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FAIRFX Group PLC
27 September 2017

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FairFX Group plc
("FairFX" or "the Group" or "the Company")

Interim Results for the six months ended 30 June 2017

Maiden Half Year Profit and continued strong growth

FairFX, the e-banking and international payments group, announces its interim results for the six months ended 30 June 2017.

Key Financial & Operational Highlights

- Turnover up 26% to £434.0 million (H1 2016: £344.3 million)
- Revenue up 33% to £6.1 million (H1 2016: £4.6 million)
- Gross profit increased by 37% to £4.8 million (H1 2016: £3.5 million)
- Improved gross profit margin of 1.12% of turnover (H1 2016: 1.03%)
- Maiden half year profit of £0.2 million (H1 2016: net loss £0.9 million)
- Total retail customer numbers increased by 35,410 to 623,602
- Corporate card turnover growth of 95% to £59.0 million (H1 2016: £30.3 million)
- Acquired electronic money licence through Q Money acquisition

Post-Period End

- Strong start to H2 with turnover in July and August up 12% on same period last year (up 27% when stripping out lower margin business for Leicester City FC)
- Continued focus on higher margin product mix and rationalisation of supply chain, improving gross margin
- Completed fundraising in August raising net proceeds of £26.2 million to acquire Spectrum Financial Group Limited ("CardOne") and to provide growth capital
- Acquisition of CardOne will accelerate Group's stated strategy of disrupting the SME banking space

Commenting on the results and outlook, Chief Executive Officer, Ian Strafford-Taylor, said:

"The first half of the year has resulted in a strong performance across the business, with a maiden half-year profit following our first profitable quarter in Q4 2016. Top line turnover growth has continued, and with the Group operationally geared, revenue is increasingly flowing through to profit. This trend is expected to continue in the second half of the year as we continue to grow and rationalise the supply chain. Achieving this performance against a backdrop of weak sterling, which is historically a headwind for the business, is a great testament to the strides we have taken in recent years to broaden the product mix.

"The outlook for the Group is further enhanced by our acquisition of CardOne. In the short time since the deal was completed, we have already made significant progress in combining our two businesses into one and we are starting to extract cost synergies with more to come. I am particularly delighted with how the businesses complement each other and how the two locations are already working together as a unified team."

Operational Summary

The operating environment for FairFX in the first half of 2017 was dominated by a weaker Pound, stemming from continued Brexit worries and followed by a General Election which itself did not deliver a clear result to reduce uncertainty. Against this backdrop, the business has performed very well to deliver strong growth. This growth is the result of targeted marketing to acquire good quality customers at a lower cost of acquisition. In addition, the Group has improved its Affiliate Sales efforts in order to generate increased inbound leads, rather than relying on outbound activity.

In January, the Group acquired an e-money licence through the acquisition of Q Money Limited.The licence allows FairFX to hold money on behalf of customers and to access the payment schemes directly rather than through third parties. This licence also has significantly reduced running costs and is more economical in comparison to a full banking licence, due to the less intensive capital and compliance requirements. The e-money licence itself paved the way for the Group's recent acquisition of CardOne and the expansion into digital banking services within the SME space. Since gaining the e-money licence, significant work has been done both in IT and infrastructure to build on these initiatives and will form part of the deployments we expect to see in the remainder of 2017 and beyond.

FairFX's constant drive towards improving user-experience remained a key focus in the first half. The Group continues to focus on IT enhancements across the business to make it simpler to both sign up as a customer (both consumer and business) and to transact across all device types and interfaces. As part of this continuing IT development, we also added considerable functionality to our Corporate Platform on both desktop and app. Looking forward, we will continue to target further technical developments towards improving the functionality of both consumer and business propositions, further rationalising the supply chain and integrating the CardOne platform.

The process of combining CardOne with FairFX is proceeding smoothly and we have a clear plan of actions and deliverables. The Group is already operating as one overall entity across two locations and beginning to optimise all processes from revenue generation through to operations and finance. The cost synergies identified at the time of the acquisition are already starting to be realised ahead of expectations, with more to come as previously stated.

Financial Review

The Group delivered another strong period of growth during the first half of the year with a focus on improving margins. In terms of turnover, growth was achieved across all areas of the business with very strong performances in the Corporate Platform and International Payments segments, a growth of 95% and 33% respectively.

Group revenue grew by 33% compared to the first half of 2016, whilst turnover grew by 26% demonstrating the improved margin management and a better mix of products. Similarly, gross profit growth, at 37%, was greater than revenue growth showing the first effects of the rationalisation of the supply-chain and better management of direct costs. The Group's overheads increased by 4.6% on prior period last year, in line with the increase in trading activity.

The Company achieved its maiden net profit in the first half of £0.2 million (H1 2016: loss £0.9 million), a very significant milestone for FairFX. Furthermore, of the £1.3 million increase in gross profit on H1 2016, 80% flowed through to net profit, demonstrating the Group's operational gearing and ability to take advantage of further growth.

The Company's Balance Sheet remains healthy with net assets of £4.9 million (H1 2016: £4.9 million), whilst cash and cash equivalents (excluding client money) totalled £3.6 million (H1 2016 £3.5 million). Post the period end the Company raised net proceeds of £26.2 million, which has increased the cash position of the Group to approximately £17.1 million (excluding client money) as at the end of August 2017 after accounting for the cash consideration and associated fees for the CardOne acquisition and placing expenses.

Current Trading and Outlook

FairFX continues to build on the significant growth seen in 2016 and the first half of 2017, with total turnover for July and August at approximately £185 million, up 12 per cent on the same period last year. When stripping out the effects of comparatively larger, lower margin FX deals for Leicester City FC in 2016, the underlying growth was 27 per cent. Growth has been broad based across retail cards, corporate platform and International Payments and this trend has continued into September.

Integration of the CardOne business acquired in August is progressing well and is on track to deliver the expected cost synergies for the enlarged Group as stated previously. The Board remains excited about the growth opportunities that this acquisition can deliver in the banking sector as well as the significant cross-sell opportunities between both sets of customers.

The Board remains confident about the trading outlook for the business for the full year. We have an ongoing pipeline of IT enhancements on both the consumer and business propositions with the aim to make it as simple as possible to sign up as a customer and to transact on any device. We believe that flexibility across devices continues to be a competitive advantage.

Concurrently, we are continuing our rationalisation of the supply chain, which is expected to yield direct benefits to financial performance in 2017 and beyond. The Board believes that the acquisition of CardOne will hasten this process as a result of the Group's increased payment capability and larger combined payment volume, which will enable it to negotiate better terms.

Accordingly, the Board of FairFX continues to be confident of meeting market expectations for the full year.

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About FairFX

FairFX is a leading challenger brand in banking and payments that disintermediates the incumbent banks with a superior user experience and low cost operating model. This enables personal and business customers to make easy, low-cost multi-currency payments in a broad range of currencies and across a range of FX products all via one integrated system. The FairFX platform facilitates payments either direct to Bank Accounts or at 30 million merchants and over 1 million ATM's in a broad range of countries globally via Mobile apps, the Internet, SMS, wire transfer and MasterCard/VISA debit cards.

FairFX provides banking and payment services to both personal and business customers through four channels: Currency Cards, Physical Currency, International Payments and Bank Accounts. The Currency Card and Physical Currency offerings facilitate multiple overseas payments at points of sale and ATM's whereas the International Payments channel supports wire transfer foreign exchange transactions direct to Bank Accounts. For Corporates, FairFX has a market-leading business-expenses solution based around its corporate prepaid platform and card that can yield significant savings on a Corporate's procurement through better controls and improved transparency and also streamline the procurement process thus saving administrative costs. Through the recent acquisition of CardOne, FairFX now has the capability to offer retail and business Bank Accounts with all the functionality you would expect from a Bank, namely faster payments, BACs, direct debits, international payments and a debit card.

FairFX GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited 6 Months Ended 30 June 2017	Unaudited 6 Months Ended 30 June 2016	Audited Year Ended 31 December 2016

	Note	£	£	£
Gross value of currency transactions sold	4	434,052,907	344,295,239	798,300,641
Gross value of currency transactions purchased		(427,948,544)	(339,705,605)	(788,105,667)
Revenue on currency transactions		**6,104,363**	**4,589,634**	**10,194,974**
Direct costs		(1,256,949)	(1,048,672)	(2,725,788)
Gross margin		**4,847,414**	**3,540,962**	**7,469,186**
Administrative expenses		(4,697,022)	(4,428,780)	(8,909,376)
Profit / (loss) before tax and from operations		**150,392**	**(887,818)**	**(1,440,190)**
Tax expense	5	-	-	-
Profit / (loss) for the period / year		**150,392**	**(887,818)**	**(1,440,190)**
Profit / (loss) per share				
Basic	6	0.14p	(0.99)p	(1.49)p
Diluted	6	0.14p	(0.99)p	(1.49)p

All amounts relate to continuing activities.

FairFX GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 June 2017	Unaudited as at 30 June 2016	Audited as at 31 December 2016
	£	£	£
ASSETS			
Non-current assets			
Intangibles	424,578	-	-
Property, plant and equipment	199,275	78,236	75,258
	623,853	**78,236**	**75,258**
Current assets			
Inventories	281,590	198,165	229,905
Trade and other receivables	2,926,734	4,073,750	3,001,402
Derivative financial assets	205,910	489,365	223,884
Cash and cash equivalents	7,025,332	9,750,640	8,523,985
	10,439,566	**14,511,920**	**11,979,176**
TOTAL ASSETS	**11,063,419**	**14,590,156**	**12,054,434**
EQUITY AND LIABILITIES			
Equity attributable to Equity holders			
Share capital	1,038,401	1,031,160	1,031,160
Share premium	10,482,032	10,174,274	10,174,273
Share based payment reserve	732,961	667,421	668,422
Merger reserve	5,416,083	5,416,083	5,416,083
Retained deficit	(12,747,290)	(12,345,310)	(12,897,682)
	4,922,187	**4,943,628**	**4,392,256**
Current liabilities			
Trade and other payables	6,065,990	9,253,566	7,514,221
Derivatives and financial liabilities	75,242	392,962	147,957
	6,141,232	**9,646,528**	**7,662,178**
TOTAL EQUITY AND LIABILITIES	**11,063,419**	**14,590,156**	**12,054,434**

Included in cash and cash equivalents at 30 June 2017 was £3.4m of client funds (30 June 2016: £6.0 million, 31 December 2016: £5.0 million).

FairFX GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Share Based Payment	Retained Deficit	Merger Reserve	Total Equity Attributable to Shareholders
	£	£	£	£	£	£
Balance as at 1 January 2016	768,660	5,313,780	667,421	(11,457,492)	5,416,083	708,452
Loss for the period	-	-	-	(887,818)	-	(887,818)
Share based payment charge	262,500	4,860,494	-	-	-	5,122,994
Balance as at 30 June 2016	**1,031,160**	**10,174,274**	**667,421**	**(12,345,310)**	**5,416,083**	**4,943,628**
Balance as at 1 January 2016	768,660	5,313,780	667,421	(11,457,492)	5,416,083	708,452
Loss for the year	-	-	-	(1,440,190)	-	(1,440,190)
Shares issued in the year	262,500	4,860,493	-	-	-	5,122,993
Share based payment charge	-	-	1,001	-	-	1,001
Balance as at 31 December 2016	**1,031,160**	**10,174,273**	**668,422**	**(12,897,682)**	**5,416,083**	**4,392,256**
Profit for the period	-	-	-	150,392	-	150,392
Shares issued in the period	7,241	307,758	-	-	-	314,999
Share based payment charge	-	-	64,539	-	-	64,539
Balance as at 30 June 2017	**1,038,401**	**10,482,032**	**732,961**	**(12,747,290)**	**5,416,083**	**4,922,187**

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for shares in excess of nominal value less costs directly attributable to the Initial Public Offer of the company's share.
Share based payment	Fair value of share options granted to both directors and employees.
Retained deficit	Cumulative profit and losses are attributable to equity shareholders.
Merger reserve	Arising on reverse acquisition from group reorganisation.

Under the principles of reverse acquisition accounting, the group is presented as if FAIRFX Group Plc had always owned the FAIRFX (UK) Limited group. The comparative and current period consolidated reserves of the group are adjusted to reflect the statutory share capital and merger reserve of FAIRFX Group Plc as if it had always existed.

FairFX GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 30 June 2017	Unaudited 6 months ended 30 June 2016	Audited as at Year ended 31 December 2016
	£	£	£

Profit / (Loss) for the period / year	150,392	(887,818)	(1,440,190)
Cash flow from operating activities			
Adjustments for:			
Depreciation	15,108	24,500	53,423
Share based payment charge	64,539	-	1,001
Decrease / (increase) in trade and other receivables	74,668	(2,108,746)	(1,036,399)
Decrease (increase) in derivative financial assets	17,974	(373,654)	(108,173)
(Decrease) / increase in trade and other payables	(1,448,134)	4,789,641	3,050,296
Increase in derivative financial liabilities	(72,714)	(306,279)	(551,284)
Decrease / (increase) in inventories	(51,685)	(103,072)	(134,811)
Net cash generated from operating activities	**(1,249,852)**	**1,034,572**	**(166,137)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(139,125)	(21,981)	(47,927)
Acquisition of subsidiary, net of cash acquired	(424,675)	-	-
Net cash used in investing activities	**(563,800)**	**(21,981)**	**(47,927)**
Cash flows from financing activities			
Proceeds from issuance of shares	314,999	5,250,000	5,250,000
Costs directly attributable to share issuance	-	(127,007)	(127,007)
Net cash from financing activities	**314,999**	**5,122,993**	**5,122,993**
Net increase / (decrease) in cash and cash equivalents	**(1,498,653)**	**6,135,584**	**4,908,929**
Cash and cash equivalents at the beginning of the period / year	**8,523,985**	**3,615,056**	**3,615,056**
Cash and cash equivalents at the end of the period / year	**7,025,332**	**9,750,640**	**8,523,985**

Included in cash and cash equivalents at 30 June 2017 was £3.4m of client funds (30 June 2016: £6.0 million, 31 December 2016: £5.0 million).

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM REPORT FOR THE SIX MONTHS ENDING 30 JUNE 2017

1. Basis of preparation and accounting policies

The interim financial statements have been prepared in accordance with the AIM rules and the basis of accounting policies set out in the accounts of the Group for the year ended 31 December 2016. The consolidated interim financial statements have been prepared using recognition and measurement principles of IFRS as adopted for use in the European Union. The IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group and therefore accounting policies applied are consistent with those disclosed in the annual financial statements for the year ended 31 December 2016.

The interim financial statements are unaudited and were approved by the Board of Directors for issue on 27 September 2017. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. These interim consolidated financial statements do not include all disclosures which would be required in a complete set of financial statements and should be read in conjunction with the 2016 Annual Report. The results for the year ended 31 December 2016 are in abbreviated form and have been extracted from the published financial statements of the Group. There were audited and reported upon without qualification by KPMG LLP and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Group has not applied IAS 34 "Interim Financial Reporting" (which is not mandatory for UK Groups) in the preparation of this interim report.

The Company is a limited liability company incorporated and domiciled in England and Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The Group financial statements are presented in pounds Sterling, which is the Group's presentational currency.

2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. The company did not undertake any transactions prior to 30 June 2014.

On 5 August 2014, FAIRFX Group plc listed its shares on AIM, a market operated by The London Stock Exchange. In preparation for the Initial Public Offering ("IPO") the Group was restructured. The restructure impacted a number of the prior year and comparative primary financial statements and notes. The effect of this reorganisation was to insert one new company into the Group, a new ultimate holding company, FAIRFX Group plc.

FAIRFX Group Plc acquired the entire share capital of FAIRFX (UK) Limited (previously named FAIRFX Group Limited) on 22 July 2014 through a share for share exchange. For the consolidated financial statements of the Group, prepared under IFRS, the principles of reverse acquisition under IFRS 3 "BusinessCombinations" have been applied. The steps to restructure the group had the effect of FAIRFX Group Plc being inserted above FAIRFX (UK) Limited. The holders of the share capital of FAIRFX (UK) Limited were issued fifty shares in FAIRFX Group Plc for one share held in FAIRFX (UK) Limited.

By applying the principles of reverse acquisition accounting, the Group is presented as if FAIRFX Group plc had always owned and controlled the FAIRFX group. Comparatives have also been prepared on this basis. Accordingly, the assets and liabilities of FAIRFX Group plc have been recognised at their historical carrying amounts, the results for the periods prior to the date the Company legally obtained control have been recognised and the financial information and cash flows reflect those of the "former" FAIRFX (UK) Limited group.

3. Going concern basis

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the interim statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Directors are of the opinion that the Group and Company have adequate resources to continue in operational existence for the foreseeable future and feel it is appropriate to adopt the going concern basis in the preparation of the interim statements.

4. Segmental analysis

The revenue for the group is generated through the provision of foreign currency services and this is the sole operating segment of the group. The revenue is wholly derived from within the UK.

5. Taxation

There is no charge for current or deferred tax due to the availability of tax losses. Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is considered more likely than not. The decision to recognise any asset will be taken at such point recovery is reasonably certain, when the group returns to profitability.

6. Profit / Loss per share

The profit / loss per ordinary share is based on a loss attributable to equity shareholders of the parent company.

	Unaudited 6 months ended 30 June 2017 £	Unaudited 6 months ended 30 June 2016 £	Audited Year ended 31 December 2016 £
Earnings:			
Profit / Loss for the purposes of basic and diluted profit/loss per share (PPS/LPS) being the net profit/loss attributable to the owners of the Company	150,392	(887,818)	(1,440,190)
Number of shares:			
Weighted average number of Ordinary shares for the purpose of basic PPS/LPS	103,768,161	89,991,039	96,553,539

The calculation of diluted earnings per share has been based on the profit / loss attributable to ordinary shareholders and a weighted average number of shares outstanding, after adjustments for the effects of all dilutive potential ordinary shares.

7. Dividends

The Directors do not recommend the payment of a dividend.

8. Share capital and merger reserve

	As at 30 June 2017		**As at 30 June 2016**		**As at 31 December 2016**	
	Number	**£**	**Number**	**£**	**Number**	**£**
Allotted, issued and fully paid						
Ordinary shares of 1p each	103,840,175	1,038,402	103,116,039	1,031,160	103,116,039	1,031,160

Under the principles of reverse acquisition accounting, the group is presented as if FAIRFX Group Plc had always owned the FAIRFX (UK) Limited group. The comparative and current period consolidated reserves of the group are adjusted to reflect the statutory share capital and merger reserve of FAIRFX Group Plc as if it had always existed.

Since 30 June 2016, the company has made the following share issues:

Date of Issue	**No Shares Issued**	**Price per share**	**Gross value of shares issued**	**Nominal Value of shares issued**	**Costs of share issues**	**Share Premium**
19 January 2017	724,136	£0.435	£314,999	£7,241	-	£307,758
Total	724,136		£314,999	£7,241	-	£307,758

9. Events after the reporting date

On the 25th August 2017, the Group made a share placing and open offer to raise net proceeds of £26.2 million. On the same day the Group acquired the entire share capital of Spectrum Financial Group Limited. The consideration payable for the acquisition was £15,000,000, satisfied by issue of 3,762,930 ordinary shares of 1p each in the Company at an issue price of 58.0p and cash consideration of £12.8 million.

10. Interim announcement

The interim report was approved by the Board of Director for issue on 2 7 September 2017. A copy will be posted on the Investor section of the Company's website at www.fairfxplc.com.

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