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30 June 2023

Record Financial Group

Annual Results presentation
YE 31 March 2023

Recordfg.com

Disclaimer

IMPORTANT INFORMATION

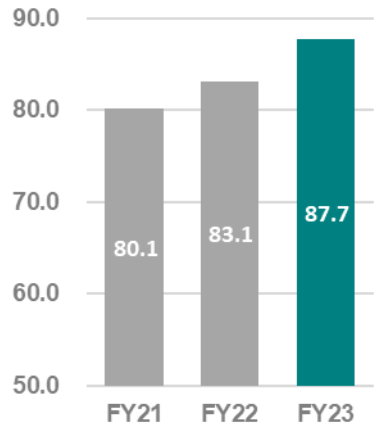
This document does not constitute an offer to sell or an invitation to buy shares in Record plc or any other invitation or inducement to engage in investment activities. Certain statements, beliefs and opinions in this document are forward-looking, which reflect the Company's current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The value of investments, and the income from them, may go down as well as up, and is not guaranteed. Past performance cannot be relied on as a guide to future performance. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this document.

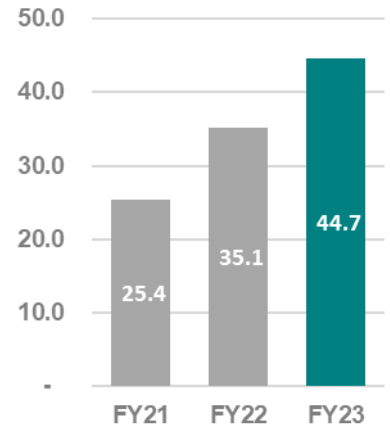
Financial headlines

- AUME $87.7bn (FY-22: $83.1bn) **+6%**
- Revenue £44.7m (FY-22: £35.1m) **+27%**
- Management fees £38.3m (FY-22: £34.1m) **+12%**
- Performance fees £5.8m (FY-22: £0.5m) **+£5.3m**
- Operating profit margin 32% (FY-22: 31%) **+1%**
- Pre-tax profit £14.6m (FY-22: £10.9m) **+34%**
- Basic EPS: 5.95p (FY-22: 4.52p) **+32%**
- Proposed final ordinary dividend of 2.45p per share **+36%**
- Total dividend of 5.18p per share **+15%**
- Total dividend pay-out ratio of 87% (FY-22: 100%)

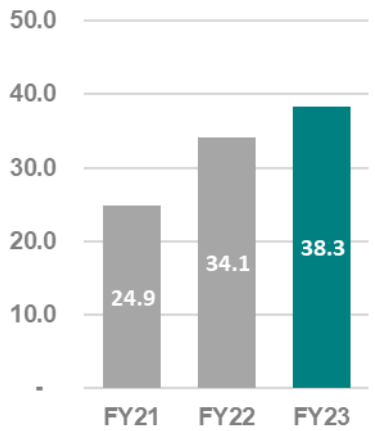
AUME ($bn)



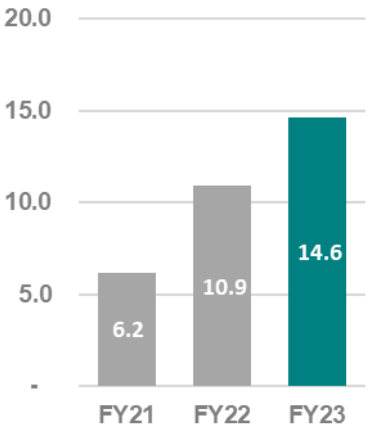
Revenue (£m)



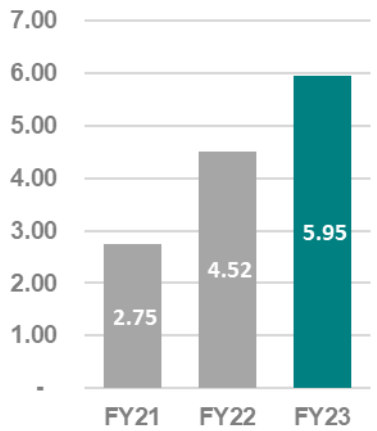
Management fees (£m)



Profit before tax (£m)



EPS (pence)



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Business strategy update

Products performance

Financial performance

Progress in Growth strategy

Modernisation, Diversification and Succession

Continue to build on strong foundations:

- Established reputation and expertise, cash generative and profitable business model, high quality institutional clients and longevity of client relationships
- Proven resilience and adaptability of business model through unprecedented market and social environment

Modernisation – technological progress

- Enhancement to client experience (Reporting suite)
- Improvements to operational efficiency and capability ("R-platform", Xceptor, MS Azure, MS Power BI)

Diversification – partnerships and products

- Regulatory approval of German subsidiary increases diversity of investment products and geographical reach
- New collaborative partnerships built with product experts and specialist providers
- Development of products and new fund launches (GP Stakes, Protected Equities, Infrastructure Fund, EMSF Fund)

Succession – appointments

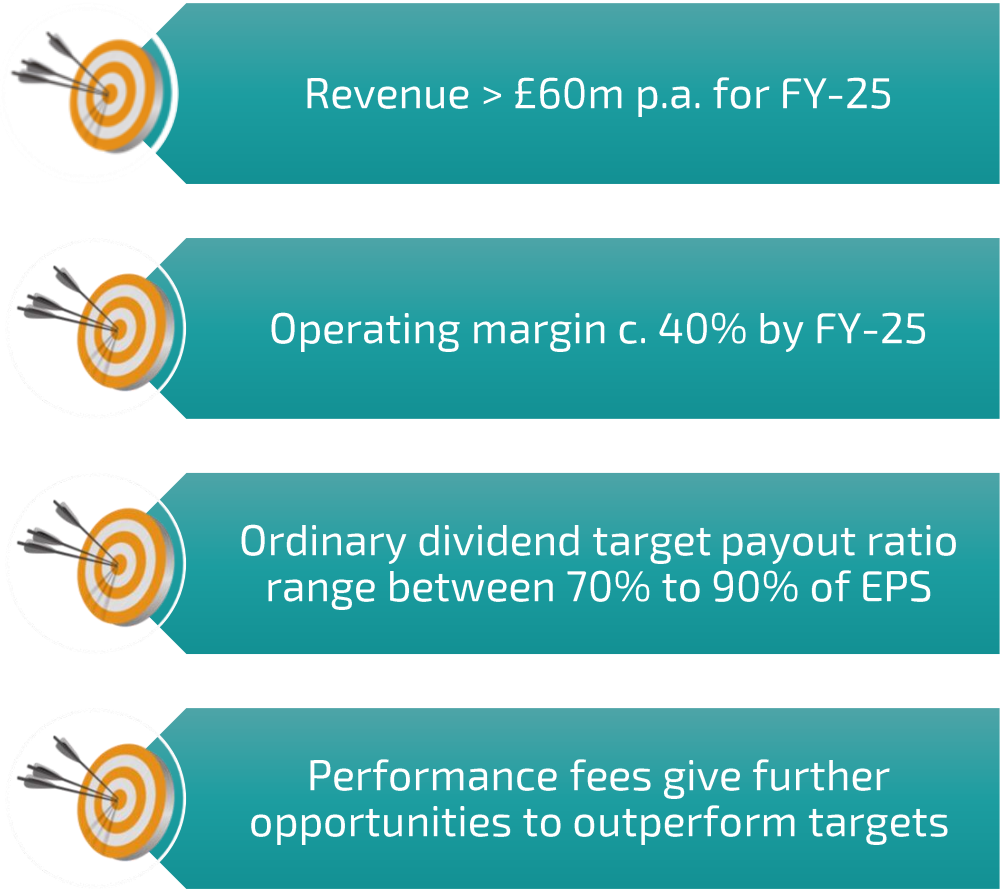
- Recognition and retention of future talent through appointment of subsidiary CEOs
- Announcing Chair-elect to replace Neil Record following his retirement at AGM in July 23 after 40 years

Growth drivers and progress in 3 year plan to modernise, diversify and grow

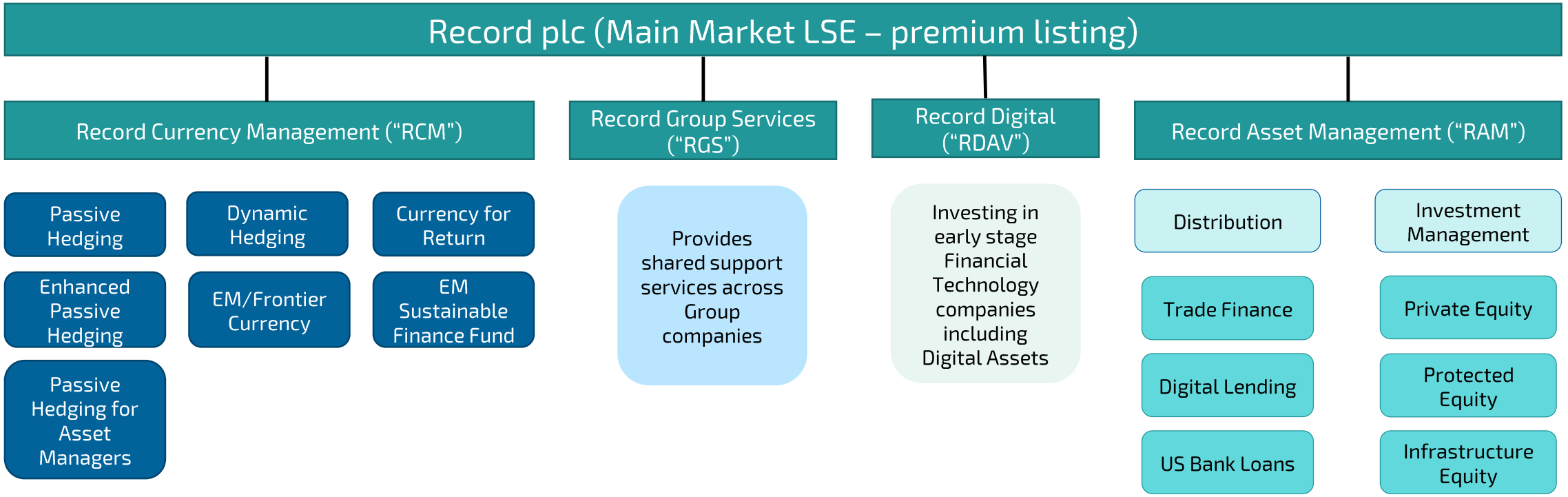
Record well-positioned to capitalise on growth drivers....

- FX manager to asset manager improving results (PBT: FY23 +34%)
- Growth in revenue achieved across broader product suite (Revenue FY23: +27%)
- Innovative, higher revenue-margin products to improve operating profit margin
- Broader expertise - recruitment of experienced hires (e.g. fixed income, frontier FX, structured products)
- BaFin licence and RAIF Lux fund structure - expansion across Europe with experienced partners
- Growth in pipeline of opportunities in both new and existing products
- Increase in performance fees linked to interest rate differentials: FY23: £5.8m (FY-22: £0.5m)

....to achieve attractive medium-term financial targets



Group Structure – Record Financial Group



Summary and outlook

- Making good progress with **Diversification, Modernisation and Succession** strategy
- Diversified AUME, **higher-margin products** and strong pipeline
- **Improved skillsets** including structuring, distribution and investment management added to currency and derivatives
- BaFin licence and new Luxembourg (RAIF) structure
- RDAV Lux fund launch
- **New partnerships** including AGL (US-based syndicated loan manager), CAZ Investments (US-based private equity firm) and VTeam (Asia's largest supply-chain finance platform)
- **Strong capital position** provides solid platform for continued value creation
- Board's confidence in future growth underpinned by 25% increase in FY-23 ordinary dividend under **progressive dividend policy**

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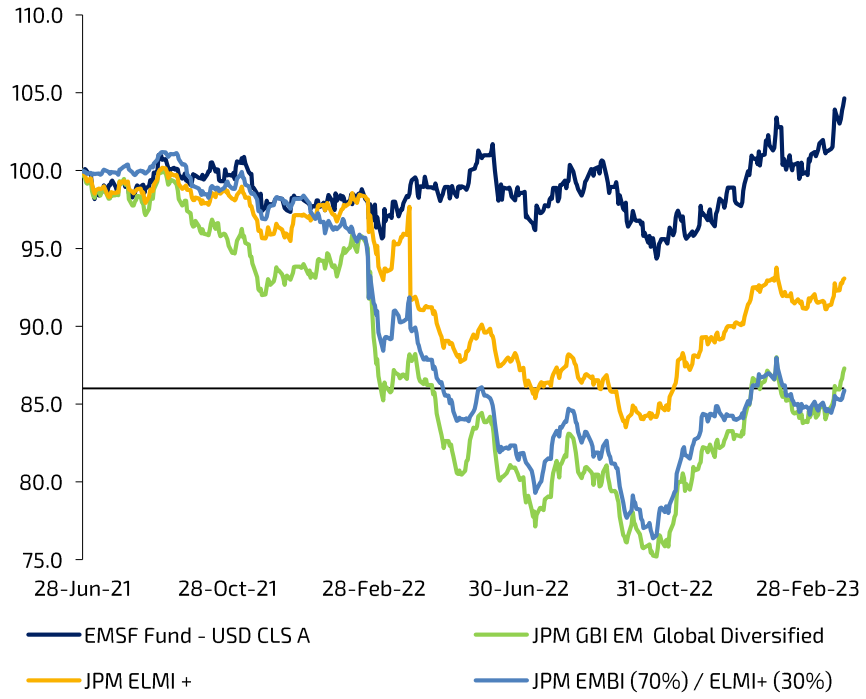
Business strategy update

Product performance

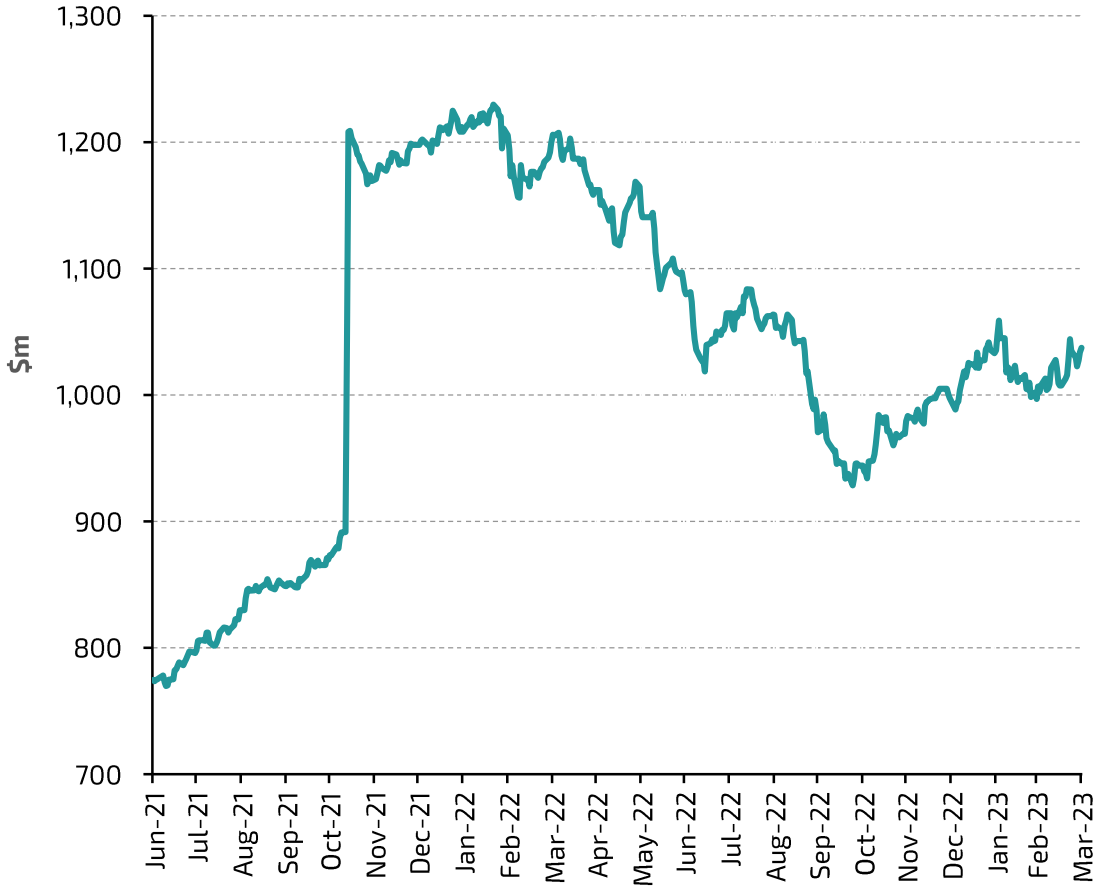
Financial performance

Record EM Sustainable Finance Fund (EMSF)

Record EM Sustainable Finance Fund
performance since inception (28 June 2021)



Record EM Sustainable Finance Fund
Total NAV ($m) since inception (28 June 2021)



Source: Record. Data as at 31 March 2023.

Emerging Market Sustainable Finance

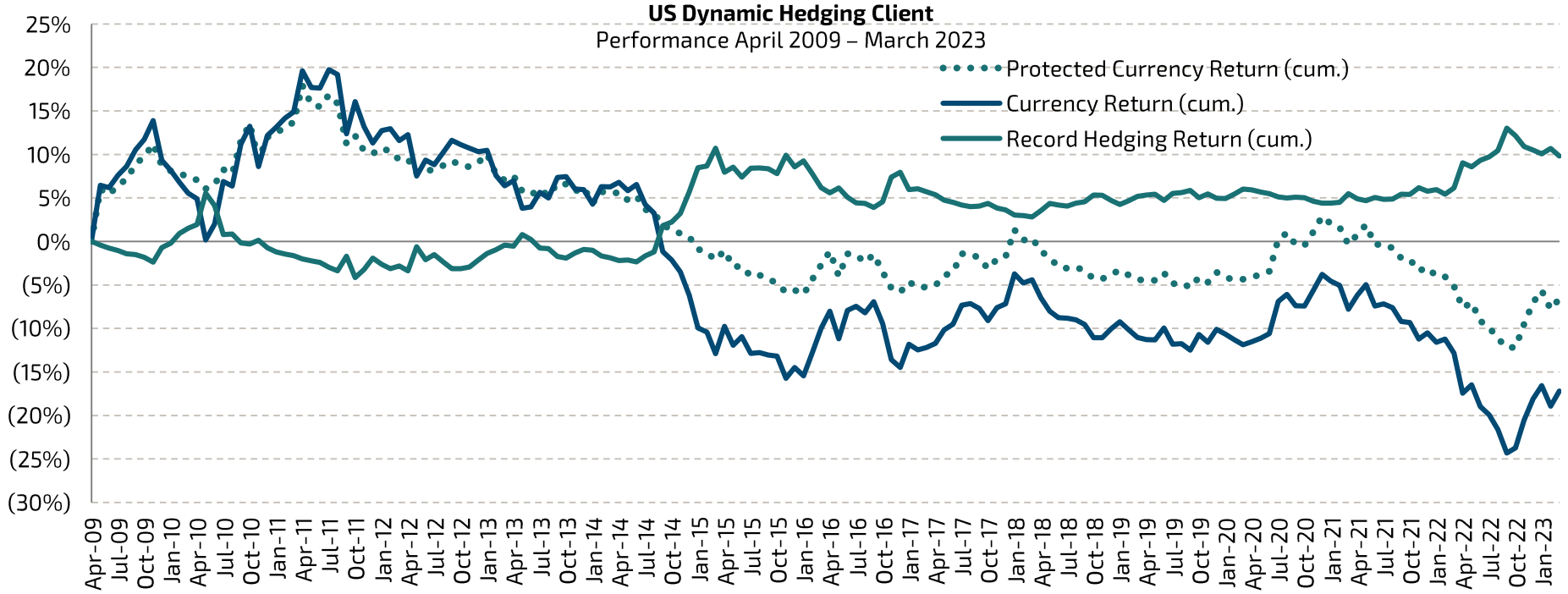
Record Emerging Market Sustainable Finance is an EM debt strategy which invests in currencies of emerging and frontier markets and in bonds issued by MDB's and sovereigns, within a well-diversified portfolio.

Value add for an institutional investor:

- Allows investors to achieve strong yield with significant outperformance achieved (vs benchmark) since inception of the strategy
- Operates as an impact strategy, aiming to deliver positive social, environmental and development outcomes for local communities
- Diversified global exposure to growing pool of 40+ Emerging and Frontier currencies
- Strategy demonstrates locally sourced credit exposure is an unrewarded risk
- FX exposure is to offshore, highly rated banks
- Fixed income exposure is to offshore AAA rated entities
- Strategy removes categories of onshore credit and convertibility risks

US Dynamic Hedging client

Performance

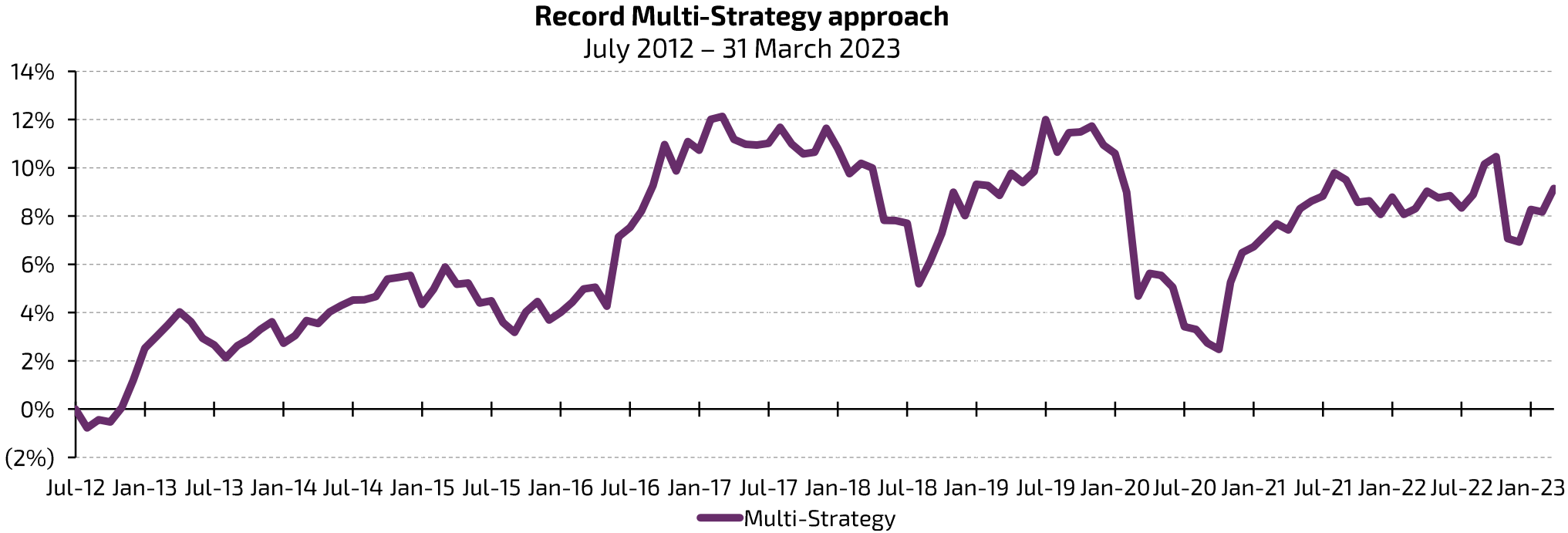


As at March 2023	Protected Currency Return	Currency Return	Record Hedging Return
Inception to date (cum.)	(6.57%)	(17.20%)	9.81%
Inception to date (ann.)	(0.49%) p.a.	(1.35%) p.a.	0.67% p.a.

Source: Record Currency Management and WM/Reuters. Protected currency return is calculated as the weighted average currency return plus the contribution from hedging. Performance has been re-scaled to a 0%-100% dynamic range. Data is cumulative from 30 April 2009 to 31 March 2023.

Multi-Strategy

Performance



As at March 2023	Multi-Strategy
Returns (cum.)	9.14%
Returns (ann.)	0.82% p.a.
Volatility	3.16% p.a.

Source: Record Currency Management and Bloomberg. The performance of the multi-strategy is based on a combination of live and third party index returns for the individual strands from 31 Jul 2012 to 30 Sep 2016. Thereafter, performance is based on live composite returns. Performance has been scaled to a 4% target volatility and is presented in USD.

Enhanced Passive Hedging

- Reduce cost of hedging through flexibility in implementation, without varying hedge ratio

- Two key areas
  - Direct costs of maintaining hedge
  - Embedded interest rate differential

- Episodic nature of opportunities means higher level of discretionary oversight required

- Total value added relative to a fixed-tenor benchmark for an enhanced Passive Hedging programme for a representative account

	Return for year to 31 March 2023	Return since inception p.a.
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	0. 18%	0.10%

Source: Record Currency Management. Data from October 2014 to March 2023. Live track record based on a fixed-tenor costed benchmark.

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Business strategy update

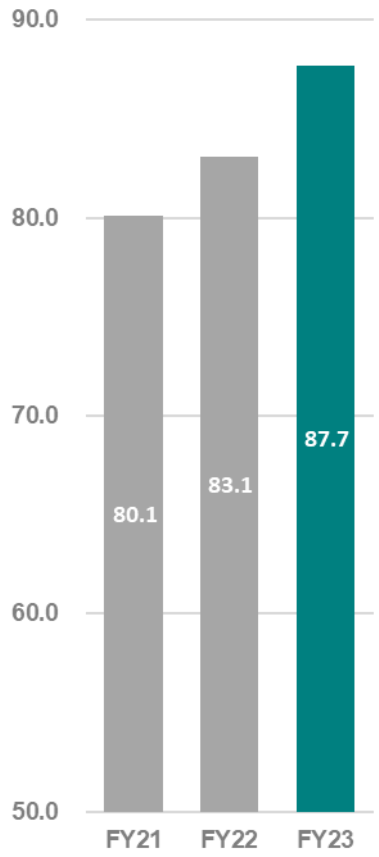
Product performance

Financial performance

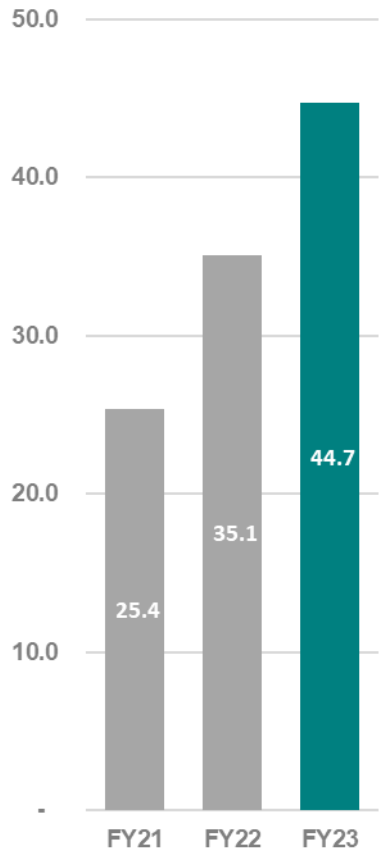
Financials

KPIs

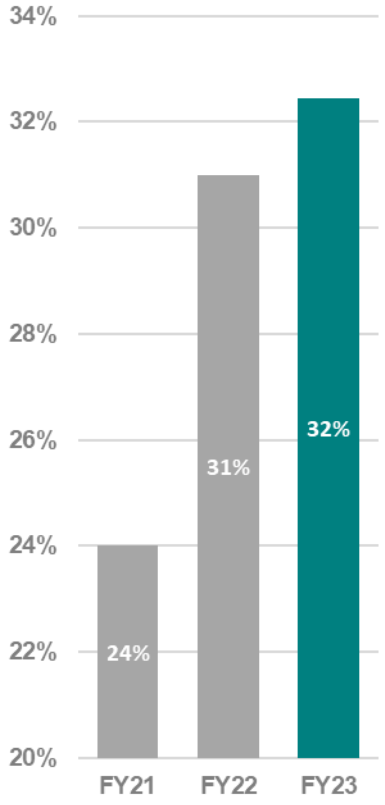
AUME ($bn)



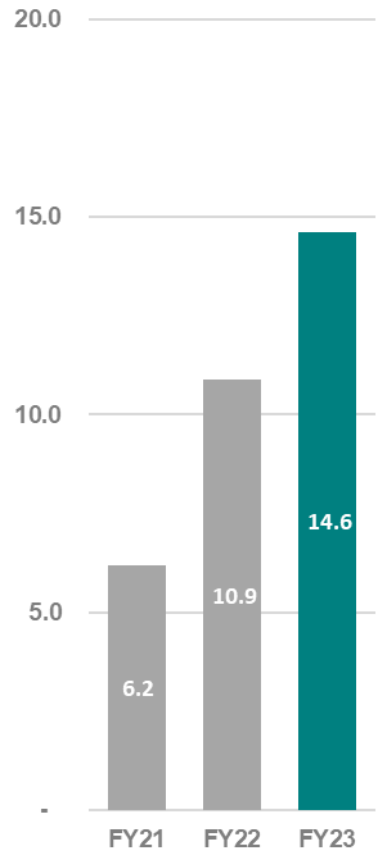
Revenue (£m)



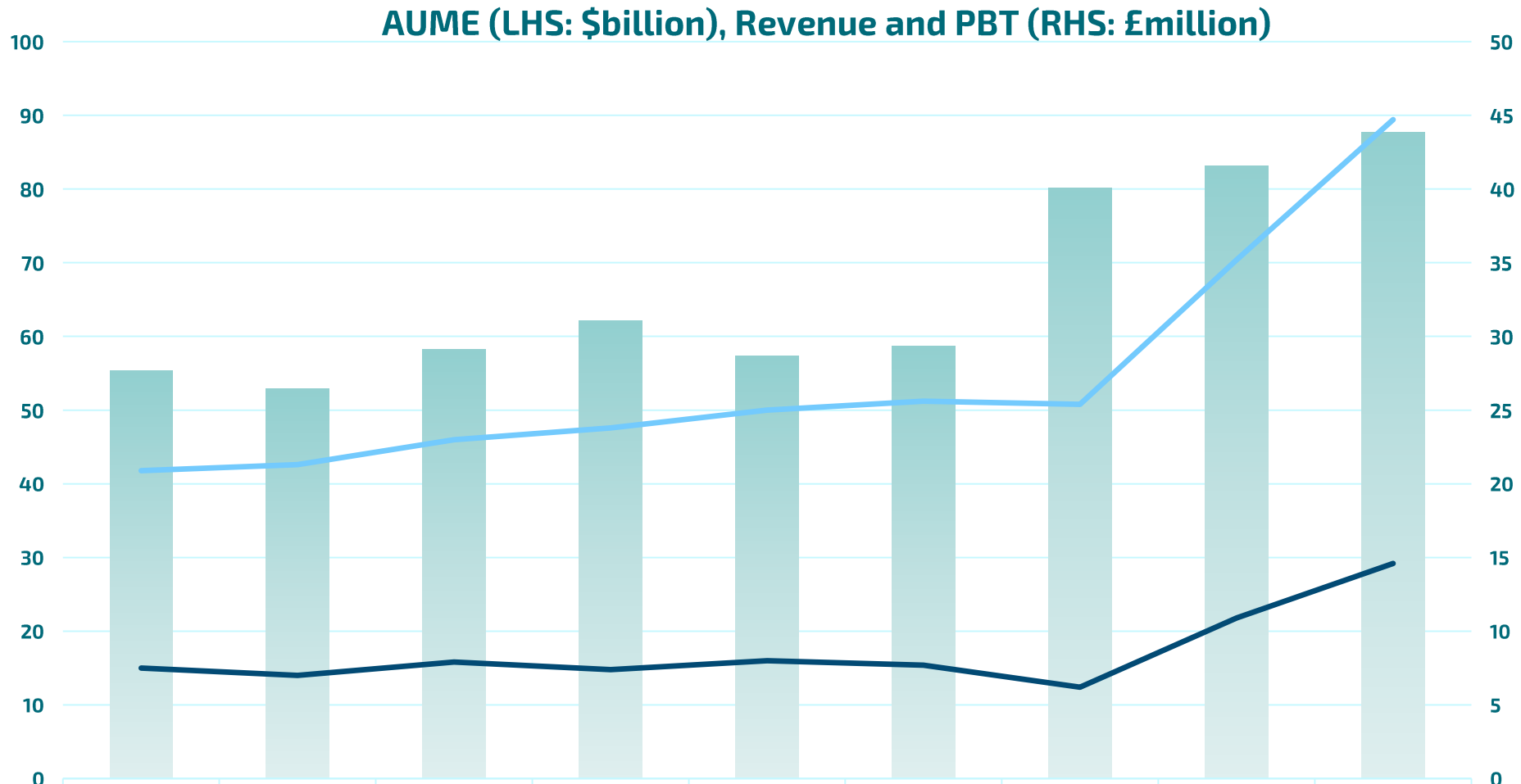
Operating margin



Profit before tax (£m)



AUME and Financials - recap



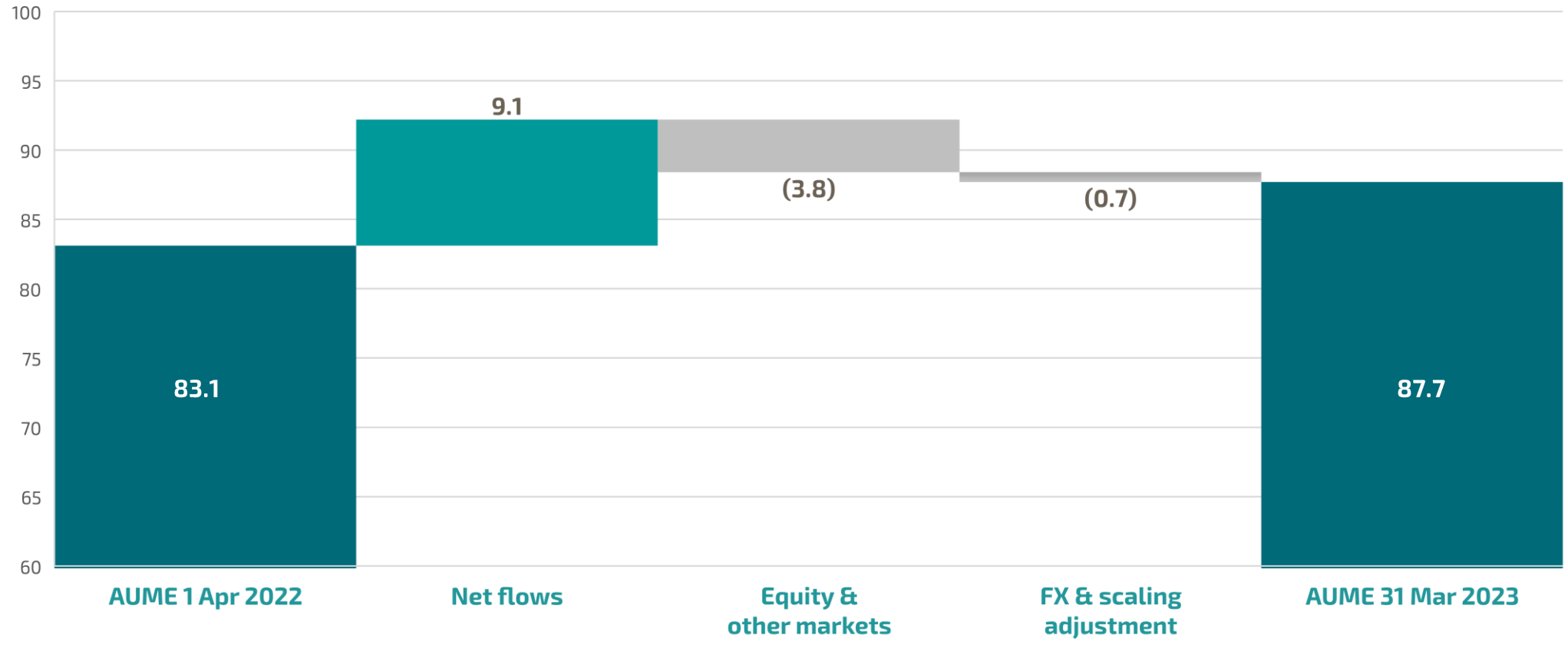
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
AUMe US$	55.4	52.9	58.2	62.2	57.3	58.7	80.1	83.1	87.7
Revenue	20.9	21.3	23.0	23.8	25.0	25.6	25.4	35.2	44.7
PBT	7.5	7.0	7.9	7.4	8.0	7.7	6.2	10.9	14.6

"FY" denotes financial year ended 31 March

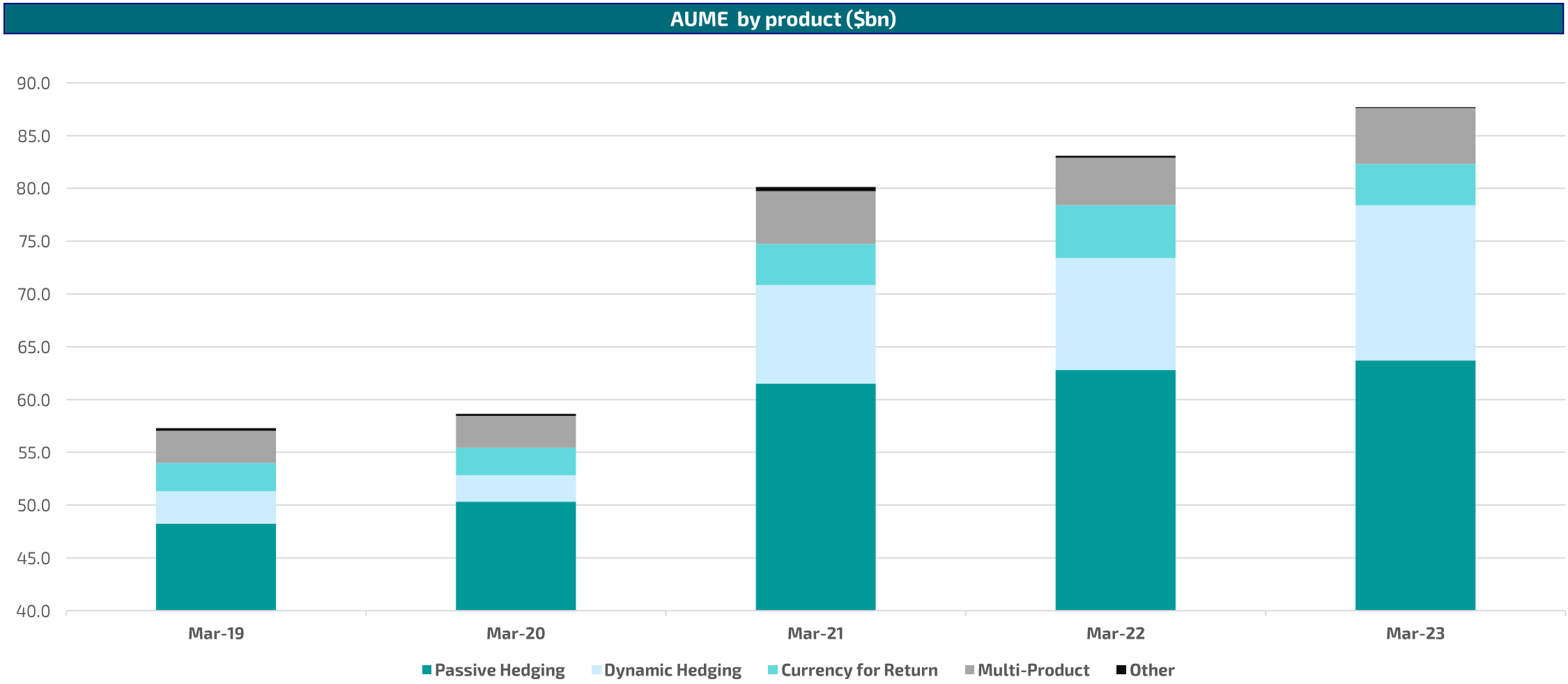
Financials

AUME movement

AUME bridge for the year ended 31 March 2023 ($bn)



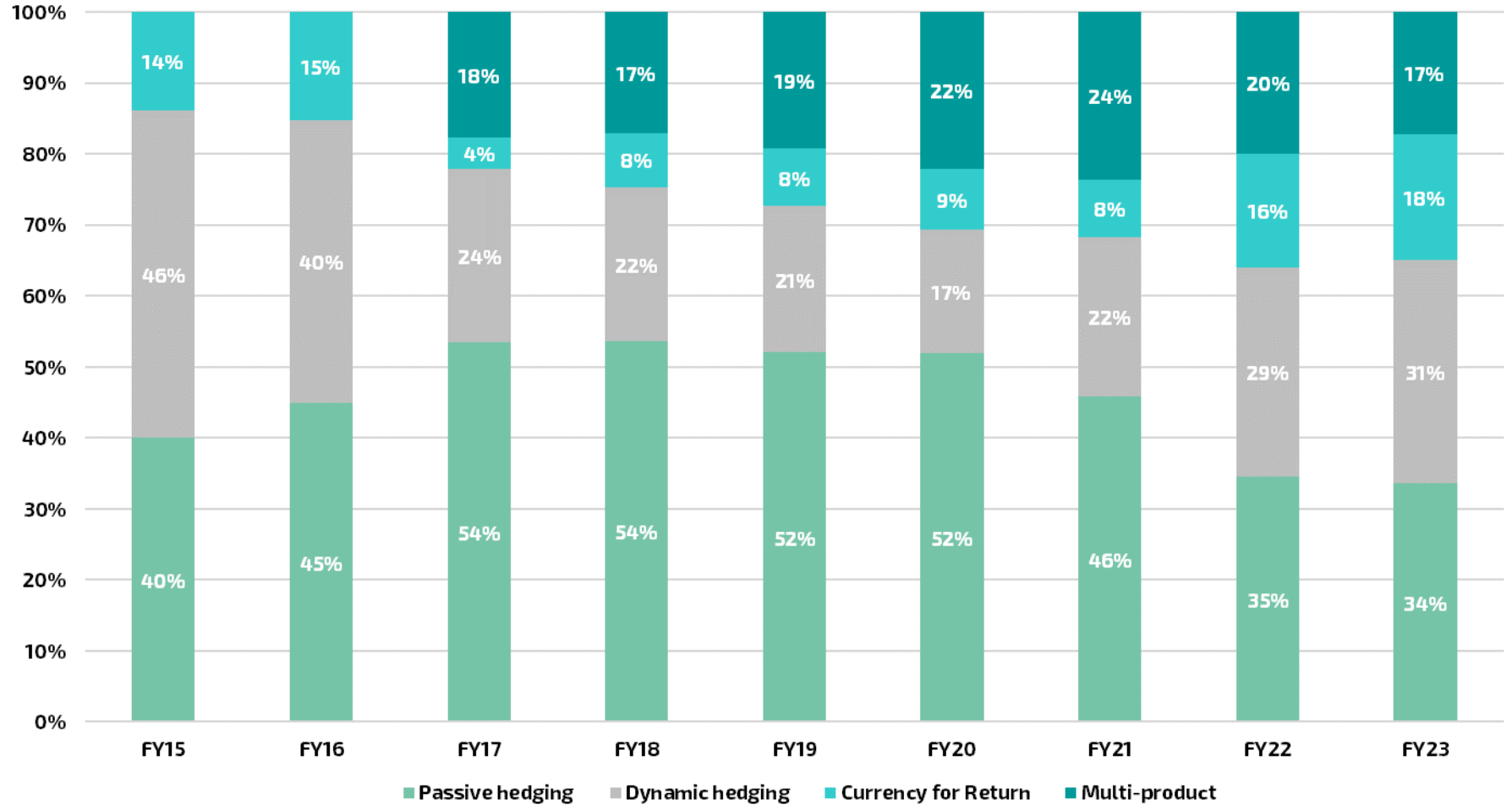
AUME evolution



Source: Record Currency Management Limited. Note: AUME data are as at 31 March. AUME expresses the total notional exposure of Passive Hedging and Currency for Return products, and the maximum hedgeable exposure of Dynamic Hedging products. Multi-product and other AUME reflects the agreed chargeable mandate size per client

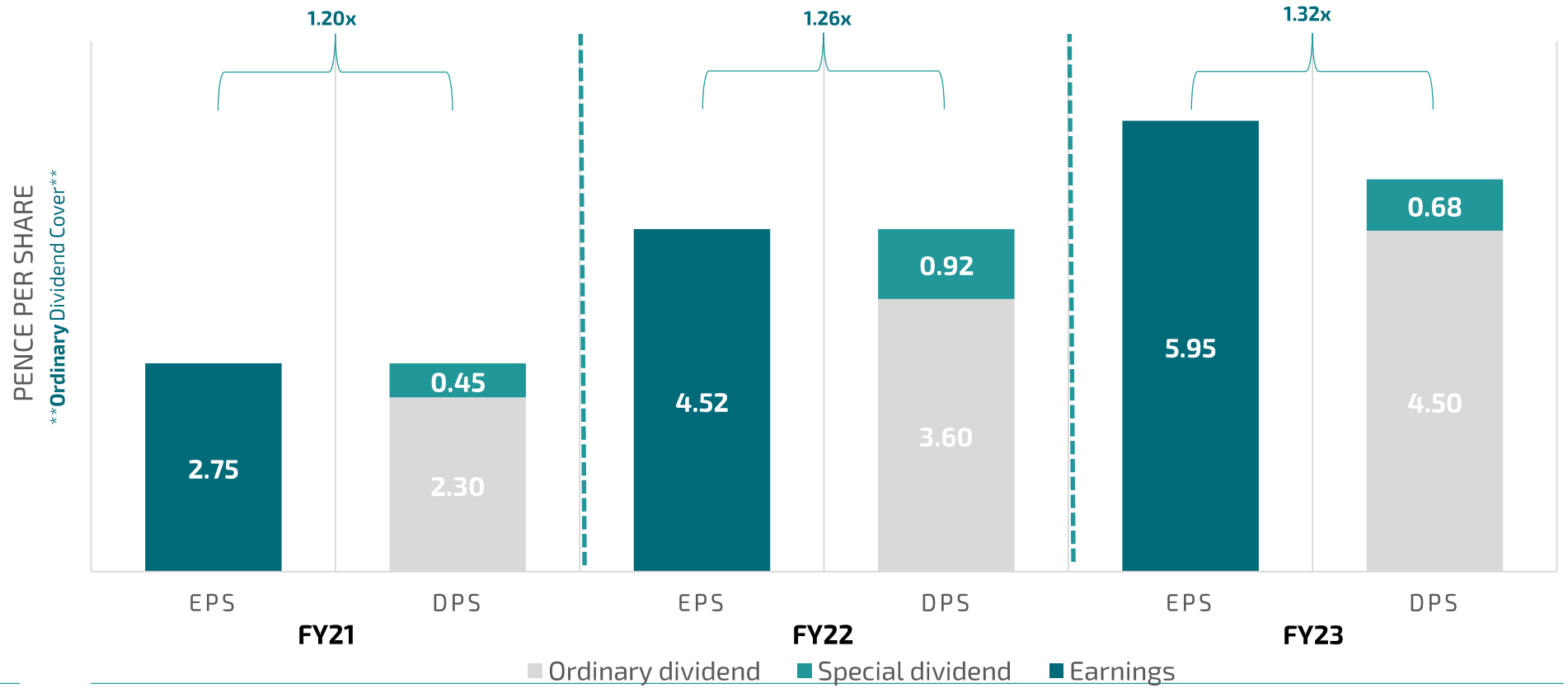
Financials

Management fee analysis – change in revenue mix



EPS and Dividend policy

- **EPS**: three year annual compound growth of **22.2%** per annum
- **Dividends** (ordinary): three year annual compound growth of **25.1%** per annum
- **Dividends:** strong and consistent history of dividend payments, including special dividends
- **Dividend policy**: targets progressive and sustainable dividend growth in line with trend in profitability
- **Dividend policy :** targets annual ordinary pay-out ratio between **70% - 90%** of EPS



Financials

Income statement

	FY21 £m	FY22 £m	FY23 £m
Management fees	24.9	34.1	38.3
Performance fees	0.1	0.5	5.8
Other currency services income	0.4	0.5	0.6
Total revenue	**25.4**	**35.1**	**44.7**
Cost of sales	(0.4)	(0.2)	-
Gross profit	**25.0**	**34.9**	**44.7**
Administrative expenses	(18.9)	(23.7)	(29.9)
Other income and expenditure	-	(0.4)	(0.3)
Operating profit	**6.1**	**10.8**	**14.5**
Operating Profit Margin	**24%**	**31%**	**32%**
Net finance income	0.1	0.1	0.1
Profit before tax	**6.2**	**10.9**	**14.6**
Taxation	(0.8)	(2.3)	(3.3)
Profit after tax	**5.4**	**8.6**	**11.3**

Financials

Cost analysis

	FY-22 £m	FY-23 £m
Personnel (excluding Group Bonus)	10.8	12.8
Non-personnel cost	7.2	9.5
Administrative expenditure excluding Group bonus	**18.0**	**22.3**
Group Bonus	5.7	7.6
Total administrative expenditure	**23.7**	**29.9**
Other expenditure	0.4	0.3
Total expenditure	**24.1**	**30.2**

Financials

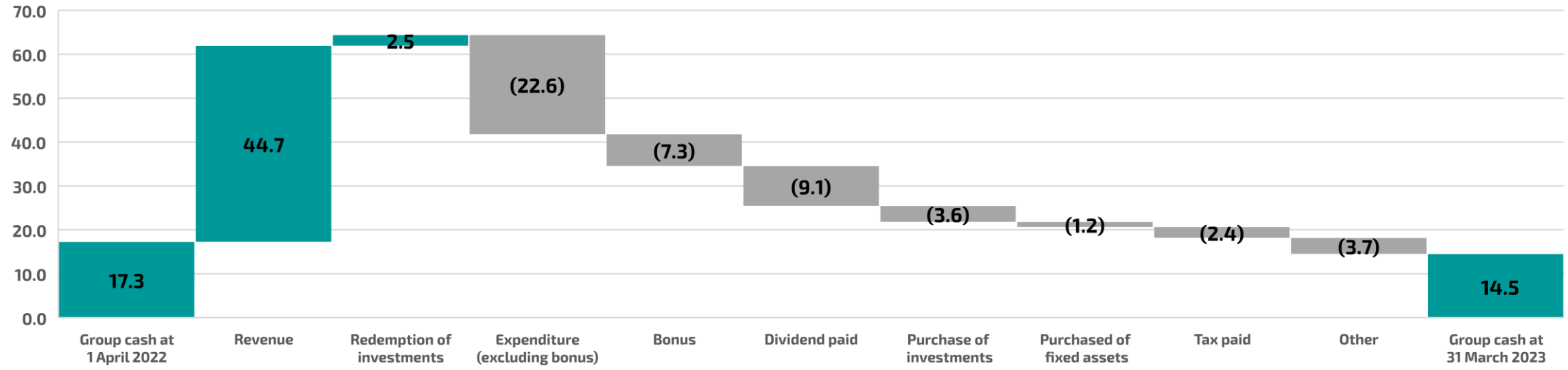
Balance sheet

	FY22 £m	FY23 £m
Fixed assets	1.0	1.8
Right of use assets	1.4	1.0
Other investments	3.4	4.9
Deferred tax	0.3	0.1
Non-current assets	**6.1**	**7.8**
Trade and other receivables	9.9	14.4
Derivative financial assets	0.0	0.1
Money market instruments > 3 months	13.9	4.5
Cash and cash equivalents	3.3	9.9
Current assets	**27.1**	**28.9**
Current liabilities	**(6.2)**	**(7.6)**
Net current assets	**20.9**	**21.3**
Lease liability	(1.0)	(0.7)
Other non current liabilities	(0.1)	(0.1)
Net assets	**25.9**	**28.3**

Financials

Cash

CASH BRIDGE FOR THE YEAR ENDED 31 MARCH 2023 (£m)



- The Group's cash management strategy employs a variety of treasury management instruments including cash, money market deposits and treasury bills with maturities of up to 1 year. Whilst the Group manages and considers all of these instruments as cash (which is subject to its own internal cash management process), not all of these instruments are classified as cash or cash equivalents under IFRS.

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Appendices

Financials

Concentration

	AUME $bn	Revenue £m	Revenue %
Clients 1-10	49.6	32.2	**72%**
Clients 11-20	11.9	6.4	**14%**
Other	26.2	6.1	**14%**
Total	**87.7**	**44.7**	**100%**

Hedging mandates

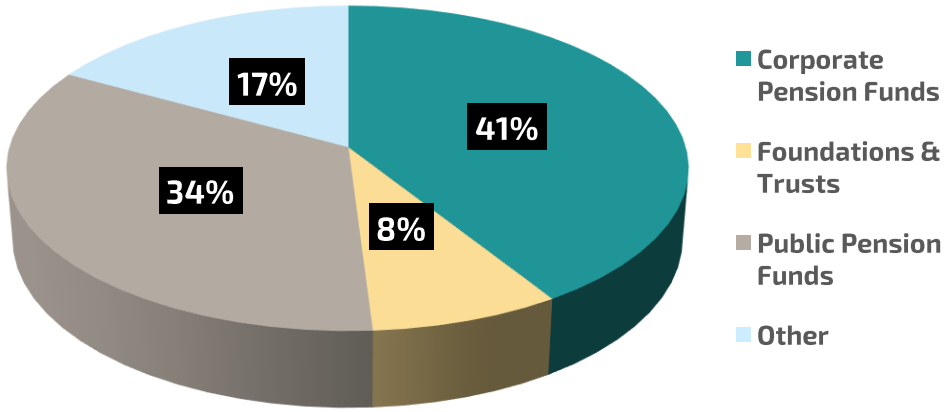
Underlying asset allocation

	Equity	Fixed Income	Other
Passive Hedging	23%	31%	46%
Dynamic Hedging	84%	-	16%
Multi-product	-	-	100%

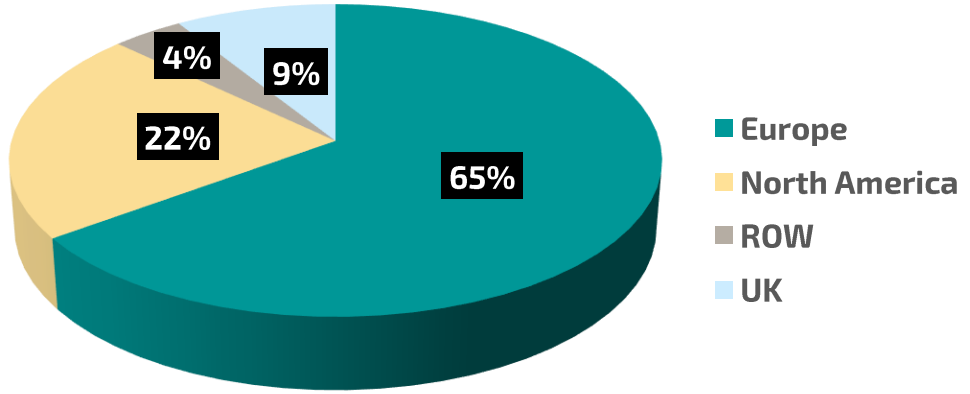
Source: Record. Data as at 31 March 2023.

AUME breakdown

AUME by client type



AUME by geography



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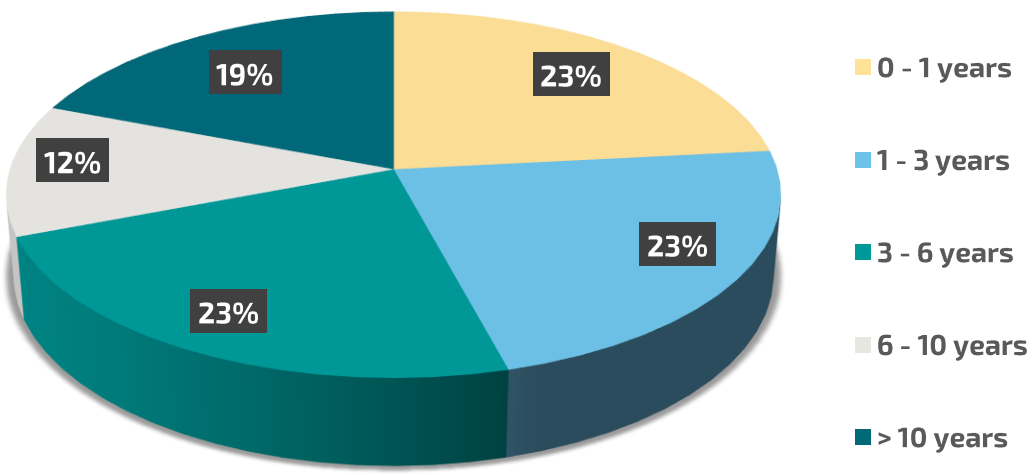
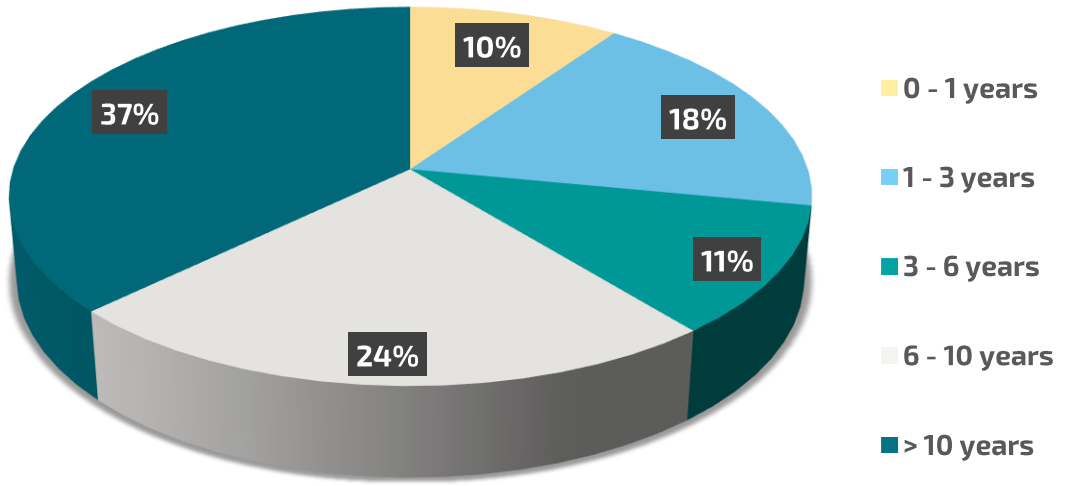
Financials

Client longevity

Client longevity as at 31 March 2023 (Numbers)



Client longevity as at 31 March 2023 (AUME)



Share Schemes

Long Term Incentive Plan ("LTIP")

- Share plan to incentivise delivery of long-term performance and strategy delivery
- Maximum award for Executive Directors of 150% of base salary
- Vesting subject to performance and delivery against EPS and TSR targets (2/3 and 1/3 respectively)
- Malus and clawback provisions apply

Group bonus scheme

- Payments linked to individual performance objectives – claw back provisions apply
- Scheme uses a bonus pool calculated based on pre-bonus operating profit (FY-23: 34.8%)
- Remuneration Committee retains discretion to vary the bonus pool between 25% to 35%
- The scheme is shared amongst all staff based on "profit share units"
- For all senior employees including Board Directors:
  - 1/3rd 'Mandatory' Shares (subject to "lock up" for up to 3 years)
  - 1/3rd Cash plus 1/3rd Cash or Shares

Share Scheme

- Share Scheme rules include performance hurdles and claw back provisions for share-based payments issued to Executive Directors

Record plc Board of Directors

Executive management

Name		
Leslie Hill	Chief Executive Officer	▪ Joined Record in 1992 and was appointed Head of Sales and Marketing in 1999. Leslie was appointed as Chief Executive Officer of Record plc in February 2020 ▪ Previous experience includes working at Lloyds Bank and Merrill Lynch, where Leslie was Director and Head of Corporate Foreign Exchange Sales worldwide
Steve Cullen	Chief Financial Officer	▪ ICAEW FCA qualified. Steve joined Record in 2003 as Financial Controller and was appointed as Chief Financial Officer and joined the Record plc Board in March 2013 ▪ Experience: over 30 years of accounting and finance experience, including almost 20 years within financial services

Non-executive Directors

Name		
Neil Record	Chairman	▪ Founded Record in 1983; principal shareholder and Chairman for 40 years – retiring from the Board at 2023 AGM ▪ Previously worked as an economist at the Bank of England, and now acknowledged as one of the leading figures in the currency investment management industry
David Morrison	Chair-elect and Independent Non-executive Director	▪ Appointed as a Non-executive director and Chair-elect in March 2023 ▪ Chairman of CPP Group plc, eConsult Health Ltd and Trustee and Member of the Council of Management of the Ditchley Foundation
Tim Edwards	Senior Independent Director	▪ Appointed as a Non-executive Director in March 2018 and as Senior Independent Director in July 2021 ▪ Chair of Schroders Capital Global Innovation Trust plc, EndLyz UK Limited, Karus Therapeutics Limited and Storm Therapeutics Limited, and a Non-executive director of AstronauTX Limited and Chair of the Institute for Research in Schools Ltd
Matt Hotson	Independent Non-executive Director	▪ Appointed as a Non-executive Director in July 2021 ▪ Group CFO for the Mishcon de Reya Group
Krystyna Nowak	Independent Non-executive Director	▪ Appointed as a Non-executive Director in September 2021 ▪ Senior Managing Director of the Teneo People Advisory Board Practice, Senior Independent Director of abrdn Asian Income Fund Ltd

Regulation

- Authorised and regulated by the Financial Conduct Authority
- Registered as Investment Adviser with the Securities and Exchange Commission
- Registered as Commodity Trading Adviser with the Commodity Futures Trading Commission
- Exempt International Adviser in Ontario and Alberta, Canada
- Registered as exempt with the Australian Securities & Investment Commission
- BaFin license granted in Germany

Record's Digital Asset Ventures ("RDAV")

- Established with intent to invest in start-up and early-stage companies aiming to disrupt financial services sector, including the Digital Asset economy
- Investment thesis: to invest in financial technology differentiated through the creation of a new economy, and defensible through network effects
- Modest proportion of excess capital deployed in order to
    1. learn
    2. get a "seat at the table" with key industry players, and
    3. generate a return for Record plc
- Initial investments via broad exposure through funds aligned with our thesis followed by a shift to direct investments into teams and companies.
    - Fund investments include Hack VC, Castle Island and Fasanara VC
    - Direct investments include Block Scholes and Lake Parime
- Now able to lean on the teams we know and trust to assess and capture opportunities presented

AUME definition

Passive Hedging mandates:

- the aggregate nominal amount of passive hedges actually outstanding in respect of each client;

Dynamic Hedging mandates:

- total amount of clients' investment portfolios denominated in liquid foreign currencies, and hence capable (under the terms of the relevant mandate) of being hedged;

Currency for Return mandates:

- the maximum aggregate nominal amount of outstanding forward contracts for each client;

Multi-product mandates:

- the chargeable mandate size for each client;

Cash:

- the total set aside by clients and managed and/or "equitised" using futures by Record.

Our Service Proposition

Innovative products offer unique investment opportunities

- **Bespoke currency and derivatives portfolios (RCM)**
- **Bespoke fixed income fund structures**
- **Infrastructure investments (RAM/RDAV)**
- **Passporting strategies for our partners (RCM/RAM)**
- **Digital asset fund (RDAV)**
- **Established ESG and impact investment framework including EMSF fund**

Company Milestones