

Always Pay the Legal Fees!

The QuickFee Platform allows firms (primarily accounting and law practices) to facilitate monthly payment plans for their clients who obtain finance online from QuickFee to make invoice payments to the firm. The Australian platform was founded in 2009. QuickFee US was incorporated in 2016 to pursue opportunities in the much larger market in the USA. QuickFee Ltd (QFE) listed in 2019 to roll-up the two businesses into a single entity to provide scale economies and improve access to capital to drive growth. Since IPO the firm has accelerated expansion in the large and under-served US market with lending rising 57% to US\$5.6m in H1 FY20 finishing the year +63%. QFE raised \$7.5m in May 2020 from professional investors to capitalise on accelerating demand as COVID-19 related change drives take-up of QFE products. The funds will be used to increase the loan book and fund technology development.

Business model

QuickFee is a lender to SMEs, focused on Fee Funding for accounting practices and legal firms whose clients may need assistance in scheduling payment of large invoices. Firms can include a link to the QuickFee platform on all invoices they issue. QuickFee uses information supplied by the firm's client to assess and present three options a) pay by the month in instalments using a loan; (b) pay in full by EFT; or (c) pay in full by credit card. QuickFee generates revenue from subscribed firms for hosting the platform and recommending loan services to their clients. Revenue comes from: monthly hosting fees; credit card processing; rapid settlement of EFT transactions in the US; interest and facility fees through debt financing of client invoice payments and disbursements and family law proceedings for Australian legal firms. QFE is delivering strong revenue growth in the more mature Australian market and extraordinarily strong growth in the under-served US market. Interest income from loans is the largest source of revenue. QFE continues to integrate with third party accounting and practice management software to facilitate take-up. The US payments market remains behind the leading edge and offers large opportunities as the huge transactional volume moves to a modern on-line payments system. QFE believes it has first-mover advantage in the US. Credit risk is managed by accounting and law firms guaranteeing their clients' obligations.

Recent company commentary

QuickFee showed that its fee-financing platform has strong appeal with a 63% rise in US lending to US\$13m and a 17% rise in Australia to A\$49.3m despite a more mature client base. The company sees continuing strong growth in new firms on the platform in the US with 412 firms at year end - a trend continuing at year end.

A special niche with few competitors

Despite a relatively lengthy operational history QFE remains an early stage company, still reporting losses and growing revenue very quickly. There are few competitors in the Fee Funding space in Australia and none in the US with general lenders the likely alternative. QFE is at the less mature end of peers in the payments and finance sectors but appears to have little direct competition in this niche.

Historical earnings and ratios

Year end	Revenue (A\$m)	EBITDA Adj.* (A\$m)	NPAT Adj.* (A\$m)	NPAT Rep.	EPS Adj.*(c)	EPS Rep. (c)	EV/Sales (x)
06/17a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
06/18a	1.49	(0.24)	(0.28)	(0.28)	0.00	0.00	n.a.
06/19a	5.80	(0.47)	(1.15)	(1.15)	(1.0)	(1.0)	11.64
06//20a	8.49	(2.81)	(3.00)	(3.83)	(2.0)	(3.0)	10.20

Source: Company data *EBITDA and NPAT adj for one-time, non-cash items

Finance / Business Services

4 September 2020

Share details

ASX Code	QFE
Share price (3-Sep)	\$0.71
Market Capitalisation	\$135.8M
Shares on issue	191.3M
Net debt at 30/06/2020	\$10.4M
Free float	36.1%

Share performance (12 months)



Upside Case

- Ongoing move to on-line payments in the US
- Few competitors in Fee Funding in Aust or US
- Strong momentum in both US and Australia

Downside Case

- Regulatory change limits use of product
- High interest rate is regulated downward in Australia
- Lenders withdraw funding

Catalysts/upcoming events

AGM 20th November 2020

FY21 Interim results February 2021

Comparable companies (Aust/NZ)

Wisr (ASX:WZR), Flexigroup (ASX:FXL), Eclipx (ASX:ECX), Law Finance (ASX:LAW)
Tyro Payments (ASX:TYR)

Top 5 shareholders

Derida Proprietary Ltd	14.12%
Jamada Holdings Pty Ltd	8.97%
TIGA Trading Pty Ltd	5.13%
HTI Management Pty Ltd	5.02%
Bonec Pty Ltd	4.76%

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FINANCIAL SERVICES GUIDE

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- our services
- how we transact with you
- how we are paid, and
- complaint processes

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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

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