

ASX Release | 23 September 2021

## QuickFee “Meet the CEO” investor webinar presentation

**QuickFee Limited (ASX:QFE)** (“QuickFee”) today presented a “Meet the CEO” investor webinar presentation.

Attached is the presentation that Eric Lookhoff (Managing Director & CEO) and Simon Yeandle (CFO) delivered to investors at 10:30 am (AEST) today for this event.

This announcement has been authorised for release by the directors.

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### About QuickFee

QuickFee Limited (ASX:QFE) is a fast-growing financial technology company providing an innovative suite of online payment solutions and loan origination offerings to professional, commercial, and personal services providers, helping customers access the advice and services they need, with the choice to pay now or over time.

QuickFee’s fully integrated online payment platform and financing solutions enable merchants to accept payments by card, EFT/ACH, payment plan, or a “buy now, pay later” instalment plan.

QuickFee currently operates in the United States and Australia. For more information, visit [quickfee.com](http://quickfee.com).



# QuickFee Limited

## “Meet the CEO” webinar

23 September 2021

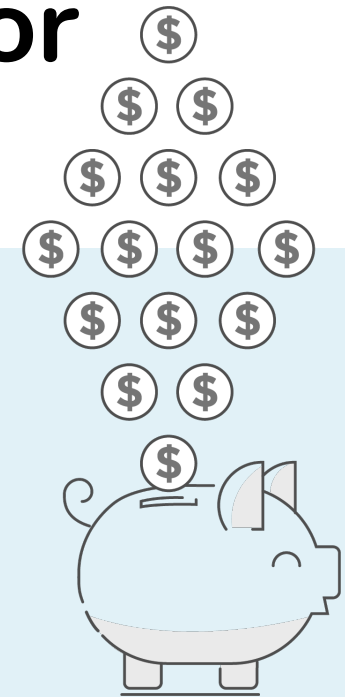
Eric Lookhoff, MD & CEO  
Simon Yeandle, CFO

# QuickFee.

# “ A merchant acquirer and loan originator for service businesses ”

For the commercial and professional service provider who demands flexible payment options for their customers, QuickFee delivers a personalised payment experience that enables your business to grow and stay competitive.

As your trusted payments partner, we empower your customers to pay how and when they want, so you can focus on what you do best.





# Introduction to QuickFee

# 3 low credit risk revenue streams

## Financing

*Accounting and law*



**Traditional low risk fee financing for professional firms.** Gives clients 3 to 12 months to pay their bill. Backed by firm recourse.

US + Australia

## PayNow



**Online payments.** Accepts credit cards, EFT/ACH or fully-funded payment plans.

Revenue-generating in US (payment gateway is provided to payers in both countries)

## Instalments



**Easy low risk financing alternative for any service business.** Clients make 4 interest-free monthly payments on credit card.

US + Australia

QuickFee has a proven business model with approximately 12 years operating in Australia and 5 years in the US

# 3 low credit risk revenue streams

## Financing



## PayNow



## Instalments



### US + Australia

Client pays a flat 3.99% – 8.99% interest charge, to pay the invoice to QuickFee over time (3 – 12 months)

Free to the accounting / law firm, who receives 100% of the invoice upfront from QuickFee

QuickFee's APR: AU 18.8%, US 16.6% (FY21)

Interest cost to QuickFee averages 5.8% p.a.

High credit quality - the client loans are guaranteed by the professional firm

Growth opportunity: US\$440bn accounting and law market in the US

### US only

Automated Clearing House (ACH) is US version of EFT

ACH: merchant pays a % of volume or a fixed monthly fee. Average revenue yield is 0.35% of volume.

Credit cards (CC): QuickFee earns 0.22% of card volume via a third party processor

BlueSnap partnership moves CC yield to 0.48%

Growth opportunity: structural shift to e-invoicing and online payments in the US, accelerated by COVID-19

### US + Australia

BNPL model for service businesses: merchant pays 4.99% - 6.99% flat and receives 100% upfront

Consumer pays for purchase in 4 instalments: 1x upfront then 3x monthly

QuickFee captures 100% of transaction value via a card pre-authorisation, minimising credit risk

No credit application or late fees for consumer

QuickFee's APR: 29.5% (FY21)

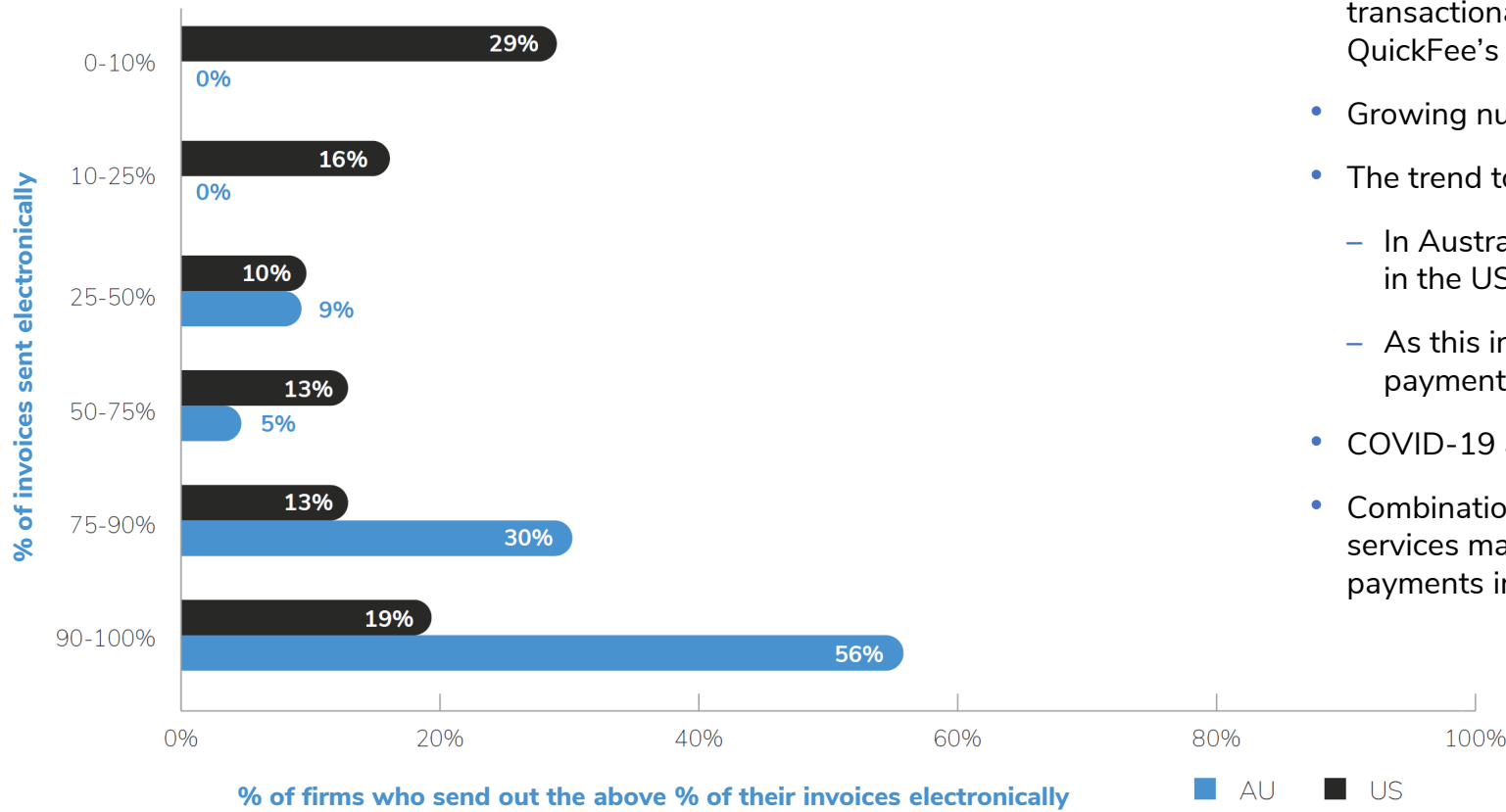
US average order value (AOV): US\$2,800

Growth opportunity: 650,000 smaller US accounting and law firms not served by our Finance product\*; other service businesses

\* D&B Hoovers, February 2021

# US structural tailwinds to drive long term growth

## Shift to online payments in a modernising US market

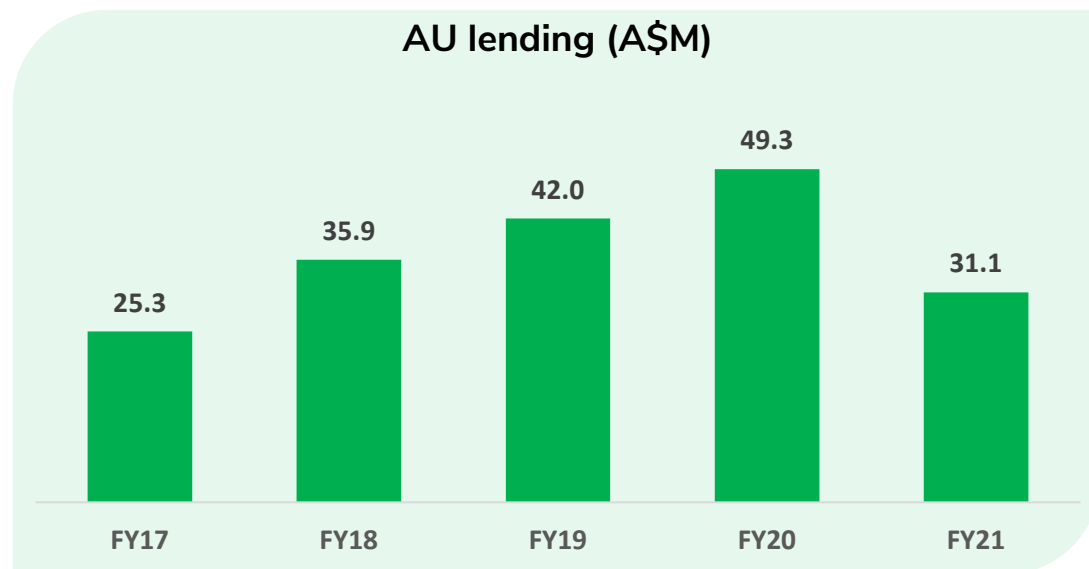


Source: QuickFee CSAT survey (February 2020)

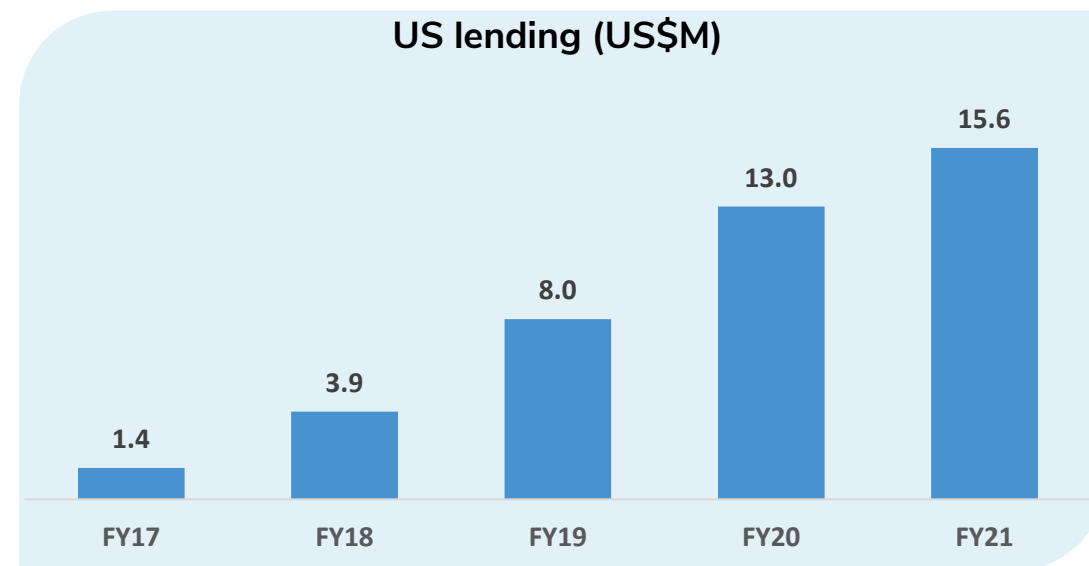
- Significant opportunity to grow both lending revenue and transactional revenue with the ‘modernising’ of the US market and QuickFee’s first mover advantage
- Growing numbers of new firm sign ups a leading growth indicator
- The trend towards electronic invoices represents significant upside
  - In Australia, around 84% of invoices are sent electronically vs 32% in the US
  - As this increases in the US, we expect this to lead to more payment plans, and to generate more transactional revenue
- COVID-19 accelerating trend towards online payments
- Combination of mass volume of transactions in the US professional services market and a lack of sophistication in processing online payments in the US represents a significant opportunity for QuickFee

# Lending

Australia impacted by effect of government stimulus measures, suppressing the demand for loans



US generated growth in lending despite government stimulus measures



## AU, traditional lending

	FY17	FY18	FY19	FY20	FY21
Average* loan term (months)	10.6	10.9	10.7	10.7	10.4
Average* flat interest on new loans	9.2%	9.2%	9.1%	8.4%	8.6%
Average* APR** on new loans	20.2%	19.3%	19.6%	18.1%	18.8%
Average transaction size (A\$)	13,669	16,466	15,156	14,993	13,695

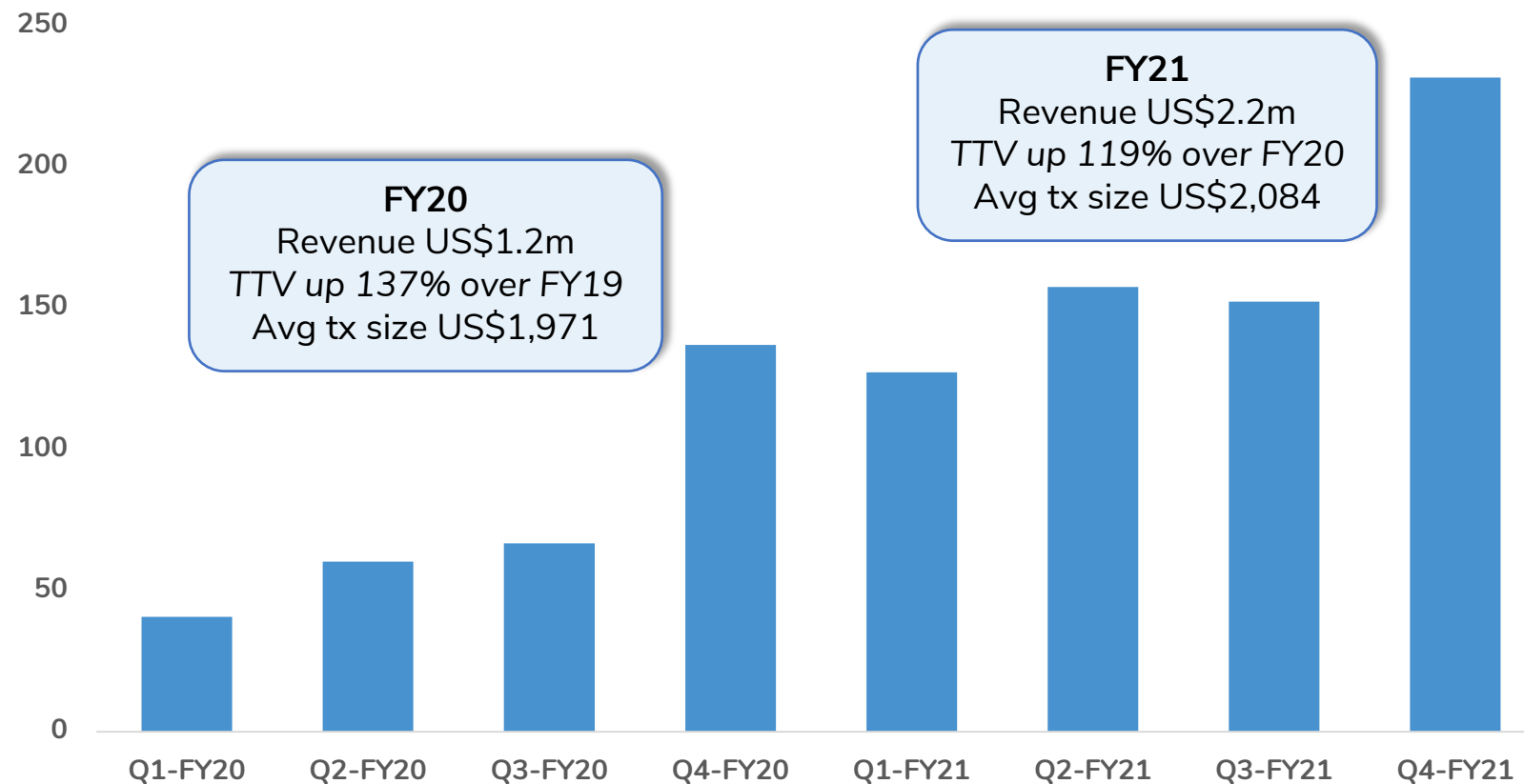
## US, traditional lending

	FY17	FY18	FY19	FY20	FY21
Average* loan term (months)	12.5	11.1	10.9	9.8	8.9
Average* flat interest on new loans	9.2%	7.5%	8.3%	8.0%	6.4%
Average* APR** on new loans	16.9%	15.6%	17.8%	18.2%	16.6%
Average transaction size (US\$)	15,907	11,530	10,604	10,181	9,538



# US payments platform delivering growth

US payments TTV\* (US\$M)



- Scalable platform and upside opportunity
- ACH and card are profitable
- High, and increasing, operating margins due to low operational fixed cost base and volume discounts on processing costs
- Integrating pay-in-full options into all lending platforms is expected to drive increased TTV
- Increasing usage per merchant have driven TTV increases
- Connect and other integrations are expected to drive further increased TTV

## QuickFee Instalments gaining momentum

No credit application process required

Leverages the available credit on credit cards

Prevents consumers taking out credit over their existing card limits

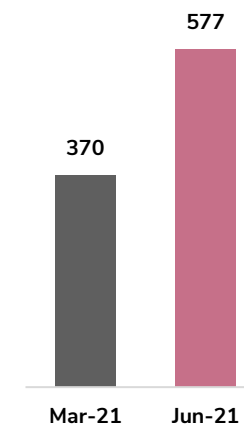
No late fees

Does not impact the consumers' credit score

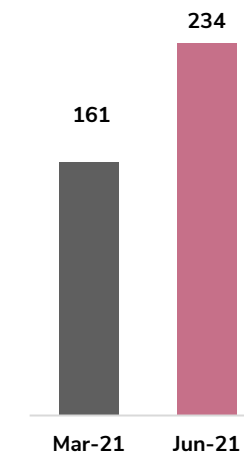
- Substantially increases the addressable market available
- Low risk 'buy now, pay later' (BNPL) payment plans for service businesses
- Focusing on more expensive and necessary purchases: the average ticket size for QFI in the US was US\$2,800 in Q4 FY21 vs US\$2,430 in Q3 FY21
- 811 merchants have signed up to the product by 30 June 2021: 577 in US and 234 in Australia
- Lending volumes and transaction numbers are growing in consecutive quarters in both regions; in the US lending grew to US\$0.4m in Q4 FY21, growth of 300% vs US\$0.1m in Q3 FY21
- We have expanded beyond the accounting and law verticals to other commercial services which drove 60% of US QFI volume in Q4 FY21
- The shorter three-month duration of QFI payment plans recycles capital at a greater velocity, delivering lower loan book growth but more efficient use of capital
- Revenue / lending: 4.99%+
- IRR: 53%\*, APR: 29.5%\*

### QFI merchants

#### US



#### AU



# Integration

We are bringing many integrations to market, all necessary to deepen our merchant relationships and create greater lifetime value

- Integrations with third party software and merchants:
  - Cements relationships; connects to the systems our customers already use
  - Provides higher processing volumes of existing customers
  - Gives us a strong proposition against competition
  - Delivers an additional offering to lending prospects
  - Is a ready-made platform to enable merchants to allow their customers to pay how and when they want
- **Connect** will integrate QuickFee’s platform into multiple accounting software products, beginning with CCH Practice Manager:
  - the most widely used practice management system (PMS) for US enterprise grade accounting firms;
  - gives us access to 65% of the accounting market in the US
- We also have integrations today with: Practice Evolve, Xero, GreatSoft (part of MYOB)
- We have a substantial pipeline of deals with independent sales organisations (ISOs), strategic partnerships, independent software vendors (ISVs), and value-added resellers (VARs)



# Significant progress with technology development


Major technology and processing platform development across all four revenue streams

- Connect – beta has launched
- We completed development of our proprietary processing services ('QUBE') for ACH and credit card (PayNow), augmenting our current third-party model
- Kepler: our new 'merchant direct' application platform, which enables fully automated merchant underwriting and onboarding – launched in Q1 FY22
- We have implemented merchant fraud monitoring solutions as part of the QuickFee Instalments product
- We have also built and launched a new merchant portal, which centralises all our independent back-office platforms
- Other upcoming product and tech development includes:
  - Further Connect integrations to more software platforms
  - APIs to ISVs and other merchant groups

# We have the right talent AU-US

Recruiting the best talent available in FY21 to execute our strategy:

- Payments and fintech
- Professional services
- Sales and marketing

 <p><b>Eric Lookhoff</b> CEO &amp; Managing Director</p>	 <p><b>James Drummond</b> Chief Operating Officer</p>	 <p><b>Simon Yeandle</b> Chief Financial Officer</p>	 <p><b>Tony Yousef</b> Director of Sales &amp; Account Management – AU</p>
 <p><b>Jay Alsup</b> Chief Marketing Officer</p>	 <p><b>Carlos Whiteman</b> SVP of Strategic Channel Partnerships</p>	 <p><b>Sue Torgerson</b> SVP of Product</p>	 <p><b>Valerie Baillairge</b> Director of Marketing – AU</p>

Depth of experience across fintech, payments, professional services, sales and marketing



myob



NLLG  
NATIONAL LITIGATION LAW GROUP



NCH

intuit



# QuickFee's core shared values

Who we are on our best days and how we choose to support our customers every day

Foundational and distinctive behaviours underpin our diversity, inclusion, and community give-back programs

**Humanity** – we bring our humanity to every conversation with an open heart and an open mind

**Care** – we care for our people and the communities in which we serve

**Serve** – we are in service to our customers, stakeholders, and to each other

**Solve** – we solve before we sell because persistent curiosity delivers stronger outcomes

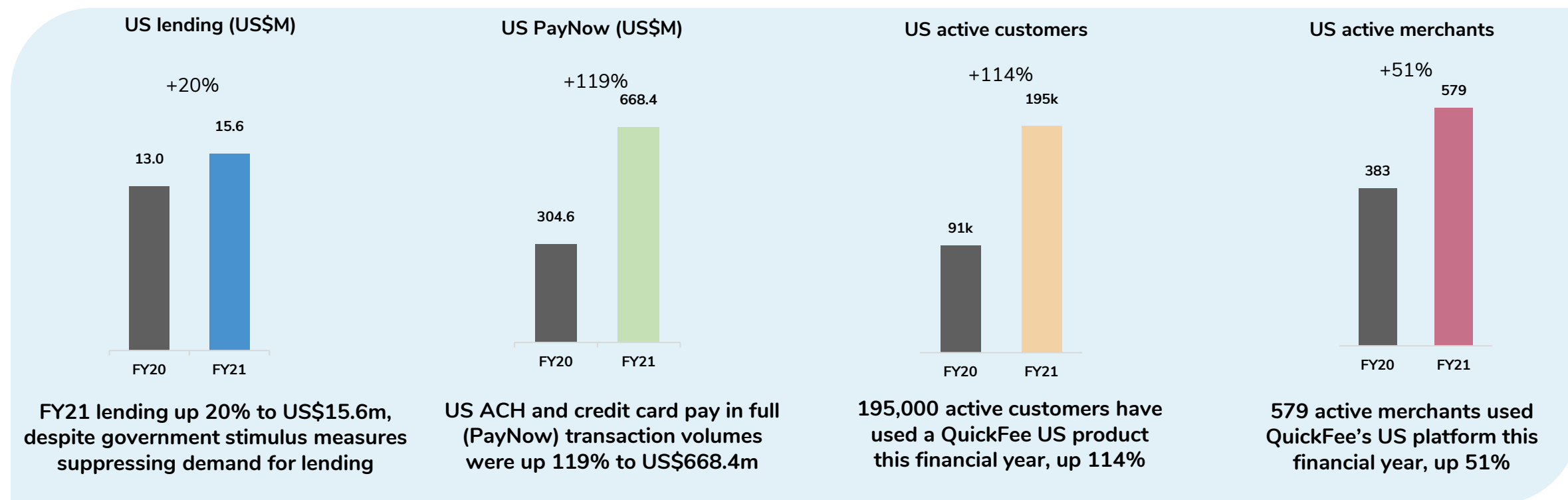
**Evolve** – we rise, fall, fix, and learn together



# FY21 financial highlights

# FY21 overview – QuickFee US

US business continues to benefit from structural shifts to online payments

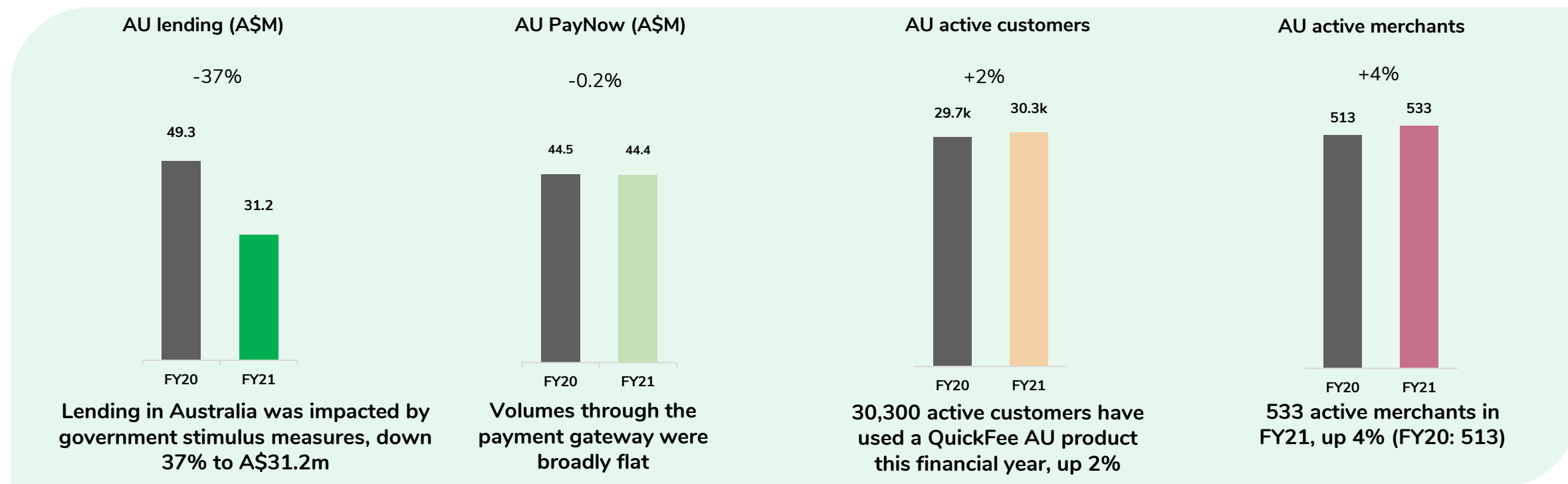


- We anticipate steady growth in US PayNow volumes, as we expand our go-to-market strategy with an emphasis on more scalable channels.
- Deeper integrations such as the launch of Connect, our e-invoicing and payment solution to enterprise professional service firms, will drive greater volume and scale.



# FY21 overview – QuickFee Australia

Lending impacted by government stimulus; positive signs for FY22



- There was a notable improvement in Q4 FY21, with the last three months of FY21 being the three highest of the financial year in terms of lending volume following the cessation of JobKeeper.
- We continued to expand our customer base despite a decrease in lending demand, including several new major law and professional service associations.
- Bruce Coombes has now transitioned to focus more closely on the Australian market; a new Head of Sales and additional sales and marketing talent hired.



# Strategy and outlook

# Executing against our strategy

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## 1. Execute a robust and effective go-to-market strategy underpinned by clear brand positioning, precision demand generation, and high-velocity sales conversion

- Our traditional direct sales model expands to allow for a greater integration-heavy focus
- We have developed additional channels including independent sales organisations (ISOs), strategic partnerships, independent software vendors (ISVs), and value-added resellers (VARs)
- Supported by our improved technology, new demand generation architectures and brand strategy

## 2. Build a highly scalable and user-friendly processing platform

- Connect is just one example of the many integrations we are bringing to market, all necessary to deepen our merchant relationships and create greater lifetime value
- We completed our proprietary payment and processing platform ('QUBE')
- Through the BlueSnap partnership, QUBE will expand to support our ACH/EFT product creating greater processing capacity

## Executing against our strategy

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### 3. Develop an improved economic model which is expected to deliver greater transactional margin and higher processing yields across lending and payments

Additional integrations that further expand existing card, ACH/EFT, and merchant processing capabilities:

- Increased ACH processing functionality
- Personalised merchant settlement options
- Enhanced fraud monitoring, risk management, underwriting and onboarding automation
- Expanded credit card and 'buy now, pay later' offerings

### 4. Attract a highly engaged, experienced, motivated and high-performing team of payments and lending professionals

- We have invested in attracting highly skilled and deeply experienced professionals from some of the largest and most successful financial technology, payments, and lending businesses in the US
- Key additions were made across the enterprise in product, sales, operations, risk management, and technology all bringing substantial experience to QuickFee

# Outlook

## Finance

Accounting and law



**Traditional low risk fee financing for professional firms.** Gives clients 3 to 12 months to pay their bill. Backed by firm recourse.

## PayNow

**Online payments.**

Accepts credit cards, EFT/ACH or fully-funded payment plans.



## Instalments

**Easy low risk financing alternative for any service business.**

Clients make 4 interest-free monthly payments on credit card.



FY21 was another year of significant progress for QuickFee

- We have achieved substantial evolution of our technology and products
- We have delivered record results in the key US market

We have strong foundations in place to drive future growth

- Ongoing adoption of online payments and invoices will drive more payments on the QuickFee platform
- The strengthened technology and sales and marketing team will drive further merchant growth
- There is an expectation to see improved lending conditions

We expect a sharp focus on industry consolidation, and we are open to assessing opportunities as they arise



# Questions

# Glossary

ACH	Automated Clearing House	A type of electronic bank-to-bank payment in the US, equivalent to EFT in Australia
APR	Annual percentage rate	The annual rate of interest on payment plans or loans
EFT	Electronic funds transfer	An Australian domestic payments network that facilitates the transfer of funds electronically
Connect	QuickFee's internal product name for its point-of-payment integration, e-invoicing and receivables management product strategy	
CC	Credit card	
QuickFee Financing	QuickFee's traditional fee funding product that enable customers to take out a payment plan to pay their invoice, while QuickFee settle to the merchant immediately	
QuickFee PayNow	QuickFee's payment gateway that enables customers to pay their invoice in full to the merchant without taking out a payment plan	
Merchant	Term to describe QuickFee's primary customer who is the service provider, who signs up to use QuickFee's platforms and issues invoices	
Active merchant	Any merchant that has had a transaction with QuickFee in the period referred to	
Firm	A merchant. Typically used to describe a professional services firm (e.g. an accounting or law firm)	
Customer	The customer of a merchant, who will use one of QuickFee's payment options to pay their invoice	
Active customer	Any customer who has transacted with QuickFee in the period referred to	
QFI	QuickFee Instalments	QuickFee's 'buy now, pay later' product using Splitit's technology to enable a customer to pay their invoice in four instalments using the unused balance of their credit card
NTM	Net transaction margin	Revenue, less cost of sales, less receivables impairment expense
TEC	Total employment cost	Cost of employing all employees, including variable remuneration and share-based payments expense
TTV	Total transaction value	The total value of all ACH / EFT and credit card PayNow transactions (plus payment plans except where stated)
pcp	Previous corresponding period	For example, the pcp for the June 2021 quarter is the June 2020 quarter



# Appendix

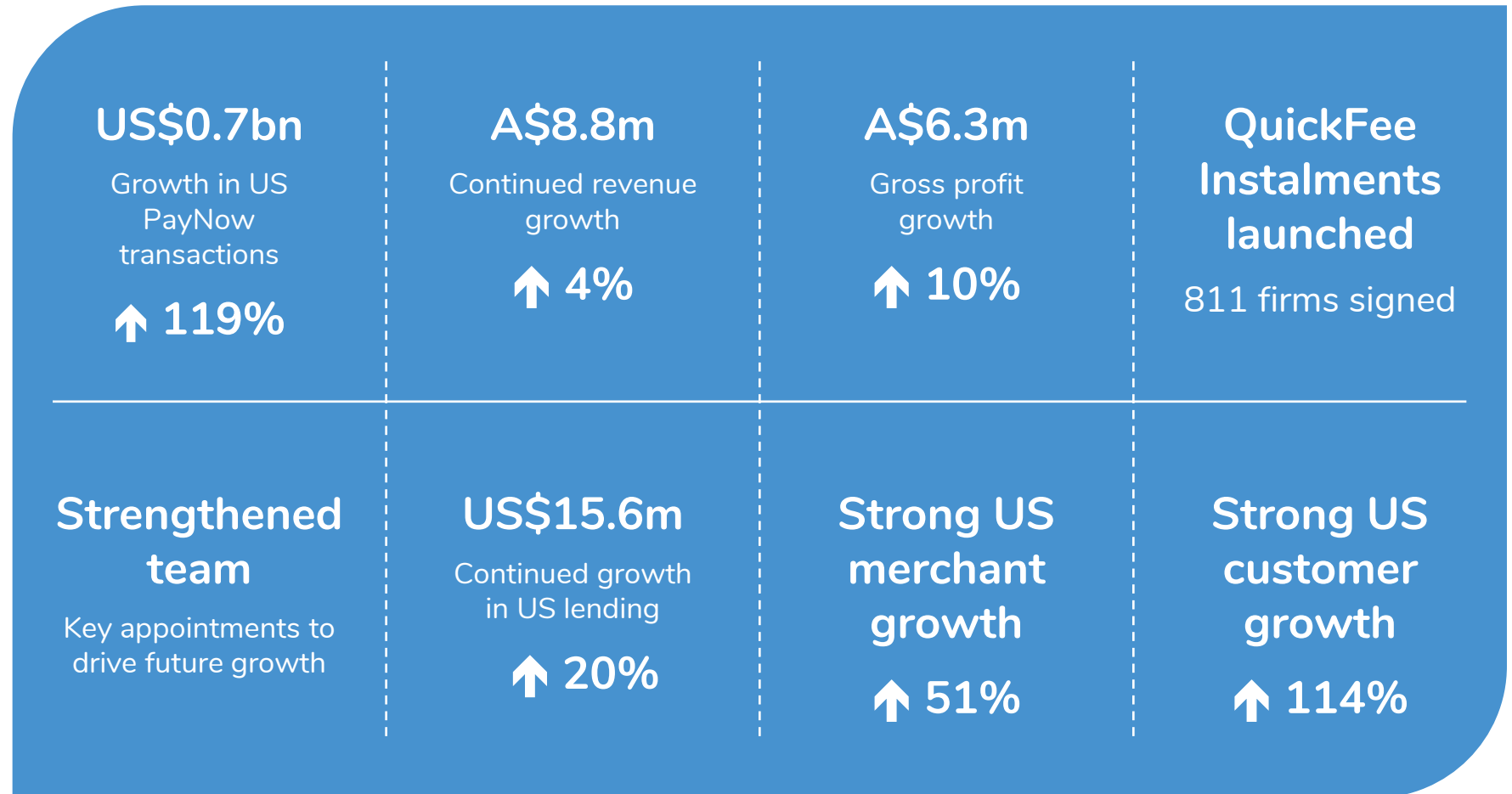


# FY21 results highlights

Major progress achieved across technology and products

Record results in key US market

Lending volumes impacted by government stimulus measures



# Group profit & loss

## Results reflect commitment to invest in future growth

- Total revenue (interest revenue + revenue from contracts) up 4% to A\$8.8 million; driven by growth in the US across lending and PayNow transactions, partially offset by lower lending in AU
- Gross profit up 11% to A\$6.3 million, emphasising the sustainability and profitable nature of the QuickFee business model. Surplus cash was used to reduce interest on loan borrowings in AU
- Continued investment in future growth saw increased costs, specifically for customer acquisition and product development
  - Cost of acquiring customers includes all activities and overheads in securing new merchants and clients
- Adjusted EBITDA\* down 126% to A\$(7.9) million
- Net loss after tax of A\$(8.5) million
- Continued robust credit risk management:
  - Provision for expected credit losses A\$131k (0.26%) of lending. FY17 – FY21 five-year average 0.31% of lending
  - FY17 – FY21 bad debt write-offs averaging 0.21%% of lending

A\$M	FY21	FY20	\$+/-	%+/-
Interest revenue	4.7	5.7	(1.0)	(18)%
Interest expense	(1.0)	(1.6)	0.6	38%
<b>Net interest revenue</b>	<b>3.7</b>	<b>4.1</b>	<b>(0.4)</b>	<b>(10)%</b>
Revenue from contracts with customers	4.1	2.8	1.3	46%
<b>Net income</b>	<b>7.8</b>	<b>6.9</b>	<b>0.9</b>	<b>13%</b>
Less: cost of sales	(1.5)	(1.2)	(0.3)	(25)%
<b>Gross profit</b>	<b>6.3</b>	<b>5.7</b>	<b>0.6</b>	<b>11%</b>
General and administrative expenses	(5.0)	(4.1)	(0.9)	(21)%
Selling and marketing expenses	(1.2)	(0.8)	(0.4)	(50)%
<b>Adjusted EBITDA* before growth expenses and significant items</b>	<b>0.1</b>	<b>0.8</b>	<b>(0.7)</b>	<b>(88)%</b>
Customer acquisition costs	(4.0)	(2.5)	(1.5)	(60)%
Product development expenses	(3.7)	(0.7)	(3.0)	(429)%
Share-based payments expense	(0.3)	(0.5)	0.2	40%
Net foreign exchange gains/(losses)	-	(0.3)	0.3	100%
IPO expenses	-	(0.3)	0.3	100%
<b>Adjusted EBITDA*</b>	<b>(7.9)</b>	<b>(3.5)</b>	<b>(4.4)</b>	<b>(126)%</b>
<b>NPAT</b>	<b>(8.5)</b>	<b>(3.8)</b>	<b>(4.7)</b>	<b>(124)%</b>

# Balance sheet

## Balance sheet remains strong

- Successful completion of A\$17.5 million share placement and purchase plan has strengthened cash position
- Total liquidity plus growth capacity now at A\$33.0 million (see appendix)
- The loan book decrease reflects the effect of government stimulus measures in both the US and AU suppressing the demand for loans

A\$M	FY21	FY20	\$+/-	%+/-
Cash and cash equivalents	21.3	15.0	6.3	42%
Loan receivables	25.8	35.3	(9.5)	(27)%
Payment processing receivables	0.9	1.0	(0.1)	(10)%
Trade and other current assets	1.1	0.6	0.5	83%
<b>Total current assets</b>	<b>49.1</b>	<b>51.9</b>	<b>(2.8)</b>	<b>(5)%</b>
Total non-current assets	1.2	1.6	(0.4)	(25)%
<b>Total assets</b>	<b>50.3</b>	<b>53.5</b>	<b>(3.2)</b>	<b>(6)%</b>
Borrowings	13.3	25.3	(12.0)	(47)%
Merchant settlements outstanding	10.0	9.6	0.4	4%
Trade and other payables	2.1	1.6	0.5	31%
<b>Total current liabilities</b>	<b>25.4</b>	<b>36.5</b>	<b>(11.1)</b>	<b>(30)%</b>
Total non-current liabilities	0.5	0.8	(0.3)	(38)%
<b>Total liabilities</b>	<b>25.9</b>	<b>37.3</b>	<b>(11.4)</b>	<b>(31)%</b>
<b>Net assets</b>	<b>24.4</b>	<b>16.2</b>	<b>8.2</b>	<b>51%</b>
Contributed equity	42.6	25.2	17.4	69%
Other reserves	(3.6)	(3.0)	(0.6)	(20)%
Accumulated losses	(14.6)	(6.0)	(8.6)	(143)%
<b>Total equity</b>	<b>24.4</b>	<b>16.2</b>	<b>8.2</b>	<b>51%</b>



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