

H1 2022 Presentation

Harry Adams, CEO and Jo Stent, CFO

NOVEMBER 2021



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Founder-led Management Team



Harry Adams

Chief Executive Officer
Founder



Jo Stent

Chief Financial Officer



Andrew Egan

Chief Commercial Officer
Founder

Non Executive Board Directors

Lord Digby Jones Kb.

Director General of the CBI 2000-2006
Minister of State for Trade and Investment in 2007
Non-Exec Chairman of Triumph Motorcycles Ltd
Non-Exec Chairman for Thatcher's Cider Co Ltd

Lena Wilson CBE FRSE

Board Director for RBS PLC
Chair of AGS Airports Limited
Chair of Chiene and Tate LLP
Chair of Picton Property Income Limited

Nigel Railton

CEO of Camelot UK Lotteries Ltd

Jonathan Gray

Senior roles at HSBC, UBS and NCB

Henry Beckwith

Director of Pacific Investments Ltd

Today's Agenda

H1 2022 Summary
Evolution of Growth Strategy
Financial and Operating Highlights
Strategy & Outlook

Value Proposition

Strong growth track record since inception in 2012

Profitable and highly cash generative

Growth oriented with attractive dividend policy

Diverse and high quality client base

Continued investment in people and technology

Low risk, with a robust compliance culture

Significant addressable market

Serious about sustainability

Resilient Business Model

Corporate Client Base

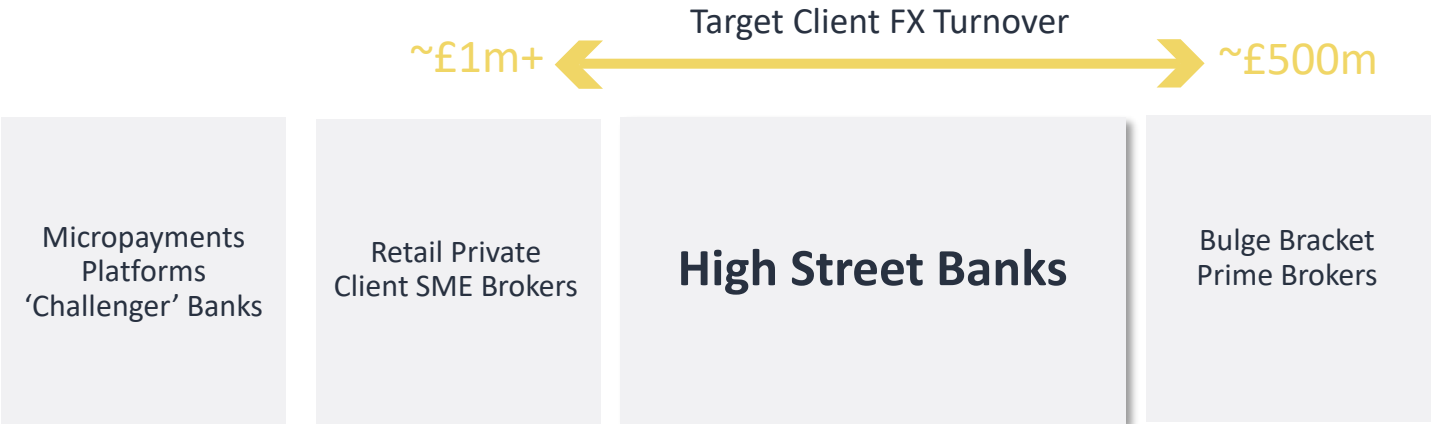
Riskless Principal FX Broker

Commercial Transactions Only

No Speculation. Spot, Forward and Options

No House Positions

Revenue from Spread Only



H1 2022 Summary

H1 2022 Overview



Strong revenue growth aided by encouraging return of trading activity

- Our corporate strategy remains focused on the hiring and retention of good quality people, our technology proposition and strategic international expansion
- Client growth has been approached prudently, with high-quality cash flow
- We continue to innovate our product offering for our high quality client base as their needs evolve which underpins our investment in technology

We remain confident in our robust model, underpinned by a long-term strategy to deliver our ambitious growth plans.

+67%

FX turnover £8.3bn

+34%

FX turnover net swaps: £3.6bn

+33%

Annual revenue: £15.7m

+28%

271 new corporate clients trading

+27%

Underlying operating profit: £4.7m

3.0p

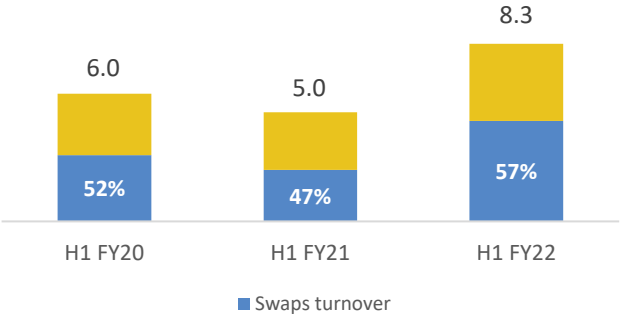
Earnings per share

0.75p

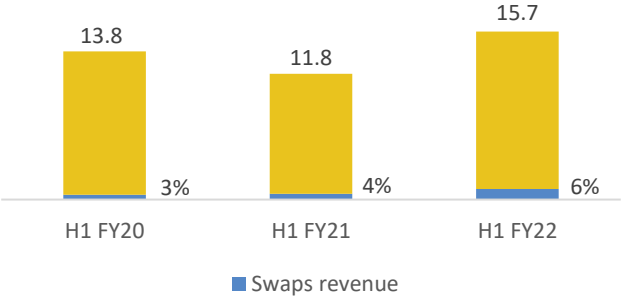
Interim dividend per share

H1 2022 – At a glance

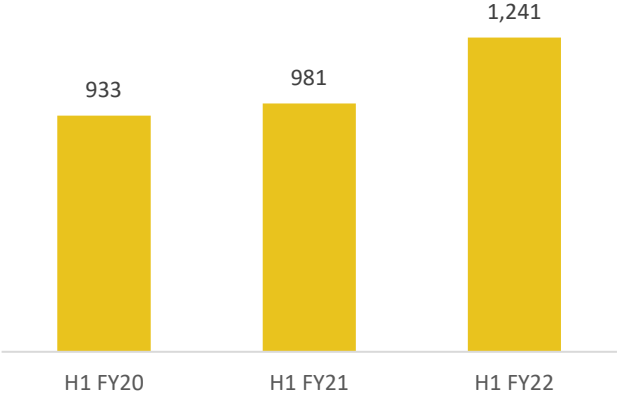
FX Turnover (£bn)



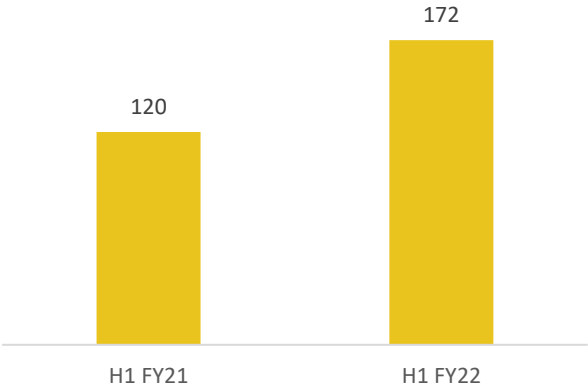
Revenue (£m)



Number of traded corporates



Active Online Users



Record number of new corporates opened H1: 354 (+22% vs H1 21)

Spot and forwards spreads remain consistent with prior years

Spot and forward revenue split remains 50/50

Structured Solutions revenue in line with expectations (+33% vs H1 21)

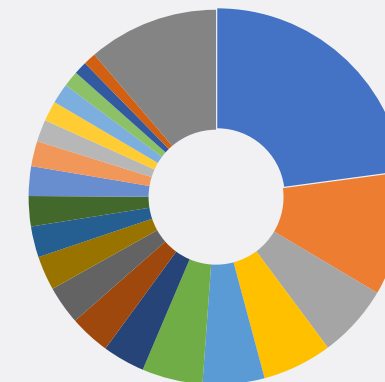
Strong increase in online users (+43% vs H1 21)

High quality and diverse client base

Industry	H1 FY20		H1 FY21		H1 FY22	
	Revenue £m	% of total Revenue	Revenue £m	% of total Revenue	Revenue £m	% of total Revenue
Financial Services	£5.1	38%	£3.0	26%	£3.5	23%
Insurance	£0.8	6%	£1.1	10%	£1.6	11%
Food & Beverages	£0.5	3%	£0.8	7%	£1.0	6%
Consultancy & Recruitment	£0.3	2%	£0.1	1%	£0.9	6%
Manufacturing & Machinery	£0.3	2%	£0.5	5%	£0.8	5%

- A high 'private bank style' service level, trust and performance are how we retain and increase the client base
- 65% of top 20 clients first traded over three years ago
- Revenue concentration declining with top 20 clients responsible for less than 42% of total in H1 21
- 83% of all trades are GBP/EUR, GBP/USD or EUR/USD – low Beta risk
- Immaterial Bad Debt

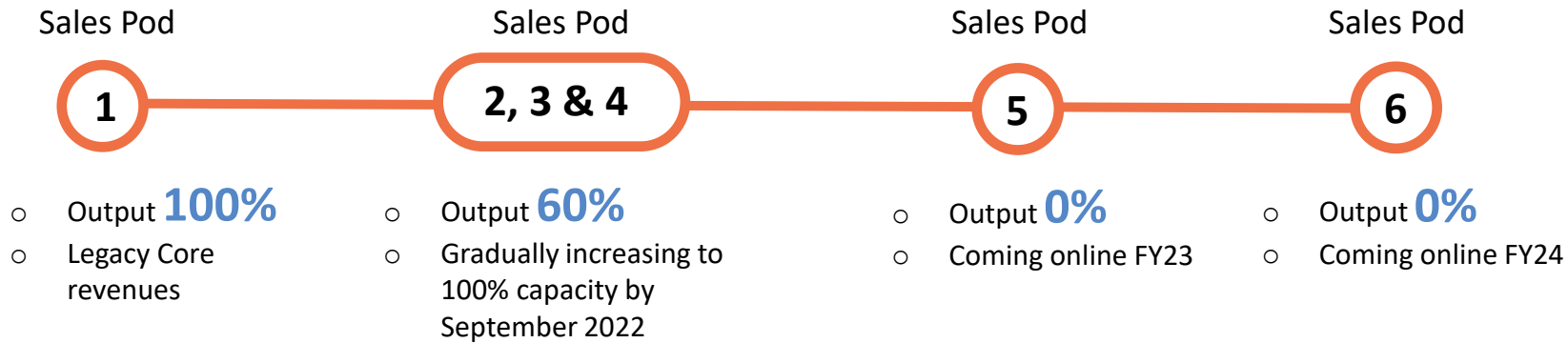
Revenue % per Industry Sector - H1 FY22



- Financial Services (23%)
- Insurance (11%)
- Food & Beverages (6%)
- Consultancy & Recruitment (6%)
- Manufacturing & Machinery (5%)
- Holding company (5%)
- Logistics, Import, Export, Containers (4%)
- IT, Technology & Software (4%)
- Electrical (3%)
- Agriculture (3%)
- Private Client (3%)
- Medical & Pharmaceutical (3%)
- Media, PR, Events & Marketing (3%)
- Fashion (2%)
- Real Estate (2%)
- Construction (2%)
- Household Goods & Homeware (2%)
- Wholesale (1%)
- Film Production & Animation (1%)
- Energy (1%)
- Other (11%) comprises 31 different sectors

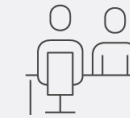
Evolution of growth strategy

Advancement of UK Sales Model



Optimal 'new business' pod setup

	#FTE	Average revenue (£m)
Manager (Partner)	1	2.2
Deputy Manager	2	4.8
Senior Sales	4	3.6
Phase 3 Sales	5	1.2
Phase 1&2 Sales	8	0.2
Total	20	12



4 active pods
 1 x Legacy core
 3 x New business

Initiate 5th new business pod by September 2022
 Start with 50% capacity

Collaborative, collegiate and dynamic way of working

Clear career progression

Scalable model

Dynamic make up of pods

Technology enabled service and growth



To date we have invested over £5 million on coding alone to ensure that the **Argentex CRM** and accompanying client front end software is **totally bespoke to us** with real time risk management.



As stated at year end, **optimising the client journey remains a priority**. Our online client portal is being optimised with user experience at the centre of the relaunch, to provide enhanced optionality.



The **technology review is complete**. We have identified specific products which we are developing. Our focused technology strategy is progressing well.

Financial Highlights

Financial Highlights

Foreign exchange turnover of £8.3bn up 67% (H1 2021: £5.0bn)

Foreign Exchange net of swaps: £3.6bn (H1 2021 £2.7bn) up 34%

Group revenue up by 33% to £15.7m (H1 2021: £11.8m)

Underlying operating profit margin impacted by investment in growth (H1 2022 29.9% H1 2021: 31.4%)

- People
- Technology

Earnings per share 3.0p (basic) and 3.2p (underlying)

0.75p Interim Dividend

H1 2022 performance

	HY22	HY21	FY21
	£m	£m	£m
Revenue	15.7	11.8	28.1
Underlying Operating Profit	4.7	3.7	8.7
Underlying operating profit margin	29.9%	31.4%	31.0%
Operating Profit	4.4	3.6	7.8
Operating profit margin	28.0%	30.5%	27.8%
<hr/>			
Earning per share (pence)			
- basic	3.0	2.4	5.2
- underlying	3.2	2.5	5.9
Average headcount	69	51	57
- sales and dealing	60%	60%	61%
- support functions	40%	40%	39%



Revenue of £15.7m representing a 33% increase to the same period prior year

Operating Margins impacted in H1 by operational investment in people and technology to support our growth strategy

High quality and diverse clients delivering meaningful growth with minimal bad debt since inception

79% of revenues convert to cash within 3 months, consistent with prior years

Earnings per share increased to 3.0p per share basic and 3.2p underlying

Cashflow from operating activities

	HY22 £m	HY21 £m	FY21 £m
Statutory cashflow from operating activities	8.4	(5.4)	(4.1)
(Increase) / decrease in client balances	(2.8)	7.5	6.8
Taxation	0.0	0.0	2.1
Pre taxation cashflow from operating activities	5.6	2.1	4.8
Cash used in investing activities	(0.9)	(3.0)	(3.9)
Cash used in financing activities	(2.2)	(2.8)	(2.8)
Net increase / (decrease) in cash excluding client balances and taxation	2.5	(3.7)	(1.9)
Add back:			
Taxation paid	0.0	0.0	(2.1)
Increase / (decrease) in client balances	2.8	(7.5)	(6.8)
Statutory net increase / (decrease) in cash	5.3	(11.2)	(10.8)



On a like for like basis, pre taxation the business has consistently generated cash from operational activities.

Investments in premises and technology in HY21 and FY21 were possible due accumulated reserves, creating an in year decrease in cash. In HY22, ongoing investment in technology only is reflected in cashflow.

Cash used in financing activities primarily reflects dividend payments made in relation to FY20 and FY21 of £2.2m or 2p per share in each year.

Strategy & Outlook

Delivering on our strategy outlined at IPO

Goals

Outcomes

Continue to improve productivity

- Delivered on our commitment to growing capacity in all teams
- Further investment in our online client experience
- Sales pod system implemented

Maintain a diverse client base

- Less concentration of revenue from top 20 clients
- Record number of new corporate clients onboarded in H1 2022
- Bad debt remains immaterial

Generating revenues from product innovation

- Revenue from structured solutions up 33%
- Good uptake in the current online platform

Continued investment in people

- Midway through implementing leadership programme
- Developing senior management team
- Instigating new ways of working as we prepare to scale

International expansion

- Momentum in Holland gathering pace as business scales
- Full regulatory approval pending by the DNB
- Significant opportunity in Australia underway

Outlook



Trading activity and client demand reaffirm Group's positive outlook

- Strong start to FY 2022
- Product extension, technology and international expansion at the heart of the gradual strategic evolution
- Technology enabled growth to drive customer acquisition and retention
- Roadmap in place to drive sustainability strategy
- Confident in our ability to continue growing and performing well for all stakeholders

Appendix

Income statement

	6 months to 30 September 2021 (unaudited)	6 months to 30 September 2020 (unaudited)	12 months to 31 March 2021 (audited)
	£m	£m	£m
Revenue	15.7	11.8	28.1
Direct costs	(0.2)	(0.2)	(0.5)
Gross profit	<u>15.5</u>	<u>11.6</u>	<u>27.6</u>
Administrative expenditure	(10.8)	(7.9)	(18.9)
Underlying operating profit	4.7	3.7	8.7
Non-underlying expenditure	(0.2)	-	(0.7)
Share based payments	(0.1)	(0.1)	(0.2)
Operating profit	<u>4.4</u>	<u>3.6</u>	<u>7.8</u>
Finance Costs	(0.2)	(0.2)	(0.4)
Profit before taxation	<u>4.2</u>	<u>3.4</u>	<u>7.4</u>
Taxation	(0.9)	(0.7)	(1.5)
Profit and total comprehensive income for the period	<u>3.3</u>	<u>2.7</u>	<u>5.9</u>



Revenue of £15.7m representing a 33% increase to the same period prior year

Operating Margins impacted in H1 by operational investment in people and technology to support our growth strategy

High quality and diverse clients delivering meaningful growth with minimal bad debt since inception

Earnings per share of 3.0p (basic); 3.2p (underlying)

Balance Sheet

	30 September 2021 (unaudited) £m	30 September 2020 (unaudited) £m	31 March 2021 (audited) £m
Non-current assets			
Intangible assets	1.8	1.8	1.7
Property, plant and equipment	8.6	9.4	9.1
Derivative financial assets	2.5	2.3	4.2
Total non-current assets	<u>12.9</u>	<u>13.5</u>	<u>15.0</u>
Current assets			
Trade and other receivables	0.6	1.1	0.6
Derivative financial assets	21.2	14.1	21.0
Cash and cash equivalents	43.8	38.0	38.4
Total current assets	<u>65.6</u>	<u>53.3</u>	<u>60.0</u>
Current liabilities			
Trade and other payables	(31.5)	(28.7)	(28.5)
Derivative financial liabilities	(10.7)	(5.9)	(9.3)
Total current liabilities	<u>(42.2)</u>	<u>(34.6)</u>	<u>(37.8)</u>
Non-current liabilities			
Creditors due after more than one year	(5.5)	(6.3)	(5.9)
Derivative financial liabilities	(0.9)	(0.5)	(2.6)
Net assets	<u>29.9</u>	<u>25.4</u>	<u>28.7</u>
Equity			
Share capital	0.1	0.1	0.1
Share premium account	12.7	12.7	12.7
Share option reserve	0.3	0.1	0.2
Merger reserve	4.5	4.5	4.5
Retained earnings	12.3	8.0	11.2
Total equity	<u>29.9</u>	<u>25.4</u>	<u>28.7</u>



Robust capital base

Generating and retaining cash

Consolidated Statement of Cash Flows

	6 months to 30 September 2021 (unaudited)	6 months to 30 September 2020 (unaudited)	12 months to 31 March 2021 (audited)
	£m	£m	£m
Cash flows from operating activities			
Profit before taxation	4.2	3.4	7.4
Taxation paid	-	-	(2.1)
Net finance expense	0.2	0.2	0.4
Depreciation of right of use assets	0.3	0.4	0.8
Amortisation of intangible assets	0.6	0.6	1.3
Depreciation of property, plant and equipment	0.3	0.1	0.2
Share based payment expense	0.1	0.1	0.2
Decrease/(increase) in receivables	1.5	(1.0)	(0.3)
Increase/(decrease) in payables	3.0	(9.2)	(8.6)
Decrease/(increase) in derivative financial assets	(1.5)	8.5	(0.4)
(Decrease)/increase in derivative financial liabilities	(0.3)	(8.5)	(3.0)
Net cash (used by)/generated from operating activities	8.4	(5.4)	(4.1)
Cash flow from investing activities			
Payments to acquire property, plant and equipment	(0.2)	(2.4)	(2.7)
Payments to acquire intangible fixed assets	(0.7)	(0.6)	(1.2)
Net cash used in investing activities	(0.9)	(3.0)	(3.9)
Cash flow from financing activities			
Payments of lease liabilities	-	(0.5)	(0.5)
Dividends paid during the period	(2.2)	(2.3)	(2.3)
Net cash (outflow)/inflow from financing activities	(2.2)	(2.8)	(2.8)
Net (decrease)/increase in cash and cash equivalents	5.3	(11.2)	(10.8)
Cash and cash equivalents at the beginning of the period	38.4	49.2	49.2
Cash and cash equivalents at end of the period	43.7	38.0	38.4



Consistently generating cash from operating activities after normalising for client balance movements (statutory disclosure includes these in payables)

Attractive dividend policy

The Argentex Client Proposition



Each client is unique, and the reason each chooses Argentex will be too.

Full range of customised FX capabilities

- Spot Contracts
- Forward Contracts
- Options Contracts
- Bespoke software platform (investment to date £5m)
- Personalised hedging strategies

Delivered via multiple channels

- Traditional voice broking
- Online
- Bloomberg

To benefit our clients

- Flexibility
- Pricing
- Segregation of sales and dealing roles
- Dealers' experience
- Proactivity
- Forecasting accuracy
- Credibility
- Strong capital base
- Founder-led management team

High Quality Foreign Exchange Solutions Provider

Expand Sales Force

Increase sales team to 50 people by FYE 22

Increase Productivity

Average revenue per sales person increases with tenure

Customer Acquisition

Driven by sales team expansion and increased productivity

Focus on client proposition

Client service at the forefront of what we do

Bespoke and flexible solutions are our speciality

Targeted Revenue

Clients generating revenues of £5k to £250k, our sweet spot and overlooked by larger players

Back office and system spare capacity to support growth

How We Work



Sales Team

- Recruited from grass roots
- Trained to sell 'our way'
- Receive a commission 10-17.5%
- Commission paid for life of client
- New Business Targets

Dealing Team

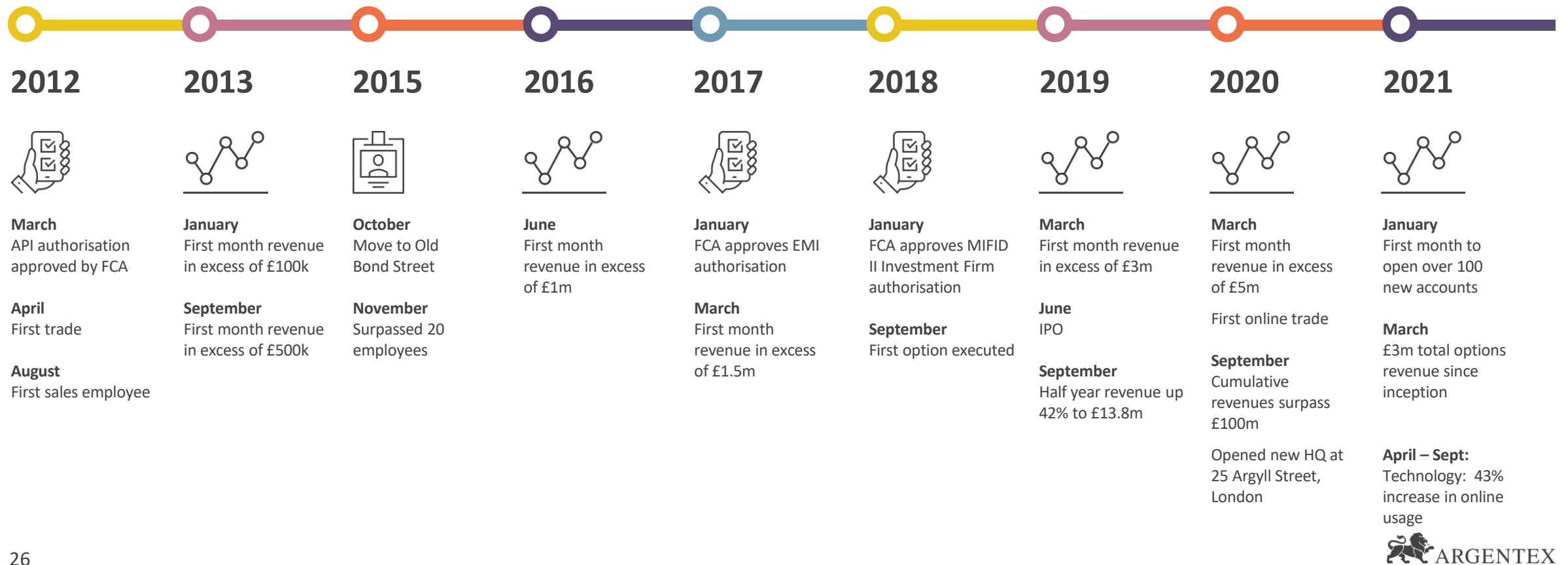
- Minimum 10 Years experience
- All regulated to give advice
- Receive flat commission of 10%
- Each dealer looks after 200-300 active clients



Argentex are top of Bloomberg's global FX forecast rankings for both GBP/EUR and GBP/USD, demonstrating the leading and reliable market insight made available to Argentex clients.

Evolution of Argentex

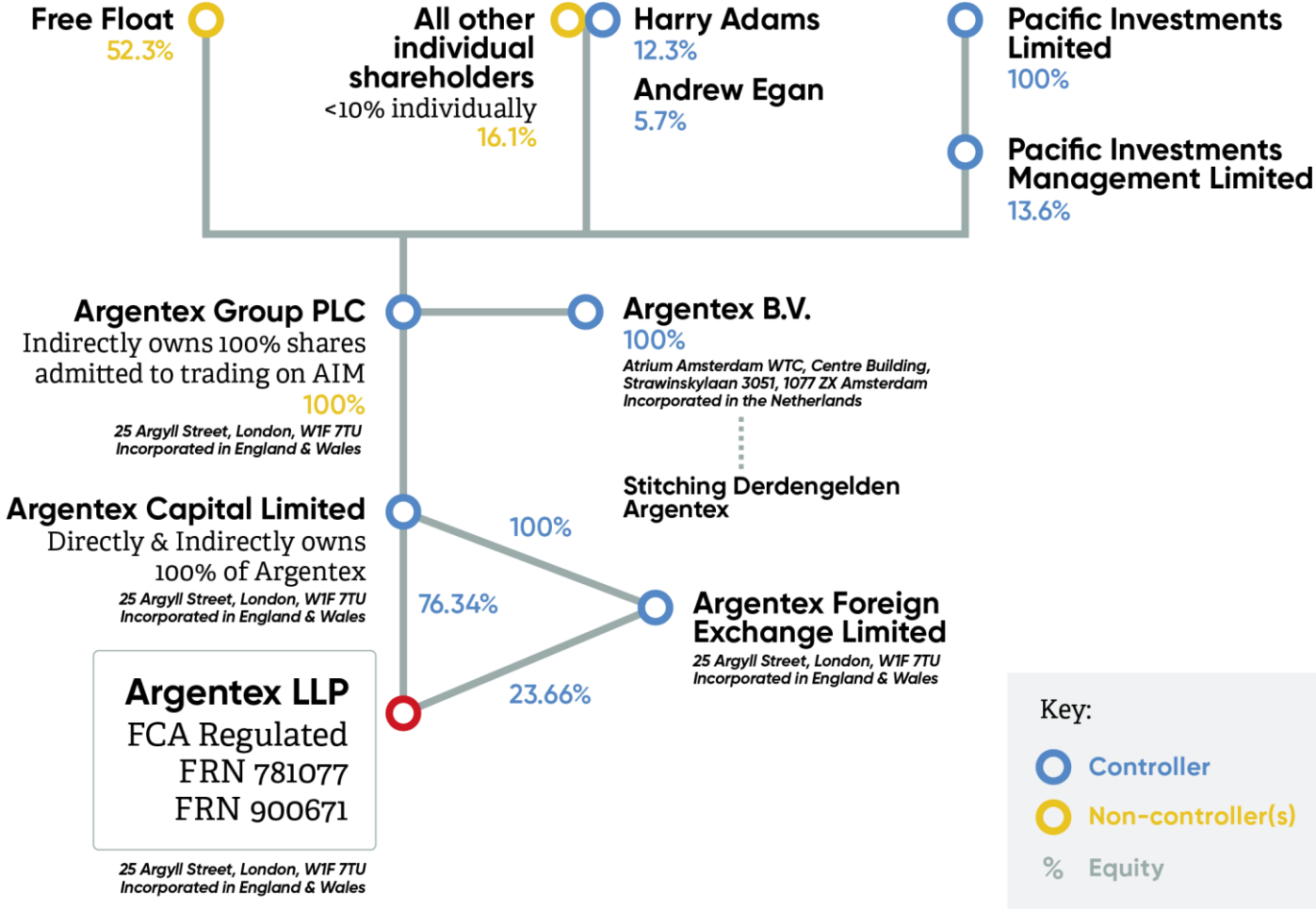
Founded in 2012 by Harry Adams and Andrew Egan
Backed by Pacific Investments



Our Bespoke Tech Platform: Summary Features

- A hybrid of CRM, pricing, execution and settlement software custom built for Argentex that allows the entire lifetime of a client relationship to be managed in one place - from initial pitching down to execution, management and settlement of trades.
- Central “board” interface that gives an at a glance summary of individual salesperson performance in terms of sales pipeline, new customers and commission generated.
- CRM screens tracking the client relationship from initial contact, account take-on, compliance through to trading custom designed around Argentex’s business workflow.
- Dedicated pre-sales screens to manage contact with prospects and prompt for follow ups and documentation.
- Full contact management functionality for tracking decision makers and administrative contacts at each customer.
- Clear, logical order stack and trade capture screens for forwards, European options, barrier options and swaps/rolls.
- Four eyes verification of trades and payments.
- Real time price feed, full pricing history for each currency pair traded.
- Multi-leg capture for options with templates to allow fast defaulting of recurring contracts.
- Automated creation and delivery of contract notes, confirmations and option term sheets.
- Quote request, price streaming and execution using a high speed, low latency and fully encrypted FIX engine.
- Fully automated regulatory reporting engines utilising SMTP and FIX – EMIR, ARM and APA.
- Custom internal reporting screens / email reports summarising balances, commissions, payments, pricing, settlements, collateral management, compliance processes, reconciliations and month end.
- Custom screens to manage and make settlement to introducing brokers.
- Bank statement screens, payments balances across our multiple accounts.
- Settlements screens showing the due date, status and details of all payments incoming and outgoing.
- Onward payment instructions with screens for setup and an ability to set at trade capture or during trade lifecycle.

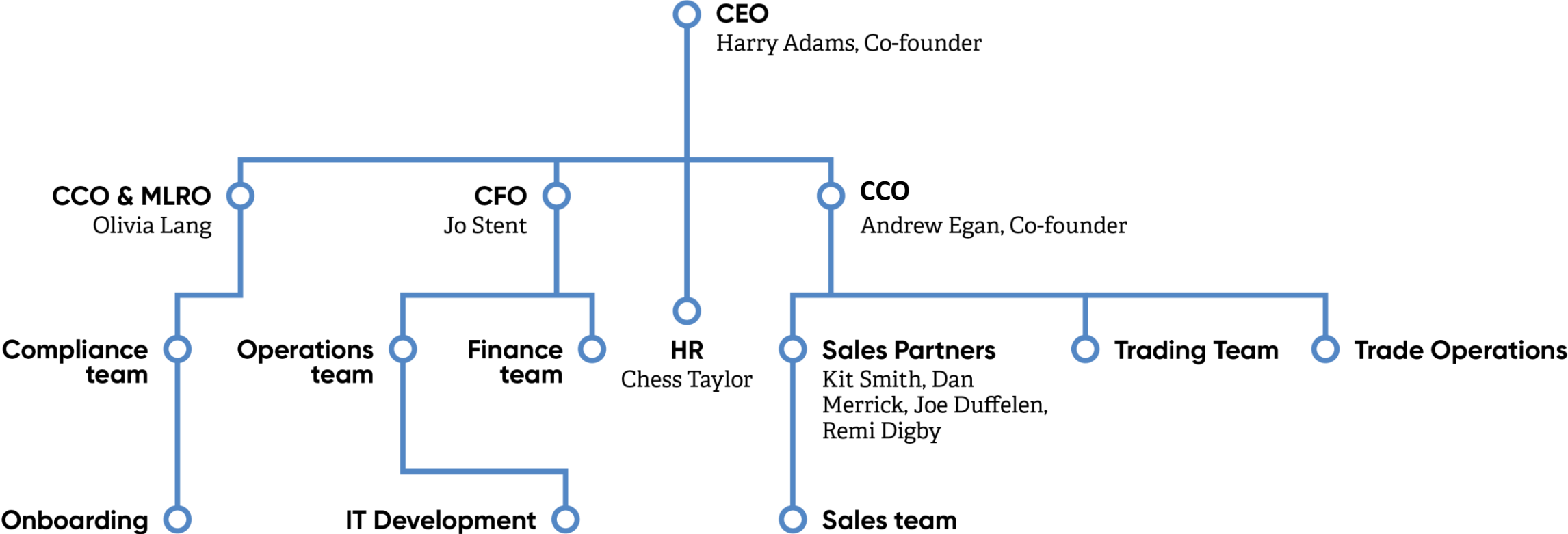
Control Structure



There are no other entities with a beneficial ownership of greater than 10% of issued capital outside of those stated above.



Organization Structure –



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.

Dr Lena Wilson CBE FRSE
Senior Independent Non-executive Director

Lena brings extensive experience to Argentex, from an international career spanning over 60 countries. She currently serves on the Group Board of RBS PLC, is Chair of AGS Airports Limited, Chair of Chiene and Tate LLP and a Visiting Professor at the University of Strathclyde Business School. Lena was Chief Executive of Scottish Enterprise from November 2009 until October 2017. Prior to this, Lena was Senior Investment Advisor to The World Bank.

Nigel Railton
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 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.

General



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