

ARGENTEX GROUP PLC

H1 Results

6 month period ended
30 June 2024

Jim Ormonde, CEO | **Guy Rudolph, CFO**

18 SEPTEMBER 2024



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Management Team



Jim Ormonde

Chief Executive Officer

Jim joined Argentex in October 2023 and as CEO sets the strategic direction of the business. He oversees the front office, including the business development and revenue generation of Argentex. Previously, he was CEO of Cardsave, one of Europe's largest independent payments businesses. He was also a director of Retail Merchant Services which was sold successfully to TCV Private Equity. He has acted as a consultant and adviser to various Fintech businesses, including Argentex, and is currently Non-Executive Chairman of Gusbourne plc, an AIM listed English wine producer.



Guy Rudolph

Chief Financial Officer

Guy joined Argentex in January 2024. At Argentex he 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, he is responsible for the Group's sustainability strategy. Guy is a qualified chartered accountant and began his career at PwC before joining Vodafone where he spent 16 years driving transformation across international teams in his roles as Group Audit and Risk Director, and Director of Group Financial Operations. He was also the deputy CFO of Camelot from 2017 to 2022 and later interim Director of Group Finance at Rank Group plc.

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Company overview

Argentex today

“Pure” FX focused

Limited share of customer spend
Commoditised offering
Exposure to FX volatility leads to unpredictable transaction volumes

“High touch” sales/service model

Difficult to scale
High cost

Business model lacks scalability

Limited use of technology and data

UK-centric

Argentex in the future

Full-service alternative banking platform

Increased predictability of revenues
Diversification of earnings
Greater wallet share
Pull-through of additional FX revenue

Segmented customer base with differentiated service levels

Scalable business model

Strong technology and data capability

Greater visibility of client needs
Leverage automation to drive cost and service benefits

International footprint

Licensed across EU

SECTION 2

H1 2024

Business update

Jim Ormonde, CEO

Business update

The Board remain confident in the long-term prospects and opportunities for the Company

Strong momentum against strategic objectives

Product diversification: building new Argentex Global Platform to drive revenue and profit

Geographic expansion: expansion in Australia and Dubai

Operational excellence: driving efficiencies in cost base and licensing

Results on track

EBITDA in line despite one off items and expansion costs

Net cash increased over the period

Improved trading momentum in Q2 has continued into Q3

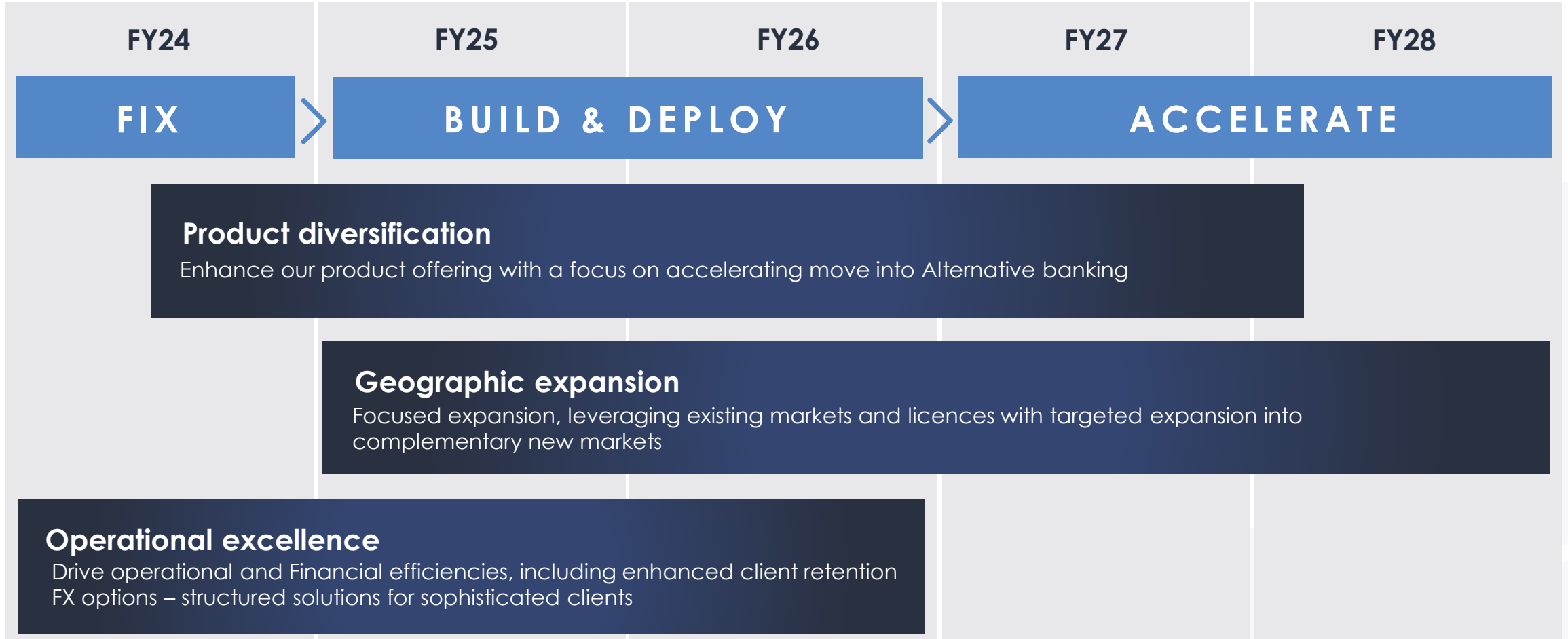
FY 2024 Guidance reconfirmed

Revenues in the mid £40 millions

EBITDA margin low single digit as the firm restructures

Transforming the business

Delivering significant revenue upside from FY26



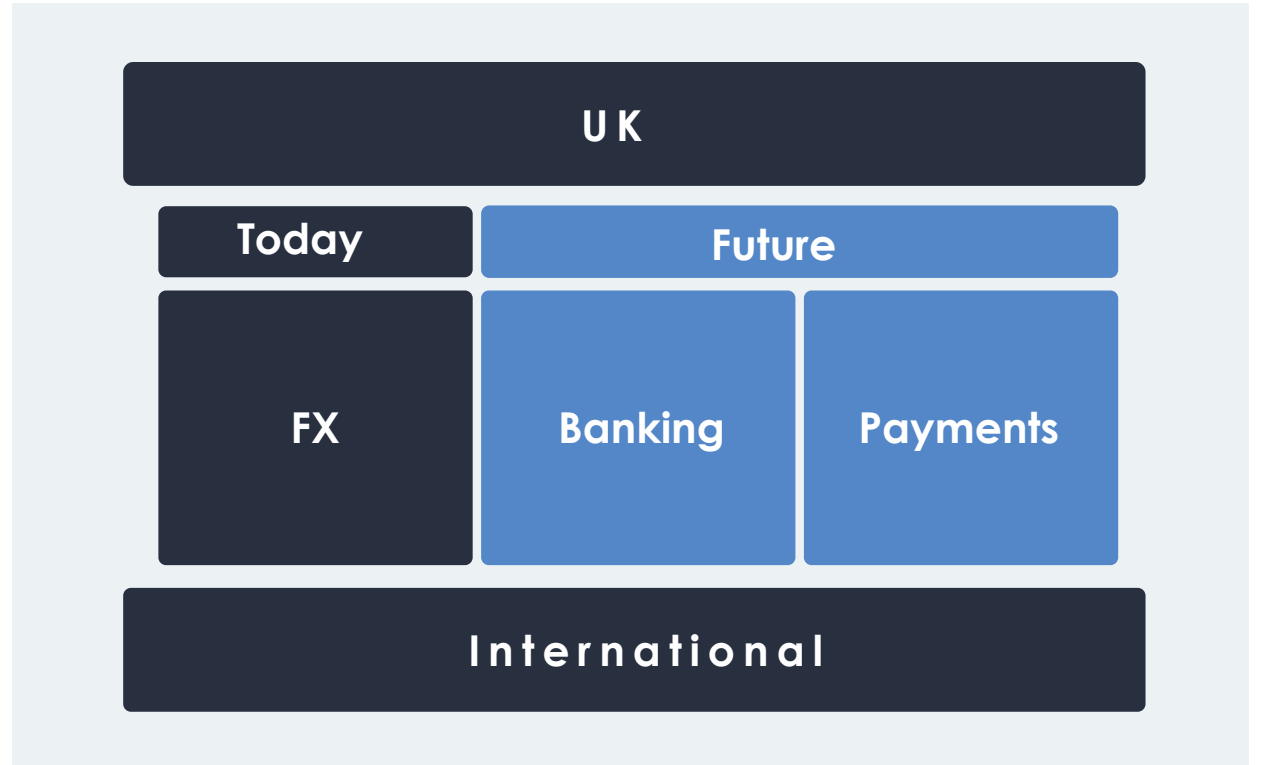
Product diversification

Aiming to launch Argentex Global Platform (AGP) by Summer 2025

Several key hires made during the period, including Tim Rudman as COO

Detailed technology roadmap developed focussed on automation, efficiency, and end user experience

AGP – accessing new revenue streams



in the UK and internationally

Geographic expansion



Netherlands

Trading since 2022



Australia

Granted AFSL – allows Argentex to offer bespoke FX solutions and global accounts



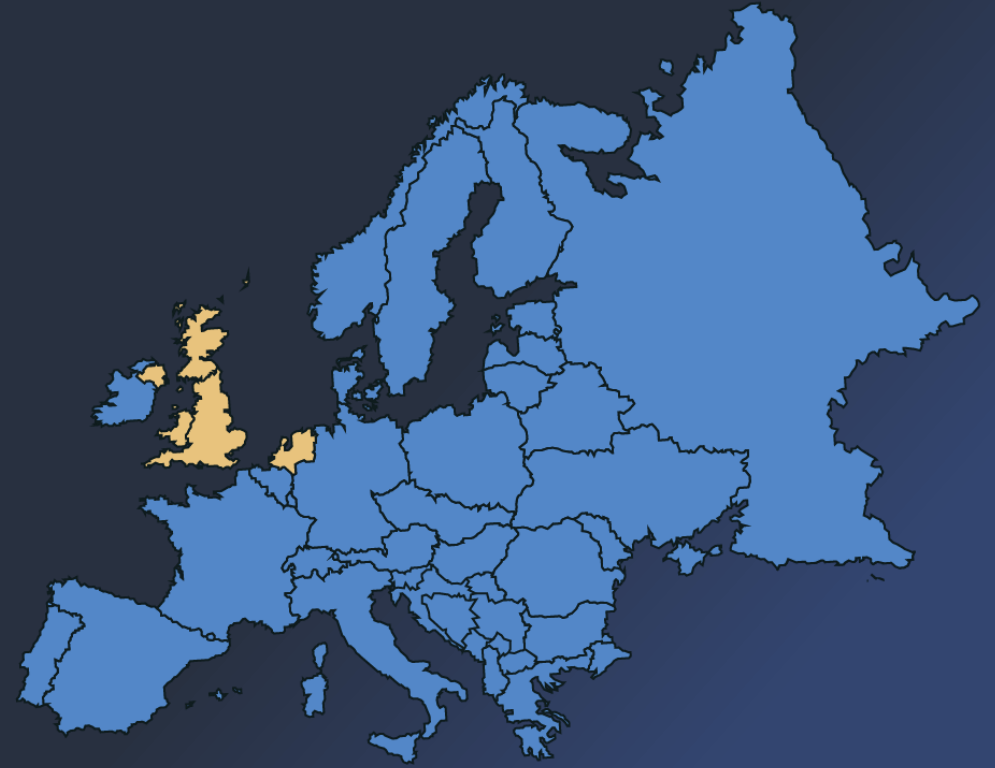
Dubai

Approval process for a regulatory licence progressing ahead of schedule

Office now operational and connected

Strong progress in meeting preconditions

Opportunity in Europe



Operational excellence

Flat headcount despite investing in growth

Pursuing licensing efficiencies

Getting the best from our suppliers

Pursuing liquidity efficiencies

Enhancing customer segmentation and improved selling model

Financial results

Guy Rudolph, CFO

H1 2024

Headline figures

TOTAL REVENUE

£23.9M



6 months to June 23: **£25.0m**

REPORTED EBITDA

£0.7M



6 months to June 23: **£7.2m**

MARGIN 3%

6 months to June 23: **29%**

OPERATING PROFIT

(£1.3M)



6 months to June 23: **£5.2m**

NET CASH as of 30 June 2024

£23.5m



31 December 2023: **£18.3m**

TOTAL CLIENTS TRADED

1,771



6 months to June 23: **1,493**

NEWLY TRADED CLIENTS

327



6 months to June 23: **305**

P&L

	H1'24	H1'23	
	£m	£m	% change
Revenue	23.9	25.0	(4%)
Variable costs incl. commissions	(6.7)	(7.0)	(4%)
Gross margin	17.2	18.0	(4%)
Gross margin %	72%	72%	-
Other income	0.7	0.6	17%
Administrative costs:			
Staff costs	(11.4)	(7.6)	50%
Other costs	(5.8)	(3.8)	53%
Underlying EBITDA	2.1	6.2	(66%)
Reported EBITDA	0.7	7.2	(90%)
EBITDA margin %	3%	29%	(26ppt)
Depreciation and amortisation	(2.0)	(2.0)	-
Operating profit	(1.3)	5.2	(125%)
Operating profit %	(5%)	21%	(26ppt)
EPS	(1.6p)	2.8p	(157%)
	No.	No.	
Av. Headcount (incl members & directors)	196	153	28%
Period end headcount (incl members & directors)	195	165	
	£m	£m	
Memo: Staff costs incl. commissions	(17.4)	(13.3)	

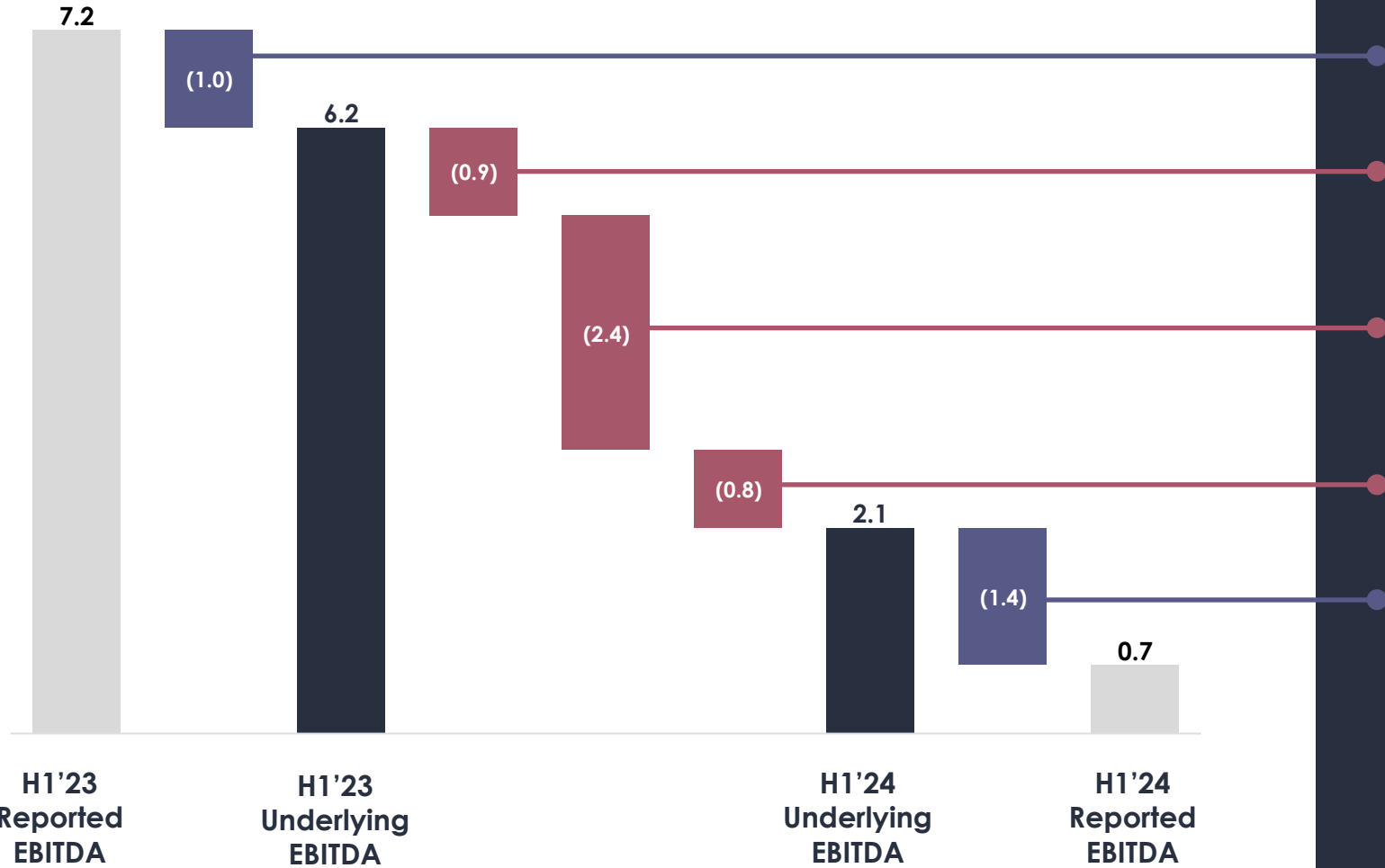
Lower volatility particularly in Q1

FTE flat YTD but up 28% YoY

Significant one-off items & growth investments

EBITDA margin in line with FY guidance

Reported and Underlying EBITDA



H1'23 reported EBITDA boosted by one offs of £1.0m - Credits and provision releases

Investment in Australia and Dubai of £1.3m in H1'24 vs. £0.4m in H1'23

Increased headcount related costs in H1'24 with average headcount of 196 vs 153 in prior year

Reduced revenue flow through
Flow through of reduction in revenue

H1'24 reported EBITDA impacted by one off charges of £1.4m – One off restructuring charges

Cash flow

	H1'24	H1'23	
	£m	£m	
EBITDA	0.7	7.2	
Lease payments	(0.7)	(1.0)	
Capex	(0.5)	(3.6)	● Prior year included investment in premises
Working capital	3.7	1.5	
OCF	3.2	4.1	
Tax paid	(1.0)	(1.1)	
FCF	2.2	3.0	
Net proceeds from equity raise	3.0	-	● Net proceeds from equity raise in May '24 to fund investment in ATB
NCF	5.2	3.0	
Net cash b/f	18.3	16.2	
Net cash c/f	23.5	19.2	● Headroom of £7.1m at June '24 vs. LATR (regulatory cash requirement)

Balance sheet

	As at 30 Jun 24	As at 31 Dec 23	Movement
	£m	£m	£m
Fixed assets	16.3	17.8	(1.5)
Cash and cash equivalents	48.2	33.0	15.2
Other assets ¹	10.4	12.0	(1.6)
Derivative financial assets	39.3	48.7	(9.4)
Total Assets	114.2	111.5	2.7
Trade and other payables	(48.5)	(41.1)	(7.4)
Derivative financial liabilities	(23.3)	(29.4)	6.1
Total Liabilities	(71.8)	(70.5)	(1.3)
Net Assets	42.4	41.0	1.4
Total Equity	42.4	41.0	1.4
<i>Cash and cash equivalents</i>	48.2	33.0	15.2
<i>Less: segregated client funds</i>	(24.7)	(14.7)	(10.0)
Net cash	23.5	18.3	5.2
<i>Headroom vs LATR²</i>	7.1	6.1	1.0

Net cash up £5.2m

- Net CF of £2.2m and £3m equity raise
- Gross figures impacted by timing of trade settlements

1) Includes trade and other receivables, deferred tax asset, collateral held at institutional counterparties

2) LATR = Liquid Asset Threshold Requirement (i.e. Regulatory cash needed to be held in order to trade)/ Argentex LLP accounts only considered for purposes of considering liquid assets threshold requirement, given it is the entity trading in the UK and regulated by the FCA

Summary & outlook

The Board remain confident in the long-term prospects and opportunities for the Company

Strong momentum against strategic objectives

On track with strategy

Delivering against plan

Investing responsibly

Results on track

EBITDA in line despite one off items and expansion costs

Net cash increased over the period

Improved trading momentum in Q2 has continued into Q3

FY 2024 Guidance reconfirmed

Revenues in the mid £40 millions

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