

ARGENTEX GROUP PLC  
ANNUAL REPORT 2021  
Year ended 31 March 2021



Argentex Group PLC issues its Annual Report for the year ended 31 March 2021. The period has seen continued robust financial and operational performance.

This report shows that we make decisions based on the long-term, sustainable growth and profitability of the Business.

# Argentex Group PLC Annual Report.

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“Our long-term vision, strong culture, robust risk management and an unrivalled understanding of foreign exchange markets puts our clients and their increasingly complex needs front and centre.”

**Lord Digby Jones Kb.**  
Non-Executive Chairman



## 2022 Outlook

“With our continued commitment to a quality and diverse client base, robust business model and an uncompromising approach to compliance, we are confident about the forthcoming 12 months.”

**Harry Adams**  
Chief Executive Officer

# A strong performance in line with expectations.

Our long-term focus and robust business model remains central at Argentex.

# £28.1m

Annual revenue

# £8.7m

Underlying operating profit <sup>1</sup>

# 5.2p / 5.9p

EPS (Basic/Underlying) <sup>2</sup>

£7.4m

New revenue

499

New corporate clients traded

£7.8m

Operating profit

1,385

Total corporate clients traded

2.0p

Dividend per share

£12.75bn

FY 2021 FX turnover <sup>3</sup>

<sup>1</sup> Underlying operating profit excludes non-underlying expenditure and share based payment as shown in the Consolidated Statements of Profit or Loss

<sup>2</sup> Note 14 to the Consolidated Financial Statements

<sup>3</sup> Includes swaps revenue





# Proven expertise, delivering on expectations.



**Lord Digby Jones Kb.**  
Non-Executive Chairman

## A Testing Year like no other: Resilience and Continued Delivery

The last year has tested Argentex, just as it has every business in the world, in ways it was impossible to foresee. I am proud to be the Chairman of a Group whose true resilience and quality - of its business model, its client offering and its employees - have shone through to the benefit of all its stakeholders.

Since early in 2020 the world has faced its most severe economic challenge since the Second World War. Argentex had to act swiftly to meet this challenge and to overhaul everything that was previously part of "business as usual".

It has been a privilege to work as a member of a special team, from Carl, Harry and the Board of Directors through to every person at the Company during this supremely challenging time. I would like to thank every single one of them for their wholehearted commitment to protecting employee wellbeing and company operations during this period.

The continued successful delivery of the Argentex business model is testament to the strength of the Business's inner core: a long-term vision, strong culture, robust risk management and an unrivalled understanding of foreign exchange markets, with our clients and their increasingly complex needs front and centre. Our unwavering focus on quality in all we do underpins that resilience. We highlighted that at the time of the IPO in Summer of 2019 and often against the odds, there has been not one sign of compromise since, be it in talent, technology, or our client base.

Now that the world appears to be getting slowly back on its feet we can build on our maintained momentum. We can use our responses to everything the last year threw at us as a springboard for our next phase of growth, staying true to our long-term vision.





The continued successful delivery of the Argentex business model is testament to the strength of the Business' inner core.

### MARKET BACKDROP

Global foreign exchange markets have been at the forefront of the commercial world's response to the 2020 economic meltdown. While uncertainties surrounding the US Election, ongoing fallout from Brexit and unpredictable future trading relationships between large economies were forecast, the pandemic caused an unprecedented severe dislocation and readjustment of international capital flows.

An initial and clear impact was soaring volatility in FX markets, with rising unemployment, bleak GDP forecasts and a consequent and subsequent de-risking approach resulting in a migration to safe-haven currencies such as the US dollar. Understandably, such uncertainty eventually translated into trading hesitancy and many market participants temporarily delayed their FX trades until the wider backdrop improved and there was safer predictability in execution outcome. Whilst client trading patterns undoubtedly changed in line with this dynamic, Argentex's expert teams have continued to analyse market trends and they have ensured each individual client received bespoke solutions adapted to a rapidly changing

environment as trading volumes rebounded healthily.

The team has faced the challenges that were present in so many businesses. The safety and wellbeing of our employees has been our absolute priority throughout the reporting period which experienced three national lockdowns. It was reassuring to see how quickly and efficiently the Business implemented working-from-home policies, developed COVID-compliant protocols for essential office attendance and assisted employees in coping in these tremendously difficult times whilst always preserving "business as usual" for our clients.

### KEY ACHIEVEMENTS

Our resilient financial performance has been supported by our move to new, larger and more efficient premises with facilities that respect both the workplace and lifestyle of our employees. Its capacity futureproofs our business as our graduate recruitment programme constantly grows in delivering new recruits. Meanwhile, our plans for international growth have not abated and we have made as much progress as has been allowed due to national COVID

restrictions in accessing EU and Australian markets via Amsterdam and Sydney. Both jurisdictions offer Argentex highly regulated markets where there is latent client demand for our products and type of service. Our Amsterdam footprint also provides Argentex with an ability to operate cross-border within the EU.

We were delighted that Jo Stent joined us as Chief Financial Officer in February. The calibre of such a hire is testament of our ability to attract highly credible, deeply experienced senior talent to help support and build on our growth story. She brings a different lens through which to view the Business as it grows, given her expertise at Telus Communications, Deloitte and most recently at the European Tour and the Ryder Cup; I look forward to watching her assist in unlocking the significant potential value available to Argentex shareholders.

We have always said, and made a reality of the fact, that people are our biggest asset. Nurturing our staff has always been taken extremely seriously. Our training programmes for sales teams, the trading floor



“Confidence is everything in an economy and there is much to be optimistic about as we all approach “a new normal.”

- Lord Digby Jones Kb.  
Non-Executive Chairman

and operational managers have been unaffected by the changed working environment that was forced upon us. We never stopped investing in our people throughout a unique difficult period for the country and all its businesses, large and small.

It would be remiss not to mention Carl Jani’s resignation as co-CEO in June 2021, after the year end. I would like to thank Carl for his invaluable contribution to Argentex. The Business will go from strength to strength as the management team continues to deliver long-term value for clients, employees & shareholders alike.

#### **OUTLOOK**

Confidence is everything in an economy and there is much to be optimistic about as we all approach “a new normal”. The key markets in which Argentex operates are on the right path for a sustainable recovery and trading volumes are encouraging.

What matters now is a resumption of growth on a platform that has proven its resilience and maintenance of quality in all aspects of our business in the most challenging of years. Our robust financial position, strengthened team and new premises all stand your Company in good stead to capitalise on the post-pandemic national and global recovery. We shall be relentless in driving market-leading outcomes for our clients and value for our shareholders. Thank you to our shareholders and employees alike for your continued support. But to you all, and above all, thank you for giving me the privilege of being your Chairman.

**Lord Digby Jones Kb.**  
Non-Executive Chairman





# Built on stable, long-term foundations.



**Harry Adams**  
Chief Executive Officer

The last financial year was unprecedented, defined by the COVID-19 pandemic and subsequent lockdowns in the UK.

#### OVERVIEW

Against that extraordinary landscape, we are proud of how well the Business has continued to perform. The resilience and stability of our business model is testament to the prudent risk management at the core of our operations, our balance sheet strength and the growing high-quality client book on which the Business has been established.

A short-term dip in market confidence had a noticeable impact on client volumes through the first half of the financial year. However, the skill and commitment of our employees in addition to our clients' ongoing trust contributed to the Group delivering the best six months of client activity on record during the period. As confidence resumed and clients returned to the market, Argentex was a partner of choice for those prizing consistent and high-quality outcomes against a testing and volatile backdrop.

A record number of clients chose to trade with us as the market rebounded in Q3 of the financial year. Our growing reputation and momentum since the IPO resulted in the continued acceleration of new client acquisition; 665 new corporate clients signed up during the period. We are pleased that despite clear challenges, total FX turnover increased to over £12.75bn, generating annual revenue of £28.1m. 1,385 corporates traded, 499 having never traded before, generating £7.4m in 'new' revenue, in line with historical ratios. We are proud to report an underlying operating profit of £8.7m and to confirm a final dividend of 2p per share.

A key differentiator from our peers continues to be our prudent and conservative approach to risk management. The long-term growth strategy we have followed, and doubled down on at IPO, contributed to our success in weathering a period of extreme market uncertainty.



“A record number of clients chose to trade with us as the market rebounded in Q3 of the financial year.”

**Harry Adams**

Chief Executive Officer

Argentex remains committed to prioritising high-quality cash flow and clients whilst ensuring sustainable business growth, as evidenced by continuing immaterial levels of bad debt through the period. We are very proud that despite the clear challenges of the remote working environment, the spirit, collegiality and resilience of our team allowed us to continue providing excellent outcomes for our clients.

The Business is well positioned to benefit from future growth trends in the sector. To reinforce this trajectory, we continue to invest in our people and over the last year have made several strategic hires, most notably of Jo Stent as Chief Financial Officer.

**MARKET BACKDROP**

As our Chairman Lord Digby Jones discussed earlier, COVID-19 prompted a fundamental shift in international capital flows during the last financial year. High volatility combined with macro-economic concerns resulted in uncertainty and hesitancy. Despite this, the on-going vaccine roll out and gradual return to normality for many developed countries has led to an unwinding of investor uncertainty, with FX flows returning to expected levels as pent-up demand is unleashed.

**INVESTING FOR THE FUTURE**

Argentex is well placed to continue its long-term growth trajectory whilst capitalising on sector tailwinds and reaping the benefits as market activity recovers.

Throughout the period many of our employees worked from home. Our purpose-built IT infrastructure was

instrumental in the seamless move to remote working, supporting our ability to continuously serve our clients whilst maintaining the highest standards of service, compliance and governance from sales, through to order placement, trade execution, settlement, reconciliations and reporting.

The safety and wellbeing of our employees is paramount and feedback suggests that there is a desire for people to return to the office. In accordance with government policy Argentex has effectively transitioned employees back to our new headquarters in London. We have invested significant time and effort in the design and renovation of our new premises with a focus on an environmentally sustainable working environment that gives us plenty of room to upscale resources in line with demand and over an appropriate period.

We have hired 21 new employees, significantly 12 of these new hires have joined our top quality, highly motivated sales team. Our concerted sales push is reflected in the diversification of our client base - our top 20 clients contributed just over £11m, representing 41% of total revenue.

In September we will continue our graduate programme, attracting a diverse and driven talent base to future-proof our proposition. This process provides a healthy opportunity to scrutinise Argentex's business ethos and values whilst remaining true to our own beginnings – entrepreneurial and professional.

## TAKING ADVANTAGE OF GROWTH OPPORTUNITIES

As set out at IPO, we have continued to pursue and grow our international presence, focussing on highly regulated international markets where the client appetite for our product base exists. We opened an office in Amsterdam in March 2020 which has now begun to generate revenue, despite the challenging context in which it opened. The process of obtaining an Australian licence with the intention of opening in Sydney continues and we look forward to providing further updates in due course.

Argentex remains committed to aligning our product suite with our client needs. We scrupulously only promote products which fit within our strict risk profile and ones that are appropriate for our clients and their own risk parameters.

## OUTLOOK

As businesses and society begin to recover from the pandemic, we will face a new macro-economic environment of growth and recovery. Our industry will continue to develop and evolve to changing client needs and Argentex is very well positioned to manage the short-term challenges that may lie ahead. We face the future with confidence and the outlook for the Business is positive. We have invested steadily in our teams' technology and processes and are well poised for sustainable growth in accordance with our strategy.

Uncertainty around the impact of COVID-19 has not affected the business model, which does not take house positions. As our clients look to navigate the coming months, they will look to us to provide expert advice and certainty on how to hedge their FX risk.

As communicated on 11th June 2021, my co-founder, Carl Jani, resigned. Carl had overseen the Group's growth story with me from the beginning, culminating in the successful IPO in 2019. Going forward, I will take sole responsibility of an established management team which has the depth of experience needed to fulfil the Group's growth potential and I am confident we will continue to deliver long-term value for employees, clients and shareholders alike.

Despite the macroeconomic and geopolitical challenges that appear to have become a constant backdrop over the recent years, we have started the new financial year with good momentum in terms of both revenue performance and client quality. The Group remains resilient and agile. With its continued commitment to a quality and diverse client base, robust business model and an uncompromising approach to compliance, we are confident about the forthcoming 12 months.



**Harry Adams**  
Chief Executive Officer



“Argentex is very well positioned to manage the short-term challenges that may lie ahead. We face the future with confidence and the outlook for the business is positive.”

**Harry Adams**  
Chief Executive Officer

# Impact achieved with experience and expertise.

**Argentex is a leading provider of foreign exchange services to financial institutions, corporates and private clients globally**

- Argentex assists a wide range of institutional customers with FX transactions related to genuine underlying business needs, acting as a (Riskless Principal) broker for spot and forward FX and structured derivative contracts
- One of Europe's largest publicly traded FX specialists – we transacted over £12.75bn of currency in the 12 months ended 31st March 2021. We do not engage in speculative trades, offer margin trading, spread betting or CFDs
- Our high quality and growing client base is attracted by deep FX expertise, tight pricing and transactional efficiency and robust regulatory compliance and risk management procedures
- A founder-led business established in 2011 and headquartered in London with operations in Amsterdam; successful IPO to London's AIM market in mid-2019

**Robust business model and balance sheet strength is built around a programme of investment in technology, compliance and risk management**

- Extensive risk management is at the heart of the Business and a key differentiator
- We prioritise stable, long-term cash generation over short-term trends, actively turning away businesses that don't meet our strict risk parameters
- We set a very high governance benchmark within the FX industry, only trading with best in class counterparties with robust balance sheets, high credit ratings and sound capital resources
- Scalable, proprietary technology is continually being optimised to help us develop online capabilities, structured products and analytical tools for a growing client base which will support our long-term sustainable growth





Argentex is a leading provider of foreign exchange services to financial institutions, corporates and private clients globally.

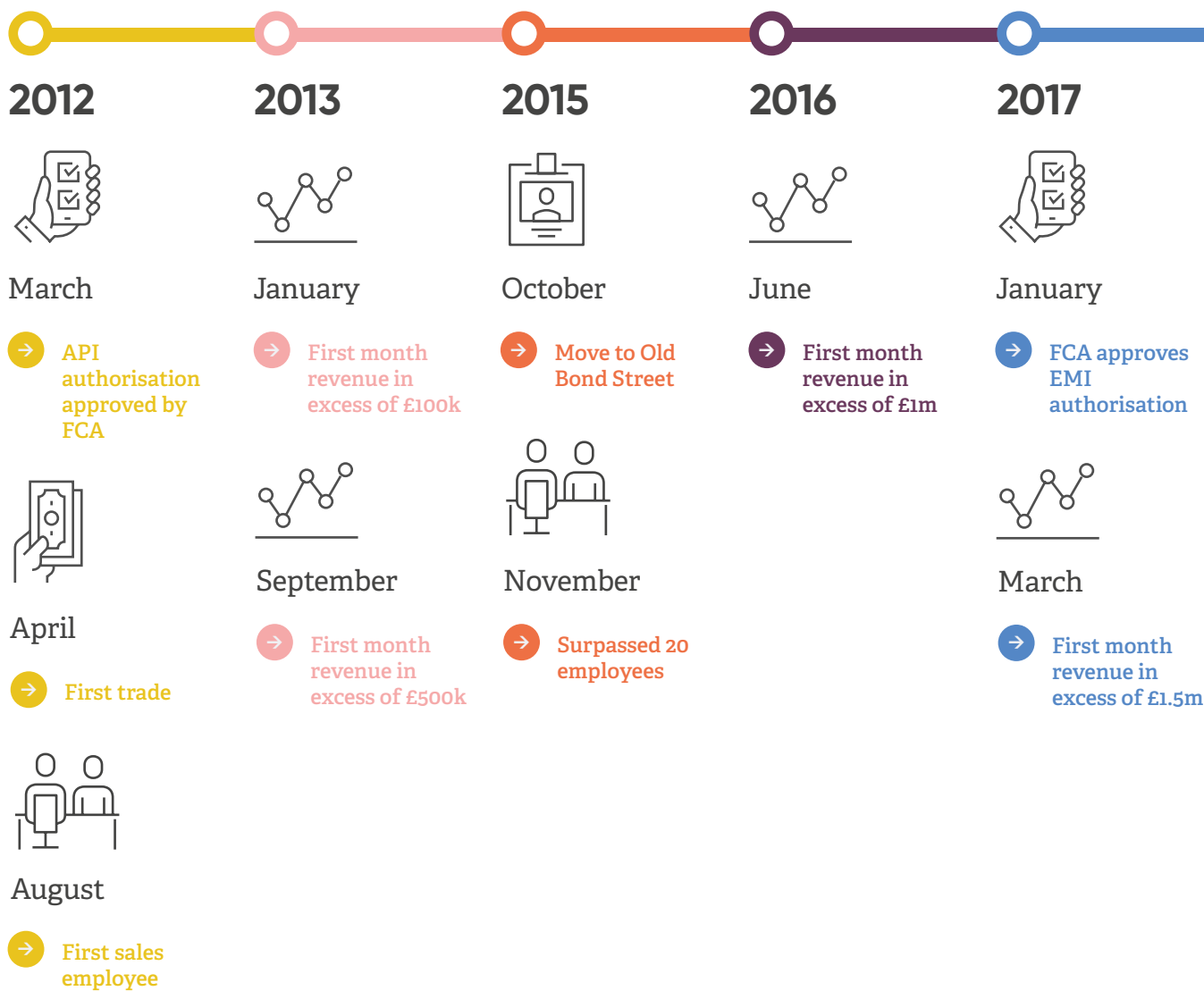
**Investment case built around unrivalled track record of delivering organic growth whilst supporting a dividend**

- Highly cash generative business model delivering growth and income for shareholders
- Robust business model and strong balance sheet supported by advanced risk management systems, meeting the ongoing requirements of a growing client base
- Management team's long-term approach demonstrated by clear strategy proven to perform through market cycles
- Positive long-term prospects driven by our clients' requirement to trade for commercial reasons, irrespective of market environment

**A committed management team and dedicated experts sit at the core of the Business**

- Our dedicated market experts are the foundation of Argentex's differentiated proposition
- Each dealer is a professional with an average of 10 years experience of actively trading across market cycles
- Our expertise has been recognised by third parties globally, regularly appearing in Bloomberg, rated as the world's most accurate forecaster
- We provide a personal client-led service, improved pricing and a more efficient execution and settlement service than banks and larger broker-dealers

# 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.

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



September

→ Cumulative revenues surpass £100m

→ Opened new HQ at 25 Argyll Street, London

2021



January

→ First month to open over 100 new accounts



March

→ £3m total options revenue since inception

# Combined foreign exchange expertise.



**Harry Adams**  
Co-Chief Executive Officer,  
Co-Founder

Harry is a founding partner of Argentex. As Co-CEO, Harry 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.



**Carl Jani**  
Co-Chief Executive Officer,  
Co-Founder

On the 11th June 2021 Carl resigned as Co-CEO. As Co-CEO, Carl together with Harry was jointly responsible for the strategic direction of the Business. Carl oversaw the Operational divisions of Argentex, maintaining the highest level of compliance, corporate governance and risk mitigation. He was 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.



### **Jo Stent**

Chief Financial Officer

An experienced CFO, Jo has spent the majority of her 25-year career in senior finance roles in global, fast-paced organisations and has operated in a number of sectors and geographies. She has a demonstrable track record in organisational scaling and international expansion in addition to building best in class finance functions. Most recently, she was CFO at the European Tour and the Ryder Cup, and prior to that CFO of Vodafone Americas. She has also held senior finance roles in Telus Communications Inc, Deloitte and Scottish & Newcastle plc. Jo qualified as a Chartered Accountant with EY, and is a non-executive director at UK Coaching.



### **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 when 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 opportunities 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 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.”

**Harry Adams**  
Chief Executive Officer

Our business model, strategic imperatives and our core fundamentals are unchanged.

Argentex operates as a Riskless Principal foreign exchange broker of non-speculative spot and forward foreign exchange contracts. Our business model, strategic imperatives and our core fundamentals are unchanged. For Professional and Eligible Counterparty clients we offer FX options and certain FX Forwards including non-deliverable forwards.

#### **NO MARKET RISK**

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, Sueden Financial Limited, Citigroup and Nomura.

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 creating significant losses which clients may struggle to service and is a core tenet of the Group's risk management policies.

#### **ZERO SPECULATION**

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.

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.

#### **STRICT ADHERENCE TO CLIENT SAFEGUARDING MONEY PROTOCOLS**

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.

#### **TARGETED CORPORATE CLIENT ACQUISITION MANAGED BY EXPERIENCED PROFESSIONAL TRADERS**

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 prospect becomes a client and is assigned a dedicated dealer whose job is to develop the relationship from then on.

# An Overview.



“The Business has proven resilient, staying close to our strategy of prudent risk management and focusing on high-quality clients.”

**Harry Adams**  
Chief Executive Officer

The past financial year has been dominated by COVID-19 and its impact on both businesses and people’s lives. While parts of the world continue to be impacted by the pandemic, the widespread rollout of vaccines and post-pandemic recovery continues to be a driving force behind global markets.

#### **COVID-19**

The COVID-19 pandemic posed unprecedented challenges to businesses globally. Argentex weathered three national lockdowns which forced employees and clients to quickly adapt to new ways of working. The Business’s continued investment into its proprietary technology enabled employees to quickly and effectively transition to a remote working environment, ensuring their safety while continuing to serve clients’ needs.

#### **KEY ACHIEVEMENTS**

Despite a turbulent year the Business has proven resilient. Staying close to our strategy of prudent risk management and focussing on high-quality clients has enabled us to continue to build our platform as a leading foreign exchange broker. Throughout the year we experienced a slowing of client trading as market uncertainty resulted in clients putting their dealing activities on hold. However, each client has a commercial need to mitigate FX risk inherent in their business, with the unwinding of client demand resulting in a significant increase in H2 trading which for the year led to a FX turnover of £12.75bn and revenue of £28.1m.



### KEY ACHIEVEMENTS (CONTINUED)

Revenue growth was further driven by Argentex's continued client acquisition during the period, testament to the strength and trust clients have in the business model and our robust risk framework. Despite a challenging environment we were able to add 665 new corporate clients over the 12 months, with 499 trading over the period.

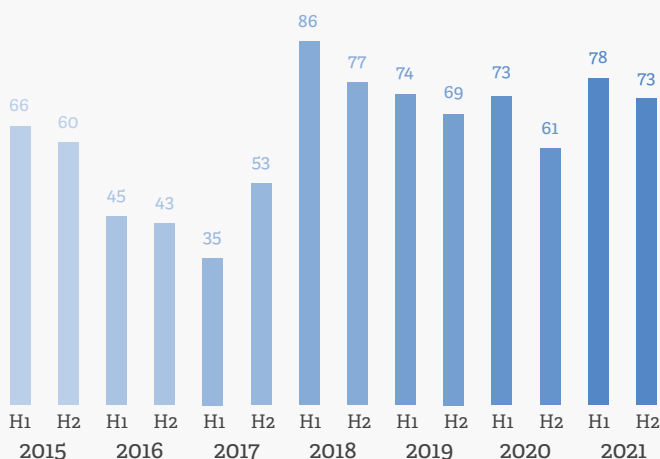
We are acutely aware that the success of the Business is down to the dedication and commitment of our employees. The relocation of our London headquarters to a new state-of-the-art office has given our employees the opportunity to work collaboratively and productively while servicing clients' needs.

We have continued to invest in the Business and our people over the past year, hiring 12 new revenue generating employees and 9 support staff.

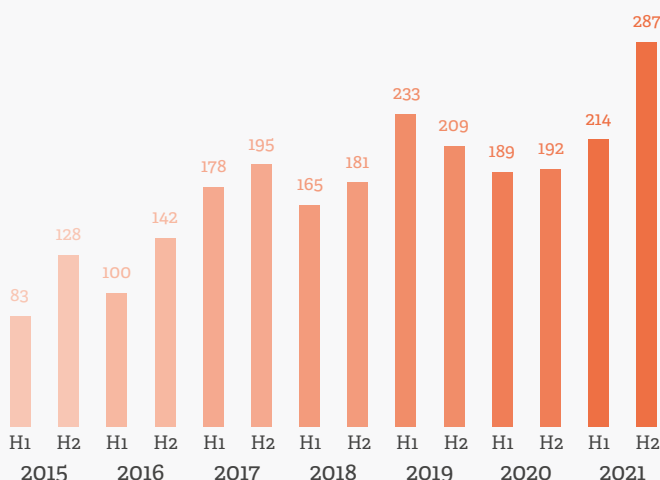
### MACRO-ENVIRONMENT AND IMPACT

Client uncertainty manifests itself in many ways – one clear example can be seen in the blue chart where the average number of days between a client signing up with Argentex and placing their first trade increases. Clients who have a degree of discretion over the timing of their trades hold off in times of uncertainty, leaving only those clients who absolutely must trade to enter the market, as evidenced by the sharp increase in average time to first trade coinciding with the start of the pandemic, in a similar fashion to the fall caused by the uncertainty following the 2016 Brexit referendum. Argentex clients have a commercial need to exchange one currency for another, and clients continued to be acquired by our sales team at a record pace over the period, and this is why following a temporary deferral of client activity we see a sharp increase in number of new trades as borne out in the orange chart where pent-up demand begins to unwind.

**Average number of days between account opening and first trade**

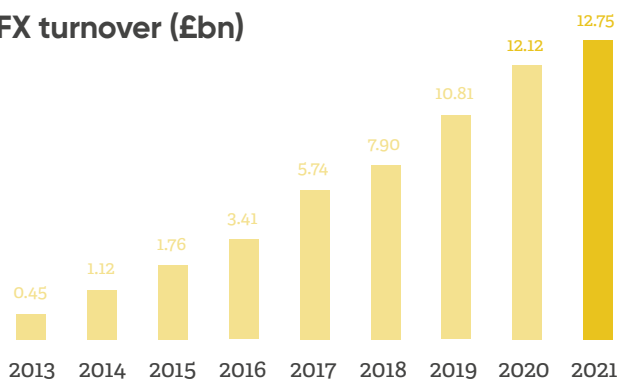


**Number of new corporate trades**

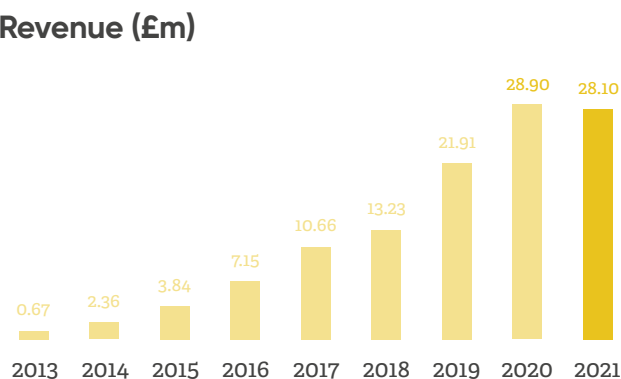


## Growth and profitability

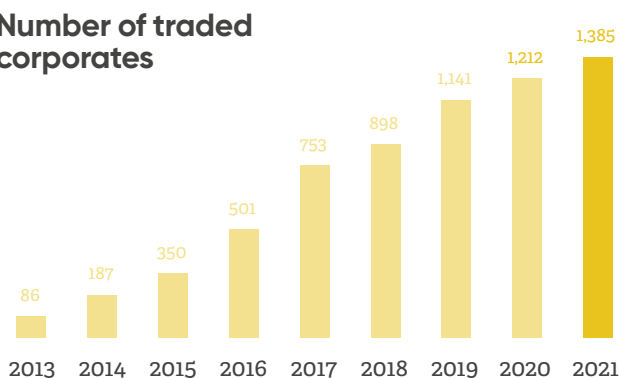
FX turnover (£bn)



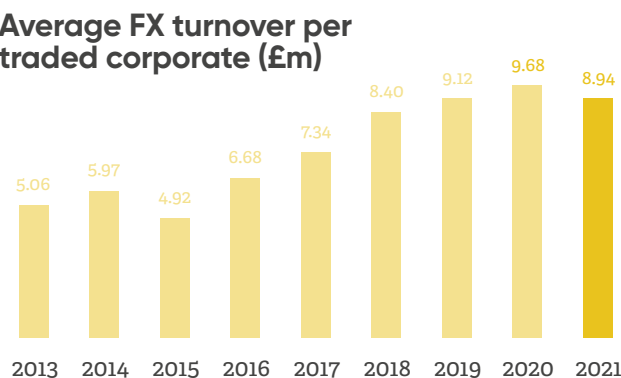
Revenue (£m)



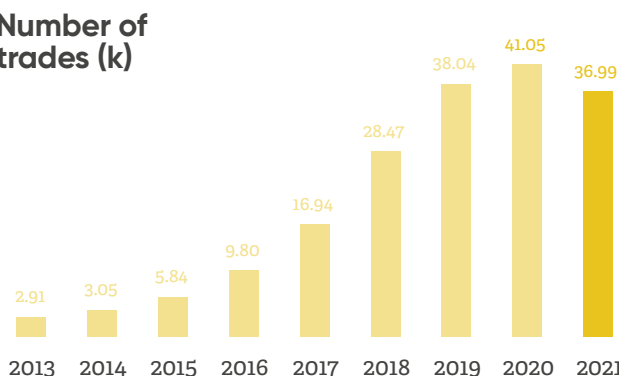
Number of traded corporates



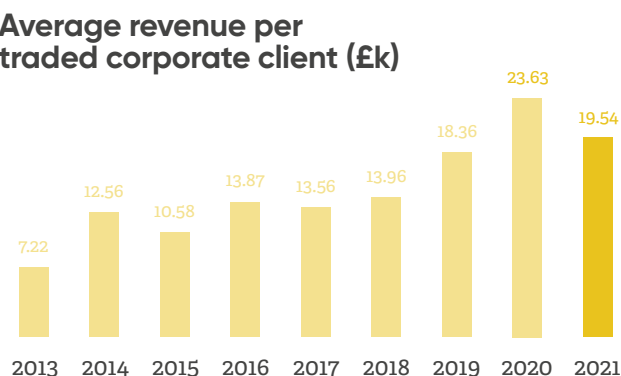
Average FX turnover per traded corporate (£m)



Number of trades (k)



Average revenue per traded corporate client (£k)



# Bespoke, commercial and riskless principal broker.

## Spot, forward options. Tailored hedging strategies.

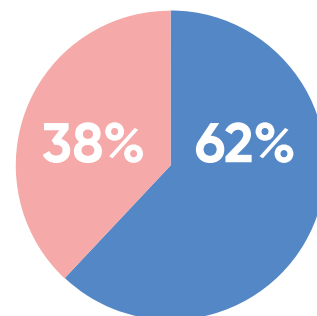
Argentex executes FX spot, forward and options contracts on behalf of its clients.

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.

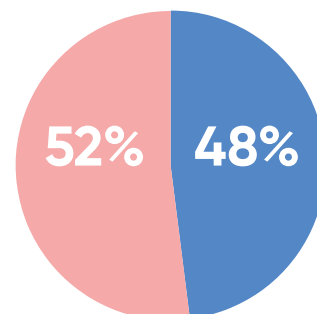
Since inception this has led to a mix of approximately 2/3 spot and 1/3 forward contracts by volume, which due to the wider spreads achieved in forward contracts translates into a revenue split of approximately 50/50 by product. Our forward contract average tenor has remained steady at less than five months.

## Spot vs Forward

FX Turnover <sup>1</sup>



Revenue <sup>1</sup>



● Spot  
● Forward

<sup>1</sup> Split in relation to core revenue streams of spot and forward FX, excluding FX options revenues.





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

## Riskless Principal.

Argentex operates as a Riskless Principal broker 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 source of 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 eliminates 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.

# Assured. Efficient. Superior.



“The primary goal should be risk mitigation, not profiting from foreign exchange by trying to ‘beat the market’.”

- Harry Adams, 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 offering 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.

# 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 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

- 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 time on calls

# Build and invest.



“Continually optimising our online user experience and journey remains a priority and will be so for the foreseeable future.”

- Harry Adams, Chief Executive Officer

Scalable, proprietary technology is continually being optimised to help us develop online capabilities, structured products and analytical tools for a growing client base which will support our long-term sustainable growth.

To date we have invested over £5million on coding alone to ensure that the Argentex CRM and accompanying client front-end software is custom-built for us and our clients' requirements.

To build and invest rather than licence a generic solution has been instrumental to Argentex's robust systems and controls which has been clearly demonstrated while weathering the COVID-19 pandemic. Not only did our CRM system come to the fore when seamlessly transitioning the Company from office to remote working during the three national lockdowns, it also tracked clients' exposures in real time which, coupled with the Group's risk procedures, helped avoid bad debts.

Our online trading platform has been in operation for over a year and is complementary to our core business, offering a convenient addition to a growing suite of products to meet our clients' needs.

As stated in last year's report, we believe further investment in all areas of the customer journey will prove beneficial as we adapt to an ever-changing environment. Continually optimising our online user experience and journey remains a priority and will remain so for the foreseeable future.



# High quality and diverse client base.



“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.”

**Harry Adams**  
Chief Executive Officer

Our aim is to build long-term relationships with our clients 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.

Fostering client relationships is paramount to the success and longevity of our business.

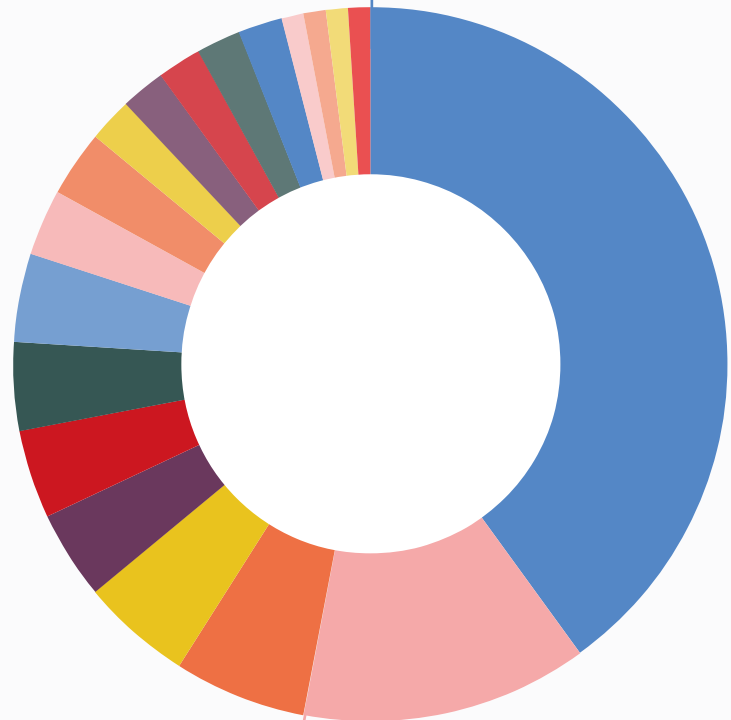
We are proud of our high quality and diverse client base without being overly exposed to any single sector. Our corporate clients come from multiple industries such as law, shipping, media as well as institutional clients from private equity and insurance to family offices.

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.

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.

## Revenue % per industry sector

- Financial Services
- Insurance
- Fund, Fund Managers and Trusts



Consists of individual sectors each responsible for less than 1% of total revenue

## Retaining and growing the client base

Strong performance, committed and excellent service and earning trust are proven to retain and increase our client base.

1,385 corporates traded in the year ended March 2021, and the firm counts several thousand among its active client base. Not every client will trade every year – some 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 transaction).

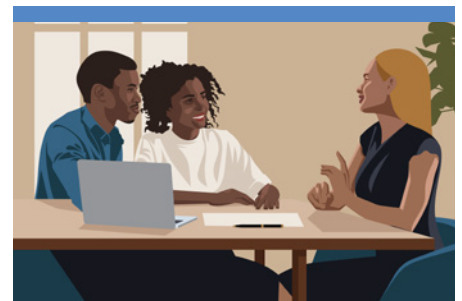
A personalised level of service is required. Time is spent getting to know the client's requirements and their business objectives.

# Client case studies.



## International Cricketer

Our client plays in the UK and earns GBP. In addition to this he has a number of international contracts which means he earns in USD and AUD. At Argentex, we manage the exposure to all the various currencies to ensure that his earnings are not impacted by the fluctuations in the currency markets. We also assist with the exchange of delivery of funds to the UK (in GBP) and Barbados (in Barbados dollars).



## Insurance Broker

Our client is an independent insurance broker providing international insurance, operating in Lloyd's of London and international markets. Large balances of foreign currency receivables can be the source of significant volatility in the firm's P&L on a month-to-month basis as although not physically exchanged, the firm reports in GBP and so the fluctuating foreign currency balances are revalued into GBP at prevailing market rates at each month end. In order to mitigate this risk Argentex executes a rolling hedge for the firm, opening and closing forward foreign exchange contracts each month, rebasing the contracts to match the following month's foreign currency receivable balance and a net settlement taking place between Argentex and the firm depending on market movement over the course of the contracts.





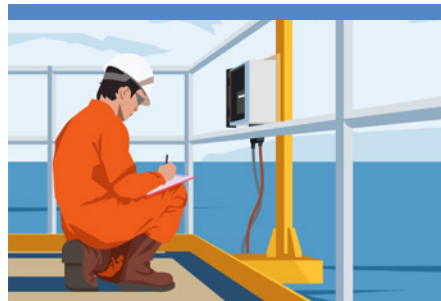
We are proud of our high quality and diverse client base without being overly exposed to any single sector.

**Harry Adams**  
Chief Executive Officer



## Technology

Venture-backed technology companies frequently raise capital in, for example, USD via funding rounds but have major cost bases in the UK and Europe, respectively. We help maximise the value of raised funds versus the cost base currencies via timely execution, order targeting and our in-house specialist market analysis. Furthermore, we support flexible risk management hedging solutions, fixing income to cost base currencies, and ultimately helping protect the value of raised capital and income versus planned future cashflows in other cost base currencies.



## Oil and Gas

Oil and Gas producers face major income versus cost FX exposures. Income principally in USD and, for example, sterling cost bases in the UK, such as North Sea producers. On a fundamental level, we offer key assistance in timely execution of income into cost base purchase currencies, via our market analysis and target order-based approach. Moreover, we help formulate flexible risk management strategies across Forward Contract and Derivate Hedging. This can range from developing an overall group hedging policy, to offering our expertise in securing specific sales contracts via a full suite of hedging products.



## Institutional Client

Our client is an institutional asset manager with funds domiciled in GBP and EUR and investments across EMEA and the US. Argentex provides a suite of services both laterally and vertically through the asset manager's supply chain; from sharp execution of simple spot deals at fund level when entering or exiting an investment, rolling hedges to mitigate fluctuations in an investment's value where domiciled in a different currency to the fund's base currency, at management company level to hedge management fees paid in foreign currency, and at individual partner level where carry is paid in foreign currency.

# Ways of doing business.



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

- Harry Adams, 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 and 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 £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



## Shareholders

We are committed to achieving long-term, sustainable growth for our shareholders. 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 workforce 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.



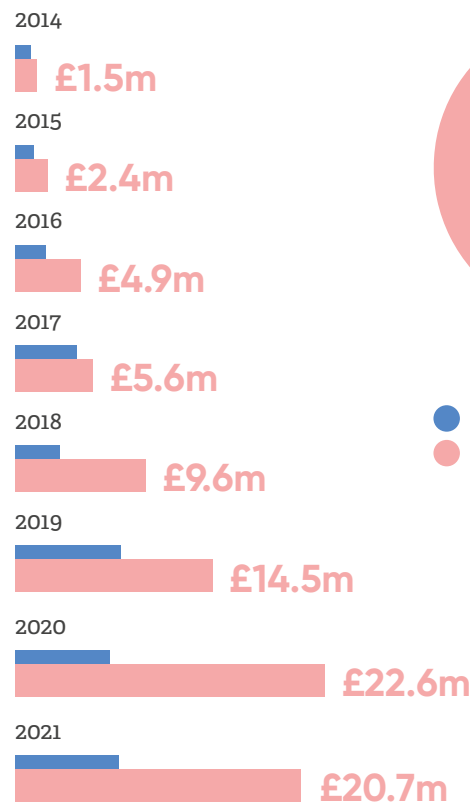
# Sales and Performance.

## Repeat business.

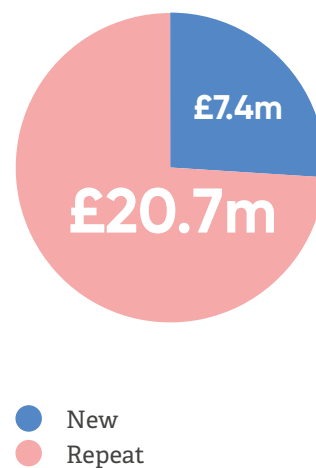
The bar chart to the right illustrates that repeat business is by far the largest source of revenue since the Business' inception. It is also the main reason Argentex was formed to target corporate, as opposed to private client business, which makes up just 3% of the firm's revenue.

There is a natural attrition that occurs as a result of human capital mobility, changes to client's 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 effective way to encourage the consistency and performance which is underpinned by our extensive training programme.

New vs repeat business



Corporate revenue 2021



## Improving sales efficiency over time.

We have fostered a high performance culture through our high rewards and incentive programme.

Our tried and tested approach of recruiting and training our employees from a grass roots level leads to a longer learning curve for a recruit, but one that ultimately pays off for those that remain. Each recruit is rigorously trained by our experienced team, including sessions hosted by the founders.

The rewards for salespeople are significant. 10-17.5% of the revenue generated by their client, for the life of a client (as long as the salesperson is employed) will be paid. What determines their commission percentage is quarterly targets, which are new-business based.

The figures to the right show the average sales made per year of employment.

### Sales made by years employed

Year 1

£0.07m

Year 2

£0.25m

Year 3

£0.71m

Year 4

£1.34m

Year 5

£2.06m

Year 6+

£4.59m

### Sales Team

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

### Dealing Team

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

# Goals.



## Driving forward

“Argentex is well placed to continue its long-term growth trajectory.”

**Harry Adams**  
Chief Executive Officer

Continue to improve productivity

Maintain a diverse client base

Generating revenues from options

Continued investment in people

Strong Governance

# Outcomes.

- Delivered on our commitment to growing our team
- Further investment in our online client experience
- Seamless transition to working-from-home

- 41% of revenue generated from top 20 clients
- Revenue from top 20 clients was £11m
- Record number of 100 new corporate clients signed in January 2021

- Winning back flow lost to banks
- Professional and Eligible Counterparty clients only
- Recruitment of a Head of Options in 2021

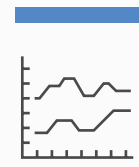
- 21 new hires in 2021
- New CFO in February 2021

- Immaterial instance of bad debt

# 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.



May 2020

- The Amsterdam office makes its first trade



September 2020

- Argentex moved into its new HQ at 25 Argyll Street, 12,500sqft of office space in the heart of London's West End
- Cumulative revenues surpass £100m



November 2020

- Total currency sold surpasses £50bn



December 2020

- Q3 was our record quarter in terms of revenue (£8.65m)

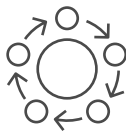


February 2021

- Jo Stent joins as CFO



# Achieving growth strategies.



## 1. Expand sales force

- Increase sales team to 50 people by 2023

## 2. Increase productivity

- Further investment in to our tech to improve the customer journey and user experience.
- Average revenue per salesperson 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
- Customised and flexible solutions are our speciality

# Year at a glance.

## A robust response to challenging headwinds coupled with a relentless focus on sustainable growth.

In the most challenging of recent times, Argentex's long-term focused, sustainable business model underpinned its ability to withstand heightened levels of uncertainty and volatility in the marketplace to deliver revenues consistent with the prior year. At the same time the Group maintained its relentless focus on its growth ambitions as laid out at its IPO in the previous financial year.

Argentex has demonstrated resilience in FY21 and management has continued to display a robust approach to risk, a rigorous client acceptance process and deep experience in the dealing team. These key attributes coupled with high touch customer service give Argentex an unrivalled, high quality, low risk offering in the marketplace.

Revenues remained stable in FY21 compared to the prior year, which up until FY20 represented year-over-year compound growth rates of 30%. We saw a return to growth in H2 of FY21, with revenues in the last six months of the year up 39% compared to the first six months of the year. The number of corporate clients traded in the year increased 14% to 1,385, with 27% of revenue representing new business. In total, 665 new corporate clients were signed up in FY21, representing an uplift of 40% on the previous year.

Argentex remains firmly committed to its growth ambitions and a strong balance sheet coupled with a low appetite for risk afforded the Group the ability to continue with its operational investment program. In FY21 included the move to new modern premises with capacity for the planned increase in headcount across all departments and a non-contracted option to extend its footprint in the near future. The program also included continued investment

in the Group's bespoke curated technology platform which supports the high touch customer service at the heart of the Group's ethos. This has led to a planned short-term decrease in operating margins, with underlying operating profit for FY21 of £8.7m in line with expectations. The increased capacity offered by the new premises will allow the Business to grow with the addition of new hires across all departments including sales. In terms of the corresponding revenue generation associated with investments made in FY21, on average new sales staff hired begin to deliver meaningful contributions to revenue in years 3 and 4 of tenure therefore this, in addition to the existing sales team increasing their contributions to revenue in line with tenure, supports the Group's growth plans moving forward.

### FINANCIAL PERFORMANCE

Argentex delivered a strong performance in FY21 in line with expectations, with revenues consistent with prior year at £28.1m (2020: £28.9m). Performance in H1 was significantly impacted by the onset of the pandemic as trading was put on hold for many of our clients as they adjusted to a dramatically different set of circumstances. In H2 however, Argentex saw a return to growth in revenues and experienced a record trading quarter between October and December 2020.

The total number of corporate clients traded in FY21 was 1,385, representing an increase of 14% on the prior year. 499 of these represent new customers, in turn demonstrating strong customer acquisition. Revenues per customer for the full year were impacted by reduced trading activity in H1.



“Management has demonstrated resilience in FY21 and has continued to display a robust approach to risk, a rigorous client acceptance process and deep experience in the dealing team.”

**Jo Stent**

Chief Financial Officer

Underlying earnings (note 14 in the financial statements) of £6.7m in FY21 represents a decrease of £3.3m compared to prior year. In spite of challenging economic and trading headwinds in FY21, the Group, in benefiting from a strong balance sheet, has continued with operational investment in growth. As indicated in the FY20 annual report, FY21 saw the move to new premises with capacity for planned increases in headcount across all departments which combined represents £2.4m or 73% of the £3.3m decrease, of which £1.1m is related to IFRS 16 accounting charges. In addition, we continued to invest in technology in support of our tailored service-led customer-focused offering which, in line with our accounting policy, is capitalised on our balance sheet as an intangible asset and amortised over a three year period. The increase in investment in technology has led to an increased amortisation charge of £0.3m year-on-year. Other anticipated increases in operating cost in the year are as a result of items relating to the running of a listed business such as broker fees and other additional governance and reporting-related services.

Underlying earnings of £6.7m take into account normalisation for non-recurring items of £0.7m which, as per note 9 of the financial statements, represent set up costs in the Netherlands, overlap costs relating to the office move and senior management changes.

After taking into account non-recurring items and the revised cost base for Argentex, the Group has accumulated retained earnings of £11.2m which can be used to assess the value of the proposed final dividend relating to this financial year.

**FINANCIAL POSITION**

Argentex views its ability to generate cash from its trading portfolio as a key indicator of performance within an agreed risk appetite framework. As at 31 March 2021, Argentex has cash and cash equivalents of £38.4m, a decrease of £10.8m on prior year. Total cash and cash equivalents include client balances pertaining to collection of any collateral and variation margin in addition to routine operating cash balances. Of the £10.8m decrease in cash, £3.9m corresponds to our investment in new premises and continued investment in technology in support of growth plans. A further £2.3m was returned to shareholders in line with our dividend policy. The remaining £4.6m relates to movements in client balances held.

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. To date, Argentex has generated revenues in a ratio of approximately 50:50 between spot and forward contracts outside of options revenues. While spot FX contracts attract a smaller revenue spread, the inherent risk profile is much reduced and cash is generated almost immediately. As such, having this proportion of revenues generated by spot trades with a minimal working capital cycle creates a strong positive immediate cash flow for the Business compared to its operating cost base.

Argentex continues to enjoy a high percentage of trades converting to cash within a short time frame, which is a result of almost 50% on average of trades being spot contracts in addition to forward contracts carrying a relatively short tenor on average. Although FX forward contracts carry a higher inherent risk than spot contracts,



## Financial update

“Argentex’s client base continues to grow with an additional 665 new corporates in 2021.”

**Jo Stent**  
Chief Financial Officer

the average tenor of a forward contract at Argentex continues to be less than 5 months. As a result of the blend between spot FX contracts and the average tenor of FX forward contracts, Argentex is a highly cash generative business with much of the portfolio generating cash in less than 5 months on average. When combined with the cash flow profile of the spot FX contracts, Argentex measures short-term cash return as follows:

	2021	2020
	£m	£m
Revenues for the last 12 months (A)	<b>28.1</b>	<b>28.9</b>
Less		
<i>Revenues settling beyond 3 months</i>	<b>(6.8)</b>	<b>(7.5)</b>
Net short-term cash generation (B)	<b>21.3</b>	<b>21.4</b>
Short-term cash return (B/A)	76%	74%

### PORTFOLIO COMPOSITION

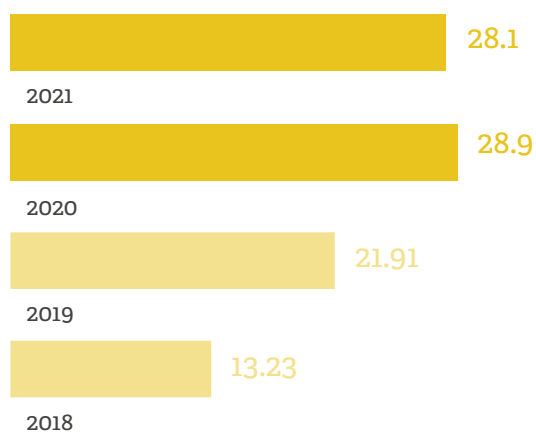
Argentex’s client base continues to grow with an additional 665 new corporate clients signed up in 2021. Even when taking growth into account however the composition of our client portfolio remains consistent year-over-year in that it consists of similar businesses with exposures in the major currencies of sterling, euro and US dollar. At year end, over 80% of the Group’s portfolio was comprised of trades in those currencies and hence the Group’s exposure to exotic currencies or currencies with higher volatility and less liquidity remains significantly limited.

Argentex has put in place a low risk approach to managing collateral requirements with institutional counterparties to mitigate significant volatility risk which, when coupled with a selective and robust client acceptance process, has ensured that Argentex continues to avoid any material issues over settlement. In addition, as a result of a conservative approach to risk, Argentex continues to enjoy immaterial occurrence of bad debt.

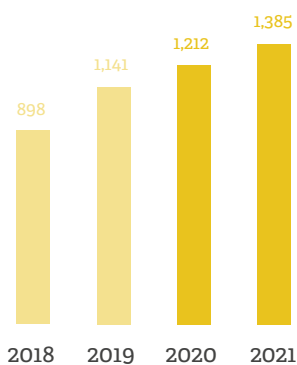
## KEY PERFORMANCE INDICATORS

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

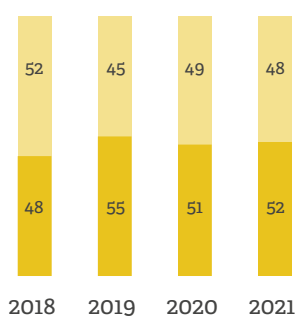
### Revenue (£m)



### Number of traded corporates



### Spot/Forward revenue mix



### Underlying Earnings

# £6.7m

FY 2021<sup>1</sup>

# £10m

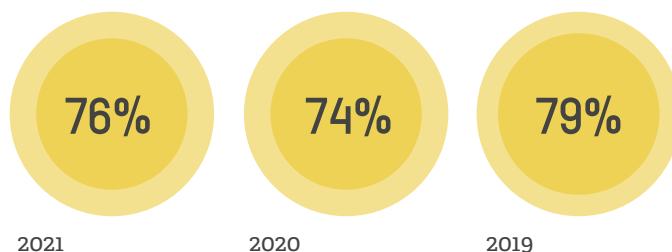
FY 2020<sup>1</sup>

# £7.8m

FY 2019

<sup>1</sup> Note 14 to the Consolidated Financial Statements

### Short-term cash return

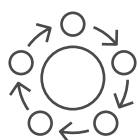


### DIVIDEND

The Board of Directors is recommending a final dividend for year ended 31 March 2021 of 2p per share. Subject to approval at the Annual General meeting to be held at 2:30pm on the 4 August 2021, the payment will be made on 13 September 2021 to shareholders on the register at 13 August 2021.

**Jo Stent**  
Chief Financial Officer

# 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. Specifically, each Director confirms that during the year, they have acted to promote the long-term success of the Company for the benefit of shareholders, and in doing so have given regard to factors (a) to (f) of s172(1) of the Companies Act 2006, being:

- a. The likely consequences of any decision in the long-term,
- b. The interests of the Company's employees,
- c. The need to foster the company's business relationships with suppliers, customers and others,
- d. The impact of the company's operations on the community and the environment,

- e. The desirability of the company maintaining a reputation for high standards of business conduct, and
- f. The need to act fairly as between members 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.

### COVID-19

Throughout the pandemic, there has been clear and regular communication with the Board and our employees. The board has met 8 times this year and on each occasion COVID-19 has been an agenda point ensuring the welfare of our staff and the resilience of our business. Clear and frequent communication to our employees has occurred during the year ended March 31. We have invested in our technology to ensure working from home was seamless. We have communicated to investors through trading statements and investor presentations. Throughout the pandemic we have shown high standards of business best practice.

## Our Customers

34 39 46

## Our Employees

09 14 47 49

## Our Environment and Communities

60

## Our Investors

43 73 75 82

## Our Partners

60

Who / What they are?	Why are they important to us?	What do they want from us?	How do we engage with them?
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.
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 our local communities	Long-term sustainability and integrity are important components of Argentex's culture. We recognise that community engagement is vital to our ability to deliver long-term returns for our stakeholders. Therefore we carefully consider our impact on the communities in which we operate and on the environment. Our commitment is embodied by our 'Brokering Better Lives' initiative.	Through the 'Brokering Better Lives' initiative, we will partner with local charities that support the communities in which we operate, and we also have partnerships at national and global levels, e.g Planet Mark and Cool Earth.	Our communities value sustained and long-term support. This is achieved through a combination of continual dialogue, financial donations and meaningful director engagement.
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 external borrowings.	The Directors conduct formal results presentations every six months. Institutional shareholders meet our Executive Directors regularly. The Directors hold an AGM every year.
Those who have a direct working, regulatory or contractual relationship, or share a mutual interest with us.	Their vital contributions to our business provide services, advice or oversight.	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.

# Key strategic decisions.



## **DIVIDEND POLICY**

The Board committed to our stated policy, paying a full dividend based on the 2020 results in September despite the market volatility, and declaring a final dividend for 2021. As a board we appreciate the value of dividends to our shareholders who experienced widespread dividend cancellations and deferrals through the year.

## **LTIP**

The Board consulted extensively on the final form of the Group's long-term incentive plan. Any staff incentive plan must strike the right balance between reward, staff retention, and value for the existing shareholders. Any share options issues in the year were issued at a premium to the market price of between 12% and 16%, giving dilution protection to investors before employees enjoy participation.

## **HEADQUARTERS**

The Board approved proposals for the new 10 year lease of a London headquarters. The specification for the new premises was carefully designed to provide a productive workspace that will also aid recruitment of high calibre individuals associated with Argentex. The plans for the headquarters were created with employee safety as a priority, as well as on-premises fitness facilities to promote health, fitness and wellbeing.

## **OPERATIONAL RESILIENCE**

The Board acted swiftly to enact remote working protocols for all employees at the height of the pandemic. The Board also reviewed and approved proposals for returning to work in a COVID safe manner, implementing strict processes for employees to return









# Sustainability.



## Our vision

“Our vision is to continually build a trusted business that improves the quality of life for all our employees, clients, and communities.”

**Harry Adams**  
Chief Executive Officer

At Argentex, we believe that the right focus on environmental, social and governance issues through our sustainability strategy will support continued success and yield greater business benefits in the transition towards a sustainable economy.

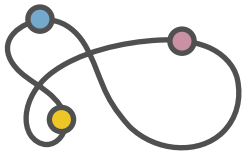
In addition, we recognise the need to adapt our corporate strategy and purpose to include appropriate consideration of global megatrends such as the climate emergency and rising inequality that are rapidly reshaping the context within which businesses operate today.

During this financial year, we have commenced consultation both externally and internally to identify a sustainable purpose for Argentex. Over the coming year, we will focus on the development of our sustainability strategy and will work towards the alignment and integration of this strategy across our business culture and operating model. A key objective for the coming year will be to identify our path to net zero.

The development and alignment of our sustainability strategy will be led from the top by our Board and our Senior Independent Director Lena Wilson CBE, who has longstanding experience in this area and who has completed the Cambridge Institute for Sustainability Leadership programme and is our Board Sustainability Champion.

Responsibility for the integration and delivery of our sustainability strategy is guided by Argentex senior leadership. Measurable goals will be implemented to ensure success is achieved, such as the maintenance of our Planet Mark certificate and carbon emissions tracking, charitable hours donated and our commitment to measuring our social value. Each staff member will have a set of objectives in their annual performance and development reviews aligned with the sustainability strategy goals and we will create initiatives to engage staff at every level to inspire and lead while setting positive examples across the industry.

Our work this year on identifying a sustainable purpose has resulted in the creation of ‘Brokering Better Lives’, an initiative designed in consultation with our employees with our sustainability strategy in mind which will serve as a tool to engage all of our colleagues to collaborate in driving our sustainability strategy forward in the future.



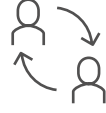
# Brokering Better Lives



## Our People.

We empower our people to do their best by providing a healthy work culture and tools to build their skills.

- Work Culture and Wellbeing
- Ethical Values and Behaviours
- Employee Development and mentoring



## Our Clients.

We support our clients by consistently innovating and delivering our very best.

- Customer Experience
- Responsible Investment and Products
- Technology, Customer Security and Innovation



## Our Communities.

We create positive change through active engagement with our communities and reducing our environmental impact.

- Climate Action
- Transparent Communications and Stakeholder Engagement
- Thought Leadership and Financial Education
- Access to the Profession and Social Mobility
- Charities and Volunteering
- Collaboration and Partnerships



## Maintaining wellness within the Argentex Team.

As part of Argentex's commitment to our staff work culture and wellness particularly through the national lockdowns, daily exercise challenges were set to encourage group participation, promote fitness and team spirit during a potentially isolating time. The Argentex 20 Day Wellness Challenge was launched: a series of virtual classes that could be attended from home. A point system was introduced to encourage attendance, competition and ultimately improved health and well being.

# Framework and structured processes.



“Argentex remains firmly committed to pursuing its growth ambitions while adopting a balanced and prudent approach to risk.”

- Jo Stent,  
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 sound 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 Group's income, liabilities, assets or costs may experience adverse changes due to changes in the value of financial market prices.

### MITIGATION

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

↔ NO CHANGE IN RESIDUAL RISK

### RATIONALE

COVID-19 and Brexit have caused significant volatility in financial markets through the period, and the Group continues to monitor and review the impact and potential threats to the risk environment as these events continue to unfold. The Group is satisfied that existing processes and procedures in place to monitor these potential threats are adequate.

## 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 Group 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 Group is able to continue in operation with little to no financial detriment to itself or its clients.

↔ NO CHANGE IN RESIDUAL RISK

### RATIONALE

The Group has successfully navigated a significant proportion of the year in a work-from-home state for all or most of the employees. Operational effectiveness and resilience were key to the success and therefore the Group believes that there is no incremental residual operational risk.

## Liquidity Risk

### DESCRIPTION and potential impact

Liquidity risk is the risk that the Group has insufficient cash resources to meet 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 Group'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 Group 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.

↓ DECREASE IN RESIDUAL RISK

### RATIONALE

In this financial year, turbulent financial markets have placed a premium on liquidity and short-term cash availability. The Group continues to be well capitalised and monitors liquidity dynamically in response to the numerous economic events of the year. To further mitigate the risks of short-term liquidity stresses, the Group has renegotiated ISDAs with key counterparties to reduce the risk of significant cash consumption during times of high volatility in financial markets, supporting a reduction in residual risk.

## Credit Risk – clients

### DESCRIPTION and potential impact

Credit risk reflects the risk that the Group is unable to realise the cash value of its assets.

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.

#### ↑ INCREASE IN RESIDUAL RISK

##### RATIONALE

The COVID-19 pandemic and the related economic impact has undoubtedly placed many businesses in financial difficulty. The Group continues to maintain low levels of bad debt, in line with historic averages and continues to monitor all exposures and refresh client credit profiles regularly. As a matter of prudence the Group believes that the significant increase in perceived market risk means a corresponding increase in residual risk to the business albeit the Group has not experienced any major adverse impact in year.

## 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 Group 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.

#### ↔ NO CHANGE IN RESIDUAL RISK

##### RATIONALE

The Group regularly evaluates its exposures to its banking counterparties, and is satisfied that capital and prudential buffers held by them are sufficient to operate in the current economic climate, as well as withstand further shocks.

## 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 Group has a governance structure in place that allows for the identification, control, and mitigation of material risks resulting from the operations of the Group.

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.



↔ NO CHANGE IN RESIDUAL RISK

**RATIONALE**

UK, EU and global financial regulation continues to develop, bringing increased obligations on the Group. The Group continues to grow its compliance team and use external advisors to stay ahead of any impending regulatory change.

## 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.

↔ NO CHANGE IN RESIDUAL RISK

**RATIONALE**

The board continues to invest in the strength of the leadership team and other key personnel and is satisfied that this in addition to ongoing succession planning mitigates the risk of loss of key personnel.

## 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 Group and its clients.

**MITIGATION**

The Group 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 Group 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).

↔ NO CHANGE IN RESIDUAL RISK

**RATIONALE**

The Group's transitions between remote and office working have been affected with minimal disruption. Furthermore, the Group's new headquarters have facilitated the streamlining of a number of key processes and procedures, combined with adoption of cloud-based technology for the majority of the Group's infrastructure.

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

The Group 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.

↔ NO CHANGE IN RESIDUAL RISK

### RATIONALE

The pervasive threat of cyber crime remains a high risk and a key priority of the Business. There have been no significant developments in the current year to elevate the assessment.

## COVID-19

### DESCRIPTION and potential impact

The continuing risk of COVID-19 negatively impacting the Group either through direct health risks to staff and key stakeholders of the Group, or further adverse impact on the economy.

### MITIGATION

The Group's primary responsibility is the safety and welfare of its staff. The Group has developed its pandemic response as the threat evolves, and has robust policies and procedures that facilitate remote working and a safe return to work.

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 all staff, whether working remotely or in the office when available.

↑ INCREASE IN RESIDUAL RISK

### RATIONALE

Argentex is acutely aware of the ongoing negative impact COVID-19 is having on many industry sectors. While the UK's vaccine rollout offers considerable hope of a return to normality, the ongoing global disruption causes the Group to remain cautious and focus on strengthening its already robust risk controls, and continue to prioritise balance sheet strength.

### BOARD APPROVAL

The Strategic Report as set out on pages 26 to 66 was approved by the Board of Directors on 30 June 2021 and signed on its behalf by

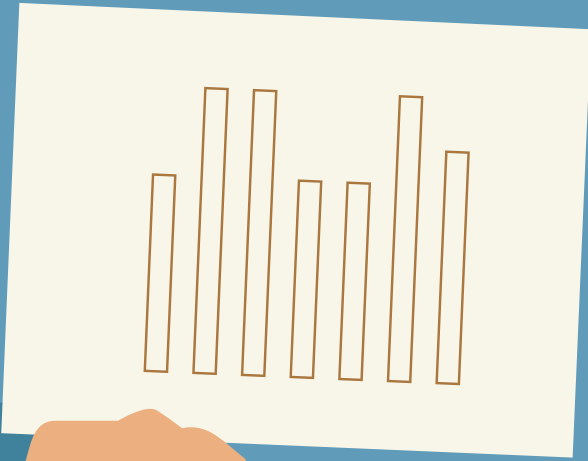


**Jo Stent**

Chief Financial Officer

30 June 2021

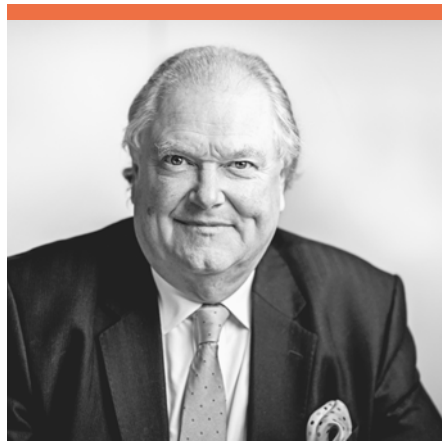








# Board of Directors.



**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.



**Harry Adams**  
Co-Chief Executive Officer,  
Co-Founder

Harry is a founding partner of Argentex. As Co-CEO, Harry 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.



### **Carl Jani**

Co-Chief Executive Officer,  
Co-Founder

On the 11th June 2021 Carl resigned as Co-CEO. As Co-CEO, Carl together with Harry was jointly responsible for the strategic direction of the Business. Carl oversaw the Operational divisions of Argentex, maintaining the highest level of compliance, corporate governance and risk mitigation. He was 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.



### **Jo Stent**

Chief Financial Officer

An experienced CFO, Jo has spent the majority of her 25-year career in senior finance roles in global, fast-paced organisations and has operated in a number of sectors and geographies. She has a demonstrable track record in organisational scaling and international expansion in addition to building best in class finance functions. Most recently, she was CFO at the European Tour and the Ryder Cup, and prior to that CFO of Vodafone Americas. She has also held senior finance roles in Telus Communications Inc, Deloitte and Scottish & Newcastle plc. Jo qualified as a Chartered Accountant with EY, and is a non-executive director at UK Coaching.

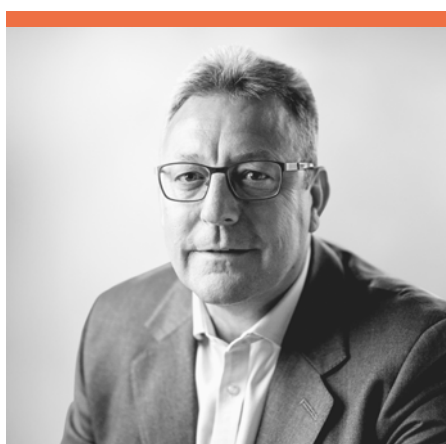


### **Lena Wilson CBE FRSE**

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 2021.

For the purpose of this report, 'the Company' means Argentex Group PLC, a public limited company incorporated in England & Wales with registered number 11965856 with and with registered office of 25 Argyll Street, London, W1F 7TU. 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 26 to 66. The Group's profit after taxation for the year was £5.9m as set out in the Consolidated Statement of Profit or Loss on page 102.

## DIVIDENDS

In line with the Group's dividend policy, the directors are recommending a final dividend of 2p per share, a total amount of £2,264,150 for the year ended 31st March 2021.

Full particulars of the dividends are contained within the financial review on page 53.

## DIRECTORS

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

- Carl Jani
- Harry Adams
- Sam Williams (resigned 31 January 2021)
- Jo Stent (appointed 1 February 2021)
- Lord Digby Jones Kb.
- Lena Wilson CBE FRSE
- Nigel Railton
- Jonathan Gray
- Henry Beckwith

Biographies of the directors including their committee memberships are set out on pages 71 to 73.

## DIRECTORS INTERESTS

The remuneration, principal terms of employment and the interests of the Directors in the Company's shares are detailed in the Remuneration Committee Report on pages 84 to 89. 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 than 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 2022, taking into consideration the

current operating environment, including the continuing impact of the Coronavirus pandemic.

The Board of Directors are confident that in context of the Group's financial requirements there is sufficient flexibility and liquidity 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 twelve 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. 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 22 of the Consolidated Financial Statements.

#### **SUBSTANTIAL SHAREHOLDINGS**

At 31 March 2021, 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%
Gresham House Asset Management	7,312,597	6.46%
Amati Global Investors	5,982,412	5.28%

#### **EMPLOYEE INVOLVEMENT**

The Group continues to involve its staff in the future development of the Business, and provide working conditions to engender high performance and certain employees are participants in the Group's share plans, which comprise a CSOP plan which was issued at IPO, and a 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 fundamental to 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. The Section 172 Statement on pages 54 to 55 provides a comprehensive overview of the Group's commitment to stakeholder engagement.

#### **SUSTAINABILITY**

We are committed to the Group being a responsible corporate citizen and in the year ended 31 March 2021 we commenced work on our sustainability strategy starting with defining our sustainability purpose and the introduction of the 'Brokering Better Lives' initiative as outlined in pages 60 to 61 in the report.

#### **ANNUAL GENERAL MEETING**

The AGM will take place on 4th August 2021 at 2.30pm at 25 Argyll Street, London, W1F 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 26 of the Consolidated Financial Statements.

#### **CORPORATE GOVERNANCE**

A full review of Corporate Governance appears on pages 78 to 83.

#### **AUDITOR**

We announced via RNS on 12th April 2021 that the year ended 31 March 2021 will be the final year that Nexia Smith and Williamson will be in office as auditor. For the year ended 31st March 2021, the Group is satisfied that Nexia Smith and Williamson are independent and there are adequate safeguards in place to safeguard their objectivity. The Group has carried out a tender process to propose a new auditor for the year ending 31 March 2022 and a resolution to appoint the new auditor will be proposed at the AGM on 4th August 2021.

## **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 that law the Directors have elected to prepare the group and parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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:

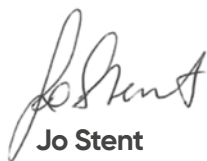
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed subject to any material 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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



**Jo Stent**  
Chief Financial Officer



# Corporate Governance Report.



**Lord Digby Jones Kb.**  
Non-Executive Chairman

Dear Shareholder,

The following chapter details our Corporate Governance Report, which outlines how the Group's governance framework supports and promotes its long-term success, and provides an overview of the activities of the Board and its Committees during the period under review.

As an AIM listed business, Argentex's governance framework is based on the QCA Corporate Governance Code (the Code). The Code is publicly available at [www.frc.org.uk](http://www.frc.org.uk). Details of how we have applied the principles of and complied with the provisions of the Code during 2021 are set out in this report and the Remuneration Committee Report.

Best practice is adopted wherever possible to facilitate robust risk management and the promotion of a strong governance environment. 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.

How we do business has not changed over the last year - 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 as the effectiveness of risk controls. This information is relayed to the Board for consideration and review.

The Board remains committed to develop best practices 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 shareholders.

**Lord Digby Jones Kb.**  
Non-Executive Chairman

A handwritten signature in black ink, appearing to read 'Digby Jones', written over a horizontal line.

# The QCA Corporate Governance Code.

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

26 Strategic Report

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

43 Investor / Shareholders

144 Shareholder communications

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

54 Section 172 Statement

60 Sustainability Initiative

43 Other Stakeholders

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

62 Principal Risks & Uncertainties

80 Internal Controls & Assessments of Business Risk



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

71 Board of Directors

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

71 Board of Directors

82 Board of Effectiveness

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

82 Board of Effectiveness

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

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

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23 Culture

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

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## 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 two 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.

## CHANGES TO THE BOARD

On 20th January, the Board was pleased to announce the appointment of Jo Stent as Chief Financial Officer with effect from 1 February 2021. Jo Stent replaced Sam Williams, who is leaving Argentex to pursue other opportunities.

Carl Jani, Co-CEO, took a leave of absence from the Business for health reasons on the 20th January. As per the announcement on the 11 June 2021 Carl Jani stepped down from his role as Co-CEO.

There were no other changes to the Board.

## 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 devote 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 eight 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 83 outlines the scheduled Board and Committee meetings with attendance of each Board Member.

## 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 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 is 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.

#### **Nominations Committee**

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 also arranges 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 reviews its effectiveness by reference to financial performance, continuing adherence to risk and compliance frameworks and the overall growth of the Group. The Board takes account of the opinions and insights of its advisers, including NOMAD, auditors, and legal advisers. The method of assessing Board effectiveness and performance is also reviewed on a regular basis, and

recommendations regarding changes to the composition of the Board will be evaluated fully. The Chairman carries out appraisals of the Board, the Committees and the individual Directors and includes a review of the fees paid to Non-Executive Directors including the fee for the Chairman. The formal evaluation process takes 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 is 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](http://www.argentex.com)).

All Directors will normally attend each AGM and shareholders are given the opportunity to ask questions. In addition, the Chief Executive 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.

● Attended meeting      ○ Absent  
● 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	Jo Stent
<b>Board Meetings</b>	Chair								
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	○	●	●	●
<b>Audit Committee</b>		Chair							
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
<b>Remuneration</b>			Chair						
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●
<b>Nominations</b>				Chair					
	●	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●	●

**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.

# 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 2021 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 in this Remuneration Report is disclosed to fulfil the requirements of AIM Rule 19. By complying with the requirements of the QCA Corporate Governance Code, Argentex complies with the requirements of AIM Rule 26. 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 in the previous financial year on 25 June 2019 and prior to this was a private business.

## REMUNERATION COMMITTEE

The composition of the committee is shown in the Corporate Governance Report on pages 78 to 83, 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 three times 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.

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 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 performance during the year detailed earlier in this annual report, the Remuneration Committee determined to pay bonuses of £87,000 to the CEO and £15,000 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 excluding Executive Directors. 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 2020 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 prevailing market price) and are a combination of UK tax-advantaged company share options and share options that are not tax-favoured. The awards will vest in portions of one third on the third, fourth and fifth anniversaries of grant.

Sam Williams was awarded 452,830 share options as part of this grant. Upon his departure from the board on 31 January 2021, these options were forfeited in full.

On 25 February 2021, Jo Stent was awarded 452,830 share options under the CSOP, at 135p (representing a 16% premium to the prevailing market price). The share options are not tax-favoured. Her award has an EPS growth performance condition attached and will vest at the same time as the LTIP awards granted on 7 April 2020.

#### **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 Non-Executive Directors' fees are determined by the Board, subject to the aggregate limit set out in the Company's Articles of Association.



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 2021.

Comparative information (where shown) included remuneration of the Executive Directors as employees or members of Argentex LLP, where profit shares were

automatically determined in accordance with proportions of equity held in the LLP prior to the IPO. 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.

<b>31 MARCH 2021</b>	Basic salary/ Fixed profit shares	Performance related bonus in respect of FY2021	Other amounts	2020/21 Total
<b>Executive Directors</b>				
Harry Adams	250,000	87,000	-	337,000
Carl Jani	250,000	-	-	250,000
Sam Williams <sup>1</sup>	125,000	-	75,000	200,000
Jo Stent <sup>2</sup>	45,000	15,000	-	60,000
<b>Non-Executive Directors</b>				
Lord Digby Jones	60,000	-	-	60,000
Henry Beckwith	-	-	-	-
Jonathan Gray	45,000	-	-	45,000
Nigel Railton	45,000	-	-	45,000
Dr Lena Wilson	45,000	-	-	45,000

Notes:

<sup>1</sup> To 31 January 2021

<sup>2</sup> Appointed 1 February 2021

<b>31 MARCH 2020</b>	Equity based profit shares up to the IPO	Basic salary/ Fixed profit shares since IPO	Performance related bonus in respect of FY2020	2019/20 Total
<b>Executive Directors<sup>1</sup></b>				
Harry Adams	340,605	191,346	495,000	1,026,951
Carl Jani	340,605	191,346	495,000	1,026,951
Sam Williams	3,710	152,607	180,000	336,317
<b>Non-Executive Directors</b>				
Lord Digby Jones <sup>1</sup>	18,739	45,923	-	64,662
Henry Beckwith <sup>1</sup>	248,232	-	-	248,232
Jonathan Gray <sup>1</sup>	-	34,442	-	34,442
Nigel Railton <sup>1</sup>	-	34,442	-	34,442
Dr Lena Wilson <sup>2</sup>	-	29,712	-	29,712

Notes:

Argentex's IPO was effective 25 June 2019

<sup>1</sup> Appointed in June 2019 prior to IPO

<sup>2</sup> 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.

	Number of ordinary shares held in the Company at 31 March 2021	Number of ordinary shares held in the Company at 31 March 2020
<b>Executive Directors</b>		
Harry Adams	13,749,144	13,749,144
Carl Jani	13,749,144	13,749,144
Jo Stent	-	-
<b>Non-Executive Directors</b>		
Lord Digby Jones	396,951	396,951
Henry Beckwith	7,425,748	7,425,748
Jonathan Gray	50,000	50,000
Nigel Railton	47,170	47,170
Dr Lena Wilson	-	-





## SHARE OPTIONS

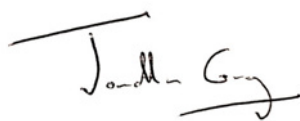
The individual interests of the Directors under the CSOP are as follows:

	Date of grant	Number of CSOP options	Number of unapproved options	Exercise price	First exercise date <sup>1</sup>
<b>Executive Directors</b>					
Jo Stent	26 February 2021	0	452,830	£1.35	07 April 2023

Notes:

<sup>1</sup> Subject to an EPS growth performance condition.

## DIRECTORS' REMUNERATION FOR THE YEAR COMMENCING 1 APRIL 2020



**Jonathan Gray**

Chair of the Remuneration Committee

# Nominations Committee Report.



**Lena Wilson CBE FRSE**  
Chair of the Nominations  
Committee

As Chair of the Nominations Committee, I am pleased to present the Nominations Committee report for the year ended 31 March 2021.

The Nominations Committee has a vital role in ensuring that the Board and its committees have the right balance of skills and experience and oversees the Board's development of succession planning to provide the Company and shareholders with continuity of talent at senior levels within the company.

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. This enables the Board and each committee to effectively discharge their duties and responsibilities in the pursuit of long-term value creation for the Company's stakeholders.

## **COMMITTEE COMPOSITION**

The Nominations Committee is comprised of all of the Non-executive Directors as shown in the Corporate Governance Report on pages 78 to 83. The Nominations Committee met twice during the year.

## **KEY RESPONSIBILITIES OF THE COMMITTEE**

The full terms of reference for the committee can be found on the Company's website at [www.argentex.com](http://www.argentex.com). The key focus of the committee during the year included:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- giving full consideration to succession planning for directors and other senior executives taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future; and
- keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.



A key focus of the Committee was the COVID-19 pandemic, and Company's ability to navigate the challenging circumstances.

#### COMMITTEE ACTIVITY

During the year, a key focus of the Committee was the COVID-19 pandemic, and Company's ability to navigate the challenging circumstances. The Committee was involved in and kept informed of any developments regarding succession planning in the event of key persons being taken ill and the Company's responses to any such events. The Committee further supported management's employer risk assessments and safety protocols for returning to a COVID-safe working environment as restrictions evolved through the financial year. The Committee continues to monitor the impact of the COVID-19 pandemic across all elements within it terms of reference.

The Committee also reviewed the effectiveness of the Board by developing a skill matrix, to ensure we had full coverage of skills and identify any gaps. We did this by surveying its members with regard to performance on key themes such as shareholder value, corporate governance, succession planning, Health and Safety and CSR. The results of this survey have been presented to the Board, and this will inform the Board's strategy and focus over the coming years to ensure that key priorities are addressed in a timely and effective manner. In addition to implementing a skill matrix, the Board also undertook our annual compliance training, in adherence to best practice.

The Committee plays a key role in all new Board appointments. During the year, Jo Stent was appointed to the Board as CFO and we welcome her financial expertise and global experience to the Board. Her skills will be a major asset to the Company in its pursuit of long-term growth and shareholder value creation.

Jo was appointed following a comprehensive evaluation by the Committee of the skills, knowledge and experience required to fill the vacancy. The Committee engaged the services of an external adviser to assist with the search, and a range of candidates from varying backgrounds were considered in making the appointment. Prior to recommendation of the appointment, the Committee also sought the input of its other advisers including the Company's NOMAD to evaluate the outcome of the Committee's decision making process.

#### PRIORITIES FOR 2021/22

The Board will continue to appoint on merit, based on the skills and experience required for membership of the Board, while giving consideration to all forms of diversity when the Committee reviews the Board's composition.

**Lena Wilson CBE FRSE**

Chair of the Nominations Committee

# Audit Committee Report.

On behalf of the Board, I am pleased to present the Audit Committee report for the year ending 31 March 2021.

The Audit Committee's key objectives are to ensure that shareholder interests are protected and that the Company's long-term strategy is supported. The Audit Committee achieves this by 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 composition of the committee is shown in the Corporate Governance Report on pages 78 to 83. The committee is comprised of only non-executive directors, and committee meetings are attended by the Co-CEOs and the CFO as well as other senior management as requested. The Committee met five times in the year and also held meetings with the external Auditors, Nexia Smith & Williamson. The Committee meets with the auditor following the finalisation of the annual report and results independently of management to discuss any issues arising from the audit. The Chair of the Audit Committee consults with all committee 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:

- Closely monitoring the impact of the COVID-19 pandemic on the Group's operations and operational resilience
- Review of the 2020/2021 audit plan
- Reviewing the effectiveness of the external audit process
- Consideration of significant financial reporting judgements
- 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
- 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 statements;
- 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;
- 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 61 to 66 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 re-appointed as auditors to the Company at the Company's AGM. The Audit Committee monitors the relationship to ensure the auditor independence and objectivity are maintained. The Audit Committee has sought, and received, the approval of Nexia Smith and Williamson to extend Guy Swarbreck's audit tenure beyond the five years normally permitted by the Financial Reporting Council's

Ethical Standard ("the Ethical Standard"), in the interests of safeguarding audit quality following recent changes to the Group's CFO and finance team. Following a long and successful relationship with Nexia Smith and Williamson (who have audited the Company's principal trading subsidiary prior to the Group's IPO), the committee intends to conduct an audit tender for the Group for the year ended 31 March 2022. Nexia Smith and Williamson will cease appointment as auditor upon appointment of a new auditor at the AGM.

The breakdown of fees between audit and non-audit function is provided in note 8 of the 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.

## 2021/2022 PRIORITIES

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

1. The continuing impact of COVID-19 and any emerging risks presented to the Group's operations
2. Reviewing the Group's ICAAP and risk frameworks
3. The Group's international expansion and controls framework supporting this growth
4. The external audit tender process
5. Consideration of any other 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 2021, 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 Auditors' 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 2021 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the directors' assessment and challenging the assumptions used in the supporting detailed budgets and forecasts prepared by management for the period up to 31 December 2022;
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity;
- Considering historical trading performance;
- Considering the group's funding position and requirements;

- Reviewing post year end trading performance;
- Reviewing bank statements to monitor the cash position of the group post year end and obtaining an understanding of significant expected cash outflows in the forthcoming 18-month period..

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## 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.

## Revenue recognition

### Description of risk

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 of revenue, including the trade and profit adjusting amounts. Existence is the risk that trades did not occur or were misstated.

### How the matter was addressed in the audit

We reviewed the Group's revenue recognition policy as applied to the Group's material income streams, with a specific focus on existence of revenue in the year.

We documented, observed and tested the design and implementation of key controls over the accuracy of revenue in the year.

We selected a sample of revenue transactions and performed testing as follows:

- We agreed a sample of transactions from the nominal ledger back to the trading platform, broker confirmations and bank statements.

## Revenue recognition (contd.)

Description of risk	How the matter was addressed in the audit
The Group's revenue recognition policy is detailed in note 3.5 to the accounts.	<ul style="list-style-type: none"> <li>— We also re-calculated the underlying profit for the sample selected.</li> <li>— We recalculated the profit adjusting amounts of year end open positions.</li> <li>— We agreed a sample of contracts entered shortly before and after the year end to ensure only relevant transactions were included in revenue.</li> <li>— We also reviewed the reconciliation between the year end broker confirmations, the trading platform and nominal ledger.</li> </ul>

### OUR APPLICATION OF MATERIALITY

The materiality for the group financial statements as a whole was set at £562,000. 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 £449,600. This has been determined by reference to the parent company's net assets, as it exists only as a holding company for the group and carries on no trade in its own right. Materiality represents 0.4% of the parent company's net assets as presented on the face of the parent company Statement of Financial Position.

Performance materiality for the group financial statements was set at £449,600, being 80% of group financial statements materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds financial statements materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering

experience from previous audits. It was set at 80% to reflect the fact that few misstatements were expected in the current period and there is little judgement or estimation in the financial statements.

Performance materiality for the parent company financial statements was set at £359,680, being 80% of parent financial statements materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds financial statements materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits. It was set at 80% to reflect the fact that few misstatements were expected in the current period and there is little judgement or estimation in the financial statements.

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group consists of the parent entity and three active 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 active 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.

## OPINIONS 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 in relation to which 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 76, 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.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the Group's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Group's industry and regulation.

We understand that the Group complies with requirements of the framework through:

- The Directors managing and overseeing a compliance function;

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- The Executive Directors' close involvement in the day-to-day running of the Business, meaning that any litigation or claims would come to their attention directly and are considered at Board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group:

- The Companies Act 2006, international accounting standards, and FRS 101 in respect of the preparation and presentation of the financial statements;
- The AIM Rules for Companies; and
- The UK regulatory principles, specifically those governed by the Financial Conduct Authority (FCA), including the Client Asset Sourcebook, the Electronic Money Regulations 2011, and the Markets in Financial Instruments Directive 2.

To gain evidence about compliance with the significant laws and regulations above we have reviewed board meeting minutes, inspected correspondence with the parent company's Nominated Adviser and its legal and compliance advisers, as well as the correspondence with the FCA relating to the year and obtained written management representations regarding the adequacy of procedures in place. We also performed a review of Argentex LLP's compliance with the Client Money Rules and its e-money policies and procedures.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries and incorrect recognition of revenue. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Testing of a sample of revenue transactions to underlying documentation; and
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the Group's processes and controls surrounding manual journal entries.

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](http://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.

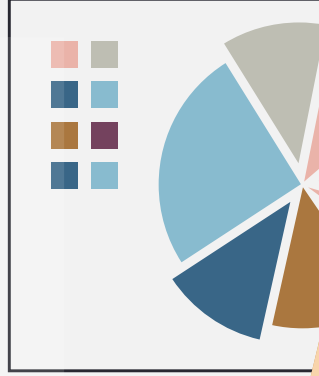
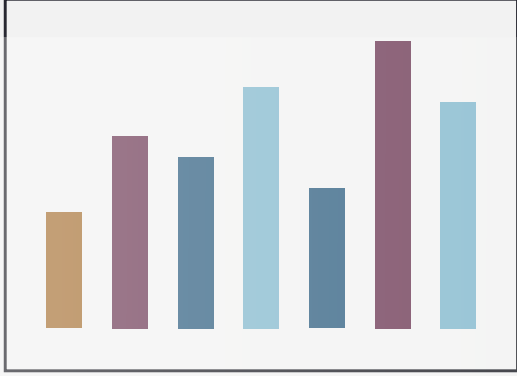
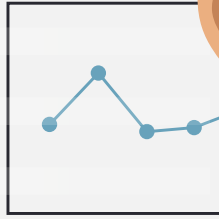
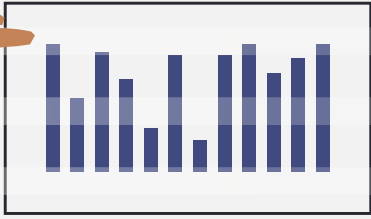
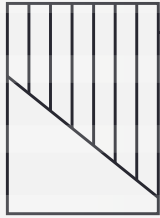
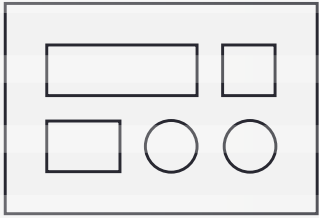
*Nexia Smith & Williamson*

#### Guy Swarbreck

Senior Statutory Auditor, for and on behalf of  
Nexia Smith & Williamson  
Statutory Auditor  
Chartered Accountants  
30 June 2021







# Consolidated Statement of Profit or Loss and other comprehensive income

for the year ended 31 March 2021

	Notes	2021 £m	2020 £m
Revenue	6	28.1	29.0
Cost of sales		(0.5)	(0.4)
<b>Gross profit</b>		<b>27.6</b>	<b>28.6</b>
Administrative expenses		(18.9)	(16.1)
<b>Underlying operating profit</b>	3.12	<b>8.7</b>	<b>12.5</b>
LLP equity-based remuneration pre-IPO		-	(1.7)
Non-underlying expenditure	9	(0.7)	(0.5)
Share based payments	24	(0.2)	-
<b>Operating profit</b>	7	<b>7.8</b>	<b>10.3</b>
Finance costs	12	(0.4)	(0.2)
Finance income	12	-	0.1
<b>Profit before taxation</b>		<b>7.4</b>	<b>10.2</b>
Taxation	13	(1.5)	(2.1)
<b>Profit for the year</b>		<b>5.9</b>	<b>8.1</b>
Other comprehensive income		-	-
<b>Profit for the year and total comprehensive income</b>		<b>5.9</b>	<b>8.1</b>
<b>Earnings per share</b>			
Basic	14	5.2p	7.1p
Diluted	14	5.2p	7.1p
<i>Underlying - Basic</i>	14	5.9p	8.8p
<i>Underlying - Diluted</i>	14	5.9p	8.8p

# Consolidated Statement of Financial Position

for the year ended 31 March 2021

	Notes	2021 £m	2020 £m
<b>Non-current assets</b>			
Intangible assets	15	1.7	1.8
Property, plant and equipment	16	9.1	0.2
Derivative financial assets	17	4.2	7.2
<b>Total non-current assets</b>		<b>15.0</b>	<b>9.2</b>
<b>Current assets</b>			
Trade and other receivables	17	0.6	0.3
Cash and cash equivalents	18	38.4	49.2
Derivative financial assets	17	21.0	17.6
<b>Total current assets</b>		<b>60.0</b>	<b>67.1</b>
<b>Current liabilities</b>			
Trade and other payables	19	(28.5)	(36.5)
Derivative financial liabilities	19	(9.3)	(10.9)
<b>Total current liabilities</b>		<b>(37.8)</b>	<b>(47.4)</b>
<b>Net current assets</b>		<b>22.2</b>	<b>19.7</b>
<b>Non-current liabilities</b>			
Trade and other payables	20	(5.9)	-
Derivative financial liabilities	20	(2.6)	(4.0)
<b>Total non-current liabilities</b>		<b>(8.5)</b>	<b>(4.0)</b>
<b>Net assets</b>		<b>28.7</b>	<b>24.9</b>

# Consolidated Statement of Financial Position (continued)

for the year ended 31 March 2021

	Notes	2021 £m	2020 £m
<b>Equity</b>			
Share capital	22	0.1	0.1
Share premium account	23	12.7	12.7
Share option reserve	24	0.2	-
Merger reserve	23	4.5	4.5
Retained earnings		11.2	7.6
<b>Total Equity</b>		<b>28.7</b>	<b>24.9</b>

The financial statements of Argentex Group PLC were approved by the Board of Directors on 30 June 2021 and were signed on its behalf by:



**Harry Adams**

Director

Registered number 11965856



# Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

	Share capital	Share premium	LLP equity capital	Share option reserve	Merger reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 1 April 2019</b>	-	-	3.1	-	-	-	3.1
<i>Comprehensive income for the year</i>							
Profit for the year	-	-	-	-	-	8.1	8.1
<b>Total comprehensive income for the year</b>	-	-	-	-	-	8.1	8.1
<i>Transactions with owners:</i>							
— Dividends paid under former ownership structure	-	-	-	-	-	(0.5)	(0.5)
— Merger reserve arising on reorganisation	-	-	(3.1)	-	4.5	-	1.4
— Issue of share capital	0.1	14.0	-	-	-	-	14.1
— Cost of issue of equity shares	-	(1.3)	-	-	-	-	(1.3)
<b>Balance at 31 March 2020</b>	<b>0.1</b>	<b>12.7</b>	<b>-</b>	<b>-</b>	<b>4.5</b>	<b>7.6</b>	<b>24.9</b>
<i>Comprehensive income for the year</i>							
Profit for the year	-	-	-	-	-	5.9	5.9
<b>Total comprehensive income for the year</b>	-	-	-	-	-	5.9	5.9
<i>Transactions with owners:</i>							
— Dividends paid	-	-	-	-	-	(2.3)	(2.3)
— Share based payments	-	-	-	0.2	-	-	0.2
<b>Balance at 31 March 2021</b>	<b>0.1</b>	<b>12.7</b>	<b>-</b>	<b>0.2</b>	<b>4.5</b>	<b>11.2</b>	<b>28.7</b>

# Consolidated Statement of Cash Flows

for the year ended 31 March 2021

	Notes	2021	2020
		£m	£m
Profit before taxation		7.4	10.2
Taxation paid		(2.1)	-
Net finance expense		0.4	-
Depreciation of property, plant and equipment		0.2	0.1
Depreciation of right of use assets		0.8	0.2
Amortisation of intangible assets		1.3	1.0
Share based payment expense		0.2	-
(Increase)/decrease in receivables		(0.3)	0.1
(Decrease)/increase in payables		(8.6)	16.9
Increase in derivative financial assets		(0.4)	(12.7)
(Decrease)/increase in derivative financial liabilities		(3.0)	11.2
<b>Net cash (used in)/generated from operating activities</b>		<b>(4.1)</b>	<b>27.0</b>
<b>Investing activities</b>			
Purchase of intangible assets	15	(1.2)	(1.1)
Purchases of plant and equipment	16	(2.7)	(0.1)
Share acquisition costs		-	(0.1)
<b>Net cash generated used in investing activities</b>		<b>(3.9)</b>	<b>(1.3)</b>

# Consolidated Statement of Cash Flows (continued)

for the year ended 31 March 2021

	Notes	2021 £m	2020 £m
<b>Financing activities</b>			
Payments made in relation to lease liabilities	21	(0.5)	(0.4)
Proceeds from issue of shares		-	14.1
Short-term loans	25	-	(2.0)
Share issuance costs		-	(1.3)
Dividends paid	11	(2.3)	(0.5)
<b>Net cash (used in)/generated from financing activities</b>		<b>(2.8)</b>	<b>9.9</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(10.8)</b>	<b>35.6</b>
Cash and cash equivalents at the beginning of the year		49.2	13.6
<b>Cash and cash equivalents at the end of the year</b>	18	<b>38.4</b>	<b>49.2</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 25 Argyll Street, London, W1F 7TU.

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 2021 and 31 March 2020 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 Company has adopted the following amendments to standards which became effective for the annual reporting period beginning on 1 April 2020. The amendments do not have a significant impact on the Group’s financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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 in 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 have assessed the Group’s prospects until the end of 2022, which is 18 months 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 26.3 for further disclosures relating to liquidity risk).

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.

The Board of Directors is confident that in context of the Group's financial requirements these measures give sufficient flexibility and 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	Holding company	England
Argentex B.V.	Inactive pending regulatory authorisation	Netherlands

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

In June 2019, immediately prior to the Company's admission to AIM, Argentex Group PLC acquired all equity

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (now Argentex Foreign Exchange Limited). Argentex LLP, Argentex Capital Limited and Argentex Foreign Exchange Limited are 100% owned (either directly or indirectly) subsidiaries of Argentex Group PLC and consolidated into these financial statements.

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.

### 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 26).

Other financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL (see note 27).

Fair value is determined in the manner described in note 27.

### **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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. Derivative financial liabilities are automatically held 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 27.

### 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 and cash equivalents

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 purchase, 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 of use 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.

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 to five 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. Underlying operating profit

The Group presents underlying operating profit as an Alternative Performance Measure on the face of the Consolidated Statement of Comprehensive Income. Underlying operating profit excludes those significant items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year so as to facilitate comparison with prior years and to better assess trends in financial performance.

### 3.13. 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.

### 3.14. 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.

### 3.15. 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.

### 3.16. 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.

### 3.17. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

To assist in making this judgement, the Group undertakes an assessment, at least annually, of the carrying value of the intangible assets.

(ii) 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 15)

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 26)

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

(iii) Share-based payments

In determining the fair value of equity-settled share-based payments and the related charge to the Consolidated Statement of Profit or Loss, the Group makes assumptions about future events and market conditions. An estimate must be formed as to the likely number of shares that will vest along with the fair value of each award granted. The Group uses the Black-Scholes valuation model to determine the fair value, which is dependent on estimates relating to the Group's future dividend policy, the timing of prospective option exercises and the future volatility in the price of the Company's shares.

## 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 2021 or 31 March 2020.

## 6. Revenue

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

	2021	2020
	£m	£m
<b>Continuing operations</b>		
Spot and forward foreign exchange contracts	27.2	27.1
Option premiums	0.9	1.9
	<b>28.1</b>	<b>29.0</b>

## 7. Operating profit

Operating profit for the period is stated after charging:

	2021	2020
	£m	£m
Depreciation of plant and equipment	0.2	0.4
Depreciation of Right of Use assets	0.8	-
Amortisation of intangibles	1.3	1.0
Staff costs (see note 10)	12.6	12.6
Net foreign exchange losses/(gains)	0.5	0.1

## 8. Auditor's remuneration

	2021	2020
	£m	£m
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	0.1	0.1
— Reporting accountant services	-	0.1

## 9. Non-underlying expenditure

The Directors have classified certain costs as non-underlying in accordance with the accounting policy set out in note 3.12. These costs amount to £0.7m (2020: £0.5m) and for 2021 relate to: i) costs related to moving the Group's headquarters which are ineligible for capitalisation; ii) staff costs in relation to Director changes in the Company and iii) costs related to the creation of and regulatory applications for overseas operations. In 2020, non-underlying expenditure related to costs associated with the Group's IPO which were ineligible for capitalisation.

## 10. Staff costs

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

	2021	2020
	Number	Number
Directors	8	8
LLP members (excl. executive directors)	4	6
Sales and dealing	37	28
Operations	18	12
	67	54

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2021	2020
	£m	£m
Staff costs for the above persons were:		
Wages and salaries	7.2	5.1
Social security costs	0.9	0.7
Pension costs	0.1	-
Share based payments	0.2	-
LLP members' remuneration*	3.2	4.0
Directors remuneration	1.0	2.8
	12.6	12.6
<b>Directors' remuneration</b>	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
Directors' remuneration comprised:		
Salaries and LLP members remuneration	1.0	2.8

\*Excludes Directors of Argentex Group PLC who are/were also members of Argentex LLP. 2020 figures include 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 LLPs 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 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.

### 11. Dividends

Amounts recognised as distributions to equity holders:	2021	2020
	£m	£m
Dividends declared under the former ownership structure <sup>1</sup>	-	0.5
Interim dividend declared of 2p per share <sup>2</sup>	2.3	-

<sup>1</sup> paid to former equity holders pre-IPO

<sup>2</sup> paid in September 2020

## 12. Finance costs and finance income

	2021 £m	2020 £m
Interest on short-term loans	-	0.2
Interest on lease arrangements	0.4	-
<b>Finance Costs</b>	<b>0.4</b>	<b>0.2</b>
<b>Finance Income</b>	<b>-</b>	<b>0.1</b>

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.

## 13. Taxation

	2021 £m	2020 £m
<b>Current tax</b>		
In respect of the current year	1.5	2.1
<b>Total tax expense for the year</b>	<b>1.5</b>	<b>2.1</b>

Tax has been calculated using an estimated annual effective tax rate of 19% (2020: 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:

	2021 £m	2020 £m
Profit before taxation	7.4	10.2
Tax on profit on ordinary activities at standard UK corporation tax rate of 19%	1.4	1.9
Effects of:		
Disallowable management expenses	-	0.1
Other amounts charged	0.1	0.1
<b>Total tax expense for the year</b>	<b>1.5</b>	<b>2.1</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. 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-underlying costs as described further in note 3.12. The Group has also excluded 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.

	2021	2020
	£m	£m
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share		
— basic and diluted	5.9	8.1
<i>Adjustments for:</i>		
Non-underlying expenditure	0.7	0.5
LLP equity-based remuneration pre-IPO	-	1.7
Shared based payments	0.2	-
Tax impact	(0.1)	(0.3)
Underlying earnings (basic and diluted)	6.7	10.0
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	113.2	113.2
Number of dilutive shares under option	0.1	0.2
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	113.3	113.4
	2021	2020
<b>Earnings per share</b>		
Basic	5.2p	7.1p
Diluted	5.2p	7.1p
Underlying - Basic	5.9p	8.8p
Underlying - Diluted	5.9p	8.8p

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.



## 15. Intangible fixed assets

	Software development costs £m
<b>Cost</b>	
At 1 April 2019	3.4
Additions	1.1
At 31 March 2020	4.5
Additions	1.2
At 31 March 2021	5.7
<b>Amortisation</b>	
At 1 April 2019	1.7
Charge for year	1.0
At 31 March 2020	2.7
Charge for year	1.3
At 31 March 2021	4.0
<b>Net book value</b>	
At 31 March 2021	1.7
At 31 March 2020	1.8

## 16. Property, plant and equipment

Cost	Leasehold improvements £m	Right of use Asset £m	Office equipment £m	Computer equipment £m	Total £m
At 1 April 2019	0.4	1.2	0.2	0.3	2.1
Additions	-	-	-	0.1	0.1
At 31 March 2020	0.4	1.2	0.2	0.4	2.2
Additions	1.7	7.2	0.6	0.4	9.9
Disposals	(0.4)	(1.2)	(0.2)	(0.2)	(2.0)
At 31 March 2021	1.7	7.2	0.6	0.6	10.1
<b>Depreciation</b>					
At 1 April 2019	0.3	0.9	0.2	0.2	1.6
Charge for the year	0.1	0.2	-	0.1	0.4
At 31 March 2020	0.4	1.1	0.2	0.3	2.0
Charge for the year	0.1	0.8	-	0.1	1.0
Disposals	(0.4)	(1.2)	(0.2)	(0.2)	(2.0)
At 31 March 2021	0.1	0.7	-	0.2	1.0

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Net book value</b>					
At 31 March 2021	1.6	6.5	0.6	0.4	9.1
At 31 March 2020	-	0.1	-	0.1	0.2

### 17. Trade and other receivables

	2021	2020
	£m	£m
<i>Non-Current</i>		
Derivative financial assets at fair value (note 26)	4.2	7.2
<i>Current</i>		
Derivative financial assets at fair value (note 26)	21.0	17.6
Other debtors	0.1	0.1
Prepayments	0.5	0.2
<b>Trade and other receivables</b>	<b>0.6</b>	<b>17.9</b>

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.

### 18. Cash and cash equivalents

	2021	2020
	£m	£m
<b>Cash and cash equivalents</b>	<b>38.4</b>	<b>49.2</b>

Included within cash and cash equivalents are client held funds relating to margins received and client balances payable (See note 19). 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 of £11.6m (2020: £26.5m). Of this collateral amount, £0.1m (2020: £1.1m) is not immediately accessible.

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.

#### 19. Trade and other payables

	2021	2020
	£m	£m
<b>Derivative financial liabilities at fair value (note 26)</b>	<b>9.3</b>	<b>10.9</b>
Amounts payable to clients	18.7	25.5
Other creditors	0.7	0.6
Corporation tax	1.5	2.1
Amounts due to members and former members of Argentex LLP	3.8	5.3
Accruals	2.3	2.8
Other taxation and social security	0.3	0.2
Lease liability (note 21)	1.2	-
<b>Trade and other payables</b>	<b>28.5</b>	<b>36.5</b>

#### 20. Creditors: amounts falling due after more than one year

	2021	2020
	£m	£m
<b>Derivative financial liabilities at fair value (note 26)</b>	<b>2.6</b>	<b>4.0</b>
Provisions	0.2	-
Lease liability (note 20)	5.7	-
<b>Trade and other payables</b>	<b>5.9</b>	<b>-</b>

#### 21. Leases

The Group leases its office space. During the year, the Group's existing lease on its primary office space concluded, and the Group entered into a new ten-year lease. As a lessee, the Group has recognised a lease liability representing the present value of the obligation to make lease payments, and a related right of use (ROU) asset, in accordance with note 3.8. The rate implicit in the lease is not evident and so the Group's incremental borrowing rates have been used. The incremental rate referred to by IFRS 16 indicates the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Management have assessed the incremental borrowing rate to be 6%. The lease gives rise to a right of use asset (note 16), and a corresponding lease liability. Information about the lease liability is presented below:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2021	2020
	£m	£m
Lease Liability at 1 April	-	0.4
Additions	7.0	
Payments made in the year	(0.5)	(0.4)
Unwinding of finance costs	0.4	-
Lease Liability at 31 March	6.9	-
<i>Of which</i>		
Current (note 19)	1.2	-
Non-current (note 20)	5.7	-

### 22. Share Capital

Allotted and paid up	Ordinary shares	Management shares	Nominal value
	No.	No.	£m
At 1 April 2020 and 31 March 2021	113,207,547	23,589,212	0.1

On 19 June 2019, 23,589,212 Management shares were issued with nominal value of £58,974 to establish the minimum allotted share capital for a public limited company. So long as there are shares of any other class in 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.

### 23. 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).

#### Share option reserve

The Group operates a share option scheme that is explained in note 24 of these Consolidated Financial Statements. The Group recognises the services received from eligible scheme participants as charge through the Consolidated Statement of Profit or Loss, with the corresponding entry credited to the Share option reserve.

## Retained earnings

Retained earnings are the accumulated undistributed profits of the Group that have been recognised through the Consolidated Statement of Profit or Loss, less amounts distributed to shareholders.

## 24. Share based payments

The cost of group share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the 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.

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 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 Group issues new shares.

In June 2019, the Company issued 311,311 share options under Part I of 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.

During the year, the Company issued a total of 4,981,130 share options under Parts I, II and III of the company share option plan ("CSOP") to participating employees and LLP members. The share options have an exercise price of £1.35, and vest in tranches three, four and five years after issuance. The fair value of these options at issuance has been derived using a Black-Scholes model, with expected volatility of 34%, based on derived volatilities of the Company and the similar listed entities to the Company. The risk free rate at the time of issuance was 0.12% for UK Government Bonds with a similar term to the vesting period of the CSOP.

The Group has recognised a total expense of £0.2m based on the estimated number of share options expected to vest across all parts of the CSOP.

Movements in the number of outstanding share options during the year and their weighted average exercise prices are shown in the following table:

	2021		2020	
	Average exercise price (£)	Number of options outstanding	Average exercise price (£)	Number of options outstanding
At 1 April	1.06	226,408	-	-
Granted	1.35	4,981,13	1.06	311,311
Forfeited	1.35	(452,830)	1.06	(84,903)
Exercised	-	-	-	-
31 March	1.34	4,754,708	1.06	226,408

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25. Net Debt Reconciliation

	2021	2020
	£m	£m
Cash and Cash Equivalents	38.4	49.2
Lease liabilities – repayable within one year	(1.2)	-
Lease liabilities – repayable after one year	(5.7)	-
<b>Net funds</b>	<b>31.5</b>	<b>49.2</b>
Cash and Cash Equivalents	38.4	49.2
Total Debt – Fixed Interest Rates	(6.9)	-
<b>Net funds</b>	<b>31.5</b>	<b>49.2</b>

	Cash	Leases due within 1 year	Leases due after 1 year	Borrowings	Total
	£m	£m	£m	£m	£m
Net funds/(debt) at 1 April 2019	13.6	(0.3)	(0.1)	(2.0)	11.2
Cashflows	35.6	0.4	-	(2.0)	38.0
Other non-cash changes	-	(0.1)	0.1	-	-
<b>Net funds/(debt) at 31 March 2020</b>	<b>49.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.2</b>
Cashflows	(10.8)	0.5	-	-	(10.3)
Other non-cash changes	-	(1.7)	(5.7)	-	(7.4)
<b>Net funds/(debt) at 31 March 2021</b>	<b>38.4</b>	<b>(1.2)</b>	<b>(5.7)</b>	<b>-</b>	<b>31.5</b>

### 26. 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.

#### 26.1. 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.

#### 26.2. 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.

	2021	2020
	£m	£m
Derivative financial assets	25.2	24.8
Other debtors	0.1	0.1
Derivative financial liabilities	(11.9)	(14.9)
Amounts payable to clients	(18.7)	(25.5)
Other Creditors	(0.7)	(0.6)
Amounts due to members and former members of Argentex LLP	(3.8)	(5.3)
Accruals	(2.3)	(2.8)
Provisions	(0.2)	-
Lease liabilities	(6.9)	-
	(32.6)	(34.2)

### 26.3. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March	2021	2020
	£m	£m
10% weakening in the GBP/EUR exchange rate	0.6	0.7
10% strengthening in the GBP/EUR exchange rate	(0.5)	(0.6)
10% weakening in the GBP/USD exchange rate	0.3	0.2
10% strengthening in the GBP/USD exchange rate	(0.3)	(0.2)

*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 it 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.

#### 26.4. 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 2021, 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 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 26) best represents their



respective maximum exposure to credit risk. Note 26.6 details the Group's credit risk management policies.

- (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.

## 26.5. 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.

## 26.6. Credit risk management

Note 26.4 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 2021	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£m	£m	£m	£m	£m
Derivative financial assets	10.3	4.9	5.8	4.2	25.2
Other receivables	0.1	-	-	-	0.1
<b>Financial assets</b>	<b>10.4</b>	<b>4.9</b>	<b>5.8</b>	<b>4.2</b>	<b>25.3</b>
31 March 2020	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£m	£m	£m	£m	£m
Derivative financial assets	7.1	4.8	5.7	7.2	24.8
Other receivables	0.1	-	-	-	0.1
<b>Financial assets</b>	<b>7.2</b>	<b>4.8</b>	<b>5.7</b>	<b>7.2</b>	<b>24.9</b>

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Financial liabilities at balance sheet date by contractual maturity

31 March 2021	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£m	£m	£m	£m	£m
Derivative financial liabilities	(3.7)	(2.6)	(3.0)	(2.6)	(11.9)
Amounts payable to clients	(18.7)	-	-	-	(18.7)
Other Payables	(6.8)	-	-	(0.2)	(7.0)
Lease liabilities	(0.1)	(0.3)	(0.8)	(5.7)	(6.9)
<b>Financial liabilities</b>	<b>(29.3)</b>	<b>(2.9)</b>	<b>(3.8)</b>	<b>(8.5)</b>	<b>(44.5)</b>

31 March 2020	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£m	£m	£m	£m	£m
Derivative financial liabilities	(4.5)	(3.0)	(3.4)	(4.0)	(14.9)
Amounts payable to clients	(25.5)	-	-	-	(25.5)
Other Payables	(8.7)	-	-	-	(8.7)
<b>Financial liabilities</b>	<b>(38.7)</b>	<b>(3.0)</b>	<b>(3.4)</b>	<b>(4.0)</b>	<b>(49.1)</b>

### 27. Fair value measurements

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

#### 27.1. 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 market 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)
	2021	2020		
Foreign exchange forward and option contracts (note 26)	Assets £25.2m; and Liabilities £11.9m	Assets £24.8m; and Liabilities £14.9m	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.  The fair value of foreign exchange forward and option contracts is measured using observable market information provided by third party market data providers.

## 27.2. 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.

## 28. Related party transactions

PUMA Lending Limited provided an occasional short-term liquidity facility to the Group in the form of short-term loans. £nil was outstanding at 31 March 2021 and 2020. £2m, plus related interest of £0.1m was repaid immediately following the IPO in the previous financial year. 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.

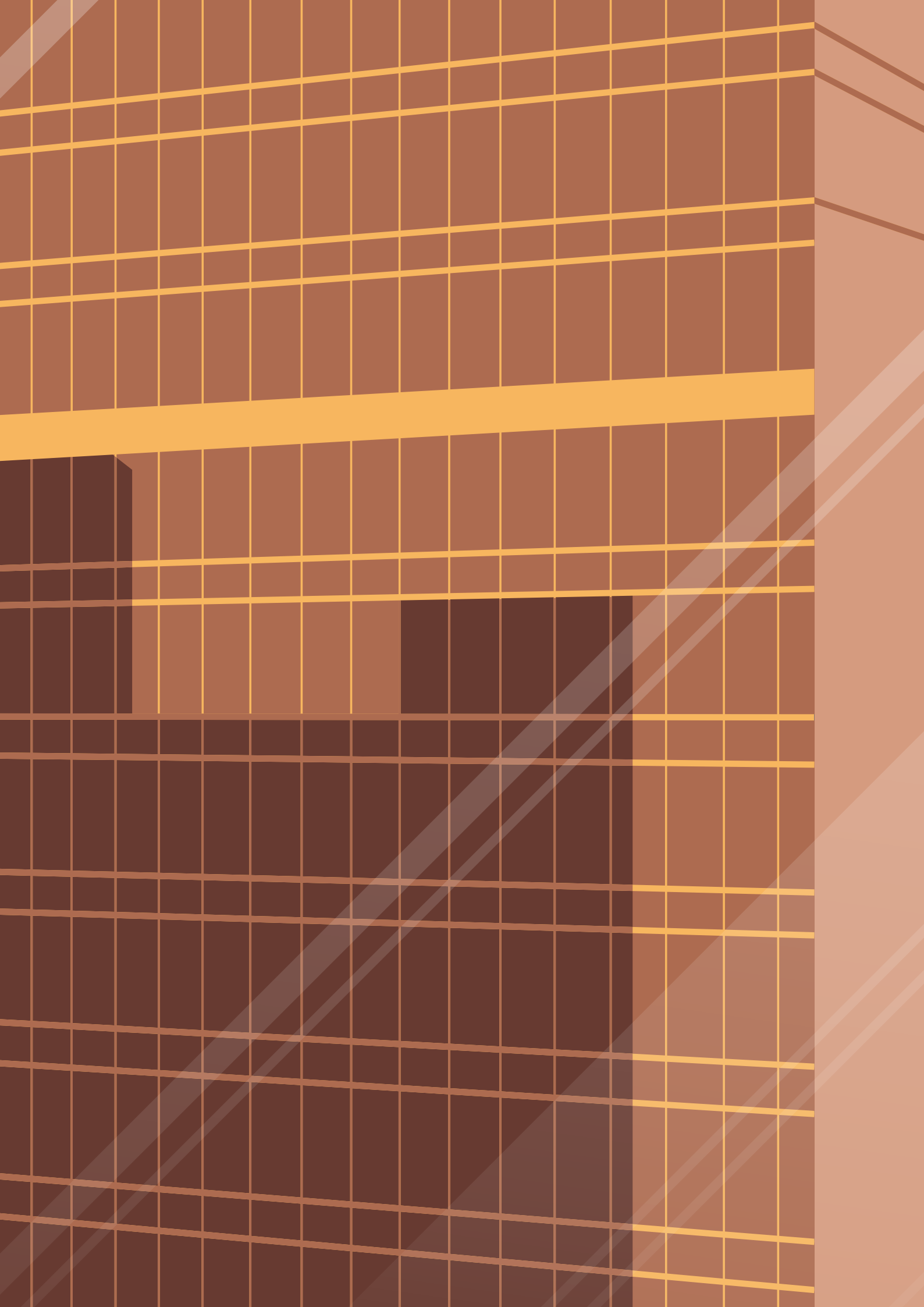
Included in other creditors is £0.6m (2020: £0.6m) owed to Pacific Investments Management Limited, the former owner of Argentex Foreign Exchange Limited.

## 29. Contingent liabilities

As at 31 March 2021 there were no capital commitments or contingent liabilities (2020: none).

## 30. 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 year ended 31 March 2021

	Notes	2021 £m	2020 £m
<b>Non-current assets</b>			
Investment in subsidiaries	6	118.2	118.0
Total non-current assets		118.2	118.0
<b>Current assets</b>			
Trade and other receivables	7	4.8	0.1
Total current assets		4.8	0.1
<b>Current liabilities</b>			
Other payables	8	(0.8)	(0.1)
Total current liabilities		(0.8)	(0.1)
<b>Net assets</b>		<b>122.2</b>	<b>118.0</b>
<b>Equity</b>			
Share capital	9	0.1	0.1
Share premium	10	12.7	12.7
Share option reserve	10	0.2	-
Merger reserve	10	106.0	106.0
Retained earnings		3.2	(0.8)
		<b>122.2</b>	<b>118.0</b>

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The profit for the period was £6.3m (2020: loss of £0.8m).

The financial statements of Argentex Group PLC were approved by the Board of Directors on 30 June 2021 and were signed on its behalf by:

**Harry Adams**  
Director  
Registered number 11965856



# Company Statement of Changes in Equity

for the year ended 31 March 2021

Cost	Share capital	Share premium	Share option reserve	Merger reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
<b>Balance at 26 April 2019</b>						
Loss for the year	-	-	-	-	(0.8)	(0.8)
Total comprehensive income for the year	-	-	-	-	(0.8)	(0.8)
Merger reserve arising on reorganisation	-	-	-	106.0	-	106.0
<i>Transactions with owners:</i>						
Issue of share capital	0.1	14.0	-	-	-	14.1
Cost of issue of equity share capital	-	(1.3)	-	-	-	(1.3)
<b>Balance at 31 March 2020</b>	<b>0.1</b>	<b>12.7</b>	<b>-</b>	<b>106.0</b>	<b>(0.8)</b>	<b>118.0</b>
Total comprehensive income for the year	-	-	-	-	6.3	6.3
<i>Transactions with owners:</i>						
Dividends paid	-	-	-	-	(2.3)	(2.3)
Share based payments	-	-	0.2	-	-	-
<b>Balance at 31 March 2021</b>	<b>0.1</b>	<b>12.7</b>	<b>0.2</b>	<b>106.0</b>	<b>3.2</b>	<b>122.2</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 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 25 Argyll Street, London, W1F 7TU.

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.

### 2.5. 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 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 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.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 4. Auditor's remuneration

The auditor's remuneration for audit and other services is disclosed in Note 8 to the consolidated financial statements.

### 5. Directors' Emoluments

	2021	2020
	Number	Number
Executive and non-executive directors	8	7
<hr/>		
	£m	£m
Costs for the above persons were:	0.3	0.2

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. Investment in subsidiaries

Cost	£m
At 26 April 2019	-
Additions	118.0
At 31 March 2020	118.0
Additions	0.2
At 31 March 2021	118.2

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
<b>Directly held</b>		
Argentex Capital Limited	Foreign exchange broking	England
<b>Indirectly held</b>		
Argentex LLP	Holding company	England
Argentex Foreign Exchange Limited	Holding company	England
Argentex B.V.	Inactive pending regulatory authorisation	Netherlands

All subsidiary undertakings have registered address 25 Argyll Street, London, W1F 7TU (except Argentex B.V., which has registered office: Atrium Amsterdam WTC, Centre Building, Strawinskylaan 3051, 1077 ZX Amsterdam, The Netherlands). All subsidiaries are 100% owned either directly or indirectly.

In the previous financial year, 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.

#### 7. Trade and other receivables

	2021	2020
	£m	£m
Other receivables	0.1	0.1
Amounts due from group companies	4.7	-
	<b>4.8</b>	<b>0.1</b>

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.

#### 8. Other payables

	2021	2020
	£m	£m
Amounts owed to group undertakings	0.8	0.1
	<b>0.8</b>	<b>0.1</b>

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.

#### 9. Share capital

	Ordinary shares	Management shares
	No.	No.
<i>Allotted and paid up</i>		
Ordinary shares of £0.0001 each	113,207,547	-
Management shares of £0.0025 each	-	23,589,212
At 31 March 2020 and 31 March 2021	113,207,547	23,589,212

In the previous financial year, 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 in issue, Management shares have no voting rights or rights to receive dividends or other distributions of profit.

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 £14.0m before issuance costs. Ordinary Shares have full voting rights and rights to receive dividends and other distribution of profit.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 10. 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 24 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. In the previous financial year, 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 £12.0m 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 £106.0m was created on the issue of 76,410,788 ordinary shares.

#### Retained earnings

Retained earnings are the accumulated undistributed profits of the Company that have been recognised through the Statement of Profit or Loss, less amounts distributed to shareholders.

The Directors declared an interim dividend of 2p per ordinary share amounting to £2,264,150.94 which was paid in the year.





# 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](mailto:investorrelations@argentex.com)



## Dividend dates

- 4 August 2021 – Final dividend approved
- 12 August 2021 – Ex-dividend date
- 13 August 2021 – Final dividend record date
- 13 September 2021 – Final dividend payment date



## Annual shareholder calendar

- 31 March 2021 – Financial year end
- 1 July 2021 – Full year results announcement
- 4 August 2021 – AGM
- 30 September 2021 – Half year end
- November 2021 – Half year results announcements
- 31 March 2022 – Financial year end
- Summer 2022 – Full year results announcement



# Company information.

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## COMPANY SECRETARY

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## LEGAL ADVISERS

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This document is also available on the  
Company's website at [www.argentex.com](http://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 the offices of 25 Argyll Street, London, W1F 7TU on 4 August 2021 at 2.30p.m. for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed, in the case of resolutions 1 to 13 as ordinary resolutions and resolutions 14 and 15 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 2021 together with the Directors’ Report and Auditors’ Report thereon.
2. To approve the Directors’ Remuneration Report for the financial year ended 31 March 2021.
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 Jo Stent, who retires as a Director in accordance with the Articles and being eligible to do so offers herself for re-election as a Director, be elected as a Director of the Company.
6. 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.
7. 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.
8. 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.
9. 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.
10. To appoint Deloitte LLP 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.
11. 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 8 July 2021) 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 2022 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.
13. That a final dividend of £2,264,150.94/2 pence per Ordinary Share for the year ended 31 March 2021 be declared.

### Special Resolutions

14. That, subject to the passing of resolution no. 13, 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 8 July 2021), 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 2022 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.
15. 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 8 July 2021;
- (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 2022 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

9 July 2021

Registered Office:  
25 Argyll Street,  
London, W1F 7TU  
United Kingdom

## COVID-19

The Board has continued to closely monitor the COVID-19 pandemic and its preference is to welcome shareholders to this year's AGM, especially given that Shareholders were prevented from attending last year. Accordingly, the holding of the AGM will be kept under review in line with Public Health England guidance. Based on the Government's roadmap for relaxing restrictions on 19 July 2021, it is hoped that there will be no formal restrictions on attendance by Shareholders. However, we would strongly encourage Shareholders to submit a proxy vote in advance of the AGM. Any changes to the arrangements for the AGM set out above will be communicated to Shareholders before the AGM through the Company's website at [www.argentex.com/investor-relations](http://www.argentex.com/investor-relations) and, where appropriate, by a regulatory information service announcement.

## 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 potential restrictions on attendance at the AGM, when completing your form of proxy, we would strongly encourage you to 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](http://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 and should the relaxation of COVID-19 restrictions allow.
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 potential restrictions on attendance at the AGM, when completing your form of proxy, we would strongly encourage you to reference the 'Chair of the AGM' as your proxy (and do not 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](http://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 2 August 2021 (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 2 August 2021 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 8 July 2021, 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 8 July 2021 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 8 July 2021 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 [Steve.Leverett@vistra.com](mailto:Steve.Leverett@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 [Steve.Leverett@vistra.com](mailto:Steve.Leverett@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

- 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 2021.
- Resolution 2** – the Directors' are required to approve the Remuneration Report for the financial year.
- 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 71 to 73 of the Annual Report and Accounts and are also available from the Company's website [www.argentex.com](http://www.argentex.com). The Board unanimously recommends the re-appointment and appointment (as the case may be) of each of the Directors.
- Resolution 11 and 12** – auditor appointment and remuneration – at every general meeting at which accounts are presented to shareholders, the Company is required to appoint an auditor to serve from the end of the meeting until the next annual general meeting. Following the Company's recent audit tender, Deloitte LLP has been identified as the Company's preferred external auditor. Resolution 11 authorises the Company to appoint Deloitte LLP and, following normal practice, resolution 12 separately authorises the Directors to determine their remuneration.
- Resolution 13** – 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 next annual general meeting of the Company and 30 September 2022 (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 8 July 2021 (the latest practicable date prior to the publication of this document)).
- Resolution 14** – declaration of final dividend – under the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. This final dividend shall be paid on 13 September 2021 to the holders of Ordinary Shares on the register of members at the close of business on 13 August 2021.
- Resolution 15** – 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 8 July 2021, 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 2022.
- Resolution 16** – 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 8 July 2021 (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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