



QuickFee Limited

Q4 and FY21 business update and
FY21 earnings guidance

12 July 2021

QuickFee.




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“A merchant acquirer and loan originator for service 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





Q4 and FY21 highlights

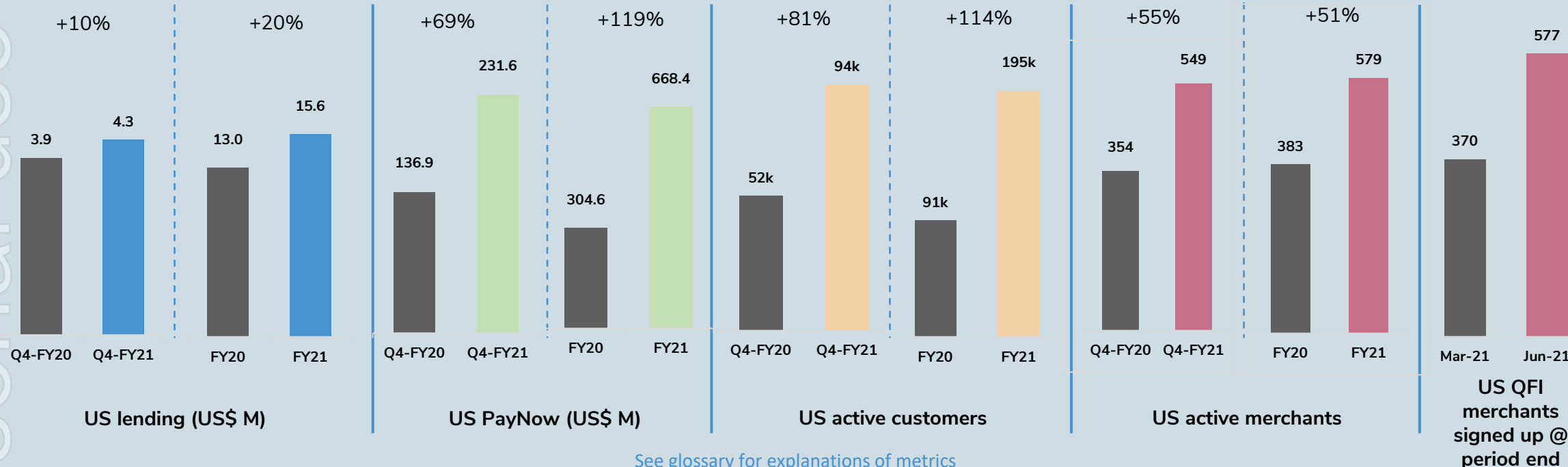
Q4 and FY21 highlights – US

US – growth across all products, merchant and customer numbers

US operations

- 579 active merchants used QuickFee's US platform this financial year, up 51% from 383 in FY20.
- 195,000 active customers have used a QuickFee US product this financial year, up 114% vs FY20 (91,000).
- US pay in full (PayNow) transaction volumes were up 69% to US\$231.6 million over the pcp (being the June 2020 quarter), with May 2021 a record month of US\$79.8 million.
 - For FY21, US PayNow transaction volumes are up 119% over FY20 (US\$668.4 million vs US\$304.6 million), continuing the strong growth we have seen all year.
 - 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 development 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 for Q4 FY21 was up 10% over the pcp at US\$4.3 million. While demand for lending remains suppressed due to COVID-19 government stimulus, we have delivered new merchant sign ups and increased focus on account management which will mitigate this temporary impact on lending growth.
 - Full year FY21 lending is up 20% (US\$15.6 million vs US\$13.0 million in FY20).
- We have completed our sales restructure and now have teams across accounting and law new business, account management, strategic channel partnerships, alliances and demand generation marketing architecture for QuickFee Instalments.

Q4 and FY21 highlights performance – US



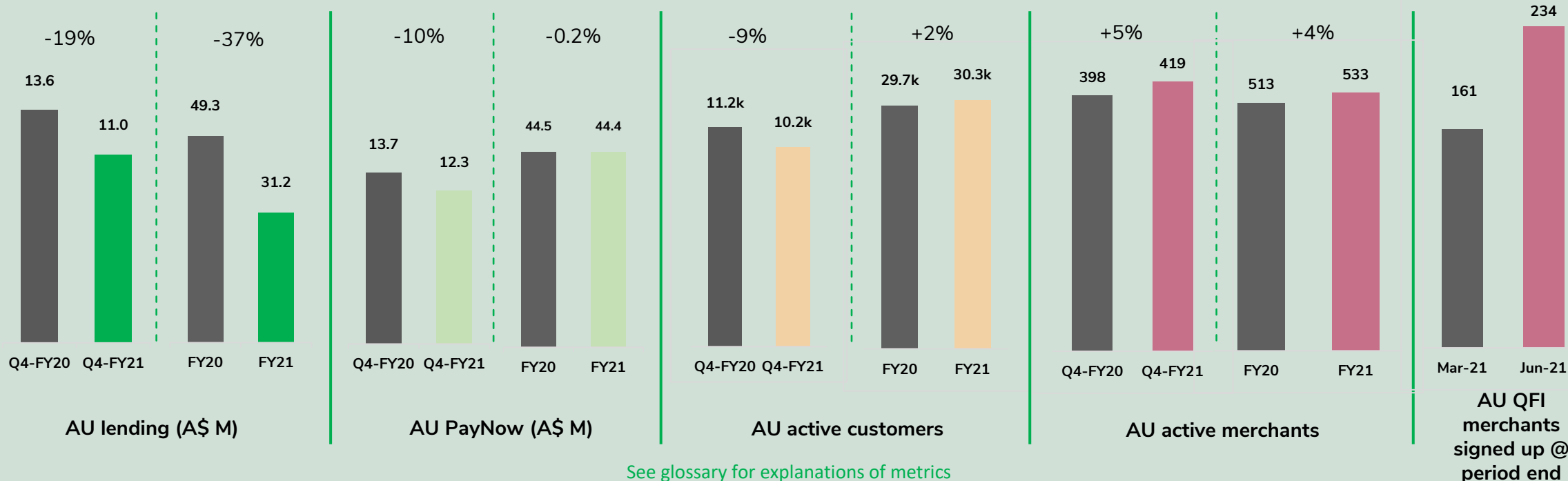
Q4 and FY21 highlights – AU

AU – green shoots for a return to pre-COVID-19 levels with a stronger finish to the quarter

Australian operations

- 533 active merchants used QuickFee AU's platform in FY21, up 4% from 513 in FY20.
- Active customers in Australia this financial year up 2% to 30,300 from 29,700 in FY20.
- Lending in Q4 FY21 was down 19% to A\$11.0 million vs Q4 FY20 (A\$13.6 million).
 - Q4 FY21 saw a marked increase in lending activity compared to earlier months in FY21, with a 62% improvement over Q3 FY21 (A\$6.8 million).
 - Each of the three months in Q4 FY21 were individually the three highest months in FY21 with respect to lending volume.
 - Lending for FY21 was A\$31.2 million, down 37% vs A\$49.3 million in FY20.

Q4 and FY21 highlights performance – AU



Q4 and FY21 highlights – Instalments

QuickFee
Instalments –
gaining momentum
in new and existing
verticals

QuickFee Instalments (QFI)

- QFI is continuing to gain traction in Australia and the US.
 - 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 commercial services which drove 60% of US QFI volume in Q4 FY21.
 - The average transaction size for QFI in the US for Q4 FY21 was approximately US\$3k.
 - The shorter three-month duration of QFI payment plans vs our traditional lending product (three to 12 months), recycles capital at a greater velocity, delivering lower loan book growth but more efficient use of capital.

Q4 and FY21 highlights – technology

Technology and processing platform development across all 4 revenue streams

- We completed development of our proprietary processing services ('QUBE') for ACH and credit card (PayNow), augmenting our current third-party model.
- 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:

- Our new 'merchant direct' application platform, which enables fully automated merchant underwriting and onboarding, is expected to be live in Q1 FY22.
- Beta-testing of our integration product, ConnectAR, will commence in the next few weeks.

FY21 earnings guidance

During COVID-19 we diversified and expanded into a multi-revenue payments and lending business positioned for growth

- Payments processing and platform revenue in the US have benefited from both a COVID-19 related and structural shift to online invoicing and payments. FY21 revenue from contracts with customers is anticipated to be between A\$3.5 million to A\$4.5 million (FY20: A\$2.8 million).
- Traditional lending demand has been impacted by government COVID-19 stimulus in both the US and Australia. Consequently, FY21 gross interest income is anticipated to be between A\$4.0 million to A\$5.0 million (FY20: A\$5.7 million).
- FY21 gross profit is anticipated to be A\$6.0 million to A\$7.0 million (FY20: A\$5.7 million).
- We have continued our substantial investment in US and Australian sales and marketing headcount, payments expertise, technology and product development, which will accelerate our growth in future years. The FY21 loss after tax is anticipated to be between A\$8.0 million to A\$9.0 million (FY20: loss of A\$3.8 million).
- The group loan book balance at 30 June 2021 is anticipated to be A\$26.0 million to A\$27.0 million (31 December 2020: A\$26.5 million); this has decreased from 30 June 2020 as lending demand has been suppressed for the majority of FY21.
- QuickFee remains well funded with adequate liquidity and growth capacity.
- Eric Lookhoff assumed the role of Managing Director on 1 July 2021.

Strategy and outlook

Four pillars of increased strategic capabilities

Our payment solutions have traditionally served a growing portfolio of enterprise professional service firms. Moving forward, we will deepen our focus in the enterprise professional services vertical and expand to other segments of the services sector, including commercial and personal services, which opens new markets and higher yielding products.

To achieve this, we are constructing four pillars of increased strategic capabilities:

- (1) a robust and effective go-to-market strategy underpinned by effective brand positioning, precision demand generation, and high-velocity sales conversion;
- (2) a highly scalable and user-friendly processing platform;
- (3) an improved economic model which is expected to deliver greater transactional margin and higher processing yields across lending and payments; and
- (4) a highly engaged, experienced, motivated and high-performing team of payments and lending professionals.

Strategy and outlook - continued

Progress has already been made on the four strategic pillars

Pillars 1 and 2: a robust and effective go-to-market strategy; and a highly scalable and user-friendly processing platform

QuickFee has now joined forces with Salix Data to enable intelligent automation of its payment solutions, starting with an automated application process for QuickFee's 'Buy Now, Pay Later' instalments product. Salix Data is a leader in information management, business process outsourcing, and workflow automation services. Over the last 20 years, Salix has partnered with top healthcare providers, law firms, and payments companies to identify and develop scalable customer facing data solutions.

Pillars 2 and 3: a highly scalable and user-friendly processing platform; and an improved economic model

QuickFee has agreed to a strategic partnership with BlueSnap, a leading payments technology company. BlueSnap's all-in-one payment platform offers over 100 payment methods empowering global B2B and B2C businesses with the ability to increase sales and reduce costs. The partnership will broaden feature sets across the product suite while expanding ACH volume, processing margins, settlement functionality, improved underwriting automation, and card processing capabilities.

Funding

Discussions are well advanced with a leading global finance company to secure expanded funding lines to support the expected growth in QuickFee's loan book.

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 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
pcp	Previous corresponding period	For example, the pcp for the June 2021 quarter is the June 2020 quarter

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Contact details:

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| • Eric Lookhoff, CEO | p: +61 2 8090 7700 | e: eric.lookhoff@quickfee.com |
| • Simon Yeandle, CFO | p: +61 2 8090 7700 | e: simon.yeandle@quickfee.com |
| • Eric Kuret, Investor Relations | p: +61 3 9591 8904 | e: eric.kuret@marketeye.com.au |