



OFX GROUP LIMITED
FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

18 May 2021 – OFX Group Ltd (OFX or the Group) (ASX: OFX) today announced full year results for the period ending 31 March 2021.

The FY21 result, in a full year disrupted by COVID-19, was a good outcome and reflects a strong second half performance driven by our Corporate and Online Seller segments. This momentum positions us well for FY22 and beyond. Consumer activity was soft as certain use cases were affected by COVID-19, however this was offset by revenue growth of 11.0% year-on-year in both Corporate and Online Seller, which now contribute more than half of Group revenue. Underlying EBITDA of \$30.4m was down 20.5% year-on-year but in 2H21 up 82% on 1H21 driven by strong fee and trading income (revenue) across all segments, disciplined cost management with underlying operating expenses up only 0.7% while continuing to invest, and good management of bad and doubtful debts.

The Group continues to execute against its strategy with growth investments delivering results. New Corporate revenue was up 30%, Online Seller active clients grew 24%, North America revenue was up 19.2% in 2H21 v 1H21 and new Enterprise strategic alliances included WiseTech Global, Pearler, and Storfund. In addition, the Reserve Bank of Australia (RBA) has appointed OFX as an FX service provider to the Australian Tax Office (ATO).

Financial Highlights

- Turnover of \$25.0bn, up 1.4% on FY20; with
 - Transactions¹ up 26.1% to 1,403k; and
 - Average Transaction Values¹ (ATVs) down 19.6% to \$17.8k
- Fee and trading income (revenue) down 2.2% to \$134.2m; with:
 - Corporate revenue up 11.0%
 - Online Seller revenue up 11.0% (up 36% ex-Asia)
 - Consumer revenue down 15.6%; up 13.4% 2H21 v 1H21
 - Strong recurring revenue of 79% (FY20: 76%)
- Net Operating Income (NOI) down 5.8% to \$117.9m
- Underlying operating expenses up 0.7%
- Underlying EBITDA down 20.5% to \$30.4m; up 82% in 2H21
- Statutory NPAT down 37.1% to \$12.8m
- Strong operating cash flows with net cash held of \$60.6m and Net Available Cash up \$12.3m
- On-market share buy-back program to replace dividend in near term

OFX's Chief Executive Officer and Managing Director, Skander Malcolm, said: *"Amidst a period of uncertainty and unprecedented global market conditions, the business saw a strong rebound in the second half with NOI up 18.7% and Underlying EBITDA up 82% on 1H21. This reflects the strength of our Corporate segment, up 23.7% in 2H21 v 1H21, a strong Online Seller segment, and a recovery in our Consumer segment. Turnover was up 1.4% for the year while revenue was marginally down."*

"We continued to invest in our foundational enablers – strong risk management, reliable and scalable systems, and our people - whilst the pivot to Corporate, Online Seller and Enterprise is showing healthy growth. It was very encouraging to see new Corporate revenue up 30%, Online Seller active clients up 24%, and strong growth in North America in the second half particularly. In Enterprise, we launched our Link Australia program and announced a strategic alliance with WiseTech Global, with client marketing already underway and a full launch on track for Q322. In addition, it was very encouraging to convert a number of smaller opportunities in our pipeline – momentum in Enterprise is gaining in every market."

1. Includes increased transactions for offshore share purchases which skewed ATV's. These transactions are unlikely to repeat in FY22



“Our product and geographic roadmap also saw some good milestones, with the launch of our Global Currency Account for Corporate, securing an Irish eMoney Institution license to enable European expansion post Brexit and being selected as one of a limited number of approved ‘Payment Services Providers’ by Amazon, which will benefit our Online Seller business globally especially in North America. The investment in our reliable, scalable systems is delivering a very stable and easy to use platform for our clients, and our risk management capability has never been stronger leading to a 41% reduction in bad and doubtful debts.

“We are also delighted to announce we have agreed terms for a strategic investment in TreasurUp, a European treasury management software company, that will allow us to provide automated hedging and risk management solutions for small and medium size corporates to manage their FX risk. It is an attractive product capability that is aligned to our focus on growing our Corporate segment, and is our first M&A transaction, funded by cash.”

OFX continues to generate good cash flows, with net cash from operating activities of \$27.9m for FY21, and cash held for own use including deposits with financial institutions of \$60.6 million as at 31 March 2021.

Summary Financial Results

	<u>FY20</u>	<u>FY21</u>	<u>V%</u>
Turnover (\$b)	24.7	25.0	1.4%
Fee and trading income (revenue) (\$m)	137.2	134.2	(2.2)%
Net operating income (\$m)	125.2	117.9	(5.8)%
Underlying operating expenses¹ (\$m)	(86.9)	(87.5)	0.7%
Underlying EBITDA¹ (\$m)	38.2	30.4	(20.5)%
Underlying EBT¹ (\$m)	26.1	17.3	(33.7)%
Underlying NPAT¹ (\$m)	21.4	13.5	(36.6)%
Statutory NPAT (\$m)	20.3	12.8	(37.1)%
Net cash held²	61.0	60.6	(0.8)%

1. Excluding one-off items of \$1.0m for FY21 and \$1.3m for FY20
2. \$60.6m Net Cash Held includes \$23.8m of collateral and bank guarantees

On-market share buy-back program to replace OFX dividend in the near term

As part of its ongoing capital management strategy, OFX will place its current dividend policy on hold to support an on-market share buy-back program of up to 10% of its ordinary shares over the next 12 months.

In light of the Company’s emerging growth opportunities, the Board believes there are benefits in returning capital to OFX shareholders by way of an on-market buy-back, rather than by paying dividends.

A key benefit is the capital flexibility provided by an on-market buy-back, which allows OFX to respond quickly to growth opportunities that may arise. The Board also believes that buying back shares at the prevailing share price will provide a near-term benefit to OFX shareholders, given the Board’s confidence in the Group’s ongoing strong performance.

The number and frequency of shares to be acquired will depend on the prevailing share price, market conditions, incremental growth capital requirements and any unforeseen circumstances. The benefits and appropriateness of returning capital through the share buy-back program, relative to the payment of dividends, will be reviewed on completion of the current share buy-back program.



Group Outlook

In FY22 OFX will continue to focus on its high growth segments, further expand geographically, especially in North America, and continue to invest in its reliable, scalable systems and risk management capability.

Skander Malcolm said: *"With the global economic rebound post COVID, momentum is building in our high-growth Corporate and Online Seller segments and we have won several Enterprise clients, with a strong pipeline. This gives us confidence for FY22 Net Operating Income growth of more than 10%. We retain the principle of delivering positive operating leverage on an underlying basis, whilst being open to the possibility of attractive investments."*

"Our distinctive customer value proposition and exceptional risk management culture give us confidence in the sustainability of our model, and in our ability to deliver returns to shareholders and the community over time, as well as providing a great place to work."

Authorised by OFX Group Limited Board of Directors

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Investor Webcast

To listen to the audio webcast of the OFX investor call at 10.00AM AEST this morning please register with the following link:

<https://s1.c-conf.com/diamondpass/10013701-78tb1e.html>

About OFX Group (ASX: OFX)

Founded in 1998, OFX is an international money services provider based in Sydney with eight offices across the world and more than 400 staff. It offers money transfers and foreign exchange services for consumer and business clients across 50+ currencies. Through its 'human + digital' business model, OFX provides 24/7 localised client support to complement its global digital platform.

More information, including a downloadable Fact Sheet, is available at <https://www.ofx.com/en-au/investors>