

ASX Release | 31 October 2023

# QuickFee Limited

## Q1 FY24 quarterly business update

QuickFee Limited (ASX: QFE) (“QuickFee”) today announced a business update for the quarter ended 30 September 2023 (Q1 FY24).

### Key Highlights

- Total group revenue for Q1 FY24 up 31% on the prior corresponding period (pcp) to A\$4.2 million (Q1 FY23: revenue of A\$3.2 million)**
  - US Finance revenue grew 62%, driven by 23% Total Transaction Values (TTV) growth and revenue yield improvement of 230 bps on pcp to 9.5%
  - AU Finance revenue grew 54% similarly driven by 24% TTV growth and revenue yield improvement of 310 bps on pcp to 15.4%
  - US Pay Now TTV up 11% on pcp to US\$268m
- New US sales strategy delivering early results**
  - 44 new US firm sign-ups in Q1 FY24, 22 of which have QF Finance
  - New strategic partnerships with Allinial Global and IRIS Software Group<sup>3</sup>
- Expanded funding facilities to support growing Australian legal disbursement funding business**
  - QuickFee has received an offer of funding from leading corporate debt provider Wingate Corporate Investments for a A\$10 million funding facility to support growth of the Australian legal disbursements funding product. Further details are provided on page 3
  - To date, disbursement funding receivables have been primarily funded from QuickFee’s internal cash resources, so this facility will provide immediate additional liquidity of A\$4.3 million cash and up to a total of A\$10 million to allow for continued growth in the disbursement funding book
- Strong start to FY24**
  - Economic uncertainty driving demand for solutions to improve working capital despite increased interest rates
  - Cash plus liquidity available at 30 September 2023 is A\$6.6 million on a pro forma basis with the new facility, providing adequate headroom to achieve sustainable profitability within existing facilities
  - Continue to track towards operating profitability with H2 FY24 expected to be stronger than H1 FY24

Q1 FY24 performance <sup>1</sup>	Q1 FY24	Q1 FY23	Year-on-year movement
<b>Total transaction values (TTV)</b>			
US ACH (Pay Now)	<b>US\$ 219m</b>	US\$ 200m	+10%
US Card (Pay Now)	<b>US\$ 49m</b>	US\$ 42m	+17%
<b>Total US Pay Now</b>	<b>US\$ 268m</b>	<b>US\$ 242m</b>	<b>+11%</b>
US Finance (Pay Over Time)	<b>US\$ 5.9m</b>	US\$ 4.8m	+23%
AU Finance (Pay Over Time)	<b>A\$ 11.0m</b>	A\$ 8.9m	+24%
<b>Revenue<sup>1</sup></b>			
US ACH (Pay Now)	<b>US\$ 831k</b>	US\$ 749k	+11%
US Card (Pay Now)	<b>US\$ 103k</b>	US\$ 117k	-12%
US Finance (Pay Over Time)	<b>US\$ 561k</b>	US\$ 347k	+62%
AU Finance (Pay Over Time)	<b>A\$ 1,693k</b>	A\$ 1,096k	+54%
<b>Group revenue including ancillary products</b>	<b>A\$ 4.2m</b>	<b>A\$ 3.2m</b>	<b>+31%</b>

North America President Jennifer Warawa said:

*“We are very pleased to report 23% US revenue growth on pcp in the first quarter, which reflects both volume growth and revenue yield expansion in our core Finance product. In the last quarter, we continued to improve and optimise the sales and customer success teams, as well as implement a refreshed digital marketing strategy to strengthen QuickFee’s brand awareness and pipeline.*

*We also made progress on our strategic plan to enable exponential growth through our ‘one to many’ relationships. In the first quarter, we established new strategic partnerships with Allinial Global and more recently with IRIS Software Group, with several more partnership opportunities in the pipeline. And we are very pleased to welcome Dave Moore to QuickFee, as Chief Technology Officer. Dave is an experienced technology leader and I am looking forward to working with him to drive product innovation, increased automation and efficiency for our customers.”*

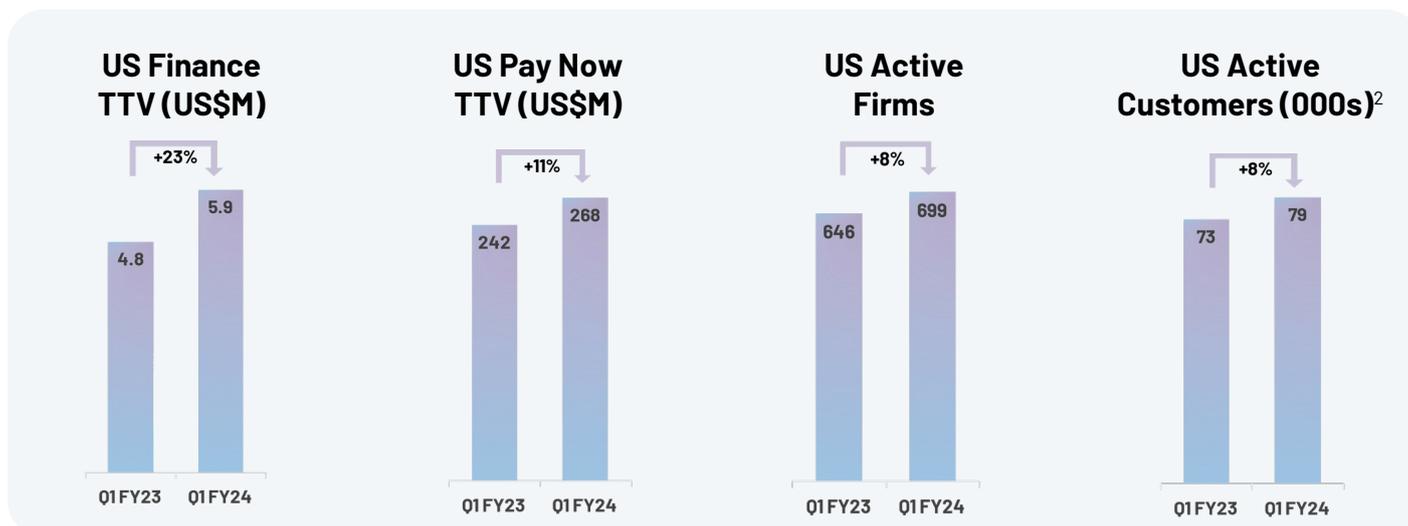
## US commentary

The US business delivered strong financial results in Q1 FY24, in addition to hitting several key operational milestones. US Finance (Pay Over Time) revenue increased by 62% in Q1 FY24 to US\$561K. This revenue growth reflected a 23% increase in volume to US\$5.9 million and a revenue yield improvement of 230 bps to 9.5% on pcp. Pay Now TTV increased 11% to US\$268 million on stable revenue yields of 0.38% for ACH (up 1 bp) and 0.21% for Card (down 7 bps).

Active Customers in the US were up 8% in Q1 FY24 to 79,000 and US Active Firms were up 8% to 699. The implementation of a new territory-based sales model and updated remuneration structure is driving new customer acquisition, with 44 new firm sign-ups in Q1 FY24.

These strong Q1 FY24 results reflect a combination of both internal and external factors. Internally, the strategic decision to focus on the core, higher-margin Finance product, in conjunction with a refreshed sales strategy with incentive alignment on commissions, has driven stronger Finance volumes. In addition, the significant revenue yield improvement demonstrates that demand for cash preservation solutions for SMEs remains resilient in uncertain economic conditions, despite rising interest rates.

## Operational metrics – United States



In Q1 FY24, QuickFee announced a strategic partnership with Allinial Global<sup>3</sup> to offer e-invoicing, online payments and financing options to Allinial’s membership base, which consists of 256 CPA firms around the world. In October 2023, QuickFee announced a strategic partnership with IRIS Software Group<sup>3</sup>, a leading global software provider of accounting and payroll solutions to over 5,000 customers in the United States, including 52 of the top 100 CPA firms, to deliver both QuickFee Connect which enables multiple payment methods, and also QuickFee Finance which enables payment plans, to IRIS’s customer base of accounting firms. Full details of the announcement can be found [here](#).

The new US headquarters officially opened on 17 October 2023 in Dallas, Texas. The move from 100% remote working to a physical Texas location is an important operational milestone with nine of the US team now based in Texas.

### Appointment of Dave Moore as CTO

QuickFee's new Chief Technology Officer, Dave Moore joined QuickFee in early October 2023. Dave is an experienced technology leader in strategy, product development, cloud computing, big data and machine learning. Dave's appointment as CTO represents a significant milestone for QuickFee as it aims to strengthen its position as a leader in the financial technology industry.

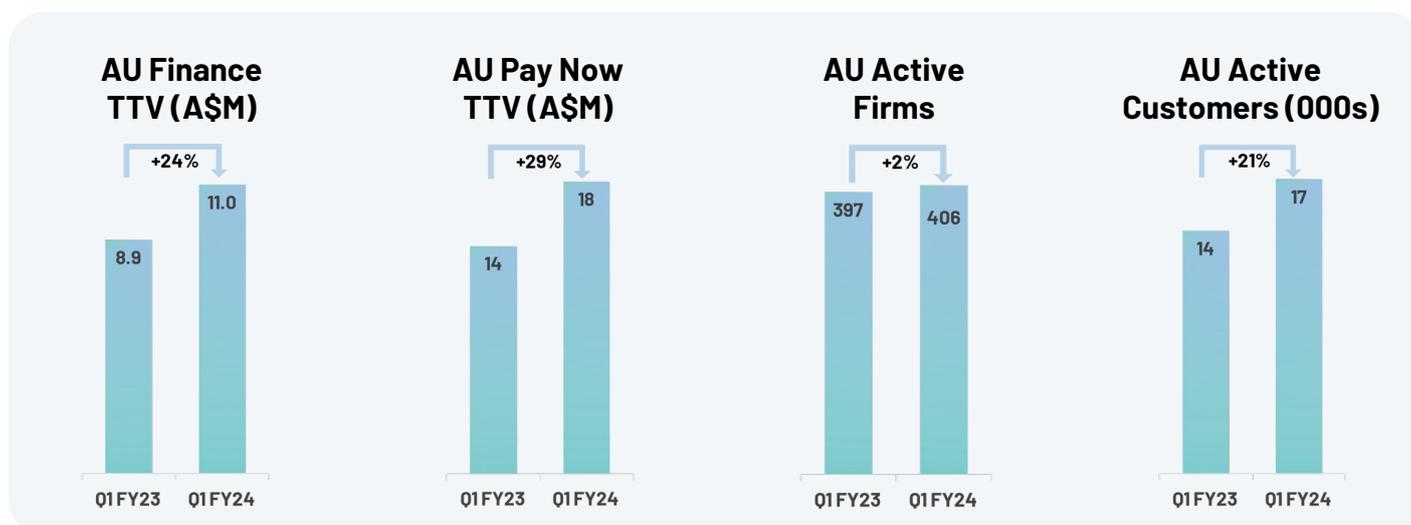
Dave was previously the Chief Innovation Officer at Growth Acceleration Partners, where he played a direct advisory role to companies in the process of digital transformation, helping them to modernise applications and leverage data in decision-making. This strategic consultancy to CTOs, CIOs, and CEOs earned him recognition as one of the most accomplished CIOs in Central Texas, being a finalist for the esteemed ORBIE Award in 2023.

## Australia commentary

The Australian business delivered a very strong result in Q1 FY24, with Finance revenue up 54% on pcp to A\$1.7 million, reflecting 24% volume growth to A\$11.0 million and a yield improvement of 310 bps on pcp to 9.5%. These results highlight that demand remains robust in a rising interest rate environment, as professional services firms and their clients seek to improve their working capital. Active Customers in Australia increased by 21% in Q1 FY24 on pcp to 17,000.

Our 'Q Pay Plan' product, which provides finance to the homeowner services market and includes the Jim's Group Franchise agreement, grew strongly with Q1 FY24 TTV up 200% to A\$0.6 million (Q1 FY23: A\$0.2 million from Q Pay Plan; an additional \$0.2 million TTV in Q1 FY23 was from the discontinued AU BNPL product).

### Operational metrics – Australia



## Expanded funding facilities

The Company has received a letter of offer from Wingate Corporate Investments to expand its funding facilities with a new A\$10 million asset-backed receivables financing facility to fund QuickFee's recent and future organic growth in its growing legal disbursement funding ("DF") business in Australia. QuickFee has been offering finance to personal injury law firms since 2014, to fund disbursement costs for personal injury cases for up to 30 months, with no credit losses incurred to date.

QuickFee's Northleaf Capital Partners ("Northleaf") facility provides funding for DF loans up to 5% of Northleaf's total pledged receivables (equating to approximately A\$2 million of currently utilised capacity). The new A\$10 million receivables-backed facility will fund further QuickFee's Australian DF loans.

Expected key terms are as follows:

- Facility maturity date: 42 months from funding close;
- Interest rate: 1 month BBSY plus 9% margin; and
- To be secured by a general security deed over the assets and undertakings of the Company, certain Australian subsidiaries and all receivables funded by the facility.

QuickFee will be entitled to an advance rate of up to 85% of Australian DF receivables, which at 30 September 2023 has grown to approximately A\$7 million<sup>4</sup>. Net of the amounts financed by Northleaf, this will provide immediate additional liquidity of A\$4.3 million cash and up to A\$10 million as the DF book grows. The facility is subject to finalisation and execution of legal agreements and satisfaction of customary conditions and other conditions for loan facilities of this nature. There are no further material conditions that need to be satisfied.

## Liquidity

At 30 September 2023, the Company had A\$2.3 million liquidity; with both Northleaf and the new facility in place, liquidity headroom at 30 September 2023 is A\$6.6 million on pro forma basis, providing adequate headroom to achieve sustainable profitability within its cash and borrowings facilities.

## Outlook

Non-executive Chairman Dale Smorgon said:

*"We are very pleased with the strong growth in our core, higher margin Finance product in the first quarter, across both the US and Australian markets. This reflects the renewed strategic focus on our core Finance product, together with a refreshed sales strategy. Our US leadership team continues to strengthen and we are well positioned to continue scaling through new partnerships and ongoing process automation.*

*The Q1 FY24 revenue growth, together with expanded funding facilities, gives us confidence that we are on track for operating profitability, with a stronger second half expected in FY24."*

This announcement has been authorised for release by the directors.

– END –

<sup>1</sup> Figures shown are unaudited, from management accounts.

<sup>2</sup> Prior year US Active customers have been restated from 84,000 to exclude BNPL and incomplete/returned transactions.

<sup>3</sup> Except where previously disclosed to the market under ASX Listing Rule 3.1, the strategic partnerships with Allinial Global and Iris software Group do not alone or together constitute material agreements, material contracts with customers or market sensitive information under ASX Listing Rule 3.1.

<sup>4</sup> Circa \$8million inclusive of accrued interest.

For further information please contact:

Corporate: Simon Yeandle, CFO  
p : +61 2 8090 7700  
e : simon.yeandle@quickfee.com

Investors: Katie Mackenzie  
p : +61 455 502 197  
e : kmackenzie@belleviewir.com.au

## About QuickFee

QuickFee (ASX: QFE) is a fast-growing financial technology company. Our mission is to help professional service firms accelerate their accounts receivables and get paid faster. With multiple online payment options and powerful e-invoicing integrations for practice management systems, the QuickFee platform speeds up the bill-to-cash cycle for firms.

Through the QuickFee portal, clients can pay their professional service provider with a credit or debit card, EFT or ACH transfer, or a payment plan over 3-12 months. It allows the client to set their own pace for payments while the firm gets paid upfront and in full.

QuickFee operates in the United States and Australia and focuses on serving the accounting and legal professions. For more information, please visit [quickfee.com](https://quickfee.com).

## About Wingate

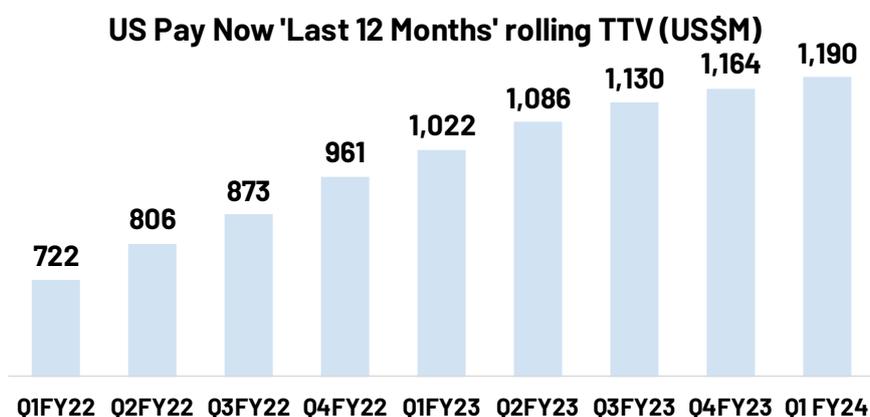
Wingate is a leading alternative investment manager focused on property debt, mid-market corporate debt and direct property investment. Investment opportunities are driven by our specialist Property and Corporate Investments origination and credit teams.

In addition, we hold strategic investments in a select number of innovative, high growth financial services businesses where our experience and track record add significant value for stakeholders. Our platform comprises over 170 investment and fiduciary professionals dedicated to the Australian market.

We are driven by long-term, trusted relationships and delivering sustainable growth through the economic cycle. We feel a deep sense of personal responsibility to our people, co-investors, shareholders and business partners and we take pride in the strong performance of our investments over almost two decades.

## APPENDIX

### Operational metrics – US



### US ACH

TTV in US\$M Revenue <sup>2</sup> in US\$000s	Q1 FY24	Q1 FY23	% +/-
TTV	219	200	+10%
ACH revenue	831	749	+11%
Total revenue/volume yield %	0.38%	0.37%	+1 bps

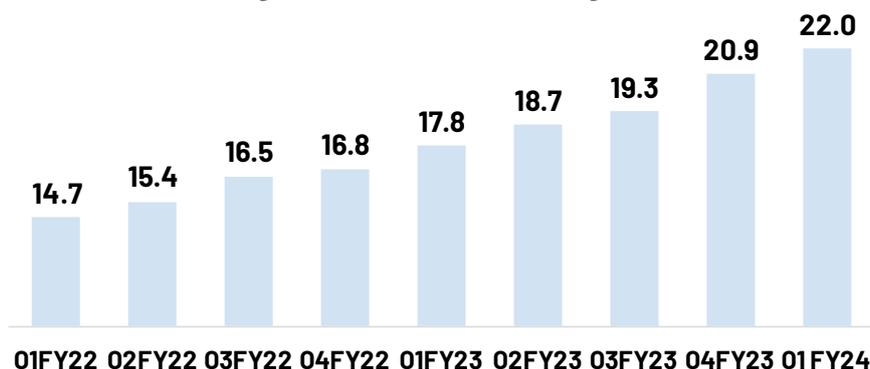
### US Card

TTV in US\$M Revenue <sup>2</sup> in US\$000s	Q1 FY24	Q1 FY23	% +/-
TTV	49	42	+17%
Card revenue*	103	117	-12%
Total revenue/volume yield %	0.21%	0.28%	-7 bps

\*US Card revenue is the net revenue share QuickFee receives from its card processors, not the gross amount surcharged to customers.

US Finance

## US Financing 'Last 12 Months' rolling TTV (US\$M)



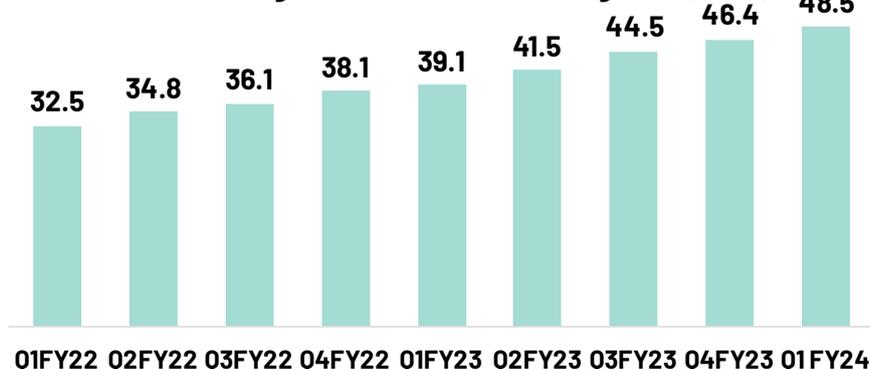
TTV in US\$M Revenue <sup>2</sup> in US\$000s	Q1 FY24	Q1 FY23	% +/-
<b>TTV</b>	<b>5.9</b>	<b>4.8</b>	<b>+23%</b>
Finance revenue (interest)	531	327	+62%
Payments and other revenue	30	20	+50%
<b>Total Finance revenue</b>	<b>561</b>	<b>347</b>	<b>+62%</b>
<i>Total revenue/volume yield %</i>	<i>9.5%</i>	<i>7.2%</i>	<i>+230 bps</i>

## Operational metrics – Australia

AU Finance

TTV in A\$M Revenue <sup>2</sup> in A\$000s	Q1 FY24	Q1 FY23	% +/-
<b>TTV</b>	<b>11.0</b>	<b>8.9</b>	<b>+24%</b>
Finance revenue (interest)	1,530	989	+55%
Payments and other revenue	163	107	+52%
<b>Total Finance revenue</b>	<b>1,693</b>	<b>1,096</b>	<b>+54%</b>
<i>Total revenue/volume yield %</i>	<i>15.4%</i>	<i>12.3%</i>	<i>+310 bps</i>

## AU Financing 'Last 12 Months' rolling TTV (A\$M)



## Glossary of terms

<b>ACH</b>	Automated Clearing House	A type of electronic bank-to-bank payment in the US, equivalent to EFT in Australia
<b>Active customer</b>	Any customer who has transacted with QuickFee in the relevant period	
<b>Active firm</b>	Any firm that has had a transaction with QuickFee in the relevant period	
<b>APR</b>	Annual percentage rate	The annual rate of interest on payment plans or loans
<b>BNPL or Q Pay Plan</b>	BNPL powered by QuickFee	QuickFee's 'Buy Now, Pay Later' product to enable a customer to pay their invoice in 3-12 instalments using the unused balance of their credit card
<b>Card / CC</b>	Debit / Credit card	
<b>Connect</b>	QuickFee's product name for its point-of-payment integration, e-invoicing, automated collections and receivables management product	
<b>Customer</b>	The customer of a merchant, who will use one of QuickFee's payment options to pay their invoice	
<b>EFT</b>	Electronic funds transfer	An Australian domestic payments network that facilitates the transfer of funds electronically
<b>Firm</b>	Typically used to describe a professional services firm (e.g. an accounting or law firm)	
<b>KYC</b>	Know your customer	Practice to verify the identity of customers in compliance with laws and regulations
<b>Merchant</b>	A firm.	
<b>QuickFee Pay Now</b>	QuickFee's payment gateway that enables customers to pay their invoice in full to the merchant with or without taking out a payment plan	
<b>QuickFee Financing/ Finance/ Lending/ Pay Over Time</b>	QuickFee's traditional merchant-guaranteed fee funding product that enable customers to take out a payment plan to pay their invoice, while QuickFee settle to the merchant immediately	
<b>Revenue yield</b>	Revenue recognised in accordance with QuickFee's accounting standards, divided by TTV, for the relevant product(s)	
<b>Total Liquidity</b>	Cash and cash equivalents held, plus undrawn borrowings that are available to be drawn from QuickFee's asset-backed credit facility based on the quantum of eligible loan receivables.	
<b>pcp</b>	Previous corresponding period	For example, the pcp for the December 2023 quarter is the December 2022 quarter
<b>TTV</b>	Total transaction value	The total value of all transactions for the relevant product(s)