

ASX Release | 21 October 2024

Q1 FY25 Quarterly business update

Solid growth continues with revenue up 33% on pcp

QuickFee Limited (ASX: QFE) ("QuickFee", "Company") today announced a business update for the quarter ended 30 September 2024 (Q1 FY25).

Q1 FY25 HIGHLIGHTS

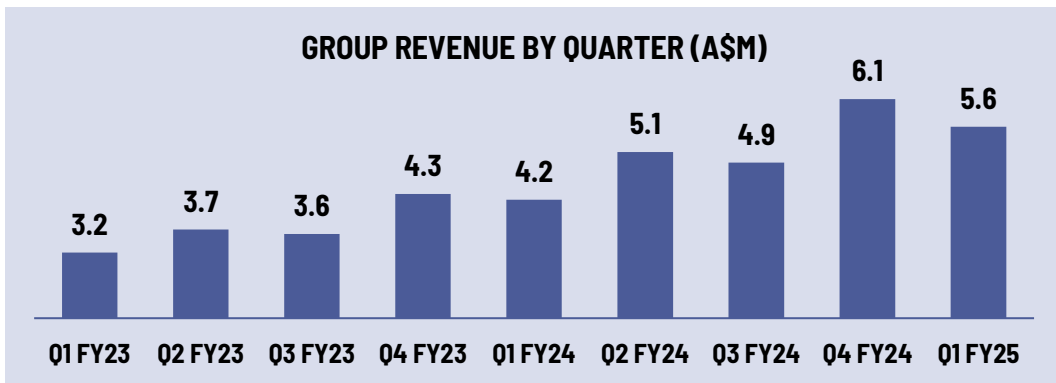
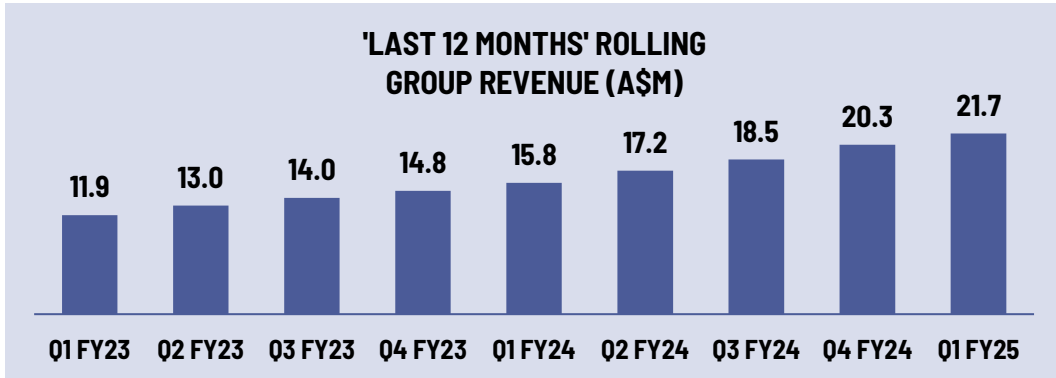
- **Quarterly revenue of A\$ 5.6m, up 33% on the prior corresponding period (pcp):** Driven by strong growth in the core Finance product in both Australia and the US
- **New Connect integration launched with Thomson Reuters Practice CS:** Practice CS is the most widely used practice management solution by QuickFee firms and represents a substantial opportunity to increase transaction volumes
- **Continued firm acquisition and strong Connect adoption:**
 - 23 firms signed in the US in Q1 FY25, 15 of these taking the Finance product. As at 30 September 2024, 69 firms have signed up for Connect
 - Continued work on a fifth Connect integration, with 'go-live' expected in Q2 FY25
 - Strong engagement with IRIS and Knuula partnerships, leading to improved customer retention and new customer acquisition
- **Ongoing development work on new payment portal, with 'go-live' expected in Q2 FY25**
- **FY25 earnings guidance unchanged:** Expected FY25 EBTDA in the range of \$1.5 - \$2.5 million, with a stronger second half-year
- **Quarterly business update presentation:** To watch an accompanying presentation of the quarterly business update and ask any questions, please visit the QuickFee investor hub here: investorhub.quickfee.com/business-updates

Q1 FY25 PERFORMANCE ¹	Q1 FY25	Q1 FY24	YEAR-ON-YEAR MOVEMENT
REVENUE			
US Finance (Pay Over Time)	US\$ 659k	US\$ 561k	+17%
US Pay Now (ACH & Card)	US\$ 1,015k	US\$ 934k	+9%
AU Finance (Pay Over Time)	A\$ 2,651k	A\$ 1,693k	+57%
GROUP REVENUE INCLUDING ANCILLARY PRODUCTS	A\$ 5.6M	A\$ 4.2M	+33%
TOTAL TRANSACTION VALUES (TTV)			
US Finance (Pay Over Time)	US\$ 6.7m	US\$ 5.9m	+14%
US Pay Now (ACH & Card)	US\$ 309m	US\$ 268m	+15%
AU Finance (Pay Over Time)	A\$ 15.6m	A\$ 11.0m	+42%

¹ Figures shown are unaudited, from management accounts.

GROUP REVENUE COMMENTARY

In Q1 FY25, QuickFee achieved quarterly revenue of A\$ 5.6 million, up 33% on pcp. QuickFee group revenue by quarter is steadily trending upwards over time, with the 'last 12 months' rolling group revenue of A\$21.7 million in Q1 FY25, up 37% on pcp. Revenue is seasonally stronger in Q2 and Q4 each fiscal year.



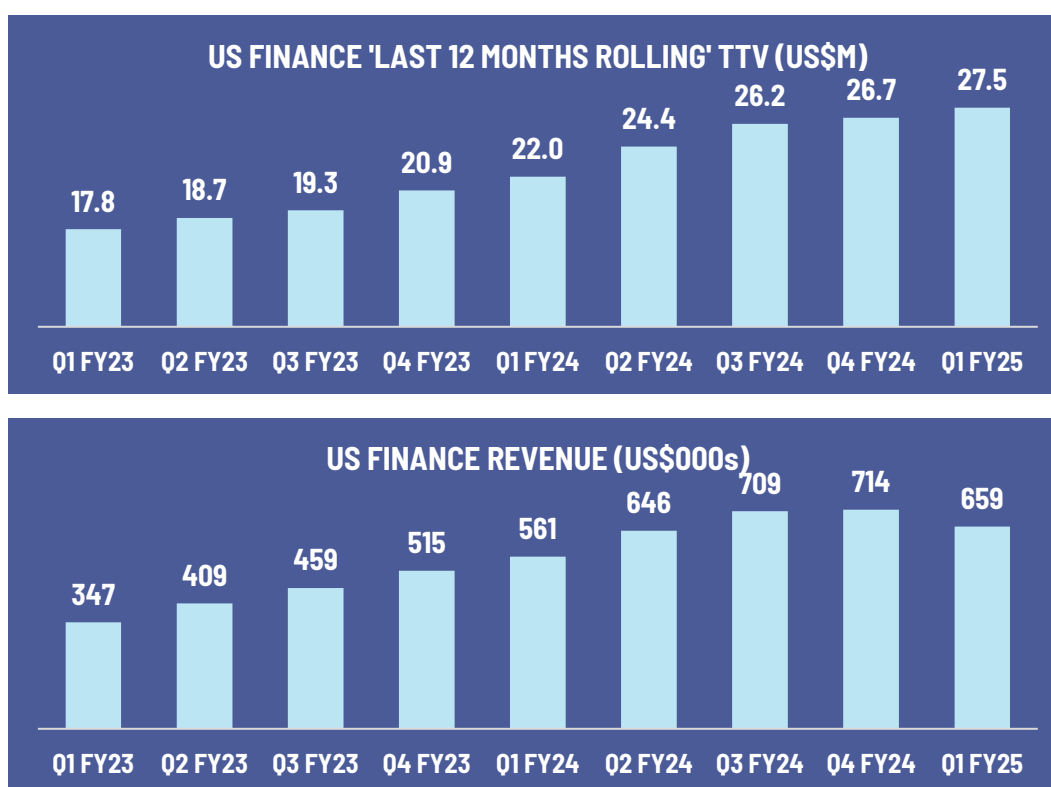
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US COMMENTARY

The US business continued to grow in Q1 FY25 with US Finance (Pay Over Time) revenue up 17% on pcp to US\$ 659,000 (Q1 FY24: US\$ 561,000) and US Finance Total Transaction Value (TTV) up 14% on pcp to US\$ 6.7 million (Q1 FY24: US\$ 5.9 million). In Q4 FY25, the US Finance revenue yield (revenue divided by TTV) increased 30 bps on pcp.

QuickFee's Q1 coincides with the busy tax extension season in the US, with key deadlines falling on September 15 and October 15. As a result, Q1 is seasonally weaker as many firms in the pipeline are focused on client deadlines rather than making buying decisions during this period. In addition, economic uncertainty related to the upcoming US election had an adverse impact on new firm acquisition, as companies postpone purchasing decisions.

QUICKFEE FINANCE



In Q1 FY25, US Finance revenue was adversely impacted by cancellation of approximately US \$40,000 of interest revenue, due to clients defaulting on their payment plans and firms paying out the loans. Two of these payment plans were in excess of US \$100,000. While firm guarantee repayments are relatively common, importantly QuickFee did not incur any credit losses, due to the guarantees by firms on all loans. However, these cancelled loans adversely impact the total loan book balance and the future interest on the remainder of the loans is foregone.

QUICKFEE FINANCE

The Finance product allows clients to pay over 3, 6, 9 or 12 months while the firm gets paid in full within three business days at no cost to the firm, usually with no credit approval process for the client. Revenue is generated from the interest paid by the clients of professional services firms when they take out a payment plan to pay the fee invoices they receive. The Finance product has revenue yields that are ~25x greater than the Pay Now product.

As revenue is recognised over the life of the loan term (the US average loan term in FY24 was 9.8 months), TTV growth in any quarter will positively impact revenue in both current and future quarters.

In Q1 FY25, US Pay Now revenue (including both ACH and Card) was up 9% on pcp to US\$ 1.0 million (Q1 FY24: US\$ 943,000). US Pay Now TTV increased 15% on pcp to US\$ 309 million (Q1 FY24: US\$ 268 million) on slightly lower revenue yields.

Focus on driving transaction volumes through Connect

A key operational milestone in Q1 FY25 was the launch of the new Connect integration with Thomson Reuters Practice CS, which is the most widely used practice management system used by QuickFee's firms. The early feedback has been positive and it is expected that this Connect integration will drive a substantial increase in transaction volumes.

QuickFee signed a further 16 firms onto the Connect product in Q1 FY25, taking the total contracted number at 30 September 2024 to 69 (39 are now live with 30 in the implementation phase). In September 2024, Connect delivered 4,500 invoices to firms' clients and was the highest volume month since Connect's launch, outside April 2024 (which is a seasonal high due to the 15 April 'end of tax season' billing).

QUICKFEE CONNECT (US only)

QuickFee Connect offers a scalable Accounts Receivable solution that is designed specifically for accounting firms with a competitive subscription pricing model. It delivers an ecosystem for firms that want to build their own tech stack with deep functionality.

Connect automatically emails firms' invoices to their clients with a link to the QuickFee portal to enable all e-invoice recipients to pay over time with QuickFee's Finance product or pay in full via EFT/Card. By delivering up to 100% of firms' invoices electronically and directing more of firms' clients to pay online rather than by check, Connect drives both new subscription revenue streams and increases all products' TTV.

Ongoing product innovation and development

In Q1 FY25 QuickFee has been focused on a 5th Connect integration, which is expected to be launched in Q2 FY25. In addition, QuickFee is nearing completion of the development of its new payment portal, which will have improved and expanded functionality, in preparation for commercial launch in Q2 FY25.

Strong pipeline of activity

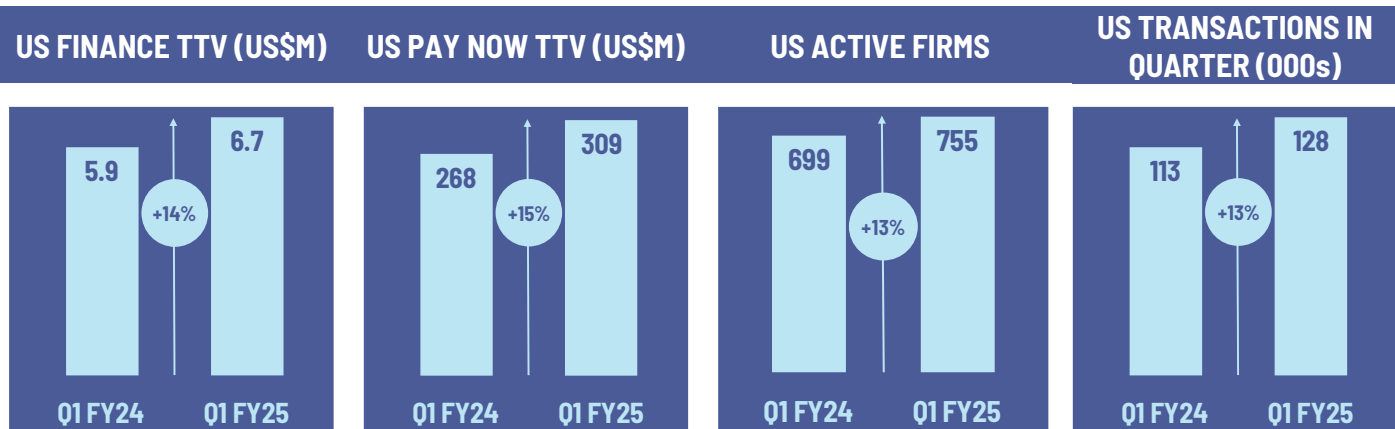
Over the past year, QuickFee's strategy has been to attract larger firms, which have the potential to deliver higher transaction volumes through its payments platform and are better resourced to modernise their internal processes. In Q1 FY25, QuickFee worked on onboarding multiple large clients onto Connect, which are expected to go live in Q2 FY25 and will contribute to strong volume and revenue growth from Q2 FY25 onwards.

Strategic partnerships progressing well

The strategic partnership with IRIS Software Group is showing promise with positive engagement and a substantial increase in loan volume; 14 payment plans for IRIS software purchases were taken out in Q1 FY25, the largest being for US\$39,000.

The strategic partnership with engagement letter specialist, Knuula, also remains strong and this partnership has been instrumental in client retention and new customer acquisition over the past quarter. Our 'engagement-to-cash' workflow automation has generated strong interest from both customers and prospects, which has led to us partnering with Knuula on 31 opportunities which have played a key role in customer retention.

US OPERATIONAL METRICS



(Note the previously reported metric of 'Active Customers' has been replaced with a 'Transactions in quarter' metric. This is the aggregate of all settled Pay Now transactions and new Finance loans (payment plans) originated in the quarter. The previous Active Customers metric included firms' clients who had taken out payment plans in prior periods but were still making repayments, and conflated client numbers who might process more than one transaction in any period. This new metric more accurately reflects the actual activity (i.e. new transactions processed) in any period and that period's activity growth versus pcp.)

US Active firms grew 13% on pcp to 755 (Q1 FY24: 699) and US Transaction numbers also grew 13%.

North America President, Jennifer Warawa said:

"In the past quarter, we continued to execute on our growth strategy with significant progress made in integrations, new product development and large customer onboarding. We were very pleased to launch our new Connect integration with Thomson Reuters Practice CS, as this will significantly expand our transaction volume growth potential. We also continued development work on our 5th integration and new payment portal and we are finalising preparations for the onboarding of multiple large clients in Q2 FY25, in line with our strategy to target higher revenue firms.

Over the past few months, I personally met with 57 firms in order to remain deeply connected to our customers and this feedback was invaluable in ensuring that the voice of the customer is at the heart of our business and product strategy decisions.

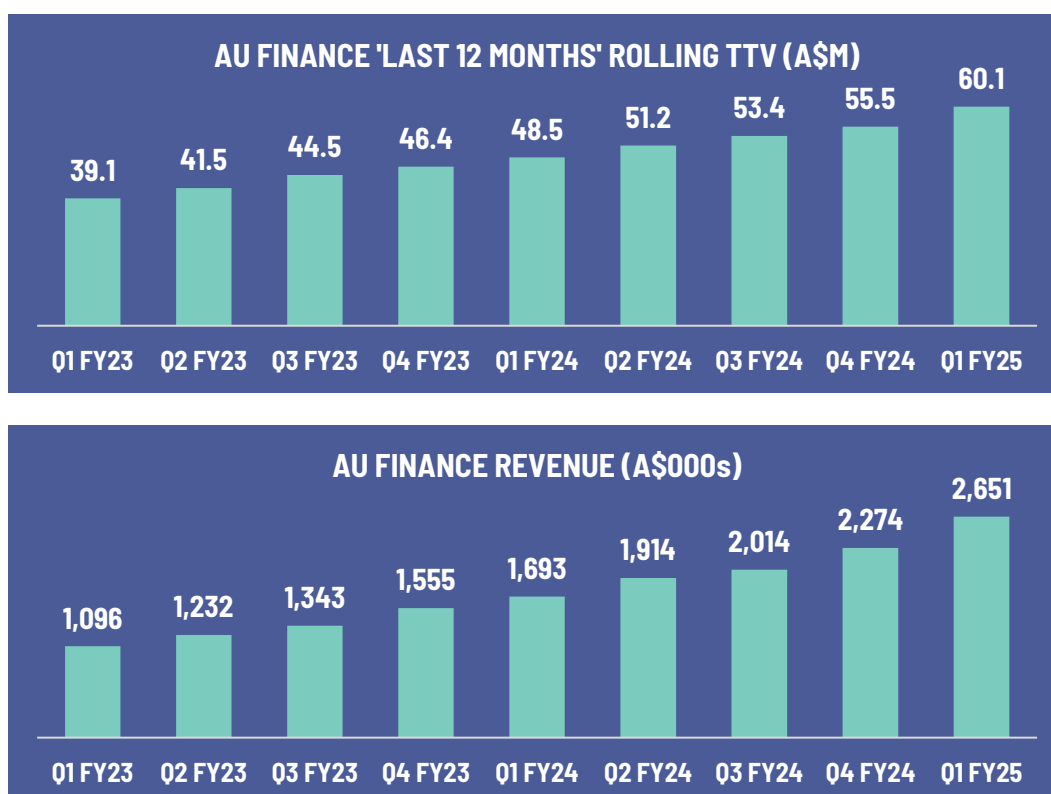
Our new customer acquisition was slightly softer than expected, partially due to the economic uncertainty related to the upcoming US elections whereby customers are postponing major purchase decisions. However our pipeline of activity remains strong and we have a strong foundation for continued growth in Q2 FY25."

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AUSTRALIA (AU) COMMENTARY

The Australian business continued its strong momentum from FY24 into the first quarter of FY25, with AU Finance revenue up 57% on pcp to A\$ 2.65 million (Q1 FY24: A\$ 1.69 million), driven by a 42% increase in AU Finance transaction volume to A\$ 15.6 million (Q1 FY24: A\$ 11.0 million) and revenue yield improvement of 160 bps on pcp.

QUICKFEE FINANCE



There was strong TTV growth across both the Fee Funding Finance product and the legal disbursement funding product ("DF"). The DF loan book, with its compounding interest model, now comprises approximately 35% of the total AU book. Transactions in Q1 FY25 increased 12% on pcp to 19,000 and the number of Active Firms transacting in the quarter increased by 8% to 437 (Q1 FY24: 406), which is the second highest quarter on record (after Q4 FY24).

The 'Q Pay Plan' product, which provides finance to the homeowner services market and includes the Jim's Group Franchise agreement, saw continued strong growth with Q1 FY25 TTV up 100% to a record A\$ 1.2 million on pcp (Q1 FY24: A\$ 0.6 million).

AU OPERATIONAL METRICS

AU FINANCE TTV (A\$M)



AU PAY NOW TTV (A\$M)



AU ACTIVE FIRMS



AU TRANSACTIONS IN QUARTER (000s)



FUNDING UPDATE AND LIQUIDITY

At 30 September 2024, the Company had A\$ 4.6 million unrestricted cash on hand, with borrowing growth capacity of a further A\$ 16.5 million from existing facilities available to fund future loan book growth.

As previously reported to the market, QuickFee's existing receivables-backed debt facility with Northleaf Capital Partners Limited ("Northleaf") matures on 17 November 2025. No repayments are due until that date. While there is undrawn headroom available from this facility, increases in drawn amounts from the facility were due to become unavailable from 30 September 2024. This 'draw period' expiry date was extended during Q1 FY25 with further funds able to be drawn until 31 March 2025. The Company is in advanced discussions with various potential lenders to secure financing to replace the Northleaf facility in full prior to 31 March 2025.

With the \$4.4 million capital raise completed earlier this year and FY25 EBTDA expected to be in the range of \$1.5 - \$2.5 million, QuickFee has a strengthened balance sheet to achieve sustainable profitability within its existing cash and borrowings facilities.

OUTLOOK

Non-executive Chairman Dale Smorgon said:

"We continued to deliver steady revenue growth in Q1 FY25, driven primarily by our core Finance product in the Australia and US, as well as the rollout of Connect across our customer base. We are effectively executing on our growth strategy through new integrations, strong strategic partnerships and ongoing product innovation to improve customer retention and drive new customer acquisition. We have a strong balance sheet and are well capitalised to further grow our loan book. The strong pipeline of activity sets a foundation for continued growth in Q2 FY25 and we remain on track for an expected FY25 EBTDA in the range of \$1.5 - \$2.5 million, weighted to the second half."

This announcement has been authorised for release by the directors.

— END —

¹ All figures shown are unaudited, from management accounts.

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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.

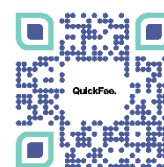
Through the QuickFee portal, clients can pay their professional service provider with a credit or debit card, EFT or ACH transfer, or a payment plan over 3-12 months. It allows the client to set their own pace for payments while the firm gets paid upfront and in full.

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

QUICKFEE INVESTOR HUB

To stay up to date with the latest news and announcements, access investor-related resources including ASX releases, video updates, educational material and insights into the QuickFee's activities, people and strategic direction, and interact with QuickFee by postings questions and feedback, we encourage investors to sign up to the QuickFee investor hub.

- Visit the QuickFee investor hub at investorhub.quickfee.com or scan the QR code here:



- Sign up for a QuickFee investor hub account at investorhub.quickfee.com/auth/signup
- Post questions and feedback in the Q&A section.

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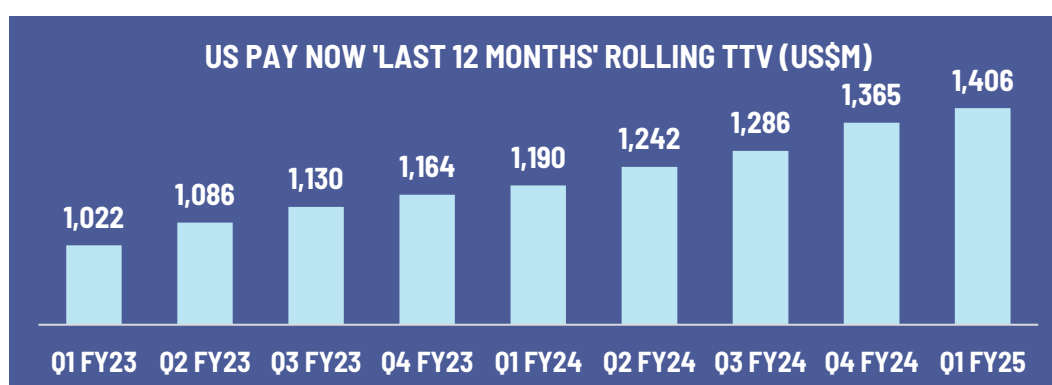
APPENDIX

DETAILED OPERATIONAL & FINANCIAL METRICS

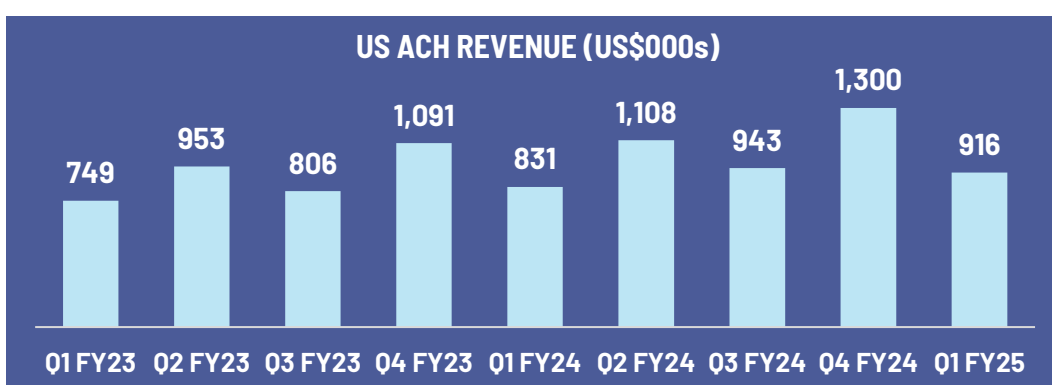
US FINANCE

TTV IN US\$M REVENUE IN US\$000s	Q1 FY25	Q1 FY24	% +/-
TTV	6.3	5.9	+14%
Financing revenue (interest)	624	531	+18%
Payments and other revenue	35	30	+17%
Total revenue	659	561	+17%
<i>Total revenue/volume yield %</i>	<i>9.8%</i>	<i>9.5%</i>	<i>+30 bps</i>

US PAY NOW

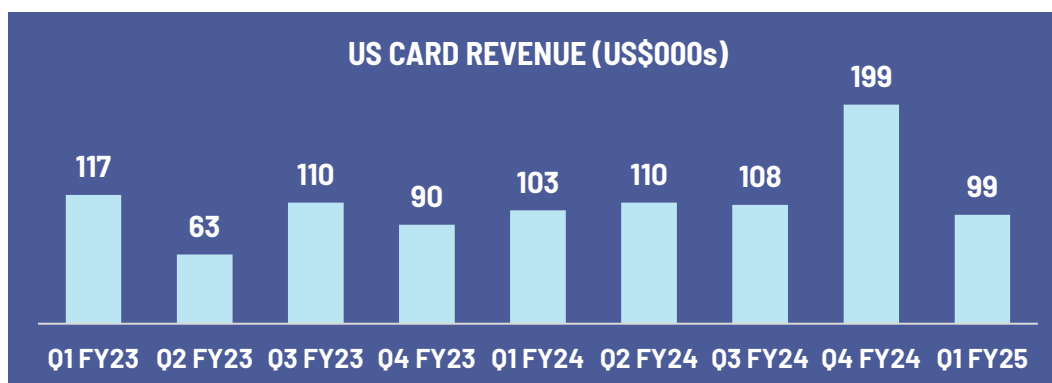


US ACH



TTV IN US\$M REVENUE IN US\$000s	Q1 FY25	Q1 FY24	% +/-
TTV	254	219	+18%
Total revenue	916	831	+10%
<i>Total revenue/volume yield %</i>	<i>0.36%</i>	<i>0.38%</i>	<i>-2 bps</i>

US CARD



TTV IN US\$M REVENUE IN US\$000s	Q1 FY25	Q1 FY24	% +/-
TTV	55	49	+12%
Total revenue	99	103	-4%
<i>Total revenue/volume yield %</i>	<i>0.18%</i>	<i>0.21%</i>	<i>-30 bps</i>

US Card revenue is the net revenue share QuickFee receives from its card processors, not the gross amount surcharged to customers. Card revenue in Q4 FY24 included some adjustments made to prior periods' revenue shares by QuickFee's card processor, resulting in a temporary increase in card revenue and yield in that quarter.

AU FINANCE

TTV IN A\$M REVENUE IN A\$000s	Q1 FY25	Q1 FY24	% +/-
TTV	15.6	11.0	+42%
Financing revenue (interest)	2,448	1,530	+60%
Payments and other revenue	203	163	+25%
Total revenue	2,651	1,693	+57%
<i>Total revenue/volume yield %</i>	<i>17.0%</i>	<i>15.4%</i>	<i>+160 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 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.	
TRANSACTIONS IN QUARTER	The aggregate number of completed Pay Now transactions and new Finance loans (payment plans) originated in the relevant quarter.	
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)

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