

Certain information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") as applied in the United Kingdom. Upon publication of this Announcement, this information is now considered to be in the public domain.

10 September 2024

Finseta plc
("Finseta", the "Company" or the "Group")

Interim Results to 30 June 2024

Finseta (AIM: FIN), a foreign exchange and payments solutions company offering multi-currency accounts to businesses and individuals through its proprietary technology platform, is pleased to announce its unaudited interim results for the six months ended 30 June 2024 ("H1 2024").

Highlights

| | H1 2024 | H1 2023 | Change |
|--------------------------------|----------------|----------------|---------------|
| | £m | £m | |
| Revenue | 5.1 | 3.6 | +£1.5m |
| Gross margin (%) | 65.7% | 61.0% | +4.7pps |
| Adjusted ¹ EBITDA | 0.8 | 0.2 | +£0.6m |
| Profit before tax | 0.6 | 0.0 | +£0.6m |
| Basic EPS (p) | 0.79p | 0.06p | +0.73p |
| Cash from operating activities | 0.8 | 0.1 | +£0.7m |

- Revenue increased by 40%, driven by on-going growth in active customers² to 952 (H1 2023: 874) and an increase in average transaction value of 29% on H1 2023
- Gross margin improvement of 470 basis points primarily driven by an increase in the proportion of revenue accounted for by direct clients to 100% (H1 2023: 91%), reflecting the strategic decision to offboard the historic white label business in prior years
- Balance sheet further strengthened with cash and cash equivalents at 30 June 2024 of £2.8m (31 December 2023: £2.3m), resulting in net cash³ of £0.6m at 30 June 2024 (31 December 2023: £0.2m)
- Continued strategic progress in the period:
 - New counterparty partnerships established to broaden the number of currencies and countries where the Group can transact - now able to pay out to over 165 countries in 140 currencies
 - Received regulatory approval to provide payment services in Canada; initial revenues expected in 2024
 - Signed agreement with Mastercard to launch corporate card scheme later in 2024
 - Adopted 'Finseta' as new company name to reflect differentiated offer and as part of strategic growth plan
- The strong trading momentum in H1 2024 has continued into the second half, and the Group remains on track to report significant growth for full year 2024, in line with the Board's expectations

James Hickman, CEO of Finseta, said: "This has been a period of significant growth for Finseta, which builds on the work we commenced last year to execute on our renewed strategy. Through expanding our introducer network and payments capabilities, while maintaining a high level of customer service, we have increased the number of active customers and average transaction value. We also achieved strategic milestones that will be key drivers of future growth - most notably, signing an agreement with Mastercard to launch a corporate card scheme and receiving regulatory approval in Canada where we are in the process of launching a full-service office.

"Looking ahead, the strong trading momentum that was experienced during the first six months of 2024 has been sustained into the second half and we are on track to report significant growth for full year 2024, in line with the Board's expectations. At the same time, with the excellent progress made in executing on our strategic priorities, we have strengthened our operations and the foundations to deliver long-term, sustainable growth. As a result, the Board continues to look to the future with great confidence."

Notes

¹ Excluding share-based compensation, transaction costs, depreciation & amortisation charges, profit from the disposal of a subsidiary, other operating income related to interest on client balances and non-cash based accounting adjustments in respect of the Group's corporate premises

² Defined as customers who traded through Finseta during the 12-month periods to 30 June 2024 and 2023 respectively

³ Defined as cash and cash equivalents less loan notes

Enquiries

Finseta plc +44 (0)203 971 4865
James Hickman, Chief Executive Officer
Judy Happe, Chief Financial Officer

Shore Capital (Nominated Adviser and Broker) +44 (0)207 408 4090
Daniel Bush, Tom Knibbs (Corporate Advisory)
Guy Wiehahn (Corporate Broking)

Gracechurch Group (Financial PR) +44 (0)204 582 3500
Harry Chathli, Claire Norbury, Henry Gamble

About Finseta

Finseta plc (AIM: FIN) is a foreign exchange and payments company offering multi-currency accounts and payment solutions to businesses and individuals. Headquartered in the City of London, Finseta combines a proprietary technology platform with a high level of personalised service to support clients with payments in over 165 countries in 140 currencies. With a track record of over 12 years, Finseta has the expertise, experience and expanding global partner network to be able to execute complex cross-border payments. It is fully regulated, through its wholly-owned subsidiaries, by the Financial Conduct Authority as an Electronic Money Institution and by the Financial Transactions and Reports Analysis Centre of Canada as a Money Services Business. www.finseta.com

Investor Presentation

James Hickman, CEO, and Judy Happe, CFO, will provide a live presentation via Investor Meet Company at 10.00am BST today. The presentation is open to all existing and potential shareholders. Investors can sign up to Investor Meet Company for free and add to meet Finseta via:
<https://www.investormeetcompany.com/finseta-plc/register-investor>

Strategic and Operational Review

Finseta delivered significant growth during the first half of 2024 as its expanded sales team and introducer network drove increases in active customer numbers and average transaction value. The Group also continued to enhance its products and services and execute on its strategy, with key initiatives being advanced that strengthen the foundations of the business and its ability to deliver sustained growth. In particular, the Group signed an agreement to launch a corporate card scheme with Mastercard and received regulatory approval in Canada, which both represent significant milestones for the business.

Performance

The Group delivered substantial growth in revenue to £5.1m (H1 2023: £3.6m), which was driven by increases in active customers and average transaction value. Active customers increased to 952 compared with 874 for the first half of 2023 as the Group continued to expand its sales team and introducer network. Average transaction value increased by 29% over H1 2023 driven by an increased focus on providing an exceptional level of service to its corporate and high net worth individual ("HNWI") clients.

The Group completed its transition to only serving clients directly, with all revenue being generated by direct clients during the period (H1 2023: 91%). This contributed to a significant, 470 basis point, increase in gross margin in the period over the first half of 2023. By client type, there was an increase in revenue generated by both private clients (primarily HNWIs) and corporate accounts. The proportion of total revenue accounted for by private clients remained at 60% (H1 2023: 60%) with corporate accounts contributing 38% (H1 2023: 37%). For the majority of private client revenue, whilst the underlying transaction is with an individual, the relationship is via a corporate that provides services to the individual. In addition, the Group received £100k (H1 2023: £110k) in revenue, accounting for 2% of total revenue, as the final income generated under a licencing agreement with the acquirers of Avila House, a former subsidiary of the Group.

Strategy execution

The Group's growth strategy is founded on the three pillars of product, geography and people - Finseta made considerable progress against all three during the first half of 2024. This contributed to growth during the period, but also strengthened the drivers of growth for the years to come.

Product

A core element of Finseta's strategy is to establish a global payments network that will enable clients to be able to pay in from, and pay out to, any jurisdiction (subject to regulatory restrictions) in any currency and via any payment method. While it is still relatively early days, a number of milestones in advancing towards this goal were achieved during the first half of the year.

Currencies & countries

The Group continued to expand its global payments network by establishing new counterparty partnerships. This enables the Group to broaden the number of currencies and countries where it can transact, as well as expanding the business sectors it can serve. The Group can now pay out to over 165 countries in 140 currencies compared with over 150 countries and 58 currencies this time last year.

Payment method

Finseta made significant progress in the period towards expanding its payment method offering with the signing of a long-term agreement with Mastercard to launch a corporate card scheme. The Group is on track to launch the scheme in the current year, when it will be able to issue commercial cards co-branded and supported by Mastercard for its corporate customers. This additional payment rail will provide greater choice and flexibility for clients in managing their business expenses and a further recurring income stream for Finseta as clients sign up to use the corporate card offering.

Service

A key differentiator of the Group's offer is the high level of personalised service provided to clients, along with the experience of Finseta's team and the strength of its compliance capabilities. The Group's Finseta Solutions offering, which was established in 2023 and is specifically focused on providing solutions to clients with more complex needs and require a higher level of service, made progress during the period. The Group has added further resource to this new offering as the number of customers and partners has continued to grow.

During the period, the Group undertook development work to enhance the functionality of the Finseta platform, which will further improve clients' experience. The Group expects to introduce the upgrades later this year.

Geography

A core pillar of the Group's strategy is geography - that is, expanding its capabilities to enable clients to transact to and from anywhere in the world (subject to regulatory restrictions). This includes through establishing further counterparty relationships, as noted above, as well as expanding its own geographical footprint and regulatory capabilities.

A significant milestone was achieved with the Group receiving a Money Services Business ("MSB") licence from the Financial Transactions and Reports Analysis Centre of Canada. This allows the Group to operate a payments company in Canada and provide payments services to Canadian businesses and individuals. Having previously received enquiries in Canada for its services through its existing network, the establishment of a regulated business will enable the Group to fully pursue such opportunities and leverage local payment rails and lower transaction costs.

Following the receipt of the MSB licence, the Group commenced the process of establishing a full-service

office in Canada, which it expects to open in the current year. This will allow the Group to provide customers in Canada with the high-touch service-led approach that is core to the Finseta offering.

The Group also continued to make progress with the regulatory approval process in other jurisdictions where it can leverage opportunities through its existing network and thereby maximise its resources.

People

As a high-touch, service-led business, the strength of Finseta's people is crucial. A fundamental contribution to the Group's growth during the period was the enhancement of its sales team, which commenced in the prior year. To strengthen its offer and drive its future growth, the Group also expanded, post period, its Finseta Solutions team, as well as appointing a Country Manager for Canada.

In addition, with the Group's client acquisition being predominantly introducer-led, relationships are key to Finseta's ongoing growth. The Group continued to expand and deepen its network of introducers in order to continue to increase its active customer numbers and diversify payment flows across a broader range of currencies.

Brand identity

In recognition of the substantial strategic progress that the Group has made and the development of its business - with a fundamentally expanded offer, capabilities and geographic footprint - the Group decided to adopt a new name. The Group wanted a name that better aligned its brand identity with its mission, values and the comprehensive range of services it provides. In particular, the Group needed a unique name that reflected its differentiated offer. Accordingly, the Group underwent a renaming process that commenced in the prior year and completed during the period with the adoption of 'Finseta'.

Financial Review

Revenue for the six months to 30 June 2024 increased by 40% to £5.1m compared with £3.6m for the first half of the previous year. On an underlying basis, to exclude revenue generated by white label partners in H1 2023, the Group's revenue grew by 54% in H1 2024 over H1 2023. This significant growth reflects an increase in active customers and in average transaction value, reflecting the Group's expansion of its sales team and introducer network and an increased focus on providing an exceptional level of service to its clients.

Gross margin improved to 65.7% (H1 2023: 61.0%), which is primarily due to the Group no longer deriving revenue from white label partners following its strategic decision to manage down its historic white label business. The improvement in gross margin combined with the increased revenue resulted in substantial growth in gross profit to £3.3m (H1 2023: £2.2m).

Operating expenses were £2.8m in H1 2024 compared with £2.2m for the first half of the previous year. This primarily relates to additional sales team hires and increased performance-related bonuses commensurate with the Group's performance; higher depreciation as a result of the Group's move to a new leased corporate premises in the second half of 2023; and lower other operating income as described below. Operating expenses as a proportion of revenue improved to 55% for the first half of 2024 (H1 2023: 62%).

Thanks to the strong operating performance, there was a substantial improvement in adjusted EBITDA to £831k compared with £190k for H1 2023. Adjusted EBITDA is stated after the add-back of other operating income, share-based compensation, profit from the disposal of a subsidiary and transaction costs, and the rental cost of the Group's corporate premises (see the statement of comprehensive income for further detail).

The Group generated other operating income of £93k (H1 2023: £184k) based on interest on client cash balances (see note 3 to the financial statements). Profit from operations increased to £628k compared with £138k for H1 2023.

Net finance costs were £59k (H1 2023: £115k), which primarily reflects £45k of bank interest receivable during the period (H1 2023: £nil).

As a result of the increased profit from operations and reduced finance costs, profit before tax grew substantially to £569k in H1 2024 compared with £23k for the first half of the prior year.

The Group had a tax charge of £118k compared with a tax credit in the prior year period of £12k, principally reflecting the increased profitability of the Group. The tax charge was satisfied through the consumption of a deferred tax asset and, accordingly, was a non-cash expense.

Basic earnings per share increased to 0.79 pence (H1 2023: 0.06 pence), which was achieved despite an increase in the weighted average number of ordinary shares in issue to 57,417,101 (H1 2023: 55,791,324). On a fully diluted basis, earnings per share were 0.74 pence (H1 2023: 0.06 pence).

Cash generated from operating activities increased significantly to £782k (H1 2023: £114k) based on the improved trading performance. Cash used in investing activities was £204k (H1 2023: cash from investing activities of £85k), which primarily consists of the continued investment in developing the Group's proprietary platform and a deferred consideration payment in respect of the February 2022 acquisition of Capital Currencies. This was partly offset by the receipt of the proceeds from the disposal of Capital Currencies, a non-trading subsidiary with all of the customer and employment contracts acquired in February 2022 having previously been novated to the Group's main trading entity, Finseta Payment Solutions Limited. Cash used in financing activities was £153k compared with £66k for H1 2023, with the difference primarily reflecting lease payments associated with the move to the new corporate premises.

As a result, as of 30 June 2024, cash and cash equivalents had increased to £2.8m (31 December 2023: £2.3m), resulting in net cash of £0.6m at 30 June 2024 (31 December 2023: £0.2m).

Outlook

The strong trading momentum of the first six months of the year has been maintained into the second half. Accordingly, the Group remains on track to report significant growth for full year 2024, in line with the Board's expectations.

This growth is being driven by the continued increase in the number of active customers as a result of the ongoing expansion of the Group's introducer network and continued investment in various revenue generating teams within the Group. The Group is also looking forward to the launch of its corporate card scheme and of its Canadian offering, which are expected to occur in the second half of 2024 and make an initial contribution to revenue.

Looking further ahead, with the excellent progress that the Group made during the period in executing on its strategic priorities, the Group has strengthened its operations and established the foundations to deliver long-term, sustainable growth. As a result, the Board continues to look to the future with great confidence.

Consolidated Statement of Comprehensive Income

| | | Unaudited 6 months to 30 June 2024 | Unaudited 6 months to 30 June 2023 | Audited 12 months to 31 Dec 2023 |
|--|-------|---|--|---|
| | Notes | £ | £ | £ |
| Revenue | | 5,059,757 | 3,601,842 | 9,649,233 |
| Cost of sales | | (1,733,605) | (1,405,919) | (3,533,897) |
| Gross profit | | 3,326,152 | 2,195,923 | 6,115,336 |
| Share-based compensation | 6 | (169,007) | (172,679) | (333,061) |
| Further adjustments to adjusted EBITDA (see below) | | (126,564) | (63,306) | (357,348) |
| Other administrative expenses | | (2,495,486) | (2,005,647) | (4,415,113) |
| Total administrative expenses | | (2,791,057) | (2,241,632) | (5,105,522) |
| Other operating income | 3 | 92,683 | 183,506 | 350,143 |
| Adjusted EBITDA | | 830,666 | 190,275 | 1,700,223 |
| Stated after the add-back of: | | | | |
| - other operating income | | (92,683) | (183,506) | (350,143) |
| - share-based compensation | 6 | 169,007 | 172,679 | 333,061 |
| - transaction costs | | - | 4,500 | 4,500 |
| - profit on disposal of subsidiary | 8 | (150,000) | (207,480) | (207,480) |
| - amortisation of intangible assets | 7 | 279,153 | 256,707 | 533,649 |
| - IAS 17 rent reversal | | (156,600) | - | (61,613) |
| - depreciation of property, plant and equipment | | 154,011 | 9,579 | 88,292 |

| | | | | |
|---|---|------------------|-----------|-----------|
| Profit from operations | 2 | 627,778 | 137,797 | 1,359,957 |
| Finance and other income | 4 | 45,000 | - | 21,363 |
| Finance costs | 4 | (103,507) | (114,550) | (90,635) |
| Profit before tax | | 569,271 | 23,247 | 1,290,685 |
| Income tax | | (117,983) | 11,699 | 843,168 |
| Profit for the financial period | | 451,288 | 34,946 | 2,133,853 |
| Total comprehensive profit for the period | | 451,288 | 34,946 | 2,133,853 |
| Profit per share from continuing operations: | | | | |
| Profit per ordinary share - basic (pence) | 5 | 0.79 | 0.06 | 3.77 |
| Profit per ordinary share - diluted (pence) | 5 | 0.74 | 0.06 | 3.76 |

Consolidated Statement of Financial Position

| | Notes | Unaudited as at 30 June 2024 £ | Unaudited as at 30 June 2023 £ | Audited as at 31 Dec 2023 £ |
|-------------------------------------|-------|---|---|--------------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets and goodwill | 7 | 1,642,763 | 2,180,104 | 1,514,519 |
| Tangible assets | | 36,314 | 30,923 | 34,356 |
| Right-of-use assets | 12 | 651,680 | - | 796,498 |
| Deferred tax | 13 | 579,921 | - | 697,864 |
| | | 2,910,678 | 2,211,027 | 3,043,237 |
| Current assets | | | | |
| Trade and other receivables | 9 | 1,057,289 | 1,503,464 | 1,359,641 |
| Cash and cash equivalents | | 2,768,005 | 816,176 | 2,343,417 |
| | | 3,825,294 | 2,319,640 | 3,703,058 |
| TOTAL ASSETS | | 6,735,972 | 4,530,667 | 6,746,295 |
| Equity | | | | |
| Share capital | 6 | 574,171 | 574,171 | 574,171 |
| Share premium | | 6,191,748 | 6,191,748 | 6,191,748 |
| Share-based payment reserve | | 949,396 | 620,006 | 780,389 |
| Merger relief reserve | | 5,557,645 | 5,557,645 | 5,557,645 |
| Contingent consideration reserve | | - | 999,859 | - |
| Reverse acquisition reserve | | (3,140,631) | (3,140,631) | (3,140,631) |
| Retained earnings | | (7,856,499) | (10,406,693) | (8,307,787) |
| TOTAL EQUITY | | 2,275,830 | 396,105 | 1,655,535 |
| Non-current liabilities | | | | |
| Loan notes | 11 | 2,000,000 | 2,172,578 | 2,000,000 |
| Deferred tax liability | | - | 88,117 | - |
| Obligations under leases | 14 | 399,293 | - | 543,555 |
| Deferred consideration | 15 | - | - | 111,323 |
| | | 2,399,293 | 2,260,695 | 2,654,878 |
| Current liabilities | | | | |
| Trade and other payables | 10 | 1,475,854 | 1,873,867 | 1,882,771 |
| Loan notes | 11 | 172,578 | - | 172,578 |
| Obligations under leases | 14 | 280,009 | - | 263,357 |
| Deferred consideration | 15 | 132,408 | - | 117,176 |
| | | 2,060,849 | 1,873,867 | 2,435,882 |
| TOTAL EQUITY AND LIABILITIES | | 6,735,972 | 4,530,667 | 6,746,295 |

Consolidated Statement of Changes in Equity

| | Share capital £ | Share premium £ | Share- based payment reserve £ | Merger relief reserve £ | Contingent consideration reserve £ | Reverse acquisition reserve £ | Retained earnings £ | Total £ |
|---------------------------------------|-----------------------|-----------------------|--|----------------------------------|---|--|---------------------------|--------------------|
| At 1 January 2023 | 480,362 | 5,496,829 | 1,489,765 | 5,557,645 | 950,920 | (3,140,631) | (10,924,791) | (89,901) |
| Issue of shares | 35,299 | 194,143 | - | - | - | - | - | 229,442 |
| Deferred equity-based consideration | - | - | - | - | 48,939 | - | - | 48,939 |
| Share-based payments | - | - | 172,679 | - | - | - | - | 172,679 |
| Settlement of equity-based incentives | 58,510 | 500,776 | (1,042,437) | - | - | - | 483,151 | - |

| | | | | | | | | |
|--|----------------|------------------|----------------|------------------|----------------|--------------------|---------------------|------------------|
| Other comprehensive income | - | - | - | - | - | - | 34,946 | 34,946 |
| At 30 June 2023 | 574,171 | 6,191,748 | 620,007 | 5,557,645 | 999,859 | (3,140,631) | (10,406,694) | 396,105 |
| Deferred equity-based consideration | - | - | - | - | (771,360) | - | - | (771,360) |
| Transfer to deferred consideration liability | - | - | - | - | (228,499) | - | - | (228,499) |
| Share-based payments | - | - | 160,382 | - | - | - | - | 160,382 |
| Other comprehensive income | - | - | - | - | - | - | 2,098,907 | 2,098,907 |
| At 31 December 2023 | 574,171 | 6,191,748 | 780,389 | 5,557,645 | - | (3,140,631) | (8,307,787) | 1,655,535 |
| Share-based payments | - | - | 169,007 | - | - | - | - | 169,007 |
| Other comprehensive income | - | - | - | - | - | - | 451,288 | 451,288 |
| At 30 June 2024 | 574,171 | 6,191,748 | 949,396 | 5,557,645 | - | (3,140,631) | (7,856,499) | 2,275,830 |

Consolidated Cash Flow Statement

| | Unaudited six months to 30 June 2024 £ | Unaudited six months to 30 June 2023 £ | Audited 12 months to 31 Dec 2023 £ |
|---|--|---|---|
| Profit before tax | 569,271 | 23,247 | 1,290,685 |
| Adjustments to reconcile profit before tax to cash generated from operating activities: | | | |
| Other operating income | 8,274 | - | (27,167) |
| Finance income | (45,000) | - | (21,363) |
| Finance costs | 103,507 | 114,550 | 90,635 |
| Share-based compensation | 169,007 | 172,679 | 333,061 |
| Profit on disposal of subsidiary | (150,000) | (207,480) | (207,480) |
| Depreciation and amortisation | 433,164 | 266,286 | 621,941 |
| Write-off of property, plant and equipment | - | - | 519 |
| Loss on disposal of property, plant and equipment | 656 | - | - |
| Decrease / (increase) in trade and other receivables | 303,152 | (164,354) | 67,344 |
| Decrease in trade and other payables | (609,691) | (90,969) | (194,021) |
| Cash generated in operating activities | 782,340 | 113,959 | 1,954,154 |
| Investing activities | | | |
| Purchases of property, plant and equipment | (13,304) | (824) | (11,081) |
| Internally generated software development | (235,711) | (213,694) | (491,013) |
| Proceeds from disposal of subsidiary | 150,000 | 300,000 | 300,000 |
| Settlement of deferred consideration | (105,431) | - | - |
| Cash (used) / generated in investing activities | (204,446) | 85,482 | (202,094) |
| Financing activities | | | |
| Interest and similar income | 35,883 | - | 10,587 |
| Interest and similar charges | (32,589) | (65,611) | (39,963) |
| Lease payments | (156,600) | - | (61,613) |
| Cash used in financing activities | (153,306) | (65,611) | (90,989) |
| Increase in cash and cash equivalents | 424,588 | 133,830 | 1,661,071 |
| Cash and cash equivalents at beginning of period | 2,343,417 | 682,346 | 682,346 |
| Cash and cash equivalents at end of period | 2,768,005 | 816,176 | 2,343,417 |

Notes to the financial statements

1. General information and basis of preparation

Finseta plc is a public limited company, incorporated and domiciled in England. The Company was admitted to trading on AIM, London Stock Exchange's market for small and medium size growth companies, on 6 April 2021. The registered office

of the Company is 14-18 Copthall Avenue, London, EC2R 7DJ. Finseta plc is a foreign exchange and payments company offering multi-currency accounts to businesses and individuals using a proprietary cloud-based multi-currency payments platform.

The consolidated financial information contained within these financial statements is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. While the financial figures included in this interim report have been prepared in accordance with IFRS applicable to interim periods, this interim report does not contain sufficient information to constitute an interim financial report as defined in IAS 34. Financial information for the year ended 31 December 2023 has been extracted from the audited financial statements for that year. The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Entities are accounted for as subsidiary undertakings when the Group is exposed to or has rights to variable returns through its involvement with the entity and it has the ability to affect those returns through its power over the entity.

Details of subsidiary undertakings and % shareholding:

| | | |
|-------------------------------|---|---------------------------|
| Finseta Payment Solutions Ltd | - | 100% owned by the Company |
| Cornerstone Middle East FZCO | - | 100% owned by the Company |
| Pangea FX Limited | - | 100% owned by the Company |
| Finseta Payments Corp | - | 100% owned by the Company |

On 4 June 2024 the Group completed the sale of Capital Currencies Limited. The results of Capital Currencies were consolidated up to the date of disposal.

Going concern

During the period ended 30 June 2024, the Group made a profit of £451,288. As at 30 June 2024 the Group's Statement of Financial Position showed cash and cash equivalents of £2,768,005. The trading position of the Group has strengthened during 2024 with continued revenue growth coupled with a strong focus on cost control. As a result, the Group expects to continue generating a net positive cash flow during the second half of 2024.

The Board continues to closely monitor the Group's performance and considers a range of risks that could affect the future performance and position of the Group. The Board considers the Group has a reasonable expectation that it has adequate resources to continue to operate for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

2. Profit from operations

| | Unaudited six months to 30 June 2024 £ | Unaudited six months to 30 June 2023 £ | Audited 12 months to 31 Dec 2023 £ |
|--|--|--|--|
| Profit from operations is stated after charging/(crediting): | | | |
| Share-based compensation | 169,007 | 172,679 | 333,061 |
| Transaction costs | - | 4,500 | 4,500 |
| Expensed software development costs | 36,117 | 33,189 | 58,792 |
| Depreciation of property, plant and equipment | 9,193 | 9,579 | 15,883 |
| Depreciation of right-of-use assets | 144,818 | - | 72,409 |
| Amortisation of intangible assets | 279,153 | 256,707 | 533,649 |
| Profit on disposal of subsidiary | (150,000) | (207,480) | (207,480) |
| Short-term (2018 IAS 17 operating) lease rentals | - | 137,236 | - |

3. Other operating income

| | Unaudited six months to 30 June 2024 £ | Unaudited six months to 30 June 2023 £ | Audited 12 months to 31 Dec 2023 £ |
|---|--|--|---|
| Interest receivable from client cash balances | 92,683 | 183,506 | 350,143 |

Other operating income represents interest generated from client cash balances. The current interest rate environment means that these accounts can be interest bearing, whilst fulfilling regulatory safeguarding requirements. Under the terms of the Group's Electronic Money Licence, the Group is not able to pass any of the interest earned back to the clients.

Whilst the increased interest stream is a positive boost for the Group and a natural by-product of its increasingly diversified product offering, the Group is mindful that aspects of its dynamics are driven by macroeconomics beyond its control. The Group has therefore chosen to recognise interest income on client balances as 'other operating income', not revenue on the face of the Consolidated Statement of Comprehensive Income. For the same reason, interest income has been excluded from the presentation of adjusted EBITDA.

Interest earned on Finseta's own cash is recognised within finance and other income in the Consolidated Statement of Comprehensive Income.

4. Interest and similar items

| | Unaudited six months to 30 June 2024 £ | Unaudited six months to 30 June 2023 £ | Audited 12 months to 31 Dec 2023 £ |
|---------------------------------------|--|--|---|
| Total finance and other income | | | |
| Bank interest receivable | <u>45,000</u> | <u>-</u> | <u>21,363</u> |
| Total finance costs | | | |
| Unwinding / (release) of discount | 9,340 | 48,939 | (56,459) |
| Loan note interest | 65,177 | 65,129 | 130,306 |
| Other interest payable and charges | - | 482 | 483 |
| Interest on lease liabilities | <u>28,990</u> | <u>-</u> | <u>16,305</u> |
| | <u>103,507</u> | <u>114,550</u> | <u>90,635</u> |

5. Earnings per share

| | Unaudited six months to 30 June 2024 £ | Unaudited six months to 30 June 2023 £ | Audited 12 months to 31 Dec 2023 £ |
|---|---|--|---|
| Statutory profit | 451,288 | 34,946 | 2,133,853 |
| Weighted average number of shares used in basic EPS | 57,417,101 | 55,791,324 | 56,613,145 |
| Effect of dilutive share options | 3,444,861 | - | 161,510 |
| Weighted average number of shares used in diluted EPS | <u>60,861,962</u> | <u>55,791,324</u> | <u>56,774,655</u> |
| Earnings per share (pence) | | | |
| Statutory total earnings per share | | | |
| Basic | 0.79 | 0.06 | 3.77 |
| Diluted | <u>0.74</u> | <u>0.06</u> | <u>3.76</u> |

6. Share capital

Allotted, called up and fully paid

| | Ordinary shares No. | Share capital £ |
|--|------------------------|--------------------|
| Ordinary shares of £0.01 each at 30 June 2024, 31 December 2023 and 30 June 2023 | 57,417,101 | 574,171 |

Options

On 22 February 2024, the Company granted 470,000 options under its equity-settled share-based remuneration schemes for employees with a weighted average exercise price of £0.32 and a vesting period between 1 and 3 years.

The Black-Scholes model was used for calculating the cost of options. The model inputs for the options issued were:

| | |
|---------------------------|-----------|
| Share price at grant date | - £0.31 |
| Risk-free rate | - 4.2% |
| Expected Volatility | - 117.5% |
| Contractual life | - 5 years |

During the period 20,000 options were forfeited (H1 2023: 248,360) at a weighted average exercise price of £0.12 per share. No warrants expired during the period (H1 2023: 63,114).

Share-based compensation charge

The Group's share-based compensation charge for the period ended 30 June 2024 of £169,007 (H1 2023: £172,679) consists of £64,172 (H1 2023: £49,115) in respect of warrants (including the impact of warrant expirations) and £104,835 (H1 2023: £123,564) in respect of share options granted under the Company's share option scheme (including the impact of option forfeitures).

7. Intangible assets

| | internally developed software £ | Software costs £ | Customer relationships £ | Goodwill £ | Trademarks £ | Total £ |
|-----------------------------|--|------------------------|--------------------------------|----------------|-----------------|------------------|
| COST | | | | | | |
| As at 1 January 2024 | 1,515,097 | 15,611 | 615,756 | 420,300 | 46,114 | 2,612,878 |
| Additions | 396,423 | - | - | - | 10,974 | 407,397 |
| At 30 June 2024 | 1,911,520 | 15,611 | 615,756 | 420,300 | 57,088 | 3,020,275 |
| AMORTISATION | | | | | | |
| As at 1 January 2024 | 869,189 | 15,611 | 213,559 | - | - | 1,098,359 |
| Charge for the period | 217,578 | - | 61,575 | - | - | 279,153 |
| As at 30 June 2024 | 1,086,767 | 15,611 | 275,134 | - | - | 1,377,512 |
| NET BOOK VALUE | | | | | | |
| At 30 June 2024 | 824,753 | - | 340,622 | 420,300 | 57,088 | 1,642,763 |
| At 30 June 2023 | 630,069 | - | 463,773 | 1,086,262 | - | 2,180,104 |
| At 31 December 2023 | 645,908 | - | 402,197 | 420,300 | 46,114 | 1,514,519 |

8. Disposal of Capital Currencies Limited

On 4 June 2024, the Group completed the sale of Capital Currencies Limited to Universe Payments Ltd and received £150,000 in cash consideration following the receipt of regulatory approval for the transaction from the FCA. The only asset held in Capital Currencies Ltd at the date of sale was an API licence with a £nil net book value. The profit on disposal recognised by the Group upon the sale of Capital Currencies Limited was therefore £150,000.

9. Trade and other receivables

| | Unaudited as at 30 June 2024 £ | Unaudited as at 30 June 2023 £ | Audited as at 31 Dec 2023 £ |
|---|---|---|--------------------------------------|
| Trade receivables | 308,410 | 347,655 | 347,491 |
| Prepayments and accrued income | 344,389 | 152,238 | 152,281 |
| Derivative financial assets at fair value | 184,660 | 674,424 | 340,241 |
| Other receivables | 145,359 | 52,523 | 147,536 |
| Taxes and social security | 74,471 | 276,624 | 372,092 |
| Total trade and other receivables | 1,057,289 | 1,503,464 | 1,359,641 |

10. Trade and other payables

| | Unaudited as at 30 June 2024 £ | Unaudited as at 30 June 2023 £ | Audited as at 31 Dec 2023 £ |
|--|---|---|--------------------------------------|
| Trade payables | 412,134 | 216,298 | 248,493 |
| Derivative financial liabilities at fair value | 468,653 | 767,557 | 279,097 |
| Other taxes and social security | 165,986 | 391,513 | 480,612 |
| Other payables and accruals | 429,081 | 498,499 | 874,569 |
| Total trade and other payables | 1,475,854 | 1,873,867 | 1,882,771 |

11. Loan Notes

| | Unaudited as at 30 June 2024 £ | Unaudited as at 30 June 2023 £ | Audited as at 31 Dec 2023 £ |
|------------------------|---|---|--------------------------------------|
| CURRENT | | | |
| Convertible loan notes | 172,578 | - | 172,578 |
| NON-CURRENT | | | |
| Loan notes | 2,000,000 | 2,172,578 | 2,000,000 |

The non-current non-convertible loan notes comprise £2,000,000 issued to Robert O'Brien, a major shareholder in the Company and employee of the Group, repayable on 31 July 2026 and £172,578 of deferred consideration in relation to the acquisition of Pangea FX Limited. The Pangea FX Limited loan note is payable contingent upon achieving future revenue targets over a period of two years from the acquisition date. These targets were achieved at the end of the measurement period ended 31 August 2024 and the loan note will be repaid in full in September 2024.

Both loan notes have a 6% coupon rate payable quarterly in arrears.

12. Right-of-use assets

| | Leasehold property |
|------------------------------------|--------------------|
| | £ |
| COST | |
| At 1 January 2024 and 30 June 2024 | 868,907 |
| AMORTISATION | |
| At 1 January 2024 | 72,409 |
| Charge for the period | 144,818 |
| At 30 June 2024 | 217,227 |
| NET BOOK VALUE | |
| At 30 June 2024 | 651,680 |
| At 30 June 2023 | - |
| At 31 December 2023 | 796,498 |

13. Deferred tax

| | Acquired intangibles £ | Fixed asset and other temporary differences £ | Tax losses £ | Total £ |
|-----------------------------|------------------------------|---|-----------------|-----------------|
| As at 1 January 2024 | (100,549) | (19,748) | 818,161 | 697,864 |
| Utilised during the period | - | - | (153,773) | (153,773) |
| Credit during the period | 15,394 | 20,436 | - | 35,830 |
| At 30 June 2024 | (85,155) | 688 | 664,388 | 579,921 |
| | | | Current | 525,888 |
| | | | Non-current | 54,033 |
| At 30 June 2023 | (115,943) | 27,826 | - | (88,117) |
| | | | Current | - |
| | | | Non-current | (88,117) |

14. Obligations under leases

| | Leasehold property |
|-------------------|--------------------|
| | £ |
| At 1 January 2024 | 806,912 |
| Finance costs | 28,990 |
| Payments | (156,600) |
| At 30 June 2024 | 697,302 |
| Current | 280,009 |
| Non-current | 399,293 |
| At 30 June 2023 | - |

15. Deferred consideration

| | £ |
|-------------------|----------------|
| At 1 January 2024 | 228,499 |
| Finance costs | 9,340 |
| Payments | (105,431) |
| At 30 June 2024 | 132,408 |
| Current | 132,408 |
| Non-current | - |
| At 30 June 2023 | - |

16. Related party transactions

In addition to the transaction included in Note 11, as at 30 June 2024, an amount of £8,750 was due from Terry Everson, a former director of Finseta Payment Solutions Limited and a shareholder in the Company (30 June 2023: £8,750).

17. Events after the reporting date

None

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@seg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR BCGDCUBGDGSC