

# CAB | PAYMENTS



26 March 2024

moving money  
where it's needed



Classification: CONFIDENTIAL

# Introduction

Bhairav Trivedi, CEO

# We move money where it's needed:

to and from the world's most hard-to-reach markets







## Moving money

- Opening often complex hard-to-reach markets to the global economy
- Provide equitable access to and fair pricing of global currencies, emphasising emerging markets

## Payments and FX infrastructure

- Sophisticated global **institutional clients**
- Focus on **emerging and frontier** markets
- **Single hop** through global network for payments and FX
- Dedicated **tech-enabled platform**
- Improving **financial inclusion**

# Performance in 2023

1		Large, fast-growing market undergoing favourable structural shift	Between 1 and 2% of our target addressable market
2		Highly diversified blue chip client base	509 clients (up 12% like-for-like) Globally >10k potential clients
3		Deep global payments and FX infrastructure	331 banking partners <sup>1</sup> , up 15% from year end 2022
4		Market-leading platform	110 currencies traded in 2023 80% of FX flows fully automated
5		Strong unit economics driving market-leading growth, profitability and cash generation	£137M gross income <sup>2</sup> £65M Adj. EBITDA
6		Significant ESG impact	£3.1BN of aid flows in 2023

Source: Company Information

<sup>1</sup> Includes local banks, FX settlement partners and liquidity providers.

<sup>2</sup> See alternative [performance measure](#) for definition and calculation



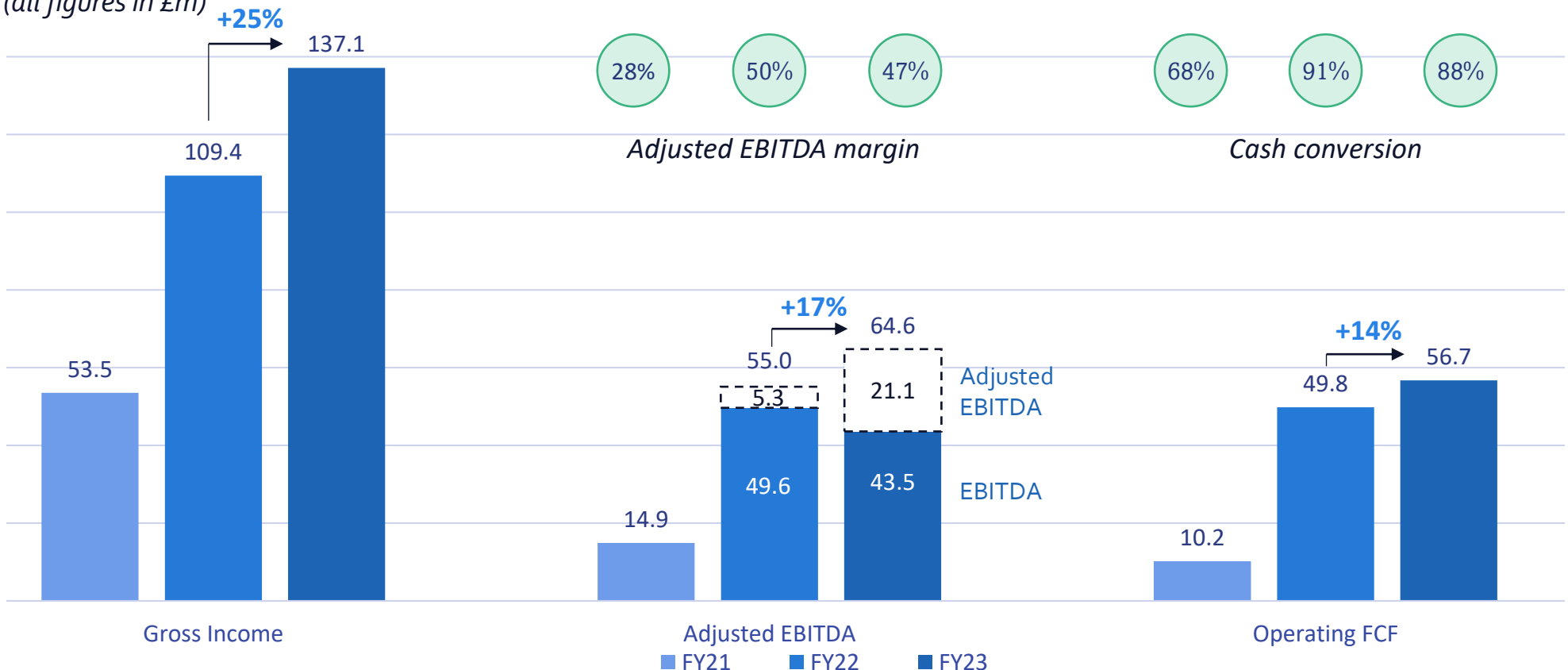
# FY 2023 Financial performance

Richard Hallett, CFO

# FY 2023 performance snapshot

A record set of results and high levels of cash generation

(all figures in £m)



Source: Company Information  
See alternative [performance measure](#) for definition and calculation

# Income statement summary

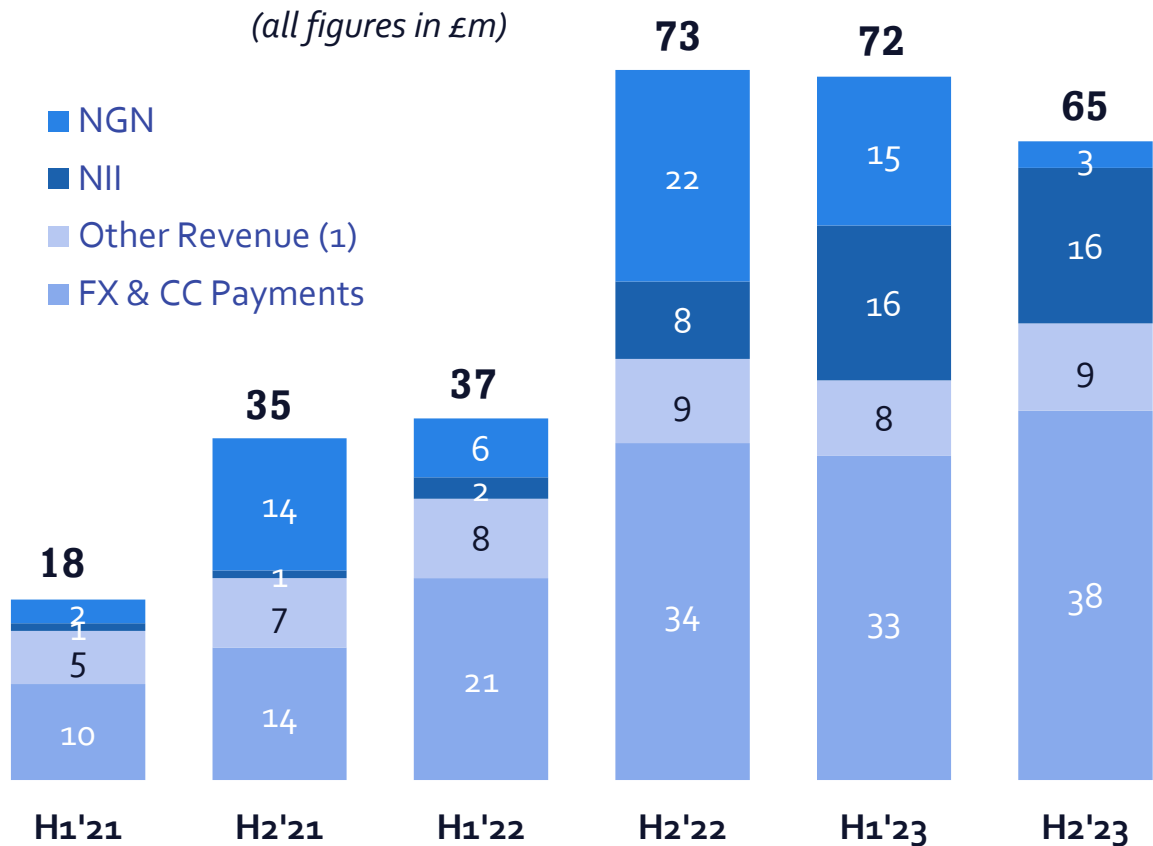
(£m – DecYE)		FY23	FY22	YoY %
FX	FX	68.5	63.4	8%
Payments	Payments FX	19.9	19.5	2%
	Banking and other payments	14.3	14.3	0%
Banking	Net interest income from cash management	31.7	10.1	215%
	Other banking services	2.6	2.3	14%
<b>Total income</b>		<b>137.1</b>	<b>109.4</b>	<b>25%</b>
	Staff costs and related costs	(45.6)	(35.8)	27%
	D&A	(5.8)	(5.7)	1%
	Other OpEx	(26.5)	(18.3)	45%
<b>Total recurring OpEx</b>		<b>(77.9)</b>	<b>(59.9)</b>	<b>30%</b>
	Impairment provision	(0.4)	(0.3)	18%
<b>Adjusted EBITDA</b>		<b>64.6</b>	<b>55.0<sup>7</sup></b>	<b>18%</b>
	<i>Adjusted EBITDA margin (%)</i>	47%	50%	
	Non-recurring OpEx	(21.1)	(5.3)	296%
<b>PBT</b>		<b>37.6</b>	<b>43.9</b>	<b>(14)%</b>
	Tax expenses	(13.7)	(10.5)	
<b>PAT</b>		<b>23.9</b>	<b>33.4</b>	<b>(29)%</b>

- Record revenue year of £137m, reflecting growth of 25% - however not at original expected levels
- NII largest growth factor, driven by UK and US government interest rates (as opposed to volume)
- FX and cross currency payments growth driven by margin, with volumes broadly flat. Average take rate increased from 24bps to 26bps, reflecting strong competitive advantage from network
- Growth in core potentially hidden by volatility in Naira and NII
- Continued to invest in the business, with staff costs increasing 33% reflective of average FTE increases (340 from 242 FTE)
- Other OpEx reflects increases in professional fees, audit costs, software and bank / clearing costs.

Source: Company Information  
See alternative [performance measure](#) for definition and calculation

# Income performance

Strong FX and cross currency payments growth excluding Naira, but total income impacted by Naira reductions



**Period to Period Growth Rates**

2023 v 2022	H223 v H222
25%	(8%)
(35%)	(87%)
215%	103%
1%	5%
28%	10%

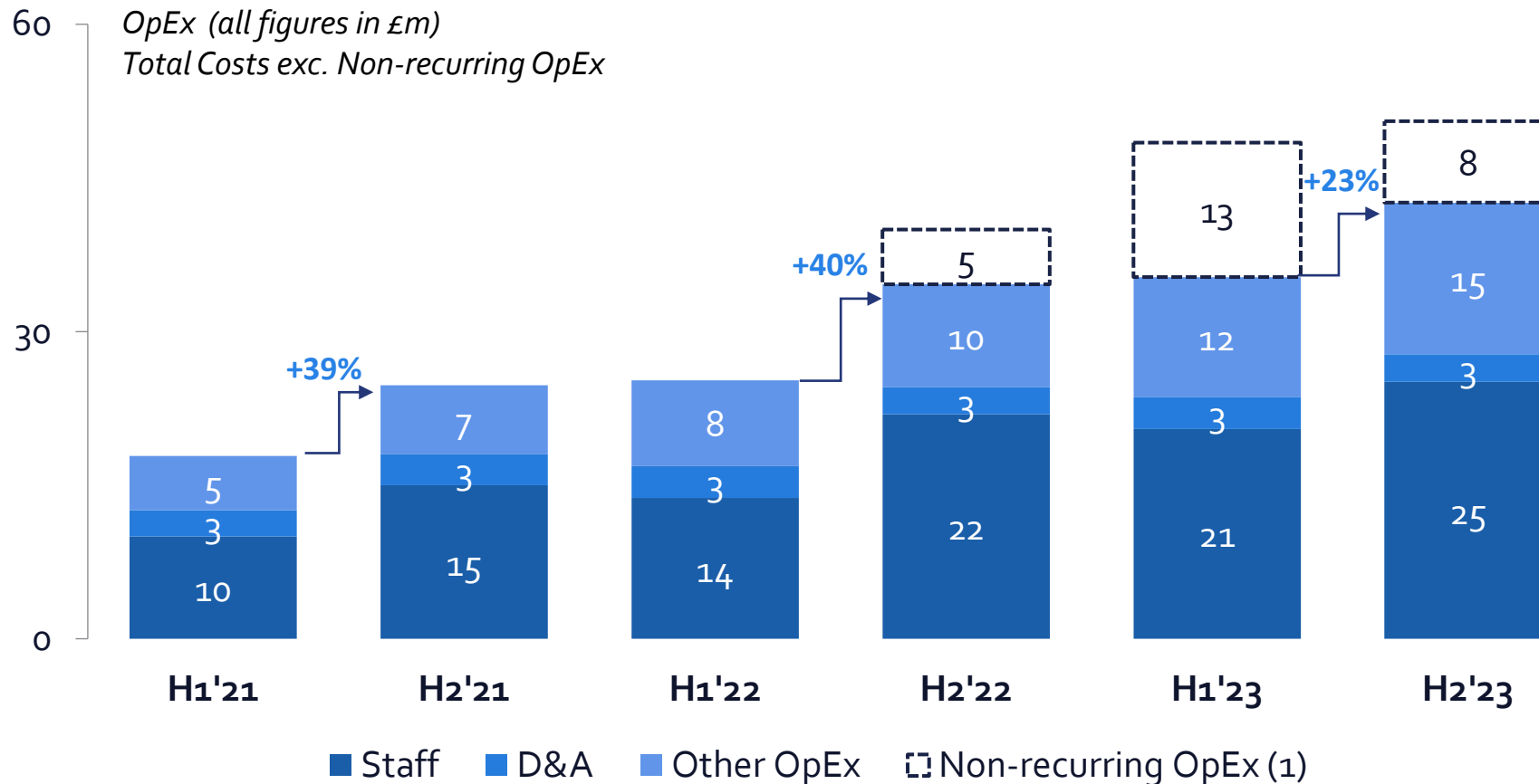
- Total Income grew by 25%, driven by Core FX and Cross Currency Payments (28% growth annually) and NII (315% growth annually)
- Naira business reduced by £10m year on year or 35% reduction
- H2'23 was impacted by reduction in Naira and reduced seasonality benefits with headwinds in certain key corridors.

Source: company information.  
1. Other revenue includes banking payments, other payments and other banking services revenue.



# Cost base supports profitable growth

Well managed costs drive economies of scale and effectiveness of the platform



- Expenses grew in line with three-year trends, at 30% YoY
- Action was taken to reduce expenditure in Q4'23
- Expenses focused on expanding capabilities in sales, international expansion, risk and control environments and tech
- In the last three years, revenue has outgrown operating costs, as the business has operating leverage

Source: company information. Notes:

1 Non-recurring OpEx relates to professional fees associated to listing costs as well as non-performance staff bonuses related to recruitment commitments on listing; other OpEx includes fees payable to the auditors, low-value lease expenses, bank charges, software license, clearing costs and other software services.

# Continued investment in CAB Payments' future

Increased, focussed, capital investments to drive scalability and resilience

	FY'21	FY'22	FY'23
Capex (£m)	4.6	4.9	7.4
Capital intensity (%)	8.7	4.5	5.4
Operating FCF (£m)	10.2	49.8	56.7
Cash conversion (%)	68%	91%	88%

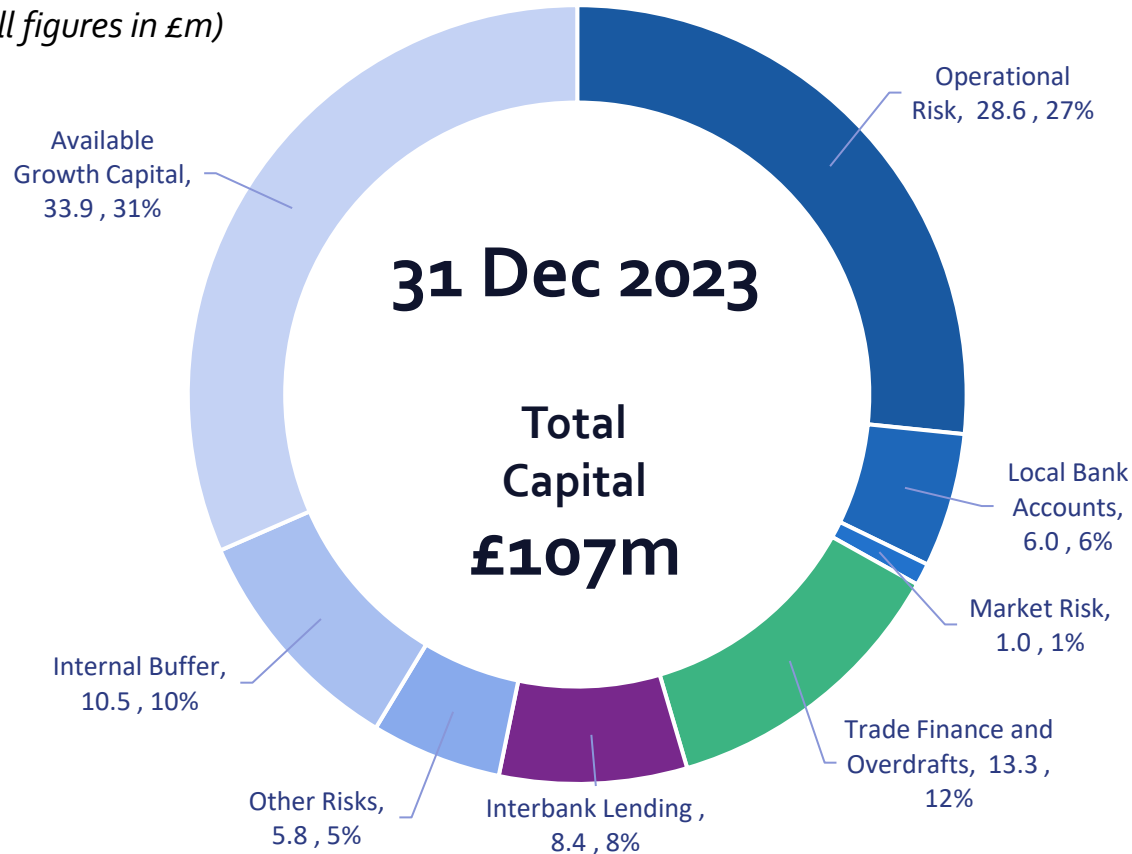
- Historical investment focused on building platform
- Future investments for growth and globalisation
  - Amsterdam and US licences and office expansion to support sales
  - New London office
  - Further investments in systems and AI to improve cost base
- Capital intensity FY '23 was lower than expected

Source: Company Information  
See alternative [performance measure](#) for definition and calculation

# Capital

The group's overall and available capital has significantly increased over the past 3 years whilst seeing increased capital allocation to operational risk and credit exposures

(all figures in £m)



- We have the balance sheet of a payments business, not a bank – it is driven by operational risk
- We use credit risk for products which support our core transaction business like trade finance and overdraft
- Our available capital will fund capex, incremental capital which increased revenue will bring and any capital encumbered by global licensing

# Financial summary

Core business continues to deliver strategic plan

- Growth delivery
  - Key metrics all increased on 2022: Gross Income (+25%), Adjusted EBITDA (+18%) and Operating Free Cash (+14%)
  - Core FX and Cross Currency Payment book grew 28% excluding highly volatile NGN revenues
- Continued investment in scalability and capability
  - Increased headcount across Business Development, Technology and Risk & Control
  - Clear roadmap of capital investment in product and services
- Capital strength and liquidity
  - Further strengthening of capital through ongoing profit realisation
  - Provides for future investment to realise strategic growth plans

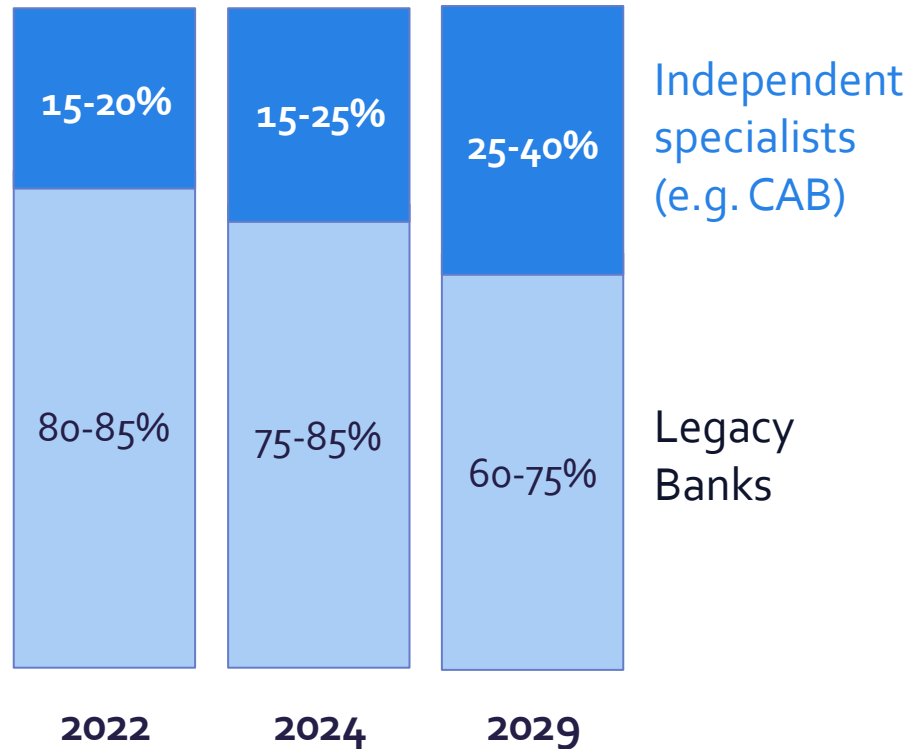
# Strategic and operational review

Bhairav Trivedi, CEO

# Attractive market

Large TAM with structural shift from legacy banks to specialists

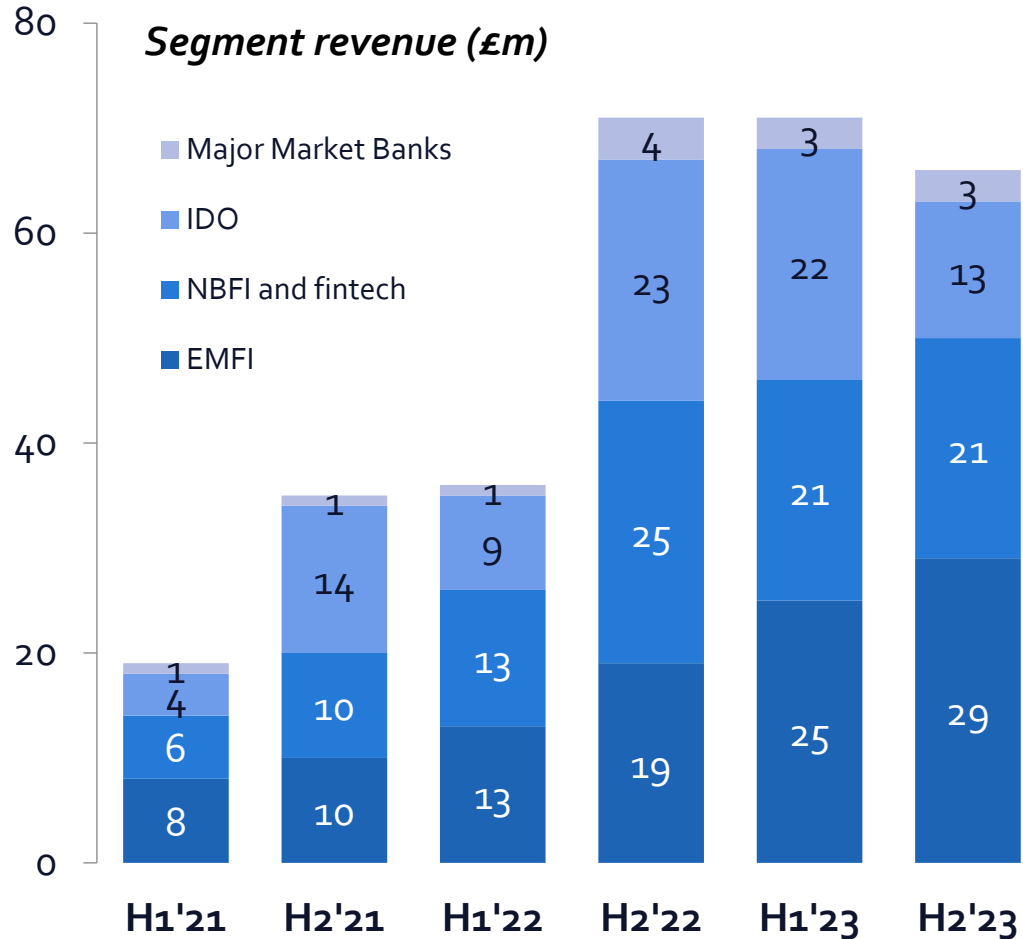
## Structural shift



- **Large**
  - Over \$200TN in cross border flows
  - Roughly \$10TN flowing into emerging markets and roughly \$2TN in our target market
  - At £34BN in flows we have between 1% and 2% market share.
- **Favourable shift continues; primary research shows:**
  - Primary research indicates specialist share of flow has been growing steadily for last two years
  - Clients prefer specialists due to faster settlement, cheaper costs and a superior customer experience
  - 38% of clients cite service level as being a reason to use specialists; this has been growing over time.

# Client segments

All four client segments are growing; this is even clearer without Naira



Revenue Growth		Rev Growth ex NGN	
2023 v 2022	H223 v H222	2023 v 2022	H223 v H222
6%	(35%)	46%	37%
8%	(43%)	58%	35%
11%	(15%)	24%	-
65%	50%	65%	49%

- New clients can and do move rapidly into the top 20; typically, 3-5 new clients in the top 10 each year
- All clients who have been in the top 20 in the last four years are still active clients
- Each of the four segments has at least one top 10 client

# Network

Our global network of banking partners is large and growing

	2021	2022	2023	2022 v 2023 growth	
Payment partners	159	186	218	17%	<ul style="list-style-type: none"><li>Local and regional banks who allow us to source FX and deliver funds locally</li></ul>
Liquidity providers	82	101	113	12%	<ul style="list-style-type: none"><li>Bid on inbound currency flows, allowing CAB Payments to source the best FX rates in our chosen markets</li></ul>
<b>Total Partners</b>	<b>241</b>	<b>287</b>	<b>331</b>	<b>15%</b>	<ul style="list-style-type: none"><li>Network is targeted at delivering quick, reliable service with redundancy, into critical emerging markets</li></ul>



# Corridor performance

Volume was flat and margins grew sustainably; diversification improved

Volume and take rate by corridor

	Volume (£BN)			Take rate (%)			Revenue (£m)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Total</b>	23.1	35.0	34.7	0.17	0.24	0.26	39.5	82.3	88.6
<b>Major markets</b>	12.8	20.7	21.0	0.04	0.06	0.06	5.5	11.5	13.2
<b>Emerging markets</b>	10.3	14.3	13.6	0.33	0.50	0.55	34.0	70.7	75.4

Corridor concentration as % of revenue

	2020	2021	2022	2023
<b>Top 5</b>	37%	48%	49%	45%
<b>Corridors 5-10</b>	10%	11%	12%	9%
<b>Corridors 10-20</b>	6%	9%	6%	6%

- Coming out of 2023, the business is more diversified and less dependent on Naira
- Volumes were flat in a weaker 2023 global market
- EM take rate grew from 21bp to 55bp since 2020. This is sustainable, driven by:
  - Improved mix
  - Liquidity provider network
  - Market position
  - Product mix (more payments)
- Major market take rate was flat

Source: company information

# Positive global impact

CABP continues to deliver social impact

2023 flows<sup>1</sup>

### Driving financial inclusion

Providing backbone to make financial services accessible and affordable



### Formalising financial markets

Digital payments via UK regulated bank provide enhanced transparency, security and traceability



### Strengthening local economies

Facilitating cost-effective transactions for multilaterals, development banks and charities



<b>CAB   PAYMENTS</b>	Development aid flows	<b>£3.1bn</b>
	Flows into low and lower-middle income countries	<b>£9.3bn</b>
	Remittance flows	<b>£1.8bn</b>

Source: company information; Swift Watch; World Bank; IMF.  
<sup>1</sup> USD flows shown as GBP at an exchange rate of 1.27

# Summary

Moving money where it is needed

- Execution of strategy continues to deliver growth in revenue, underlying profit and cash generation
- Good progress on adding additional high-quality clients
  - Focus on income optimisation
- Concentrating on further diversification
  - Client base
  - Currency corridors
  - Product offering
  - New offices in Europe and the US
- Transition to new CEO underway

# CAB | PAYMENTS



Leading B2B FX & payments platform for flows between DMs and EMs



Strong, sustainable growth



High profitability & cash generation



ESG leadership & commitment

# Appendix

# Alternative Performance Measures

<i>APM</i>	<i>How the metric is used</i>	<i>Calculation Definition</i>
Gross Income, Total Income or Income	As a fast-growing organisation, the Group's focus is on driving income growth through controlled investment, whether as capital expenditure or through operating costs	Gross income is the same as the reported Total income, net of interest expense in the Consolidated Statement of Profit or Loss
EBITDA	The key measure of profitability used internally at Executive Committees and Board and with externally with investors.	Calculated as Profit before Tax and IFRS16 lease liability interest expense, depreciation and amortisation.  Although it is typical to calculate EBITDA before interest, our net interest income is generated from operational client deposits and subsequent re-investment to generate returns for the shareholder and therefore remains included within EBITDA.
Adjusted EBITDA	The Group believes that Adjusted EBITDA is a useful measure for investors because it is closely tracked by management to evaluate Group's performance for making financial, strategic and operating decisions, as well as aiding investors to understand and evaluate the underlying trends in the Group's performance period on period, in a comparable manner.	EBITDA before non-recurring operating expenses.  Note: 2022 EBITDA included in this report aligns to the 2022 signed financial statements. There is an immaterial difference between the number included in the 2022 FS and the Prospectus of £0.4m.
Adjusted EBITDA Margin	A measure of profitability, by understanding how much of the Revenue is converted to profit.	Adjusted EBITDA as a percentage of Gross Income
Capital Intensity	The Group uses capital intensity to plan for level of revenue generated will be spent on capital investments	Capital intensity is defined as Tangible and Intangible capital expenditure / Gross income
Operating Free Cash Flow	Measure of cash flow generated by the business. It is a non-statutory measure used by the Board and the senior management team to measure the ability of the Group to support future business expansion, distributions or financing.	Adjusted EBITDA before the cost of purchasing property, plant and equipment, the cost of intangible asset additions and the cost of lease payments.  Note: this has been redefined to include Tangible Fixed Assets (purchase of property, plant and equipment) to align with market convention.
Operating Free Cash Flow Conversion	A measure used by the Group to understand how much of the Group's profitability (measured as adjusted EBITDA), is converted to available capital for future business growth.	Free cash flow as a percentage of Adjusted EBITDA

CAB Payments uses alternative performance measures ("APMs") when presenting its financial results. Management believe these provide stakeholders with additional useful information to interpret the underlying performance of the business. They are used by the Directors and management to monitor performance.

APMs used within this Annual Report are supplemental to, but not a substitute for IFRS measures presented within the Financial Statements. They may not be comparable with the APMs of other companies. Note: all APMs are calculated from the Group's continuing operations.

# Capital

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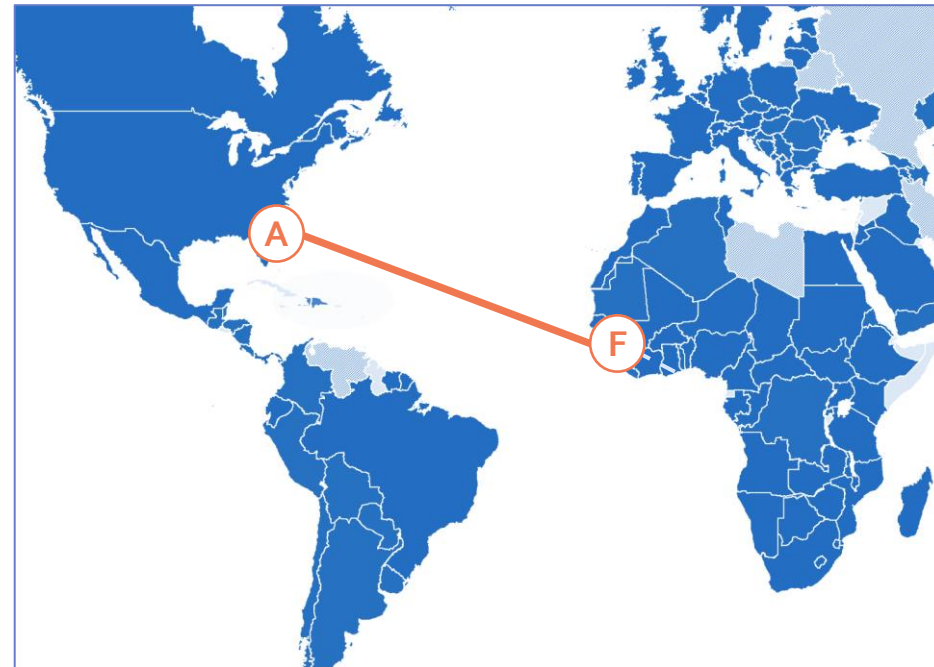
Operational risk	Standardised calculation for risk as per Basel 3, based on prior 3 years revenue
Local bank accounts	Counterparty risk associated with CABP's proprietary network (funds on account)
Trade finance & overdrafts	Counterparty risk for credit exposures on trade and overdrafts
Interbank lending	Risk associated with treasury related activities
Other risks	Capital associated with items such as fixed assets / debtors
Market risk	Risk associated with FX positions as party of trading activity
Available capital	Capital available for future investment

# What do we do?

CABP's proprietary network removes friction from traditional payment rails



Traditional international payments - multiple hops based on regional bilateral arrangements



CAB Payments single hop using dedicated emerging market infrastructure



# Blue chip clients

CAB Payment's segments include many of the most important players in emerging market payments

## IDOs

- Includes UN organisations, development banks and western governments along with charities
- Tend to be FX clients sending aid flows and budgets into market where they work

## Major Market Banks

- Banks headquartered in developed (typically G20) markets; includes top global banks
- Buy payments and FX, see CAB Payments as a low risk counterparty who 'removes headaches'

## EMFIs

- Emerging market commercial and central banks; typically, among the largest in their markets
- Buy banking to get themselves and their clients access to global financial markets

## NBFIs

- Fintechs, typically focused on the remittance and FX brokerage sectors
- Buy FX or payments depending on their structure

# Platform

CAB Payments has three main EM product platforms, each with a distinct value proposition

EMPOWER  
FX

Real-time access to  
competitive FX

- Desktop and mobile **trading platform** to manage FX exposures and monitor market fluctuations
- **Real-time, competitive pricing** and real-time data feeds;. CAB Payments covers many currencies which are rarely quoted
- **API-enabled** solution with third-party integrations

EMPOWER  
BANKING

Clearing, payments  
and deposits

- **Access to global clearing**, notably USD/GBP/EUR for emerging markets players who can struggle to find partners; we help ensure client risk processes are compliant
- **Safe haven** for foreign currency deposits including interest bearing time deposits
- Payments traffic **largely same-currency payments** today, but we are helping clients to send payments more effectively using local currency

EMPOWER  
PAYMENTS

Multichannel  
emerging markets  
payment platform

- **Competitive payments pricing** and unique settlement capabilities, including **last-mile** (SWIFT, local bank, mobile); world class anti-financial crime capabilities
- **Multi-channel delivery** including SWIFT, e-banking and API-enabled solution that supports cross-border payments to the long tail of emerging markets
- **Multi-currency accounts** enabling payments to be made in a vast array of currencies from a single base-currency account

# Thank you



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**CAB | PAYMENTS**

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