



# QuickFee Limited

## Q3 FY21 business update

19 April 2021

**QuickFee.**



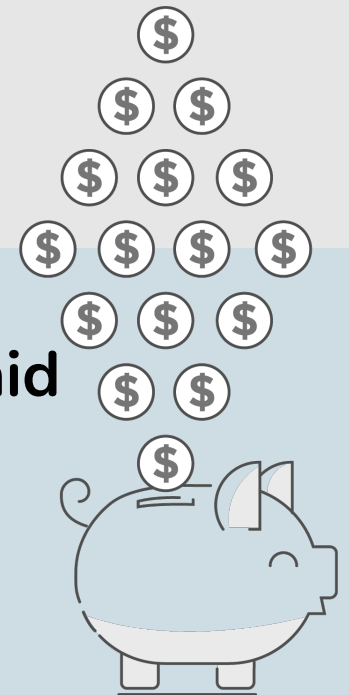
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# The what?

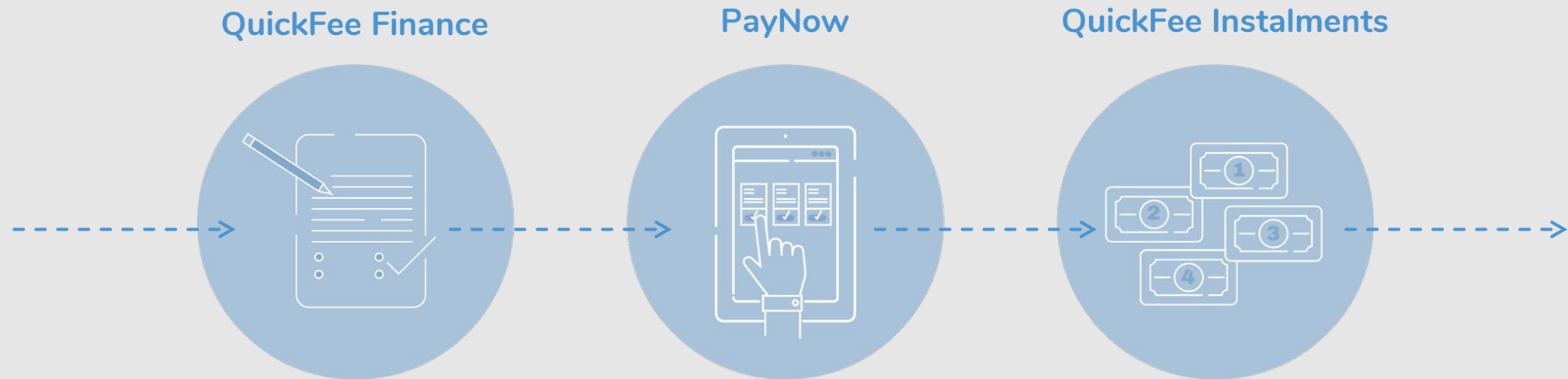
“ Merchant acquirer and loan originator for services businesses ”

**We make it easier for service businesses to grow and get paid**  
 helping customers access the advice and services  
 they need for their businesses, with the ability to  
 pay over time



# Evolution

To be a significant provider of online payments and lending to the services industry





# Q3 FY21 highlights

## Q3 FY21 highlights

US – during COVID we diversified and expanded into a multi-revenue payments and lending business positioned for growth

- 509 active merchants used QuickFee's US platform this financial year to date, up from 327 in the same period in FY20.
- 126,000 active customers have used a QuickFee US product in the 9 months this financial year to date (91,000 in FY20).
- Strong growth in US PayNow transaction volumes: up 128% to US\$152.2M for the quarter, with March 2021 a record month of US\$67.4M.
  - Year to date US PayNow transaction volumes are up 161% over YTD FY20 (US\$436.7M vs US\$167.5M), continuing the strong growth we have seen in the previous two quarters.
  - We expect to see steady growth in US PayNow volumes, as we increase our focus on both new merchant sign-ups and existing merchant usage, through expanded senior Sales and Account Management resources. The launch of ConnectAR for key accounting firms in Q4 FY21 is expected to also drive increased volumes of PayNow transactions in FY22.
- Lending in the US continues to be impacted by the US government's Paycheck Protection Program (PPP) and the recently approved US\$1.9 trillion stimulus package measures.
  - US lending was down 6% to US\$3.4 million (Q3 FY20: US\$3.6 million).
  - Year to date lending is up 24% (US\$11.3M vs US\$9.1m in YTD FY20).
  - We continued to hire senior US talent to strengthen strategic partnership growth opportunities and account management capabilities, which are targeted at growing our lending base as well as PayNow volumes.

## Q3 FY21 highlights

AU – reduced demand for lending, green shoots of return to pre-COVID levels

- 461 active merchants have used QuickFee AU's platform this financial year to date (vs 473 year to date in FY20).
- 24,000 active customers in Australia this financial year to date (30,000 in all of FY20).
- Lending in Australia is still being impacted by government stimulus measures, but we have seen early signs of improvement as stimulus measures are reducing.
  - Australia lending was down 41% to A\$6.8 million (Q3 FY20: A\$11.6 million).
  - March was the strongest lending month of this financial year, giving us confidence that lending demand is improving.

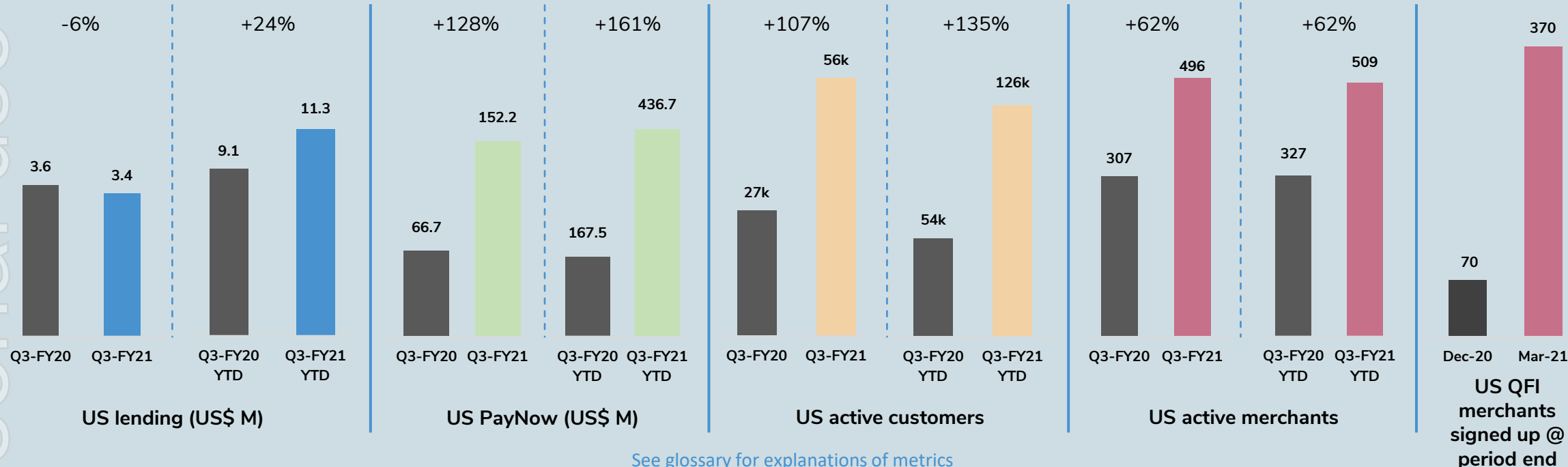
### QF Instalments

- QuickFee Instalments is continuing to gain traction in Australia and the US.
  - 531 merchants had signed up to the product by 31 March 2021: 370 in US and 161 in Australia.
  - Lending volumes are still nascent as we are now executing on our go-to-market strategies, focusing primarily on accounting and law (where the majority of our existing expertise and first mover advantage lies) and other services verticals.

### ConnectAR

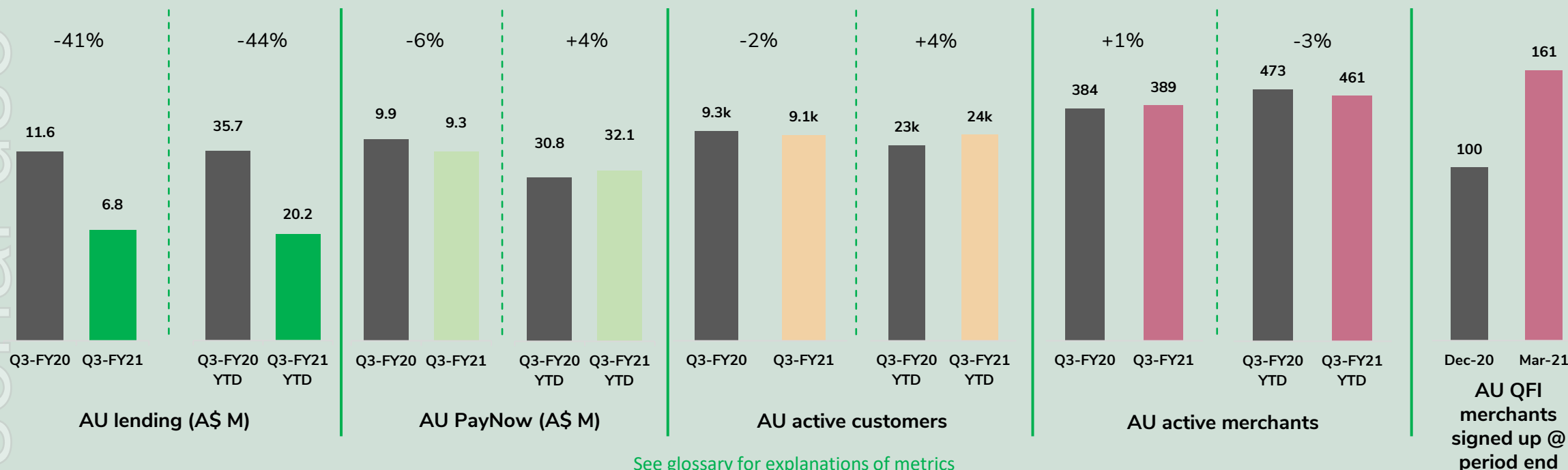
- ConnectAR integration is on track to be launched by end of Q4 FY21.
  - The integration and e-invoicing tool is initially expected to capture higher volumes of our existing customers' invoices as well as cement our relationship with them.

# Q3 FY21 highlights performance – US





# Q3 FY21 highlights performance – AU





# Strategy update

# “Provide solutions for every payment need in our chosen market”



## Our growth strategy is underpinned by:

- Recruiting the best US talent available and payments expertise across sales, service, marketing, operations, product, and technology
- Building out our sales and marketing talent in Australia
- Channel partnerships
- Integration of our payment solutions with invoicing solutions
- Our first mover advantage and expertise in the large accounting and law markets in the US
- Investment in technology advancements, to:
  - Drive demand and lead generation through automated marketing and sales architecture
  - Build a seamless merchant and customer experience for every transaction
  - Launch ConnectAR to capitalise on structural shifts
- Strengthening our foundation – technology, automation, payment platforms, marketing





# We have the right talent / AU-US

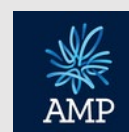
## OUR EXPERTISE

Recruiting the best talent available to execute our strategy:

- Payments and fintech
- Professional services
- Sales and marketing

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

 <p><b>Richard Formoe</b> Chief Commercial Officer</p>	 <p><b>James Drummond</b> Chief Operating Officer</p>	 <p><b>Eric Lookhoff</b> President – US</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>



# 4 low credit risk revenue streams

## Finance

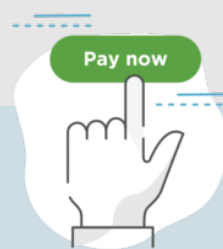
*Accounting and law*

**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.

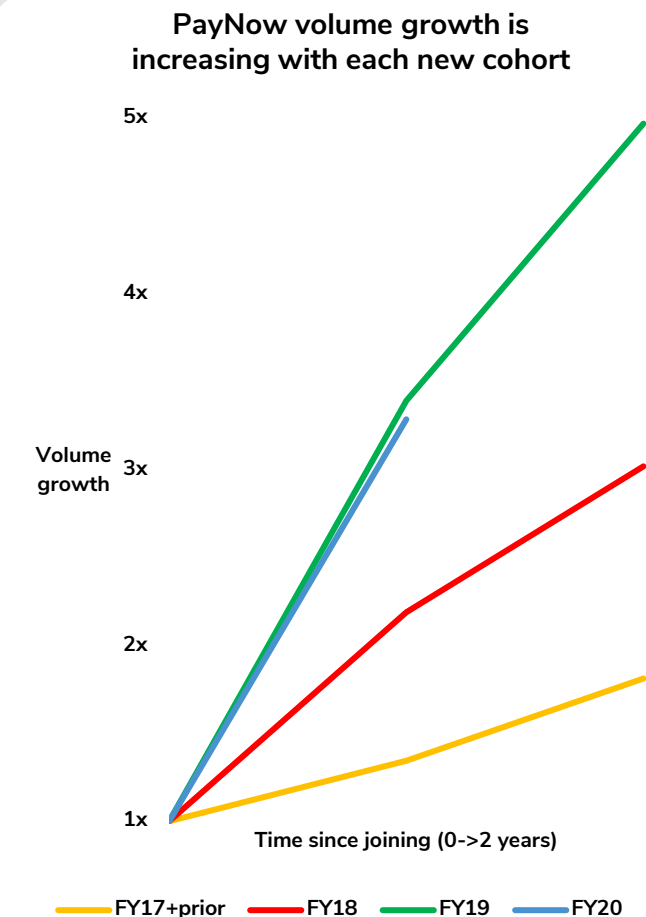
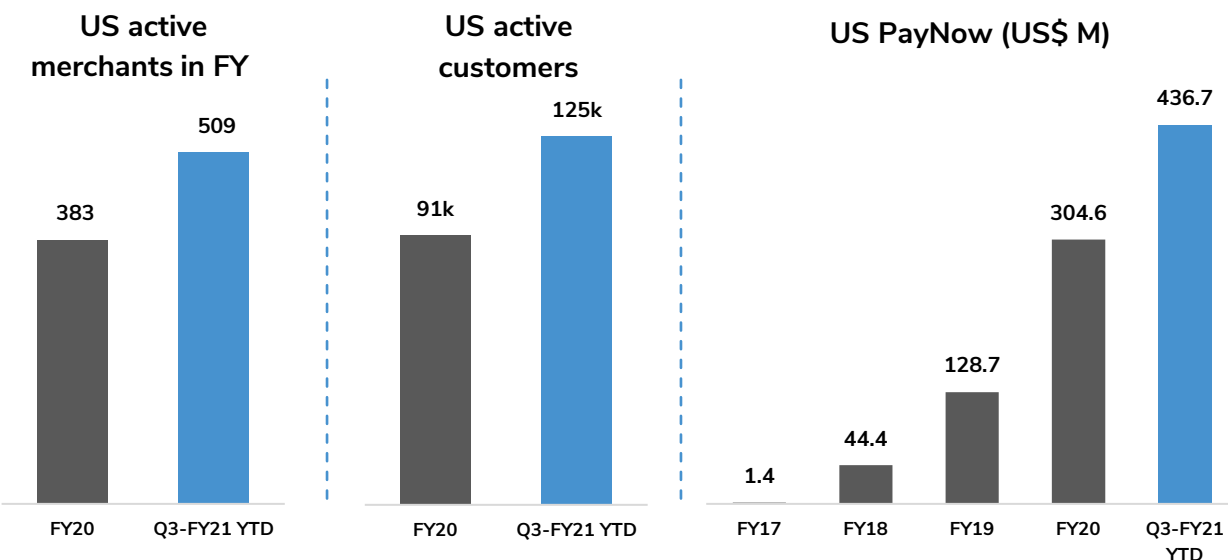


## ConnectAR

e-invoicing to drive shift to digital for professional firms and volume

## Payments

- PayNow – payment gateway for professional firms (ACH/EFT and credit cards)
- Structural tailwinds, ConnectAR and point-of-payment integrations will both drive more payments as invoices continue to shift from paper to electronic
- US transaction revenue between 0.25% - 1.0% x value (generally volume-based)





## QuickFee Instalments – truly different

- Low risk BNPL payment plans for service businesses
- Focusing on more expensive and necessary purchases
- 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 consumer's credit score
- Encouraging early interest from merchants in both our core accounting and law sector and other service verticals: 370 sign-ups in the US and 161 in Australia to date

In the US market, QuickFee Finance currently services firms with >US\$1m in annual revenue

Our 'interest free' product will allow QuickFee to address a further 650,000 firms in the US accounting and legal sectors alone

Offer payment plans to consumers for the first time – for merchants of all sizes

US firm revenue	CPA firms	Law firms
Potential new QF Instalments segment	241,881	418,575
Existing QF Financing segment	5,345	20,616

Source: D&B Hoovers (Feb 2021)

QF = QuickFee

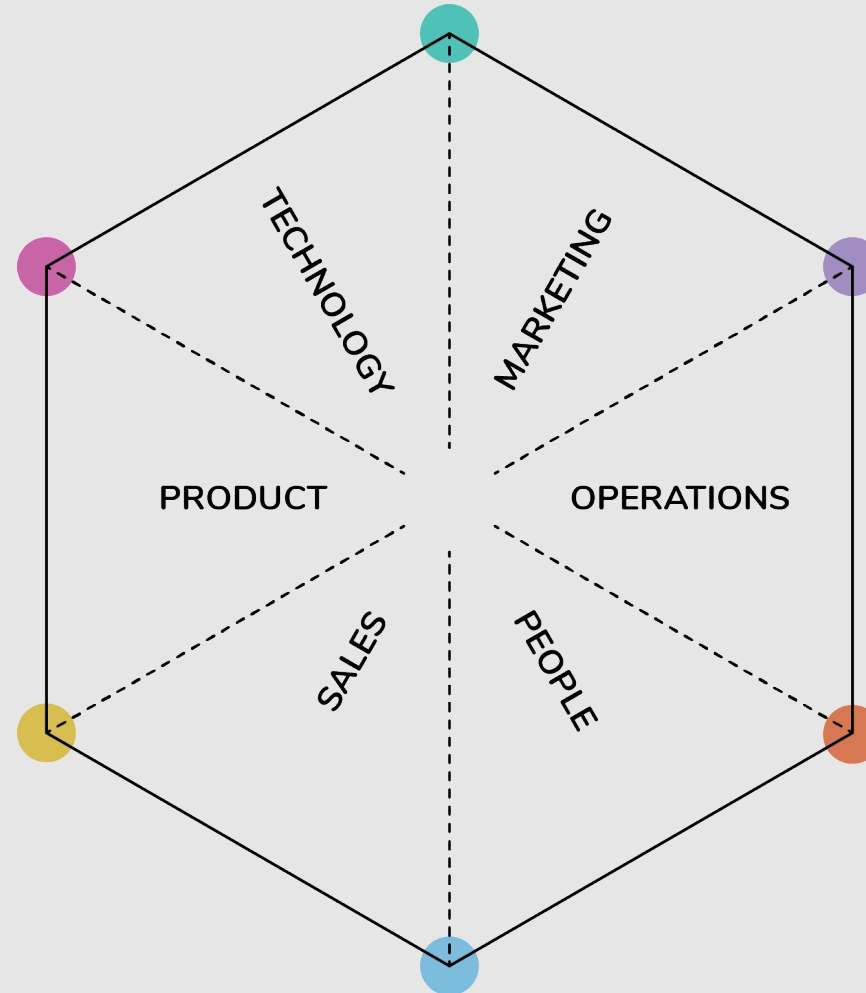


# Strong footprint in accounting

- Clients looking for business advice rely on their accountant
- As a trusted adviser using QuickFee, a recommendation is powerful
- We have deep expertise, experience and networks in professional services in both markets
- We have made rapid investment in enhanced account management and customer success
- We have a first mover advantage in the huge professional services market in the US



# Strengthen our foundation



# Strengthen our foundation

## People

- Talent first, location second
- Employer of choice
- Values
- Equity

## Marketing

- Branding
- Positioning
- Messaging
- Demand generation

## Operations

- Scalable onboarding
- Seamless merchant application experience
- Automated underwriting
- Point-of-payment integrations

## Product

- Features
- Recurring
- Functionality
- Integrations

## Sales

- Business development
- Go-to-market strategies
- Channel

## Technology

- Control our own product, platform and technology destiny
- Security and compliance:
  - InfoSec policy
  - Complete SOC 2 Type 1 & 2 certification
  - ISO 27000 and SOCII Type 1 and 2 certifications

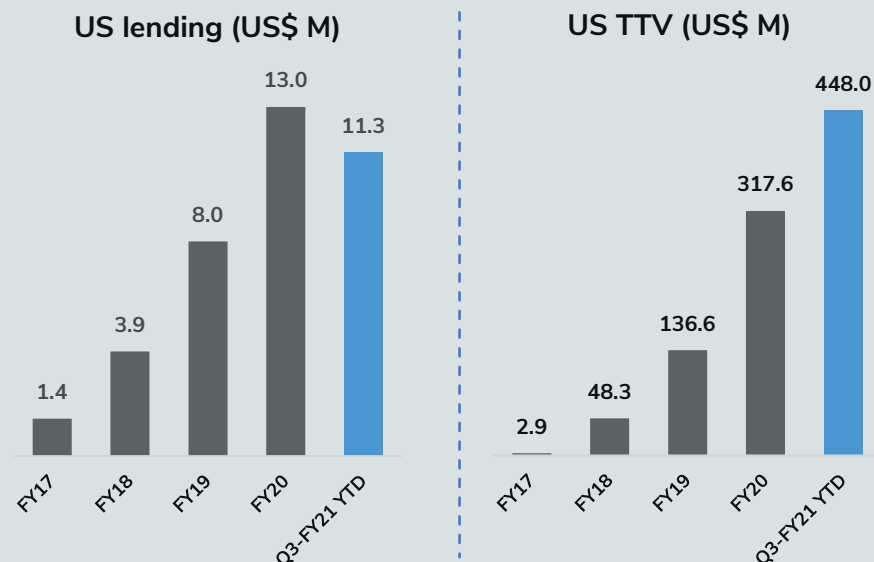
# We have a clear roadmap and expertise

- ✓ Payment expertise
- ✓ Strong management
- ✓ Product development capability
- ✓ Well-funded
- ✓ First mover advantage
- ✓ Technology capability
- ✓ Risk management capability
- ✓ Processing platform (ACH and CC)
- ✓ Marketing capability
- ✓ Go-to-market strategy
- ✓ Structural tailwinds
- ✓ Merchant direct model
- ✓ Sales talent
- ✓ Engineering capability



# Market and financial information

## US growth



## Track record of payments and lending growth

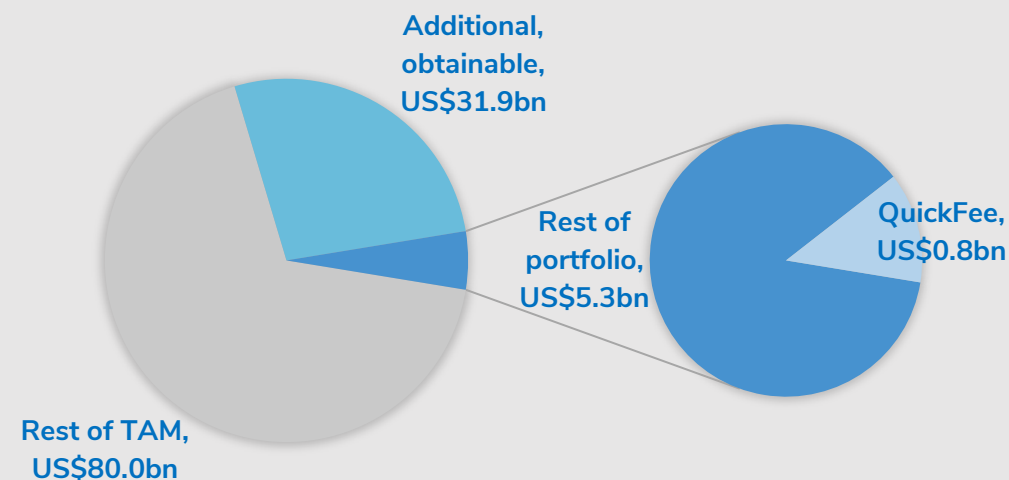
### Lending growth drivers:

- Firm numbers
- Accounting and law expertise
- Enhanced account management

### Payments growth drivers:

- Macro move to online
- Enhanced payments organisation
- ConnectAR
- Huge potential TAM

## US accounting opportunity\*

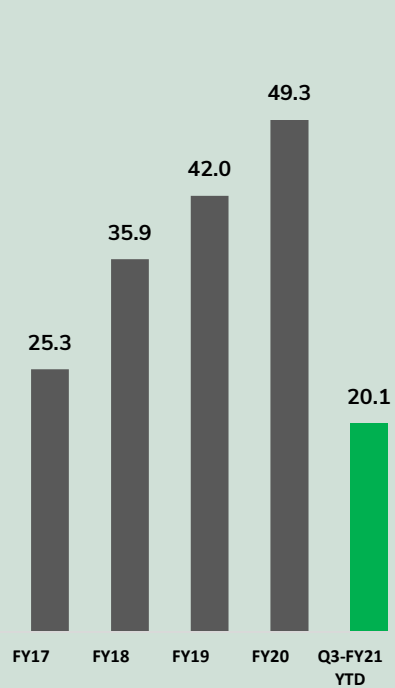


- QuickFee's current portfolio of accounting firms generate US\$6.1bn revenue. QuickFee currently captures 13% of this in ACH/CC payments.
- The total US accounting market revenue is US\$118 billion, of which we estimate US\$38 billion is our core target market / relevant to our current product suite.

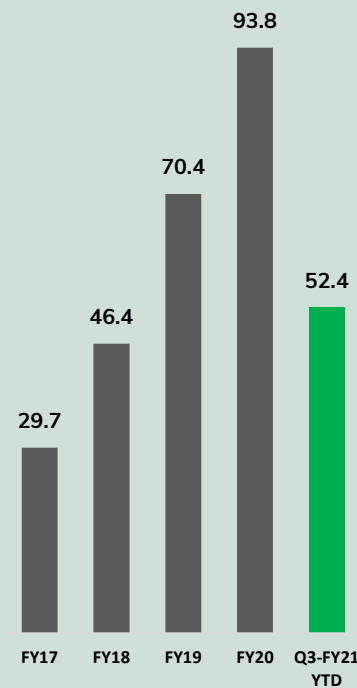
\*Source: Vertical IQ and managements' estimates

# AU consolidation and growth

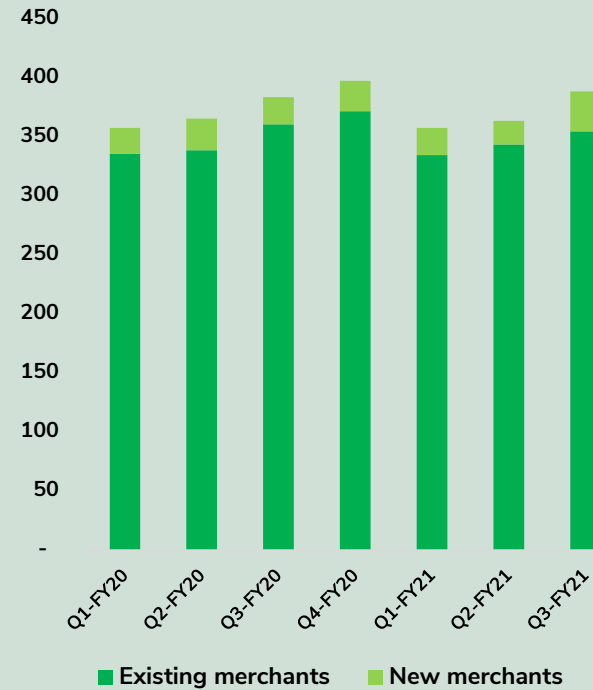
AU lending (A\$ M)



AU TTV (A\$ M)



Active merchants per quarter



AU active customers



# Larger margin expansion opportunities

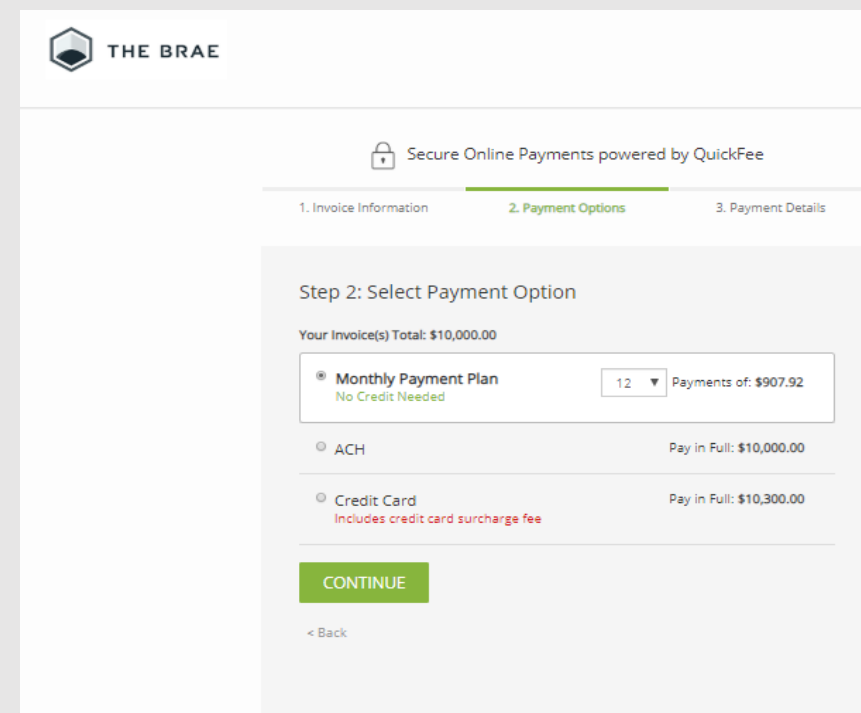
- Highly scalable payments platform and operating infrastructure
- Payment processing fees are expected to reduce proportionately with volumes
- Low risk products are expected to keep bad debts/charge-offs at industry-leading rates; only six firms have defaulted in 10 years
- Investment in underwriting and onboarding automation drives operating leverage
- B2B payments opportunity in the US is expected to continue to improve TTV / TEC

	FY19	FY20	H1-FY21
Interest income	4.5	5.7	2.6
Revenue from contracts with customers	1.2	2.8	1.9
<b>Total revenue</b>	<b>5.7</b>	<b>8.5</b>	<b>4.5</b>
Less: interest, cost of sales + receivables impairment	(1.8)	(3.4)	(1.3)
<b>Net transaction margin</b>	<b>3.9</b>	<b>5.1</b>	<b>3.2</b>
<b>NTM / revenue %</b>	<b>68%</b>	<b>60%</b>	<b>71%</b>
<b>Employees at end of period</b>	<b>20</b>	<b>34</b>	<b>49</b>
Total transaction values (TTV) A\$M	261.1	566.9	441.0
Total employment costs (TEC) A\$M	2.7	4.8	3.7
<b>TTV / TEC</b>	<b>98x</b>	<b>119x</b>	<b>119x</b>

## Multiple revenue sources

Source	AU market	US market
Interest and fee income from lending	YES	YES
Platform fees	Some	YES
Transaction income	NO	YES
Net credit card processing income	NO	YES
QuickFee Instalment revenue	YES	YES
ConnectAR e-invoicing and integrations	FY21 release	FY21 release

## Easy-to-use online payment portal 24/7



THE BRAE

Secure Online Payments powered by QuickFee

1. Invoice Information    2. Payment Options    3. Payment Details

Step 2: Select Payment Option

Your Invoice(s) Total: \$10,000.00

☒ Monthly Payment Plan    12    Payments of: \$907.92  
No Credit Needed

☐ ACH    Pay in Full: \$10,000.00

☐ Credit Card    Pay in Full: \$10,300.00  
Includes credit card surcharge fee

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# Glossary

ACH	Automated Clearing House	A type of electronic bank-to-bank payment in the US, equivalent to EFT in Australia
EFT	Electronic Funds Transfer	An Australian domestic payments network that facilitates the transfer of funds electronically
ConnectAR	QuickFee's internal product name for its point-of-payment integration, e-invoicing and receivables management product strategy	
CC	Credit Card	QuickFee's customers can use the PayNow product to pay via ACH or credit card
QuickFee Finance	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 accounting / law firm or any 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 client 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

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