1H24 Financial Results

14 November 2023

OFX Group Limited
ACN 165 602 273

Agenda

1 Performance update

2 Financials

3 Strategy & FY24 Outlook

4 Q&A

5 Appendix

Performance update

Skander Malcolm
Chief Executive Officer and Managing Director

Financial highlights 1H24

Record NOI and EBITDA, executing through the cycle

Turnover[1]
down 3.5%
$19.2bn

NOI[2]
up 9.4%
$115.1m

Underlying EBITDA[3]
up 1.6% ex Paytron
$31.8m

Recurring revenue[1]
up 210bps
84%

NOI margins[4]
up 8bps
70bps

Net available cash
up 38.5%
$60.8m

Key Takeaways

- Firma integration progressing well, Paytron acquisition closed
- North America Corporate revenue impacted by lower Corporate confidence driving down ATVs. However global Corporate registrations up 41.9%, transactions up 13.4%, B2B active clients up 3.8% confirming healthy portfolio
- Positive outlook for FY24, 2H expected to be stronger than 1H

[1] Turnover & recurring revenue metrics are excluding Paytron
[2] NOI $115.1m includes Paytron of $0.2m
[3] EBITDA $31.8m includes Paytron of $(0.9)m. EBITDA excluding Paytron $32.7m
[4] Cross currency transactions only (excluding same currency transactions)

Outlook positive, good revenue momentum in B2B

1H24 momentum into 2H24

- Strong 1H24 NOI driven by pricing, treasury management and interest income, improving margins which are expected to continue, and a one off $3.7m escrow release
- B2B revenue impacted by Canadian Corporate ATVs and short-term reduction in margin;
  - Canadian Corporate ATVs down 23.3%
  - Momentum building with Canadian Corporate margins rebounding in 2Q24, up 2bps
- Growth in Corporate active clients leading to 6.7% increase in new revenue. Strong pipeline going into 2H24 as registrations up 41.9%
- Enterprise gaining traction, revenue up 46.0% and first client signed in North America, second in 3Q
- B2C revenue up 7.7% v 2H23, down on unusually strong 1H23

FY24 Outlook: 2H24 expected to be stronger than 1H24

NOI	Core Underlying EBITDA
$225m - $238m	**$63m - $70m**
From $225m – $243m	**From $63m - $74m**
Plus Paytron ~$1m[1]	**Less Paytron ~$(4)m[1]**

2H24 Drivers

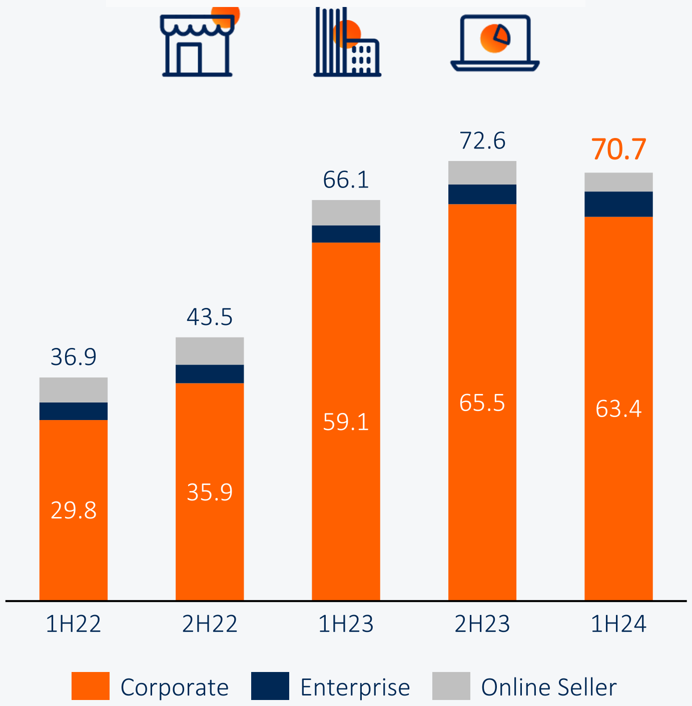
Lower end range	Higher end range
Slower return of Canadian Corporate confidence, ↓ ATVs	Continued Corporate registration and active client growth, ↑ revenue
Risk environment deteriorating, ↑ losses	Enterprise growth above expectations, ↑ revenue

[1] FY24 outlook including Paytron: NOI $226m - $239m, EBITDA $59m - $66m

Growth in B2B segment with Enterprise activating

B2B revenue up

+6.8%



Expanding margins[1]

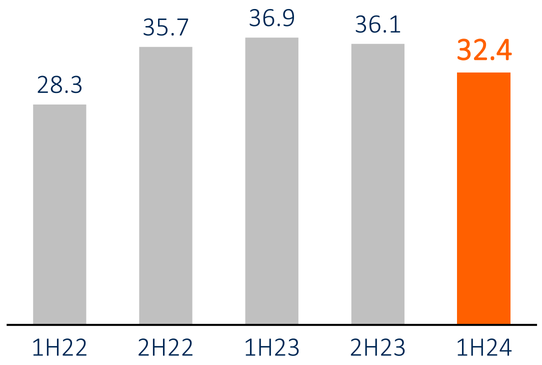
+4 bps

Transactions growing

+10.3%

Offset by 12.2% decline in Corporate ATVs

Corporate ATVs, $k



- Increased B2B portfolio mix by 305bps to 66%
- Revenue growth in all regions – APAC up 6.8%, North America up 1.3% and EMEA up 29.6%
- Strong trading activity, despite subdued Corporate confidence, with transactions per active client up 11.8%

[1] Margin represents fee and trading margin which is measured at the segment level

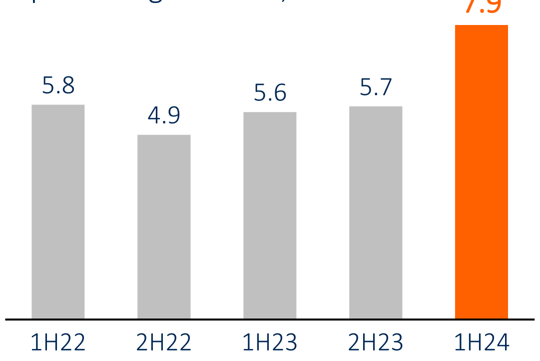
Corporate revenue up 7.2% with momentum building

Corporate business conditions vary by sub region

	Revenue % 1H24 v 1H23	
	**+4.1%**	Continue to grow revenue with margins up 7 bps. Corporate registrations up 20.7% and pipeline building
	**+8.5%**	ATVs up 3.8% with US Corporate confidence[1] trending up the last two quarters
	**+0.7%**	Soft revenue due to short term margin actions and Corporate confidence[2] supressing ATVs, down 23.3%
	**+34.1%**	High transaction volumes amidst lowered Corporate confidence[1]. Strong pipeline with registrations up 157.9%
	**Lrg**	New Sales team successfully building presence in market. Active client growth up 11.1%

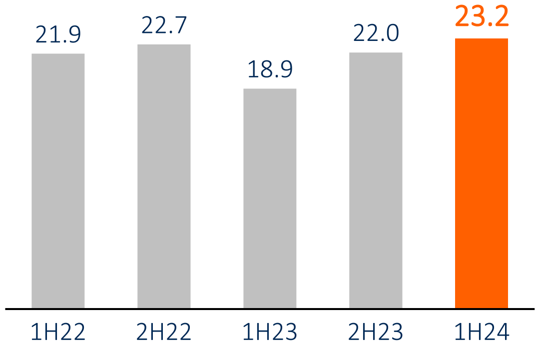
Corporate pipeline strong and growing transactions through the cycle

Corporate registrations, #k



- Corporate registrations up 41.9%

transactions per Corporate client (LTM)



- Transactions per active Corporate client up 22.6%

[1] Source: OECD Business Confidence Index by country at 30-Sep-23
[2] Source: Statistics Canada. Federal Reserve Board, TD Economics at 30-Sep-23

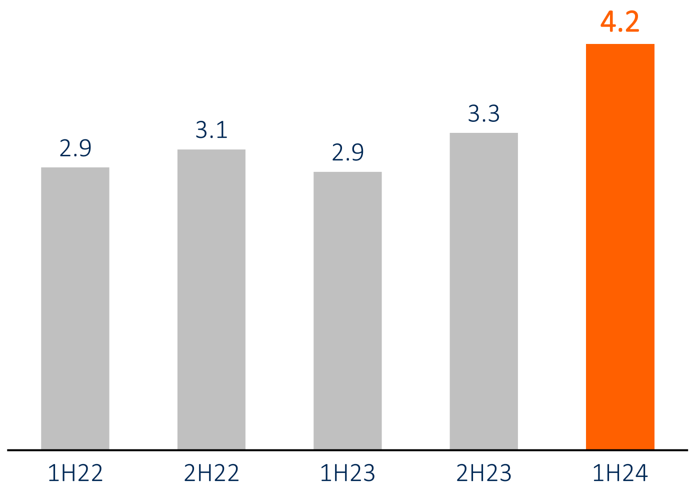
New partnerships and activation driving excellent Enterprise momentum

Sample clients

Enterprise revenue up

+46.0%

Enterprise revenue, $m



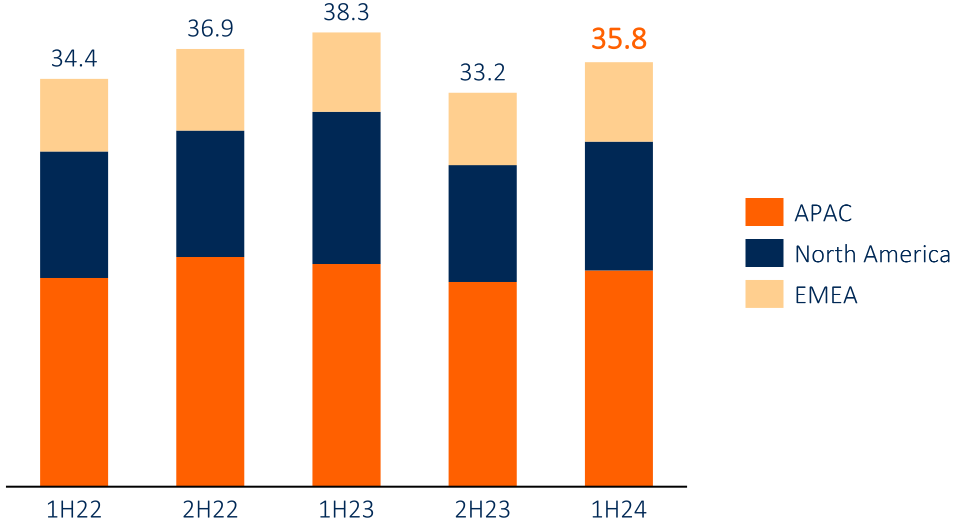
- Existing clients performing well, Link and WiseTech continuing to grow, revenue up by >200%
- Two new partnerships signed in 1H24, including the first partnership in North America. Second North America signing completed in October
- Since the pivot to signing and activating smaller partners, the last 2 deals have been activated and generating revenue in less than 100 days from signing
- Enterprise pipeline[1] prospects of 77, up from 67 at FY23

[1] As at 30 September 2023

High Value Consumer rebound

Revenue up in all regions v 2H23

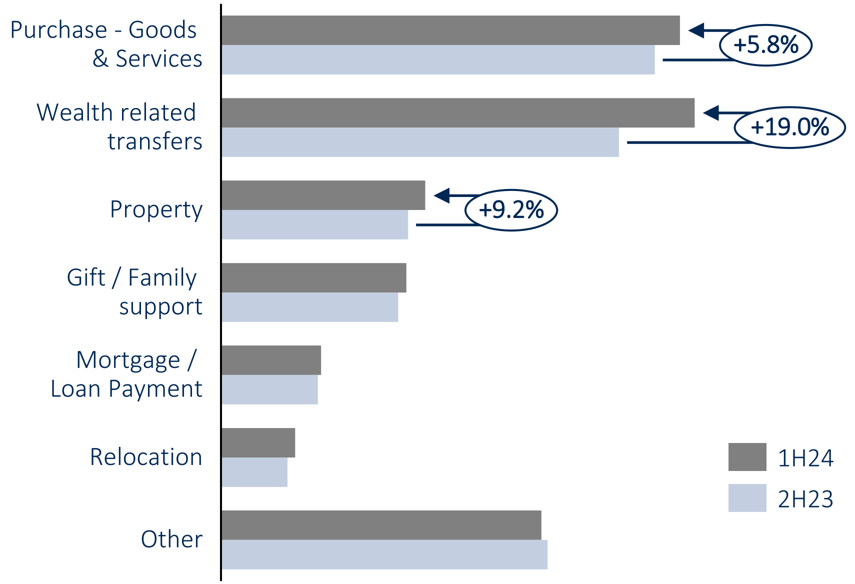
Revenue, $m



- Revenue down 6.5% on unusually strong 1H23, but up 7.7% v 2H23
- Revenue generated from high value use cases[1] increased 11.9% v 2H23 driven by rebound in wealth related transfers
- ATVs of $20.0k, down 4.3% on unusually high 1H23 levels but in line with expectations

High value use cases[1] rebounded

Revenue by use case



[1] High value use cases include wealth related transfers, property and relocation transactions

Financials

Selena Verth
Chief Financial Officer

Solid results, healthy fundamentals

Financial results	1H23	2H23	1H24	V 1H23
Financial metrics ($m)				
Fee and trading income (revenue)	110.9	114.1	**114.6**	3.3%
Net operating income	105.3	108.8	**115.1**	9.4%
Underlying operating expenses	73.0	78.7	**83.3**	14.2%
Underlying EBITDA	32.3	30.1	**31.8**	(1.5)%
Underlying EBT	24.7	19.5	**20.3**	(17.9)%
Underlying NPAT	20.2	17.4	**17.0**	(15.9)%
Statutory NPAT	15.0	16.4	**15.8**	4.9%
Net Cash Held	92.9	93.8	**92.8**	(0.1)%
Financial ratios				
NOI margin	0.53%	0.57%	**0.60%**	7 bps
Underlying EBITDA margin	30.7%	27.7%	**27.6%**	(305)bps
Effective tax rate	22.1%	9.9%	**15.1%**	(709)bps

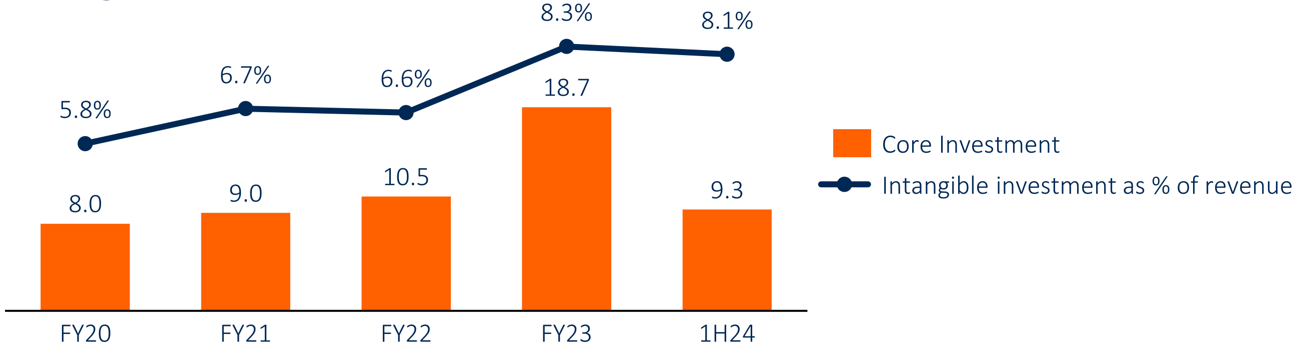
- Fee and trading income up 3.3% with strong growth from EMEA and APAC, and continued healthy conversion to NOI
- NOI up 9.4%, strong interest income $4.3m and $3.7m escrow release offsetting lower North America fee & trading income
- Continued NOI margin expansion up 7bps
- Underlying EBITDA down 1.5%, ex Paytron up 1.6%
- Effective tax rate of 15.1%, 24% ex non-taxable return of capital and better than expected FY23 R&D outcome, 2H24 expected to be ~24%
- Statutory NPAT $15.8m, up 4.9%, includes $1.1m of one-off costs
- Strong cash balance, net cash held $92.8m

Note: financial results are including Paytron from 3 July 2023

Careful expense management and intangibles in line

Underlying operating expenses ($m)	1H23	2H23	1H24	V 1H23	V 2H23
Employee expenses	49.6	55.4	**58.4**	17.7%	5.4%
Promotional expenses	9.1	7.7	**9.7**	7.0%	25.5%
Information technology expenses	5.2	6.2	**6.5**	23.8%	4.9%
Professional fee expenses	1.6	2.0	**1.5**	(5.8)%	(22.7)%
Bad and doubtful debts	1.2	1.4	**1.2**	0.2%	(17.0)%
Other expenses	6.3	6.0	**6.1**	(3.9)%	(2.1)%
Underlying operating expenses	**73.0**	**78.7**	**83.3**	**14.2%**	**5.9%**

Intangible investments[1] $m

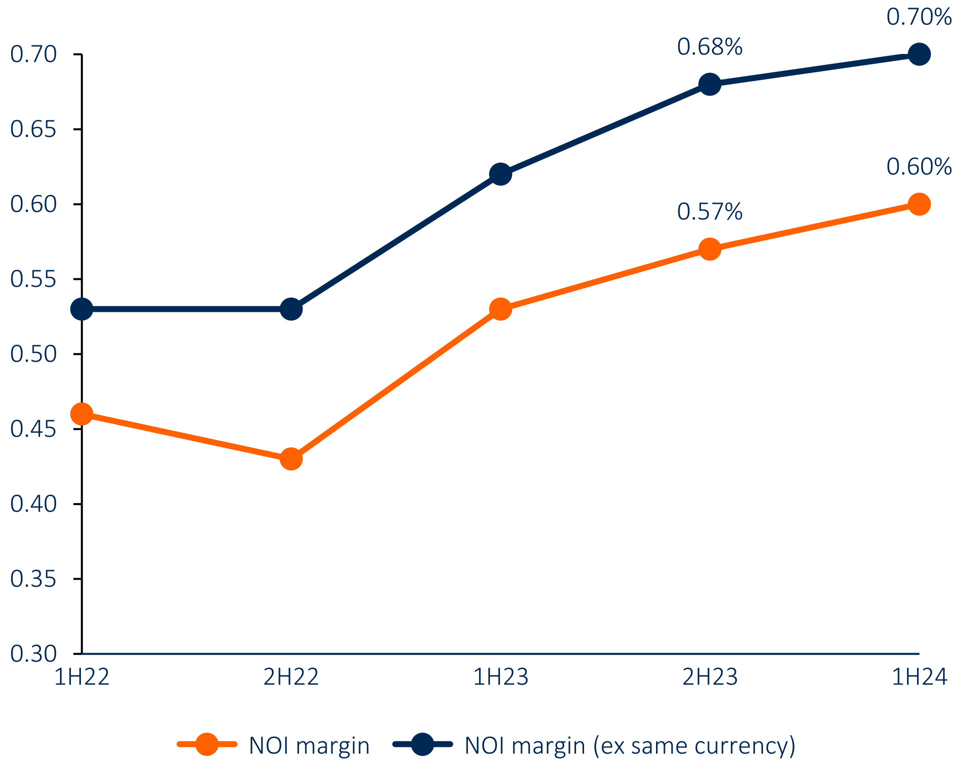


- Group wide productivity programs delivering reduced employee expense growth in 1H24, up 5.4% on 2H23
- Technology up $1.3m as a result of running two platforms, OFX & Firma, through integration, due to complete 2H24
- Promotional expenses up $0.6m as we have refreshed the OFXpert campaign. Driving Corporate registrations up 41.9%
- Bad and doubtful debts within expectations at $1.2m, remaining vigilant
- We continue to invest in our single global platform. Our focus areas are payments excellence, client experience, risk, data, security, Firma migration and our new Corporate platform Paytron
- Firma expense synergies ahead of expectations

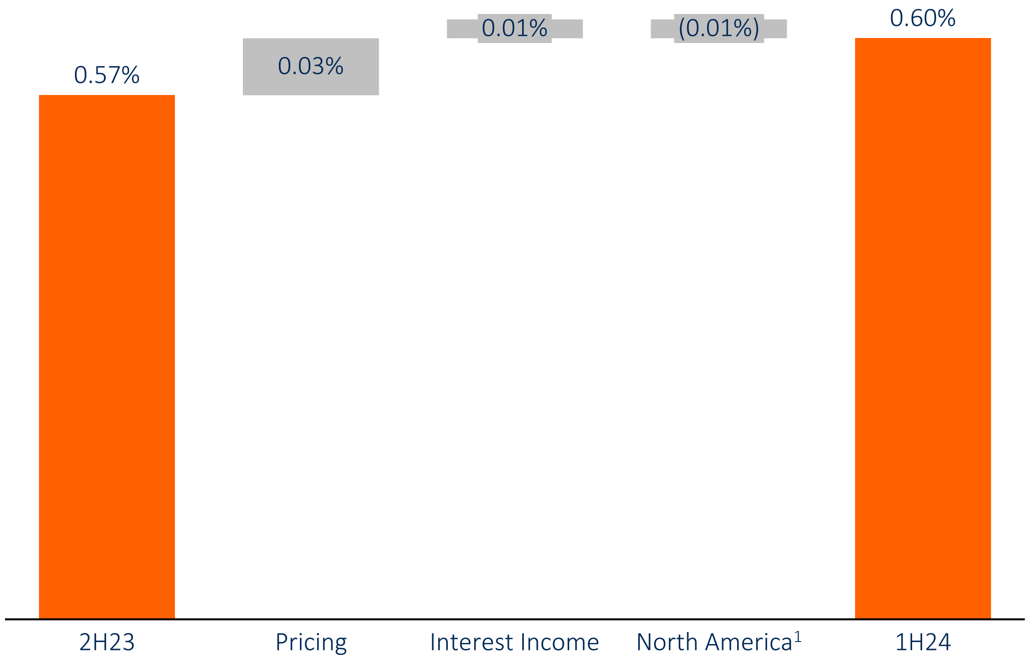
[1] Costs incurred in acquiring and developing software are capitalised where they meet certain criteria for capitalisation and amortised on a straight-line basis over the estimated useful life of three to five years. Costs incurred on research related costs or software maintenance are expensed as incurred.

Continued margin expansion

NOI Margin



NOI Margin walk



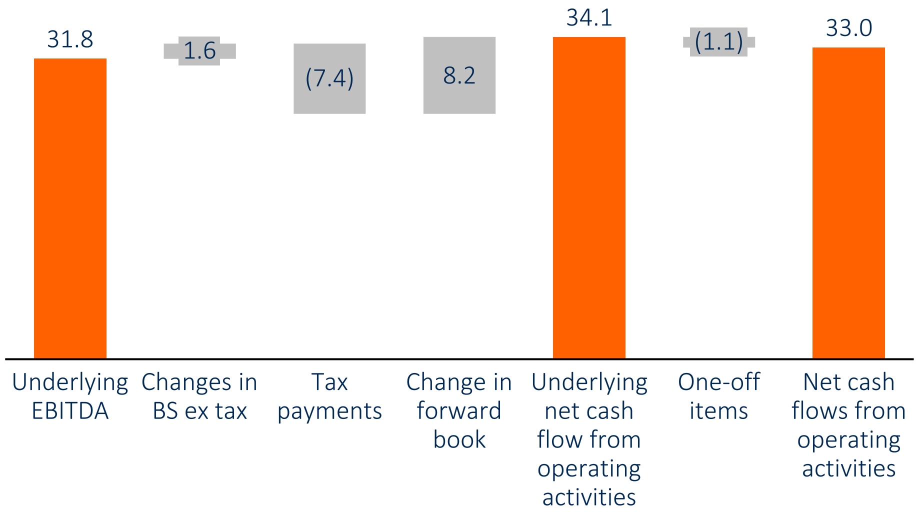
[1] NOI includes $3.7m escrow amount

Healthy cash generation & a strong balance sheet

Balance Sheet ($m)	30 Sep 22	31 Mar 23	30 Sep 23
Cash held for own use	67.2	68.2	**67.6**
Cash held for settlement of client liabilities	356.0	368.7	**279.4**
Deposits due from financial institutions	25.7	25.6	**25.2**
Derivative financial assets	145.8	52.7	**41.4**
Other assets	17.9	14.9	**18.4**
Equity accounted investees	4.2	5.2	**5.3**
Property, plant and equipment	2.5	2.1	**3.9**
Intangible assets	98.8	103.1	**116.7**
Right-of-use assets	6.9	12.7	**11.2**
Deferred and prepaid tax assets	8.9	8.2	**12.4**
Total assets	**734.0**	**661.4**	**581.4**
Client liabilities	361.3	375.7	**284.1**
Derivative financial liabilities	124.2	34.1	**31.1**
Lease liabilities	8.5	14.0	**13.3**
Loans and borrowings	78.2	65.2	**54.7**
Other liabilities	34.7	28.3	**37.4**
Total liabilities	**606.8**	**517.3**	**420.5**
Total equity	**127.1**	**144.1**	**161.0**

- Net cash held $92.8m, net available cash $60.8m
- $31.8m underlying EBITDA delivering $33.0m net cash flow from operating activities
- $11.0m debt repayment, net debt $11.8m. On track to repay the debt facility within 4 years
- $7.0m share buyback, 3.6m shares purchased

1H24 Net cash flows from operating activities ($m)



Note: financial results are including Paytron from 3 July 2023

Strategy & FY24 Outlook

Skander Malcolm

Chief Executive Officer and Managing Director

Building the world's leading cross-border payments specialist

Huge opportunity

US$206bn[1] cross-border payments market which keeps growing

72% market share still with banks and incumbents

~0.05%[2] OFX market share is still very small

Target customers' consideration for alternatives increasing as they are ready to switch for the right CVP

Target segments

Corporate	++
Online Seller	++
Enterprise	++
High Value Consumer	+

Competitive positioning

Distinctive CVP

Digital ease + Human support & expertise

Global operating model

Payments excellence

Customer service

Single global platform

Risk management

World class team

More valuable company

- Healthy revenue growth
- High recurring revenue
- Strong EBITDA margins
- Highly cash generative
- Capital light
- Well-positioned to participate in industry consolidation
- Generating revenue beyond spot FX

[1] Triangulation of multiple sources including McKinsey Global Payments map 2021

[2] Global Cross-border payments revenue, 2021 – The 2022 McKinsey Global Payments Report

OFX is focused on growth

OFX

Our B2B focus is clearer …

Source: OFX FY23 Results May 2023

… which looks more attractive every quarter …

Focusing on B2B go-to-market excellence

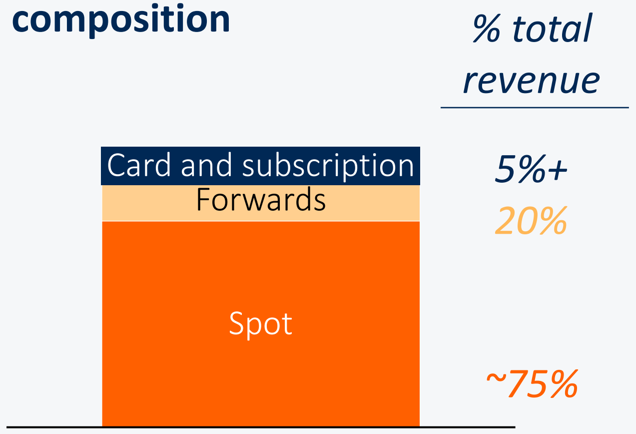
18% improvement in prospect to client conversion rates v 2H23, which has led to a 12% increase in new active Corporate clients

Broadening value proposition beyond spot transactions, enabled by a contemporary platform will drive incremental revenue

Example: B2B competitor card revenue grew 2x from 2020-2022

… which will drive growth and returns

Future OFX revenue composition



Source: OFX Investor Day in March 2023

FY24 Outlook

NOI
$225m - $238m
From $225 – $243m

Plus Paytron ~$1m[1]

Core Underlying EBITDA
$63m - $70m
From $63m - $74m

Less Paytron ~$(4)m[1]

Deliver Firma synergies of **$5m+**
(exit run rate)

Intangible investment
$17m - $19m

Plus Paytron ~$1m[1]

2H24 Assumptions

- Canadian Corporate ATVs continue to increase as Corporate confidence returns
- Canadian Corporate margins return to historic levels
- Momentum in B2B segment with strong growth in Corporate registrations
- Continued strong pricing and interest income
- High value use cases in Consumer continue

2H24 Drivers

Lower end range	Higher end range
Slower return of Canadian Corporate confidence, ↓ ATVs	Continued Corporate registration and active client growth, ↑ revenue
Risk environment deteriorating, ↑ losses	Enterprise growth above expectations, ↑ revenue

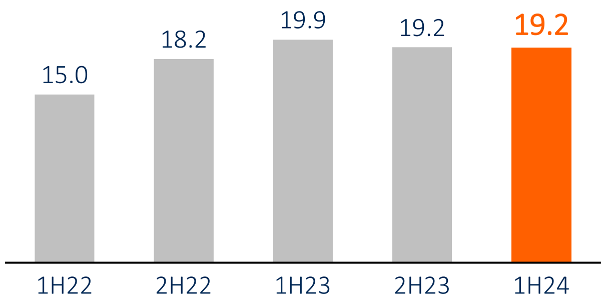
[1] FY24 outlook including Paytron: NOI $226m - $239m, EBITDA $59m - $66m, Intangible investment $18m - $20m

Q&A

Appendix

Healthy NOI and EBITDA performance

Turnover ($bn)[1]



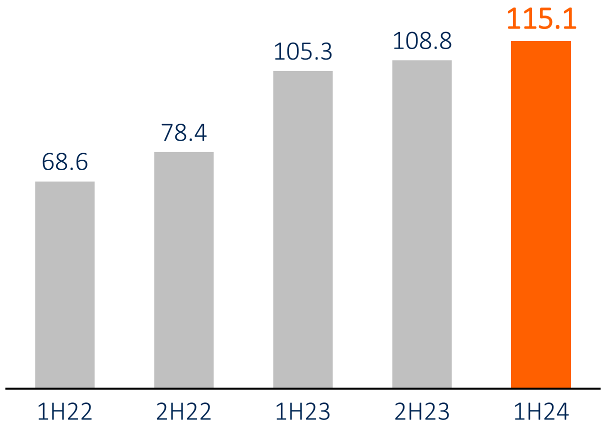
1H24 down (3.5)% v 1H23

$19.2bn

Ex Same currency (3.2)%

1H24 down (0.1)% v 2H23

Net Operating Income ($m)[2]

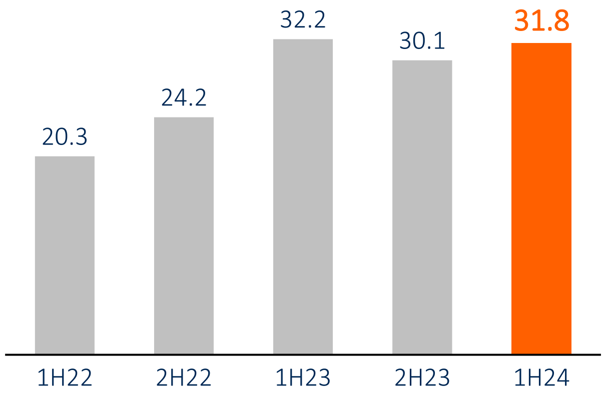


1H24 up 9.4% v 1H23

$115.1m

1H24 up 5.8% v 2H23

Underlying EBITDA ($m)[2]



1H24 down (1.5)% v 1H23

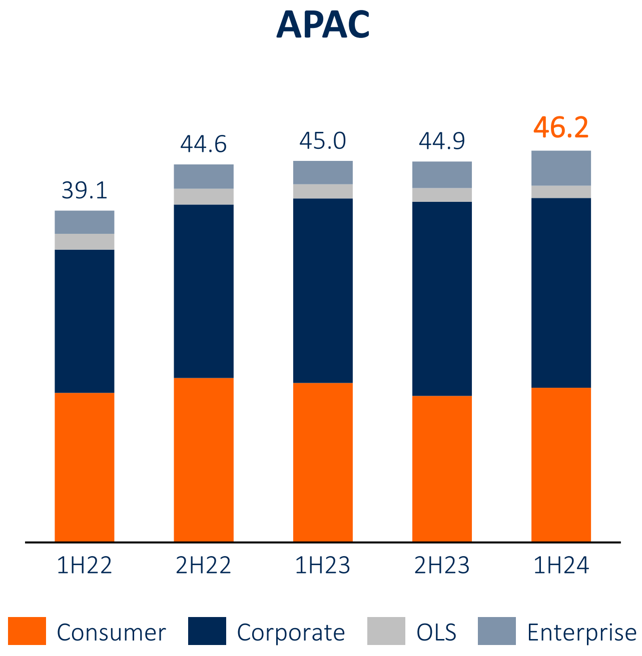
$31.8m

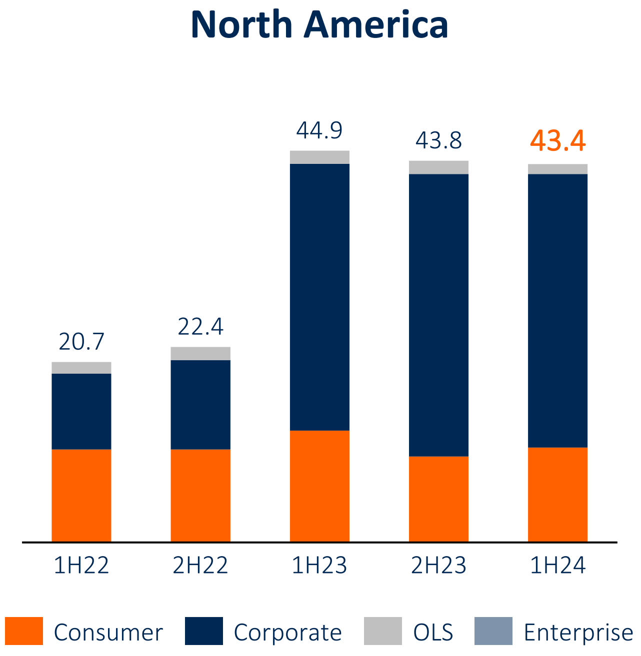
1H24 up 5.5% v 2H23

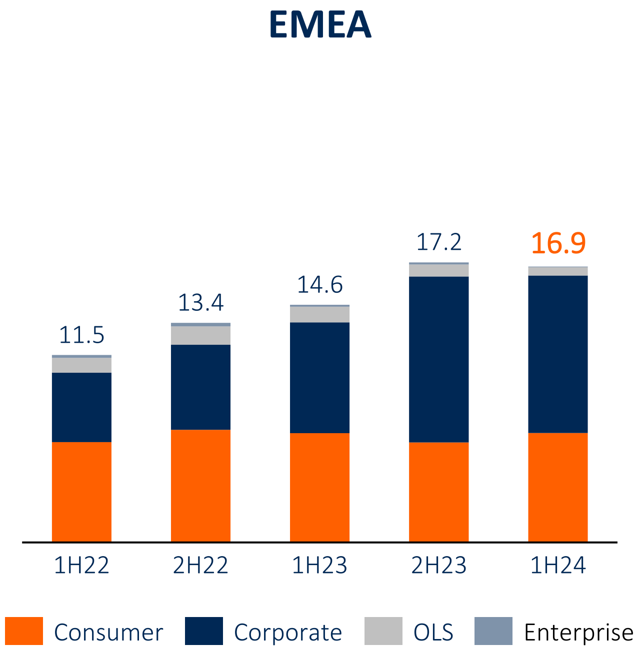
[1] 1H24 turnover is not including Paytron
[2] 1H24 NOI and EBITDA includes Paytron of $0.2m and $(0.9)m respectively

Revenue varies by region and segment

Revenue $m



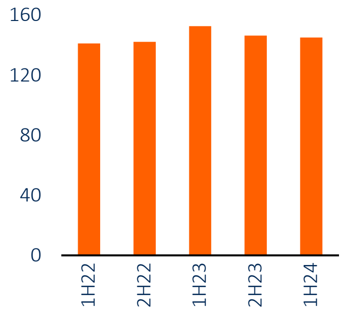




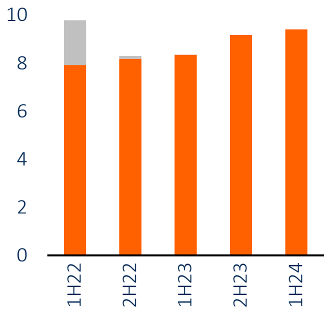
APAC	North America	EMEA
1H24 v 1H23	1H24 v 1H23	1H24 v 1H23
2.7%	**(3.4)%**	**16.1%**
1H24 up 2.8% v 2H23	1H24 down (0.9)% v 2H23	1H24 down (1.5)% v 2H23

Loyal clients increasing transaction activity

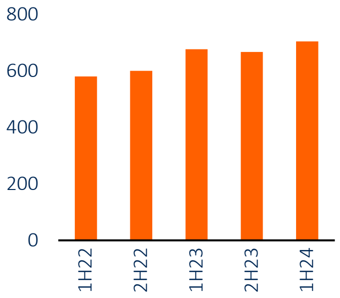
OFX Group[1]	Active clients 145.0k 5.0% down from 1H23	✖	Transactions per active client 9.4 13.2% up from 1H23	=	Transactions 703.3k 4.1% up on 1H23	✖	ATV $27.3k 7.3% down on 1H23	=	Turnover $19.2bn 3.5% down on 1H23
Consumer	Active clients 103.9k		Transactions per active client 4.3		Transactions 225.4k		ATV $20.0k		Turnover $4.5bn
Corporate	Active clients 29.3k		Transactions per active client 23.2		Transactions 354.7k		ATV $32.4k		Turnover $11.5bn



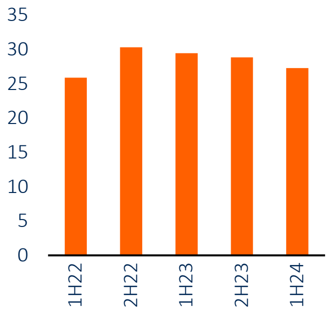
Active clients ('000)



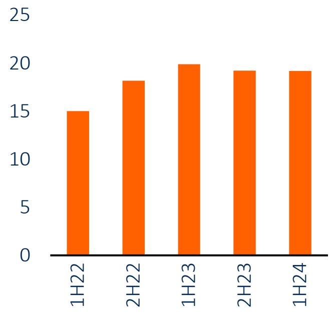
Transactions per active client (LTM)



Transactions ('000)



Average transaction value ($'000)



Turnover ($bn)

Significant volumes in offshore share purchases not repeated in FY23 & FY24

Note: above metrics are excluding Paytron

[1] OLS and Enterprise segments are included in the total OFX Group however the individual segments are not listed here

Attractive Recurring Revenue

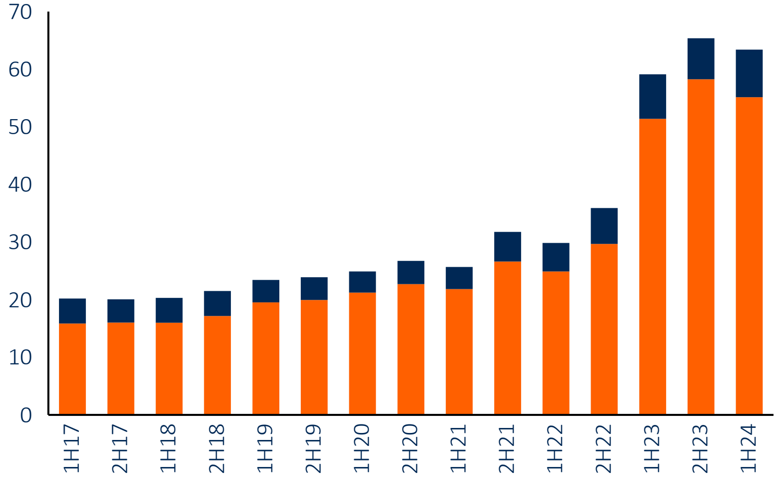
Revenue from Existing Clients

84%

increase from 82% in 1H23

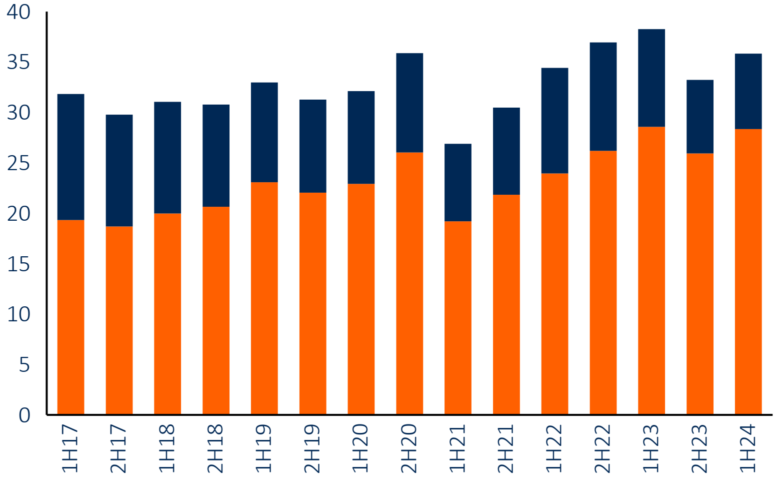
87%

Corporate revenue $m



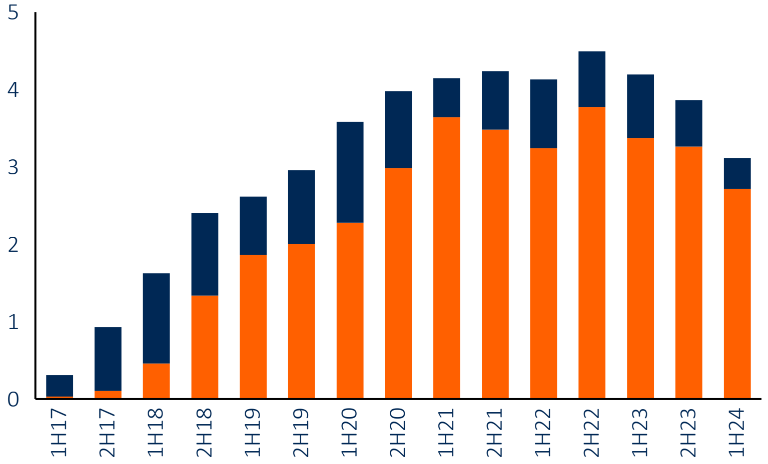
79%

High Value Consumer revenue $m



87%

Online Seller revenue $m



New clients within the last 12 months

Existing clients

Definitions

- **Active Client:** Number of clients that entered into a Transaction with OFX during the immediately preceding 12-month period
- **ATV:** Average transaction value
- **B2B:** Corporate, Online Sellers (OLS) and Enterprise segments
- **Corporate:** As of 1H21, Corporate excludes OLS; OLS is reported separately
- **Enterprise:** previously referred to as International Payment Solutions in the segment reporting
- **Existing Clients:** (previously defined as Returning clients) are active clients who first transacted > 12 months ago
- **LTM:** Last twelve months
- **Net Available Cash:** Net cash held less Collateral and Bank Guarantees
- **Net Cash Held:** Cash held for own use + Deposits due from financial institutions
- **New Revenue:** Revenue from clients that register within the current financial year
- **NOI:** Net Operating Income
- **NOI margin:** Net Operating Income / Turnover
- **OLS:** Online Sellers, Corporate clients who sell online via marketplaces or digital platforms
- **Recurring Revenue:** Revenue generated from Existing Clients
- **Revenue:** represents “Fee and trading income” in the statutory accounts excluding Treasury Revenue
- **Transactions:** Number of transfers or exchange of funds pursuant to instructions or in line with a request
- **Underlying EPS:** EPS for the ongoing business. For Firma this excludes transaction costs, integration costs and non-cash tax effected amortisation of acquisition of intangibles

Thank you