

**RNS
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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

FairFX Group plc

("FairFX" or "the Company")

Conditional Acquisition of CardOne

Conditional Placing to raise net proceeds of up to approximately £25.0 million

Open Offer to raise additional proceeds of up to approximately £1.0 million

FairFX Group plc (AIM: FFX), an online international payment services provider, today announces its proposed Acquisition of CardOne for a consideration of £15 million, together with a conditional Placing to raise, in aggregate, approximately £25.0 million (net of fees and expenses) by the issue and allotment by the Company of 46,034,485 New Ordinary Shares at the Issue Price of 58 pence per Ordinary Share.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of New Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe at the Issue Price for an aggregate of up to 1,730,669 Open Offer Shares, to raise up to approximately £1.0 million.

Transaction highlights:

- Significantly oversubscribed conditional Placing with new and existing institutional investors
- £22.0 million raised from the General Placing (before expenses)
- £4.7 million raised from the VCT/EIS Placing (before expenses)
- Majority of net General Placing proceeds will fund the acquisition of CardOne
- Acquisition expected to provide Group with significant scale and faster growth in the business sector
- Proceeds from the VCT/EIS Placing to accelerate IT development, marketing spend and international expansion
- Enlarged Group to benefit from digital banking offering
- Trading continues to be positive and in line with market expectations

FairFX CEO, Ian Strafford-Taylor, commented:

"The acquisition of CardOne is a major step forward for FairFX as the Group looks to broaden its offering and build a digital banking services company. To date, FairFX has been successful in disrupting the currency payments market by offering its customers a better service and value. CardOne has done much the same in the banking space, and together we believe we can provide a product offering which will deliver greater services and faster growth."

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About FairFX

FairFX is an online international payment services provider, first established in the UK in 2007. The Company has developed a cloud-based peer-to-peer payments platform that enables personal and business customers to make easy, low-cost multi-currency payments in a broad range of currencies and across a range of products all via one integrated system. The FairFX platform facilitates payments either direct to Bank Accounts or, via its prepaid cards, at over 35 million merchants and over 1 million ATMs worldwide. The platform operates on desktop, mobile responsive website or app and as such is accessible across a wide range of users.

FairFX operates within the rapidly growing online multi-currency payments market and provides transactional services to both personal and business customers through four channels being Currency Cards, Physical Currency, online and telephone. The Currency Card and Physical Currency offerings facilitate multiple overseas payments at points of sale and ATMs whereas the online and telephone products support wire transfer foreign exchange transactions direct to Bank Accounts.

For Corporates, FairFX has a business-expenses solution based around its corporate prepaid card allied to a platform designed to allow a corporate to better control expenses and improve transparency whilst removing administrative burdens from staff. The corporate offering also covers UK domestic expense management and as such is a solution for all companies, not just those with overseas travel.

In addition, FairFX has entered into a number of "white-label" arrangements for the use of its P2P matching platform. Customers include easyjet and ThinkMoney. FairFX has also partnered with Concur Technologies, Inc. a leading provider of integrated travel and expense management solutions with over 25 million users globally. Such relationships provide strong support for FairFX's customer acquisition strategy.

IMPORTANT NOTICES

Cenkos Securities, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company and no-one else in connection with the Placing, the Open Offer and Admission. Cenkos Securities will not be responsible to anyone other than the Company for providing the regulatory and legal protections afforded to customers (as defined in the rules of the FCA) of Cenkos Securities nor for providing advice in relation to the contents of this announcement or any matter, transaction or arrangement referred to in it. The responsibilities of Cenkos Securities, as nominated adviser under the AIM Rules for Nominated Advisers, are owed solely to London Stock Exchange and are not owed to the Company or any director of the Company or to any other person in respect of their decision to subscribe for or purchase Placing Shares or Open Offer Shares.

Forward-looking statements

Some of the statements in this announcement include forward looking statements which reflect the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's products and services). These statements include forward looking statements both with respect to the Group and with respect to the sectors and industries in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements or negatives thereof are of a forward looking nature.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and therefore are based on current beliefs and expectations about future events. Forward-looking statements are not guarantees of future performance and the Group's actual operating results and financial condition, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. In addition, even if the Group's operating results, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, prospective investors should not rely on these forward-looking statements.

These forward looking statements speak only as of the date of this announcement. The Company expressly disclaims any obligation to publicly update or review any forward looking statement, whether as a result of new information, future developments or otherwise, unless required to do so by applicable law or the AIM Rules for Companies. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this announcement which could cause actual results to differ from those indicated or suggested by the forward looking statements in this announcement before making an investment decision.

Important information

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The securities to which this announcement relates have not been, and will not be, registered under the Securities Act or with any regulatory authority or under any applicable securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within, into or in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any applicable state or other jurisdiction of the United States. There will be no public offer of the securities in the United States. The securities have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the securities or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States. In addition, offers, sales or transfers of the securities in or into the United States for a period of time following completion of the Placing and the Open Offer by a person (whether or not participating in the Placing or Open Offer) may violate the registration requirement of the Securities Act.

The securities referred to herein have not been and will not be registered under the applicable securities laws of Australia, Canada, the Republic of South Africa, New Zealand, Japan or the Republic of Ireland and, subject to certain exceptions, may not be offered or sold within Australia, Canada, the Republic of South Africa, New Zealand, Japan, or the Republic of Ireland or to any national, resident or citizen of Australia, Canada, the Republic of South Africa, New Zealand, Japan, or the Republic of Ireland or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations.

No representation or warranty, express or implied, is made by the Company or Cenkos Securities as to any of the contents of this announcement, including its accuracy, completeness or for any other statement made or purported to be made by it or on behalf of it, the Company, the Directors or any other person, in connection with the Placing, the Open Offer and Admission and nothing in this announcement shall be relied upon as a promise or representation in this respect, whether as to the past or the future (without limiting the statutory rights of any person to whom this announcement is issued). Cenkos Securities does not accept any liability whatsoever for the accuracy of any information or opinions contained in this announcement or for the omission of any material information from this announcement for which the Company and the Directors are solely responsible.

There can be no assurance that the conditions to the Acquisition Agreement will be satisfied and that the Acquisition will be completed. Completion is conditional upon, inter alia, the FCA consenting to the acquisition by the Company of a Qualifying Holding (as defined in Payment Services Regulations 2009) in the Target as a result of Completion and approval by Shareholders of the Resolutions to be proposed at the General Meeting. In the event that the FCA does not give its consent or Shareholders do not vote in favour of the Resolutions, the Acquisition will not be completed. In the event that the Acquisition cannot be completed, the Placing and Open Offer will not become unconditional and will terminate in accordance with the terms of the Placing Agreement.

Introduction

The Company is pleased to announce its proposed Acquisition of CardOne for a consideration of £15 million, payable in a mixture of cash and Consideration Shares, together with a conditional Placing consisting of a VCT/EIS Placing and a General Placing to raise, in aggregate, £26.7 million (before fees and expenses) by the issue and allotment by the Company of 46,034,485 New Ordinary Shares at the Issue Price of 58 pence per Ordinary Share.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of New Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe at the Issue Price for an aggregate of up to 1,730,669 Open Offer Shares, to raise up to approximately £1.0 million (before fees and expenses), on the basis of:

1 Open Offer Share for every 60 Existing Ordinary Shares

held on the Record Date, at 58 pence each, payable in full on acceptance.

The General Placing and the Open Offer are conditional, inter alia, upon the satisfaction of certain conditions to the Acquisition, including the receipt of FCA approval under the PSR and Shareholders approving the Resolutions to be proposed at the General Meeting, which will grant to the Directors the authority to allot the New Ordinary Shares and the power to disapply statutory pre-emption rights in respect of the New Ordinary Shares. The Resolutions will be contained in the Notice of General Meeting at the end of the Circular (which is expected to be posted to Shareholders later today). In addition to the satisfaction of the conditions to the Acquisition, General Placing and the Open Offer, the VCT/EIS Placing is also conditional upon the Company having obtained, prior to the GM Date, advance assurance from HMRC in respect of its status under EIS and for VCT investment purposes. Admission is expected to occur at 8.00 a.m. on 25 August 2017 or such later time and/or date as Cenkos Securities and the Company may agree, not being later than 15 September 2017. The Placing and the Open Offer are not underwritten.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the New Ordinary Shares on a pre-emptive basis whilst providing the Company with additional capital to invest in the business of the Group.

The Issue Price is at a discount of approximately 19.4 per cent. to the closing middle market price of 72 pence per Existing Ordinary Share on 7 August 2017 (being the last practicable date before publication of this announcement).

The Circular will set out further details of the Acquisition, the Placing and the Open Offer and will also contain the terms and conditions in respect of the Open Offer and set out the key dates in respect of the Fundraising. The Circular, which will also have attached to it the Notice of General Meeting, is expected to be posted to Shareholders later today, along with the Application Form in respect of the Open Offer. These documents will also be available to view on the Company's investor relations website at www.fairfxplc.com.

Background to and reasons for the Acquisition and Fundraising

In 2016 FairFX saw strong growth in its Corporate Expense management platform and that has continued in the first half of 2017. The Directors believe that the corporate space represents a significant opportunity for the Company, particularly in the SME sector. Against this background, in January 2017 FairFX acquired an e-money licence and stated its intention to enter the digital banking space for SMEs.

An e-money licence allows a company to hold money on behalf of a customer and as such can support a full-service digital banking proposition. To do this, a customer needs to be able to receive money into their account across the full range of payment options ranging from cash, cheques and transfer (BACS, Chaps, Faster Payments) and also to be able to pay out of their account with similar flexibility augmented with a debit card.

The Directors believe that building this functionality from its current position and connecting it, reliably, to the various payment networks and options described above will be complicated and time consuming, which is not helped by the legacy IT systems employed by certain networks.

The Target, CardOne, already possesses the key components of a technology stack and connectivity and has been providing digital banking services, since 2013, to both SME and retail consumers across desktop, mobile-responsive website and app platforms. The Directors believe that the Acquisition will allow the Group to fast-track its push into offering digital banking services to the SME space to complement its current corporate expense management platform.

The Fundraising will allow FairFX to acquire CardOne and also to raise additional funds to facilitate growth and technological innovation. In addition, with the Acquisition the Group will be able to achieve greater scale and turnover and the additional funds gives the Group flexibility in terms of posting collateral where needed to achieve optimum unit costs of transactions.

Company Background

The Group was established in 2007 and over the past 10 years has built out its online currency services into Europe. Initially offering travel cash in the post, the Group's business has developed to offer a full suite of products including prepaid currency cards, cash and bank to bank transfers. FairFX's award-winning currency cards have attracted over 600,000 customers to date and continues to grow. In the financial year ended 31 December 2016 ("FY 16"), Group revenue increased 28% to £10.2m, with gross profit (pre-operational costs) up 31% to £7.5m. The Group's turnover (gross value of currency sold) increased 27.4% in FY 16 to £798.3 million.

In August 2014, the Company was admitted to AIM and since that time has had a strong focus on achieving profitability. In its announcement on 5 July 2017, the Company was pleased to declare its first interim net profit for the six months ended 30 June 2017, which was ahead of management expectations.

FairFX services a mix of consumer and business customers and most recently launched an expense management platform aimed at SMEs to allow them to take control of their expenditure both domestically and overseas. The product has seen rapid growth. The Directors believe it appeals to companies without travel requirements, given approximately 60 per cent. of transactions through the platform are undertaken in Sterling.

Changing Landscape

Over the past few years, the financial services industry in general has undergone significant change. FairFX has sought to capitalise on industry changes and the expansion of the Fintech market. The Group was one of the earliest companies to launch a currency card supported by desktop, mobile and app platforms providing FX payment services and as the industry continues to change, the Company has sought to continue to change with it.

In the consumer market, FX services has seen competition increase with the emergence of companies seeking to gain market share by offering customers a "free" service initially and adding fees later on. The Directors believe that new entrants will continue to offer this pricing model but will normalise their tariffs as their focus shifts towards growing revenues and generating profits. Accordingly, the Directors believe that FairFX will continue to represent fair value to consumers augmented by outstanding customer service.

In the opinion of the Directors, in the business market, the pricing of FX services has remained less competitive and actually offers a much bigger opportunity than the consumer market. It is estimated that SMEs in the UK turnover £1.8 trillion of which £0.7 trillion is in international trade. This is forecast to grow by 33% by 2019.

The Directors believe that the FairFX business expense management platform represents a significant competitive advantage and this is driving the current rapid growth of this product. In growing the business payments and expense management platform in recent years, FairFX now has a firm foothold in this market, from which it has ambitions to grow significantly.

The Acquisition

FairFX has identified CardOne as a target that will help the Group achieve even faster growth in the business sector.

CardOne is an independent, FCA authorised group that has been providing banking platforms and money management tools since 2007. It provides current accounts and a digital banking platform, not only for personal account customers, but also to SMEs. With efficient KYC and AML checking processes, accounts can typically be opened far more quickly than the high street banks. The Directors believe that CardOne is one of very few providers that have a combination of regulatory compliance, technology stack and payment scheme memberships required to produce digital banking. The CardOne Group's products and services are complemented by desktop, mobile and app account management platforms. To date they have opened approximately 80,000 accounts and processed £3 billion of customers' money.

Over the past two financial years ended 30 November and for the six months ended 31 May 2017, the CardOne Group achieved the following financials:

	<i>FY 2015</i>	<i>FY 2016</i>	<i>H1 2017</i>
Revenue (£m)	4.6	5.5	2.8

Gross profit (£m)	3.5	3.9	2.1
Net profit (£m)	0.4	0.8	0.6

As at 31 March 2017, CardOne Group reported gross assets of £1.88 million.

The Directors believe that the Acquisition of CardOne will allow FairFX to leverage CardOne Group's infrastructure and technical capability with the aim of significantly shortening the Group's planned roll out of a SME business banking product, whilst also growing CardOne's own offering

The Acquisition is expected to be earnings enhancing in the first full year following Completion, with cost savings and synergies of an estimated £3.5 million over 3 years. The directors intend that cost savings and synergies are to be derived from rationalisation of back office functions, as well as simplification of the supply chain within the Enlarged Group. In addition, further opportunities are expected to be derived from cross selling of products between CardOne and FairFX's respective customers and services.

As was seen in the Group's results for the financial year ended 31 December 2016 and the recent announcement of its maiden first half profit in the six months to June 2017, revenue gains have resulted in strong improvements in the Group's net operating result due primarily to the operational gearing of the Group. Having made a significant investment in the Group's IT infrastructure in prior years and with marketing expenses expected to stay at or around similar levels for the foreseeable future, the Board expects the Group to continue to benefit from this high level of operational gearing as revenues grow further.

This level of operational gearing, taken together with the opportunities, synergies and cost savings expected as a result of the Acquisition of CardOne, means that the Board believe the Group has the potential to grow the business from its current position to achieve targeted annual revenues and EBITDA in excess of £30 million and £15 million respectively by the end of 2020 and to achieve a targeted increase in the Group's net profit margin to approaching 50 per cent.

The Group expects to retain CardOne's existing management, as well as its brand, which the Directors believe is well respected and therefore a valuable asset.

The Company entered into the Acquisition Agreement with the Sellers on 8 August 2017.

The Acquisition Agreement provides for the Company to acquire the entire issued share capital of the Target for a maximum consideration of £15,000,000 on a debt free/cash free basis. The consideration can be satisfied in cash or Consideration Shares at each Seller's election. It will be satisfied by £12,817,500.60 in cash and by the issue of the Consideration Shares at the Issue Price.

The Acquisition Agreement contains warranties and other protections given by the Sellers.

The Acquisition Agreement is conditional upon:

- (a) FCA approval under the Payment Services Regulations 2009;
- (b) The Resolutions being passed;
- (c) The Placing Agreement becoming unconditional (save for any condition relating to the Acquisition Agreement or Admission); and
- (d) Admission.

Use of the proceeds of the Fundraising

The net cash proceeds of the Placing are expected to be approximately £25.0 million. Approximately £12.8 million of the proceeds will be used to satisfy the cash consideration payable for the Acquisition. It is intended that the balance of the proceeds from the General Placing, together with any net proceeds received pursuant to the Open Offer, will be used for international expansion, marketing and product development, as well as providing working capital for the Enlarged Group and strengthening the Company's balance sheet.

The proceeds from the VCT/EIS Placing of £4.7 million will be used to grow and expand the FairFX offering in three key areas. Firstly, to accelerate IT development across both consumer and business platforms. Secondly, to selectively increase marketing spend and thirdly, to roll-out the product offering overseas from the UK hub. In relation to international expansion, the Group has recently launched in Ireland and have identified two other key markets for further expansion.

Current trading and prospects

On 5th July, the Company announced a trading statement in respect of the six months trading to 30th June 2017 as follows:

"FairFX, the low cost multi-currency payments service, is pleased to provide the market with a trading update for the six-month period ended 30th June 2017.

The Company achieved its first interim net profit since IPO, which was ahead of management expectations. Turnover for the first half was up 25.8% year on year to £433.8 million with broad-based growth. A combination of a more profitable business mix, leading to an improved gross margin, and cost benefits of rationalising the supply chain resulted in the profitable period. Total turnover from prepaid cards and international payments rose 23% and 35% respectively. Usage of the Company's corporate card platform rose 93% year on year. The sustained growth in the period was achieved despite the headwinds of the UK General Election, which weakened Sterling both before and after the result.

On the retail card and travel money side of the business, the focus has remained on improving the user experience (UX) of FairFX across all its platforms. This has taken the form of improvements to both the app and the website. In addition, targeted campaigns have been made during the period to grow revenue from existing customers by improving retention, reactivation and cross-selling by using improved data collection and analysis.

Growth in the corporate card segment grew 93% versus the same period last year. A mobile-responsive website was launched together with new features on the corporate app - both of which significantly improve the usability of the platform. More deployments are planned for the second half of 2017 to further improve functionality and UX of the platform and the outlook remains positive."

The Company confirms that, since the announcement of the above trading update, trading continues to be positive and in line with market expectations.

Details of the Placing and the Open Offer

Placing

FairFX is proposing to raise £26.7 million in aggregate (before expenses) pursuant to the VCT/EIS Placing and the General Placing. The Placing has conditionally raised a total of £4.7 million through the placing of 8,103,450 VCT/EIS Placing Shares and a total of £22.0 million through the placing of 37,931,035, General Placing Shares. The Issue Price of 58 pence per Placing Share represents a discount of 19.4 per cent. to the Closing Price of 72 pence on 7 August 2017, the latest Business Day prior to publication of this announcement.

The VCT/EIS Placing and the General Placing are conditional upon, inter alia, the Acquisition Agreement becoming unconditional in accordance with its terms (including FCA approval under the Payment Services Regulations 2009), save for any condition relating to the Placing Agreement and Admission, the Resolutions being passed at the General Meeting (or any adjournment thereof) and Admission occurring no later than 8.00 a.m. on 25 August 2017 (or such later date as the Company and Cenkos shall agree, being no later than 15 September 2017).

In addition, the VCT/EIS Placing is conditional upon the Company having obtained, prior to the GM Date, advance assurance from HMRC in respect

of its status under EIS and for VCT investment purposes.

Open Offer

FairFX is proposing to raise up to approximately a further £1.0 million pursuant to the Open Offer. The Issue Price of 58 pence per Open Offer Share represents a discount of 19.4 per cent. to the Closing Price of 72 pence on 7 August 2017, the latest Business Day prior to publication of this announcement. The Open Offer is being made on a pro-rata basis, allowing all Qualifying Shareholders the opportunity to participate.

The Open Offer provides Qualifying Holders with the opportunity to apply to acquire Open Offer Shares at the Issue Price pro rata to their holdings of Existing Ordinary Shares as at the Record Date on the following basis:

1 Open Offer Share for every 60 Existing Ordinary Shares

and so on in proportion to any other number of Existing Ordinary Shares then held.

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlement to Open Offer Shares will be disregarded in calculating the Basic Entitlement.

Qualifying Shareholders who do not take up their Basic Entitlements in full will experience a dilution to their interests of approximately 33.2 per cent. following Admission (assuming full subscription under the Placing, Open Offer and the issue of the Consideration Shares).

Qualifying Shareholders should note that the Open Offer Shares have neither been placed under the Placing subject to clawback under the Open Offer nor have they been underwritten, and that the Placing is not conditional upon the number of applications received under the Open Offer.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 25 August 2017 (or such later date, being not later than 8.00 a.m. on 15 September 2017, as the Company and Cenkos may decide):

- the General Placing becoming unconditional in all respects;
- the passing of the Resolutions at the General Meeting (or any adjournment thereof);
- Admission becoming effective by 8.00 a.m. on 25 August 2017 (or such later time or date not being later than 8.00 a.m. on 15 September 2017 as the Company and Cenkos may decide).

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

Excess applications

The Open Offer is structured to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price pro rata to their existing holdings of Ordinary Shares on the Record Date.

Qualifying Shareholders may also make applications in excess of their Basic Entitlements. To the extent that Basic Entitlements are not subscribed by Qualifying Shareholders, such Open Offer Shares will be available to satisfy such excess applications, subject to a maximum of 1,730,669 Open Offer Shares in aggregate. To the extent that applications are received in respect of an aggregate of more than 1,730,669 Open Offer Shares, excess applications will be scaled back accordingly.

However, excess applications will be rejected if and to the extent that acceptance would result in the Qualifying Shareholder, together with those acting in concert with him/her/it for the purposes of the City Code, holding 30 per cent. or more of the Enlarged Share Capital immediately following Admission.

Those Persons who are Qualifying Shareholders will also be entitled to participate in the Open Offer.

Qualifying Shareholders should note that the Open Offer is not a rights issue

Qualifying non-CREST Holders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that, in the Open Offer, unlike in a rights issue, any entitlements to Open Offer Shares not applied for or not taken up will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

Settlement and dealings

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 25 August 2017. Further information in respect of settlement and dealings in the New Ordinary Shares is set out in paragraph 8 of Part III of the Circular

Admission remains subject to the satisfaction of the receipt of FCA approval under the PSR being obtained prior to the date of the GM. Accordingly, it is possible that Admission will be delayed, pending completion of this outstanding condition. However, Admission may not occur any later than 15 September 2017.

Overseas Shareholders

Certain Overseas Shareholders may not be permitted to subscribe for Open Offer Shares pursuant to the Open Offer and should refer to paragraph 6 of Part III of the Circular when it is published.

CREST instructions

Application has been made for the Basic Entitlements for Qualifying CREST Holders to be admitted to CREST. It is expected that the Basic Entitlements will be admitted to CREST on 9 August 2017.

The Excess CREST Open Offer Entitlements will also be admitted to CREST on 9 August 2017. Applications through the CREST system may only be made by the Qualifying Holder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Holders will receive an Application Form which gives details of their Basic Entitlement under the Open Offer (as shown by the number of the Open Offer Shares allocated to them) with the Circular. If they wish to apply for Open Offer Shares under the Open Offer, they should complete the accompanying Application Form in accordance with the procedure for application set out in the Circular and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event no later than 11.00 a.m. on 23 August 2017.

Qualifying CREST Holders, will receive no Application Form with the Circular but will receive a credit to their appropriate stock account in CREST in respect of their Basic Entitlement and if appropriate their Excess Entitlement. They should refer to the procedure for application set out in Part III of the Circular. The relevant CREST instruction must have settled by no later than 11.00 a.m. on 23 August 2017.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 23 August 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, a Qualifying Shareholder has an Application Form in respect of their Basic Entitlement or have their Basic Entitlement credited to their stock account in CREST.

Placing Agreement

Pursuant to the Placing Agreement, Cenkos Securities has agreed to use its reasonable endeavours as agent of the Company to procure subscribers for the Placing Shares at the Issue Price.

The Placing Agreement provides, inter alia, for payment by the Company to Cenkos Securities of commissions based on certain percentages of the product of the number of Placing Shares placed by Cenkos Securities multiplied by the Issue Price.

The Company will bear all other expenses of and incidental to the Placing, including the fees of the London Stock Exchange, printing costs, Registrar fees, all legal and accounting fees of the Company and all stamp duty and other taxes and duties payable.

The Placing Agreement contains certain warranties and indemnities from the Company in favour of Cenkos Securities and the obligations of Cenkos under the Placing Agreement in connection with the General Placing and Open Offer are conditional, inter alia, upon:

- (a) the passing of all the Resolutions at the General Meeting;
- (b) the Acquisition Agreement becoming unconditional in all respects (including FCA approval under the Payment Services Regulations 2009), save for any condition relating to the Placing Agreement and Admission;
- (c) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (d) Admission becoming effective not later than 8.00 a.m. on 25 August 2017 or such later time and/or date as the Company and Cenkos Securities may agree, being not later than 8.00 a.m. 15 September 2017.

In addition the obligations of Cenkos under the Placing Agreement in connection with the VCT/EIS Placing are conditional upon all of the conditions relating to the General Placing being satisfied, together with the Company having obtained, prior to the GM Date, advance assurance from HMRC in respect of its status under EIS and for VCT investment purposes. If each of the Conditions save for the condition relating specifically to the VCT/EIS Placing are satisfied, the General Placing, Open Offer and Acquisition will proceed, but the VCT/EIS Placing will be terminated in accordance with the terms of the Placing Agreement.

Cenkos Securities may terminate the Placing Agreement in certain circumstances, if, inter alia, the Company has failed to comply with any of its obligations under the Placing Agreement; if there is a material adverse change in the financial position and prospects of the Company; or if there is a material adverse change in the financial, political, economic or stock market conditions, which in its opinion, acting in good faith, is or will be materially prejudicial to the successful outcome of the Placing.

VCT / EIS relief

The Directors believe that the VCT/EIS Placing Shares should be eligible (subject to the circumstances of relevant Placees) for tax reliefs under EIS and for investment by VCTs.

The Company has applied for, but not, as at the date of this announcement, received, advance assurance from HMRC, in respect of its status under EIS and for VCT investment purposes.

Although the Company currently expects to satisfy the relevant conditions for EIS and VCT investment, and the Directors are not aware of any subsequent change in the qualifying conditions or the Company's circumstances that would prevent the VCT/EIS Placing Shares from being eligible EIS and VCT investments on this occasion, neither the Directors nor the Company give any warranty or undertaking that relief will be available in respect of any investment in the VCT/EIS Placing Shares pursuant to the Circular, nor do they warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

The Placing of VCT/EIS Placing Shares is conditional upon the Company having obtained, prior to the GM Date, advance assurance from HMRC in respect of its status under EIS and for VCT investment purposes. Consequently, if such advance assurance is not received by the GM Date, Admission of the VCT/EIS Placing Shares will not occur, the Placees subscribing for VCT/EIS Placing Shares will not be able to subscribe for VCT/EIS Placing Shares and the Company will not receive the proceeds of the Placing of the VCT/EIS Placing Shares.

To enable certain Placees to take advantage of VCT/EIS tax treatment, it is expected that the VCT/EIS Placing Shares will be unconditionally allotted and issued on 24 August 2017 and the General Placing Shares will be allotted and issued conditional only upon Admission on 25 August 2017.

Due to the limitations of the VCT/EIS rules in respect of the amount of monies that may be raised by the Company pursuant to the Fundraising that will benefit from VCT/EIS tax reliefs, the Open Offer will not be subject to relief.

General Meeting

The Directors do not currently have authority to allot all of the New Ordinary Shares on a non pre-emptive basis and, accordingly, the Board is seeking the approval of Shareholders to allot the New Ordinary Shares at the General Meeting and to dis-apply pre-emption rights.

A notice convening the General Meeting, which is to be held at the offices of Bates Wells Braithwaite, 10 Queen St Pl, London EC4R 1BE at 1.00 p.m. on 24 August 2017, will be set out at the end of the Circular, which is expected to be posted to Shareholders later today.

Recommendation

The Directors believe the Acquisition, the Placing and the Open Offer to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they intend so to do in respect of their beneficial shareholdings amounting to 2,127,750 Ordinary Shares, representing approximately 2.1 per cent. of the existing issued ordinary share capital of the Company.

DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise or unless it is otherwise specifically provided:

"Acquisition"	the proposed acquisition by the Company of the entire issued share capital of the Target
"Acquisition Agreement"	the agreement relating to the Acquisition, made between the Company and the Sellers
"Act"	the Companies Act 2006 (as amended)
"Admission"	admission of the New Ordinary Shares (as applicable) to trading on AIM becoming effective
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the AIM rules for companies published by London Stock Exchange
"AML"	Anti-Money Laundering
"Application Form"	the application form relating to the Open Offer which accompanies the Circular (where relevant)

"Basic Entitlement"	the number of Open Offer Shares which Qualifying Holders are entitled to subscribe for at the Issue Price <i>pro rata</i> to their holding of Existing Ordinary Shares at the Record Date pursuant to the Open Offer as described in Part III of the Circular
"Business Day"	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
"Capita Asset Services"	a trading name of Capita Registrars Limited
"CardOne"	Spectrum Financial Group Limited, the holding company of a group of companies the main trading name of which is CardOneBanking, a company registered in England with Company number 06329226
"CardOne Group"	the Target and its subsidiaries
"Cenkos"	Cenkos Securities plc (registered number 5210733)
"Certificated" or "certificated form"	recorded on a company's share register as being held in certificated form (i.e., not in CREST)
"Circular"	the document detailing the Acquisition and Fundraising to be posted to Shareholders containing the Notice of General Meeting
"City Code"	the City Code on Takeovers and Mergers
"Closing Price"	the closing middle market quotation of an Existing Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
"Companies Act" or "Act"	Companies Act 2006 (as amended)
"Company" or "FairFX"	FairFX Group plc (registered number 08922461)
"Completion"	means completion of the Acquisition, pursuant to the Acquisition Agreement
"Consideration Shares "	the 3,762,930 New Ordinary Shares to be issued and allotted to certain of the Sellers at the Issue Price pursuant to the Acquisition Agreement
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST Courier and Sorting Services Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since) as published by Euroclear
"CREST member"	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
"CREST Participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
"CREST payment"	shall have the meaning given in the CREST Manual
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
"CREST sponsor"	a CREST Participant admitted to CREST as a CREST sponsor
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member (which includes all-CREST personal members)
"Directors" or "Board"	the directors of the Company
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"EIS"	enterprise investment scheme
"enabled for settlement"	in relation to Basic Entitlements and Excess Entitlements, enabled for the limited purpose of settlement of claim transactions and USE transactions
"Enlarged Group"	the Company and its subsidiaries immediately following Completion
"Enlarged Share Capital"	the issued ordinary share capital of FairFX immediately following Admission
"EU"	the European Union
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST
"Excess Application Facility"	to the extent that Basic Entitlements to Open Offer Shares are not subscribed for by Qualifying Shareholders, such Open Offer Shares will be available to satisfy excess applications, subject to a maximum of 1,730,669 Open Offer Shares in aggregate, as described in Part III of the Circular
"Excess CREST Open Offer Entitlements"	in respect of each Qualifying CREST Shareholder who has taken up his Basic Entitlement in full, the entitlement to apply for Open Offer Shares in addition to his Basic Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which may be subject to scaling back in accordance with the provisions of the Circular
"Excess Entitlements"	the entitlement for Qualifying Shareholders to apply to acquire any number of Open Offer Shares subject to the limit on applications under the Excess Application Facility, as described in Part III of the Circular
"Excess Shares"	the Open Offer Shares applied for under the Excess Application Facility, as defined in Part III of the Circular
"Existing Group"	the Company and its subsidiaries prior to completion of the Acquisition
"Existing Ordinary Shares"	the Ordinary Shares in issue at the date of the Circular
"FCA"	the Financial Conduct Authority of the UK
"FX"	foreign exchange
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Fundraising"	together the Placing and the Open Offer
"General Meeting" or "GM"	the general meeting of the Company as described in the Circular, notice of which is set out at the end of the Circular

"General Placing"	the proposed issue and allotment at 58 pence per share of the General Placing Shares to the Placees as described in the Circular
"General Placing Shares"	the 37,931,035 New Ordinary Shares to be issued and allotted to the Placees pursuant to the General Placing
"GM Date"	the date of the General Meeting
"HMRC"	Her Majesty's Revenue and Customs
"Group"	the Company and its subsidiaries from time to time
"ISIN"	International Securities Identification Number
"Issue Price"	58 pence per New Ordinary Share
"KYC"	Know Your Customer
"Listing Rules"	the Listing Rules of the UKLA made in accordance with section 73A(2) of FSMA
"London Stock Exchange"	London Stock Exchange plc
"Member Account ID"	the identification code or number attached to any member account in CREST
"Money Laundering Regulations"	the Money Laundering Regulations 2007 (as amended and supplemented from time to time)
"Net Proceeds"	the proceeds of the Fundraising less costs (and assuming full subscription of the Open Offer Shares)
"New Ordinary Shares"	the Placing Shares, the Open Offer Shares and the Consideration Shares
"Official List"	the Official List of the UK Listing Authority
"Open Offer"	the proposed issue and allotment at 58 pence per share of up to 1,730,669 Open Offer Shares to Qualifying Shareholders
"Open Offer Shares"	the up to 1,730,669 New Ordinary Shares to be issued and allotted to Qualifying Shareholders pursuant to the Open Offer
"Ordinary Shares"	ordinary shares of 1 penny each in the capital of the Company
"Overseas Shareholders" or "Overseas Holders"	Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the UK
"Panel"	the Panel on Takeovers and Mergers
"Participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST Participant
"Placees"	those persons who have conditionally agreed to subscribe for, in aggregate, 46,034,485 Placing Shares under the Placing
"Placing"	the VCT/EIS Placing and the General Placing (as applicable)
"Placing Agreement"	the conditional agreement dated 8 August 2017 between Cenkos and the Company relating to the Placing and the Open Offer, details of which are set out in the Circular
"Placing Shares"	the VCT/EIS Placing Shares and the General Placing Shares
"PSR"	the Payment Services Regulations 2009 (as amended)
"Qualifying CREST Holders" or "Qualifying CREST Shareholders"	Qualifying Holders holding Existing Ordinary Shares in uncertificated form
"Qualifying Holders" or "Qualifying Shareholders"	Shareholders whose names appear on the register of members of FairFX on the Record Date as holders of Existing Ordinary Shares and who are eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in the Circular
"Qualifying non-CREST Holders" or "Qualifying non-CREST Shareholders"	Qualifying Holders holding Existing Ordinary Shares in certificated form
"Receiving Agent"	Capita Asset Services
"Record Date"	5.00 p.m. on 3 August 2017
"Resolutions"	the resolutions to be proposed at the General Meeting as set out in the notice of General Meeting appended to the Circular
"RIS"	a regulatory information service as defined by the Listing Rules
"Securities Act"	the US Securities Act of 1933, as amended
"Sellers"	the existing shareholders of the Target
"Shareholders"	holders of Ordinary Shares
"SME"	small and medium-sized enterprise
"Sterling"	pounds sterling, the basic unit of currency in the UK
"Target"	CardOne
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority" or "UKLA"	the UK Listing Authority, being the FCA acting as competent authority for the purposes of Part IV of FSMA
"uncertificated" or "uncertificated form"	recorded on the relevant register or other record of the share or other security as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by way of CREST
"US" or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

"VCT"	Venture Capital Trust
"VCT/EIS Placing"	the proposed issue and allotment at the Issue Price of the VCT/EIS Placing Shares to the Placees
"VCT/EIS Placing Shares"	the 8,103,450 New Ordinary Shares to be issued and allotted to the Placees pursuant to the VCT/EIS Placing

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	5.00 p.m. on 3 August 2017
Announcement of the Acquisition, Placing and Open Offer	8 August 2017
Existing Ordinary Shares marked "ex" by the London Stock Exchange	8.00 a.m. on 8 August 2017
Basic and Excess Entitlements credited to stock accounts in CREST of Qualifying CREST Holders	9 August 2017
Recommended latest time for requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST	4.30 p.m. on 17 August 2017
Latest time for depositing Basic Entitlements and/or Excess Entitlements into CREST	3.00 p.m. on 18 August 2017
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 21 August 2017
Latest time and date for receipt of Forms of Proxy	1.00 p.m. on 22 August 2017
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 23 August 2017
General Meeting	1.00 p.m. on 24 August 2017
Results of the General Meeting announced through a Regulatory Information Service	24 August 2017
Expected date for Admission and commencement of dealings of the New Ordinary Shares and completion of the Acquisition	8.00 a.m. on 25 August 2017
Expected date for New Ordinary Shares to be credited to CREST stock accounts	25 August 2017
Expected date for despatch of definitive share certificates for New Ordinary Shares	on 1 September 2017

Notes:

- (i) References to times in this announcement are to London time (unless otherwise stated).
- (ii) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to an RIS.
- (iii) The timing of the events in the above timetable and in the rest of this announcement is indicative only and subject to the satisfaction of the Conditions to the Acquisition, Placing and Open Offer, and assumes receipt of FCA approval under the PSR being obtained prior to the date of the GM. Accordingly, it is possible that Admission will be delayed, pending completion of any outstanding conditions. However, Admission may not occur any later than 15 September 2017.
- (iv) In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part III of the Circular and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am - 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

PLACING AND OPEN OFFER STATISTICS

Number of Existing Ordinary Shares in issue ⁽¹⁾	103,840,175
Basic Entitlement under the Open Offer	1 Open Offer Share for every 60 Existing Ordinary Shares
Issue Price of each New Ordinary Share	58 pence
Market Price per Existing Ordinary Share ⁽²⁾	72 pence
Discount to Market Price of 72 pence per Existing Ordinary Share ⁽²⁾	19.4 per cent.
Number of Open Offer Shares to be offered for subscription by Qualifying Shareholders	1,730,669
Number of Placing Shares to be issued pursuant to the Placing	46,034,485
Maximum proceeds of the Open Offer (before expenses) ⁽³⁾	up to £1.0 million
Maximum proceeds of the Placing (before expenses) ⁽³⁾	£26.7 million
Maximum proceeds of the Fundraising (before expenses) ⁽³⁾	up to £27.7 million
Estimated maximum net proceeds of the Fundraising	up to £26 million
Number of Consideration Shares	3,762,930

Maximum Enlarged Share Capital following Admission ²	155,368,259
Maximum percentage of Enlarged Share Capital represented by the Placing Shares ²	29.6 per cent.
Maximum percentage of Enlarged Share Capital represented by the Open Offer Shares ²	1.1 per cent.
ISIN for Basic Entitlements	GB00BYXCYL99
ISIN for Excess Entitlements	GB00BYXCYM07

Notes:

1. On 7 August 2017, being the last practicable date prior to the publication of this announcement.
2. Based on the Closing Price on 7 August 2017, being the last practicable date prior to the publication of this announcement.
3. Assuming full subscription under the Open Offer.

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