

Appendix 4D

For the half year ended 30 September 2022

OFX Group Limited

ABN 12 165 602 273

Results for announcement to the market

For the half year ended 30 September 2022 (“reporting period”)

		30 September 2022	% Change from 6 months ended 30 September 2021	30 September 2021 (previous corresponding period)
		A\$'000	%	A\$'000
Revenue from ordinary activities	Up	112,678	52%	74,267
Net profit for the period attributable to members of parent (before non-controlling interest)	Up	14,673	35%	10,895

Statutory net profit after tax for the half year was \$14.7 million, up 35% from \$10.9 million in the prior corresponding period.

Dividend information

There were no dividends paid in the current or the prior period.

	30 September 2022 (cents)	30 September 2021 (cents)
Net tangible asset backing per ordinary security ¹	11.62	29.76

Additional Appendix 4D disclosure requirements can be found in the notes to the Interim Financial Report and the Directors' Report for the half year ended 30 September 2022. Refer to Note 7 to the Interim Financial Report for details on acquisition of a subsidiary. Information should be read in conjunction with OFX Group Limited's 2022 Annual Report and the attached Interim Financial Report.

This report is based on the consolidated Interim Financial Report for the half year ended 30 September 2022 which has been reviewed by KPMG with the Independent Auditor's Review Report included in the Interim Report.

¹ Assumes that 243,387,261 ordinary shares on issue at 30 September 2022 and 242,442,234 were on issue at 30 September 2021.

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OFX Group Limited

ABN 12 165 602 273

Interim Financial Report

Half Year Ended 30 September 2022



The Company's registered office is:
Level 19
60 Margaret Street
Sydney NSW 2000
Australia

OFX Group Limited

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OFX Group Limited

Directors' Report

The Directors present their report together with the financial statements of the consolidated entity (the "Group"), being OFX Group Limited (the "Company") and its controlled entities, for the half year ended 30 September 2022 and the Independent Auditor's Review Report thereon.

Directors

The names of the Directors of the Group in office during the half year and up to the date of this report unless otherwise stated are as follows:

Patricia Cross	Chairperson (appointed on 12 August 2022)
Steven Sargent	Chairperson (resigned on 12 August 2022)
John Alexander ('Skander') Malcolm	Chief Executive Officer and Managing Director
Connie Carnabuci	Non-Executive Director
Douglas Snedden	Non-Executive Director
Grant Murdoch	Non-Executive Director
Cathy Kovacs	Non-Executive Director

Principal activities

The Group's principal activity during the half year was the provision of international payments and foreign exchange services.

Dividend and distributions

There were no dividends paid or determined by the Company during and since the end of the half year. Refer to Note 10 to the Financial Statements.

Operating and financial review

A summary of financial results for the half year ended 30 September 2022 is below. The Group's statutory financial information for the half year ended 30 September 2022 and for the comparative periods ended 31 March 2022 and 30 September 2021 present the Group's performance in compliance with statutory reporting obligations.

To assist shareholders and other stakeholders in their understanding of the Group's financial information, additional underlying financial information for the period ended 30 September 2022 and for the comparative periods ended 31 March 2022 and 30 September 2021 are provided in the Operating and Financial Review section of this Report. A reconciliation of the Company's statutory and underlying financial information is included on page 3-5. The reconciliation and the underlying information have not been audited.

Statutory results	Half year	Half year	Half year
	30 September	31 March	30 September
	2022	2022	2021
	\$'000	\$'000	\$'000
Net operating income ¹	105,279	78,397	68,630
EBITDA ²	27,158	23,161	20,066
EBITDA margin	25.8%	29.5%	29.2%
Net profit (after tax)	14,673	13,563	10,895
Earnings per share (basic) (cents)	6.04	5.58	4.47

¹ Net operating income, a non-IFRS measure, is the combination of 'Fee and trading income' and 'Fee and commission expense' and 'Interest income'.

² Earnings before interest expense, taxation, depreciation and amortisation (EBITDA) is a non-IFRS, unaudited measure.

OFX Group Limited

Directors' Report (continued)

The results were impacted by one-off items. The table below sets out the underlying financial results for the half year ended 30 September 2022 which has been adjusted for these items.

Underlying results	Half year 30 September 2022 \$'000	Half year 31 March 2022 \$'000	Half year 30 September 2021 \$'000
Net operating income ¹	105,279	78,397	68,630
Underlying EBITDA ²	32,289	24,242	20,258
Underlying EBITDA margin	30.7%	30.9%	29.5%
Underlying net profit (after tax)	19,853	14,685	11,046
Underlying earnings per share (basic) (cents)	8.17	6.04	4.54

"Underlying" measures of profit exclude one-off items of revenue and expenses in order to highlight the underlying financial performance across reporting periods. The Company incurred \$5.4 million in relation to completing the acquisition of Firma and associated integration costs during the period (2H22 \$1.1 million for Firma acquisition; 1H22 \$0.2 million retention payments for unsolicited M&A proposal). The following table reconciles underlying earnings measures to statutory results.

	Half year 30 September 2022				Half year 31 March 2022			
	\$'000	EBITDA	Profit before tax	Income tax	Profit after tax	EBITDA	Profit before tax	Income tax
Statutory profit	27,158	18,951	(4,278)	14,673	23,161	17,956	(4,393)	13,563
One-off items	5,131	5,385	(205)	4,993	1,081	1,081	41	1,122
Underlying profit	32,289	24,336	(4,483)	19,853	24,242	19,037	(4,352)	14,685

The Group delivered strong results in 1H23 with Firma adding to double digit revenue growth across all regions to deliver Net Operating Income of \$105.3m, up 53.4% v 1H22 and underlying EBITDA of \$32.3m, up 59.4%.

Fee and Trading Income was up 49.5% with APAC up 15.0%, North America up 117.2% and EMEA up 26.9%. Revenue growth was driven by continued elevation of ATV's across the portfolio and improved margins across all segments in addition to the acquisition of Firma from 1 May 2022 (Firma UK from 2 September 2022).

Underlying operating expenses were up 50.8% on the previous corresponding period with the acquisition of Firma and targeted investment in people, technology, and promotional expense. There was an increase in bad and doubtful debts of \$1.2m for the period, up from historical lows in FY22. The increase in bad debts was driven by a number of smaller transactions in North America.

Corporate revenue grew 98.2% with continued strength in ATV's and margin accretion, alongside the Firma acquisition, driving growth across all regions. The momentum in the Consumer segment continued with revenue up 11.3%. Margins were up 6bps and currency volatility also drove additional activity within the segment. Online Sellers revenue grew by 0.6% (6.9% ex Asia) with eCommerce market growth continuing to be soft. The Group continues to focus on building a strong pipeline of Enterprise opportunities however activation of recent clients is slower than expected. As a result, Enterprise revenue was down 1.6% in 1H23.

The Firma integration remains on track and the business is producing exceptional results. Revenue from Firma was up 27% over the previous 12 months and the business contributed \$27.2m in revenue to the OFX group result in 1H23.

¹ Net operating income, a non-IFRS measure, is the combination of 'Fee and trading income' and 'Fee and commission expense' and 'Interest income'.

² Earnings before interest expense, taxation, depreciation and amortisation (EBITDA) is a non-IFRS, unaudited measure

OFX Group Limited

Directors' Report (continued)

A reconciliation of EBITDA to Net Profit After Tax (NPAT) is provided as follows:

	Half year 30 September 2022 \$'000	Half year 31 March 2022 \$'000	Half year 30 September 2021 \$'000
EBITDA	27,158	23,161	20,066
Share of loss of equity-accounted investees, net of tax	(203)	(163)	(270)
Less interest expense	(2,473)	(352)	(365)
Less income tax expense	(4,278)	(4,393)	(3,256)
Less depreciation and amortisation	(5,531)	(4,690)	(5,280)
Net profit after tax	14,673	13,563	10,895

	As at 30 September 2022 \$'000	As at 31 March 2022 \$'000	As at 30 September 2021 \$'000
Cash and cash equivalents	423,219	301,870	277,092
Deposits due from financial institutions	25,707	25,144	22,216
Total cash	448,926	327,014	299,308
Cash held for subsequent settlement of client liabilities	(355,984)	(242,767)	(236,163)
Net cash held	92,942	84,247	63,145
Collateral and Bank Guarantees ¹	(49,011)	(41,604)	(25,541)
Net available cash²	43,931	42,643	37,604

The Group's financial position remains strong. The balance sheet consists predominantly of cash and client liabilities, with a cash position net of client liabilities of \$92.94 million at 30 September 2022. The financial position provides a good platform to pursue future growth opportunities and, coupled with our regulatory record, provides our banking partners with assurance on our capability and diligence.

¹ Prior year comparative has been restated to conform with presentation in the current period.

² Net available cash is a non-IFRS unaudited measure.

Directors' Report (continued)

Rounding amounts

The Group is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that instrument, amounts in the Directors' Report and the Interim Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half year ended 30 September 2022 is on page 7 of this report.

This report is made in accordance with a resolution of Directors.

On behalf of the Board



Patricia Cross
Chairperson



Skander Malcolm
Chief Executive Officer and Managing Director

08 November 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of OFX Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of OFX Group Limited for the half-year ended 30 September 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Shaun Kendrigan

Partner

Sydney

8 November 2022

OFX Group Limited

Consolidated Statement of Comprehensive Income For the half year ended 30 September 2022

	Notes	Half year 30 September 2022 \$'000	Half year 30 September 2021 \$'000
Fee and trading income		110,891	73,952
Fee and commission expense		(7,399)	(5,637)
Net income		103,492	68,315
Interest and other income		1,787	315
Net operating income		105,279	68,630
Employment expenses		(49,940)	(31,759)
Promotional expenses		(9,059)	(7,939)
Information technology expenses		(5,233)	(3,850)
Professional fee expenses		(6,270)	(994)
Bad and doubtful debts	3	(1,150)	3
Other operating expenses ¹	3	(6,469)	(4,025)
Earnings before interest expense, tax, depreciation and amortisation (EBITDA)		27,158	20,066
Depreciation and amortisation expenses		(5,531)	(5,280)
Interest expenses		(2,473)	(365)
Share of loss of equity-accounted investees, net of tax	6	(203)	(270)
Net profit before income tax		18,951	14,151
Income tax expenses	4	(4,278)	(3,256)
Net profit attributable to ordinary equity holders of the Company		14,673	10,895
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations, net of hedging		3,150	621
Cash flow hedges – effective portion of change in fair value		2,914	-
		6,064	621
Total comprehensive income attributable to ordinary equity holders of the Company		20,737	11,516
Earnings per share attributable to ordinary equity holders of the Company:			
Basic		6.04	4.47
Diluted		5.81	4.33

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

¹ Prior period comparative has been restated to conform with presentation in the current period.
OFX Group Limited - Interim Report

OFX Group Limited

Consolidated Statement of Financial Position As at 30 September 2022

	As at 30 September 2022 \$'000	As at 31 March 2022 \$'000
Assets		
Cash held for own use	67,235	59,103
Cash held for subsequent settlement of client liabilities	355,984	242,767
Deposits due from financial institutions	25,707	25,144
Derivative financial assets	145,813	34,385
Prepayments	6,758	5,595
Other receivables	11,134	5,473
Equity accounted investees	6 4,226	4,474
Property, plant and equipment	2,458	1,236
Intangible assets	98,830	19,873
Right-of-use assets	6,949	6,402
Current tax assets	1,661	-
Deferred tax assets	7,212	-
Total assets	733,967	404,452
Liabilities		
Client liabilities	361,282	246,611
Derivative financial liabilities	124,219	27,117
Lease liabilities	8,499	8,348
Loans and borrowings	8 78,200	-
Other creditors and accruals	16,076	7,697
Current tax liabilities	-	47
Provisions	11,554	8,918
Deferred tax liabilities	7,018	2,375
Total liabilities	606,848	301,113
Net assets	127,119	103,339
Equity		
Share capital	31,554	28,576
Retained earnings	89,658	75,013
Foreign currency translation reserve	2,316	(3,085)
Share based payments reserve	3,591	2,835
Total equity attributable to shareholders	127,119	103,339

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

OFX Group Limited

Consolidated Statement of Changes in Equity For the half year ended 30 September 2022

	Notes	Share capital \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Total equity \$'000
Balance at 31 March 2021		28,990	51,493	(1,230)	1,976	81,229
Change in accounting policy ¹		–	(938)	–	–	(938)
Restated total equity at 1 April 2021		28,990	50,555	(1,230)	1,976	80,291
Net profit		–	10,895	–	–	10,895
Other comprehensive income		–	–	621	–	621
Total comprehensive income		–	10,895	621	–	11,516
Transactions with equity holders in their capacity as equity holders:						
Shares bought back / cancelled	9	(2,656)	–	–	–	(2,656)
Shares vested under the GEP and ESP		1,878	–	–	(1,634)	244
Share based payment expense		–	–	–	1,104	1,104
		(778)	–	–	(530)	(1,308)
Balance at 30 September 2021		28,212	61,450	(609)	1,446	90,499
Balance at 1 April 2022		28,576	75,013	(3,085)	2,835	103,339
Net profit		–	14,673	–	–	14,673
Other comprehensive income		–	(28)	6,092	–	6,064
Total comprehensive income		–	14,645	6,092	–	20,737
Balance cashflow reserve allocated to Goodwill		–	–	(691)	–	(691)
Transactions with equity holders in their capacity as equity holders:						
Shares vested under the GEP and ESP		2,978	–	–	(1,020)	1,958
Share based payment expense		–	–	–	1,776	1,776
		2,978	–	(691)	756	3,043
Balance at 30 September 2022		31,554	89,658	2,316	3,591	127,119

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

¹ Comparative information has been restated to reflect the change in accounting policy detailed in Note 1(c) of the 31 March 2022 Consolidated Financial Statements.
OFX Group Limited - Interim Report

OFX Group Limited

Consolidated Statement of Cash Flows For the half year ended 30 September 2022

	Notes	Half year 30 September 2022 \$'000	Half year 30 September 2021 \$'000
Cash flows from operating activities			
Profit from ordinary activities after income tax		14,673	10,895
Adjustments to profit from ordinary activities			
Depreciation and amortisation		5,531	5,280
Interest expense		2,473	365
Share of loss of equity-accounted investees, net of tax	6	203	270
Share based payment expense		1,776	1,104
Foreign exchange revaluation		2,972	949
Fair value changes on financial assets and liabilities through profit or loss		(14,326)	(122)
Movement in foreign currency translation reserve		5,401	621
Operating cash flow before changes in working capital		18,703	19,362
Changes in assets and liabilities:			
(Increase)/Decrease in prepayments and other receivables		(6,824)	1,304
(Increase) in deferred tax assets		(7,212)	-
(Increase)/Decrease in cash held for client liabilities		(113,217)	5,644
Increase/(Decrease) in amounts due to clients		114,671	(9,022)
Increase in accrued charges and creditors		8,379	1,909
Increase in deferred tax liabilities		4,643	635
Increase in provisions		2,636	106
(Increase) in current tax asset		(1,661)	-
(Decrease) in current tax liabilities		(47)	(346)
Net cash flows from operating activities		20,071	19,592
Cash flows from investing activities			
Payments for property, plant and equipment		(2,063)	(465)
Payments for intangible assets		(82,679)	(5,100)
(Payments to)/received from financial institutions		(563)	4,903
Payments for issuance of loan to associates		-	(1,170)
Payments for equity accounted investees		-	(4,985)
Net cash flows from investing activities		(85,305)	(6,817)
Cash flows from financing activities			
Proceeds from loans and borrowings	8	75,996	-
Payments for lease liabilities		(2,682)	(2,517)
Shares issued/ (Payments for acquisition of shares)		1,958	(2,411)
Net cash flows from financing activities		75,272	(4,928)
Increase in cash held for own use		10,038	7,847
Cash held for own use at the beginning of the period		59,103	33,454
Exchange (loss) on cash held for own use		(1,906)	(372)
Cash held for own use at the end of the period		67,235	40,929
Including cash held for settlement of client liabilities			
Cash held for settlement of client liabilities at the beginning of the period		242,767	241,807
Cash inflows from clients		18,303,628	14,951,584
Cash outflows to clients		(18,184,313)	(14,963,091)
Exchange (loss)/gain on cash held for client liabilities		(6,098)	5,863
Cash held for settlement of client liabilities at the end of the period		355,984	236,163
Total cash and cash equivalents		423,219	277,092

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1. Basis of preparation

This condensed consolidated interim financial report for the half year ended 30 September 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2022 and any public announcements made by OFX Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Except as described in this note below the accounting policies adopted are consistent with those of the previous financial year.

Significant accounting policies

The interim Financial Report does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Except as described in this note, the accounting policies applied in these interim financial statements are consistent with those applied as at 31 March 2022 and have been consistently applied by each entity in the Group.

The Group has applied AASB 3 Business Combinations when accounting for its acquisition of Firma Foreign Exchange Corporation. The accounting policy is set out at Note 7, along with details of the Group's acquisition during the period.

The Group's loans and borrowings are a financial liability initially measured at fair value net of transaction costs directly attributable to the probable issue of the security. Subsequent measurement is at amortised cost using the effective interest rate method. Interest expenses are recognised in the Consolidated Statement of Comprehensive Income.

OFX Group Limited

Note 2. Segment information

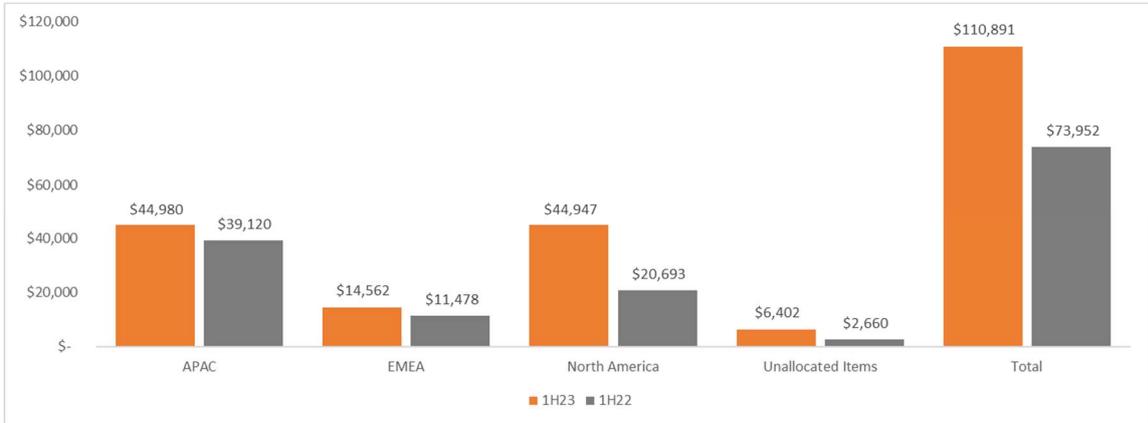
The operating segments presented below reflect how senior management and the Board of Directors (the chief operating decision makers) allocate resources to the segments and review their performance.

The chief operating decision makers examine the performance both from a geographic perspective and by client market segment. OFX regions are based on client location covering APAC, North America and EMEA. These regions have been identified as reportable segments.

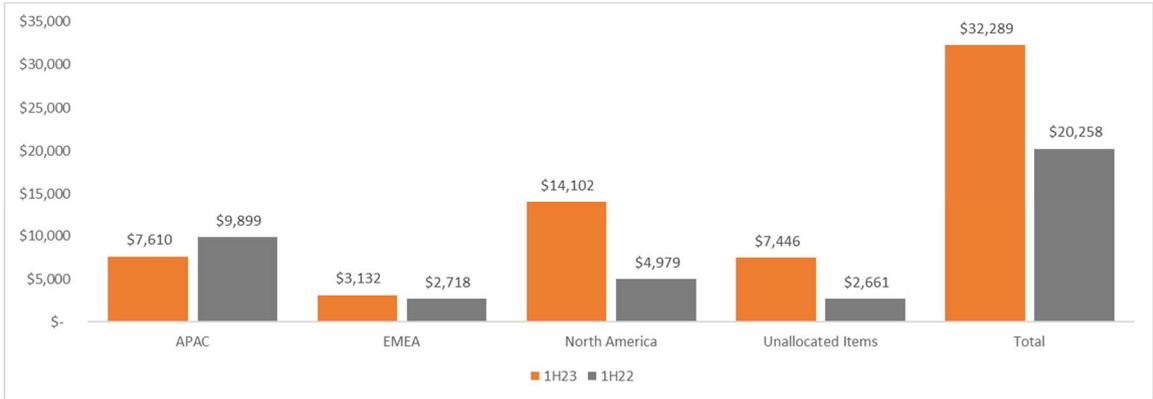
Each region serves consumers, corporates, online sellers and enterprise (previously referred to as international payment solutions) clients.

Segments are managed on an underlying basis. Segment EBITDA excludes \$5.4m of one-off items that are excluded from underlying results.

Segment fee and trading income – half year 30 September 2022 v half year 30 September 2021 (\$'000)



Segment EBITDA – half year 30 September 2022 v half year 30 September 2021 (\$'000)



OFX Group Limited

Note 2. Segment information (continued)

	Half year 30 September 2022 \$'000	Half year 30 September 2021 \$'000
Group underlying EBITDA¹	32,289	20,258
Depreciation and amortisation	(5,277)	(5,280)
Interest expense	(2,473)	(365)
Share of loss of equity-accounted investees	(203)	(270)
Underlying net profit before income tax ²	24,336	14,343
Income tax expense	(4,278)	(3,256)
One-off items ³	(5,385)	(192)
Statutory net profit	14,673	10,895

	APAC \$'000	EMEA \$'000	North America \$'000	Unallocated \$'000	Consolidated \$'000
30 September 2022					
Segment assets	369,985	81,962	231,291	73,057	756,295
Intergroup eliminations	(24,080)	(809)	(4,651)	-	(29,540)
Deferred tax assets					7,212
Total assets					733,967
Segment liabilities	(281,258)	(94,113)	(175,376)	(78,623)	(629,370)
Intergroup eliminations	1,060	25,910	2,247	323	29,540
Deferred tax liabilities					(7,018)
Total liabilities					(606,848)
31 March 2022					
Segment assets	288,240	67,354	86,954	-	442,548
Intergroup eliminations	(38,096)	-	-	-	(38,096)
Deferred tax assets					-
Total assets					404,452
Segment liabilities	(170,880)	(76,418)	(89,536)	-	(336,834)
Intergroup eliminations	-	18,493	19,603	-	38,096
Deferred tax liabilities					(2,375)
Total liabilities					(301,113)

¹ Group underlying EBITDA is a non-IFRS, unaudited measure.

² Prior period comparative has been restated to conform with presentation in the current period.

³ One-off items are gross of tax.

OFX Group Limited

Note 3. Other expenses

Other operating expenses

	Half year 30 September 2022 \$'000	Half year 30 September 2021 \$'000
Compliance	(1,411)	(1,237)
Occupancy	(839)	(351)
Insurance	(1,697)	(1,248)
Communication	(319)	(146)
Non-recoverable GST	(163)	(126)
Other expenses	(2,040)	(917)
Total other operating expenses	(6,469)	(4,025)

Other operating expenses now includes **Occupancy cost** (which was separately disclosed on the Consolidated Statement of Comprehensive Income in the prior year) and excludes **Professional fees** (which is now separately disclosed on the Consolidated Statement of Comprehensive Income).

Bad and doubtful debt expense

There were no insurance recoveries recognised within bad and doubtful debts expense in the current period (30 September 2021: \$1.6m).

	Half year 30 September 2022 \$'000	Half year 30 September 2021 \$'000
Bad and doubtful debts	(1,150)	3
Total bad and doubtful debts	(1,150)	3

Note 4. Income tax expense

	Half year 30 September 2022 \$'000	Half year 30 September 2021 \$'000
Current tax expense	2,117	1,706
Adjustments to current tax of prior years	-	486
Total current tax expense	2,117	2,192
Deferred income tax	2,161	1,064
Total income tax expense	4,278	3,256

Reconciliation of income tax expense to prima facie tax payable

Net profit before income tax	18,951	14,151
Prima facie income tax expense at 30% (2022: 30%)	5,685	4,245
Effect of lower tax rates in overseas jurisdictions	(949)	(340)
Decrease in tax expense as a result of operating as an OBU in the current period	(967)	(771)
Non-deductible acquisition cost	1,161	-
Research and development tax credits	(538)	(265)
Share of non-taxable loss of equity-accounted investees	61	81
Other items	(175)	306
Total income tax expense	4,278	3,256

OFX Group Limited

Note 5. Fair values of assets and liabilities

A financial instrument's categorisation within the valuation hierarchy is based on the lowest level input that is significant to the fair value measurement:

Level	Instruments	Valuation process
Level 1 – Traded in active markets and fair value is based on recent unadjusted quoted prices.	Cash and cash equivalents, amounts due from financial institutions, client liabilities, creditors and receivables.	These instruments are held at amortised cost. Fair values are considered to approximate to their carrying amounts as they are short term in nature.
Level 2 – Not actively traded and fair value is based on valuation techniques which maximise the use of observable market prices.	Over the counter derivatives.	Foreign currency forward contract valuations are based on observable spot exchange rates and the yield curves of the respective currencies.
Level 3 – Not actively traded and fair value is based on at least one input which is not observable in the market due to illiquidity or complexity.	None – the Group does not hold any of these instruments.	Not applicable.

All derivative financial instruments held by the Group at fair value are categorised within Level 2.

Note 6. Equity-accounted investees

	As at 30 September 2022 \$'000	As at 31 March 2022 \$'000
Investment in joint venture	4,226	4,474
Closing balance	4,226	4,474

Investment in joint venture

Acquired on 11 June 2021, TreasurUp B.V. (TreasurUp) is a joint venture in which the Group has joint control and a 44.98% ownership interest. TreasurUp is a treasury management software company, incorporated in the Netherlands, which will allow the Group to provide automated hedging and risk management solutions for small and medium size corporates to manage their foreign exchange risk. TreasurUp is not publicly listed. TreasurUp is structured as a separate vehicle and the Group has a residual interest in the net assets of TreasurUp. Accordingly, the Group has classified its interest in TreasurUp as a joint venture.

In accordance with the agreement under which the Group's investment in TreasurUp was established, The Group provided a loan to the Company in an amount of €0.75m with an annual interest rate of 8%. The balance of this as at 30 September 2022 is A\$1.265m and is included in 'Other receivables' on the Consolidated Statement of Financial Position.

Accounting policy

The Group's interest in equity accounted investees includes a joint venture. A joint venture is an arrangement in which the Group has joint control over the key financial and operating policies and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in the joint venture are accounted for using the equity method.

Under the equity method, the investment is initially recognised at cost, which includes transactions costs. The investment is subsequently adjusted to recognise the Group's share of the joint venture's profit or loss and other comprehensive income until the date on which joint control ceases. The Group's share of the joint venture's profit or loss and other comprehensive income is included in the Group's profit and loss.

Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the Group's interest in the investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

At each reporting date, the Group determines whether there is objective evidence that an investment in joint venture is impaired. If there is such evidence, an impairment loss, measured by comparing the recoverable amount of the investment with its carrying value, is recognised in the profit or loss.

OFX Group Limited

Note 7. Acquisition of subsidiary

On 1 May 2022, the Group largely completed its acquisition of 100% of the issued capital of the Canadian corporate foreign exchange business, Firma Foreign Exchange Corporation ("Firma").

On 2 September 2022 the acquisition was completed, with the United Kingdom based arm of the Firma business being acquired post approval from the Financial Conduct Authority.

Firma is a global payments and foreign exchange service provider based in Edmonton, Canada, with specialised FX products and services for Corporate clients.

The transaction expands OFX's capability and presence as a global foreign exchange and payments provider.

	OFX Group \$'000
Fair value of consideration transferred	
Amount settled in cash	95,320
Total consideration transferred	95,320
Recognised amounts of identifiable net assets	
Cash and cash equivalents	97,363
Derivative financial assets	5,596
Investments in controlled entities	2,861
Other receivables	9,468
Right-of-use assets	1,005
Property, plant and equipment	1,212
Intangible assets	8,333
Deferred income tax assets	6,392
Total assets	132,230
Current tax liabilities	(9,145)
Client liabilities	(77,422)
Other liabilities	(7,787)
Lease liabilities	(1,315)
Provisions	(4,849)
Deferred income tax liabilities	(1,744)
Total liabilities	(102,262)
Identifiable net assets	29,968
Provisional Goodwill on acquisition	65,352
Consideration transferred	95,320
Acquisition costs charged to expenses	4,479
Net cash paid relating to the acquisition	99,799

Acquisition-related costs amounting to \$4.5m have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the half-year, within the Consolidated Statement of Comprehensive Income.

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of expansion in North America.

OFX Group Limited

Note 7. Acquisition of subsidiary (continued)

Goodwill has been provisionally allocated to cash-generating units at 30 September and is attributable to the North America and EMEA segments; \$62.0m and \$3.4m respectively.

The initial accounting for the acquisition of Firma has been provisionally determined at the end of the half year ended 30 September 2022.

As of the date of signing these financial statements a total of \$13.7m was held in escrow for the satisfaction of indemnities, representations and warranties.

These balances have been included within the consideration transferred. Any adjustments to the purchase price relating to cash held in escrow will be adjusted through goodwill by the year ended 31 March 2023.

Note 8. Loans and borrowings

	As at 30 September 2022 \$'000	As at 31 March 2022 \$'000
Loans and borrowings (current)	143	-
Loans and borrowings (non-current)	78,057	-
Closing balance	78,200	-

On 2 May 2022 (1 May 2022 Edmonton time), the Group obtained a syndicated bank loan to the amount of \$100m (2021: Nil), used to fund the acquisition of Firma Foreign Exchange Corporation Limited. The interest period has been elected at 3 months. The loan bears interest at 3.5% above the 3-month BBSW and is repayable in five years by May 2027. There are no penalties for early repayment, and the Group commenced principal repayment from 9 May 2022.

During the period ended 30 September 2022, \$20.1m has been paid of which \$18.5m is for early repayments of principal.

Interest expense of \$2.2m for the period ended 30 September 2022 has been recognised in the Consolidated Statement of Comprehensive Income. These balances are also reflected in the investing activities in the Consolidated Statement of Cash Flows.

The loan is secured by a combination of floating and fixed charges over property of the Group.

The Group is required to adhere to financial covenants as of compliance dates: 30 September and 31 March each year. These are as follows:

1. The Net Leverage Ratio is not greater than 3.00x
2. The Interest Cover Ratio is not less than 3.00x
3. The gearing ratio is not greater than
 - (i) 60% at each compliance date up to 31 March 2023;
 - (ii) 55% at each compliance date during the 24-month period up to 31 March 2025;
 - (iii) 50% at each compliance date thereafter.

Note 9. Share capital

Share capital is classified as equity and measured based on the proceeds from issuing the shares less the directly attributable incremental costs, net of tax.

There are 243,387,261 fully paid ordinary shares (as at 31 March 2022: 242,625,332). Ordinary shares entitle the holder to vote and to receive dividends and the proceeds of the Company if it is liquidated in proportion to the number of shares held.

There are 4,347,927 (as at 31 March 2022: 5,109,856) restricted ordinary shares, of which 4,157,363 (no change to as at 31 March 2022) are issued in connection with the Executive Share Loan Plan, and 190,564 (as at 31 March 2022: 952,493) are unallocated shares for fulfillment of future share based payment awards.

On 18 May 2021, the Company announced an on-market share buyback program instead of a dividend in the near term. The on-market share buyback program was able to be up to 10% of the Company's fully paid ordinary shares and commenced on 7 June 2021. A total of 1,912,000 ordinary shares were bought back and cancelled in the prior period. The total amount paid for the buyback was \$2.65 million. There was no share buyback program during the current period.

Note 10. Dividends paid or provided for

Dividends are recognised as a liability and a reduction to retained earnings when declared. There were no dividends paid in the current or the prior period.

Note 11. Events occurring after balance sheet date

There were no material post balance sheet events occurring after the reporting date requiring disclosure in these financial statements.

OFX Group Limited

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes for the half year ended 30 September 2022 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2022 and of its performance for the financial period ended on that date, and

(b) there are reasonable grounds to believe that OFX Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board:



Patricia Cross
Chairman



Skander Malcolm
Chief Executive Officer and Managing Director

08 November 2022



Independent Auditor's Review Report

To the shareholders of OFX Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of OFX Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of OFX Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 September 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 30 September 2022;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises OFX Group Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including:

- giving a true and fair view of the Group's financial position as at 30 September 2022 and its performance for the Half-Year ended on that date, and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Shaun Kendrigan

Partner

Sydney

8 November 2022

OFX Group Limited

Corporate Information

Directors	Ms Patricia Cross (Chairperson) (appointed 12 August 2022) Mr Steven Sargent (Chairperson) (resigned 12 August 2022) Mr John ('Skander') Malcolm (Chief Executive Officer and Managing Director) Mr Douglas Snedden Mr Grant Murdoch Ms Cathy Kovacs Ms Connie Carnabuci
Company Secretary	Ms Elisabeth Ellis
Registered office and principal place of business in Australia	Level 19 60 Margaret Street Sydney NSW 2000 Australia Ph +61 2 8667 8000 Fax +61 2 8667 8080 Email investors@ofx.com.au
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Ph +61 1300 554 474 (toll free within Australia) Email registrars@linkmarketservices.com.au
Auditor	KPMG Tower Three, International Towers, 300 Barangaroo Ave, Sydney NSW 2000
Securities exchange listing	OFX Group Limited shares are listed on the Australian Securities Exchange: OFX
Website address	www.ofx.com