

25 July 2024



CAB Payments Holdings plc and its subsidiaries
("CAB", "CAB Payments", the "Group" or the "Company")

H1 2024 Pre-close Trading Update and Outlook for FY 2024

***Underlying income growth across currency corridors, supported by continued investment.
Balance sheet remains robust with extended capacity to drive further transactional growth***

Note all figures are approximate, rounded to the nearest million and subject to review, and therefore should not be treated as final

CAB Payments, a B2B bank providing FX and Payments transaction services to hard-to-reach markets, today announces an update on its trading performance for the six months ended 30 June 2024. The Group will issue its interim report and corresponding investor presentation on 4 September 2024 and, in light of new leadership, will also provide a strategic update alongside revised operational KPIs.

Neeraj Kapur, CEO of CAB Payments, commented:

"Our first-half performance was resilient, despite lacking tailwinds from the Nigerian Naira, while also continuing to suffer from the headwinds in XAF and XOF from the end of last year. Market-wide global payment flows have shrunk approximately 10% year-on-year and we do not expect to benefit from any positive market dislocations in 2024. However, with the strategic initiatives that we have implemented in Q2, we anticipate a stronger second half and expect our overall full-year Gross Income performance to be marginally down on last year.

Our fundamental business model is robust, and I firmly believe in our purpose and the global market demand for our services. At the interim results, I will outline the initiatives and actions we are taking to build a more sustainable, diversified, and growing business over the medium term. I look forward to updating you then."

H1 performance:

- Total Volume levels up 4% to £17.6bn (H1 2023: £16.9bn) - market-wide payment flows are down approximately 5% year-on-year in the Group's core Sub-Saharan Africa market and approximately 10% globally, based on the Company's analysis of market data
- Underlying Gross Income growth of 11% - excluding the impact of previously identified dislocations in Nigerian Naira (NGN) and Central Bank interventions in Central African Franc (XAF) and West African Franc (XOF)
 - On a reported basis, Gross Income declined 22% to £56 million (H1 2023: £72 million) including the effects of the above dislocations
- Good performance across a broad range of emerging and developed market corridors with resilient client activity among Non-Bank Financial Institutions (NBFIs), Emerging Market Financial Institutions (EMFI) and Central Banks
- The International Development Organisation (IDO) customer segment is demonstrating below trend volumes owing to changes in the political landscape among major donor governments
- Gross Income has diversified. Top 5 currency corridors accounted for 32% of Gross Income in

H1 2024 versus 49% in H1 2023

- Resilient Net Interest Income performance up 2% reflecting continued growth in client balances coupled with steadier interest rate curves. Overall balance sheet remains strong with CAB expanding its liquidity and trade finance products to key customers at the end of the period to drive better transaction flow in H2 and beyond
- Continued investment in the Group's EU and US offices, new central London headquarters, expanded salesforce and development of the network has resulted in an Adjusted EBITDA of approximately £19 million (H1 2023: £40 million) and Adjusted EBITDA margin of approximately 34% (H1 2023: 56%)

Outlook for 2024:

The business is now on a more balanced trajectory with 2023 proving to be an exceptional year. The Group also believes that in 2024 there are no significant tailwinds in its major corridors.

As a result, the Group expects Total Gross Income for 2024 to be marginally down compared to last year, while continuing to demonstrate double-digit growth in its underlying Transactions business (beyond the 2023 top 3 corridors).

It is anticipated that Gross Income will continue to rise in the second half due to seasonal volume uplifts, new products, and network and geographical expansion, creating higher operating leverage in H2.

Gross Income and Volumes:

Gross Income (£m) - <i>all numbers are subject to review and rounded to the nearest million</i>				
	Six months ended 30 June			YoY ex NGN, XOF, XAF (1)
	2024	2023	YoY(2)	
Wholesale FX	23	38	(39%)	24%
Payments	15	17	(15%)	0%
<i>of which</i>				
Payments FX	7	10	(30%)	(9%)
Other Payments	7	7	8%	8%
Total transactional income	37	55	(32%)	13%
Net Interest Income	16	16	2%	2%
Other banking services	2	1	98%	100%
Gross Income	56	72	(22%)	11%
Memo:				
Wholesale FX & Payments FX Income	30	48	(37%)	14%
NGN, XAF, XOF Income	8	29	(73%)	-

(1) NGN excluded from both periods as positive effects felt in H1 2023 have now been unwound and have materially diminished in H1 2024 figures. XAF and XOF also excluded due to significant central bank intervention policies which have suppressed revenues in H1 2024 vs H1 2023. This is to aid year-on-year comparison.

(2) Includes the effects of NGN, XAF, XOF revenues

Volumes & Take Rates - Wholesale FX & Payments FX

	Six months ended 30 June			
	Volume (£bn)		Take Rate (%)	
	2024	2023	2024	2023
Emerging Markets	6.8	7.0	0.33%	0.61%
Developed Markets	10.8	10.0	0.07%	0.06%
Total	17.6	16.9	0.17%	0.29%
Memo: (ex NGN, XAF and XOF)				
Emerging Markets	4.4	4.0	0.34%	0.34%

Note: Volume and Take Rates information is a driver of Wholesale FX & Payments FX Income

Audit tender:

The Group has commenced a tender process for the role of external auditor for the financial year ending 31 December 2025. The audit tender process will be overseen by the Group Audit Committee and is expected to conclude by the end of the current financial year. A resolution proposing the appointment of the selected firm will be put forward at the next Annual General Meeting. The Group's current external auditor is Forvis Mazars LLP who were originally appointed for the financial year ended 31 December 2021.

About CAB Payments:

CAB Payments Holdings plc is the holding company for Crown Agents Bank. Regulated in the UK, it specialises in FX and cross-border payments for hard-to-reach markets. Its strength of network and deep expertise means it can move money into and out of the world's most complex financial markets.

Trusted by a global ecosystem of leading institutions across the public, private and development sectors, Crown Agents Bank's strength lies in its network which connects its clients to underserved geographies, giving them access to 100+ currencies across 700+ currency pairs. The delivery of fast, transparent and efficient transactions moves money where it's needed. Crown Agents Bank's network offers multiple transaction solutions, delivered via a single API, digital trading platforms or through bespoke approaches developed by its specialist teams.

Crown Agents Bank is one of the first banks to achieve B Corporation™ status and was awarded the Gold Sustainability Rating by EcoVadis in 2022 and 2023 - ranked within the top 94% of 94,000 companies assessed across 160 countries and over 200+ industries.

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