



H1-2021 Results and Trading Update

Ian Strafford-Taylor
CEO

Richard Cooper
CFO

September 2021

Financial

- **REVENUE:** £16.9m - up 23% on H1-2020
- **ADJUSTED EBITDA:** £1.6m - up 138% on H1-2020
- **CASH:** Operationally cash generative, H1-2021, inflow £0.8 m, (H1-2020, outflow £2.8m)

Operational

- B2B-led growth accelerating through the six-month period
- Investment in 2019 and 2020 paying off with significant additional functionality leading to growth
- Aggressive cost cutting in 2020 and H1-2021 accelerates cash generation
- Reshaping of workforce resulting in more dynamism across the group
- Regulatory expertise and investment presenting competitive advantage

Additional information

- Q3-2021 to 10th September

B2B Focus

Robust H1 accelerating into H2 across all product lines

Equals Money

SME-focused unified product suite based on own-name IBAN

Equals Solutions

Emerging B2B revenue stream to larger Corporates based on own-name IBAN

Board / Governance

Board upgraded and strengthened. ESG embraced

Costs

Strong cost culture allowing more resources towards growth initiatives

Sales / Marketing

Roll-out of HubSpot CRM and investment into Data

Cash

Well capitalised with £10.1 million of 'house funds'

Compliance

Additional investment into capabilities. Automated on-boarding

Additional information

- Q3-2021 to 10th September

- A multi-currency collection account connected to SWIFT and UK domestic networks
 - FX & payment capabilities coupled with multiple levels of platform enforced customer approval
 - Payments delivered through a series of Tier 1 banks both in the UK and internationally alongside our own domestic faster payment engine
 - Multi-entity/multi-account offering all accessed through a single login allowing customers to do away with multiple bank login tokens
 - Dedicated account and onboarding support with complex / higher risk account onboarding directly supported through our Tier 1 banking partners
- Revenues earned via FX and transaction fees
- **£0.3 million of revenues in H1-2021, £1.2 million in Q3-2021 to 10th September**

Additional information

- Q3-2021 to 10th September

Operational Highlights

Pay Platform

B2B self-serve
International Payments
platform integrated in
Equals Money

Dealing Platform

Exchange platform
implemented, internal
side of Pay platform

Data

Data Science Team
driving automation and
data insight

CRM - HubSpot

Continued adoption and
optimisation of platform
usage - Sales Enablement

Onboarding

B2B & B2C customers
automated onboarding
live - TruNarrative

Reconciliations

Implementation of
automated reconciliations
via Kani Payments

Linked Cards

Card-to-card transfers to
support B2C usage
utilising B2B functionality

Compliance

Safeguarding audits
complete, new Head of
Compliance

Additional information

- Q3-2021 to 10th September

Efficiency & Straight through processing (STP)



- Underpinned by “Boxes”
 - **A Box** is our internal name for a single currency container in which you can store money / value
 - Each own-name multi-currency IBAN has **one Box per currency**
 - **Boxes** is our internal name for the service which handles the **auto-creation of a Box** and also the processing of funds in and out of the Boxes. This includes payments using the Multi-Currency IBANS through SWIFT, BACS, Faster Payments and SEPA
- Inbound payments - auto-allocation to customer Box - speed and clarity. Currently being rolled out
- Outbound Payments - straight-through from customer instruction. Delivery in Q1 2022
- Machine-learning transaction monitoring key - Bleckwen.ai
- **Boxes are the key building blocks to Equals Money & Equals Solutions**

Additional information

- Q3-2021 to 10th September

CFO review

Richard Cooper

- EBITDA
- Gross profit
- Overheads
- Cashflow
- Balance sheet - liquidity
- Balance sheet - other items



EBITDA (adjusted)

£'000's	H1-2019	H2-2019	H1-2020	H2-2020	H1-2021
- FX	895,091	1,222,368	1,196,334	1,474,911	1,738,215
- Banking	358,647	410,799	364,000	457,000	570,000
Turnover	1,253,739	1,633,166	1,560,334	1,931,911	2,308,215
- B2B	6,852	10,442	9,241	11,047	11,579
- B2C	6,724	6,927	4,531	4,141	5,326
Revenue	13,576	17,369	13,772	15,188	16,905
Margin	1.08%	1.06%	0.88%	0.79%	0.73%
Contribution	7,872	8,595	7,940	9,144	9,828
Contribution %	58%	49%	58%	60%	58%
Net overheads	(5,976)	(4,925)	(7,278)	(8,642)	(8,229)
Adjusted EBITDA	1,906	3,670	672	492	1,599

Additional information
 • Q3-2021 to 10th September

Gross profit (and contribution)

Contribution and gross profit (£'000's)	30-Jun-19	31-Dec-19	30-Jun-20	31-Dec-20	30-Jun-21
International payments	3,389	5,002	5,502	5,451	5,439
Banking	1,870	2,058	1,858	1,885	2,058
Spend platform	1,203	1,531	544	638	1,463
Retail cards	1,384	1,411	539	364	1,218
Travel cash	647	699	212	133	48
Unallocated	810	563	84	1,069	(6)
Gross profits	9,303	11,264	8,739	9,551	10,220
Gross Profit %	69%	65%	63%	63%	60%
Percentage of gross profit generated from travel products	22%	19%	9%	5%	12%
Marketing and branding*	(1,431)	(2,669)	(799)	(407)	(392)
Contribution	7,872	8,595	7,940	9,144	9,828

Additional information

- *Less marketing and branding
- Q3-2021 to 10th September

Overheads (£'000's)	30-Jun-19	31-Dec-19	30-Jun-20	31-Dec-20	30-Jun-21
Staff	(8,758)	(9,739)	(8,366)	(9,159)	(7,943)
Property	(1,060)	(1,312)	(997)	(1,104)	(1,076)
Professional fees	(353)	(930)	(743)	(949)	(712)
IT	(396)	(784)	(759)	(959)	(1,022)
Other	(324)	175	(182)	(456)	(51)
Gross cost	(10,891)	(12,590)	(11,047)	(12,627)	(10,804)
Change in staff cost over prior periods	-	11%	-14%	9%	-13%
Comment			3 months salary sacrifice	Includes some terminations	Re-sized headcount
Period end payroll count	-	321	325	268	248

Additional information
 • Q3-2021 to 10th September

Cashflow (£'000's)	H1-2019	H2-2019	H1-2020	H2-2020	H1-2021
Adjusted EBITDA	1,906	3,670	672	492	1,599
Add /(deduct)					
- R&D receipts clawing back prior year expenditure	-	1,068	-	2,539	-
- Capitalised staff costs	(4,170)	(3,631)	(2,241)	(1,761)	(1,191)
- Purchase of other non-current assets	(656)	(2,108)	(424)	(265)	(215)
- Exceptional items	(165)	(3,258)	(445)	(1,537)	(616)
- Property costs in excess of IFRS 16 accounting treat	(580)	(572)	(515)	(548)	(586)
Working capital movements	989	(1,642)	104	1,651	1,816
Net operational cashflow	(2,676)	(6,473)	(2,849)	571	807

Additional information

- Q3-2021 to 10th September

Highlights

- **£10.1m cash at bank and £12.3m at 10 September 2021**
- Successful reclaim of £1.4m R&D credits in August 2021
 - But, 2022 unlikely to exceed £0.6k
- £2.6m with regulated liquidity providers for forward FX trading
- £1.4m with card providers to accelerate usage on Spend platform
- £1.5m deferred consideration liability payable over next 24 months
- £2.0m CBILs loan - cheap additional cost of capital not repayable until December 2026

Additional information

- Q3-2021 to 10th September

Balance sheet - liquidity

Balance sheet (£'000's)	30-Jun-19	31-Dec-19	30-Jun-20	31-Dec-20	30-Jun-21
Cash equivalents	4,848	11,265	7,908	10,032	10,082
Balances with regulated liquidity providers	805	2,524	1,955	2,776	2,553
Preloaded balances with regulated card providers	1,210	1,193	1,431	2,078	1,435
Customer deposit margins and similar	(727)	(1,683)	(1,908)	(4,059)	(4,755)
Net liquidity	6,136	13,299	9,386	10,827	9,315

Additional information

- Q3-2021 to 10th September

Current trading and outlook

- Revenue / Solutions / Trading update



Revenue / Solutions / Trading update



H1-2021	Per day* £'000's	TOTAL £m	Solutions	Core
International payments	81	10.1	0.3	9.8
Banking	23	2.9	-	2.9
Corporate expenses	17	2.1	-	2.1
Cash and retail cards	12	1.4	-	1.4
Rebates and other income	3	0.4	-	0.4
H1-2021	136	16.9	0.3	16.6
H1-2020	111	13.8	-	13.8
51 working days to Friday 10 September 2021	Per day* £'000's	TOTAL £m	Solutions	Core
International payments	120	6.1	1.2	4.9
Banking	24	1.2	-	1.2
Corporate expenses	24	1.2	-	1.2
Cash and retail cards	12	0.7	-	0.7
Rebates and other income	-	-	-	-
Q3-2021 to 10 September	180	9.2	1.2	8.0
Same period, 2020	114	5.8	-	5.8

Q3 to date, 58% higher than same period in 2020

Additional information

- *Per working day
- Q3-2021 to 10th September

Revenue Growth

- Own-name IBAN capabilities key to growth, driving platform-based revenues in Equals Money and Equals Solutions
- CRM - unlock more efficiencies from HubSpot
- Growth Team - incorporating Marketing (traditional and digital) and all Sales initiatives
- Revised Sales structure and improved use of affiliates
- Data-informed not data-led

Investment

- Further implementation of “Boxes” leading to STP for both inbound and outbound payments in over 40 currencies.
- Machine-learning transaction monitoring to underpin STP
- Move all card products to self-issue and full Debit card platform - “just in time” processing
- Equals Money and Equals Solutions functionality & connectivity enhancements

Costs / Efficiency

- Continued cost control with inevitable focus on major categories of staff costs, premises and IT
- Cost optimisation without compromising growth
- Additional efficiency gains through STP, automated onboarding and reconciliation to build more capacity
- Increased use of outsourcing

Additional information

- Q3-2021 to 10th September

Performance

Strong B2B-led performance accelerating further in Q3-2021

Cost reduction

Cost-culture embedded without compromise to growth potential

Cash position

Operationally cash-generative status achieved

Product roadmap

Focused, rapid product roadmap delivering further B2B functionality

Equals Solutions

New revenue stream with significant growth potential

People

Tight labour market means increased focus on remuneration, retention and EDI

Revenue per day

Q1-2021: £128k
Q2-2021: £145k
Q3-2021*: £180k

Efficiency / Capacity

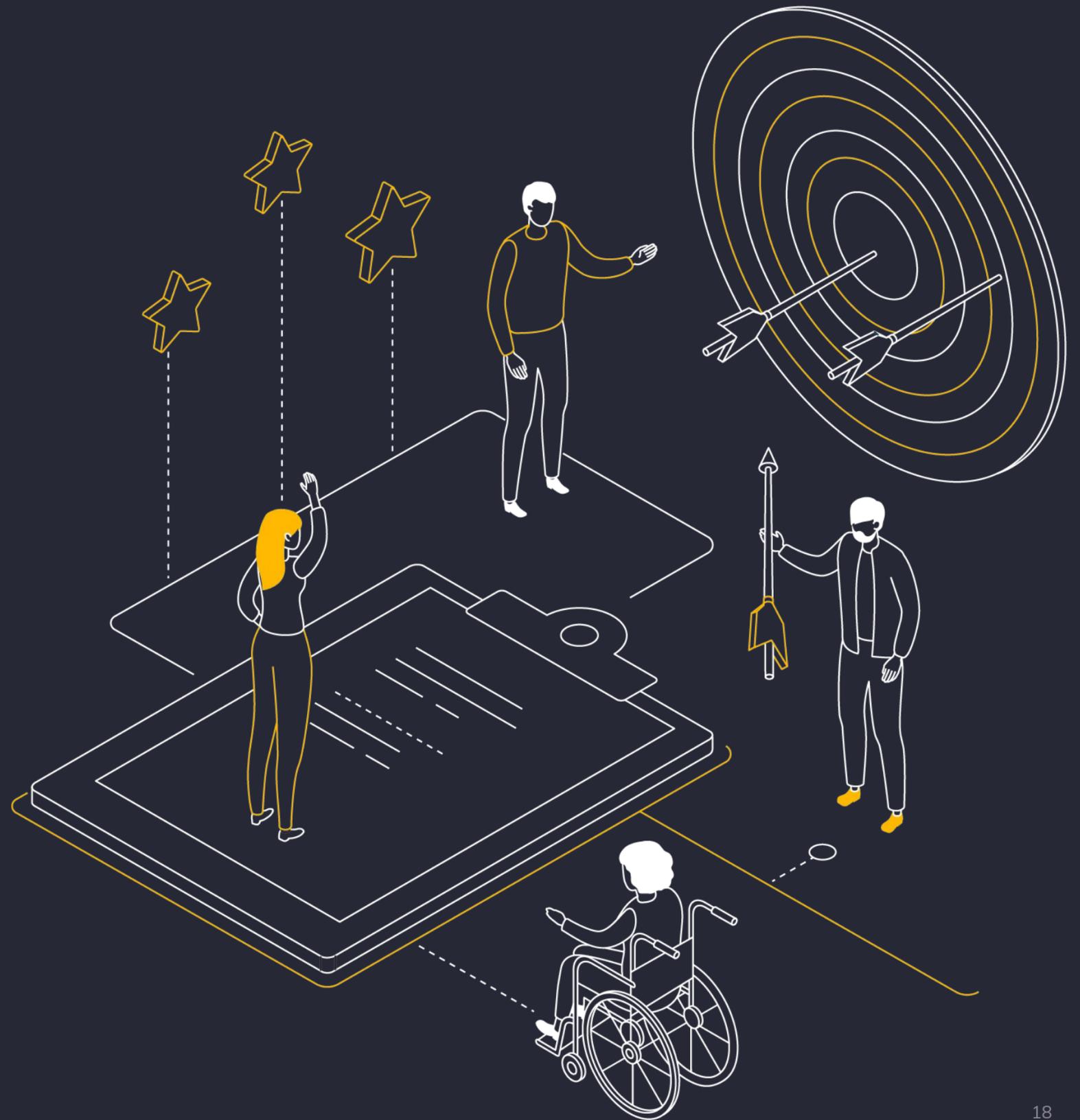
Further gains from STP invested in increased capacity for growth

Additional information

- *Q3-2021 to 10th September and others to Q3 to date

Appendices

- Cashflow detail
- Balance sheet - further detail



Cash flow detail

Cash flow (£'000's)	H1-2019	H2-2019	H1-2020	H2-2020	H1-2021
Net operational cashflow	(2,676)	(6,473)	(2,849)	571	807
Outflows on acquisitions and earn-outs	(336)	(2,989)	(508)	(447)	(803)
External funding:	-	-	-	-	-
- Equity raises: Market	-	15,749	-	-	-
- Equity raises: Options	-	130	-	-	46
- CBILs	-	-	-	2,000	-
Net cash flows	(3,012)	6,417	(3,357)	2,124	50
Balance at start of period	7,860	4,848	11,265	7,908	10,032
Balance at end of period	4,848	11,265	7,908	10,032	10,082

Additional information

- Q3-2021 to 10th September

Balance sheet - detail of other items

Balance sheet (£'000's)	30-Jun-19	31-Dec-19	30-Jun-20	31-Dec-20	30-Jun-21
Net liquidity (as per slide 13)	6,136	13,299	9,386	10,827	9,315
Accrued R&D credits	1,273	2,535	3,064	1,367	1,645
Pending earn-out payments	-	(1,110)	(703)	(1,662)	(1,485)
Paye and Vat	(652)	(624)	(2,017)	(766)	(629)
CBILs loan	-	-	-	(2,000)	(2,000)
All other current assets	2,403	830	2,427	(697)	(468)
Derivative financial (liabilities) / assets, net	(1)	372	324	(31)	(31)
Right to use assets / (liabilities), net	(265)	(294)	(294)	(345)	(364)
Deferred tax, net	458	(788)	(1,758)	(547)	230
All other non-current assets	32,522	35,297	35,700	36,496	35,521
Shareholder funds	41,874	49,517	46,129	42,642	41,734

Additional information
 • Q3-2021 to 10th September



Q&A

Ian Strafford-Taylor

CEO

ian@equalsmoney.com
equalsplc.com

Richard Cooper

CFO

r.cooper@equalsmoney.com
equalsplc.com