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FY21 Financial Results

Investor presentation

18 May 2021

Agenda

1. Good outcome with strong momentum
2. A valuable company
3. A more valuable future
4. Q&A
5. Appendix



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Good outcome with strong momentum

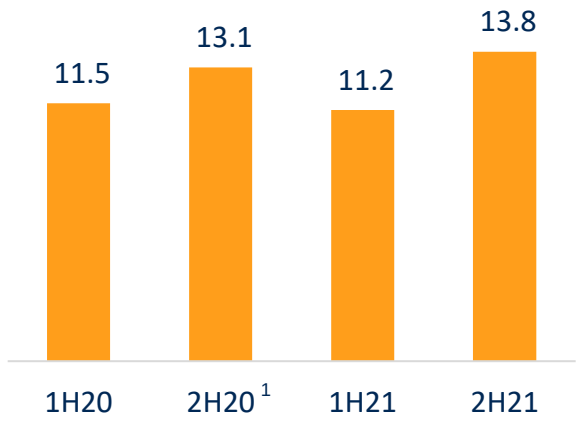
Skander Malcolm

Chief Executive Officer and Managing Director

Strong rebound in 2H21 driving momentum

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Turnover ($bn)



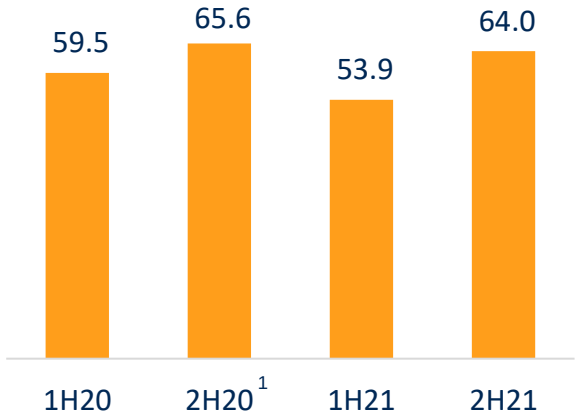
2H21 up 22.9% v 1H21

$13.8bn

FY21 up 1.4% v FY20

$25.0bn

Net Operating Income ($m)



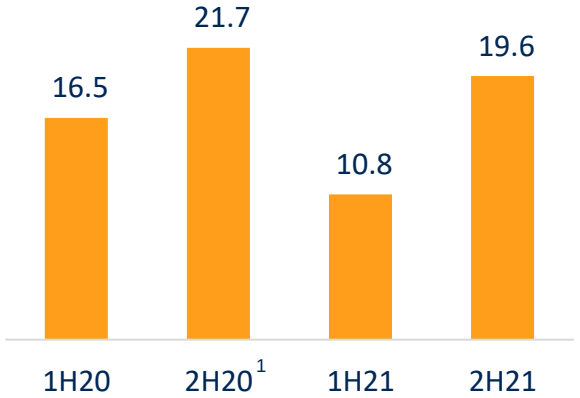
2H21 up 18.7% v 1H21

$64.0m

FY21 down 5.8% v FY20

$117.9m

Underlying EBITDA ($m)



2H21 up 82.2% v 1H21

$19.6m

FY21 down 20.5% v FY20

$30.4m

1.2H20 includes March 2020 which was our biggest month in history driven by COVID crisis and volatility

FY21 Highlights

Growth drivers

Client Experience

- NPS score of 68.7, up from 66.8
- North America Corporate onboarding speed improved by 25%

Geographic Expansion

- Obtained Electronic Money Institution licence from CBI (Ireland) for European expansion
- Strong momentum in North America with 2H21 revenue up 19.2% v 1H21, FY21 EBITDA up 50.1%

Partnerships

- Won WiseTech Global, Pearler, and Storfund
- Built strong pipeline for FY22

Foundational enablers

Reliable, Scalable Systems

- Processed 1.4m transactions – a record – and up 26.1%
- Bank fee costs per transaction down 22%

Risk Management

- Bad and doubtful debts down 41.4%
- Continued strong regulatory exam results

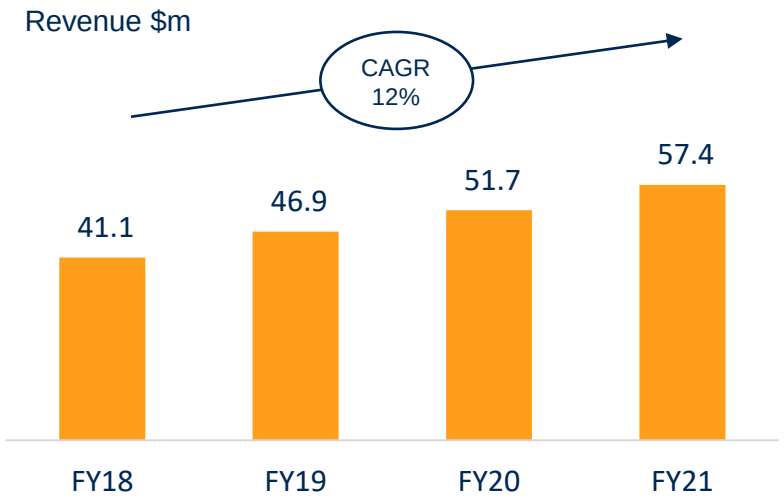
People

- Employee engagement at 70%, up 11 pts
- Transitioned to 100% work from home in 15 days, future of work program rolling out globally

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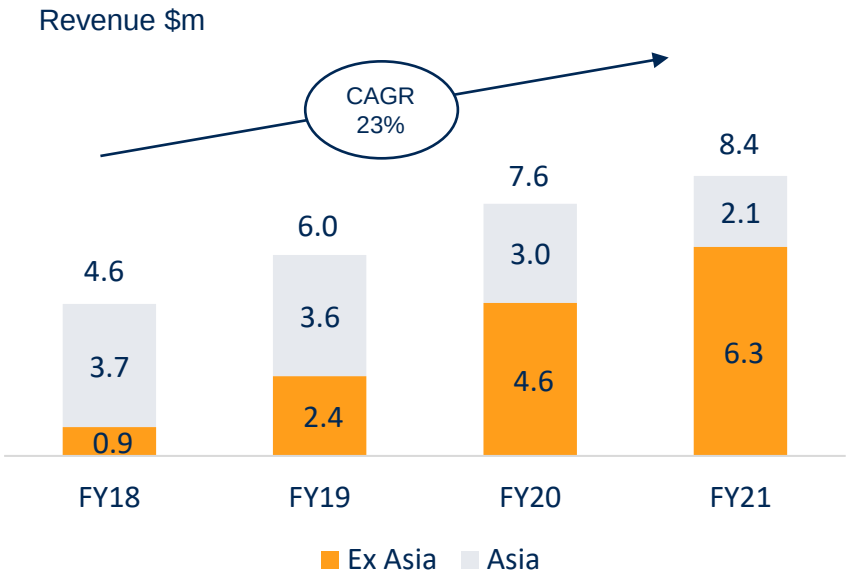
Strategic pivot to Corporate & Online Seller segments

Strong and consistent Corporate growth despite the pandemic



- Revenue up 11% vs FY20, New Revenue up 30%
- Launched Global Currency Account for Corporates
- New dealing clients up 10% with growth in all regions
- Top industry verticals include services, retail and wholesale trade

Online Seller scaling quickly



- Revenue up 11% vs FY20, up 36% ex Asia
- Active clients up 24% with growth in new dealing clients
- Transactions per active client 30.9
- Approved Amazon Payment Services Provider

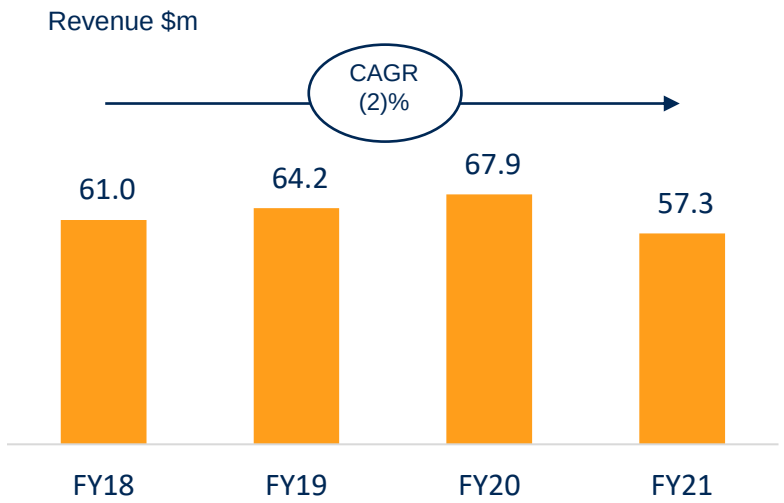
All numbers are FY21 and comparisons against FY20 unless stated otherwise

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Consumer use cases impacted by COVID in 1H, 2H improving

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Consistent growth pre COVID, 2H improving



- FY21 revenue down 15.6% vs FY20, 2H21 revenue up 13.4% on 1H21
- North America new revenue up 7.7% vs FY20
- Long term growth will be consistent and sustainable
- Global Consumer research[1]: 76% of respondents intend to transfer in FY22; of those, 97% are either very likely (81%) or quite likely (16%) to use OFX

Consumer use cases negatively impacted by COVID

- Holiday and travel
- Emigration / immigration
- Property investment and loan repayments
- Expat / salary transfer

Impact on FY21 revenue ~$(14)m

Consumer use cases positively impacted by COVID

- Purchases
- Investments
- Family support

Impact on FY21 revenue ~$4m

1. Research conducted in April 2021 of a sample of active Consumer clients from FY20 who did not transact in FY21

Strategic focus on Corporate and Online Seller segments driving scale

Lower Consumer activity …

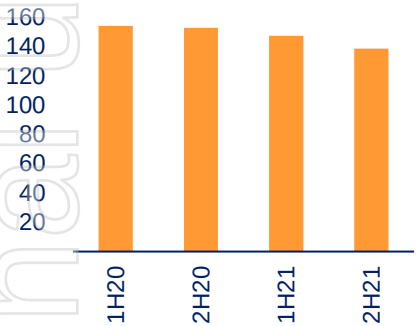
was offset by strong Corporate and Online Seller activity …

including unusual growth from offshore share purchases …

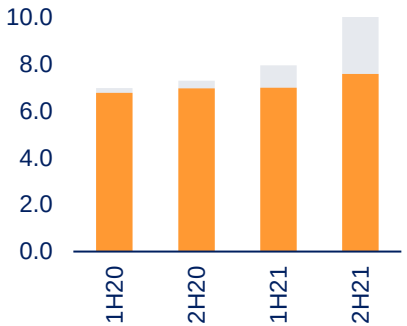
which skewed ATVs …

resulting in turnover growth.

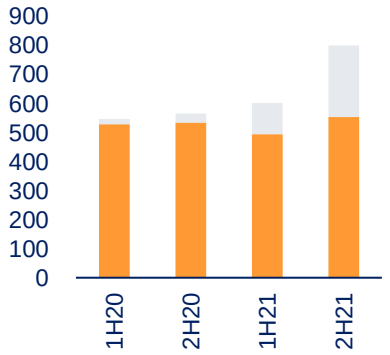
Active clients	×	Transactions per active client	=	Transactions	×	ATV	=	Turnover
138.5k		**10.1**		**1,403.0k**		**$17.8k**		**$25.0bn**
9.3% down from 31-Mar-20		39.0% up from 31-Mar-20		26.1% up on FY20		19.6% down on FY20		1.4% up on FY20



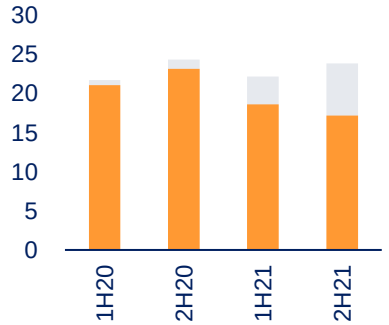
Active clients ('000)



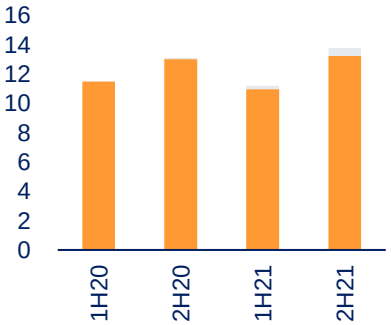
Transactions per active client (LTM)



Transactions ('000)



Average transaction value ($'000)



Turnover ($bn)

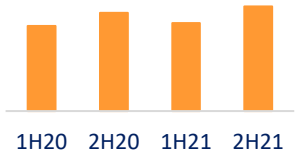
Offshore share purchases unlikely to repeat in FY22

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All regions impacted by COVID, strongest rebounds in North America & A&NZ

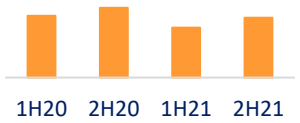
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North America
Revenue

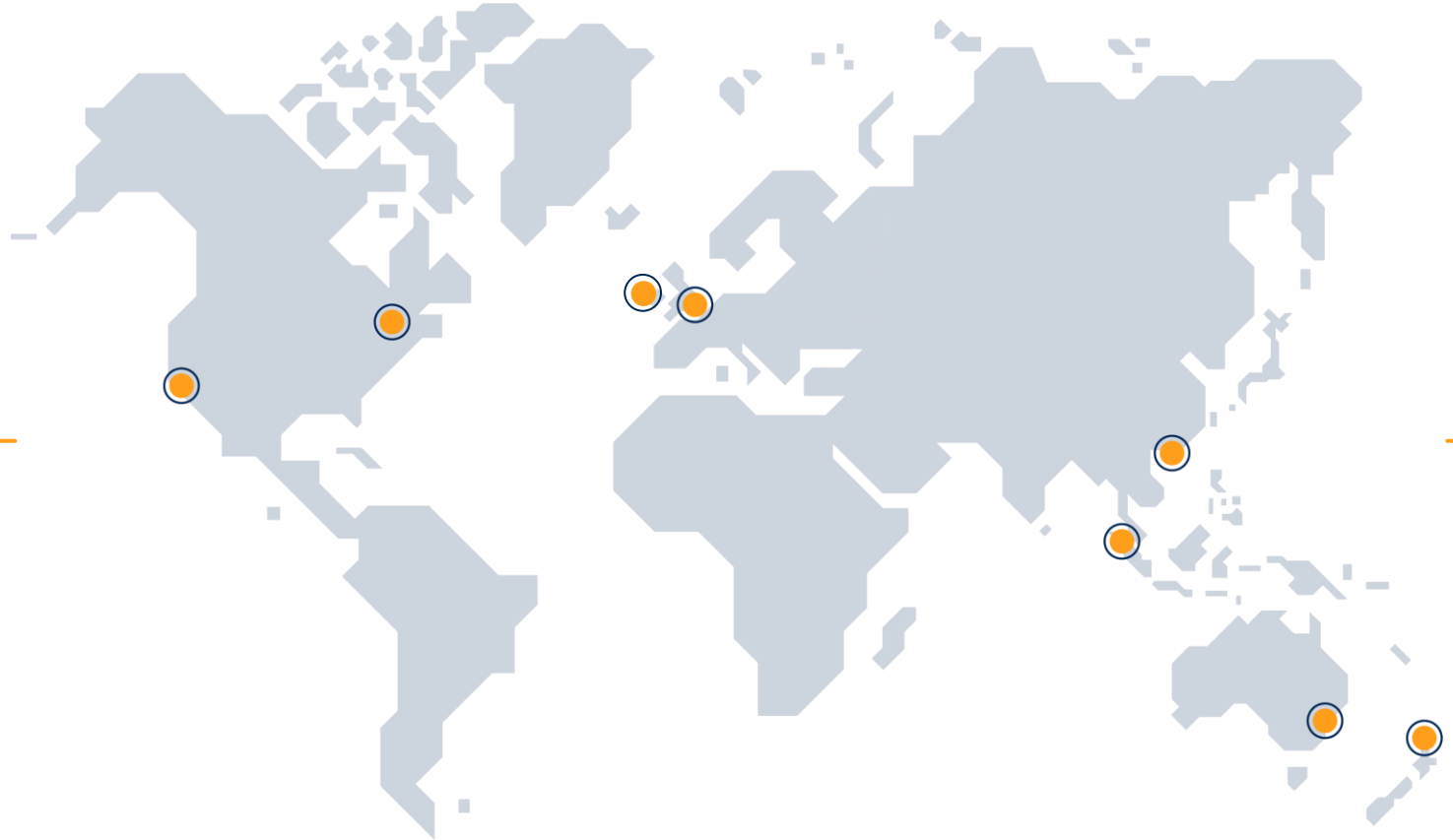


Turnover +8.5%
Transactions +10.1%

UK / Europe
Revenue



Turnover (4.1)%
Transactions (7.4)%

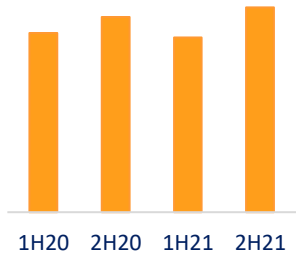


Asia
Revenue



Turnover (13.3)%
Transactions (4.7)%

A&NZ
Revenue



Turnover +5.0%
Transactions +49.0%

- Turnover and transactions represent growth from FY20 to FY21

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A valuable company

Selena Verth

Chief Financial Officer

Solid financial outcome after soft 1H21

Financial results	FY20	FY21	V%
Financial Metrics			
Fee and trading income (revenue) ($m)	137.2	134.2	(2.2)%
Net operating income ($m)	125.2	117.9	(5.8)%
Underlying operating expenses[1] ($m)	(86.9)	(87.5)	0.7%
Underlying EBITDA[1] ($m)	38.2	30.4	(20.5)%
Underlying EBT[1] ($m)	26.1	17.3	(33.7)%
Underlying NPAT[1] ($m)	21.4	13.5	(36.6)%
Statutory NPAT ($m)	20.3	12.8	(37.1)%
Net Cash Held[2]	61.0	60.6	(0.8)%
Financial Ratios			
NOI margin	0.51%	0.47%	(4) bps
Underlying EBITDA margin	30.6%	25.8%	(4.8) pts
Effective tax rate	17.9%	21.7%	3.8 pts

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

- Strong 2H up 18.0% v 1H21, FY21 revenue down 2.2%
- NOI down 5.8% driven by reduction in consumer activity post COVID offset by revenue growth in Corporate +11% and Online Seller +11%, resulting in NOI margin decline
- 2H21 Underlying EBITDA $19.6m (up 82% v 1H21) driven by strong revenue across all segments and disciplined cost management, FY21 Underlying EBITDA $30.4m, down 20.5%
- Effective tax rate of 21.7%, up from prior year tax rate of 17.9%
- Statutory NPAT $12.8m (down 37.1%) due to soft 1H21 driven by COVID
- Net cash held $60.6m, down $0.4m, Net Available Cash $36.8m up $12.3m due to lower volatility and renegotiation of collateral commitments

Financials only

Disciplined expense management and substantial reduction in bad debts

$m	FY20	FY21	V%
Employee expense	53.4	57.0	6.8%
Promotional expense	13.6	12.8	(6.2)%
Technology expenses	6.3	6.3	0.5%
Occupancy expense	0.7	0.7	(3.2)%
Bad and doubtful debts	3.3	2.0	(41.4)%
Other expense	9.6	8.8	(8.2)%
Underlying operating expenses[1]	**86.9**	**87.5**	**0.7%**

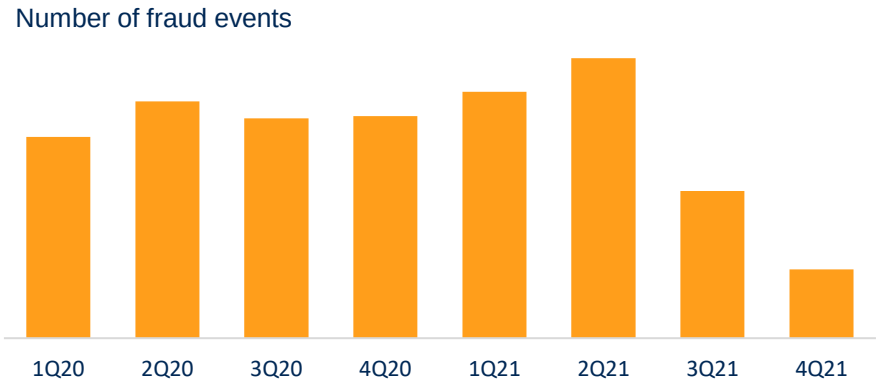
Underlying operating expenses

- Employee expenses up 6.8% while investing in growth and client experience
- Continued focus on brand in market throughout FY21 delivering efficiencies in 2H21 with cost per NDC down 13.3% vs 1H21
- Technology expenses flat, expect to increase in FY22 with investments in reliable scalable systems and risk management
- Other expense down 8.2% due to lower travel partially offset by increases in insurance

Bad & doubtful debts down 41.4%

- Bad and doubtful debts $2.0m, down 41.4% on FY20 and down 31.3% 2H21 v 1H21
- Implementation of new tools across identity management, biometrics have driven significant reduction in fraud events

Enhanced systems reducing fraud events; 2H21 down 59% on 1H21



1. Excluding one-off items of $1.0m for FY21 and $1.3m for FY20

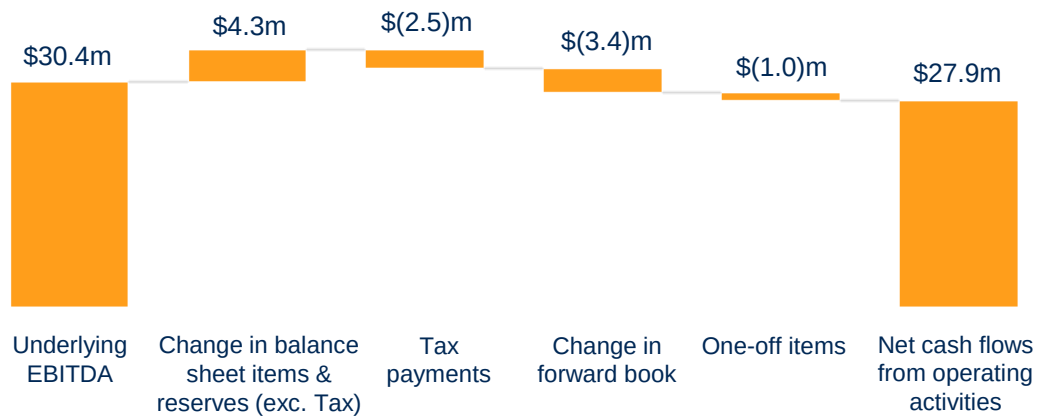
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Strong balance sheet, good cash flow

$m	31 Mar 20	31 Mar 21
Balance Sheet		
Cash held for own use	28.8	33.5
Deposits due from financial institutions	32.3	27.1
Cash held for settlement of client liabilities	207.0	241.8
Derivative financial assets	35.1	22.5
Right-of-use assets	17.2	13.9
Other assets	10.2	9.7
Property, plant and equipment	2.3	1.1
Intangible assets	14.8	18.0
Deferred and prepaid tax assets	6.1	6.3
Total assets	**353.8**	**373.9**
Client liabilities	211.9	247.1
Derivative financial liabilities	32.7	16.7
Lease liabilities	21.1	17.3
Other liabilities	12.1	11.6
Total liabilities	**277.8**	**292.7**
Total equity	**76.0**	**81.2**

- Net cash held $60.6m, down $0.4m, Net Available Cash $36.8m up $12.3m
- Strong cash generation; $30.4m underlying EBITDA delivering $27.9m net cash flows from operating activities
- Investment in intangible assets of $10.3m improving reliable scalable systems

FY21 Net cash flows from operating activities



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Implementing an efficient capital management strategy

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

- An on-market buy-back provides capital flexibility, which allows OFX to respond quickly to emerging growth opportunities
- 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
- Current dividend policy will be placed on hold to support an on-market share buy-back program of up to 10% of its ordinary shares over the next 12 months
- Number and frequency of shares to be acquired dependent on prevailing share price, market conditions, incremental capital requirements, and unforeseen circumstances

$m	31 Mar 21
Cash held for own use	33.5
Deposits due from financial institutions	27.1
Less: Collateral & Bank Guarantees	(23.8)
Net Available Cash	**36.8**
Post 31 March 21	
Less FY22 : TreasurUp investment	(6.1)
Net Available Cash	**30.7**

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A more valuable future

Skander Malcolm

Chief Executive Officer and Managing Director

Building the world's leading value-added cross border payments specialist

Opportunity

130T USD cross-border payments market

OFX is a cross border payments specialist with a small market share

Strong GDP growth outlook across core markets in next 12 months: US 6.3%, UK 5.5%, AUS 4.4% which will support growth in Corporate, Enterprise and Online Seller

Grow valuable segments

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

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
- ✓ 75%+ recurring revenue
- ✓ Strong EBITDA margins
- ✓ Highly cash generative
- ✓ Capital light
- ✓ Well positioned to participate in industry consolidation

Source: Global cross-border payment flows - McKinsey global payments research 2020
Annual GDP growth forecast for 2021 – Bloomberg Contributor Composite as at 29 April

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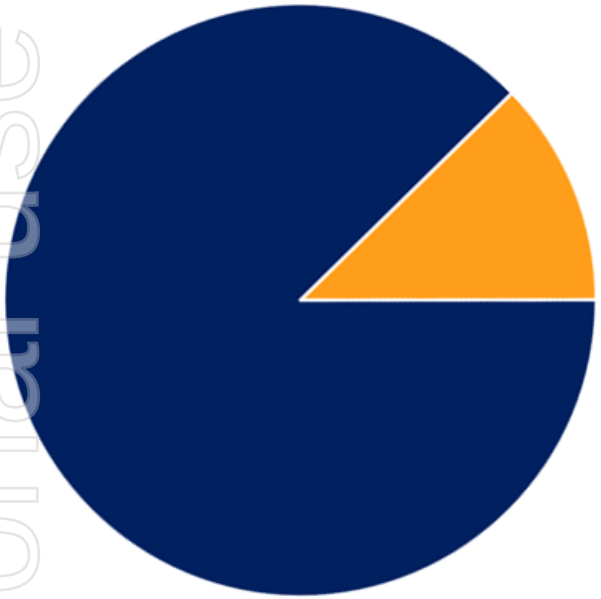
Targeting most valuable opportunities in a large market

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Large total market

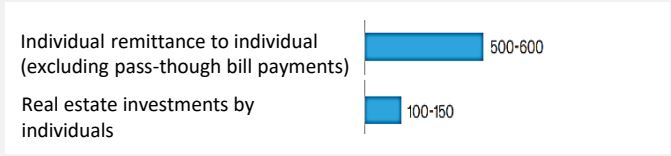
Global cross-border payments flows

$130T

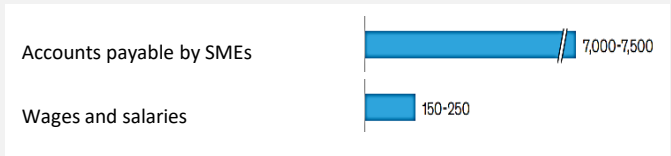


High growth use cases

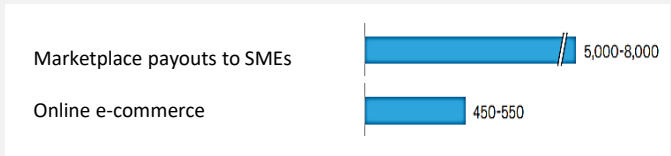
Size of payments flows in $Bn and identified growth tailwinds



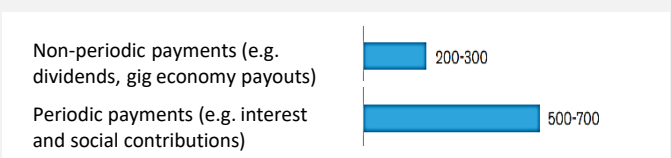
>75% consumers would consider digital alternatives to Banks. Up from 18% in 2015



2-3 x higher cross-border payment flows growth rate for SMEs than large corporates



+44% E-Commerce adoption in 2020 with COVID acting as a catalyst to pre-existing trend



+24% Platform as a service (PaaS) market growth forecast in 2022

Valuable segments

OFX target segments

High Value Consumer

Corporate

Online Seller

Enterprise

Source: Internal view based on EY global Fintech adoption index, McKinsey global payments research 2019 and 2020, DigitalCommerce360, Gartner research on global PaaS market size and growth forecast
Note: PaaS = Platform-as-a-service | Use cases shown above are non-exhaustive

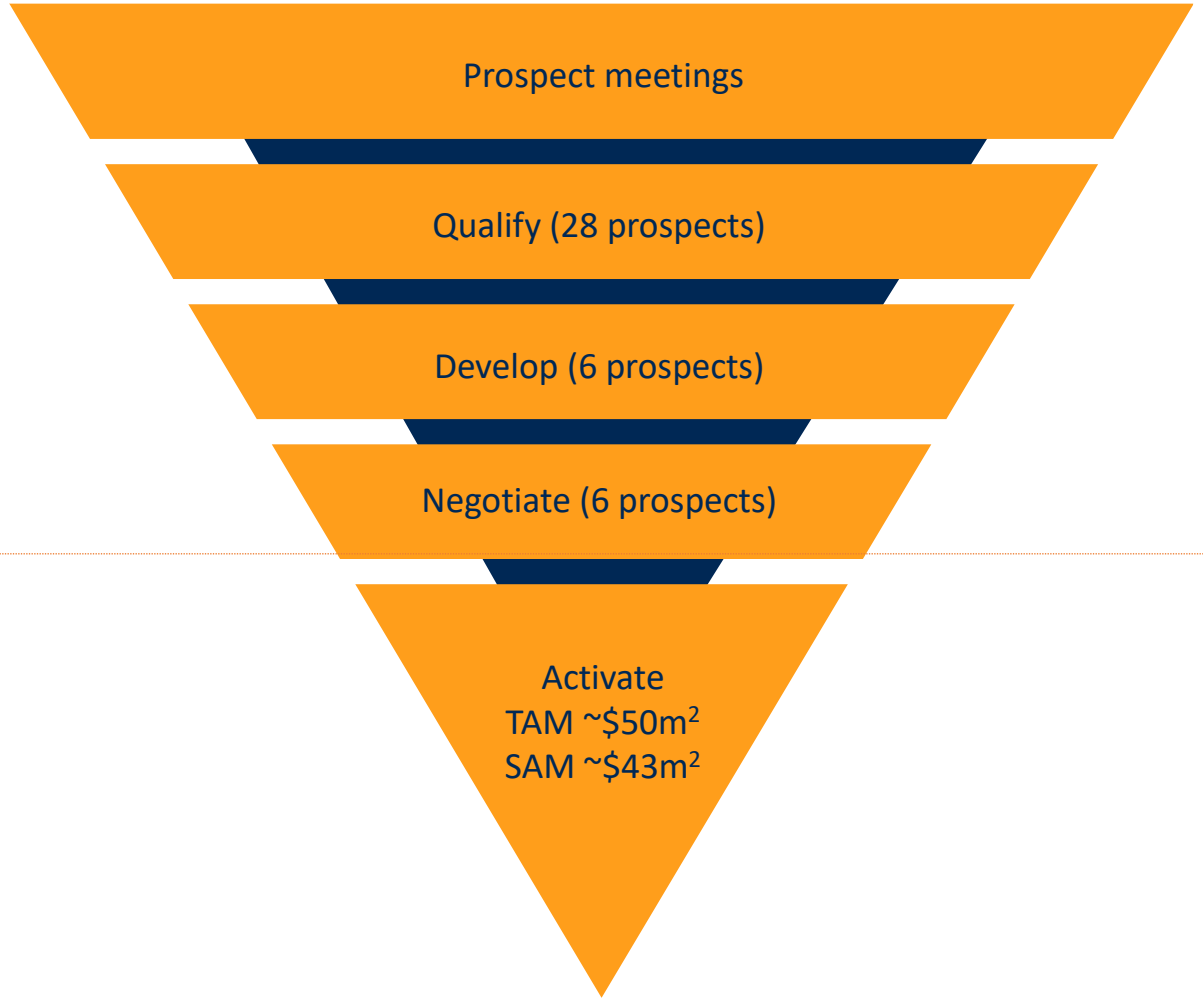
Growth through being distinctive to our target segments

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	High Value Consumer	Corporate	Online Seller	Enterprise
Segments we target	Typical ATVs of ~$17.1k biannual+ trading	Typical ATVs of ~$26.4k monthly+ trading	Typical ATVs of ~$17.0k weekly+ trading	B2B2C and B2B2B
Must Haves	Fast, competitive, and trusted money transfer experience on a single digital platform			
Differentiators	Local 24/7 human service delivery	Better risk management tools and localised 24/7 human service and expertise	Specialised global payments & receivables for eCommerce, with marketplace integration	Fully serviced PaaS based on our global infrastructure
Future Focus (FY22+)	Win post COVID rebound in use cases	Better 'end-to-end' experience, FX risk management	Enhance 3rd party integrations and product to support eCommerce ecosystem	Activate wins, convert pipeline, grow pipeline

Growing Enterprise pipeline[1] & activating the strategic alliances won

Enterprise pipeline



Activate

- Enterprise pipeline strengthening globally with each region representing one third of pipeline
- Use cases include
  - wealth
  - payroll
  - financial institutions
  - Government (RBA / ATO won 1 May 2021)
  - accounting platforms
- Dedicated Enterprise team in each region

LINK Market Services

wisetech global

STORFUND

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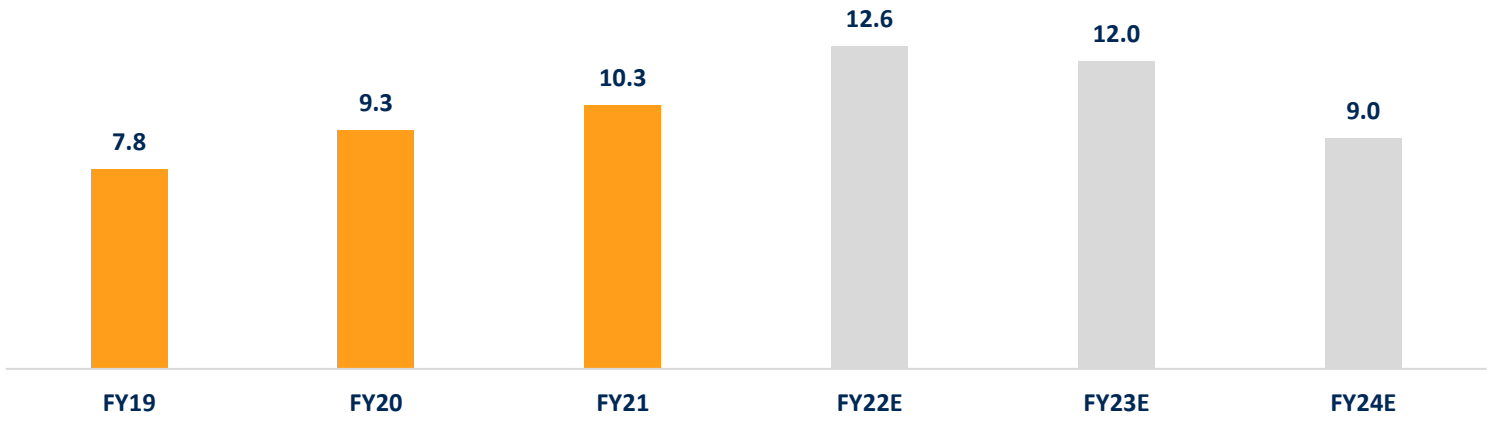
1. Pipeline as at 31 March 2021.
2. Estimated revenue for Enterprise strategic alliances won. TAM is all FX revenue, SAM is revenue in regions OFX is licensed. This excludes RBA / ATO appointment post 31 March 2021

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Sustainable capital investment in our Global Operating Model



Projected intangible investments $m



	FY21 Delivery	FY22+
Payments excellence	✓ API's, Global Currency Account ✓ Banking fee efficiencies	• Deeper Treasury management capabilities • Faster, cheaper, more automated payments
Risk management	✓ Implemented new tools across identity management, biometrics, transaction monitoring	• Integrate more data for better and faster decisioning • Straight through processing
Customer Service	✓ Improved onboarding with new transfer flow ✓ Customised experience for Link	• Full integrated case management • Simplified, easier to navigate digital experiences across segments

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Investment in TreasurUp will accelerate OFX's Corporate growth strategy

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treasurUp

- ✓ Founded in 2016 as part of Rabobank innovation campaign. Headquartered in the Netherlands
- ✓ 3 founders with significant FX, derivatives, and corporate experience
- ✓ FX hedging & risk management platform that is offered to banks for their corporate clients as a white labeled product
- ✓ 5 major bank clients with ~5.8k active corporate clients

+

OFX

Building the world's leading value-added cross border payments specialist

Strategic Rationale

- ✓ Accelerate OFX Corporate growth with risk management proposition
- ✓ Enhance OFX Enterprise opportunities & provide Online Seller micro hedging tools
- ✓ Enhance OFX product expertise
- ✓ Accelerate delivery of OFX risk management products
- ✓ Culturally aligned team with domain expertise
- ✓ Participate in TreasurUp revenue growth

Transaction Structure

- ✓ Terms are agreed, conditional investment agreement signed and close expected in 1H22[1]
- ✓ €3.15m in preference shares and €750k in convertible debt; OFX has a 37% voting interest
- ✓ OFX is a major investor with Rabobank; TreasurUp's software developer is co-investing
- ✓ OFX has supervisory rights

1. Subject to CPs being met on close

FY22 outlook

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Focus on strategic priorities

- Continue to grow North America
- Strong growth in Corporate and Online Seller segments
- Win opportunities in the Enterprise pipeline. Activate Link, WiseTech Global, RBA/ATO, Pearler and Storfund
- Win rebound in Consumer use cases



Deliver strong results

- Maintain principle of positive operating leverage[1] while remaining flexible to pursue investment opportunities
- Continue investment in a single global platform
- NOI growth 10%+
- Stable NOI margins

1. Positive operating leverage: NOI is growing at a faster rate than underlying operating expenses.

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Questions ?



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Appendix

Attractive Recurring Revenue

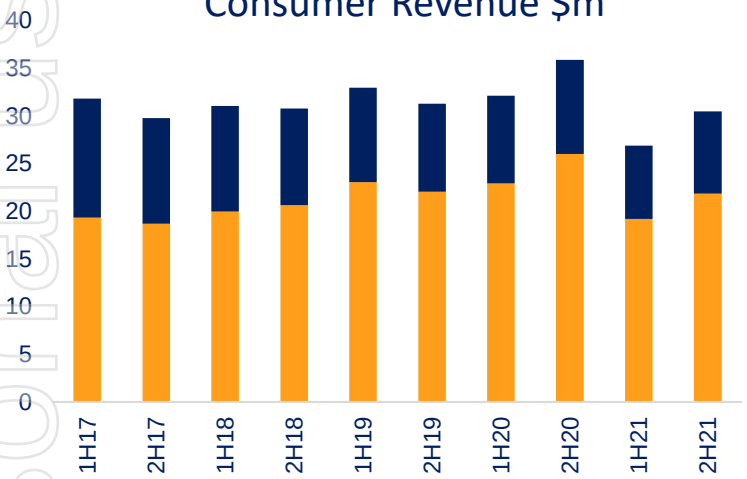
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Revenue from Existing Clients

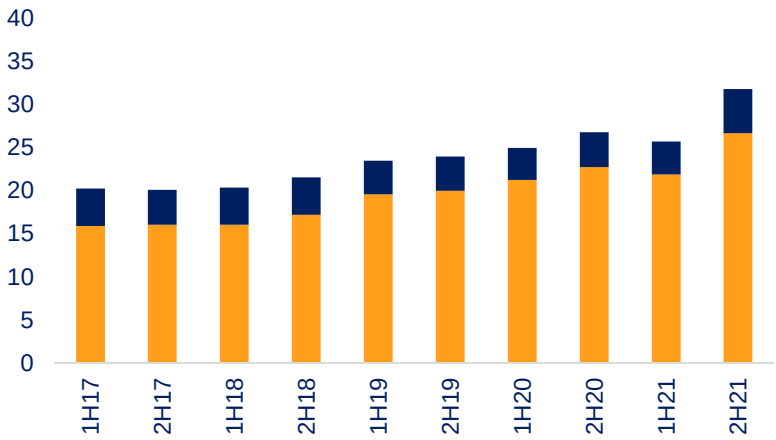
79%

Increase from 76% in FY20

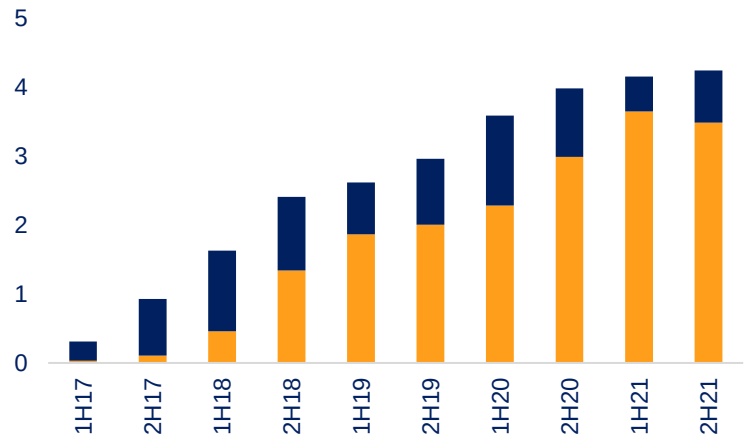
Consumer Revenue $m



Corporate Revenue $m



OLS Revenue $m

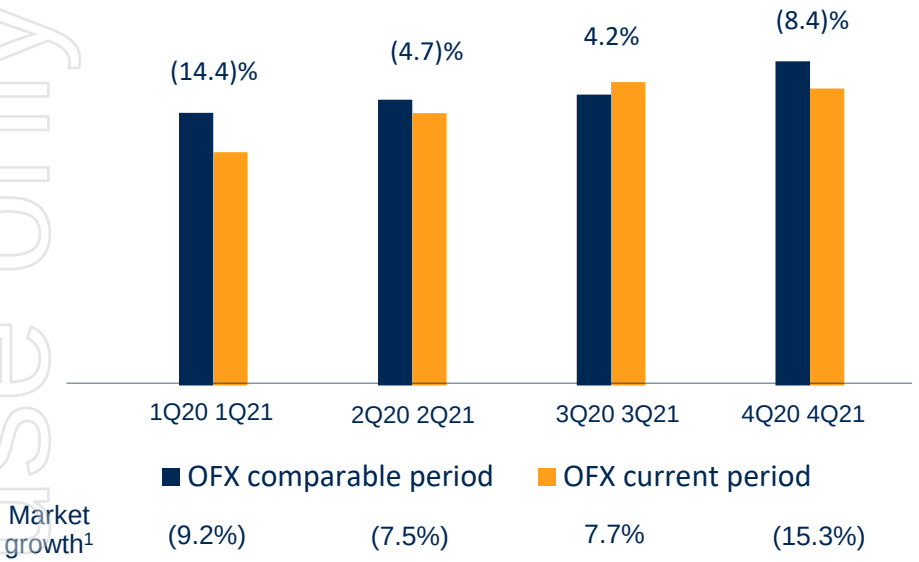


New clients within the last 12 months

Existing clients

Higher volatility however Consumer impacted by COVID

OFX quarterly NOI growth



- Volatility driven by COVID in FY21 did not correlate to Consumer revenue in contrast to previous market behaviors
- 2H20 included significant volatility with the AUD hitting an 18-year low of $0.56 against the USD driving additional revenue
- 2H21 strong rebound with NOI up 18.7% v 1H21
- OFX outperforming the market benchmark in 4Q21

14 day moving average of daily % movement in spot price (AUD/USD)[1]



Days of volatility	FY20	FY21
1H	19	69
2H	37	44
FY Total	56	113

1. Source: OFX analysis and https://www.thomsonreuters.com/en/resources/fx-volumes.html
2. AUD/USD is a major trading corridor within the portfolio

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Definitions

- **Active Client:** Number of clients that entered into a Transaction with OFX during the immediately preceding 12 month period
- **ATV:** Average transaction value
- **Corporate:** As of 1H21, Corporate excludes OLS; OLS is reported separately
- **Cost per Registration:** Promotional expense / registrations
- **Enterprise:** 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 – 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 margin:** Net Operating Income / Turnover
- **OLS:** Online sellers, business clients who sell online via marketplaces or digital platforms
- **PaaS:** Platform-as-a-service
- **Recurring Revenue:** Revenue generated from Existing Clients
- **Registrations:** Number of clients that have successfully registered or signed up with OFX in the period
- **Revenue:** represents “Fee and trading income” in the statutory accounts.
- **Transactions:** Number of transfers or exchange of funds pursuant to instructions or in line with a request

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Thank you

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