

CAB Payments Holdings plc

("CAB Payments", the "Company" or the "Group")

Update on Q3 Trading and Outlook

CAB Payments, a market leader in business-to-business cross-border payments and foreign exchange, specialising in hard-to-reach markets, provides the following update on performance since June 2023, current trading, and the outlook for the rest of 2023.

As detailed at the first half results on 13 September 2023, the business saw a sequential third quarter (Q3) improvement, including an acceleration in the core business, following specific headwinds faced in the second quarter (Q2). Total Group revenue in Q3 was 10% above that in Q2, and at the end of September 2023 was £105.5 million year-to-date (2022: £67.4 million). Core FX and Payments revenue excluding contribution from the Naira was 45% ahead of the same nine-month period in 2022.

In recent weeks, the Company has seen a number of changes to the market conditions in some of its key currency corridors, on top of the ongoing uncertainties surrounding the Naira, which are impacting both volumes and margins; most notably, the Central African franc (XAF) and West African franc (XOF). At the present time, these market conditions are compressing margins and reducing trading volume. These challenges are recent but continuing, and coincide with the traditionally strong fourth quarter (Q4) for both of these corridors; it is unclear when and to what extent conditions in these markets may improve. Based on the revenue run rate to this point in Q4, the Company now expects Group revenue for 2023 to be at least 20% ahead of the prior year (2022: £109.4 million); this is around 17% below previously issued guidance. This assumes no further changes to these core markets, and any material improvements here could result in a higher Group outturn.

The Company will be seeking opportunities to lessen the impact on Group profitability in 2023 through cost reduction measures and efficiencies, but any actions will be tempered by its ongoing confidence in the medium-term potential of the business. Therefore, the Company anticipates that the majority of any revenue impact will flow through to the bottom line.

Medium-Term Outlook

To this point in 2023, the Company has signed 74 new customers and is confident these customers will deliver good growth into the future. However, should the current market conditions persist in some of our key currency corridors, as described above, the softer exit rate from 2023 could result in 2024 revenue growth falling below the medium-term potential.

The Company remains confident in its ability to continue to deliver strong growth over the medium-to-long-term by executing on the strategy it has outlined. The market in which the Company operates is undergoing a structural shift from incumbent providers to specialists such as CAB Payments. The Company is executing on its plans to take advantage of this shift by investing in and expanding its already strong network of partners, liquidity providers and nostro accounts across a range of markets. This includes further developing its technology solution, expanding its product offering and extending its geographic reach in order to broaden and grow its customer base. As previously detailed, the Company is working on a range of initiatives which should provide significant growth opportunities in the coming years.

Initiatives include:

- a regulatory licence application in The Netherlands, which will open up a substantial new sales channel across the EU;
- a US representative office licence, which will enable sales to the very deep national and regional bank market;

- significant technology upgrades, which would enable an expansion of the Company's capabilities and product set, substantially increasing commercial opportunities;
- the longer-term potential to become a US Dollar clearing institution, which could greatly increase volumes into emerging markets.

While the Company is disappointed with recent market volumes, CAB Payments remains confident that the trends within the business-to-business cross-border FX and Payments market continue to be supportive. The Company has a well-managed cost base and focused investment plans, remains highly profitable and continues to generate significant free cash flow, which will be used to invest in the business and reward shareholders going forward.

The Company will provide another update at the time of its 2023 Full Year results in 2024.

The Company will host a Call for Investors and Analysts this morning (24 October 2023) at 8.30am UK Time. Please pre-register for conference call [here](#).

Upon registering, you will receive a calendar booking by email with dial-in details and your unique PIN. This process will bypass the operator and avoid the queue. Registration will remain open until the end of the conference call.

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

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