ARGENTEX GROUP PLC
ANNUAL REPORT 2020
Year ended 31 March 2020

ARGENTEX

Argentex Group PLC, issues its first Annual Report for the 12 months ended 31 March 2020. The period has seen continued robust financial and operational performance which maintains its unbroken track record of delivering profitable growth since the inception of the business in 2012.

The IPO has had tangible benefits to the Group, with the increased capital base delivering greater confidence from institutional counterparties to offer significantly more competitive terms. This translates into a direct benefit to clients, as well as increasing the credibility of the Group within its target market, one major benefit of which is demonstrated by the compression of the average sales cycle from initial contact to first trade.

Significantly, this report shows that we make decisions based on the long-term, sustainable growth and profitability of the business.

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"The Board remains committed to develop best practice throughout the business and will continue to lead the Group by setting standards for behaviours expected by all staff in their actions within the business."

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Non-Executive Chairman

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2021 Outlook

"Argentex has adhered to their strategy and surpassed initial expectations for the financial year. There is every confidence that the Group's long-term prospects are on track."

Sam Williams
Chief Financial Officer

47 2021 Outlook

A strong track record of growth and profitability.

Since the business was founded in 2012, the Group's revenues and profits have increased every financial year.

£28.9m
Revenue has increased 32% from FY 2019

£6.6m
New revenue

380
New clients FY 2020

£12.5m
Underlying operating profit

£10.3m
Operating profit

1,212
Corporates actively traded

7.1p/8.8p
EPS (Basic/Underlying)

2.0p
Dividend per share

£12.1bn
FY 2020 FX turnover

Proven expertise, delivering on expectations.

Lord Digby Jones Kb.
Non-Executive Chairman

First and foremost I must start by saying how much of an honour it is to be Chairman of a business that has grown and evolved in the way Argentex has since its inception in 2012.

It's rare to get an opportunity to chair a company at the start of its journey as a listed business, but I have also had the privilege of knowing the three co-founders, Carl Jani, Harry Adams and Andrew Egan, and followed them and the business closely, since they started out over eight years ago.

A year on from the Group's successful debut on AIM, it's only natural to reflect on how far the business has come. It is testament to Carl, Harry and Andrew's long-term vision, ability to attract leading talent, intricate understanding of the foreign exchange market and approach to clients that have enabled them to build the leading FX platform that Argentex is today. Their work ethic and sense of fun has also permeated the culture and makes the business unique.

Competing in a highly regulated sector previously dominated by banks, Argentex's robust business model and balance sheet strength is built around a programme of investment in technology, compliance and risk management. This has attracted a high quality, diversified and loyal customer base and best in class counterparties which have supported strong year on year organic growth since inception.

I'm pleased to say the last twelve months are no exception and despite the extreme macro-economic, geo-political and financial market conditions and the rapid escalation of COVID-19 towards the end of the fiscal year, the excellent ongoing financial performance further evidences delivery on the Group's steady growth strategy that it promised its shareholders ahead of the IPO.

But at Argentex, the vision is always long-term and the Group's cash generative profile and clear strategy supports the positive long-term outlook as the Group continues its trajectory, delivering the trusted advice and services for its clients, positive returns for its shareholders and being an employer of choice in the FX market.

MARKET BACKDROP

Since our listing in 2019, market and socio-political conditions have changed significantly. In that time, the UK appointed a new Prime Minister, experienced a general election and exited the European Union, with trade negotiations still ongoing, as well as experiencing the worst global pandemic the world has seen since 1919. Despite these events the business has continued to grow, delivering on our objectives set out at the IPO and serving our clients' complex needs in turbulent market conditions.

Through this recent spell of unprecedented change, the safety and wellbeing of our employees have been our absolute priority. I am proud of how quickly and effectively we were able to implement working from home policies that have helped employees cope in these difficult times, while continuing fully to serve our clients.

The health and economic crisis caused by the spread of COVID-19 has caused major disruption in the global economy, while FX markets have seen a spike in volatility unseen in recent years. Rising global unemployment and a risk-off approach in stock markets has seen investors flood to safe-haven currencies such as the US Dollar. Central bank policies have created a new paradigm in the currency markets, with exchange rates moving away from being driven by fundamental economic indicators towards stock markets. Our expert teams continue to analyse market trends and ensure our client advice is reflective of rapidly changing foreign exchange trends.

KEY HIGHLIGHTS

The last twelve months will always be defined by the Group's successful IPO, the benefits of which have been immediate. Most tangibly, the proceeds raised from the listing have enabled Argentex to increase its trading capacity to meet the growing needs of clients for its products and services, whilst improving the terms of its counterparties. The heightened visibility and credibility that comes with being a public company further solidify Argentex's position as a trusted provider, attracting new client interest. The positive revenue impact is plain to see from our results.

Whilst the core Spot and Forward product range dominated by dollar, sterling and euro continues to be the bedrock of Argentex's offering, during the year the increasing client uptake of FX Options demonstrates the Group's ability to serve the broadening needs of clients and the gradual move towards a more diversified revenue stream.

At a time where businesses up and down the country are seeking capital injections and reliant on the government's furlough scheme during this challenging period, I am proud that the business has continued to invest in people and services during the year to ensure the benchmark of talent and the infrastructure and systems in place evolve in lock step with and contribute to the strategic momentum. The new, state-of-the-art headquarters at 25 Argyll Street, announced post year end, will further support headcount growth and create a modern ecosystem for employees and the business to thrive.

Aligned with this expansion and what the Group said to investors at IPO, progress has been made in identifying select jurisdictions where there is strong demand for Argentex's products, a track record of regulation and importantly an opportunity to capture market share. On that note, I'm excited by the opportunities identified in The Netherlands and Australia and the potential to replicate and enhance in those markets, what the team has built in the UK. As ever, the strategic approach here will be gradual and prudent.

SETTING THE INDUSTRY STANDARD

Since Carl, Harry and Andrew founded the business, they have stuck by a few core principles that not only differentiate Argentex, but has helped the business grow to where it is today. It is based on an ethos of integrity in

Listed on the London Stock Exchange with an FX turnover last year of more than £12bn. (FYE 2020).

“Argentex has increased its trading capacity to meet the growing needs of clients for its products and services, whilst improving the terms of its counterparties.”

- Lord Digby Jones Kb.
Non-Executive Chairman

everything they do and always putting clients first. This means governance, compliance and risk management is central to the business, evidenced by the significant investment in systems, processes and controls over the years.

It is this high benchmark set by the business that reassures clients and counterparties alike but has also attracted a seasoned team of non-executive directors to Argentex. I am fortunate to work alongside a highly experienced Board that brings a depth of expertise that we believe, coupled with an industry-leading workforce, helps separate Argentex from its peers.

People are the Group's most important asset and fundamental to the long-term success of the business. Supporting and nurturing employees is an area Argentex takes seriously. Investment continues to be made in training programmes throughout the business to ensure everyone across the business, whether it be on the sales desk, trading floor or relationship managers is given continuous learning opportunities to progress her or his careers within the business whilst protecting the health and wellbeing of each individual.

OUTLOOK

After a strong start as a listed company we remain confident of the Group's long-term prospects despite the uncertain macro outlook. Our strong business model, unwavering strategy and expertise in a sector that will continue to be vital for clients, will help the Group continue to build on its track record.

The business is steadily building for the future and the new London headquarters and office openings further afield mark the next step in the journey. We do not take undue risk and all decisions are made through a long-term lens, ensuring we grow organically and sustainably.

I would like to thank all of our shareholders for their support during our first year as a public company and of course to each and every employee for continuing to drive the business forward, despite such an unsettling time brought about by the global pandemic.

It is a privilege to be your Chairman; thank you.

Lord Digby Jones Kb.
Non-Executive Chairman

Built on stable, long-term foundations.

Harry Adams
Co-Chief Executive Officer

Carl Jani
Co-Chief Executive Officer

We focus on FX, so the client can focus on the everyday running of their business.

OVERVIEW

The last financial year marks a significant milestone in Argentex's history. When joining the London Stock Exchange's AIM in June 2019, we had a clear commitment to our growth strategy and proven business model and since then, we are proud to have gone from strength to strength while considerably increasing the scale and breadth of our business.

The increased capital strength, more competitive counterparty terms and enhanced brand recognition that the IPO has afforded us, has positioned the business on firm foundations for our first year of trading and we're delighted with the financial and operational momentum we have achieved against an unforgettable 12 months, from a financial markets perspective.

The total FX turnover increased to over £12bn, generating revenue of £29m. 1,212 corporates traded, 380 having never traded before generating £6.6m in 'new' revenue – broadly in line with expected historical ratios. Our focus on serving a high quality, diverse client base has continued unabated, as has their demand for our services. Our client activity also grew, demonstrating that our clients use our services for genuine underlying business needs, particularly in an uncertain environment.

Our growth trajectory has been set against some of the most unprecedented markets recently recorded and one of the most unusual periods in our history, and our thoughts are with all of those impacted by the COVID-19 pandemic. Our immediate priority in the face of the pandemic was to safeguard the health and wellbeing of our people. It is testament to their spirit, collegiality and resilience, combined with our robust business model, balance sheet strength and approach to risk mitigation that clients were able to receive a continuity of service that they have come to expect from Argentex, with the entire business operating effectively within 24 hours of instigating a 100% work from home policy.

"Our focus on serving a high quality, diverse client base has continued unabated, as has their demand for our services."

Carl Jani
Co-Chief Executive Officer

MARKET BACKDROP

In a year that has seen events such as Brexit, US-China trade wars, and more recently COVID-19, the extreme volatility often documented in the news has been surprisingly translated into relatively benign currency crosses to which the Group are primarily exposed. The occasional exception (GBP/USD seeing its largest one-day fall on record to 1.14 most notable among them) has caused bouts of flurried activity, however, the Group has remained calm in the slipstream of an otherwise ubiquitous turbulence.

It is true that volatility helps a broking business, however the Group's clients, all have a commercial need to buy and sell currency – a manufacturer requiring £10m worth of components from the US will still need to purchase £10m of US dollars.

Volatility precipitates an increased risk in the client's priorities. The counter to this is that with a robust risk framework in place the Group's continued growth is dependent more on the number of active clients it services, as opposed to relying on large swings in currency catalysing a client's decision to execute a trade.

The Group's client base remains diverse, without significant concentration at sector or client level. The top 20 clients now account for over £11m of revenue, but represent only 41% of total revenue for the year. So, too have we experienced diversification in sectors served, which along with the continued application of stringent risk policies sees no excessive exposure to either one sector, client or trade. Argentex continues to win the vast majority of our new business from High Street Banks that are estimated to have 85% market share.

INVESTING FOR THE FUTURE

We are well placed to enter our next phase of growth with the capabilities and resources essential for our continued success. In September this year we will move into our new offices on Argyll Street in the West End of London. Our lease was signed for 12,500ft^2 of space in the middle of the pandemic. Whilst COVID-19 forced us all to work from home very successfully, Argentex is a business that thrives on the day to day human interaction so we have applied a lot of time and effort to design and renovate our new premises with a focus on an environmentally sustainable work place that gives us plenty of room to upscale resources in line with demand and over an appropriate period.

As well as moving into our new offices, we have made a number of significant hires such as our Chief Compliance Officer to maintain our robust approach to compliance and governance. Bolstering our talent across all areas of the business with a focus on sales to drive accelerated future growth, as well as talent to facilitate HR, ESG and our office environment, we have sought to secure a blend of continuity and additional skills that will help take Argentex forward.

In September we will continue our Graduate Programme attracting a diverse and driven talent base to future-proof our proposition. This process has been a healthy opportunity to scrutinise Argentex's business ethos and values whilst remaining true to our own beginnings – entrepreneurial yet professional; creative but efficient. Furthermore, we have made a commitment to maintain the engagement of all our staff in the Group's operational performance. Our investor-aligned LTIP has been designed and implemented to incentivise and retain non-founder staff alongside our Company Share Option Plan (CSOP) implemented at IPO.

Our bespoke IT infrastructure, built specifically for the business to our exact design was instrumental in the seamless move to remote working, and remains the lynchpin of our ability to continue to serve our clients whilst maintaining high standards of service, compliance and governance from sales, through order placement, trade execution, settlement, reconciliations and reporting.

With the level of resource already invested into the business to ensure the Group can stand tall as an example of the standards an FX business should hold itself to, the Executives are delighted to have attracted what it believes to be one of the most impressive Non-Executive boards on AIM.

We'd like to take this opportunity to thank our Non-Execs, Lord Jones, Lena Wilson CBE FRSE, Nigel Railton, Jonathan Gray and Henry Beckwith for their invaluable guidance and support in such unprecedented times for UK businesses.

TAKING ADVANTAGE OF GROWTH OPPORTUNITIES

Our strategic growth trajectory has always factored in prudently entering highly regulated, international markets where the client appetite for our product base exists and timing makes sense. As part of that, we opened a sales office in Amsterdam in March 2020 and we are exploring the process of obtaining an Australian licence with the intention of opening in Sydney in due course. We are excited about the potential of these two new locations and we are confident that in time, they will sweep up the latent client demand there and complement our core proposition in London.

Over the last 12 months we have continued to monitor the FX requirements of our existing and target clients and like the recent successful introduction of FX Options, we will evolve our proposition according to client's growing needs. We remain committed to aligning our product suite with our clients' risk mitigation needs, steering clear of products such as a TARF, that carries undue risk to the client and in turn to the Group.

OUTLOOK

Our first year as a listed business has been one of continued momentum and we have enjoyed doing exactly what we set out to do at IPO – the same, but more of it. Our new premises, bolstered team, leading technology and strong capital position mean we are entering the new financial year very well positioned to build upon the continuous growth delivered to date.

COVID-19 and the subsequent uncertain economic environment remains but our past performance proves that we can deal with long-term uncertainty and financial market volatility during a time when our clients rely on our services more than ever. On behalf of the management team we extend our thanks to new and longer-term investors, our loyal and growing client-base and importantly, our excellent colleagues for their continued hard work and support.

"Our first year as a listed business has been one of continued momentum and we have enjoyed doing exactly what we set out to do at IPO."

Harry Adams
Co-Chief Executive Officer

Impact achieved with experience and expertise.

Argentex delivers tailored foreign exchange advisory and execution services to a global client base of financial institutions, corporates and private clients.

The centrepiece of our exceptional service is our team of experienced market professionals, from account management, analysis and trading, through to settlements and compliance. Whether our clients' objectives are short or long-term, our experienced execution combined with expert analysis achieves material impact on both pricing and efficiency for our clients.

Recognising that clients have wide ranging levels of experience, resource and exposure, we have developed a suite of supplementary facilities to cater for a broad spectrum of client profiles. Online capabilities and an analytical consultancy are part of our custom-made offering that can be utilised separately or in conjunction with our traditional voice broking services, all of which combine with our commitment to consistently deliver excellence with every exchange.

The founder-led, publicly listed business is headquartered in the heart of London. Argentex is a profitable, debt-free, cash-rich business and operates as a Riskless Principal broker for non-speculative and commercial currency transactions. On the 25th June 2019 the Company listed on the London Stock Exchange AIM, which raised net proceeds of £12 million.

The pedigree of asset managers, pension funds, investment banks and family offices that have since invested in Argentex is testament to the value of our offering and the strength of our robust governance. The driving force behind our approach is that the less time our clients spend dealing with foreign exchange, the more time they have available to spend on other aspects of their business. Every client is assigned a dedicated point of contact who is a professional financial trader, not a salesperson or relationship manager.

Our traders all have a minimum of ten years' experience and have actively traded the market through every extreme in recent history, ultra-low liquidity environments, including flash crashes, sociopolitical shocks, pegging and de-pegging without warning and most recently, global pandemics.

On the 25th June 2019 the Company listed on the London Stock Exchange AIM, which raised net proceeds of £12 million.

Evolution of Argentex.

Founded in 2012 by Harry Adams, Carl Jani and Andrew Egan with the backing of Sir John Beckwith's Pacific Investments Ltd.

2012

March

API authorisation approved by FCA

April

First trade

August

First sales employee

2013

January

First month revenue in excess of £100k

September

First month revenue in excess of £500k

2015

October

Move to Old Bond Street

November

Surpassed 20 employees

2016

June

First month revenue in excess of £1m

2017

January

FCA approves EMI authorisation

March

First month revenue in excess of £1.5m

2018

January

FCA approves MIFID II Investment Firm authorisation

September

First option executed

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

Combined foreign exchange expertise.

Carl Jani
Co-Chief Executive Officer,
Co-Founder

Carl is a founding partner of Argentex. As Co-CEO, Carl together with Harry is jointly responsible for the strategic direction of the business. Carl oversees the Operational divisions of Argentex, maintaining the highest level of compliance, corporate governance and risk mitigation. He is also responsible for the innovation, development and implementation of the Group's systems and controls. During his career in financial services, Carl has advised some of the best-known names in the retail, charity and private equity sectors.

Harry Adams
Co-Chief Executive Officer,
Co-Founder

Harry is a founding partner of Argentex. As Co-CEO, Harry together with Carl is jointly 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.

Sam Williams
Chief Operating Officer,
Chief Financial Officer

Sam joined Argentex in 2015 splitting his time as CFO and COO. Being integral to taking the firm public in 2019, Sam has bolstered the compliance function allowing him to spend the majority of his day in his role as CFO. Sam qualified as a chartered accountant at Smith & Williamson LLP where he was responsible for auditing and advising financial service businesses. Sam holds the CISI Investment Operations Certificate.

Andrew Egan
Managing Director,
Co-Founder

Andrew is a founding partner of Argentex. As Managing Director, he is directly responsible for the new business generation of the Group and oversees the recruitment, training and targeting of staff at all levels. Andrew is also responsible for ensuring that Argentex is well positioned within the competitor landscape, updating the Board of any material changes. Under Andrew's leadership and guidance, a team of directors report into him who ensure that the customer's end to end journey is seamless. Andrew is FCA qualified holding certificates from The CISI and has over 15 years' experience in financial markets.

Unique talents, backgrounds and perspectives.

We encourage our workforce to be entrepreneurial and creative as well as fostering a transparent culture with excellent lines of communication.

The Argentex environment allows talent to flourish and be well rewarded.

We host multiple graduate programmes recruiting the best talent. The programme consists of intense training, skills development and support to ensure the best outcome and longevity of our personnel.

We offer a competitive base salary, uncapped commission, bonuses and incentives dependant on performance.

We have a robust code of conduct which our employees are expected adhere to without exception.

Integrity

Treating our clients fairly is not just an FCA requirement, it is our core business principle - one that consistently drives all our daily interactions and shapes all that we do as a business.

Quality

We are proud to provide superior products and outstanding service which combined ensures excellence with every exchange.

Passion

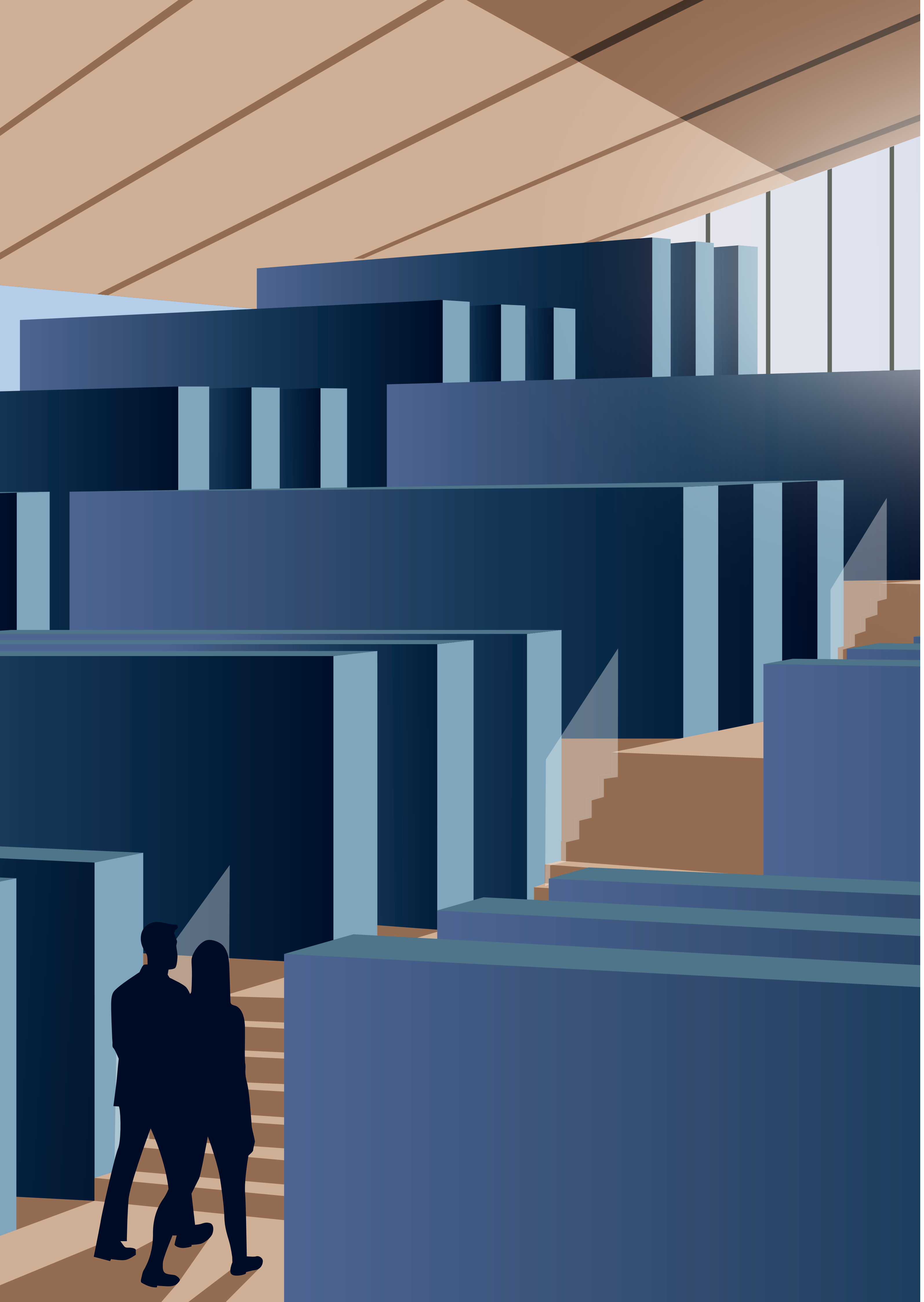
Our people are passionate about providing the quality of service we demand from ourselves as a business, and in turn we are passionate about our people through collaborative working, wellness programmes and continuous personal development.

Agility

We pride ourselves in being fresh and innovative, we are proactive and seek opportunity to develop and adapt.

Dedication

We go above and beyond for our clients, we are focussed and determined. We go the extra mile.



What we do.

Argentex's projected returns will be driven by customer satisfaction and loyalty, within the context of robust corporate governance, risk management and regulatory compliance.

Argentex operates as a Riskless Principal foreign exchange broker for non-speculative spot and forward foreign exchange. For Professional and Eligible Counterparty clients we offer FX options and certain FX forwards including non-deliverable forwards.

Each client trade, regardless of product, is matched at one of the firm's institutional counterparties. Existing institutional counterparty relationships are held with Barclays Bank PLC, Macquarie Bank International, Sucden Financial Limited, and ED&F Man Capital Markets Limited.

All trades executed by the firm are over the counter (OTC), and matched within seconds. The firm does not permit speculative trading with regards to its products, instead requiring an underlying transactional need for the currency exchange (for example payment for goods and services, conversion of revenue/profits, balance sheet hedging). This avoids adverse market moves magnifying ungainly losses which clients struggle to service and is a core tenet of the Group's risk management policies.

Settlement is made through segregated accounts, where the client remits the currency sold and once cleared, will be paid the currency bought. All trades are settled under "safe settlement" conditions, whereby the firm only pays funds to the order of a client following receipt of cleared funds from that client in order to mitigate credit and settlement risks.

As an Authorised Electronic Money Institution, any funds received by Argentex prior to the value date of an FX trade or held by Argentex post-trade but not yet paid to the order of the client are redeemed for Electronic Money, which is issued to the client and segregated accordingly. All client balances are stored electronically on Argentex's back office system, and repayable on demand in accordance with the Electronic Money Directive.

Direct marketing undertaken by the firm's sales team is targeted at those businesses which it believes can benefit from those services and products offered by Argentex. If a prospect's interest is piqued sufficiently to use Argentex, following a rigorous KYC assessment, the prospects become a client and is assigned a dedicated dealer whose job is to develop the relationship from then on.

Argentex does not speculate and so revenue is purely derived from the difference between the rate it buys and sells currency at, and is therefore purely transaction-led. This means that continued, long-term sustainable growth is dependent on long-term mutually beneficial relationships which is why 'Treating Your Customer Fairly' is not just an FCA principle for us but a core precept of how we deal with every client.

2020

An Overview.

Built on a solid position

"Our continued, long-term sustainable growth is dependent on long-term mutually beneficial relationships."

Harry Adams
Chief Executive Officer

Whilst the impacts of COVID-19 and central banks' response to the crisis are prominent on people's minds, evolving geo-political events will also play a role in shaping and influencing global markets.

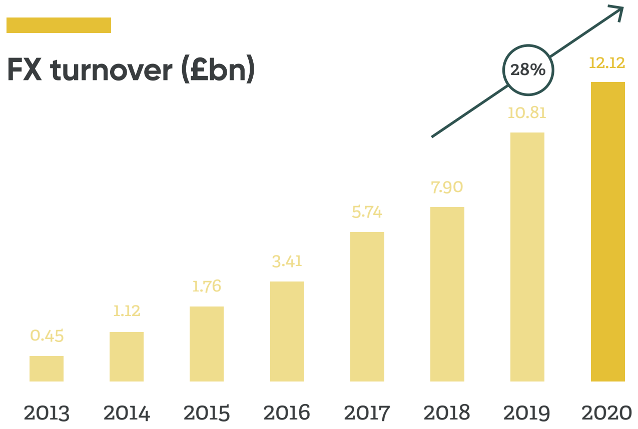
COVID-19
COVID-19 has been the worst pandemic the world has faced since the Spanish flu in 1919, and while central banks' responses have been robust in supporting global markets, the avalanche of cheap money has impacted market fundamentals. The relationship between economic fundamentals, such as growth outlook and interest rates, and exchange rates dislocated following March's market collapse. Instead we are seeing exchange rates tracking stock market performance resulting in currencies that are usually most sensitive to growth becoming best performers.

US unemployment hit a high of 13.3% in May, which to put into perspective is 3.4% higher than peak unemployment in early 2009. While unemployment figures seem to be declining, recent increases in the number of COVID-19 cases across the US is a cause of concern for a second wave which will undoubtedly impact the US Dollar. These factors have been offset by the market's risk-off approach, which has seen investors exit stocks which they deem to be risky and seek a safe-haven in currencies. Currency strength since its bottom is less about fundamentals but more likely a risk recalibration from investors who found themselves overweight in equities since central banks provided unprecedented support. Other factors impacting markets include the ongoing Brexit negotiations which increasingly seem to be at an impasse and the US-China trade war, with continued escalation seemingly strengthening the Dollar while weakening the Yuan.

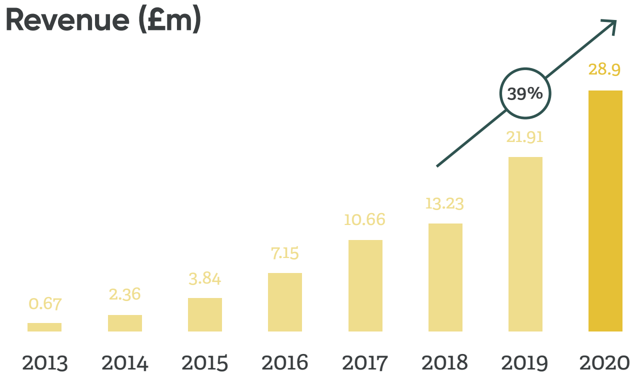
KEY ACHIEVEMENTS
Despite 12 months of unpredictable events, Argentex has achieved significant results. FX turnover, revenue, the number of traded corporates, the total number of trades and average FX turnover per traded corporates have all been on an upward trajectory. We have adhered to what we set out to achieve surpassing our goals and objectives from when we listed last year. These positive trends are illustrated on the graphs on the following page.

Growth and profitability

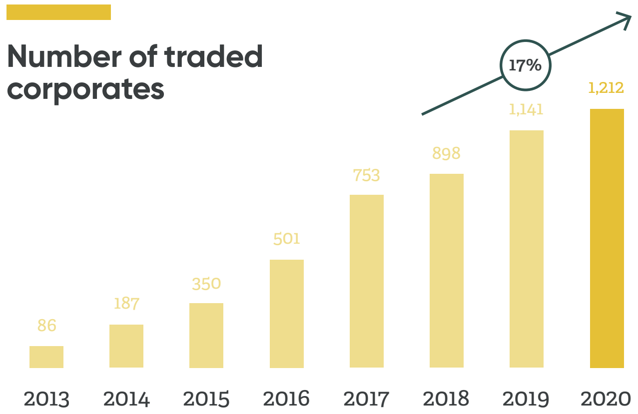
FX turnover (£bn)



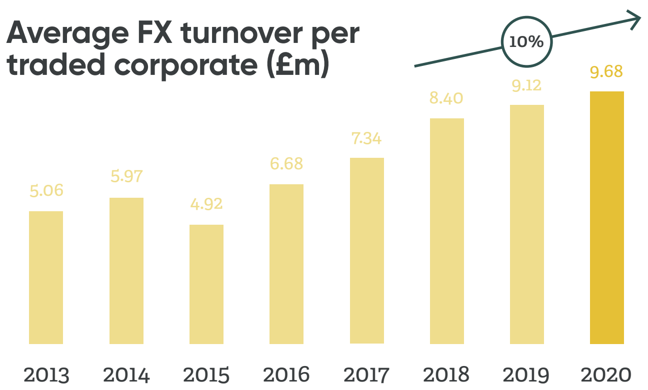
Revenue (£m)



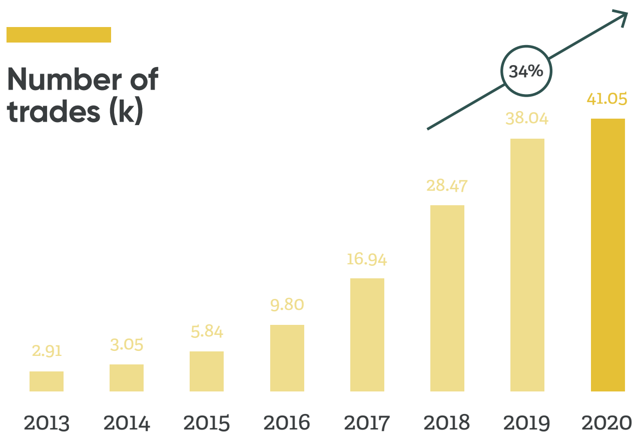
Number of traded corporates



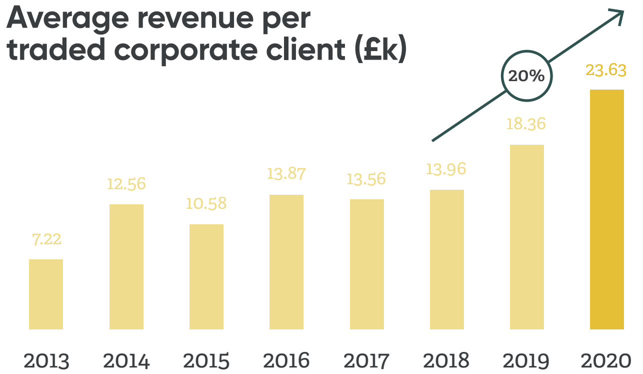
Average FX turnover per traded corporate (£m)



Number of trades (k)



Average revenue per traded corporate client (£k)



3 year CAGR

Bespoke, riskless and commercial.

Argentex operates a Riskless Principal which means that each client trade is matched with an identical trade at one of the Group's institutional counterparties.

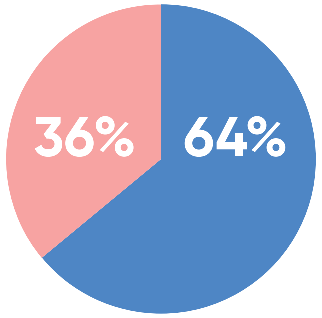
Spot, forward options. Bespoke hedging strategies.

Argentex executes FX spot, forward and options contracts on behalf of its clients.

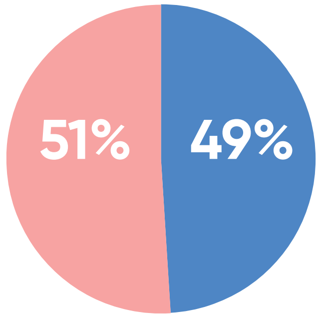
Revenue from FX options is realised as cash immediately in the form of premium. Revenue from spot trades is realised within two business days. Forwards attract higher spreads due to factors such as increased client credit risk, but the payoff to higher revenue is having to wait until the contract is settled to realise the cash. A blend of spot and forward contracts is therefore important for an optimum mix of revenue generation and cash flow. Argentex has always been there to do what a client wants, not try and fit a square peg into a round hole by pushing complex hedging strategies onto clients when not needed. Since inception this has led to a mix of approximately 2/3 spot and 1/3 forward contracts by volume, which due to the wider spreads achieved in forward contracts translates into a revenue split of approximately 50/50 by product. Our forward contract average tenor has remained steady at less than five months.

Spot vs Forward

FX Turnover



Revenue



Spot
Forward

Riskless Principal.

Argentex operates a Riskless Principal which means that each client trade is matched with an identical trade at one of the Group's institutional counterparties.

The difference between the rate we execute at our institutional counterparty and the rate we pass on to our client is the only place where we derive our revenue.

Several layers of systems and controls exist to ensure that no trades remain unmatched, and that the parameters of each trade are correct, including a four-eyes verification and multiple reconciliations throughout the day.

This means revenue is transaction-led only, and Argentex does not speculate. By not allowing its clients to speculate this mitigates market risk to the Group.

Commercial transactions only, no leveraged or margin trading.

Margin trading or spread betting is extremely risky to capital as it allows for very large bets to be placed by putting down comparatively small deposits – in other terms the trades are highly leveraged.

Large adverse market moves can therefore lead to losses building up extremely quickly (as the trade goes 'out of the money') which the underlying client may find difficult to service. If the client defaults, then the broker has to bear the loss. By never allowing clients to speculate, this acts as a self-regulating risk control that ensures that a solvent client never builds up out of the money positions it cannot service due to the fact that it has a commercial need to settle the notional value of the trade, not the fair value of the trade only as it would with a leveraged speculative position.

Fostering long-term client relationships.

"Having a diverse client base is not only key to reducing risk, but it also makes the group agnostic of market direction, allowing the firm to generate revenue in all market conditions."

Harry Adams
Co-Chief Executive Officer

We work consistently with the aim of fostering long-term client relationships - we know this is paramount to the success and longevity of our business.

A positive consequence of forging these long-term relationships are the referrals and word of mouth recommendations Argentex regularly receives both laterally and vertically through our clients' supply chains.

We are proud of our high quality and diverse client base, without being overly exposed to any single sector. Our corporate clients come from multiple industries such as law, shipping, media as well as institutional clients from private equity and insurance to family offices.

Having a diverse client base is not only key to reducing risk, but it also makes the group agnostic of market direction, allowing the Group to generate revenue in all market conditions.

For example as sterling strengthens, the rate becomes more attractive to importers and more sterling sellers will be motivated to trade, whilst a weakening pound will see an increase in activity from exporters.

Furthermore, a well-balanced trade book means a greater volume of trade can be serviced, as the Firm is required to place collateral to support the trades it executes, but on a net basis – the closer the volume of buyers and sellers the less collateral is required, meaning the firm benefits from a multiplier effect of being able to use the same collateral to support multiple trades in opposite directions.

Retaining and growing the client base

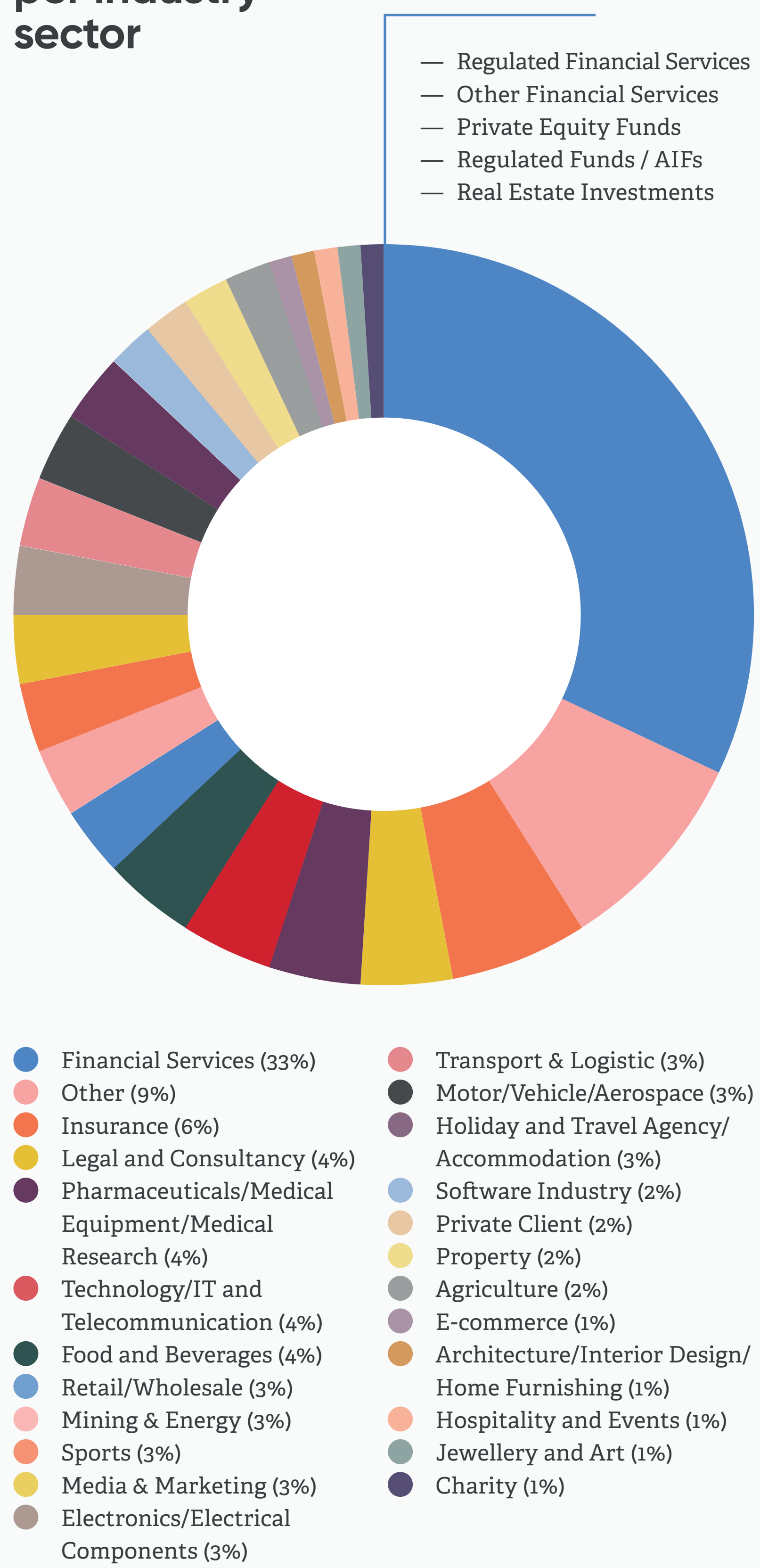
A high service level, trust and performance are the only way we can retain and increase our client base.

1,212 corporates traded in the year ended March 2020, but the firm counts several thousand among its active client base. Not every client will trade every year – some may hedge multiple years' exposures in one go whilst others may create an SPV with the sole purpose of transacting a deal (for example a private equity deal).

A bespoke level of service is required. Time is spent getting to know the client's requirements and their business objectives.

Our core clients have one thing in common – they are people that like speaking to people. Clients who simply want a price provider and no relationship are unlikely to find themselves amongst our client base and are often better served by a less sophisticated retail broker or a high street bank.

Revenue % per industry sector



Ways of doing business.

"Our primary goal is risk mitigation, not trying to 'beat the market'.

- Harry Adams, Co-Chief Executive Officer

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

Some take comfort from our levels of regulation and demonstrable lengths we have gone to in order to create a safe, compliant dealing environment bound by strict governance principles.

Many choose Argentex because of the flexibility afforded by having immediate access to their assigned trader, whilst others appreciate the analytical and factual approach of their proactive interactions with their dedicated dealer.

The one thing our core clients do have in common is that they like dealing with people, as do we.

Once a client has been assigned a dealer, it is their job to work with that client, on their terms, to identify and quantify any FX risks inherent in their business, and present a range of strategies that will entail at least one of either a spot, forward or options trade, that can mitigate those risks to enable informed decisions.

FX risk is usually simple, in which case we believe the solution to it should be too.

Full range of customised FX capabilities

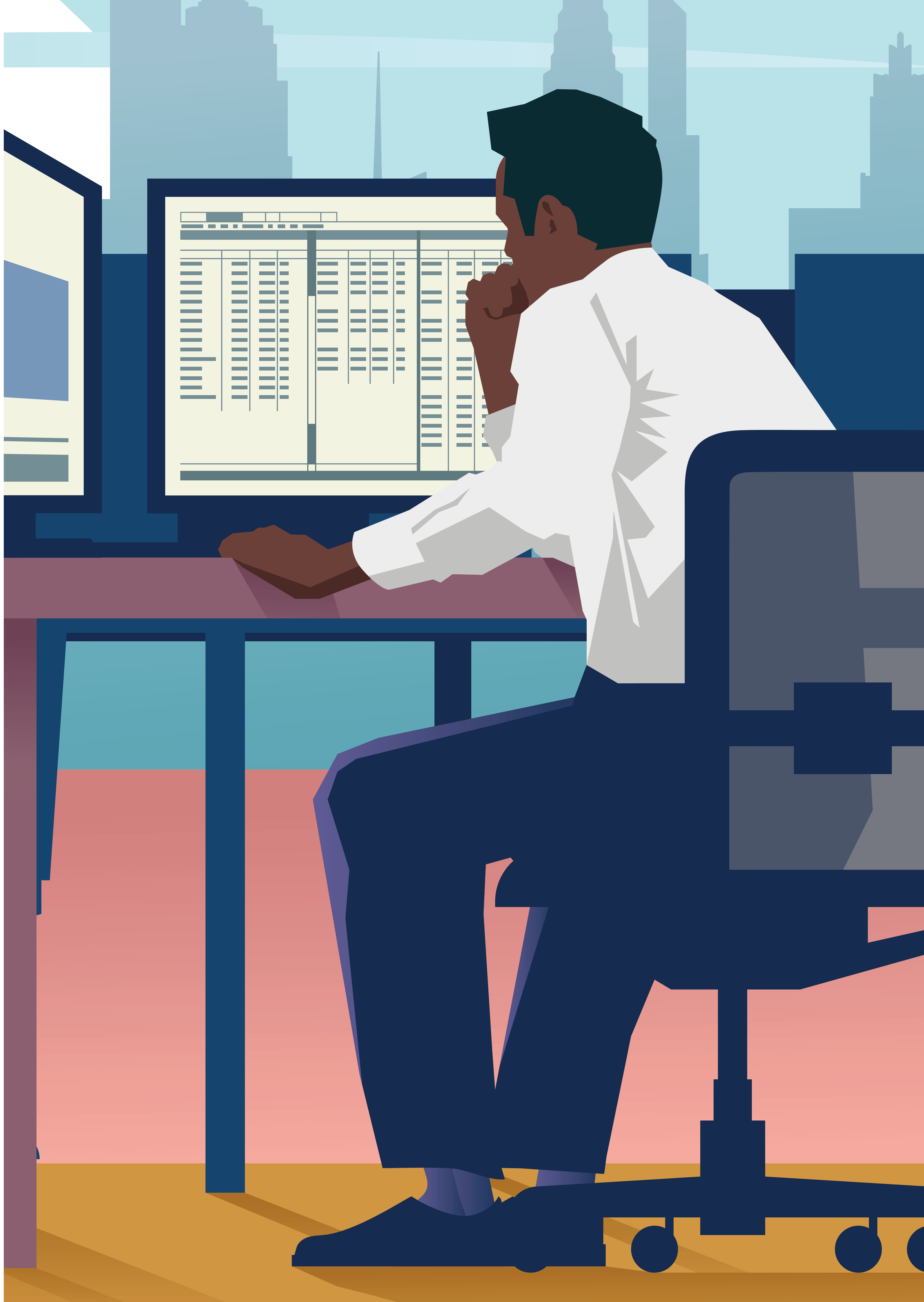
- Spot Contracts
- Forward Contracts
- Options Contracts
- Bespoke software platform (investment to date £4.5m)
- Personalised hedging strategies

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



Build and invest.

“Over the next few years we believe that further investment in all areas of the client journey will be required as we adapt to an ever-changing environment.”

- Carl Jani, Co-Chief Executive Officer

To date we have invested over £4.5 million on coding alone to ensure that the Argentex CRM and accompanying client front end software is totally bespoke to us.

The rapid development of our proprietary systems and tools has allowed us to remain at the vanguard of delivering excellence to those who need it.

The decision to ‘build and invest’ rather than licencing a generic solution has been instrumental to Argentex’s robust systems and controls which has been clearly demonstrated while weathering of the COVID-19 pandemic. Not only did our CRM system come to the fore when seamlessly transitioning the Company from office to remote working it also tracked and traced client’s exposure in real time which, coupled with the Group’s risk policy, helped avoid bad debts.

Our tech investment has also been applied to launching our online trading platform that will allow clients in different time zones to execute trades instantly.

Online execution will not cannibalise our core business offering but provide a convenient addition to a growing suite of products to meet our clients’ needs.

Over the next few years we believe that further investment in all areas of the client journey will be required as we adapt to an ever-changing environment.

Shareholders

We are committed to achieving long-term, sustainable growth for our shareholders and our first year has proven we can achieve this. We want to continue to generate revenue growth, strong operating profit and sustained shareholder value.

Clients

Our exemplary high service level for our clients remains at the forefront of our business. We combine our talented work force with stringent processes and technology to ensure the client is satisfied with us as their foreign exchange provider.

Employees

We endeavour to create an environment that fosters talent, commitment and results. Our team’s efforts, dedication and successes are rewarded and celebrated and the atmosphere is collaborative.

Assured. Efficient. Superior.

"Our online system is a constantly evolving proposition in response to client feedback."

- Carl Jani, Co-Chief Executive Officer,

TRADITIONAL VOICE BROKING

Complex products, policies and hedging programmes often conceal the primary goal which should be risk mitigation, not profiting from foreign exchange by trying to 'beat the market'. A personal relationship with a professional trader will add value as they gain an understanding of your business. They can provide timely and relevant information to assist the client in making more informed decisions.

Some clients are in regular contact with their dedicated dealer several times per week, whilst others prefer far less frequent contact; sometimes as little as once a quarter. Most clients will sit somewhere on the spectrum between these two extremes and it is the job of the assigned trader to establish the best fit for the client's needs.

ONLINE CAPABILITIES

Designed from an exacting blueprint with clients' requirements in mind. Argentex Online is a powerful online capability to enable execution from anywhere in the world whenever the markets are open. Designed to be used standalone, or in conjunction with our traditional voice broking service; whichever suits your needs.

Our first online trade occurred in March 2020

Online trading function.

We have developed an online trading function for our clients who requested this service in addition to our direct-to-client service. This is a layer of added convenience for those wanting 24 hour trading and time critical trades.

Our online system has been developed on the foundations of the very same FIX engine our own professional traders use to execute trades, and is a constantly evolving proposition in response to client feedback.

Designed to be a value-add to our existing client base, the online capability has been implemented to provide a home to trades for which our existing client base finds it too resource-intensive to pick up the phone and execute a trade - for example a private equity firm whose average trade size is tens of millions of pounds, settling an overseas invoice for a few thousand pounds.

During a junior salesperson's early career at Argentex they may often come across a business whose FX exposure falls on the small side of our target market, where providing a full-service voice broking facility would prove too resource intensive for the Group. Rather than setting these clients to one side the online functionality provides these clients a facility where they can save money every time they trade at no additional marginal cost, at the same time avoiding turning away business based on size alone.

Our core focus will remain the same, and the addition of the online dealing capability does not represent a pivot of the Group's strategy into competing in the micropayments online space which is already overcrowded.

Adding new capabilities: Online trading and reporting portal

Argentex Online

- Fully invested
- 24 hour trading
- Smaller trades, higher margin
- Beneficiary and payment management

Existing clients

- Smaller trades that slip through the net
- Time critical trades
- Execution only

New clients

- No need to turn away smaller, but higher margin business
- Not wasting calls

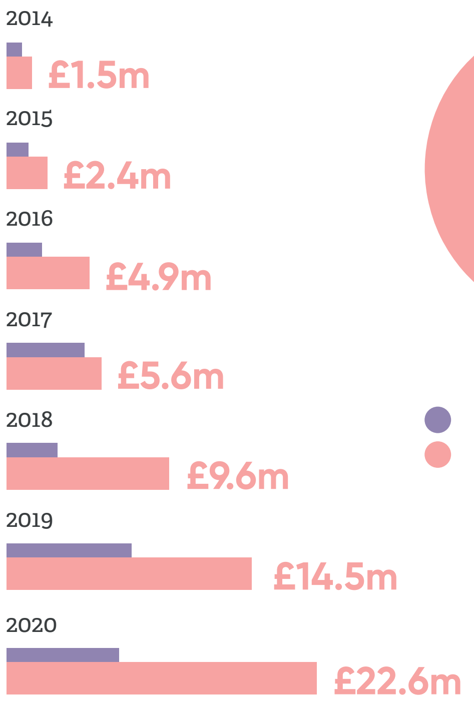
People and performance.

Repeat business.

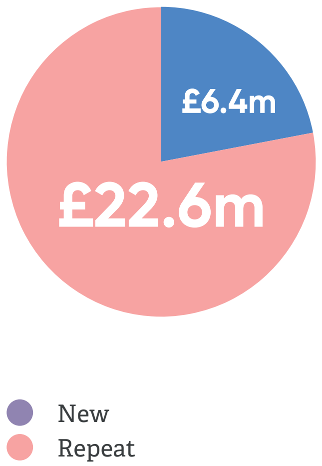
The bar chart to the right illustrates that repeat business is by far the largest source of any given year's revenue, and is the main reason Argentex was formed to target corporate, as opposed to private client business, which makes up just 2% of the firm's revenue.

There is a natural attrition that occurs as a result of human capital mobility, changes to clients' business models and exposures, so it is essential to the Group's success that it spends significant time and resource on training top quality sales staff to generate new business. It is the chosen model of the firm to recruit at a grass roots level, with a new staff member normally having little to no sales experience. Our experience has shown this to be the most effective way to maintain the required culture, consistency and performance underpinned by our extensive training programme.

New vs repeat business



Revenue 2020



High quality and efficient sales team contributes to our growth.

Choosing to recruit and train our employees from a grass roots level leads to longer learning curve for a new recruit, but one that ultimately pays off for those that remain.

A salesperson will be paid between 10 and 17.5% of the revenue generated by their clients, for the life of the client and as long as the salesperson remains employed. What determines where their commission percentage falls are quarterly targets, which are new-business based.

The chart shows the average discrete revenue attributed to each of our sales staff depending on how many years they have been employed. As demonstrated by the chart, within just a few years a salesperson will earn a commission trail that acts as its own long-term incentive, whilst targets keep them motivated to continue finding new business.

Expected annual revenue per years employed

Year 1
£0.07m

Year 2
£0.24m

Year 3
£0.72m

Year 4
£1.44m

Year 5
£2.63m

Year 6
£3.52m

The longer our sales staff are with us the better they get at selling.

Year 7
£5.02m

Driving forward

"Argentex has adhered to their strategy and surpassed initial expectations for the financial year."

Sam Williams
Chief Financial Officer

2020 ACHIEVEMENTS

Goals.

Outcomes.

Continue to improve productivity

- Average daily revenue per sales person continues to increase
- 10 sales people (from total of 27) now employed three years or more

Maintain diverse client base

- 41% of revenue in FY 2020 generated from top 20 clients (35% in FY 2019)
- Revenue from top 20 clients continued to increase (£11.4m vs £7.5m in FY 2019)
- Composition of top 20 continues to vary year on year

Increased transaction volumes

- FX turnover of £12.1bn vs £10.8bn in FY 2019
- 1,212 trading corporates clients vs 1,141 in FY 2019
- Average annual revenue per corporate £23.6k vs £18.4k in FY 2019

Generating revenues from options

- Winning back flow lost to banks
- Professional and Eligible Counterparty clients only
- Currently <6.5% total revenue

Continued investment in people

- 10 new sales hires in 2019
- Continued zero attrition of key staff

Key events from the last 12 months.

As established, the last 12 months were instrumental in building a strong foundation to set the business up for longevity and profitability.

To the right, we outline a number of highlights.

March 2019

- First month revenue >£3m

June 2019

- IPO, raising net £12m for the business

September 2019

- Half year revenue up 42% to £13.8m

November 2019

- Olivia Lang appointed as Chief Compliance Officer

March 2020

- First online trade
- First month revenue >£5m
- Pandemic declared

Achieving growth strategies.

1. Expand sales force

- Increase sales team to 50 people over the course of 3 years
- Moving into new office in 2020 to increase capacity

2. Increase productivity

- Average revenue per sales person increases with tenure

3. Customer acquisition

- Driven by sales team expansion and increased productivity

4. Targeted revenue

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

5. Continued focus on client proposition

- Client service at the forefront of what we do
- Bespoke and flexible solutions are our speciality

A bespoke service-led FX solutions provider.

The board is pleased with the Company's strong performance. Argentex has adhered to their strategy and surpassed initial expectations for the financial year. There is every confidence that the Group's long-term prospects are on track.

The outlook of the business is positive. Uncertainty around the impact of COVID-19 has not affected the business model, which takes no market risk or house position. Our corporate clients continue to seek certainty so Argentex will endeavour to provide clients with the knowledge and analysis to help them.

Brexit earlier in the year and COVID-19 in the latter part of the year have created higher degrees of uncertainty which will, in turn, provide opportunity in the short term.

Despite the macroeconomic and geopolitical challenges that appear to have become a constant backdrop over the recent past, we have started the new financial year with good momentum in terms of both revenue performance and client quality. Whilst market volatility is expected to remain as political tensions at home and abroad continue, as well as the uncertainties of COVID-19, we believe that with our robust business model and strong team, we are well positioned for the future.

We now have a Dutch sales office which is generating clients for the Group and is set to grow.

Further afield – both geographically and timewise we have identified significant opportunity in Australia and the surrounding regions.

We will soon move into our new office which is four times the size of our existing premisis, ready to accommodate our growing sales team. As each sales cohort progresses through their career they become more proficient at all aspects of the role, so generating increased revenue, more efficiently, in condensed timeframes leading to exponential growth in sustainable profitability. It's a model we have tried, tested and proven time and time again and one which we will continue to repeat time and time again, playing in the pools of the world's most liquid market.

Despite the inevitable global economic slowdown with likely outcomes such as unemployment rising and increased interested rates, the bench strength of the business from the board who have experience navigating the 2008 crisis and the experienced and capable sales team, we are confident that we will weather the turbulence of the next year, as demonstrated over the last 12 months.

The market volatility and FX markets are seemingly following a different trend to equity markets therefore there is an opportunity for Argentex to utilise this trend to the benefit of its clients.

The Group remains resilient, with the continued diversification of its client base, a robust business model and an uncompromising approach to compliance, we are confident of a successful forthcoming 12 months.

Strong financial track record of growth.

Financial update

"Revenue growth continues, due to strong performance in both new and repeat revenues, demonstrating the strength in customer acquisition and customer service."

Sam Williams
Chief Financial Officer

The financial year ended 31 March 2020 has been a landmark year in the relatively short history of Argentex.

The Group's successful admission to AIM in June 2019 is the first step in a new chapter for Argentex, and these maiden financial statements demonstrate that the Group has fully committed to the message and strategic model put to investors.

The IPO provided a £12m capital injection to the principal trading subsidiary of the group, Argentex LLP, with the primary objective of using the capital to build on the solid growth demonstrated over the history of the business.

The IPO was strongly supported by existing and new investors, and the quality of the new shareholder base provides an excellent foundation for life as a listed business. The primary aim of the IPO was to strengthen the capital base of the primary trading subsidiary of the group, Argentex LLP. Argentex LLP was established in 2012 and has experienced a significant rise in revenue and profitability in the seven years prior to the IPO. Fundamental to that growth was the level of capital deployed in the LLP, which is a critical element of the business model. Capital is pledged with the Group's institutional counterparties in order to collateralise the Group's trading portfolio, and as the Group grows, so does the need for capital. Capital also provides liquidity buffers to protect against significant market movements happening in a short space of time, enabling the Group to meet short term obligations as needed.

Of the £14m raised at IPO on the placing of new shares, £12m was successfully deployed as equity capital in Argentex LLP. As part of the IPO process, Argentex Group PLC acquired all of the equity of Argentex LLP through a share for share exchange (involving intermediate holdcos) which has been accounted for using the principals of merger accounting due to the transaction falling outside of the scope of IFRS 3 *Business Combinations*.

By using merger accounting, prior year comparatives are shown as if the group had been in existence prior the IPO, despite the LLP not having a majority owner for the year ended 31 March 2019. A reconciliation has been included in this financial review to provide an alternative comparison to better measure relative performance across the periods, and an underlying earnings figure presented in note 13 to the financial statements to provide comparability.

FINANCIAL PERFORMANCE

Argentex have performed well in FY20, with revenues increasing 32% from the prior year to £28.9m (2019: £21.9m). Revenue growth continues due to strong performance in both new and repeat revenues, demonstrating the strength in customer acquisition and customer service. We have seen growth across all categories of client from institutions, corporate and private clients. Due to the improved quality of our clients, we can see that our robust business model is working and growth has been achieved. Underlying earnings (note 13 to the financial statements) of £10m represents a growth of 27% from the FY19 underlying earnings.

After factoring in non-recurring costs of the IPO and new administrative costs for the enlarged listed group, the Group has retained profits of £7.6 million which be used to assess the value of the interim dividend relating to the year.

Subsequent to the year end (note 26 to the financial statements), the LLP has committed to a new premises following the expiry of its existing lease, which will increase the IFRS 16 costs, combined with an anticipated rise in headcount across all departments to enable the Group to pursue its growth plans. Consequently, operating leverage is expected to decline modestly in the short term while the new cost base consolidates and the additional front office staff are able to make meaningful contributions to revenues. 2019 Underlying operating profit does not include the costs of LLP members who, prior to the IPO had no guaranteed entitlement to remuneration under the former LLP agreement, instead receiving pure equity profit shares of Argentex LLP. At LLP level, as seen in the reconciliation, Distributable Profits approximate the Group's operating profit, and have increased from £7,201k in 2019 to £12,740k in 2020, with ratios increasing from 33% in 2019 to 45% in 2020.

FINANCIAL POSITION

Argentex continue to believe that cash generation from its trading portfolio is a key indicator of performance and adherence to risk appetite framework. At the end of the financial year, Argentex has cash and cash equivalents of £49m, an increase of £35m from the prior year. Increases in cash balances reflect the higher proportion of client balances held following collection of variation margin, in addition to the IPO proceeds and routine operating cashflow generation. Cash generation from the group's revenues is a function of i) the composition of revenues (spot, forward and option revenues) and ii) the average duration of the FX forwards in the portfolio. Historically, Argentex generates revenues in a ratio of approximately 50/50 between spot and forward FX contracts (excluding currency options which are a more recent business line). While spot FX contracts attract a smaller revenue spread, the risk profile of a spot FX contract is significantly reduced, and revenues are realised almost instantly. As such, having a significant proportion of the firm's revenues generated by a product with a minimal working capital cycle creates a strong positive cash flow for the business when compared to its operating cost base.

Further to the spot FX cash flows, the average tenor of and FX forward continues to be less than five months. When combined with the cash flow profile of the spot FX contracts, the LLP measures short term cash return as follows:

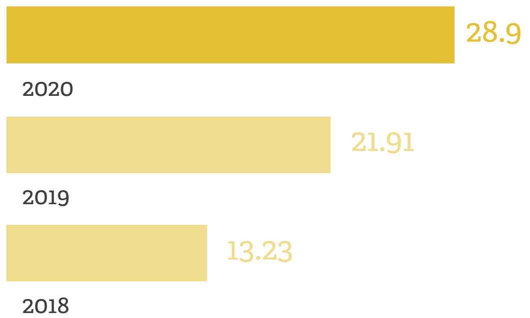
	2020 £'000	2019 £'000
Revenues for the last 12 months (A)	**28,986**	**21,910**
Less		
Revenues settling beyond 3 months	**(7,464)**	**(4,498)**
Net short term cash generation (B)	**21,522**	**17,412**
Short term cash return (B/A)	74%	79%

PORTFOLIO COMPOSITION
Argentex's client base, while increasing in number, is still composed of similar businesses, predominantly with exposures in the major currencies of sterling, euro and US dollar. At the year end, over 95% of the Group's portfolio was comprised of trades in those currencies. The Group's exposure to exotic currencies or currencies with higher volatility and less liquidity is still limited.

Heightened volatility through March 2020 increased collateral requirements with the Group's institutional counterparties, and consequently the Group called for variation margin on a number of exposures within its client portfolio. The Group collected collateral effectively from its client base through the volatile period and is yet to experience any material issues over settlement.

KEY PERFORMANCE INDICATORS
The Group measures its performance using the following Key Performance Indicators:

Revenue (£m)



Underlying Earnings

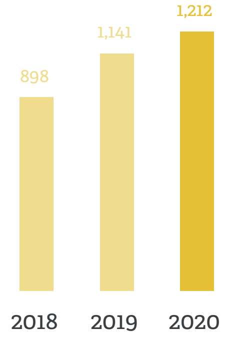
£10.0m

FY 2020

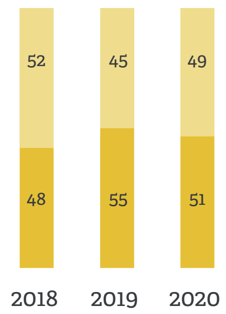
£7.8m

FY 2019

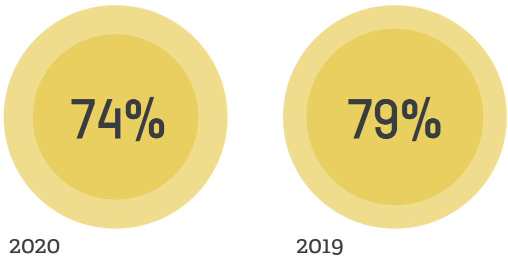
Number of traded corporates



Spot/Forward revenue mix



Short term cash return



DIVIDEND
Argentex is committed to its previously communicated dividend policy, paying out 30% of retained profits for the year. In accordance with current market practice and guidance during the COVID-19 disruption, the Group will be declaring its dividend for the year ended 31 March 2020 as an interim dividend (opposed to a final dividend), of 2p per share. The interim dividend record date will be 14 August 2020 and will be paid on 10 September 2020. The ex-dividend date is 13 August 2020.

Sam Williams
Chief Financial Officer

Reconciliation from Argentex LLP to Argentex Group PLC results.

	2020 £'000	2019 £'000
Revenue	**28,986**	**21,911**
Direct costs	(409)	(392)
Gross Profit	**28,577**	**21,519**
Administrative expenditure	(10,891)	(10,288)
Operating profit	**17,686**	**11,231**
Interest receivable and similar income	105	-
Interest payable and similar charges	(157)	(108)
Profit for the financial year before members' remuneration and profit shares	**17,634**	**11,123**
Members' remuneration		
— Allocated to individual members of the LLP under the revised compensation model	**(4,894)**	**-**
— Adjustment for revised compensation model applied retrospectively	**-**	**(3,922)**
Distributable profits after individual LLP members' compensation	**12,740**	**7,201**
Profit allocated under the previous ownership structure pre-IPO	(1,663)	(4,333)
Dividends declared under the former ownership structure	(488)	(2,868)
Post-IPO profits available for distribution to Argentex Group plc and its subsidiaries	**10,629**	**-**
IPO costs	(563)	-
Share based payments	(5)	-
Other administrative costs	(291)	-
Taxation	(2,128)	-
Retained profit for the period for Argentex Group PLC	**7,642**	**-**

Note: Following IPO, the self-employed LLP members who are members of the LLP Executive Committee will be remunerated under the Amended and Restated LLP Agreement by a combination of (i) fixed annual remuneration (ii) participation in revenue commission schemes (iii) annual bonuses and (iv) other variable compensation based on the LLPs performance. This model has been applied retrospectively to 2019 to present comparative information consistently in the pro forma.

Section 172 Statement.

Our 5 Key Stakeholders

1. Our Customers
2. Our Employees
3. Our Environment and Communities
4. Our Investors
5. Our Partners

As a board we have always taken decisions for the long term, and collectively and individually our aim is always to uphold the highest standards of conduct.

Similarly, we understand that our business can only grow and prosper over the long-term if we understand and respect the view and needs of our clients, colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable.

Meaningful engagement with these stakeholder groups supports the ethos of Section 172 of the Companies Act which set out that Directors should have regard to stakeholder interests when discharging their duty to promote the success of the Company. Details of the key stakeholder engagement undertaken at different levels within Argentex to inform decision-making and enhance Board understanding are set out on the following page.

	Who / What they are?	Why are they important to us?	What do they want from us?	How do we engage with them?
Our Customers 32 34 36	We are fortunate to have a very diverse client base. Our clients vary from institutional, corporate and private clients from a variety of industries.	Our clients are the reason Argentex has become what it is. They form our revenue and growth.	They want tailored and best in class foreign exchange advisory and execution services that are safe and reliable.	The directors have implemented a client service model designed to provide high levels of service and personal interaction to the Group's client base. Our growing repeat revenues are testament to our commitment to our client focussed operating model.
Our Employees 22 23 40 41	Anyone who is employed by Argentex.	Our people are our most important asset. They create and maintain our business, provide our customers with service they have grown accustomed to and drive business development and growth.	Our employees want a satisfying career, and a positive and motivating work environment where they can thrive, all underpinned by a supportive culture.	Directors engage regularly with staff and leadership teams. The Directors monitor staff appraisals, implement personal development plans and have set fair remuneration policies including health insurance that includes mental wellbeing as well as in-house fitness facilities.
Our Environment and Communities 55	We are aiming to be a more sustainably run business and become more actively involved in communities.	We are committed to minimising the impact of our business operations on the environment. As a listed business we feel more than ever how important it is to support charitable organisations that we have allegiances to.	To aspire to be responsible members of our community as it reflects our principle to do the right thing. It is also important to our colleagues, customers and shareholders.	The Directors are implementing employee opportunities for a volunteering programme to be introduced in September 2020, ESG strategy to be implemented in September 2020.
Our Investors 37 65 67 74	Those who own shares in Argentex.	Investors provide capital to the business, as well as valuable feedback on our performance and strategic position.	Investors want a clearly articulated long-term strategy together with shorter-term plans and effective communication of our progress. We aim to grow our share price and provide sustainable dividend income through a progressive dividend policy, while carrying no debts.	The Directors conduct formal results presentations every six months. Institutional shareholders meet our Executive Directors regularly. The Directors hold an AGM every year.
Our Partners 55	Those who have a direct working or contractual relationship, or share a mutual interest with us.	Their vital contributions to our business provide services and advice.	Our partners want us to be trustworthy and live up to our promises.	The Directors work to find mutually effective ways to communicate and collaborate with each group. High standards of health, safety and security underpin everything we do.

Striving to become a sustainably run business.

We aim to continue to deliver market-leading growth whilst simultaneously reducing our impact on the environment and striving to improve our society.

Our long-term growth aspirations are synergistic with, not in spite of, an improvement in staff wellbeing and the environment, and this is what drives us forward when looking at the culture and values that are synonymous with Argentex. As well as being a solid, profitable company we also want our staff wellness and productivity to be a significant indicator for success.

We have appointed the ESG consultant, EcoDesk, to help us define our low-carbon business strategy. We understand the need to embed an ESG strategy that can account for operational and strategic impacts.

With our office relocation, the business is reusing as much as reasonably possible, in fitting with the design of the new office - desks, IT equipment and meeting room furniture are being relocated to the new office.

The remaining equipment and furniture not moved to the new office will be re-used or recycled through a third party, therefore avoiding any landfill.

We are installing in our new office a new lighting system which is fully LED – fully commissionable with sensors and dimmers to maximise energy efficiency.

In addition to this, specialist taps will be installed which are not only energy efficient but will result in no bottled water or single use plastics in the office.

A new energy efficient air-conditioning system is being installed with heat recovery and all timber used within the build is FSC approved.

Framework and structured processes.

> "Argentex has a structured process for identifying, assessing and managing risks associated with the Group's business objectives and strategy."
>
> - Sam Williams, Chief Financial Officer

The Group, as any business operating in the financial services sector, faces a number of challenges to its successful operation and development.

The principal risks and uncertainties facing the Group are addressed through a risk management framework that provides a structured process for identifying, assessing and managing risks associated with the Group's business objectives and strategy.

Market Risk

DESCRIPTION and potential impact
Market Risk is the risk that the value of the Firm's income, liabilities, assets or costs might vary due to changes in the value of financial market prices.

MITIGATION
As the Firm acts in a riskless principal capacity, market risk is hedged and therefore limited to the Firm's own funds in foreign currency. These currency amounts are regularly reviewed to ensure no unnecessary FX exposures are held. The firm holds no other exposures which bear market risks.

Operational Risk

DESCRIPTION and potential impact
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external causes. These failures can be deliberate, accidental or natural. Roles and responsibilities are clearly defined across business and control functions.

MITIGATION
Argentex mitigates operational risks having established a clear control framework with supporting policies, procedures and business continuity planning alongside on-going embedding of operational risk management and processes. Where the firm is unable to wholly mitigate a risk (for example cyber threats) it has taken out extensive insurance to cover any consequential losses and ensure that the firm is able to continue in operation with little to no financial detriment to itself or its clients.

Finally, we have chosen only well-respected partners for outsourced functions based on the firm's outsourcing and due diligence policies.

Liquidity risk

DESCRIPTION and potential impact
Liquidity risk is the risk that the Firm has insufficient cash resources to meets its obligations or can only do so at an unsustainable cost.

Liquidity risk is primarily driven by:
— a sudden sharp movement in exchange rates when a currency is net long/short; or
— an over-extension of hedging facilities.

If the Group were unable to meet its financial obligations when due, this would have a material adverse effect on its business, results of operations, financial condition and prospects.

MITIGATION
The firm's primary intra-day liquidity requirements are driven by margin balance requirements with institutional counterparties. This margin position is monitored intra-day, and is subject to frequent review and stress testing to ensure the firm has sufficient collateral pledged to cover its current and potential obligations in the event of a significant market movement.

Liquidity for client settlement is provided in a "safe settlement" environment, Argentex will never remit funds to the client prior to receiving cleared funds in the sell currency.

The Group benefits from the fact that trading terms with its Institutional Counterparties are generally more favourable than those offered to its clients, and it only has to fund its net FX exposure with its Institutional Counterparties.

Credit Risk – clients

DESCRIPTION and potential impact
Credit risk reflects the risk that the firm is unable to realise the cash value of its assets or has to pay out an off-balance sheet liability.

The Group is exposed to credit risk if a client fails to settle a contract at maturity or fails to deliver on margin calls when required. The Group is therefore exposed to the fair value movements of the contract from the day the trade was booked, or since the date of the last margin call.

MITIGATION
The Group has a credit policy in place to mitigate any potential losses arising from a client failing to settle; in particular:
— assessment of the creditworthiness of clients, with each client being provided a credit assessment based on their specific circumstances;
— where a hedging facility has been extended, maximum exposure limits (typically 3-5% of the value of the contract with a client) before a margin call will be made;
— timely collection of margin calls or early settlement of client contracts to reduce or eliminate credit exposures;
— regular stress testing of exposures, both routine and event driven to provide visibility on potential future exposures in a range of market scenarios.

Credit Risk – institutional counterparties

DESCRIPTION and potential impact
Argentex relies on third party institutions in order to trade and clear settlement funds through client accounts. Counterparty Credit risk reflects the risk that the firm may incur losses as a result of institutional counterparty failure.

MITIGATION
To reduce counterparty credit risk to acceptable levels, Argentex only trades with institutional counterparties with robust balance sheets, high credit ratings (where published) and sound capital resources (as disclosed in accordance with the CRR and CRD IV of Basel III) and monitors the creditworthiness of institutional counterparties on an ongoing basis.

At institutional counterparty level, trade volumes and trading cash balances are concentrated to a small selection of institutional counterparties. A degree of concentration is necessary for the Group to command strong pricing and settlement terms with these institutions, however the Group continues to review the composition of its institutional counterparty base to ensure that there is sufficient redundancy in its liquidity offering.

Regulatory and Compliance Risk

DESCRIPTION and potential impact
Regulatory and Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-observance of, laws, rules and regulations applicable to the Group. Argentex LLP is authorised and regulated by the FCA as (i) an electronic money institution under the Electronic Money Regulations 2011 and (ii) for the provision of investment services (as an IFPRU Limited License Firm). Furthermore, the Group must abide by the AIM rules and other significant legislation including GDPR.

Consequences of failure to meet regulatory requirements include penalties and withdrawal of permissions, and the dynamic and evolving nature of financial and other regulations could lead to significant expenditure in order to remain compliant with the evolving regulatory environment.

MITIGATION
Argentex is committed to upholding the FCA's principles for business. The firm has a governance structure in place that allows for the identification, control, and mitigation of material risks resulting from the operations of the firm.

Argentex hired a new Chief Compliance Officer, Olivia Lang, in the year to further enhance the management team.

The group continues to invest internally in compliance resources, and engage with RegTech providers to leverage the rapidly growing solutions which assist with risk monitoring and mitigation.

The Group utilises external compliance auditors to review its AML processes and procedures and provide recommendations on enhancements to the existing compliance environment.

Key Personnel

DESCRIPTION and potential impact
The loss of key senior employees could increase the risk of not winning repeat work or missing out on significant new contracts, which could result in a material adverse effect on the Group's financial results.

MITIGATION
Remuneration is reviewed annually and a large proportion of the Group's employees participate in the Group's share-based incentive plans. The Group has a successful track record of retaining senior employees and the recruitment of additional key personnel provide assurance that there is appropriate breadth of management and appropriate span of control. Succession planning is assessed annually by the Nomination committee. The Group has comprehensive keyman person insurance policy in place. All key management have entered into service contracts which provide notice periods for the Group's protection.

IT and System risk

DESCRIPTION and potential impact
The current or prospective risk to Argentex's earnings and own funds arising from inadequate IT, processing and systems. Total failure of either the system or its hosting environment would be detrimental to both the firm and its clients.

MITIGATION
The firm maintains several DR options depending on the nature of the IT failure and expects any detriment to be minimal due to the multiple ways of performing its key functions or execution and settlement.

The firm maintains robust levels of insurance to cover losses in such a scenario should they materialise, meaning financial impact of the event should be restricted to costs for support and remedial works if needed.

Argentex has implemented a Business Continuity Policy to provide guidelines for developing, maintaining and exercising Argentex's Business Continuity Management (BCM) and IT Disaster Recovery (DR).

Cyber risk

DESCRIPTION and potential impact
Cyber risk is a continual pervasive threat which we define as the risk of losses arising from being targeted by hackers resulting in significant disruption to its operations and ability to service customers.

MITIGATION
The firm works with its key counterparties who assist in the processing and storage of relevant data to ensure the firm is up to standard on all relevant legislation.

The firm maintains robust levels of insurance to cover losses in such a scenario should they materialise, meaning financial impact of the event should be restricted to costs for support and remedial works if needed.

Staff are trained regularly on password security, fraud, ransomware and phishing threats, and management put emphasis on robust IT and systems to our overall strategy.

COVID-19

DESCRIPTION and potential impact
The risk of COVID-19 is a new risk that an infectious pandemic (as highlighted by the recent events at the time of writing) negatively impacting the Group either through direct infection of staff and key stakeholders of the Group, or indirectly for example through government directives enacted in order to contain the spread of the disease that either force the firm to enact less than optimal working conditions (such as work from home) or a general reduction in client spend due to economic contraction.

MITIGATION
The Group's primary responsibility is to the safety and welfare of its staff and has established policies and procedures that the recent lockdown that begun in late March tested to its extreme from a standing start.

The Group's systems and capabilities as well as the commendable attitudes of its staff afforded the Group the agility to continue to offer minimal disruption to clients whilst simultaneously ensuring a safe working environment for those that would otherwise have to take an unnecessary level of risk were they required to travel into the office.

The Group are confident that any future requirements to enact restrictions on movement would not be detrimental to the operations of the Company.

The Group are acutely aware of the negative impact COVID-19 is having on many industry sectors and our thoughts are with those that are affected. Robust risk controls, a diverse, high quality client base and strength of balance sheet means management are confident that Argentex remains well placed to weather any future pathogen-related disruptions. The rate of new client acquisition in addition to an already well-diversified client base means the Group remain cautiously optimistic of meeting all long term growth targets.

Board of Directors.

Lord Digby Jones 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 and he works at a senior level with Cancer & Military charities.

Carl Jani
Co-Chief Executive Officer,
Co-Founder

Carl is a founding partner of Argentex. As Co-CEO, Carl together with Harry is jointly responsible for the strategic direction of the business. Carl oversees the Operational divisions of Argentex, maintaining the highest level of compliance, corporate governance and risk mitigation. He is also responsible for the innovation, development and implementation of the Group's systems and controls. During his career in financial services, Carl has advised some of the best-known names in the retail, charity and private equity sectors.

Harry Adams
Co-Chief Executive Officer, Co-Founder

Harry is a founding partner of Argentex. As Co-CEO, Harry together with Carl is jointly 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.

Sam Williams
Chief Operating Officer, Chief Financial Officer

Sam joined Argentex in 2015 splitting his time as CFO and COO. Being integral to taking the firm public in 2019, Sam has bolstered the compliance function allowing him to spend the majority of his day in his role as CFO. Sam qualified as a chartered accountant at Smith & Williamson LLP where he was responsible for auditing and advising financial service businesses. Sam holds the CISI Investment Operations Certificate.

Lena Wilson CBE FRSE
Senior Independent Director and 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, Intertek Group PLC, Scottish Power Renewables Ltd and is 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.

Henry Beckwith
Non-executive Director

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.

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.

Directors' Report.

The Directors have the pleasure of presenting their report including reports from the Board Committees and Consolidated Financial Statements for Argentex Group PLC for the year ended 31 March 2020.

For the purpose of this report, 'Company' means Argentex Group PLC, a public limited company incorporated in England & Wales with registered number 11965856 with registered office of 5 Old Bond Street, London, W1S 4PD. References to "Argentex" and the 'Group' mean the Company and its subsidiaries.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of a holding company. The principal activities of the main trading subsidiary undertaking are that of foreign exchange services, primarily the provision of foreign exchange execution and advisory services to corporate and institutional clients.

BUSINESS REVIEW AND RESULTS

The review of the business, operations, principal risks and outlook are included in the Strategic Report on pages 27 to 59. The Group's profit after taxation for the year was £8.1m as set out in the Consolidated Statement of Profit or Loss on page 90.

DIVIDENDS

In line with the Group's dividend policy communicated at the time of the IPO, the Group will be paying 30% of retained profit after tax, adjusted for any exceptional items. The dividend relating to 31 March 2020 will be declared as an interim dividend following the release of these results, reflecting current market practice. This is the Group's first year as a listed business so this will be the maiden dividend from the listed group. Full particulars of the dividends are contained within the Financial Review on page 50.

DIRECTORS

The Directors of the Company who held office during the year were:

— Carl Jani
— Harry Adams
— Sam Williams
— Lord Digby Jones Kb.
— Lena Wilson CBE FRSE (appointed 5 August 2019)
— Nigel Railton
— Jonathan Gray
— Henry Beckwith

All directors were appointed in June 2019 in advance of the IPO unless otherwise stated.

Biographies of the directors including their committee memberships are set out on pages 63 to 65.

DIRECTORS INTERESTS

The remuneration, principal terms of employment and the interests of the Directors in the Company's shares are detailed in the Directors Remuneration Report on pages 76 to 79. During the period covered by this report, no Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other that their own service contract), requiring disclosure under the Companies Act 2006. There are procedures in place to deal with any Directors' conflicts of interest arising under section 175 of the Companies Act 2006 and such procedures have operated effectively.

GOING CONCERN

The Directors have assessed the Group's prospects until the end of 2021, taking into consideration the current operating environment, including the impact of the Government imposed lockdown due to the Coronavirus pandemic on the FX markets.

The Group has successfully triggered business continuity provisions in response to Government directives, ensuring its ability to maintain operations. At the time of preparation of this report, all staff are successfully working remotely and have appropriate access to the Group's bespoke technology platform that allows them to connect virtually and continue as normal on existing engagements and business development activities.

The Directors and management team continue to monitor the welfare of staff on a daily basis and are providing them with the support they need to operate effectively from remote locations.

The Group has developed a set of financial measures designed to provide flexibility to mitigate the expected near term operational and financial and longer term economic impact of the COVID-19 pandemic on the Group.

Whilst these measures may be extended as events unfold, the Directors of are confident that in context of the Group's financial requirements they give flexibility and sufficient liquidity to the Group to ensure that the Group can withstand significant shocks and/or extended periods of market volatility, whilst remaining as a going concern for the next 12 months from the date of approval of the Director's report and financial statements.

DIRECTORS' INDEMNITY

All Directors and Officers of the Company have the benefit of the indemnity provision contained in the Company's Articles of Association and have received a deed of indemnity from the Company. The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and Officers.

POLITICAL DONATIONS

The Group has not made any political donations, and does not intend to in the future.

SHARE CAPITAL

Argentex Group PLC is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of the London Stock Exchange PLC. Save as agreed at the Annual General Meeting of the shareholders, the ordinary shares have pre-emption rights in respect of any future issues of ordinary shares to the extent conferred by section 561 of the Companies Act. Details of the Group's Share Capital and changes in the year are set out in note 21 of the Consolidated Financial Statements.

SUBSTANTIAL SHAREHOLDINGS

At 31 March 2020, the Company had been notified of the following interests (excluding Directors within the Group) representing 3% or more of its issued shared capital:

Shareholder	Number of ordinary shares	% holding
Pacific Investments Limited	14,195,191	12.54%
Blackrock	6,020,922	5.32%
Premier Miton Investors	3,857,750	3.41%
Gresham House Asset Management	3,610,000	3.19%

EMPLOYEE INVOLVEMENT

The Group continues to involve its staff in the future development of the business. Certain employees are participants in the Group's CSOP plan which was issued at IPO, and, subsequent to the year end, the Group issued a new Long-Term Incentive Plan ("LTIP") designed to reward, incentivise and retain key staff and engage employees with the long-term growth aspirations of the Group.

ENGAGEMENT WITH CUSTOMERS AND SUPPLIERS

Engagement with our stakeholders is very much part of our ethos. The Board is regularly updated on wider stakeholder engagement with customers, suppliers and shareholders' insights into the issues that matter most to them and our business.

CORPORATE SOCIAL RESPONSIBILITY

We are committed to minimising the impact our operations have on the environment, so we have hired an ESG consultant to help us become more environmentally aware. Recycling office supplies where possible is already being undertaken. We do not discriminate against age, gender, ethnicity, disability or any other criteria. For more information please see page 55.

ANNUAL GENERAL MEETING
The AGM will take place at 9:30am on Friday 11th September 2020 at 25 Argyll Street, London, W1 7TU. The Notice of the AGM and the ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report.

FINANCIAL INSTRUMENTS AND RISK
The financial instruments and their associated risks are set out in note 27 of the Consolidated Financial Statements.

CORPORATE GOVERNANCE
A full review of Corporate Governance appears on pages 70 to 75.

AUDITOR
Nexia Smith and Williamson have confirmed their willingness to continue in office as auditor in accordance with section 489 of the Companies Act 2006. The Group is satisfied that Nexia Smith and Williamson are independent and there are adequate safeguards in place to safeguard their objectivity. A resolution to reappoint Nexia Smith and Williamson as the Company's auditor will be proposed at the AGM on Friday 11th September 2020.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR
All the Directors who were members of the Board at the time of approving the Director's Report have each taken all the steps they might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. To the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware.

DIRECTORS' RESPONSIBILITIES
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under such laws, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board

Sam Williams
Chief Financial Officer
31 July 2020

Corporate Governance Report.

Lord Digby Jones Kb.
Non-Executive Chairman

Dear Shareholder,

The Board of Argentex recognises the importance of good corporate governance. Best practice is adopted wherever possible to facilitate robust risk management and the promotion of a strong governance environment. At IPO, the Quoted Companies Alliance ("QCA") Corporate Governance Code ("the Code") was adopted as the recognised corporate governance code . The Board has reviewed the Corporate Governance disclosures set out in the following pages and believes that the Group complies with the principles and disclosure requirements of the code in full. This report sets out how we apply the ten principles of the Code, which we believe creates an environment geared towards the medium and long-term success of the Group and ultimately delivering value to shareholders.

A compliance and risk monitoring program is embedded throughout the Company and provides the Executive Directors with information on the control and reporting of risks as well the efffectiveness of risk controls. This information is relayed to the Board for consideration and review.

The Board remains committed to develop best practice throughout the business and will continue to lead the business by setting standards for behaviours expected by all staff in their actions within the business and in dealing with our external stakeholders.

Lord Digby Jones Kb.
Non-Executive Chairman

The QCA Corporate Governance Code.

1. Establish a strategy and business model which promotes long-term value for shareholders.

27 Strategic Report

2. Seek to understand and meet shareholder needs and expectations.

37 Investor / Shareholders
132 Shareholder communications

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.

52 Section 172 Statement
55 Corporate Social Responsibility
37 Other Stakeholders

4. Embed effective risk management, considering both opportunities and threats throughout the organisation.

56 Principal Risks & Uncertainties
80 Internal Controls & Assessments of Business Risk

5. Maintain the Board as a well-functioning balanced team led by the Chair.

63 Board of Directors
70 Corporate Governance Statement

6. Ensure that between them the Directors have the necessary up to date experience, skills and capabilities.

63 Board of Directors
74 Board of Effectiveness

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

74 Board of Effectiveness
76 Remuneration Committee Report

8. Promote a corporate culture that is based on ethical values and behaviours.

70 Corporate Governance Statement
80 Audit Committee Report
76 Remuneration Committee Report

9. Maintain governance structure and processes that are fit for purpose and support good-decision making by the Board.

32 Clients
22 Business Culture, Behaviour & Ethics
22 Culture
55 Corporate Social Responsibility

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

70 Corporate Governance Statement

GOVERNANCE INTRODUCTION AND THE BOARD COMPOSITION

The Board is responsible to shareholders for the long-term success of the business. It is important that the Board comprises of a mixed skill set, experience and knowledge to deliver the Strategy of the Group. The Board comprises of three Executive Directors and five Non-Executives, including the Chairman. The Board believes that the size, skills sets, and experience are pertinent to the Argentex Group given its size, stage of development and opportunities that it faces. All Board Directors are subject to election at their first Annual General Meeting and to re-election annually thereafter.

The Board is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, budgets and corporate activity.

All Directors have access to the Company Secretary, Vistra, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

The Board meets at least six times each year, and additional meetings are held as required. The Board is the principal forum for directing the business of the Group.

HOW THE BOARD OPERATES

The Board is responsible for the proper management of the Group by formulating, reviewing and approving the Group's strategy, budgets and corporate actions. Executive Directors work full time within the Group. Non-Executive Directors are expected to devout such time as is necessary for the proper performance of their duties.

In order to achieve its objectives, the Board adopts the ten principles of the QCA Code.

The Board considers and approves the Group's dividend policy, changes in the Group's capital and financing structure.

The Board is responsible to for:

- The maintenance of a robust system of internal controls and risk management procedures
- Board appointments and succession planning
- The approval of the Remuneration Policy and remuneration arrangements for the Directors and other senior managers
- Setting the terms of reference for Board Committees
- The strategy and growth plans of the business
- Structure and Capital
- Risk Management and internal controls
- Contracts
- Commitment to material expenditure
- Shareholder communication
- Corporate Governance

BOARD MEETINGS

The Board met seven times during the year and Non-Executive Directors communicate directly with Executive Directors and Senior Management between formal meetings. The Board operates to an agreed schedule, covering key matters at regular intervals through the year. The agenda and papers for the Board are distributed in advance of each Board meeting.

The roles of the Chair and co-Chief Executives are distinct with clear division of responsibilities. The Chair's role is to ensure good corporate governance. His responsibilities include leading the Board, ensuring the effectiveness of the Board in all aspects of its role, setting the Board agenda, ensuring that all Directors participate fully in their activities and decision making of the Board and ensuring communication with shareholders.

Directors are expected to attend all Board meetings, and the Committee meetings on which they are members. The table on page 75 outlines the scheduled Board and Committee meetings with attendance of each Board Member. The Nomination Committee did not meet during the year.

THE BOARD COMMITTEES

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The Audit Committee monitors the need for an internal audit function.

The Audit Committee is comprised of Lena Wilson CBE FRSE, Jonathan Gray, Henry Beckwith and Nigel Railton is the Chair. The Audit Committee will meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit Committee will also meet frequently with the Company's external auditors.

Remuneration Committee

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments, share options or other long-term incentive plans. The remuneration of Non-Executive Directors will be a matter for the Chairperson and the Executive Directors. No Director will be involved in any decision as to his or her own remuneration. The Remuneration Committee is also responsible for issuing awards of shares and options to purchase Ordinary Shares under the Company's proposed share incentive plans. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Corporate Governance Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance.

The Remuneration Committee is comprised of all of the Non-Executive Directors and Jonathan Gray is Chair. The Remuneration Committee will meet at least twice a year and otherwise as required.

<u>Nominations Committee</u>
The Nominations Committee is responsible for identifying and nominating members of the Board, recommending Directors to be appointed to each committee of the Board and the Chair of each such committee. The Nominations Committee will also arrange for evaluation of the Board. The Nominations Committee is comprised of all of the Non-Executive Directors and Lena Wilson CBE FRSE is Chair. The Nominations Committee will meet at least twice a year and otherwise as required.

BOARD EFFECTIVENESS
The Board will review its effectiveness by reference to financial performance, continuing adherence to risk and compliance frameworks and the overall growth of the Group. The Board will take account of the opinions and insights of its advisers, including NOMAD, auditors, and legal advisers. The method of assessing Board effectiveness and performance will also be reviewed on a regular basis, and recommendations regarding changes to the composition of the Board will be evaluated fully. The Chairman will carry out appraisals of the Board, the Committees and the individual Directors and include a review of the fees paid to Non-Executive Directors including the fee for the Chairman. The formal evaluation process will take place on an annual basis and is supported by regular communication between the Chairman and the other Directors to allow any matters to be addressed.

The Board is committed to work in a dynamic, collaborative and constructive way with different points of view and knowledge being drawn upon to challenge and review the business of the Group.

Appraisal of the Chairman will be undertaken annually by the Nominations Committee Chair, Lena Wilson CBE FRSE in collaboration with the other executive and Non-Executive Directors.

The review of fees paid to Non-Executive Directors was reported to the Board and details are included in the Remuneration Committee's Report.

INTERNAL CONTROL AND RISK MANAGEMENT
The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks that may undermine the Group's strategic objectives and can only provide reasonable not absolute assurance against material misstatement of loss.

The Directors believe that the Group has internal control procedures in place appropriate to the size and nature of the business.

SHAREHOLDER COMMUNICATIONS
The Board is committed to maintaining communication with the Company's shareholders. The principal methods of communication with private investors remain the Annual Report and Financial Statements, the Interim Report, the AGM and the Group's website (www.argentex.com).

All Directors will normally attend each AGM and shareholders are given the opportunity to ask questions. In addition, the co-Chief Executives and Chief Financial Officer welcome dialogue with individual institutional shareholders to understand their views and feed these back to the Board. General presentations are also given to analysts and investors covering the Annual and Interim Results.

OTHER STAKEHOLDERS
Other key stakeholders aside from shareholders are the Group's staff, its corporate clients and its key suppliers. Delivering client focussed outcomes ensures the long-term viability of the Argentex business model, and maintaining client confidence and trust requires full commitment to the Argentex culture by its staff. The client journey involves all facets of the Argentex model, from front office client acquisition and relationship management, through to payment execution and ongoing compliance undertaken by the back office. Argentex's growing client base and ever growing staff number demonstrate Argentex's commitment to the same model that drove the early success of the business and continues to deliver for the business. The Board actively encourages and gives opportunities for its staff to give feedback regardless of seniority or tenure through regular team meetings and sustaining a flat organisation where the senior management team are present on the sales floor daily. Argentex is also committed to using domestic supply chains where possible, in order to maintain a modest environmental footprint and have access to domestically located support, opposed to solutions outsourced overseas.

Attended meeting
Not a committee member
Not a board member at time

	Digby, Lord Jones Kb.	Nigel Railton	Jonathan Gray	Lena Wilson CBE FRSE	Henry Beckwith	Carl Jani	Harry Adams	Sam Williams
Board Meetings	Chair							
	Attended meeting	Not a board member at time	Attended meeting	Not a board member at time	Attended meeting	Attended meeting	Attended meeting	Attended meeting
	Attended meeting	Not a board member at time	Attended meeting	Not a board member at time	Attended meeting	Attended meeting	Attended meeting	Attended meeting
	Attended meeting	Attended meeting	Attended meeting	Not a board member at time	Attended meeting	Attended meeting	Attended meeting	Attended meeting
	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting
	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting
	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting
	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting
Audit Committee		Chair						
	Not a committee member	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Not a committee member	Not a committee member	Not a committee member
	Not a committee member	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Not a committee member	Not a committee member	Not a committee member
Remuneration			Chair					
	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Not a committee member	Not a committee member	Not a committee member
	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Attended meeting	Not a committee member	Not a committee member	Not a committee member

Remuneration Committee Report.

"Argentex is committed to achieving both high governance standards and a simple and effective remuneration structure."

- Jonathan Gray, Chair of the Remuneration Committee

I am pleased to present the Remuneration Report for the year ending March 2020 which summarises the work of the Remuneration Committee, the remuneration policy and the remuneration paid to the Directors for the year.

As an AIM-quoted company, the information provided is disclosed to fulfil the requirements of AIM Rule 19. Complying with AIM Rule 26, Argentex complies with the QCA Corporate Governance Code. Although the Company is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Argentex is committed to achieving both high governance standards and a simple and effective remuneration structure.

Argentex was admitted to trading on AIM on 25 June 2019 and prior to this was a private business.

REMUNERATION COMMITTEE

The Remuneration Committee was constituted at the time of the IPO. The composition of the committee is shown on page 73 and is made up entirely of the Group's Non-Executive Directors. The Committee is responsible for determining and reviewing the Group's policy on executive remuneration and other benefits and terms of employment, including performance related bonuses and share options. The Committee also determines the operation of the share option and share incentive schemes established by the Group, and reviews senior management's proposals for remuneration policies affecting all staff.

The Committee has met twice during the year.

REMUNERATION POLICY

The Committee is conscious of the scale and importance of remuneration in a business of this type. The Group's policy is to offer competitive remuneration with the aim of motivating and retaining high quality executives to support the achievement of the Group's financial and non-financial targets and to pay executives fairly. The Committee considers the appropriate balance between fixed and variable remuneration as well as ensuring that the remuneration policy is aligned with the interests of shareholders.

Each of our Co-CEOs has a significant shareholding and so their interests are directly aligned with shareholders as a whole. In view of this, the Co-CEOs do not currently participate in long-term incentive arrangements. The committee has retained an independent external consultant to advise on remuneration matters across the Group.

Salaries, fees and benefits

Salaries and cash bonuses for Executive Directors are determined by the Remuneration Committee and are reviewed annually, considering individual and Group performance over the previous twelve months, external remuneration data from comparable companies and advice from the external consultant.

From the date of our IPO up to 31 March 2020, our Co-CEOs received annualised fixed remuneration of £250,000, comprising an annual fee of £25,000 and annual fixed profit shares of £225,000. Our CFO received annual fixed remuneration of £150,000, comprising an annual fee of £25,000 and annual fixed profit shares of £125,000.

The Executive Directors do not receive any pension or other benefits.

Fees for Non-Executive Directors are determined by the Board, having regard to fees paid to Non-Executive Directors in other UK quoted companies of a similar scale, the time commitment and responsibilities of the role. The Non-Executive Directors' fees are subject to the aggregate limit set out in the Company's Articles of Association. The fee for our Chairman from IPO until 31 March 2020 was £60,000 per annum and for our non-executive directors was £45,000. Fees are payable from the date of appointment as a Non-executive Director, except for Henry Beckwith who has waived his fee. No options are held by the Non-Executive Directors. Individuals cannot vote on their own remuneration.

Annual bonus

The Company operates an annual discretionary bonus plan under which Executive Directors may receive a bonus based primarily on group financial and operational performance in the year. Bonuses are payable in cash following completion of the audit.

In the light of the Group's strong financial performance during the year detailed earlier in this annual report, the Remuneration Committee determined to pay bonuses of £495,000 each to the Co-CEOs and £180,000 to the CFO.

Long term incentive plans

The Committee recognises the importance of ensuring that senior employees of the Company are effectively and appropriately incentivised. In order to further encourage long term alignment of staff with the interests of shareholders and the strategic objectives of the Group, the Company operates a UK tax-advantaged company share option plan (the "CSOP").

The CSOP was granted at IPO to certain senior employees of the Group. The 311,311 Options granted under this scheme are intended to meet the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 and be qualifying for capital gains tax treatment for employees.

On 7 April (after the financial year end) the Company issued a further grant of 4,528,300 share options under the CSOP to senior employees within the Group. These options were issued at an exercise price of 135p (representing a 12% premium to the market price) and are not tax-favoured options. The awards will vest in portions of one third on the third, fourth and fifth anniversaries of grant. They are exercisable in tranches of one third from the third, fourth and fifth anniversaries of grant.

Sam Williams was awarded 452,830 share options as part of this grant. His award has an EPS growth performance condition attached.

SERVICE CONTRACTS

Executive Directors have contracts of employment that are subject to notice of six months for both Company and individual.

Non-Executive Directors are appointed under a letter of appointment with the Company. Subject to their re-election by shareholders, the initial term of appointment for each Non-Executive Director is three years. Non-Executive appointments are subject to notice of three months by either Company or individual.

The committee has retained the service of an external consultant to advise on remuneration matters.

DIRECTORS' REMUNERATION
This table summarises the gross aggregate remuneration of the Directors who served during the year to 31 March 2020. Prior to the IPO, none of the Directors held a statutory directorship within the Group.

Comparative information (where shown) relates to remuneration of the Executive Directors as employees or member's of Argentex LLP, where profit shares were automatically determined in accordance with proportions of equity held in the LLP. Following the IPO on 24 June 2019, the Directors no longer have any entitlement to equity profits arising from Argentex LLP, and are instead remunerated by reference to: Director's service agreements, basic salaries/fixed profit shares from Argentex LLP and variable performance related bonuses as determined by the Remuneration Committee.

	Equity based profit shares pre-IPO	Basic salary/ Fixed profit shares	Performance related bonus	2019/20 Total	2018/19 Total
Executive Directors[1]					
Harry Adams	340,605	191,346	495,000	1,026,951	1,644,387
Carl Jani	340,605	191,346	495,000	1,026,951	1,644,387
Sam Williams	3,710	152,607	180,000	336,317	176,022
Non-Executive Directors					
Lord Digby Jones Kb.[1]	18,739	45,923	-	64,662	26,706
Henry Beckwith[1]	248,232	-	-	248,232	995,621
Jonathan Gray[1]	-	34,442	-	34,442	-
Nigel Railton[1]	-	34,442	-	34,442	-
Lena Wilson CBE FRSE[2]	-	29,712	-	29,712	-

Notes:
Argentex's IPO was effective 25 June 2019
[1] Appointed on in June 2019 prior to IPO
[2] Appointed on 5 August 2019

DIRECTORS SHARE INTERESTS
This table summarises the interests of the Directors and Non-Executive Directors who served in the year in the ordinary shares of the Company.

Comparative information relates to equity interests of the directors in Argentex LLP, prior to the merger and group formation further described in the financial statements.

As at 31 March 2020, no director held any interests under share options arrangements.

	Number of ordinary shares held in the Company at 31 March 2020	LLP equity interests owned at 31 March 2019
Executive Directors		
Harry Adams	13,749,144	18.33%
Carl Jani	13,749,144	18.33%
Sam Williams	148,413	0.2%
Non-Executive Directors		
Lord Digby Jones Kb.	396,951	0.99%
Henry Beckwith	7,425,748	10.59%
Jonathan Gray	50,000	-
Nigel Railton	47,170	-
Lena Wilson CBE FRSE	-	-

Jonathan Gray
Chair of the Remuneration Committee

Audit Committee Report.

On behalf of the Board, I am pleased to present the Audit Committee report for the year ending 31 March 2020.

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The Audit Committee monitors the need for an internal audit function.
The composition of the committee is shown on page 73. The Committee met three times in the year and also held meetings with the external Auditors, Nexia Smith & Williamson, and will meet with the auditor following the finalisation of these maiden results independently of management to discuss any issues arising from the audit.

The Chair of the Audit Committee consults with all members prior to the meeting to ensure all matters arising are raised and discussed openly.

The full terms of the Committee comply with the UK's QCA Corporate Governance Code and are available on the Group's website or from the Company Secretary at the registered office address.

The main duties the Committee carried out during the year included:

— Review of the 2019/2020 audit plan and audit engagement letter
— Reviewing the effectiveness of the external audit process
— Monitoring the integrity of the financial statements of the Company and Report
— Going Concern Review
— Review of the risk management and internal control systems
— Review of the Group's ICAAP and risk framework
— Meeting with the external auditor without management present; and
— Consideration of regulatory developments and their impact

In performing this work the committee has given consideration to the following:

— The comprehensive control framework over the production of the Group's financial statement;
— The consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company and Group;
— The methods used to account for significant transactions where different approaches are possible, particularly the business combination and basis for consolidation;
— Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
— The clarity of the disclosure in the Company's financial reports and the context in which statements are made; and
— All material information presented with the financial statements, such as the business review / operating and financial review and the corporate governance statement (insofar as it related to the audit and risk management).

RISK MANAGEMENT AND INTERNAL CONTROLS

The Committee has responsibility for assisting the Board in maintaining an effective internal control environment. In order to discharge its responsibilities, it receives reports on the Group's compliance and internal control procedures and systems for managing risks along with the regulatory environment which governs it.

The Group's Chief Compliance Officer provides a regular report to the Committee on the controls framework, along with any testing and monitoring outcomes, carried out by the Compliance function. This also covers a regulatory update on upcoming regulatory changes and the impact of changes implemented during the year, a summary of other compliance issues.

Key risks are outlined on pages 56 to 59 in the Strategic Report.

WHISTLEBLOWING, ANTI-BRIBERY AND FRAUD PREVENTION

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may raise concerns about possible improprieties in the financial reporting or any other matters. The Committee considers that the current policy is operating effectively.

The group has policies and processes in place to combat the risk of fraud, and clear zero tolerance policies on bribery and corruption. All employees receive regular training and testing on these areas and the Committee consider that the processes are operating effectively.

EXTERNAL AUDITOR

The external Auditor, Nexia Smith and Williamson, were appointed as auditors to the Company having audited the principal trading subsidiary in previous years. The Audit Committee monitors the relationships to ensure the auditor independence and objectivity are maintained. The Committee will keep under review the need for external tender.

The breakdown of fees between audit and non–audit function is provided in Note 8 of the Consolidated Financial Statements.

INTERNAL AUDIT

The Group does not currently have an internal audit function. The committee regularly considers whether there is a need for an internal audit function and reports its findings to the Board. The committee and Board do not believe that there is currently a need for an internal audit function over and above the existing compliance function however, this position will continue to be reviewed. The Committee believes that management is currently able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures based on the results of external assurance reports and internal reports provided to the committee.

2020/2021 PRIORITIES

For the year ahead, the Committee will continue to focus on:

1. Reviewing the Group's ICAAP and risk frameworks
2. Monitor and mitigate any implications of the COVID-19 pandemic. Adherence to Governmental guidelines, the health and well-being of Argentex's employees whilst achieving growth of the business will be an important priority for the committee over the forthcoming 12 months.
3. Consideration of any changes to the regulatory environment, business practises and the risk profile of the Group

As a result of the work performed, the Committee has concluded that the Annual Report for the year ended 2020, taken as a whole, is fair, balanced and understandable and provides the information necessary for model and strategy, and has reported on these finding to the Board.

Nigel Railton
Chair of the Audit Committee

Independent Auditor's Report.

Report on the Audit of the Financial Statements

We have audited the financial statements of Argentex Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the notes to the group financial statements, the Company Statement of Financial Position, the Company Statement of Changes in Equity and the notes to the parent company financial statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

— the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
— the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
— the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

— the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
— the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

EMPHASIS OF MATTER – IMPACT OF COVID-19

We draw attention to note 3.2 of the financial statements, which describes the impact of COVID-19 on the group. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole, and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

	Description of risk	How the matter was addressed in the audit
Basis of consolidation	Immediately prior to its admission on AIM, the Company acquired the entire equity interest of Argentex LLP, the Group's trading subsidiary, as described in note 3.4. Therefore, in preparing the consolidated financial statements, the Company was required to determine whether the acquisition falls within the scope of IFRS 3 Business Combinations. Management have determined that IFRS 3 was not applicable to the Group's transaction and selected an appropriate accounting policy – merger accounting - by reference to FRS 102. Determining that IFRS 3 is not applicable to the transactions, as well as selecting an appropriate accounting policy that is relevant to the transaction required judgement, therefore this was considered a key audit matter. The Group's basis of consolidation is detailed in notes 3.3 and 3.4 to the accounts.	We reviewed management's assessment of the applicability of IFRS 3, as well as its selection of an accounting policy which is relevant to the transaction. We read the underlying agreements relating to the transaction and we considered alternative accounting treatments in order to assess which accounting policy would reflect the economic substance of the transaction more accurately. We also consulted with internal technical specialists as part of our review process. We further tested the application of merger accounting by reviewing the consolidation workings prepared by management and determined that merger accounting was correctly applied.

Revenue recognition

Description of risk	How the matter was addressed in the audit
The Group earns revenue from broking deliverable foreign exchange currency contracts for immediate and forward delivery and foreign currency exchange options. Revenue is a key performance indicator for the Group and drives the level of commissions for sales and front office staff, as such revenue recognition was considered a key audit matter. The risk in the Argentex Group plc financial statements is the existence and accuracy of revenue, including the trade and profit adjusting amounts. Existence is the risk that trades did not occur or were misstated, completeness refers to risk that not all the trades which occurred during the year were included in the financial statements. The Group's revenue recognition policy is detailed in note 3.5 to the accounts.	We reviewed the Group's revenue recognition policy as applied to the Group's material income streams, with a specific focus on existence and accuracy of revenue in the year. We documented and observed the existence of controls over the accuracy of revenue in the year. We selected a sample of revenue transactions and performed bi-directional testing as follows: — We agreed a sample of transactions from the nominal ledger back to the trading platform, broker confirmations and bank statements. We also re-calculated the underlying profit for the sample selected. — We recalculated the profit adjusting amounts of year end open positions. — We further agreed a sample of transactions from the trading platform back to the nominal ledger and agreed the samples to broker confirmations and bank statements. — We also reviewed the reconciliation between the year end broker confirmations, the trading platform and nominal ledger.

MATERIALITY

The materiality for the group financial statements as a whole was set at £579,000. This has been determined with reference to the benchmark of the group's revenue, which we consider to be one of the principal considerations for members of the parent company in assessing the performance of the group. Materiality represents 2% of the group's revenue as presented on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The materiality for the parent company financial statements as a whole was set at £463,000. This has been determined by reference to the parent company's net assets, namely 0.4% of the parent company's net assets as presented on the face of the parent company Statement of Financial Position.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group consists of the parent entity and three subsidiaries, all of which were subject to audit procedures for group reporting purposes. Nexia Smith & Williamson are the auditors of the parent company and of the subsidiaries – Argentex Capital Limited, Argentex Foreign Exchange Limited and Argentex LLP.

The components within the scope of our work covered: 100% of group revenue, 100% of group profit before tax and 100% of group net assets.

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 68, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE GROUP FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the group financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Guy Swarbreck
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
31 July 2020

Consolidated Statement of Profit or Loss and other comprehensive income

for the year ended 31 March 2020

	Notes	2020	2019
		£	£
Revenue	6	**28,986,444**	21,910,695
Cost of sales		**(409,350)**	(391,656)
Gross profit		**28,577,094**	21,519,039
Administrative expenses		**(16,075,230)**	(11,736,436)
Underlying operating profit		12,501,864	9,782,603
IPO costs		(563,171)	-
LLP equity-based remuneration pre-IPO		(1,662,696)	(7,535,272)
Share based payments		(5,763)	-
Operating profit	7	**10,270,234**	2,247,331
Finance costs	11	**(157,032)**	(107,764)
Finance income	11	**105,343**	-
Profit before taxation		**10,218,545**	2,139,567
Taxation	12	**(2,127,755)**	-
Profit for the year		**8,090,790**	2,139,567
Other comprehensive income		-	-
Profit for the year and total comprehensive income		**8,090,790**	2,139,567
Earnings per share			
Basic	13	**7.1p**	2.1p
Diluted	13	**7.1p**	2.1p
Underlying - Basic	13	**8.8p**	7.8p
Underlying - Diluted	13	**8.8p**	7.8p

Consolidated Statement of Financial Position

for the year ended 31 March 2020

	Notes	2020	2019
		£	£
Non-current assets			
Intangible assets	14	**1,793,385**	1,756,435
Plant and equipment	15	**211,693**	473,406
Trade and other receivables	16	**7,225,042**	2,228,663
Total non-current assets		**9,230,120**	4,458,504
Current assets			
Trade and other receivables	16	**17,925,854**	10,279,640
Cash and cash equivalents	17	**49,275,808**	13,566,063
Total current assets		**67,201,662**	23,845,703
Current liabilities			
Trade and other payables	18	**(47,425,671)**	(24,684,862)
Total current liabilities		**(47,425,671)**	(24,684,862)
Net current assets/(liabilities)		**19,775,991**	(839,159)
Non-current liabilities			
Trade and other payables	19	**(4,024,158)**	(547,779)
Total non-current liabilities		**(4,024,158)**	(547,779)
Net assets		**24,981,953**	3,071,556

Consolidated Statement of Financial Position (continued)

for the year ended 31 March 2020

Equity			
Share capital	21	70,295	1
LLP equity capital		-	3,071,565
Share premium account	22	12,713,922	-
Share option reserve	23	5,763	-
Merger reserve	22	4,549,705	-
Retained earnings		7,642,268	-
Total Equity		24,981,953	3,071,566

The financial statements of Argentex Group PLC were approved by the Board of Directors on 31 July 2020 and were signed on its behalf by:

Carl Jani
Director
Registered number 11965856

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

	Ordinary Share capital	Share premium	LLP equity capital	Share option reserve	Merger reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
Balance at 1 April 2018	1	-	3,051,565	-	-	728,329	**3,779,895**
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	2,139,567	**2,139,567**
Total comprehensive income for the year	-	-	-	-	-	2,139,567	**2,139,567**
Transactions with owners:							
— Dividends paid under former ownership structure	-	-	-	-	-	(2,867,896)	**(2,867,896)**
— LLP capital contributions	-	-	20,000	-	-	-	**20,000**
Balance at 31 March 2019	1	-	3,071,565	-	-	-	**3,071,566**
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	8,090,790	**8,090,790**
Total comprehensive income for the year	-	-	-	-	-	8,090,790	**8,090,790**
Transactions with owners:							
— Dividends paid under former ownership structure	-	-	-	-	-	(448,522)	**(448,522)**
— Merger reserve arising on reorganisation	(1)	-	(3,071,565)	-	4,549,705	-	**1,478,139**
— Issue of share capital	70,295	13,998,679	-	-	-	-	**14,068,974**
— Cost of issue of equity shares	-	(1,284,757)	-	-	-	-	**(1,284,757)**
— Share based payments	-	-	-	5,763	-	-	**5,763**
Balance at 31 March 2020	**70,295**	**12,713,922**	-	**5,763**	**4,549,705**	**7,642,268**	**24,981,953**

Consolidated Statement of Cash Flows

for the year ended 31 March 2020

	Notes	2020	2019
		£	£
Net cash generated from operating activities	24	27,061,702	3,449,925
Investing activities			
Purchase of intangible assets	14	(1,083,412)	(1,417,090)
Purchases of plant and equipment		(101,323)	(53,069)
Share acquisition costs		(109,290)	-
Net cash generated used in investing activities		(1,294,025)	(1,470,159)
Financing activities			
Payment of lease liabilities	20	(388,525)	(310,820)
Proceeds from issue of shares		14,061,302	-
Share issuance costs		(1,284,757)	-
Short term loans	25	(1,997,430)	1,997,430
Distributions paid under former ownership structure	10	(448,522)	(2,867,896)
Capital contributions by LLP members		-	20,000
Net cash generated/(used in) financing activities		9,942,068	(1,161,286)
Net increase in cash and cash equivalents		35,709,745	818,480
Cash and cash equivalents at the beginning of the year		13,566,063	12,747,583
Cash and cash equivalents at the end of the year	17	49,275,808	13,566,063

1. **General information**

Argentex Group PLC ("the Company") is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The address of the registered office is 5 Old Bond Street, London, W1S 4PD.

The nature of the Group's operations and its principal activities are detailed in the Strategic Report.

On 25 June 2019, the Company listed its shares on AIM, the London Stock Exchange's market for small and medium size growth companies ("the IPO").

The Company is the ultimate parent company into which the results of all subsidiaries are consolidated. The Consolidated Financial Statements for the years ended 31 March 2020 and 31 March 2019 comprise the financial statements of the Company and its subsidiaries (together, "the Group").

The Consolidated Financial Statements are presented in Pounds Sterling (£), which is the currency of the primary economic environment in which the Group operates.

2. **Adoption of new and revised standards**

The Group has not prepared Consolidated Financial Statements prior to the IPO and restructure, consequently these financial statements incorporate all applicable standards without the need for transition or adjustment.

No upcoming changes under IFRS are likely to have a material effect on the reported results or financial position. Management continue to monitor upcoming changes.

3. **Significant accounting policies**

The principal accounting policies are summarised below.

3.1. **Basis of preparation**

The Consolidated Financial Statements have been prepared in accordance with the IFRSs as adopted by the EU and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

The principal accounting policies adopted in the preparation of the Consolidated Financial Statements are set out below. The policies have been consistently applied to all of the years presented, unless otherwise stated.

The Consolidated Financial Statements have been prepared under the historical cost convention, modified by the measurement at fair value of certain financial assets and liabilities and derivative financial instruments as stated note 3.6.

3.2. **Going concern**

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the approval date of these Consolidated Financial Statements. The group's principal trading subsidiary, Argentex LLP, has been profitable since inception in 2011, the Group has no external debt, and the LLP continues to generate sufficient cash to support the activities of the Group. Budgets and cash flow forecasts are prepared to cover a variety of scenarios and are subsequently reviewed by the Directors to ensure they support the Group's continuing ability to operate as a going concern.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact the future performance of the Group, including lower levels of revenue, compression in profitability margins, extensions to the Group's working capital cycle, and significant increases in volatility requiring further collateral to be placed with the Group's institutional counterparties.

In addition, the Directors have also considered mitigating actions such as lower capital expenditure and other short-term cash management activities within their control (see note 27.3 for further disclosures relating to liquidity risk).

COVID-19

The Group has successfully triggered business continuity provisions in response to Government directives, ensuring its ability to maintain operations. Currently, all relevant staff are successfully working remotely and have full access to the Group's technology platform that allows them to connect virtually and continue as normal on existing engagements and business development activities. The Board of Directors and the management team are monitoring the welfare of staff on a daily basis and are providing them with the support they need to operate effectively from remote locations.

The Group has developed a set of financial measures designed to flexibly mitigate the expected near term operational and financial and longer term economic impact of the COVID-19 pandemic on the Group.

Whilst these measures may be extended as events unfold, the Board of Directors is confident that in context of the Group's financial requirements they give flexibility and sufficient liquidity to the Group to ensure that the Group can withstand significant shocks, whilst remaining as a going concern for the next twelve months from the date of approval of the Directors' report and financial statements.

For these reasons, the Directors adopt the going concern basis of accounting in preparing these financial statements.

3.3. Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 March each year. Control is achieved where the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration the existence and effect of potential voting rights that currently are exercisable or convertible.

The Consolidated Financial Statements comprise the Company and the results, cash flows and changes in equity of the following subsidiary undertakings:

Name of undertaking	Nature of business	Country of incorporation
Argentex LLP	Foreign exchange broking	England
Argentex Capital Limited	Holding company	England
Argentex Foreign Exchange Limited (formerly Pacific Foreign Exchange Limited)	Holding company	England

All subsidiary undertakings are owned 100% either directly or indirectly.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

3.4. Accounting for merger on formation of the group

Immediately prior to the Company's admission to AIM, Argentex Group PLC acquired all equity interests in Argentex LLP. This was effected through the acquisition of equity interests by a newly formed subsidiary, Argentex Capital Limited, and the acquisition of Pacific Foreign Exchange Limited (later renamed Argentex Foreign Exchange Limited). Argentex LLP, Argentex Capital Limited and Argentex Foreign Exchange Limited are now 100% owned (either directly or indirectly) subsidiaries of Argentex Group PLC and consolidated into these financial statements.

In preparing these Consolidated Financial Statements, the Company is required to determine whether the transaction falls within the scope of IFRS 3 Business Combinations in order to determine the appropriate basis for disclosure. It is the directors' view that the transaction falls within the scope exclusion of IFRS 3, and as such an alternative accounting policy must be selected. In the opinion of the directors, there is no other IFRS that specifically applies to this transaction.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (paras 10-12) requires the Company to develop and apply an accounting policy suitable to the transaction, in accordance with the particulars laid out in the standard. IAS 8 para 12 also states that "In making the judgement described in paragraph 10, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices…".

In reviewing the scope of the merger and group formation, the directors have determined the selection of an accounting policy analogous to that of the UK's FRS102 section 19 Business Combinations and Goodwill (merger accounting method) will provide the most relevant, reliable and representative accounting treatment, which reflects the economic substance of the transaction.

In applying merger accounting when preparing these Consolidated Financial Statements, to the extent the carrying value of the assets and liabilities acquired under merger accounting is different to the cost of investment, the difference is recorded in equity within the merger reserve. Under merger accounting the results of the Group entities are combined from the beginning of the comparative period before the merger occurred. Comparatives are restated on a combined basis and adjustments made as necessary to achieve consistency of accounting principles.

3.5. Revenue recognition

Revenue represents the difference between the cost and selling price of currency and is recognised after receiving the client's authorisation to undertake a foreign exchange transaction for immediate or forward delivery. Derivative assets and liabilities are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each financial period end date. The resulting gain or loss is recognised within Revenue immediately.

The difference between the costs and selling price of currency is recognised as revenue as this reflects the consideration to which the Group expects to be entitled in exchange for those services.

In relation to currency options, the Group recognises the net option premium receivable as revenue on the date that the option is executed. (See note 6).

3.6. Financial instruments

The Group operates as a riskless principal deliverable foreign exchange broker therefore financial instruments are significant to its financial position and performance.

3.6.1. Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.6.2. Derivative financial instruments

Forward foreign exchange contracts and foreign exchange options are classified as financial assets and liabilities at FVTPL. Derivative assets and liabilities are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each financial period end date. The resulting gain or loss is recognised within Revenue immediately. The Group does not apply hedge accounting.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. When there is a legally enforceable right to offset the recognised amounts and an intention to settle the amounts on a net basis (or realise the asset and settle the liability immediately), financial assets and liabilities are offset. The net amount only is then reported in the Consolidated Statement of Financial Position.

The fair value of forward currency contracts is based on their observable bid and offer prices in the foreign exchange marketplace requiring no significant adjustment.

3.6.3. Foreign exchange gains and losses on derivative financial asset and liabilities

Assets and liabilities are measured at their fair value based on the transaction price agreed with the customer or counterparty and their observable fair value in the foreign exchange market, and any assets or liabilities in a foreign currency are revalued at the balance sheet date. Management consider the potential impact of exchange rate movements on positions held to be immaterial as substantially all of the Group's positions are fully hedged with a number of counterparty banks.

3.6.4. Derecognition of derivative financial asset and liabilities

The Group derecognises derivative financial assets and liabilities when they reach maturity and the contractual cashflows are exchanged between the client and the Group or the Group and the institutional counterparty. At this point, the assets and liabilities have expired and the obligations of the Group, the client and the institutional counterparty have been discharged.

3.6.5. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability or debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset or liability.

The Group has not purchased or originated any credit-impaired financial assets.

3.6.6. Classification of financial assets

Recognised financial assets within the scope of IFRS 9 are required to be classified as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both the Group's business model and the contractual cash flow characteristics of the financial assets.

3.6.7. Financial assets at FVTPL

Forward foreign exchange contracts and foreign exchange options are measured at FVTPL (see note 27).

Other financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL (see note 28).

Fair value is determined in the manner described in note 28.

3.6.8. Other Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.6.9. Impairment of financial assets

The Group recognises impairment on an Expected Credit Loss (ECL) basis, using historical and forward looking information. The only financial assets at amortised cost that this applies to are Other Debtors.

3.6.10. Derecognition of other financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.6.11. Classification of financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

3.6.12. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Fair value is determined in the manner described in note 28.

3.6.13. Other Financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Group holds amounts payable to customers at amortised cost. These are short term balances that do not attract interest.

3.6.14. Derecognition of other financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.7. Cash

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand or deposits held at call with financial institutions.

3.8. Leases

At inception of a contract the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of the identified asset the Group considers whether:

1. The Group has the right to operate the asset
2. The Group designed the asset in a way that predetermines how and for what purpose it will be used.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. It is remeasured when there is a change in future lease payments arising from a change in rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchases, extension or termination option.

When the lease liability is remeasured in this way, either a corresponding adjustment is made to the carrying amount of the right to use the asset and the revised carrying amount is amortised over the remaining (revised) lease term, or it is recorded in profit and loss if the carrying amount of the right to use assets has been reduced to zero.

Right of use assets are initially measured at the amount of the lease liability.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if judged to be shorter than the lease term.

The Group presents right to use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Trade and other payables' in the Consolidated Statement of Financial Position.

3.9. Intangible assets and amortisation

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Software development costs comprise the Group's bespoke dealing system. Costs that are directly associated with the production of identifiable and unique dealing system controlled by the Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Costs are capitalised to the extent that they represent an improvement, enhancement or update to the intangible asset. Maintenance costs are expensed through the Income Statement.

Amortisation is charged to the income statement over the estimated useful live of three years of the dealing system from the date developments are available for use, on a straight-line basis.

The amortisation basis adopted reflects the Group's consumption of the economic benefit from that asset.

3.10. Property, Plant & Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	-	Three years
Computer equipment	-	Three years
Leasehold improvements	-	Over the period of the lease
Right-of-use assets	-	Over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.11. Foreign currencies

Non-derivative monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

3.12. Employee benefits

(i) Short term benefits
Short term employee benefits including holiday pay and annual bonuses are accrued as services rendered.

(ii) Defined contribution pension plans
The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

3.13. LLP Members' remuneration

LLP Members' remuneration is determined by reference to the nature of the participation of rights of Members of Argentex LLP, the Group's main trading subsidiary. It includes both remuneration where there is a contract of employment and any profits that are automatically divided between members by virtue of the members' agreement, to the extent that the Group does not have an unconditional right to avoid payment. To the extent that these profits remain unpaid at the year end, they are shown as liabilities in the Consolidated Statement of Financial Position. Prior to the IPO, corporate and individual members of the LLP participated in the profits of the LLP through both income interests and residual profit sharing arrangements following the allocation of all income interests. After the IPO, no individual member of the LLP has any equity interest or rights to divisions of profits other than their individual income interests, and all equity profit shares are now allocated to the intermediate subsidiaries of the Group in accordance with their equity interests.

3.14. LLP Members' interests

LLP equity capital is only repaid to outgoing members in accordance with the provision in the Members' Deed where the Group has both sufficient capital for FCA regulatory requirements, and the capital is replaced by new capital contributions from existing or new members. As such it is accounted for as equity.

Other amounts due to Members classified as a liability relate to undistributed profits and Members' taxation reserves.

3.15. Share based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the Consolidated Statement of Profit or Loss. Where the entity settling the share options differs from the entity receiving the benefit of the share options (in the form of employee services), the entity's separate financial statements reflect the substance of the arrangement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions, if present) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the Consolidated Statement of Profit or Loss, with a corresponding adjustment to equity. Fair value is measured by the use of a Black-Scholes option pricing model.

When share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

3.16. Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the Consolidated Statement of Profit or Loss as it may exclude items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the date of the Consolidated Statement of Financial Position.

4. Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1. Accounting judgements

(i) Capitalisation of costs to intangible assets

The extent to which costs should be capitalised to intangible assets. The group capitalise costs as intangible assets if they have a value that will benefit the performance of the Group over future periods. To assist in making this judgement, the group undertake an assessment, at least annually, of the carrying value of the intangible assets.

(ii) Impairment of non-financial assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

(iii) Basis for consolidation and application of IFRS 3 - Business combinations

Management's judgement of the most appropriate policy for recognising the merger and group formation and basis for consolidation has been documented in note 3.4.

4.2. Key sources of estimation uncertainty

(i) Useful economic life of intangible assets (see note 14)

Technology within the financial services sector is in a perpetual state of development and evolution, providing uncertainty over the useful economic life of the group's bespoke dealing system.

(ii) Expected credit losses (see note 27)

Expected credit losses include forward looking estimates which represent management's best estimate of the future performance of the group's financial assets.

5. **Segment reporting**

The Directors consider that the Group consists of a single operating segment (being Argentex LLP's foreign currency dealing business) and that it operates in a market that is not bound by geographical constraints.

There is no reliance on an individual customer and no customer contributed to more than 10 per cent. of revenues in the year ended 31 March 2020 or 31 March 2019.

6. **Revenue**

An analysis of the Group's revenue is as follows:

	2020 £	2019 £
Continuing operations		
Spot and forward foreign exchange contracts	27,120,119	21,669,277
Option premiums	1,866,325	241,418
	28,986,444	21,910,695

7. **Operating profit**

Operating profit for the period is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of plant and equipment	363,063	422,136
Amortisation of intangibles	1,046,462	778,710
Staff costs (see note 9)	12,606,175	14,874,461
Net foreign exchange losses/(gains)	66,060	(152,057)

8. **Auditor's remuneration**

Fees payable to the Company's auditor for the audit of the parent company annual financial statements

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for other services to the Group:		
— The audit of financial statements of the Company and subsidiaries	82,218	48,900
— Audit-related assurance services	4,680	4,548
— Tax compliance services	18,000	-
— Reporting accountant services	135,000	116,400

9. **Staff costs**

The average number of employees employed by the Group, including executive and non-executive directors, was:

	2020 Number	2019 Number
Directors	8	5
LLP members (excl. executive directors)	6	9
Sales and dealing	28	26
Operations	12	11
	54	51

Staff costs for the above persons were:

	2020 £	2019 £
Wages and salaries	5,118,905	5,060,769
Social security costs	657,861	672,575
Pension costs	45,490	37,898
Share based payments	5,763	-
LLP members' remuneration*	3,976,447	4,616,097
Directors remuneration	2,801,709	4,487,122
	12,606,175	14,874,461

Directors' remuneration	2020 £	2019 £
Directors' remuneration comprised:		
Salaries and LLP members remuneration	2,801,709	4,487,123

*Excludes Directors of Argentex Group PLC who are/were also members of Argentex LLP. Includes former members of Argentex LLP who are no longer members after IPO.

Prior to IPO, profits from Argentex LLP were distributed according to individual equity holdings in the LLP. Following Admission, the self-employed LLP members who are members of the LLP Executive Committee will be remunerated under the Amended and Restated LLP Agreement by a combination of (i) fixed annual remuneration (ii) participation in revenue commission schemes (iii) annual bonuses and (iv) other variable compensation based on the LLP's performance.

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group, or in relation to the Company, the activities of the Company. In the opinion of the Board, the Group and Company's key management are the directors of Argentex Group PLC. Information regarding their compensation is provided in the Remuneration Committee report.

10. Dividends

Amounts recognised as distributions to equity holders:

	2020 £	2019 £
Dividends declared under the former ownership structure	448,552	2,867,896

Prior to the IPO and change in ownership, the former owners of Argentex Foreign Exchange Limited declared dividends amounting to £448,552 (2019: 2,867,896) which are included in the Consolidated Statement of Changes in Equity.

11. Finance costs and finance income

	2020 £	2019 £
Interest on short term loans	133,362	78,998
Bank interest payable	12,423	-
Interest on lease arrangements	11,247	28,766
Finance Costs	157,032	107,764
Finance Income	105,343	-

Total interest income for financial assets that are not at fair value through profit or loss is equal to the amount of bank interest receivable disclosed as finance income above.

Total interest expense for financial liabilities that are not at fair value through profit or loss is equal to the amount of interest payable disclosed above.

12. Taxation

	2020 £	2019 £
Current tax		
In respect of the current year	2,127,755	-
Total tax expense for the year	2,127,755	-

Tax has been calculated using an estimated annual effective tax rate of 19% (2019: 19%) on profit before tax.

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2020 £	2019 £
Profit before taxation	10,218,545	2,139,567
Tax on profit on ordinary activities at standard UK corporation tax rate of 19%	1,941,524	406,518
Effects of:		
Disallowable management expenses	105,695	-
Other amounts charged	80,536	-
Group relief gifted by former group members	-	(406,518)
Total tax expense for the year	2,127,755	-

13. Earnings per share

The Group calculates basic earnings to be net profit attributable to equity shareholders for the period. The Group also calculates an underlying earnings figure, which excludes the effects of share based payments, and non-recurring costs including costs associated with the IPO and profits earned and fully distributed to former equity holders prior to the IPO. A tax adjustment is also reflected to include a representative tax figure for profits which would have consequently incurred a corporation tax charge. Comparative figures for weighted average number of ordinary shares represents the number of shares in issue immediately prior to the IPO, as if they had been in issue for the entire comparative period.

	2020 £	2019 £
Earnings		
Earnings for the purposes of basic and diluted earnings per share (being net profit attributable to equity shareholders)		
— basic and diluted	8,090,790	2,139,567
Adjustments for:		
IPO costs	563,171	-
LLP equity-based remuneration pre-IPO	1,662,696	7,535,272
Shared based payments	5,763	-
Tax impact	(317,007)	(1,838,220)
— underlying earnings (basic and diluted)	10,005,413	7,836,619
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	113,207,547	100,000,000
Number of dilutive shares under option	226,408	-
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	113,433,955	100,000,000
Earnings per share from discontinued operations		
Basic	7.1p	2.1p
Diluted	7.1p	2.1p
Underlying - Basic	8.8p	7.8p
Underlying - Diluted	8.8p	7.8p

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value, considering the monetary value of the subscription rights attached to outstanding share options.

14. Intangible fixed assets

	Software development costs £
Cost	
At 1 April 2018	2,026,993
Additions	1,417,090
At 31 March 2019	3,444,083
Additions	1,083,412
At 31 March 2020	4,527,495

	£
Amortisation	
At 1 April 2018	908,938
Additions	778,710
At 31 March 2019	1,687,648
Additions	1,046,462
At 31 March 2020	2,734,110
Net book value	
At 31 March 2020	1,793,385
At 31 March 2019	1,756,435

15. Property, plant and equipment

Cost	Leasehold improvements	Right of use Asset	Office equipment	Computer equipment	Total
	£	£	£	£	£
At 1 April 2018	351,700	1,173,525	241,813	267,684	**2,034,722**
Additions	-	-	1,212	51,857	**53,069**
At 31 March 2019	351,700	1,173,525	243,025	319,541	**2,087,791**
Additions	-	-	3,030	98,293	**101,323**
At 31 March 2020	351,700	1,173,525	246,055	417,834	**2,189,114**
Depreciation					
At 1 April 2018	178,692	645,425	204,170	163,962	**1,192,249**
Charge for the year	74,228	234,711	37,033	76,164	**422,136**
At 31 March 2019	252,920	880,136	241,203	240,126	**1,614,385**
Charge for the year	74,227	234,949	1,917	51,943	**363,063**
At 31 March 2020	327,147	1,115,085	243,120	292,069	**1,977,421**
Net book value					
At 31 March 2020	24,553	58,440	2,935	125,765	**211,693**
At 31 March 2019	98,780	293,389	1,822	79,415	**473,406**

16. Trade and other receivables

	2020	2019
	£	£
Non-Current		
Derivative financial assets at fair value (note 27)	**7,225,042**	2,228,663
	7,225,042	2,228,663
Current		
Derivative financial assets at fair value (note 27)	**17,633,046**	9,927,443
Other debtors	**90,880**	49,698
Prepayments	**201,928**	302,499
	17,925,854	10,279,640

The Group always measures the loss allowance for other receivables at an amount equal to 12 month ECL. If there is a significant increase in credit risk, credit losses are recognised on the lifetime ECL basis. The expected credit losses on other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over two years past due, whichever occurs earlier.

17. Cash and cash equivalents

	2020	2019
	£	£
Short term bank deposits	**49,275,808**	13,566,063
	49,275,808	13,566,063

Included within cash and cash equivalents are client held funds relating to margins received and client balances payable (See note 18). Client balances held as electronic money in accordance with the Electronic Money Regulations 2011 are held in accounts segregated from the firm's own bank accounts in authorised credit institutions. Cash includes cash held as collateral with banking and brokerage counterparties for which the Group does not have immediate access of 2020 £1,140,267 (2019: £345,542).

The directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. Cash is held at authorised credit institutions and non-bank financial institutions with robust credit ratings (where published) and sound regulatory capital resources.

18. Trade and other payables

	2020	2019
	£	£
Trade creditors	**1,574**	-
Amounts payable to clients	**25,524,595**	8,581,414
Other creditors	**625,861**	2,996,368
Short term loans	-	1,997,430
Corporation tax	**2,127,756**	-
Amounts due to members and former members of Argentex LLP	**5,315,499**	5,379,898
Accruals	**2,785,250**	2,120,097
Other taxation and social security	**190,711**	189,331
Derivative financial liabilities at fair value (note 27)	**10,854,425**	3,120,364
Lease liability (note 20)	-	299,960
	47,425,671	24,684,862

The short term loan was from PUMA Lending Limited (see related party note 29) and attracted an interest rate of 15%. The loan was repayable on demand and had no conversion rights. The loan and interest were repaid in full during the year.

19. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Derivative financial liabilities at fair value (note 27)	**4,024,158**	470,461
Lease liability (note 20)	-	77,318
	4,024,158	547,779

20. Leases

The Group leases its office space. The group entered into a five-year lease in July 2015 with no break or extension clauses. The annual lease payments are £310,820. The lease gives rise to a right-of-use asset (note 15), and a corresponding lease liability. Information about the lease liability is presented below:

20.1. Lease Liabilities

	2020
	£
Lease Liability at 31 March 2019	377,278
Payments made under lease terms	(388,525)
Unwinding of finance costs	11,247
Lease Liability at 31 March 2020	-

21. Share Capital

Allotted and paid up	Ordinary shares	Management shares	Nominal value
	No.	No.	£
At 1 April 2018 and 31 March 2019	1	-	1
Ordinary shares of £0.0001 each issued during the year	113,207,547	-	11,321
Management shares issued of £0.0025 each issued during the year	-	23,589,212	58,973
At 31 March 2020	113,207,547	23,589,212	70,294

On 19 June 2019, 23,589,212 Management shares were issued with nominal value of £58,973 to establish the minimum allotted share capital for a public limited company. So long as there are shares of any other class is issue, Management shares have no voting rights or rights to receive dividends or other distributions of profit.

On 25 June 2019, 113,207,547 Ordinary shares of £0.0001 each were issued for trading on AIM at a price of 106p per share. 100,000,000 shares were issued to the former owners of Argentex LLP as part of the Group formation outlined in note 3.4. Subsequently, the Company issued 13,207,547 at 106p per share, generating share premium of £13,988,679 before issuance costs.

22. Reserves

Details of the movements in reserves are set out in the Consolidated Statement of Changes in Equity. A description of each reserve is set out below.

Share premium
The share premium account is used to record the aggregate amount or value of premiums paid in excess of the nominal value of share capital issued, less deductions for issuance costs. Where an equity issuance is accounted for using merger relief, no share premiums are recorded.

Merger reserve
The merger reserve represents the difference between carrying value of the assets and liabilities acquired under merger accounting to the cost of investment (the fair value).

Retained earnings
Retained earnings are the accumulated undistributed profits of the Group that have been recognised through the Consolidated Statement of Profit or Loss.

23. Share based payments

On 19 June 2019, the Company issued 311,311 share options under an approved company share option plan ("CSOP") to participating employees. The share options have an exercise price of £1.06, being the IPO issue price, and vest three years after issuance. The fair value of these options at issuance has been derived using a Black-Scholes model, with expected volatility of 30%, based on derived volatilities of the AIM index and the similar listed entities to the Company. The risk free rate at the time of issuance was 0.54% for UK Government Bonds with a similar term to the vesting period of the CSOP.

For the period from issuance to the year end, the Group have recognised an expense of £5,763 based on the estimated number of share options expected to vest.

Subsequent to the year end, the Group issued a further 4,528,300 unapproved share options (see note 26).

24. Net cash generated from operating activities

	2020	2019
	£	£
Profit after taxation	8,090,790	2,139,567
Net finance expense	11,247	107,764
Depreciation of property, plant and equipment	128,087	187,425
Depreciation of right of use assets	234,949	234,711
Amortisation of intangible assets	1,046,462	778,710
Share based payment expense	5,763	-
Decrease in receivables	59,389	1,971,381
Increase/(decrease) in payables	18,969,951	(1,049,722)
(Decrease)/increase in derivative financial assets	(12,701,982)	903,933
Increase/(decrease) in derivative financial liabilities	11,287,758	(4,816,642)
LLP members remuneration	6,557,493	8,983,247
Drawings and distributions to LLP members and former members	(6,628,205)	(5,990,449)
Net cash generated from operating activities	27,061,702	3,449,925

25. Net Debt Reconciliation

	2020	2019
	£	£
Cash and Cash Equivalents	49,275,808	13,566,063
Borrowings – repayable within one year	-	(2,297,390)
Borrowings – repayable after one year	-	(77,318)
Net funds	**49,275,808**	11,191,355

Cash and Cash Equivalents	49,275,808	11,191,355
Total Debt – Fixed Interest Rates	-	(2,374,708)
Net funds	**49,275,808**	11,191,355

	Cash	Finance leases due within 1 year	Finance leases due after 1 year	Borrowings	Total
	£	£	£	£	£
Net funds/(debt) at 1 April 2018	12,747,583	(282,650)	(377,278)	-	**12,087,655**
Cashflows	818,480	310,820	-	(1,997,430)	**(868,130)**
Other non-cash changes	-	(328,130)	299,960	-	**(28,170)**
Net funds/(debt) at 31 March 2019	**13,566,063**	**(299,960)**	**(77,318)**	**(1,997,430)**	11,191,355
Cashflows	35,709,745	388,525	-	1,997,430	**38,095,700**
Other non-cash changes	-	(88,565)	77,318	-	**(11,247)**
Net funds/(debt) at 31 March 2020	**49,275,808**	-	-	-	49,275,808

26. Subsequent events

On 7 April 2020, the Company awarded options over a total of 4,528,300 new ordinary shares in an unapproved option scheme. The share options all have an exercise price of 135p, representing a 12.0% premium to the closing mid-market price of 120.5p on 6 April 2020, the day before the awards were made. To provide long-term alignment with shareholders, the awards will vest in portions of one third on the third, fourth and fifth anniversaries of grant.

On 7 May 2020, the Group entered into a new operating lease for a new London headquarters. Following the end of the rent free period, the Group will be committed to rent payments of £912,270 per annum excluding VAT for the remainder of the lease. The full term of the lease is ten years with an option to break at five years.

27. Financial instruments

The Directors have performed an assessment of the risks affecting the Group through its use of financial instruments and believe the principal risks to be: capital risk; credit risk; market risk, including interest rate risk and foreign exchange risk.

27.1. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return. Capital is repayable in accordance with the terms set out in the partnership agreement. Management regularly review the adequacy of the Group's capital. The level of capital is in excess of the capital requirement set by the Financial Conduct Authority.

27.2. Categories of financial instruments

The Group operates as a deliverable foreign exchange broker therefore financial instruments are significant to its financial position and performance. Where the partnership enters into a foreign exchange contract for a client, a matching deal is immediately executed with one of the Group's institutional counterparties.

The table below sets out the Group 's financial instruments by class.

	2020	2019
	£	£
Derivative financial assets	**24,858,088**	12,156,106
	24,858,088	12,156,106
Other debtors	**90,880**	49,698
Derivative financial liabilities	**(14,878,583)**	(3,590,825)
Trade creditors	**(1,574)**	-
Amounts payable to clients	**(25,524,595)**	(8,581,414)
Other Creditors	**(625,861)**	-
Short term loans	-	(1,997,430)
Amounts due to members and former members of Argentex LLP	**(5,315,499)**	(5,379,898)
Accruals	**(2,785,250)**	(2,120,097)
Lease liabilities	-	(377,278)
	(34,252,779)	(21,152,525)

27.3. Financial risk management objectives

The Group's principal risk management objective is to avoid financial loss and manage the Group's working capital requirements to continue in operations.

Market risk

Market risk for the Group comprises foreign exchange risk and interest rate risk.

Foreign exchange risk is mitigated through the matching of foreign currency assets and liabilities between clients and institutional counterparties which move in parity. The Group maintains non-sterling currency balances with institutional counterparties only to the extent necessary meet its immediate obligations with those institutional counterparties.

Foreign exchange risk - sensitivity analysis

The Group's significant cash balances other than those denominated in Pounds sterling are foreign currency balances held in Euros and US Dollars.

The table below shows the impact on the Group's operating profit of a 10% change in the exchange rate of euros and US Dollars against pounds sterling.

At 31 March	2020	2019
	£	£
10% weakening in the GBP/EUR exchange rate	683,091	263,765
10% strengthening in the GBP/EUR exchange rate	(620,992)	(215,808)
10% weakening in the GBP/USD exchange rate	189,637	220,961
10% strengthening in the GBP/USD exchange rate	(172,397)	(180,786)

Interest rate risk affects the Group to the extent that forward foreign exchange contracts and foreign exchange options have an implied interest rate adjustment factored into their price, which is subject to volatility. This risk is mitigated in the same way as foreign currency risk. The Group's short term loan had fixed rate of interest, limiting any exposure to interest rate risk. This loan was fully repaid during the year.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has extensive controls to ensure that is has sufficient cash or working capital to meet the cash requirements of the Group in order to mitigate this risk. The Group monitors its liquidity requirement daily, and the Group stress tests its liquidity position to review the sufficiency of its liquidity in stressed market scenarios. It is management's responsibility to set appropriate limits to the liquidity risk appetite of the Group, as well as ensuring that a robust system of internal controls is implemented and enforced (see the Group's going concern policy in note 3.2).

Credit risk

The failure of a client to settle a contracted trade carries the risk of loss equal to the prevailing fair value of the trade. Argentex employs rigorous procedures and ongoing monitoring to ensure that client risk exposures fit within the Group's risk appetite.

Management review financial and regulatory disclosures of the Group's institutional counterparties to ensure its cash balances and derivative assets are maintained with creditworthy financial institutions. The Group does not have any significant concentration of exposures within its client base. At institutional counterparty level, trade volumes and trading cash balances are concentrated to a small selection of institutional counterparties. A degree of concentration is necessary for the Group to command strong pricing and settlement terms with these institutions and is not considered a material risk to the Group.

27.4. Overview of the group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from:

— the carrying amount of the respective recognised financial assets as stated in the Consolidated Statement of Financial Position.

The tables below detail the credit quality of the group's financial assets and other items, as well as the group's maximum exposure to credit risk by credit risk rating grades:

(i) For Other debtors, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL as the balances are not material.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. In the opinion of the Directors, the carrying amount of the Group's financial assets best represents the maximum exposure.

The carrying amount of the Group's financial assets at FVTPL as disclosed in (note 27) best represents their respective maximum exposure to credit risk. Note 27.6 details the Group's credit risk management policies

27.5. Counterparty risk

Argentex relies on third party institutions in order to trade and clear settlement funds through client accounts. To reduce counterparty credit risk to acceptable levels, Argentex only trades with institutional counterparties with robust balance sheets, high credit ratings and sound capital resources (as disclosed in accordance with the CRR and CRD IV of Basel III) and monitors the creditworthiness of institutional counterparties on an ongoing basis. It is the opinion of the business that the Group's financial backing, turnover, systems and controls and quality of clients sets the business at the higher end of the spectrum of foreign exchange brokers in the UK. The Group's business continuity procedures have established trading and settlement lines with several institutional counterparties which means that the withdrawal of services from a banking provider will have a negligible effect on the business.

27.6. Credit risk management

Note 27.4 details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

The Group undertakes continuous robust credit analysis before setting and varying trading limits and accepting trades from each client. All open positions are monitored automatically in real time and if deemed necessary collateral (in the form of cash deposits) is taken from clients to mitigate the Group's exposure to credit risk.

The table below sets out the profile of the Group 's open financial assets. Management are satisfied that the assets are of a high quality, none are past due and that no impairments are required.

Financial assets at balance sheet date by contractual maturity

31 March 2020	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial assets	7,054,433	4,765,693	5,812,920	7,225,042	**24,858,088**
Other receivables	90,880	-	-	-	**90,880**
Financial assets	7,145,313	4,765,693	5,812,920	7,225,042	**24,948,968**

31 March 2019	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial assets	5,334,490	1,789,612	2,803,341	2,228,663	**12,156,106**
Other receivables	49,698	-	-	-	**49,698**
Financial assets	5,384,188	1,789,612	2,803,341	2,228,663	**12,205,804**

The following table details the profile of the Group's financial liabilities. The amounts are based on the undiscounted cash flows based on the earliest date on which the Group can be required to pay.

Financial liabilities at balance sheet date by contractual maturity

31 March 2020	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial liabilities	(4,539,428)	(2,952,373)	(3,362,624)	(4,024,158)	**(14,878,583)**
Customer balances	(25,524,595)	-	-	-	**(25,524,595)**
Other Payables	(8,728,184)	-	-	-	**(8,728,184)**
Financial liabilities	(38,792,207)	(2,952,373)	(3,362,624)	(4,024,158)	**(49,131,362)**

31 March 2019	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial liabilities	(1,268,203)	(1,076,094)	(776,067)	(470,461)	**(3,590,825)**
Customer balances	(8,581,414)	-	-	-	**(8,581,414)**
Lease payments	(72,826)	(73,924)	(153,210)	(77,318)	**(377,278)**
Short term loans	(1,997,430)	-	-	-	**(1,997,430)**
Other Payables	(10,496,363)	-	-	-	**(10,496,363)**
Financial liabilities	(22,416,236)	(1,150,018)	(929,277)	(547,779)	**(25,043,310)**

28. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

28.1. Fair value of the Group 's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

There were no transfers between levels 1, 2 and 3 during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial assets/ financial liabilities	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	2020	**2019**		
Foreign exchange forward and option contracts (note 27)	Assets **£24,858,088;** and Liabilities **£14,878,583**	Assets £12,156,106; and Liabilities £3,590,825	Level 2	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

28.2. Fair value of financial assets and financial liabilities that are not measured at fair value

The partners consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximately at their fair values

29. Related party transactions

PUMA Lending Limited provided an occasional short term liquidity facility to the Group in the form of short term loans (see note 18). £1,997,430 was outstanding at 31 March 2019. This amount, plus related interest of £133,361 was repaid immediately following the IPO, and the balance is £nil at 31 March 2020. The relationship of PUMA Lending Limited to the Group is that PUMA Lending Limited shares common control with Pacific Investments Management Limited, the former owner of Argentex Foreign Exchange Limited.

Included in other creditors is £625,861 owed to Pacific Investments Management Limited, the former owner of Argentex Foreign Exchange Limited.

30. Contingent liabilities

As at 31 March 2020 there were no capital commitments or contingent liabilities (2019: none).

31. Controlling party

In the opinion of the directors there is no ultimate controlling party of Argentex Group PLC.

Company Statement of Financial Position

for the period ended 31 March 2020

	Notes	31 March 2020
		£
Non-current assets		
Investment in subsidiaries	7	118,005,763
Total non-current assets		118,005,763
Current assets		
Trade and other receivables	8	61,332
Total current assets		61,332
Current liabilities		
Other payables	9	(106,026)
Total current liabilities		(106,026)
Net assets		117,961,069
Equity		
Share capital	10	70,294
Share premium	11	12,713,922
Share option reserve	11	5,763
Merger reserve	11	105,992,359
Retained earnings		(821,269)
		117,961,069

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The loss for the period to 31 March 2020 was £821,269.

The financial statements of Argentex Group PLC were approved by the Board of Directors on 31 July 2020 and were signed on its behalf by:

Carl Jani
Director
Registered number 11965856

Company Statement of Changes in Equity

for the period ended 31 March 2020

Cost	Share capital	Share premium	Share option reserve	Merger reserve	Retained earnings	Total equity
	£	£	£	£	£	£
Balance at 26 April 2019						
Loss for the year	-	-	-	-	(821,269)	(821,269)
Total comprehensive income for the year	-	-	-	-	(821,269)	(821,269)
Merger reserve arising on reorganisation	-	-	-	105,992,359	-	105,992,359
Transactions with owners:						
Issue of share capital	70,294	13,998,679	-	-	-	14,068,973
Cost of issue of equity share capital	-	(1,284,757)	-	-	-	(1,284,757)
Share based payments	-	-	5,763	-	-	(5,763)
Balance at 31 March 2020	70,294	12,713,922	5,763	105,992,359	(821,269)	117,961,069

1. Basis of preparation

Argentex Group PLC ("the Company") is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The address of the registered office is 5 Old Bond Street, London, W1S 4PD.

The nature of the Company's operations and its principal activities are detailed in the Strategic Report.

The Company meets the definition of a qualifying entity under Financial Reporting Standard ("FRS") 100. The financial statements of Argentex Group PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council and the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements have been prepared on a going concern basis and under the historical cost convention. The financial statements are presented in pounds sterling (£), which is the currency of the primary economic environment in which the Company operates.

Disclosure exemptions adopted
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 111 (statement of cash flows information); and
  - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

2. Significant accounting policies

The principal accounting policies are summarised below.

2.1. Going concern

The Company's going concern policy is consistent with the policy adopted by the group, as disclosed in note 3.2 of the Consolidated Financial Statements

2.2. Investments in subsidiary undertakings

Unlisted investments in subsidiary undertakings are stated at cost (being their fair value at acquisition) less any provisions for impairment. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, in which case an impairment provision is recognised and charged to the Statement of Profit or Loss. To the extent applicable, balances in the Merger Reserve will be recycled into Retained Earnings to correspond with any impairment charge.

2.3. Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

The Company's financial assets are initially recognised at fair value, and subsequently carried at amortised cost. The objective of the Company's financial assets is to hold the asset in order to collect contractual cash flows (those cash flows being solely the payments of the principal and interest). Financial assets are subsequently assessed for credit risk, by reference to the stage of performance in accordance with IFRS 9. Impairment provisions on receivables from group undertakings are based on a forward-looking expected credit loss (ECL) model. The methodology used to determine the amounts of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. Where the credit risk has not increased significantly since initial recognition, a twelve-month ECL is recognised. Where credit risk has increased significantly, a lifetime ECL is recognised.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of contractual arrangements entered into and the definitions of a financial liability and equity instrument. Trade payables and other short-term monetary liabilities are initially measured at fair value and subsequently carried at amortised cost. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.4. Foreign currency

Non-derivative monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at operating profit.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the Statement of Profit or Loss as it may excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position.

3. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the generally accepted accounting practices requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period.

(i) Carrying value of investments in subsidiaries

The carrying value of investments in subsidiaries are initially recorded at cost (being the fair value at acquisition) and subsequently measured at cost less provision for impairment. The directors have reviewed all forecast and budgetary information available to them and have deemed there to be no objective evidence for impairment.

4. Auditor's remuneration

The auditors' remuneration for audit and other services is disclosed in Note 8 to the Consolidated Financial Statements.

5. Directors' Emoluments

	2020
	Number
Executive and non-executive directors	7

	£
Costs for the above persons were:	
Wages and salaries	200,542
Social security costs	21,517
	222,059

Disclosures in the Company financial statements reflect costs to the Company only. The Remuneration Committee report contains relevant information on directors' remuneration for the Group.

6. Taxation

	2020
	£
Current tax	
In respect of the current year	-
Total tax expense for the year	-

Tax has been calculated using an estimated annual effective tax rate of 19% on profit before tax.

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2020
	£
Loss before taxation	(821,269)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19%	156,695
Effects of:	
Expenses not allowable for taxation	(105,695)
Group relief surrendered	(50,346)
Total tax charge/(credit) for the period	-

7. Investment in subsidiaries

Cost	2020
	£
At 26 April 2019	-
Additions	118,005,763
At 31 March 2020	118,005,763

Details of the Company's subsidiaries, which are all included in the Consolidated Financial Statements of the Group, are as follows:

Name of undertaking	Nature of business	Country of incorporation
Directly held		
Argentex Capital Limited	Foreign exchange broking	England
Indirectly held		
Argentex LLP	Holding company	England
Argentex Foreign Exchange Limited (formerly Pacific Foreign Exchange Limited)	Holding company	England

All subsidiary undertakings have registered address 5 Old Bond Street, London, W1S 4PD. All subsidiaries are 100% owned either directly or indirectly.

On 24 June 2019, the Company acquired the entire issued share capital of Argentex Capital Limited via a share-for-share exchange. Subsequent to the acquisition, the Company invested a further £12,000,000 in the form of new shares in Argentex Capital, which was then used to increase the equity capital of Argentex LLP, a subsidiary of Argentex Capital Limited. The share-for-share exchange qualified for merger relief in accordance with the Companies Act 2006, and a merger reserve of £105,992,359 was created on the issue of 76,410,788 ordinary shares.

8. Trade and other receivables

	2020
	£
Other receivables	61,332

The directors consider that the carrying amount of trade and other receivables is a reasonable approximation of their fair value. All trade and other receivables amounts are short-term.

9. **Other payables**

	2020
	£
Amounts owed to group undertakings	88,004
Other tax and social security payable	8,536
Accruals and deferred income	9,486
	106,026

The directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value. Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.' All trade and other payables amounts are short-term.

10. **Share capital**

Allotted and paid up	Ordinary shares	Management shares	Nominal value
	No.	No.	£
Ordinary shares of £0.0001 each issued during the year	113,207,547	-	11,321
Management shares issued of £0.0025 each issued during the year	-	23,589,212	58,973
At 31 March 2020	113,207,547	23,589,212	70,294

On 7 June 2019, 23,589,212 Management shares were issued with nominal value of £58,973 to establish the minimum allotted share capital for a public limited company. So long as there are shares of any other class is issue, Management shares have no voting rights or rights to receive dividends or other distributions of profit.

On 25 June 2019, 113,207,547 Ordinary shares of £0.0001 each were issued for trading on AIM at a price of 106p per share. 100,000,000 shares were issued to the former owners of Argentex LLP as part of the business combination outlined in the Consolidated Financial Statements. Subsequently, the Company issued 13,207,547 at 106p per share, generating share premium of £13,988,679 before issuance costs. Ordinary Shares have full voting rights and rights to receive dividends and other distribution of profit.

Reserves

Details of the movements in reserves are set out in the Statement of Changes in Equity. A description of each reserve is set out below.

Share premium
The share premium account is used to record the aggregate amount or value of premiums paid less issuance costs when the Company's shares are issued at a premium.

Share option reserve
The Company operates a share option scheme that is explained in note 23 of the Consolidated Financial Statements. The Company is the settling entity of the share based payment scheme, and recognises the services received as an increase in investments in subsidiary undertakings, with the corresponding entry credited to the Share option reserve.

Merger reserve
The merger reserve represents the difference between the cost of the investment (being the fair value at acquisition) and the nominal value of shares being issued.

Retained earnings
Retained earnings are the accumulated undistributed profits of the Company that have been recognised through the Statement of Profit or Loss.

The Directors propose that an dividend of 2p per ordinary share amounting to £2,264,150.94 will be paid on 10 September 2020 to all shareholders on the register of members on 14 August 2020. This has not been included as a liability in these Financial Statements in accordance with IAS 10 'Event after the reporting period'.

Prior to the payment of a dividend, the Directors will be required to form a reasonable judgment as to the amount of the distributable profits of the Company which will be assessed by reference to interim accounts of the Company prepared after the reporting date.

On 24 June 2019, the Company acquired the entire issued share capital of Argentex Capital Limited via a share-for-share exchange. Subsequent to the acquisition, the Company invested a further £12,000,000 in the form of new shares in Argentex Capital, which was then used to increase the equity capital of Argentex LLP, a subsidiary of Argentex Capital Limited. The share-for-share exchange qualified for merger relief in accordance with the Companies Act 2006, and a merger reserve of £105,992,359 was created on the issue of 76,410,788 ordinary shares.

11. **Subsequent events**

On 7 April 2020, the Company awarded options over a total of 4,528,300 new ordinary shares in an unapproved option scheme. The share options all have an exercise price of 135p, representing a 12.0% premium to the closing mid-market price of 120.5p on 6 April 2020, the day before the awards were made. To provide long-term alignment with shareholders, the awards will vest in portions of one third on the third, fourth and fifth anniversaries of grant.

Glossary of Terms.

'The Company', 'The Firm' and 'Argentex' are used interchangeably to represent the consolidated group 'Argentex Group PLC' which trades on the London Stock Exchange's AIM market.

OTC – Over the counter. A transaction agreed directly between two parties without the use of a central clearing house or exchange.

Riskless Principal – The type of firm Argentex is, where each individual client trade is matched with a corresponding trade with one of the institutional counterparties available to the Company.

Spread – the difference between the exchange rate Argentex achieves in its trade with its institutional counterparty and the rate it passes on to its client.

Directors – individuals which hold either executive or non-executive office in Argentex Group PLC.

Revenue – The sum total in pounds sterling of all profits made through spread during the financial period.

FX Turnover – The notional value of currencies bought or sold with Argentex by its clients, expressed in pounds sterling.

IPO – Initial public offering of shares in Argentex Group PLC, which began trading on the London Stock Exchange's AIM on the 25th June 2019.

Spot – An FX trade between two parties, who exchange currencies two business days following the agreement of the trade.

Forward – An FX trade which fixes the exchange rate on a set amount of currency, and is expected to be settled more than two business days following agreement of the trade.

Options – structured financial derivatives, used by a subsection of Argentex's clients for hedging rates on a known amount of currency on a specified date in the future. Used instead of a forward contract, an options contract may provide the potential for achieving a rate better than that available in a standard forward contract.

LTIP – Long-term incentive plan, where the interests of key staff are further aligned with that of investors through an opportunity for equity ownership over a five year period.

FCA – The Financial Conduct Authority, the regulatory body which authorises Argentex to perform specific functions such as issuing Electronic Money, making remittances and buying and selling of options for its clients, amongst others.

CAGR – Compound annual growth rate.

Year end / Period end – 31st March.

Shareholder information.

Shareholder enquiries

investorrelations@argentex.com

Dividend dates

- **31 July 2020** – Interim dividend declared
- **13 August 2020** – Ex-dividend date
- **14 August 2020** – Interim dividend record date
- **10 September 2020** – Interim dividend payment date

Annual shareholder calendar

- **31 March 2020** – Financial year end
- **3 August 2020** – Full year results announcement
- **11 September 2020** – AGM
- **30 September 2020** – Half year end
- **November 2020** – Half year results announcements
- **31 March 2021** – Financial year end
- **Summer 2021** – Full year results announcement

Company information.

AUDITORS
Nexia Smith and Williamson
25 Moorgate,
London, EC2R 6AY

BANK
Barclays
1 Churchill Place, Canary Wharf,
London, E14 5HP

BROKERS
Numis Securities Limited
The London Stock Exchange Building,
10 Paternoster Square,
London, EC4M 7LT

COMPANY SECRETARY
Vistra Company Secretaries Limited
First Floor, Templeback
10 Temple Back
Bristol, BS1 6FL

FINANCIAL PUBLIC RELATIONS
FTI Consulting
200 Aldersgate Street
London, EC1A 4HD

LEGAL ADVISERS
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4 More London Riverside,
London, SE1 2AU

REGISTRAR
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Bristol BS13 8AE

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T: +44 (0) 203 772 0300

This document is also available on the Company's website at www.argentex.com

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Notice of Annual General Meeting.

Notice is hereby given that the annual general meeting ("AGM") of Argentex Group PLC (the "Company") will be held at 25 Argyll Street, London, W1F 7TU on 11 September 2020 at 9:30am for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed, in the case of resolutions 1 to 12 as ordinary resolutions and resolutions 13 and 14 as special resolutions):

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive and adopt the Annual Report and Accounts of the Company for the financial year ended 31 March 2020 together with the Directors' Report and Auditors' Report thereon.

2. To approve the Directors' Remuneration Report for the financial year ended 31 March 2020.

3. That Lord Digby Jones Kb., who retires as a Director in accordance with the Articles of Association (the "Articles") and being eligible to do so offers himself for re-election as a Director, be elected as a Director of the Company.

4. That Harry Adams, who retires as a Director in accordance with the Articles and being eligible to do so offers himself for re-election as a Director, be elected as a Director of the Company.

5. That Carl Jani, who retires as a Director in accordance with the Articles and being eligible to do so offers himself for re-election as a Director, be elected as a Director of the Company.

6. That Sam Williams, who retires as a Director in accordance with the Articles and being eligible to do so offers himself for re-election as a Director, be elected as a Director of the Company.

7. That Henry Beckwith, who retires as a Director in accordance with the Articles and being eligible to do so offers himself for re-election as a Director, be elected as a Director of the Company.

8. That Jonathan Gray, who retires as a Director in accordance with the Articles and being eligible to do so offers himself for re-election as a Director, be elected as a Director of the Company.

9. That Nigel Railton, who retires as a Director in accordance with the Articles and being eligible to do so offers himself for re-election as a Director, be elected as a Director of the Company.

10. That Lena Wilson CBE FRSE, who retires as a Director in accordance with Articles and being eligible to do so offers herself for election as a Director, be re-elected as a Director of the Company.

11. To re-appoint Nexia Smith & Williamson Audit Limited as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company at which the Company's accounts are laid and to authorise the Directors to determine the amount of the auditors' remuneration.

SPECIAL BUSINESS

Ordinary Resolution

12. That the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate maximum nominal amount of £1,132.08 (equating to 11,320,754 ordinary shares of £0.0001 each ("Ordinary Shares") and representing approximately 10 per cent. of the ordinary share capital of the Company as at 30 July 2020) provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2021 save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired. The authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to section 551 of the Act.

Special Resolutions

13. That, subject to the passing of resolution no. 12, the Directors be and are hereby empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash either pursuant to the authority conferred by resolution no. 12 above or by way of sale of treasury shares as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

    (a). the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities:

        (i) to the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

        (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    (b). the allotment (otherwise than pursuant to paragraph (a)) and/or transfer of equity securities up to an aggregate nominal amount of £1,132.08 (equating to 11,320,754 Ordinary Shares and representing approximately 10 per cent. of the Ordinary Share capital of the Company as at 30 July 2020),

provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2021 save that the Company shall be entitled to make, prior to the expiry of such authority, offers or arrangements which would or might require equity securities to be allotted and/or transferred after such expiry, and the Directors may allot and/or transfer equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The authority granted by this resolution shall replace all existing authorities previously granted to the Directors to allot equity securities for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply.

14. That the Company be authorised generally and unconditionally, in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:

    (a). the maximum number of Ordinary Shares that may be purchased is 16,969,811, representing approximately 14.99 per cent. of the issued ordinary share capital of the Company as at 30 July 2020;

    (b). the minimum price which may be paid for an Ordinary Share is £0.0001; and

    (c). the maximum price which may be paid for an Ordinary Share is the higher of: (i) five per cent. above the average of the mid-market value of the Ordinary Shares for the five business days before the purchase is made; and (ii) the higher of the last independent trade and the highest current independent bid for any number of Ordinary Shares on the trading venue where the purchase is carried out.

The authority conferred by this resolution will expire on the earlier of the conclusion of the next annual general meeting of the Company and 30 September 2021 save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

By order of the Board of Directors

Vistra Company Secretaries Limited
Company Secretary of Argentex Group PLC

31 July 2020

Registered Office:
5 Old Bond Street
London, W1S 4PD
United Kingdom

COVID-19

In accordance with current government instructions and guidance regarding COVID-19 and the restrictions on social contact, public gathering and non-essential travel, regrettably, shareholders will not be able to attend the AGM in person. The format of the meeting will be purely functional, comprising only the formal votes without any business update. Shareholders are therefore strongly encouraged to vote on all of the resolutions online or by appointing the Chair of the AGM as a proxy in advance of the meeting (appointing the Chair of the AGM as your proxy, rather than another named person, ensures your vote will be counted in the meeting). We will make arrangements to ensure that the legal requirements to hold the meeting can be satisfied.

The COVID-19 situation is constantly evolving and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Accordingly, unless there is any material change in circumstance which causes the Company to notify of changed arrangements (which it will do so via a regulatory information service), any shareholder (other than those whose attendance is required to form a quorum) who attempts to attend the AGM in person will be refused admission. The Company's physical attendance at the AGM will be limited to satisfy the requirements for a quorum.

We strongly urge you to follow government instructions in respect of the evolving situation regarding COVID-19 and the restrictions on social contact, public gatherings and non-essential travel.

NOTES:

Proxies

1. A member is entitled to appoint a proxy to exercise all or any of the member's rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company. Due to restrictions on attendance at the AGM, when completing your form of proxy, please only reference the 'Chair of the AGM' as your proxy (and do not specifically name any one individual).

2. You can vote either:
   (a). by logging on to www.investorcentre.co.uk/eproxy and following the instructions; You will be asked to enter a Control Number, Shareholder Reference Number (SRN) and PIN, all of which can be found on the hard-copy form of proxy.

   (b). whilst shareholders are being encouraged to appoint their proxy and submit their votes online, a hard copy form of proxy is enclosed with this notice. Forms of proxy may also be obtained on request from the registrars, Computershare Investor Services PLC by sending a request to The Pavilions, Bridgwater Road, Bristol BS99 6ZY or by telephone 0370 707 1384. Call outside the United Kingdom will be charged at the applicable international rate. Lines are open between 08.30 – 17.30, Monday to Friday excluding public holidays in England and Wales; or

   (c). in the case of CREST members, by utilising the CREST electronic proxy appointment services in accordance with the procedures set out below.

3. In order to be valid any form of proxy or other instrument appointing a proxy must be returned duly completed by no later than 48 hours before the time of the Annual General Meeting (excluding nonworking days). The form of proxy must be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY (only if posting a hard copy form). Submission of a proxy appointment will not preclude a member from attending and voting at the AGM should they wish to do so. However, as per the above note, any shareholder that attempts to physically attend the AGM will be refused admission in order to comply with government instructions and guidance.

4. While a shareholder may ordinarily appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder, due to restrictions on attendance at the AGM, when completing your form of proxy, please only reference the 'Chair of the AGM' as your proxy (and do no specifically name any one individual).

5. To direct your Chair as proxy on how to vote on the resolutions, mark the appropriate box on your form of proxy with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your Chair, as your proxy will vote or abstain from voting at his or her discretion. Your proxy (the Chair) will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

6. Any power of attorney or any other authority under which your form of proxy is signed (or a duly certified copy of such power or authority) must be returned to the registered office with your form of proxy.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time(s) for receipt of proxy appointments specified in this notice of AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

9. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message

is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Thresholds and entitlement to vote

11. To be passed, ordinary resolutions require a majority in favour of the votes cast and special resolutions require a majority of not less than 75% of members who vote in person or by proxy at the meeting. On a show of hands every shareholder who is present in person (or being a company is present by a representative not himself, a shareholder) and who is allowed to vote at a general meeting shall have one vote. Upon a poll every member holding Ordinary Shares who is present in person or by proxy (or being a company is represented) shall have one vote for every Ordinary Share of which he is the registered holder.

12. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the Register of Members of the Company at the close of business on 9 September 2020 (or if the AGM is adjourned, members entered on the Register of Members of the Company no later than 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend, speak and vote at the AGM in respect of the number of Ordinary Shares registered in his or her name at that time. Changes to entries on the Register of Members of the Company after the close of business on 9 September 2020 shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.

13. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share. However, due to restrictions on attendance at the AGM, when completing your form of proxy, please only reference the 'Chair of the AGM' as your proxy (and do not specifically name any individual).

15. As at 30 July 2020, being the latest practicable date before the publication of this notice of AGM, the Company's issued share capital consisted of 113,207,547 Ordinary Shares each carrying one vote. Therefore, the total voting rights in the Company as at 30 July 2020 is 113,207,547.

Miscellaneous

16. Copies of the Directors' service contracts and letters of appointment are available for inspection at the registered office of the Company during normal business hours from 31 July 2020 and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting. However, due to restrictions on non-essential travel, please email the Company Secretary at Carmen.Stevens@vistra.com should you wish to inspect the same.

17. Members who have general queries about the Annual General Meeting should email the Company Secretary at Carmen.Stevens@vistra.com.

18. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommend that the shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company that is found to contain any virus will not be accepted.

Explanation of certain resolutions

1. **Resolution 1** – the Directors are required to present the accounts, Directors' report and auditor's report to the meeting. These are contained in the Company's Annual Report and Financial Statements 2020.

2. **Resolution 2** – the Directors' are required to approve the Remuneration Report for the financial year.

3. **Resolutions 3 to 10** – retirement by rotation – in accordance with good corporate governance, each Director shall retire and submit themselves for re-election by Shareholders at each AGM.

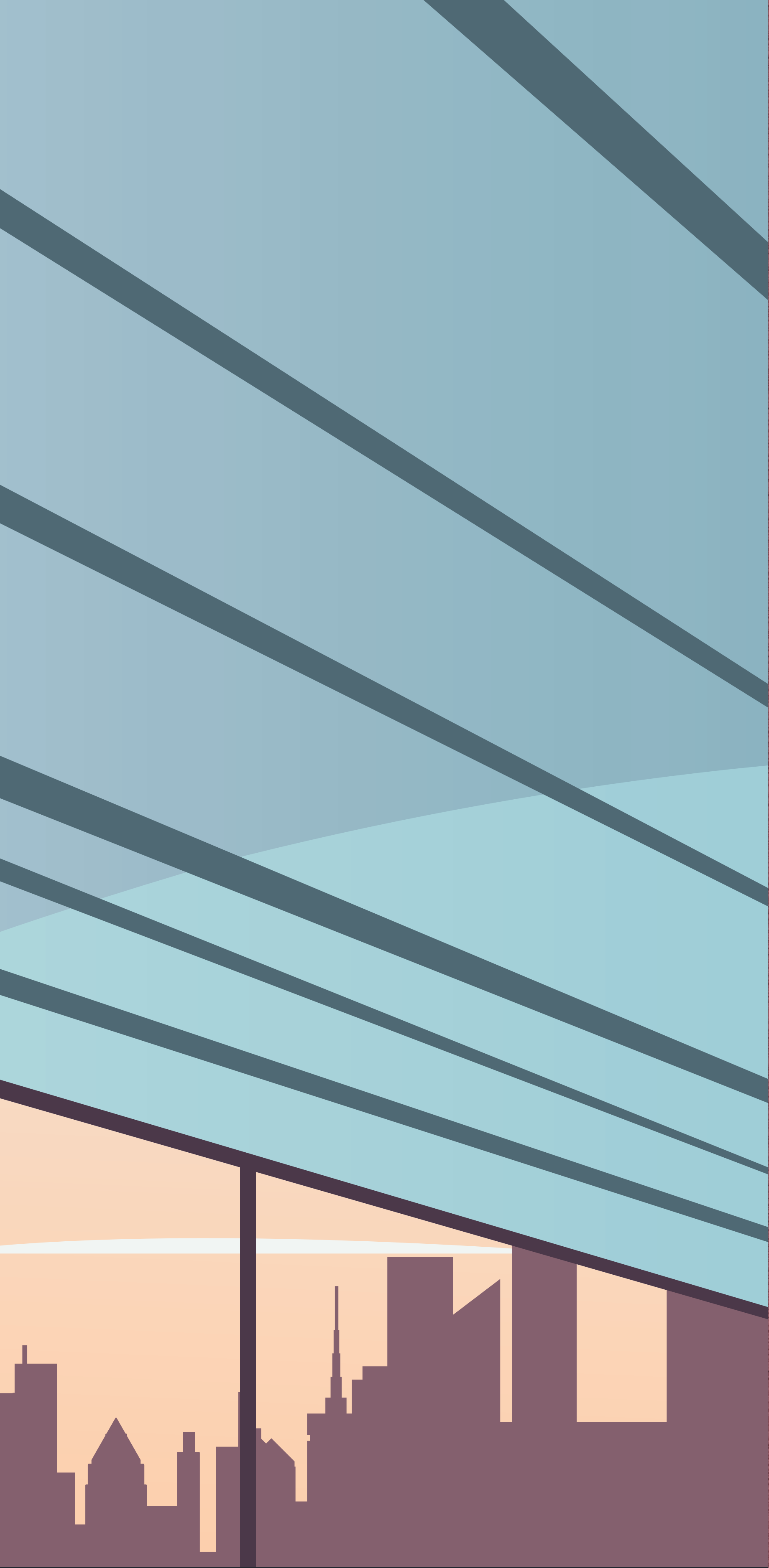
   Biographies of each of the Directors are provided on pages 63 to 65 of the Annual Report and Accounts and are also available from the Company's website www.argentex.com. The Board unanimously recommends the re-appointment and appointment (as the case may be) of each of the Directors.

4. **Resolution 11** – auditor re-appointment and remuneration – at each meeting at which the Company's accounts are presented to its shareholders, the Company is required to appoint an auditor to serve until the next such meeting and seek Shareholder consent for the Directors to set the remuneration of the auditors.

5. **Resolution 12** – general authority to allot – this resolution, to be proposed as an ordinary resolution, relates to the grant to the Directors of authority to allot unissued Ordinary Shares until the earlier of the conclusion of the annual general meeting to be held in 2021 and 30 September 2021 (being six months after the financial year end of the Company), unless the authority is renewed or revoked prior to such time. This authority is limited to a maximum of nominal amount of £ £1,132.08 (representing ten per cent. of the issued Ordinary Share capital of the Company as at 30 July 2020 (the latest practicable date prior to the publication of this document)).

6. **Resolution 13** – disapplication of statutory pre-emption rights – the passing of these resolutions would allow Directors to allot Ordinary Shares (or sell any Ordinary Shares which the Company may purchase and hold in treasury) without first offering them to existing holders in proportion to their existing holdings. The authority set out in resolution 13 is limited to (a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those Ordinary Shares; or (b) as the Directors otherwise consider necessary, or otherwise up to an aggregate nominal amount of £1,132.08 (representing 11,320,754 Ordinary Shares). This aggregate nominal amount represents ten per cent. of the issued ordinary share capital of the Company (excluding treasury shares) as at 30 July 2020, the latest practicable date before the publication of this notice of AGM. This authority will expire at the conclusion of the next AGM of the Company or, if earlier, at the close of business on 30 September 2021.

7. **Resolution 14** – market purchases – the Directors are requesting authority for the Company to make market purchases of Ordinary Shares up to a maximum nominal amount of £1,696.98 (representing 14.99 per cent. of the issued Ordinary Share capital of the Company as at 30 July 2020 (the latest practicable date prior to the publication of this document)). There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Directors (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Directors, and not at the option of shareholders. Subject to shareholder authority for the proposed repurchases, general purchases of the Ordinary Shares in issue will only be made through the market. Such purchases may only be made provided the price to be paid is not more than the higher of: (i) five per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.



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