

14 August 2025

Financial & strategic progress, confidence for H2

CAB delivered a solid financial performance in H125 (to 30 Jun), with our FY25 forecasts (and beyond) unchanged and our fundamental valuation of 90p per share reiterated (around 80% above the current share price). This performance was despite unfavourable market conditions, driven by US tariff and trade policy which depressed cross border flows and increased currency volatility, and the cutback in USAID payments which reduced development aid flows.

Gross income was 3% higher than H224 (h-o-h), growing from £50.4m to £51.8m, but down 8% y-o-y i.e. compared to H124, when income was still abnormally elevated due to ongoing dislocations in some African markets (see [Appendix 2](#)). The cost-cutting exercise announced in Jan 25 has been effective, with underlying operating expenses (before depreciation and amortisation) marginally up from £38.6m to £38.7m. **Adjusted EBITDA increased 8% h-o-h from £12.1m to £13.1m** (down 30% y-o-y).

PBT fell h-o-h from £3.9m in H224 to £3.1m, impacted by higher non-underlying (mostly one-off costs) of £4.2m (redundancy, dual running & other costs) versus £2.7m in H224. This was mostly as expected with our FY25 non-underlying cost estimate of £5.0m unchanged. Basic EPS fell from 1.5p to 0.9p. **The balance sheet remained strong with a CET ratio of 19.5%** (vs 31 Dec 24: 19.2%).

Strong strategic progress

H125 was a period where **huge progress was made** in laying the foundations for a return to strong growth ([pages 2 & 3](#)). Network and client numbers were up; a new US office in New York should accelerate LATAM growth; a new International Money Transfer Operator licence in Nigeria (granted Jul 25) should accelerate growth in that market; and new products such as 'last mile' functionality, a deposit guarantee facility, and forex derivative products have the potential to provide a further boost.

CAB looking undervalued on multiple metrics

Our fundamental value remains 90p per share, using a DCF model ([page 8](#)). We think further evidence of undervaluation is that: 1) its PER of 8.9x is just above the sector median of UK-listed banks, despite growth prospects being far higher than many peers ([page 10](#)); 2) its price-to-book ratio is also at sector median levels ([page 10](#)), despite CAB being far less 'capital hungry' than most banks; and 3) that the PERs of most fintech FX/payments businesses ([page 11](#)) are far higher than CAB's, suggesting strong growth is expected in this space. **All the above suggests potential for a re-rating.**

Key financials & valuation metrics

Year to 31 Dec (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
FX + Pmts volume, £bn	35.0	34.6	17.6	37.2	19.9	41.3	46.7
Total Income	109.4	137.1	56.0	106.4	51.8	112.6	123.3
Operating expenses	54.5	72.4	37.3	75.7	38.8	79.6	83.9
Adj. EBITDA	55.0	64.6	18.7	30.8	13.1	32.9	39.4
Adj. EBITDA margin	50.2%	47.2%	33.4%	28.9%	25.3%	29.2%	32.0%
PBT	43.9	37.6	13.7	17.6	3.1	15.0	24.8
EPS basic, p	14.0	9.6	4.0	5.6	0.9	4.4	7.2
Net assets	108.3	131.5	142.1	146.6	149.5	158.8	178.4
CET1 Ratio (min 9.6%)	33.4%	25.0%	22.5%	19.2%	19.5%	19.5%	20.6%
P/E	3.6	5.2	6.2	8.9	27.5	11.4	6.9
P/B	1.17	0.96	0.89	0.86	0.85	0.80	0.71

Source: Company data, Equity Development, Priced at 13/08/25

Company data

EPIC	CABP.L
Price (last close)	49.9p
52 weeks Hi/Lo	129p/38p
Market cap	£126.7m
ED Fair Value / share	90p
Avg. daily volume (3m)	469k

Share price, p



Source: Investing.com

Description

CAB Payments Holdings plc specialises in B2B cross-border FX and payments, facilitating flows (both ways) between developed markets and hard-to-reach emerging markets. Clients are institutions such as commercial banks, central banks, payment Fintechs, and international development agencies. Transaction size averages c. US\$100k. Its operating company is UK-regulated Crown Agents Bank Limited.

Next event

Trading update - January 2026

Paul Bryant (Analyst)

0207 065 2690
paul.bryant@equitydevelopment.co.uk

Hannah Crowe

0207 065 2691
hannah@equitydevelopment.co.uk

New strategy – momentum maintained

In Sep 24, CEO Neeraj Kapur (appointed June 24), announced a strategic change. A new four-pillar strategy (summarised below with progress), **aimed to diversify across geographies and client types, generate sustainable growth, and increase operational leverage**. It was a change from a transaction-led model designed to opportunistically benefit from market dislocations ([Appendix 2](#)) but exposed the business to volatility. The first part of this transformation involved further management changes. A new CFO, COO and CRO were recruited. Other key executive appointments were made to align with the new strategy, including a new Head of Banking, Global Head of Sales and Global Head of Payments. All of these appointments (see our [initiation note](#) for full details) were made in H224 except for CFO James Hopkinson, who joined in Mar 25. **The new team has led significant progress in each of the four strategic pillars, and we highlight that revenue diversification is already apparent with 27% of income driven by the top 5 currency corridors in H125 versus 32% in H124 and 49% in H123.**

Four strategic pillars	Aims of each pillar	Progress
1. Network (large, diverse network enables more efficient transactions in more markets)	Expand network of liquidity and payments providers, more 'in-country' presence, diversify network geographically to reduce dependence on sub-Saharan Africa.	Counterparties grew from 358 (end-H124) to 390 (H224) to 436 (H125), page 3 . New licenses in Amsterdam (2024), New York (2025), and Abu Dhabi (application in process) should accelerate expansion and diversification.
2. Clients	Add new clients, deepen relationships through more 'in-country' presence and decentralised sales model.	Sales efforts are successfully increasing active client numbers: from 526 (end-H124) to 546 (H224) to 573 (H125), page 3 . 52 new clients onboarded in H1 of which 21 are already transacting. The new licenses in Amsterdam, New York and Abu Dhabi have potential to accelerate client growth.
3. Platform	Leverage bank balance sheet to expand trade finance and working capital products which in turn drive growth in FX and payments.	Trade finance has been identified as a key revenue driver. The book size increased in H125 to 0.2bn, after growing 3.1X over FY24. CAB is in the process of launching a deposit guarantee facility (H2) which is operationally ready – this should enable those customers requiring a higher credit rating than CAB has to deposit funds. Average deposit balances are up 5% to £1.5bn.
4. Invest & innovation	Focus capital allocation on technology enhancements and revenue-generating product-related capex.	Core Capex jumped in FY24 to build operational resilience and platform scalability. Around 70% of CAB's cost base is now fixed and should be capable of handling far higher transaction volumes without the same level of investment, indicating significant opportunity for operational leverage . While capex spend is expected to reduce in FY25, a far larger proportion (c. 67%, up from 29% in FY24) will be channelled into revenue-generating 'product' capex , page 8 .

Source: Company, ED

Revenue drivers: Network & client numbers up, volumes solid despite market disruptions

Network size & client numbers key to future volume & revenue growth

- CAB's network of liquidity* and payment** providers is a **key differentiator** enabling it to facilitate transactions in more markets, more efficiently. This continued to grow to 436 counterparties at the end of H125, up 12% in H1.
- The number of active clients also **grew by 27 over H1 to 573**, translating to 10% annualised growth. A further **25 clients** have been signed up but have yet to transact.
- **Continued growth** in network size and client numbers is expected as:
 - New offices in Amsterdam (2024) and New York (2025) allow for new network partnerships and for the direct solicitation of business in more countries, with a license application in process in Abu Dhabi.
 - The reinvigorated sales team (relatively new leadership, recent upskilling) continues to gain traction.

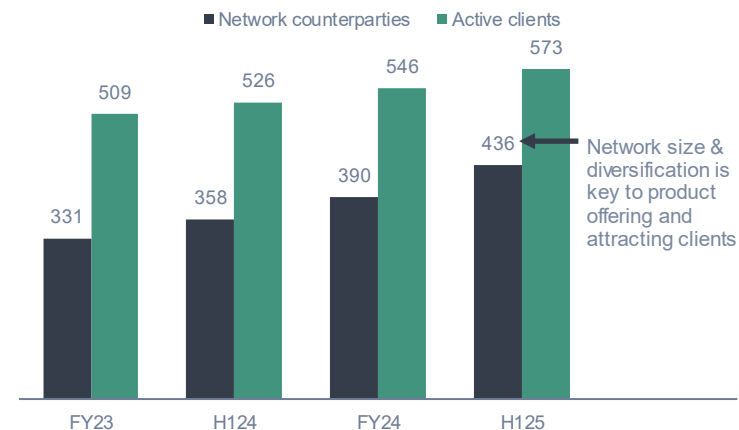
Source: Company, ED. *Bid on inbound currency flows, allowing CAB to source best FX rates. **Local and regional banks allowing CAB to source FX and deliver funds locally.

Small volume growth in H1, expected to re-accelerate

- **H125 FX and Payments volume was up 13% y-o-y to £19.9bn but only 2% higher than the £19.6bn of H224.** This was despite unfavourable market conditions. US tariff and trade policy impacted flows and drove currency volatility; with the cutback in USAID payments also impacting flows. Developed FX volumes increased 5% over H1, primarily driven by Banking clients in EMs, while EM FX volumes fell 6% over H1 due to low IDO activity.
- H1 volumes make up 48% of our forecast full-year FY25 volumes, and with H2 volumes typically stronger than H1 (see chart), and with management expecting an improved performance in H2 (increased client numbers, new market and product initiatives), **we maintain our end-FY25 volume forecast.**

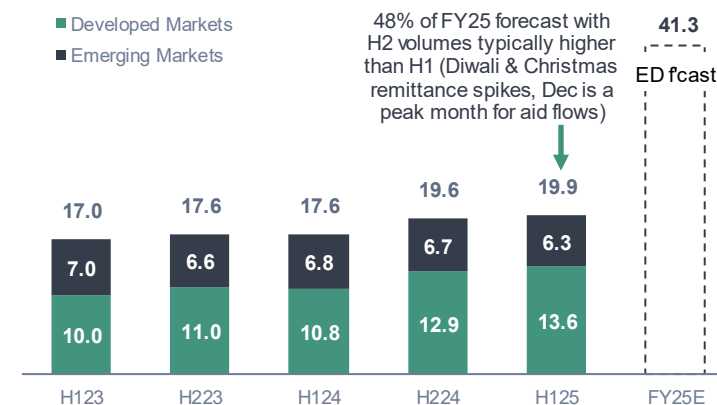
Source: Company, ED

Number of network counterparties and active clients (end of period)



Source: Company

FX & Payments volumes, £bn



Source: Company, ED

Revenue drivers: Take rates start to stabilise, trade finance grows

Take-rates spiked in FY22 & FY23, expected to stabilise going forward

- Take-rates are the combination of dealing profit (spread), transaction fees and other fees (expressed as income divided by volume).
- DM rates (green on right) have been stable and are expected to remain so.
- EM rates (black) spiked sharply in FY22 and FY23, primarily due to the spike in rates charged on Nigerian Naira (NGN) trades (see [Appendix 2](#) for details).
- We expect overall EM rates to remain relatively stable in the low-mid-twenties bps with the total blended rate (orange) also expected to remain relatively stable.

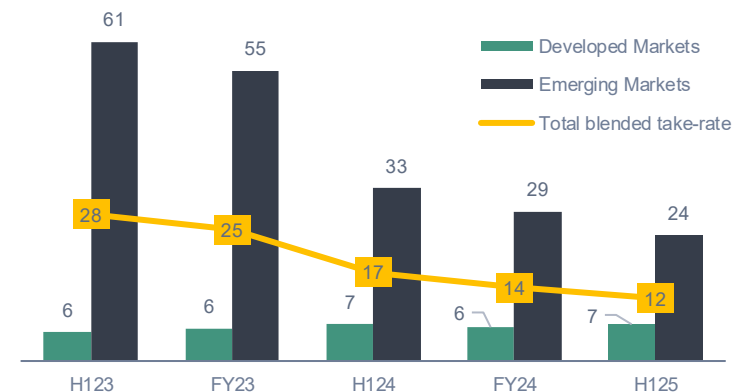
Source: Company, ED

Banking balance sheet solid, good progress on trade finance

- Customers deposit money (mostly in zero-interest current accounts although some have interest-earning deposit accounts), to fund transactions, so balances (green bars) are somewhat correlated with FX & payment volumes. While the closing customer deposit balance fell compared to end-FY24, **average deposit balances were up 5% over the period to £1.5bn.**
- CAB invests this along with its own capital, with central banks, commercial banks and into money market funds, earning interest. The difference between interest earned and interest paid out is its net interest income.
- **CAB also has a growing trade finance book (red bars) generating net interest income, fee income, and drives FX and payments volume.**

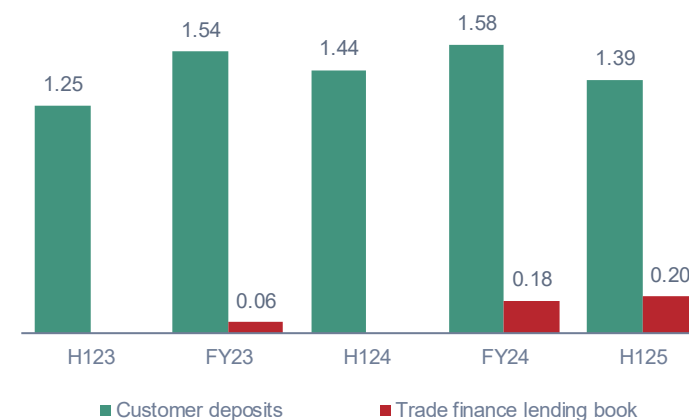
Source: Company, ED

FX & Payments take-rates, bps



Source: Company. *ex NGN, XAF & XOF

Banking income drivers, £bn (end of period)



Source: Company, ED. Trade finance lending book value not reported for end-H123 and end-H124. Net Interest Margin not reported for H123 or H124, value shown is ED calculation based on Net Interest Income/Simple Average of Interest Earning Assets.

Revenue starts to recover after impact of African market dislocations

Revenue begins recovery in H125

- Note: When clients move funds cross-border within their own organisation, it is an FX transaction. When they move funds to a third-party, it is a payment.
- FY23 revenues were elevated due to the abnormally (and temporarily) high take rates in some West African countries (see [Appendix 2](#)). Take rates and revenue fell during FY24, with take rates now stabilising.
- **H125 has seen the start of an expected recovery with revenue of £51.8m, 3% up on the prior 6-months (H224), but 7% down y-o-y.**
- **Our previous revenue forecast for FY25 remains unchanged at £112.6m** (adjusted only for the change in lease liability interest treatment) with the recovery expected to continue beyond this. Revenue is also expected to be less volatile as the business diversifies across currency corridors, clients etc.

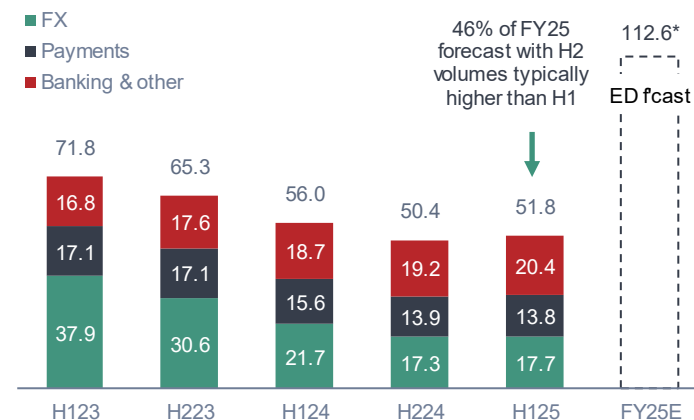
Source: Company, ED

Bank segment strong in H1, IDO segment weak but expected to recover

- **The bank client segment has been relatively strong**, with income up 10% y-o-y and 5% h-o-h, driven by increased call deposits, growth in trade finance and increased FX with additional correspondent banking relationships. The banks segment was the biggest driver of the increase in developed FX volumes.
- The IDO segment was weaker, as expected, down 13% h-o-h, mainly due to continued funding pressure for IDO but this is expected to recover as they tap into new sources of funds, and the segment remains important to CAB.
- The NBF and Fintech segment income grew 5% h-o-h but was sharply down y-o-y, again due to the abnormally high income earned in H124.

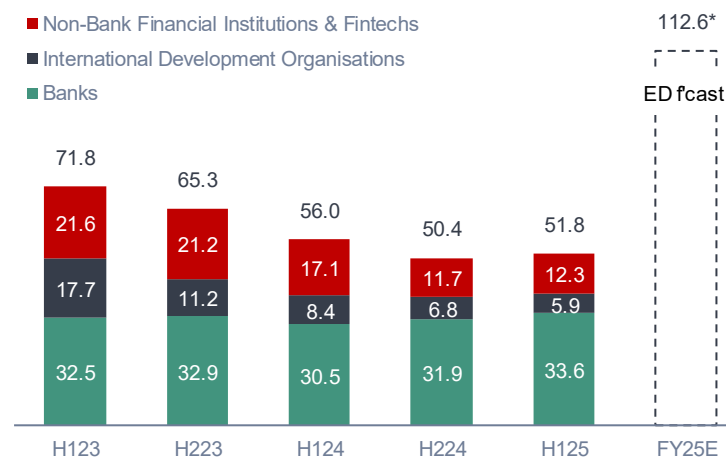
Source: Company, ED

Half-year revenue split by product/service, £m



Source: Company, ED. *Previously 110.8 which included 1.8m lease liability interest expense

Half-year revenue split by client type, £m



Source: Company, ED. *Previously 110.8 which included 1.8m lease liability interest expense

Operational costs reduced, capex down and more focused on revenue-generation

Cost-reduction exercise largely complete, high operating leverage potential

- In early-2025 management announced a strategic cost cutting exercise: “The Group expects a c.20% reduction in FTE and approximately £12m cash staff cost saving in 2025 across operating expenses and capital expenditure, before upskilling and new hires. We therefore expect broadly flat staff P&L cost in 2025.”
- CAB has confirmed that it has now reduced headcount by around 100 and its H1 costs appear on track to be in line with our FY25 estimates.
- C.70% of operating costs were fixed in 2024, suggesting **significant potential to capture operating leverage** if the business meets its growth ambitions.

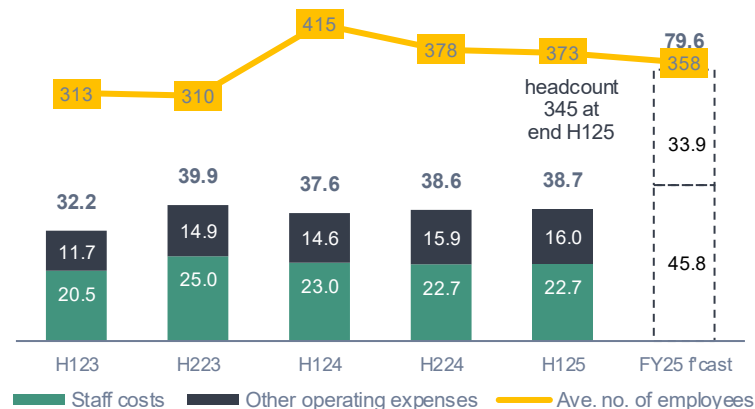
Source: Company

Capex at more ‘normal’ levels, big focus on revenue-generating investments

- Core Capex jumped in FY24 with a large focus on building the operational resilience and platform scalability to support future growth (platform, processing and protection-related investments).
- Product capex, i.e. **revenue-generating investment**, was also up from £2.8m in FY23 to £3.6m in FY24 but made up a lower proportion of overall capex.
- Now that many of the platform, processing and protection projects are complete, **total capex has started reducing in FY25** (£3.5m total capex in H1), but product capex continues to grow and is expected to be c. £4.0m for the full year of FY25, or c. 50% of the total guided core capex spend of £8.0m.

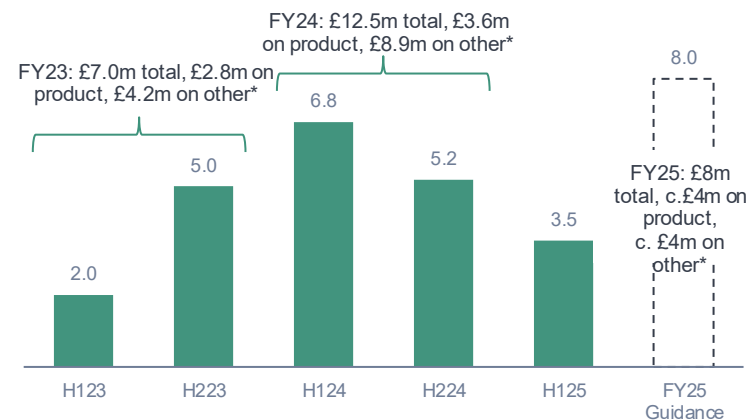
Source: Company, ED

Underlying operating expenses*, £m



Source: Company, ED forecasts. *Mostly recurring expenses, before depreciation, amortisation, lease interest and adjusting items. Note: Ave. no. of employees above H223 and H224 columns are the full-year average for FY23 and FY24 respectively, not H2 averages.

Core Capex Spend (intangible assets only), £m



Source: Company. *platform, processing, protection.

EBITDA up on start of revenue recovery and cost control

Key income statement developments

- CAB reports an adjusted EBITDA metric which excludes the impact of interest, tax, depreciation, amortisation and 'non-underlying items' which are mostly non-recurring expenses.
- With the small recovery in gross income and the cost controls previously described taking effect, **adjusted EBITDA was up 8% h-o-h from £12.1m in H224 to £13.1m**. It was however down 30% y-o-y, with H124 revenue still elevated. It is worth highlighting that CAB **processed 20% more payment transactions on the same cost base, demonstrating evidence of operating leverage**.
- In H125, non-underlying items (mostly one-off) totalled £4.2m, and included £2.5m of redundancy costs and £1.1m of dual running, recruitment and settlement agreements. This compared to the FY24 total of £3.7m - largely related to staff redundancy costs, dual running costs (largely offices and dual c-suite during management transition), recruitment and settlement agreements, and due diligence costs related to the bid made for the company by Stone-X (which was not pursued to completion).
- Depreciation and amortisation expense was up from £4.8m in H224 to £5.2m, driven mostly by amortisation of the large capex spend in FY24.
- PBT fell h-o-h from £3.7m to £3.1m, mostly due to the larger non-underlying items. Basic EPS fell h-o-h from 1.5p to 0.9p.
- **Profits are expected to continue to recover in FY25 and beyond, with significant operating leverage potential as the business returns to growth and scales.**

Source: Company, ED

Half-yearly income statements (simplified) £m

Income	H124	H224	H125
FX	21.7	17.3	17.7
Payments	15.6	13.9	13.8
Banking	18.7	19.2	20.4
Total Income	56.0	50.4	51.8
Income growth H125 over H124			-7.5%
Income growth H125 over H224			2.8%
Staff costs	-23.0	-22.7	-22.7
Other operating costs	-14.6	-15.9	-16.0
	0.4	0.2	0.1
Total operating costs	-37.2	-38.6	-38.7
Cost growth H125 over H124			3.8%
Cost growth H125 over H224			0.9%
Adjusted EBITDA	18.7	12.1	13.1
Adj. EBITDA growth H125 over H124			-30.0%
Adj. EBITDA growth H125 over H224			8.3%
Adjusted EBITDA margin	33.4%	28.9%	25.3%
Non-underlying items	-1.0	-2.7	-4.2
EBITDA	17.7	9.3	8.9
Depreciation & Amortisation	-3.8	-4.8	-5.2
Interest on lease liabilities	-0.2	-0.7	-0.7
Profit before tax	13.7	3.9	3.1
Tax	-3.4	0.0	-0.8
Profit after tax	10.3	3.9	2.3
Basic EPS, p	4.0	1.5	0.9

Source: Company. Totals may not tally exactly due to rounding.

Forecasts used for fundamental valuation

Key assumptions

We value CAB using a DCF methodology (details overleaf), which is underpinned by a 5-year growth forecast detailed on the right. This forecast assumes:

- CAB returns to growth in FY25, with key drivers being:
 - A pick-up in new clients added, as a result of:
 - An up-skilled sales team with new leadership
 - An increase in 'in-market' sales efforts in the EU and New York, enabled by the relatively new licenses, followed by Abu Dhabi when that license is granted.
 - CAB's new product offerings help to attract clients, such as: deposit guarantee facility (already available), trade finance capacity (unlocked with first sale of an existing trade finance book), 'last mile' payments capabilities (already in place with over 50 clients), and an FX derivatives offering (about to go live).
 - Over time, an increase in revenue per client (mainly driven by product offerings above).
 - Over time, market-driven volume growth is associated with CAB's core, high-growth, emerging markets.
- CAB keeps operational costs under control following its rationalisation and substantial capex investments. It should capture operating leverage (although our forecasted adj. EBITDA margin still does not reach FY22 levels, even in five years' time – which we believe is conservative).
- There is no new 'Capex wall' within this 5Y scale-up period.
- **H125 results and management's outlook suggest that CAB is on track to meet our FY25 forecast.**

Source: Company

Summary 5Y forecasts used for valuation, £m

Income Statement	FY24 A	FY25E	FY26E	FY27E	FY28E	FY29E
FX	39.0	44.9	50.0	56.7	64.4	69.8
Payments	29.5	30.5	34.1	38.7	44.1	48.6
Banking	37.9	37.2	39.2	41.8	47.9	53.6
Total Income	106.4	112.6	123.3	137.3	156.3	172.0
Staff costs	-45.6	-45.8	-48.3	-51.1	-54.5	-57.5
Other operating costs	-30.1	-33.9	-35.6	-37.7	-40.1	-42.3
Total operating costs	-75.7	-79.6	-83.9	-88.9	-94.6	-99.8
Adjusted EBITDA	30.8	32.9	39.4	48.4	61.7	72.2
Adjusted EBITDA margin	28.9%	29.2%	32.0%	35.3%	39.5%	42.0%
Adjusting items	-3.7	-5.0	-1.5	-1.0	-0.5	-0.5
EBITDA	27.0	27.9	37.9	47.4	61.2	71.7
Depreciation & Amortisation	-8.5	-11.2	-11.3	-11.6	-11.9	-12.3
Interest on lease liabilities	-0.9	-1.8	-1.8	-1.8	-1.8	-1.8
Profit before tax	17.6	15.0	24.8	34.0	47.5	57.7
Tax	-3.4	-3.7	-6.2	-8.5	-11.9	-14.4
Profit after tax	14.2	11.2	18.6	25.5	35.7	43.2
Basic EPS, p	5.6	4.4	7.2	9.8	13.5	16.2

Source: Company, ED forecasts. *Including internal management buffer

Fundamental valuation (DCF methodology) remains 90p / share

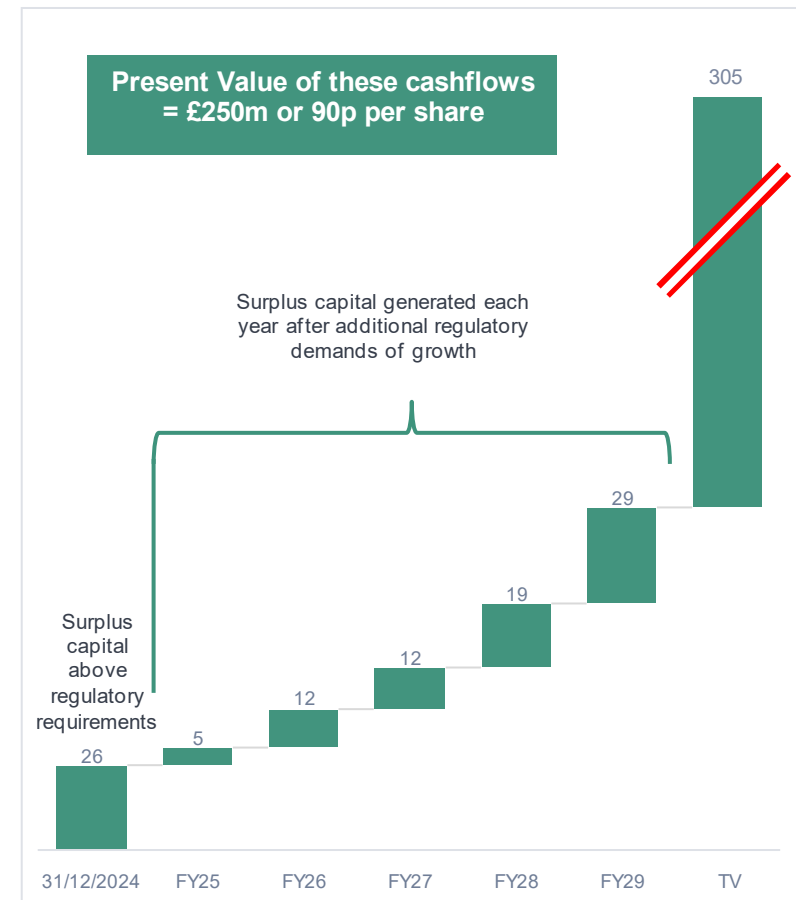
Underlying assumptions of DCF valuation

Our DCF model is based on calculating the present value of the forecast future free cash flows available to equity holders (taking into account the regulatory capital demands of growth).

Although CAB does not currently pay a dividend, this methodology could be thought of as the present value of dividends which **could** be distributed, after setting aside sufficient regulatory capital, including all buffers etc. The methodology involves:

- Starting with CAB's current surplus capital, which is the total equity capital required at the end of 2024, considering all regulatory requirements including buffers (but not management's internal capital buffer of £15.1m which is not mandatory). This could be thought of as a 'current net cash'.
- For each year thereafter, we approximate net cash generated and available to shareholders as net earnings less the increase in total regulatory capital required.
- For the DCF's terminal value, we assume a perpetual growth rate of 5% (equivalent to the business being sold in year 5 at a PE Ratio of c.7.5x).
- We discount these cash flows at a rate 15%, noting that CAB's beta of c. 1.9 may be temporarily inflated due to the short time it has been listed and by the large movements in stock price over the last two years). This inflates the discount rate and reduces fundamental value. We will monitor the appropriateness of this beta value and amend as necessary in future notes.
- **This methodology produces a per share fundamental value of 90p, more than double the current share price.**

Surplus cash available to equity holders, £m



Source: Company historic data, ED forecasts and analysis

Valuation ratios in line with banks that have lower growth prospects and are more ‘capital-hungry’

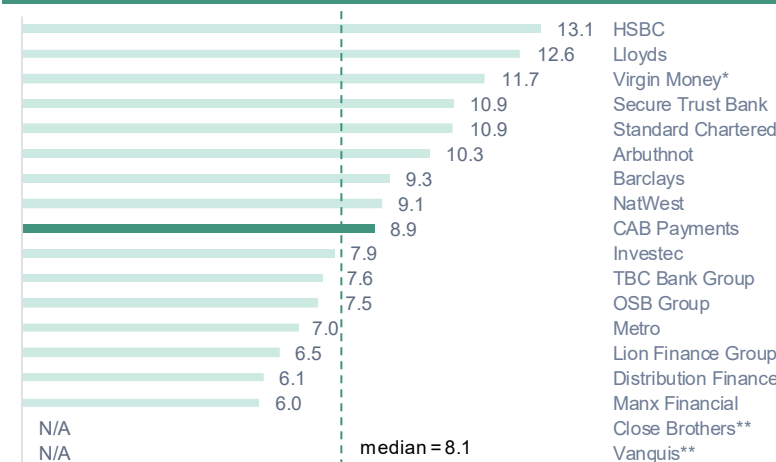
PER at sector median, but growth prospects higher than many peers

- While 2024 was clearly a disappointing year for CAB, resulting in a large share price and PER fall, we certainly see the new management team as having gone a long way to stabilising the business, and to positioning it to grow strongly.
- **These growth prospects are huge and far exceed those of most other UK-listed banks.**
- **Once CAB does return to consistent growth, and investors re-gain confidence in CAB’s ability to capture its opportunity, we believe its PER is likely to re-rate to reflect these prospects - and should command a substantial premium over these comparator banks.**

Price-to-book at sector median, but less capital-hungry than many peers

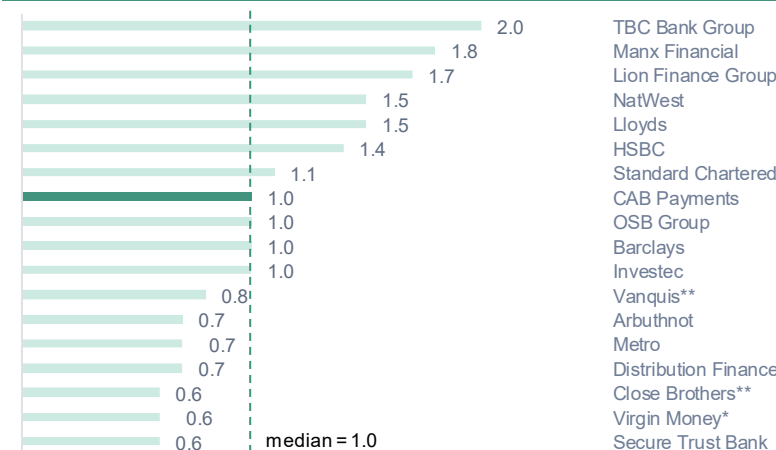
- We stress that **CAB is not a particularly ‘capital-hungry’ bank**. It does not source depositors’ funds to ‘lend-on’ in order to build a large lending book (which is a primary driver of banks’ regulatory capital requirements).
- As such, we would expect it to **trade at a substantially higher price-to-book ratio compared to other UK banks**. But it only trades at the sector-median price-tangible-book-value, again suggesting potential for a re-rating.

PE Ratios UK-listed banks (last 12 months)



Source: Koyfin, 12 Aug 25. *De-listed in Oct 24. **Statutory loss last 12 months

Price to Tangible-Book-Value UK-listed banks



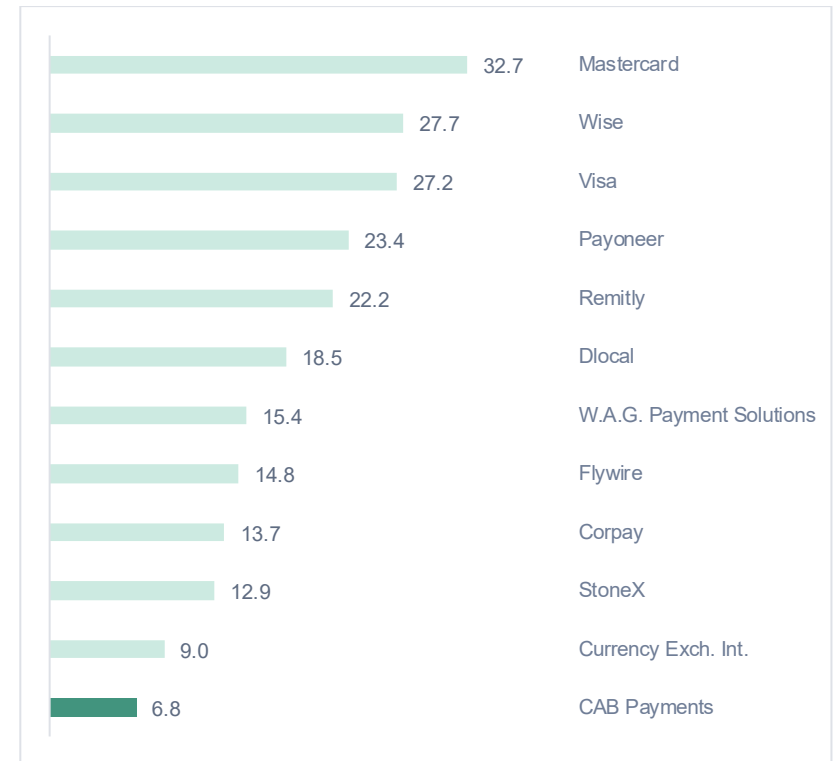
Source: Koyfin, 12 Aug 25. *De-listed in Oct 24. **Statutory loss last 12 months

Other FX payments companies are priced for strong growth

No direct comparators, but growth is clearly expected

- While there are no directly comparable companies to CAB to in the FX & Payments space, there are a group which have overlaps with CAB and are exposed to similar market trends.
- We do not suggest that CAB is likely to re-rate to the PER levels of these companies as business models, scale, stage of development, and listing venues (amongst other factors) are all different.
- But we do highlight that **these PERs certainly suggest that strong growth is expected in the FX and payments space**, and that headroom exists for CAB's PER to move substantially higher. Note that the chart shows forward PE Ratios which is a more useful metric than historical PERs given that some of these companies are relatively early-stage in their development and in a high-growth phase.
- This scope for a re-rating is consistent with our comments when comparing CAB's valuation to UK banks, and consistent with CABs share price being far below our fundamental valuation.

PE Ratios (next twelve months), FX & Payments specialists



Source: Koyfin, 12 Aug 25, ED (for CAB PE Ratio)

Appendix 1: Summary financials

Income statement							
Year to 31 Dec (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
Total Income	109.4	137.1	56.0	106.4	51.8	112.6	123.3
Operating expenses	(54.5)	(72.4)	(37.3)	(75.7)	(38.8)	(79.6)	(83.9)
-staff costs	(35.8)	(45.6)	(23.0)	(45.6)	(22.7)	(45.8)	(48.3)
-other operating expenses (before adjusting items)	(18.6)	(26.8)	(14.3)	(30.1)	(16.1)	(33.9)	(35.6)
Adjusted EBITDA	55.0	64.6	18.7	30.8	13.1	32.9	39.4
Adjusting items (mostly non-recurring expenses)	(5.3)	(21.1)	(1.0)	(3.7)	(4.2)	(5.0)	(1.5)
EBITDA	49.7	43.5	17.7	27.0	8.9	27.9	37.9
Depreciation and Amortisation	(5.7)	(5.9)	(3.8)	(8.5)	(5.2)	(11.2)	(11.3)
IFRS profit before tax	43.9	37.6	13.7	17.6	3.1	15.0	24.8
Tax	(10.5)	(13.7)	(3.4)	(3.4)	(0.8)	(3.7)	(6.2)
IFRS profit after tax	33.4	23.7	10.3	14.2	2.3	11.2	18.6
Profit for the year attributable to:			-	-	-	-	-
-owners of the parent	31.0	22.7	10.3	14.2	2.3	11.2	18.6
-non-controlling interests	2.4	1.0	-	-	-	-	-
Basic EPS, p	14.0	9.6	4.0	5.6	0.9	4.4	7.2
Diluted EPS, p	14.0	9.6	4.0	5.6	0.9	4.4	7.2

Source: Company data, Equity Development

Balance sheet							
Year to 31 Dec (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
Assets							
Cash & balances at central banks	607.4	529.8	499.7	584.7	433.1	660.2	760.8
Money market funds	209.5	518.8	390.1	488.2	301.0	551.2	635.3
Loans and advances on demand to banks	90.2	135.2	130.7	185.6	129.8	209.5	241.5
Other loans and advances to banks	85.5	136.1	198.3	180.1	203.5	199.9	225.9
Loans and advances to customers	12.4	8.2	8.3	32.6	29.0	36.2	40.9
Investment in debt securities	414.1	353.0	317.0	246.0	418.0	246.0	246.0
Derivative financial assets	6.6	3.8	4.1	4.9	1.1	4.9	4.9
Unsettled transactions	16.1	8.4	29.1	10.9	24.9	10.9	10.9
Accrued income	0.9	1.2	1.8	0.9	1.3	0.9	0.9
Investment in equity securities	0.5	0.5	0.6	0.6	0.7	0.6	0.6
Other assets	16.4	11.2	19.1	19.3	21.6	19.3	19.3
PPE	1.6	1.2	3.0	2.8	2.5	2.8	2.9
Right of use assets	1.1	0.7	17.7	17.8	16.7	14.8	12.3
Intangible assets	21.9	24.3	28.3	30.6	30.2	33.6	36.3
Assets classified as held for sale	1.4	-	-	-	-	-	-
TOTAL ASSETS	1,485.4	1,732.5	1,647.8	1,804.8	1,613.4	1,990.8	2,238.4
Liabilities							
Client accounts	1,305.6	1,542.9	1,446.0	1,585.0	1,387.1	1,759.4	1,988.1
Derivative financial liabilities	4.5	9.7	1.3	0.5	3.4	0.5	0.5
Lease liabilities	1.3	0.9	17.1	18.1	18.5	17.4	16.8
Unsettled transactions	25.8	20.1	16.0	35.2	32.0	35.2	35.2
Accruals	19.4	18.4	11.9	10.4	6.5	10.4	10.4
Deferred tax liability	0.3	0.7	2.8	1.2	1.9	1.2	1.2
Provisions	0.1	0.2	1.4	1.9	2.0	1.9	1.9
Other liabilities	11.5	8.1	9.3	6.0	12.6	6.0	6.0
Liabilities classified as held for sale	1.0	-	-	-	-	-	-
TOTAL LIABILITIES	1,369.5	1,601.0	1,505.7	1,658.3	1,463.9	1,832.0	2,060.0
Equity							
Called up share capital	68.0	0.1	0.1	0.1	0.1	0.1	0.1
Treasury shares reserve	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Retained earnings	40.2	131.5	142.3	146.7	149.7	158.9	178.6
Investment revaluation reserve	0.1	0.1	(0.2)	0.1	0.2	0.1	0.1
Foreign currency translations reserve	(0.0)	(0.1)	0.1	(0.1)	(0.3)	(0.1)	(0.1)
Other reserves	-	-	-	-	-	-	-
SHAREHOLDERS' FUNDS	108.3	131.5	142.1	146.6	149.5	158.8	178.4
Non-controlling interests	7.7	-	-	-	-	-	-
TOTAL LIABILITIES + EQUITY	1,485.4	1,732.5	1,647.8	1,804.8	1,613.4	1,990.8	2,238.4

Source: Company data, Equity Development

Cash flow statement (page 1 of 2)

Year to 31 Dec (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
Operating activities							
Profit/(loss) before taxation							
Continuing operations	43.9	37.6	13.7	17.6	3.1	15.0	24.8
Discontinued operations	(0.1)	(0.2)	-	-	-	-	-
Adjusted for non-cash items:	-	-	-	-	-	-	-
Effect of currency exchange rate change	53.3	(15.0)	(7.9)	(1.2)	(37.1)	-	-
Effect of other mark to market revaluations	(0.0)	(0.1)	0.0	(0.0)	(0.1)	-	-
Amortisation	4.6	4.6	2.8	6.2	3.8	6.8	7.5
Depreciation	-	-	-	-	-	-	-
– Right of use of assets	0.3	0.4	0.5	1.6	1.0	3.0	2.5
– Property, plant and equipment	0.8	0.8	0.4	0.8	0.3	1.4	1.4
Share-based payment charge	0.8	1.4	0.5	1.0	0.7	1.0	1.1
Effective interest rates	-	-	-	(0.1)	-	-	-
(Profit)/loss on write-off of:	-	-	-	-	-	-	-
– Property, plant and equipment	0.0	0.0	-	0.1	-	-	-
– Right of use assets	-	-	-	(0.2)	-	-	-
– Intangible assets	-	0.3	-	-	-	-	-
Profit on disposal of discontinued operations	-	(0.1)	-	-	-	-	-
Interest accrued on lease liabilities	0.0	0.1	0.2	0.8	0.7	-	-
Other non-cash expenses	1.6	1.0	-	-	-	-	-
Impairment of assets					0.1		
Intangible assets accrued					(0.4)		
Dividend received from subsidiary	-	-	-	-	-	-	-
	105.4	30.9	10.3	26.5	(27.8)	27.1	37.1
Changes in working capital:							
Net (incr.)/decr. loans & advances to banks other than on demand	4.9	(52.9)	(61.1)	(44.3)	(32.9)	19.8)	(26.0)
Net incr. in customer accounts	(14.0)	294.3	(95.2)	27.6	(98.2)	174.4	228.7
Net (incr.)/decr. in investment in debt securities	(324.3)	41.4	36.3	107.6	(181.0)	-	-
Net (incr.)/decr. other loans & advances to non-banks	(12.4)	4.2	0.1	(24.0)	3.7	(3.6)	(4.7)
Net (incr.)/decr. in unsettled transactions	(5.6)	2.0	(24.7)	12.6	(17.2)	-	-
Net (incr.)/decr. in other assets	(7.8)	4.8	(7.9)	0.2	(2.4)	-	-
Net incr./decr. in other liabilities	9.3	(0.2)	8.9	(1.7)	9.4	-	-
Net decr. in lease liabilities	-	-	(1.1)	-	-	-	-
Decr. in accrued income	0.3	0.5	(0.6)	0.3	(0.4)	-	-
Net decr. in accruals, provisions, and deferred tax	10.9	(1.9)	(3.2)	(8.0)	(3.9)	-	-
Cash generated/(outflow) from operating activities	233.4)	322.9	(138.3)	96.8	(350.7)	178.1	235.2
Tax paid	(9.6)	(14.1)	(11.3)	(11.8)	(2.9)	(3.7)	(6.2)
Payments for interest on lease liabilities	(0.0)	(0.1)	(0.2)	(0.0)	(0.0)	(0.1)	(0.1)
Net cash generated from operating activities	(243.0)	308.8	(149.9)	85.0	(353.7)	174.3	228.9

Source: Company data, Equity Development

Cash flow statement (page 2 of 2)

Year to 31 Dec (£m)	FY22A	FY23A	H124A	FY24A	H125A	FY25E	FY26E
Cash flow used in investing activities	-	-	-	-	-	-	-
Purchase of property, plant and equipment	(0.3)	(0.4)	(2.2)	(2.4)	(0.0)	(1.4)	(1.5)
Purchase of intangible assets	(4.5)	(7.0)	(6.8)	(12.5)	(3.2)	(9.8)	(10.2)
Refund/(purchase) of investments in subsidiary undertakings	-	(0.5)	-	0.0	-	-	-
(Purchase)/sale of equity investments	-	-	-	(0.1)	-	-	-
Proceeds from sale of investment in CAIM	-	2.1	-	-	-	-	-
Net cash used in investing activities	(4.9)	(5.8)	(9.0)	(15.0)	(3.2)	(11.2)	(11.7)
Cash flow used in financing activities	-	-	-	-	-	-	-
Capital injection from issue of shares	-	-	-	-	-	-	-
Repayment of principal portion of the lease liability	(0.3)	(0.5)	(0.3)	(0.3)	(0.1)	(0.6)	(0.6)
Proceeds from shares issued to non-controlling interests	-	1.0	-	-	-	-	-
Purchase of treasury shares	-	-	(0.2)	(0.2)	-	-	-
Dividends paid	-	(12.8)	-	-	-	-	-
Increase in overdraft accounts	-	-	0.2	-	-	-	-
Net cash used in financing activities	(0.3)	(12.3)	(0.3)	(0.5)	(0.1)	(0.6)	(0.6)
Net increase in cash and cash equivalents	248.2)	290.6	(159.3)	69.5	(356.9)	162.5	216.6
Cash and cash equivalents at the beginning of the year	,120.1	907.1	1,182.3	1,183.8	1,258.4	1,258.4	1,420.9
Effect of exchange rate changes on cash and cash equivalents	35.1	(13.9)	(2.6)	5.2	(37.6)	-	-
Cash and cash equivalents at the end of the year	907.1	1,183.8	1,020.5	1,258.4	863.9	1,420.9	1,637.5

Source: Company data, Equity Development

Appendix 2

West and Central African market dislocations and consequences explained

- In the period prior to the IPO in July 2023, CAB had a concentration of business involving Nigerian Naira (NGN) FX and payments. **In the three years to 31 Dec 22, NGN trades made up 23% of revenue on only 2% of transaction volume**, illustrating the very high margin for CAB.
- During that period, the 'official' NGN was pegged to the US\$ at an artificially low rate, only available through onshore banks. But supply of US\$ through these banks was severely restricted – Nigeria's forex reserves were depleted, a situation exacerbated by lower oil export revenue (lower demand and lower prices as a result of the economic effects of Covid-19). A significant 'parallel' NGN-hard currency market existed outside of the Nigerian banking system, with hard currencies priced significantly higher than the official peg. **CAB operated in compliance with the official onshore system** i.e. offering hard currencies at much lower prices than the parallel market. This allowed it to charge a very high margin (take-rate), as despite this, the exchange rate it offered was far better than the parallel market rate. Indeed, its IPO prospectus clearly stated: *"Country corridor concentration is opportunistic and driven by market conditions."*
- But in June 2023, Nigeria abandoned its NGN-US\$ peg and allowed free NGN trading. The exchange rate declined sharply (c40% within days, [according to reports](#)). CAB's margins on NGN trades fell sharply, as NGN traded at free-market levels, removing the scope for inflated margins.
- This possibility had been well flagged in CAB's IPO prospectus, although a corresponding pick-up in volumes was expected: *"As a result of the change in Naira trading policy ...the Directors expect Naira take rates to stabilise at pre-mid-2021 levels, but that volumes, notably in its major market bank and NBFIs customer segments, could increase as it becomes more economically efficient to send Naira-denominated flows (e.g. for corporate payments) into Nigeria."*
- But the reality was NGN margins and volumes declined. This coincided with deteriorating conditions in two other key markets, the Central African franc and West African franc (each making up c7% of revenue over the previous three years), following separate Central Bank interventions in those markets.
- **On 24 Oct 23, CAB issued a trading update flagging that FY23 revenue was expected to be 17% below previously issued guidance. The share price fell 72% that day to 60.8p. Credibility had been severely damaged.**
- **The board took swift action and recruited a new CEO, Neeraj Kapur**, who joined CAB in Feb 24 and took over the CEO role in Jun 24. In Sep 24, he announced a **change of strategy** to move the business forward on a basis that is **far less dependent on opportunistic market plays**. The C-suite underwent further changes with a **new CFO, COO and CRO recruited**. Other key executive appointments were made to align with the new strategy, including the recruitment of a new Head of Banking, Global Head of Sales and Global Head of Payments. A cost cutting exercise has seen headcount reduced by c20%.

Source: Company, ED research

Contacts

Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

andy@equitydevelopment.co.uk

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

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Contact: info@equitydevelopment.co.uk | 020 7065 2690