

ASX Release | 18 January 2024

Record revenue up 38% in Q2 FY24, driven by strong growth in QuickFee Finance

QuickFee Limited (ASX: QFE) ("QuickFee", "Company") today announced a business update for the quarter ended 31 December 2023 (Q2 FY24) and half-year ended 31 December 2023 (H1 FY24).

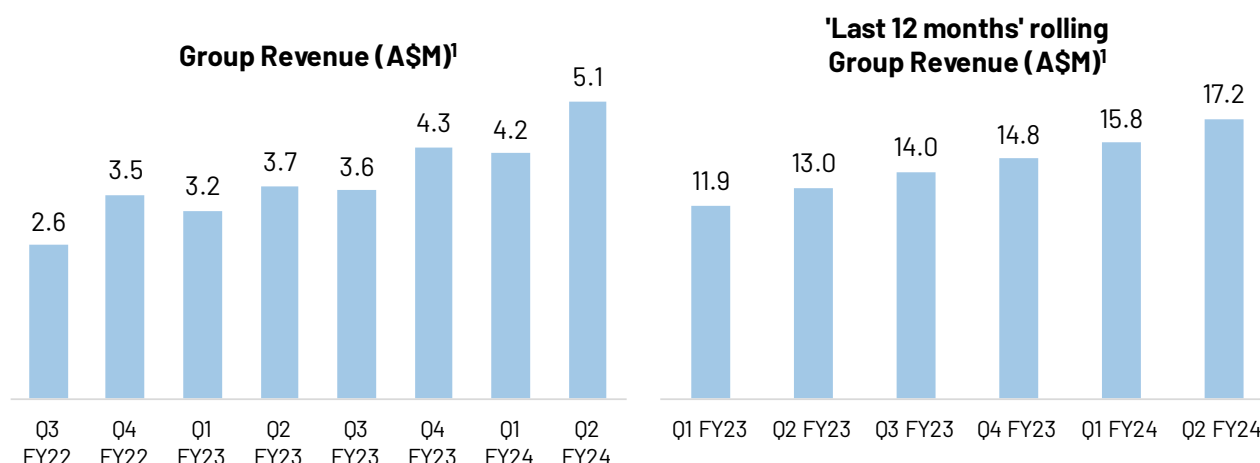
Key Highlights

- **Record Q2 FY24 revenue of A\$ 5.1 million, up 38% on the prior corresponding period (pcp) and up 21% on the prior quarter (qoq)**
 - US Finance Total Transaction Values (TTV) up 45% on pcp to US\$7.7 million (Q2 FY23: US\$ 5.3 million)
 - US Finance revenue up 58%; revenue yield improvement of 70p bps on pcp
 - AU Finance revenue up 55%; revenue yield improvement of 280 bps on pcp
 - Total US Pay Now revenue up 20% on pcp
- **New US sales strategy is driving strong revenue growth in the US**
 - US revenue growth driven by US Pay Now and strong growth in US Finance, with record Finance TTV in the month of December 2023 of US\$3.3 million
 - Strategic partnerships with Allinial Global and IRIS Software Group are progressing well
- **Increased demand for AU Finance in mature market**
 - AU Finance TTV up 23% in Q2 FY24 on pcp, reflecting increasing demand for cash flow solutions
 - Finalised A\$10 million facility to support growth in the Australian legal disbursement funding product, providing 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
- **Positive momentum in 2H FY24**
 - Continue to track towards operating profitability, with H2 FY24 performance expected to continue recent trends and be stronger than H1 FY24
 - QuickFee has adequate headroom to achieve sustainable profitability within its existing cash and borrowings facilities

Q2 FY24 performance ¹	Q2 FY24	Q2 FY23	Year-on-year movement
Total transaction values (TTV)			
US ACH (Pay Now)	US\$ 298m	US\$ 252m	+18%
US Card (Pay Now)	US\$ 60m	US\$ 54m	+11%
Total US Pay Now	US\$ 358m	US\$ 306m	+17%
US Finance (Pay Over Time)	US\$ 7.7m	US\$ 5.3m	+45%
AU Finance (Pay Over Time)	A\$ 14.4m	A\$ 11.7m	+23%
Revenue¹			
US ACH (Pay Now)	US\$ 1,108k	US\$ 953k	+16%
US Card (Pay Now)	US\$ 110k	US\$ 63k	+75%
US Finance (Pay Over Time)	US\$ 646k	US\$ 409k	+58%
AU Finance (Pay Over Time)	A\$ 1,914k	A\$ 1,232k	+55%
Group revenue including ancillary products	A\$ 5.1m	A\$ 3.7m	+38%

H1 FY24 performance ¹	H1 FY24	H1 FY23	Year-on-year movement
Total transaction values (TTV)			
US ACH (Pay Now)	US\$ 517m	US\$ 452m	+14%
US Card (Pay Now)	US\$ 109m	US\$ 96m	+14%
Total US Pay Now	US\$ 626m	US\$ 548m	+14%
US Finance (Pay Over Time)	US\$ 13.6m	US\$ 10.1m	+35%
AU Finance (Pay Over Time)	A\$ 25.4m	A\$ 20.6m	+23%
Revenue¹			
US ACH (Pay Now)	US\$ 1,939k	US\$ 1,702k	+14%
US Card (Pay Now)	US\$ 213k	US\$ 180k	+18%
US Finance (Pay Over Time)	US\$ 1,207k	US\$ 756k	+60%
AU Finance (Pay Over Time)	A\$ 3,607k	A\$ 2,328k	+55%
Group revenue including ancillary products	A\$ 9.3m	A\$ 6.9m	+35%

QuickFee Group Revenue by quarter is trending upwards over time, with revenue seasonally stronger in Q2 and Q4 each fiscal year, shown below left. The “last 12-months” rolling revenue by quarter, shown below right, demonstrates the steady revenue growth over time.



North America President Jennifer Warawa said:

“Over the past six months, we have successfully implemented a comprehensive new US sales strategy with clear sales incentives to drive customer acquisition and grow our loan book. Our “technology first” strategy ensures we’re building a scalable commercial foundation, making our sales and onboarding process predictable, repeatable, and highly efficient. In November we completed our implementation of three key technology solutions that give us full-cycle selling automation and AI assistance. We are very pleased to see the results of this refined sales and technology strategy flow through to our financial results this quarter, and in particular the strong revenue growth in QuickFee Finance, which is our key differentiator in market and our highest margin product.

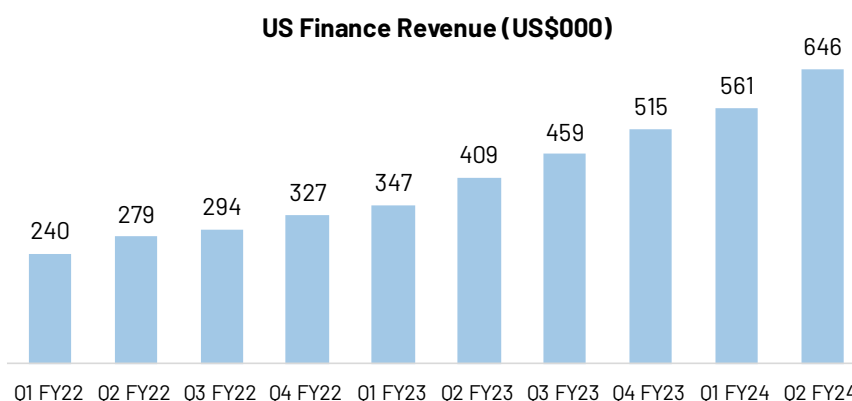
Our strategic partnerships with Allinial Global and IRIS Software Group are progressing well and we continue to aggressively pursue new ‘one to many’ partnership opportunities.”

US commentary

The US business had a strong quarter with combined Pay Now revenue up 20% on pcp to US\$ 1.2 million (Q2 FY23: US\$ 1.0 million). Pay Now TTV increased 17% year—on-year to US\$ 358 million (Q2 FY23: US\$ 306 million) on stable revenue yields of 0.37% for ACH and 0.18% for Card. This continued the trend seen in Q1 FY24, with US ACH TTV and US Card TTV both up 14% in H1 FY24 vs pcp; this revenue line still demonstrates seasonality with a stronger Q2 and Q4. .

In Q2 FY24, US Finance (Pay Over Time) revenue increased 58% on pcp to US\$ 646,000 (Q2 FY23: US\$ 409,000), with a record TTV in December 2023 of US\$ 3.3 million and was up 15% qoq (Q1 FY24: \$561,000). The revenue growth vs pcp was driven by a 45% increase in Finance TTV on pcp to US\$7.7 million (Q2 FY23: US\$ 5.3 million), in addition to recent interest rate increases. The TTV increase was driven by the increased focus on promoting the Finance product, the new territory-based sales model and changes made to the sales team compensation plans at the start of this fiscal year.

Revenue yields on the Finance product are approximately 25% higher than Pay Now. US Finance revenue has been growing consistently as shown in the chart below.



H1 FY24 Finance TTV was US\$ 13.6 million, up 35% on pcp (US\$ 10.1 million) and H1 FY24 US Finance revenue was US\$ 1.207 million, up 60% on pcp (H1 FY23: US\$ 0.756 million). As revenue is recognised over the life of the loan terms (the average loan term in H1 FY24 was 9.5 months), TTV growth in any quarter will positively impact revenue in both current and future quarters.

US Finance revenue yields increased 70 bps on pcp in Q2 FY24 to 8.4% (Q2 FY23: 7.7%) and for H1 FY24 increased 140 bps to 8.9% (H1 FY23: 7.5%), as a result of the interest rate increases implemented in October 2022 and July 2023.

In Q2 FY24, Active Customers in the US were up 14% on pcp to 91,000 and US Active Firms were up 10% to a record 725. This reflects both the growing base of firms along with greater adoption of our solutions within existing firms and their clients.

In H1 FY24, the US business accounted for 56% of total revenue and we expect this will continue to increase over time.

Strategic partnerships

In Q1 FY24, QuickFee announced a strategic partnership with Allinial Global to offer e-invoicing, online payments and financing options to Allinial's membership base, which consists of 261 CPA firms around the world. Allinial is an award-winning association of independent accounting and advisory firms who are focused on helping their members navigate the rapidly changing landscape as they adopt new technology, build out their advisory practices and ensure they are well positioned in the market. Allinial Global assists members with the identification, adoption and implementation of new technologies and they provide hands-on guidance to help firms leverage emerging technologies. By partnering with Allinial, QuickFee is a recommended part of a firm's tech stack to the 260 member firms that are part of Allinial.

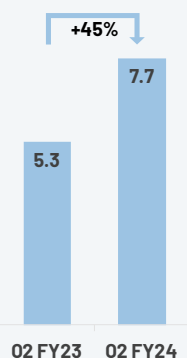
In October 2023, QuickFee announced a strategic partnership with IRIS Software Group ('IRIS'), a leading global software provider of accounting and payroll solutions to over 5,000 customers in the US. The partnership with IRIS has two components. Firstly, IRIS is a QuickFee Finance customer, who offers QuickFee Finance as a payment option to firms that want to buy IRIS software and would prefer flexible payment options. Secondly, QuickFee is integrating its Connect platform with IRIS Practice Engine and will be building out the IRIS Star integration in 2024.

Both partnerships are progressing well at this early stage and are expected to contribute to TTV and revenue growth from H2 FY24 onwards.

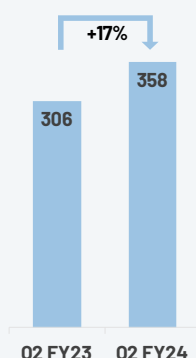
Operational metrics – United States

Q2 FY24

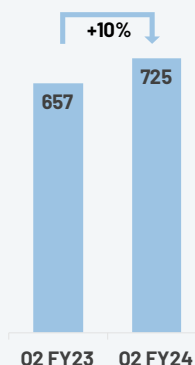
US Finance TTV (US\$M)



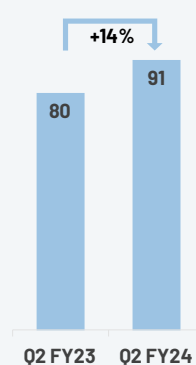
US Pay Now TTV (US\$M)



US Active Firms

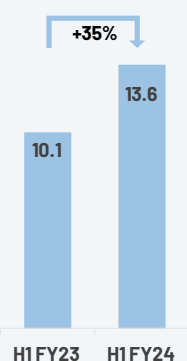


US Active Customers (000s)²

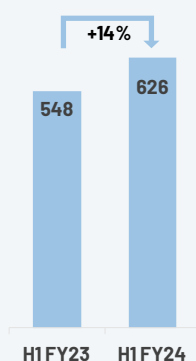


H1 FY24

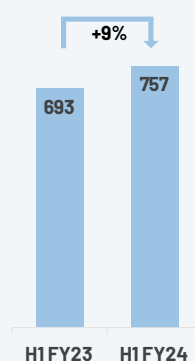
US Finance TTV (US\$M)



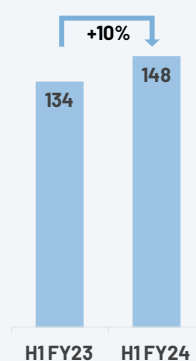
US Pay Now TTV (US\$M)



US Active Firms



US Active Customers (000s)

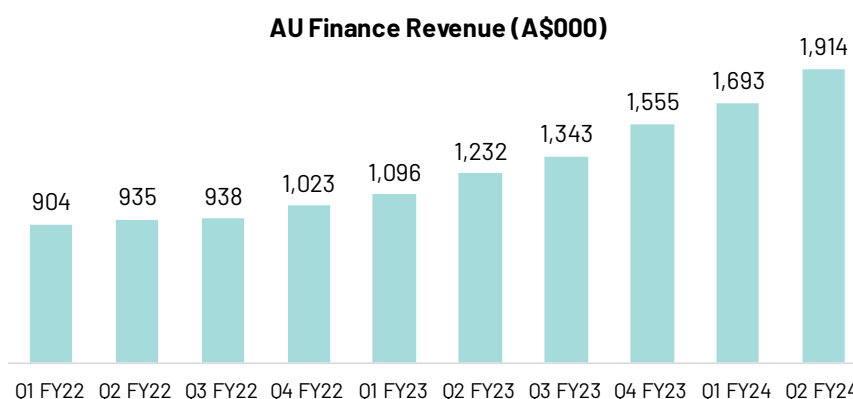


Australia commentary

The Australian business continued to perform well in Q2 FY24, with Finance revenue up 55% on pcp and 13% qoq to A\$1.914 million (Q2 FY23: A\$ 1.232 million and Q1 FY24: A\$ 1.693 million). In a higher interest rate environment, the demand for solutions which improve cash flow remains strong.

Active Customers grew 31% on pcp to 17,000 (Q2 FY23: 13,000) and Active Firms increased 3% to 423 (Q2 FY23: 410). This follows a similar pattern to Q1 FY24, as the Australian market is mature however higher interest rates, cost of living pressures and inflation have driven demand and client growth from existing firms.

AU Finance revenue yields increased 280 bps in Q2 FY24 to 13.3% vs pcp (Q2 FY23: 10.5%) and 290 bps in H1 FY24 to 14.2% vs pcp (H1 FY23: 11.3%); similar to the US,



The 'Q Pay Plan' product, which provides finance to the homeowner services market and includes the Jim's Group Franchise agreement, grew strongly with Q2 FY24 TTV up 100% to A\$0.8 million on pcp (Q2 FY23: A\$0.4 million).

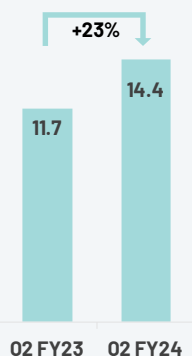
Expanded funding facilities

In December 2023, QuickFee finalised the agreement with Wingate Corporate Investments for a A\$10 million funding facility to support growth of the Australian legal disbursements funding product ("DF") at an advance rate of 85%. The DF business has shown particularly strong growth in recent months with the total DF book at A\$ 9.7 million at 31 December 2023.

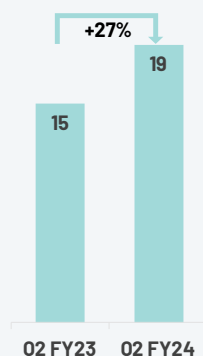
Operational metrics – Australia

Q2 FY24

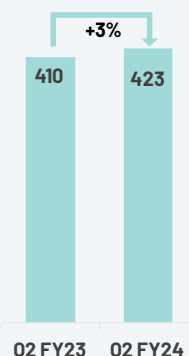
**AU Finance
TTV (A\$M)**



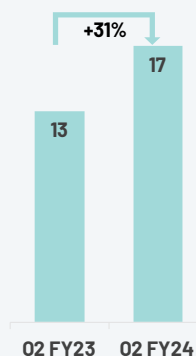
**AU Pay Now
TTV (A\$M)**



**AU Active
Firms**

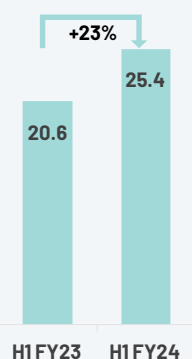


**AU Active
Customers (000s)**

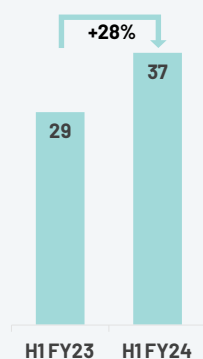


H1 FY24

**AU Finance
TTV (A\$M)**



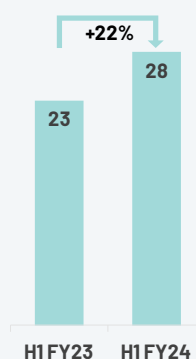
**AU Pay Now
TTV (A\$M)**



**AU Active
Firms**



**AU Active
Customers (000s)**



Liquidity

At 31 December 2023, the Company had A\$3.9 million in cash on hand, with borrowing growth capacity of a further \$23.8 million from existing facilities, available to fund future loan book growth. QuickFee has adequate headroom to achieve sustainable profitability within its existing cash and borrowings facilities.

Outlook

Non-executive Chairman Dale Smorgon said:

"Over the past year, we have further evolved our growth strategy to focus on our core Finance product in both Australia and the US and it is very pleasing to see the results of this refined strategy flow through to our Q2 financial results with strong revenue growth year-on-year and quarter-on-quarter. We remain optimistic on the growth potential of our US business and our improved sales strategies give us confidence in the scalability of our model moving forward.

We remain on track for continued improvement in operating profitability, with a stronger second half expected in FY24."

This announcement has been authorised for release by the directors.

— END —

¹ Figures shown are unaudited, from management accounts.

² Prior year US Active customers for Q2 FY23 have been restated from 93,500 to exclude BNPL and incomplete/returned transactions.

³ 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.

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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.

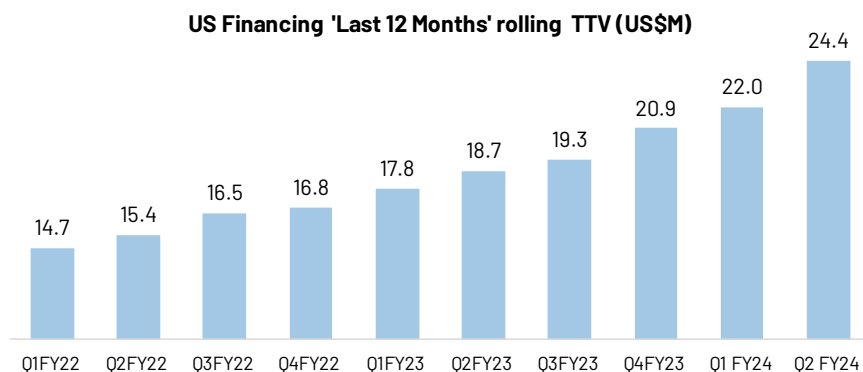
Through the QuickFee portal, clients can pay their professional service provider with a credit or debit card, EFT or ACH transfer, or a payment plan over 3-12 months. It allows the client to set their own pace for payments while the firm gets paid upfront and in full.

QuickFee operates in the United States and Australia and focuses on serving the accounting and legal professions. For more information, please visit quickfee.com.

APPENDIX

Operational metrics – US

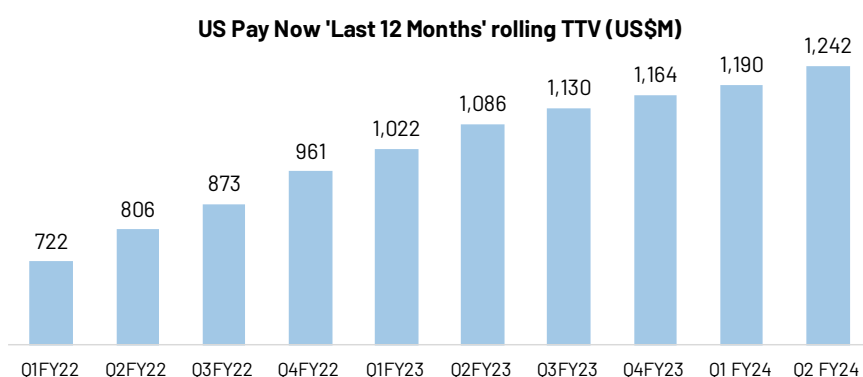
US Finance TTV



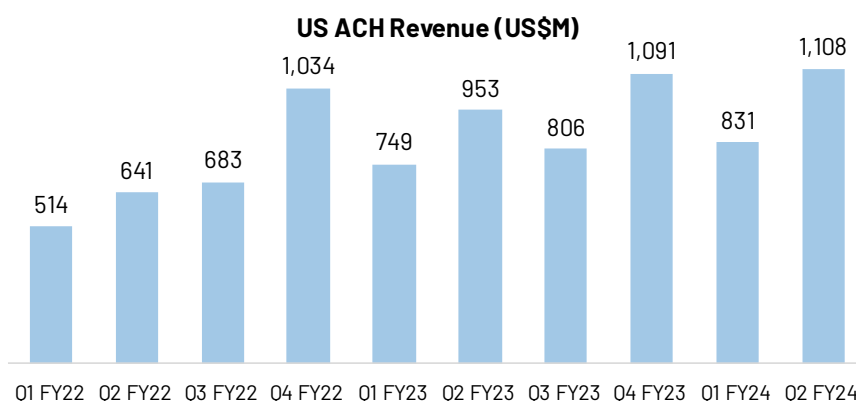
US Finance Revenue

TTV in US\$M Revenue ¹ in US\$000s	Q2 FY24	Q2 FY23	% +/-		H1 FY24	H1 FY23	% +/-
TTV	7.7	5.3	+45%		13.6	10.1	+35%
Financing revenue (interest)	600	388	+55%		1,131	715	+58%
Payments and other revenue	46	21	+119%		76	41	+85%
Total revenue	646	409	+58%		1,207	756	+60%
<i>Total revenue/volume yield %</i>	<i>8.4%</i>	<i>7.7%</i>	<i>+70 bps</i>		<i>8.9%</i>	<i>7.5%</i>	<i>+140 bps</i>

US Pay Now TTV

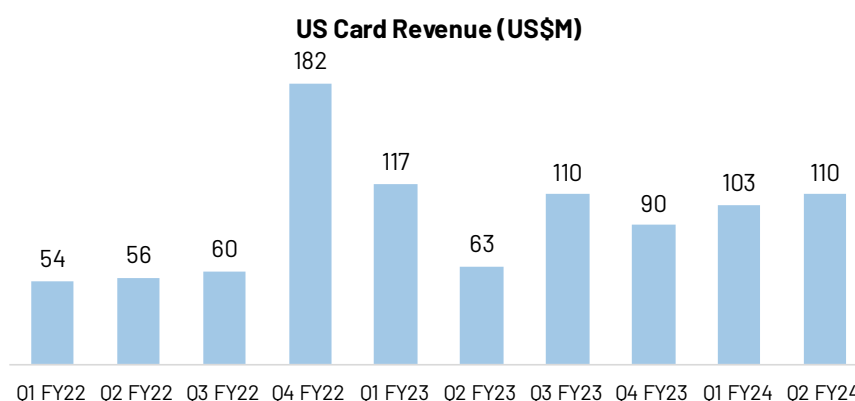


US ACH Revenue



TTV in US\$M Revenue ¹ in US\$000s	Q2 FY24	Q2 FY23	% +/-		H1 FY24	H1 FY23	% +/-
TTV	298	252	+18%		517	452	+14%
Payments and other revenue	1,108	953	+16%		1,939	1,702	+14%
Total revenue	1,108	953	+16%		1,939	1,702	+14%
<i>Total revenue/volume yield %</i>	<i>0.37%</i>	<i>0.38%</i>	<i>-1 bp</i>		<i>0.38%</i>	<i>0.38%</i>	<i>-</i>

US Card Revenue



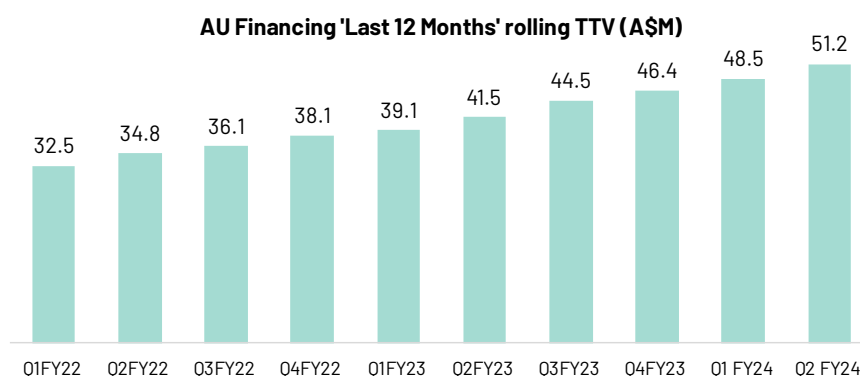
From Q4 FY22 to Q3 FY23, card surcharges increased from 3% to 3.5%, then reverted to 3% when Visa/Mastercard capped the surcharge rate at 3%.

TTV in US\$M Revenue ¹ in US\$000s	Q2 FY24	Q2 FY23	% +/-		H1 FY24	H1 FY23	% +/-
TTV	60	54	+11%		109	96	+14%
Payments and other revenue	110	63	+75%		213	180	+18%
Total revenue	110	63	+75%		213	180	+18%
<i>Total revenue/volume yield %</i>	<i>0.18%</i>	<i>0.12%</i>	<i>+6 bps</i>		<i>0.20%</i>	<i>0.19%</i>	<i>+1 bp</i>

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

Operational metrics – Australia

AU Finance TTV



AU Finance Revenue

TTV in A\$M Revenue ¹ in A\$000s	Q2 FY24	Q2 FY23	% +/-		H1 FY24	Hi FY23	% +/-
TTV	14.4	11.7	+23%		25.4	20.6	+23%
Financing revenue (interest)	1,732	1,100	+57%		3,262	2,089	+56%
Payments and other revenue	182	132	+38%		345	239	+44%
Total revenue	1,914	1,232	+55%		3,607	2,328	+55%
<i>Total revenue/volume yield % *</i>	<i>13.3%</i>	<i>10.5%</i>	<i>+280 bps</i>		<i>14.2%</i>	<i>11.3%</i>	<i>+290 bps</i>

Glossary of terms

ACH	Automated Clearing House	A type of electronic bank-to-bank payment in the US, equivalent to EFT in Australia
Active customer	Any customer who has transacted with QuickFee in the relevant period	
Active firm	Any firm that has had a transaction with QuickFee in the relevant period	
APR	Annual percentage rate	The annual rate of interest on payment plans or loans
BNPL or Q Pay Plan	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
Card / CC	Debit / Credit card	
Connect	QuickFee's product name for its point-of-payment integration, e-invoicing, automated collections and receivables management product	
Customer	The customer of a merchant, who will use one of QuickFee's payment options to pay their invoice	
EFT	Electronic funds transfer	An Australian domestic payments network that facilitates the transfer of funds electronically
Firm	Typically used to describe a professional services firm (e.g. an accounting or law firm)	
KYC	Know your customer	Practice to verify the identity of customers in compliance with laws and regulations
Merchant	A firm.	
QuickFee Pay Now	QuickFee's payment gateway that enables customers to pay their invoice in full to the merchant with or without taking out a payment plan	
QuickFee Financing/ Finance/ Lending/ Pay Over Time	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	
Revenue yield	Revenue recognised in accordance with QuickFee's accounting standards, divided by TTV, for the relevant product(s)	
Total Liquidity	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.	
pcp	Previous corresponding period	For example, the pcp for the December 2023 quarter is the December 2022 quarter
TTV	Total transaction value	The total value of all transactions for the relevant product(s)