OFX GROUP LIMITED
ANNUAL GENERAL MEETING
11 AUGUST 2022
CEO ADDRESS

Fiscal Year 2022 was a record year for OFX. In terms of financial performance vs FY21 we delivered

- Turnover of over $33.2B, up 32.7%
- Net Operating Income of $147M, up 24.7%, and
- Underlying EBITDA of $44.5M, up 53.1%

These results were underpinned by great execution, with

- Every region up double digits, also growing active clients
- Negligible losses
- And stable margins, excluding same currency transfers

In addition to the great results and the great execution the team completed the investment in TreasurUp, and agreed to acquire Firma foreign exchange, which largely completed on May 1st, and significantly bolsters our Corporate business in North America.

Finally, our consistent focus on risk management, and the investments we have made, have delivered exceptional risk outcomes, along with consistently positive regulatory engagement.

In an uncertain operating environment, I couldn't be happier with the team, the strategy, and the momentum created in FY22

Moving to slide 7, it was very encouraging to report the momentum of the company across its key operating metrics.

As mentioned, turnover of $33.2B was up nearly 33% vs the prior corresponding period, which is excellent, but it was also terrific to see 2H up over 21% v 1H. We will unpack the drivers of turnover later, but suffice is to say there is strength in all key areas, and we saw a substantial growth in Average Transaction Values that certainly helped.

Net Operating Income of $147M, up just under 25%, was outstanding, and the hard work on managing our costs that arise from revenue – bank fees and commissions – is creating a much healthier leverage from the revenue we generate. It was also encouraging to see the 2H grow over 14% vs the 1H.

Finally, the underlying EBITDA of $44.5M, up over 53% vs last year, and up over 19% vs 1H, was also terrific. It reflects a very healthy company, with good fundamentals.

Slide 8 is a snapshot of our vision to build the world's leading value-added cross border payments specialist. I have gone through all this at our Investor day in March, so I won't repeat it, but in summary we believe we are well placed to capitalise on the enormous opportunity ahead of us, at a time when the value in being a specialist provider is only becoming more apparent. This is underpinned by our global operating model, unique customer value proposition, and our high calibre team.

On the right hand side, we have highlighted the dimensions of what a more valuable company look like, including strong and recurring revenue, at healthy EBITDA margins, with high cash generation being put to work in growth, either organically or inorganically. We are well on our way in delivering this.

Moving to slide 10 and an update on our performance in 1Q23. This was another good quarter, with NOI of $47.9M. This represents growth of 45% v 1Q22, and 22% up from 4Q22. Excluding Firma, which contributed $10.5M, we saw growth of 13% v 1Q22.

We continue to experience high ATV's across the portfolio. Consumer ATV's were $21k in 1Q23, broadly in line with FY22 and above our guidance of ~$19k. Corporate ATV's were $32.2k in 1Q23, down 11.8% from 4Q22 but still above our previous guidance of between $27 - $29k. Firma ATV's in 1Q23 were $71k, up 9% on 4Q22

Across the segments Corporate again performed very well, up over 83% v 1Q22, or just under 20% ex Firma. I will talk in more detail to this in a moment, including on the integration of Firma which is on track.

Our respective regions all delivered a strong performance, but the standout was North America, up just under 99% v 1Q22, and up over 83% v 4Q22.

The business continues to deliver strong cash flows, meaning we have already been able to repay $14M of our principal debt balance while maintaining good balance sheet flexibility, important in times of economic uncertainty.

Lastly, we continue to invest in our systems and processes to make our business more efficient and highly scalable, including a new reconciliation engine which allows us to instantly process nearly all our incoming payments.

So all up, a great start to FY23, which is very encouraging.

Moving to Slide 11, we saw good performance across our key metrics.

Against 1Q22, Fee and Trading Income rose nearly 42%, Net Operating Income was up by nearly 45%, and turnover was up over 32%.

Against the 4Q22 metrics we are solid ex Firma and strong with Firma. ATVs, a key driver of turnover and our exceptional fraud-related losses both remained in line with our experience in FY22. Turnover grew 3.3% vs 4Q22 however this was a result of a larger proportion of same currency transactions in the prior quarter that did not repeat. Excluding these transactions, turnover grew 12.9%, which combined with higher margins resulted in 20%+ growth in fee and trading income and NOI.

All of these metrics are tracking in line with our expectations or slightly ahead. But let me unpack these in a bit more detail by looking at the segments on slide 12.

As you can see our Consumer and Corporate segments have been very strong in Q1, while we saw some softness in our Enterprise and Online Seller segments largely due to market conditions.

Our High Value Consumer portfolio grew nearly 13% v 1Q22, and just under 3% v the strong 4Q22, in line if you exclude Firma. This is a good result, driven by strong activity and, as always, exceptional service delivery across our regions. ATVs have remained elevated, with our clients continuing to use us for property and wealth use cases, spurred by currency volatility in early Q1. We have also seen travel return as a good use case.

Our Corporate segment was once again excellent, growing over 83% v 1Q22 and over 45% v 4Q22. Firma played its part, growing strongly at 31% since acquisition v their prior comparative period, but the remaining portfolio grew nearly 20%. As we talked about at the full year, we saw some large Corporate transactions in 4Q22 that did not repeat, which is why ex-Firma revenue was slightly down v 4Q22. We are delighted with the growth, with the quality and sustainability of this revenue, and all regions are delivering.

Our Online Seller segment had a tough quarter, down more than 3% v 1Q22 and just under 11% v 4Q22. More broadly, the eCommerce market as a whole is up and down, with pockets of strength offset by declines from peaks during 2021. We continue to invest in our capabilities – product, sales, and technology – and are committed to competing and growing in this segment.

In Enterprise we also saw some softness, though this was partially due to a few large transactions with a longstanding client in 4Q22 that didn't repeat in Q1. Overall, the progress is solid, with the pipeline healthy, some smaller partnerships being signed, and activation of our new larger partnerships progressing, albeit more slowly than we would like. This largely relates to the time it takes for their end customers to on-board with OFX and we are encouraged by what we have seen from new customers that have adopted our integrated service. Again, we remain committed to this segment and continue to invest in our capabilities to compete and win.

We continue to see both Online Sellers and Enterprise as good growth segments for OFX, and will invest thoughtfully.

Moving to slide 13, I am very pleased with the progress on Firma. The transaction was largely completed on May 1st, with all except the UK business transferred. Integration is going well and we are delighted with the people and performance to date which is ahead of our expectations.

We drew down the debt facility on close, but as mentioned previously have already repaid $14M through 1Q and have repaid further debt in 2Q so this will be lower again at the half year.

The integration team is doing well. There is a clear set of priorities, good communication and pulse surveys as well as attrition rates confirm employee engagement is strong. We remain confident of our synergy assumptions that we communicated, and the EPS accretion on an underlying basis of 20% in FY23 that we committed to. Full credit to both Firma and OFX employees for embracing this opportunity to build a stronger combined group.

In closing, we are very happy to confirm guidance previously provided for FY23 on slide 14.

Our priorities are unchanged – a strong integration delivering EPS accretion, continued growth in North America and launching our European expansion, building momentum in Corporate, Online Seller, and Enterprise, and finally, driving the returns from our investments, particularly our product, risk, payments, and risk investments.

These will deliver our vision of building the world's leading cross border payment specialist, and I look forward to updating you on our further progress at the half year.

With that, I am delighted to hand back to Steve to conduct the formal business. Thank you, Steve.