Annual Report
2023

OFX Group Limited
ABN 12 165 602 273

From the Chair

Fellow Shareholders,

It's an honour to join OFX and work with Skander, the Board and the OFX team for all of our stakeholders.

In my short eight months at OFX, I've learned that OFX is an exciting global company with a strong purpose and culture, a unique and profitable digital+human business model, and terrific growth opportunities. It's an honour to join OFX and work with Skander, the Board and the OFX team for all of our stakeholders.

Even though we have had record operational results, exogenous factors have been challenging. We don't underestimate these circumstances, but we know we are up to the challenge to continue to sustainably grow a more valuable company for all stakeholders.

It's pleasing that OFX has many characteristics of enduringly successful financial services firms.

Firstly, there is a clear understanding of the products and markets in which OFX operates. We have a deliberately narrow product set with a clear view of the levers we can pull, the risks we must manage and the ways in which we can differentiate. This gives us a real competitive advantage in improving continuously, creating stronger and more valuable client relationships and weathering economic cycles.

Secondly, we have excellent risk management credentials. Risks change, evolve and grow constantly. As we add product or regions, the risks compound. The experience of the Board and management team are well matched to these dynamics. We have a clear and shared line of sight to our risks, we have deliberate discussions which lead to specific actions, and we rigorously follow up.

Finally, we are ambitious. Growth and returns don't happen by accident – they happen because the team wants to make a difference and is capable of making that difference. I am very encouraged by the appetite and energy of the team and the Board in wanting OFX to grow and to be more valuable. This appetite and energy is backed by solid global financial services expertise and a genuine understanding of how to execute throughout our value chain.

Executing and building a valuable company

This year we delivered record results, but we are also building real momentum in the transition of OFX to a more global, more B2B-focused and more valuable company.

I will be working with the Board in a few areas in particular, to assist Skander and the team build a more valuable company.

Firstly, we are at a stage where it is critical to aggressively execute on our growth strategies. We must build on this Board's significant global experience, by continuing to work with the team on our global expansion both in terms of increasing our market share as well as opening larger market opportunities. As many have noted, the global payments market is still highly fragmented yet very large and that translates into very substantial opportunity. As a Board we can help by connecting valuable networks, sharing experiences of our own corporate careers and working with management to focus our resources on the best global opportunities.

Secondly, even with this Board's strong risk credentials, we must each continue to be fully versed in the emerging and changing risks including cyber, other highly sophisticated financial crime, evolving regulatory requirements and new governance expectations. For example, as a Board we have already engaged in more cyber risk training since August than we had cumulatively in the five years' prior. That's not a poor reflection of the prior period. Rather it reflects the relative risks and the new risks we face. Similarly, although OFX is well-recognised internationally for its fraud and AML risk management, the environment continues to toughen. We are proud of the unique strength of our risk management not only in safeguarding customers but also in advising our valued regulator and other government stakeholders in multiple jurisdictions. The Board continues to constructively challenge our OFXers to maintain our leading risk practices.

Finally, our continued dedicated investment in technology is imperative, as is ensuring that capital is spent wisely, programs are well-managed and there is a clear line of sight to the benefits, whether they be in building a safer company, a better client experience, a lower cost to serve or all of the above. We must continue to be thoughtful and disciplined in our investment of capital and of our human resources.

These points of Board focus are in addition to the success factors OFX has always focused on – good governance, strong investor engagement, supporting the development of clear strategy and helping build a great culture. Related to these success factors, I want to especially thank our former Chair, Steve Sargent, who served OFX for six years and led the embedding of these practices from the top down.

It's a great time to join OFX, and I am delighted to be part of the team. For those of you whom I have already met, thank you for giving me such a warm welcome. Many thanks to Skander, the Board and the entire OFX team for your hard work and significant contributions to our operational and strategic success. I look forward to continuing to work with all of you.

Patricia Cross
Chair
23 May 2023

> We finished the year with record results, record employee engagement, and more reliable and scalable than we have ever been.

From the CEO

Fellow Shareholders,

The 12 months ending 31 March 2023 (FY23) was a very important and challenging transition for all companies, emerging into a post-COVID world, and having to manage through the most rapid set of increases in interest rates, and inflation, in all regions, in a decade.

It forced new approaches on how to best support our people, which growth and productivity programs were the most critical, as well as how to build a more valuable company in these conditions.

At OFX, the work we have done in the last 5 years to understand our clients, build engagement with our people, and invest in our technology was what allowed us to transition so well.

We finished the year with record results, record employee engagement, and more reliable and scalable than we have ever been.

Results were strong, with record Net Operating Income (NOI), NOI margins, underlying EBITDA, and all our regions contributed well.

In FY23, 59% of our Fee and Trading Income (revenue) was derived from our Corporate segment, confirming our strategic pivot to Corporate, first described in FY19, as being well and truly delivered. By way of contrast, in FY18, our Corporate segment contributed 36% of our group revenue.

Similarly, 42% of our revenue came from our North American region. In FY18 we saw 19% of our revenue from North America. In fact, APAC, which is where we were founded, despite growing consistently, now only represents 43% of our total revenue, also confirming we are well on our way to be a truly global company, one of our critical strategic goals.

We also completed our first acquisition, of Firma, in May. More about that later, but it has delivered underlying EPS accretion of greater than 30% in its first year, well ahead of our target of 20%.

Finally, we welcomed our new Chair, Patricia Cross, who succeeded Steve Sargent in August 2022. We were very fortunate to have had Steve, and Tricia brings a wonderful set of skills, as well as a great deal of ambition for OFX globally.

Trading highlights

Net Operating Income of $214.1 million, up 45.6% on FY22.

Growth in NOI margin from 53bps to 65bps.

Underlying EBITDA of $62.4 million, up 40.3% on FY22.

A record year

Underpinning the trading highlights were very strong performances across the regions and the segments.

APAC delivered $89.9 million of revenue, which was up 7.4% on FY22. Corporate growth in the APAC region was 19.5%, driven by transaction growth and strong margins. Our pivot in Enterprise to small and mid-sized prospects is gaining traction with two new partnerships signed and activated in the latter half of FY23.

From the CEO

North America delivered $88.7 million of revenue, which was up 105.7% on FY22, driven by the acquisition of Firma, along with strong Corporate growth. The Corporate segment in North America represented 71% of the region's fee and trading income in FY23.

EMEA delivered $31.7 million of revenue, which was up 27.2% on FY22 with the Corporate segment delivering growth of 79.2%.
We continue to invest in our expansion into Europe with revenue up 9.4% over FY22.

Corporate revenue was $124.6 million, up 89.4% on FY22 through strong organic performance and the acquisition of Firma in May 2022. The growth in revenue was driven by a 29% growth in transactions, average transaction values up 14% and strong margin management. Our Online Seller segment was down 6.9% for the year with softer conditions in the eCommerce market and a drop in consumer confidence particularly in during the second half in FY23.

Our Enterprise segment was up 2.1%, strengthening in 2H23, up 14.0% on 1H23, with increased activation in the existing portfolio. We are seeing a positive trend in repositioning of our target client base with two new clients in 2H23 already trading. Finally, consumer revenue was up 0.3% in the year with high value use cases declining in 2H23 as rapidly rising inflation and interest rates impacted consumer confidence and asset values.

Integrating Firma

In last year's letter I wrote, in relation to the Firma acquisition, that *"Our first year of integration is about retaining the Firma people, about delivering Firma underlying EPS accretion of 20% on an annualised in year basis, and ensuring the integration execution is well set for Year 2."* On all counts, the team has done an excellent job.

In terms of retaining people, voluntary attrition amongst the Firma team has decreased meaningfully from October 2022 – March 2023. Further, engagement scores are stable, we have recognised team members through more than 40 promotions across the Company and seen excellent collaboration as the integration progresses. The Firma senior leadership team participated actively in our annual leadership summit in September and have brought beneficial skills and momentum to the Group.

Firma delivered underlying EPS accretion of greater than 30%, comprised of very strong revenue and better than expected cost synergies.

Our migration of the regions is well on track for this year, as we targeted, which will create further opportunities to grow and realise cost synergies, as well as bigger and more challenging roles for employees.

For many in OFX and Firma, it was their first integration. As such it is a testament to the collective esprit d'corps of the group to build and execute a very strong integration program, drawing on teams from both organisations. We have learned a great deal about what to look for in a good acquisition, as well as how to integrate well. I must thank Ken Wills, James Gref, and Surbhit Soni in particular for their outstanding leadership here.

From the CEO

Where to from here?

We have OFX in strong shape, having delivered many of the key aspects of the transition we set ourselves in FY19 – to be more global, more Corporate, reliable, and scalable. However, for our Global Executive Team in particular, it feels as though the best work is yet to come. We see considerable opportunity to further improve our global infrastructure – our technology platform, our risk management program and our global footprint.

Technology creates scale, speed and safety, and we are investing heavily – over $54 million in CAPEX since FY18 (compared to $75 million in the cumulative period 1998 – 2017). But there is more to do – we want faster settlement times for our clients, more sophisticated digital risk management tools, easier to access digital platforms for our clients, and our people to use, better reporting tools, better cyber defense programs and much more.

All great, durable, financial services company are excellent at risk management, and OFX is no exception. We want to take the strong risk culture and expertise we have and complement it with better tools, more contemporary analytics and more global lessons to enhance our risk management practices. We took the decision to separate Risk as a function from Operations with effect from January, and we look forward to further strengthening our approach as a result.

Finally, the progress in building a more global company has been excellent, but there is considerable opportunity to be stronger in EMEA especially. Our investments in that region, as well as North America and APAC, will drive our global footprint further, safely.

Conclusion

The critical components of our transition have been well and truly been delivered. We are a more valuable company, with more recurring revenues, a stronger global infrastructure and a much stronger team. We must now take these advantages and grow sustainably, whether organically or inorganically, to leverage all the hard work and investment over the last five years.

Thank you to our investors for investing in us this year, we appreciate your support.

Thank you to our loyal clients. We never take your custom for granted.

Thank you also to our Board who have challenged us, shared their experiences to see us grow, and worked incredibly hard.

Finally, a big thanks to all the dedicated OFXers, including all those who have joined as part of Firma, who make this such a great Company.

Skander Malcolm
Chief Executive Officer and Managing Director
23 May 2023

OFX at a glance

We're global and local...

- **1m+** clients
- **715** employees
- **12 offices** around the globe
- **24/7** support for our clients
- **$39bn** transferred last year

Company highlights

FY23 Underlying EBITDA

$62.4m

Up 40.3% v FY22

Underlying EBITDA margin

29.2%

Net cash held (31 March 2023)

$93.8m

Statutory NPAT

$31.4m

Up 25.6% v FY22

Underlying net profit after tax (NPAT)

$37.6m

Up 43.1% v FY22

Fee and Trading Income (Revenue)

$225.0m

Up 42.4% v FY22

Net debt (31 March 2023)

$18.8m

Net promoter score

71

About us

We're digital + human

OFX grew from the idea that there had to be a better, fairer way to move money around the world. That was 20 years ago, and we're still driven by the same mission.

We believe real help from real people counts, and that's why we offer our clients the best of both worlds – an easy-to-use digital platform, combined with 24/7 phone access to our currency experts - we call them OFXperts.

Our company values:

- Always keep learning.
  Share your expertise, learn from others.
- Get the right stuff done.
  Own it, execute it, deliver the exceptional.
- Inspire client confidence.
  Keep the client at the centre of everything we do.
- Push boundaries.
  Discover what is possible.
- We're better together.
  We are stronger as one team.

Case study

Corporate client

There's a story behind every transfer: Everyday Cashmere

Jennifer Hart started her clothing business in 2008, offering a solution to the struggle of finding "versatile garments to rely on in all situations". Prior to the COVID-19 pandemic, Jennifer recognised that a love of travel across both the north and south hemispheres was something innate to Australian culture, making climate-controlled outfit selections difficult.

To ensure high quality, ethically produced products for customers, Jennifer sources Mongolian cashmere yarn from family-run farms. Managing currency fluctuations, paying overseas suppliers on time and keeping up to date with incoming orders can be challenging for any small business.

"Suddenly realising you have $50,000 worth of stock landed and cleared because that fits in with the manufacturer's schedule is hard because you can sit on it for 3 or 4 months before you can actually sell it. We used short-term financing companies to cover costs initially as we weren't supported by anyone. Like any small business, cashflow is key".

And like many other small business owners, Jennifer wears many hats. "We are a team of three people and Aylin [Amey, OFXpert] is an extension of our team. I think it's important as a small business to have a specialist on-hand, someone who understands the business side and can integrate their FX knowledge into what the business needs."

Developing such a great relationship with Aylin has meant Jennifer can focus more on the areas of her business she enjoys. "OFX is a fantastic because they're proactive. For a small business, having that person who can help monitor the exchange rates and lock in a rate to give us more certainty on our costs has been critical. And it makes you a better business person because it's not just you leading it. Someone else is there talking you through it."

As Jennifer's business continues to grow, so do her manufacturing orders. Future planning is essential to ensure production timelines are met and there is some level of predictability on her cost base. With the help of Aylin, Jennifer knows when the rates are optimal for her key currencies and can lock in a fixed rate for upcoming orders. "We have discussions about what our volume is for the next 2 months and how much we should lock in. Having that extension of the brand makes our planning a lot better."

Now that travel has become a part of people's lives again, Jennifer's customers are able to wear her cashmere garments for both travel and for the every day.

How would Jennifer describe OFX in one word? Personal.

Case study

Corporate client

There's a story behind every transfer: Hark Enterprises

Australian owned Hark Enterprises was founded in 2004. The same year the business started using OFX. And for the trifecta, the same amount of time Tim, Managing Director, has been working with his OFXpert, Brett. An 18-year relationship, impressive by any feat.

"Brett has been great. The OFX platform is advanced enough for me to self-serve, but every now and then I will give him a call if we need to change something. There is a nice flexibility in there to do that. We'll have a bit of a chinwag about what's happening in the currency markets."

A distributor and wholesaler of barbeque units and accessories, Hark Enterprises has grown alongside the deeply ingrained barbeque culture in Australia.

The question on Tim's mind when they first started dealing in US dollars was simple: "How could we send currency overseas? Or better yet, buy currency?"

And yet, having briefly worked with a bank for his foreign exchange Tim knew there had to be a better, easier alternative to help with business cash flow.

"Cash flow was really the most important thing for us. I turned to OFX and it's been a simple process ever since. We have dealt with banks in the past, they are a lot more complex and frankly, OFX are a lot more competitive on the rates."

Like many in the consumer and retail category, Hark Enterprises benefited from the pandemic as consumers spent more time dining and entertaining at home. The business saw a significant boost to sales – but it wasn't without its challenges. Shortages of labour, staff and products meant it couldn't get stock fast enough to keep up with demand.

And the business is still feeling the headwinds of the pandemic. Shipping costs have gone through the roof, and the length of time to get things produced has blown out from 30 days to around 90 days. All this can have a compounding effect on cash flow.

And when it comes to currency movements, safe to say he's seen it all.

"It can be hard to manage cash flow with the huge swings we've seen in the dollar. Thankfully, OFX's platform makes it easy. You can go online and check live rates very quickly. For a while when we were working with larger retailers, we also used Forward Contracts to protect us from those large swings."

Forward contracts allow businesses to lock in a favourable rate for up to 12 months, so that businesses know the exchange rate at the time the transfer takes place.

"Contracts would be three or six months out, so [for example] we'd sign a deal in January and deliver it to the customer in May. We'd get a Forward Contract for that currency for that date to give us more certainty."

"My business is not foreign currency. I'm better off focusing on getting my supply chain right, supporting dealers and giving a great client service. OFX has been great."

How would Tim describe OFX in one word? Easy.

Case study

Corporate client

There's a story behind every transfer: Kulani Kinis

From side-hustle to global swimwear brand, dynamic duo and co-founders Dani and Alex never could've imagined they'd be making such a splash in the online swimwear industry.

For Dani, the lightbulb moment was after a disappointing and expensive online bikini purchase back in 2014, when online shopping was still in its infancy. Fellow ocean-lovers spotted a gap in the market for a better value-for-money alternative and set the wheels in motion for Kulani Kinis.

In 2015 the business made its first sale and the pair haven't looked back. After 6 months of late nights and weekend work, Dani and Alex found a manufacturer in China and created their first product samples – all while continuing to hold down their full time jobs; Dani, a full time psychologist and Alex, accountant by day and self-proclaimed "bikini baron" by night. Just as they were perfecting their juggling act, a series of events saw them launch themselves into the deep end to see what the US had to offer.

The pair attribute a lot of their initial success and growth to the trade shows that are so entrenched in the US start-up scene. Their very first trade show presented its own unique challenge: finding a quick and cost-effective way to transfer funds to the organiser in US dollars, with money sitting in an Australian bank account.

Enter OFX. "I'll always remember our first time using OFX. We needed a fast payment to the US so we could participate in our first trade show. Matt Richardson [OFXpert] onboarded us so quickly and facilitated the payment. That was the start of our relationship with OFX."

As the brand's global presence grew from being side hustle, so did the need for ongoing FX support. With OFX now "ingrained in the business" following that first experience, the pair felt confident they could build a successful global brand.

"OFX is centered around the idea of helping businesses get on with what they do, reducing any hassle. You don't have to think about it, it just happens with OFX."

Today, Kulani Kinis is a successful global eCommerce business, with a team of 28 spread across China, Australia and the US, focused on delivering the best quality products and service to their customers around the world.

Importing products from international suppliers and juggling payments in USD, CAD and GBP can be expensive. Using OFX, Dani and Alex have found a quick and secure way to make multi-currency payments without hefty foreign exchange fees.

"We use OFX as our one stop shop. We pay manufacturers in China, work with our creative team in LA and modelling agencies in LA. Even renting houses for photoshoots is easier", said Alex.

"Working with OFX has made transferring [funds] easier and cheaper. They [OFX] always help to provide transparency so you know you're in safe hands".

With so many moving parts, the business attributes much of its success to OFX.

"OFX has been integral in getting us to where we are today, it's the reason why we have been able to grow and do what we have been able to do."

How would this dynamic duo describe OFX in one word? Opportunity.

Executive team

Key Management Personnel

John ('Skander') Malcolm

Chief Executive Officer and Managing Director

Skander joined OFX in February 2017 as CEO & Managing Director.

He has more than 30 years' experience in financial services and healthcare. In financial services, he has particular depth across consumer payments, consumer finance, joint ventures, partnerships, commercial lending and leasing, and digital. His global experience includes having lived and worked in Australia & New Zealand, the UK, the US, Turkey, the Middle East, Africa, and Eastern Europe.

Prior to joining OFX, Skander was President Eastern & African Growth Markets for GE Healthcare, and prior to that, President, GE Capital, Australia and NZ. He worked for GE from 2003 to 2016, and prior to that worked at Westpac Banking Corporation and Household International.

He holds a Bachelor of Economics from the University of Sydney.

Selena Verth

Chief Financial Officer

Selena joined OFX in October 2017 and has more than 22 years' experience in finance, analytics, M&A and risk across various roles.

Her most recent role was Head of Finance – Platforms, Superannuation and Investments and Head of Wealth Analytics and Insight at BT Financial Group Australia. Prior to this, Selena held a number of senior financial roles within GE, including Leader, Financial Planning and Analysis and Commercial Finance for GE Global Growth and Operations, Australia and New Zealand and Director of Business Development for GE Australia.

Selena has a Bachelor of Commerce and Executive MBA from the Australian Graduate School of Management. She is a fellow of CPA Australia and is a Graduate of the Australian Institute of Company Directors.

Mark Shaw

Chief Operating Officer

Mark joined OFX in January 2018 and is responsible for the Group's global operations. Mark was also Chief Risk Officer until February 2023.

Mark has over 20 years' experience in financial services gained at leading Australian and New Zealand banks. Most recently he led the Operational Risk and Compliance function for the Australia Division at ANZ. Mark held several other senior roles within ANZ including Head of Compliance in both Australia and New Zealand. Before joining ANZ in 2007, Mark worked at Suncorp managing the group's governance, policy and regulatory training frameworks and overseeing compliance and operational risk teams across Australia.

Mark holds bachelor's degrees in Computer Science and Law from the University of Queensland and has also completed all three levels of the Chartered Financial Analyst (CFA) program.

Executive team

Other Executives

Axel Freytag

Chief Strategy & Corporate Development Officer

Axel started as Chief Strategy and Corporate Development Officer in April 2023.

Axel joined OFX two year and a half years earlier as Head of Corporate Development. His experience spans corporate strategy, finance/M&A and execution. Prior to OFX, Axel wasa management consultant at Strategy& (formerly Booz & Co). Previously, he held varied corporate finance roles at GE. Axel has also spent time in private equity and working with entrepreneurs.

Axel holds an MBA from Columbia Business School (USA) and a BA in Economics from McGill University (Canada).

Gavin Groll

Chief Risk Officer

Gavin joined OFX in January 2023 as Chief Risk Officer and is responsible for OFX's Risk and Compliance functions globally.

He has over 25 years' experience in senior management positions across financial services, banking and insurance in Australia and South Africa. Gavin has deep experience in maturing risk management and culture and is passionate about building capabilities that drive sustainable and robust organisational outcomes.

Prior to OFX, Gavin was at Genworth Mortgage Insurance (now Helia) for over 10 years where he held various roles as head of financial and non-financial risk. He was also responsible for leading various strategic and regulatory programs, working with the Board and executive management team.

Prior to Genworth, Gavin was at Westpac for eight years where he developed the risk advisory function for the retail bank and was the lead risk advisor for the St George/Westpac merger. He has deep experience engaging with regulators, boards and other stakeholders collaboratively and constructively.

Gavin has also worked in risk roles in South Africa at FirstRand Bank and is a qualified lawyer.

Elaine Herlihy

Chief Marketing and Product Officer

Elaine commenced her role as Chief Marketing Officer at OFX in May 2019 and was appointed to the role of Chief Marketing and Product Officer in August 2020.

She has over 20 years' experience in strategic marketing, brand, communications and sales in FinTech, Banking, Superannuation and Media (B2C and B2B). As Marketing Director at PayPal Australia, Elaine was responsible for driving client growth and engagement across both the consumer and merchant portfolios and building the PayPal brand in Australia. Prior to joining PayPal, Elaine spent eight years at Westpac Group leading brand and marketing functions across both Westpac Bank and BT Financial Group's Superannuation business. Elaine also worked in a variety of marketing and communications roles over a nine-year period at Reuters in London.

Elaine holds a Bachelor of Commerce from University College Dublin and a Higher Diploma in Marketing Practice from the Smurfit Graduate School of Business in Dublin. She is a Graduate of the Australian Institute of Company Directors and is an Independent Director.

Executive team

Alfred Nader

President, North America

Alfred joined OFX in September 2019.

He has over 20 years' experience in all aspects of cross border payments and foreign exchange, having held senior management positions at Western Union and Travelex.

Before joining OFX, Alfred was Regional Vice President for Latin America and the Caribbean for Western Union Business Solutions (WUBS) and was responsible for all WUBS activities in the region. While at WUBS, Alfred also served as Vice President of Corporate Strategy and Development working in M&A and negotiating international partnership deals. Prior to that, he held several senior roles with Travelex Global Business Payments.

Alfred holds a BBA from The George Washington University and an MBA from MIT's Sloan School of Management.

Yung Ngo

President, Asia Pacific

Yung joined OFX in March 2019 as President, Asia Pacific.

Yung has over 25 years' financial services experience in the payments, banking and insurance industries. Prior to joining OFX, Yung has held senior executive positions at Westpac, St. George Bank and GE Capital leading large-scale operations across retail banking, home lending and commercial finance. He has extensive experience driving growth across multiple channels including consumer and corporates, business partnerships and third party channels as well as call centre distribution.

Yung holds a Bachelor of Jurisprudence and a Bachelor of Laws from UNSW and is also a Graduate of the Australian Institute of Company Directors. He was a previous non-executive director for Settlement Services International, a not-for-profit organisation supporting the humanitarian sector.

Kate Svoboda

Chief People and Culture Officer

Kate joined OFX in January 2021.

Kate has over 22 years' experience in people and culture across a range of roles in the financial services industry. Her previous role was as Chief People and Culture Officer at Genworth Australia where she led culture and engagement, organisational design and effectiveness, capability and workforce planning, talent acquisition and development, diversity and inclusion and remuneration and benefits. Prior to Genworth, Kate worked as a Senior Human Resources Business Partner for Challenger and held various human resources roles at the Commonwealth Bank of Australia. She has also worked in a range of management and clinical roles in public health. Kate has deep experience developing people and culture strategies that support and enable business strategy.

Kate has a Master of Business Administration (University of New England) and a Bachelor of Speech Pathology (University of Queensland).

Executive team

Adam Thomas
Chief Technology Officer

Adam joined OFX in December 2019 and was promoted to Chief Technology Officer in August 2020.

He has more than 20 years' experience in IT and product development across finance, media and telecommunications and management consulting across many more industries. His speciality is combining agile, product-led engineering teams with commercial enterprise architecture to provide scalable capability for business growth and product innovation.

Before joining OFX, Adam was Global Chief Architect for News Corp and Head of Architecture and Technology Strategy for News Corp Australia, leading the transformation of the many mastheads towards digital sustainability. Prior to that he was Head of Platforms, leading large-scale engineering and systems integration teams providing cost efficient delivery of capabilities and innovation. Adam previously worked in Management Consulting for PwC and IBM.

Adam holds a Bachelor of Science (Business Information Technology) from the University of NSW.

Sarah Webb
President, EMEA

Sarah joined OFX in December 2018 as President, EMEA.

Sarah and has more than 20 years' experience in payments and a track record of developing client relationships, product initiatives and building profitable businesses. Prior to this, Sarah held the role of Managing Director, Global Payments Networks at Barclays, where she led a team responsible for managing strategic partnerships across credit and debit portfolios globally as well as leading the Barclaycard PSD2 program. Before joining Barclays, Sarah was Head of Global Product Management, Commercial Payments, at American Express.

Sarah holds a Bachelor of Science (BSc) degree in Maths with Management from Imperial College, University of London.

Adrian Wong
Chief Legal Officer and Company Secretary

Adrian joined OFX as Chief Legal Officer and Company Secretary in December 2022.

He has over 25 years' experience in legal, risk, governance and compliance matters, including over 15 years in financial services.

Prior to OFX, Adrian was General Counsel and Company Secretary at Latitude Financial Services. He previously held the position of Executive Counsel – Mergers & Acquisitions at GE, where he was responsible for all M&A activity in Australia and New Zealand. Adrian has also worked with Energy Australia, Linklaters in London and Ashurst in Australia.

Adrian has a Bachelor of Laws (Honours) and a Bachelor of Commerce degree from Monash University.

Environmental, Social and Governance

A message from the CEO

Environmental, social and governance (ESG) risks and challenges continue to drive the rapidly changing world in which we operate. As a company, we have to address these risks in order to mitigate the effects for our clients, our shareholders, our people and the many communities in which we operate.

The result for OFX will be to strengthen our brand and our reputation. That is what our ESG program is built to deliver.

In this year's report, we focus on some of the achievements and progress we've made within our ESG program, which has three core pillars:

Investing in a sustainable future

De-carbonising our business operations, with the goal of reaching Net Zero and becoming Climate Active Certified;

Empowering people globally and locally

Driving greater inclusion and diversity, providing career development opportunities for our people, and providing volunteering and community engagement activities for our people globally;

Global financial responsibility

Educating our clients and our people on fraud awareness and prevention through educational campaigns and initiatives, underpinned by the ongoing work to becoming ISO27001 certified in Australia.

These pillars sit alongside our ongoing work to protect our stakeholders' privacy and data, strengthen our cyber security, and demonstrate transparent pricing and selling practices. We also continue to comply with regulatory requirements around the world.

In FY23, we continued to 'Make a Difference' in what we delivered for our clients, our communities, our investors, our regulators and our people. We did this through improved reporting on energy usage within our business operations, increased and ongoing investment in the development of our people, and the process and technological improvements made to better protect our clients privacy and data.

Primary ESG Metrics and KPIs

Primary ESG Metrics and KPIs[1]

	Metric	FY22	FY23	Target for FY24
Diversity	Female representation on the Board	33%	50%	Min 40%
	Female representation at SLT level	41%	44%	Min 40%
Pricing	Time taken to action client complaints	2.7 business days	2.0 business days	Maintain the time taken to action client complaint at 2 business days
Privacy	% of all employees & contractors trained each year	90.87%	97.93%	95%
	Number of privacy impact assessments	5	6	>= number of new high risk initiatives involving PI
Fraud and financial crime	Fraud training for employees	88.89%	97.69%	95%
	OFX fraud preventions	99.02%	97.58%	97%
Cyber	Number of P1 cyber incidents	6	3	<=5
	Percentage of cyber attacks thwarted	99.99%	99.99%	99.99%
Environment	Carbon emission reporting coverage across OFX	N/A	100% OFX entities	100% OFX and integrated Firma Foreign Exchange Corporation entities

1. All figures, except OFX fraud preventions and carbon emission reporting, are combined OFX & Firma results and reflect ongoing integration work.

OFX achieved all FY23 ESG KPIs, except that OFX fraud preventions were 97.58% (-2.41% from target) and female representation at SLT was 44% (-1% from target). OFX added a new KPI for FY23 on Carbon Emission Reporting.

Engagement and awareness

As a business we believe that our ESG impact can extend to helping our people make better decisions in their personal lives. We are committed to raising awareness about ESG and providing opportunities for OFXers to make a positive impact for people and the planet.

In FY23, we promoted environmental initiatives through our internal communications, such as Earth Hour and Clean-Up Australia Day to encourage our people to participate. We also continued to encourage our people to minimise printing and recycle carefully.

Based on FY23 employee survey results, 71% of our people believe that our business is genuinely committed to social responsibility and just under 90% of our people who commute to work either walk, bike or take public transport.

This action plus education contributes towards our evolution to being a more environmentally-minded, socially- conscious and resilient business. In FY24, we look forward to continuing to help educate our people on ways to get involved to 'Make a Difference' through our employee volunteering program.

Environment

Investing in a sustainable future

The nature of OFX's business, driven by our digital + human offering, means that OFX's direct environmental impact is not high. However, we understand that we do have an indirect environmental impact and are committed to doing what we can to help reduce this impact. We remain committed to taking steps to actively monitor, reduce and offset our consumption.

Determining high-priority, high-impact areas

We track our environmental impact and focus on the key issues self-identified in the Sustainability Accounting Standards Board (SASB) Materiality Map with the greatest impact on the financial condition or operating performance of the consumer finance industry.

In accordance with the SASB Materiality Map, we have identified the following key issues:

- Carbon emissions reduction; and
- Waste management and recycling.

In FY24, we commit to performing a materiality assessment to identify and classify the high-priority, high-impact areas.

Carbon emissions reduction

The first step for OFX was to better understand our carbon emission output and this starts with measurement. This allows us to become more informed and enables us to make more educated and conscious decisions about our operational practices now and into the future. Only once our carbon emission output is known can we then develop a strategy to help manage, reduce and mitigate it.

In FY23, we engaged with an independent carbon emissions management consultant to calculate and report on our scope 1, 2 and upstream scope 3 carbon emissions according to the Greenhouse Gas (GHG) Protocol. This classification is compliant with the Australian Government's Carbon Active Carbon Neutral Standard for Organisations and the British Standard Institution's PAS 2060 Carbon Neutral.

OFX emissions have been calculated on an 'emission by spend' basis using data from all OFX Group Limited entities but excluding Firma Foreign Exchange Corporation entities (acquired fully in September 2022). In FY24, OFX will include the Firma legacy business (once fully integrated into OFX operations) into our carbon emission calculations.

OFX's carbon emission in FY23 was as follows.

Total GHG emissions (CO_2e tonne)

Scope 1	0
Scope 2	248.05
Scope 3	8,318.38
Total	**8,566.42**

Numbers are calculated from estimates only based off total spend, not including Firma Foreign Exchange Corporation entities.

Environment

Investing in a sustainable future

Green House Gas (GHG) emissions output of the OFX Group of companies

Location	Scope 2 :Energy (Electricity) GHG emissions (CO_2e tonne)	Scope 3 : Indirect Upstream GHG emissions (CO_2e tonne)	Total GHG emissions (CO_2e tonne)
Australia	193.91	6,167.02	6,360.93
New Zealand	1.7	91.98	93.68
Hong Kong	18.41	197.06	215.47
Singapore	5.04	299.64	304.68
United Kingdom	9.56	339.99	349.55
Ireland	1.04	51.39	52.43
United States	16.81	678.92	695.73
Canada	1.57	492.38	493.95
Total	**248.04**	**8,318.38**	**8,566.42**

Numbers are calculated from estimates only based off total spend, not including Firma Foreign Exchange Corporation entities.

In summary, OFX does not contribute to scope 1 emissions. OFX's energy consumption is limited to scope 2 and 3 emissions. We estimate that 97.1% of our emissions are upstream scope 3 emissions.

Whilst cloud computing forms an integral part of the OFX business, OFX remains committed to using energy-efficient cloud computing providers.

OFX also remains committed to only using air travel purposefully. As a global business, OFX relies upon and is continuing to explore further opportunities to connect to our people virtually to reduce emissions related to commuting.

In FY23, OFX made the positive step of significantly reducing its office space in response to 28.6% of OFXers (and 43.0% of Firma Foreign Exchange Corporation workers) working remotely and the opportunity to combine office space with Firma Foreign Exchange Corporation.

In office spaces that continue to house our people, OFX is committed to using energy-saving technologies for lighting, heating, cooling and monitoring usage.

In FY24, as a result of measuring and identifying the main sources of OFX's carbon emissions, we are equipped to harness operational changes for carbon emission reduction as well as make use of carbon offsets. We recognise that there are a number of barriers to verifying the efficacy of carbon offsets, so are working with our external consultant to make a considered decision and purchase offsets in FY24.

Environment

Investing in a sustainable future

Top 3 quantified emissions

- Professional services **64.3%**
- Cloud computing services **16.3%**
- Air travel **5.5%**
- Remaining categories **13.8%**

21.6% Reduction in office space in FY23, globally

Waste management and recycling

Waste management and recycling continues to be a focus for OFX. In FY23, as in previous years, we actively reduced waste by encouraging OFXers to recycle at recycling facilities in all of our locations globally.

In addition, in FY23 we launched a technology hardware recycling program with an Australian First Nation's charity with a focus on "work[ing] with community to create meaningful points of connection to share Aboriginal culture and achievement". Going forward, we will be donating out-of-commission technology to this charity on a biannual basis.

We also donated approximately 300 of our out-of-commission laptops and personal computers to an overseas orphanage via a not-for-profit organisation in Sydney.

In FY24, we commit to continue to use e-signature tools across our business to reduce paper consumption; eliminate all single use plastic cutlery for corporate catering globally; and choose only those off site venues with recycling options.

Social

Empowering humans globally and locally

A diverse and inclusive workplace

Gender

44%

Female representation
in OFX staff

Culture

41%

From culturally
diverse backgrounds

Linguistic

48%

Speak a language
other than English

Inclusive

88%

Diversity and inclusion
engagement factor
(our second highest)

Our hybrid workplace enables us to employ diverse talent globally

Employees by region

- APAC **48%**
- North America **39%**
- EMEA **13%**

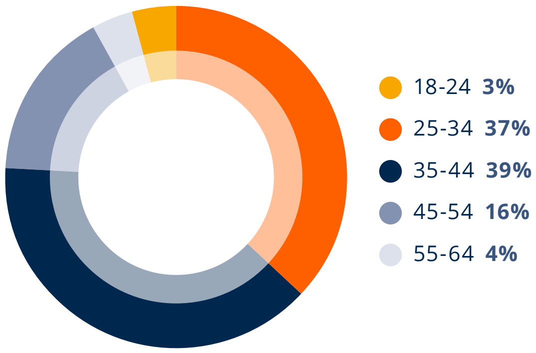
Remote vs office-based

- Office-based **79%**
- Remote **21%**

Social

Empowering humans globally and locally

Age diversity among our people



Support for working parents

16 weeks

Paid parental leave available for all employees

Pay equity

Average pay competitiveness of base salary compared to market median for role indicating pay equity on a like-for-like basis within OFX.

Female

99.1%

Male

99.3%

Gender pay gap (globally)

-15.8%

Gender pay gap for OFX employees globally (including Firma employees). Compared to -22.8% gap for Financial and Insurance Services organisations in Australia (2022) and -16.1% gap for OECD countries (2022).

Social

Empowering humans globally and locally

Community partnerships

We support Save the Children with an annual donation of $20,000 to support its work around the world. Save the Children helps protect vulnerable children, many of whom are victims of financial crime as a result of child slavery and people trafficking.

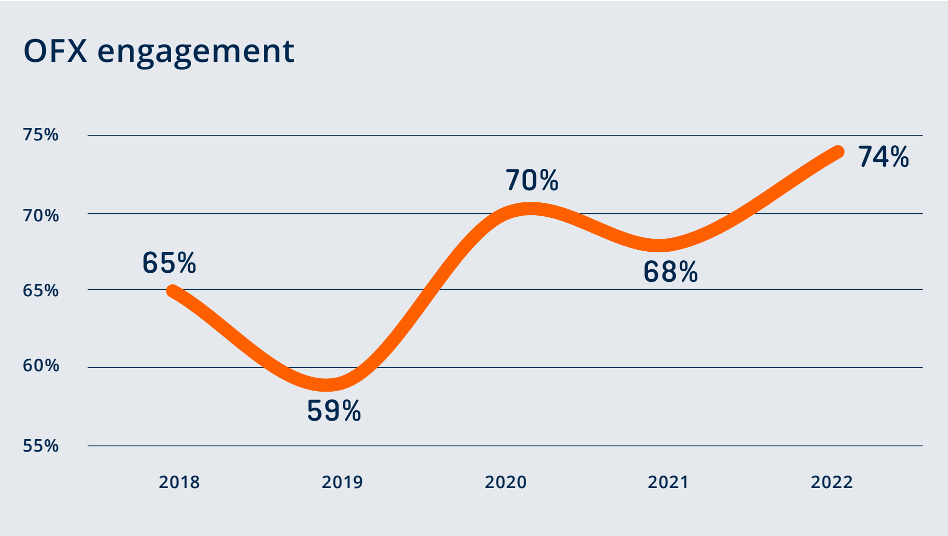
This year, as well as volunteering, we promoted Save the Children's work to our people, and dollar-matched global employee donations to emergency recovery efforts following the devasting earthquakes in Türkiye and Syria.

Kari Foundation

In Australia, we also support the work of the Kari Foundation with donations of pre-used technology, such as laptops.

Employee engagement

Our people indicated: they feel well supported in relation to their flexibility needs; that people of all backgrounds have the opportunity to succeed at OFX; that OFX values diversity; and OFX is a place where they feel respected.



Engagement score

74%

Overall engagement score is +6% compared to 68% (same population) in FY22; Firma engagement score 71% (no prior comparison).

Work-life blend

94%

Work-life blend (94% agreement) and Diversity & Inclusion (88% agreement) are key cultural strengths at OFX.

Social

Empowering humans globally and locally

Wellbeing and safety

Employee assistance programs

For all of our people to provide a range of mental health resources including counselling support.

Health

Health insurance coverage for our people in the US, Canada, the UK, Ireland and Asia.

Wellbeing month

In September, a global initiative to promote and educate our people about ways to improve their wellbeing, including a month-long step challenge.

Fitness

Funding to support fitness activities, such as the JP Morgan Corporate Challenge and team sporting events.

Our people complete compulsory anti-harassment, anti-bullying and Code of Conduct training annually to support our obligation to provide a safe working environment free from discrimination, harassment and bullying.

Volunteering

Through our Make a Difference Community Program, we give our people opportunities to support charitable organisations they care about, including a day of leave to volunteer in the community. In FY23, this has included:

- OFXers packing backpacks with educational resources for young Indigenous students for the Kari Foundation in Sydney;
- Sorting through donated items at Save the Children's warehouse in Smithfield, Sydney for distribution to their charity shops;
- Revitalising a purpose-built community garden at a house that offers training services for young adults with disabilities at St Michael's House, Dublin;
- Decorating Christmas trees to bring some festive cheer to children at Holland Bloorview Kids Rehabilitation Hospital in Toronto.

Social

Empowering humans globally and locally

Client service

Moving money without barriers means providing global access to a frictionless and affordable service. Client service is a core pillar of OFX's digital + human offering. With a global 24/7 follow-the-sun model OFX prides itself on the availability and access to OFXperts to provide helpful guidance that allows clients to make informed choices.

With 20% of OFX's workforce in client-facing roles we invest in our "availability" to ensure a timely response, quality of information and fast resolution of client queries.

Voice of the client

Net Promoter Score (NPS) and Trustpilot are two means to help us better understand the client's experience and their advocacy. In FY23, OFX's NPS was 67.3 and in calendar year 2022, 70% of OFX's Trustpilot reviews were 5 stars with 'ease of service', 'exchange rates' and 'security' consistently favoured by clients.

Our voice of the client program allows clients to rank their experience and provide feedback on the service.

Trustpilot

1st trade with OFX

"This was my first attempt at trading with OFX. Found the whole experience from taking out the account, completing the trade and receiving the money in my bank account simplicity itself. Checked against other exchange rates and found OFX to be extremely competitive, if not better than most others. Thank you OFX. Will certainly use you in the future."

25 April 2023

Very professional customer service

"Spoke with Connor Dunleavy today. He assisted me to finalise my new account and organise my funds transfer. He was very helpful and explained everything very clearly. He has a lovely manner, was very professional and is a credit to OFX."

24 April 2023

Social

Empowering humans globally and locally

Fair and honest selling practices

Our OFX value 'Inspiring Client Confidence' reinforces to our people and clients the critical importance we place on earning and maintaining client trust. Access to affordable foreign exchange with transparency around price, inclusive of OFX margin and fees with no surprises along the way, is really important in maintaining this trust.

We always aim to provide a competitive price that reflects the value of the service we offer. We offer bank-beating and highly competitive rates and fast money transfers accessible online and over the phone to help our clients who value the best of digital experience and human touch. With 'bank-beating' FX rates as a cornerstone of the proposition, OFX purchases independent third party industry data in Australia, Canada, UK and US to validate pricing and show potential savings versus banks in those jurisdictions. Savings are calculated by comparing the exchange rate including margins and fees provided by each specified bank and OFX on the same day.

We offer public access to calculators, comparison charts and OFX's Customer Rate inclusive of OFX margin and any applicable fees, to allow clients to make an informed choice on price.

In FY23, we focused on reducing our resolution time for pricing related complaints by 10% and have successfully reduced resolution time from 2.7 days in FY22 to 2.0 days in FY23.

Ethical and sustainable business practice

We recognise that, given our global operations, and as a significant purchaser of goods and services, we have a responsibility and opportunity to help eradicate modern slavery. OFX has issued a Modern Slavery Statement regarding the risk of modern slavery in the operations and supply chain of OFX Group companies, as well as the steps we have taken to respond to the risks identified (refer to our website for further details and a copy of the statement).

Governance

Global Financial Responsibility

Money laundering, fraud and cyber crime are interrelated as criminals often use cyber infiltration practices and fraudulent techniques to obtain money illegally, and then launder the proceeds of their crimes to avoid detection and prosecution. OFX acknowledges that we are in a strong position to have an impact on many people's lives through detection, investigation and prevention of these activities.

Cyber security and data

Cyber security continues to be a significant threat to businesses globally, and the security of our clients' data and OFX's corporate data is of paramount importance to us. We design, build and manage the security for our global data through:

- Security controls: we identify criticality of assets and data for defining our approach to cyber security management, designing appropriate controls and conducting continuous improvement reviews;
- Security testing: we continuously test our technology infrastructure to identify and address weaknesses and vulnerabilities;
- Security oversight: we have a dedicated team of cyber security experts for oversight, governance, risk assessment, risk remediation and review of third parties;
- Security investment: we continue to invest and expand our security capabilities though different security systems to cover different technology stacks and strengthen security controls;
- Incident response: we have defined incident response processes which are tested and updated on a regular basis;
- Security culture: we promote a cyber security conscious culture through security training, drills and awareness sessions for our people.

This year, cyber security focused on key threat vectors, email and cloud security. We implemented email security system to address phishing and credential theft, implemented and integrated SaaS platforms with our cloud network for vulnerabilities and misconfiguration identification. We also started on the preparation for ISO 27001 certification.

For FY24, our focus will continue to be on raising security awareness amongst our people and progressing the ISO 27001 certification in Australia.

Privacy

OFX believes that privacy risk is one of the most important risk classes to manage comprehensively. This financial year regulators continued to enforce privacy compliance globally and consumer expectations about privacy remains front of mind. Throughout FY23, OFX continued to improve its maturity in relation to data privacy.

In FY23, work continued to ensure that use cases for client data were streamlined and managed appropriately. Role-based access controls were also implemented into our new Client Relationship Management system to ensure appropriate access was in place for client data.

Importantly, this year OFX implemented a refreshed suite of cyber incident response plans including an updated data breach response plan. The cyber incident response plans were tested by external providers in simulations with management and the Board. Staff were trained and reminded of their obligations to report any suspected data breaches or cyber incidents. Alongside this work, we continued to enhance our data retention policy and address compliance.

In FY24, our focus continues on cyber readiness.

Governance

Global Financial Responsibility

Protecting against fraud and cyber crime

With heightened fraud and cyber crime across the globe and across all industries we continue to invest in content and training to educate our people and clients on scams, how to detect them, and how to help protect against them. Our fraud detection engine driven by AI, coupled with our 70+ compliance, fraud, cyber security and client due diligence teams globally both help to inform the program and ensure all OFXers are continuously trained. Client service teams receive additional training to support clients to help minimise successful scam attempts.

The focal areas for our fraud risk management program are:

- Deterrence and prevention: ensuring effective systems and controls are utilised at OFX;
- Detection: finding links to fraud before a payment is executed as well as detecting where fraud has occurred;
- Risk management: understanding current fraud risks and ensuring systems and controls in place at OFX are appropriately focussed on those risks;
- Whole-of-organisation approach: all OFXers know what to look out for and how to escalate concerns;
- Investigations expertise: a dedicated team of experts conduct detailed investigations of potential financial crime matters and work with enforcement and regulatory authorities;
- Internal awareness and education: ensuring our people are vigilant against fraud and other types of financial crimes.

> "We continue to strengthen our security controls, prepare for cyber resiliency, and continue to build a cyber security conscious culture

Santanu Lodh, Chief Information Security Officer

In FY23, we focused on raising awareness of fraud risk amongst our clients and our people. Clients, through multiple channels, received more information on types of frauds and how to help protect themselves. Our people received guidance on what to look out for and what action to take to stop payments which could be related to fraud. Key systems we use were reviewed and 'tuned' to ensure focus on current fraud typologies.

For FY24, the focus is on strengthening our links to other financial service providers and associations so OFX can contribute to stronger industry-wide protections for our clients.

Governance and conduct

Our Board and management are committed to excellence in corporate governance and aspire to the highest standards of conduct and disclosure.

The Company's governance principles are designed to support business operations, deliver on our strategy, monitor our performance and manage risk. For FY23 our governance practices complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition). More detail is available in our Corporate Governance Statement on our website.

Directors' Report and Financial Statements

For the year ended 31 March 2023

Directors' Report

FY23 was another record year for OFX with Net Operating Income of $214.1 million, up 45.6% driven by strong performance in the Corporate segment and the successful acquisition of Firma.

Directors' Report

The Directors of OFX Group Limited present their report on the consolidated entity consisting of OFX Group Limited (**OFX** or the **Company**) and the entities it controlled at the end of, or during, the year ended 31 March 2023 (the **Consolidated Entity** or the **Group**).

1. Directors

The Directors of the Company during the financial year and up to the date of this report are:

Patricia Cross

Chair and Non-Executive Director

BSFS; FAICD Life

Member of the Audit, Risk and Compliance Committee; Member of the People, Culture and Remuneration Committee; Member of the Nomination Committee

Appointed: 20 July 2022

Independent Director

Residence: Melbourne, Australia

Patricia Cross is a highly experienced Non-Executive Director and Chair. Over the past 25 years she has served on eight large, listed company boards in Australia and the UK as well as several government, not-for-profit and advisory boards. She is currently a non-executive director of Transurban Limited, a member of the Board of Guardians of The Future Fund, and an ambassador for the Australian Indigenous Education Foundation (AIEF).

Prior to her career as a non-executive director, Mrs Cross held several senior executive roles across a wide range of banking, investment and insurance in the financial services industry, including with Chase Manhattan Bank and Chase Investment Bank (New York, Helsinki, London), Banque Nationale de Paris and National Australia Bank (NAB).

She has held honorary government positions including as a founding member of the Financial Sector Advisory Council and the Australian Financial Centre Task Force advisory board and has served on several not-for-profit boards including the Grattan Institute and Murdoch Children's Research Institute. She is a Life Fellow of the Australian Institute of Company Directors and founding Chair of the 30% Club in Australia.

Current directorships (Listed companies):	Director: Transurban Limited
Previous directorships (Listed companies):	Director: Aviva plc (2013-2022)
Interest in shares:	100,000 ordinary shares

Directors' Report

Connie Carnabuci

Non-Executive Director

BCom (Marketing) (with Merit), LLB, GAICD

Member of the People, Culture and Remuneration Committee; Member of the Nomination Committee

Appointed: 1 April 2019

Independent Director

Residence: Sydney, Australia

Connie has 35 years' experience as a senior legal advisor to, and as an independent non-executive director of, boards of listed and privately owned companies in Australia and Asia. She brings significant board and C-suite insights on the practical execution of business strategies involving global technology and intellectual property intensive businesses, particularly in the context of M&A, complex commercial transactions and risk management.

Connie was General Counsel of the Australian Broadcasting Corporation (**ABC**) from July 2017 to July 2021, where she was part of the team leading the digital transformation of the ABC. Prior to her role at the ABC, Connie was a Senior Partner with the international law firm Freshfields Bruckhaus Deringer. She was based in Hong Kong for 15 years and led the firm's TMT/IP practice in Asia. She also served as Co-head of the firm's global technology practice. She began her career in Sydney at Mallesons Stephen Jacques (now King and Wood Mallesons) and was a partner there from 1997 to 2000.

Current directorships (Listed companies):	Nil
Previous directorships (Listed companies):	Director: Atomo Diagnostics Limited (2020-2021)
Interest in shares:	46,832 ordinary shares

Directors' Report

Cathy Kovacs

Non-Executive Director

BComm (UNSW) and MappFin (Macquarie), GAICD

Member of the Audit, Risk and Compliance Committee; Member of the Nomination Committee

Appointed: 22 February 2021

Independent Director

Residence: Sydney, Australia

Cathy has over 30 years' operational experience in the financial services industry, having held senior executive leadership roles at Westpac Banking Group, Ellerston Capital, Macquarie Group and BT Investment Bank. Cathy's most recent executive role was as Group Head of Business Development at Westpac until March 2019, where she was responsible for advising the Westpac Executive Committee and Board on business disruption and the future of banking and wealth, making strategic investments and managing strategic partnerships.

Current directorships (Listed companies):	Director: Hub24 Limited
Previous directorships (Listed companies):	Nil
Interest in shares:	73,000 ordinary shares

John Alexander 'Skander' Malcolm

Chief Executive Officer and Managing Director

BEc, MAICD

Member of the Nomination Committee

Appointed: 1 February 2017

Not independent

Residence: Sydney, Australia

Skander has more than 30 years' experience in financial services across consumer payments, consumer finance, joint ventures, partnerships, commercial lending and leasing and digital. He has worked in Australia and New Zealand, the UK, the US, the Middle East, Africa and Russia. He previously served as President and CEO of GE Healthcare, Eastern and African Growth Markets, and prior to that, as President and CEO for GE Capital, Australia and New Zealand.

Current directorships (Listed companies):	Nil
Previous directorships (Listed companies):	Nil
Interest in shares:	2,658,684 (of which 1,118,859 are restricted under the Company's Executive Share Loan Plan)

Directors' Report

Grant Murdoch

Non-Executive Director

MCom (Hons), FAICD, CAANZ

Chair of the Audit, Risk and Compliance Committee; Member of the Nomination Committee

Appointed: 19 September 2013

Independent Director

Residence: Brisbane, Australia

Grant has over 36 years' experience in accounting and corporate finance. Grant's prior professional experience includes Head of Corporate Finance for Ernst & Young Queensland and he is a graduate of the Kellogg Advanced Executive Program at the North Western University, Chicago, United States.

Current directorships (Listed companies):	Director: Lynas Corporation Limited, Director Auswide Bank Limited
Previous directorships (Listed companies):	Director: ALS Limited (2011-2020)
Interest in shares:	345,000 ordinary shares

Steven Sargent

Independent Director

BBus, FAICD, FTSE, GAICD

Appointed: 4 August 2016

Resigned: 11 August 2022

Independent Director

Residence: Sydney, Australia

Steve has over 42 years of global corporate experience. Steve's executive career included 22 years at General Electric, where he gained extensive multi-industry, international experience leading businesses in industries including financial services, healthcare and energy across the USA, Europe and Asia Pacific.

Mr Sargent has been serving as a non-executive director on several boards since 2015. His unlisted board activities include Chairperson of The Origin Energy Foundation Limited, Origin's philanthropic arm, and Non-Executive Director of The Great Barrier Reef Foundation.

Current directorships (Listed companies):	Director: Ramsay Health Care Limited, Origin Energy Limited, Deputy Chairperson and Lead Independent Director: Nanosonics Limited
Interest in shares:	118,444 ordinary shares (as at 15 August 2022 when final interest notice lodged at the ASX)

Directors' Report

Douglas Snedden AO

Non-Executive Director

BEc (ANU), MAICD

Chair of the People, Culture and Remuneration Committee; Chair of the Nomination Committee; Member of the Audit, Risk and Compliance Committee

Appointed: 16 March 2015

Independent Director

Residence: Sydney, Australia

Doug has over 30 years' experience in finance, consulting, strategic management and outsourcing. Doug has previously worked as Country Managing Director of Accenture Australia. Mr Snedden's unlisted board activities include Council of the National Library, Chairperson Chris O'Brien Lifehouse and Chairperson Odyssey House NSW.

Current directorships (Listed companies):	Nil
Previous directorships (Listed companies):	Chair: isentia Group Limited (2017-2021)
Interest in shares:	100,000 ordinary shares

The following persons were Directors of the Company either during the year or as at the date of the Report:

Connie Carnabuci	Non-Executive Director
Patricia Cross	Chair and Non-Executive Director
Cathy Kovacs	Non-Executive Director
John Alexander (Skander) Malcolm	Managing Director and Chief Executive Officer
Grant Murdoch	Non-Executive Director
Steven Sargent*	Chair and Non-Executive Director
Douglas Snedden	Non-Executive Director

* Resigned 11 August 2022.

Directors' Report

2. Company Secretary

Adrian Wong

BCom, LLB (Hons)

Adrian was appointed as Company Secretary for OFX Group Limited on 23 January 2023. He has over 25 years' experience in legal, risk, governance and compliance matters, including over 15 years in financial services. Prior to OFX, Adrian was General Counsel and Company Secretary at Latitude Financial Services.

Brett Farrell

LLB (Hons), CIPP/E

Brett was appointed as Company Secretary for OFX Group Limited on 9 December 2022. Brett held senior legal roles at Commonwealth Bank of Australia and Qantas Airways Limited and various legal roles in London including in the capital markets and financial services businesses. Brett completed the Foundations for Directors course at the AICD and is a solicitor in New South Wales and England and Wales (UK).

Elisabeth Ellis

BScLLB (Hons), GAICD

Elisabeth Ellis resigned as Company Secretary on 9 December 2022.

3. Directors' and Committee meetings

The following table shows meetings held between 1 April 2022 and 31 March 2023 and the number attended by each Director or Committee member.

	Board		Audit, Risk and Compliance		People, Culture and Remuneration		Nomination	
Director	Eligible	Attended	Eligible[1]	Attended	Eligible[2]	Attended	Eligible	Attended
C Carnabuci	10	10	4	4	6	6	4	4
P Cross	6	6	2	3	3	4	1	2
C Kovacs	10	10	5	5	6	6	4	4
S Malcolm	12[3]	12	5	5	6	6	4	4
G Murdoch	12	12	5	5	6	5	4	4
S Sargent*	6	6	3	3	3	3	3	3
D Snedden	10	10	5	5	6	6	4	4

1. Ms Carnabuci and Mr Malcolm are not members of the Audit, Risk and Compliance Committee but are invited to attend as observers.
2. Mr Murdoch, Ms Kovacs and Mr Malcolm are not members of the People, Culture and Remuneration Committee but are invited to attend as observers.
3. Mr Malcolm, Mr Murdoch and Mrs Cross appointed as a subcommittee to consider the release of the half-year results and the full-year results.

Directors' Report

4. Directors' interests

The relevant interest of each Director and their associates in the equity of the Company as at the date of this Report is outlined in the table below. All interests are ordinary shares unless otherwise stated.

	Type	Opening balance	Issued	Acquired	Lapsed/ Disposed	Closing balance
C Carnabuci	Ordinary	46,832	–	–	–	46,832[1]
P Cross	Ordinary	Nil		100,000		100,000
C Kovacs	Ordinary	73,000	–	–	–	73,000
S Malcolm	Ordinary	2,467,021[2]	148,493[3]	43,070[4]	–	2,658,684[5]
G Murdoch	Ordinary	345,000	–	–	–	345,000
S Sargent	Ordinary	118,444	–	–	–	118,444[6]
D Snedden	Ordinary	100,000	–	–	–	100,000

There were no disposals of shares by the Directors during the year or share transactions post year end.

1. As at 31 March 2023, Ms Carnabuci's holding is under the threshold required by the Non-Executive Director Minimum Shareholding Policy. Ms Carnabuci will supplement her holding if still required once trading the Company's securities is permitted at conclusion of the closed period.
2. Opening balance ordinary shares held by Mr Malcolm comprise 1,739,115 issued ordinary restricted shares under the ESP LTI, 727,906 issued ordinary shares under LTI, 480,770 issued ordinary shares by way of personal holdings and vested STI and retention awards.
3. Ordinary shares issued to Mr Malcolm on 7 June 2022 upon vesting of FY21 STI performance rights.
4. Ordinary shares purchased on market 19 December 2022.
5. In addition to this closing balance, Mr Malcolm holds STI performance rights of 191,739 and LTI performance rights of 997,120.
6. As at 15 August 2022 when final interest notice lodged at the ASX.

5. Principal activities

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

6. Unissued shares under rights or options

At the date of this report unissued shares of the Group under rights or options are:

	Expiry Date	Exercise Price	Number of Shares
Performance rights	N/A	–	5,034,724
LTI – Options	10 Jun 24	1.56	176,586

All unissued shares are ordinary shares of the Company.

Directors' Report

7. Dividends and distributions

No dividends have been paid or determined by the Company during and since the end of the year.

8. Operating and financial review

A summary of financial results for the year ended 31 March 2023 is outlined below.

As required for statutory reporting purposes, the consolidated financial statements of the Consolidated Entity have been presented for the financial year ended 31 March 2023.

The Group's statutory financial information for the year ended 31 March 2023 and for the comparative year ended 31 March 2022 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 as a publicly listed entity, additional underlying financial information for the years ended 31 March 2023 and 31 March 2022 is provided in the Operating and Financial Review section of this Report.

The reconciliation and the underlying information has not been audited.

Statutory results

	2023 $'000	2022 $'000	Growth %
Net operating income[1]	**214,092**	147,027	45.6%
EBITDA[2]	**56,290**	43,227	30.2%
Less depreciation and amortisation	**(13,172)**	(9,970)	32.1%
Less interest expense	**(5,869)**	(717)	718.5%
Add share of profit of equity-accounted investees, net of tax	**244**	121	
Less income tax expense	**(6,082)**	(7,649)	(20.5)%
Net profit after tax	**31,411**	25,012	25.6%
EBITDA margin	**26.3%**	29.4%	–
Earnings per share (basic) (cents)	**12.91cps**	10.29cps	–

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.

Directors' Report

Underlying results

The results were impacted by non-operating expenses in respect of Firma Foreign Exchange Corporation. This included $4.5 million of acquisition costs and $2.25 million related to integration. The table below sets out the underlying financial results for the year ended 31 March 2023 which have been adjusted for these non-operating expenses.

	2023 $'000	2022 $'000	Growth %
Net operating income	**214,092**	147,027	45.6%
Underlying EBITDA	**62,437**	44,500	40.3%
Less depreciation and amortisation	**(12,578)**	(9,970)	26.6%
Less interest expense	**(5,869)**	(717)	718.5%
Add share of profit of equity-accounted investees, net of tax	**244**	121	
Less income tax expense	**(6,633)**	(7,649)	(13.3)%
Underlying net profit after tax	**37,601**	26,285	43.1%
Underlying EBITDA margin	**29.2%**	30.3%	–
Underlying earnings per share (basic) (cents)	**15.46cps**	10.81cps	–

The following table reconciles underlying earnings measures to statutory results.

Year ended 31 March 2023

	EBITDA $'000	Profit before tax $'000	Income tax $'000	Profit after tax $'000
Statutory profit	**56,290**	**37,493**	**6,082**	**31,411**
One-off expenses/non-operating	**6,147**	**6,741**	**551**	**6,190**
Underlying profit	**62,437**	**44,234**	**6,633**	**37,601**

FY23 was another record year for OFX with Net Operating Income of $214.1 million, up 45.6% driven by strong performance in the Corporate segment and the successful acquisition of Firma. Corporate revenue was up 89.4% (up 11.1% Ex Firma) driven by strong margin performance and growth in transactions. OLS was down (6.9)% with the market soft post the strong growth during the pandemic and the impact of higher inflation and interest rates impacting consumer confidence. Enterprise was up 2.1% and High value Consumer was flat with a drop in high value use cases in 2H23 following a very strong 1H23.

All regions achieved strong revenue growth with APAC up 7.4%, North America up 105.7% and EMEA up 27.2%. Growth rates across the regions were achieved through increased volumes in the Corporate segment and the successful acquisition of Firma.

Underlying operating expenses were up 47.9% largely attributable to the Firma acquisition in addition to investments in sales, marketing and technology.

Investment in our single global platform delivered improved payment speed and transparency for our clients, strong risk management processes and controls and continued enhancements to client experience.

Directors' Report

Underlying EBITDA for the year was $62.4 million, up 40.3% resulting in an underlying EBITDA margin of 29.2%

The Group continues to maintain a strong balance sheet with Net Cash Held of $93.8 million as at 31 March 2023.

As at 31 March 2023

	2023 $'000	2022 $'000
Cash and cash equivalents	**436,861**	301,870
Deposits due from financial institutions	**25,613**	25,144
Total cash	**462,474**	327,014
Cash held for subsequent settlement of client liabilities	**368,670**	242,767
Net cash held	**93,804**	84,247
Collateral and bank guarantees	**(26,407)**	(41,604)
Net available cash	**67,397**	42,643

9. Strategy

With over $206 billion annual revenue, the cross-border payments industry is a significant market. And as more than 70% of the global market share is still with banks and Incumbent money services businesses, our best opportunity is to access this huge market whilst our four target client segments switch to non-banks specialists.

Our vision at OFX is to become the 'World's leading cross border payments specialist'.

To do so, we must differentiate and our teams must be in place to deliver for our clients.

Our distinctive CVP (customer value proposition) is to deliver a competitively priced and trusted client experience, by combining both digital + human support and expertise, as we solve for the complexity and anxiety of moving money globally.

Our teams are part of a global operating model; strong regional teams supported by strong global functions.

This is underpinned by a single global platform that powers four superior capabilities versus our competition:

- Payments excellence
- Client service
- Risk management
- World class team

We are building a more valuable company by investing in healthy revenue growth with strong EBITDA margins, by maintaining a high recurring revenue, generating revenue beyond spot FX, and by growing revenue from Corporate, Online Seller and Enterprise clients faster than our Consumer clients.

Directors' Report

Lastly, to successfully execute our strategy, we align our investments with six key strategic pillars. We will continue to focus on delivery of critical initiatives against each of these pillars, including:

- **B2B segment:** grow our B2B client segment;
- **Geographic expansion:** investing to expand in North America and Europe;
- **Scalable platform:** continuing to improve our technology platform to enable operations at scale, lowering costs and enhancing security for our clients and shareholders;
- **Risk management:** building trust through strong risk management across regulators, clients, bankers and partners;
- **People:** greater emphasis to build our Global Operating Model so that our teams can serve client locally and grow their global career with OFX;
- **Organic and inorganic:** we continue to invest in organic growth, as well as look at, in a disciplined way, opportunities for consolidation and to deliver products beyond spot FX.

10. Risks

The potential risks associated with the Group's business are outlined below. This list does not cover every risk that may be associated with the Group, and the occurrence or consequences of some of the risks described are partially or completely outside the control of the Group, its Directors and senior management. There is also no guarantee or assurance that the risks will not change or that other risks will not emerge.

- **Regulatory Change** – The international payments market is highly regulated. There is a risk that any new or changed regulations, for example, banking and financial services licensing and anti-money laundering regulations, could require the Group to increase its spending on regulatory compliance and/or change its business practices, which could adversely affect the Group's profitability. There is a risk that regulatory change could also make it uneconomical for the Group to continue to operate in places where it currently does business.
- **Regulatory Compliance –** There is a risk that the Group may not comply with all applicable laws or have adequate compliance controls in place to manage or prevent breaches of applicable laws. A breach of compliance may require the Group to pay significant penalties if it fails to maintain or follow adequate procedures in relation to on-boarding of clients or to detect and prevent money laundering, financing of terrorism, breaches anti-bribery laws or contravention of sanctions regulations globally, as has been imposed on other companies from time to time. In addition, there is a risk that evidence of a serious failure by the Group to comply with laws may cause one or more of the counterparty banks, partnerships or affiliates to cease business with the Group. The Group has a range of system and process controls in place to mitigate this risk and invests significant resources in risk management and compliance. All employees undertake compulsory compliance training on a regular basis.
- **Information technology (IT)** – The Group depends on the performance, reliability and availability of its technology platform and communications systems. There is a risk that these systems may be adversely affected by events including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, cyber-attack/s on group technology and communication providers, external malicious interventions such as hacking, fire, natural disasters or weather interventions.

- Events of that nature may cause part of the Group's technology platform, apps or websites to become unavailable. While the Group invests heavily in mitigating this risk, there is a risk that the Group's operational processes or disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that the Group suffers as a result of a system failure. This in turn could reduce the Group's ability to generate income, impact client service and confidence levels, increase cost burden, impact the Group's ability to compete and cause damage to the Group's reputation and, potentially, have a material adverse effect on its financial position and performance. Further, there is a risk that potential faults in the Group's technology platform could cause transaction errors that could result in legal exposure from clients, damage to the Group's reputation or cause a breach of certain regulatory requirements (including those affecting any required licence) and, potentially, have a material adverse effect on the Group's financial position and performance. The Group maintains disaster recovery plans and controls to mitigate this risk.
- **Data security and privacy** – The Group's business relies on the effective processing and storage of information using its core technologies and IT systems and operations. If the Group's technology and data security controls are ineffective, the Group's IT systems could be exposed to successful cyber-attacks which may result in the unauthorised access to or loss of critical or sensitive data, loss of information integrity, breaches of obligations or client agreements and website, system outages and regulatory actions. Any significant interruptions to these operations would impact the Group's ability to operate and could result in business interruption, the loss of client and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect the Group's operating and financial performance. The Group is subject to privacy laws in Australia and other jurisdictions in which it conducts its business. The Group operations in the United Kingdom and the European Union are required to comply with the respective implementations of the UK and the European Economic Area versions of the General Data Protection Regulations. Similarly, the Group operations in North America are subject to relevant US and Canadian laws, including the California Consumer Privacy Act. In each of the relevant jurisdictions, these laws generally regulate the collection, use and processing of personal information. Such laws affect the way the Group can collect, use, analyse, transfer and share personal information that is central to many of the services the Group provides. Any actual or perceived failure by the Group to comply with relevant privacy laws and regulations may result in the imposition of fines, investigations, enforceable undertakings or other penalties, client losses, a reduction in existing services, and limitations on the development of technology and services making use of such data. Any of these events could adversely affect the Group's business, financial condition and financial performance as well as cause reputational damage. The Group has a range of system and process controls in place to mitigate this risk pursuant to a Board approved Cyber Strategy. Employees undertake compulsory privacy and cyber security awareness training.
- **Relationships with banking counterparties** – The Group relies on banks to conduct its business, particularly to provide its network of local and global bank accounts and act as counterparties in the management of foreign exchange and interest rate risk. There is a risk that one or more of these banks may cease to deal with the Group. The loss of a significant banking relationship, or the loss of a number of banking relationships at the same time, particularly as the Group grows, could prevent or restrict the Group's ability to offer foreign exchange and payment services in certain jurisdictions, increase operating costs for the Group, increase time taken to execute and settle transactions and reduce the Group's ability to internally net out transactions, all of which could materially impact profitability. In addition, there is a risk that a loss or reduction in the services provided by the Group's banks could restrict its ability to actively manage its foreign exchange and interest rate risk in certain jurisdictions. As a result, the Group may have to increase the level of foreign exchange and interest rate exposure within existing operations, reduce or withdraw certain services it offers to clients or change its business model to reduce the level of risk within the business to acceptable levels, all of which could also materially impact profitability. The Group maintains a panel of banking counterparties and actively manages its relationships with these counterparties.

› Directors' Report

- **Mistaken Payment** – There is a risk that, due to system or human errors in the processing of transactions, the Group may transfer an incorrect amount of funds or transfer funds to an incorrect recipient. In these instances, the Group may be required to take steps to recover the funds involved and, in certain circumstances, be liable for amounts paid that were in not in accordance with client instructions. The Group has a range of system and process controls in place to mitigate this risk.
- **Fraud** – There is a risk that, if the Group's services are used to transfer money in connection with a fraud or theft (including identity theft), the Group may be required to take steps to recover the funds involved and may in certain circumstances be liable to repay amounts that it accepted for transfer, even after it has made the corresponding international payment. In some cases the Group's insurance does not indemnify for this loss. The Group has a range of fraud prevention controls in place to mitigate this risk.
- **Foreign exchange rate fluctuations** – Changes in value in currencies can affect the average transaction size entered into by the Group's clients and, potentially, the number of transactions. The Group offers services in over 50 currencies and movements in any of them may adversely impact the Group's performance. In addition, as the Group reports in Australian Dollars, a strengthening of the Australian Dollar against other currencies will also have a negative impact on the reported earnings of the Group that relate to its income earned in geographies outside Australia (which may increase over time, potentially substantially). Similarly, a weakening of the Australian Dollar as against USD, CAD, GPD, NZD, HKD and SGD will have a negative impact on the costs of the Group that relate to the costs incurred in geographies outside Australia. To mitigate against this risk, the Group's treasury risk management process monitors and reports performance against defined limits. Overall exposure of the Group is managed within limits set by the Board.
- **Credit** – The Group enters into forward exchange contracts with some of its clients and its banking counterparties. There is a risk that if a client or counterparty fails to make payment upon settlement of these contracts, the Group would have a credit exposure to the value of the mark-to-market value of the transaction. The Group mitigates against this risk by retaining the discretion to require that an advance payment is made, however, the Group remains exposed to the mark-to-market value of the transactions.
- **Liquidity** – There is a risk that the Group may have insufficient liquidity to meet financial obligations or commitments due to miscalculation of liquidity requirements or failure to receive funds from counterparties on time. The Group has a robust process in place to mitigate this risk, including regular forecasts of the Group's liquidity requirements and continuous review of currency requirements in operating jurisdictions.
- **Competition** – The market for the provision of foreign exchange and payment services is highly competitive. The major existing competitors of the Group include banks, money transfer organisations and other specialist providers. New competitors, services and business models which compete with the Group are likely to arise in the future. There is a risk that a substantial increase in competition for any of these reasons could result in the Group's services becoming less attractive to consumer or business clients, partnerships. This may require the Group to increase its marketing or capital expenditure or require the Group to lower its spreads or alter other aspects of its business model to remain competitive, any of which could materially adversely affect the Group's profitability and financial condition. A key aspect of the Group's business model and competitive advantage is its ability to offer many clients more attractive exchange rates and transaction fees than they regularly receive from competitors such as many major banks. Competitors could potentially lower their spreads and transaction fees to compete with the Group, which could result in a reduction in, or slowing in the growth of, the Group's transaction turnover, a reduction in margins, increased marketing expense or a failure to capture or reduction in market share. Any of these outcomes could materially impact the Group's income and earnings. The Group regularly reviews its market position and competitiveness as part of its strategic and business planning process.

- **Intellectual property risk** – The Group relies on certain intellectual property (**IP**) such as trademarks, licences, software and proprietary technology to conduct its business. There is a risk that the actions taken by the Group to register and protect its IP may not be adequate, complete or enforceable, and may not prevent the misappropriation of the Group's IP and proprietary information. If the Group's IP has been compromised, the Group may need to protect its rights by initiating litigation such as infringement or administrative proceeding, which may be time consuming, unpredictable and costly. Any failure by the Group to protect its IP rights may adversely impact the Group's business, operations and future financial performance. There is a risk that the Group may infringe the IP rights of third parties. Third parties may enforce their IP rights and prevent the Group from using the IP, which may adversely impact the business and operations of the Group, and damage the reputation of the Group. To mitigate against this risk the Group actively manages its trademarks and obtains licences in respect of third party IP rights used by the business.
- **Reputational damage** – Maintaining the strength of the Group's reputation is important to retaining and increasing the client base and preserving healthy relationships with its regulators, banks, partners and other stakeholders. There is a risk that unforeseen issues or events may adversely affect the Group's reputation. This may impact on the future growth and profitability of the Group. The Group actively maintains its relationships with regulators, banks, partners and other stakeholders to mitigate against this risk.

11. State of affairs and significant changes in the state of affairs

In the Directors' opinion there have been no significant changes in the state of affairs of the Group during the year. A further review of matters affecting the Group's state of affairs is contained on pages 41-43 in the Operating and Financial Review.

12. Events subsequent to balance date

Refer to the share buyback disclosed in Note 21 to the Financial Report.

OFX announced an investment to acquire Paytron Holdings Pty Ltd, a Sydney-based B2B payments company that has developed a platform that supports modern accounts receivable workflow, multi-currency account and card capabilities. This is in line with OFX's focus on expanding its services for B2B clients and accelerates its current investment program. OFX will acquire 100% of the company including its client base and all its intellectual property. The transaction is projected to close in 1H24 and the consideration is comprised of up to 11.25 million deferred performance securities subject to development and financial vesting conditions.

13. Outlook

The Group continues to position OFX for growth and is focused on continuing to execute on our key strategic goals:

- Servicing four core segments being Corporate, Consumer, Online Seller and Enterprise clients in all our key regions;

Directors' Report

- Continued investment in the client experience – both digital + human and reliable, scalable systems; and
- Accelerating our medium-term growth through investments in Online Sellers and Enterprise.

We have a strong balance sheet, superior service delivery, an experienced and ambitious team and a clear mandate from our Board and our shareholders to grow sustainably.

14. Likely developments and expected results

Other than the information provided in the operating and financial review, further information on likely developments has not been included as it may unreasonably prejudice the Group.

15. Insurance and indemnification of Directors and Officers

The Directors of the Company and such other officers as the Directors determine are entitled to receive the benefit of an indemnity contained in the Constitution of the Company, to the extent allowed by the *Corporations Act 2001* (Cth).

The Company has entered into a standard form deed of indemnity, insurance and access with the Directors, the Company and Secretary of the Company and with Directors and Officers of each Group entity against liabilities they may incur in the performance of their duties as Directors of the Company, to the extent permitted by the *Corporations Act 2001* (Cth). The indemnity operates only to the extent that the loss or liability is not covered by insurance.

During the year the Company has paid premiums in respect of contracts insuring the Directors and Officers of the Company and each other Group entity against liability incurred in that capacity to the extent allowed by the *Corporations Act 2001* (Cth). The terms of the policies prohibit disclosure of the details of the liability and the premium paid.

16. No officers are former auditors

No officer of the Consolidated Entity has been a partner of an audit firm or a Director of an audit company that is the auditor of the Company and the Consolidated Entity for the financial year.

17. Non-audit services

KPMG continues in office as the external auditor in accordance with section 327C of the *Corporations Act 2001* (Cth).

The Audit, Risk and Compliance Committee is required to pre-approve all audit and non-audit services provided by the external auditor. The committee is not permitted to approve the engagement of the auditor for any non-audit services that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.

Directors' Report

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit, Risk and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks or rewards.

Details of the amounts paid or payable to KPMG for audit and non-audit services provided during the year are set out in Note 27 to the Financial Statements. Total non-audit remuneration paid to KPMG is summarised below for FY23.

	2023 $	2022 $
Other advisory services	35,404	247,994
Total remuneration for non-audit services	**35,404**	**247,994**

18. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) in relation to the audit for the year ended 31 March 2023 is on page 72 of this report.

19. Chief Executive Officer/Chief Financial Officer declarations

The Chief Executive Officer and the Chief Financial Officer have given the declarations to the Board concerning the Group's Financial Statements and other matters as required under section 295A(2) of the *Corporations Act 2001* (Cth).

20. Rounding off

The Company is of the kind referred to in Australian Securities and Investments Commission Legislative Instrument 2016/191, relating to the rounding off of amounts in the Directors' Report. In accordance with that Instrument, amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise stated.

Remuneration Report

for the financial year ended 31 March 2023

Fellow shareholders,

On behalf of your Board and as Chair of the People, Culture and Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 March 2023. The report sets out OFX's approach to remuneration for Executives and Non-Executive Directors and, in particular, the links between OFX's remuneration framework, business performance and strategy.

FY23 in Review

OFX has had another year in which financial and operating targets have been either met or exceeded. Due to very strong performance in the first half of the year, financial guidance to the market was upgraded and the Company finished the year with strong performances across regions and client segments and continued to make significant progress in enhancing its platforms to support the scale, speed, and safety of transactions for our clients.

The acquisition of Firma has proved very valuable with an underlying EPS accretion of greater than 30%, comprised of strong revenue, and better than expected cost synergies. We are executing on an integration program, drawing on people from both organisations and we expect to complete the integration of client platforms and teams in the year ahead.

Despite the challenges that have arisen in the global economic environment, the Global Executive Team has been effective at managing the risks for the business and building a more valuable company. In addition to meeting challenging financial targets, they have continued to invest in technology that has resulted in faster payments, digital tools that enhance our risk management capability and more secure platforms. They also continued to invest in the development of our people and this is reflected in a 6% increase in employee engagement.

Remuneration outcomes for FY23 reflect the performance of the business and our people and our position to be able to continue to grow both organically and inorganically. A summary of FY23 remuneration outcomes is as follows:

- Short-term incentive funding was determined to be 102.7% of target, representing continued effective execution against financial and operating targets approved at the commencement of the financial year;
- The FY20 Long Term Incentive Plan vested with 28% loan forgiveness of the Loan Share Plan. Shares vested in June 2022, however, remain restricted until the Executive's outstanding loan balance is repaid in full which must occur by 31 March 2024 (see detail in section 5.3 of the report);
- Based on market analysis and in the context of rising wages in all regions, a 4% budget has been allocated for salary increases in FY24; and
- There have been no increases to Non-Executive Director fees.

Remuneration Report

Remuneration Changes in FY24

As outlined in the FY23 remuneration report, the Board approved an increase in the variable remuneration opportunity of members of the Global Executive Team, stepped over two years, to ensure our remuneration offering is competitive and maintains alignment between Executive remuneration and shareholder returns. In FY24, the second increase will take effect (refer section 7). As foreshadowed last year, the Board also introduced a minimum shareholding requirement for Executives, further aligning the interests of the Executives with the interests of the Company's shareholders and this minimum shareholding requirement is applied to LTI awards from FY23 onwards.

Further details of these remuneration changes are contained in the report.

Overall, the Board continues to be very pleased with the Company's results and the continued momentum we are seeing in the transition of OFX to a more global, valuable company. We wish to commend our people for their ongoing commitment to serving and growing our clients as well as enhancing our platforms to enable our clients to transact securely and reliably in the context of ever-increasing risks.

Douglas Snedden
People, Culture and Remuneration Committee
23 May 2023

Remuneration Report

Introduction

The Directors present the remuneration report for the Company and its controlled entities (collectively **the Group** or **OFX**) for the financial year ended 31 March 2023 prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (the **Corporations Act**) and as audited as required by section 308(3C) of the Corporations Act.

1. Key Management Personnel

The remuneration report sets out the remuneration arrangements for the Key Management Personnel (**KMP**) of the Group, which comprises all Directors (Executive and Non-Executive) and those Executives who have authority and responsibility for planning, directing and controlling the activities of the Group. In this report 'Executive KMP' refers to members of the Global Executive Team that are KMP and includes Mr Skander Malcolm, as an Executive Director, Ms Selena Verth as Chief Financial Officer (CFO) and Mr Mark Shaw as Chief Operating Officer (COO). Table 1 below details the Group's KMP during FY23 and up to the date of this report.

Table 1.

Name	Role
Non-Executive Directors	
Connie Carnabuci	Non-Executive Director
Patricia Cross*	Chair and Non-Executive Director
Cathy Kovacs	Non-Executive Director
Grant Murdoch	Non-Executive Director
Steven Sargent**	Chair and Non-Executive Director
Douglas Snedden	Non-Executive Director
Executive Director	
Skander Malcolm	Managing Director and Chief Executive Officer (CEO)
Other Executive KMP	
Selena Verth	Chief Financial Officer (CFO)
Mark Shaw	Chief Operating Officer (COO)

* Patricia Cross was appointed as a Director on 20 July 2022 and elected Chair on 11 August 2022.
** Steven Sargent resigned 11 August 2022.

Remuneration Report

2. Remuneration framework and link to business strategy

2.1 Remuneration strategy

Figure 1.

Our vision

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

Client needs we solve

Transfer money internationally from A-B	Manage volatility risk of FX exposure	International payments flows integrated in my processes	Collect/use my money wherever I buy or sell in the world, like a local	Offer FX/ cross-border payments to my clients

Culture and values

Our culture is enabled by our core values that drive the behaviour in our organisation and support us to Make a Difference to our clients, our shareholders and to each other

We're better together	Inspire client confidence	Always keep learning	Get the right stuff done	Push boundaries
We are stronger as one team	We keep the client at the centre of everything we do	Share your expertise and learn from others	Own it, execute it, deliver the exceptional	Discover what is possible

Remuneration strategy

To attract, retain and motivate talented people to drive a great culture that delivers on our business strategy and contributes to sustainable long-term returns

Culture	Performance	Competitive	Clear and simple	Sustainable
Align rewards to risk management, high performance and a diverse and inclusive culture	Reward performance that supports execution of our strategy and aligns Executive and shareholder interests	Attract, retain and motivate appropriately qualified and experienced people who will contribute positively to OFX's financial and operational performance	Simple structures with clear expectations	Motivate Executives to deliver results with both short and long-term horizons, at the same time demonstrating OFX's values through their behaviours and actions

Fixed remuneration	Variable, performance-based remuneration
Reward for size and complexity of the role, as well as skills and experience	Includes short-term, long-term and sales incentives or commissions, and one-off grants of equity or cash

Remuneration Report

2.2 Executive KMP remuneration components

OFX's Executive KMP remuneration consists of a total fixed remuneration (**TFR**) component, a short-term incentive (**STI**) component and a long-term incentive (**LTI**) component as set out in Table 2 below.

Table 2.

Remuneration component	Total Fixed Remuneration (TFR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Purpose	Reward for size and complexity of the role, as well as skills and experience	Annual 'at risk' incentive opportunity awarded on the achievement of performance conditions over a 12-month period	Reward that aligns with longer-term OFX performance and shareholder outcomes
Link to performance	Motivation to drive a great culture and deliver on the business strategy	STI outcome determined by: • Company scorecard that establishes the level of STI funding; and • Strategic individual performance measures that are specific to the Executive KMP's role, are equally weighted and, along with evaluation of behaviour against the OFX values, support an overall performance rating	Performance measures that are designed to encourage Executive KMP to focus on the key performance drivers which underpin sustainable growth in shareholder value over the longer term
Performance measures	Accountabilities that support the execution of the business strategy	Company performance measures for FY23: • Underlying NOI (30%) • Underlying EBT (30%) • Strategic Investments (20%) • ESG (20%) Assessment of threshold/ target/maximum levels follows agreed targets, with the vesting scale ranging from 25% through to 125% Assessment of individual performance measures support an overall performance rating multiplier ranging from 0% to 120%	Company performance measures for FY23: • Underlying EPS CAGR (50%) • Absolute TSR CAGR (50%) Assessment of threshold/ target/maximum levels follows agreed targets, with the vesting scale ranging from 25% through to 150%

Remuneration Report

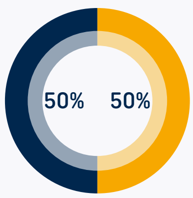
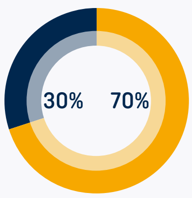
Remuneration component	Total Fixed Remuneration (TFR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Alignment	Set to attract, retain and motivate the right talent to deliver on OFX's strategy and contribute to OFX's financial and operational performance	Clearly defined and measurable performance conditions designed to support the financial and strategic outcomes of the Group which in turn translates into shareholder return	Encourages sustainable long-term value creation by linking a significant portion of remuneration to OFX's share price and returns generated for shareholders
Delivery	Competitive market based fixed remuneration (base salary + statutory superannuation)	Delivered as a combination of cash and deferred equity issued as performance rights	The LTI plan for Executives grants rights to fully paid ordinary shares in OFX (performance rights) Performance rights allocated in two tranches (50% in each tranche) that operate independently Vesting schedule for each of the two tranches is detailed in Figure 2

Remuneration Report

2.3 Remuneration delivery and mix

The Executive KMP remuneration mix is structured so that a substantial portion of remuneration is delivered as OFX securities through either deferred STI or LTI. Total remuneration correlates to performance. The following Figure 2 (which is not to scale) sets out the remuneration structure and delivery timing for Executive KMP.

Figure 2. Remuneration delivery

Remuneration delivery	Year 1	Year 2	Year 3
1. Fixed Remuneration  	Salary and other benefits (including statutory super-annuation)		
2. STI (Target is 115% of TFR for CEO and 65% of TFR for each other Executive KMP) **CEO**  CEO: 50% cash. 50% deferred into performance rights. **EXECUTIVE KMP**  KMP: 70% cash. 30% deferred into performance rights.	Cash STI 12 months deferred vesting for 50% of deferral	24 months deferred vesting for 50% of deferral	

Remuneration Report

Remuneration delivery	Year 1	Year 2	Year 3
3. LTI (115% of TFR for CEO and 60% of TFR for each other Executive KMP)	Subject to three-year performance period FY23 issuance in two tranches	FY23 Vesting schedule for each of the two tranches is as follows:	

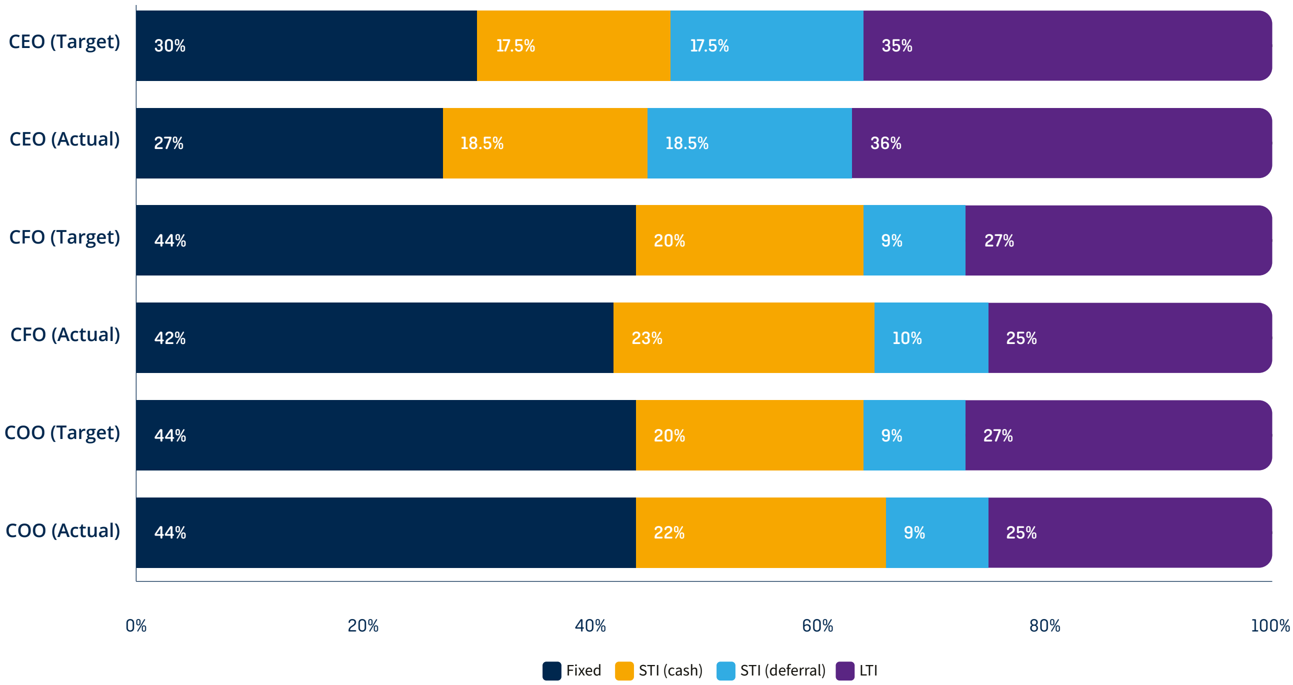
Performance Measure	% of Performance Rights that vest
Below threshold	Nil
Threshold	17%
Between threshold and target	17-67% (straight line)
Target	67%
Between target and stretch	67-100% (straight line)
Stretch and above	100%

Remuneration mix

FY23 Remuneration Outcomes[1]

Figure 3 below reflects both the target mix[1] of pay for each Executive KMP as well as actual mix of pay based on remuneration outcomes (i.e. the relative weight of each component as a percentage of total remuneration) for FY23.

Figure 3. Remuneration Mix – Target and Actual for FY23



1. Target mix accounts for partial loan forgiveness under the ESP for 'on target' performance.

Remuneration Report

3. Company performance FY23

5-year Group performance

The Group's FY19-FY23 annual financial performance measures compared with short-term and long-term remuneration outcomes are set out in Table 3 below.

Table 3.

Performance Metrics[1]	2019	2020	2021	2022	2023
Net operating income[2]	$118.7m	$125.2m	$117.9m	$147.0m	**$214.1m**
EBITDA	$31.6m	$36.9m	$28.1m	$43.3m	**$56.3m**
Underlying EBITDA	$36.0m	$38.2m	$29.1m	$44.5m	**$62.4m**
Underlying EBT	$26.0m	$26.1m	$16.6m	$33.8m	**$43.6m**
Basic earnings per share[3]	7.07cps	8.37cps	4.96cps	10.29cps	**12.91cps**
Underlying basic earnings per share[4]	8.45cps	8.80cps	5.26cps	10.81cps	**15.46cps**
Dividend per share[5]	$0.05640	$0.0563	$0.0316	N/A	**N/A**
Closing share price	**$1.67**	**$1.24**	**$1.10**	**$2.43**	**$1.57**

1. These are not calculations based on constant currency.
2. Net operating income, a non-IFRS measure, is the combination of 'Fee and trading income' and 'Fee and commission expense' and 'Interest income'.
3. For the calculation of EPS refer to Note 7 of the financial statements.
4. Underlying basic earnings per share is the basic earnings per share calculation utilising the underlying NPAT of the Group.
5. This represents dividends distributed in the period.

Remuneration Report

4. Statutory disclosures

Table 4 details the remuneration paid to Executives (KMP) and has been prepared in accordance with the accounting standards.

Table 4.

	Year	Short-term benefits		Post-employment benefit	Long-term benefits	Share-based payments			
		Cash salary and fees $	Cash bonus $	Superannuation $	Annual and Long service leave $	Deferred STI – Performance Rights $	STI – Retention and One-off awards[1] $	LTI – ESP and Performance Rights[2] $	Total $
Executive KMP									
S Malcolm	**2023**	**696,000**	**468,255**	**24,861**	**34,144**	**453,867**	**–**	**567,441**	**2,244,568**
	2022	676,000	442,477	23,100	12,311	193,575	6,222	485,102	1,838,787
S Verth	**2023**	**396,500**	**216,585**	**24,861**	**18,156**	**74,486**	**18,807**	**121,077**	**870,472**
	2022	379,000	185,986	23,100	5,290	36,306	38,286	109,259	777,227
M Shaw	**2023**	**375,833**	**187,239**	**24,861**	**6,413**	**64,277**	**18,545**	**114,405**	**791,573**
	2022	355,000	158,999	23,100	4,793	35,268	20,004	101,956	699,120
Total KMP remuneration									
	2023	**1,468,333**	**872,079**	**74,583**	**58,713**	**592,630**	**37,352**	**802,923**	**3,906,613**
	2022	1,410,000	787,462	69,300	22,394	265,149	64,512	696,317	3,315,134

1. Ms Verth's awards also include remuneration of $18,807 in respect of 35,848 one-off performance rights that were granted on 30 July 2021 with a vesting date of 31 May 2023, and 21,916 one-off performance rights that were granted on 15 June 2022 with a vesting date of 15 June 2023. There are performance conditions that reflect specific outcomes relating to transactions attached to these vesting. Mr Shaw's awards also include remuneration of $18,545 in respect of 10,958 one-off performance rights that were granted on 15 June 2022 with a vesting date of 15 June 2023. There are performance conditions that reflect specific outcomes relating to a transaction attached to this vesting.
2. The Executive Share Plan (ESP) includes the FY20 and FY21 LTI issuances. Mr Malcolm's remuneration includes $104,814 in respect of the ESP, and $462,627 in respect of LTI performance rights. Ms Verth's remuneration includes $26,153 in respect of the ESP, and $94,924 in respect of LTI performance rights. Mr Shaw's remuneration includes $24,504 in respect of the ESP, and $89,901 in respect of LTI performance rights.

Remuneration Report

5. Performance and remuneration outcomes for FY23

5.1 Fixed remuneration

Regular reviews of remuneration levels are a key accountability of the Board, and a comprehensive market review was conducted for each Executive KMP as part of the FY22 remuneration review process which resulted in the amendments to base salary for Executive KMP in FY23, effective 1 June 2022, as shown in Table 5 below.

Table 5.

Executive KMP	% increase
S Malcolm	3.6%
S Verth	5.5%
M Shaw	7.0%

5.2 Short-Term Incentive (STI)

The STI Plan is aligned to shareholder interests by:

Encouraging Executive KMP to achieve year-on-year performance in a balanced and sustainable manner through a mix of financial and non-financial performance measures.	Mandatory deferral of STI award into performance rights acting as both a retention mechanism and providing the opportunity for malus or clawback if this is ever warranted. 50% of STI is deferred for the CEO and 30% of STI is deferred for other Executive KMP.

Figure 4.

Total Fixed Remuneration (TFR)

(TFR is base salary outside Australia)

x

Target STI %

x

Company Performance measures

Company performance objectives set and reviewed by the Board annually

	Payout
Threshold	25%
Target	100%
Max	125%

x

Individual Performance measures

Below	1	0%
Mostly meets	2	75%
Meets	3	100%
Exceeds	4	110%
Outstanding	5	120%

=

STI

Min = 0%

Max = 150%

FY23 STI outcomes

Individual performance measures

In determining individual STI awards, the CEO provides recommendations to the People, Culture and Remuneration Committee in respect of the CEO's direct reports (which includes all Executive KMP except the CEO). The Committee reviews these recommendations and also evaluates the CEO and his direct reports' performance and recommends to the Board any fixed pay changes and incentive awards for the CEO and the CEO's direct reports. Recommendations take into account the STI pool funding percentage (refer Table 8) and the performance of the CEO and his direct reports against individual and business performance goals (refer Table 7 for outcomes in respect of the Executive KMP) as well as the behaviour demonstrated by the CEO and his direct reports in their role consistent with the Company values. Individual goals for the CEO and his direct reports align to the financial and strategic objectives used to determine STI pool funding.

STI achieved by Executive KMP for FY23 is set out in Table 6 below:

Table 6.

Executive KMP	STI at target $	Company Performance Measures %	Individual Performance %	STI achievement %	STI achievement $	Cash $	STI portion deferred[1] $
S Malcolm	828,990	102.7%	110%	113.0%	936,511	468,255	468,255
S Verth	273,885	102.7%	110%	113.0%	309,408	216,585	92,822
M Shaw	260,452	102.7%	100%	102.7%	267,484	187,239	80,245

1. STI deferred portion is calculated as STI achieved multiplied by deferral percentage and is a non-statutory measure.

Table 7 below provides a summary of the way in which each individual Executive KMP's FY23 performance was evaluated.

Table 7.

	S Malcolm	S Verth	M Shaw
Technology and Product team effectiveness	Exceeds	N/A	N/A
Firma integration	Outstanding	Exceeds	Exceeds
Growth in new Corporate clients	Meets	N/A	N/A
Treasury	N/A	Exceeds	N/A
M&A strategy and execution	N/A	Exceeds	N/A
Scalable, efficient platform delivering payments excellence	N/A	N/A	Meets
Global Assurance Controls Program	N/A	N/A	Meets
Enterprise clients	Meets	Meets	Meets
Overall Individual Performance	**Exceeds**	**Exceeds**	**Meets**

Remuneration Report

Table 8.

Bonus Pool Calculation	Weighting %	FY23 Actual $m	Payout rate %	Funding[1] %	FY22 Actual $m	YOY %
Underlying NOI	30%	214.1	104.9%	31.48%	147.0	45.6%
Underlying EBT	30%	43.6	125.0%	37.5%	33.8	29.0%
Strategic Investments	20%		93.8%	18.75%		
ESG	20%		75.0%	15.0%		
TOTAL	**100%**			**102.7%**		

1. Funding rate is calculated as payout rate multiplied by weighting of Company performance measures.

Company funding of 102.7% for STI for FY23 represents consistent strong business performance over the course of the financial year in which financial and operating targets have been either met or exceeded. FY23 STI funding reflects:

- Outperformance on financial metrics whereby targets were exceeded. The performance of Firma was included in the financial targets post acquisition;
- Product benefits, and improved efficiency of payments for metrics related to safe, reliable and scalable platforms;
- Significant outperformance on synergies realised from Firma integration;
- Further enhancements to our control environment and risk management capability; and
- Progress on our ESG objectives for FY23.

Table 9. STI-related equity

	Held at 1 April 2022[1]	Granted during the year[2]	Vested during the year	Lapsed during the year	Held at 31 Mar 2023
Executive KMP					
S Malcolm	148,593	191,739	(148,593)	–	**191,739**
S Verth	62,563	56,456	(26,715)	–	**92,304**
M Shaw	25,115	40,486	(25,115)	–	**40,486**

1. All holdings at 1 April 2022 were granted during FY22.
2. Grants in FY23 occurred on 12 August 2022 for Mr Malcolm and 10 June 2022 for Ms Verth and Mr Shaw, with a 12-month vesting period and fair value at grant date of $2.68 for Mr Malcolm and $2.41 for Ms Verth and Mr Shaw. Ms Verth's grant also includes 21,916 performance rights and Mr Shaw's grant also includes 10,958 performance rights that were granted on 15 June 2022 both with a fair value at grant date of $2.13. Ms Verth's and Mr Shaw's one-off performance rights have a vesting date 15 June 2023. There are performance conditions that reflect specific outcomes relating to a transaction attached to the vesting.

Remuneration Report

Vested and Realised Remuneration

Table 10 below is a voluntary non-statutory disclosure of the realised remuneration of Executive KMP. Not all amounts have been prepared in accordance with accounting standards and this information differs from the statutory remuneration table in Section 4 which shows the expense for the vested and unvested awards in accordance with accounting standards. The below figures are unaudited.

Table 10.

Executive KMP	Year	Cash salary and fees $	Cash bonus $	Super-annuation $	Vested STI deferral[1] $	Vested retention $	Vested LTI – Executive Share Plan[2] $	Total $
S Malcolm	**2023**	**696,000**	**468,255**	**24,861**	**337,306**	**0**	**927,434**	**2,453,856**
	2022	676,000	442,477	23,100	232,600	112,813	0	1,486,990
S Verth	**2023**	**396,500**	**216,585**	**24,861**	**60,643**	**0**	**231,399**	**929,988**
	2022	379,000	185,986	23,100	37,986	112,813	0	738,885
M Shaw	**2023**	**375,833**	**187,239**	**24,861**	**57,011**	**0**	**213,624**	**858,568**
	2022	355,000	158,999	23,100	42,082	112,813	0	691,994

1. These figures reflect the prior year STI deferred into share rights which have vested. These shares are subject to a holding lock under which they cannot be traded for 12 months from vesting date. The value is derived as the number of vested shares multiplied by the share price on vesting date.
2. These figures reflect the FY20 LTI that vested on 9 June 2022. The value is derived as the number of vested shares multiplied by the share price on vesting date, minus the total value of the outstanding loan on the award.

5.3 Long Term Incentive (LTI)

LTI Outcomes for FY23

For the FY20 LTI and FY21 LTI, Executive KMP were offered a single grant of shares that were subject to performance conditions. The value of the LTI grants is determined by reference to a set percentage of TFR. The number of shares that each Executive KMP received was determined using the following formula:

Total Fixed Remuneration x Grant % x Gross-up Factor (2) divided by the share acquisition price

The Gross-up Factor replaced the previously used Fair Value Factor (Black-Scholes).

For the FY20 LTI and FY21 LTI, as approved by shareholders at the Company's AGM in August 2018, in order to reward achievement against performance metrics, part of the loan may be forgiven at the end of the 3-year performance period upon the achievement of specified performance conditions. For the FY20 grant the performance conditions were met which resulted in a 28% loan forgiveness of the Executive KMP's outstanding loan balance. These shares vested on 9 June 2022, however, remain restricted until the outstanding loan balance is repaid in full which must occur by 31 March 2024. None of the Executive KMP have repaid their loan balance during FY23.

For the FY23 LTI, Executive KMP were offered a single grant of performance rights as outlined in Table 11 below. The value of the grants is determined by reference to a set percentage of TFR. The number of performance rights that each Executive KMP received was determined by dividing the grant value by a 10-day VWAP following the release of the FY22 full year results.

Australian Accounting Standards require the ESP awards be treated as options for accounting purposes due to the structure of the plan. The number and value of notional options and performance rights held by Executive KMP under the Executive Share Plan (ESP) and the Global Equity Plan (GEP) during the financial year ended 31 March 2023 is set out in Tables 11 and 12.

Table 11.

LTI Issuances	Grant date	Vesting date	Expiry date	Weighted average fair value at grant date	Performance achieved	% vested
FY20 share-based loan	11 June 2019	9 June 2022	6 June 2024	0.38	Yes	100%
FY21 share-based loan	9 June 2020	9 June 2023	9 June 2025	0.28	To be determined	–
FY22 long-term incentive grant[1]	15 June 2021	15 June 2024	15 June 2024	1.08	To be determined	–
FY23 long-term incentive grant[2]	15 June 2022	15 June 2025	15 June 2025	1.47	To be determined	–

1. For Mr Malcolm, the FY22 long-term incentive grant was issued on 27 August 2021 with a weighted average fair value at grant date of 1.38.
2. For Mr Malcolm, the FY23 long-term incentive grant was issued on 12 August 2022 with a weighted average fair value at grant date of 2.04.

Table 12. LTI-related equity
Loan share award + Performance rights

	Held at 1 April 2022[1]	Granted during the year[2]	Vested during the year[3]	Lapsed during the year	Held at 31 March 2023	Value of LTI equity at grant date $
Executive KMP						
S Malcolm	2,245,343	490,892	(801,763)	–	**1,934,472**	1,741,979
S Verth	560,336	149,928	(200,044)	–	**510,220**	368,855
M Shaw	523,364	142,849	(184,677)	–	**481,536**	348,881

1. For Mr Malcolm, includes 801,763 granted in FY20 ESP, 937,352 granted in FY21 ESP and 506,228 granted in FY22 LTI GEP. For Ms Verth, includes 200,044 granted in FY20 ESP, 233,886 granted in FY21 ESP and 126,406 granted in FY22 LTI GEP. For Mr Shaw, includes 184,677 granted in FY20 ESP, 219,853 granted in FY21 ESP and 118,834 granted in FY22 LTI GEP.
2. Awards granted during the year include performance rights under FY23 LTI GEP. There were no awards granted under the ESP in the period.
3. Includes FY20 ESP shares that vested during the period which remain restricted until the outstanding loan balance is repaid in full which must occur by 31 March 2024. None of the Executive KMP have repaid their loan balance during FY23.

Remuneration Report

6. Loans to Executive KMP for FY20 and FY21 LTI grants

The details of non-recourse loans on foot to Executive KMP under the ESP are set out in Table 13 below.

Under the ESP that was in effect until FY22, Executive KMP acquired shares in the Company funded by a non-recourse loan from the Company. These loans are provided for the sole purpose of Executive KMP acquiring shares in the Company. The amount of the loan is equal to the issue price multiplied by the total number of shares issued. The loan is 'interest free' in that there is no annual interest charge to the participant on the loan. However, the notional value of this interest is taken into account in the overall structure of the program. The participant is obliged to pay a portion of the post-tax value of any dividends received during the loan term toward repayment of the loan amount. To access the shares, participants must repay their loan in full. Following the end of the vesting period, assuming the earnings threshold is achieved, the participant can either repay the loan directly or sell some of their shares and apply the proceeds to repay the loan. Shares remain restricted and can only be sold for the purposes of repaying the loan until the loan is repaid, and it is important that the loan obligation is always taken into account alongside the face value of shares under the ESP awards.

Table 13.

	Held at 1 April 2022 $	Advances during the year $	Loan forgiveness $	Repayments during the year $	Held at 31 March 2023 $	Interest free value $	Highest indebtedness during the year $
Executive KMP							
S Malcolm	2,506,967	–	(343,992)	–	**2,162,975**	1,194,160	2,506,967
S Verth	625,517	–	(85,828)	–	**539,689**	228,511	625,517
M Shaw	582,830	–	(79,235)	–	**503,595**	155,361	582,830

7. Changes to Executive remuneration for FY24

During FY22, the Board continued to consider the effectiveness of the Short-Term Incentive (**STI**) Plan and the Long-Term Incentive (**LTI**) Plan for Executives. In particular, with the intent of ensuring that OFX has competitive remuneration in place for the Executive team and that remuneration is aligned to market practice. As part of the review, the Board approved changes to the variable reward opportunity for Executives to be implemented over two years, the first of which occurred in FY23 and the next will occur in FY24.

A review of market practice indicated that a 50:50 weighting of STI and LTI at target would provide a more appropriate remuneration mix for Executives. As such, for Direct Reports of the CEO, the intent is to achieve a remuneration mix of 40%:30%:30% for Total Fixed Remuneration:STI:LTI from FY24 onwards. This will be achieved by a stepped adjustment of STI and LTI opportunity as follows:

- Increasing the STI opportunity from 60% to 65% in FY23 and to 75% in FY24; and
- Increasing the LTI opportunity from 40% to 60% in FY23 and to 75% in FY24.

To achieve the same 50:50 weighting between STI and LTI at target for the CEO, an increase of the LTI target from 92% to 115% occurred in FY23, resulting in a remuneration mix of 30%:35%:35% for Total Fixed Remuneration:STI:LTI from FY23 onwards.

8. Executive KMP service agreements

Contractual arrangements for Executive KMP

The key employment terms and conditions for Executive KMP as at 31 March 2023 are set out in Table 14 below.

Table 14.

Contract Components	CEO	Other Executive KMP
Basis of contract	Ongoing (no fixed term)	Ongoing (no fixed term)
Notice period	6 months	6 months
Post-employment restraints	Maximum 6 months post-employment non-compete and non-solicitation restraint	Maximum 12 months post-employment non-compete and non-solicitation restraint
Treatment of STI and LTI	Upon termination, if the CEO is considered a good leaver, the CEO will be entitled to a pro-rata STI award. Board discretion applies to the treatment of any unvested LTI.	Upon termination, if the Executive KMP is considered a good leaver, the Executive KMP may be entitled to a pro-rata STI award. Board discretion applies to the treatment of any unvested LTI.

Remuneration Report

9. Remuneration governance

9.1 Role of the People, Culture and Remuneration Committee

The People, Culture and Remuneration Committee is responsible for providing advice and recommendations to the Board in relation to the Company's remuneration arrangements for Non-Executive Directors, the CEO, and Executives, including total fixed remuneration, bonus, equity-based awards and termination payments. In addition, it is responsible for regularly reviewing the Company's remuneration framework to ensure that it continues to align to business objectives in a manner that is consistent with the long-term sustainability of the Company and a broad range of stakeholder interests over the long-term (for example, client, community, regulator and investor interests) as well as considering those aspects of the Company's remuneration policies and packages, including equity-based incentives, which should be subject to shareholder approval. The Committee is also responsible for reviewing the Company's policies and practices as they relate to diversity and inclusion, talent acquisition, retention, learning and development and termination. The Charter of the People, Culture and Remuneration Committee is available on the Group's website at www.ofx.com/en-au/investors/corporate-governance/.

To assist in performing its duties, the People, Culture and Remuneration Committee seeks independent advice from external consultants on various remuneration-related matters. The People, Culture and Remuneration Committee follows protocols around the engagement and use of external remuneration consultants to ensure compliance with relevant legislation as it relates to Executive remuneration.

During the 2023 financial year, Godfrey Remuneration Group and Guerdon Associates were engaged to provide independent benchmarking data on Executive remuneration and Non-Executive Director fees to assist with Executive base salary and Non-Executive Director fee recommendations. The external advisors did not provide recommendations and the data was used as an input to decision-making by the People, Culture and Remuneration Committee and the Board only.

9.2 Board discretion

The Company has a structured and objective approach to remuneration. However, the People, Culture and Remuneration Committee and the Board are able to exercise judgement and discretion as is required to provide remuneration outcomes for Executive KMP that appropriately reflect the performance of the Group and the achievement of real and tangible results that are consistent with the Group's strategic priorities, are in line with Group values, and enhance shareholder value.

9.3 Cessation of employment

Subject to local legislation, participants are not eligible for any STI cash payment or any deferred STI which are subject to restriction if they are terminated due to misconduct or poor performance, nor in general, if they resign or retire without a managed transition approved by the Board. In certain circumstances, allowed for under Executive Service Agreements, the Board may deem an Executive KMP to be a 'good leaver' and exercise discretion to allow eligibility for a pro-rata cash payment in respect of the current performance year and may determine that deferred STI previously awarded is retained.

In general, all ESP shares are forfeited and surrendered in full settlement of the loan if a participant ceases employment prior to the end of the performance period. All unvested performance rights are not forfeited if a participant ceases employment prior to vesting date, however, the Board has absolute discretion in appropriate circumstances to deem whether some or all of an Executive KMP's performance rights are retained.

Remuneration Report

9.4 Malus and clawback

The Board retains wide discretion to adjust formulaic incentive outcomes up or down (including to zero) prior to their finalisation. Malus refers to the exercise of downward discretion. Clawback refers to the Board's power to recover awards or payments that have been made, granted or vested (including the forfeiture of vested equity awards, or the demand of the return of shares or the realised cash value of those shares) where the Board determines that the benefit obtained was inappropriate (for example, as a result of fraud, dishonesty or breach of employment obligations by the recipient or any employee of the Group). The Board has not encountered circumstances in this or prior periods that have required the application of the clawback provisions.

9.5 Change of control

If a change of control occurs prior to the vesting of share rights that are not subject to performance hurdles the Board has discretion to bring forward vesting dates where it considers it appropriate to do so. If a change of control occurs prior to the vesting of STI or LTI that is subject to performance hurdles, the Board has discretion to determine that some or all of the unvested shares or performance rights will vest. In exercising this discretion, the Board may have regard to any matter the Board considers relevant, including the extent to which the vesting conditions have been satisfied (or estimated to have been satisfied) at the time the change of control occurs or the proportion of the performance period during which the vesting conditions are tested has passed at the time the change of control occurs.

9.6 Minimum shareholding requirements for Non-Executive Directors and Executives

A minimum shareholding requirement for Non-Executive Directors was introduced in FY19 and for Executives in FY23. The minimum shareholding requirement seeks to align the interests of the Board, Executives and shareholders.

Each Non-Executive Director must establish and maintain a level of share ownership equal to one times' the Non-Executive Director's annual base fee. For the purposes of calculating the minimum holding, this does not include any higher fee for acting as Chair or for membership of any Board Committees. The minimum holding must be reached within three years of appointment. All Non-Executive Directors either met the minimum requirement or were on track to meet it within the required timeframe. As at the Balance Date, Ms Carnabuci's holding is below the threshold required by the Non-Executive Director Minimum Shareholding Policy and Ms Carnabuci will supplement her holding (if required) at the conclusion of the closed period in accordance with the Securities Trading Policy.

The parameters of the minimum shareholding requirement for Executives are that:

- the CEO must establish and maintain a level of share ownership equal to one times' his annual base salary;
- the other Executives must establish and maintain a level of share ownership equal to 0.5 times their annual base salary; and

until these requirements are met, the Executive must retain 25% of any shares that vest via the LTI Plan.

9.7 Securities Trading Policy

All Directors and employees are required to comply with the Group's Securities Trading Policy in undertaking any trading in the Company's shares and may not trade if they are in possession of any inside information. Directors, members of the Global Executive Team, members of the Senior Leadership Team, members of the Finance Team and Specified Employees must apply for and receive written approval before trading in OFX securities. All employees are prohibited from dealing in OFX securities during a Closed Period which precedes the release of the half year and full year results and the annual general meeting. The Securities Trading Policy prohibits employees who participate in any equity-based plan from entering into any transaction in relation to unvested securities which would have the effect of limiting the economic risk of an unvested security.

10. Non-Executive Director remuneration

10.1 Fee framework

The Board seeks to set fees for the Non-Executive Directors that reflect the demands which are made on and the responsibilities of the Directors, and at a level which will attract and retain Directors of the highest quality.

Non-Executive Director fees will be reviewed from time to time and they may seek the advice of external remuneration advisors for this purpose. There were no changes in fees for Non-Executive Directors during FY23.

10.2 Fee pool

The maximum payable to be shared by all Non-Executive Directors is currently set at $1,000,000 per annum, which was approved by shareholders at the General Meeting prior to the Company's listing on the ASX in 2013. To preserve independence, Non-Executive Directors do not receive any equity as part of their remuneration and do not receive any performance-related compensation. Non-Executive Directors receive superannuation contributions where required by Superannuation Guarantee legislation.

Table 15. Fees applicable for FY23

Role	$
Chair fee[1]	230,000
Base Director fee	100,000
Committee Chair fee	25,000
Committee Member fee[2]	15,000

1. The Chair's fee includes any fee in respect of Committee membership.
2. For each committee other than the Nomination Committee.

Remuneration Report

Statutory Non-Executive Director fees for the year ended 31 March 2023

Details of the fees paid to the Non-Executive Directors for the year ended 31 March 2023 are outlined in Table 16 below:

Table 16.

Non-Executive Directors	Year	Cash salary and fees $	Superannuation $	Total $
C Carnabuci	**2023**	**104,158**	**10,842**	**115,000**
	2022	107,123	7,877	115,000
P Cross	**2023**	**145,168**	**15,243**	**160,411**
	2022	–	–	–
C Kovacs	**2023**	**104,158**	**10,842**	**115,000**
	2022	104,665	10,335	115,000
G Murdoch	**2023**	**113,247**	**11,753**	**125,000**
	2022	113,766	11,234	125,000
S Sargent	**2023**	**76,831**	**7,798**	**84,629**
	2022	209,330	20,670	230,000
D Snedden	**2023**	**126,804**	**13,196**	**140,000**
	2022	127,418	12,582	140,000
Total Non-Executive Director remuneration	**2023**	**670,366**	**69,674**	**740,040**
	2022	662,302	62,698	725,000

Director shareholdings

Details of the Directors' and their affiliates' shareholdings in OFX Group Limited are set out in Section 4 of the Directors' Report of this report.

11. Additional Disclosures

Transactions of KMP

Shares held in the Company by KMP at the end of the financial year are set out in Table 17 below.

Table 17.

Executive KMP	Held at 1 April 2022[1]	Acquisition	Disposals	ESP and GEP vested[2]	Held at 31 March 2023
S Malcolm	727,906	43,070	–	950,356	**1,721,332**
S Verth	162,591	–	–	226,759	**389,350**
M Shaw	187,925	–	–	209,792	**397,717**

1. For Mr Malcolm includes 554,796 shares vested in the GEP, for Ms Verth includes 156,791 shares vested in the GEP and for Mr Shaw includes 135,703 shares vested in the GEP.
2. For Mr Malcolm includes 801,763 shares vested in the FY20 ESP, for Ms Verth includes 200,044 shares vested in the FY20 ESP and for Mr Shaw includes 184,677 shares vested in the FY20 ESP that remain restricted until the outstanding loan balance is repaid in full which must occur by 31 March 2024. None of the Executive KMP have repaid their loan balance during FY23.

12. Outlook

The Group will continue to review and adjust its reward mechanisms annually, as required, to ensure that its long-term growth aspirations are met.

This Directors' Report is made in accordance with a resolution of Directors.

On behalf of the Board, 23 May 2023.

Patricia Cross

Chair
23 May 2023

Skander Malcolm

Chief Executive Officer and Managing Director
23 May 2023

Auditor’s Independence Declaration

KPMG

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 audit of OFX Group Limited for the financial year ended 31 March 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Shaun Kendrigan

Partner

Sydney

23 May 2023

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

	Notes	2023 $'000	2022 $'000
Fee and trading income	3	**225,007**	158,015
Fee and commission expense	3	**(14,772)**	(11,391)
Net income		**210,235**	**146,624**
Interest and other income	3	**3,857**	403
Net operating income		**214,092**	**147,027**
Employment expenses	4	**(105,977)**	(66,618)
Promotional expenses		**(16,791)**	(16,543)
Information technology expenses		**(11,476)**	(8,288)
Professional fee expenses[1]		**(8,430)**	(3,602)
Bad and doubtful debts		**(2,541)**	(116)
Other operating expenses[2]	4	**(12,587)**	(8,633)
Earnings before interest expense, tax, depreciation and amortisation (EBITDA)		**56,290**	**43,227**
Depreciation and amortisation expense	13,14,17	**(13,172)**	(9,970)
Interest expense	17,18	**(5,869)**	(717)
Share of profit of equity-accounted investees, net of tax	23	**244**	121
Net profit before income tax		**37,493**	**32,661**
Income tax expense	5	**(6,082)**	(7,649)
Net profit attributable to ordinary shareholders		**31,411**	**25,012**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations, net of hedging		**1,244**	125
Cash flow hedges – effective portion of change in fair value		**2,914**	(1,980)
		4,158	(1,855)
Total comprehensive income attributable to ordinary shareholders		**34,878**	**23,157**
Earnings per share attributable to ordinary shareholders		**Cents**	**Cents**
Basic	7	**12.91**	10.29
Diluted	7	**12.43**	9.95

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

1. Comparative information has been restated to conform with presentation in the current period.
2. Other operating expenses includes Occupancy expenses of $1,698,000 (2022: $642,000) which were previously disclosed separately on the Consolidated Statement of Comprehensive Income.

Consolidated Statement of Financial Position

as at 31 March 2023

	Notes	2023 $'000	2022 $'000
Assets			
Cash held for own use	8	**68,191**	59,103
Cash held for settlement of client liabilities	8	**368,670**	242,767
Deposits due from financial institutions	8	**25,613**	25,144
Derivative financial assets	10	**52,666**	34,385
Prepayments		**7,565**	5,595
Other receivables	9,23	**7,365**	5,473
Equity accounted investees	23	**5,173**	5,028
Property, plant and equipment	13	**2,143**	1,236
Intangible assets	14,19	**103,119**	19,873
Right-of-use assets	17	**12,725**	6,402
Current tax assets		**1,116**	–
Deferred tax assets	6	**7,083**	–
Total assets		**661,429**	**405,006**
Liabilities			
Client liabilities	8,9	**375,678**	246,611
Derivative financial liabilities	10	**34,125**	27,117
Lease liabilities	17	**13,959**	8,348
Loans and borrowings	18	**65,183**	–
Other creditors and accruals	15	**10,980**	7,697
Current tax liabilities		**–**	47
Provisions	16	**14,332**	8,918
Deferred tax liabilities	6	**3,062**	2,375
Total liabilities		**517,319**	**301,113**
Net assets		**144,110**	**103,893**
Equity			
Ordinary share capital	21	**31,600**	28,576
Retained earnings		**106,978**	75,567
Foreign currency translation reserve		**382**	(3,085)
Share-based payments reserve		**5,150**	2,835
Total equity attributable to shareholders		**144,110**	**103,893**

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

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

	Notes	Ordinary 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**	**50,555**	**(1,230)**	**1,976**	**80,291**
Net profit		–	25,012	–	–	25,012
Other comprehensive income		–	–	(1,855)	–	(1,855)
Total comprehensive income		–	25,012	(1,855)	–	23,157
Transactions with shareholders in their capacity as shareholders:						
Shares bought back	21	(2,655)	–	–	–	(2,655)
Shares issued under ESP/GEP	25	1,875	–	–	(1,625)	250
Employee share gift	25	366	–	–	–	366
Expenses related to share-based payments	25	–	–	–	2,484	2,484
		(414)	–	–	859	445
Balance at 31 March 2022		**28,576**	**75,567**	**(3,085)**	**2,835**	**103,893**
Net profit		**–**	**31,411**	**–**	**–**	**31,411**
Other comprehensive income		**–**	**–**	**4,158**	**–**	**4,158**
Total comprehensive income		**–**	**31,411**	**4,158**	**–**	**35,569**
Balance cash flow reserve allocated to Goodwill		**–**	**–**	**(691)**	**–**	**(691)**
Transactions with shareholders in their capacity as shareholders:						
Shares bought back	21	**–**	**–**	**–**	**–**	**–**
Shares issued under ESP/GEP	25	**3,024**	**–**	**–**	**(1,068)**	**1,956**
Employee share gift	25	**–**	**–**	**–**	**–**	**–**
Expenses related to share-based payments	25	**–**	**–**	**–**	**3,383**	**3,383**
		3,024	**–**	**(691)**	**2,315**	**4,648**
Balance at 31 March 2023		**31,600**	**106,978**	**382**	**5,150**	**144,110**

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

Consolidated Statement of Cash Flows

for the year ended 31 March 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Profit from ordinary activities after income tax		**31,411**	25,012
Adjustments to profit from ordinary activities			
Depreciation and amortisation		**13,172**	9,970
Interest expense		**5,869**	717
Share of profit of equity-accounted investees, net of tax		**(244)**	(121)
Movement in share-based payment reserve		**3,382**	2,484
Foreign exchange revaluation		**2,745**	(161)
Fair value changes on financial assets and liabilities through profit or loss		**(11,273)**	(1,455)
Movement in foreign currency translation reserve		**1,515**	(1,855)
Operating cash flow before changes in working capital		**46,577**	34,591
Changes in assets and liabilities			
(Increase)/decrease in prepayments and other receivables		**(3,861)**	696
(Increase) in deferred income tax assets		**(7,084)**	–
(Increase)/decrease in cash held for settlement of client liabilities		**(125,903)**	(960)
Increase/(decrease) in amounts due to clients		**129,067**	(483)
Increase in accrued other creditors and accruals		**3,283**	3,436
Increase in deferred income tax liabilities		**687**	1,136
(Decrease)/increase in current tax liabilities		**(47)**	47
Increase in provisions		**5,414**	2,859
Decrease in current tax assets		**–**	6,273
(Decrease) in tax provision		**(1,117)**	–
Net cash flows from operating activities		**47,016**	47,595
Cash flows from investing activities			
Payments for property, plant and equipment	13	**(2,269)**	(960)
Issuance of convertible loan	9,21	**–**	(1,183)
Payments for intangible assets	14	**(18,603)**	(10,512)
Acquisition of subsidiary, net of cash disposed of	14,19	**(73,615)**	–
(Decrease)/increase in cash deposited with financial institutions		**(469)**	1,975
Investments in equity-accounted investees	23	**–**	(4,985)
Net cash flows from investing activities		**(94,956)**	(15,665)
Cash flows from financing activities			
Loan and borrowings	18	**59,934**	–
Payments for lease liabilities	17	**(3,862)**	(4,136)
Shares issued under ESP/GEP		**1,956**	(2,039)
Net cash flows from financing activities		**58,028**	(6,175)
Net increase in cash held for own use		**10,088**	25,755
Cash held for own use at the beginning of the year		**59,103**	33,454
Exchange gains on cash held for own use		**(1,000)**	(106)
Cash held for own use at the end of the year		**68,191**	59,103
Including cash held for settlement of client liabilities (classified as operating activities)			
Cash held for settlement of client liabilities at the beginning of the year		**242,767**	241,807
Cash inflows from clients		**35,605,461**	32,968,852
Cash outflows to clients		**(35,493,135)**	(32,965,305)
Exchange gain on cash held for client liabilities		**13,577**	(2,587)
Cash held for settlement of client liabilities at the end of the year	8	**368,670**	242,767
Total cash and cash equivalents	8	**436,861**	301,870

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

Notes to the financial statements
for the year ended 31 March 2023

Results for the Year

Note 1. About this Report

Overview

OFX Group Limited (the Group or the Company) is a company limited by shares, incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange. This financial report presents the consolidated performance, position and cash flows of the Group for the year ended 31 March 2023 and was approved and authorised for issue by the Board of Directors on 23 May 2023. The Group is for-profit for the purpose of preparing the financial statements. The accounting policies explained in this report are consistent for all the periods presented unless otherwise stated. The Directors have the power to amend and reissue the financial report.

The financial report is a general-purpose financial report which:

- Is prepared in accordance with Australian Accounting Standards Board (AASB) and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth). Consequently, this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB
- Has been prepared under the historical cost convention except for derivatives and share-based payments which are measured at fair value
- Is presented in Australian dollars with all values rounded to the nearest thousand dollars in accordance with *ASIC Legislative Instrument 2016/191* unless otherwise indicated

Critical estimates and judgements

Preparing the financial report requires judgement in applying the accounting policies and calculating certain critical accounting estimates. The Group's critical accounting estimates and significant judgements are:

- Fair value of certain financial instruments (Note 10 and Note 11)
- Estimated credit losses on receivables (Note 12(c))
- Share-based payments (Note 23)
- Leases (Note 17)
- Impairment test of intangible assets and goodwill (Notes 14 and 19)
- Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed (Note 19)

Basis of consolidation

The consolidated financial report comprises the assets and liabilities of all subsidiaries of the Group as at 31 March 2023 and the results of all subsidiaries for the year then ended. A list of controlled entities at year end is contained in Note 22.

Subsidiaries are all those entities over which the Group has the power to direct the relevant activities, exposure to significant variable returns and the ability to utilise power to affect the Group's own returns. The determination of control is based on current facts and circumstances and is continuously assessed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of OzForex Limited (the intermediate holding company) in accordance with AASB 127 *Separate Financial Statements*.

Functional and presentation currency

Foreign operations are measured in the Group's financial statements using the currency of the primary economic environment in which the foreign operation operates (the functional currency). The functional currencies of overseas subsidiaries are listed in Note 22.

The Group's financial statements are presented in Australian dollars, which is the Group's presentation currency.

GST

Revenues, expenses and fixed assets are recognised net of the associated GST, unless the GST is not recoverable from the relevant taxation authority. Receivables and creditors are presented including the GST. The net GST recoverable from, or payable to, each taxation authority is presented in other receivables or other payables.

Cash flows are presented including GST. The GST components of the cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Corrections to prior period amounts

Certain comparative amounts in the Consolidated Statement of Profit or Loss and OCI, the Consolidated Statement of Financial Position, Consolidated Statement of Cashflows and Consolidated Statement of Changes in Equity have been restated, reclassified or re-presented, as a result of a correction of a prior-period error in relation to the measurement of the Group's investment in Equity Accounted Investees.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 and have not been adopted early by the Group. These standards are not expected to have a material impact on the Group's financial statements.

Notes to the financial statements

for the year ended 31 March 2023

Note 2. Segment Information

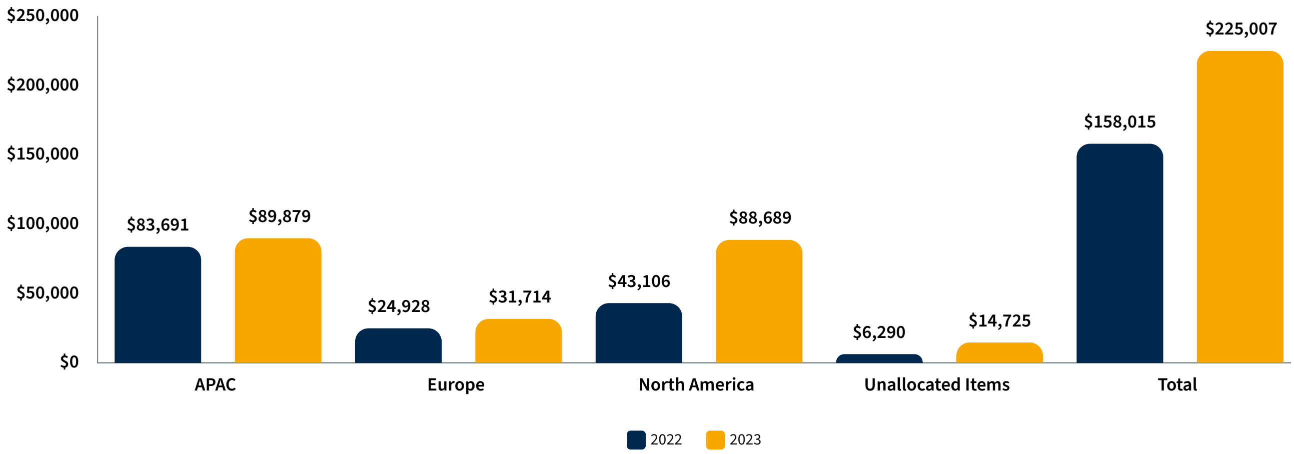
The operating segments presented below reflect how senior management and the Board of Directors (the chief operating decision makers) allocate resources to the segments and review their performance.

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.

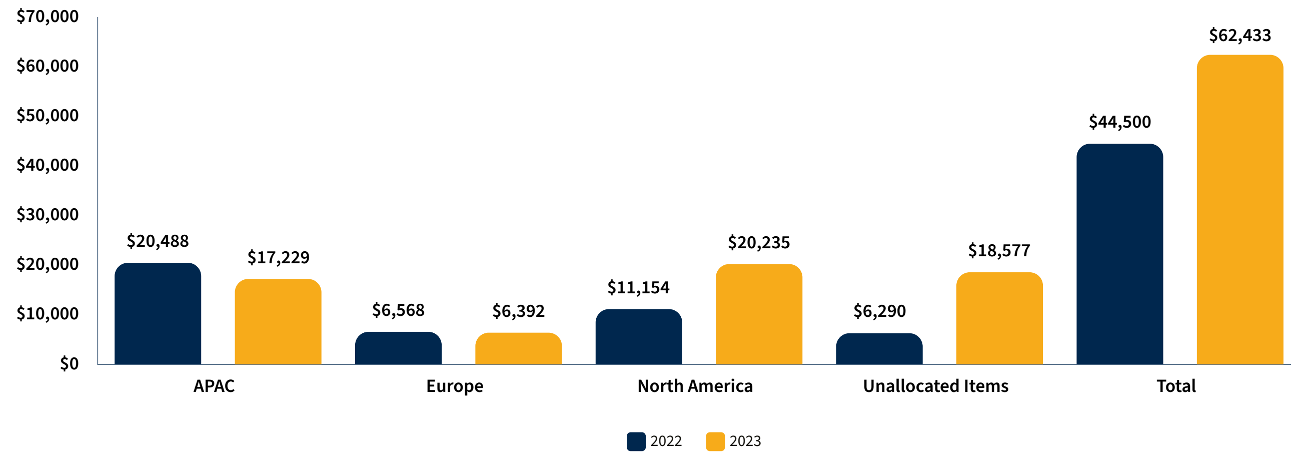
Each region serves Consumers, Corporates, Online Sellers and Enterprise (previously referred to as international payment solutions) clients.

Segments are managed on an underlying basis. Segment EBITDA excludes $6.1 million of one-off items (2022: $1.3 million) that are excluded from the underlying results.

Segment fee and trading income – 2022 v 2023 ($'000)



Segment EBITDA – 2022 v 2023 ($'000)



Notes to the financial statements
for the year ended 31 March 2023

	2023 $'000	2022 $'000
Segment underlying EBITDA	**62,433**	44,500
One-off expenses/non-operating	**(6,143)**	(1,273)
Group EBITDA	**56,290**	43,227
Depreciation and amortisation	**(13,172)**	(9,970)
Interest expense	**(5,869)**	(717)
Share of profit of equity accounted investees, net of tax[1]	**244**	121
Net profit before income tax	**37,493**	32,661
Income tax expense	**(6,082)**	(7,649)
Net profit	**31,411**	25,012

	APAC $'000	Europe $'000	North America $'000	Unallocated $'000	Consolidated $'000
2023					
Segment assets	**361,263**	**87,506**	**181,541**	**–**	**699,993**
Intergroup eliminations	**(45,647)**	**–**	**–**	**–**	**(45,647)**
Deferred tax assets					**7,083**
Total assets					**661,429**
Segment liabilities	**(248,662)**	**(90,965)**	**(152,477)**	**(67,800)**	**(559,904)**
Intergroup eliminations	**–**	**17,906**	**25,265**	**2,476**	**45,647**
Deferred tax liabilities					**(3,062)**
Total liabilities					**(517,319)**
2022					
Segment assets[1]	288,794	67,354	86,954	–	443,102
Intergroup eliminations	(38,096)	–	–	–	(38,096)
Deferred tax assets					–
Total assets					**405,006**
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. The comparative information has been restated to reflect a correction in the prior year.

Note 3. Net Operating Income

Fee and trading income

Fee and trading income consists of the realised foreign currency transaction margins and fees, as well as changes in exchange rates between the time a client rate is agreed and a subsequent hedge transaction is entered into by the Group.

Fee and trading income is presented inclusive of realised and unrealised income earned from the sale of foreign currency contracts to clients.

Revenue from contracts with client is recognised upon settlement of foreign currency payments on behalf of client in the amount that reflects the agreed foreign exchange margin and fee for the service.

Where the Group enters into contracts for forward delivery with its client, the Group also enters into separate forward contracts with its banking counterparties in hedge transactions. These are recognised on the Consolidated Statement of Financial Position and measured at fair value through profit and loss.

Fee and commission expense

Fee and commission expenses are transactional banking fees and commissions paid to strategic and referral partners.

Interest income

Interest income is recognised using the effective interest rate method, which spreads fees and costs associated with an interest bearing receivable across its life.

	2023 $'000	2022 $'000
Realised margin and fees on foreign exchange contracts	**223,911**	155,459
Unrealised gains on foreign exchange contracts	**6,506**	3,345
Revaluation of foreign exchange assets and liabilities	**(5,410)**	(789)
Fee and trading income	**225,007**	158,015
Fee and commission expense	**(14,772)**	(11,391)
Net income	**210,235**	146,624
Interest and other income	**3,857**	403
Net operating income	**214,092**	147,027

Notes to the financial statements
for the year ended 31 March 2023

Note 4. Expenses

	2023 $'000	2022 $'000
Employment expenses		
Salaries and related costs including commissions	**(90,443)**	(55,251)
Share-based payments and employee share scheme	**(3,471)**	(2,843)
Defined contribution plan	**(6,050)**	(3,917)
Total employee compensation expense	**(99,964)**	(62,011)
Other employment expenses (on-costs, recruitment and staff training)	**(6,013)**	(4,607)
Total employment expenses	**(105,977)**	(66,618)
Other operating expenses[1]		
Compliance	**(2,729)**	(2,658)
Insurance	**(3,161)**	(2,640)
Travel	**(1,372)**	(325)
Other expenses	**(5,325)**	(3,010)
Total other operating expenses[1]	**(12,587)**	(8,633)

1. Comparative information has been reclassified to exclude Professional fee expenses of $642,000 which have been disclosed separately on the Consolidated Statement of Comprehensive Income. Communication and Non-recoverable GST have also been included under Other Expenses.

Note 5. Income Taxes

Income tax expense is the tax payable on the current period's taxable income adjusted for changes in deferred income tax. Changes in deferred tax assets and liabilities are due to temporary timing differences and unused tax losses.

Current income tax is based on tax laws enacted or substantively enacted in each jurisdiction of the Group's operations at the end of the reporting period. If required, provisions are established for the amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method at the tax rates expected to apply when the assets are recovered or the liabilities are settled. Deferred tax assets and liabilities arise on temporary differences between the tax base of assets and liabilities and their carrying amounts. In addition, deferred tax assets may be recognised due to unused tax losses. Amounts are only recognised to the extent it is probable future taxable amounts will be available to use those temporary differences or tax losses.

Deferred tax assets and liabilities are offset when:

- There is a legally enforceable right to offset current tax assets and liabilities; and
- The deferred tax balances relate to the same taxation authority.

Current tax assets and liabilities are offset when:

- There is a legally enforceable right to offset; and
- There is an intention to settle on a net basis.

Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

Where there is uncertainty over income tax treatments the recognition and measurement of current or deferred tax assets or liabilities is determined applying *Interpretation 23 – Uncertainty Over Income Tax Treatments*. The Group believes its accruals for tax liabilities are adequate for all open tax years based on its assessment, including interpretations of income tax treatments and prior experience.

Tax consolidation

The tax consolidation legislation was adopted by the Group as of 15 October 2013. As a consequence, OFX Group Limited and its wholly-owned Australian controlled entities are taxed as a single entity. The tax consolidated group's tax year end is 31 March.

Offshore Banking Unit

OzForex Limited, a subsidiary of the Group, was declared an Offshore Banking Unit (**OBU**) on 10 October 2015. In accordance with Australian income tax legislation, assessable offshore banking (**OB**) income derived by the OBU is taxable at a concessional rate of 10%. OB income includes revenue earned on foreign exchange transactions with offshore counterparties, excluding those with any AUD component. On 13 September 2021, the Australian Government confirmed the cessation of OBU Regime which will cease to apply from the 2023-24 income year.

Notes to the financial statements
for the year ended 31 March 2023

a) Income tax expense

	2023 $'000	2022 $'000
Current tax expense	**12,877**	5,612
Adjustments to current tax of prior years	**83**	418
Total current tax expense	**12,960**	6,030
Deferred income tax (benefit)/expense	**(6,878)**	1,619
Total income tax expense	**6,082**	**7,649**

b) Reconciliation of income tax expense to prima facie tax payable

Net profit before income tax	**37,493**	32,661
Prima facie income tax expense at 30% (2022: 30%)	**11,248**	9,798
Effect of lower tax rates in overseas jurisdictions	**(2,229)**	(554)
Decrease in tax expense as a result of operating as an OBU in the current period	**(1,531)**	(2,550)
(Decrease)/Increase in tax expense as a result of change in tax laws	**(781)**	604
Non-deductible acquisition costs	**1,134**	–
Research and Development tax credits	**(1,621)**	(611)
Non-deductible share-based payment expenses	**844**	721
Other items	**(982)**	241
Total income tax expense	**6,082**	**7,649**

Note 6. Deferred Income Tax Assets/(Liabilities)

	2023 $'000	2022 $'000
Deferred income tax assets		
The balance comprises temporary differences attributable to:		
Provisions and accrued expenses	**3,944**	2,012
Corporate action costs deemed capital for taxation	**216**	417
Lease liabilities	**3,214**	1,163
R&D credit carry forward	**1,261**	–
Property, plant and equipment	**46**	37
Capital losses	**7,321**	–
Other	**793**	99
Total deferred income tax assets – before offset	**16,795**	3,691
Offset deferred income tax liabilities (refer Note 5 for accounting policy)	**(9,712)**	(3,691)
Net deferred income tax assets – after offset	**7,083**	**–**
Deferred income tax liabilities		
The balance comprises temporary differences attributable to:		
Intangible assets	**(4,467)**	(2,426)
Financial instruments	**(4,977)**	(2,720)
Right of use assets	**(2,607)**	(478)
Prepayments	**(70)**	(124)
Property, plant and equipment	**(653)**	(318)
Total deferred income tax liabilities – before offset	**(12,774)**	(6,066)
Offset deferred income tax assets (refer Note 5 for accounting policy)	**9,712**	3,691
Net deferred income tax liabilities – after offset	**(3,062)**	**(2,375)**
Net deferred income tax assets/(liabilities)	**4,021**	**(2,375)**

Note 7. Earnings per Share

Earnings per share

Basic earnings per share shows the profit attributable to each ordinary share. It is calculated as the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in each year.

Diluted earnings per share shows the profit attributable to each ordinary share if all the dilutive potential ordinary shares had been ordinary shares.

There are no discontinued operations of the Group.

(a) Earnings per share

	2023 Cents	2022 Cents
Basic	**12.91**	10.29
Diluted	**12.43**	9.95

(b) Earnings

	$'000	$'000
Net profit attributable to ordinary shareholders used to calculate basic and diluted earnings per share	**31,411**	25,012

(c) Weighted average number of shares

	Number	Number
Weighted average number of ordinary shares used to calculate basic earnings per share	**243,260,880**	243,041,599
Dilutive potential ordinary shares[1]	**9,462,886**	8,314,611
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**252,723,766**	**251,356,210**

1. Include issuances under the Executive Share Plan (ESP) and Global Equity Plan (GEP). Refer to Note 25.

Financial Assets and Liabilities

Note 8. Cash and Cash Equivalents, Client Liabilities, and Deposits Due from Financial Institutions

Cash and cash equivalents includes cash on hand and deposits held at short call with financial institutions with an original maturity of less than 3 months (together, 'cash held for own use') and cash held for subsequent settlement of client liabilities.

Cash held for subsequent settlement of client liabilities represent transactions in progress where amounts have been received by the Group but the corresponding payment has not yet occurred. They are unsecured and short term in nature and are recognised initially at their fair value. Client liabilities are initially measured at amortised cost using the effective interest method and are shown in cash net of client receivables which are recognised in other receivables (refer to Note 9). Gross client liabilities total $375,678,000 as at 31 March 2023 (2022: $246,611,000).

Deposits due from financial institutions are primarily short-term deposits with an original maturity of greater than 3 months, but less than 12 months, are accounted for at the gross value of the outstanding balance and are held at amortised cost.

	2023 $'000	2022 $'000
Cash held for own use	**68,191**	59,103
Cash held for settlement of client liabilities	**368,670**	242,767
Cash and cash equivalents	**436,861**	301,870
Deposits due from financial institutions	**25,613**	25,144
Cash held for subsequent settlement of client liabilities	**(368,670)**	(242,767)
Net cash held	**93,804**	**84,247**
Collateral and bank guarantees[1]	**(26,407)**	(41,604)
Net available cash[2]	**67,397**	**42,643**

1. Prior year comparative has been reclassified to conform with presentation in the current period.
2. Net available cash is a non-IFRS unaudited measure.

Note 9. Other Receivables (Current Assets)

Other receivables include client receivables, GST receivables and other debtors. Other debtors include rental deposits, interest receivable and a convertible loan issued to an associate, the investment in which is detailed at Note 22. Client receivables include amounts settled on behalf of client of the Group, which are yet to be received. All receivables are recognised at amortised cost, less any impairment. Details about the Group's impairment policies and the calculation of the expected credit loss allowance are provided in Note 12(c). Interest is recognised in the Statement of Comprehensive Income using the effective interest method.

	2023 $'000	2022 $'000
Client receivables	**7,008**	3,844
Provision for impairment	**(4,264)**	(455)
GST receivables	**303**	423
Other debtors	**4,318**	1,661
Other receivables	**7,365**	**5,473**

Note 10. Derivative Financial Instruments

Derivative instruments entered into by the Group include forward foreign exchange contracts. They are principally used to offset foreign currency contracts with clients, cashflow hedges and as hedges over the group's net investment in foreign operations.

Derivatives are recognised at trade date and are initially and subsequently measured at fair value through profit or loss. Movements in the carrying amounts of derivatives are recognised in net fee and trading income within the Consolidated Statement of Comprehensive Income, except for movements in derivatives used in the Group's cash flow hedges and hedge of net investments in foreign operations, which is recognised and measured in accordance with Note 12.

	2023 $'000	2022 $'000
Value of forward contracts – assets	**52,666**	34,385
Value of forward contracts – liabilities	**(34,125)**	(27,117)
Net financial instruments at fair value	**18,541**	**7,268**

Note 11. Fair Values of Financial Assets and Liabilities

OFX Group has categorised its financial instruments that are either measured in the Statement of Financial Position at fair value or of which the fair value is disclosed, into a three-level hierarchy based on the priority of the inputs to the valuation.

A financial instrument's categorisation within the valuation hierarchy is based on the lowest level input that is significant to the fair value measurement. Cash and cash equivalents, deposits due from financial institutions, other receivables, client liabilities, other creditors and accruals are excluded from the fair value hierarchy as these instruments are held at amortised cost. Their fair value approximates the carrying value as they are short term in nature. Loans and borrowings are also excluded from the fair value hierarchy as these are held at amortised cost using the effective interest rate method.

Level	Instruments	Valuation process
Level 1 – Traded in active markets and fair value is based on recent unadjusted quoted prices.	None – the Group does not hold any of these instruments.	Not applicable.
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.	Forward foreign exchange 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.

Note 12. Financial Risk Management

The Group is exposed to the following risks, and manages this in the following ways:

Type of risk	How the risk is managed
Market risk – Market risk is comprised of both foreign currency risk and interest rate risk. **Foreign currency risk** – Arises from exposure to changes in foreign exchange rates between the time of agreeing rates with a client and either a corresponding hedge being taken out with a counterparty or an international payment settlement. Settlement typically occurs between 12 to 24 hours after the deal is entered or up to 24 months later for forward contracts with clients. The Group is also exposed to the interest rate risk embedded in forward contracts offered to its clients to lock in exchange rates up to 24 months in advance. **Interest rate risk** – Exposure to non-traded interest rate risk results from cash and term deposits held in different currencies.	To manage the movement in foreign exchange rates, the Group aggregates transactions and nets out buy transactions against sell transactions. The Group then enters into forward foreign exchange hedging contracts with counterparty banks once exposure to a single currency reaches or exceeds a defined threshold. Settlement of client liabilities between 12 and 24 hours of receipt of client cash results in low exposure to non-traded interest rate risk.
Credit risk – The risk that creditors (clients and financial institutions) will not make payments on their receivables and derivatives respectively, when they fall due.	The Group typically does not payout client deals until associated funds have been received. In exceptional circumstances, senior management have the discretion to authorise same-day payments, which can result in funds being paid prior to clearance of client funds. These transactions would only be approved for clients with a low risk of default and are pro-actively monitored to ensure timely settlement. For forward deals part payments are required to be made by clients. Active monitoring of client balances ensures that adequate collateral is held. The Group sets credit limits and obtains collateral with well-rated banking counterparties as security (where appropriate).
Liquidity risk – The risk that the Group is unable to meet the obligations of its financial liabilities when they are due.	Regular forecasts of the Group's liquidity requirements. Surplus cash is maintained in highly liquid instruments. Continuous review of currency requirements in operating jurisdictions. Active maintenance of cash balances in currencies and geographical locations necessary to fund these requirements.

Risk is managed on a globally consolidated basis for the Group. Risks in subsidiaries are subject to the same risk acceptance policies as the Company.

Notes to the financial statements
for the year ended 31 March 2023

(a) Market risk

The main component of the Group's market risk is exposure to foreign exchange rate fluctuations. The subsidiaries of the Group (Note 22) typically enter into transactions and recognise assets and liabilities that are denominated in their functional currency.

The Group's sensitivity to foreign exchange fluctuations risk by major currency held on the Consolidated Statement of Financial Position is shown below:

	31 March 2023		31 March 2022	
Movement in exchange rate (basis points)[1]	**+/-500**	**+/-500**	**+/-500**	**+/-500**
	Sensitivity of profit before tax $'000	**Sensitivity of equity after tax $'000**	**Sensitivity of profit before tax $'000**	**Sensitivity of equity after tax $'000**
CAD	**1,765**	**1,291**	1	34
EUR	**131**	**68**	(25)	19
GBP	**221**	**213**	(91)	(12)
NZD	**325**	**246**	1	(2)
SGD	**2**	**38**	3	61
USD	**(140)**	**(87)**	(62)	(315)
Other	**10**	**16**	87	69
Total	**2,314**	**1,785**	**(86)**	**(146)**

(b) Interest rate risk

The Group's sensitivity to movements in interest rates is as follows.

	31 March 2023		31 March 2022	
Movement in interest rate (basis points)[1,2]	**+/-200**	**+/-200**	**+/-200**	**+/-200**
	Sensitivity of profit before tax $'000	**Sensitivity of equity after tax $'000**	**Sensitivity of profit before tax $'000**	**Sensitivity of equity after tax $'000**
AUD	**2,444**	**1,835**	2,316	1,739
CAD	**892**	**669**	191	143
EUR	**546**	**451**	510	399
GBP	**972**	**775**	1,104	853
NZD	**308**	**229**	224	163
SGD	**224**	**184**	304	252
USD	**2,017**	**1,564**	1,241	839
Other	**487**	**373**	650	491
Total	**7,889**	**6,080**	**6,540**	**4,879**

1. Impact of positive movement shown. The impact of a negative movement is the inverse.
2. Prior year comparative has been reclassified to conform with presentation in the current period.

(c) Credit risk

Maximum exposure to credit risk and credit quality of financial assets

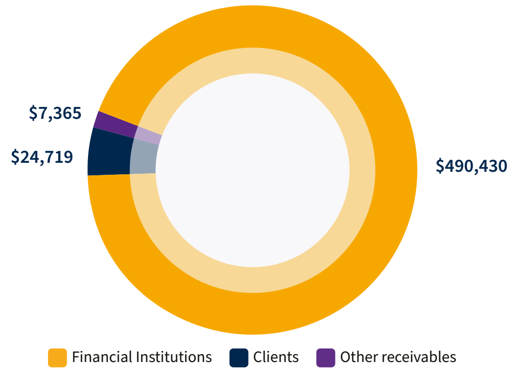
The amounts shown represent the maximum exposure of the Group to credit risk at the end of the reporting period. This is equal to the carrying amount of each class of financial assets in the table below.

The Group uses internal credit ratings to manage the credit quality of its financial assets. The Group holds financial assets with financial institutions of $482.35m (2022: $335.15m) rated investment grade (between Aaa-Baa3) and $8.25m (2022: $2.25m) unrated. There are no balances that are past due or impaired as at 31 March 2023 (2022: nil).

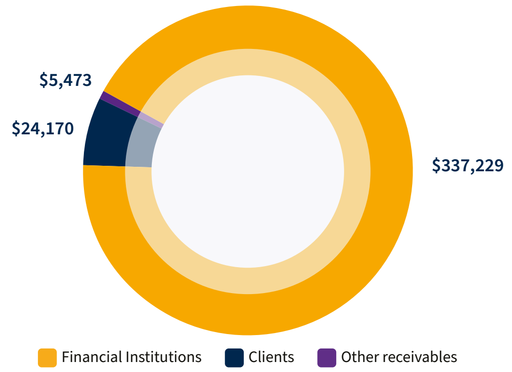
	Rating	2023 $'000	2022 $'000
Cash and cash equivalents	Investment grade	**428,690**	299,700
Cash and cash equivalents	Unrated[1]	**8,171**	2,170
Deposits due from financial institutions	Investment grade	**25,613**	25,144
Derivative assets – with financial institutions	Investment grade	**27,956**	10,215
Derivative assets – with clients	Unrated	**24,719**	24,170
Other receivables	Unrated	**7,365**	5,473
Total gross credit risk		**522,514**	**366,872**

1. Unrated balances relate to amounts due from clients that are not graded by the Company or by a public ratings agency.

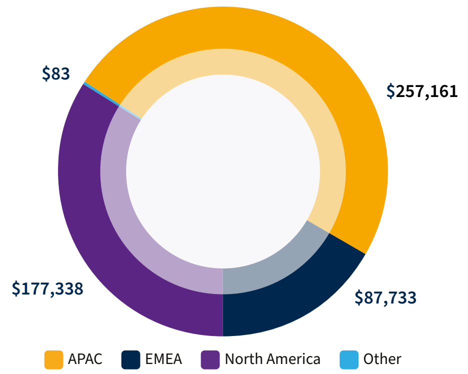
2023 Credit Risk Exposure ($'000)



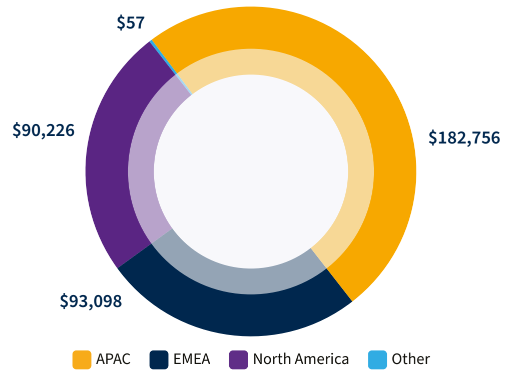
2022 Credit Risk Exposure ($'000)



2023 Credit Risk Exposure by Geography ($'000)



2022 Credit Risk Exposure by Geography ($'000)



For trading credit risk, the Group assesses the credit quality of the client, taking into account its financial position, past experience, external credit agency reports and credit references. Individual client risk limits are set based on internal approvals in accordance with delegated authority limits set by the Board. The compliance with credit limits by credit approved client is regularly monitored by line credit management. Client receivables aged more than 90 days past due are fully provided for unless deemed otherwise appropriate based on expectation of recoverability.

The Group applies historical lifetime past due information to provide for expected credit losses prescribed by AASB 9, which permits the use of past due information to determine the lifetime expected loss provision for all client receivables arising from a financial instrument. The loss allowance provision as at 31 March 2023 and 2022 was determined as set out below, which incorporates past experience and forward-looking information about the client, including the likelihood of recovery.

	Year	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total $'000
Gross carrying amount ($'000)	**2023**	**2,063**	**222**	**170**	**4,553**	**7,008**
Gross carrying amount ($'000)	2022	2,944	5	49	846	3,844
Provision ($'000)	**2023**	**61**	**125**	**201**	**3,877**	**4,264**
Provision ($'000)	2022	62	13	31	349	455

The loss allowances for client receivables as at 31 March reconciles to the opening loss allowances as follows.

	2023 $'000	2022 $'000
Opening loss allowance as at 1 April	**455**	1,685
Loss allowance from acquisition	**3,875**	–
Write off during the year	**(2,085)**	(1,358)
Increase in loss allowance recognised in profit or loss during the year	**2,019**	128
Closing loss allowance at 31 March	**4,264**	**455**

Impairment losses on client receivables are presented as bad and doubtful debts within the Consolidated Statement of Comprehensive Income.

(d) Liquidity risk

Maturity profile of obligations

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2023 based on contractual undiscounted repayment cash flows. Derivatives are included in the less than 3 months column at their fair value, as they are frequently settled in the short term. Liquidity risk on these items is not managed on the basis of contractual maturity, since they are not held for settlement according to such maturity and will frequently be settled in the short term at fair value. Derivatives designated in a hedging relationship are included according to their contractual maturity.

	On demand $'000	3 months or less $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2023						
Loans and borrowings	**(148)**	**–**	**–**	**(65,035)**	**–**	**(65,183)**
Other liabilities[1]	**(4,228)**	**(386,814)**	**–**	**(4,180)**	**–**	**(395,222)**
Lease liabilities	**(149)**	**(299)**	**(1,344)**	**(10,112)**	**(2,053)**	**(13,957)**
Derivative financial instruments						
Inflows	**–**	**1,835,128**	**1,613,861**	**43,654**	**–**	**3,492,643**
(Outflows)	**–**	**(1,828,842)**	**(1,601,729)**	**(43,531)**	**–**	**(3,474,102)**
Total	**(4,525)**	**(380,827)**	**10,788**	**(79,204)**	**(2,053)**	**(455,821)**
2022						
Other liabilities[1]	(1,894)	(253,478)	–	(3,316)	–	(258,688)
Lease liabilities	(285)	(569)	(2,563)	(4,931)	–	(8,348)
Derivative financial instruments						
Inflows	–	1,455,658	1,014,086	45,942	–	2,515,686
(Outflows)	–	(1,450,560)	(1,012,174)	(45,682)	–	(2,508,416)
Total	**(2,179)**	**(248,949)**	**(651)**	**(7,987)**	**–**	**(259,766)**

1. Excludes items that are not financial instruments and non-contractual accruals and provisions.

Financial instruments, derivatives and hedging activity

The Group classifies its financial assets in the following categories: financial assets at amortised cost and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired, which is determined at initial recognition based upon the business model of the Group.

(i) Financial assets and liabilities at amortised cost

The Group classifies its financial assets and liabilities at amortised cost if the asset or liability is held with the objective of settling contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. These financial assets include client receivables and bank term deposits. Bank term deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are financial assets at amortised cost. Refer to Note 9 for details relating to client receivables. These financial liabilities include loans and borrowings. Secured loans are non-derivate financial liabilities with fixed or determinable payments that are not quoted in an active market. They are financial liabilities measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Refer to Note 18 for details relating to loans and borrowings.

(ii) Financial assets and liabilities through profit or loss

The Group holds forward foreign exchange contracts within a business model where collecting contractual cash flows while holding the asset is incidental to achieving the business model's objective of managing performance on a fair value basis as determined by prevailing and expected foreign currency exchange rates. The Group is primarily focused on fair value information to assess the assets' performance and make decisions, resulting in derivative financial instruments being measured at fair value through profit or loss unless designated in hedging relationships.

(iii) Hedging activity

Financial instruments designated by the Group for the purpose of hedging the variability in cash flows associated with highly probable forecast transactions arising from changes in exchange rates, and for the management of foreign currency risk associated with its net investment in foreign operations qualify for hedge accounting. Instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The full fair value of hedging derivatives is classified as an asset or liability.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Hedges of net investments in foreign operations and cash flow hedges are accounted for by recognising any gain or loss on the hedging instrument relating to the effective portion of the hedge in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within unrealised gains/(losses).

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash-flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

The effects of applying hedge accounting on the Group's financial position and performance are as follows:

		2023 $'000	2022 $'000
Hedging instrument – forward foreign exchange contracts			
Carrying amount – Assets		**152**	755
Carrying amount – Liabilities		**(850)**	(165)
Notional amount British Pounds		**4,928**	4,555
Notional amount US Dollars		**12,123**	10,395
Notional amount Canadian Dollars		**3,717**	3,127
Notional amount New Zealand Dollars		**2,149**	2,986
Notional amount Euros		**1,186**	880
Maturity date		**Apr 2022 – Mar 2023**	Apr 2021 – Mar 2022
Hedge ratio		**1:1**	1:1
Change in value of outstanding hedge instruments since 1 April		**(2,282)**	540
Change in value of hedged item used to determine hedge effectiveness		**2,282**	(540)
Weighted average hedge rate	– British Pounds	**A$1 : GBP0.5638**	A$1 : GBP0.5522
	– US Dollars	**A$1 : US$0.6679**	A$1 : US$0.7423
	– Canadian Dollars	**A$1 : CA$0.9025**	A$1 : CA$0.9359
	– New Zealand Dollars	**A$1 : NZ$1.0770**	A$1 : NZ$1.0488
	– Euros	**A$1 : EUZ$.6494**	A$1 : EUR0.6404

	2023 $'000	2022 $'000
Cash flow Hedge		
Carrying amount – Assets	**934**	308
Carrying amount – Liabilities	**–**	(2,288)
Notional amount Canadian Dollars	**90,000**	90,000
Maturity date	**May 2022**	May 2022
Hedge ratio	**1:1**	1:1
Change in value of outstanding hedge instruments since beginning of the period	**2,914**	(1,980)
Change in value of hedged item used to determine hedge effectiveness	**(2,914)**	1,980

Other Assets and Liabilities

Note 13. Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Assets are depreciated on a straight-line basis over their estimated useful lives, as follows:

Asset class	Useful life
Furniture and fittings	5 to 10 years
Leasehold improvements	Up to 5 years
Computer equipment	3 years

	Furniture, fittings and leasehold improvements $'000	Computer equipment $'000	Total $'000
Year ended 31 March 2022			
Cost	8,934	5,366	14,300
Less accumulated depreciation	(8,393)	(4,671)	(13,064)
Net carrying amount	**541**	**695**	**1,236**
Movement			
Balance at 31 March 2021	537	517	1,054
Additions	380	580	960
Disposals	–	–	–
Depreciation	(376)	(402)	(778)
Balance at 31 March 2022	**541**	**695**	**1,236**
Year ended 31 March 2023			
Cost	**9,779**	**6,790**	**16,569**
Less accumulated depreciation	**(8,972)**	**(5,454)**	**(14,426)**
Net carrying amount	**807**	**1,336**	**2,143**
Movement			
Balance at 31 March 2022	**541**	**695**	**1,236**
Additions	**845**	**1,423**	**2,269**
Disposals	**–**	**–**	**–**
Depreciation	**(579)**	**(782)**	**(1,362)**
Balance at 31 March 2023	**807**	**1,336**	**2,143**

Note 14. Intangible Assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration over the Group's interest in the net fair value of the identifiable net assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial measurement, goodwill is measured at cost less accumulated impairment losses.

Client Relationships

Client relationships acquired in business combinations are recognised initially at fair value and are subsequently amortised on a straight-line basis according to the expected useful life of these relationships which is estimated to be 10 years.

Software and Website

Software and website intangibles are carried at cost at the date of acquisition less accumulated amortisation and impairment losses. Costs directly incurred in acquiring and developing certain software are capitalised where they meet the 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.

	Goodwill $'000	Client relationships $'000	Software & Website $'000	Total $'000
Year ended 31 March 2022				
Cost	–	–	48,376	48,376
Less accumulated amortisation	–	–	(27,830)	(27,830)
Less accumulated impairment	–	–	(673)	(673)
Net carrying amount	**–**	**–**	**19,873**	**19,873**
Movement				
Balance at 31 March 2021	–	–	16,327	16,327
Additions	–	–	10,512	10,512
Amortisation	–	–	(6,965)	(6,965)
Balance at 31 March 2022	**–**	**–**	**19,873**	**19,873**

	Goodwill $'000	Client relationships $'000	Software & Website $'000	Total $'000
Year ended 31 March 2023				
Cost	65,377	6,670	68,546	140,593
Less accumulated amortisation	–	(592)	(36,209)	(36,801)
Less accumulated impairment	–	–	(673)	(673)
Net carrying amount	65,377	6,078	31,664	103,119
Movement				
Balance at 31 March 2022	–	–	19,873	19,873
Acquisitions through business combinations	64,844	6,637	1,567	73,048
Additions	–	–	18,603	18,603
Amortisation	–	(594)	(8,379)	(8,973)
Effects of movements in exchange rates	533	35	–	568
Balance at 31 March 2023	65,377	6,078	31,664	103,119

Impairment assessment of intangible assets

The Group assesses whether goodwill is impaired at least annually. For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units (**CGUs**). The CGUs align with the Group's operating segments as disclosed in Note 2. The goodwill and any other intangible assets with indefinite lives acquired in business combinations, for the purpose of impairment testing is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in profit and loss if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying value of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rate basis.

The recoverable amounts of CGUs were determined through value in use calculations. The value in use calculations applied a post-tax discounted cash flow model, based on five-year cash flow forecasts and an appropriate terminal value. The forecast information is based on information available at 31 March 2023. A terminal growth rate of 3% (2022: nil) and post-tax discount rate of 8.3% (2022: nil) was used in the value in use calculations. No impairment charge was recognised during the year as the recoverable amount of each CGU was determined to be in excess of the carrying amount.

The following CGUs represent the carrying amounts of goodwill.

	2023 $'000	2022 $'000
North America	61,957	–
EMEA	3,420	–
Total Goodwill	**65,377**	**–**

Note 15. Other Creditors and Accruals (Current Liabilities)

	2023 $'000	2022 $'000
Accrued charges and sundry liabilities	10,936	7,687
Other liabilities	44	10
Total other liabilities	**10,980**	**7,697**

Note 16. Provisions

Employee provisions

The Group has a Short-Term Incentive Plan available to all employees including Executive Key Management Personnel (**KMP**). The Short-Term Incentive Plan is accrued as a liability and expensed over the annual service period until it is paid.

When the long service leave is not expected to be settled within 12 months of year end, the liabilities are measured as the present value of expected future payments using the projected unit credit method.

Leasehold makegood provision

The Group holds a provision for makegood costs anticipated to be incurred in respect of office leases in Australia, London, Canada and Hong Kong. The provision is being accrued on a straight-line basis over the lease terms.

	Employee provisions				
	Annual leave $'000s	Short-term incentives $'000s	Long service leave $'000s	Leasehold makegood $'000s	Total $'000s
Carrying amount at beginning of the period	1,518	6,082	809	509	8,918
Provisions from acquisition	2,585	2,235	–	–	4,820
Additional provisions made	3,935	9,480	236	–	13,651
Provision utilised during the period	(4,242)	(8,810)	(19)	14	(13,057)
Carrying amount at the end of the period	**3,796**	**8,987**	**1,026**	**523**	**14,332**

All employee provisions are current liabilities apart from $594,431 (2022: $431,525) of long service leave which is non-current.

Note 17. Leases

Under AASB 16 *Leases,* leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group leases various offices. Rental contracts are typically made for fixed periods of three to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- Variable lease payments that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate and in the absence of third party borrowings, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, and makes adjustments specific to the lease, e.g. term, country, currency and security.

Extension options are included in a number of the Group's property leases. The extensions are exercisable only by the Group and not by the respective lessor. In determining the lease term, which forms part of the initial measurement of the right-of-use asset and lease liability, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequent to initial measurement, the lease liability is reduced for payments made and increased for interest incurred. The liability is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, a corresponding adjustment is made to the value of the right-of-use asset. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

Notes to the financial statements
for the year ended 31 March 2023

Right of use assets	2023 $'000	2022 $'000
Opening balance at the beginning of the period	**6,402**	13,899
Depreciation charge for the year	**(2,880)**	(2,205)
Modification of right of use assets	**7,436**	(5,535)
Addition of right of use assets from acquisition	**1,313**	–
FX revaluation	**454**	243
Total lease assets	**12,725**	**6,402**
Lease liabilities		
Current	**1,793**	3,417
Non-current	**12,166**	4,931
Total lease liabilities	**13,959**	**8,348**

The Consolidated Statement of Financial Performance shows the following amounts relating to leases:

Depreciation charge of right of use assets	2023 $'000	2022 $'000
Buildings	**2,880**	2,205
Total depreciation charge	**2,880**	**2,205**
Interest expense	**501**	**717**

The Consolidated Statement of Cash Flows shows the following amount relating to leases:

Total cash outflow for leases	**(3,862)**	**(4,136)**

Note 18. Loans and Borrowings

	As at 31 March 2023 $'000	As at 31 March 2022 $'000
Loans and borrowings (current)	**148**	–
Loans and borrowings (non-current)	**65,035**	–
Closing balance	**65,183**	–

On 2 May 2022 (1 May 2022 Edmonton time), the Group obtained a syndicated bank loan to the amount of $100 million (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 BBSY 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 31 March 2023, $36.2 million has been paid of which $32.0 million is for early repayments of principal.

Interest expense of $4.2 million for the period ended 31 March 2023 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; and
   (iii) 50% at each compliance date thereafter.

The Group has complied with these financial covenants as of compliance dates in the period.

Note 19. 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.

	$’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	9,443
Right of use assets	1,005
Property, plant and equipment	1,212
Intangible assets	8,333
Deferred income tax assets	6,392
Total assets	**132,205**
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	**29,943**
Goodwill on acquisition	**65,377**
Consideration transferred	95,320
Acquisition costs charged to expenses	4,479
Net cash paid relating to the acquisition	**99,799**

Notes to the financial statements
for the year ended 31 March 2023

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.

Goodwill has been allocated to cash-generating units at 31 March and is attributable to the North America and EMEA segments; $62m and $3.4m respectively.

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 and there is a current claim against an element of this balance.

These balances have been included within the consideration transferred. Any adjustments relating to cash held in escrow will be adjusted through fair value through profit and loss.

Capital Structure

Note 20. Capital Management

The Group's capital management strategy is to maximise shareholder value by optimising the level and use of capital, defined as share capital plus reserves. The Group's capital management objectives are to:

- Support the Group's business and operational requirements;
- Meet externally imposed capital requirements; and
- Safeguard the Group's ability to continue as a going concern.

The Group has continued to meet its internal and externally imposed capital requirements this year and no breaches have occurred.

Note 21. Ordinary Share Capital

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

There are 243,599,470 fully paid ordinary shares (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 4,135,718 (2022: 5,109,856) restricted ordinary shares of which 199,674 are unallocated and 3,936,044 are issued to KMP and executives in connection with the Executive Share Plan. Refer to Note 25 for further information.

Share buyback

On 23 May 2023, the Company announced an on-market share buyback program to return funds to shareholders as part of the Company's capital management program while also allowing for growth. The on-market share buyback program will be up to 10% of the Company's fully paid ordinary shares and will commence in June 2023.

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 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 subsequently cancelled in the prior period. The total amount paid for the buyback was $2.65 million. On the announcement of the Firma acquisition on the 20th December 2021, the share buyback was suspended with excess cash focused on debt repayment.

Note 22. Dividends

Dividends are recognised as a liability and a reduction to retained earnings when declared. There were no dividends paid in the period (2022: nil).

	2023 $'000	2022 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2022: 30%)	**1,299**	1,261

The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for the franking credit impact that will arise from receipt of the current tax asset.

Note 23. Equity-accounted investees

	2023 $'000	2022 $'000
Investment in joint venture[1]	**5,173**	5,028
Closing balance	**5,173**	**5,028**

1. The comparative information has been restated to reflect alignment of the recognition of the investment to the Group's accounting policies.

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, whose principle place of business is 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 €750,000, with an annual interest rate of 8%. The closing balance at 31 March 2023 of A$1.405 million (2022: A$1.183 million) is included in 'Other receivables' on the Consolidated Statement of Financial Position and at Note 9. No expense has been recognised in the current year for bad or doubtful debts in respect of this balance owed.

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. No impairment expense has been recognised in this regard in the current period.

The following table summarises the financial information of TreasurUp as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in TreasurUp.

	2023 $'000	2022 $'000
Non-current assets	**8,005**	7,401
Current assets (including cash and cash equivalents)	**11,020**	8,636
Non-current liabilities	**(2,626)**	(2,365)
Current liabilities	**(4,937)**	(3,145)
Net assets	**11,462**	**10,527**
Group's share of net assets (44.98%)	**5,156**	4,735
Equity-accounted acquisition costs	**66**	66
Foreign exchange revaluation	**(49)**	227
Carrying amount of interest in joint venture[1]	**5,173**	**5,028**
Revenue	**6,153**	2,425
Interest expense	**(244)**	(163)
Income tax expense	**(299)**	–
Profit and total comprehensive income at 100%	**298**	440
Profit and total comprehensive income at 44.98%	**134**	198
Elimination of interest on related party loan	**110**	77
Group's share of total comprehensive profit[1]	**244**	**121**

1. The comparative information has been restated to reflect alignment of the recognition of the investment to the Group's accounting policies.

Other Items

Note 24. Related Party Information

Subsidiaries

The following entities are wholly owned subsidiaries of the Group and all have a 31 March year end, except for Firma Foreign Exchange (UK) and (NZ) Limited which have a 30 September year end:

Entity	Country of incorporation	Functional currency
CanadianForex Limited	Canada	CAD
OzForex (HK) Limited	Hong Kong	HKD
OFX (Shanghai) Co. Ltd	China	CNY
OzForex Limited	Australia	AUD
OFX Financing Pty Limited	Australia	AUD
OFX Singapore Pte. Limited	Singapore	SGD
NZForex Limited	New Zealand	NZD
UKForex Limited	United Kingdom	GBP
OFX Payments Ireland Limited	Ireland	EUR
USForex Incorporated	United States	USD
OFX Japan G.K.	Japan	JPY
Firma Foreign Exchange Corporation	Canada	CAD
Firma Foreign Exchange Corporation (UK) Limited	United Kingdom	GBP
Firma Foreign Exchange Corporation (NZ) Limited	New Zealand	NZD

Note 25. Share-Based Payments

The Group has a number of employee share based payments issued under the Executive Share Plan (ESP) and the Global Equity Plan (GEP). The nature of the issuances under the Plans are listed below:

Issuance	Description
Long Term Incentives (LTI) – Executive Share Plan Options	Long Term Incentives (LTI) are issued under the Group's Executive Share Plan (ESP). Executives are provided with an interest free, non-recourse loan from the Group for the sole purpose of acquiring shares in the Company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. Executives are entitled to exercise the voting rights attached to the shares from the date of allocation. If the Executive leaves the Group within the vesting period the shares allocated are returned to the Group, subject to discretion retained by the Directors.
Long Term Incentives (LTI) – Global Equity Plan (GEP) Options	Long Term Incentives (LTI) are issued under the Global Equity Plan and comprise options to acquire ordinary shares. Following vesting of the options upon satisfaction of performance conditions, and before their expiry date, some or all the Options may be exercised at the agreed exercise price to acquire fully paid ordinary shares on a one-for-one basis.
Long Term Incentives (LTI) – Global Equity Plan Performance Rights	Long Term Incentive (LTI) – Performance rights are issued under the Group's Global Equity Plan (GEP). Performance rights are issued to Executives eligible to receive deferred LTI awards as reward for performance. Performance rights are granted at no cost and are settled in shares on a one-for-one basis.
Short Term Incentives (STI) – Performance rights	Short Term Incentive (STI) – Performance rights are issued under the Group's Global Equity Plan (GEP). Performance rights are issued to employees eligible to receive deferred STI awards and also to eligible employees as reward for performance. Performance rights are granted at no cost and are settled in shares on a one-for-one basis.
Short Term Incentives (STI) – Retention	Retention payments in the form of an equity grant were issued to Executives as a one-off incentive. This issuance represented a commitment made by the Board as a part of the unsolicited M&A proposal during FY20. This award vested 12 months from the date of the award, on 9 June 2021. There were no issuances under this award in FY23.
One-off Performance Rights	One-off Performance rights are issued under the Group's Global Equity Plan (GEP) on a one-off, discretionary basis to employees and executives as a reward for performance. One-off performance rights are granted at no cost and are settled in shares on a one-for-one basis.
Employee Shares	Employee shares are issued under the Group's Global Equity Plan. The Board has discretion to gift shares to Employees and/or to offer a matching plan. Shares, where issued, are held in a holding lock for the earlier of, three years or when the employee ceases employment.

For details on the vesting conditions of share issuances, refer to the Remuneration Report.

The share-based payment expense within Employee Expenses in the Consolidated Statement of Comprehensive Income is as follows:

	2023 $	2022 $
Long Term Incentives (LTI) – Executive Share Plan	**1,431,675**	1,457,430
Short Term Incentives (STI) – Performance Rights	**1,390,560**	597,578
Short Term Incentives (STI) – Retention	**–**	146,252
One-off Performance Rights	**649,048**	275,906
Employee Shares	**–**	366,110
Total share-based payment expense	**3,471,283**	2,843,276

Accounting for share-based payments

The fair value determined at the grant date of the award is recognised as a share-based payment expense in the Consolidated Statement of Comprehensive Income with an offsetting increase in share based payments reserve within Equity over the relevant performance period. The expense recognised is reduced to take account of the expense attributable to participating employees who do not remain in the employment of the Group throughout the vesting period.

Shares issued under the LTI – ESP are accounted for as options and as such the amounts receivable from employees in relation to these loans are not recognised in the financial statements. Settlement of share loans upon vesting is recognised as contributed equity.

The LTI – Performance Rights, the LTI – ESP options and LTI GEP Options are measured at fair value at the date of grant using the Monte Carlo simulation model. The fair values include assumptions in the following areas: risk free rate, volatility, estimated service periods and expected achievement of hurdles. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily reflect the actual outcome.

Long Term Incentives (LTI)

Executive Share Plan (ESP) and Options

The ESP was established to incentivise Executives to deliver on the business strategy and contribute to sustainable long-term returns. Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report.

Under the ESP, eligible Executives are provided with an interest free, non-recourse loan from the Group for the sole purpose of acquiring shares in the company. Executives may not deal with the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. Executives are entitled to exercise the voting rights attached to the shares from the date of allocation. If the Executive leaves the Group within the vesting period the shares allocated are returned to the Group, subject to discretion retained by the Directors.

There were no issuances under the LTI – ESP or LTI – GEP Options in the current period.

LTI Performance Rights

During the current period, Executives were offered a single grant of performance rights. Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report.

The fair value of the LTI – Performance Rights that were issued during the period is determined using the Monte Carlo simulation with the following assumptions. The exercise price was $0 for each of the awards.

Performance period (years)	Grant date	Vesting date	Weighted average fair value at grant date	Dividend yield	Risk free interest rate	Share price volatility
3	15 June 2022	15 June 2025	$1.47	0%	3.67%	33%
3	12 August 2022	15 June 2025	$2.04	0%	3.07%	33%

Short Term Incentives (STI) performance rights

The fair value of the STI Performance Rights that were issued during the period is determined using the Black-Scholes option pricing model with the following assumptions. The exercise price was $0 for each of the awards.

Deferral period (years)	Grant date	Vesting date	Fair value at grant date	Dividend yield	Risk free interest rate	Share price volatility
1	10 June 2022	10 June 2023	$2.41	0%	2.67%	43.07%
2	10 June 2022	10 June 2024	$2.41	0%	2.67%	38.17%
1	12 August 2022	10 June 2023	$2.68	0%	2.95%	44.20%

One-off Performance Rights

The fair value of the one-off performance rights is determined using the Black-Scholes option pricing model with the following assumptions. The exercise price was $0 for each of the awards.

Deferral period (years)	Grant date	Vesting date	Fair value at grant date	Dividend yield	Risk free interest rate	Share price volatility
0.6	15 June 2022	31 January 2023	$2.13	0.00%	3.37%	47.59%
1.0	15 June 2022	15 June 2023	$2.13	0.00%	3.37%	38.33%
2.0	15 June 2022	15 June 2024	$2.13	0.00%	3.37%	40.23%
1.9	5 August 2022	15 June 2024	$2.77	0.00%	2.67%	38.95%
0.5	15 December 2022	15 June 2023	$2.49	0.00%	3.11%	39.93%
1.5	15 December 2022	15 June 2024	$2.49	0.00%	3.11%	39.79%
0.4	31 January 2023	30 June 2023	$2.39	0.00%	2.99%	32.85%

Share based-payment awards

	Balance at start of the year	Granted during the year	Vested during the year	Forfeited during the year	Balance at end of the year
LTI – Executive Share Plan Options	4,457,862	–	(1,907,677)	(36,642)	2,513,543
LTI – Global Equity Plan Options	722,612	–	(722,612)	–	–
LTI – Global Equity Plan Performance rights	1,632,279	1,839,804	–	(258,143)	3,213,940
STI – Performance rights	546,335	688,321	(502,369)	(58,605)	673,682
One-off – Performance rights	401,851	730,199	(155,799)	(129,648)	846,603

Note 26. Key Management Personnel (KMP)

In accordance with the requirements of AASB 124 *Related Party Disclosures*, the KMP include Non-Executive Directors and members of the Group Executive Team who have authority and responsibility for planning, directing and controlling the activities of the Group. A summary of KMP compensation is set out in the table below.

Key management personnel remuneration

Remuneration	2023 $	2022 $
Short-term employee benefits	**3,010,778**	2,859,764
Post-employment benefits	**144,257**	131,998
Long-term employee benefits	**58,713**	22,395
Share-based payments	**1,432,905**	1,025,978
Total remuneration paid to key management personnel	**4,646,653**	**4,040,135**

Detailed remuneration disclosures of individual KMP are provided in the Remuneration Report.

Shareholdings

The total number of shares in the Company held during the year by the Directors and other KMP, including their personal related parties, are set out below.

	2023 Number	2022 Number
Number of options and rights for fully paid ordinary shares	**1,859,666**	236,271
Number of fully paid ordinary shares	**1,803,380**	1,268,933
Number of restricted ordinary shares	**2,777,998**	2,801,709

Outstanding loans

The total loan amount outstanding from KMP in relation to the LTI – ESP is $3,206,259 (2022: $3,715,313). Refer to Note 25 for details of the plan.

Other transactions with KMP

All transactions with KMP are made on normal commercial terms and conditions and in the ordinary course of business. There were no transactions during the financial year nor balances owing to or from KMP as at 31 March 2023.

In the normal course of business, the Group occasionally enters into transactions with various entities that have Directors in common with the Group. Transactions with these entities are made on commercial arm's length terms and conditions. The relevant Directors do not participate in any decisions regarding these transactions.

Note 27. Auditor Remuneration

	2023 $	2022 $
Company's auditor remuneration		
KPMG		
Audit and review of financial statements	**1,019,976**	493,393
Regulatory assurance services	**102,861**	41,147
Other advisory services	**35,404**	247,994
Total Company's auditor remuneration	**1,158,241**	**782,534**
Auditor remuneration to other accounting firms		
Audit and review of financial statements	**132,702**	77,909
Taxation services	**135,967**	106,770
Total auditor remuneration to other accounting firms	**268,669**	**184,679**

Note 28. Parent Entity Financial Information

Dividends are recognised as income when the Company becomes entitled to the dividend.

The ultimate parent entity is OFX Group Limited.

Summary financial information	**2023 $'000**	**2022 $'000**
Statement of Financial Position		
Investment in subsidiaries	**36,750**	31,411
Total assets	**36,750**	**31,411**
Share-based payments reserve	**5,150**	2,835
Ordinary share capital	**31,600**	28,576
Total equity	**36,750**	**31,411**
Profit or loss for the year (intercompany dividends received)	**–**	**–**
Total comprehensive income	**–**	**–**

Earnings per share attributable to ordinary shareholders:	**Cents**	**Cents**
Basic earnings per share	**–**	–
Diluted earnings per share	**–**	–

Note 29. Events Occurring After Balance Sheet Date

OFX announced an investment to acquire Paytron Holdings Pty Ltd, a Sydney-based B2B payments company that has developed a platform that supports modern accounts receivable workflow, multi-currency account and card capabilities. This is in line with OFX's focus on expanding its services for B2B clients and accelerates its current investment program. OFX will acquire 100% of the company including its client base and all its intellectual property. The transaction is projected to close in 1H24 and the consideration is comprised of up to 11.25 million deferred performance securities subject to development and financial vesting conditions.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes for the year ended 31 March 2023 are in accordance with the *Corporations Act 2001* (Cth), including;

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 March 2023 and of its performance for the financial year ended on that date,

(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, and

(c) 'About this Report' on page 77 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001* (Cth).

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

On behalf of the Board:

Patricia Cross
Chair

23 May 2023

Skander Malcolm
Chief Executive Officer and Managing Director

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of OFX Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of OFX Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 31 March 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- consolidated statement of financial position as at 31 March 2023;
- consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent Auditor's Report

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recognition of fee and trading income;
- Taxation;
- Acquisition accounting; and
- Impairment of Goodwill

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of fee and trading income ($223.9m)

Refer to Note 3 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Fee and trading income is considered a key audit matter due to: • Its significance to OFX Group's results; and • The significant audit effort required considering the high volume of transactions, with unique margins on individual trades. We focused on fee and trading income generated from: • Margins on foreign currency trades; and • Movements in exchange rates realised on executing client trades	Our procedures included: • Assessed the appropriateness of the accounting policy applied by the Group, against the requirements of the accounting standards. • Obtained an understanding of the process to complete a trade and record revenue. • Tested automated and manual controls over the reconciliations between the trade recording system and bank statements. • Tested the control over the reconciliation of monthly revenue to bank statements; • Tested automated controls over the feed of foreign exchange rates from external providers into the trade recording system. • Tested realised margin on trades by comparing the contracted rate in the trade recording system to independent externally published market rates and recalculating the resulting margin. • Validated realised margin on trades through reconciliation of margin to movements in bank statement balances • Compared samples of deal tickets and bank statements to validate the timing of their recording in the correct period. • Assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

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Income tax expense ($6.1m), current tax asset ($1.1m), deferred tax asset ($7.1m), deferred tax liability ($3.1)	
Refer to Note 5 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Tax is considered a key audit matter due to the complexity of concessional tax arrangements available to the Group during the year, including: • A subsidiary of the Group, OzForex Limited, qualifies as an Offshore Banking Unit (OBU), which attracts a concessional tax rate of 10%. We focused on the application of OBU conditions to the Group's transactions; and • Eligibility for Research and Development Tax Credits (R&D Credits) which further reduces the Group's tax expense. The eligibility for these tax credits is determined by the Group based on relevant tax legislation. We involved our tax specialists to supplement our senior audit team members in assessing this key audit matter.	Working with our tax specialists, we performed the following procedures: • Evaluated the Group's policy in relation to the allocation of trades to the OBU. We assessed the OBU legal status against relevant Australian tax legislation and the wording of the policy as defined in the Group's notes as assessable offshore banking income derived by the OBU against the criteria for OBU application of concessional arrangements in the tax legislation. • Obtained a sample of trades recorded in the OBU and checked their features from the trade recording system against the allocation methodology within Group policy. • Assessed the scope, competence and objectivity or the external expert engaged by the Group to assist in determining the eligibility for R&D tax credits claimed under the relevant tax legislation. • Assessed the appropriateness of the accounting treatment applied to R&D credits against the accounting standards. • Assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Acquisition accounting	
Refer to Note 19 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
On 2 May 2022, the Group acquired 100% of Firma Foreign Exchange Corporation ("Firma") for consideration of $95.3m, resulting in the recognition of customer contracts and other intangible assets, and goodwill.	Our procedures included: • Evaluated the acquisition accounting by the Group against the requirements of the accounting standards. • Read the underlying transaction agreements to understand the terms of the acquisition

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This transaction is considered to be a key audit matter due to the:
 	
• Size of the acquisition having a significant impact on the Group's financial statements;
• Group's judgement and complexity relating to the determination of the fair values of assets and liabilities acquired in the transaction requiring significant audit effort. The Group engaged external valuation experts to assess the fair value of certain assets including customer contracts and other intangible assets; and
• Group's valuation model used to determine the fair value of acquired intangibles assets is sensitive to changes in a number of key assumptions. This drives additional audit effort specifically on the feasibility of these key assumptions and consistency of application to the Group's strategy.
 	
The key assumptions we focused on in the valuations of intangible assets included forecast earnings, discount rates, client attrition rate and useful lives.
 	
We involved our valuation specialists to supplement our senior audit team members in assessing this key audit matter.
	and nature of the assets and liabilities acquired.
	
	• Assessed the accuracy of the calculation and measurement of consideration paid to acquire Firma based on the underlying transaction agreements and the Group's bank statements.
	• Working with our valuation specialists, we assessed the Group's external expert reports and;
	  ◦ Considered the objectivity, competence and scope of the Group's external valuation experts;
	  ◦ Evaluated the valuation methodology used to determine the fair value of assets and liabilities acquired, considering accounting standard requirements and observed industry practices;
	  ◦ Assessed the key assumptions in the Group's external valuation expert report prepared in relation to the identification and valuation of customer contracts and other intangible assets including checking forecast earnings assumptions for consistency with the Group's valuation model used as part of the pre-acquisition due diligence process.
	• Independently developed a discount rate range considering comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in.
	• Recalculated the goodwill balance recognised due to the transaction and compared it to the goodwill amount recorded by the Group.
	• Assessed the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

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Impairment of Goodwill ($65.4m)	
Refer to Note 14 to the financial report	
The key audit matter	**How the matter was addressed in our audit**

The impairment of goodwill was considered a key audit matter due to the:
• size of the balance (9.9% of total assets).
• Group's judgement and complexity relating to the determination of the value in use of the Cash Generating Unit against which goodwill is recognised.
We focussed on the significant forward-looking assumptions the Group applied in their value in use model for Goodwill, including:
• forecast operating cash flows, growth rates and terminal growth rates which are influenced by market conditions. The Group operates across different geographies with varying market pressures, which increases risk of inaccurate forecasts and estimation of items such as projected cash flow forecasts is inherently subjective and susceptible to differences in outcome; and
• discount rate, which is complicated in nature and varies according to the conditions and environment of the specific Cash Generating Unit (CGU) is subject to from time to time.
We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.
	Our procedures included:
	• We assessed the Group's determination of CGU assets against the requirements of the accounting standards.
	• Working with our valuation specialists to:
	  • Consider the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards;
	  • Assess the integrity of the value in use model used, including the accuracy of the underlying calculation formulas;
	  • Assess the terminal value growth rate using our knowledge and experience of the Group and the industry it which it operates; and
	  • independently develop a discount rate range having regard to publicly available data for comparable entities, adjusted by risk factors specific to the Group.
	• Challenged the Group's significant forecast cash flow and growth assumptions. We compared forecast growth rates and terminal growth rates to externally available information having regard to our knowledge of the Group, its past performance, business and customers, and our industry experience.
	• Considered the sensitivity of the model by varying key assumptions, such as forecast growth, terminal and discount rates within a reasonably possible range.
	• We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

Independent Auditor's Report

Other Information

Other Information is financial and non-financial information in OFX Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of OFX Group Limited for the year ended 31 March 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 50 to 71 of the Directors' report for the year ended 31 March 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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Shaun Kendrigan

Partner

Sydney

23 May 2023

Shareholder information

The shareholder information set out below is current as at 13 April 2023.

Corporate Governance Statement

For FY23, the OFX governance practices complied with the ASX Corporate Governance Council's Principles and Recommendations. Further details are set out in the FY23 Corporate Governance Statement, as approved by the Board, which is available on the Company's website at: https://www.ofx.com/en-au/investors/corporate-governance/

This FY23 Corporate Governance Statement outlines the extent to which OFX has followed the ASX Corporate Governance Council's Recommendations during FY23.

Substantial Shareholders

The number of securities held by substantial shareholders (holding not less than 5%) and their associates as shown in substantial shareholder notices received by the Company pursuant to section 671B of the *Corporations Act 2001* (Cth) as at 13 April 2023 are shown below.

	Number Held	% of Issued Capital
Selector Funds Mgt (Sydney)	27,863,492	11.25
Pendal Group (Sydney)	17,285,289	6.98
Australian Ethical Investment (Sydney)	16,593,724	6.70
Renaissance Smaller Companies (Sydney)	13,745,290	5.55

Distribution of Security Holders

	Total holders of ordinary shares	Number of ordinary shares	% of Issued Capital
1 – 1,000	1,180	603,782	0.25
1,001 – 5,000	1,160	3,322,348	1.36
5,001 – 10,000	437	3,486,038	1.43
10,001 – 100,000	498	13,364,397	5.49
100,001 – 999,999,999	51	222,822,905	91.47
Total	**3,326**	**243,599,470**	**100**

There were 402 holders of less than a marketable parcel of ordinary shares, based on the Company's closing market price of $1.48 on 13 April 2023.

Shareholder information

Twenty Largest Security Holders of Ordinary Shares as at 13 April 2023

The table below includes ordinary shares issued under the Company's Executive Share Plan

		Units	% of Units
1.	Selector Funds Mgt (Sydney)	27,863,492	11.25
2.	Pendal Group (Sydney)	17,285,289	6.98
3.	Australian Ethical Investment (Sydney)	16,593,724	6.70
4.	Renaissance Smaller Companies (Sydney)	13,745,290	5.55
5.	MicroEquities (Sydney)	11,497,822	4.64
6.	Mr Matthew Gilmour (Sydney)	10,577,548	4.27
7.	Eley Griffiths Group (Sydney)	10,245,166	4.14
8.	Perennial Value Mgt (Sydney)	9,203,526	3.72
9.	Vanguard Group (Philadelphia)	7,834,280	3.16
10.	Mr Gary Lord (Sydney)	7,500,000	3.03
11.	Paradice Investment Mgt (Sydney)	6,597,760	2.66
12.	Dimensional Fund Advisors (Sydney)	6,394,924	2.58
13.	Ellerston Capital (Sydney)	5,512,292	2.23
14.	Realindex Investments (Sydney)	3,668,526	1.48
15.	Acorn Capital (Melbourne)	3,579,700	1.45
16.	Ausbil Investment Mgt (Sydney)	3,529,657	1.42
17.	Martin Currie Australia (Melbourne)	3,433,371	1.39
18.	IFM Investors (Sydney)	3,421,684	1.38
19.	Vanguard Investments Australia (Melbourne)	3,286,823	1.33
20.	Macquarie Asset Mgt (Sydney)	3,286,466	1.33
	Totals: Top 20 holders of fully paid ordinary shares	**175,057,340**	**70.6**
	Total remaining holders balance		**29.4**

Shareholder information

Unquoted Equity Securities

Securities issued under the Company's Short Term Incentive Plan and/or Executive Share Plan are subject to vesting conditions which, if met, entitle the holder to ordinary fully paid shares in the Company.

	Number held	Number of holders
Fully paid ordinary shares (unquoted)[1]	4,135,718	9
Performance rights	5,034,724	77
Options	176,586	1

1. This includes 3,936,044 shares in respect of restricted, allocated shares issued under the Executive Share Plan approved by Shareholders at the AGM in 2018 [note 8 holders] and 199,674 unallocated shares issued under the Executive Share Plan approved by Shareholders at the AGM in 2018 [note 1 holder – OFX Group Limited]

Voting Rights

Ordinary fully paid shares

The voting rights are governed by clause 37 of the Company's Constitution which provides that every member present personally or by proxy, attorney or representative at a general meeting of the Company shall, on a show of hands have one vote, and on a poll shall have one vote for every share held.

Performance rights

Performance right holders do not have any voting rights attached to the performance rights issued under the Company's Global Equity Plan or legacy incentive plans.

Service rights

There are no Service rights holders.

Share options

Option holders do not have any voting rights attaching to options.

Buy-back

On 23 May 2023, the Company announced an on-market share buyback program to return funds to shareholders as part of the Company's capital management program while also allowing for growth. The on-market share buyback program will be up to 10% of the Company's fully paid ordinary shares and will commence in June 2023.

Review of operations and activities

A review of the Company's operations and activities during the reporting period is available within the Directors' Report.

Corporate information

Directors	Mrs Patricia Cross (Appointed 20 July 2022 and Elected Chair 11 August 2022) Ms Connie Carnabuci Ms Cathy Kovacs Mr John ('Skander') Malcolm (Chief Executive Officer and Managing Director) Mr Grant Murdoch Mr Steven Sargent (Resigned 11 August 2022) Mr Douglas Snedden
Company Secretary	Mr Brett Farrell (Appointed 9 December 2022) Mr Adrian Wong (Appointed 23 January 2023) Elisabeth Ellis (Resigned 9 December 2022)
Annual General Meeting	3 August 2023
Registered Office and Principal Place of Business	Level 19 60 Margaret Street Sydney NSW 2000 Australia Ph: +61 2 8667 8000 Fax: +61 2 8667 8080 Email: investors@ofx.com
Share Register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Australia Ph: 1300 554 474 Email: registrars@linkmarketservices.com.au
Auditor	KPMG Tower Three International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000 Australia
Stock Exchange Listing	OFX Group Limited shares are listed on the Australian Securities Exchange: OFX
Website	www.ofx.com