Technology Driven Growth

QuickFee.

Annual Report 2020

QuickFee.

ABN 93 624 448 693

Appendix 4E

For the year ended 30 June 2020

Results for announcement to the market
Comparative period: year ended 30 June 2019

	A$	UP/DOWN	MOVEMENT %
Revenue from ordinary activities	8,489,208	Up	46.9%
Loss from ordinary activities after tax attributable to members	3,826,550	Up	231.3%
Net loss for the period attributable to members	3,826,550	Up	231.3%

Distributions

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.

Explanation of results

The group has reported a loss for the period of $3,826,550 (2019: $1,154,932), with net assets amounting to $16,179,220 as at 30 June 2020 (2019: $474,272), including cash reserves of $14,970,488 (2019: $2,781,387).

Please refer to the 'review of operations' on pages 10 to 16 or 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 2020.

Net tangible assets per security

	30 JUNE 2020 CENTS	30 JUNE 2019 CENTS
Net tangible asset backing (per security)	8.04	17.48

Due to the conversion of QuickFee AU and QuickFee US shares to QuickFee Limited shares on 9 July 2019 (refer to note 8(a) of the financial statements for further details), the net tangible asset backing per security calculated as at 30 June 2020 is not directly comparable with the result presented as at 30 June 2019.

Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2020.

Other information required by Listing Rule 4.3A

Details of individual and total dividends or distributions and dividend or distribution payments	N/A
Details of any dividend or distribution reinvestment plans	N/A
Details of associates and joint venture entities	N/A
Other information	N/A

Audit

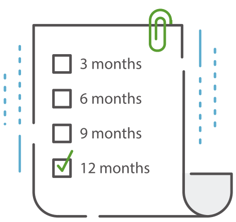
The financial statements have been audited by the group's independent auditor without any modified opinion, disclaimer or emphasis of matter.

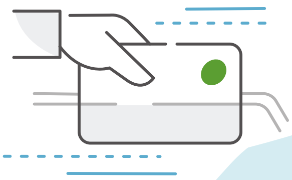
Never be paid late again.

Founded in 2009 and operating in Australia and the United States, QuickFee offers payment and lending solutions to professional service firms.

In July 2019, QuickFee Australia and QuickFee US became wholly owned by QuickFee Limited and completed an IPO on the ASX.

QuickFee's fully integrated online payment platform and lending solution enables clients to securely pay invoices up-front or over time. This ensures professional firms are paid immediately and in full, while clients enjoy the flexibility of paying by instalment.





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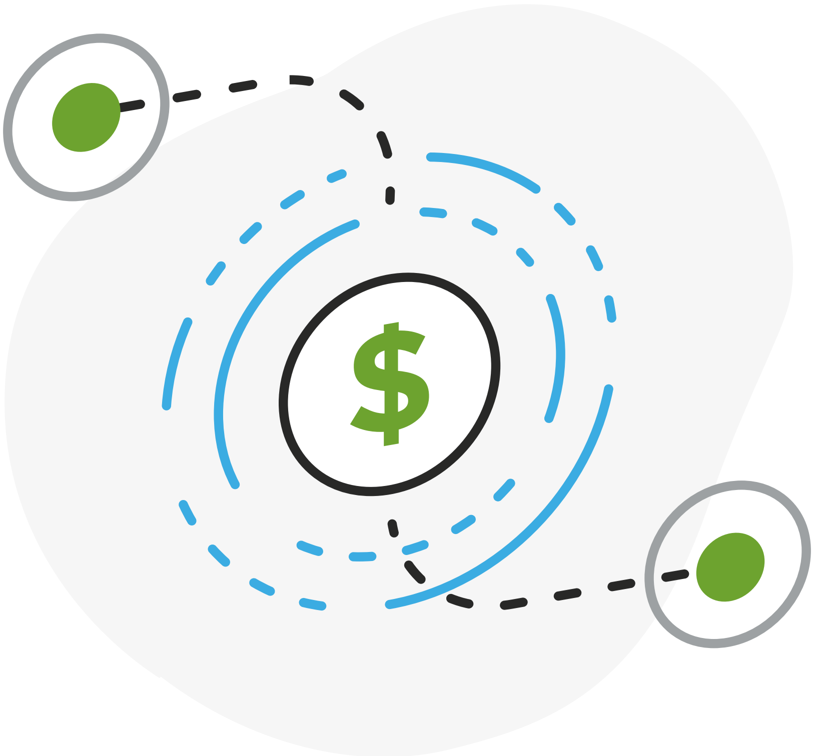
QuickFee Limited ABN 93 624 448 693

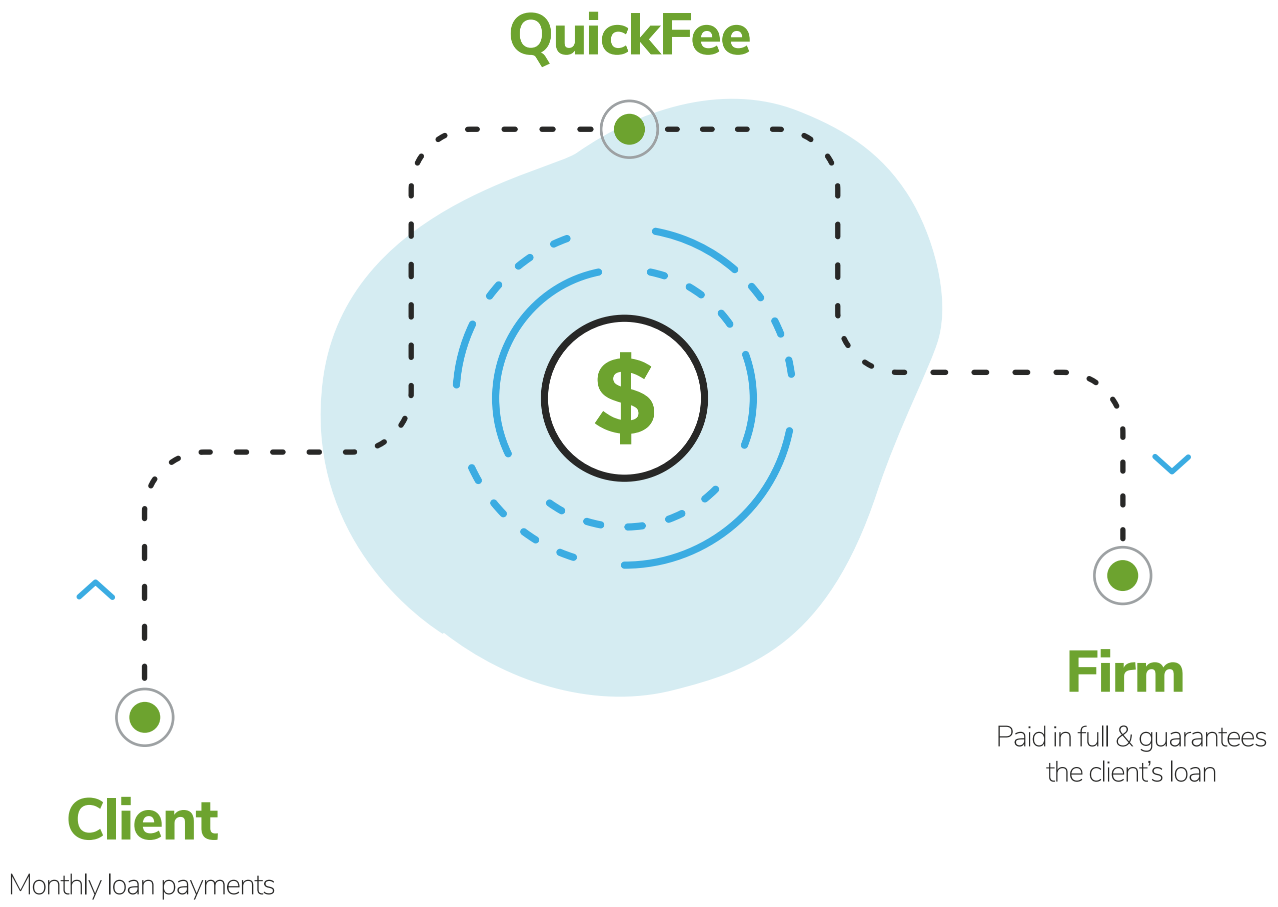


All things payments, all things receivables for professional service firms.

Our business model

Smart, scaleable, sustainable

A proven platform providing cash flow certainty



- QuickFee provides financing to clients of accountants and lawyers (professional service firms).
- High credit quality as loans guaranteed by professional firm.
- QuickFee has a proven business model with approximately 11 years operating in Australia and four years in the US.
- QuickFee AU maintains a credit insurance policy to mitigate against the risk of default.

A platform that borrowers rate highly

90%

of users found that accounting and law firms offering payment plans is very important.

92%

of users found the QuickFee payment plan application very or extremely easy.

69%

of business users selected monthly payments to help with their cashflow.

Our market opportunity

Significant, global

Accounting sector – estimated revenue

$20bn
AUD / 2019*

$111bn
USD / 2019*

Australian market

- QuickFee is the leading provider of B2B financing solutions to the professional services market.
- Other funding providers like Prospa, Moula are substitutes.
- There remains significant opportunity to increase the take up of this type of offering.

US market

- QuickFee has the first mover advantage in the US market.
- There is currently no direct competitor.
- Other online credit providers to SMEs are substitutes.
- There is a huge market opportunity to increase the take up of this type of offering.

Legal sector – estimated revenue

$21bn
AUD / 2019*

$313bn
USD / 2019*

* Source: IBISWorld.

Our competitive advantage

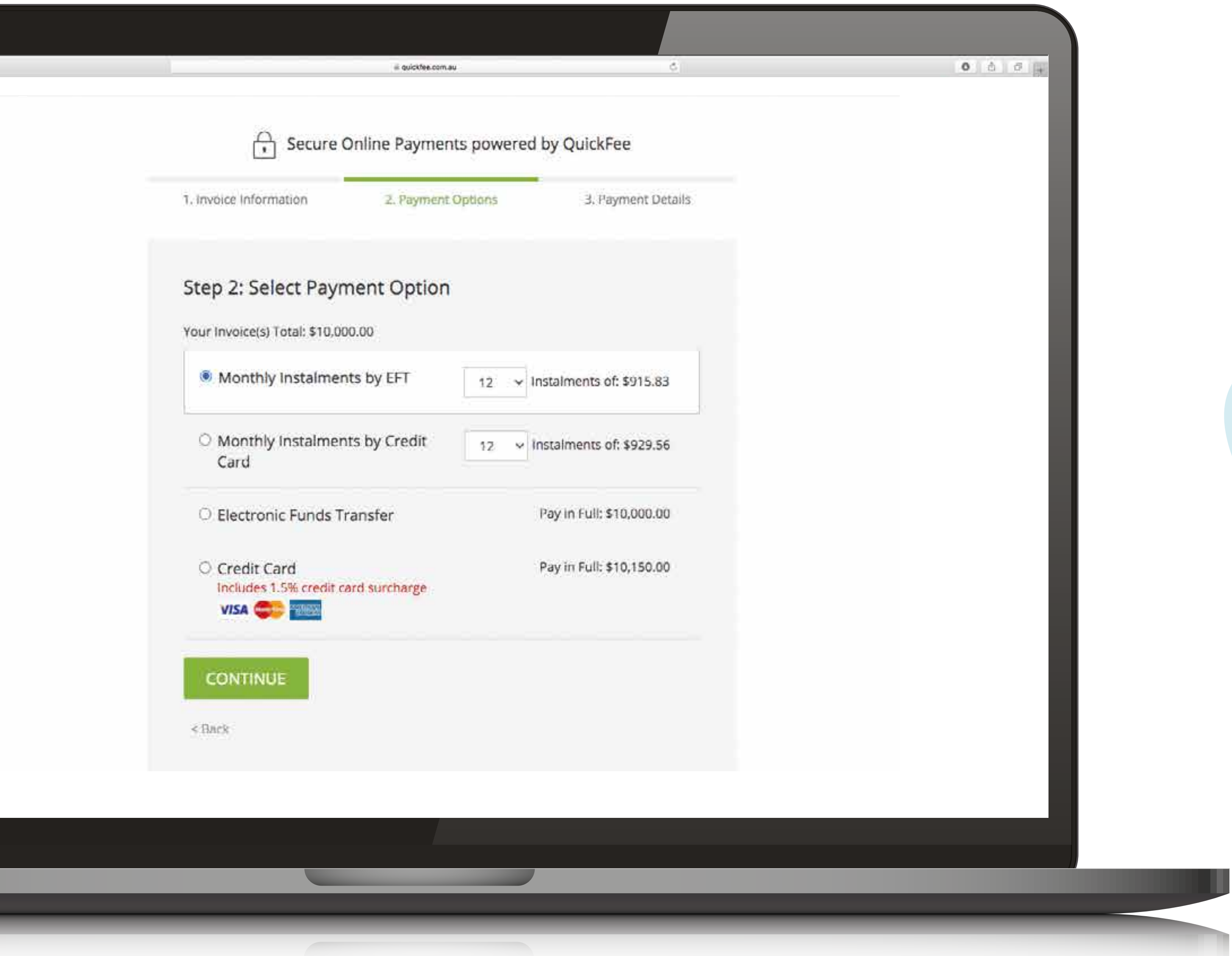
Being a first mover

Seizing opportunities with first mover advantage

QuickFee has first mover advantage in the US market and is well positioned to capitalise on this trend to online invoice payment transactions. There is currently no direct competitor and alternative online credit providers to SMEs are substitutes.

The QuickFee platform allows clients of firms utilising the platform to:

- take on financing for invoices raised by the firm; and
- pay those invoices by EFT/ACH or credit card.



Firms can include a link to the platform on all invoices they issue to clients and/or a link from the firm's website. The platform is branded with the relevant firm's logo.

The link transports the user to the QuickFee platform. The platform requests information about the client and the invoices they wish to pay and then presents three options:

a. pay by the month in instalments using a payment plan;
b. pay in full by EFT/ACH; or
c. pay in full by credit card.

There is a huge market opportunity to increase the take up of this type of offering within the accounting and legal sectors, and beyond. Other professional services verticals like architects, represent further opportunities.

"I could maintain the accountant of my choice and free up cashflow in my business."

305m

US$305 million of FY20 pay in full (up-front payment) transactions processed in the US$420 billion plus US accounting/legal sectors.

13m

US$13.0 million of FY20 lending in US.

Letter from the Chair

Dear Shareholders,

I am delighted to present to you QuickFee's Annual Report for the year ended 30 June 2020 (FY20), after an extremely busy year following our successful IPO on the ASX on 9 July 2019 and the strongly supported follow up capital raising in May 2020.

QuickFee provides online payment solutions for the clients of professional services firms. We make the process of getting paid easy for these firms, while providing their clients with payment plans to assist with cash flow management and ensure they have access to professional advice when they need it most.

With a profitable and growing business in Australia, the major focus for FY20 was to capitalise on QuickFee's first mover advantage in the US, where the professional services market represents a huge opportunity for the group. I am pleased to report that QuickFee made significant progress on this goal, growing strongly across all key metrics.

With US professional service firms still largely using paper invoices, we are seeing the early stages of a transition to electronic invoicing, which was accelerated by the COVID-19 pandemic with many clients unable to pay via cheque and firms unable to process paper based invoicing due to working from home restrictions. This resulted in a huge increase in new firm sign ups. Transaction volumes on the QuickFee platform more than doubled in a six-week period during March and April.

QuickFee now has 26 of the 'Top 100' US accounting firms signed onto the its platform, and we are seeing this translate to record growth in lending and transaction volumes.

We completed a strongly supported capital raising of A$7.5 million in May, which provided additional capital to support our growing loan book and for technology investment. This additional capital, together with the extension of our lending facilities in Australia and the US announced in June, has positioned QuickFee extremely well to continue to execute on our growth plans in both the US and Australia, and for further investment in our technology. We are particularly excited about our e-invoicing solution that we will be bringing to market shortly.

During the year we also added a number of new members to the team, including several key new senior hires in sales, marketing, finance and technology development. We welcome all of these new team members.

We are certainly operating in unprecedented times, and I want to take this opportunity to thank the entire QuickFee team, led by Bruce, for their commitment during FY20, and in particular over the past few months with working from home restrictions continuing for many of our employees. Despite the challenging environment, they are working hard to assure our continued success.

My fellow directors and I also wish to express our sincere appreciation to all shareholders for your support, and to welcome our many new shareholders. We are confident you will continue to benefit from your investment in QuickFee in the years ahead.

Yours sincerely,

Barry Lewin
Non-Executive Chairman

Letter from the CEO

Dear Fellow Shareholders,

The 2020 financial year was another year of significant progress for QuickFee, in which we took major steps forward in growing our presence in the US market, as well as further consolidating our already strong position in Australia. Despite having to navigate a period of great uncertainty as a result of the COVID-19 pandemic, QuickFee grew its business across all key metrics, and achieved a number of significant milestones, which included:

- Record growth in our lending book, up 52% (vs FY19) in the US and up 15% in Australia;
- Record lending to clients of professional firms in both the US and Australia, up 63% to US$13.0 million in the US and up 17% to A$49.3 million in Australia;
- Significant increases in US transaction values, up 137% to US$305 million, with COVID-19 accelerating the shift to online payments;
- Significant growth in new firm signings (US at 412 active firms, up from 252 as at 30 June 2019) with 26 of the 'Top 100' US accounting firms now signed onto the QuickFee platform, including a 'Top 10' firm;
- FY20 revenue up 47% to A$8.5 million – another record result;
- Successfully completing a A$7.5 million share placement to a range of institutions and high net wealth investors in a very well-supported capital raising, funding QuickFee for continued growth; and
- Appointment of senior technology leaders to accelerate our technology build.

A major focus of the business is to capitalise on our first mover advantage in the huge professional services market in the US. In this context, our payment plans offering continues to see steady adoption whilst the early stages of the US market transitioning to online payments is also driving a significant take up of our pay in full (up-front payments) offering. The COVID-19 pandemic is accelerating this shift.

With fewer than 20% of US accounting firms sending all invoices electronically, compared to 56% in Australia, we continue to see significant upside for growth in US transactions on the QuickFee platform. Our Australian experience tells us that the take up of online payments drives further take up of payment plans, which is an exciting prospect for the US operations.

We continued to invest in the business over FY20. We added to our US sales and account management teams with a number of key hires, and also added key engineering leads for our planned technology development. The build of our receivables management and e-invoicing system for the US market is underway and we expect to have our first customers before the end of this calendar year.

An oversubscribed capital raising was undertaken in May, which raised A$7.5 million before costs to provide additional funding for growth in lending, as well as investment in technology development. In addition, we increased our Australian debt facility by A$5.0 million to A$25.0 million and doubled the existing US debt facility to US$10.0 million, giving us additional headroom for future growth.

Pleasingly, our resilient business model has meant we have been able to withstand the global impact from the COVID-19 pandemic, with teams in Australia and the US working remotely for significant periods during the year.

I would like to take this opportunity to thank the QuickFee team for their tireless efforts over the year and for their contribution to our major achievements. I would also like to thank the board of directors for their support and strategic direction. I am grateful for the support I have from our shareholders and I look forward to sharing our growth journey with you in the years ahead.

Yours sincerely,

Bruce Coombes
Managing Director and
Chief Executive Officer

Review of operations and activities

Strong growth

QuickFee delivered strong growth in revenue for the 12 months to 30 June 2020 (FY20), driven by the accelerating momentum in the US and the steady growth in the Australian operations. Investments in customer acquisition and technology development position the group strongly for rapid and sustained growth over the medium term.

Profit & loss

The group reported a loss in FY20 of A$3.8 million (FY19: loss of A$1.2 million). This result was driven by a substantial increase in customer acquisition and research and development (R&D) expenditures with revenues increasing 47% to A$8.5 million, following strong growth in both the US and Australia. The US is seeing particularly rapid growth as QuickFee leverages its first mover advantage in the massive US market for professional services, with its revenues more than doubling to A$3.2 million. Contributing to this growth was a surge in usage of QuickFee's pay in full (up-front) payment option since the COVID-19 lockdown as the pandemic accelerated the shift to online payments. This resulted in US merchant fee revenues rising 301% over FY20 to A$1.3 million.

Customer acquisition expenses in FY20 were A$2.5 million, up 85% on FY19, as the group continues to invest for future growth. This investment is reflected in the growing number of new firms signing onto the QuickFee platform and is a lead indicator of future growth.

R&D expenditures rose 535% to A$0.7 million on the back of a substantial increase in technology development spend. The results of this increased spend, which will continue through FY21, will become more evident in the coming months as the group releases significant updates to its technology platform and product offering. These software enhancements will anchor QuickFee's position as a leading player in the professional services buy-now, pay later (BNPL) sector.

After adjusting for customer acquisition and R&D expenses, along with one-off costs incurred from the IPO in July 2019, the group reported an operating profit of A$185k. This highlights the profitable underlying QuickFee business model. The Australian operating segment reported a net profit after tax of A$865k, with the US segment reporting a negligible A$49k loss before customer acquisition expenses.

Minimal levels of bad debt continue across the business, reflecting the quality of the structured lending product, the rigorous credit process, and the Australian operation's credit protection insurance in place. However, with the COVID-19 pandemic presenting an uncertain environment, management felt it prudent to reassess the group's expected credit losses on loan receivables. By taking a conservative forward looking approach, this has led to a one-off increase in the impairment provision representing approximately 1.5% of gross loan receivables and a one-off expense to the profit and loss account.

Balance sheet

Net assets as at 30 June 2020 amounted to A$16.2 million (FY19: A$0.5 million), including cash reserves of A$15.0 million (FY19: A$2.8 million).

The group raised A$13.5 million before costs in a strongly supported IPO on 9 July 2019 and our balance sheet was further strengthened following the oversubscribed capital raising in May 2020, which provided an additional A$7.5 million in funding before costs for loan book growth, technology development activities and brand building. Lending facilities were further extended during FY20 in both the US and Australia, by US$5.0 million and A$5.0 million, respectively.

8.5m

A$8.5 million in revenues in FY20, up 47% over FY19.

185k

A$185k group operating profit before customer acquisition and R&D expenses, reflecting an underlying profitable business model.

US business update

US lending grows rapidly

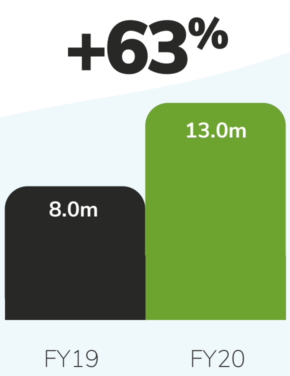
The US business grew rapidly over FY20 as we continued to build on our first mover advantage in that market. Lending to clients of US firms was up 63% to US$13.0 million, with the last three quarters of FY20 generating consecutive record lending results.

The gross loan book increased by 52% over the year to US$6.6 million as at 30 June 2020.

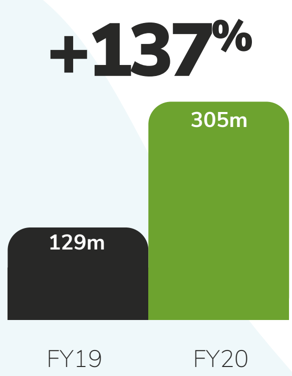
Early stages of huge transformation opportunity creating accelerating transaction volumes on QuickFee platform

Transaction volumes and values through the US platform continued to accelerate rapidly. The number of transactions during FY20 were up 129% to 155k, with the value of transactions up 137% to US$305 million. The annualised payment portal transaction processing run rate is now US$554 million.

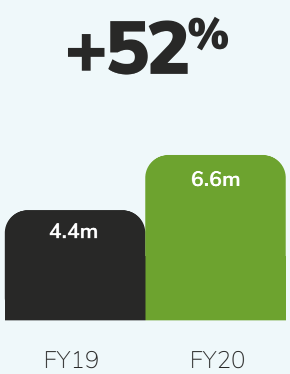
US year on year lending (USD)



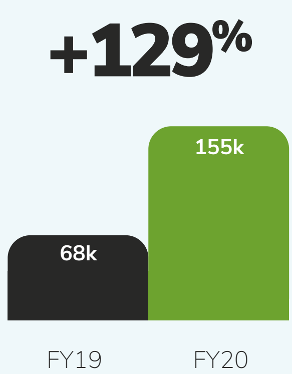
Transaction value (USD)



Lending book FY19 vs FY20 (USD)

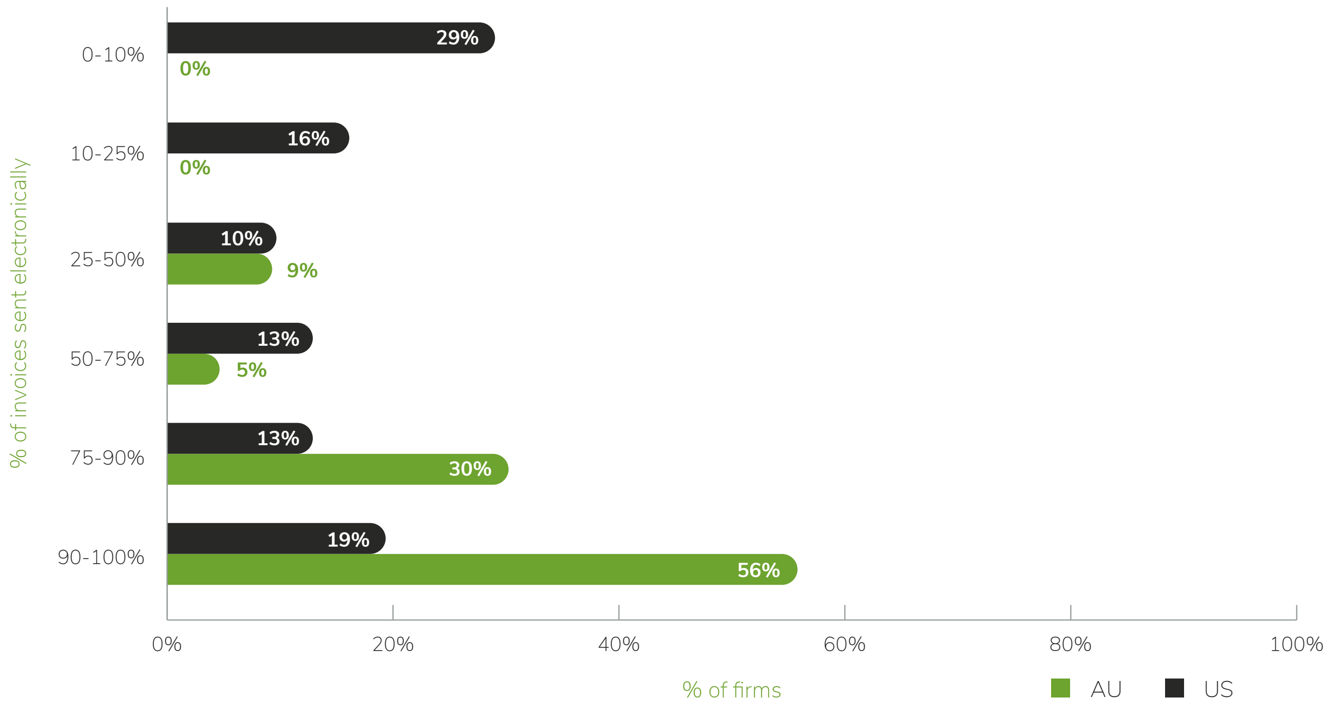


Number of transactions



US business update (continued)

AU vs US – % of invoices sent electronically



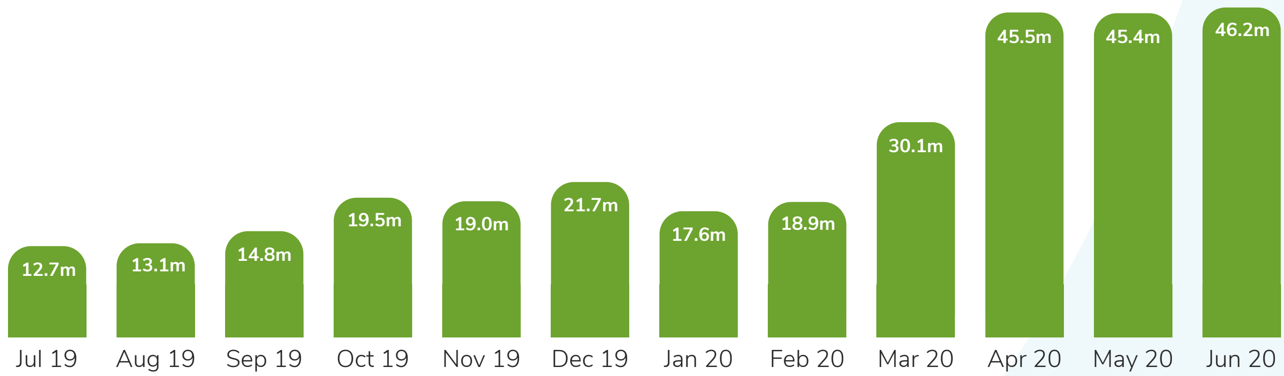
Source: QuickFee CSAT survey (February 2020)

In the US, where many firms still use paper based invoices and payments by cheque (fewer than 20% of US accounting firms send almost all invoices electronically, compared to 56% in Australia), the COVID-19 crisis is bringing forward an acceleration of the move to electronic invoicing and payment methods which is benefiting our business.

The chart below demonstrates this increase, showing the rapid increase in US transaction values processed from March 2020 onwards.

This represents a transformational development for QuickFee's business with record numbers of new firm sign ups during FY20.

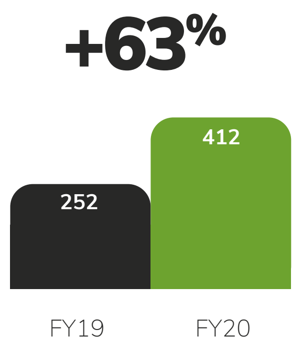
US pay in full (up-front) monthly portal transactions processed (USD)



Strong growth in new firm signings

The US business continued to experience strong growth in new firm sign ups, with 412 active firms signed to the QuickFee platform as at 30 June 2020 (FY19: 252). A major milestone was achieved with the signing of our first 'Top 10' US accounting firm in June. QuickFee ended FY20 with 26 firms out of the 'Top 100' US accounting firms signed onto the QuickFee platform, and more than 26% of the 'Top 400' using QuickFee.

Number of US firms signed – FY19 vs FY20

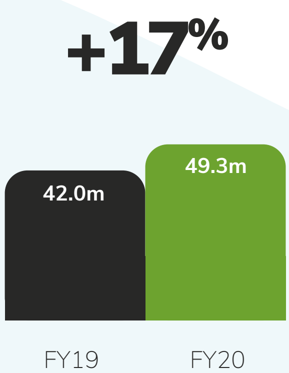


Australian business update

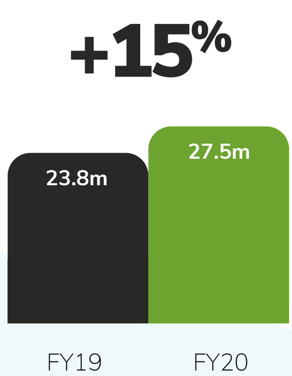
Lending growth of 17% in a mature market with solid profitability

The Australian business achieved another year of strong growth. Lending was up 17% to A$49.3 million, and the lending book grew by 15% to A$27.5 million as at 30 June 2020. This is an excellent result in a relatively mature market, with the Australian operating segment generating solid profitability of A$865k after tax.

AU year on year lending (AUD)



Lending book – FY19 vs FY20 (AUD)

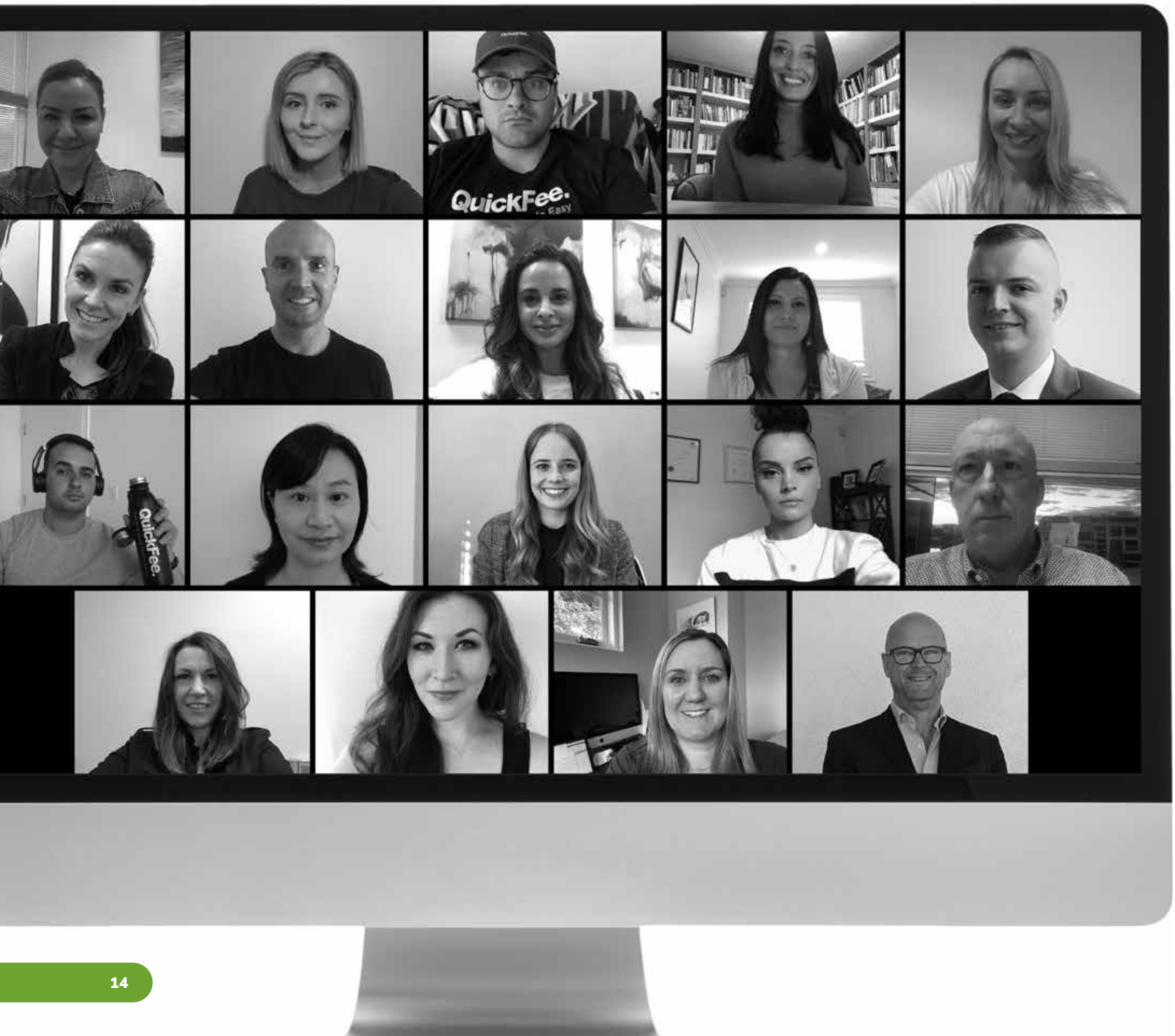


People and culture

Whilst newly listed, the transition from a privately owned business has been a key focus during FY20 and QuickFee is implementing policies, processes and a culture to attract, retain and reward outstanding talent across all key disciplines who can support our growth aspirations.

We have an enormous opportunity with our first mover advantage in the massive North American professional services market. We made a number of key hires during FY20 and we will continue to build the team, recruiting the best talent available to assist us in executing our strategy to become the market leader of online payment services to the professional services markets in Australia and North America.

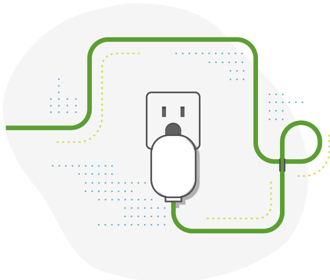
We are extremely proud of the QuickFee team, who met the COVID-19 challenges, achieving record results across all key metrics notwithstanding work from home and other restrictions in both the US and Australia.



Integrated and innovative technology

Technology development remains a core focus for QuickFee. There were a number of technology enhancements completed over FY20, as well as integrations with other platforms, all designed to further embed QuickFee's solution into professional service firms.

The build of our receivables management and e-invoicing system for the US market is progressing well and we expect to have our first customers using this by the end of this calendar year. This is a very exciting development, particularly in the US market, where there is expected to be strong demand for this new functionality. The e-invoicing technology will drive additional take-up of QuickFee's lending products.



Outlook

Well-positioned for continued growth

The 2020 financial year was a year of significant growth for QuickFee following our oversubscribed IPO on 9 July 2019 and as we transitioned from a privately owned business.

Importantly, the plans implemented during FY20 position QuickFee for continued rapid growth. The combination of a strengthened financial position, record new firm sign ups, technology enhancements, and investment in people, puts QuickFee in an excellent position to continue to execute successfully on our first mover advantage in the huge professional services market in the US.

Our platform is highly scalable, and readily deployable into new geographic markets where competition is low and the professional services market is large. We will continue to plan for entry into these adjacent geographic markets. Timing should become clearer over the course of FY21.

In the short term, the opportunities presented by a modernising US market, with the acceleration of the transition to electronic invoicing and payments presents a major opportunity for us to become the leading payment solution in the US. We are at the very early stages of our growth and there is much work to be done but we are confident of our plans and our ability to achieve this objective.

Management team

Barry Lewin

Non-Executive Chairman

Bruce Coombes

Chief Executive Officer

Dale Smorgon

Non-Executive Director

James Drummond

Chief Operating Officer

Francesco Fabbrocino

Chief Technology Officer

Richard Formoe

Chief Revenue Officer

Andreas Diwing

Marketing Director

Corey Struve

Financial Controller

Directors' report

For the year ended 30 June 2020

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 2020. Throughout the report, QuickFee Limited is referred to as the 'company', or 'group' when including its controlled entities comprising the consolidated entity.

This directors' report covers the period from 1 July 2019 to 30 June 2020 (FY20). The comparative period is from 1 July 2018 to 30 June 2019 (FY19).

Directors and company secretary

The following persons held office as directors of QuickFee Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

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

The following persons held office as company secretary of QuickFee Limited as at 30 June 2020 and up to the date of this report:

- Jennifer James

Principal activities

The group has developed and generates revenue from the QuickFee technology platform and fee funding lending solution, allowing clients of professional service firms to pay invoices up-front or over time. This ensures professional firms are paid immediately in full, while clients enjoy the flexibility of paying by instalment.

The group has established two separate operations:

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

Dividends – QuickFee Limited

No dividends were declared or paid to members for the year ended 30 June 2020. The directors do not recommend that a dividend be paid in respect of FY20.

As disclosed in note 12(b) of the financial statements, dividends of A$680,000 were paid in FY19 to the shareholders of QuickFee Australia Pty Ltd. These dividends were paid prior to the 9 July 2019 legal acquisition of QuickFee Australia Pty Ltd by QuickFee Limited on IPO. Accordingly, these dividends do not represent dividends of QuickFee Limited and should not be interpreted as such.

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 10 to 16 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 10 to 16 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

On 23 July 2020, the group held an extraordinary general meeting (EGM) resulting in the approval of the directors' participation in the May 2020 capital raising. On 30 July 2020, the group issued 1,000,000 additional fully paid ordinary shares to each of Barry Lewin, Bruce Coombes and Dale Smorgon at A$0.21 each (A$630,000 raised in total). The terms of the directors' participation were identical to those of the other participants in the capital raising.

At the EGM, shareholders also approved the allotment of 300,000 options to each of Barry Lewin and Dale Smorgon as disclosed in note 17(a) of the financial statements.

No other matter or circumstance has arisen since 30 June 2020 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 10 to 16 of this annual report, there are no likely developments or details on the expected results of operations that the group has not disclosed.

Environmental regulation

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

Information on directors

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

Barry Lewin

Non-Executive Chairman (MBA, B.Com, LLB)

Experience and expertise
Barry Lewin is the founder and Managing Director of Melbourne based corporate advisory firm SLM Corporate, and has significant experience advising public and private companies on transaction structuring, debt and equity issues, mergers, acquisitions, business sales and all aspects of corporate governance. Prior to establishing SLM Corporate in 1999, Barry spent 12 years as an in-house counsel to a number of ASX listed companies.

Date of appointment
1 May 2019

Other current directorships (listed)
Non-Executive Chairman of ELMO Software Limited (ASX:ELO), since 10 October 2018

Non-Executive Chairman of Praemium Limited (ASX:PPS), since 12 May 2017

Former directorships in last 3 years (listed)
None

Special responsibilities
Chair of the board

Chair of the audit and risk committee

Member of the remuneration and nomination committee

Interests in securities

Ordinary shares	1,968,000
Options	300,000

Bruce Coombes

Managing Director and Chief Executive Officer (B.Bus, Member – AICPA)

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 and beyond.

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
Chief Executive Officer

Member of the audit and risk committee

Member of the remuneration and nomination committee

Interests in securities

Ordinary shares	24,939,453
Options	3,000,000

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 important strategic direction to the business.

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
Member of the audit and risk committee

Chair of the remuneration and nomination committee

Interests in securities

Ordinary shares	23,839,451
Options	300,000

Directors' report Continued

Company secretary

The company secretary is Jennifer James, appointed to the position on 12 August 2019. Jennifer has worked in the accounting profession since 2004 and joined QuickFee AU at its inception. She was instrumental in the introduction of the group's loan management system and the development of its payment portal.

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 2020, 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	12	12	3	3	1	1
Bruce Coombes	12	12	3	3	1	1
Dale Smorgon	12	12	3	3	1	1

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

(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://www.quickfee.com/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 during or since the end of the financial year were:

Non-executive directors	**Position**
Barry Lewin	Chair of the board Chair of the audit and risk committee Member of the remuneration and nomination committee
Dale Smorgon	Member of the audit and risk committee Chair of the remuneration and nomination committee
Executive directors	**Position**
Bruce Coombes	Chief Executive Officer (CEO) Member of the audit and risk committee Member of the remuneration and nomination committee
Other key management personnel	**Position**
James Drummond	Chief Operating Officer (COO)
Richard Formoe	Chief Revenue Officer (CRO)

(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 2020 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.

Long-term incentives (LTI plan)

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

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 PROP if considered appropriate by the board.

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

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

The group's CEO was entitled to 3,000,000 executive options granted on 9 July 2019. These options expire on 9 July 2023 and comprise three tranches of 1,000,000 options (Class A, B and C) with exercise prices of A$0.30, A$0.40 and A$0.50, respectively. Class A options vested on 9 July 2020; Class B and C vest on 9 July 2021 and 2022, respectively, contingent on continued employment at each vesting date.

The group's COO was entitled to 2,925,685 performance rights issued on 9 July 2019. These performance rights vested on QuickFee US having successfully contracted more than 300 firms (by number) within 24 months following the issue date. This milestone occurred in November 2019, resulting in the issue of 2,925,685 ordinary shares.

The group's CRO was entitled to 2,000,000 options granted on 18 March 2020. These options expire on 30 June 2025 and comprise five tranches of options (Class D) with exercise prices of A$0.50:

- Tranche 1 – 333,333 options, vested on 30 June 2020;
- Tranche 2 – 333,333 options, vest on satisfaction of an internal milestone condition;
- Tranche 3 – 333,334 options, vest on satisfaction of an internal milestone condition;
- Tranche 4 – 500,000 options, vest on 31 December 2021; and
- Tranche 5 – 500,000 options, vest on 31 December 2022.

The group's COO was entitled to 1,000,000 options on the same terms and quantities as Class D tranche 1, 2 and 3 detailed above.

Each of the above unvested tranches will only be exercisable by the CRO and COO on continued employment through to each vesting date.

(d) Remuneration payments and link between performance and reward (continued)

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

ELEMENT	PERFORMANCE MEASURES	STRATEGIC OBJECTIVE/ PERFORMANCE LINK
Fixed remuneration	The position description of each executive includes a set of individual performance measures which are reviewed and evaluated each financial year. Remuneration is set competitively to: • **Recruit:** attract the best talent to QuickFee Limited to ensure sustainable growth; and • **Retain:** ensure talent is not lured away by competitors.	Each executive's individual performance measures are specifically designed to ensure alignment with the group's strategic plans for the year. Fixed remuneration is based on: • Role and responsibility; • Capability and competencies; and • Comparable market remunerations.
Performance-based remuneration (STIs and LTIs)	QuickFee Limited's performance pay consists of short – and long-term incentives which are designed to: • **Motivate:** to achieve financial and non-financial corporate objectives; • **Reward:** create performance culture that recognises and rewards outstanding performance; and • **Retain:** through the PROP Plan and the subsequent tenure required for options and performance rights to vest.	
Short-term incentive plan (STI), being cash 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. STIs are cash-based payments: • 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. STIs are designed to motivate individuals, create a high-performance culture, and increase employee engagement.
Long-term incentive plan (LTI), being share options and performance rights	Participants must be employed on vesting date for the options or performance rights to vest. 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.

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

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

Barry Lewin and Dale Smorgon were granted 300,000 options each, approved by shareholders at an EGM on 23 July 2020. These options expire on 23 July 2025 and comprise three tranches of 100,000 options (Class E) with an exercise price of A$0.50. Tranche 1, 2 and 3 vest on 30 June 2021, 2022 and 2023, 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.

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.

	FY20	FY19[1]	FY18[1, 2]
Loss for the period attributable to owners (A$)	3,826,550	1,154,932	278,973
Basic loss per share (cents)	2.5	42.6	10.3

Notes:

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

The group's earnings have remained negative since inception due in the main to the group being in high growth mode, with a significant amount being invested in customer acquisition activities and technology development. No dividends have ever been declared by QuickFee Limited. The group continues to focus on revenue growth with the objective of 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 2020.

FY20	CASH SALARY AND FEES A$	CASH BONUS A$	NON-MONETARY BENEFITS A$	ANNUAL LEAVE A$	SUPERANNUATION A$	LONG SERVICE LEAVE A$	OPTIONS A$	PERFORMANCE RIGHTS A$	TOTAL A$
	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS		
Non-executive directors									
Barry Lewin	100,000	–	–	–	–	–	14,264	–	114,264
Dale Smorgon	65,000	–	–	–	–	–	14,264	–	79,264
Executive directors									
Bruce Coombes	350,000	80,000	–	68,392	21,003	9,281	102,961	–	631,637
Other KMP									
James Drummond	260,668	44,686	7,802	24,057	–	–	20,160	146,284	503,657
Richard Formoe	260,668	103,671	7,354	22,924	–	–	24,585	–	419,202
Total compensation	**1,036,336**	**228,357**	**15,156**	**115,373**	**21,003**	**9,281**	**176,234**	**146,284**	**1,748,024**

The table below details remuneration of key management personnel based on the policies previously discussed for the year ended 30 June 2019.

			SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS		
FY19	CASH SALARY AND FEES A$	CASH BONUS A$	NON-MONETARY BENEFITS A$	ANNUAL LEAVE A$	OTHER[1] A$	SUPERANNUATION A$	LONG SERVICE LEAVE A$	OPTIONS A$	PERFORMANCE RIGHTS A$	TOTAL A$
Non-executive directors										
Barry Lewin	16,666	–	–	–	–	–	–	–	–	16,666
Dale Smorgon	22,248	–	–	–	–	1,084	–	–	–	23,332
Executive directors										
Bruce Coombes	245,833	–	–	31,615	91,667	25,000	51,629	–	–	445,744
Other KMP										
James Drummond	204,508	–	7,530	–	–	–	–	–	–	212,038
Total compensation	**489,255**	**–**	**7,530**	**31,615**	**91,667**	**26,084**	**51,629**	**–**	**–**	**697,780**

Notes:

1. During FY19, the group engaged Carrot Consulting Pty Limited, an entity controlled by Bruce Coombes, to provide consulting services in connection with the IPO of QuickFee Limited. These services were based on normal commercial terms and conditions and were at market rates.

(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 2020.

Name	Bruce Coombes
Title	Managing Director and Chief Executive Officer
Details	Base salary of A$350,000, plus statutory superannuation, reviewed annually by the remuneration and nomination committee with a 3-month termination notice by either party. Contract duration is unspecified.
Name	James Drummond
Title	Chief Operating Officer
Details	Base salary of US$200,000, effective 1 January 2020 (US$150,000 from 1 July to 31 December 2019), reviewed annually by the remuneration and nomination committee with immediate termination by either party. Contract duration is unspecified.
Name	Richard Formoe
Title	Chief Revenue Officer
Details	Base salary of US$200,000, effective 1 January 2020 (US$150,000 from 1 July to 31 December 2019), reviewed annually by the remuneration and nomination committee with immediate termination by either party. Contract duration is unspecified.

(g) Additional statutory information

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 26 above:

	FIXED REMUNERATION		AT RISK STI		AT RISK LTI	
NAME	FY20 %	FY19 %	FY20 %	FY19 %	FY20 %	FY19 %
Barry Lewin	88	100	–	–	12	–
Bruce Coombes	71	100	13	–	16	–
Dale Smorgon	82	100	–	–	18	–
James Drummond	58	100	9	–	33	–
Richard Formoe	69	N/A	25	N/A	6	N/A

Performance based remuneration granted and forfeited during the year

The following table shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited during FY20.

		TOTAL STI CASH BONUS	
FY20	TOTAL OPPORTUNITY A$	AWARDED %	FORFEITED %
Barry Lewin	–	–	–
Bruce Coombes[1]	100,000	80	20
Dale Smorgon	–	–	–
James Drummond[2]	44,686	100	–
Richard Formoe[3]	26,067	29	71

Notes:

1. Bonuses to Bruce Coombes were granted for meeting tiered/incremental lending milestones, negotiating an increased facility limit on borrowings and a staff hiring milestone.
2. Bonuses to James Drummond were granted on successful IPO on 9 July 2019 and meeting internal technology development milestones.
3. Bonuses to Richard Formoe were granted for the design and implementation of a new commissions structure and a staff hiring milestone. In addition to the STI cash bonus of A$7,448 outlined above (being A$29,067 × 29%), Richard Formoe also received A$96,223 in commissions based on exceeding monthly lending targets. The total opportunity for commissions is not applicable as these are uncapped.

Terms and conditions of the share-based payment arrangements

Options

GRANT DATE	VESTING AND EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE A$	VALUE PER OPTION AT GRANT DATE A$	VESTED %
2019-07-09 (Class A director options)	2020-07-09	2023-07-09	0.30	0.0522	100
2019-07-09 (Class B director options)	2021-07-09	2023-07-09	0.40	0.0446	–
2019-07-09 (Class C director options)	2022-07-09	2023-07-09	0.50	0.0391	–
2020-03-18 (Class D employee options)	2020-06-30	2025-06-30	0.50	0.0441	100
2020-03-18 (Class D employee options)	Milestone[1]	2025-06-30	0.50	0.0441	–
2020-03-18 (Class D employee options)	Milestone[1]	2025-06-30	0.50	0.0441	–
2020-03-18 (Class D employee options)	2021-12-31	2025-06-30	0.60	0.0369	–
2020-03-18 (Class D employee options)	2022-12-31	2025-06-30	0.75	0.0291	–
2020-07-23 (Class E director options)	2021-06-30	2025-07-23	0.50	0.5732	–
2020-07-23 (Class E director options)	2022-06-30	2025-07-23	0.50	0.5732	–
2020-07-23 (Class E director options)	2023-06-30	2025-07-23	0.50	0.5732	–

Notes:

1. Vesting occurs on satisfaction of internal milestone condition.

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

(g) Additional statutory information (continued)

Performance rights

In January 2017, James Drummond agreed to relinquish US$160,000 of salary over the 18 months ended 30 June 2018 in exchange for the grant of performance rights contingent on the IPO of QuickFee Limited. These performance rights vested on QuickFee US having successfully contracted more than 300 firms (by number) within 24 months following the issue date.

Accordingly, 2,925,685 performance rights were issued on 9 July 2019. On 8 November 2019, these performance rights vested and 2,925,685 ordinary shares were issued.

Reconciliation of options and ordinary shares held by KMP

Options

	BALANCE AT THE START OF THE PERIOD[1]	GRANTED AS REMUNER-ATION	EXERCISED	OTHER CHANGES	BALANCE AT END OF THE PERIOD	VESTED AND EXERCISABLE
Barry Lewin	–	–	–	–	–	–
Bruce Coombes	–	3,000,000	–	–	3,000,000	1,000,000
Dale Smorgon	–	–	–	–	–	–
James Drummond	–	1,000,000	–	–	1,000,000	333,333
Richard Formoe	–	2,000,000	–	–	2,000,000	333,333

Notes:

1. Balance incorporates option holdings in the parent entity, QuickFee Limited, as at 1 July 2019. It does not incorporate holdings granted upon IPO on 9 July 2019 as disclosed in notes 1 and 17(a) of the financial statements.

Ordinary shares

	BALANCE AT THE START OF THE PERIOD[1]	GRANTED AS REMUNER-ATION	RECEIVED ON EXERCISE OF PERFORM-ANCE RIGHTS	OTHER CHANGES[2]	BALANCE AT END OF THE PERIOD
Barry Lewin	–	–	–	968,000	968,000
Bruce Coombes	1	–	–	23,939,452	23,939,453
Dale Smorgon	–	–	–	23,839,451	23,839,451
James Drummond	–	–	2,925,685	–	2,925,685
Richard Formoe	–	–	–	6,000	6,000

Notes:

1. Balance incorporates shareholdings in the parent entity, QuickFee Limited, as at 1 July 2019. It does not incorporate holdings in QuickFee AU and QuickFee US prior to the legal acquisition of these controlled entities by QuickFee Limited on 9 July 2019 as disclosed in notes 1 and 8(a) of the financial statements.
2. Balance incorporates: (i) conversion of QuickFee AU and QuickFee US class shares to QuickFee Limited class shares on 9 July 2019 as disclosed in notes 1 and 8(a) of the financial statements; (ii) allotment of deferred consideration shares as disclosed in notes 1 and 8(a) of the financial statements, and (iii) on-market acquisitions.

Loans provided to the group by key management personnel

	BALANCE AT THE START OF THE PERIOD A$	INTEREST PAID AND PAYABLE FOR THE YEAR A$	BALANCE AT THE END OF THE YEAR A$	HIGHEST BALANCE DURING THE YEAR A$
Bonec Pty Ltd	150,000	–	–	150,000
Carrot Consulting Pty Limited	400,000	29,333	–	400,000
Derida Pty Limited	800,000	29,333	–	800,000
Jamada Holdings Pty Limited	250,000	–	–	250,000

Bonec Pty Limited

An unsecured loan with Bonec Pty Limited, an entity controlled by Bruce Coombes, was entered into on 26 November 2018. Interest was charged monthly at 10% per annum and the loan converted to ordinary share capital on the 9 July 2019 IPO of QuickFee Limited.

Carrot Consulting Pty Limited

An unsecured loan with Carrot Consulting Pty Limited, an entity controlled by Bruce Coombes, was entered into on 1 June 2018. Interest was charged monthly at 8% per annum during the year ended 30 June 2020 (2019: 12%). The loan was repaid on 1 June 2020.

Derida Pty Limited

An unsecured A$400,000 loan with Derida Pty Limited, an entity in which Dale Smorgon is a 25% shareholder and director, was entered into on 1 June 2018. Interest was charged monthly at 8% per annum during the year ended 30 June 2020 (2019: 12%). The loan was repaid on 1 June 2020.

A separate A$400,000 unsecured loan with Derida Pty Limited was entered into on 26 November 2018. Interest was charged monthly at 10% per annum and the loan converted to ordinary share capital on IPO of QuickFee Limited.

Jamada Holdings Pty Limited

An unsecured loan with Jamada Holdings Pty Limited, an entity controlled by Bruce Coombes, was entered into on 26 November 2018. Interest was charged monthly at 10% per annum and the loan converted to ordinary share capital on the 9 July 2019 IPO of QuickFee Limited.

Other transactions with key management personnel

Barry Lewin is the Managing Director and major shareholder of SLM Corporate Pty Limited (SLM). Prior to Barry's appointment as Non-Executive Chairman of QuickFee Limited on 1 May 2019, the group entered into a mandate letter, pursuant to which SLM agreed to provide prospectus due diligence services, advice, guidance and oversight. Over the eight-month term of the mandate, SLM was paid an aggregate A$160,000. A further A$5,000 was paid to SLM for valuation services rendered. These services were based on normal commercial terms and conditions and were at market rates.

A former employee of QuickFee AU, also the son of Bruce Coombes, was engaged to provide research and development consulting services to QuickFee AU during FY20. This arrangement was undertaken due to the substantial knowledge of QuickFee's lending platform held by the former employee that was required for the software development. These services were based on normal commercial terms and conditions and were at market rates.

(g) Additional statutory information (continued)

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

	FY20 A$	FY19 A$
Amounts recognised as expense		
Consulting services rendered by SLM Corporate Pty Limited	–	165,000
Consulting services rendered by Bruce Coombes' son	26,500	–

Voting of shareholders at last year's annual general meeting

QuickFee Limited received more than 95% of 'yes' votes on its remuneration report for FY19. 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

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:

	EXPIRY DATE	EXERCISE PRICE (A$)	NUMBER UNISSUED
2019-07-09 (Class A broker options)	2022-07-09	0.20	1,000,000
2019-07-09 (Class B broker options)	2022-07-09	0.30	1,000,000
2019-07-09 (Class C broker options)	2022-07-09	0.40	1,000,000
2019-07-09 (Class A director options)[1]	2023-07-09	0.30	1,000,000
2019-07-09 (Class B director options)[1]	2023-07-09	0.40	1,000,000
2019-07-09 (Class C director options)[1]	2023-07-09	0.50	1,000,000
2020-03-18 (Class D employee options)[1]	2025-06-30	0.50	866,666
2020-03-18 (Class D employee options)[1]	2025-06-30	0.50	666,666
2020-03-18 (Class D employee options)[1]	2025-06-30	0.50	666,668
2020-03-18 (Class D employee options)[1]	2025-06-30	0.60	500,000
2020-03-18 (Class D employee options)[1]	2025-06-30	0.75	500,000
2020-07-23 (Class E director options)[1]	2025-07-23	0.50	200,000
2020-07-23 (Class E director options)[1]	2025-07-23	0.50	200,000
2020-07-23 (Class E director options)[1]	2025-07-23	0.50	200,000
Total			**9,800,000**

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

Notes:

1. Included in these options were options granted as remuneration to the directors and other key management personnel during the year. Details of options granted are disclosed on pages 23 to 25 above.

(b) Shares issued on the exercise of options

No ordinary shares of QuickFee Limited were issued during the year ended 30 June 2020 on the exercise of options granted.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, QuickFee Limited paid a premium of A$91,200 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*.

Non-audit services

QuickFee Limited may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the group are important.

Details of the amounts paid or payable to the auditor (William Buck Audit (Vic) Pty Ltd) for audit and non-audit services provided during the period are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

During the period, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	FY20 A$	FY19 A$
William Buck Audit (Vic) Pty Ltd		
Investigating accountant's report	–	9,000
Total remuneration for other assurance services	**–**	**9,000**
Total remuneration for non-audit services	**–**	**9,000**

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 35.

Rounding of amounts

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

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

Barry Lewin
Non-Executive Chairman

26 August 2020

Auditor's independence declaration

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 2020 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

N. S. Benbow
Director

Dated this 26th day of August 2020

ACCOUNTANTS & ADVISORS
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williambuck.com

Corporate governance statement

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 (3rd edition) published by the ASX Corporate Governance Council.

The FY20 corporate governance statement is dated as at 30 June 2020 and reflects the corporate governance practices in place throughout FY20. The FY20 corporate governance statement was approved by the board on 26 August 2020. 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/corporate-governance/corporate-governance-statement/.

Financial statements

ABN 93 624 448 693

Contents

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 13.

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 26 August 2020. 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 2020

	NOTES	FY20 A$	FY19 A$
Interest income calculated using the effective interest rate method	3	5,729,427	4,540,387
Interest expense	3	(1,652,565)	(1,571,247)
Net interest income		**4,076,862**	**2,969,140**
Revenue from contracts with customers	4	2,759,781	1,238,444
Cost of sales	5(c)	(1,150,512)	(238,861)
Gross profit		**5,686,131**	**3,968,723**
Other income	5(a)	77,941	26,641
Other gains/(losses) – net	5(b)	(257,723)	77,089
General and administrative expenses	5(c)	(4,493,700)	(2,138,574)
Selling and marketing expenses	5(c)	(827,997)	(615,209)
Operating profit before customer acquisition and R&D expenses		**184,652**	**1,318,670**
Customer acquisition expenses	5(c)	(2,478,210)	(1,341,540)
Research and development expenses	5(c)	(703,746)	(110,783)
Operating loss		**(2,997,304)**	**(133,653)**
IPO expenses	5(c)	(812,885)	(786,861)
Loss before income tax		**(3,810,189)**	**(920,514)**
Income tax expense	6	(16,361)	(234,418)
Loss for the period		**(3,826,550)**	**(1,154,932)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		34,741	1,712
Total comprehensive loss for the period		**(3,791,809)**	**(1,153,220)**

		CENTS	CENTS
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	19	(2.5)	(42.6)

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 2020

	NOTES	FY20 A$	FY19 A$
ASSETS			
Current assets			
Cash and cash equivalents		14,970,488	2,781,387
Loan receivables	7(a)	36,345,719	29,457,833
Trade and other receivables		298,908	60,722
Other current assets		313,291	240,152
Total current assets		**51,928,406**	**32,540,094**
Non-current assets			
Loan receivables	7(a)	220,873	599,229
Property, plant and equipment		203,280	23,790
Right-of-use assets	7(b)	1,036,352	–
Deferred tax assets		–	39,516
Other non-current assets		114,350	125,199
Total non-current assets		**1,574,855**	**787,734**
Total assets		**53,503,261**	**33,327,828**
LIABILITIES			
Current liabilities			
Firm settlements outstanding	7(a)	9,638,297	4,315,530
Trade and other payables	7(c)	695,297	605,033
Contract liabilities	4(b)	145,916	150,773
Borrowings	7(d)	25,337,370	27,036,877
Lease liabilities	7(b)	332,147	–
Current tax liabilities		–	157,046
Employee benefit obligations		360,658	154,075
Total current liabilities		**36,509,685**	**32,419,334**
Non-current liabilities			
Borrowings	7(d)	83,803	434,222
Lease liabilities	7(b)	722,997	–
Employee benefit obligations		7,556	–
Total non-current liabilities		**814,356**	**434,222**
Total liabilities		**37,324,041**	**32,853,556**
Net assets		**16,179,220**	**474,272**
EQUITY			
Contributed equity	8(a)	25,155,956	2,644,252
Other reserves	8(b)	(2,936,281)	43,925
Accumulated losses		(6,040,455)	(2,213,905)
Total equity		**16,179,220**	**474,272**

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 2020

	NOTES	ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED CONTRIBUTED EQUITY A$	OTHER RESERVES A$	ACCUMULATED LOSSES A$	TOTAL EQUITY A$
Balance at 1 July 2018		**2,641,655**	**42,213**	**(378,973)**	**2,304,895**
Loss for the period		–	–	(1,154,932)	(1,154,932)
Other comprehensive income		–	1,712	–	1,712
Total comprehensive income/(loss) for the period		**–**	**1,712**	**(1,154,932)**	**(1,153,220)**
Transactions with owners in their capacity as owners:					
Contributions of equity	8(a)	120,000	–	–	120,000
Transaction costs arising on future share issues	8(a)	(117,403)	–	–	(117,403)
Dividends paid to controlled entity's shareholders	12(b)	–	–	(680,000)	(680,000)
		2,597	**–**	**(680,000)**	**(677,403)**
Balance at 30 June 2019		**2,644,252**	**43,925**	**(2,213,905)**	**474,272**

	NOTES	ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED CONTRIBUTED EQUITY A$	OTHER RESERVES A$	ACCUMULATED LOSSES A$	TOTAL EQUITY A$
Balance at 1 July 2019		**2,644,252**	**43,925**	**(2,213,905)**	**474,272**
Loss for the period		–	–	(3,826,550)	(3,826,550)
Other comprehensive income		–	34,741	–	34,741
Total comprehensive income/(loss) for the period		**–**	**34,741**	**(3,826,550)**	**(3,791,809)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	8(a)	22,136,416	–	–	22,136,416
Legal acquisition of QuickFee AU	8(b)	–	(3,200,000)	–	(3,200,000)
Share-based payment expenses	8(b), 17(c)	375,288	185,053	–	560,341
		22,511,704	**(3,014,947)**	**–**	**19,496,757**
Balance at 30 June 2020		**25,155,956**	**(2,936,281)**	**(6,040,455)**	**16,179,220**

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 2020

	NOTES	FY20 A$	FY19 A$
Cash flows from operating activities			
Interest, fees and charges from customers (inclusive of GST)		8,527,463	6,181,472
Payments to suppliers and employees (inclusive of GST)		(8,742,210)	(5,017,385)
Interest paid		(1,652,565)	(1,571,247)
Income taxes paid		(133,891)	(208,739)
Net cash inflow/(outflow) from operating activities before changes in assets/liabilities		**(2,001,203)**	**(615,899)**
Loan principal advanced to customers, net of repayments		(1,809,112)	(6,305,847)
Proceeds from commercial borrowings, net of repayments		–	5,401,231
Repayment of commercial borrowings, net of proceeds		(260,225)	–
Net cash inflow/(outflow) from operating activities	9(a)	**(4,070,540)**	**(1,520,515)**
Cash flows from investing activities			
Payments for property, plant and equipment		(226,190)	(19,122)
Interest received from financial assets held for cash management purposes		1,319	1,633
Net cash inflow/(outflow) from investing activities		**(224,871)**	**(17,489)**
Cash flows from financing activities			
Proceeds from issues of shares	8(a)	23,170,000	120,000
Share issue transaction costs		(1,150,987)	–
Legal acquisition of QuickFee AU	8(b)	(3,200,000)	–
Principal elements of lease payments		(122,568)	–
Proceeds from related party borrowings, net of repayments		–	700,000
Repayment of related party borrowings	7(d)	(2,000,000)	–
Dividends paid to controlled entity's shareholders	12(b)	–	(680,000)
Net cash inflow/(outflow) from financing activities		**16,696,445**	**140,000**
Net increase/(decrease) in cash and cash equivalents		**12,401,034**	**(1,398,004)**
Cash and cash equivalents at the beginning of the financial year		2,781,387	4,155,653
Effects of exchange rate changes on cash and cash equivalents		(211,933)	23,738
Cash and cash equivalents at end of year		**14,970,488**	**2,781,387**

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 2020

Contents

1 Significant changes in the current reporting period

On 9 July 2019, QuickFee Limited (referred hereafter as the 'company' or 'group' when including its controlled entities) undertook an initial public offering (IPO) on the Australian Securities Exchange (ASX) with 67,500,000 ordinary shares issued at A$0.20 each, raising A$13,500,000 before transaction costs. Many transactions were contractually covenanted to take place on IPO, including:

- The legal acquisition by QuickFee Limited of QuickFee Australia Pty Ltd ('QuickFee AU'), resulting in the issue of 24,000,000 ordinary shares in QuickFee Limited and cash settlement of A$3,200,000 as full consideration;
- The legal acquisition by QuickFee Limited of QuickFee Group LLC ('QuickFee US'), resulting in the issue of 26,250,000 ordinary shares in QuickFee Limited as consideration along with provision for 9,148,630 deferred consideration shares to be issued following satisfaction of the following milestones:
  - 1/3 to be issued upon QuickFee US having successfully contracted more than 300 firms (by number) within 24 months (milestone achieved in August 2019);
  - 1/3 to be issued upon QuickFee US achieving an aggregate value of currently held loans in excess of US$6,000,000 within 24 months; and
  - 1/3 to be issued upon the aggregate value of loans made by QuickFee US from the commencement of QuickFee US's operations exceeding US$15,000,000 within 24 months (milestone achieved in November 2019).
- The conversion of seed loan agreements (borrowings) with various lenders pursuant to which A$1,600,000 was loaned to QuickFee Limited. Such loans converted into shares at an issue price of A$0.10 per share resulting in the issuance of 16,000,000 ordinary shares in the company;
- The conversion of loan agreements (borrowings) with QuickFee US shareholders pursuant to which A$1,200,000 was loaned to QuickFee Limited. Such loans converted into shares at an issue price of A$0.20 per share resulting in the issuance of 6,000,000 ordinary shares in the company;
- The grant of 800,000 shares and 3,000,000 broker options to EverBlu Capital Pty Ltd in consideration for the termination of their role as lead manager to the IPO, as detailed in note 8(a)(i) and 17(a);
- The grant of 3,000,000 executive options to Bruce Coombes, as detailed in note 17(a); and
- The grant of 5,851,370 performance rights to employees of QuickFee US, as detailed in note 17(b).

Given that the shareholder group which controlled QuickFee Limited prior to the IPO also effectively controlled QuickFee AU and QuickFee US from the date of the group's incorporation, this transaction was treated as a common control transaction.

In determining the date of common control, the 15 February 2018 incorporation date of QuickFee Limited was determined to be the date of the common control transaction, notwithstanding the 9 July 2019 legal acquisition date. This resulted in the group consolidating its financial statements starting on 15 February 2018. Further details of the common transaction can be found in note 11 of the group's annual report for the year ended 30 June 2019.

2 Segment information

(a) Description of segments and principal activities

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

- **Australia (AU):** this part of the business developed the QuickFee platform for Australian firms allowing them to accept monthly payment plans where clients obtain finance online from QuickFee AU to facilitate invoice payments to the firm in full.
- **United States (US):** following the success of QuickFee AU, management incorporated QuickFee US as an entirely separate operation to pursue opportunities in the United States where no direct competitor exists.
- **Research and development (R&D):** expenses directly attributable to the group's software and technology development.

2 Segment information (continued)

(b) Financial breakdown

The table below shows the reportable segment information for the year ended 30 June 2020:

FY20	AU A$	US A$	R&D A$	UNALLOCATED A$	TOTAL A$
Consolidated statement of profit or loss and other comprehensive income					
Interest income	4,469,656	1,259,042	–	729	5,729,427
Interest expense	(1,123,857)	(528,708)	–	–	(1,652,565)
Net interest income	**3,345,799**	**730,334**	**–**	**729**	**4,076,862**
Revenue from contracts with customers	865,363	1,894,418	–	–	2,759,781
Cost of sales	(891,594)	(258,918)	–	–	(1,150,512)
Gross profit	**3,319,568**	**2,365,834**	**–**	**729**	**5,686,131**
Other income	75,174	2,767	–	–	77,941
Other gains/(losses) – net	1,902	(259,625)	–	–	(257,723)
General and administrative expenses	(1,546,654)	(1,691,679)	(173,606)	(1,081,761)	(4,493,700)
Selling and marketing expenses	(361,751)	(466,246)	–	–	(827,997)
Operating profit/(loss) before customer acquisition and R&D expenses	**1,488,239**	**(48,949)**	**(173,606)**	**(1,081,032)**	**184,652**
Customer acquisition expenses	(607,022)	(1,871,188)	–	–	(2,478,210)
Research and development expenses	–	–	(703,746)	–	(703,746)
Operating profit/(loss)	**881,217**	**(1,920,137)**	**(877,352)**	**(1,081,032)**	**(2,997,304)**
IPO expenses	–	–	–	(812,885)	(812,885)
Profit/(loss) before income tax	**881,217**	**(1,920,137)**	**(877,352)**	**(1,893,917)**	**(3,810,189)**
Income tax expense	(16,361)	–	–	–	(16,361)
Profit/(loss) for the period	**864,856**	**(1,920,137)**	**(877,352)**	**(1,893,917)**	**(3,826,550)**

FY20	AU A$	US A$	R&D A$	UNALLOCATED A$	TOTAL A$
Consolidated statement of financial position					
Segment assets	27,763,210	10,630,969	–	15,109,082	53,503,261
Total assets	**27,763,210**	**10,630,969**	**–**	**15,109,082**	**53,503,261**
Segment liabilities	23,807,057	13,377,757	–	139,227	37,324,041
Total liabilities	**23,807,057**	**13,377,757**	**–**	**139,227**	**37,324,041**

The table below shows the reportable segment information for the year ended 30 June 2019:

FY19	AU A$	US A$	UNALLOCATED A$	TOTAL A$
Consolidated statement of profit or loss and other comprehensive income				
Interest income	3,770,607	768,147	1,633	4,540,387
Interest expense	(1,160,284)	(410,963)	–	(1,571,247)
Net interest income	**2,610,323**	**357,184**	**1,633**	**2,969,140**
Revenue from contracts with customers	482,839	755,605	–	1,238,444
Cost of sales	(184,032)	(54,829)	–	(238,861)
Gross profit	**2,909,130**	**1,057,960**	**1,633**	**3,968,723**
Other income	25,972	669	–	26,641
Other gains/(losses) – net	–	–	77,089	77,089
General and administrative expenses	(1,196,661)	(752,828)	(189,085)	(2,138,574)
Selling and marketing expenses	(283,761)	(331,448)	–	(615,209)
Operating profit/(loss) before customer acquisition and R&D expenses	**1,454,680**	**(25,647)**	**(110,363)**	**1,318,670**
Customer acquisition expenses	(547,158)	(794,382)	–	(1,341,540)
Research and development expenses	(56,436)	(54,347)	–	(110,783)
Operating profit/(loss)	**851,086**	**(874,376)**	**(110,363)**	**(133,653)**
IPO expenses	–	–	(786,861)	(786,861)
Profit/(loss) before income tax	**851,086**	**(874,376)**	**(897,224)**	**(920,514)**
Income tax expense	(234,418)	–	–	(234,418)
Profit/(loss) for the period	**616,668**	**(874,376)**	**(897,224)**	**(1,154,932)**

FY19	AU A$	US A$	UNALLOCATED A$	TOTAL A$
Consolidated statement of financial position				
Segment assets	24,076,623	6,460,370	2,790,835	33,327,828
Total assets	**24,076,623**	**6,460,370**	**2,790,835**	**33,327,828**
Segment liabilities	22,718,483	9,782,509	352,564	32,853,556
Total liabilities	**22,718,483**	**9,782,509**	**352,564**	**32,853,556**

Notes to the financial statements Continued

3 Net interest income

	NOTES	FY20 A$	FY19 A$
Interest income calculated using the effective interest rate method			
Payment plans (loans)		5,727,800	4,538,754
Financial assets held for cash management purposes		1,627	1,633
		5,729,427	**4,540,387**
Interest expense			
Financial institution lenders		(1,557,388)	(1,324,972)
Other lenders		(78,192)	(246,275)
Lease liabilities	7(b)	(16,985)	–
		(1,652,565)	(1,571,247)
Net interest income		**4,076,862**	**2,969,140**

(a) Accounting policies

(i) Interest income

Interest income from loans advanced is recognised over the life of the loans granted by the group to its customers over the period loans remain outstanding. The group recognises interest income on loan receivables 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.

4 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:

FY20	APPLICATION FEE REVENUE A$	MERCHANT FEE REVENUE A$	PLATFORM FEE REVENUE A$	TOTAL A$
Timing of revenue recognition				
At a point in time	–	1,892,250	107,670	1,999,920
Over time	190,976	–	568,885	759,861
	190,976	**1,892,250**	**676,555**	**2,759,781**

FY19				
Timing of revenue recognition				
At a point in time	–	377,139	159,502	536,641
Over time	425,735	–	276,068	701,803
	425,735	**377,139**	**435,570**	**1,238,444**

(b) Liabilities related to contracts with customers

	FY20 A$	FY19 A$
Contract liabilities – deferred revenue	145,916	150,773
Total current contract liabilities	**145,916**	**150,773**

(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.

	FY20 A$	FY19 A$
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Deferred revenue	150,773	81,478

(c) Accounting policies

(i) Application fee revenue

Revenue from application fees is recognised over the life of the loans granted by the group to its customers as the performance obligation is satisfied over the period loans remain outstanding.

(ii) Merchant fee revenue

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

(iii) Platform fee revenue

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

5 Other income and expense items

(a) Other income

	FY20 A$	FY19 A$
Government grants	62,500	–
Other items	15,441	26,641
	77,941	**26,641**

(b) Other gains/(losses)

	FY20 A$	FY19 A$
Net foreign exchange gains/(losses)	(257,723)	77,089
	(257,723)	**77,089**

Notes to the financial statements Continued

5 Other income and expense items (continued)

(c) Breakdown of expenses by nature

	NOTES	FY20 A$	FY19 A$
Cost of sales			
Credit checks and insurance		247,306	144,520
Employee benefits[1]		129,234	32,120
Finance costs		595,308	2,286
Platform costs		178,664	59,935
		1,150,512	**238,861**
General and administrative expenses			
Accounting and audit		211,900	195,153
Computer equipment and software		124,141	59,925
Depreciation		190,746	3,771
Employee benefits[1]		1,774,641	1,067,947
Insurance		89,018	15,026
Investor relations		101,860	–
Legal		183,385	29,760
Listing and share registry		77,611	–
Net impairment losses on loan receivables		570,818	38,138
Office		302,561	206,303
Recruitment and staff training		327,481	84,357
Share-based payment expenses (non-cash)	17(c)	49,153	–
Travel		315,965	307,869
Other items		174,420	130,325
		4,493,700	**2,138,574**
Selling and marketing expenses			
Commissions		43,717	37,436
Employee benefits[1]		681,223	547,774
Marketing		103,057	29,999
		827,997	**615,209**
Customer acquisition expenses			
Employee benefits[1]		1,920,341	1,005,121
Marketing		557,869	336,419
		2,478,210	**1,341,540**
Research and development expenses			
Employee benefits[1]		199,768	–
Other items		503,978	110,783
		703,746	**110,783**
IPO expenses			
Share-based payment expenses contingent on IPO (non-cash)	17(c)	511,188	–
Other IPO expenses		301,697	786,861
		812,885	**786,861**

Notes:
1. Employee benefits from each functional expense category includes aggregate superannuation of A$124,772 (2019: A$102,948).

6 Income tax expense

(a) Income tax expense

	FY20 A$	FY19 A$
Current tax		
Current tax on profits for the year	–	279,539
Adjustments for current tax of prior periods	(23,155)	–
Total current tax expense/(benefit)	**(23,155)**	**279,539**
Deferred income tax		
Decrease/(increase) in deferred tax assets	39,516	(45,121)
Total deferred tax expense/(benefit)	**39,516**	**(45,121)**
Income tax expense	**16,361**	**234,418**

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

	FY20 A$	FY19 RESTATED A$
Loss before income tax benefit	(3,810,189)	(920,514)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(1,047,802)	(253,141)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Blackhole expenditure (Section 40-880, ITAA 1997)	(67,555)	–
Expected credit losses	159,745	–
Employee leave obligations	61,414	42,371
Prepaid expenses	(40,388)	–
Share-based payments	154,094	–
Unrealised currency (gains)/losses	76,949	(21,199)
Other items	9,533	1,133
Subtotal	**353,792**	**22,305**
Difference in overseas tax rates	(49,768)	(18,767)
Adjustments for current tax of prior periods	(23,155)	–
Tax losses and other timing differences for which no deferred tax asset is recognised	783,294	484,021
Income tax expense	**16,361**	**234,418**

The numerical reconciliation of income tax expense to prima facie tax payable for the year ended 30 June 2019 has been restated to reflect the income tax returns lodged for the same period.

Notes to the financial statements Continued

6 Income tax expense (continued)

(c) Tax losses

	FY20 A$	FY19 A$
Unused Australian tax losses for which no deferred tax asset has been recognised	2,044,690	1,046,686
Potential tax benefit at 27.5% (2019: 27.5%)	562,290	287,839
Unused United States tax losses for which no deferred tax asset has been recognised	2,149,484	576,672
Potential tax benefit at 29.8% (2019: 29.8%)	641,406	172,079
Total potential tax benefit	**1,203,696**	**459,918**

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 2020. 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.

7 Financial assets and financial liabilities

(a) Loan receivables and firm payables

		FY20			FY19		
	NOTES	CURRENT A$	NON-CURRENT A$	TOTAL A$	CURRENT A$	NON-CURRENT A$	TOTAL A$
Loan receivables	(i), (ii)						
Gross loan receivables		36,918,653	220,873	37,139,526	29,468,563	599,229	30,067,792
Expected credit losses	11(b)	(572,934)	–	(572,934)	(10,730)	–	(10,730)
		36,345,719	**220,873**	**36,566,592**	**29,457,833**	**599,229**	**30,057,062**
Firm payables	(iii), (iv)						
Firm settlements outstanding		9,638,297	–	9,638,297	4,315,530	–	4,315,530
		9,638,297	**–**	**9,638,297**	**4,315,530**	**–**	**4,315,530**
Net loan receivables		**26,707,422**	**220,873**	**26,928,295**	**25,142,303**	**599,229**	**25,741,532**

(i) Classification of loan receivables

Gross written loans represent cash to be received at balance date.

(ii) Recognition and measurement of loan receivables

Gross written loans 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 and are subsequently measured at amortised cost using the effective interest method. Loan receivables are due for settlement at various times in line with the terms of their contracts.

(iii) Classification of firm settlements outstanding

Firm settlements outstanding represent the following:

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

(iv) Recognition and measurement of firm settlements outstanding

Firm settlements outstanding are non-derivative financial liabilities, with fixed and determinable payments that are not quoted in an active market. The carrying amounts of firm 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 1-7 days.

(v) Impairment and risk exposure

Information about the impairment of loan receivables and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 11.

(b) Leases

This note provides information for leases where the group is a lessee.

(i) Amounts recognised in the statement of financial position

	FY20 A$	FY19 A$
Right-of-use assets		
Buildings	1,036,352	–
	1,036,352	**–**
Lease liabilities		
Current	332,147	–
Non-current	722,997	–
	1,055,144	**–**

Additions to the right-of-use assets during FY20 were A$1,179,769.

(ii) Amounts recognised in the statement of profit or loss and other comprehensive income

	FY20 A$	FY19 A$
Depreciation charge of right-of-use assets		
Buildings	145,777	–
	145,777	**–**
Lease liabilities		
Interest expense (included in net interest income)	16,985	–
Expense relating to short-term leases (included in general and administrative expenses)	161,055	–
	178,040	**–**

The total cash outflow for leases in FY20 was A$139,553.

7 Financial assets and financial liabilities (continued)

(b) Leases (continued)

(iii) The group's leasing activities and how these are accounted for

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.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally 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 QuickFee Limited; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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.

(c) Trade and other payables

			FY20			FY19
	CURRENT A$	NON-CURRENT A$	TOTAL A$	CURRENT A$	NON-CURRENT A$	TOTAL A$
Trade payables	266,019	–	266,019	163,821	–	163,821
Accrued expenses	404,333	–	404,333	377,110	–	377,110
Other payables	24,945	–	24,945	64,102	–	64,102
Total borrowings	**695,297**	**–**	**695,297**	**605,033**	**–**	**605,033**

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.

7 Financial assets and financial liabilities (continued)

(d) Borrowings

		FY20			FY19		
	NOTES	CURRENT A$	NON-CURRENT A$	TOTAL A$	CURRENT A$	NON-CURRENT A$	TOTAL A$
Secured							
Global Credit Investments	7(d)(i)	6,192,627	–	6,192,627	4,277,770	–	4,277,770
Lease Collateral	7(d)(ii)	19,192,237	83,803	19,276,040	18,194,860	434,222	18,629,082
Total secured borrowings		**25,384,864**	**83,803**	**25,468,667**	**22,472,630**	**434,222**	**22,906,852**
Unsecured							
Bonec	7(d)(iii)	–	–	–	150,000	–	150,000
Carrot Consulting	7(d)(iv)	–	–	–	400,000	–	400,000
Convertible loans	8(a)(i)	–	–	–	1,600,000	–	1,600,000
Derida	7(d)(v)	–	–	–	800,000	–	800,000
Jamada Holdings	7(d)(v)	–	–	–	250,000	–	250,000
Wingate Direct Investments	7(d)(vii)	–	–	–	400,000	–	400,000
Other unsecured borrowings	7(d)(viii)	–	–	–	1,112,962	–	1,112,962
Total unsecured borrowings		**–**	**–**	**–**	**4,712,962**	**–**	**4,712,962**
Capitalised borrowing costs							
Unamortised borrowing costs		(47,494)	–	(47,494)	(148,715)	–	(148,715)
Total capitalised borrowing costs		**(47,494)**	**–**	**(47,494)**	**(148,715)**	**–**	**(148,715)**
Total borrowings		**25,337,370**	**83,803**	**25,421,173**	**27,036,877**	**434,222**	**27,471,099**

(i) Global Credit Investments Pty Ltd

The Global Credit Investments Pty Ltd loan was originally entered into on 1 September 2017 and matured on 31 August 2019, with the group negotiating a roll over until 31 August 2020. On 26 June 2020, the group renegotiated the facility for a further 12 months. The loan is secured over certain identified loan receivables of QuickFee US. The loan attracts variable interest paid monthly in arrears, 9.0% per annum for accounting firms as at 30 June 2020; legal firms loans accrue interest at 9.5% per annum. The facility as at 30 June 2020 was US$10,000,000 (2019: US$5,000,000), with further drawdowns up to the limit available subject to compliance with the lender's terms and conditions.

(ii) Lease Collateral Pty Ltd

The Lease Collateral Pty Ltd loan was originally entered into on 3 November 2015. As at 30 June 2020, the facility limit was A$25,000,000 (2019: A$20,000,000), secured over certain identified loan receivables of QuickFee AU. As at 30 June 2020, the loan attracted interest at 4.1% per annum plus the base rate as published by the Reserve Bank of Australia (2019: 3.95%). In addition, a line fee of 1.25% per annum applies, along with a scalable surcharge up to 1.0% per annum for drawdowns over A$20,000,000 derived from the average reference bank credit default swap.

The loan matures 12 months after the date that a termination notice is sent by either party. As at the date of this report, a termination notice had not been provided by either party.

(iii) Bonec Pty Limited

An unsecured loan with Bonec Pty Limited, an entity controlled by Bruce Coombes, was entered into on 26 November 2018. Interest was charged monthly at 10% per annum and the loan converted to ordinary share capital on the 9 July 2019 IPO of QuickFee Limited.

(iv) Carrot Consulting Pty Limited

An unsecured loan with Carrot Consulting Pty Limited, an entity controlled by Bruce Coombes, was entered into on 1 June 2018. Interest was charged monthly at 8% per annum during the year ended 30 June 2020 (2019: 12%). The loan was repaid on 1 June 2020.

(v) Derida Pty Limited

An unsecured loan of A$400,000 with Derida Pty Limited, an entity in which Dale Smorgon is a 25% shareholder and director, was entered into on 1 June 2018. Interest was charged monthly at 8% per annum during the year ended 30 June 2020 (2019: 12%). The loan was repaid on 1 June 2020.

A separate unsecured loan of A$400,000 with Derida Pty Limited was entered into on 26 November 2018. Interest was charged monthly at 10% per annum and the loan converted to ordinary share capital on the 9 July 2019 IPO of QuickFee Limited.

(vi) Jamada Holdings Pty Limited

An unsecured loan with Jamada Holdings Pty Limited, an entity controlled by Bruce Coombes, was entered into on 26 November 2018. Interest was charged monthly at 10% per annum and the loan converted to ordinary share capital on the 9 July 2019 IPO of QuickFee Limited.

(vii) Wingate Direct Investments Pty Limited

An unsecured loan with Wingate Direct Investments Pty Limited, an entity associated with Franco Dogliotti (director of QuickFee Australia Pty Ltd until May 2019), was entered into on 1 June 2018. Interest was charged monthly at 8% per annum during the year ended 30 June 2020 (2019: 12%). The loan was repaid on 17 January 2020.

7 Financial assets and financial liabilities (continued)

(d) Borrowings (continued)

(viii) Other unsecured borrowings

Other unsecured borrowings comprise loans of:

- A$400,000 entered into on 26 November 2018. Interest was charged monthly at 10% per annum and the loan converted to ordinary share capital on the 9 July 2019 IPO of QuickFee Limited.
- US$500,000 entered into in February 2016. Interest was charged monthly at 6% per annum. The loan was repaid on 12 July 2019.

(ix) 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.

(x) Risk exposures

Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 11.

8 Equity

(a) Contributed equity

	NOTES	FY20 SHARES	FY19 SHARES	FY20 A$	FY19 A$
Fully paid ordinary shares	8(a)(ii)				
QuickFee Limited		188,264,287	1	25,155,956	(117,402)
QuickFee AU		–	729,166	–	2,033,827
QuickFee US		–	2,000,000	–	727,827
	8(a)(i)	**188,264,287**	**2,729,167**	**25,155,956**	**2,644,252**

(i) Movements in ordinary shares:

DETAILS	NUMBER OF SHARES	TOTAL A$
Balance at 1 July 2018	**2,700,001**	**2,641,655**
Issue at A$4.11 to employees of QuickFee AU (2019-01-23)	29,166	120,000
Less: Transaction costs arising on future share issues on IPO[1]	–	(117,403)
Balance at 30 June 2019	**2,729,167**	**2,644,252**
Conversion of existing QuickFee AU and QuickFee US class shares to QuickFee		
Limited class shares pursuant to IPO (2019-07-09)[2]	47,520,834	–
Issue at A$0.10 on conversion of QuickFee Limited seed loan agreements (2019-07-09)	16,000,000	1,600,000
Issue at A$0.20 on conversion of QuickFee US shareholder loan agreements (2019-07-09)	6,000,000	1,200,000
Issue at A$0.20 pursuant to IPO (2019-07-09)	67,500,000	13,500,000
Issue at A$0.20 as consideration to broker on IPO (2019-07-09)[3]	800,000	160,000
Issue at A$nil on vesting of QuickFee US deferred consideration shares (2019-09-10)[4, 5]	3,049,543	–
Issue at A$nil on vesting of QuickFee US deferred consideration shares (2019-11-08)[4, 6]	3,049,543	–
Issue at A$nil on vesting of performance rights (2019-11-08)[6, 7]	5,851,370	–
Transfer from 'share-based payment reserve' on vesting of performance rights (2019-11-08)[7]	–	292,568
Issue at A$0.21 pursuant to placement (2020-05-15)	32,714,286	6,870,000
Issue at A$nil on vesting of QuickFee US deferred consideration shares (2020-05-15)[4, 8]	3,049,544	–
Less: Transaction costs arising on share issues[1]	–	(1,110,864)
Balance at 30 June 2020	**188,264,287**	**25,155,956**

Notes:

1. Transaction costs that would have occurred regardless of the IPO proceeding were recognised in the year ended 30 June 2019. Such costs were prorated between 'listing costs' in profit or loss and as a deduction to equity according to the ratio of new shares (relative to the overall capital structure) issued on IPO. Transaction costs recognised on IPO comprise those arising contingent on the successful completion of the IPO, principally broker underwriting and management fees.
2. Conversion of QuickFee AU and QuickFee US shares to QuickFee Limited shares incorporates the 24,000,000 ordinary shares issued as partial consideration for the acquisition of QuickFee AU and the 26,250,000 ordinary shares issued as full consideration (excluding deferred consideration shares) for the acquisition of QuickFee US on the 9 July 2019 IPO (i.e. 50,250,000 shares in total). This 50,250,000 shares comprises the following line items in 'movements in ordinary shares' above: (a) 2,700,000 million shares as at 15 February 2018, the date of the common control transaction (included in 'balance at 1 July 2018'); (b) 29,166 shares issued on 23 January 2019; and (c) the conversion figure of 47,250,834.
3. The accounting entry to take up the broker shares valued at A$160,000 offset between 'transaction costs arising on share issues' (A$77,280) and 'share-based payment expenses' (A$82,720). This split was prorated according to the ratio of new shares (relative to the overall capital structure) issued on IPO.
4. No monetary value was ascribed to the deferred consideration shares issued to pre-IPO shareholders of QuickFee US on fulfilment of each performance milestone. The deferred consideration shares were accounted for as part of the common control transaction on 15 February 2018. As such, no further amount is recognised as contributed equity.
5. Performance milestone comprised the aggregate value of loans made by QuickFee US from the commencement of QuickFee US's operations exceeding US$15,000,000 within 24 months.
6. Performance milestone comprised QuickFee US having successfully contracted more than 300 firms (by number) within 24 months of IPO.
7. Refer to note 8(b) and 17(b) for further details.
8. Performance milestone comprised QuickFee US achieving an aggregate value of currently held loans in excess of US$6,000,000 within 24 months.

8 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 A$	SHARE-BASED PAYMENT RESERVE A$	FOREIGN CURRENCY TRANSLATION RESERVE A$	TOTAL OTHER RESERVES A$
Balance at 1 July 2019		**–**	**–**	**43,925**	**43,925**
Legal acquisition of QuickFee AU		(3,200,000)	–	–	(3,200,000)
Currency translation differences		–	–	34,741	34,741
Transactions with owners in their capacity as owners:					
Options issued/expensed	17(c)	–	185,053	–	185,053
Performance rights issued/expensed	8(a)(i), 17(c)	–	292,568	–	292,568
Performance rights vested	8(a)(i)	–	(292,568)	–	(292,568)
As at 30 June 2020		**(3,200,000)**	**185,053**	**78,666**	**(2,936,281)**

(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.

9 Cash flow information

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

	NOTES	FY20 A$	FY19 A$
Loss for the period		(3,826,550)	(1,154,932)
Adjustments for:			
Depreciation	5(c)	190,746	3,771
Expected credit losses		562,934	–
Interest received from financial assets held for cash management purposes		(1,627)	(1,633)
Share-based payments	17(c)	560,341	–
Net unrealised foreign exchange gains/(losses)	5(b)	257,723	(77,089)
Change in operating assets and liabilities:			
Movement in loan receivables		(6,939,127)	(7,263,829)
Movement in trade and other receivables		(197,925)	(56,931)
Movement in deferred tax assets		39,516	(39,516)
Movement in other operating assets		(99,343)	(139,776)
Movement in firm settlements outstanding		5,280,788	1,258,791
Movement in trade and other payables		206,457	301,100
Movement in contract liabilities		(4,857)	69,295
Movement in borrowings		(156,709)	5,360,965
Movement in employee benefit obligations		214,139	154,075
Movement in income taxes payable		(157,046)	70,799
Movement in deferred tax liabilities		–	(5,605)
Net cash inflow/(outflow) from operating activities		**(4,070,540)**	**(1,520,515)**

(b) Non-cash investing and financing activities

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

- acquisition of right-of-use assets – note 7(b); and
- options and performance rights issued to employees under the 'Performance Rights and Options Plan' for no cash consideration – note 17(a).

10 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 6(c);
- estimation of split between transaction costs arising on future share issues between profit or loss and equity – note 8(a); and
- impairment of loan receivables – note 11(b).

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.

11 Financial risk management

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

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Interest rate risk

The group is not exposed to interest rate risk on the vast majority of its financial instruments as loans and borrowings and interest received as income from customers are set at fixed interest rates. The exception to this is the borrowing with Lease Collateral Pty Ltd which has a variable component being the base rate stipulated by the Reserve Bank of Australia (RBA). If the RBA rate moved by 0.25% it would increase/decrease the interest expense by A$48,190 (2019: A$46,573).

(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 customer base comprises clients of professional service firms; typically, these firms are long established businesses. Credit risk is managed through the maintenance of procedures, ensuring to the extent possible that firms and clients that are counterparties to transactions are of sound credit worthiness. Both QuickFee AU and QuickFee US apply the group's 'credit and collections policy' prior to granting any loans to clients in order to ensure sound and prudent lending practices are applied. The policy sets out:

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

To further protect the group from credit risk, firms grant to QuickFee Limited the irrevocable right to require the firm to purchase a client loan for the outstanding amount in the event that a client defaults on an instalment payment.

Accordingly, the group is not exposed to any significant credit risk on loan receivables due to the fact that the group has recourse against the borrowers to recover amounts in respect of unpaid invoices used as collateral for any loan granted. Historically the risk of default has been low due to the underlying professional services firms being low risk and the absence of significant risk concentration. QuickFee AU maintains a credit insurance policy to mitigate against the risk of default on loan receivables.

In terms of trade receivables on merchant fee revenue collected in arrears, the group has direct debit authority for bank accounts of each firm using the pay in full (up-front payments) 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 firm 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 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 counterparty 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 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loan receivables.

To measure the expected credit losses, loan receivables have been grouped based on shared credit risk characteristics and the days past due.

11 Financial risk management (continued)

(b) Credit risk (continued)

The expected loss rates are based on the payment profiles of loans over a period of 36 months before 30 June 2020 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.

On that basis, the loss allowance as at 30 June 2020 was determined to be A$572,934 for loan receivables.

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

	FY20 A$	FY19 A$
Opening loss allowance as at 1 July	10,730	9,458
Increase in loan receivables loss allowance recognised in profit or loss during the year	570,452	39,410
Loan receivables written off during the year as uncollectible	(8,248)	(38,138)
Closing loss allowance at 30 June	**572,934**	**10,730**

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, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

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 11(b)(i) above is that the identified loss allowance as at 30 June 2020 and 30 June 2019 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.

(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	NOTES	LESS THAN 12 MONTHS A$	BETWEEN 1 AND 2 YEARS A$	BETWEEN 2 AND 5 YEARS A$	OVER 5 YEARS A$	TOTAL CONTRA-CTUAL CASH FLOWS A$	CARRYING AMOUNT (ASSETS)/ LIABIL-ITIES A$
As at 30 June 2020							
Firm settlements outstanding	7(a)	9,638,297	–	–	–	9,638,297	9,638,297
Trade and other payables	7(c)	695,297	–	–	–	695,297	695,297
Lease liabilities		332,147	365,065	436,484	–	1,133,696	1,133,696
Borrowings	7(d)	25,384,864	83,803	–	–	25,468,667	25,468,667
Total		**36,050,605**	**448,868**	**436,484**	**–**	**36,935,957**	**36,935,957**
As at 30 June 2019							
Firm settlements outstanding	7(a)	4,315,530	–	–	–	4,315,530	4,315,530
Trade and other payables	7(c)	605,033	–	–	–	605,033	605,033
Borrowings	7(d)	27,185,592	434,222	–	–	27,619,814	27,619,814
Total		**32,106,155**	**434,222**	**–**	**–**	**32,540,377**	**32,540,377**

12 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.

(b) Dividends

(i) Ordinary shares

	FY20 A$	FY19 A$
Dividends to shareholders of QuickFee Australia Pty Ltd	–	680,000

Dividends of $680,000 were paid in the year ended 30 June 2019 to the shareholders of QuickFee Australia Pty Ltd. These dividends were paid prior to the legal acquisition of QuickFee Australia Pty Ltd by QuickFee Limited on 9 July 2019. Accordingly, these dividends do not represent dividends of QuickFee Limited and should not be interpreted as such.

12 Capital management (continued)

(b) Dividends (continued)

(ii) Franked dividends

	FY20 A$	FY19 A$
Franking credits available for subsequent reporting periods based on a tax rate of 27.5% (2019: 27.5%)	141,239	104,419

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.

13 Interests in other entities

(a) Controlled entities

The group's controlled entities at 30 June 2020 are set out below. The country of incorporation or registration is also their principal place of business.

NAME OF ENTITY	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	30 JUNE 2020 %	9 JULY 2019 %	30 JUNE 2019 %
QuickFee Australia Pty Ltd	Australia	100	100	–
QuickFee Finance Pty Ltd	Australia	100	100	–
QuickFee GCI Pty Limited	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, Inc.	United States	100	100	–

As at 30 June 2019, legal ownership of the above mentioned controlled entities did not exist. The deemed occurrence of the common control transaction was 15 February 2018 from an accounting perspective (notwithstanding the IPO date of 9 July 2019). Accordingly, the group's controlled entities became subsidiaries on 9 July 2019 with 100% ownership interests held by the group at this date.

14 Contingent liabilities

The group had no material contingent liabilities at 30 June 2020 (2019: nil).

15 Events occurring after the reporting period

On 23 July 2020, the group held an extraordinary general meeting (EGM) resulting in the approval of the directors' participation in the May 2020 capital raising. On 30 July 2020, the group issued 1,000,000 additional fully paid ordinary shares to each of Barry Lewin, Bruce Coombes and Dale Smorgon at A$0.21 each (A$630,000 raised in total). The terms of the directors' participation were identical to those of the other participants in the capital raising.

At the EGM, shareholders also approved the allotment of 300,000 options to each of Barry Lewin and Dale Smorgon as disclosed in note 17(a).

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

16 Related party transactions

(a) Controlled entities

Interests in controlled entities are set out in note 13(a).

(b) Key management personnel compensation

	FY20 A$	FY19 A$
Short-term employee benefits	1,395,222	620,067
Post-employment benefits	21,003	26,084
Long-term benefits	331,799	51,629
	1,748,024	**697,780**

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 32.

(c) Transactions with other related parties

	FY20 A$	FY19 A$
Sales and purchases of goods and services		
Purchases of various goods and services from entities controlled by key management personnel (i)	26,500	165,000
	26,500	**165,000**

(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 key management personnel:

- Consultancy fees

For detailed disclosures please refer to the remuneration report on pages 21 to 32.

(d) Loans to/from related parties

Loans from related parties are disclosed in note 7(d).

17 Share-based payments

The establishment of the 'Performance Rights and Options Plan' (PROP) was adopted on IPO of QuickFee Limited on 9 July 2019. 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.

All performance rights and some options issued in the year ended 30 June 2020 were granted in January 2019 and January 2017, respectively. However, the issuance of these securities was contingent on the IPO of QuickFee Limited. The remaining options were granted in March and July 2020.

(a) Options

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

	FY20	
	AVERAGE EXERCISE PRICE PER SHARE OPTION A$	NUMBER OF OPTIONS
As at 1 July	–	–
Issued/granted during the period:	0.426	9,800,000
As at 30 June	**0.426**	**9,800,000**
Vested and exercisable	0.336	4,866,666

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

GRANT DATE	HOLDER	ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	FY20 NUMBER OF OPTIONS
2019-01-22	Bruce Coombes	2019-07-09	2023-07-09	$0.300	1,000,000
2019-01-22	Bruce Coombes	2019-07-09	2023-07-09	$0.400	1,000,000
2019-01-22	Bruce Coombes	2019-07-09	2023-07-09	$0.500	1,000,000
2019-01-22	EverBlu Capital Pty Ltd	2019-07-09	2022-07-09	$0.200	1,000,000
2019-01-22	EverBlu Capital Pty Ltd	2019-07-09	2022-07-09	$0.300	1,000,000
2019-01-22	EverBlu Capital Pty Ltd	2019-07-09	2022-07-09	$0.400	1,000,000
2020-03-18	Various employees	2020-07-30	2025-06-30	$0.500	866,666
2020-03-18	Various employees	2020-07-30	2025-06-30	$0.500	666,666
2020-03-18	Various employees	2020-07-30	2025-06-30	$0.500	666,668
2020-03-18	Various employees	2020-07-30	2025-06-30	$0.600	500,000
2020-03-18	Various employees	2020-07-30	2025-06-30	$0.750	500,000
Options outstanding at end of financial year					**9,200,000**
2020-07-23	Barry Lewin	2020-07-30	2025-07-23	$0.500	100,000
2020-07-23	Barry Lewin	2020-07-30	2025-07-23	$0.500	100,000
2020-07-23	Barry Lewin	2020-07-30	2025-07-23	$0.500	100,000
2020-07-23	Dale Smorgon	2020-07-30	2025-07-23	$0.500	100,000
2020-07-23	Dale Smorgon	2020-07-30	2025-07-23	$0.500	100,000
2020-07-23	Dale Smorgon	2020-07-30	2025-07-23	$0.500	100,000
Options granted after balance date included in share-based payment expenses					**9,800,000**

Weighted average remaining contractual life of options outstanding at end of period	3.49 years

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

The grant of 3,200,000 employee options across five tranches on 18 March 2020 vest at various dates contingent on continued employment through to each vesting date. The second and third tranches also contain milestone conditions. These options expire on 30 June 2025.

The 600,000 director options granted to Barry Lewin and Dale Smorgon on 23 July 2020 vest in three equal tranches at 30 June 2021, 2022 and 2023, respectively, contingent on continued employment through to each vesting date. These options expire on 23 July 2025. As the grant date of 23 July 2020 occurred after the directors began rendering services in respect of that grant, AASB 2 requires the group to commence recognition of the share-based payment expense when the services are received. Consequently, the group commenced amortisation 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.

17 Share-based payments (continued)

(a) Options (continued)

(i) Fair value of options granted

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

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NO. OF OPTIONS	SHARE PRICE AT GRANT DATE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE PER OPTION
2019-01-22	2023-07-09	$0.300	1,000,000	$0.125	82.0%	0.0%	1.848%	$0.0522
2019-01-22	2023-07-09	$0.400	1,000,000	$0.125	82.0%	0.0%	1.848%	$0.0446
2019-01-22	2023-07-09	$0.500	1,000,000	$0.125	82.0%	0.0%	1.848%	$0.0391
2020-03-18	2025-06-30	$0.500	866,666	$0.190	54.0%	0.0%	0.635%	$0.0441
2020-03-18	2025-06-30	$0.500	666,666	$0.190	54.0%	0.0%	0.635%	$0.0441
2020-03-18	2025-06-30	$0.500	666,668	$0.190	54.0%	0.0%	0.635%	$0.0441
2020-03-18	2025-06-30	$0.600	500,000	$0.190	54.0%	0.0%	0.635%	$0.0369
2020-03-18	2025-06-30	$0.750	500,000	$0.190	54.0%	0.0%	0.635%	$0.0291
2020-07-23	2025-07-23	$0.500	100,000	$0.770	88.0%	0.0%	0.430%	$0.5732
2020-07-23	2025-07-23	$0.500	100,000	$0.770	88.0%	0.0%	0.430%	$0.5732
2020-07-23	2025-07-23	$0.500	100,000	$0.770	88.0%	0.0%	0.430%	$0.5732
2020-07-23	2025-07-23	$0.500	100,000	$0.770	88.0%	0.0%	0.430%	$0.5732
2020-07-23	2025-07-23	$0.500	100,000	$0.770	88.0%	0.0%	0.430%	$0.5732
2020-07-23	2025-07-23	$0.500	100,000	$0.770	88.0%	0.0%	0.430%	$0.5732

(b) Performance rights

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

	NOTES	NUMBER OF PERFORMANCE RIGHTS
As at 1 July 2019		–
Issued during the period:		5,851,370
Vested during the period:	8(a)(i)	(5,851,370)
As at 30 June 2020		–

In January 2017, two employees of QuickFee US agreed to each relinquish US$160,000 of salaries over an 18-month period ending in June 2018 in exchange for the grant of performance rights contingent on the IPO of QuickFee Limited. These performance rights vested on QuickFee US having successfully contracted more than 300 firms (by number) within 24 months following the issue date.

Accordingly, 5,851,370 performance rights were issued on 9 July 2019, including 2,925,685 to the group's Chief Operating Officer, James Drummond. On 8 November 2019, these performance rights vested and 5,851,370 ordinary shares were issued.

(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.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NO. OF PERF. RIGHTS	SHARE PRICE AT GRANT DATE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE PER PERFOR-MANCE RIGHT
2017-01-31	2021-07-09	A$–	5,851,370	A$ 0.050	82.0%	0.0%	1.848%	A$0.0500

(c) Expenses arising from share-based payment transactions

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

	NOTES	FY20 A$	FY19 A$
Options issued under PROP (contingent on IPO)		135,900	–
Other options issued under PROP (other)		49,153	–
Performance rights issued under PROP (contingent on IPO)		292,568	–
Shares issued under PROP (contingent on IPO)	8(a)(i)	160,000	–
Less: shares issued under PROP (contingent on IPO) transferred to share issue transaction costs	8(a)(i)	(77,280)	–
		560,341	**–**

18 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) William Buck Audit (Vic) Pty Ltd

	FY20 A$	FY19 A$
Audit and review of financial statements	77,150	39,909
Investigating accountant's report	–	9,000
Total remuneration for audit and other assurance services	**77,150**	**48,909**
Total auditor's remuneration	**77,150**	**48,909**

Notes to the financial statements Continued

19 Loss per share

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

	FY20 A$	FY19 A$
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share	3,826,550	1,154,932

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

	FY20 A$	FY19 A$
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	150,242,583	2,712,626

Due to the IPO conversion of QuickFee Australia and QuickFee US shares to QuickFee Limited shares on 9 July 2019 (refer to note 8(a) for further details), the loss per share calculated for the year ended 30 June 2019 is not directly comparable with the result presented for the year ended 30 June 2019.

On the basis of the group's losses, the outstanding options are considered to be anti-dilutive and were therefore excluded from diluted weighted average number of ordinary shares.

20 Parent entity financial information

(a) Summary financial information

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

	FY20 A$	FY19 A$
Statement of financial position		
Current assets	217,348	11,444
Non-current assets	21,588,301	4,618,687
Total assets	**21,805,649**	**4,630,131**
Current liabilities	88,553	3,152,564
Total liabilities	**88,553**	**3,152,564**
Shareholders' equity		
Contributed equity	25,035,956	2,524,252
Other reserves	185,053	–
Accumulated losses	(3,503,913)	(1,046,685)
	21,717,096	**1,477,567**
Loss for the period	**2,457,228**	**1,046,685**
Total comprehensive loss	**2,457,228**	**1,046,685**

(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 2020 (2019: nil).

(c) Guarantees entered into by the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

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

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2020 (2019: 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.

Summary of significant accounting policies

Contents

21 Summary of significant accounting policies

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 controlled entities.

(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 2019 to 30 June 2020 (FY20). The comparative period is from 1 July 2018 to 30 June 2019 (FY19).

(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 has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 16 *Leases*;
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*;
- AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*;
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*;
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*; and
- Interpretation 23 *Uncertainty over Income Tax Treatments*.

The group also elected to adopt the following amendments early:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*.

The group had to change its accounting policies as a result of adopting AASB 16. This is disclosed in note 22. The other 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.

(iv) Changes to presentation – consolidated statement of profit or loss and other comprehensive income

QuickFee Limited decided in the current financial year to reformat the presentation of the consolidation statement of profit or loss, including changes to the classification of its expenses. The group believes that this provides more relevant information to its stakeholders. For example, the new format more clearly demonstrates the functional categories of expenditure that are recurring and required to service the existing customer base (i.e. general and administrative and selling and marketing expenses) and expenditures focused on the future growth and development of the group (i.e. customer acquisition and research and development expenses). The comparative information has been reclassified accordingly. As part of the expense reclassification undertaking, some amounts previously included in 'general and administrative expenses' have been re-allocated to 'IPO expenses'.

21 Summary of significant accounting policies (continued)

(b) Principles of consolidation

(i) Controlled entities

Controlled entities 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. Controlled entities 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 controlled entities have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Segment reporting

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

(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.

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 note 4.

(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 controlled entities 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

(i) Investment allowances and similar tax incentives

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

(h) Leases

As explained in note 21(a) above, the group has changed its accounting policy for leases where the group is the lessee. The new policy is described in note 7(b)(iii) and the impact of the change in note 22.

Until 30 June 2019, leases of property, plant and equipment where a significant portion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

21 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 firm payables

The accounting policies for the group's loan receivables and firm settlements outstanding (firm payables) are explained in note 7(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 simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 11(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 11(b).

(l) Property, plant and equipment

Property, 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 property, 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.

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

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

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

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

(m) Trade and other payables

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

(n) Borrowings

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

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

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

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

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

(o) Employee benefits

(i) Short-term benefits

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

(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.

21 Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the 'Performance Rights and Options Plan' (PROP), an employee share scheme. Information relating to this scheme is set out in note 17.

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.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

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

(ii) Diluted loss per share

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

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

(r) Rounding of amounts

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

(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.

22 Changes in accounting policies

This note explains the impact of the adoption of AASB 16 *Leases* on the group's financial statements.

The group has adopted AASB 16 using the modified retrospective approach from 1 July 2019. The new accounting policies are disclosed in note 7(b)(iii).

On adoption of AASB 16, the group applied the practical expedient of accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases. This resulted in no take up of right-of-use assets and corresponding lease liabilities at 1 July 2019.

The group entered into two leases for offices suites, commencing on 1 January 2020 and 1 February 2020, for a period of five years and three years, two months, respectively (with no extension options). Consequently, the group recognised right-of-use assets and lease liabilities for these two leases for the year ended 30 June 2020. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the commencement of each lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on commencement was 4.15%.

Directors' declaration

For the year ended 30 June 2020

In the directors' opinion:

(a) the financial statements and notes set out on pages 37 to 79 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 2020 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 21(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Barry Lewin
Non-Executive Chairman

26 August 2020

Independent auditor's report

QuickFee Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of QuickFee Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other 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 2020 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.

ACCOUNTANTS & ADVISORS
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REVENUE RECOGNITION	
Area of focus	**How our audit addressed it**
As disclosed in Note 4 to the financial statements, QuickFee Limited has three distinct non-interest revenue streams material to the audit, being a) its loan application fees and b) its merchant fee revenue; and c) its platform fee revenue. These revenues are measured both at a point in time and over time as the performance condition is satisfied under the contract. There is risk that revenues that recognised in-advance of the performance condition being satisfied.	Our testing concentrated on the following procedures: — 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; — 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 — 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. We also ensured that disclosures of revenue recognition and the accounting policy thereon are appropriate in the financial statements.

SATISFACTION OF COMMON CONTROL TRANSACTIONS ARISING FROM THE IPO	
Area of focus	**How our audit addressed it**
As noted above, the Group completed an IPO at the commencement of the reporting period. There were several transactions contractually covenanted to take place on the IPO, as disclosed in the Prospectus for the listing that materialised during the year, including: — The vesting and issue of 9,148,630 deferred consideration shares for QuickFee US following the satisfaction of milestone targets relating to the writing of loan books and the signing up of customers; and — A payment of A$3,200,000 for the legal acquisition of QuickFee Australia. As stated in both the financial statements and the Prospectus, these transactions were made to shareholders of both the QuickFee Australia and QuickFee US shareholders in order to consummate the	Our audit procedures included: — Consulting with our Technical Team to determine whether or not these transactions satisfied the definition of common control transactions; — Examining the substance of the transactions to ensure that they were made to shareholders of both entities in their capacity as shareholders; — Ensuring the vesting conditions were satisfied prior to the issue of the deferred consideration; and — Cross-checking the results of our discussions with management and inspection of legal documentation relating to the Common Control transaction to disclosures made in the Prospectus. We also ensured that these transactions were appropriately disclosed in the financial statements.

SATISFACTION OF COMMON CONTROL TRANSACTIONS ARISING FROM THE IPO	
Area of focus	**How our audit addressed it**
common control transaction which occurred in-advance of the listing and did not stipulate any employment provisions in their documentation.	

VALUATION OF THE EXPECTED CREDIT LOSS PROVISION	
Area of focus	**How our audit addressed it**
Historically, the Group has not been exposed to significant credit risk on loan receivables as the Group has recourse against the borrowers to recover amounts in respect of unpaid invoices used as collateral for any loan granted. The risk of default has been immaterial due to the underlying professional services firms being low risk, and sufficient credit checks being performed prior to acceptance. In the second half of the reporting period and to the date of this report, the onset of the COVID-19 pandemic has had an adverse impact on the economies of both Australia and the USA, being the two jurisdictions the Group operates within. With many companies in the professional sphere facing major economic hurdles, the risk of the underlying firms becoming unable to service debts (should there be recourse) has increased significantly. Management has conducted a detailed analysis and calculated a provision for expected credit losses, with respect to firms based in the US which are not insured under credit insurance. The key risk associated with this situation is inadequate provision against expected credit losses, which could result in significant future costs.	— We recalculated the value of the loan books as at period end by tracing to a sample of loan contracts to ensure that the loan book adequately aged loan balances and identified any in-arrears exposures; — We performed an ageing analysis of the Group's loan book to identify any deterioration since the prior period; — We examined individual firms with material outstanding loan balances and we reviewed the going concern status of these firms by performing background checks, reviewing publicly available information and ensuring sufficient credit checks were performed; — We performed subsequent receipt testing over individual loans to identify potential exposures for the Group; and — Examination of the Group's insurance policy to quantify any net exposures for in-arrears loan balances. We also examined key disclosures relevant to credit risk in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, 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:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of QuickFee Limited for the year ended 30 June 2020, 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

N.S. Benbow
Director

Melbourne, 26 August 2020

Shareholder information

The shareholder information set out below was applicable as at 21 August 2020.

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 ISSUED CAPITAL
1 to 1,000	463	344,944	0.18
1,001 to 5,000	1,626	4,238,226	2.22
5,001 to 10,000	645	5,094,414	2.66
10,001 to 100,000	907	27,989,672	14.63
100,001 and over	154	153,597,031	80.31
Total	**3,795**	**191,264,287**	**100.00**

There were 45 holders of less than a marketable parcel of ordinary shares.

Analysis of numbers of option holders by size of holding:

NUMBER OF OPTIONS HELD	NUMBER OF HOLDERS	NUMBER OF OPTIONS	% OF OPTIONS
1 to 1,000	–	–	–
1,001 to 5,000	–	–	–
5,001 to 10,000	–	–	–
10,001 to 100,000	2	200,000	2.04
100,001 and over	6	9,600,000	97.96
Total	**8**	**9,800,000**	**100.00**

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	15,234,491	8.93
DERIDA PTY LIMITED	14,961,690	8.77
HTI MANAGEMENT PTY LIMITED	9,794,013	5.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,667,861	5.08
BONEC PTY LIMITED	8,438,115	4.95
JAMADA HOLDINGS PTY LIMITED	6,855,575	4.02
WINGATE DIRECT INVESTMENTS PTY LTD	4,680,000	2.74
SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	3,957,143	2.32
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	3,883,069	2.28
MR KENNETH GRAY & MRS JULIANNE GRAY <K & J GRAY SUPER FUND A/C>	3,408,511	2.00
RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	3,000,000	1.76
MR JAMES ASHLEY DRUMMOND	2,925,685	1.71
MR KYLE REDDING	2,655,685	1.56
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,400,000	1.41
B&E LEWIN INVESTMENTS PTY. LIMITED	1,968,000	1.15
J C O'SULLIVAN PTY LTD <J C O'SULLIVAN P/L S/F A/C>	1,280,000	0.75
H T T MANAGEMENT PTY LIMITED	1,015,593	0.60
DBR SUPERANNUATION PTY LTD <DBR SUPER FUND A/C>	1,000,000	0.59
DCM BLUELAKE PARTNERS PTY LTD	1,000,000	0.59
AUSTRAL CAPITAL PTY LTD <AUSTRAL EQUITY A/C>	976,000	0.56
Total	**98,101,431**	**57.51**
Add: remaining holders	72,507,333	42.49
Total unquoted ordinary shares on issue	**170,608,764**	**100.00**

Unquoted equity securities

CLASS	NUMBER ON ISSUE	NUMBER OF HOLDERS
Ordinary shares	20,655,523	8
Options	9,800,000	8

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

- Ordinary shares: Derida Pty Limited (8,877,761) and Jamada Holdings Pty Limited (8,285,913); and
- Options: Bruce Coombes (3,000,000), EverBlu Capital Pty Ltd (3,000,000) and Richard Formoe (2,000,000).

Restricted securities

CLASS	NUMBER ON ISSUE	DATE ESCROW PERIOD ENDS
Quoted ordinary shares subject to voluntary escrow	29,923,381	2021-07-21
Unquoted ordinary shares subject to ASX escrow	20,655,523	2021-07-21

C. Substantial holders

QuickFee Limited has received the following substantial shareholder notifications:

	NUMBER HELD	PERCENTAGE
Bruce Coombes – group	23,939,453	12.72
Derida Pty Limited	23,839,451	12.66
Thorney Technologies Ltd – group	13,527,554	8.87
HTI Management Pty Limited – group	10,109,758	6.63

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

D. Voting rights

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

(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.

E. Other information

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

Corporate directory

Directors

Barry Lewin
Non-Executive Chairman

Bruce Coombes
Managing Director and Chief Executive Officer

Dale Smorgon
Non-Executive Director

Secretary

Jennifer James

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Share register

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Auditor

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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

Westpac Banking Corporation

Stock exchange listings

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

Website

www.quickfee.com

www.colliercreative.com.au #QUI0006

QuickFee.