

ASX Release | 13 September 2022

QuickFee Limited

- + Refocused US strategy on core professional services market
- + US Buy Now, Pay Later (BNPL) offering to be discontinued
- + Profitability pathway unchanged; strong start to FY23

QuickFee Limited (ASX:QFE) ("QuickFee", "Company") today announces a business update for the months of July and August 2022 ("Q1 FY23 to-date") and a refined United States (US) strategy to focus exclusively on its core professional services payments and lending business, discontinuing its BNPL product in the US.

Highlights

- **Expected achievement of run-rate profitability by the end of FY23 within existing cash and borrowing facilities, remaining unchanged**
- **A single organisational focus on the growth of the professional services PayNow and Financing products in the US**
- **BNPL product will be sunsetted in the US over the coming weeks**
- **Jim's Group and adjacent homeowner financing services in Australia to continue unchanged**
- **Strong start to the FY23 year in PayNow and Financing for the months of July and August 2022 ("Q1 FY23 to-date")**
 - **US PayNow US\$161 million, up 38% vs pcp (US\$117 million)**
 - **US Financing US\$3.3 million, up 38% vs pcp (US\$2.4 million)**
 - **AU Financing A\$5.5 million, up 17% vs pcp (A\$4.7 million).**

Strategic update

After a thorough review of its business and product strategies in both the US and Australia, QuickFee has made the decision to cease all BNPL operations in the US. The US BNPL product generated negative gross profit in FY22 of AUD213,692 and would require continued investment in order to deliver any material profit contribution. The Company believes it is in shareholders' best interests to allocate resources and management time to those products that will produce the greatest and most immediate contribution to revenue, operating profit and cash flow. QuickFee's refined strategy will have the following benefits:

- Bringing a singular organisational focus on the US operation's core strength of helping professional firms get paid faster, and its most valuable US asset, that of its CPA and law firm merchant base;
- Leveraging the greatest opportunity QuickFee has for transaction volume, revenue and EBITDA growth through PayNow and Financing products in the US professional services sector;

- An increased commitment to the development, marketing and sales of QuickFee Connect will drive new professional firm sign-ups and increased usage of QuickFee's product within the existing customer base; and
- Taking advantage of the prevailing US economic conditions and rising interest rates, to drive demand for the Financing product.

Consequently, all BNPL product development, sales and marketing activities will cease. Existing US staff are now redeployed to the ACH, Card and Financing products. There is not expected to be a material change to operating profit in FY23 as a result of this product discontinuation.

Operational update

Total transaction values (TTV)	July & August 2022	July & August 2021	Year-on-year movement
Professional services			
US ACH (Pay Now)	US\$133m	US\$94m	+41%
US Card (Pay Now)	US\$28m	US\$23m	+22%
Total US Pay Now	US\$161m	US\$117m	+38%
US Financing (Pay Later)	US\$3.3m	US\$2.4m	+38%
AU Financing (Pay Later)	A\$5.5m	A\$4.7m	+17%
BNPL (Buy Now, Pay Later)			
BNPL total transaction volume – US	US\$1.0m	US\$0.3m	+233%
BNPL total transaction volume – AU	A\$0.2m	A\$0.1m	+100%

QuickFee is pleased to report a strong start to FY23. In the US, ACH and credit card volume in Q1 FY23 to-date was US\$161 million, a 38% improvement on the prior corresponding period (US\$117 million). US Financing grew 38% to US\$3.3 million vs pcp (US\$2.4 million).

Since 1 January 2022, QuickFee has signed 108 professional services firms in the US for the PayNow or Financing products, 19 of which have annual revenue over US\$10 million. With all sales and marketing efforts now focussed on this vertical, the Company expects further firm sign-ups over the course of FY23, and all product development is now dedicated to improving the experience and usage of professional firms and their clients.

In Australia, QuickFee achieved A\$5.5 million in lending for Q1 FY23 to-date, 17% up vs pcp as economic conditions continue to drive borrowing demand.

Monthly average underlying cash burn has been reduced to A\$620,000 over July and August (FY22: A\$826,000) as a result of recent reductions in product and BNPL sales and marketing headcount and is expected to continue to reduce throughout FY23 as volume and revenue grow. The contribution of the US BNPL product in FY23 to operating profit was not expected to be material; the Company remains on track to achieve run-rate profitability by the end of FY23 within existing cash and borrowing facilities.

Management update

Consistent with the renewed focus on professional services in the US, James Drummond, who transitioned to a consultant role in early July 2022, has re-joined the Company in a full-time capacity. James is a qualified CPA and has extensive knowledge of the US professional services market, upon which QuickFee's US business was built.

CEO update

A well-established US-based executive search firm has been engaged to conduct the search for a new US-based CEO. The Board believes that QuickFee's refined singular focus on its core professional services market will assist in identifying outstanding candidates for the role. While the search continues, Bruce Coombes, Dale Smorgon and Simon Yeandle continue to fulfil CEO responsibilities.

Commenting on the strategic update and start to the financial year, QuickFee Chairman Barry Lewin, said:

"The FY23 year has started strongly and we are seeing strong growth rates across our core professional services products.

"In FY22, we achieved several important milestones and set the business up for sustained profitability; now, without the distraction of non-core products and strategies, we will continue to grow as a significant provider of online payments and lending to the professional services sector, doing what we have always done best, which is helping our firms get paid faster.

"We have a clear, narrow focus and defined target market, a scalable technology platform, an improved economic model, ongoing tailwinds for the business and an invigorated team, all of which give me great confidence in QuickFee's continued growth and run rate profitability in FY23."

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 low risk loan origination offerings to professional and commercial 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 CC, EFT/ACH or a payment plan.

QuickFee currently operates in the United States and Australia. For more information, visit quickfee.com.