

Interim Results

H1 2023

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

September 2023



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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



Highlights

Investment in Growth Delivering Results



Record Revenue

Record revenue despite challenging market conditions reflective of clear delivery across all three pillars of our growth strategy



Long-term potential

Short term delivery on strategy demonstrates the long-term potential of our people and sustainable, client-led expansion



Earnings Quality

We remain focused on growing revenues, increasing profitability and continuing earnings quality



Market Opportunity

There remains significant opportunity in a market which continues to grow as our product set opens up new markets beyond foreign exchange

Company Overview & Market Opportunity



Company Overview

Who we are

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

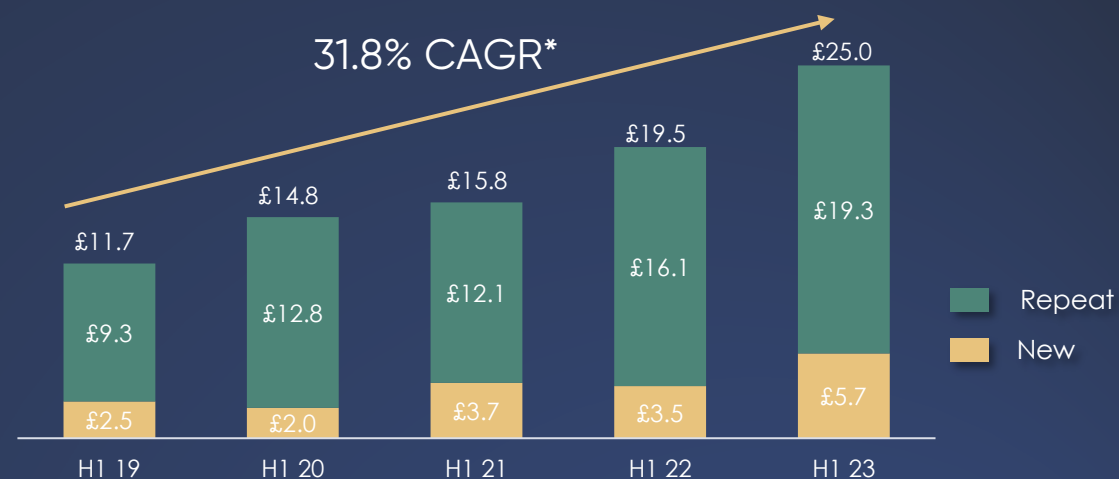
What we do

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

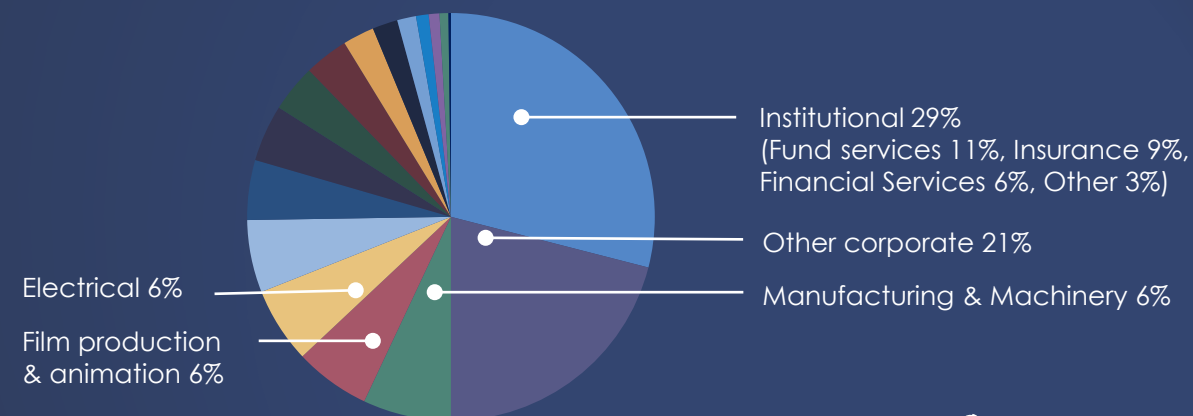
De-risked Proposition

- Diverse and growing high quality client base
- Broader revenue mix through new product launches
- New technologies are a catalyst for 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



Market Opportunity



Significant market opportunity

- Global addressable market of \$150bn* expected to grow at c10-15% per annum
- Highly fragmented with opportunities to scale through technology and/or consolidation
- Estimated 85% of UK market serviced by incumbent banks



Established market position

- Strong growth record since inception with over \$100bn in FX transacted
- The only listed UK NBFi regulated to hold client money with both EMI and investment license's
- Tier 1 regulatory license to expand into the \$60bn European market



Increasing market share

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

Evolving to become a Global Treasury Solution

Offices

UK - Europe - Australia

Market

Corporate - Institutional

Product

Currency Management

Execution

Hedging

Spot

Forward

Structured Solutions

Alternative Transaction Banking (ATxB)

Multi-Currency Accounts (vIBANs)

Global Payments

Digital Platform

Transaction Reporting

API

Argentex Group 2023

Argentex Group 2020

Financial & Operating Highlights



H1 23 - Record Performance

Total Revenue

28%

£25.0M



H1 22* – £19.5m

New Revenue

63%

£5.7M



H1 22 – £3.5M

Adj. Operating Profit

13%

£5.4M



H1 22 – £4.8M

Total Corporate Clients Traded

8%

1493



H1 22 – 1,381

New Corporate Clients Traded

7%

305



H1 22 – 284

Adj. Operating Margin**

3%

22%



H1 22 – 25%

Global employees

20%

165



December 22 - 137

EPS (Basic / Adjusted)
6 months

16%

2.8p/3.1p



H1 22 – 2.4p/2.7p

Return on Capital Employed***

3%

12%

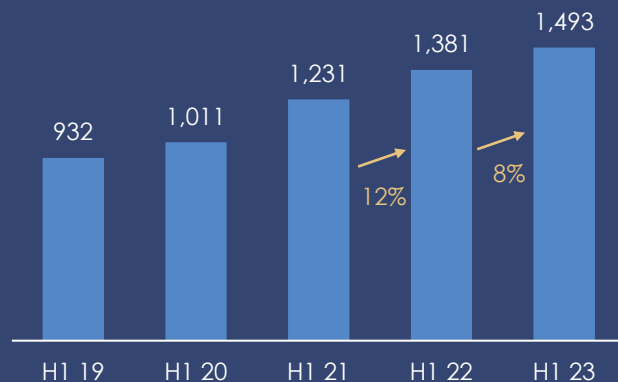


H1 22 – 15%

Evolution of key metrics since IPO

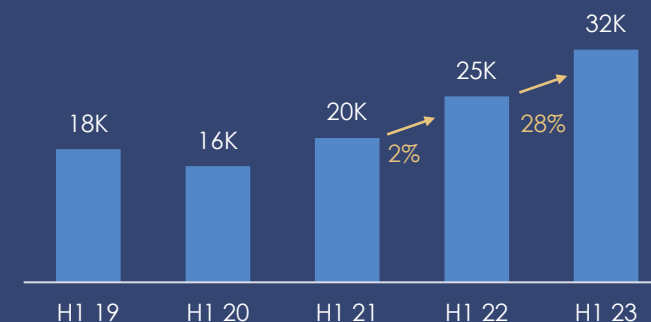
More clients trading

No. of clients trading



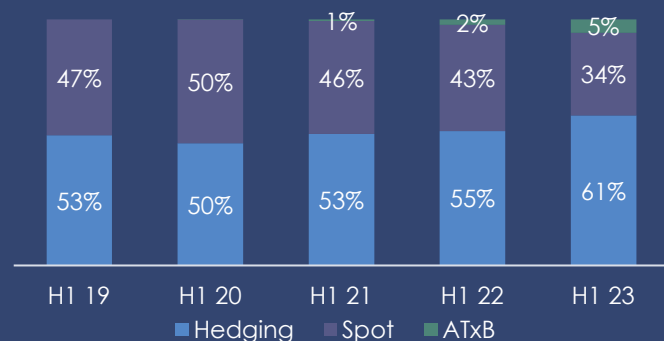
Trading more frequently

No. of trades



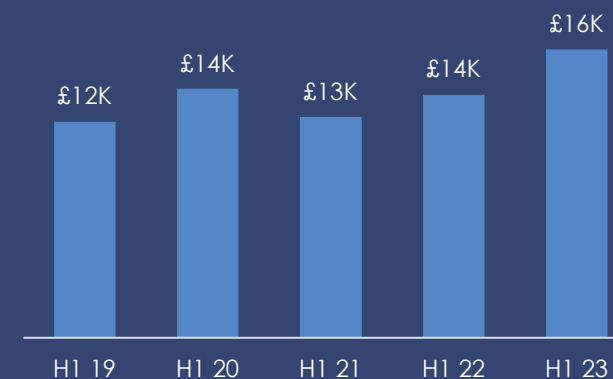
Using more products

Revenue by product (%)



Greater share of client wallet

Avg. revenue per client (£k)



Income Statement

	H1 23	H1 22	
	£m	£m	% Variance
Revenue	25.0	19.5	28%
Adj. Operating Profit	5.4	4.8	13%
Adj. operating profit margin	22%	25%	
Operating Profit	5.2	4.5	16%
Operating profit margin	21%	23%	
EBITDA	7.2	5.9	22%
EBITDA margin	29%	30%	
Earnings per share (pence)			
- basic	2.8	2.4	16%
- adjusted	3.1	2.7	15%
<i>Av. headcount</i>	153	106	44%
- sales and dealing	55%	64%	
- support functions	45%	36%	

Revenues up 28% with average revenue per client up 18% in the period

Revenues from new clients up 63% with above average revenues per client

EBITDA margins largely maintained

Planned reduction in Adj. Operating Profit Margins reflective of previously communicated investment period

16% increase in operating profit generating subsequent increase in EPS

Significant Flexibility in P&L

	H1 23 £m	H1 22 £m	% change
Revenue	25.0	19.5	28%
Variable Costs	(7.0)	(6.2)	(13)%
Gross Margin	18.0	13.3	35%
Gross Margin %	72%	68%	
Other Income	0.6	-	>100%
Administrative costs			
Staff costs	(7.6)	(5.5)	(38)%
Other costs	(3.6)	(1.7)	(111)%
Depreciation and amortisation	(2.0)	(1.3)	(54)%
Adj. operating profit	5.4	4.8	13%
Adj. operating profit %	22%	25%	
EBITDA	7.2	5.9	22%
Av. Headcount	153	106	

4% increase in Gross Margins driven by enhanced product mix and efficiencies garnered from total reward review

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

44% increase in average headcount driving 38% increase in staff costs

Increase in other costs primarily related to technology & product growth

EBITDA margins maintained

Balance Sheet and Cash

	As at June 23	As at Dec 22
Total Assets	£m	£m
Intangible assets	2.5	2.5
Property, plant and equipment	16.1	7.9
Derivative financial assets	58.1	66.5
Deferred tax asset	0.5	0.5
Trade and other receivables	1.1	1.0
Cash and cash equivalents	32.6	29.0
Other assets	4.5	10.0
Total Assets	115.4	117.4
Total Liabilities		
Trade and other payables	(34.5)	(31.4)
Derivative financial liabilities	(38.7)	(47.2)
Total Liabilities	(73.2)	(78.6)
Net Assets	42.2	38.8
Total Equity	42.2	38.8

	As at June 23	As at Dec 22
Cash and Collateral	£m	£m
Cash and cash equivalents	32.6	29.0
Less: amounts payable to clients	(13.4)	(12.8)
Net cash	19.2	16.2
Collateral held at institutional counterparties (other assets)	4.5	10.0

Cashflow from Operating Activities

	H1 23	9 months to Dec 22
	£m	£m
Statutory cash flow from operating activities	8.2	(4.6)
Movements in client balances held	(0.6)	12.1
Cash flow from operating activities	7.6	7.5
Cash used in investing activities	(3.6)	(1.9)
Cash used in financing activities	(1.0)	(2.4)
Increase/(decrease) in net cash	3.0	3.2

High levels of cash generation continue to fuel growth

Investing activities include capital elements of investment programme including technology & product as well as expansion of footprint

Business remains debt free, financing activities funded are in relation to lease payments only and any dividends paid to shareholders in the period

Delivering Growth while Maintaining Cash Conversion Rates

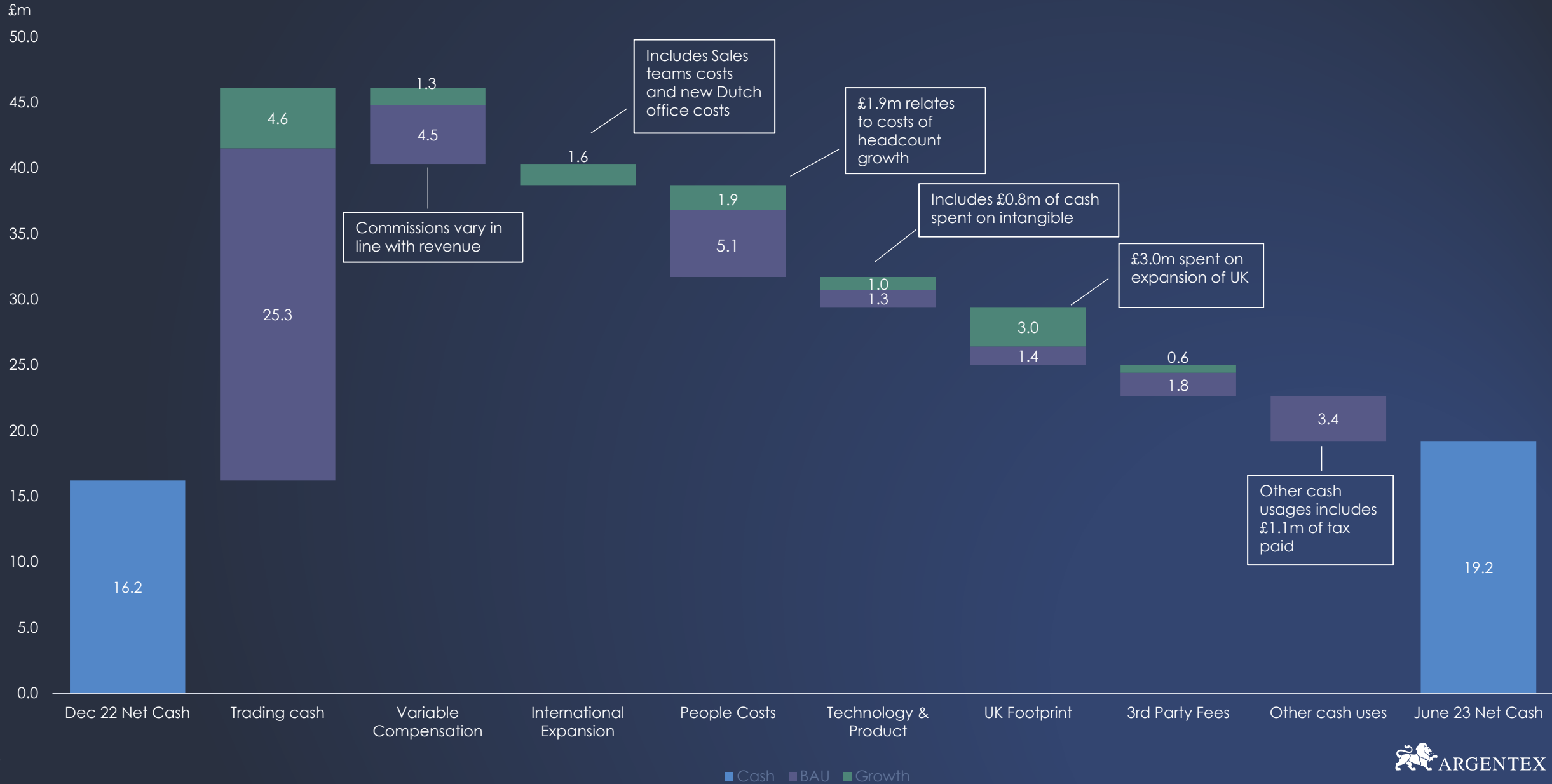
	H1 23	H1 23
Revenue	25.0	19.5
Revenue (swap adjusted S/A) (A)	23.2	18.1
Less:		
Revenue settling beyond 3 month S/A	(5.2)	(3.7)
Net short-term cash generation (B)	18.0	14.4
Short-term cash return (B/A)	77%	80%

Consistent with prior periods, highly cash generative with 77% of revenues converting to cash within 3 months

Shift towards increase in hedging products in the period includes higher margin structured solutions where the premium is paid upfront,

Risk appetite remains unchanged

Highly Cash Generative, Self-funded Growth



Growth Strategy

Technology & Product

International Expansion

People & Culture



Our Digital Proposition

Objective

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

Our Digital Proposition currently combines Phases 1 & 2 of our digital product strategy

- Phase 1 - Online Trading
- Phase 2 - Online accounts and payments

Phase 2 is well ahead of management expectation since launch in March 23

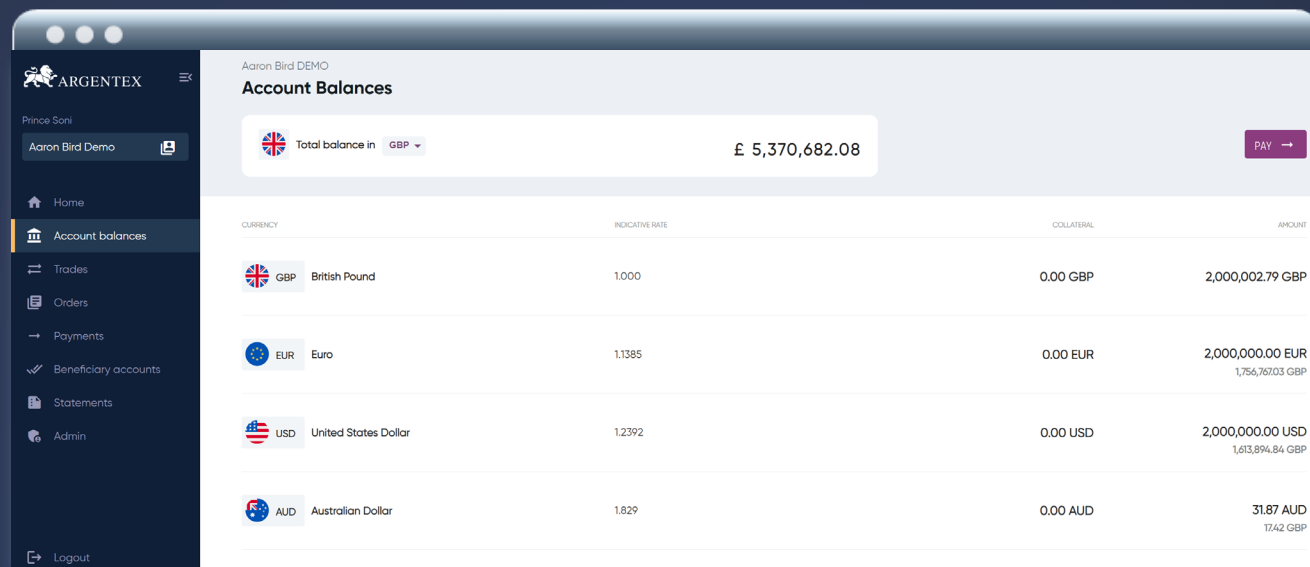
- 43 accounts opened in 3 months, including first Dutch account

Combined H1'23 revenue of £1.4m a 75% increase YOY

- £448K ATxB
- £924K Online FX

12% of clients using digital products

Delivering c5% of revenues



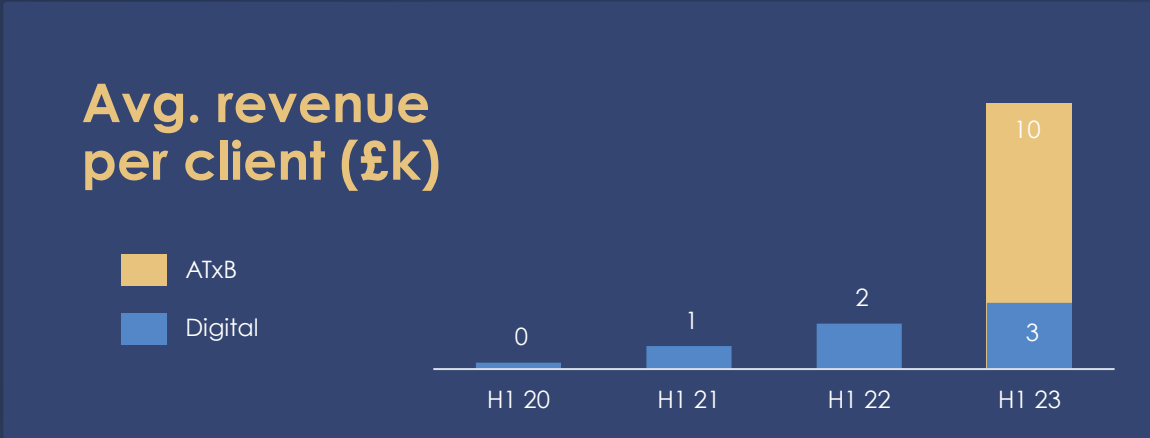
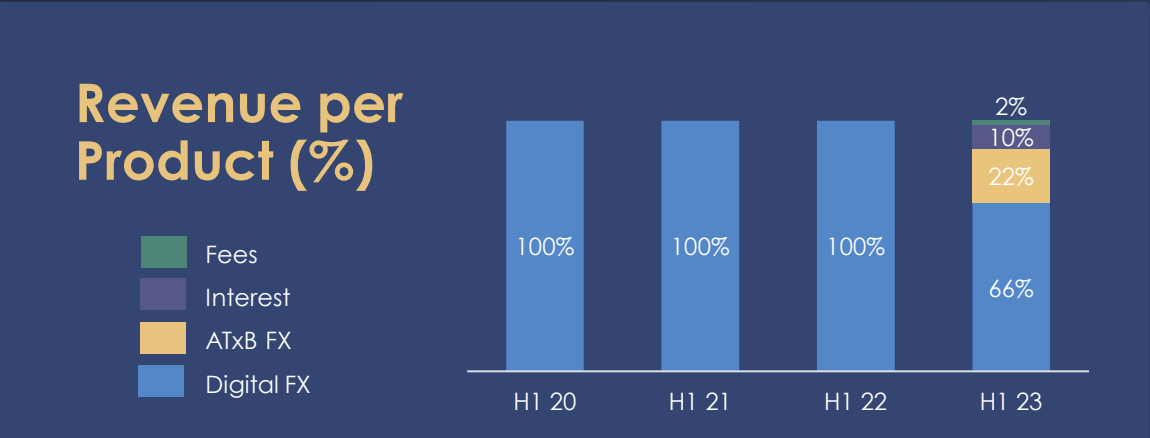
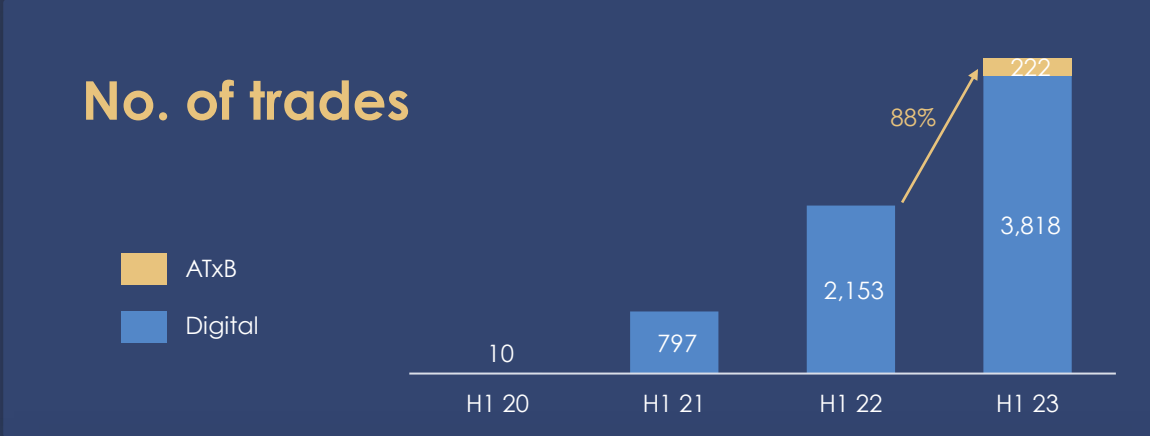
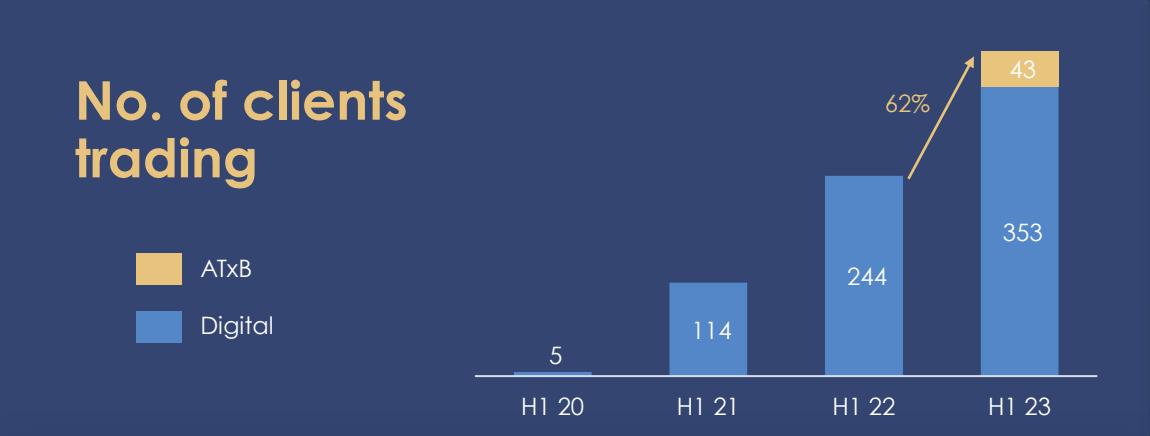
CURRENCY	INDICATIVE RATE	COLLATERAL	AMOUNT
GBP British Pound	1.000	0.00 GBP	2,000,002.79 GBP
EUR Euro	1.1385	0.00 EUR	2,000,000.00 EUR 1,756,767.03 GBP
USD United States Dollar	1.2392	0.00 USD	2,000,000.00 USD 1,613,894.84 GBP
AUD Australian Dollar	1.829	0.00 AUD	31.87 AUD 17.42 GBP

Core Features – Collect, Hold, Trade, Pay and Manage

- ☑ Trade, hold and pay 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

Digital Proposition Key Metrics

Solid revenue growth in H1 '23 with continued demand moving into H2



Dedicated Divisional Products - Phase 3

Client Driven Product Roadmap

Surveyed 600 CFOs and Treasurers across our target market, geographies and client profiles

Feedback is driving product priorities with visibility of FX risk, managing volatility impact on consolidated earnings are key concerns they need help with

What's to come

Deliver mass payments functionality

Build online functionality to help our clients better manage their hedge exposure under differing FX rate conditions

Accelerate Alternative Transaction Banking adoption across our client base

Product Roadmap

Mass payments	IN DEVELOPMENT
Hedge exposure analytics	IN ANALYSIS
Rate sensitivity analysis	IN ANALYSIS

Key:

ATxB

CURRENCY
MANAGEMENT

Increasingly Broad European Client Base



Europe

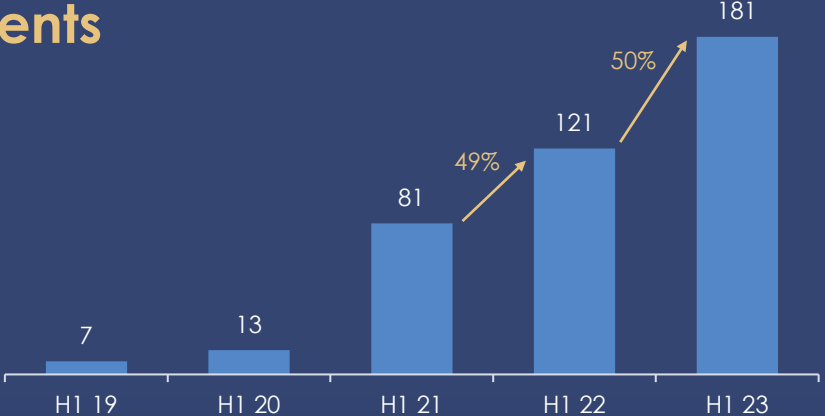
- Revenue generated in Europe increased 108% to £1.8m
- 18% of clients have adopted the digital propositions accounting for 11% of the revenues
- A gateway for Europe with 24% of revenue generated outside of The Netherlands



Evolution of key metrics in Europe

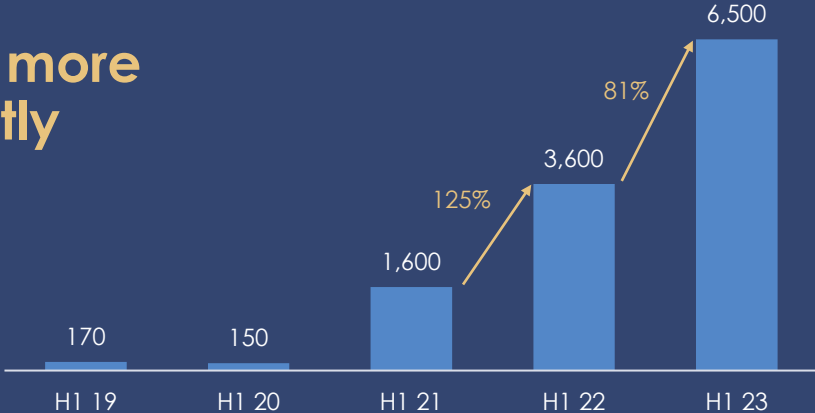
More clients trading

No. of clients trading



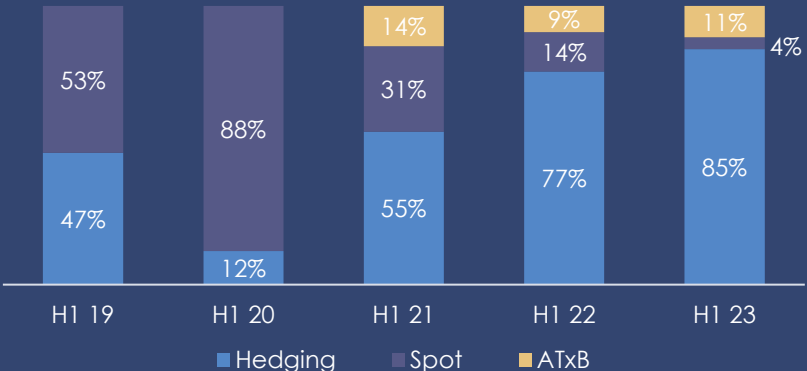
Trading more frequently

No. of trades



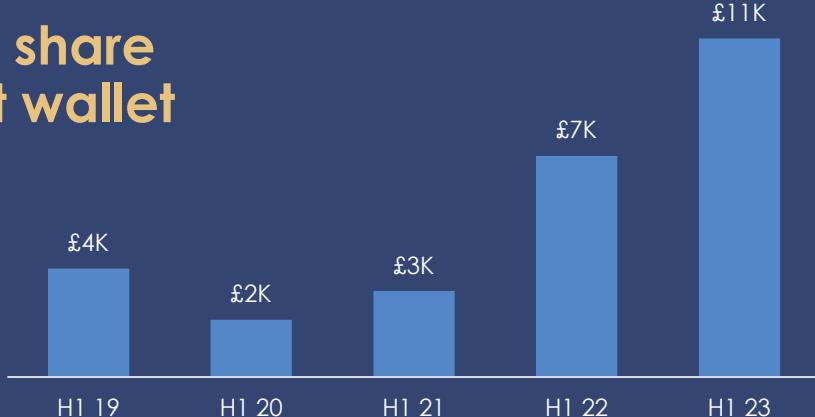
Using more products

Revenue by product (%)



Greater share of client wallet

Avg. revenue per client (£k)



Australia



Australia

- APAC Headquarters of Argentex
- Wholesale Australian Financial Services licence pending
- Generating revenue
- Full-time employees: 6
- Relocating the Head of Enterprise Solutions from London to Sydney

People and Culture are at the heart of a sustainable business model

Objective

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

- Substantially completed our senior hire positions
- A dominant front-office vs back-office employee split
- Maintaining a strong culture despite significant growth
- Initiating employee engagement platform (Culture Amp) to measure our performance
- Investment in wellbeing and culture:
 - 416 hours spent in H1 supporting staff with one-on-one performance coaching and general wellbeing
 - Commenced our partnership with AllBright, a global network looking to empower women in the workplace through upskilling and networking content



One tree for every trade

ALLBRIGHT.

EARTHLY

**S_CIAL
M_OBILITY
F_UNDATION®**



TOTAL ESG RISK GRADE



Building on our Strategy



Summary

Growth strategy delivered record H1 results despite challenging economic conditions – resilient business model

Netherlands delivering ahead of expectations with increasing traction across mainland Europe

Impressive adoption of new products resulting in increased wallet share and average revenue per client

Our people and culture continue to be a key differentiator



Outlook

Although market backdrop is challenging, momentum continues into H2 and significant opportunity remains unchanged

ATxB products set to accelerate with concerted push across Europe, further diversifying revenue and increasing wallet share

Continued innovation of technology and products will create additional opportunity to scale, driving efficiencies and return on investment

Focus on more high-quality clients, trading more products more frequently across more geographies

Appendix



Sustainability

People

Focus on diversity, inclusion and belonging

Achievements

- Second Argentex Academy initiative complete
- Culture of belonging program commenced
- Launched our partnership with AllBright
- Launched an employee engagement survey

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 & improving our operational footprint
2. Partnering with organisations to amplify our impact

Achievements

- Planet Mark certification maintained
- Continued partnership with Earthly
- 1257.92 CO2t removed in H1 2023
- 33,455 trees planted in H1 2023

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

- Completed 3rd party exercise with Thrive
- ESG Rating, Maintained Grade B

What's to come

- Engaged Thrive consultancy to conduct gap analysis, peer review and investor alignment review alongside consideration of **Scope 3**

Evolution of Argentex

2012 - 2018



April 2012

- First trade



October 2015

- Move to Old Bond Street



November 2015

- Surpassed 20 employees



June 2016

- First month revenue in excess of £1m



January 2017

- FCA approves EMI authorisation



January 2018

- FCA approves MIFID II Investment Firm authorisation

2019



March

- First month revenue in excess of £3m



June

- IPO



September

- Half year revenue up 42% to £13.8m

2020



March

- First month revenue in excess of £5m

- First online trade



September

- Cumulative revenues surpass £100m

- Opened new HQ at 25 Argyll Street London

2021



January

- First month to open over 100 new accounts



March

- £3m total options revenue since inception



September

- Record H1 performance. Revenue £15.7m – up 33%

2022



March

- David Christie appointed COO



April

- David Winney appointed CCO



September

- Structured solutions accounts for 10% of revenue

- Clients trading online grows by 80%

- Argentex BV awarded EMI license by Dutch National Bank

2023



March

- ATxB launches



May

- 150th employee joins

Board



Nigel Railton
Non-executive Chairman

Nigel was the CEO of Camelot UK Lotteries Ltd from 2017-2023.

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
Senior 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.



Digby, Lord Jones of Birmingham KB Independent Non-executive Director

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.



Henry Beckwith
Non-executive Director

Henry is a director of Pacific Investments Ltd.

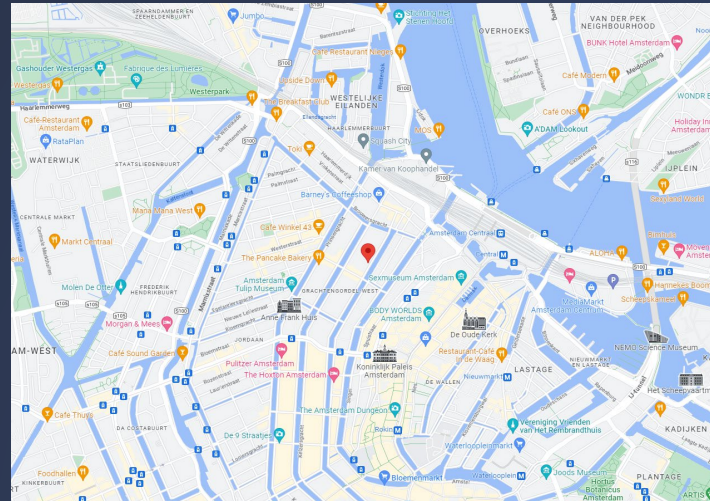
Henry is a director of Pacific Investments Ltd, the original backers of Argentex, and leads their financial services and asset management division, taking an active role in both deal origination and management of the portfolio of companies.

Locations



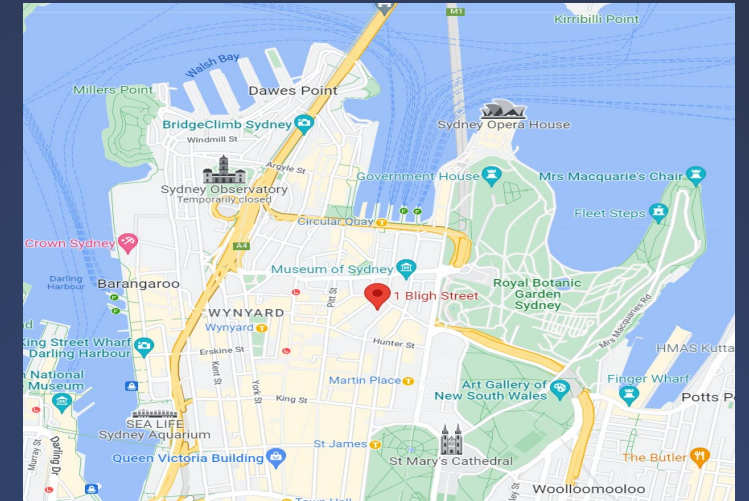
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