

Argentex Group PLC

Full Year Results
9 Month Period Ended
31st December 2022

Harry Adams, CEO | Jo Stent, CFO | David Christie, COO

Disclaimer

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Experienced Leadership with Proven Track Record



Harry Adams

Chief Executive Officer, Founder

Harry is a founding partner of Argentex and as CEO sets the strategic direction of the business. He oversees the front office, including the business development and revenue generation of Argentex. With over 15 years' experience in the deliverable foreign exchange market, Harry ensures the organisation is abreast of technical and fundamental market changes, product governance, suitability and client classification. Harry also sits on the Advisory Board of a company that delivers market leading streaming and live broadcasts.



Jo Stent

Chief Financial Officer

Jo joined Argentex in February 2021 with over 25 years' experience. At Argentex she is responsible for financial strategy of the Group and the entire finance function as well as legal and corporate governance matters across the Group. In addition, she is responsible for the Group's sustainability strategy. She has held a number of senior financial leadership positions in large blue chip multinationals across multiple geographies. She brings considerable experience in international scaling, business transformation and innovation. She qualified as a Chartered Accountant in 2000 with EY.



David Christie

Chief Operating Officer

David joined Argentex in 2022 and is responsible for the technology and settlements/operations teams. He is leading the strategic change agenda and its execution as the business transitions from a single office, single product to a multi office, multi product offering. David has over 25 years' experience in financial services technology, and over 15 years' experience in the FX and international payments space where he was formerly COO of XE (formerly HIFX).

Agenda

Company Overview & Investment Case

Financial & Operating Highlights

Growth Strategy

Summary & Outlook

Note: the Group has changed to a 31 December year end and for this year reports on the 9 month period ended 31 December 2022

FY22 refers to the period from 1 April 2021 to 31 March 2022

2022 refers to the period from 1 April 2022 to 31 December 2022

Investment in Growth Delivers Results

- Record revenue reflective of clear delivery across all three pillars of our growth strategy
- Short term delivery on strategy demonstrates the long-term potential of our sustainable and client-led expansion
- We remain focused on growing revenues, increasing profitability and continuing earnings quality
- There remains significant opportunity in a market which continues to grow as our product set opens up new markets beyond foreign exchange

Company Overview & Investment Case

Company Overview

Who we are

- High touch, service led, tech-enabled currency management, payments and account provider
- Debt free, well capitalised and cash generative
- Experienced leadership with a proven track record
- UK, Europe, Australia
- 137 global employees

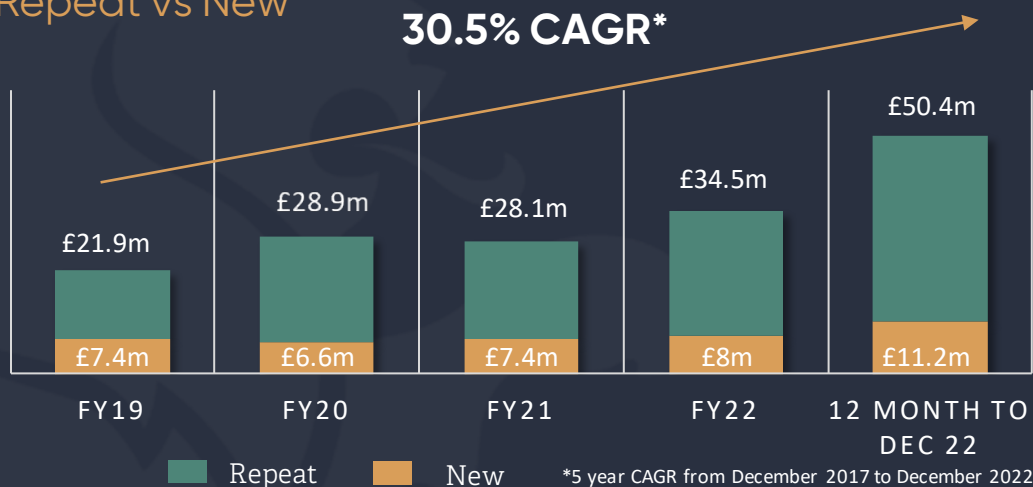
What we do

- Specialised teams for corporate and institutional clients
- Currency Management, FX execution and hedging
 - Spot, Forward, Structured Solutions
- Alternative Transaction Banking
 - Multi-currency accounts (vIBANs) and global payments
- Revenue from FX spread, payments, and account fees

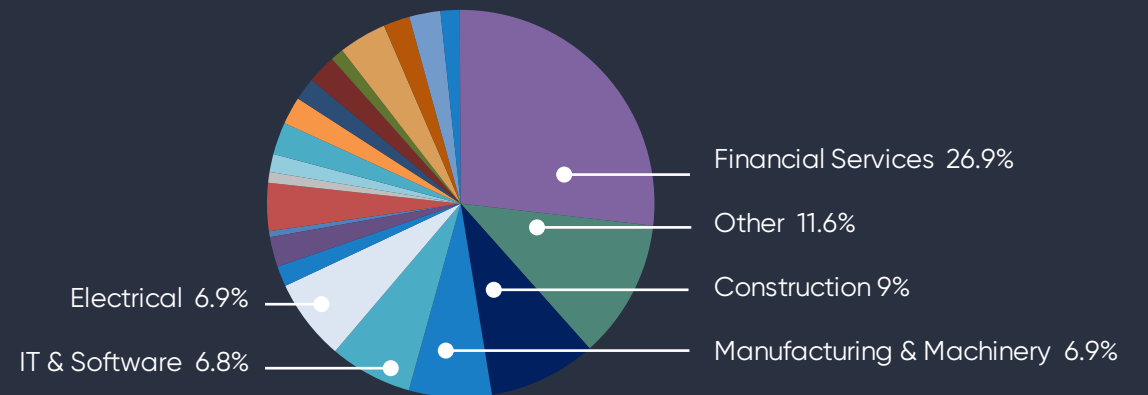
De-risked Proposition

- Diverse and growing client base
- Broader revenue mix through new product launches
- New technologies are catalyst increasing wallet share and retention
- 78% of all trades are GBP/EUR, GBP/USD or EUR/USD – low Beta risk

Revenue Composition Repeat vs New



Diverse Client Base



The Investment Case

Record results and strong momentum

Substantial growth opportunity

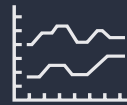
Focused strategy delivering results

Continued innovation of products and technology



SIGNIFICANT MARKET OPPORTUNITY

- Estimated 85% of UK market serviced by incumbent banks
- Highly fragmented with opportunities to scale through technology and/or consolidation
- UK - £6bn addressable market (Argentex)
- EMEA - \$60bn addressable market (McKinsey 2022)
- Australia - A\$2.5bn addressable market (abs.gov.au 2021)



ESTABLISHED MARKET POSITION

- Strong growth track record since inception in 2012
- Highly cash generative and debt free
- Diverse and high-quality client base
- Credible regulatory licenses



INCREASING MARKET SHARE

- Increasing opportunity to garner wallet share
- Experienced senior leadership team with proven industry-specific track record
- Technology and product strategy now activated with encouraging results

Financial & Operating Highlights

12 Months to Dec 2022* - Record performance

Total Revenue

46%

£50.4M



9 month - £41m

FY22 - £34.5M

New Revenue

40%

£11.2M



9 month - £7.8M

FY22 - £8.0M

Adj. Operating Profit

12%

£12.3M



9 month - £9.0M

FY22 - £11.0M

Total Corporate Clients Traded

8%

1749



9 month - 1595

FY22 - 1624

New Corporate Clients Traded

4%

548



9 month - 409

FY22 - 528

Adj. Operating Margin**

7.5%

24.4%



9 month - 22.0%

FY22 - 31.9%

Global employees

22%

137



9 month - 137

FY22 - 112

EPS (Basic / Adjusted)
12 months

23%

8.1p/8.8p



9 month - 6.2p/6.8p

FY22 - 6.6p/7.0p

Return on Capital Employed

3%

23%



9 month - 16%

FY22 - 25%

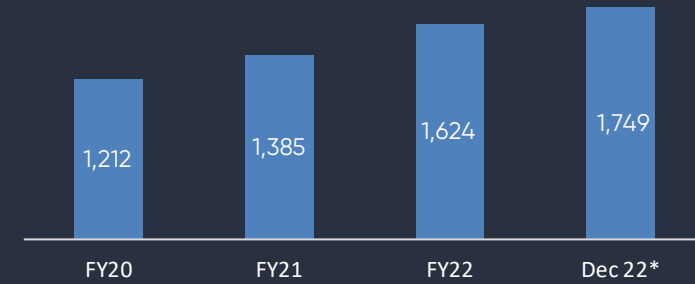
Evolution of key metrics since IPO

Investments in growth underpinning a 45% increase in average revenue per corporate client traded compared to FY22

*12 month period 1 January 2022 to 31 December 2022

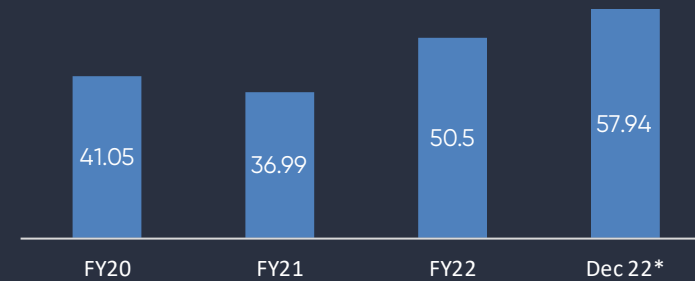
MORE CLIENTS TRADING

No. of corporate clients trading



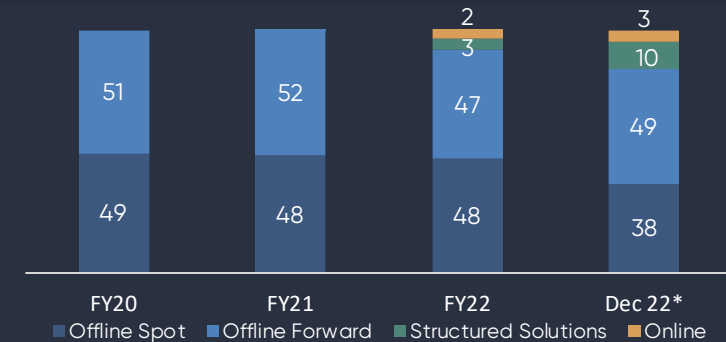
TRADING MORE FREQUENTLY

No. of trades (k)



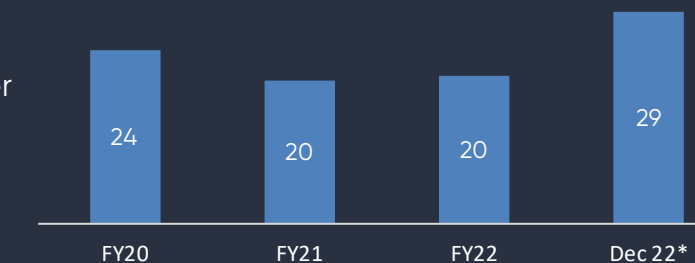
USING MORE PRODUCTS

Revenue by product (%)



GREATER SHARE OF CLIENT WALLET

Avg. revenue per corporate client (£k)



Income Statement

	9 month Dec 22 £m	12 month Dec 22 £m	12 month Mar 22 £m
Revenue	41.0	50.4	34.5
Adj. Operating Profit	9.0	12.3	11.0
Adj. operating profit margin	22.0%	24.4%	31.9%
Operating Profit	8.1	11.3	10.4
Operating profit margin	19.8%	22.4%	30.1%
Earnings per share (pence)			
- basic	6.2	8.1	6.6
- adjusted	6.8	8.8	7.0
<i>Av. headcount exc Directors and LLP members</i>	116	113	72
- sales and dealing	57%	57%	62%
- support functions	43%	43%	38%

Revenues ahead of management expectation with 70% drop through to operating profit

Adj. operating profit margin ahead of expectation while investment in growth continues as planned

Enhanced product mix and flexibility offered by multiple channels leading to a 45% increase in average revenue per corporate traded

Investment in growth on track across people, technology and international expansion

Significant flexibility in our P&L

	9 month Dec 22 £m	12 month Dec 22 £m	12 month Mar 22 £m
Revenue	40.1	50.4	34.5
Variable costs	(12.7)	(15.4)	(10.5)
<i>Gross Margin</i>	27.4	35.0	24.0
	68.3%	69.4%	69.6%
Administrative costs			
Staff costs	(11.5)	(13.4)	(6.9)
Other costs	(7.8)	(9.3)	(6.1)
Adj. operating profit	8.1	12.3	11.0
<i>Av. headcount exc Directors and LLP members</i>	116	113	72

P&L recut from statutory P&L to demonstrate flexibility in business model

Investment in growth on track as planned

Average headcount increased to 113 in 2022 versus 72 in FY22

137 global employees at the period end, up from 112 at March 22

Hiring weighted towards front office and technology albeit with investment made in support functions to increase bench strength as business scales

Other cost increases reflect the increased global footprint of our operations in addition to the introduction of a CVA provision of £1.1m in the period

Balance Sheet and Cash

	As at Dec 22	As at Mar 22		Dec 22	Mar 22
	£m	£m	Cash and Collateral	£m	£m
Total Assets					
Intangible assets	2.5	2.2			
Property, plant and equipment	7.9	8.3	Cash at bank	29.0	37.9
Derivative financial assets	66.5	41.1	Collateral held at institutional counterparties (other assets)	10.0	7.2
Deferred tax asset	0.5	-	Less: amounts payable to clients	(12.8)	(24.9)
Trade and other receivables	1.0	0.6			
Cash and cash equivalents	29.0	37.9			
Other assets	10.0	7.2			
Total Assets	117.4	97.3	Net cash	26.2	20.2
Total Liabilities					
Trade and other payables	(31.4)	(40.2)			
Derivative financial liabilities	(47.2)	(23.9)			
Total Liabilities	(78.6)	(64.1)			
Net Assets	38.8	33.2			
Total Equity	38.8	33.2			

Significant increase of £25.4m in derivative financial assets since March 22, offset by an increase of £23.3m in derivative financial liabilities

£12.8m of the £31.4m trade and other payables at the period end represents collateral held or variation margin collected from clients

Net cash increased £6.0m to £26.2m

Cashflow from Operating Activities

	Dec 22	Mar 22
	£m	£m
Cash flow from operating activities	7.5	11.0
Movements in client balances held	(12.1)	6.2
<hr/>		
Statutory cash flow from operating activities	(4.6)	17.2
Cash used in investing activities	(1.9)	(2.1)
Cash used in financing activities	(2.4)	(4.0)
<hr/>		
Statutory net increase/(decrease) in cash	(8.9)	11.1

Excluding movements in client balances of £12.1m , £7.5m in cash generated in the period

Investment in technology £1.4m in 9 months (FY22 £1.7m)

FY22 final dividend of £1.5m paid to shareholders in September 2022

The business remains debt free

Sustainability



People

Focus on diversity, inclusion and belonging enhances our business performance and supports a balanced approach to risk

Achievements

- First Argentex Academy initiative complete
- Culture of belonging program commenced
- Facilities provided orientated towards physical and mental wellbeing
- 2 team members obtained Cambridge Institute of Sustainability certification

What's to come

- Continued engagement with Social Mobility Foundation
- Focus on culture in a high growth phase
- Redefining employee performance framework
- Further CISL certifications across the Group



Planet

A two-fold initiative:

1. Measuring and improving our operational footprint
2. Partnering with organisations to amplify our impact

Achievements

- Planet Mark certification maintained
- Entered partnership with Earthly
- 1721.65 CO2t removed in 2022
- 44,000 trees planted in 2022

What's to come

- Grass roots initiatives across the Group
- Continued commitment through our Earthly partnership to plant one tree per trade



Partner

Our sustainability strategy extends across the entire value chain, including customers, suppliers and investors

Achievements

- Received ESG Risk rating GRADE B, GOOD - 2.8 score from Integrum ESG

What's to come

- Consultation with external experts on broadening impact across the value chain

*"Good overall approach to ensuring the company acts in line with the expected standards for environmental, social and corporate governance matters."
Integrum 2022*

Growth Strategy

Delivering on our strategy

Creating an efficient, scalable and diversified full-service currency and financial solutions provider



Technology & Product

Objective

- Innovate our products to meet clients' evolving needs whilst increasing wallet share and opening up new revenue opportunities

Achievements

- Completed Phase 1 of Technology Strategy
- Online platform adoption growing quickly – increase of 89% to £1.2m
- Structured Solutions delivering 10% of total revenue
- Phase 2 of Technology Strategy initiated



International

Objective

- Expand our client reach globally

Achievements

- Leveraging credible Dutch EMI Licence to passport across EU
- Netherlands office contributing meaningfully to Group revenue
- Australian management team in place and active



People

Objective

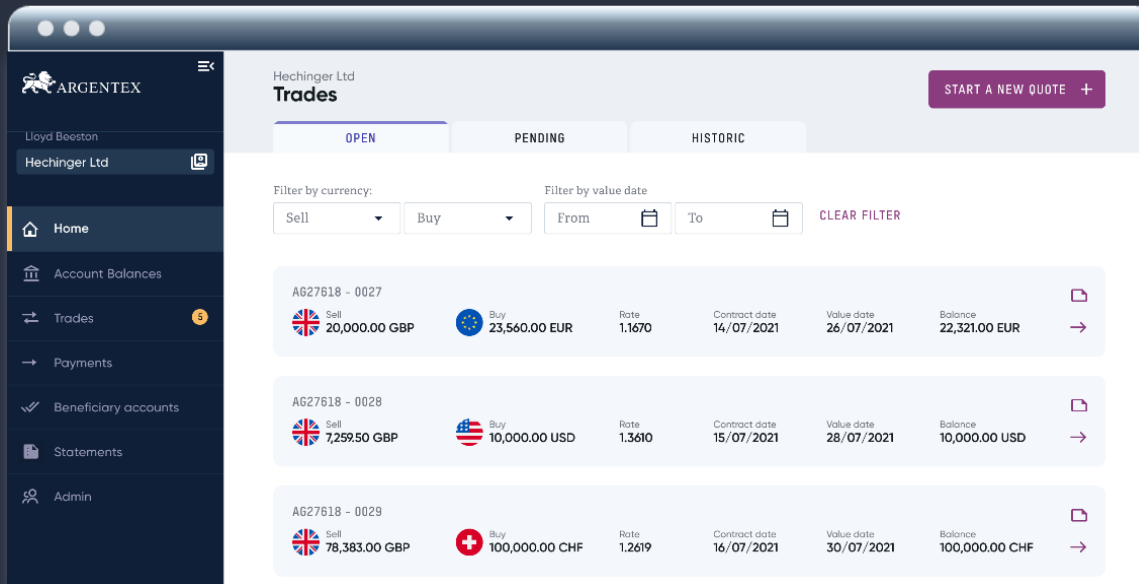
- Focus on hiring and retaining high quality, experienced people to drive sustainable growth

Achievements

- New LTIP awarded to 42 employees
- Significant hires across all areas of the Group
- 57% front office / 43% back office staff

Technology and Product - Phase 1 Complete

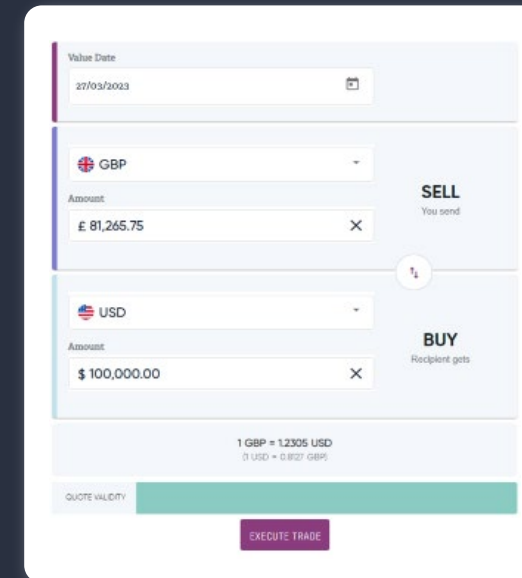
Core Features – Trade



The screenshot shows the ARGENTEX Trades interface for Hechinger Ltd. The interface includes a sidebar with navigation options: Home, Account Balances, Trades (highlighted), Payments, Beneficiary accounts, Statements, and Admin. The main content area displays a table of trade entries under the 'OPEN' tab. The table has columns for contract ID, currency, amount, rate, contract date, value date, and balance. A 'START A NEW QUOTE +' button is visible in the top right corner.

Contract ID	Operation	Amount	Rate	Contract date	Value date	Balance
AG27618 - 0027	Sell	20,000.00 GBP	1.1670	14/07/2021	26/07/2021	22,321.00 EUR
AG27618 - 0028	Sell	7,259.50 GBP	1.3610	15/07/2021	28/07/2021	10,000.00 USD
AG27618 - 0029	Sell	78,383.00 GBP	1.2619	16/07/2021	30/07/2021	100,000.00 CHF

- ✓ Real-time rates
- ✓ Trade spot and forward in over 50 currencies
- ✓ Instant confirmations
- ✓ Drawdown forward contracts & schedule future payments

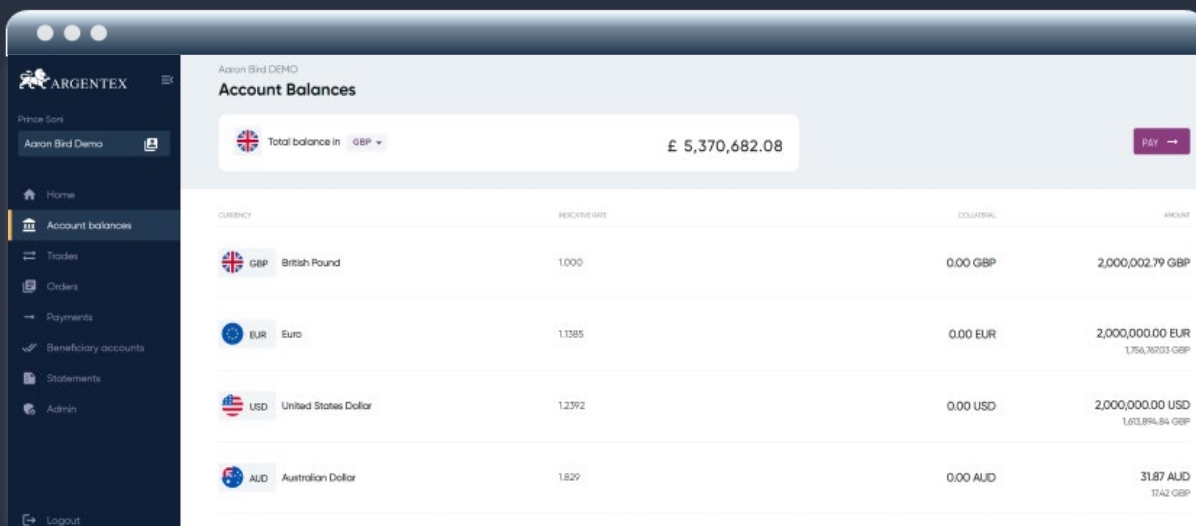


The screenshot shows the trade execution interface. It features a 'Value Date' field set to 27/03/2023. Below this, there are two sections: 'SELL' and 'BUY'. The 'SELL' section is active, showing a currency of GBP and an amount of £ 81,265.75. The 'BUY' section shows a currency of USD and an amount of \$ 100,000.00. A 'QUOTE VALIDITY' bar is visible at the bottom, and an 'EXECUTE TRADE' button is located at the bottom right. A conversion rate is displayed: 1 GBP = 1.2325 USD (1 USD = 0.8127 GBP).

- ✓ Trade however a client wants
- ✓ Adds scalability to the dealing teams
- ✓ Win the small trades typically lost to banks

Alternative Transaction Banking – Phase 2

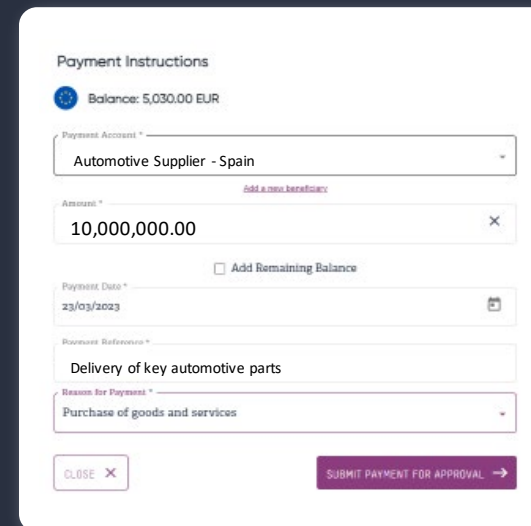
Core Features – Collect, Hold, Pay and Manage



ARGENTEX
Asion Bird DEMO
Account Balances

Total balance in GBP £ 5,370,682.08

CURRENCY	INDICATIVE RATE	COUNTERPART	AMOUNT
GBP British Pound	1.000	0.00 GBP	2,000,002.79 GBP
EUR Euro	1.1385	0.00 EUR	2,000,000.00 EUR 1,756,767.03 GBP
USD United States Dollar	1.2392	0.00 USD	2,000,000.00 USD 1,613,896.84 GBP
AUD Australian Dollar	1.829	0.00 AUD	31.87 AUD 17.42 GBP



Payment Instructions

Balance: 5,030.00 EUR

Payment Account *
Automotive Supplier - Spain

Amount *
10,000,000.00

Payment Date *
23/03/2023

Payment Reference *
Delivery of key automotive parts

Reason for Payment *
Purchase of goods and services

CLOSE X SUBMIT PAYMENT FOR APPROVAL →

- ✓ Collect and hold balances in up to 15 currencies
- ✓ Make payments globally in 50+ currencies
- ✓ Client named accounts (vIBANs) safeguarded with Tier 1 banks
- ✓ Manage users, set limits and signatory levels
- ✓ Manage beneficiaries and share bank details
- ✓ Download Statements

- ✓ Faster account opening times
- ✓ Simplicity for clients to manage currencies
- ✓ Much stickier proposition
- ✓ Reduces settlement risk
- ✓ Benefit from interest on balances

Dedicated Divisional Products - Phase 3

Right Tech, Right Touch, Right Product

What's to come

- ✓ Accelerate Alternative Transaction Banking division
- ✓ Launch Phase 3 - Segment specific products that increase wallet share and net new clients
- ✓ Increase levels of automation and efficiencies to make the business more scalable

Benefits

- ✓ Collecting funds from , or paying to, large numbers of clients or investors is time consuming, prone to error and difficult to reconcile
- ✓ Managing hedge exposure versus policy or budget is difficult and time-consuming leaving clients open to undue risk
- ✓ By absorbing these pains and risks, we get much higher margin revenue streams as well as much deeper more embedded relationships with the clients we serve

Product Roadmap

Mass payments	IN DEVELOPMENT
Request to pay	IN DESIGN
Auto reconciliations	
API Into fund management/ERP systems	
Open banking integrations	
Hedge exposure Analysis	IN ANALYSIS
MTM Sensitivity Analysis	
TCA analysis	
Market Data charts, alerts and economic calendars	
Cashflow forecasting tool	

Key:

ALTERNATIVE
TRANSACTION BANKING

CURRENCY
MANAGEMENT

International Expansion

Continuing to pursue opportunities in new markets as we transform from a single-product, single-office business into a multi-product, global business



The Netherlands & EU

Live and onboarding EU clients as of March '23

Continues to deliver ahead of expectations

EU headquarters of Argentex – credible Tier 1 regulatory environment

1 of 10 companies to be granted E-Money licence by the Dutch National Bank

1 of 3 non-bank NL vIBAN providers

3 Exec, 15 Sales, 2 Dealers, 2 Compliance/Risk

Moved to larger premises in March 2023



Australia

APAC Headquarters of Argentex

Draft Australian Financial Services Licence

1 Exec, 2 Sales, 1 Dealer,
1 Compliance/Risk

Moved to larger premises in Sydney



Further territory expansion

The Netherlands will accelerate expansion across Europe

Exploring further territories with similar market dynamics

People & Culture



Our focus

Investment in talent aligned to our growth pillars

Embedding our desired culture as we grow at pace

Execution risk is managed

Promoting and nurturing existing talent

Hiring new talent



Our values

Entrepreneurial

Customer-centric

Goal orientated

Honest

Accountable

Collaborative



Our hires

Chief Commercial Officer

Managing Director, Institutional *

Head of Dealing, Institutional *

Head of Dealing, UK Corporates

Sales Director, UK Corporates *

VP Marketing

Head of Risk

Head of Credit

HR Director

What's to come: Building on our Strategy

Creating an efficient, scalable and diversified full-service currency and financial solutions provider



Technology & Product

Accelerate Alternative Transaction Banking division

Launch Phase 3 - Segment specific products that meet client's unique needs

Increase levels of automation and efficiencies to make the business more scalable

Continue to invest in product developments that increase wallet share and net new clients



International

Additional licenses to expand product offering in each jurisdiction

Partner with additional Tier 1 banks to support sustainable growth



People

International hires to support global expansion

Maintain investment in front office across all regions

Continued investment in our people to promote internally and attract talent whilst protecting culture as we scale

Closing Comments



Summary

- Growth strategy delivered record results ahead of market expectations
- Impressive traction and adoption of new products and channels
- Overseas offices delivering ahead of expectations
- Significant hires and internal promotions continue



Outlook

- Continued momentum into Q1 2023 is in line with expectations
- New Alternative Transaction Banking product set will deliver new revenue streams and increase wallet share
- Dedicated corporate and institutional divisions to further accelerate growth
- More clients, trading more products more frequently across more geographies

Appendix

Becoming a Global Treasury Solution

REGULATED

UK - Europe - Australia

MARKET

Corporate

Institutional

HNWIs

PRODUCT

Currency Management

Execution

Hedging

Spot

Forward

Structured Solutions

Alternative Transaction Banking

Multi-Currency Accounts (VIBANs)

Global Payments

Transaction Reporting

CHANNEL

Dealer

Online

API

Income Statement

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- support functions	43%	43%	38%

The Argentex Client Proposition

Creating a scalable and diversified, full-service global payments and currency risk management solutions provider



Full range of customised FX capabilities

Spot
Forward
Structures Solutions
Personalised hedging strategies



Delivered via multiple channels

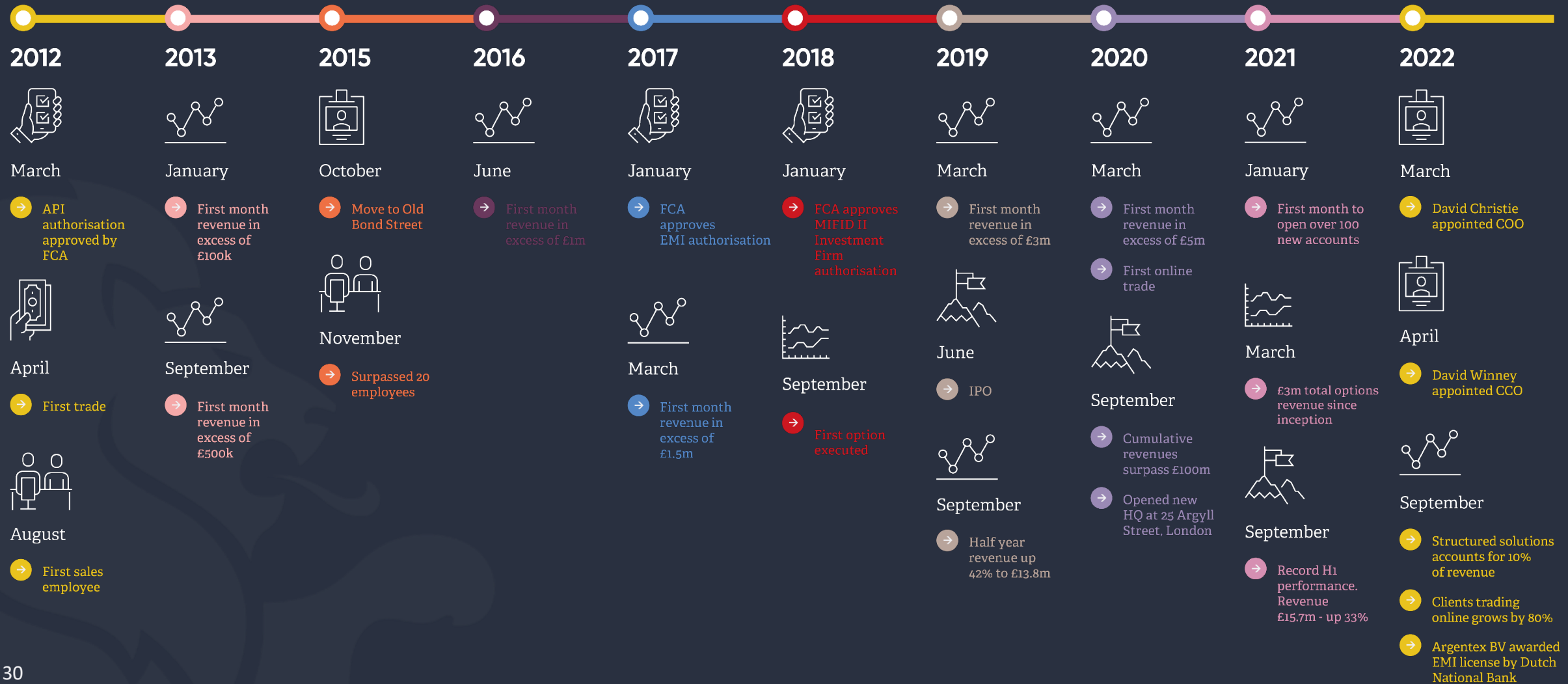
Voice
Online
API



To benefit our clients

Flexibility
Pricing
Segregation of sales and dealing roles
Dealers' experience
Proactivity
Forecasting accuracy
Credibility
Strong capital base

Evolution of Argentex



Board



Digby, Lord Jones of Birmingham KB
Non-executive Chairman

Lord Jones spent 20 years in corporate law before his appointment as Director General of the CBI in 2000.

In 2007 he became Minister of State for UK Trade and Investment, becoming a life peer but not joining the party of government. Lord Jones is Non-Executive Chairman of Triumph Motorcycles Ltd & Thatchers Cider Co Ltd.



Nigel Railton
Senior Independent Non-executive Director

Nigel has been the CEO of Camelot UK Lotteries Ltd since June 2017.

Nigel previously served as Financial & Operations Director and Finance Director of Camelot Group PLC. Prior to Camelot, he served as Senior Management Accountant of Daewoo Cars Ltd, beginning his career at British Rail. Nigel is a Qualified Accountant.



Jonathan Gray
Independent Non-executive Director

Jonathan has considerable financial services experience having worked in senior roles at HSBC, UBS and NCB.

Jonathan has substantial public company experience having worked on numerous flotations, including companies such as Property Fund Management, Cleveland Trust and CLS Holdings.



Henry Beckwith
Non-executive Director

Henry is a director of Pacific Investments Ltd.

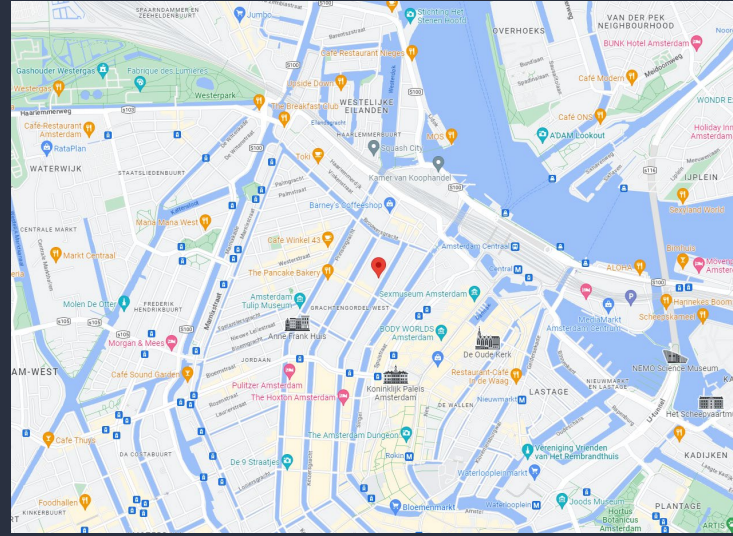
Henry is a director of Pacific Investments Ltd, the original backers of Argentex, and leads their financial services and asset management division, taking an active role in both deal origination and management of the portfolio of companies. He is a member of both the Chartered Financial Analyst Institute and the Society of Technical Analysis.

Contact



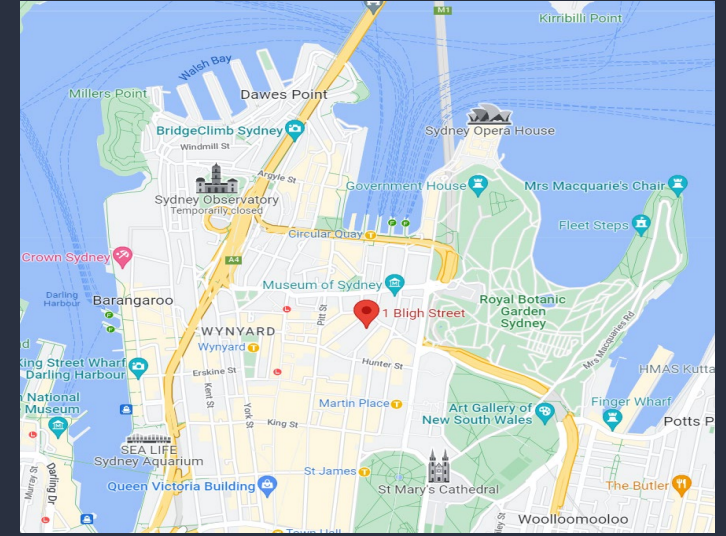
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