

ASX Release | 20 January 2021

QuickFee Limited Q2 FY21 quarterly business update

QuickFee Limited (ASX:QFE) ("QuickFee") today announces a business update for the quarter ended 31 December 2020 (Q2 FY21).

Highlights

- Significant progress with hiring and product development, laying foundations for diversified revenue streams
 - Eric Lookhoff appointed as President, US
 - Sue Torgerson appointed in the US as Chief Experience Officer
 - 7 net new sales and marketing roles filled in the US to accelerate sales growth
 - Successful completion of "QuickFee Instalments" platform build
- Successful launch of new "QuickFee Instalments" interest free product in December in Australia and the US
 - 170 firms signed up to 31 December; 70 in US and 100 in Australia
 - Significantly expands QuickFee's target market and is expected to drive lending growth
 - Positions QuickFee as a leading player in the emerging "Advice Now, Pay Later" market
- Momentum continuing in the US despite the ongoing COVID-19 crisis and the volatile political and economic environment
 - US pay in full transaction values up 161% to US\$157.4 million for the quarter;
 - US\$60.4 million in December 2020, reflecting the continued growth in online payments
 - Achieved US\$0.5 billion of pay in full transaction values in CY20, with annualised run rate volumes now over US\$0.7 billion
 - Lending up 44% for H1 FY21 vs H1 FY20; up 9% to US\$3.7 million for the quarter (Q2 FY20: US\$3.4 million)
- Lending in Australia continuing to be impacted by government stimulus measures – down 50% to A\$6.9 million (Q2 FY20: A\$13.9 million) although November and December showing improvement over October as JobKeeper and other stimulus measures start to unwind.

“QuickFee Instalments” successfully launched; already 170 firms signed up

The “QuickFee Instalments” product was officially launched late in Q2 in both Australia and the US. The new interest free, no recourse product will substantially increase QuickFee’s addressable market, while at the same time allow QuickFee to provide payment solutions to low credit risk customers using pre-authorized client credit.

This was a significant milestone for QuickFee, with the Instalments product expected to significantly accelerate QuickFee’s growth, particularly in the US.

Having launched in December, the early traction has been very promising, with a total of 170 firms already signed onto the service (70 in US and 100 in Australia).

The technology platform that QuickFee Instalments utilises has been built completely in-house by QuickFee’s technology team, integrating with credit card pre-authorization technology from ASX-listed fintech, Splitit Payments (ASX:SPT). The build was successfully completed within three months and is testament to the technology capabilities of the QuickFee team.

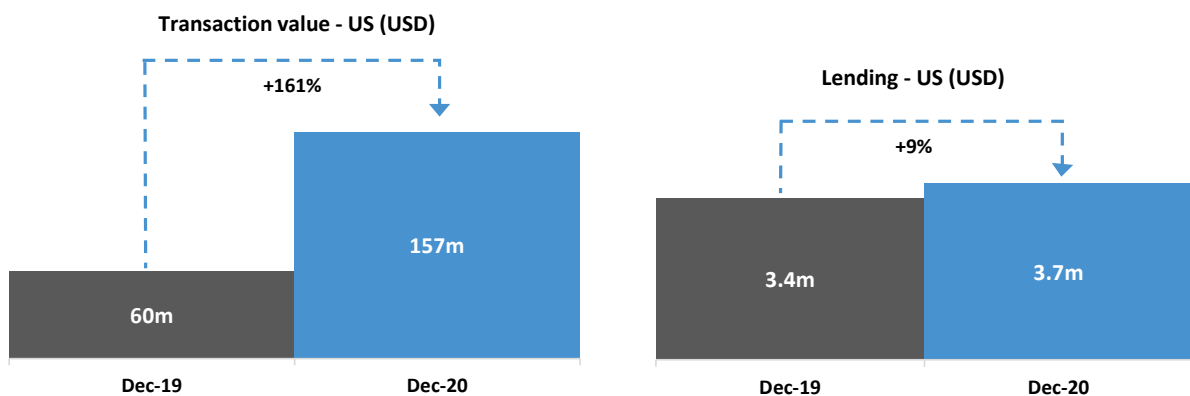
The QuickFee Instalments platform is expected to provide access to new service industry verticals; QuickFee can now help customers access the advice and services they need from any service provider.

Momentum continues in the US in a volatile environment; early stages of improvement in Australia after difficult trading conditions in Q1

Momentum continues in the US, despite a recent volatile political environment and increasing economic impacts from COVID-19.

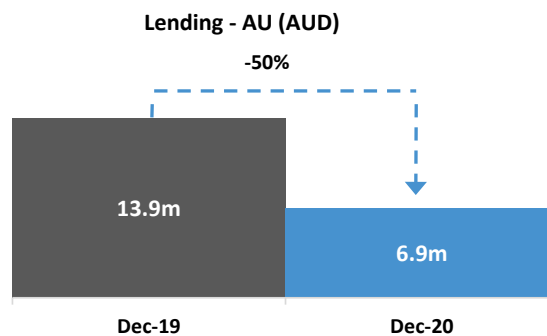
The modernising of the US market and the acceleration of the shift to online payments brought about by COVID-19 has continued to contribute to huge growth in platform transaction values, up 161% over the previous corresponding period (pcp) to US\$157.4 million in Q2 FY21 (Q2 FY20: US\$60.2 million). QuickFee US processed US\$0.5 billion of pay in full transactional values in CY20, with the annualised run rate now over US\$0.7 billion.

Lending in H1 FY21 was up 44% on H1 FY20 and Q2 FY21 was up 9% to US\$3.7 million on pcp (Q2 FY20: US\$3.4 million). The number of US active firms continued to grow over Q2, up 14% to 469 firms over the past six months.



Lending in the Australian market has been significantly impacted by government stimulus measures that were put in place in response to the COVID-19 pandemic, with cash flow stimulus meaning there has been lower demand for credit. Q1 FY21 was particularly difficult, but positive signs were seen from November, providing QuickFee with confidence that as JobKeeper and other stimulus measures continue to unwind, QuickFee's Australian operations will return to growth.

Lending in Australia was down 50% for Q2 FY21 on prior year. However, November and December have been the best performing months this financial year, up an average of 34% on October, reflective of the early stages of JobKeeper unwinding.



New senior appointments in the US

QuickFee is delighted to announce the appointment of Eric Lookhoff as President, US. Eric is a highly accomplished fintech and payments leader who will be responsible for driving QuickFee's operations in the US.

Eric has 25 years of payments experience, leading scale initiatives at early and hyper-growth stage payments and lending fintech companies. His recent senior executive roles include at National Litigation Law Group (where, as the COO he was responsible for the implementation of an alternative professional services billing model for 200,000+ clients) and Freedom Financial Network (as VP, Enterprise Payment Operations and Continuous Improvement, leading all payment, deposit, and settlement operations through a period of hyper-growth). Other senior roles include Intuit, Inc., Discover Financial Services and First Data Corporation. Eric will lead the US operations, commencing on 1 February.

In addition to the appointment of Eric, QuickFee also announces the appointment of Sue Torgerson as Chief Experience Officer. Sue brings to QuickFee a wealth of experience with professional services firms, having worked as Director of Strategic Initiatives for the past 14 years at Wolters Kluwer Tax & Accounting, part of the CCH Group, the leading software provider to the accounting profession in the US. Sue will lead the global product strategy, product marketing and customer experience functions and bring thought leadership and influence to the industry as its transition to digital invoicing and payments accelerates.

Commenting on a very busy quarter, Bruce Coombes, CEO of QuickFee, said:

“ We are extremely excited to have now launched the QuickFee Instalments product. This product complements our existing professional services funding offerings and will significantly increase our target market in both the US and Australia. We expect the “no recourse” aspect of this product to have wide appeal to the US professional services market, while the pre-authorisation attribute of the offering ensures we continue to operate with very low levels of credit risk.

With this technology build now live and an extensive recruitment program for sales and marketing staff largely complete, we are very well positioned for an aggressive roll out of the QuickFee Instalments product in both the US and Australia.

In January we also finalised two key senior executive hires in the US who bring extensive payments and professional services experience to the team and will underpin our market, customer and product growth strategies. We welcome both Eric and Sue and look forward to their contribution to our growth.

Lending momentum in the US continued despite challenging external factors. Platform transactions are exceeding expectations, driven by the shift to online payments, and we continue to win new firms and increase usage within our existing customer base. Lending in Australia remains challenging, but we remain optimistic that as stimulus measures unwind, we will be well positioned for a return to growth. ”

For the traditional “QuickFee Financing” product, the number of US active firms continued to grow over Q2, up 14% to 469 firms over the past six months.

The custom-built QuickFee Instalments platform was successfully completed by QuickFee’s technology team over the quarter and is now in full operation. As part of the planned aggressive roll out campaign for QuickFee Instalments, and to continue to capitalise on the broader market opportunity for QuickFee in the US, seven new net hires have recently been made for the sales and marketing teams.

QuickFee will continue to invest in technology developments and is currently developing its ConnectAR e-invoicing and accounts receivable management system, which allow firms to automate electronic invoices through the QuickFee platform. The anticipated launch for this product is in H2 FY21.

QuickFee expects to report its first half financial results for the 2021 financial year on 18 February 2021.

This announcement has been authorised for release by the directors.

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