



OFX to acquire 100% of Canadian Corporate foreign exchange business Firma Foreign Exchange Corporation (Firma)

- Agreement to acquire 100% of Firma for a total consideration of C\$90m (A\$98m), representing 9.0x Firma's last-twelve-months (LTM) EBITDA to 30 September 2021
- Firma is a global foreign exchange service provider based in Canada, providing spot and forward products to Corporate clients
- Provides OFX with greater scale in the Corporate segment and North America region, adding over 9,600 clients and increasing OFX's North America revenue by 121%
- Expected to deliver underlying EPS accretion of c. >20% in Year 1 and >30% in Year 2, with significant opportunities for cost and revenue synergies
- Funded from an underwritten debt facility and available cash, expected to be repaid within four years from completion
- Completion expected in first quarter of FY23, subject to customary approvals

OFX Group Limited (OFX) today announces that it has entered into an agreement to acquire 100% of Firma Foreign Exchange Corporation (Firma) for a total consideration of C\$90m (A\$98m).

Based in Edmonton, Canada and founded in 1998, Firma is a global foreign exchange service provider servicing Corporate clients. As at 30 September 2021, Firma had 194 employees, over 9,600 Corporate customers and operates from 9 offices in Canada, Australia, the UK, and New Zealand.

Firma's key products include spot and market orders, multi-currency accounts, payments and mass payments and forward contracts. The company has strong commercial expertise and will significantly add to OFX's volumes in major currency pairs such as USD/CAD and USD/GBP, diversifying its currency flows as well as the industries its Corporate segment currently serves.

The acquisition delivers incremental revenue to OFX's Corporate segment of 93% and to its North America region of 121%¹, representing more than five years of organic growth. With combined LTM to September 21 pro-forma Group revenue of A\$186.5m and EBITDA of A\$55.1m, OFX will be a major specialist Corporate cross border payments provider in Canada.

OFX Chief Executive Officer and Managing Director, Skander Malcolm said: *"This is our first major acquisition and very much aligned with our strategy of building scale in the Corporate segment and growing the North American region. Firma generates strong earnings from a high-quality customer base and has an excellent service culture, so there is a lot of alignment with*

¹ Based on OFX LTM to September 2021 Fee and Trading Income (Revenue) ex-slippage; growth calculated excluding synergies



OFX. By bringing our businesses together we become a much bigger Corporate specialist with a strong recurring revenue base and considerable growth opportunities.”

The total consideration represents 9.0x Firma’s LTM EBITDA to 30 September 2021. The Acquisition is expected to generate underlying EPS accretion of approx. >20% in year one and >30% in year two following completion. OFX expects to deliver at least \$5m of pre-tax cost and revenue synergies in FY25 through leveraging its global technology platform, larger footprint of licenses and enhanced product offering, and from benefits of scale such as lower banking fees.

The acquisition will be funded by an underwritten debt facility and existing cash. At completion, OFX expects net debt to pro-forma EBITDA of approximately 1.5x. Given the strong cash flow profile of the combined entity, OFX expects to repay its debt in less than four years, subject to no other value-accretive growth opportunities emerging which require funding. The Board considers it prudent to put the share buy-back program on hold to prioritise repayment of debt.

Mr Malcolm concluded: *“Our business is continuing to perform well, with the positive trends we drove in the first half continuing into the third quarter. With the addition of Firma we can accelerate that growth by combining our infrastructure and risk culture with their customer base and service excellence, delivering further profitable growth and value accretion for OFX shareholders.”*

The acquisition is expected to complete in first quarter of FY23 subject to customary conditions.

Advisors

Goldman Sachs is acting as financial advisor on the acquisition. Stikeman Elliot is acting as legal advisor on the acquisition.

Investor conference call

A conference for investors and analysts to discuss the acquisition will be held at 9.30am AEDT today. To participate in the conference call please pre-register via the following link: <https://s1.c-conf.com/diamondpass/10018674-sms66ff.html>

Authorised by OFX Group Limited Board of Directors

For further information, please contact:

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About OFX

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