



**QuickFee.**

# H1 FY20 Results Presentation

**Bruce Coombes, CEO**

**21 February 2020**

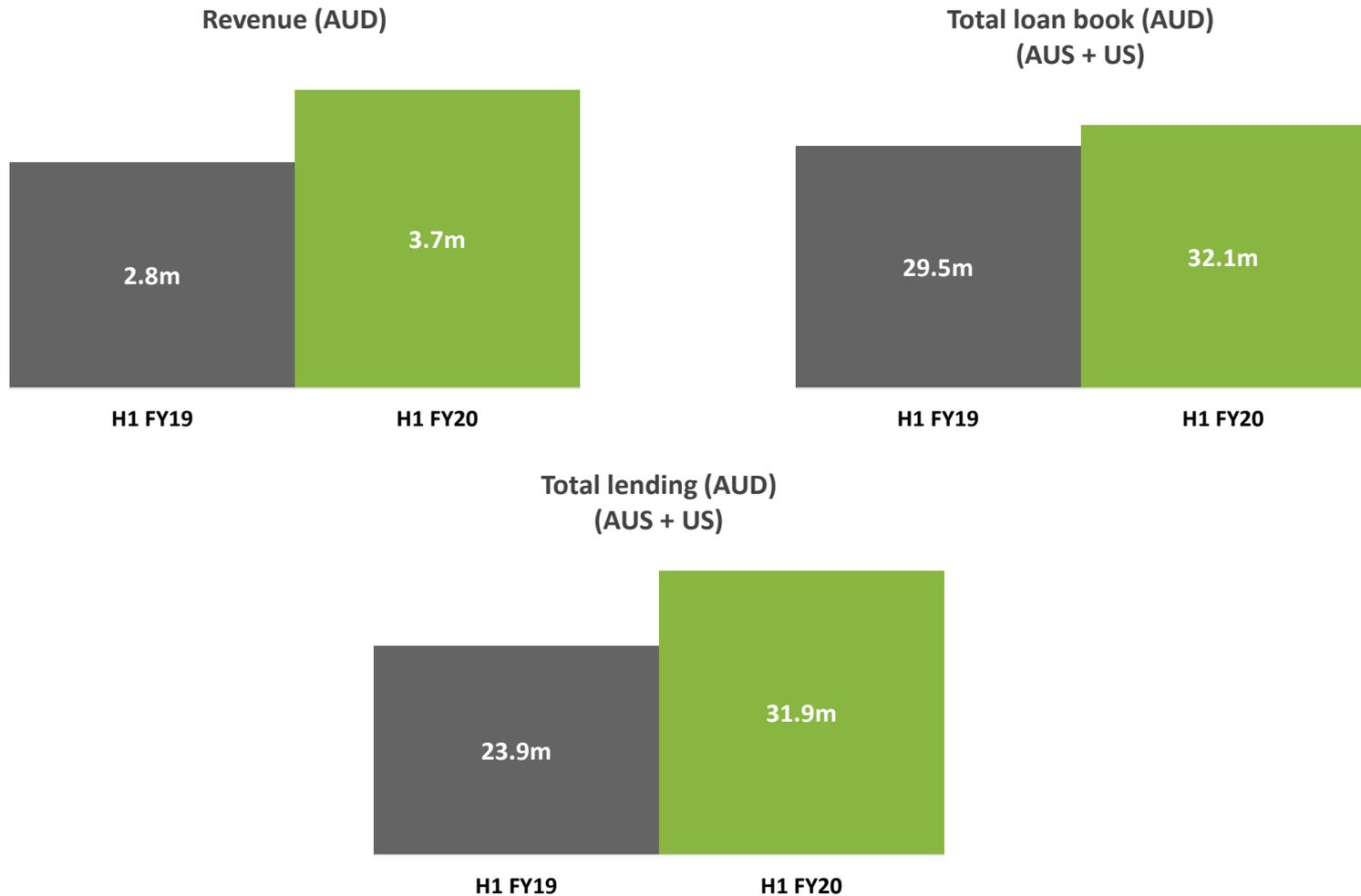
# H1 FY20 Highlights

## QuickFee continues growth momentum

- **Record growth in lending to clients of professional firms**
  - Australian lending reached A\$24.2 million, up 29% on prior year (vs H1 FY19)
  - US lending reached US\$5.6 million, up 57% on prior year (vs H1 FY19)
  - Combined group lending reached A\$31.9 million, up 33% on prior year (vs H1 FY19)
- **Continued growth in US client numbers**
  - 352 firms
- **Strong traction in the US, with payment portal transaction revenue almost doubling**
- **Added experience and expertise to the team to accelerate growth**
  - US team hired 6 sales representatives, 2 account managers & appointed Francesco Fabbrocino as Global Chief Technology Officer (CTO)
- **Two software integrations completed to increase exposure of QuickFee's lending products**
  - Integration with Practice Engine (US practice management system) completed
  - Integration with Cerebiz (AU MYOB automated debtor reminder tool) completed
- **Launched US "Channel Partner" program to further accelerate growth in the US market**

# H1 FY20 Financial Overview

Increased margins maintained across key metrics





# H1 FY20 Financials

Well-positioned to continue its growth trajectory to increase the loan book

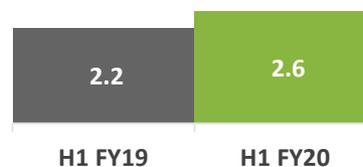
# Profit & Loss

## Revenue continues to grow off the back of record lending

- Revenue increased to \$3.7m, up 34% on prior year
  - Driven by strong growth in lending and transactions across Australia and the US
- Cost of sales is primarily interest paid
- Operating earnings reflects continued investment in customer acquisition
- Bad debts remains negligible
- The more mature Australian business continued to grow revenue, up 17%
- US revenue almost doubled on prior year, up 95%

|   | H1 FY20<br>(\$'000) | H1 FY19<br>(\$'000) | %           |
|---|---------------------|---------------------|-------------|
| <b>Revenue</b>  | <b>3,718</b>        | <b>2,784</b>        | <b>34%</b>  |
| <i>Cost of sales</i>                                      | <i>(1,238)</i>      | <i>(933)</i>        | 33%         |
| <b>Gross profit</b>                                       | <b>2,480</b>        | <b>1,851</b>        | <b>34%</b>  |
| <b>Operating profit before customer acquisition costs</b> | <b>110</b>          | <b>386</b>          | <b>-72%</b> |
| <i>Customer acquisition costs</i>                         | <i>(1,085)</i>      | <i>(608)</i>        | 78%         |
| <b>Operating profit</b>                                   | <b>(975)</b>        | <b>(222)</b>        | <<          |
| <i>IPO expenses<sup>1</sup></i>                           | <i>(671)</i>        | <i>0</i>            | <<          |
| <b>Loss before income tax</b>                             | <b>(1,646)</b>      | <b>(222)</b>        | <<          |
| <i>Income tax expense</i>                                 | <i>(149)</i>        | <i>(147)</i>        | 1%          |
| <b>Net Profit / (Loss) After Tax</b>                      | <b>(1,795)</b>      | <b>(369)</b>        | <<          |

AU revenue (A\$m)



US revenue (A\$m)



1. One-off expense item  
\* USD/AUD exchange rate of 0.67

# Balance Sheet

## Strong position to accelerate growth expansion

- Loan book continues to grow
  - Receivables increased 9%
- Surplus IPO proceeds used for temporary reduction in debt
- Well funded for aggressive growth strategy

|                                      | H1 FY20       | FY19          | %            |
|--------------------------------------|---------------|---------------|--------------|
|                                      | (\$'000)      | (\$'000)      |              |
| <b>Current assets</b>                |               |               |              |
| Cash & equivalents                   | 5,822         | 2,781         | 109%         |
| Loan & other receivables             | 32,141        | 29,519        | 9%           |
| Other                                | 330           | 240           | 37%          |
| <b>Total current assets</b>          | <b>38,293</b> | <b>32,540</b> | <b>18%</b>   |
| <b>Total non-current assets</b>      | <b>654</b>    | <b>788</b>    | <b>-17%</b>  |
| <b>TOTAL ASSETS</b>                  | <b>38,947</b> | <b>33,328</b> | <b>17%</b>   |
| <b>Current liabilities</b>           |               |               |              |
| Borrowings                           | 21,138        | 27,037        | -22%         |
| Trade & other payables               | 247           | 605           | -59%         |
| Other                                | 5,613         | 4,702         | 19%          |
| <b>Total current liabilities</b>     | <b>26,998</b> | <b>32,344</b> | <b>-17%</b>  |
| <b>Total non-current liabilities</b> | <b>248</b>    | <b>510</b>    | <b>-51%</b>  |
| <b>TOTAL LIABILITIES</b>             | <b>27,246</b> | <b>32,854</b> | <b>-17%</b>  |
| <b>NET ASSETS</b>                    | <b>11,701</b> | <b>474</b>    | <b>2367%</b> |



# Operational Overview

Milestones achieved as QuickFee continues to build its presence in the fee funding market

**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%**

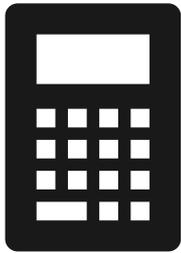
of business users selected monthly payments to help with their cashflow

## **BORROWER SATISFACTION**

# AU business model

## Sources of revenue

### INTEREST INCOME

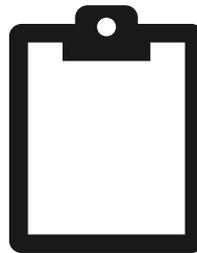


~19.5% YIELD  
ON LOAN

**\$2.2m**

of H1 FY20 revenue

### LOAN APPLICATION FEE

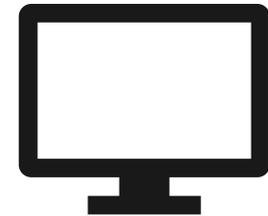


\$40 - \$300  
PER LOAN

**\$168k**

of H1 FY20 revenue

### PAYMENT PORTAL HOSTING FEE



\$39 PER MONTH

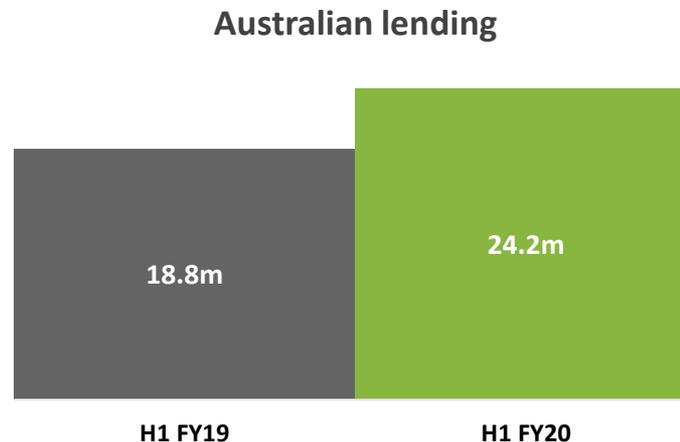
**\$61k**

of H1 FY20 revenue<sup>1</sup>

# Australian update

## Lending in Australia remains strong

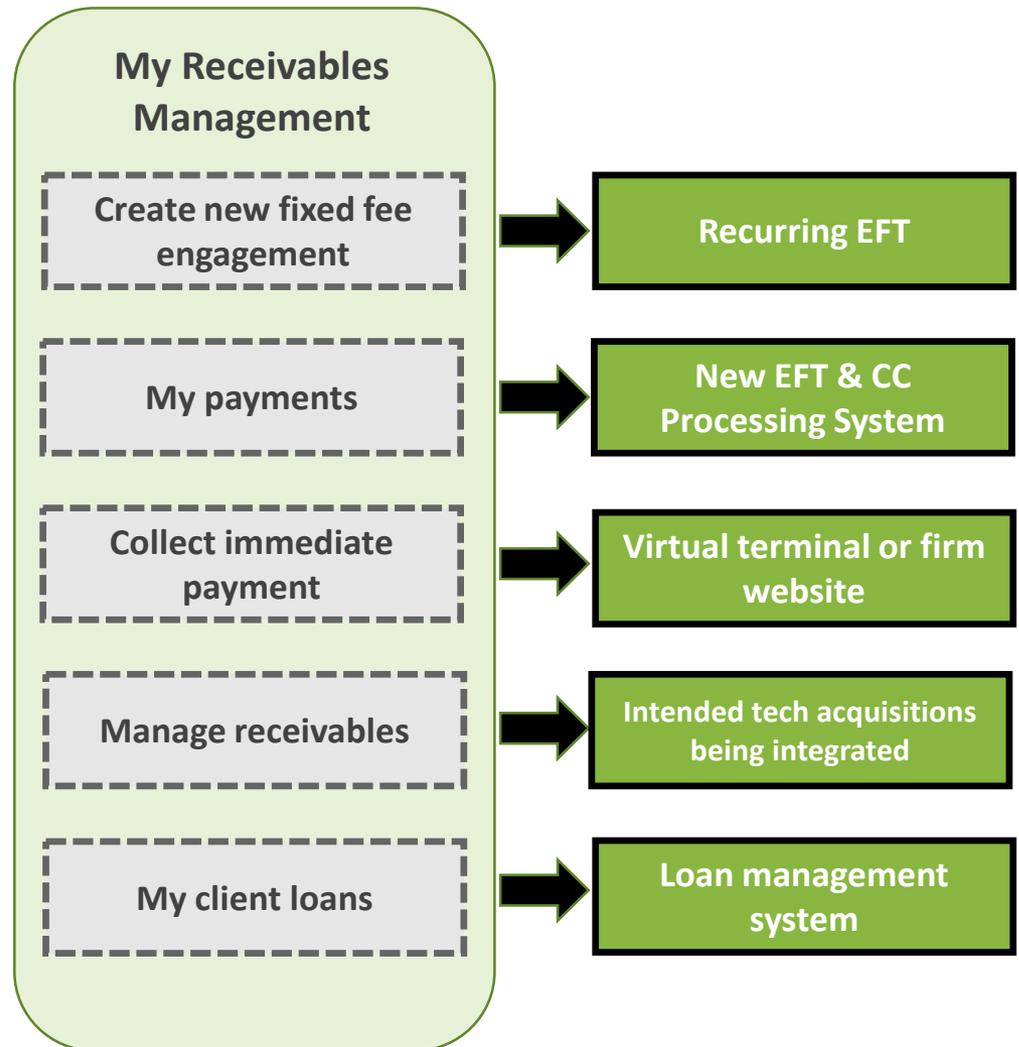
- Continued growth in lending – up \$24.2 million, up 29%
- Two of “Big 4” now using QuickFee
- Well positioned for sustained growth within existing client base, as well as continuing to sign up new firms
- Legal market now represents 22% of the loan book
- Completed software integration with Cerebiz (MYOB automated debtor reminder tool)



# Investing in technology enhancements

## Integration partners represent a large growth channel

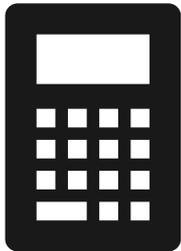
- QuickFee has completed a number of key platform integrations and enhancements, including:
  - Xero Practice manager integration
  - GreatSoft integration
  - APS full data interrogation
  - Practice Engine integration
  - Enhanced user interface
- Expanding offering to include automated reminders for overdue accounts
- Integrating all tech into a single place



# US business model

Additional revenue source

**INTEREST INCOME**

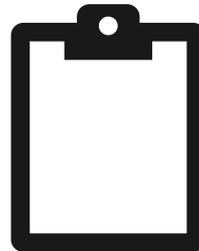


~17.5% YIELD  
ON LOAN

**US\$387k**

of H1 FY20 revenue

**LOAN APPLICATION  
FEE**



\$100 PER  
LOAN

**US\$37k**

of H1 FY20 revenue

**PAYMENT PORTAL  
HOSTING FEE**



0.5% to 1% ON ALL  
NON-CREDIT CARD,  
NON- LOAN PAYMENTS

**US\$371k**

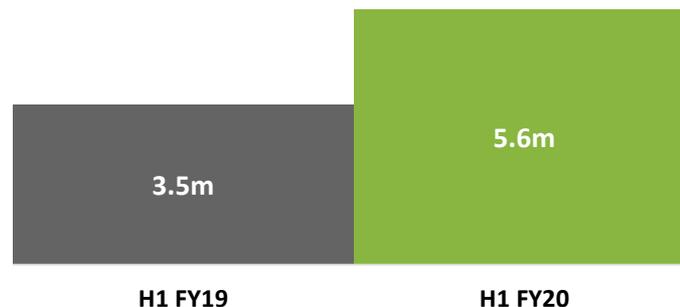
of other H1 FY20<sup>1</sup>

# United States update

## Strong sales momentum being achieved

- Substantial growth in lending – up 57% to US\$5.6 million
- Number of firms using the QuickFee platform now 352
  - 18% of Top 200 accounting firms signed up to the QuickFee platform
- Increased headcount to accelerate growth
  - Hired 6 sales representatives and 2 account managers
  - Appointed Francesco Fabbrocino as Global Chief Technology Officer (CTO)
- “Channel program” launched in the US to accelerate growth
  - Over 1 million independent sales agents (ISAs) operate in the US in professional services
  - Program aimed to bring QuickFee’s solution to the market more quickly and solve their clients’ needs
  - Since the launch QuickFee has received over one hundred requests for accreditation from ISAs
- Completed software integration with Practice Engine (practice management system)

US lending (USD)



# Transactional revenues increase as firms modernise

## Annualised revenue run rate close to US\$1m

| Date firm joined QuickFee (US\$) | Portal Transaction Value CY19 |
|----------------------------------|-------------------------------|
| 1 Oct 2019 – 31 Dec 2019         | \$1.6m                        |
| 1 Jul 2019 – 30 Sep 2019         | \$5.0m                        |
| 1 Apr 2019 – 30 Jun 2019         | \$6.9m                        |
| 1 Jan 2019 – 31 Mar 2019         | \$17.8m                       |
| 1 Jan 2018 – 31 Dec 2018         | \$70.2m                       |
| Before to 31 Dec 2017            | \$94.3m                       |
| <b>TOTAL for CY19 (USD)</b>      | <b>\$195.8m</b>               |

- The table compares the portal transaction values from the firms that joined earlier, compared to the more recently signed firms – this demonstrates the latent growth in transaction revenue available from the existing base as it matures, and the firms move to online payments
- Payment portal transaction revenue more than doubled on pcp
  - Represents annualised revenue of over US\$900k
  - Represents significant upside to the current annualised revenue
- Combination of mass volume of transactions in the US professional services market and a lack of sophistication in processing online payments in the US represent a huge opportunity for QuickFee

Transaction Values (USD)



Transaction Revenue (USD)



Annualised Transaction Revenue Run Rate (USD)



A woman with long brown hair and blue eyes, wearing a dark green jacket over a white t-shirt, is looking intently at a laptop screen. She is holding a pair of glasses in her right hand. To her right, a man with a beard and glasses, wearing a light blue button-down shirt, is also looking at the screen. The background is a blurred office environment with a window and some office equipment.

# Outlook

# US market is modernising

## Creating significant opportunities for QuickFee

- Large opportunity to grow both lending revenue and transactional revenue through the “modernising” of the US market
- In Australia, 14.3% of transactions on QuickFee’s portal are loans
- Extrapolating this to the US, where CY19 transactions were US\$185m, this represents lending of US\$26.4m
  - Compared to US\$5.6m achieved in H1 FY20
  - This suggests that without any further customer acquisition, we should expect to see growth in lending in the US
- The trend towards electronic invoices also 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 loans, and to generate more transactional revenue
- QuickFee well positioned to capitalise on the trend



# US represents massive potential

## First mover advantage; structural tailwinds

### Monetising from huge transactional volume

- US market lacks sophistication in accepting online payments
- There is a mass volume of transactions occurring in the professional services sector
  - Accountants & lawyers US\$447 billion
  - Source: <https://www.ibisworld.com>
- **QuickFee employs a highly sophisticated, secure online payment portal system**
  - QuickFee can process B2B payment transactions at much faster rates
- QuickFee earns between 0.5% and 1.0% on all non-credit card and non-loan payments
  - Represents a huge revenue potential in addition to interest income
- **Current annualised transactional revenue close to A\$1.4m, with further growth expected from existing clients**

### First mover advantage

- 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 within the accounting and legal sectors, and beyond
  - Other professional services verticals (architects, etc) represent further opportunities
- Launched US “Channel Partner” program to help further accelerate growth in the US market

# Outlook

## Well positioned for strong growth in FY20

- Following a record start to FY20, QuickFee anticipates continued momentum in growing its loan book
- Strong growth in the US will be supported by:
  - Recent appointments to the team
  - Traction through the “Channel Partner” program
  - Continued growth in US transactional revenue
  - Scale benefits (improving margins)
  - Actively reviewing a range of technology opportunities and other acquisitions
- New integration partnerships will continue to be pursued
- **Expect to grow our loan book and revenue strongly in the short term, and over the medium term to generate sustained, growing profitability**





# Questions

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