds of loan receivables borrowings facility, net of repayments | | 11,591 | 8,462 |
| Payments for establishment of borrowings facility and issue of subsequent loan notes | | (299) | (2,699) |
| Principal elements of lease payments | | (292) | (319) |
| **Net cash inflow from financing activities** | | **11,345** | **9,202** |
| **Net decrease in cash and cash equivalents** | | **(4,837)** | **(13,920)** |
| Cash and cash equivalents at the beginning of the financial year | | 8,185 | 21,306 |
| Effects of exchange rate changes on cash and cash equivalents | | 39 | 799 |
| **Cash and cash equivalents at end of the financial year** | | **3,387** | **8,185** |

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 2023

## 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 comprise 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 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 Finance and QuickFee Buy Now, Pay Later (*BNPL* or *Q Pay Plan*);

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

The group does not have any customers that make up more than 10% of group revenue.

### (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) Share-based payment expenses

In the consolidated statement of profit or loss and other comprehensive income, the line item 'general and administrative expenses' includes 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*

## 1 Segment information *continued*

### (b) Country and product development segments *continued*

The table below shows adjusted EBITDA for the year ended 30 June 2023, which reconciles to proft/(loss) for the period:

| FY23 | AU $'000 | US $'000 | PRODUCT DEVELOPMENT $'000 | UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| Interest revenue | 4,766 | 2,564 | – | – | 7,330 |
| Interest expense | (1,604) | (1,025) | – | – | (2,629) |
| **Net interest revenue** | **3,162** | **1,539** | **–** | **–** | **4,701** |
| Revenue from contracts with customers | 1,303 | 6,133 | – | – | 7,436 |
| Cost of sales | (1,214) | (1,562) | – | – | (2,776) |
| **Adjusted gross profit** | **3,251** | **6,110** | **–** | **–** | **9,361** |
| Other income | 5 | 146 | – | – | 151 |
| General and administrative expenses | (1,785) | (3,209) | – | (1,910) | (6,904) |
| Selling and marketing expenses | (831) | (1,558) | – | – | (2,389) |
| **Adjusted EBITDA before growth expenses and significant items** | **640** | **1,489** | **–** | **(1,910)** | **219** |
| Customer acquisition expenses | (404) | (2,235) | – | – | (2,639) |
| Product development expenses | – | – | (3,898) | – | (3,898) |
| **Adjusted EBITDA before significant items** | **236** | **(746)** | **(3,898)** | **(1,910)** | **(6,318)** |
| Share-based payment expenses | – | – | – | (212) | (212) |
| **Adjusted EBITDA** | **236** | **(746)** | **(3,898)** | **(2,122)** | **(6,530)** |
| Depreciation and amortisation | (113) | (272) | – | (742) | (1,127) |
| Net finance costs | (110) | (217) | – | (92) | (419) |
| **Profit/(loss) before income tax and loss for the period** | **13** | **(1,235)** | **(3,898)** | **(2,956)** | **(8,076)** |

# Notes to the financial statements *continued*

## 1 Segment information *continued*

### (b) Country and product development segments *continued*

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

| FY22 | AU<br>$'000 | US<br>$'000 | PRODUCT DEVELOPMENT<br>$'000 | UNALLOCATED<br>$'000 | TOTAL<br>$'000 |
|---|---|---|---|---|---|
| Interest revenue | 3,452 | 1,681 | – | – | 5,133 |
| Interest expense | (834) | (192) | – | – | (1,026) |
| **Net interest revenue** | **2,618** | **1,489** | **–** | **–** | **4,107** |
| Revenue from contracts with customers | 1,017 | 4,711 | – | – | 5,728 |
| Cost of sales | (992) | (1,229) | – | – | (2,221) |
| **Adjusted gross profit** | **2,643** | **4,971** | **–** | **–** | **7,614** |
| Other income | 16 | 45 | – | – | 61 |
| General and administrative expenses | (1,560) | (3,507) | – | (1,594) | (6,661) |
| Selling and marketing expenses | (714) | (1,956) | – | – | (2,670) |
| **Adjusted EBITDA before growth expenses and significant items** | **385** | **(447)** | **–** | **(1,594)** | **(1,656)** |
| Customer acquisition expenses | (676) | (4,145) | – | – | (4,821) |
| Product development expenses | – | – | (5,232) | – | (5,232) |
| **Adjusted EBITDA before significant items** | **(291)** | **(4,592)** | **(5,232)** | **(1,594)** | **(11,709)** |
| Share-based payment expenses | – | – | – | (863) | (863) |
| **Adjusted EBITDA** | **(291)** | **(4,592)** | **(5,232)** | **(2,457)** | **(12,572)** |
| Depreciation and amortisation | (123) | (336) | – | (327) | (786) |
| Net finance costs | (93) | (49) | – | – | (142) |
| **Loss before income tax and loss for the period** | **(507)** | **(4,977)** | **(5,232)** | **(2,784)** | **(13,500)** |

# 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 2023:

| 30 JUNE 2023 | AU $'000 | US $'000 | PRODUCT DEVELOPMENT $'000 | UNALLOCATED $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| Segment assets | 31,364 | 13,106 | – | 3,643 | 48,113 |
| **Total assets** | **31,364** | **13,106** | **–** | **3,643** | **48,113** |
| | | | | | |
| Segment liabilities | 28,637 | 11,990 | – | (1,459) | 39,168 |
| **Total liabilities** | **28,637** | **11,990** | **–** | **(1,459)** | **39,168** |

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*

## 1 Segment information *continued*

### (d) Product profitability segments

The table below shows adjusted gross profit for the year ended 30 June 2023 allocated by product profitability segment, which reconciles to gross profit for the period:

| FY23 | EFT AND CARD $'000 | FINANCE $'000 | BNPL $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Australia** | | | | |
| Interest revenue | – | 4,699 | 67 | 4,766 |
| Revenue from contracts with customers | 764 | 527 | 12 | 1,303 |
| **Total gross revenue** | **764** | **5,226** | **79** | **6,069** |
| Direct processing costs | (689) | (22) | (15) | (726) |
| Platform, credit check and credit staff costs | – | (475) | (13) | (488) |
| **Cost of sales** | **(689)** | **(497)** | **(28)** | **(1,214)** |
| Interest expense | – | (1,604) | – | (1,604) |
| **Adjusted gross profit for the period** | **75** | **3,125** | **51** | **3,251** |

| | ACH $'000 | CARD $'000 | FINANCE $'000 | BNPL $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **United States** | | | | | |
| Interest revenue | – | – | 2,429 | 135 | 2,564 |
| Revenue from contracts with customers | 5,345 | 564 | 129 | 95 | 6,133 |
| **Total gross revenue** | **5,345** | **564** | **2,558** | **230** | **8,697** |
| Direct processing costs | (615) | – | (1) | (110) | (726) |
| Platform, credit check and credit staff costs | (230) | (50) | (534) | (22) | (836) |
| **Cost of sales** | **(845)** | **(50)** | **(535)** | **(132)** | **(1,562)** |
| Interest expense | – | – | (1,020) | (5) | (1,025) |
| **Adjusted gross profit for the period** | **4,500** | **514** | **1,003** | **93** | **6,110** |
| **Total adjusted gross profit for the period** | | | | | **9,361** |

# Notes to the financial statements *continued*

## 1 Segment information *continued*

### (d) Product profitability segments *continued*

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 $'000 | FINANCE $'000 | BNPL $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Australia** | | | | |
| Interest revenue | – | 3,415 | 37 | 3,452 |
| Revenue from contracts with customers | 622 | 385 | 10 | 1,017 |
| **Total gross revenue** | **622** | **3,800** | **47** | **4,469** |
| Direct processing costs | (528) | (14) | (16) | (558) |
| Platform, credit check and credit staff costs | – | (424) | (10) | (434) |
| **Cost of sales** | **(528)** | **(438)** | **(26)** | **(992)** |
| Interest expense | – | (834) | – | (834) |
| **Adjusted gross profit for the period** | **94** | **2,528** | **21** | **2,643** |

| | ACH $'000 | CARD $'000 | FINANCE $'000 | BNPL $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| **United States** | | | | | |
| Interest revenue | – | – | 1,459 | 222 | 1,681 |
| Revenue from contracts with customers | 3,955 | 486 | 108 | 162 | 4,711 |
| **Total gross revenue** | **3,955** | **486** | **1,567** | **384** | **6,392** |
| Direct processing costs | (206) | – | (3) | (158) | (367) |
| Platform, credit check and credit staff costs | (167) | (23) | (253) | (419) | (862) |
| **Cost of sales** | **(373)** | **(23)** | **(256)** | **(577)** | **(1,229)** |
| Interest expense | – | – | (171) | (21) | (192) |
| **Adjusted gross profit/(loss) for the period** | **3,582** | **463** | **1,140** | **(214)** | **4,971** |
| **Total adjusted gross profit for the period** | | | | | **7,614** |

# Notes to the financial statements *continued*

## 2 Revenue

| | NOTES | FY23 $'000 | FY22 $'000 |
|---|---|---|---|
| Interest revenue using the effective interest rate method | 2(a) | 7,330 | 5,133 |
| Revenue from contracts with customers | 3 | 7,436 | 5,728 |
| **Total revenue** | | **14,766** | **10,861** |

### (a) Net interest revenue

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| **Interest revenue** | | |
| Loan receivables | 7,330 | 5,133 |
| **Interest expense** | | |
| Loan receivables facility – financial institution lenders | (2,629) | (1,026) |
| | **(2,629)** | **(1,026)** |
| **Net interest revenue** | **4,701** | **4,107** |

#### (i) Interest revenue

Interest revenue from loan receivables relate to the *QuickFee Finance* 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*

## 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:

| FY23 | APPLICATION FEE REVENUE $'000 | MERCHANT FEE REVENUE $'000 | PLATFORM FEE REVENUE $'000 | TOTAL $'000 |
|---|---|---|---|---|
| Timing of revenue recognition | | | | |
| At a point in time | – | 6,808 | 14 | 6,822 |
| Over time | 424 | – | 190 | 614 |
| | 424 | 6,808 | 204 | 7,436 |

| FY22 | | | | |
|---|---|---|---|---|
| Timing of revenue recognition | | | | |
| At a point in time | – | 4,896 | 22 | 4,918 |
| Over time | 319 | – | 491 | 810 |
| | 319 | 4,896 | 513 | 5,728 |

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

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Total current contract liabilities – deferred revenue | 313 | 209 |

#### (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.

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Revenue recognised that was included in the contract liability balance at the beginning of the period | | |
| Contract liabilities – deferred revenue | 209 | 107 |

### (c) Accounting policies

#### (i) Application fee revenue

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

# Notes to the financial statements *continued*

## 3 Revenue from contracts with customers *continued*

### (c) Accounting policies *continued*

#### (ii) Merchant fee revenue

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

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

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

#### (iii) Platform fee revenue

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

## 4 Other income and expense items

### (a) Breakdown of expenses by nature

| | NOTES | FY23 $'000 | FY22 $'000 |
|---|---|---|---|
| Cost of sales | | | |
| Employee benefits[1] | | 392 | 441 |
| Direct processing costs | | 1,421 | 881 |
| Platform and credit check costs | | 694 | 674 |
| Other | | 269 | 225 |
| | | **2,776** | **2,221** |
| General and administrative expenses | | | |
| Accounting, legal and professional fees | | 546 | 502 |
| Employee benefits[1] | | 4,528 | 4,401 |
| Net impairment (credit)/losses on loan receivables | | (99) | 197 |
| Recruitment | | 282 | 285 |
| Share-based payment expenses (non-cash) | 16(c) | 212 | 863 |
| Insurance | | 250 | 222 |
| Other | | 1,397 | 1,054 |
| | | **7,116** | **7,524** |

# Notes to the financial statements *continued*

## 4 Other income and expense items *continued*

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

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Selling and marketing expenses | | |
| Employee benefits[1] | 2,128 | 2,543 |
| Other | 261 | 127 |
| | **2,389** | **2,670** |
| Customer acquisition expenses | | |
| Employee benefits[1] | 1,831 | 3,771 |
| Other | 808 | 1,050 |
| | **2,639** | **4,821** |
| Product development expenses | | |
| Employee benefits[1] | 2,659 | 3,692 |
| Other | 1,239 | 1,540 |
| | **3,898** | **5,232** |

Notes:

1. Employee benefits from each functional expense category includes aggregate superannuation/401k of A$400,000 (2022: A$416,000).

### (b) Net finance costs

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Finance costs – lease liabilities | (11) | (22) |
| Finance costs – borrowings facility fees | (408) | (120) |
| | **(419)** | **(142)** |

## 5 Income tax expense

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

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Loss before income tax | (8,076) | (13,500) |
| Tax at the Australian tax rate of 25% (2022: 25.0%) | (2,019) | (3,375) |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Blackhole expenditure (Section 40-880, ITAA 1997) | (121) | (121) |
| Employee leave obligations | 18 | 31 |
| Expected credit losses | (56) | 42 |
| Prepayments | 20 | 29 |
| Share-based payments | 53 | 216 |
| Other | 13 | 32 |
| **Subtotal** | **(73)** | **229** |
| Difference in overseas tax rates | (63) | (244) |
| Tax losses and other timing differences for which no deferred tax asset is recognised | 2,155 | 3,390 |
| **Income tax expense** | – | – |

### (b) Tax losses

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Unused Australian tax losses for which no deferred tax asset has been recognised | 22,058 | 15,098 |
| Potential tax benefit at 25% (2022: 25.0%) | 5,515 | 3,775 |
| Unused United States tax losses for which no deferred tax asset has been recognised | 12,113 | 10,722 |
| Potential tax benefit at 29.84% (2022: 29.84%) | 3,615 | 3,199 |
| **Total potential tax benefit** | **9,130** | **6,974** |

Tax losses for the year ended 30 June 2022 have been restated to reflect the income tax returns lodged for the same period.

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 2023 and 30 June 2022. 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.

# Notes to the financial statements *continued*

## 6 Financial assets and financial liabilities

### (a) Loan receivables and merchant settlements outstanding

| | | 30 JUNE 2023 | | | 30 JUNE 2022 | | |
|---|---|---|---|---|---|---|---|
| | NOTES | CURRENT $'000 | NON-CURRENT $'000 | TOTAL $'000 | CURRENT $'000 | NON-CURRENT $'000 | TOTAL $'000 |
| Gross loan receivables | 6(a)(i), (ii) | 42,365 | 1,044 | 43,409 | 33,117 | 207 | 33,324 |
| Expected credit losses | 10(b) | (219) | – | (219) | (396) | – | (396) |
| **Loan receivables** | | **42,146** | **1,044** | **43,190** | **32,721** | **207** | **32,928** |
| Merchant settlements outstanding | 6(a)(iii), (iv) | 3,520 | – | 3,520 | 3,153 | – | 3,153 |

| | 30 JUNE 2023 | | | 30 JUNE 2022 | | |
|---|---|---|---|---|---|---|
| EXPECTED CREDIT LOSSES AGEING | < 30 DAYS PAST DUE | > 30 DAYS PAST DUE | TOTAL | < 30 DAYS PAST DUE | > 30 DAYS PAST DUE | TOTAL |
| Expected loss rate | 0.24% | 100% | | 0.39% | 100% | |
| ECL provision | 102 | 117 | 219 | 128 | 268 | 396 |
| Gross receivables | 43,292 | 117 | 43,409 | 33,056 | 268 | 33,324 |

#### (i) Classification of gross loan receivables

Gross loan receivables are amounts due from customers of firms for payment plans (loans) entered into in the ordinary course of business from the *QuickFee Finance* 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.

# Notes to the financial statements *continued*

## 6 Financial assets and financial liabilities *continued*

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

#### (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.

### (b) Trade and other payables

| | 30 JUNE 2023<br>$'000 | 30 JUNE 2022<br>$'000 |
|---|---|---|
| Trade payables | 874 | 568 |
| Accrued expenses | 1,023 | 1,684 |
| Other payables | 100 | 268 |
| **Total borrowings** | **1,997** | **2,520** |

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 2023<br>CURRENT<br>$'000 | 30 JUNE 2023<br>NON-CURRENT<br>$'000 | 30 JUNE 2023<br>TOTAL<br>$'000 | 30 JUNE 2022<br>CURRENT<br>$'000 | 30 JUNE 2022<br>NON-CURRENT<br>$'000 | 30 JUNE 2022<br>TOTAL<br>$'000 |
|---|---|---|---|---|---|---|---|
| Secured | | | | | | | |
| Northleaf Capital Partners Ltd | 6(c)(i) | 34,129 | 199 | 34,328 | 22,052 | 206 | 22,258 |
| **Total secured borrowings** | | **34,129** | **199** | **34,328** | **22,052** | **206** | **22,258** |
| **Capitalised borrowing costs** | | | | | | | |
| Unamortised borrowing costs | | (1,929) | – | (1,929) | (2,372) | – | (2,372) |
| **Total capitalised borrowing costs** | | **(1,929)** | **–** | **(1,929)** | **(2,372)** | **–** | **(2,372)** |
| **Total borrowings** | | **32,200** | **199** | **32,399** | **19,680** | **206** | **19,886** |

## 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 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 30 June 2023, US$7 million and AU$23.77 million was drawn from the revolver and term loan facilities respectively. The group was in compliance with all facility agreement covenants throughout the year.

#### (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.

# Notes to the financial statements *continued*

## 7 Equity

### (a) Contributed equity

| | NOTES | 30 JUNE 2023 NUMBER OF SHARES '000 | 30 JUNE 2022 NUMBER OF SHARES '000 | 30 JUNE 2023 $'000 | 30 JUNE 2022 $'000 |
|---|---|---|---|---|---|
| Ordinary shares | 7(a)(ii) | | | | |
| Fully paid | | 270,052 | 265,600 | 47,241 | 46,652 |
| | 7(a)(i) | 270,052 | 265,600 | 47,241 | 46,652 |

#### (i) Movements in ordinary shares:

| DETAILS | NUMBER OF SHARES '000 | TOTAL $'000 |
|---|---|---|
| **Balance at 1 July 2021** | **222,201** | **42,598** |
| 21 March 2022: Issue at A$nil pursuant to vesting of director and employee performance rights[1] | 1,785 | – |
| 21 March 2022: Transfer from share based payments reserve on vesting of performance rights and conversion into ordinary shares | – | 296 |
| 13 May 2022: Issue at A$0.10 pursuant to May 2022 placement | 36,500 | 3,650 |
| 21 June 2022: Issue at A$0.07 pursuant to May 2022 share purchase plan | 5,114 | 358 |
| Less: Transaction costs arising on share issues | – | (250) |
| **Balance at 30 June 2022** | **265,600** | **46,652** |
| | | |
| **Balance at 1 July 2022** | **265,600** | **46,652** |
| 4 July 2022: Issue at A$nil pursuant to vesting of director and employee performance rights[1] | 761 | – |
| 24 November 2022: Share issue at A$0.10 pursuant to May 2022 share placement | 3,500 | 350 |
| 2 February 2023: Issue at A$nil pursuant to vesting of director and employee performance rights[1] | 191 | – |
| Transfer from share based payments reserve on vesting of performance rights and conversion into ordinary shares | – | 244 |
| Less: Transaction costs arising on share issues | – | (5) |
| **Balance at 30 June 2023** | **270,052** | **47,241** |

Notes:

1. See note 16 for details.

# 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 $'000 | SHARE-BASED PAYMENT RESERVE $'000 | FOREIGN CURRENCY TRANSLATION RESERVE $'000 | TOTAL OTHER RESERVES $'000 |
|---|---|---|---|---|---|
| Balance at 1 July 2021 | | (3,200) | 440 | (859) | (3,619) |
| Currency translation differences | | – | – | 783 | 783 |
| Reclassification of common control reserve to accumulated losses | | 3,200 | – | – | 3,200 |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Share options expensed | 16(c) | – | 307 | – | 307 |
| Performance rights expensed | 16(c) | – | 556 | – | 556 |
| Share options forfeited | 16(a) | – | (18) | – | (18) |
| Performance rights vested | 7(a)(i), 16(c) | – | (296) | – | (296) |
| **As at 30 June 2022** | | **–** | **989** | **(76)** | **913** |
| **Balance at 1 July 2022** | | **–** | **989** | **(76)** | **913** |
| Currency translation differences | | – | – | 168 | 168 |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Share options expensed | 16(c) | – | 34 | – | 34 |
| Performance rights expensed | 16(c) | – | 178 | – | 178 |
| Performance rights vested | 7(a)(i), 16(c) | – | (244) | – | (244) |
| **As at 30 June 2023** | | **–** | **957** | **92** | **1,049** |

# 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 recognises 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.

## 8 Cash flow information

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

| | NOTES | FY23 $'000 | FY22 $'000 |
|---|---|---|---|
| Loss for the period | | (8,076) | (13,500) |
| Adjustments for: | | | |
| Depreciation and amortisation | | 1,127 | 786 |
| Expected credit losses | | (99) | 156 |
| Share-based payments | 16(c) | 212 | 863 |
| Change in operating assets and liabilities: | | | |
| Movement in loan and payment processing receivables | | (9,474) | (5,426) |
| Movement in trade and other receivables | | 181 | (385) |
| Movement in other operating assets | | 6 | 169 |
| Movement in merchant settlements outstanding | | 357 | (7,575) |
| Movement in trade and other payables | | (371) | 1,824 |
| Movement in contract liabilities | | (109) | (8) |
| Movement in employee benefit obligations | | 60 | 81 |
| **Net cash outflow from operating activities** | | **(16,186)** | **(23,015)** |

# Notes to the financial statements *continued*

## 8 Cash flow information *continued*

### (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 – see note 16.

## 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.

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.

## 10 Financial risk management *continued*

### (a) Market risk *continued*

#### (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$343,000 (2022: A$223,000).

### (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 Finance* 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 Finance* 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 Finance* 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 Finance* 'Fee Funding' loan receivables.

## 10 Financial risk management *continued*

### (b) Credit risk *continued*

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

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.

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 Pay in Full* 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 Finance* 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 was 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 60 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 60 days past due | When the loan receivable is greater than 60 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 2023 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:

| | FY23<br>$'000 | FY22<br>$'000 |
|---|---|---|
| Opening loss allowance as at 1 July | 396 | 225 |
| (Decrease)/increase in loan receivables loss allowance recognised in profit or loss during the year | (99) | 197 |
| Loan receivables written off during the year as uncollectible | (78) | (26) |
| **Closing loss allowance as at 30 June** | **219** | **396** |

There were no receivables past due not impaired for the year ended 30 June 2023 (2022: 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 2023 and 30 June 2022 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<br>As at 30 June 2023 | | LESS THAN 12 MONTHS<br>$'000 | BETWEEN 1 AND 2 YEARS<br>$'000 | BETWEEN 2 AND 5 YEARS<br>$'000 | OVER 5 YEARS<br>$'000 | TOTAL CONTR-ACTUAL CASH FLOWS<br>$'000 | CARRYING AMOUNT<br>$'000 |
|---|---|---|---|---|---|---|---|
| Merchant settlements outstanding | 6(a) | 3,520 | – | – | – | 3,520 | 3,520 |
| Trade and other payables | 6(b) | 1,997 | – | – | – | 1,997 | 1,997 |
| Lease liabilities | | 94 | 47 | – | – | 141 | 137 |
| Borrowings | 6(c) | 34,129 | 199 | – | – | 34,328 | 34,328 |
| **Total** | | **39,740** | **246** | **–** | **–** | **39,986** | **39,982** |
| As at 30 June 2022 | | | | | | | |
| Merchant settlements outstanding | 6(a) | 3,153 | – | – | – | 3,153 | 3,153 |
| Trade and other payables | 6(b) | 2,520 | – | – | – | 2,520 | 2,520 |
| Lease liabilities | | 356 | 290 | 135 | – | 781 | 781 |
| Borrowings | 6(c) | 22,052 | 206 | – | – | 22,258 | 22,258 |
| **Total** | | **28,081** | **496** | **135** | **–** | **28,712** | **28,712** |

## 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 2023 | 30 JUNE 2022 |
|---|---|---|
| Franking credits available for subsequent reporting periods based on a tax rate of 25% (2022: 25.0%) | 128,399 | 128,399 |

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

The group's principal subsidiaries at 30 June 2023 are set out below. They have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| | | OWNERSHIP INTEREST HELD BY THE GROUP | |
|---|---|---|---|
| | | 30 JUNE 2023 | 30 JUNE 2022 |
| NAME OF ENTITY | PLACE OF BUSINESS/ COUNTRY OF INCORPORATION | % | % |
| Franchise Payment Services Pty Ltd | Australia | 100 | 100 |
| QuickFee Australia Pty Ltd | Australia | 100 | 100 |
| QuickFee Finance Pty Ltd | Australia | 100 | 100 |
| QuickFee Financing Pty Ltd | Australia | 100 | 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 | 100 |
| QuickFee NL Holding LLC | United States | 100 | 100 |
| QuickFee, Inc. | United States | 100 | 100 |

## 13 Contingent liabilities

The group had no material contingent liabilities at 30 June 2023 (2022: nil).

## 14 Events occurring after the reporting period

No events or circumstances have arisen since 30 June 2023 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

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Short-term employee benefits | 1,692 | 1,810 |
| Post-employment benefits | 59 | 57 |
| Long-term long service leave benefits | 13 | 6 |
| Long-term share-based payments | 106 | 425 |
| | 1,870 | 2,298 |

Detailed remuneration disclosures are provided in the remuneration report on pages 17 to 32.

### (c) Transactions with other related parties

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Sales and purchases of goods and services | | |
| Purchases of various goods and services from entities controlled by key management personnel (i) | – | 14 |
| | – | 14 |

#### (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 17 to 32.

# 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:

| | FY23 | | FY22 | |
|---|---|---|---|---|
| | AVERAGE EXERCISE PRICE PER SHARE OPTION $ | NUMBER OF OPTIONS | AVERAGE EXERCISE PRICE PER SHARE OPTION $ | NUMBER OF OPTIONS |
| **As at 1 July** | **0.388** | **10,983,333** | **0.461** | **11,733,333** |
| Granted during the period: | 0.095 | 1,975,000 | 0.389 | 5,050,000 |
| Forfeited/lapsed during the period | 0.291 | (4,300,001) | 0.538 | (5,800,000) |
| **As at 30 June** | **0.369** | **8,658,332** | **0.388** | **10,983,333** |
| Vested and exercisable at 30 June | 0.375 | 6,441,662 | 0.368 | 7,958,330 |

## 16 Share-based payments *continued*

### (a) Share options *continued*

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

| | | | | | | NUMBER OF SHARE OPTIONS | | | |
|---|---|---|---|---|---|---|---|---|---|
| GRANT DATE | HOLDER | CODE | ISSUE DATE | EXPIRY DATE | EXERCISE PRICE | 1 JULY 2022 | GRANTED | LAPSED/ EXPIRED | 30 JUNE 2023 |
| 22 Jan 2019 | Bruce Coombes[1] | QFEAB (T1) | 11 Jul 2019 | 11 Jul 2023 | A$0.300 | 1,000,000 | – | – | 1,000,000 |
| 22 Jan 2019 | Bruce Coombes[1] | QFEAB (T2) | 11 Jul 2019 | 11 Jul 2023 | A$0.400 | 1,000,000 | – | – | 1,000,000 |
| 22 Jan 2019 | Bruce Coombes[1] | 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[2] | QFEAD | 30 Jul 2020 | 30 Jun 2025 | A$0.500 | 533,333 | – | – | 533,333 |
| 23 Jul 2020 | Barry Lewin[3] | QFEAG | 30 Jul 2020 | 23 Jul 2025 | A$0.500 | 300,000 | – | (100,000) | 200,000 |
| 23 Jul 2020 | Dale Smorgon[3] | QFEAG | 30 Jul 2020 | 23 Jul 2025 | A$0.500 | 300,000 | – | – | 300,000 |
| 26 May 2021 | Various employees[4] | QFEAH | 21 Jan 2022 | 31 Jan 2026 | A$0.580 | 100,000 | – | – | 100,000 |
| 20 Aug 2021 | Various employees[5] | QFEAI | 21 Jan 2022 | 30 Jun 2026 | A$0.280 | 737,520 | – | (200,001) | 537,519 |
| 20 Aug 2021 | Various employees[5] | QFEAJ | 21 Jan 2022 | 30 Jun 2026 | A$0.319 | 737,493 | – | (199,999) | 537,494 |
| 20 Aug 2021 | Various employees[5] | QFEAK | 21 Jan 2022 | 30 Jun 2026 | A$0.344 | 737,493 | – | (199,999) | 537,494 |
| 20 Aug 2021 | Various employees[5] | QFEAL | 21 Jan 2022 | 30 Jun 2026 | A$0.382 | 737,494 | – | (200,002) | 537,492 |
| 21 Dec 2021 | Neu Capital[6] | QFEAN | 21 Jan 2022 | 02 Dec 2025 | A$0.840 | 250,000 | – | – | 250,000 |
| 21 Dec 2021 | Neu Capital[6] | QFEAO | 21 Jan 2022 | 02 Dec 2025 | A$0.980 | 250,000 | – | – | 250,000 |
| 27 Jun 2022 | Donald Singer[7] | QFEAP | 05 Dec 2022 | 30 Jun 2026 | A$0.280 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Donald Singer[7] | QFEAQ | 05 Dec 2022 | 30 Jun 2026 | A$0.319 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Donald Singer[7] | QFEAR | 05 Dec 2022 | 30 Jun 2026 | A$0.344 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Donald Singer[7] | QFEAS | 05 Dec 2022 | 30 Jun 2026 | A$0.382 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Sharat Shankar[7] | QFEAP | 05 Dec 2022 | 30 Jun 2026 | A$0.280 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Sharat Shankar[7] | QFEAQ | 05 Dec 2022 | 30 Jun 2026 | A$0.319 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Sharat Shankar[7] | QFEAR | 05 Dec 2022 | 30 Jun 2026 | A$0.344 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Sharat Shankar[7] | QFEAS | 05 Dec 2022 | 30 Jun 2026 | A$0.382 | 25,000 | – | – | 25,000 |

## 16 Share-based payments *continued*

### (a) Share options *continued*

| GRANT DATE | HOLDER | CODE | ISSUE DATE | EXPIRY DATE | EXERCISE PRICE | NUMBER OF SHARE OPTIONS 1 JULY 2022 | GRANTED | LAPSED/ EXPIRED | 30 JUNE 2023 |
|---|---|---|---|---|---|---|---|---|---|
| 27 Jun 2022 | Francesco Fabbrocino[8] | QFEAP | 05 Dec 2022 | 30 Jun 2026 | A$0.280 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Francesco Fabbrocino[8] | QFEAQ | 05 Dec 2022 | 30 Jun 2026 | A$0.319 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Francesco Fabbrocino[8] | QFEAR | 05 Dec 2022 | 30 Jun 2026 | A$0.344 | 25,000 | – | – | 25,000 |
| 27 Jun 2022 | Francesco Fabbrocino[8] | QFEAS | 05 Dec 2022 | 30 Jun 2026 | A$0.382 | 25,000 | – | – | 25,000 |
| 1 Nov 2022 | Various employees[9] | QFEAP | 05 Dec 2022 | 30 Jun 2027 | A$0.080 | – | 493,774 | (100,003) | 393,771 |
| 1 Nov 2022 | Various employees[9] | QFEAU | 05 Dec 2022 | 30 Jun 2027 | A$0.091 | – | 493,734 | (99,999) | 393,735 |
| 1 Nov 2022 | Various employees[9] | QFEAV | 05 Dec 2022 | 30 Jun 2027 | A$0.099 | – | 493,734 | (99,999) | 393,735 |
| 1 Nov 2022 | Various employees[9] | QFEAW | 05 Dec 2022 | 30 Jun 2027 | A$0.110 | – | 493,758 | (99,999) | 393,759 |
| Total | | | | | | 10,983,333 | 1,975,000 | (4,300,001) | 8,658,332 |

| | FY23 | FY22 |
|---|---|---|
| Weighted average remaining contractual life of share options outstanding at end of period | 2.00 years | 3.59 years |

Notes:

1. The grant of 3,000,000 executive share options (QFEAB) to Bruce Coombes was contingent on the IPO occurring. These share options expired on 9 July 2023 without exercise.
2. The share options QFEAD granted on 18 March 2020 (533,333 outstanding as at 30 June 2023) vested on 30 June 2023.
3. The 600,000 director share options (QFEAG) granted to Barry Lewin and Dale Smorgon on 23 July 2020 vested in three equal tranches at 30 June 2021, 2022 and 2023 (for Dale Smorgon), respectively, 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. The valuation inputs reflect the 23 July 2020 grant date fair value.
4. The 100,000 employee share options (QFEAH) granted on 26 May 2021 vested on 1 September 2021.

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (a) Share options *continued*

5. The 4,250,000 employee share options (QFEAI, QFEAJ, QFEAK and QFEAL) granted 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. 2,149,999 of these share options were outstanding at the end of the period.
6. The 500,000 share options granted 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.
7. The 100,000 share options granted to each of Don Singer and Sharat Shankar (QFEAP, QFEAQ, QFEAR and QFEAS) on 30 September 2021 vested on 30 September 2022. 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.
8. The 100,000 share options granted to Francesco Fabbrocino (QFEAP, QFEAQ, QFEAR and QFEAS) on 1 May 2022 vested on 30 April 2023. 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.
9. The 1,975,000 employee share options (QFEAP, QFEAU, QFEAV and QFEAW) granted on 1 November 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 dats 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. 1,575,000 of these share options were outstanding at the end of the period.

# 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 2023 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 |
|---|---|---|---|---|---|---|---|
| QFEAP | 1 Nov 2022 | A$0.080 | A$0.067 | 79.2% | 0.0% | 3.41% | A$0.0405 |
| QFEAU | 1 Nov 2022 | A$0.091 | A$0.067 | 79.2% | 0.0% | 3.41% | A$0.0388 |
| QFEAV | 1 Nov 2022 | A$0.099 | A$0.067 | 79.2% | 0.0% | 3.41% | A$0.0376 |
| QFEAW | 1 Nov 2022 | A$0.110 | A$0.067 | 79.2% | 0.0% | 3.41% | A$0.0362 |

### (b) Performance rights

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

| | FY23 | FY22 |
|---|---|---|
| | NUMBER OF PERFORMANCE RIGHTS | |
| As at 1 July | 3,479,034 | 700,000 |
| Granted during the period: | 10,734,639 | 5,328,650 |
| Vested and converted to ordinary shares during the period: | (4,511,948) | (1,784,874) |
| Forfeited/lapsed during the period | (3,371,389) | (764,742) |
| As at 30 June | 6,330,336 | 3,479,034 |

## 16 Share-based payments *continued*

### (b) Performance rights *continued*

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

| | | | | | NUMBER OF PERFORMANCE RIGHTS | | | | |
|---|---|---|---|---|---|---|---|---|---|
| GRANT DATE | HOLDER | CODE | ISSUE DATE | VESTING DATE | 1 JULY 2022 | GRANTED | LAPSED/ EXPIRED | VESTED AND EXER CISED TO ISSUED SHARES | 30 JUNE 2023 |
| 8 Nov 2021[1] | Various employees | QFEAM | 21 Jan 2022 | 31 Jan 2023 | 382,370 | – | (382,370) | – | – |
| 8 Nov 2021[1] | Various employees | QFEAM | 21 Jan 2022 | 31 Jan 2024 | 382,371 | – | (382,371) | – | – |
| 8 Nov 2021[1] | Various employees | QFEAM | 21 Jan 2022 | 01 Jul 2022 | 511,319 | – | – | (511,319) | – |
| 8 Nov 2021[1] | Various employees | QFEAM | 21 Jan 2022 | 01 Jul 2023 | 127,830 | – | – | – | 127,830 |
| 8 Nov 2021[1] | Various employees | QFEAM | 21 Jan 2022 | 01 Jul 2024 | 127,830 | – | – | – | 127,830 |
| 8 Nov 2021[1] | Various employees | QFEAM | 21 Jan 2022 | 08 Oct 2023 | 383,490 | – | – | – | 383,490 |
| 8 Nov 2021[1] | Various employees | QFEAM | 21 Jan 2022 | 31 Jan 2025 | 191,186 | – | (191,186) | – | – |
| 8 Nov 2021[1] | Various employees | QFEAM | 21 Jan 2022 | 21 Nov 2022 | 100,000 | – | (100,000) | – | – |
| 8 Nov 2021[1] | Eric Lookhoff | QFEAM | 21 Jan 2022 | 30 Jun 2022 | 250,000 | – | – | (250,000) | – |
| 8 Nov 2021[1] | Eric Lookhoff | QFEAM | 21 Jan 2022 | 31 Jan 2023 | 511,319 | – | (511,319) | – | – |
| 8 Nov 2021[1] | Eric Lookhoff | QFEAM | 21 Jan 2022 | 31 Jan 2024 | 511,319 | – | (511,319) | – | – |
| 1 Nov 2022[2] | Various employees | QFEAM | 05 Dec 2022 | 31 Jan 2023 – 30 Jun 2025 | – | 1,191,185 | – | (191,185) | 1,000,000 |
| 1 Nov 2022[2] | Various employees | QFEAM | 05 Dec 2022 | 31 Jan 2024 – 30 Jun 2025 | – | 1,191,186 | – | – | 1,191,186 |
| 21 Nov 2022[2] | Bruce Coombes | QFEAM | 05 Dec 2022 | 31 Jan 2023 – 30 Jun 2025 | – | 250,000 | – | – | 250,000 |
| 21 Nov 2022[2] | Bruce Coombes | QFEAM | 05 Dec 2022 | 31 Jan 2024 – 30 Jun 2025 | – | 250,000 | – | – | 250,000 |
| 28 Nov 2022[2] | Various employees | QFEAM | 13 Apr 2023 | 28 Nov 2023 | – | 750,000 | – | – | 750,000 |
| 28 Nov 2022[2] | Various employees | QFEAM | 13 Apr 2023 | 28 Nov 2024 | – | 750,000 | – | – | 750,000 |
| 28 Nov 2022[2] | Various employees | QFEAM | 13 Apr 2023 | 31 Jan 2023 – 30 Jun 2025 | – | 750,000 | – | – | 750,000 |
| 28 Nov 2022[2] | Various employees | QFEAM | 13 Apr 2023 | 31 Jan 2024 – 30 Jun 2025 | – | 750,000 | – | – | 750,000 |

## 16 Share-based payments *continued*

### (b) Performance rights *continued*

| GRANT DATE | HOLDER | CODE | ISSUE DATE | VESTING DATE | NUMBER OF PERFORMANCE RIGHTS 1 JULY 2022 | GRANTED | LAPSED/ EXPIRED | VESTED AND EXER CISED TO ISSUED SHARES | 30 JUNE 2023 |
|---|---|---|---|---|---|---|---|---|---|
| 1 Nov 2022[3] | Various employees | QFEAM | 05 Dec 2022 | 30 Jun 2023 | – | 2,106,647 | (848,235) | (1,258,412) | – |
| 21 Nov 2022[3] | Michael McConnell | QFEAM | 05 Dec 2022 | 30 Jun 2023 | – | 967,262 | – | (967,262) | – |
| 21 Nov 2022[3] | Bruce Coombes | QFEAM | 05 Dec 2022 | 30 Jun 2023 | – | 1,778,359 | (444,589) | (1,333,770) | – |
| Total | | | | | 3,479,034 | 10,734,639 | (3,371,389) | (4,511,948) | 6,330,336 |

Notes:

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.

1. The 3,479,034 performance rights granted to various employees and Eric Lookhoff on 8 November 2021 vest at various dates contingent on continued employment at the vesting date. As the grant date of 8 November 2021 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. The valuation inputs reflect the 8 November 2021 grant date fair values. 639,150 of these performance rights were outstanding at the end of the period.
2. The 2,382,371 performance rights granted to various employees and 500,000 granted to Bruce Coombes on 8 November 2022, and 3,000,000 granted to various employees on 28 November 2022, vest at various dates contingent on continued employment at the vesting date.

   2,000,000 of the performance rights granted to various employees and 500,000 granted to Bruce Coombes on 8 November 2022 and 1,500,000 granted to various employees on 28 November 2022 also contain share price performance conditions, applied in two equal tranches, as follows:

   - Tranche 1 of the performance rights vests 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; and
   - Tranche 2 of the performance rights vests 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.

   Tranche 1 and Tranche 2 expire on 30 June 2025.

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (b) Performance rights *continued*

2. *continued*
   The remaining 382,371 of the performance rights granted to various employees on 8 November 2022 and 1,500,000 granted to various employees on 28 November 2022, vest at various dates contingent on continued employment only. As the grant date of these performance rights 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 (for rights granted on 1 November 2022) and 28 November 2022 (for rights granted on 28 November 2022). The valuation inputs reflect the respective grant date fair values. 5,691,186 of these performance rights were outstanding at the end of the period.
3. The grants of 2,106,647 performance rights to various employees, 967,262 to Michael McConnell and 1,778,359 to Bruce Coombes on 5 December 2022, were made under the company's Short Term Incentive (STI) Equity Sacrifice Plan (STIESP) for directors and employees. Under this plan, directors and employees may elect to receive part or all of their annual fees or Short Term Incentive 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. Performance rights will vest and shares will be issued in lieu of that monetary portion of their 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. The number of performance rights vested under this scheme is shown in the table above.

All performance rights convert into one ordinary share in the company upon vesting.

#### (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.

For performance rights granted as part of the company's FY23 Short Term Incentive Equity Sacrifice Plan to directors and employees, the expected monetary amount of cash STI or fees sacrificed (deemed exercise price) is taken into account in assessing the fair value of these performance rights.

# Notes to the financial statements *continued*

## 16 Share-based payments *continued*

### (b) Performance rights *continued*

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

The model inputs for performance rights granted during the year ended 30 June 2023 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 |
|---|---|---|---|---|---|---|---|
| 1 Nov 2022 | QFEAM | A$– | A$0.067 | 79.2% | 0.0% | 3.25% | A$0.067 |
| 21 Nov 2022 | QFEAM | A$– | A$0.067 | 79.2% | 0.0% | 3.20% | A$0.067 |
| 28 Nov 2022 | QFEAM | A$– | A$0.062 | 79.2% | 0.0% | 3.20% | A$0.062 |
| Short Term Incentive Equity Sacrifice Plan: | | | | | | | |
| 1 Nov 2022 | QFEAM | A$0.0504 (deemed) | A$0.067 | 79.2% | 0.0% | 3.19% | A$0.025 |
| 21 Nov 2022 | QFEAM | A$0.0504 (deemed) | A$0.067 | 79.2% | 0.0% | 3.11% | A$0.025 |
| 28 Nov 2022 | QFEAM | A$0.0504 (deemed) | A$0.062 | 79.2% | 0.0% | 3.20% | A$0.062 |

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

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

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Share options issued or to be issued under the PROP (contingent on IPO) | – | 7 |
| Other share options issued or to be issued under the PROP (other) | 34 | 294 |
| Performance rights issued or to be issued under the PROP (other) | 178 | 556 |
| Other share options issued or to be issued | – | 6 |
| | 212 | 863 |

# Notes to the financial statements *continued*

## 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

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Audit and review of financial reports | | |
| Group | 77 | 72 |
| **Total services provided by William Buck** | **77** | **72** |

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

| | FY23 $'000 | FY22 $'000 |
|---|---|---|
| Other audit services – agreed upon procedure engagements | | |
| Subsidiaries | – | 15 |
| **Total services provided by other auditors (excluding William Buck)** | **–** | **15** |

## 18 Loss per share

### (a) Basic loss per share

| | FY23 CENTS | FY22 CENTS |
|---|---|---|
| **Basic and diluted loss per share** | | |
| Total basic and diluted loss per share attributable to the ordinary equity holders of the company | (3.0) | (5.9) |

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

| | FY23 $'000 | 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 | 8,076 | 13,500 |

## 18 Loss per share *continued*

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

| | FY23 '000 | FY22 '000 |
|---|---|---|
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share | 268,533 | 227,740 |

### (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 2023 and 30 June 2022. 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.

## 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 2023 $'000 | 30 JUNE 2022 $'000 |
|---|---|---|
| **Statement of financial position** | | |
| Current assets | 257 | 442 |
| Non-current assets | 25,235 | 31,078 |
| Total assets | 25,492 | 31,520 |
| | | |
| Current liabilities | 471 | 326 |
| Total liabilities | 471 | 326 |
| | | |
| **Shareholders' equity** | | |
| Contributed equity | 47,241 | 46,652 |
| Other reserves | 957 | 989 |
| Accumulated losses | (23,177) | (16,447) |
| | 25,021 | 31,194 |
| | | |
| Loss for the period | 6,730 | 7,797 |
| | | |
| Total comprehensive loss | 6,730 | 7,797 |

# Notes to the financial statements *continued*

## 19 Parent entity financial information *continued*

### (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 2023 (2022: nil)

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

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

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

The parent entity has not entered into any contractual commitments for the acquisition of plant or equipment in the year ended 30 June 2023 (2022: nil)

### (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 the 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

### Contents

# 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 2022 to 30 June 2023 (FY23). The comparative period is from 1 July 2021 to 30 June 2022 (FY22).

#### (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*

### (a) Basis of preparation *continued*

#### (iv) Going concern basis

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In the opinion of management and the directors, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable. This opinion has been formed based on the following information:

- The group's lending business model is to make payments to professional services firms in advance of the group receiving the funds for those payments over time from the customers of those firms (its 'Pay Over time' product). This business model requires external debt and equity funding to support the growth in loan receivables, the group's continued investment in platform capability and its operational expenditure until it reaches profitability. The group also operates a 'PayNow' business which generates cash receipts in the month services are provided. This business greatly supports the equity funding requirement of the lending business, with $7.4 million being generated from revenue from contracts with customers in the current financial year.
- At 30 June 2023, the group had cash on hand of $3.4 million and available undrawn receivables borrowing facilities of $4.8 million from the Northleaf borrowing facility (see note 6(c)), providing a measure of cash plus total liquidity of $8.8 million. Furthermore under the Northleaf facility a further $19.7 million is available to draw to fund further loan book growth. At 30 June 2023 the group had net assets of $8.9 million and several avenues for additional funding are available to it, in both the debt and equity markets.
- Management has prepared and the Directors have reviewed and approved detailed financial forecasts for the 12 months ending 30 June 2024. This process has included applying appropriate sensitivities to the group's sales and cash forecasts and assessing the resultant impact on funding headroom, debt and working capital requirements and the group's ability to work within the requirements of its funding facilities. The range of impacts has been appropriately considered and reflected within the group's forecasts and the directors' assessment of going concern.

### (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.

## 20 Summary of significant accounting policies *continued*

### (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 President, North America, 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).

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.

## 20 Summary of significant accounting policies *continued*

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

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.

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.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (g) Income tax *continued*

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.

### (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.

## 20 Summary of significant accounting policies *continued*

### (h) Leases *continued*

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.

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.

## 20 Summary of significant accounting policies *continued*

### (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 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.

### (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.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (l) Plant and equipment *continued*

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.

### (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.

# Notes to the financial statements *continued*

## 20 Summary of significant accounting policies *continued*

### (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.

#### (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.

## 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 both the market and 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 thousand dollars or in certain cases to the nearest dollar.

## 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 2023

In the directors' opinion:

(a) the financial statements and notes set out on pages 46 to 94 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 2023 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 Managing Director, Australia 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.

D. Smorgon

**Dale Smorgon**

Non-Executive Chairman

23 August 2023

# Independent auditor's report to the members

For the year ended 30 June 2023

William Buck
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 subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 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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williambuck.com.au

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

William Buck
ACCOUNTANTS & ADVISORS

<table>
<tr><th colspan="2">REVENUE RECOGNITION</th></tr>
<tr><th>Area of focus<br>Refer also to notes 2, 3 and 20</th><th>How our audit addressed it</th></tr>
<tr><td>As disclosed in Notes 2 and 3 to the financial statements, QuickFee Ltd has three distinct non-interest revenue streams material to the audit, being a) its loan receivable revenue; b) its merchant fee revenue; and c) its platform fee revenue.<br><br>These revenues are measured both at a point in time and over time as the performance condition is satisfied under the contract.<br><br>This is a key audit matter due to the financial significance and the risk that revenues are recognised in-advance of the performance condition being satisfied.</td><td>Our audit procedures included:<br><br>— 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;<br>— 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<br>— 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.<br><br>We also considered the adequacy of the Group's disclosures in the notes to the financial report.</td></tr>
<tr><th colspan="2">SHARE-BASED PAYMENTS</th></tr>
<tr><th>Area of focus<br>Refer also to notes 7, 16 and 20</th><th>How our audit addressed it</th></tr>
<tr><td>During the financial year, the Group issued options and performance rights over common shares to employees of the entity, of which includes key management personnel, in order to provide them with long term incentives.<br><br>This is a key audit matter as the valuation of share-based payments is complex and subject to significant management estimates and judgements.</td><td>Our audit procedures included:<br>— Verifying the key terms of equity settled share-based payments in respect of the award of options over common shares for rendering of services by employees;<br>— Assessing the fair value calculation of options granted by checking the accuracy of the inputs to the Binomial option pricing model adopted for that purpose; and<br>— Testing the accuracy of the share-based payments amortisation over the vesting periods and recording of expense in the profit or loss statement and increment to share based payment reserve.<br><br>We also considered the adequacy of the Group's disclosures in the notes to the financial report.</td></tr>
</table>

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

WilliamBuck
ACCOUNTANTS & ADVISORS

| CONTINUATION OF BUSINESS | |
|---|---|
| **Area of focus**<br>**Refer also to note 20** | **How our audit addressed it** |
| As disclosed in the financial report, the Group made a loss after tax of $8.1 million and the net cash used in operating activities was $16.2 million.<br><br>In consideration of these results and other factors, the financial statements have been prepared on the assumption that the Group is a going concern for the following reasons:<br>— The Group has a working capital surplus of $8.2 million as at 30 June 2023 (being current assets less current liabilities excluding contract liabilities);<br>— The Group is expected to generate positive operational cashflows over the course of the next 12 months due to growth in top line revenue and also through a reduction of its cost base; and<br>— The Group has capacity to make further drawn downs on their debt facilities to fund loans, thereby freeing up cash to fund working capital.<br><br>The Group's use of the going concern basis of accounting is a key audit matter, due to the high level of judgement required by the Directors and Management, and the associated extent of uncertainty, in evaluating the Group's assessment of going concern and the events or conditions that may cast doubt on the Group's ability to continue as a going concern.<br><br>The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgement and thus has been a key area of focus for our audit. | Our audit procedures included:<br><br>— Evaluation of the directors' assessment of the Group's ability to continue as a going concern;<br>— Reviewing cash flow forecasts and assumptions including future sales and projected expenses; and<br>— Assessing the Group's liquidity with reference to available debt facility arrangements.<br><br>We also considered the adequacy of the Group's disclosures in the notes to the financial report. |

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

WilliamBuck
ACCOUNTANTS & ADVISORS

## 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 2023, 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.

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

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

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

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

WilliamBuck
ACCOUNTANTS & ADVISORS

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of QuickFee Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

William Buck

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

**A. A. Finnis**
Director
Melbourne, 24 August 2023

# Shareholder information

For the year ended 30 June 2023

The shareholder information set out below was applicable as at 21 August 2023.

## 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 | 315 | 196,309 | 0.07 |
| 1,001 to 5,000 | 1,041 | 2,835,429 | 1.04 |
| 5,001 to 10,000 | 451 | 3,580,082 | 1.31 |
| 10,001 to 100,000 | 846 | 28,223,160 | 10.31 |
| 100,001 and over | 201 | 238,905,196 | 87.27 |
| Total | 2,854 | 273,740,176 | 100.00 |

There were 70 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 | 2 | 16,666 | 0.29 |
| 10,001 to 100,000 | 31 | 2,008,333 | 35.49 |
| 100,001 and over | 14 | 3,633,333 | 64.22 |
| Total | 47 | 5,658,332 | 100.00 |

### 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 | 8 | 6,202,506 | 100.00 |
| Total | 8 | 6,202,506 | 100.00 |

# 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:

| | ORDINARY SHARES | |
|---|---|---|
| NAME | NUMBER HELD | PERCENTAGE OF ISSUED SHARES |
| UBS Nominees Pty Ltd | 52,552,132 | 19.20 |
| Derida Pty Ltd | 27,339,451 | 9.99 |
| Jamada Holdings Pty Limited | 16,862,863 | 6.16 |
| Bonec Pty Limited | 10,363,734 | 3.79 |
| Payroc World Access Llc | 10,000,000 | 3.65 |
| Mr Kenneth Archie Gray & Mrs Julianne Gray | 9,996,753 | 3.65 |
| HTI Management Pty Ltd | 9,794,013 | 3.58 |
| Rubi Holdings Pty Ltd | 8,513,916 | 3.11 |
| Hsbc Custody Nominees (Australia) Limited | 5,408,344 | 1.98 |
| Wingate Direct Investments Pty Ltd | 4,680,000 | 1.71 |
| Mr James Ashley Drummond | 3,308,055 | 1.21 |
| HTT Management Pty Limited | 3,251,084 | 1.19 |
| Citicorp Nominees Pty Limited | 2,963,960 | 1.08 |
| Yeandle Superannuation Pty Ltd | 2,085,453 | 0.76 |
| Thirty-Fifth Celebration Pty Ltd | 2,000,000 | 0.73 |
| BNP Paribas Nominees Pty Ltd | 1,972,433 | 0.72 |
| Jasforce Pty Ltd | 1,935,834 | 0.71 |
| Liteclip Pty Ltd | 1,774,127 | 0.65 |
| Urban Land Nominees Pty Ltd | 1,706,985 | 0.62 |
| Mr Alistair Ian Swain | 1,600,349 | 0.58 |
| **Total** | **178,109,486** | **65.07** |
| Add: remaining holders | 95,630,690 | 34.93 |
| **Total ordinary shares on issue** | **273,740,176** | **100.00** |

# Shareholder information *continued*

## B. Equity security holders *continued*

### Unquoted equity securities

| CLASS | NUMBER ON ISSUE | NUMBER OF HOLDERS |
|---|---|---|
| Options | 5,658,332 | 47 |
| Performance rights | 6,202,506 | 8 |

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

- **Options:** none; and
- **Performance rights:** Jennifer Warawa (3,000,000).

## C. Substantial holders

QuickFee Limited has received the following substantial shareholder notifications:

| | NUMBER HELD | PERCENTAGE AS AT EFFECTIVE DATE |
|---|---|---|
| Thorney Investment Group and associated entities, effective as at 23 May 2023 | 54,192,958 | 20.07 |
| Dale Smorgon (Non-executive Chairman) – direct and indirect holdings, effective as at 15 August 2023 | 27,839,451 | 10.17 |
| Bruce Coombes (Executive Director) – direct and indirect holdings, effective as at 15 August 2023 | 27,226,597 | 9.95 |
| HTI Management Pty Limited and associated entities, effective as at 19 October 2022 | 23,040,400 | 8.65 |

The above substantial holder details are in accordance with the most recent notification received by QuickFee Limited (or in the case of directors, the company's share register) 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.

# Shareholder information *continued*

## D. Voting rights

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

(a) 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.

(b) Options: no voting rights.

(c) 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

Dale Smorgon
Non-Executive Chairman

Michael McConnell
Non-Executive Director

Bruce Coombes
Executive Director and Managing Director, Australia

## 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

Level 8, 210 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

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Annual Report **2023**

QuickFee.