

# HY2023 Presentation

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



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# Founder-led Management Team



**Harry Adams**

Chief Executive Officer, Founder

Harry is a founding partner of Argentex. As CEO, Harry is responsible for the strategic direction of the Business. Harry oversees the front office including the Business development and revenue generation of Argentex. With over 15 years' experience in the deliverable foreign exchange market he 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 in senior financial leadership positions in large blue chip multinationals across a number of geographies. She brings considerable experience in international scaling, business transformation and innovation. At Argentex she is responsible for financial strategy and the entire finance function as well as legal and corporate governance matters across the group. She qualified as a Chartered Accountant in 2000 with EY.



**David Christie**

Chief Operating Officer

David joined Argentex in 2022 with over 25 years' experience in technology in financial services, with over 15 years' experience in the FX and international payments space where he was formerly COO of XE (formerly HIFX). At Argentex, David 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.

# Argentex HY23 Results

## Today's Agenda

Company Overview

Investment Case

Financial and Operating Highlights

Growth Strategy

Summary & Outlook

Note: the Group has changed to a 31 December year end and for this year reports unaudited 6 months to 30 September 2022 and audited 9 months to 31 December 2022.

- HY22 refers to the period from 1 April 2021 to 30 September 2021, the first half of the last financial year ended 31 March 2022.
- HY23 refers to the period from 1 April 2022 to 30 September 2022.

# Company Overview & Investment Case

# A Global Foreign Exchange Services Provider

## Who we are

- Founder-led business est. 2012
- London, Amsterdam, Sydney, Melbourne
- Over 100 employees
- Listed on the London Stock Exchange in 2019
- Experienced senior management team
- Customer service focus

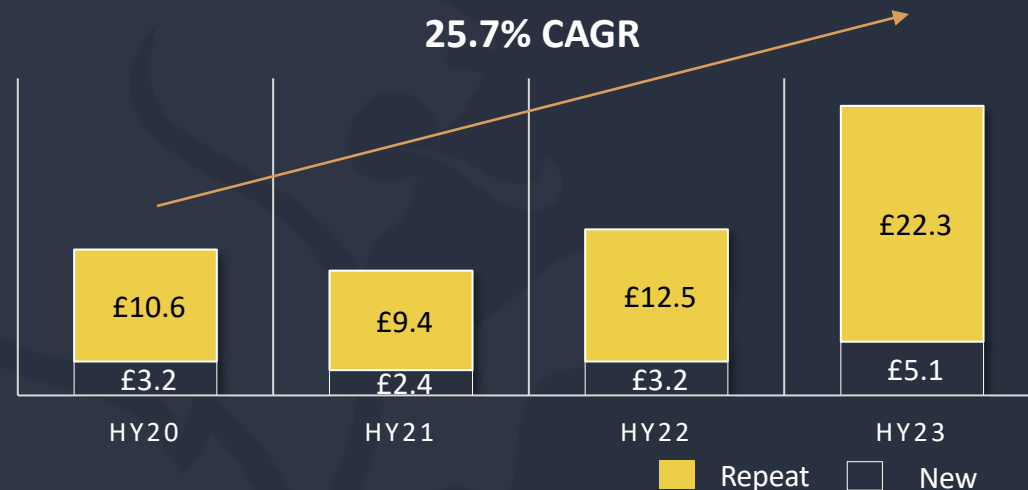
## What we do

- High touch, tech-enabled foreign exchange services provider
- 98% Corporate client base
- Commercial transactions only, no speculation
- Spot, Forward & Structured Solutions
- Virtual accounts and payments
- Revenue from spread only

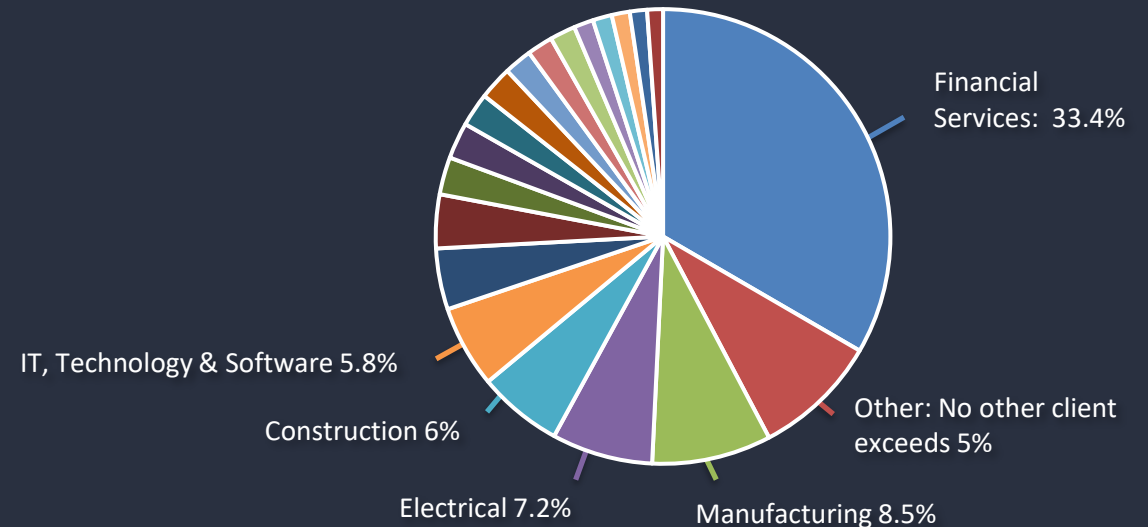
## De-risked Proposition

- Diverse client base
- Top 20 clients contribute 42% of total revenue
- 80% of all trades are GBP/EUR, GBP/USD or EUR/USD – low Beta risk

## Revenue Composition – HY repeat vs new business (£m)



## Diverse Client Base



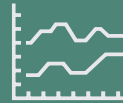
# The Investment Case

- **Record HY23 results**
- **Strong growth opportunity**
- **New strategy delivering results**



## VAST GROWTH POTENTIAL

- Strong growth track record since inception in 2012
- Profitable, highly cash generative and debt free
- Diverse and high-quality corporate client base



## SIZEABLE & GROWING MARKET

- 15% of market serviced through specialist non-bank providers. Huge opportunity to take significant market share
- Highly fragmented with opportunities to scale through digitalization and/or consolidation
- UK - £6bn addressable market (East & Partners 2019)
- EMEA - \$52bn addressable market (McKinsey 2020)
- Australia - A\$2.5bn addressable market (abs.gov.au 2021)



## EXCEPTIONAL PEOPLE

- Investment in people continues. Average Headcount 107 60% client-facing
- Experienced exec team with proven industry-specific track record
- Continue to attract and retain the best talent in the industry

# Financials



# HY 2023 – Record performance

HY  
Revenue

**£27.4M**

HY22 – £15.7M

FY22 – £34.5M



New Revenue

**£5.1M**

HY22 – £3.2M

FY22 – £8.0M



Adj. Operating  
Profit

**£7.3M**

HY22 – £4.7M

FY22 – £11.0M



Total Corporate  
Clients Traded

**1393**

HY22 – 1241

FY22 – 1624



New Corporate  
Clients Traded

**293**

HY22 – 276

FY22 – 528



Adj. Operating Margin\*

**26.6%**

HY22 – 29.9%

FY22 – 31.9%



Average Number of  
Employees

**107**

HY22 – 69

FY22 – 86



EPS (Basic / Adjusted)

**4.5p/5.1p**

HY22 – 3.0p/3.2p

FY22 – 6.6p/7.0p



Return on Capital Employed

**12%**

HY21 – 12%

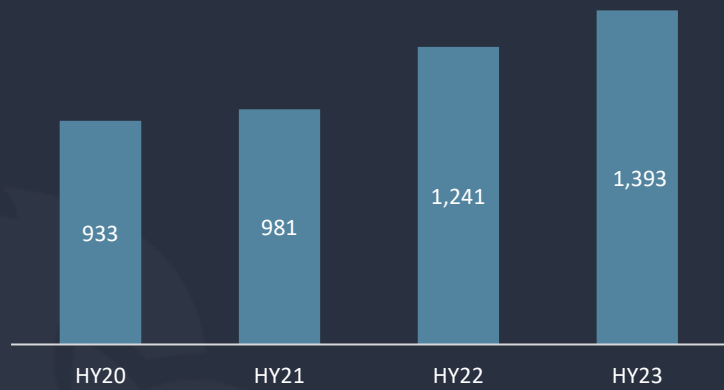
FY22 – 25%



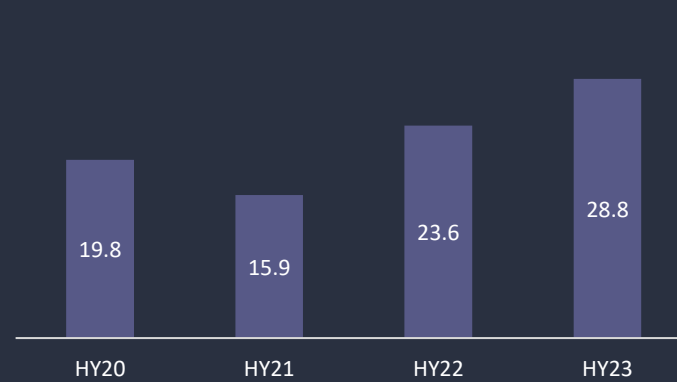
\*planned reduction in margin but ahead of expectations

# Key HY Metrics since IPO

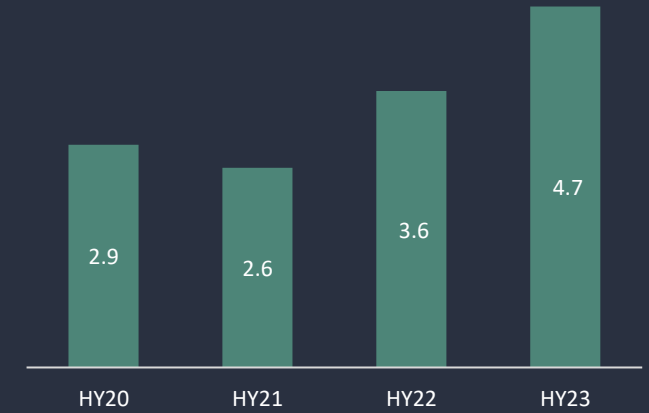
Number of corporates trading



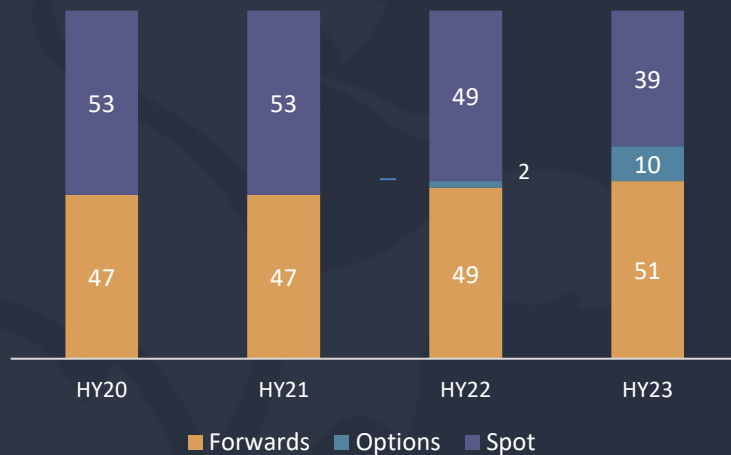
Number of trades (k)



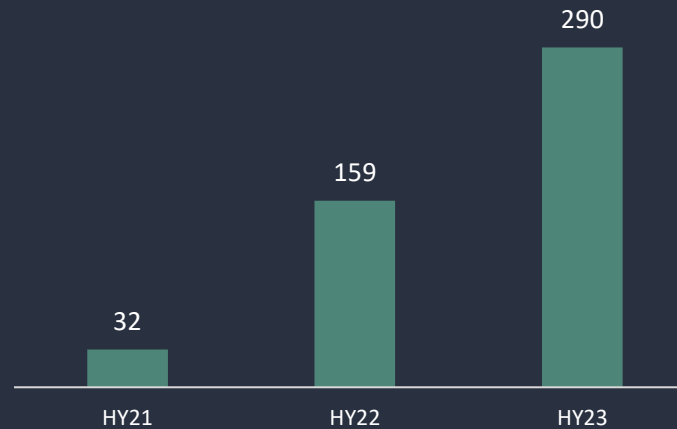
FX turnover excluding swaps (£bn)



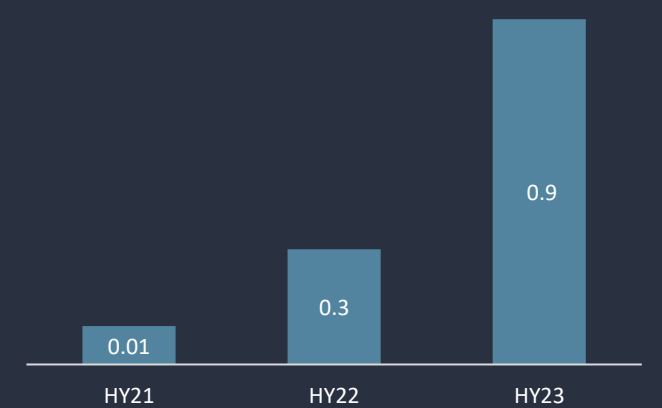
Spot/Forward/Options revenue mix (%)



Number of Clients trading online



Online revenue (£m)



# Income Statement

|  | HY23  | HY22  |
|--|-------|-------|
|  | £m    | £m    |
| <b>Revenue</b>                                     | 27.4  | 15.7  |
| Adj. Operating Profit                              | 7.3   | 4.7   |
| Adj. operating profit margin                       | 26.6% | 29.9% |
| Operating Profit                                   | 6.4   | 4.4   |
| Operating profit margin                            | 23.4% | 28.0% |
| Earnings per share (pence)                         |       |       |
| - basic  | 4.5   | 3.0   |
| - adjusted   | 5.1   | 3.2   |
| <i>Av. headcount exc Directors and LLP members</i> | 107   | 69    |
| - sales and dealing                                | 60%   | 61%   |
| - support functions                                | 40%   | 39%   |

Revenues increased by 75%

Adj. operating profit increased by 55%

Adj. operating profit margin ahead of expectation due to additional revenue contribution

Investment in growth strategy driving average headcount to 107 (HY22 69) with corresponding increase in people costs

Focus is maintained towards the front office with front office : back office ratios remaining consistent with prior years at 60:40

# Significant flexibility in our P&L

|                       | HY23  | HY22  |
|-----------------------|-------|-------|
|                       | £m    | £m    |
| <b>Revenue</b>        | 27.4  | 15.7  |
| Variable costs        | (8.2) | (4.6) |
|                       | 19.2  | 11.1  |
| Administrative costs  |       |       |
| Staff costs           | (7.6) | (3.4) |
| Other costs           | (4.3) | (3.0) |
| Adj. operating profit | 7.3   | 4.7   |

Our statutory P&L is disclosed based on the relevant accounting standards which classify certain variable costs within administrative costs

This table has extracted variable costs from administrative expenditure to demonstrate the flexibility inherent within the business model and P&L

On average, variable costs represent 30% of revenue

We have invested in growth with average headcount growing to 107 (HY22 : 69) with average salaries increasing based on the hiring profile, skillset and seniority of our staff

# Balance Sheet and Cash

|                                  | As at<br>30 Sep 22 | As at<br>31 Mar 22 |  | HY23   | FY22   |
|----------------------------------|--------------------|--------------------|--|--------|--------|
|                                  | £m                 | £m                 | Cash and Collateral  | £m     | £m     |
| <b>Total Assets</b>              |                    |                    |  |        |        |
| Intangible assets                | 2.4                | 2.2                | Cash at bank   | 51.6   | 37.9   |
| Property, plant and equipment    | 7.7                | 8.3                | Collateral held at institutional counterparties (other assets) | 42.1   | 7.2    |
| Derivative financial assets      | 112.4              | 41.1               | Less: amounts payable to clients                               | (67.9) | (24.9) |
| Trade and other receivables      | 0.9                | 0.6                |  |        |        |
| Cash and cash equivalents        | 51.6               | 37.9               | Net cash   | 25.8   | 20.2   |
| Other assets                     | 42.1               | 7.2                |  |        |        |
| <b>Total Assets</b>              | <b>217.1</b>       | <b>97.3</b>        |  |        |        |
| <b>Total Liabilities</b>         |                    |                    |  |        |        |
| Trade and other payables         | (87.0)             | (40.2)             |  |        |        |
| Derivative financial liabilities | (93.2)             | (23.9)             |  |        |        |
| <b>Total Liabilities</b>         | <b>(180.2)</b>     | <b>(64.1)</b>      |  |        |        |
| <b>Net Assets</b>                | <b>36.9</b>        | <b>33.2</b>        |  |        |        |
| <b>Total Equity</b>              | <b>36.9</b>        | <b>33.2</b>        |  |        |        |

Significant increase of £71.3m in derivative financial assets since March 22, offset by an increase of £69.3m in derivative financial liabilities.

We classify any collateral held or variation margin collected from clients as amounts payable to clients which represented £67.9m of the £87m trade and other payables as at 30 September 2022

Amounts held as collateral or variation margin classed as amounts payable to clients grew by £43m since March 2022, primarily driven by increased demands from financial counterparties which grew by £34.9m in the six months since March 22

# Cashflow from Operating Activities

|  | HY23        | HY22       |
|--|-------------|------------|
|  | £m          | £m         |
| <b>Statutory cash flow from operating activities</b> | <b>16.4</b> | <b>8.4</b> |
| Cash used in investing activities                    | (0.9)       | (0.9)      |
| Cash used in financing activities                    | (1.8)       | (2.2)      |
| Net investing and financing                          | (2.7)       | (3.1)      |
| Statutory net increase/(decrease) in cash            | 13.7        | 5.3        |

Net cash generated from operating activities in HY23 £16.4m, an increase of 95% driven by the increase in revenues and settlements

Investing activities represents £0.9m of investment in technology

Cash used in financing includes the £1.5m FY22 final dividend paid to shareholders in September 2022

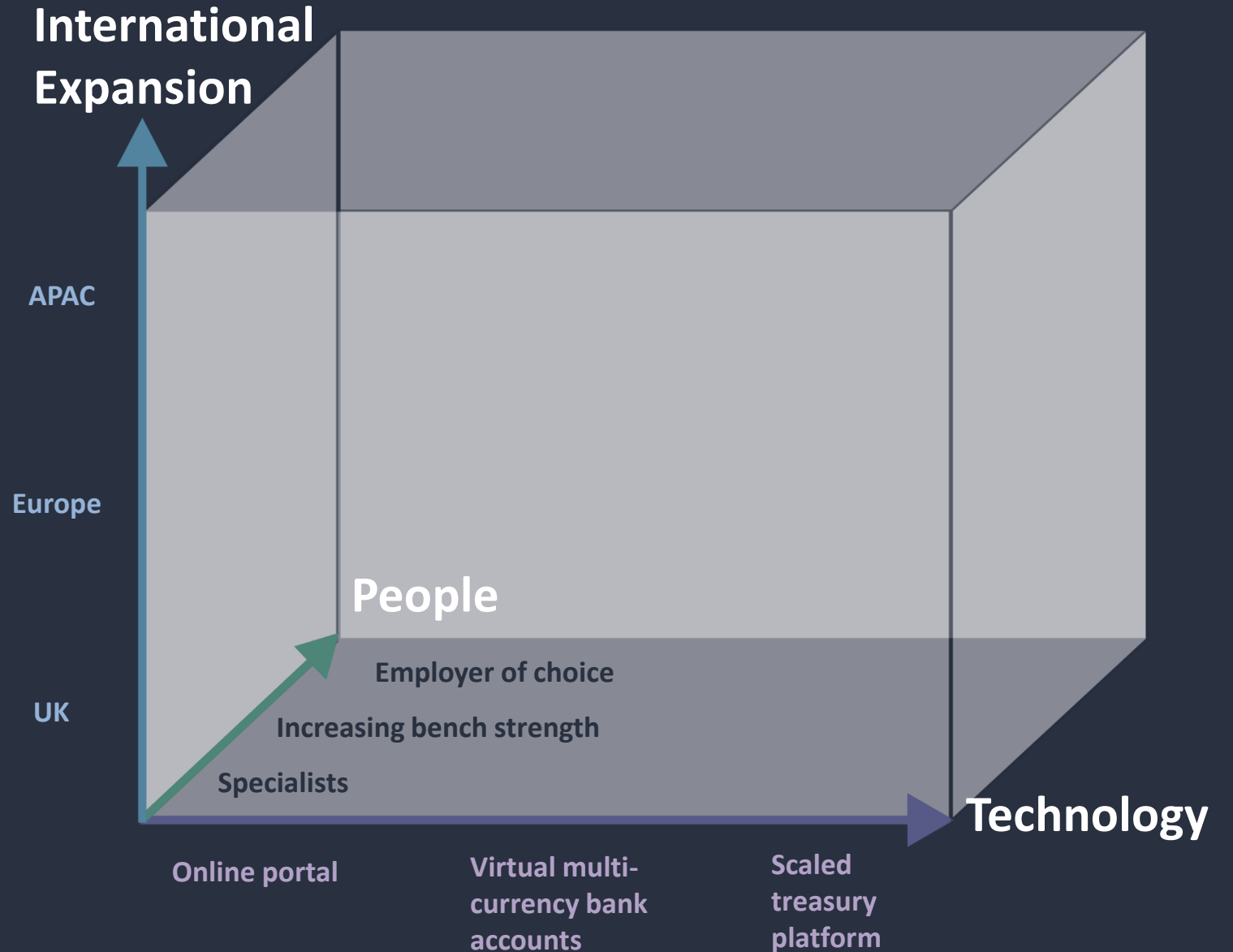
Given the short accounting period planned for the nine months ending 31 December 2022, the Board anticipates any dividends to be paid as one final dividend post period end

# Growth Strategy

Technology, People & International Expansion

# Our Three Pillars

To become a full service currency and financial solutions provider





# Delivering on our strategy

Creating an efficient, scalable and diversified financial solutions provider



## TECHNOLOGY



## INTERNATIONAL



## PEOPLE

| What we said we would do  | What we have achieved  | What is to come   |
|---|--|---|
| <ul style="list-style-type: none"> <li>To innovate our product offering to meet client's evolving needs</li> </ul>  | <ul style="list-style-type: none"> <li>Increased bench strength across product, engineering and change</li> <li>Product and tech strategy defined and in action</li> <li>Launched new online platform with c30% adoption</li> <li>Structured Solutions capability increased</li> </ul> | <ul style="list-style-type: none"> <li>Accelerate tech innovation through new product launches with convenience and high quality service for our clients as a priority</li> <li>To further support this department with investment in people, tools and infrastructure to manage risk</li> <li>Increase adoption of online propositions to c50% of client base</li> </ul> |
| <ul style="list-style-type: none"> <li>To expand our client reach globally</li> </ul>   | <ul style="list-style-type: none"> <li>EMI Licence granted by Dutch National Bank</li> <li>Netherlands contributing meaningfully</li> <li>Australia management team in place and active</li> </ul>   | <ul style="list-style-type: none"> <li>Investment licence in Netherlands to accelerate European growth</li> <li>Australian license imminent</li> <li>Further international expansion</li> </ul>   |
| <ul style="list-style-type: none"> <li>To focus hiring and retention of high quality, experienced people to drive our sustainable growth plans</li> </ul> | <ul style="list-style-type: none"> <li>Implemented significant bench strength across all areas of the Group</li> <li>Identified areas of growth and hired accordingly</li> <li>60% front office / 40% back office</li> </ul>   | <ul style="list-style-type: none"> <li>International hires to support global expansion</li> <li>Technology will continue to drive significant investment in talent</li> <li>Maintain investment on front office across all regions</li> </ul>   |

# Technology - supporting our strategy



## PRODUCT

- Build of the base FX trading, virtual account and payment capabilities of the online proposition

- Add additional treasury capabilities
  - ❖ Mass Payments
  - ❖ Request To Pay
- Enhance structured solutions systems

- Extend our products into our clients core fund admin or ERP systems
- Payments and FX as a service via APIs
- Add additional FX products (eg micro hedging)
- White label capabilities
- Trading App



## INTERNATIONAL

- Identified the technology requirements for international expansion

- Ensure technology supports all of the regulatory needs as we scale into new territories
- Dynamic framework that allows us to add new territories with no/low coding

- 24 X 7 trading
- Addition of local settlement methods
- Multi lingual support



## PEOPLE

- Doubled the size of the technology team
- Created a dedicated digital transformation team
- Built out a programme management team
- Appointed a business lead to drive revenue performance from the technology investment

- Continue to hire more product/engineering talent
- Add additional transformation specialists and programme support
- Increased amounts of automation to make the business more scalable

- Scale technology and change in line with the overall headcount @c15% to ensure it supports the increasing demands of the business
- Continue investment in risk tools and automation for the business

# International Expansion

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

## Netherlands & The EU

- EU headquarters of Argentex – credible tier 1 regulatory environment
- EMI Licence granted in Sept 2022 – 1 of 10 companies to be granted this licences by the Dutch National Bank
- Continues to deliver ahead of expectations. The team has delivered positive half-on-half revenue growth since inception in January 2020
- Ongoing investment in people
- Supervisory board Chair appointed, Eppo Heemstra

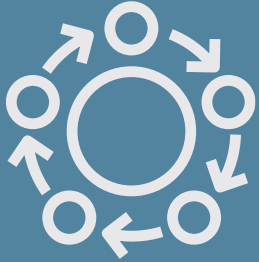
## Australia

- APAC Headquarters of Argentex and a similar regulatory environment to the UK
- Australian Financial Services Licence imminent
- Management and key hires onboarded with regulatory approval imminent
- Advisory board appointed

## Further territory expansion

- The Netherlands will accelerate expansion across Europe
- Exploring further territories with similar market dynamics

# People & Culture



## HOW WE WORK

- Entrepreneurial
- Customer-centric
- Goal orientated
- Honest
- Accountable
- Collaborative



## OUR FOCUS

- Investment in talent aligned to our growth pillars
- Embedding our desired culture as we grow at pace
- Execution risk is managed



## AREAS OF HIRING

- Project management – managing execution risk
- Product and Engineering
- Building out appropriate infrastructure and frameworks
- Credit Risk, Digital transformation and User experience
- Sales & Marketing

# Sustainability



PEOPLE



PLANET



PARTNER

| Strategic Pillars   | What we have achieved to date  | What is to come   |
|---|--|---|
| <ul style="list-style-type: none"> <li>○ We believe that a focus on diversity, inclusion and belonging enhances our business performance and support a balanced approach to risk.</li> <li>○ Our approach to Planet is a two-fold initiative: 1) measuring our operational footprint and making improvements 2) Partnering with relevant organisations to amplify our impact while ensuring our ability to measure improvements over time.</li> <li>○ Our impact goes beyond our direct actions and choices, and our sustainability strategy must extend across the entire value chain to include customers, suppliers and investors</li> </ul> | <ul style="list-style-type: none"> <li>○ First Argentex Academy cohort summer FY22 via Social Mobility Foundation</li> <li>○ Culture of belonging program commenced with survey, suggestion boxes and culture committee engagement</li> <li>○ Facilities provided orientated towards physical and mental wellbeing</li> <li>○ 2 team members obtained Cambridge Institute of Sustainability (CISL) certification</li> <li>○ Biodiversity loss chosen as key focus</li> <li>○ Planet Mark certification achieved</li> <li>○ Partnership entered into with Earthly</li> <li>○ 912.3 CO2t removed since April 2022</li> <li>○ 33,980 trees planted since April 2022</li> <li>○ Consultation with investors commenced July 2022</li> </ul> | <ul style="list-style-type: none"> <li>○ Continued engagement with Social Mobility Foundation</li> <li>○ Focus on culture in a high growth phase</li> <li>○ Performance framework to be redefined</li> <li>○ Further CISL certifications across the Group</li> <li>○ Grass roots initiatives across the Group</li> <li>○ Build awareness across the Group through engagement with CISL</li> <li>○ Continued commitment through our Earthly partnership to plant one tree per trade across a number of projects</li> <li>○ Certification from Integrum ESG (endorsed by Singers) imminent</li> <li>○ Consultation with external experts on broadening impact across the value chain</li> </ul> |

# Closing Comments

## SUMMARY

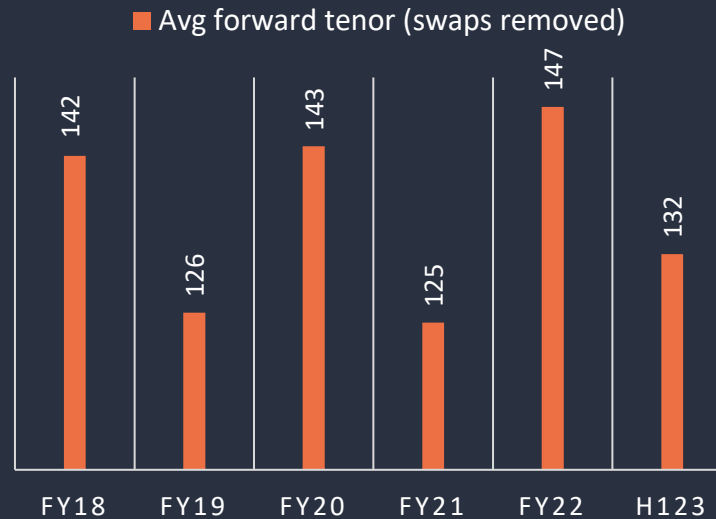
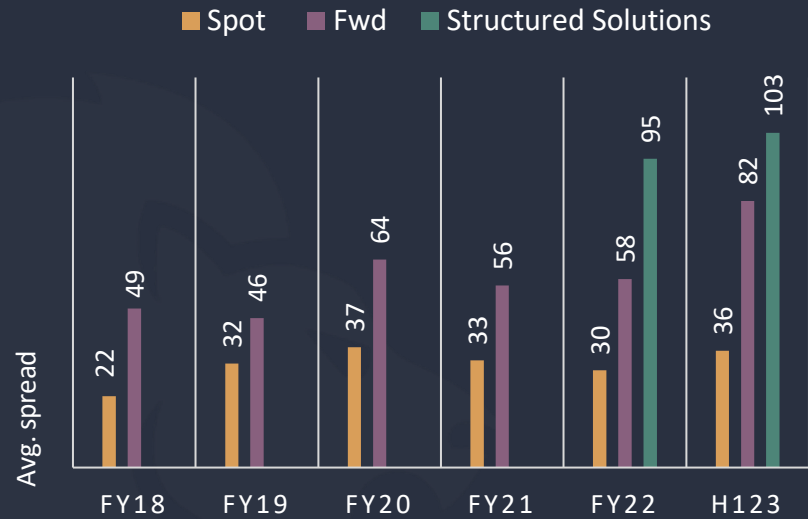
- New strategy delivering results – Record H1
- Continue to invest in technology and digital transformation
- Impressive traction and adoption of new online solutions
- Significant hires have taken place and will continue according to plan
- Focus on culture as our organisation grows at pace

## OUTLOOK

- Continued momentum into final quarter of 2022, ahead of market expectations
- Building brand awareness and market share in international geographies
- Maintain a balanced approach to risk
- Growth strategy on track to deliver strong ROI across medium term
- Resilient in all market environments
- Change of financial year end to 31DEC from this financial year

# Appendix

# Track Record



Average spot and forwards remain broadly consistent with prior years

Structure solutions spread higher due to complexity

Average forward tenor back in line with historic years (FY19 Brexit, FY21 COVID)



# 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
- 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

# Technology

## Accessing the £6bn Addressable Market in the UK

- ✓ Live
- ✓ In development
- ✓ Roadmap item

### FX Led Corporates and Institutional Clients



- Key client requirements
  - Hedging and management of risk
  - High levels of specialist service
  - Management of risk
  - Reporting and measurement

### Funds Segment



- Key client requirements
  - Rapid account opening
  - Full governance of money movement
  - Full treasury capability – receive and reconcile funds, hold balances and send funds easily

### Payment Led Mid Corps and Enterprises



- Key client requirements
  - Easy to use applications – Consumer grade UX
  - Combined FX and payments offer with wider set of product capabilities and reach
  - Access to high levels of service when they need it

#### Key technology requirements

- ✓ Online trading & hedging capabilities for spot and forwards for G20 currencies
- ✓ Create and Manage FX Orders
- ✓ Online Statements
- ✓ Manage Beneficiaries/SSIs
- ✓ Virtual multi-currency bank accounts
- ✓ Instant Inter Entity Payments
- ✓ Configurable governance levels and limits for trading and payments

200k Companies → £2.6bn TAM <sup>(1)</sup>

#### Key technology requirements

- ✓ Online trading & hedging capabilities for spot and forwards for G20 currencies
- ✓ Create and Manage FX Orders
- ✓ Online Statements
- ✓ Manage Beneficiaries/SSIs
- ✓ Virtual multi-currency bank accounts
- ✓ Instant Inter Entity Payments
- ✓ Configurable governance levels and limits for trading and payments
- ✓ Mass payments
- ✓ Advanced reconciliations (swap)

10k Funds → £1.2bn TAM <sup>(2)(2)</sup>

#### Key technology requirement

- ✓ Mobile responsive platform
- ✓ Simple one step spot trading & payments capabilities for full range of currencies
- ✓ Option for requesting limits and signatories and trading forwards
- ✓ Manage Beneficiaries
- ✓ Virtual multi-currency bank accounts
- ✓ Instant Inter Entity Payments
- ✓ Mass payments
- ✓ Request to Pay
- ✓ API Into ERPs/Accounting Systems

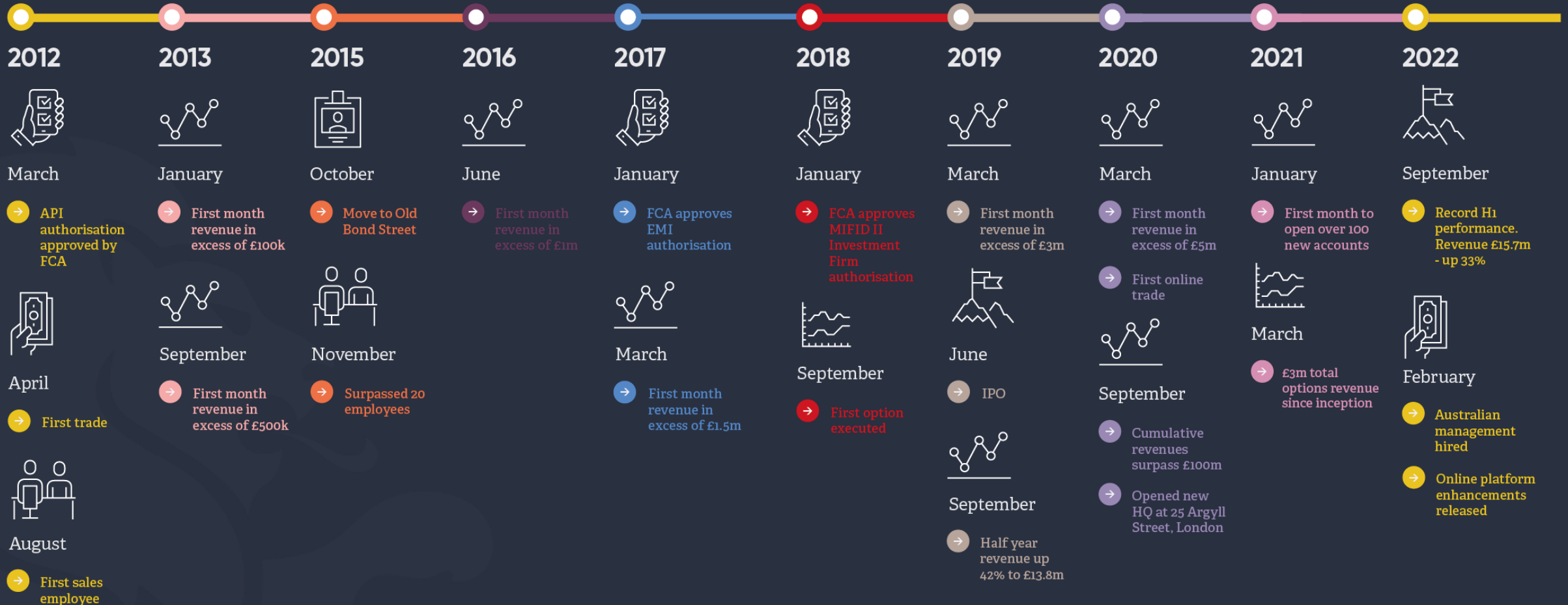
200k Companies → £2.4bn TAM <sup>(3)</sup>

26 (1) c.4 million mid sized corporate in the UK, assume that 5% have a hedging requirement and average revenue per client is £13k (current level)

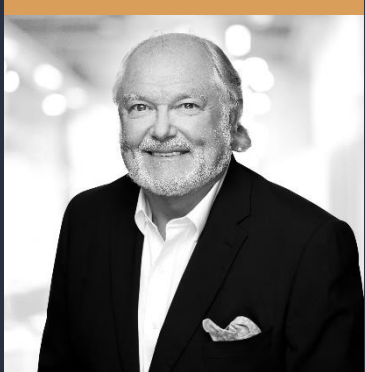
(2) Assumes no cross-sell on the FX; All closed ended, niche PE – 10k funds, 4 accounts per fund, 4k charged per account, 0.18% charged on payments (we assume AUM of funds is £100m on average and 50% of this will be cross border transfers)

(3) Assumes 200k clients, £25 AVT, 24 trades a year at 20bps

# 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.



**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 NatWest Group, and is Chair of Picton Property Income Ltd and Chair of AGS Airports Ltd.

She is also a member of the UK Prime Minister's Business Council for 2022 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 substantial public company experience having worked on numerous flotations, including companies such as Property Fund Management, Cleveland Trust and CLS Holdings.

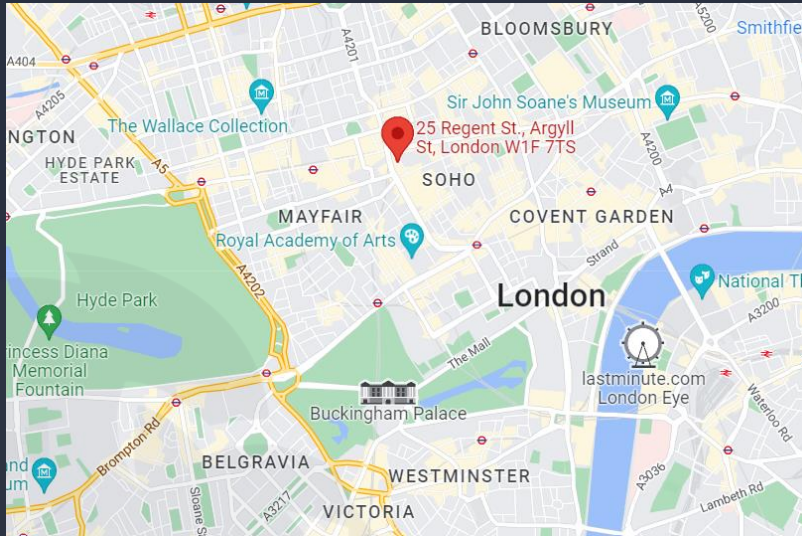


**Henry Beckwith**  
Non-executive Director

Henry is a director of Pacific Investments Ltd.

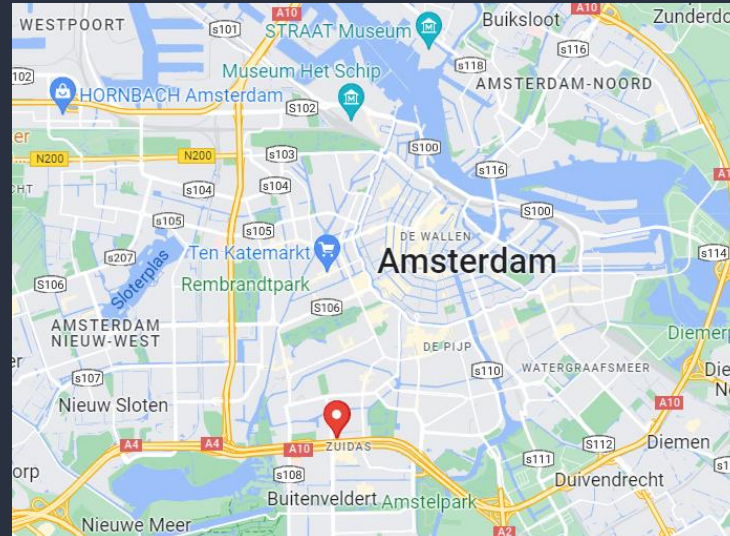
Henry is a director of Pacific Investments Ltd, the original backers of Argentex, and leads their financial services and asset management division, taking an active role in both deal origination and management of the portfolio of companies. He is a member of both the Chartered Financial Analyst Institute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

# General



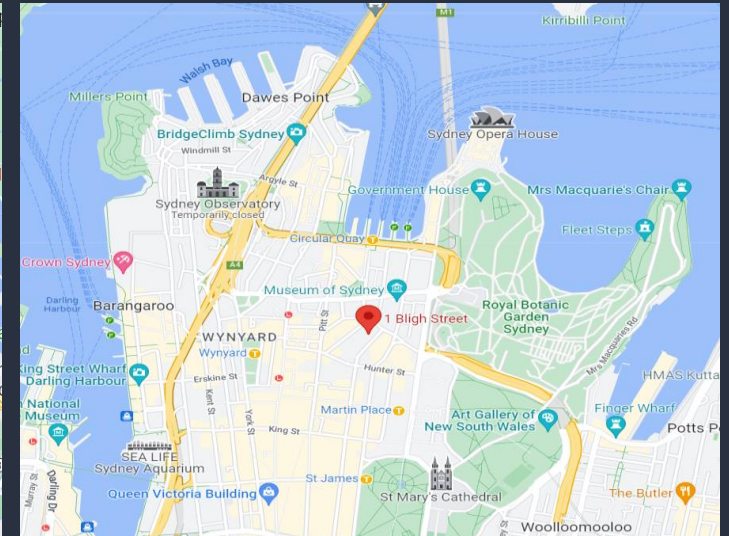
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