

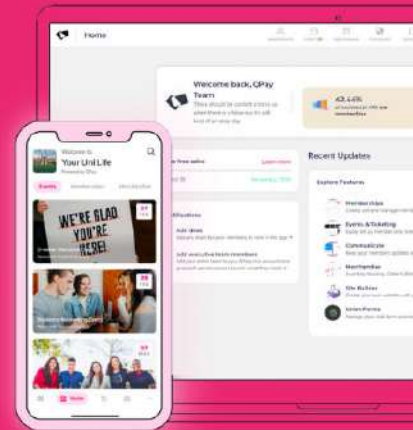


**#1 Fastest Growing
University Platform**

\$50m+ Transactions | 650,000+ Students



**BUSINESS
INSIDER**



QPay Holdings Pty Ltd

Crowd-sourced funding Offer Document

Offer of fully-paid Ordinary shares in QPay Holdings Pty Ltd at \$7.76 per share to raise a maximum of \$800,000.

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in QPay Holdings Pty Ltd.

This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).

Issuer QPay Holdings Pty Ltd ACN 645260493

Intermediary Birchall Financial Services Pty Ltd AFSL 502618

10th Nov 2022

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Section 1

Risk Warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

Section 2 - Information about the Company

Welcome Letter from the founders



Dear Investor,

As early as the year 1,096, teaching had started at Oxford University. In a fact that is often surprising, this pre-dates the earliest relics found from the Aztecs! The role universities play in society has only grown since, and their status in modern society is unequivocal. Getting into university often marks a major milestone in one's life. It often coincides with the first time a person moves away from home, the first time they get a job, and starts a journey towards personal sovereignty.

The benefits of going to university are almost equally unequivocal. A study across OECD countries showed that adults with a tertiary degree earn an astounding 54% more than their secondary-educated peers ([Source](#)). The highly specialised nature of the modern economy has accelerated the need for equally specialised degrees, with hundreds of different degrees and majors students can graduate from ([Source](#)).

The broader reach of what higher education means for the greater society has also been unequivocal. In a recent study of universities in nearly 1,500 regions across 78 countries, a 10% increase in the number of universities is associated with over 0.4% higher economic growth per capita in a region ([Source](#)).

The sheer impact universities have on individuals and societies presents an interesting juxtaposition. The breadth of these mostly-positive impacts, makes the absence of it more stark, for those who don't complete a degree. For those who don't hold a university degree, the impacts are far ranging, with impacts well beyond financial opportunities, including health ([Source](#)), and with these impacts being felt across generations ([Source](#)).

Considering their role in modern society, it is amazing that close to 1 in 3 university students do not complete their degree ([Source](#)). The exact causes for this high attrition vary, as they often depend on a number of individual and broader circumstances. That said, flipping the question yields a simpler solution- a lead indicator of a successful student, is their engagement with the university, the university material, and their peers ([Source](#)).

Our solution is radical, yet simple. Rather than take an approach of solving attrition rates, our goals are instead to help universities improve what *keeps* their students, and help them ramp up towards cumulative decisions in a way that is quantifiable, accurate, and timely.

To do this, QPay helps measure and improve student engagement on campuses around the world, by way of 8 core modules. These modules range from improving campus-wide communications, student organisation management, and financial management.

Despite only being a team of 10 and launching in 2017, QPay is already fast-becoming a cornerstone of the global campus ecosystem, and is changing the way universities engage with their students, and how students engage with each other.

Having raised a crowdfunding round over 12 months ago, the team and I have focussed on growing our impact, making the existing business bigger and more defensible. Whilst the fundamentals of the business remain the same, our achievements in the last 12 months include:

- Over 650,000 students using QPay across Australia, the UK, Canada, and New Zealand
- Grew our team, including key hires in marketing and development
- Presence at more than 100 campuses, with top-level contracts with 12 universities

With a world-class Board and team to enact our visions, QPay is now raising funds to accelerate its growth plan, by on-boarding more campuses internationally. We have huge ambitions, and we look forward to you being part of our journey.


Zakaria Bouguettaya | CEO

Company Details

This offer of ordinary shares is made by QPay Holdings Pty Ltd ACN 645260493 **(Company)**.

COMPANY NAME	QPAY HOLDINGS PTY LTD
ACN	645 260 493
Date of Incorporation	20/10/20
Offer Type	CROWD-SOURCED FUNDING
Offer Details	Offer of fully-paid Ordinary shares in QPay Holdings Pty Ltd at \$ \$7.76 AUD per share to raise a maximum of \$800,000.
Registered Office	504/16 Railway Parade, Burwood NSW, 2134 AUSTRALIA
Principal place of business	504/16 Railway Parade, Burwood NSW, 2134 AUSTRALIA
Subsidiaries	<ul style="list-style-type: none">• MYSMOCK PTY LTD (100% wholly-owned)• QPAY NZ CO LIMITED (100% wholly-owned)• QPay Canada Operations Ltd (100% wholly-owned)• QPAY PAYMENTS LTD (100% wholly-owned)• QPAY IP CO PTY LTD (100% wholly-owned)

Scorecard

Our goals in our last raise were ambitious, especially considering the impacts of COVID, but we achieved all we said we would do in the year since. Below is a summary of how we used the funds, and the goals we acheived

STRATEGIC FOCUS	OBJECTIVE SINCE LAST OFFER DOCUMENT	PROGRESS	STATUS
Team	Key Staff Hires	Hired Chief Product Officer to oversee all product Hired Product Manager for QPay Rewards Hired Product Manager for QPay University Hub Hired Marketing Lead	✓
Horizontal Growth	Increase number of end-users with QPay Card	Offered QPay Rewards cards to more than 100,000 users across 26 campuses	✓
Vertical Growth	Increase number of merchants and universities	Increased presence on 61 campuses	✓
Revenue	Increase Revenue	Increased revenue from \$677.9K in FY21 to \$1.4M in FY22	✓

Investment Highlights

With over \$50 million processed in e-commerce transactions, QPay generated over \$1.4M of revenue in FY22, up 2x+ from FY21.



Venture Backed

QPay is already backed by some of Australia's top venture capitalists and investors, including Blackbird ventures, Artesian Capital and Transition Level Investments, already raising more than \$2.5m to date. The company is also an alumni of Startmate, the most prestigious Australian start-up accelerator program. With a strong and committed investment team, QPay's vision of solving financial literacy for the younger population can be achieved.

Minimal Burn

Over the years, QPay has increased its revenues and hit \$1.4m net-revenue milestone in FY22 on a transaction volume of millions of dollars, and has a track record of doubling its growth every year since starting (excluding years impacted by COVID). QPay is almost cash flow positive with its existing growth and an overhead of 10 team members, with a net burn of \$30,000-\$50,000 a month. This positions the company to safely accelerate its growth while continuing to generate profits on a projected linear scale.

Existing Growth and Traction

QPay has an existing customer base of almost 700,000 students and is operating in 4 different markets, including Australia, New Zealand, United Kingdom and Canada. The company has been doubling its growth since rolling out its university-focussed products in 2017 and is on track to double again this year.

QPay has a presence in over 100 campuses and will be offering up to 100,000 MasterCards to students by 2023.

Proven Business Model

QPay provides a range of services to its campus stakeholders, with a combination of SAAS and transaction based products, that is repeatedly used at every campus QPay is in. This has

enabled the business to scale to other universities in Australia and across the world with minimal effort on expansion and proving product viability.

Entrepreneurial Team

QPay has an entrepreneurial management team and Advisory Committee with deep experience in banking, accounting, technology, start-ups and business. This is the CEO's second company with a successful exit.

Global Mission and Application

With over 15,000 universities across the world, there are a total of 60 million students who have limited access to any real way of learning to be fiscally responsible. Especially with the impact of COVID, people have realised that it's more than necessary to direct a proportion of their income and capital in saving, rather than relying on debt capital.

Strong Positive Brand

With 1 in 4 universities students in Australia using QPay, the brand has a high NPS score of +36, which has remained the same since 2020. Despite not being a bank, [an independent study by Nielson found that for the "unprompted brand awareness of neobanks, it's a close call for the top spot, with QPay \(24%\) being the top three brands recalled by this group"](#)



Business Description.

Inspired by some of the world's largest companies, our core belief is that true convenience can only be delivered when offering a range of interconnected services, all to facilitate and leverage the intersection points between each service. In identifying the university segment as the best entry point towards our ambitions of facilitating better financial habits, QPay has been providing a range of interconnected services on campuses, best explained by describing each of the stakeholders in the QPay ecosystem:

1. **Universities** use QPay to manage student elections, services for student mental health and welfare, and the affiliation and management of student societies, clubs, sororities and fraternities.
2. **Student societies, clubs, sororities and fraternities** use QPay in turn, to maintain affiliation with the university, sell tickets to events on campus, university branded apparel, and memberships (which give their members access to student discounts on and around campus)
3. **Students** use QPay in turn to vote on campus, access support, buy tickets to events, and memberships to get access to student discounts. A MasterCard is offered, as part of that membership, where the student discounts are issued in the form of real-time cash-back.
4. **Merchants** in and around campuses use QPay in turn, to upload deals for students, and to get aggregated analytics to provide better offers

With each of the interactions between the stakeholders, and within each of the use cases, QPay leverages its own proprietary AI systems to make predictions about the next interaction, to pre-empt the next interaction. A basic example of this would be making a recommendation for a student with a membership to the engineering society, to attend an upcoming BBQ event about jobs with representatives in industry.

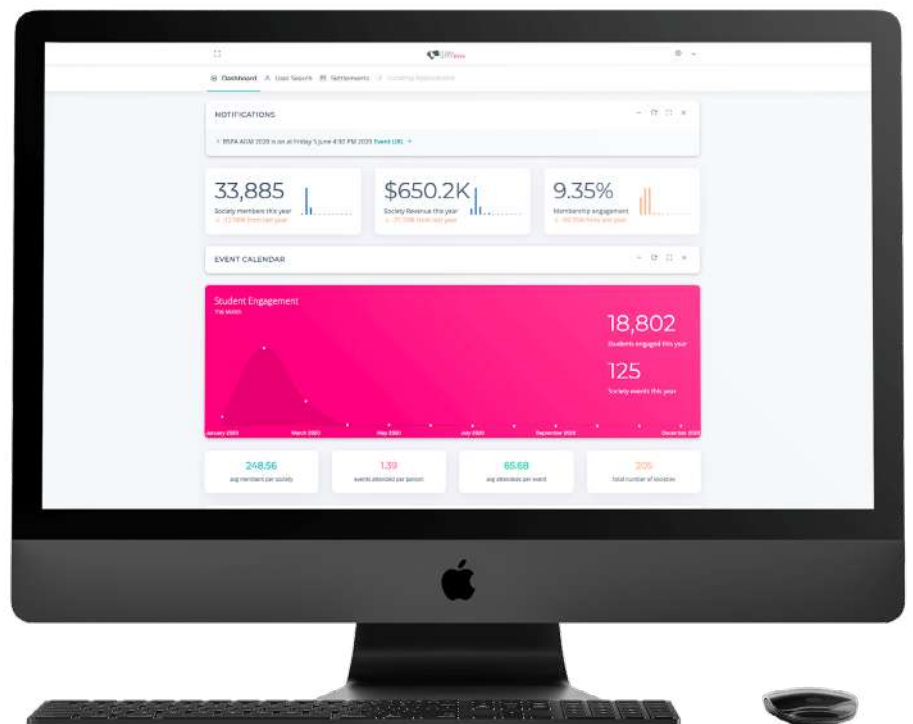
“ True convenience can only be delivered when offering a range of interconnected services, all to facilitate and leverage the intersection points between each service ”

Products & Services

University Platform

An integrated system that connects all the QPay Club platforms used on campus to provide a holistic view of all activity happening on campus, including the additional modules for compliance and engagement objectives:

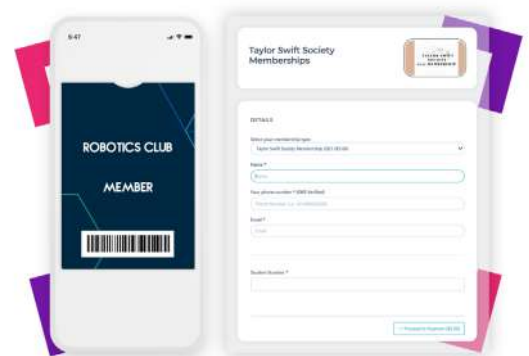
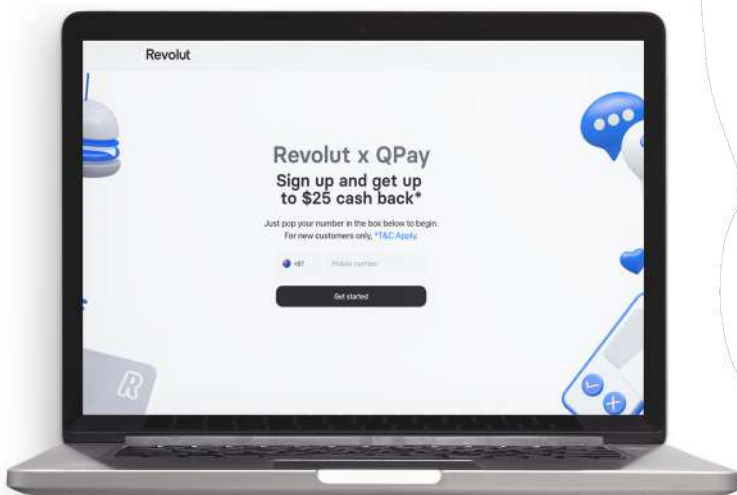
- Club Management
- Event COVID Compliance
- Club Affiliation
- Club Grants & other Forms
- Surveys
- Elections & Voting
- University expense tracking
- Communicate (SMS + Email)



Products & Services Cont.

Student App

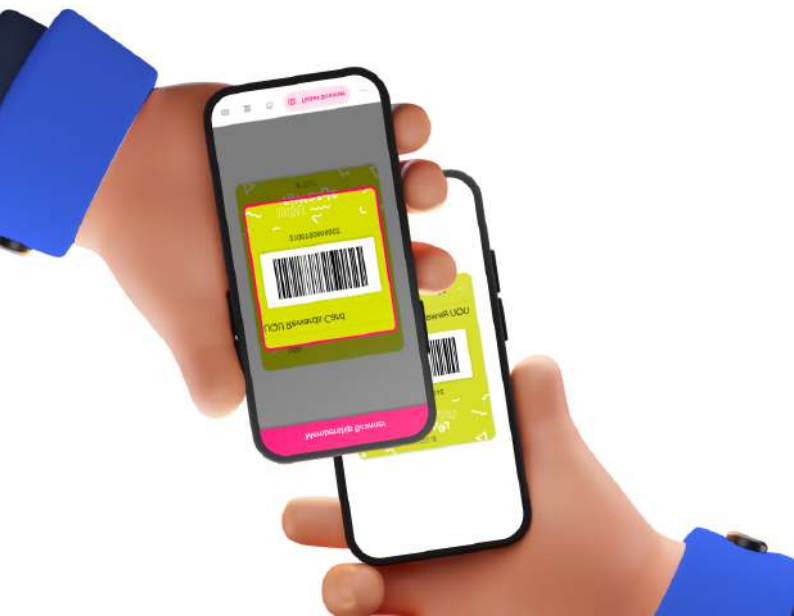
1. **Campus App:** Dedicated campus app for students to view their deals, memberships, events and merchandise
2. **QPay Cashback Rewards:** A Mastercard offering with our partner card issuer, that offers a transaction account, saving tools and instant cash back deal offerings



Club Platform

A platform for campus club/societies to operate and manage their organisation with the use of the following key functions:

1. **Memberships:** Capability to issue paid/free memberships via cash, EFTPOS and QPay payment processor. Student deals and discounts for members are maintained through our portal
2. **Ticketing:** A ticketing module that is specific to clubs and societies with tailored features and operations, such as automatic membership validation for cheaper member-only tickets, tabling, and others
3. **Merchandise:** Option to source discounted merchandise through our integrated supplier network + platform to sell merchandise.
4. **Communicate:** SMS and Email Newsletters feature for clubs to contact members with updates & news, to maintain engagement and communication, with automated segmentation (i.e. least active members, most active, etc)





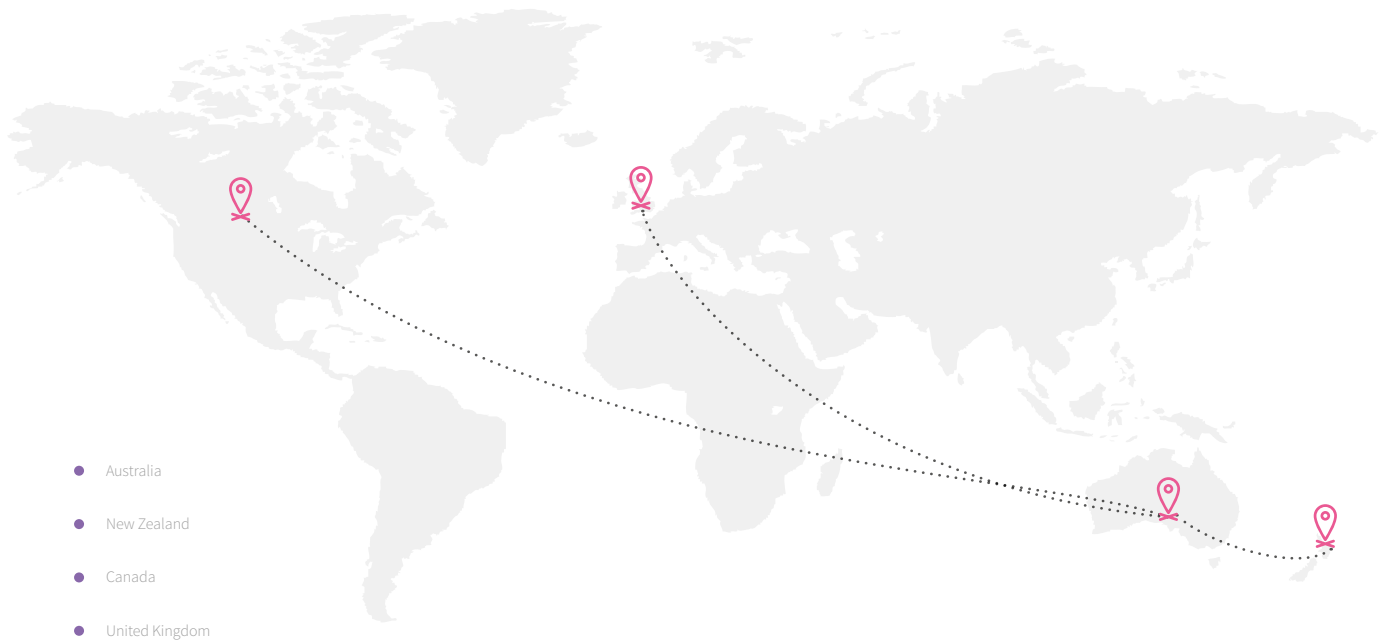
Clients & Traction

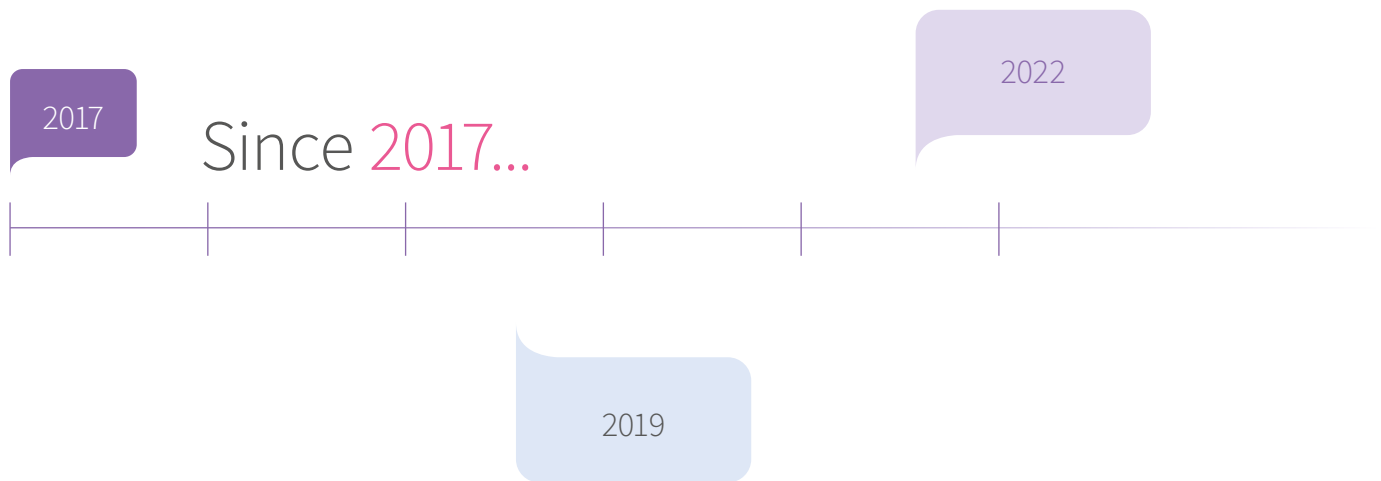
QPay has a presence in over **100 campuses worldwide** with clubs and students around the world using the platform. While we have a broad presence, the end of 2020 saw universities seek longer term contracts, to address COVID-spurred issues with engaging students on campus. The contracts give universities access to the QPay university platform, and it also offers all of the QPay services to all student organisations/societies on campus. Since November of 2020, QPay has currently secured agreements with 12 universities. These enterprise partnerships allow all services of the QPay platform to be implemented on a campus, which gives us the ability to capture the entire university quickly, and makes QPay harder still to compete against on those campuses

CY2020 saw universities around the world shut down due to COVID. Towards the end of the year, we introduced a “top-down” approach to campus expansion. This approach saw QPay signing contracts with the universities, and university unions, to onboard all the different stakeholders, in one go. Within a 3 month period, QPay expanded to 2 new countries, and had a broader footprint per campus, growing 3.4x faster in those countries, when compared to the same time period in a similar time period in Australia. Each campus with a signed contract at the top-level (i.e. an agreement with the university itself), currently generates QPay an average of \$94,000, within 7-8 months.

Key Achievements

QPay Around the World





650,000+

Users on QPay



\$58.1M

Transactions Facilitated on QPay



1 out of every 4 students in AU have QPay

High Growth

135%



Excluding COVID, QPay has been growing it's revenue a rate of 2.3x every year

Gross Margin

11.7%



QPay's margins have grown from just over 1% when first starting, to more than 10x 3 years later

NPS

+36

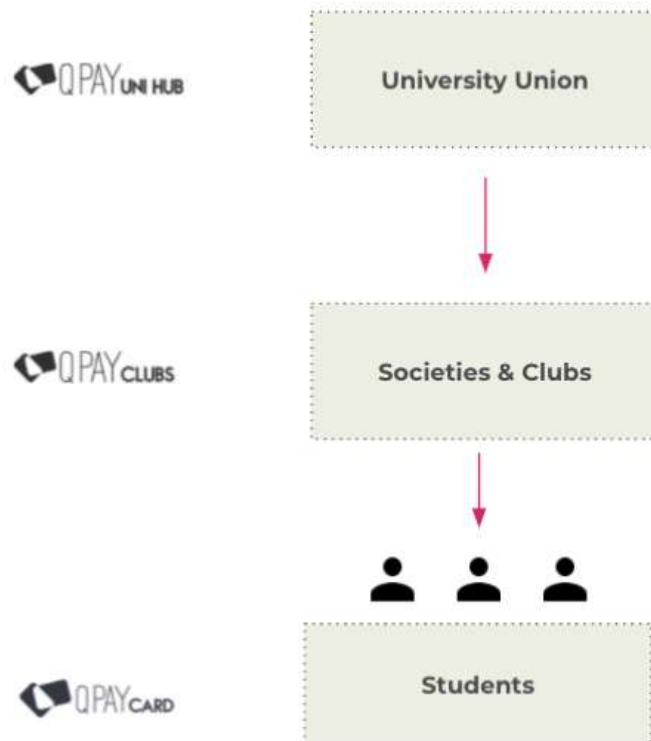


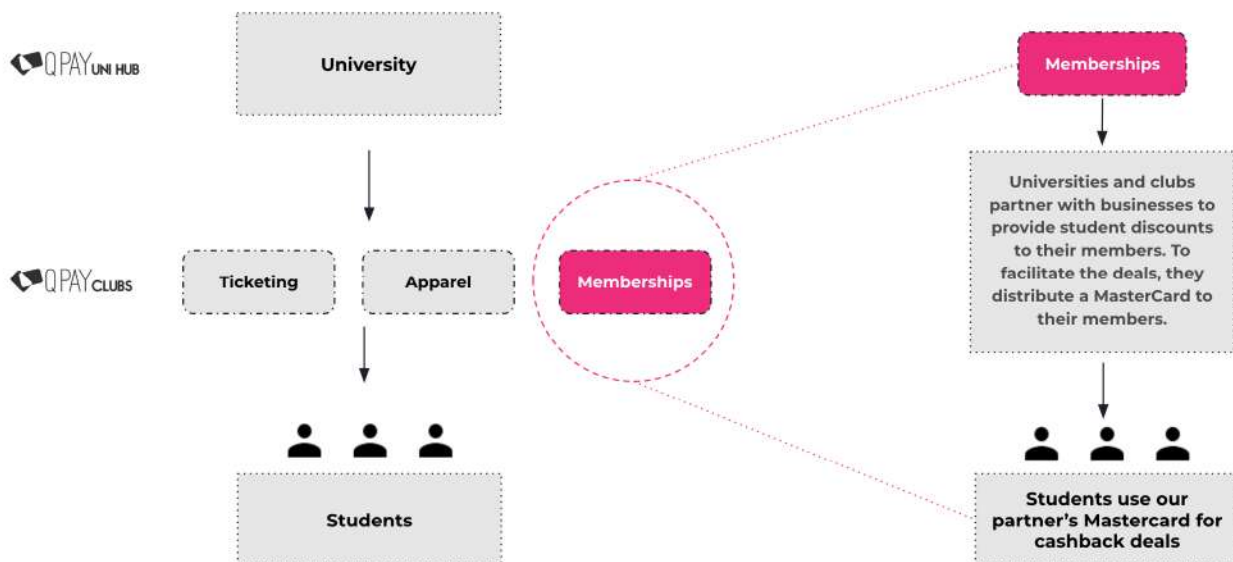
We are fast becoming an important and staple part of campus life, and students love QPay.

Marketing & Distribution

Campus Ecosystem

QPay's suite of products cater for every main stakeholder on campus, giving it a network effect which encompasses and captures most student activities. This network benefits QPay and gives it a significant advantage in the market, avoiding the need for expensive traditional marketing and digital advertising to gain market share. Inherently, the QPay card offering is not a new service but replaces and upgrades a pre-existing service of a university union and society. This integration makes user adoption seamless and convenient, as the student/union/society does not require any new education.





QPay Rewards

Students interact with university clubs and unions on campus by first purchasing a membership off them, which typically sell for anywhere between \$5-\$20, and on average a student is a member of 2 clubs. This gives students access to a range of merchant deals advertised by the society, through a physical plastic card, similar to a loyalty card. Instead, QPay replaces this function and offers students a digital Mastercard which automatically gives them access to cash back deals and saving tools. This method also has many functional benefits over its predecessor physical loyalty card, such as not being able to lose a digital card, and automated card operations at the POS - similar to a debit/credit card.

Market & Competitors

QPay occupies a unique position at the intersection of financial services, banking and education, something that no other entity is currently undertaking. While the Company has certain competitors in each of the services it offers, there is no one stop solution which integrates all services to provide a singular and scalable solution to the university ecosystem. This places QPay in a strong and defensible position with multiple touchpoints for university stakeholders, giving the QPay Rewards Program positive uptake and engagement amongst students.

On average a university spends between \$950k-1m* a year on student engagement, with QPay currently serving 30% of all university engagement services. Our short term goal is to be across every university campus in our target commonwealth countries (Australia, New Zealand, United Kingdom and Canada), from which we will be in a stronger position to capture the rest of the markets including USA and Europe. With a total



market size of \$33b**, and the Company achieving product market fit for all of its current services, QPay has an opportunity to capitalize on its growth plans. With the current services QPay provides, the Serviceable Available Market is \$10.6B.

Country	# of Universities	# of Clubs	University Engagement Spend
Australia	39	7K	\$42.9m
United Kingdom	101	18K	\$111.1m
USA	3,026	50K	\$3.3B
Europe	3,300	53K	\$3.6B
Rest of World	23,887	133K	\$26B
Total	30.4K	261K	\$33B



Total Addressable Market



Serviceable Available Market

* <https://nces.ed.gov/fastfacts/display.asp?id=75>

**Based on the number of clubs on the QPay platform per university, averaged across 100 campuses

Business & Revenue Model

Revenue

QPay has a diversified business model which comprises of four main revenue streams:

1. **University Union Platform Fee:** SAAS Annual Fee. University unions currently pay QPay anywhere from \$15,000 to \$35,000 a year, depending on the size of the university, and the number of modules of QPay modules they wish to deploy.
2. **Club Platform Fee:** Transaction Fee. University clubs use QPay to sell tickets to events, branded merchandise & apparel, and memberships. They are charged anywhere from 4%-10%, which is charged when they make the sale through the QPay Platform.
3. **QPay Rewards:** Issuance Fee. QPay has partnered with a leading fintech, operating as a card issuer in Australia, to use an integrated version of their product. The card issuer will pay QPay a fixed fee for each user that is onboarded
4. **Merchant:** Transaction/SAAS Monthly Fee. Universities and societies often have contracts with local merchants on and around campuses, to promote offers to students. QPay offers a platform to manage this, with analytics and onboarding into our cashback program, and anticipates charging a monthly fee for each merchant.

Costs

QPay incorporates a lean cost model that scales proportionally as we onboard new customers, and does not depend on many integration costs involved with third party providers. Due to the high volume of transactions that run through the platform, QPay has a strategic partnership with payments company Stripe, which enables us to scale back transaction costs as we grow.

QPay has set up an agreement with an Australian Card Issuer which will also allow it to offer a transaction/share trading/crypto account and a debit card, without the upfront capital burden of obtaining its own financial services licences and infrastructure. There are no operational costs that QPay needs to pay to service the card customers and the licensed card issuer will pay us for every active customer..

Directors & Senior Managers



Zakaria Bouguettaya

Co-Founder, CEO & Director

Zaki has deep experience in running and scaling companies. Before embarking on QPay, Zaki founded his own app development company, Imagine Team - one of the first in Australia with clients in Adidas/Coerver, the AIHW, NICTA, Optus, and dozens more. He also built MyBus in his last year at university, which garnered close to 250,000 downloads and revolutionised the way people used public transport.

Having a strong background in software engineering, Zaki has had extensive experience in creating and deploying products in a rapid development cycle, shortening the time to get to product market fit, and delivering customer centric products.



Muhammad Satti

Co-Founder, CFO & Director

Muhammad is a certified Chartered Accountant with a strong accounting and technology consulting background, previously working at Deloitte in the Restructuring Services division and at IBM in Global Business Services.

Muhammad is well versed in financial analysis and has a track record of managing and operating various divisions within an organisation, from front end and back end development, to sales and strategy. His past experience in working with multiple distressed companies, has also given him the ability to effectively run and structure a lean organisation with effective working capital management.



Andrew Chick

Director

Andrew has more than 25 years experience in the financial services industry having worked for NatWest Markets and The Royal Bank of Scotland (RBS) in New York, London and Sydney. He was CEO of RBS, Australia and New Zealand for five years during that time and has considerable experience in the Australian financial services regulatory environment.

Andrew is also active in the Australian FinTech community as an investor and Chairman of the Australian British Financial Services Catalyst in addition to holding several board and advisory board positions in the industry.



Charles Carnegie

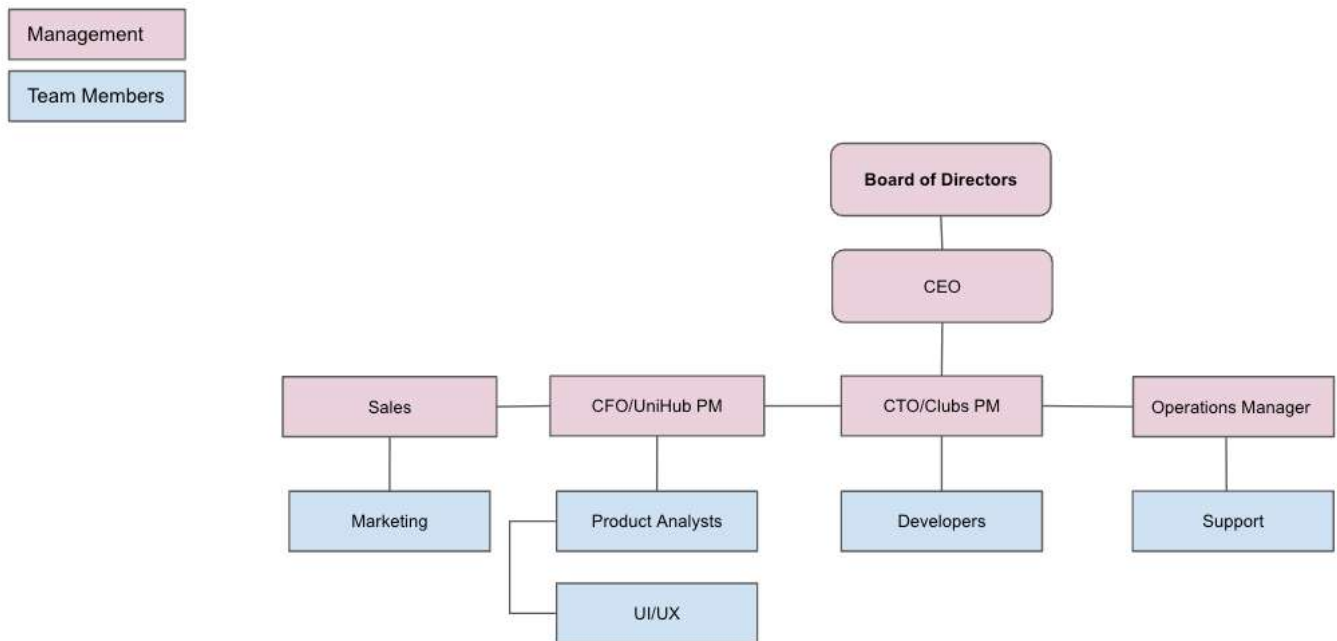
Director

Charles is a data/technology entrepreneur and experienced advisor to CEOs, senior executives and boards. For the past seventeen years, he has run his own firm providing advisory and technical services to a range of clients in the industrial, technology and services sectors. He has also founded, invested in, and served as a director for, a range of start-ups and private companies in both the United States and Australia.

Prior to consulting, Charles worked for Accenture, Procter & Gamble, Boral and Cincinnati Bell. His practical experience is supported by an MBA from Harvard Business School, and a Bachelor of Engineering with Honours from the University of Melbourne.



Organisational Structure



Capital Structure

Issued Capital

As at the date of this Offer, the Company has a total of 2,320,211 shares, comprised of 1,148,212 ordinary shares, 771,808 preference shares and 400,191 options on issue. The majority of shares are held by the Company's founders. The table below sets out the issued capital of the Company before the Offer on a fully diluted basis.

Shareholder	Share Type	Shares
Zakaria Bouguettaya	Ordinary	792,000 (34.13%)
Sorrento Management Pty Ltd	Ordinary Preference	88,000 257,107 (14.87%)
Proto Investment Partners Pty Ltd	Ordinary Preference	14,224 243,491 (11.10%)
CSF Round 1 Shareholders	Ordinary	165,988 (7.15%)
Angelcube Pty Ltd	Ordinary	88,000 (3.79%)
Birkdale Holdings (QLD) Pty Ltd	Preference	74,361 (3.20%)
DW Trades Pty Ltd	Preference	50,000 (2.15%)
Andrew Chick	Preference	34,569 (1.49%)
Startmate Pty Ltd	Preference	30,000 (1.29%)
Ong Heng Nominees Pty Ltd	Preference	22,495 (0.97%)
Blackbird Ventures 2015 ILP	Preference	20,000 (0.86%)
Alex Mckillop	Preference	17,828 (0.77%)
Shayne Shepherd	Preference	11,957 (0.51%)
Thomas Rice	Preference	10,000 (0.43%)
Allocated Options	Ordinary	384,419 (16.57%)
Unallocated Options	Ordinary	15,772 (0.68%)

Funds to date

To date, the Company has raised 3 rounds of capital, via equity financing, totalling \$2.595 million. The Company does not hold any long term debts and has not taken on any debt financing.

The majority of the funds have been spent on increasing our footprint and presence in Australia, by growing our core base of customers at each campus. This has enabled us to scale to every campus in Australia. In addition, the team has hired key personnel to help establish QPay as the leading campus engagement platform and perform marketing activities. The Company still has a cash at bank balance of more than \$500,000.

Entity	QPay Holdings Pty Ltd
ACN	645 260 493
Director(s)	Zakaria Bouguettaya Muhammad Satti Andrew Chick Charles Carnegie
Share Structure	1,148,212 Ordinary shares 771,808 Preference shares 400,191 Options



Issued capital of the Company following the Offer

The table below sets out the issued capital of the Company following the Offer on a fully diluted basis (i.e. presuming all options are exercised).

All preference shares carry pro-rata rights, where investors are able to maintain their holdings, in the event of any dilution. Some investors have indicated that they will take this right as part of this fund-raise, and would not be reflected in the table below

Shares	Minimum Subscription	Maximum Subscription
Existing Shares	1,920,020 (81.84%)	1,920,020 (79.23%)
ESOP Shares (Allocated)	384,419 (16.39%)	384,419 (15.86%)
ESOP Shares (Unallocated)	15,772 (0.67%)	15,772 (0.65%)
Offer Shares	25,773 (1.10%)	103,092 (4.26%)
Total Shares on Issue	2,345,984	2,423,303

Share Option Plan

The existing management team and employees have been allocated options under a Employee Share Option Plan (ESOP). These options will convert into ordinary shares upon the completion of the vesting period and once they are executed by the option holder. Eligible future hires will also be offered ESOP in the Company to ensure we attract the right talent. Any additional options will be issued at the discretion of the Board.

Vesting

Management and employees under the ESOP agreement agree to have their options vest over a period of time to promote longevity and consistency in the team.

The default vesting schedule is set as follows:

- 25% of Options to vest 36 months after issue
- Remaining 75% of Options vest on a quarterly basis over the next 1 year

Rights associated with Ordinary Shares

There is no shareholders agreement between the shareholders. The rights and liabilities associated with Ordinary shares are as set out in the Company's constitution. Under the Constitution, the Directors have the power to refuse a transfer of shares under certain circumstances. A more detailed description of the rights and liabilities associated with the shares is set out in Section titled " Rights associated with the shares". A copy of the Company's constitution is available on the Intermediary's platform.

Rights associated with Preference Shares

Preference share holders do not have any additional voting rights when compared to Ordinary share holders. In the event that the Company becomes insolvent, Preference shareholders have priority over the ordinary shareholders to recover their investment funds back. The full rights and liabilities associated with Preference shares are as set out in the Company's constitution. Under the Constitution, the Directors have the power to refuse a transfer of shares under certain circumstances. A copy of the Company's constitution is available on the Intermediary's platform.

Risks facing the business

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Additional risks that QPay is unaware of, or that the company considers to be immaterial, also have the potential to have an adverse effect on the business, financial condition, operating and financial performance, expectations, targets, growth, and/or the value of the shares. The selection of risks in this section has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. There is no guarantee that the importance of risks will not change or that other risks will not emerge.

Before deciding whether to invest in the Company, you should read the entire Offer Document and satisfy yourself by inquiry that you have a strong understanding of these matters and should consider whether this is a suitable investment for you having regard to your own investment objectives, financial circumstances and particular needs (including financial and taxation issues). Before deciding whether to invest in QPay, you should seek professional advice from your accountant, lawyer, financial adviser or other independent professional adviser.



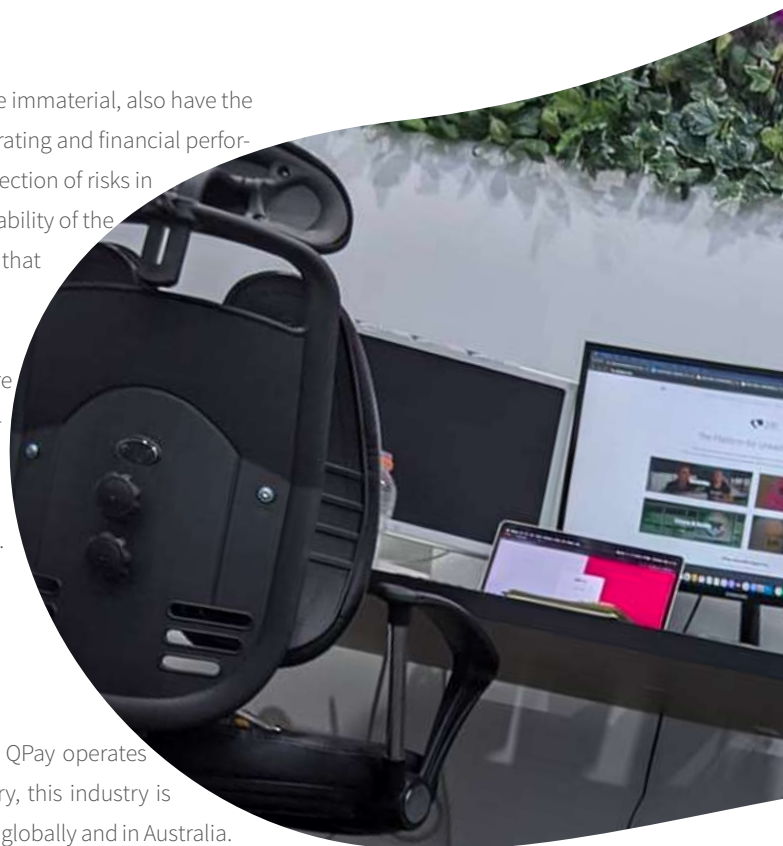
Prolonged impact due to COVID on the university sector: QPay operates in the university sector. While this varies from country to country, this industry is heavily dependent upon the overall level of business activity both globally and in Australia. A prolonged negative impact due to COVID may adversely affect QPay's performance by reducing the performance, transactions, and income of the different stakeholders with the QPay ecosystem. This could materially affect demand for QPay's products and services through reduced business numbers. Any of these developments could have an adverse impact on QPay's business, financial performance and operations



Cash flow risk: The Company's operating activities involve a series of cash inflows and outflows. Although the Company seeks to manage its cash flow efficiently, there is a risk that the Company may not have sufficient cash or working capital, at times, to fund both its operations and its expansion plans. This could affect the Company's profitability, future prospects, and its ability to meet its business objectives.



Funding Risk: The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all of the required funding and therefore not achieve all of its business objectives. The Company may also need to raise additional funds in the future from investors or third parties. There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available.





Insolvency risk: The Company is not yet profitable. The company is seeking to obtain further funding to achieve its objectives. There is no guarantee that funding will be available on favourable terms or that the Company will receive any level of funding at all..



Key person risk: As an early stage business, the Company is susceptible to the loss of key team members as they are considered critical to the continued success of the Company. If a key team member was lost, due to illness for example, this could significantly affect the Company's ability to continue its operations or achieve its business objectives as the case may be.



Technology risk: The Company uses a number of sales, marketing and member communication technology solutions. Despite the Company's measures to effectively manage these systems and risks, if any of these technologies were to fail without notice, it could interrupt the Company's ability to sell or communicate with customers, which could have a direct impact on revenue and profitability.



Brand risk: If the Company does not maintain consistent levels of quality and service in its offering, the Company's brand and reputation could be damaged. In an increasingly connected world, damage to a company's brand and reputation can be catastrophic. The Company is acutely aware of this risk and is vigilant to ensure that it maintains a consistently high level of product quality and customer service.



Intellectual property risk: The protection of the Company's intellectual property is critical to our business and commercial success. If we are unable to protect or enforce the Company's intellectual property rights, there is a risk that other companies will copy our product and technology, which could adversely affect our ability to compete in the market.



Partner card issuer, card scheme, vendor and third party arrangements may not be effective, and/or may change: QPay's Reward Program is reliant on partners fulfilling their obligations to provide services to QPay. QPay's business is reliant on the services of some partners which are "white labelled" or customised to QPay, to form part of QPay's own product services. There is a risk that partners will not complete the services or provide the goods or materials required by QPay in a timely manner or at all so that QPay cannot provide these services to its customers. By partnering with an existing card issuer and card scheme to launch its services there are risks that changes in the operating environment, regulatory environment in which the partners operate, leadership or strategic direction of the card issuer may create challenges in offering a service to QPay's customers. These changes could lead to disruption in the timeline or quality of delivering QPay's product and services to the market.

QPay's business is also dependent on maintaining relationships with key third party vendors, information technology suppliers, and software and cloud providers. Any change or interruption to QPay's key third party vendor and software and cloud provider relationships, or reduced accuracy or availability of their services may disrupt QPay's business operations



Financial Information

Below are the financial statements of QPay Holdings Pty Ltd for the financial years ended 30 June 2021 and 30 June 2022, which have been prepared in accordance with the Accounting Standards.

Also below are the statements for the QPay group's Australian operating entity, MySmock Pty Ltd for the financial year ended 30 June 2022 and financial year ended 30th June 2021, which have been prepared in accordance with the Accounting Standards.

All information in this section has been adopted by the Directors and should be read in conjunction with the risk factors included in section above and other information contained in the Offer document. The Company financial statements have been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards.

The financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The ability for the Company to continue as a going concern is dependent on the following:

- Universities to operate as normal, even in a digital capacity, in a post COVID environment

The Company and its associated products have matured and is now focused on scaling its business, by executing its growth strategy. The Company believes with the funds raised, it will be able to achieve its objectives.

New Company Structure

With QPay growing to other countries, the company was previously conducting its operations under MYSMOCK PTY LTD, an entity incorporated in Australia. From 20 October 2020, new entities were incorporated for all of our international countries we are operational in. For consolidation and reporting purposes across all entities, a holding company, QPay Holdings Pty Ltd, was also created and all shareholdings in the separate entities were wholly acquired by the holding company, making them 100% wholly owned subsidiaries of the holding company, QPay Holdings Pty Ltd..

QPAY HOLDINGS PTY LTD Balance Sheet	As at 30 June 2022 (\$)	As at 30 June 2021 (\$)
Assets		
Current Assets		
Shares in Subsidiaries	420,045	420,045
Total Current Assets	420,045	420,045
Non-current Assets		
Loan - Mysmock Pty Ltd (15)	2,144,872	950,000
Total Non-current Assets	2,144,872	950,000
NET ASSETS	2,564,917	1,370,045
Equity		-
2nd Round Capital	950,000	950,000
CrowdFund Round	1,194,872	-
Angel Round Share Capital	400,000	400,000
Full Paid Ordinary Shares	20,045	20,045
Total Equity	2,564,917	1,370,045

QPAY HOLDINGS PTY LTD Statement of changes in equity	As at 30 June 2022 (\$)	As at 30 June 2021 (\$)
Equity		
Opening Balance	1,370,145	-
3rd Round Capital	1,194,872	-
2nd Round Capital	-	950,000
Angel Round Share Capital	-	400,000
Full Paid Ordinary Shares	-	20,045
Total Equity	2,565,017	1,370,045

QPAY HOLDINGS PTY LTD Cash Flow statement	FOR THE 12 MONTHS ENDED 30 JUNE 2022 (\$)	FOR THE 12 MONTHS ENDED 30 JUNE 2021 (\$)
Investing Activities		
Other cash items from investing activities	1,194,872	1,370,045
Net Cash Flows from Investing Activities	1,194,872	1,370,045
Financing Activities		
Other cash items from financing activities	(1,194,872)	(1,370,045)
Net Cash Flows from Financing Activities	(1,194,872)	(1,370,045)
NET CASH FLOWS	-	-
Cash & Cash Equivalents		
Cash & cash equivalents at beginning of period	-	-

QPAY HOLDINGS PTY LTD P&L	For the 12 months ended 30 June 2022 (\$)
Gross Profit	-
Net Profit	-

MYSMOCK PTY LTD BALANCE SHEET

As at 30 June
2022 (\$)

As at 30 June
2021 (\$)

Current Assets

Cash at Bank	1,105,661 (7)	474,859
Rental Bond Deposit	22,300	7,150
Accounts Receivable (9)	(107,431)	41,617
R&D Provision	0	62,174
Total Current Assets	1,020,530	585,799

Non-Current Assets

QPay CA Receivable (10)	4,188	1,123
QPay UK Receivable (11)	54,465	54,465
QPay US Receivable (12)	1,000	1,000
Total Non-Current Assets	59,653	56,588
Total Assets	1,080,182	642,388

Current Liabilities

Accounts Payable (13)	(21,785)	166,452
Business AMEX	10,932	7,519
ATO - Running Balance	0	0
GST	12,076	(18,393)
PAYG Withholdings Payable	50,420	21,512
Superannuation Payable	18,924	10,809
Wages Payable - Payroll	40,736	30,906

Non-Current Liabilities

Total Non-Current Liabilities	947,172	1,020,255
Total Liabilities	1,058,476	1,239,063
Net Assets	21,706	(596,674)

Equity

3rd Round Capital	1,194,872	0
Angel Round Share Capital	400,000	400,000
Current Year Earnings	(526,492)	(258,907)
Full Paid Ordinary Shares	20,090	20,090
Retained Earnings	(964,614)	(678,706)
Share buy-back dividend	(102,150)	(52,150)
Total Equity	21,706	(596,674)

MYSMOCK PTY LTD P&L	FOR THE 12	FOR THE 12
	MONTHS ENDED	MONTHS ENDED 30
	30 JUNE 2022 (\$)	JUNE 2021 (\$)
Revenue		
Revenue	1,410,333	677,900
Total Revenue	1,410,333	677,900
Less COS		
COS (2)	757,612	436,384
Gross Profit	652,721	241,516
Plus Other Income		
Government Grants(1)	50,488	125,755
Total Income	703,209	367,271
Expenses		
Accounting	8,235	20,798
Advertising (14)	86,214	45,603
Consulting	103,059	1,575
Freight & Courier	2,649	953
Hosting	6,901	1,261
Insurance	6,874	7,659
Legal expenses	3,064	27,302
Misc Expenses	2,892	4,007
Office Expenses	35,796	14,282
Prepaid Card Fees (3)	45,805	73,028
Printing & Stationery	2,515	845
Rent	67,006	33,702
Supplier Purchases (Merchandise)	25,067	44,580
Subscriptions	17,720	4,470
Superannuation	72,494	26,704
Telephone & Internet	3,475	1,759
Travel	5,110	1,234
Wages and Salaries	734,826	343,416
Total Expenses	1,229,700	653,178
Total Net Profit	(526,492)	(285,907)

Financial Information

cont.

MYSMOCK PTY LTD Cash Flow statement	FOR THE 12 MONTHS ENDED 30 JUNE 2022 (\$)	FOR THE 12 MONTHS ENDED 30 JUNE 2021 (\$)
Operating Activities (OA)		
Receipts from customers (4)	7,881,067.99 (18)	4,856,453.86
Payments to suppliers (5)	(8,473,828.85)	(5,146,730.29)
Cash receipts from other OA (16)	57,550.57	112,235.75
Net cash flows from OA	(535,210.29)	(178,040.68)
Investing Activities (IA)		
Payment for PPE	(26,251.84)	0
Other cash items from investing	43,958.82	65,937.72
Net cash flows from IA	17,706.98	65,937.72
Financing Activities (FA)		
Other cash items from FA	1,118,640.50	167,498.15
Net cash flows from FA	1,118,640.50	167,498.15
NET CASH FLOWS	601,137.19	55,395.19
Cash & Cash Equivalents		
Cash & cash equivalents at beginning of period	467,249.27	411,854.08
Net change in cash for period	601,137.19	55,395.19
Cash and cash equivalents at end of period	1,068,386.46	467,249.27

MYSMOCK PTY LTD Statement of changes in equity	As at 30 June 2022 (\$)	As at 30 June 2021 (\$)
Opening Balance	(596,674.15)	641,814.09
2nd Round Capital	-	(950,000.00)
3rd Round Capital	1,194,872.15	-
Current Year Earnings	(526,491.89)	(285,907.43)
Retained Earnings	-	(430.81)
Share Buy-Back Dividend	(50,000.00)	(2,150.00)
Total Equity	21,706.11	(596,674.15)

Notes to QPay Holdings Pty Ltd & MySmock Pty Ltd Financial Statements:

- Government grants includes R&D rebate and Jobkeeper payments
- Includes direct costs to run the multiple QPay platforms, including online payment processing charges
- Costs to run the Mastercard program with our card partner. As we have now partnered with an alternative institution, from July 2022 these costs will no longer be incurred.
- Total transaction value processed on our platforms which revenue is derived from
- Total transaction value processed on our platforms which COGS is derived from and employee costs
- The final portion of the total funds raised, occurred and was transferred in this time period
- Due to the change in (9), the Cash at Bank does not take into account some COS. In the cash accounting method of reconciliation, QPay makes sales (increasing the Cash at Bank), then pays costs (such as remittances from sales to a university). The difference in timing between these two events, could result in an inflated Cash at Bank, or inflated COS.
- The Company changed its accounting method from cash accounting to accrual accounting, starting in December of 2021 to accurately recognise revenue in the relevant time period
- Intercompany loan for QPay Canada subsidiary setup costs
- Intercompany loan for QPay UK subsidiary setup costs
- Intercompany loan for US trip expenditure
- The Company changed its accounting method from cash accounting to accrual accounting to accurately recognise Cost of Sales in the relevant time period
- Loan receivable in holdings - MySmock Pty Ltd raised money using a SAFE Note, and novated the agreement to QPay Holdings Pty Ltd and subsequently converted to an equivalent priced equity offer
- Items include R&D grant, jobkeeper payments and government grants

Management comments on historical performance and outlook

Historical financial information

The Company's historical performance has been in line with management expectations. The Company has managed to approximately double its growth YOY and saw a 10 fold increase on its margins since 2017, and has seen its total revenue increase with the ongoing addition of services and customer growth. The Company achieved its major milestone of \$1m Revenue in 2019, only two years after its growth into universities around Australia.

In FY20 the company's operations were affected by COVID and its associated lockdown effect, closing down universities for a period of 6 months. The university sector managed to adapt to the ongoing situation and moved the majority of their student activities and education to a digital environment. Despite the shift, tuition fees were not reduced, and the majority of supporting services such as mental health services, student elections and grant applications were not migrated and either disappeared or happened on a manual basis. Towards the end of 2020, universities globally oversaw an effort to move supporting services online. The Company invested in product development and released its new offering to university unions, which provides them an all-in-one solution to their supporting services. This in turn allowed the Company to capture ancillary services QPay provides across the whole campus in a quarter of the time it previously took, whilst maintaining a strong moat for any competing services.

Prospective financial information

Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled.

Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by QPay Holdings Pty Ltd using historical data, but has not been validated by an independent third party.

Key Assumptions

The forecasted phasing and business focus areas are based on key assumptions about the timing, resourcing and costs associated with the delivery of the Company's products and services.

The overarching key assumptions are:

- Successful Offer fundraise
- University sector existing in a post covid environment
- Retention of Directors and Senior Managers
- Recruitment of additional hires to complete the Org chart
- Stable partnership with ADI
- No new regulatory or compliance requirements

FY23 Q3	FY23 Q4	FY24 Q1	FY24 Q2
Staff Key Hires	Onboard additional 2 universities	US Expansion	Deploy additional 100,00 cards with global partner
Deploy Additional 20,000 - 30,000 Reward cards	Onboard 40 merchants for Card program	Deploy Additional 5,000 cards	Staff Key Hires
		Onboard additional 3 universities	Establish university consortium partnerships
			Offer financial marketplace to card holders

Section 3

Information about the Offer

Terms of the Offer

QPay Holdings Pty Ltd is offering up to 103,092 shares at an issue price of \$7.76 per share to raise up to \$800,000. The key terms and conditions of the Offer are set out below.

A description of the rights associated with the shares is set out in section titled "Rights associated with the shares".

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at www.birchal.com.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in the section titled "Information about investor rights" of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

Term	Details
Shares	Fully-paid Ordinary shares
Price	\$7.76 per share
Minimum Subscription	\$200,000
Maximum Subscription	\$800,000
Minimum parcel size	\$99.00
Opening date	10/11/2022
Closing date	24/11/2021

Use of funds

The following table sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts. The Offer is not underwritten and there is no guarantee that these funds will be raised. The cost of the Offer includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Issuer through Birchal Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs. The purpose of the Offer is to raise funds to:

- Hire additional team members to assist with growth and sales in international markets
- Fund marketing and acquisition activities, including offering customers free products for a specified period, to capture market share quickly
- Cover the operating costs (OPEX) of the Company

Assuming the Offer is successful, we expect that the Maximum Subscription amount will be sufficient to meet the Company's short-term objectives over the next 24 months and a further funding round may not be required.

If only the Minimum Subscription amount is raised, the Company may require further funding in 12-18 months to be able to carry out the remainder of its intended activities. Until additional funding is obtained, the Company would monitor and reduce marketing, IT & SaaS, office and rent costs and continue to focus its cash resources on enhancing the platform.

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer

Intended Use	Minimum Subscription	Maximum Subscription
Marketing/Sponsorship	\$78,428	\$449,056
Staff Costs	\$34,800	\$188,124
OPEX	\$71,972	\$112,020
Birchal Costs	\$14,800	\$50,800
Total	\$200,000	\$800,000

Rights associated with the shares



Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of shareholders. The rights associated with the shares are set out in the Company's constitution. These rights are described below. A copy of the constitution is available on the Intermediary's platform.

Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

Dividends

Subject to the Corporations Act, the constitution and any specific terms on which Shares are on issue, the Company may determine that a dividend is or will be payable and the terms on which a dividend is payable.

General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

Board

The Company will be able to appoint and remove Board members (including themselves) depending on business need and stage and according to the Company constitution. Unless otherwise provided for by the Corporations Act, or a specific provision of the constitution, the business of the Company is to be managed by, or under the direction of the Board. There will be no Board observer rights at this funding stage.

Drag-Along and Tag-Along

There are standard drag-along and tag-along provisions. Drag along provisions only apply on transfers that have the approval of holders of at least 70% of the issued shares in the Company be managed by, or under the direction of the Board. There will be no Board observer rights at this funding stage.

Winding-Up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to the holders of preference & ordinary shares after secured and unsecured creditors of the Company. Preference shareholders have priority over the ordinary shareholders to recover their investment funds back.

Restrictions on sale and transfer of shares

Shareholders may not at any time sell or transfer their shares to any person or entity unless it is a permitted transfer, which includes:

- A transfer approved by the Board
- Transfers because of death or bankruptcy
- Where a shareholder has at least 15% of the total issued shares, a
- Transfer to a trust controlled by the shareholder or direct relative
- Or a related body corporate
- Where drag-along or tag-along apply.

A shareholder must not sell or dispose of the shares if that sale or disposal would result in:

- The Company having to issue a disclosure document or a product disclosure statement under Chapter 6 or Chapter 7 respectively, of the Corporations Act
- A competitor holding shares, other than, with the prior approval of the shareholders by special resolution.

What can I do with my shares?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include, but are not limited to:

- A trade purchase of the Company
- A listing on a registered stock exchange (e.g., the ASX)
- A private equity investment in the Company
- A share buy-back by the Company




Details of previous CSF offers

On the 8th of June 2021, the Company made a CSF Offer on the Intermediary’s platform. Under that CSF Offer, the Company offered up to 213,300 ordinary shares at a \$7.03 share price. The CSF Offer was successfully completed and the minimum subscription amount was raised. Under that CSF Offer, the directors of the Company were Zakaria Bouguettaya and Andrew Chick.

Investor Rewards

In addition to being a shareholder of QPay Holdings Pty Ltd, a range of rewards are being offered for investors. QPay will offer free access to its Mastercard with preloaded deals depending on the Tier selection investors choose and will receive a Bronze, Sliver, Gold Investor permanent digital badge in the app.

The individual deal terms will be available in the QPay app.

Reward	\$2,000+	\$5,000+	\$10,000+
6 month access for Starter Investor QPay Card			
6 month access for Standard Investor QPay Card			
6 month access for Premier QPay Card			

Information about investor rights

Cooling-off rights

If you are a retail investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (**Cooling-off Period**).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

Proprietary company corporate governance obligations

Annual report

We are required to prepare and lodge annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight and, therefore,

there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report at the following address <https://cakeequity.com/> (free of charge) or can purchase the report from ASIC.

Related party transactions

The rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

Takeovers

The takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.

Glossary

Company

means QPay Holdings Pty Ltd

Cooling-off Period

means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money

CSF

means crowd-sourced funding under Part 6D.3A of the Corporations Act

Intermediary

means Birchall Financial Services Pty Ltd AFSL 502618

Maximum Subscription

means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer

Minimum Subscription

means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer

Offer

means an offer of fully-paid ordinary shares by the Company under this CSF offer document

Retail investor

has the meaning given to the term “retail client” under the Corporations Act

ADI

means Authorised Deposit-Taking Institution

QPay

means QPay Holdings Pty Ltd

PAY

ING LIST
IE FIRST
EBIT CARD

