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Argentex Group PLC
12 April 2023

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("Argentex" or the "Group")

Full results for the 9 month period ended 31st December 2022

Growth strategy continuing to deliver strong results, with adjusted operating profit[3] marginally ahead of market expectations

Argentex Group PLC (AIM: AGFX), the service led, tech enabled provider of currency management and payment services to international institutions and corporates, today issues its results for the 9 month period ended 31st December 2022[1]

Financial Highlights for the 9 month period ending 31 December 2022

- Group revenue increased by 63% to £41.0m compared to the same period last year[2] (FY22: £34.5m)
- Operating profit of £8.1m (FY22: £10.4m)
- Adjusted operating profit[3] of £9.0m (FY22: £11.0m)
- Debt free and cash generative with net cash increasing by £6m in the reporting period to £26.2m[4]
- Earnings per share (EPS) of 6.2p basic and 6.8p adjusted (FY22: 6.6p basic and 7.0p adjusted)
- Final dividend of 2.25p per share (FY22: 2.0p per share)

As previously announced, the Group is transitioning from a 31 March year end to a 31 December year end. To assist investors, relevant additional *pro forma* information is also provided for the 12 months to 31 December 2022.

Financial Highlights for the 12 month period ending 31 December 2022

- Group revenues increased by 54% to £50.4m compared to the same period last year[5] (FY22: £34.5m)
- Adjusted operating profit[3] marginally ahead of already increased expectations at £12.3m (FY22: £11.0m)
- Adjusted operating profit margins marginally ahead of already increased expectations at 24.4% (FY22: 31.9%)
- Netherlands revenue increased to £2.0m (FY22: £0.7m)

[1]In line with the change in year end, all references are made to the 9 month statutory reporting period and where relevant additional information is provided for the 12 months to 31 December 2022

[2] Revenues generated in the 9 month period ended 31 December 2021 were £25m

[3] Adjusted operating profit excludes one off costs in relation to the set up of overseas offices and any restructuring costs incurred in the period, in line with accounting policy

[4] Net cash represents cash and cash equivalents plus collateral held at counterparties less amounts payable to clients

[5]Revenues generated in the 12 months to 31 December 2021 were £32.8m

Operational Highlights

- Focused growth and investment strategy delivering a greater share of client wallet
- 1,595 corporate clients traded over the 9 month period
- 1,749 corporate clients traded over the 12 month period being 12% increase on 1,562 year-on-year (1,624 in FY22)
- Average revenue per corporate client increased by 45% on FY22 over the 12 month period
- 10% of Group revenue from Structured Solutions over the 9 month period (FY22: 3%)
- Online revenue increased by 89% over the 9 month period to £1.2m

Strong progress made with the Group's focused three pillar growth strategy:

Technology & product

- Phase one of the technology strategy saw the Group's online platform successfully rolled out during the period
- Online platform adoption and repeat utilisation growing ahead of management expectations
- Alternative Transaction Banking division launched post period end, allowing customers to take advantage of a compelling alternative to current accounts offered by traditional banks
- New Institutional division established post year end to specialise in the financial services sector

International Expansion

- Netherlands subsidiary awarded Electronic Money Institution ("EMI") licence, providing a significant platform to grow Argentex across Europe
- Awarded draft Australian Financial Services License (AFSL) post year end, providing continued momentum

- Awarded draft Australian Financial Services License (ASFL) post year end, providing continued momentum behind Argentex' Australasian ambitions
- Australian team established

People

- Continued to attract leading talent, totalling 137 global employees at period end, with 25 newly created roles filled in the period, 21 in the UK and 4 overseas
- Hires across the Group to support investment in future business growth, with 33% of new roles created in the UK being technology development related
- Continued investment planned to support technology development, international growth and further market share gains

Outlook

The strong momentum over the 9 month period to 31 December 2022 has continued into 2023. Q1 (to March) 2023 revenue increased by 34% to £12.7m compared to the same three month period to 31 March 2022, with every division of the Group delivering in line with or ahead of management expectations.

Addressing the increasing requirements of our clients remains at the forefront of our growth strategy. We have progressed into phase two of our technology led product pipeline with the launch of our Alternative Transaction Banking division in March 2023. This important and differentiating development of both products and solutions will enable the Group to service a broader client base, as well as further increase our share of wallet of the existing customer base by providing a compelling alternative to current accounts offered by traditional banks across the UK, Europe, and Australia.

Our European operations, headquartered in Amsterdam, continue to make progress and deliver ahead of expectations, while the Australasian focused office is established and ready to begin trading once regulatory permissions are granted.

As we evolve our product suite, it is important that we continue to provide our clients with a best-in-class service supported by experienced specialists, not generalists. Our financial services client base has grown steadily, now contributing 30% to Group revenue. It is for this reason that we have established a new dedicated Institutional division led by Kit Smith who has been integral to the Group's success in this market segment over his 10-year tenure.

To further accelerate our global growth strategy, we will continue to invest in people, doubling the footprint of our UK, European and Australian headquarters during H1 2023 as planned. As the Group adds more products across more geographies, Lee McDarby joins Argentex as Chief Commercial Officer with over 20 years' experience in global banking and international payments.

Despite the uncertain global macro-economic backdrop, we look to the year ahead with optimism as we remain focused on delivering our growth strategy and will continue to generate a strong return on investment while increasing profitability and quality of earnings.

Harry Adams, Chief Executive Officer, said:

"I am pleased to report another record set of results for Argentex, further evidencing the significant progress we are making in the implementation of our long-term growth strategy. Our business is experiencing excellent momentum, demonstrated by 63% revenue growth over the 9 month period and 34% revenue growth in the first quarter of 2023."

"The impact of our investment in technology and products is especially encouraging. We have more than doubled the amount of people working in technology and have increased the focus on additional products that are now contributing circa 13% of revenues and increased the average revenue per corporate client by 45%. Our newly launched Alternative Transaction Banking product set and focused divisions will drive additional revenue streams and client engagement that will allow us to continue to deliver further wallet share and open new revenue opportunities."

"We are wholly focused on ensuring these initiatives deliver both short-term earnings potential and sustainable, long-term growth for all our stakeholders."

Lord Digby Jones, Non-Executive Chairman, said:

"Argentex has put the building blocks in place to unlock its significant potential and create a market leading client proposition. Emphasis has always been on investing for sustainable growth although it is highly encouraging to see immediate and tangible results cement its viability and potential for future performance."

"The Group has made an excellent start to the new financial year extending the strategic and operational momentum which generated the record financial performance during the period. The new technology and product roll out is heralding an exciting new chapter for the Group. The expanded geographical footprint and strong ongoing sector fundamentals further support Argentex's engine for growth. We remain confident that the Group's ambitious strategy will continue to deliver for clients, employees and shareholders."

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Analyst briefing

A meeting for analysts will be held virtually at 9.30am today, 12th April 2023. Analysts wishing to attend this event can register via email to argentex@fticonsulting.com. Argentex's Full Year results announcement will also be available today on the Group's website at www.argentex.com.

Retail investor presentation

Management will additionally host a presentation for retail investors via the Investor Meet Company platform at 16:30 on results day. The presentation is open to all existing and potential shareholders. Questions can be submitted via the Investor Meet Company dashboard up until 09:00 on the day before the meeting, or at any time during the live presentation.

Investors who already follow Argentex Group PLC on the Investor Meet Company platform will automatically be invited. Those wishing to sign up for free, and meet Argentex, can do so via https://www.investormeetcompany.com/argentex-group-plc/register-investor.

Chairman's statement

Global businesses have faced significant challenges over the last two years, navigating the unprecedented global lockdowns followed shortly by the tragic outbreak of the war in Ukraine and a downturn in the UK macro-economic outlook. Inevitably this has led to many adjusting their course to navigate this uncertainty.

Hindsight shows us that the companies successfully performing in and emerging from these conditions are those that prioritised the pursuit of stable, measured growth through the uncertain times, while maintaining an unrelenting focus on the building blocks needed to capitalise on new sector trends.

It is this that defines the strength of Argentex's financial performance through the period - a considered repositioning of the business's strategy which is already delivering, refocusing on investment in people, technology and international expansion in order to pursue new opportunities emerging across the foreign exchange sector. Under the expert leadership of Harry Adams, the evolution of Argentex and its path forward are clear, with a sustainable and diversified platform that is better positioned than ever to meet increasing client needs and delivering for all stakeholders.

I am proud to serve as Chairman of a business that continues to demonstrate its agility and innovation making the most of changing market conditions. My thanks go to Harry and the full Argentex team for their hard work and most of changing market conditions. My thanks go to Harry and the full Argentex team for their hard work and commitment this year. The ongoing success of the business is testament to their expertise and collective mindset geared towards sustainable growth. It is an honour to work alongside them.

I must also extend my thanks to Lena Wilson for her invaluable contributions to the business's growth in the last few years as a Board Director. Her expertise has come at a vital time for a newly listed business and she leaves with our deep gratitude and best wishes for her future endeavours.

Fundamentally, Argentex has remained a trusted partner to a client base that has, in recent years, had to grapple with a series of volatile macroeconomic conditions, including the latest period of high inflation, rising rates and a consequential cost of-living crisis. While such pressures will undoubtedly continue to weigh on business and market sentiment over the short to medium term, Argentex's ability to continue to grow its corporate client base and relative market share, while supporting clients and navigating the market-wide headwinds speaks of the resilience and professionalism in the business.

Argentex is committed to continue outperforming expectations for its clients and shareholders alike by providing a viable and flexible alternative to traditional banks, growing internationally, and developing technology enabled products - there is much to be excited about on the horizon.

KEY ACHIEVEMENTS

Against this backdrop, the Board is very pleased to have delivered results that were marginally ahead of market expectations during the year, with record revenue growth and a substantial increase in profitability over the period. These strong results have been achieved alongside the management of an ambitious investment programme and ensuring the continued progressive dividend policy is maintained.

This recent strong performance has not come overnight, nor is it a symptom of external market drivers alone. Through a refined strategy, the last 18 months have been about putting the building blocks in place to unlock the significant growth potential identified and to create a market leading client proposition. While the ambition is long-term, the immediate and tangible results of the corporate strategy cement its viability and potential for future performance.

Argentex continues to build out its core offering to capitalise on the evolving needs and interests of its growing and increasingly global client base. Through the high-quality talent it increasingly attracts, the strengthening expertise within the Group alongside an exciting product development pipeline demonstrates a commitment to being a sophisticated partner to clients.

The business has welcomed market leading talent at all levels during 2022. On behalf of the Board, I'd like to extend my congratulations to David Christie for all he has accomplished in the first full year of his role as Chief Operating Officer. Hires over the period have professionalised further back-office functions, strengthened marketing, compliance and risk management divisions, while adding efficiencies and critical resources to the sales team. Their collective contributions are fundamental to Argentex's delivery of a high quality, sustainable and responsible client service.

What is vital in any growing business is the preservation of good corporate culture and a sense of belonging and contribution among its employees. I am proud of the way the business is focused on fostering a culture defined by inclusivity, innovation and collegiality, enhancing the way it delivers value for clients, attracts new business and grows its market share. It is also central to its ability to attract and retain talent.

The increasingly dynamic sector in which Argentex operates, and the evolving needs of clients around the world, mean there is no limit to the role technology can play in enhancing its offering to existing and new customers. The Board looks forward to announcing further developments to the business's technological capabilities as a result of the recent focused investment that has been made.

Argentex's internationalisation strategy designed to replicate its proven and growing UK model in highly regulated geographies where there is demonstrable latent demand for its products and services continues to gain momentum. The Board is pleased that the Group has further strengthened its presence and local market offerings in the Netherlands and Australia. We continue to assess new territories that can support our ambitious growth plans and remain confident in the role these regional offices will play as a springboard to further expansion in new, highly regulated, markets over time.

OUTLOOK

2022 has been a defining year for Argentex operationally, strategically and financially. Our investment as part of the three-pillared strategy is delivering robust results and we are winning further market share and client wallet as a result of our client centric approach and growing breadth of services. I am excited about the business's continued ability to capitalise on the significant opportunities that present themselves in the global FX and payments sectors.

Argentex is well positioned to continue to enhance its client service, product suite and footprint in line with the increasing trading and digital demands of its clients and further increase market share. I look ahead to the remainder of the year (and beyond) confident in the Company's sustainable diversification strategy and long term prospects.

Lord Digby Jones Kb.
Non-Executive Chairman

CEO statement

OVERVIEW

The 9 month period to 31 December 2022 represented a pivotal period for the Group where Argentex has focused on driving sustainable and diversified growth across its 3 strategic pillars: People, Technology and International expansion. The evolving suite of technology enabled products and high service levels has attracted a growing number of institutional and corporate clients who seek a trusted and well capitalised counterparty to provide solutions for their global foreign exchange and treasury requirements. The positive momentum from our last financial year continued into the 9 month reporting period and has resulted in Group revenues of £41m (FY22 £34.5m) and an adjusted operating profit [1]of £9.0m (FY22 £11.0m). On a 12 month basis from 01 January 2022 to 31 December 2022, Group revenues of £50.4m and adjusted operating profit[1] of £12.3m. These strong results, which are marginally ahead of already increased expectations highlight the positive impact this investment in our growth strategy has had on our performance. It also reinforces the significant long-term market opportunities both geographically and through new diversified products and solutions, as we continue to progress taking a greater share of client wallet through this organic growth strategy.

I am delighted by the quality of talent that Argentex has recruited this year. I believe this has contributed to the Company's recent growth and reinforces our strong position as a leading provider in the global B2B payments market over the longer term. We have invested in people at every level of our business across front office, operational and technological roles, as well as strengthening the Senior Leadership team. In November 2022 we announced our LTIP and I am pleased to welcome 42 members of staff as partners and owners of the Group in order to incentivise and encourage retention of senior employees in a manner that aligns with the interests of the Group's shareholders. I'd like to thank the team for their continued hard work and commitment to the Group and look forward to maintaining this positive momentum as we enter the next phase of Argentex's growth.

MARKET BACKDROP

The reported period has once again been dominated by domestic and global uncertainty. The UK's mini budget plunged the pound to its the lowest level against the dollar since decimalisation in 1971, while interest rates across the world have increased to levels not seen since the global financial crisis in 2008.

The Group has supported clients through these unprecedented events and the ongoing impacts of the Russia's invasion of Ukraine, which has had a significant impact on trade, currency, and by extension many businesses' profitability. Every day we speak to clients and prospects who are in desperate need of guidance, which they are not receiving from large banks and other payment institutions.

While these events created volatility in FX markets our de-risked model and disciplined approach allowed us to create revenue opportunities, alongside underlying growth in our client base and share of client wallet that resulted in outperformance on an adjusted profit basis for the 12 month period.

FINANCIAL PERFORMANCE

The Group has capitalised on the increasing demand from institutions and corporates for a credible, service led, technology enabled provider, to manage their foreign exchange exposure and payments. Our "right tech, right touch" approach has led to Group revenues increasing to £41.0m (FY22: £34.5m). In addition, 1,595 corporate clients traded with Argentex for the period (1749 for the 12 month period ending 31 December, FY22:1,624). Argentex remains focused on maintaining a high quality and diversified client-base with the Group's top 20 clients accounting for 39% of total Group revenues. When considering the improved higher-margin product mix, such as an increase in Structured Solutions as a proportion of total Group revenue to 10%, in aggregate with the increased client wins and client trades through the 12 month period, it represented a clear increase in our share of client wallet, with an average revenue per corporate client traded increasing by 45% in the twelve month period compared to FY22.

The Group has maintained a disciplined approach to managing costs through the period resulting in an operating profit of £8.1m (£11.3m for the 12 month period ending 31st December 2022, FY22: £10.4m). Operating margins are marginally ahead of market expectations, with adjusted operating margins[1] of 24.4%.

As a result of this strong performance through the period and positive outlook for the Group's prospects, the Board is pleased to announce a 12.5% increase in the total dividend to 2.25p per share.

The strength of Argentex's performance over the period is ultimately down to the trust our clients place in us to generate the best quality outcomes for the spectrum of their foreign exchange and payment needs. We remain a key partner for their trading requirements in our core foreign exchange proposition and have seen an increase in revenue generated from existing clients seeking different products and solutions. This was particularly evident during the latter months of 2022, as market dynamics created one of the most volatile periods for sterling on record, therefore, companies relied on Argentex to guide them through this black swan event, seeking hedging strategies, payments, treasury and risk management solutions.

Historically, our revenue mix has been a 50:50 split from spot and forward trades, however since the inception of our Structured Solutions division in FY22, which generates higher margins than spot or future contracts, 10% of revenue was generated through this new division in the reporting period. Not only has the product mix diversified, we have seen a 65% increase in clients trading online for the period, like for like, using our new platform.

GROWTH STRATEGY

Our strategic investments across our three pillars: people, technology and international expansion, have enabled us to increase our share of client's wallet and provide a viable alternative to the traditional banks who are seeing their historic 85% market share come under pressure.

People:

We remain focused on investing in our people to drive forward our organic strategy, creating an empowering and collaborative environment for our growing team as well as fostering the next generation of graduates and financial services professionals through their early stage careers. Our success has been accelerated by the senior hires we have made in the last year across the Group to support our strategy.

The strategy to grow our office capacity continues with 25 new hires over the period. At the period end date, global headcount was 137 and our bench has never been stronger. I am proud of the entrepreneurial and supportive culture we have created, and to which every Argentex employee contributes.

Technology:

The technology strategy was driven by the demand from institutional and corporate clients to give them optionality and flexibility whilst also creating efficiencies in our business. As part of 'phase one' of our technology strategy we launched an enhanced online platform during the period. Pleasingly, our results clearly demonstrate the immediate positive contribution this first phase of our technology development has had on both client experience and Group earnings. Online revenue increased to £1.2m (FY22 £0.6m) and the number of trades online grew by 41% to 4248 (FY22 3010). We now look to activate 'Phase 2' of our technology plan, initially focused on the launch of our new Alternative Banking Transaction division, in addition to remaining focused on maintaining the momentum to meet evolving client demands, both in the UK and overseas.

International Expansion:

Our presence in the Netherlands and Australia is indicative of our strategy to transform Argentex from a single product, single-office business into a multi-product, global business. The Netherlands subsidiary, was awarded an Electronic Money Institution ("EMI") licence by the Dutch National Bank in September, providing access to a substantial domestic market. In 3 years, the office has grown to 16 professionals and delivers a meaningful contribution to Group revenue. While the office prioritises domestic revenue streams, this credible licence endorses Argentex's differentiated and uncompromising approach to regulation and provides our business with a springboard to other European countries, creating a scalable model for future growth in the continent. I am pleased to announce following the period end, we have been awarded a draft Australian Financial Services License (AFSL) which launches the Australasian offering. We look forward to reporting on progress of this exciting market opportunity. We maintain a measured and client-led approach to our international expansion, will consider seeking future regulatory permissions where they are value additive to operations and are actively monitoring for long term growth opportunities permissions where they are value additive to operations and are actively monitoring for long-term growth opportunities in new regions.

SUSTAINABILITY
Our growth strategy is supported by clear sustainability goals under the three pillars of Planet, People and Partners. We are committed to putting the right focus on sustainability, encompassing environmental, social and governance (ESG) issues to support our growth and yield greater business benefits by transitioning towards a sustainable business model.

OUTLOOK
We are encouraged that our three pillar strategy is delivering results and we will continue to focus on building this positive momentum into 2023. These results are supportive of our strategy to continue to invest in order to capitalise on the market opportunity and drive accelerated growth in revenues and profitability over the medium term. As such, we will double the footprint of our UK and European headquarters during H1 2023, with a number of expected new hires in the UK, Netherlands and Australia. Looking ahead, our focus on attracting industry-leading talent remains unchanged, whilst fostering our existing talent and bringing them up through the ranks.

Our planned investment will also ensure our capabilities meet the increasingly digitalised requirements of our stakeholders through progressing into 'phase two' of our technology led product launch pipeline. This year, we will launch our alternative transaction banking division, initially giving institutions and corporates their own unique multi-currency accounts. This is an important and differentiating step for the Group as it capitalises on its core business to propel itself into new markets and territories.

The successful combination of people, technology and international expansion are expected to generate a strong return through growth in revenues, increased profitability and continued earnings quality. I would like to thank our employees, business partners and shareholders for their continued support and look forward to sharing more updates with you in the coming period.

Harry Adams
Chief Executive Officer

[1] Adjusted operating profit excludes one off items relating to the set up of overseas offices or any restructuring costs as per accounting policy

Financial Review

As previously communicated, we made the decision to change our year end to 31 December in line with the Group's transition to a global financial solutions provider. Our report throughout is reflective of the 9 month short accounting period to 31 December 2022 as we transition our new year end date. Where appropriate, and to assist investors, we make additional pro forma reference to performance for the 12 months to 31 December 2022 for information purposes only.

In the 9 months to 31 December 2022, Argentex delivered record revenue growth alongside continuing to pursue its ambitious investment programme across all three facets of its strategy; people, technology and international expansion. Whilst the period included two weeks of heightened volatility in the pound, our scalable, highly cash generative and increasingly diversified business model continued to demonstrate its long-term resilience and highlight the Group's ability to deliver for all stakeholders against any economic backdrop. As a result of this strong performance throughout the period and positive outlook for the prospects of the Group, the Board is pleased to announce a dividend of 2.25p per share for the 9 month period.

FINANCIAL PERFORMANCE
Argentex generated revenues of £41.0m in the 9 month period, an increase of 63% compared to the same period in the prior year. For the 12 months to 31 December 2022, Argentex delivered a year on year increase of 54% with revenues of £50.4m (12 months to 31 December 2021: £32.8m). Record revenues generated in the period were supported by an increase in corporate clients trading in addition to incremental contributions from an enhanced product mix such as Structured Solutions and revenues from our online platform.

1,595 corporate clients traded with Argentex for the 9 month short accounting period compared to 1,624 corporate clients having traded for 12 months to 31 March 2022. Of this 1,595 corporate clients traded, 409 were new in the clients having traded for 12 months to 31 March 2022. Of this [illegible] corporate clients traded, [illegible] were new in the period (FY22: 528). A total of 1,749 corporate clients traded over the 12 month period to 31 December 2022. Historically, our revenue mix has been a 50:50 split from spot and forward trades, however since the inception of our Structured Solutions division in FY22, 10% of revenue was generated through this new division in the 9 month period. Not only has the product mix diversified, we have seen an increase in clients using our new online platform. 351 clients traded online with Argentex for the 9 month short accounting period compared to 252 clients trading for 12 months to 31 March 2022 resulting in a 89% increase in online revenue. Combined, these factors resulted in a 45% increase in average revenue per customer in the 12 month period to 31 December 2022 compared to FY22 which shows encouraging early results from our investments in growth to date and is clear demonstration of our increasing share of client wallet.

The Group has maintained a disciplined approach to managing costs through the period resulting in an operating profit of £8.1m (12 months to 31 December 2022 £11.3m, FY22: £10.4m). Adjusting for one off expenditure relating to restructuring and the set up of overseas offices, adjusted operating profit in the 9 month period was £9.0m, or 22% margin and in the 12 months to 31 December 2022 £12.3m, reflecting a 24% margin. However, margins delivered in the 12 months to 31 December 2022 were marginally ahead of already increased market expectations. The planned decline in operating margins compared to FY22 reflects the previously communicated ambitious investment programme across all three facets of Argentex's growth strategy.

The Group's robust approach to risk remains unchanged, which is demonstrably reflected in the consistently low instances of client default. In the 9 month period ended 31 December, the Group recorded a credit valuation adjustment of £1.1m in recognition of the broader macroeconomic backdrop and trends in addition to the Group's increase in size and scale.

People

In the 9 month period to 31st December 2022 the number of employees (including Directors and LLP members) grew to 137 (FY22: 112). Front office/Back office split has shifted moderately versus prior periods at 53%/47% (FY22: 62%/38%) and reflects the investment in technology in support of the growth strategy and further professionalisation in the support functions proportionate to the maturation of the business as well as a continued balanced approach to risk. A total of 25 people were hired into new roles created in the period, 21 UK and 4 overseas.

Technology

Total investment in technology in the 9 month period was £1.4m (FY22 £1.7m), with the impact on profit margins mitigated by the fact that benefits of the technology spend will be realised in future periods and as such investment spend is treated as capital investment and amortised over a three year period in line with accounting policy. In recognition of the ambitious nature of our investment programme, the Group has invested in programme management resources to enhance operational efficiency and manage execution risk given the pace of growth across multiple facets.

Overseas Expansion

International expansion continued with focus on the Netherlands and Australia including set up costs in the period of £0.5m. Revenues generated in the Netherlands for the 9 month period totalled £1.6m (FY22: £0.7m). The Netherlands will be the central hub for European operations and licences granted in the Netherlands will act as a gold standard for the region to create further opportunities in the coming years.

FINANCIAL POSITION

Argentex views its ability to generate cash from its trading portfolio is a key indicator of performance within an agreed risk appetite framework. As at 31 December 2022, Argentex has net cash of £26.2m, an increase of £6.0m on prior period. Total cash and cash equivalents include client balances pertaining to collection of any collateral and variation margin in addition to routine operating cash balances. Further, cash and cash equivalents does not include collateral placed with financial counterparties. Collateral placed with financial counterparties of £10.0m (FY22: £7.2m) recorded in other assets of the statement of financial position.

Cash and Collateral	Dec 22 £m	Mar 22 £m
Cash at bank	29.0	37.9
Collateral held at institutional counterparties (other assets)	10.0	7.2
Less: amounts payable	[illegible]	[illegible]

Less: amounts payable to clients	(12.8)	(24.9)
Net cash	26.2	20.2

Before movements in client balances held as shown in the Consolidated Financial Statements note 19, the Group generated £7.5m in cash from operating activities. A £12.1m decrease in client balances held, when deducted from cash generated results in a net cash outflow inclusive of client balance movements of £4.6m (FY22 cash generated of £17.2m). Of the £7.5m in cash generated from operating activities, £1.4m was used to invest in technology and a further £1.5m was returned to shareholders in the form of a dividend.

Cash generation from the Group's revenues is a function of i) the composition of revenues (spot, forward and option and swap revenues) and ii) the average duration of the FX forwards in the portfolio. In the period, Argentex has generated revenues in a ratio of approximately 45:55 between spot and forward contracts outside of options and swap 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 revenue from trades outside of structured solutions and swap trades being spot contracts in addition to forward contracts carrying a relatively short tenor on average. Excluding swap revenue, 81% of revenue converts to cash within 3 months which is consistent with prior years as follows:

CASH CONVERSION

	9mths to 31/12/22 £m	**12mths to 31/03/22 £m**	**12mths to 31/03/21 £m**	**12mths to 31/03/20 £m**
Revenues	41.0	34.5	28.1	29.0
Revenues (swap adjusted S/A) **(A)**	37.7	31.5	27.2	27.6
Less				
Revenues settling beyond 3 months S/A	(7.1)	(4.6)	(3.1)	(4.0)
Net short-term cash generation **(B)**	30.6	26.9	24.1	23.6
Short-term cash return **(B/A)**	81%	85%	88%	86%

Derivative financial assets grew 62% in the period to £66.5m with current element being £57.7m (87% of total derivative financial assets). The Group diversifies liquidity requirements across five liquidity providers, the largest providing 62% of liquidity required (77% at 31 March 2022).

PORTFOLIO COMPOSITION

Argentex's client base continues to grow with an increase in corporate clients traded in the 9 month period to 1,595 (FY22: 1,624), and 409 of these corporate clients traded representing new business. 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. In line with prior year, as at the period end 78% 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.

Further, client concentration has been maintained with 39% of revenue represented by the top twenty customers (FY22 36%).

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. A credit valuation adjustment charge of £1.1m has been maintained at broadly the same level as previously reported (£0.9m at 30th September 2022).

CHANGE IN FINANICAL REPORTING PERIOD

In line with the Group's transition to a global financial solutions provider, the financial reporting timetable has moved to a 31st December year end.

DIVIDEND

Argentex is pleased to declare a final dividend for the 9 month period ended 31 December 2022 of 2.25p per share. The final dividend record date will be 30 June 2023 and will be paid on 4 August 2023. The ex-dividend date is 29 June 2023.

Jo Stent
Chief Financial Officer

Consolidated Statement of Profit or Loss and other comprehensive income for the period ended 31 December 2022

	Notes	9 months ended December 2022 £m	Year ended March 2022 £m
Revenue	5	**41.0**	34.5
Cost of sales		**(1.8)**	(0.6)
Gross profit		**39.2**	33.9
Administrative expenses		**(30.2)**	(22.9)
Adjusted operating profit		**9.0**	11.0
Non-adjusted expenditure	8	**(0.8)**	(0.4)
Share-based payments charge	23	**(0.1)**	(0.2)
Operating profit		**8.1**	10.4
Finance costs	11	**(0.3)**	(0.4)
Profit before taxation		7.8	10.0
Taxation	12	**(0.8)**	(2.6)
Profit for the period and total comprehensive income		7.0	7.4
Earnings per share			
Basic	13	**6.2p**	6.6p
Diluted	13	**6.2p**	6.6p
Adjusted - Basic	13	**6.8p**	7.0p
Adjusted - Diluted	13	**6.8p**	7.0p

Consolidated Statement of Financial Position as at 31 December 2022

	Notes	31 December 2022 £m	31 March 2022 £m
Non-current assets			
Intangible assets	14	**2.5**	2.2
Property, plant and equipment	15	**7.9**	8.3

Derivative financial assets	24	**8.8**	3.1
Deferred tax asset	12	**0.5**	-
Total non-current assets		**19.7**	13.6
Current assets			
Trade and other receivables	16	**1.0**	0.6
Cash and cash equivalents	17	**29.0**	37.9
Other assets	18	**10.0**	7.2
Derivative financial assets	24	**57.7**	38.0
Total current assets		**97.7**	83.7
Current liabilities			
Trade and other payables	19	**(25.9)**	(34.2)
Derivative financial liabilities	24	**(42.0)**	(21.6)
Total current liabilities		**(67.9)**	(55.8)
Net current assets		**29.8**	27.9
Non-current liabilities			
Trade and other payables	19	**(5.5)**	(6.0)
Derivative financial liabilities	24	**(5.2)**	(2.3)
Total non-current liabilities		**(10.7)**	(8.3)
Net assets		**38.8**	33.2

Consolidated Statement of Financial Position (continued) as at 31 December 2022

	Notes	31 December 2022 £m	31 March 2022 £m
Equity			
Share capital	21	**0.1**	0.1
Share premium account	22	**12.7**	12.7
Share option reserve	23	**0.5**	0.4
Merger reserve	22	**4.5**	4.5
Retained earnings	22	**21.0**	15.5
Total Equity		**38.8**	33.2

The financial statements of Argentex Group PLC were approved by the Board of Directors on 11 April 2023 and were signed on its behalf by:

Harry Adams
Director

Consolidated Statement of Changes in Equity for the period ended 31 December 2022

	Share capital £m	Share premium £m	Share option reserve £m	Merger reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2021	**0.1**	**12.7**	**0.2**	**4.5**	**11.2**	**28.7**
Comprehensive income for the year						
Profit for the year	-	-	-	-	7.4	7.4
Total comprehensive income for the year	-	-	-	-	7.4	7.4
Transactions with owners:						
- Dividends paid	-	-	-	-	(3.1)	(3.1)
- Share-based payments charge	-	-	0.2	-	-	0.2
Balance at 31 March 2022	**0.1**	**12.7**	**0.4**	**4.5**	**15.5**	**33.2**
Comprehensive income for the period						
Profit for the period	-	-	-	-	7.0	**7.0**
Total comprehensive income for the period	-	-	-	-	7.0	**7.0**
Transactions with owners:						
- Dividends paid	-	-	-	-	(1.5)	**(1.5)**
- Share-based payments charge	-	-	0.1	-	-	**0.1**
Balance at 31 December 2022	**0.1**	**12.7**	**0.5**	**4.5**	**21.0**	**38.8**

Consolidated Statement of Cash Flows for the period ended 31 December 2022

	Notes	9 months ended December 2022 £m	Year ended March 2022 £m
Profit before taxation		**7.8**	10.0
Taxation paid		**(2.5)**	(2.2)
Net finance expense		**0.3**	0.4
Depreciation of property, plant and equipment		**0.3**	0.5
Depreciation of right of use assets		**0.6**	0.8
Amortisation of intangible assets		**1.1**	1.2
Share-based payment charge		**0.1**	0.2
(Increase) in trade receivables		**(0.4)**	-
(Decrease)/increase in payables		**(7.0)**	5.8
(Increase)/decrease in derivative financial assets		**(25.4)**	1.4
Increase/(decrease) in derivative financial liabilities		**23.3**	(5.3)
(Increase)/decrease in other assets		**(2.8)**	4.4

	Note	9 months ended 31 December 2022	Year ended 31 March 2022
Net cash (used in)/generated from operating activities		**(4.6)**	17.2
Investing activities			
Purchase of intangible assets	14	**(1.4)**	(1.7)
Purchases of plant and equipment	15	**(0.5)**	(0.4)
Net cash used in investing activities		**(1.9)**	(2.1)
Financing activities			
Payments made in relation to lease liabilities	20	**(0.9)**	(0.9)
Dividends paid	10	**(1.5)**	(3.1)
Net cash used in financing activities		**(2.4)**	(4.0)
Net (decrease)/increase in cash and cash equivalents		**(8.9)**	11.1
Cash and cash equivalents at the beginning of the period		**37.9**	26.8
Cash and cash equivalents at the end of the period	17	**29.0**	37.9

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 9 month period ended 31 December 2022 and the year ended 31 March 2022 comprise the financial statements of the Company and its subsidiaries (together, "the Group"). The Group has changed its year end date from 31 March to 31 December to align with the calendar year in order to provide more meaningful information to shareholders and prospective investors. Therefore, the Group has presented a shortened period of 9 months and therefore amounts presented may not be entirely comparable.

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

2 Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS accounting standards). The principal accounting policies are summarised below.

summarised below.

2.1 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 periods 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 2.7.

2.2 Adoption of new and revised standards

There are no new standards, interpretations and amendments which became mandatorily effective for the current reporting period which have had any material effect on the financial statements for the Group.

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

2.3 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 over a 12 months period 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 24.3 for further disclosures relating to liquidity risk).

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

For these reasons, the Directors adopt the going concern basis of accounting in preparing these Consolidated Financial Statements.

2.4 Basis of consolidation

The Group Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries). In line with the Group, the subsidiaries have also changed year end dates to 31 December and the subsidiaries will be incorporated at this date each year (previously 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.	Pending regulatory authorisation	Netherlands
Argentex PTY Ltd	Pending regulatory authorisation	Australia

All subsidiary undertakings are 100% owned either directly or indirectly by Argentex Group PLC.

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.

2.5 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 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.

2.6 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. The execution date is when a binding contract is entered into with the client or counterparty. The revenue is fixed and determined representing the difference between the premiums paid.

2.7 Financial instruments

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

The Group's financial assets include derivative assets (foreign exchange forward and option contracts with customers and banking counterparties) as well as amortised cost assets including cash and cash equivalents, other assets and trade and other receivables. The Group's financial liabilities include derivative liabilities (foreign exchange forward and option contracts) and trade and other payables. The Group does not apply hedge accounting.

The Group undertakes matched principal broking involving immediate back-to-back derivative transactions with counterparties. These transactions are classified as derivative financial assets and liabilities. A derivative with a positive fair value is recognised as a financial asset and a derivative with a negative fair value is recognised as a financial liability. Where there is a legally enforceable right to offset the recognised amounts and an intention to settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset, and the net amount presented in the Consolidated Statement of Financial Position. Management have presented the derivative assets and liabilities with banking and brokerage counterparties and with clients on a gross basis.

2.7.1 Derivative financial assets

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

Derivative financial assets are measured at fair value through profit or loss ("FVTPL") as they are held for trading purposes.
Initial Recognition
Derivative assets are initially measured at fair value at the date the derivative contract is entered into. The resulting gain or loss is recognised within profit or loss immediately. Transaction costs directly attributable to the acquisition of such financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent Measurement
Derivative assets are subsequently remeasured to fair value at each financial period end date. Any gains or losses derived from instances such as foreign exchange rate changes, which impact derivative financial asset revaluation, would be immediately recognised through profit or loss. Valuation adjustments to reflect potential inherent market risks on the fair value of derivative financial assets are calculated and recorded where material. The credit valuation adjustment ("CVA") reflects the market value of counterparty credit risk and takes into account counterparty, applicable collateral agreements, predicted losses and probabilities of default.

Derecognition
The Group derecognises derivative financial assets 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 have expired and the obligations of the Group, the client and the institutional counterparty have been discharged.

2.7.2 Other financial instrument assets

2.7.2 Other financial instrument assets

Other financial assets are those which are not derivatives in nature and have been classified using the amortised cost method. These assets arise principally as Solely Payments of Principal and Interest (SPPI) and are intended to be held to maturity with all cashflows collected.

Initial Recognition
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 timeframe established by regulation or convention in the marketplace.

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

The Group has applied the simplified approach in IFRS 9 to measure applicable loss allowances at lifetime expected credit loss ("ECL"). The Group determines the expected credit losses on these items by using a provision matrix, based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

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 past due, whichever occurs earlier.

Derecognition
On derecognition of financial assets 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.

2.7.3 Derivative financial liabilities

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

Derivative financial liabilities are measured at FVTPL as they are held for trading purposes.

Initial Recognition
Derivative financial liabilities are initially measured at fair value at the date the derivative contract is entered into. The resulting gain or loss is recognised within profit or loss immediately. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent Measurement
Derivative liabilities are subsequently remeasured to fair value at each financial period end date. Any gains or losses derived from instances such as foreign exchange changes, which impact financial liability revaluation, would be immediately recognised through Profit or Loss.

Derecognition
The Group derecognises derivative financial 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 liabilities have expired and the obligations of the Group, the client and the institutional counterparty have been discharged.

2.7.4 Other financial instrument liabilities

Other financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business, not including financial liabilities that are derivatives in nature. Other financial liabilities are classified using amortised cost using the effective interest rate method, where applicable. This is used as the default classification method for financial instruments not held as trade derivatives. The Group's other financial liabilities include trade and other payables.

Initial Recognition

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

Initial recognition consists of fair value minus transaction costs. Subsequent measurement then makes use of the effective interest rate method, where applicable, with interest related charges being recognised as finance costs in the Consolidated Statement of Comprehensive Income.

Derecognition

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.

2.8 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. Cash and cash equivalents includes client funds disclosed in note 17.

2.9 Other assets

Cash held as collateral with banking counterparties is shown as other assets on the Consolidated Statement of Financial Position.

2.10 Leases

In accordance with IFRS 16, 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. Lease liabilities are disclosed within Trade and other payables on the Consolidated Statement of Financial Position. Lease liabilities are 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 depreciated over the remaining (revised) lease term, or it is recorded in the Consolidated Statement of Profit or 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 and included within Property, plant and equipment on the Consolidated Statement of Financial Position.

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 depreciated 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.

2.11 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 Consolidated Statement of Comprehensive Income.

Amortisation is charged to the Consolidated Statement of Comprehensive Income over the estimated useful life 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.

The intangible asset is tested annually for impairment or more frequently if events or changes in circumstances indicate that the asset might be impaired.

2.12 Property, plant and equipment

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

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

Office equipment	-	Three 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.

2.13 Foreign currencies

Non-derivative monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Consolidated Statement of Financial Position 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.

2.14 Cost of sales

Cost of sales includes bank charges paid to banking and brokerage counterparties, third party platform fees and costs related to option products taken to limit Group exposure.

2.15 Adjusted operating profit

The Group presents adjusted operating profit as an Alternative Performance Measure on the face of the Consolidated Statement of Comprehensive Income. Adjusted operating profit excludes those 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 align with management's evaluation of financial performance in the period. Non-adjusted expenditure will typically relate to one off costs and structural set up costs.

Adjusted operating profit also excludes the share-based payments charge due its non-trading nature.

2.16 Employee benefits

(i) Short term benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are 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 Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 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 period end, they are shown as liabilities in the Consolidated Statement of Financial Position.

2.18 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.

2.19 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 Comprehensive Income. 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 Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity. Fair value of the CSOP scheme is measured using a Black-Scholes option pricing model. Fair value of the Value Creation Plan is measured using a Monte Carlo Simulation.

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

2.20 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 period. Taxable profit may differ from operating profit as reported in the Consolidated Statement of Comprehensive Income 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.

To the extent it is material, deferred tax is calculated on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable future taxable profits will be available against which the temporary differences can be utilised.

3 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.

3.1 Accounting judgements

(i) Capitalisation of costs to intangible assets

The extent to which costs should be capitalised to intangible assets is a key judgement. The Group capitalise costs as intangible assets if they have a value that will benefit the performance of the Group over future periods.

(ii) Credit Valuation Adjustment

The CVA is a calculation based on the credit risk of counterparties inherent in the valuation of derivative financial instruments. The failure of a client to settle a contracted trade carries the risk of loss equal to the prevailing fair value of the trade. Within the CVA calculation to quantify credit risk, judgement is required in determining the credit quality of the client based on current market and other information and key estimates include loss on default of a client and the probability of default. A 10 percent increase across all PDs would result in decreased operating profit of £0.1m.

(iii) Share-based payments

In determining the fair value of equity-settled awards and the related charge to the Consolidated Statement of Comprehensive Income, the Group makes use of option valuation models which require key judgements to be made in assessing the inputs. Key judgements include the number of shares on vesting, the risk-free interest rate, dividend yield and share price volatility.

3.2 Key sources of estimation uncertainty

Useful economic life of intangible assets (see note 14)

Technology within the financial services sector is in a perpetual state of development and evolution, providing uncertainty over the useful economic life of the Group's bespoke dealing system. Extending the estimated useful life of the intangible costs from 3 years to 4 years would result in increased operating profit of £0.3m (March 2022: £0.7m), decreasing the estimated useful life from 3 years to 2 years would result in decreased operating profit of £0.5m (March 2022: £1.6m).

4 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 percent of revenues in the period ended 31 December 2022 or year ended 31 March 2022.

5 Revenue

An analysis of the Group's revenue is as follows:	**9 months ended 31 December 2022 £m**	**Year ended 31 March 2022 £m**
Spot foreign exchange contracts	**9.3**	6.4
Forward foreign exchange contracts	**27.9**	27.2
Structured solutions	**3.8**	0.9
	41.0	34.5

6 Operating profit

Operating profit for the period is stated after charging:	**9 months ended 31 December 2022 £m**	**Year ended 31 March 2022 £m**
Depreciation of plant and equipment	**0.3**	0.5
Depreciation of right of use assets	**0.6**	0.8
Amortisation of intangibles	**1.1**	1.2
Staff costs (see note 9)	**20.2**	15.2
Net foreign exchange (gains)	**-**	(0.2)

7 Auditor's remuneration

Fees payable to the Group's auditor and its associates for services to the Group:	**9 months ended 31 December 2022 £m**	**Year ended 31 March 2022 £m**
The audit of financial statements of the Group and subsidiaries	**0.3**	0.2
Other assurance and advisory services	**-**	0.1

8 Non-adjusted expenditure

The Directors have classified certain costs as non-adjusted in accordance with the accounting policy set out in note 2.15. These costs amount to £0.8m (March 2022: £0.4m) and for the 9 month period to December 2022 relate to: costs related to the creation of and regulatory applications for overseas operations and fees incurred in the period in relation to the Group's executive leadership change.

In the year to March 2022, non-adjusted expenditure related to: i) costs related to the creation of and regulatory applications for overseas operations and ii) fees incurred in the year in relation to Director changes in the Group.

Costs relating to the creation of overseas operations are infrequent despite inclusion in both periods as these costs will not be recurring once the operations are fully functional.

9 Staff costs

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

	9 months ended 31 December 2022 No.	**Year ended 31 March 2022 No.**
Directors	7	8
LLP members (excl. executive directors)	5	6
Sales and dealing	**66**	45
Operations	**47**	27
	125	86

	9 months ended 31 December 2022 £m	**Year ended 31 March 2022 £m**

Staff costs for the above persons were:		
Wages and salaries	**12.7**	8.4
Social security costs	**1.4**	0.9
Pension costs	**0.1**	0.1
Share-based payments	**0.1**	0.2
LLP members' remuneration*	**4.2**	4.1
Directors' remuneration	**1.7**	1.5
	20.2	15.2

Directors' remuneration

	9 months ended 31 December 2022 £m	Year ended 31 March 2022 £m
Directors' remuneration comprised:		
Salaries and LLP members' remuneration	**1.7**	1.5

*Excludes Directors of Argentex Group PLC who are/were also members of Argentex LLP.

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

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

10 Dividends

	9 months ended 31 December 2022	Year ended 31 March 2022
Amounts recognised as distributions to equity holders:	**£m**	**£m**
Final dividend for the year ended 31 March 2022 of 1.25p per share (March 2022: dividend for the year ended 31 March 2021 of 2p per share)	**1.5**	2.3
Interim dividend declared nil (March 2022: 0.75p per share)	-	0.8
	1.5	3.1
Proposed final dividend for the period ended 31 December 2022 of 2.25p per share (March 2022: 1.25p per share)	**2.5**	1.5

11 Finance costs

	9 months ended 31 December 2022 £m	Year ended 31 March 2022 £m

Interest on lease arrangements	**0.3**	0.4

12 Taxation

	9 months ended 31 December 2022 £m	**Year ended 31 March 2022 £m**
Current tax		
In respect of the current period	**1.3**	2.6
Total current tax	**1.3**	2.6
Deferred tax		
Deferred tax (credit) in relation to timing on fixed assets	**(0.5)**	-
Total deferred tax	**(0.5)**	-
Total tax expense	**0.8**	2.6

Tax has been calculated using an estimated annual effective tax rate of 19% (March 2022: 19%) on profit before tax. The UK main rate of corporation tax is set to increase to 25% for Financial Year 2023.

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:

	9 months ended 31 December 2022 £m	**Year ended 31 March 2022 £m**
Profit before taxation	**7.8**	10.0
Tax on profit on ordinary activities at standard UK corporation tax rate of 19%	**1.5**	1.9
Effects of:		
Other amounts charged	**0.2**	0.6
Adjustments in respect of prior period	**(0.4)**	0.1
Total tax on ordinary activities	**1.3**	2.6

Other items charged relate to adjustments for tax purposes including non-allowable expenses and capital allowances.

	9 months ended 31 December	**Year ended 31 March 2022**

	2022 £m	£m
Deferred Tax		
Assets		
At 1 April	-	-
Tax credit relating to future periods	**0.5**	-
Total deferred tax asset	**0.5**	-

Deferred tax in relation to timing differences on fixed assets. There is no expiry on the deferred tax asset. The deferred tax asset is based on the future rate of corporation tax 25%.

13 Earnings per share

The Group calculates basic earnings to be net profit attributable to equity shareholders for the period. The Group also calculates an adjusted earnings figure, which excludes the effects of share-based payments, and non-adjusted costs as described further in note 2.14.

	9 months ended 31 December 2022 £m	Year ended 31 March 2022 £m
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
- basic and diluted	**7.0**	7.4
Adjustments for:		
Non-adjusted expenditure	**0.8**	0.4
Share-based payments	**0.1**	0.2
Tax impact	**(0.2)**	(0.1)
Adjusted earnings (basic and diluted)	**7.7**	7.9

Number of shares

The calculation of basic and earnings per share is based on the following number of shares (m).

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
Earnings per share		
Basic	**6.2p**	6.6p
Diluted	**6.2p**	6.6p
Adjusted - Basic	**6.8p**	7.0p
Adjusted - Diluted	**6.8p**	7.0p

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

14 Intangible fixed assets

	Software development costs £m
Cost	
At 1 April 2021	5.7
Additions	1.7
At 31 March 2022	7.4
Additions	1.4
At 31 December 2022	8.8
Amortisation	
At 1 April 2021	4.0
Charge for year	1.2
At 31 March 2022	5.2
Charge for 9 month period	1.1
At 31 December 2022	6.3
Net book value	
At 31 December 2022	**2.5**
At 31 March 2022	2.2

15 Property, plant and equipment

	Leasehold improvements £m	Right of use asset £m	Office equipment £m	Computer equipment £m	Total £m
Cost					
At 1 April 2021	1.7	7.2	0.6	0.6	10.1
Additions	*0.1*	*0.1*	*0.2*	*0.1*	*0.5*
Disposals	-	-	-	-	-
At 31 March 2022	1.8	7.3	0.8	0.7	10.6

Additions	-	-	*0.5*	-	*0.5*
Disposals	-	-	-	-	-
At 31 December 2022	1.8	7.3	1.3	0.7	11.1
Depreciation					
At 1 April 2021	0.1	0.7	-	0.2	1.0
Charge for the year	*0.2*	*0.8*	*0.1*	*0.2*	*1.3*
Disposals	-	-	-	-	-
At 31 March 2022	0.3	1.5	0.1	0.4	2.3
Charge for the 9 month period	*0.1*	*0.6*	*0.1*	*0.1*	*0.9*
Disposals	-	-	-	-	-
At 31 December 2022	0.4	2.1	0.2	0.5	3.2
Net book value					
At 31 December 2022	**1.4**	**5.2**	**1.1**	**0.2**	**7.9**
At 31 March 2022	1.5	5.8	0.7	0.3	8.3

Right of use asset relates to head office lease disclosed in note 20.

16 Trade and other receivables

	31 December 2022 £m	31 March 2022 £m
Current		
Other receivables	**-**	0.1
Prepayments	**1.0**	0.5
Trade and other receivables	**1.0**	0.6

17 Cash and cash equivalents

	31 December 2022 £m	31 March 2022 £m
Cash and cash equivalents	**29.0**	37.9

Included within cash and cash equivalents are client held funds relating to margins received and client balances payable. These amounts are disclosed as amounts payable to clients of £12.8m (March 2022: £24.9m) in note 19 and are not available for the Group's own use. 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.

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.

resources.

18 Other assets

	31 December 2022	**31 March 2022**
	£m	**£m**
Other assets	**10.0**	7.2

Other Assets is made up of collateral with banking and brokerage counterparties. Client margins received and disclosed within client balances payable are used to service margin calls with counterparties.

19 Trade and other payables

	31 December 2022 £m	**31 March 2022 £m**
Non-current		
Provisions	**0.2**	0.2
Lease Liability (note 20)	**5.3**	5.8
Trade and other payables	**5.5**	6.0
Current		
Amounts payable to clients	**12.8**	24.9
Other creditors	**-**	0.1
Corporation tax	**0.7**	1.9
Amounts due to members and former members of Argentex LLP	**4.4**	2.8
Trade payables	**0.4**	-
Accruals	**6.1**	3.4
Other taxation and social security	**0.7**	0.3
Lease liability (note 20)	**0.8**	0.8
Trade and other payables	**25.9**	34.2

20 Leases

In May 2020, the Group signed a ten-year lease for its head office premises at Argyll Street, London. 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 2.10. The rent is subject to a rent review after five years and contains a break clause at this same anniversary. The rate implicit in the lease is not evident and so the Group's incremental borrowing rates have been used. Management have assessed the incremental borrowing rate to be 6% (March 2022: 6%). Information about the lease liability is presented below:

	31 December 2022 £m	**31 March 2022 £m**
Lease liability at beginning of financial period	**6.6**	6.9
Additions	**-**	0.1
Payments made in the period	**(0.9)**	(0.9)
Unwinding of finance costs	**0.4**	0.5
Lease liability at end of financial period	**6.1**	6.6
Of which		
Current (note 19)	**0.8**	0.8
Non-current (note 19)	**5.3**	5.8

Amounts recognised in the Consolidated Statement of Comprehensive Income is presented below:

	9 months ended 31 December 2022 £m	**Year ended 31 March 2022 £m**
Depreciation charge on right-of-use assets (note 15)	**0.6**	0.8
Interest on lease liabilities (note 11)	**0.3**	0.4
At 31 December and 31 March 2022	**0.9**	1.2

21 Share capital

Allotted and paid up	**Ordinary shares No.**	**Management shares No.**	**Nominal value £m**
At 1 April 2022 and 31 December 2022	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. Subsequently, the Group issued 13,207,547 at 106p per share, generating share premium of £13,988,679 before issuance costs.

22 Reserves

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

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

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

Share option reserve
The Group operates share option schemes that are explained in note 23 of these Consolidated Financial Statements. The Group recognises the services received from eligible scheme participants as a 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.

23 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 Consolidated Statement of Comprehensive Income. 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 Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity. Fair value of the CSOP schemes is measured using a Black-Scholes option pricing model. Fair Value of the Value Creation Plan is measured using a Monte Carlo Simulation.

When share options are exercised, the Group issues new shares.

CSOP

In June 2019, the Group 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 Group. 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.

In the year to March 2021, the Group issued a total of 4,981,130 share options under Parts I, II and III of the company share option plans ("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 Group and the similar listed entities to the Group. 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 total share-based payment reserve at 31 December 2022 is £0.5m (31 March 2022: £0.4m). The Group has recognised a total expense of £0.1m (31 March 2022: £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 period and their weighted average exercise prices are shown in the following table.

	31 December 2022		**31 March 2022**	
	Average exercise price (£)	**Number of options outstanding**	**Average exercise price (£)**	**Number of options outstanding**
At beginning of period	**1.34**	**4,726,407**	1.34	4,754,708
Granted	-	-	-	-
Forfeited	1.34	(3,730,181)	1.06	(28,301)
Exercised	-	-	-	-
At end of period	**1.35**	**996,226**	1.34	4,726,407

The share-based payment charge in relation to the above scheme in the period ended 31 December 2022 is £0.1m (31 March 2022: £0.2m).

Value Creation Plan

In November 2022, selected employees and senior executives of the Group were issued with Growth shares in Argentex Capital Limited. When and to the extent vested, the growth shares will be exchanged into ordinary shares of Argentex Group PLC. The Growth shares vest in two equal tranches (A and B) over two periods. Growth A shares vest over a 3 year and 4 month period and Growth B shares vest over a 4 year and 4 month period. The rate of exchange is that the Growth Shares will be regarded as worth a pro rata share of the share price gain of Argentex Group PLC above hurdle prices. Upon exchange, the number of ordinary shares in Argentex Group PLC that a Growth shareholder will receive is such number of shares whose value is equivalent to the Group's closing share price at the exchange date subject to the extent that Growth shares have vested. The average weighted value of Growth shares granted in Argentex Capital is £85.

The share-based payment charge of the Value Creation Plan in the period ended 31 December 2022 was £nil (March 2022: £nil).

Growth Shares		
	31	31 March

	31 December 2022	31 March 2022
	Number of options outstanding	**Number of options outstanding**
Outstanding at beginning of period	-	-
Granted in period	20,000	-
Forfeited in period	-	-
Exercised in period	-	-
Outstanding at end of period	**20,000**	-

The fair value of the Growth shares was calculated using a Monte Carlo simulation model. The model considers historical and expected dividends and the share price volatility of the Group to predict the share performance. When determining the fair value of awards, service and non-market performance conditions are not considered. However, the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the fair value. The assumptions relating to the fair value charge include share price at grant, risk free interest rate, time to vesting and expected share price volatility.

24 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.

24.1 Capital management

Capital risk is the risk that there is insufficient Own Funds to support the Group's business activities and to meet its regulatory capital requirements. Own Funds are the sum of the Group's common equity tier 1 capital, additional tier 1 capital and tier 2 capital. 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 reviews the adequacy of the Group's capital and seeks to maintain a healthy excess. The Group manages its capital resources with references to both the business and the regulatory requirements. This process also ensures there is adequate capital and liquidity to either absorb losses or to ensure there is adequate levels to perform an orderly wind-down without causing undue harm to its clients, counterparties, or the market. The level of capital is more than the capital requirement set by the authorised regulators.

24.2 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 Group 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.

	31 December 2022 £m	31 March 2022 £m
Financial asset instruments		
Measured at FVTPL		
Non-current		
Derivative financial assets	**8.8**	3.1
Current		

Current		
Derivative financial assets	**57.7**	38.0
Total derivative financial assets	**66.5**	41.1
Measured at amortised cost		
Other receivables	**-**	0.1
Cash and cash equivalents	**29.0**	37.9
Other assets	**10.0**	7.2
Total amortised cost assets	**39.0**	45.2

Financial liability instruments	31 December 2022 £m	31 March 2022 £m
Measured at FVTPL		
Non-current		
Derivative financial liability	**5.2**	2.3
Current		
Derivative financial liability	**42.0**	21.6
Total derivative financial liabilities	**47.2**	23.9
Measured at amortised cost		
Amounts payable to clients	**(12.8)**	(24.9)
Other creditors	**(1.1)**	(1.9)
Amounts due to members and former members of Argentex LLP	**(2.9)**	(2.8)
Accruals (excluding non-financial instruments)	**(1.0)**	(1.2)
Lease liabilities	**(6.1)**	(6.6)
Non-derivative financial liabilities	**(23.9)**	**(37.4)**

Derivative financial assets and derivative financial liabilities include derivative transactions with banking counterparties. The transactions are subject to ISDA (International Swaps and Derivatives Association) Master Agreements and similar master agreements which provide a legally enforceable right to offset uncertain conditions. These derivative financial instruments have not been offset in the Consolidated Statement of Financial Position but are presented separately in the table below. These derivatives are subject to collateral and margin calls by banking and brokerage counterparties and the amounts are disclosed in note 18.

Amounts with counterparties subject to Master Netting agreements:	31 December 2022 £m	31 March 2022 £m
Derivative financial assets	**29.5**	17.4
Derivative financial liabilities	**31.3**	12.7

24.3 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 and achieve its strategic objectives.

Market risk

Market risk for the Group comprises foreign exchange risk and interest rate risk. Foreign exchange risk arises from the exposure to changes in foreign exchange spot and forward prices and volatilities of foreign exchange rates.

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 to 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.

	31 December 2022 £m	**31 March 2022 £m**
10% weakening in the GBP/EUR exchange rate	**1.2**	0.8
10% strengthening in the GBP/EUR exchange rate	**(1.0)**	(0.6)
10% weakening in the GBP/USD exchange rate	**1.5**	1.1
10% strengthening in the GBP/USD exchange rate	**(1.2)**	(0.9)

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 through the matching of foreign currency assets and liabilities between clients and institutional counterparties which move in parity.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has extensive controls to ensure that is has sufficient cash or working capital to meet the cash requirements of the Group in order to mitigate this risk. The Group monitors its liquidity requirement daily, and the Group stress tests its liquidity position to review the sufficiency of its liquidity in stressed market scenarios. It is management's responsibility to set appropriate limits to the liquidity risk appetite of the Group, as well as ensuring that a robust system of internal controls is implemented and enforced. The table below summarises the maturity profile of the Group's derivative financial assets and liabilities based on contractual undiscounted payments.

Derivative financial assets at balance sheet date by contractual maturity

31 December 2022	**£m 0-3**	**£m 3-6**	**£m 6-12**	**£m 12**	**£m Total**

	months	months	months	months +	
Derivative financial assets	1,012.5	372.6	511.7	337.3	**2,234.1**

31 March 2022	£m	£m	£m	£m	£m
	0-3 months	3-6 months	6-12 months	12 months +	Total
Derivative financial assets	908.1	436.5	700.9	232.3	2,277.8

Derivative financial liabilities at balance sheet date by contractual maturity

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

31 December 2022	**£m**	**£m**	**£m**	**£m**	**£m**
	0-3 months	**3-6 months**	**6-12 months**	**12 months +**	**Total**
Derivative financial liabilities	1,005.4	370.4	506.5	334.2	**2,216.5**

31 March 2022	£m	£m	£m	£m	£m
	0-3 months	3-6 months	6-12 months	12 months +	Total
Derivative financial liabilities	902.9	433.7	693.7	230.9	2,261.2

Other financial liabilities

The table below summarises the maturity profile of the Group's other financial liabilities based on contractual (undiscounted) payments.

31 December 2022	Up to 1 year	1 year +	**Total**
	£m	£m	**£m**
Amounts payable to clients	12.8	-	**12.8**
Other payables	4.8	-	**4.8**
Lease liabilities	1.2	6.3	**7.5**
	18.8	6.3	**25.1**

31 March 2022	Up to 1 year	1 year +	Total
	£m	£m	£m
Amounts payable to clients	24.9	-	24.9
Other payables	8.0	-	8.0
Lease liabilities	1.2	7.1	8.3
	34.1	7.1	41.2

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. The Group employs rigorous procedures and ongoing monitoring to mitigate this risk and ensure that client risk exposures fit within the Group's risk appetite. Before accepting any new client, a dedicated team responsible for the determination of credit risk, assess the potential client's credit quality and assigns a credit limit. Limits and scoring attributed to customers are reviewed on an ongoing basis. Individual counterparty exposures are monitored against assigned limits by the Risk function to ensure appropriate escalation and mitigating action is taken.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debtor at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Directors of the Group consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of clients, spread across diverse industries and geographical areas.

Management review financial and regulatory disclosures of the Group's institutional

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.

24.4 Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations in relation to financial derivative assets resulting in financial loss to the Group. As at 31 December 2022, 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.

If deemed appropriate, the Group will make a valuation adjustment to the estimated fair value of a financial instrument. In the period, the Group has recorded a CVA of £1.1m (March 2022: £nil) to represent the credit risk inherent in the fair value of derivative financial instruments. 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 25) best represents their respective maximum exposure to credit risk. Note 24.6 details the Group's credit risk management policies.

24.5 Counterparty risk

The Group relies on third party institutions in order to trade and clear settlement funds through client accounts. To reduce counterparty credit risk to acceptable levels, the Group 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. 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.

24.6 Credit risk management

Note 24.4 details the Group's 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.

25 Fair value measurements

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

25.1 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).

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)**
	31 December 2022	**31 March 2022**		
Foreign exchange forward and option contracts	Assets **£66.5m**; and Liabilities **£47.2m**	Assets £41.1m; and Liabilities £23.9m	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.

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

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements are a reasonable approximation of their fair value.

26 Related party transactions

Included in other creditors is £nil (March 2022: £0.1m) owed to Pacific Investments Management Limited, the former owner of Argentex Foreign Exchange Limited, as the Group repaid its loan in the period.

27 Contingent liabilities

As at 31 December 2022 there were no capital commitments or contingent liabilities (March 2022: none).

28 Controlling party

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

29 Events after the reporting date

The UK main rate of corporation tax is set to increase to 25% for Financial Year 2023. The increase is not expected to have a material impact on the Group's deferred tax asset.

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