OFX GROUP LIMITED
ANNUAL GENERAL MEETING
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CEO ADDRESS

Thank you, Tricia.

As highlighted on slide 6, our FY23 was another record year – with turnover of $39.1bn driving Net Operating Income of $214.1m, and underlying EBITDA of $62.4m.

These metrics represent the biggest NOI we have ever produced, up 45.6% on prior corresponding period, and the biggest underlying EBITDA we have ever produced, up 40.3% vs prior corresponding period, whilst generating the strongest net available cash of $67.4m we have ever had.

This financial performance was the result of very strong execution – clearly the external markets were as unusual as we have ever seen, with rapidly rising interest rates, inflation, and considerable political and geo-political conflict causing uncertainty for our clients and our team.

Nonetheless we were very disciplined in driving an exceptional integration of Firma, in continuing to invest and deploy new features and services in our global platform, in leading our team and engaging our employees, and in managing the considerable risks we faced.

Beyond the financial and operating metrics, I was especially encouraged by the engagement and productivity of our team. Engagement scores are up, we continue to drive client engagement through our team, and we are seeing excellent mobility – i.e. increased level of promotions – amongst our people.

Moving to slide 7, as I just covered, our overall performance in FY23 was strong in 1H and flat in 2H, driven by a softening in Consumer confidence globally, for high value use cases.

The chart on the left shows group revenues, split by segment, by half, since 1H21. We share this to illustrate a few important points for investors.

Firstly, the total portfolio is affected by swings in the Consumer portfolio, but that effect will be more limited going forward as the pivot to B2B has well and truly taken hold. We do occasionally see some softness in Corporate, such as 1H22, but largely we see steady growth, at a long term CAGR of between 10 and 15%.

Secondly, whilst we can have unusual half on half performance, as we did in FY23 (driven by Consumer), it is rare that this persists over multiple periods.

Finally, as we start to build synergies from Firma, and as we start to build stronger growth from OLS and Enterprise, we expect to see the effects of Consumer fluctuations lessen on the overall result, though it will still remain valuable.

All of this revenue growth can be supported by good execution across margin, opex, and risk management levers also.

Moving to slide 8, many of our investors will be familiar with our strategy on a page, describing our goal to build the world's leading cross-border payments specialist. Good strategy has never been more important. The external landscape is changing rapidly – higher interest rates, high and stubborn inflation, systemic banking risk – all of which wasn't present 12 months ago. So, continuing to question our fundamental beliefs, continuing to test our strengths, and continuing to take heed of what we see in market is critical to build the sustainable growth company shareholders expect of us. I will just highlight our key strategic points:

Firstly, we are playing in a huge market, that grows every year, and is largely dominated by major banks who are more expensive and less well-liked by their clients than the new entrants. More and more customers are taking up the specialist service in every region, as evidenced by the growth rates of all the new entrants, whether they are public or private.

Secondly, we choose to target 4 segments. We chose those because we feel we have the right combination of skills, knowledge, global presence, platform, risk management, and service delivery for those clients and prospects.

Our competitive position is strong, driven by years of investment, learning, and progress, and we know that we are differentiated through feedback from clients, competitors, banks, and regulators.

Finally, we have a valuable business, but we can make it more valuable through good execution, better capital management, a strong team, and by leveraging our credibility as an industry specialist to grow wallet share of our clients by generating revenue beyond the core spot transaction. Our acquisition of Paytron is a great example of this.

Turning to slide 9, today, we generate, broadly, 90% of our revenue from spot transactions, and the remainder from transactions that are related to forward contracts. This mix reflects our history of starting with Consumer clients, who largely used us to move funds at a lower price more quickly than banks, as well as Corporate clients who found our combination of price, service, and speed compelling. Corporate clients increasingly see the value in laying off risk, especially as they navigate turbulent supply chain, payroll, and other risks in their businesses.

However, we also know that the same Corporate clients have needs that are associated with their cross-border payments and accounts receivables that we do not serve. Firstly, they will have generally smaller value transactions that they use Corporate cards to pay. For example, software costs that are billed in USD, or vendors for services offshore. They can use OFX for many of these, but they don't because it may seem easier to use a card – they are very widely accepted, the reporting is excellent, and they can be controlled well.

Secondly, as invoicing has become increasingly digitised, and accounting packages increasingly integrated with invoice management, Corporate clients have turned to firms specialising in integrating their invoice management with their payable solutions, both domestically and globally. Those firms generally charge a subscription for that service. Paytron provides digital solutions across cards and invoicing, and by OFX acquiring them, we get immediate access to the software we were in the process of building to access these revenues from clients.

The software we were building, as Selena has described many times in our intangible investments, creates competitive advantage by making life simpler, safer, more reliable, and more visible for Corporate clients. The acquisition of Paytron fits in to our platform journey by giving us card and invoice management solutions. Over the next 3 years we will continue to operate the 2 platforms, until we are ready to merge the two, which we expect to start within 1 year of closing.

In addition to the software, we are also delighted to welcome Paytron's team to become part of OFX, led by co-founders Jaco Veldsman and Francois Henrion. Jaco and Francois have over 30 years of experience across multiple geographies in major banks and entrepreneurial organisations, in the payments and trading space. They have assembled a very strong and experienced team to build this platform and take it to market.

We have structured this investment to align the interests of shareholders, the vendors, and clients. In summary, we will acquire Paytron in exchange for a consideration of 11.25m OFX performance securities, which vest when certain targets are met by Paytron over the next 3 years. OFX will fund the operating budget, with OFX retaining discretion in line with their revenue performance. This structure will encourage revenue to be generated, a strong integration, and a better client experience, all underpinned by our usual disciplined risk and compliance foundations.

We think this is a great way to add valuable features and services for our Corporate clients and create the most compelling proposition for Corporates globally, while enhancing our revenues in time.

In addition to generating revenue from loyal clients, OFX has always been a strong generator and converter of cash. This gives us options with respect to the best way to generate value for shareholders.

Moving to slide 10, at the FY23 results in May, we announced that we would buy back up 10% of our shares via a share buy-back program.

In simple terms, the program is up and running for up to 12 months and will be periodically reviewed during that time. Its purpose is to return value to shareholders through reducing the total number of shares on issue, and whilst we believe it is to shareholders' advantage to do that.

Importantly, it will not be done at the expense of investing for sustainable growth, or in repaying debt, as Selena outlined, or at the expense of investing in M&A or other strategic investments, as Paytron has highlighted. As our last buy-back demonstrated, we will run a disciplined program, and will keep investors abreast of outcomes. Through Q1, I can confirm that we have acquired 2,268,631 shares on market, and continue to run our program actively in line with guidance.

Moving to our trading update for Q1 on slide 12, I am happy to confirm that we are on track to deliver the outlook we provided in May.

Our NOI was $60.1M, slightly higher than we anticipated, but it includes an unusual item of $3.7M in Other Income that I will explain later.

In terms of our performance, we saw a more subdued period in North America, in line with our expectations, driven by the uncertain economic climate, and the unusual item in Firma. EMEA & APAC performed well.

In terms of our segments, our B2B portfolio was good, in line with 4Q and up just under 17% on PCP. Performance in Corporate was in line with expectations, whilst OLS was slightly lower than anticipated and Enterprise was slightly better than anticipated. B2C was ahead of expectations, slightly down on PCP, but growing by 10.8% on 4Q23.

ATVs and transactions were in line with expectations, as was our margin.

The unusual item in our NOI is that in 1Q24 we unexpectedly had a handful of traders leave the Firma business. We continue to provide excellent service to their customers and, to mitigate the risk of them leaving, have taken defensive actions in the short term. Their clients have been allocated to Firma's most experienced traders and we expect revenue to return to historic levels through the balance of the year.

While client and employee retention overall post the acquisition has been excellent, when we negotiated the Firma sale we anticipated this was a risk, which is why we included an appropriate amount in the escrow arrangement. Following the departures, $3.7m AUD of funds in Escrow have been returned to OFX.

The net NOI impact from the temporary reduction in margin for FY24 is expected to be ($0.3)m AUD. There will be a reduction of approx. $4.0m AUD in revenue which is offset by the $3.7m AUD escrow release to other income. The escrow release will be accounted for in 1Q24 and the revenue reduction throughout FY24 as it occurs. We don't expect there to be any material impact to FY25.

Moving to slide 13, we have positive momentum into 2Q, across turnover, Fee & Trading Income, and Transactions. Across each metric we saw growth vs 4Q, and, combined with margin improvements and expense control, give us further confidence in our FY24 outlook.

To further illustrate the momentum, we have split the performance between B2B and B2C on slide 14

In B2B, we saw slightly lower ATVs offset by a higher number of transactions. Generally, more transactions is a good lead indicator of engagement, so this augurs well, particularly against a backdrop of sound margin management, and a relatively soft North American environment, which we expect to persist through 1H.

In B2C, as I mentioned previously, we have seen activity pick up from 4Q lows through the quarter. While our Consumer business consistently delivers good growth and healthy returns, the nature of the higher value use cases we support does mean transactions and ATVs can fluctuate quarter on quarter.

The growth in ATVs in 1Q is due to some activity in these higher value use cases returning, such as for property transactions and salary transfers. This is slightly above our base case overall, reflecting the value of the segment within the overall portfolio.

In closing on slide 15, we are therefore happy to confirm guidance previously provided for FY24.

Our performance in Q1 reflects the expectations and assumptions we previously provided, and the tailwinds and headwinds remain as we stated previously.

Our performance, the acquisition of Paytron, and the continuing competitive environment all contribute to us feeling confident in 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 Tricia to conduct the formal business. Thank you, Tricia.