

27 March 2023

Equals Group PLC
('Equals' or the 'Group')

Final Results

'Well-invested platform delivering rapid growth, significant cash generation and enhanced profitability'

Equals (AIM:EQLS), the fast-growing payments group focused on the SME marketplace, announces its final results for the year-ended 31 December 2022 (the 'year' or 'FY-2022') and an update on trading for the period from 1 January 2023 to 24 March 2023.

FY-2022: Financial Summary

	FY-2022 £ millions	FY-2021 £ millions	Change¹
Underlying transaction values			
- FX	5,470	4,352	+ 26%
- Banking	1,741	1,331	+ 31%
- Solutions Platform	2,005	846	+ 137%
- Total	9,216	6,529	+ 41%
Revenue	69.7	44.1	+ 58%
% of revenue from B2B ²	80%	81%	
Adjusted EBITDA³	12.1	6.7	+ 81%
EBITDA	11.0	5.7	+ 94%
Profit / (Loss) after taxation	3.6	(2.3)	
Memo:			
Capitalised staff costs	4.2	3.0	+ 38%
Separately reported items (below Adjusted EBITDA)	0.2	0.7	- 76%
R&D credits received	0.4	1.4	- 71%
Impairment of travel cash business	-	1.6	
Cash per share (at balance sheet date)	8.3p	7.3p	+ 14%
Basic EPS	1.80p	(1.35)p	
Adjusted Diluted EPS ⁴	3.03p	0.02p	
<i>Adjusted Basic EPS⁴</i>	3.15p	0.02p	
<i>Diluted EPS</i>	1.73p	(1.35)p	

FY-2022 Financial Highlights

- Transaction flow increased 41% to £9.2 billion (FY-2021: £6.5 billion)
- Revenue increased by 58% to £69.7 million (FY-2021: £44.1 million)
- Adjusted EBITDA³ increased 81% to £12.1 million (FY-2021: £6.7 million)
- Year-end cash increased 15% to £15.0 million (FY-2021: £13.1 million)

Q1 FY-2023 Trading update and Outlook

- Revenue in Q1-2023 up to 24 March 2023 reached £20.2 million, up from £13.2 million in the same period in 2022, an increase of 54%.
- Revenues per working day so far in Q1-2023 were £342k, an increase of 52% over £225k per day in Q1-2022 and 13% higher than £302k per day achieved in Q4-2022
- Share purchase agreement entered into for Oonex SA, Belgian regulated payment processor, conditional on regulatory approval
- Acquisition of Hamer & Hamer, UK regulated FX broker, conditional on regulatory approval
- Cash position has increased to £18.0 million, equal to 10 pence per share, as at 21 March 2023
- Management now expect trading for FY-2023 to be ahead of current expectations

Commenting on the Results, Ian Strafford-Taylor, CEO of Equals Group PLC, said: “The traction that we gained in 2022, resulting in rapid growth, significant cash generation and enhanced profitability, and the trading momentum that we possess today is a direct result of the sustained investment that we have made into our platform and proposition over several years. In developing a platform with superior and wide-ranging capabilities, securely backed by bank-grade functionality, the Group’s proposition is being utilised at significantly greater levels and we are attracting larger volumes from a broader array of businesses, including large corporates.

“We will further invest in the platform and our broader operations to enable us to continue to capture the very clear market opportunity and, as seen with our FY-2022 results, the benefits of scale can be seen in operational leverage and enhanced profitability.”

“Our rapid growth has continued into 2023, which is particularly pleasing when measured on top of the growth achieved in FY-2022. The Group remains entirely focused on achieving further profitable growth, and, with our Q1-2023 results being ahead of expectations, we look forward with much confidence.”

Analyst meeting

There will be an in-person presentation for analysts hosted by Ian Strafford-Taylor (CEO) and Richard Cooper (CFO) at the offices of Buchanan at 09.30 today, 27 March 2023. A copy of the presentation will be available after midday on the Equals website. A copy of the Final Results presentation is also available at the Group’s website: <https://equalsplc.com>.

For retail investors, an audiocast of the conference call with analysts will be available after midday today: <https://webcasting.buchanan.uk.com/broadcast/640f4ab0e57d7909a3e206e3>

Notes

¹ Based on underlying, not rounded, figures.

² Transactions with business customers are reported as ‘B2B’ and transactions with retail customers are reported as ‘B2C’.

³ Adjusted EBITDA is defined as: earnings before; depreciation, amortisation, impairment charges, share option charges, foreign exchange differences and separately reported items. Separately reported items are of a material nature, non-recurring items.

⁴ The measure of profit for this ratio has been adjusted to form Adjusted EPS. The add-back adjustments consist of share option charges, amortisation of acquired intangibles, exceptional items, acquisition costs and tax impacts on these items thereon.

The financial statements were approved for release at 07:00 hours on 27 March 2023 to the London Stock Exchange via RNS after being approved by the Board after stock market hours on 24 March 2023.

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Notes to Editors:

Equals Group is a technology-led international payments group augmented by highly personalised service for the payment needs of SME’s whether these be FX, card payments or via Faster Payments. Founded in 2007, the Group listed on AIM in 2014. For more information, please visit www.equalsplc.com.

Chief Executive Officer's Report

Management's objective for FY-2022 was to continue its trajectory of strong growth of transaction volumes, revenues, and profits, focused on the B2B customer segment with Equals Money being targeted at the SME base and Equals Solutions at larger corporate opportunities.

We significantly surpassed our expectations in the year by continuing to invest in our technology platform, payments infrastructure, licences and connectivity whilst concurrently delivering our growth agenda.

The headline financial performance in the full year included:

- Transactions executed on the Group's platforms increased 41% to £9.2 billion (FY-2021: £6.5 billion)
- Revenue increased 58% to £69.7 million (FY-2021: £44.1 million)
- Adjusted EBITDA increased 81% to £12.1 million (FY-2021: £6.7 million)

A detailed financial analysis is presented in the Report of the Chief Financial Officer which follows this statement.

Summary of FY-2022 performance

The financial results reflect significant investments made over several years in creating a robust platform comprising international and domestic payments, card payments and banking services underpinned by exceptional technology and direct connections to multiple payment networks. Further investments were made in FY-2022 in compliance, onboarding and user experience such that the rich functionality of the platform is easily accessible to current and potential customers.

Successful pivot resulting in operational gearing

The results reflect two concurrent pivots: from B2C to B2B and, from being a product-led business to becoming more platform driven. The breakdown of revenues from different customer groupings reflects the B2B shift with the percentage of revenues coming from consumers and small businesses falling from 28% in FY-2021 to 24% in FY-2022. Concurrently, the percentage of revenues derived from large corporates increased from 12% in FY-2021 to 23% in FY-2022, reflecting the growth and potential of the Equals Solutions offering.

Processed transaction volumes grew 41% to £9.2 billion (FY-2021: £6.5 billion), reflecting the Group's successful growth strategy and the scalability of the platform we have built, which has ample capacity to process even higher volumes. Over the year, revenues grew faster than transaction volumes, up 58% to £69.7 million (FY-2021: £44.1 million), which demonstrates the success of the Group's focus on high-margin business lines.

Breaking down growth trends further, the 'core' products within Equals Money grew strongly and were augmented by a very strong uptake of Equals Solutions. Within the 'core' category, International Payments grew 33% to £34.4 million (FY-2021: £25.9 million) and Card-based revenues grew 45% to £12.5 million (FY-2021: £8.6 million). Equals Solutions revenues grew by 333% to £15.6 million (FY-2021: £3.6 million).

This growth resulted in rapid profit growth, with Adjusted EBITDA up 81% to £12.1 million (FY-2021: £6.7 million) and demonstrated the operational gearing. In addition, the Group's operations are strongly cash generative, opening up opportunities to add scale via acquisitions as we look to further broaden functionalities and/or regulatory licences. In October 2022, for example, the Group acquired the remaining minority interest in Equals Connect for £3.3 million (over three years), the white-label international payments platform to smaller Foreign Exchange Brokers, enabling Equals to broaden its reach and homogenise it with our existing platform.

Growth with control

The overall strategy of the Group is to grow revenues and profits by increasing the volumes of transactions processed via its platform whilst concurrently minimising risk. Accordingly, investment into finance, operations, compliance, and risk functions is a key focus.

Whilst payments businesses in general will always incur some operational risk, especially in 'daylight exposure' before transactions are settled, the Group seeks to minimise or mitigate risks wherever possible. Therefore, all foreign exchange transactions with customers are automatically matched with a liquidity provider and funds are never released until inbound funds have been received. Further, although the Group does offer forward contracts to its customers, its deposit and mark-to-market policies ensure that Equals runs immaterial risk in this area.

Recent times have seen an increased focus from Regulators and Banks on anti-money laundering ('AML') and compliance standards. Equals welcomes the raising of standards in this area as we view our compliance controls and governance, backed up by a Group-wide emphasis on compliance culture facilitated by regular training for all employees, to be a competitive advantage. The Group has continued to invest in this area both in terms of headcount, with over 10% of the workforce focused on compliance and risk, and in technology using outsourced platforms to automate compliance tasks such as 'know your customer' and other checks. In addition, given increasing transaction volumes, the Group invested into a new transaction monitoring system, called Featurespace, which is a state-of-the-art real-time machine-learning platform used by many leading banks and financial institutions. The first phase of the deployment is already live, and the platform will be rolled-out across the Group during FY-2023.

In product and engineering, the Group's customer-facing product developments are built with the involvement of all areas of the business to ensure Equals creates end-to-end applications that support internal operational efficiency. Further, the technical roadmaps for FY-2022 and FY-2023 both include many workstreams that improve internal efficiency and control, not just outward facing product rollouts. In addition, Equals will look to use external tooling and software, where appropriate, so the Group's engineering teams can focus on building in the areas where we can add value.

The engineering, product and design teams achieved a very high cadence in FY-2022 with multiple code releases per week and significant progress in the platform. Highlights included:

- *Equals Money* – new web and mobile applications, customer interface to configure people and teams, flexible account settings and multiple accounts on a single login;
- *Equals Solutions* – significant improvements in reporting and statements. Customer-facing API integrations made available. Direct payments into sub-accounts;
- *Card Platform* – delivery of self-issued cards supporting 20 currencies, both prepaid and debit. Physical or virtual cards usable on Apple Pay, Google Pay and Samsung Pay;
- *Connectivity* – SEPA CT and SEPA Instant. Automated fund management with Bank of England settlement account;
- *Infrastructure* – database migrations to the cloud via Amazon Web Services ('AWS'), significant advances in internal tooling; and
- *Reconciliation* – automation of inbound funds reconciliation, advances in auto-reconciliation via Kani, automated profit sell-backs to GBP.

Sustained investment in people

The Group's employees continue to be its greatest strength and we are delighted to have a diverse workforce and are proud to train and promote from within as well as seek fresh talent from elsewhere. We continue to invest in our people function and have implemented a much-enhanced appraisal programme during the year which forms the basis for salary reviews and compensation. The Group has had a high level of retention amongst key employees. Implementation of a Company-wide share ownership plan ('SIP') combined with an LTIP for management has been well received. Revenue per employee reached £260k; an increase of 50% over the prior year.

The Group appointed Tom Kiddle as its Chief Commercial Officer in June 2022 and has made significant further investment in its growth agenda by upgrading our teams in sales, sales operations, and marketing.

Highlights include: -:

- *Sales* – appointed a Group Sales Director, implemented forecast and opportunity pipeline measurement and cadence, increased regional sales, increased experience and expertise across sales functions, hired three Equals Solutions sales specialists with technical payments backgrounds and commenced a regular sales training process.
- *Partnership sales* – appointed Head of Partnerships, expanded team, implemented new process and procedure for onboarding partners, refined strategy to focus on wider partnerships in key verticals of wealth management, estate agents and IFAs and introduced white label option for partners.

- *Marketing* – refined KPIs, systems and measurement processes, appointed new Head of Digital, refreshed PR agency, radically improved digital lead quality, refined website and introduced dynamic split testing, improved SEO scoring, and introduced customer lifecycle analysis to identify key intervention points.
- *Sales operations* – appointed sales operations lead and a HubSpot expert, implemented a QA team to smooth the path of leads through the wider organisation, delivered significant changes to HubSpot reporting capabilities giving real time access to marketing and sales performance.

While the Group continues to seek efficiencies and has a strong cost-control culture, the Group is growing rapidly and has opportunities to continue this trajectory. Accordingly, the total headcount of the Group is now more than 300 people, and we are continuing to hire talent, mainly into growth areas of sales, marketing, onboarding and compliance.

Marketplace and competitive landscape

Global payments is a multi-trillion dollar market that remains a complex and constantly evolving space, comprising various payment mechanisms from cash, cards, account-to-account transfers, and other methodologies across physical, internet and mobile interfaces. Against this background, many of the settlement rails, particularly on a cross-border basis, are antiquated with little investment. The advent of crypto currencies brought with it the concept of settlement via blockchain technologies, and this has been a factor in ushering more focus on existing payment infrastructures and working to improve the speed and reliability of settlements in fiat currencies.

This is the backdrop to the Group's sustained investment over several years that has enabled Equals to develop a unique proposition; the Group provides both account-to-account transfers and card payment capabilities, overlaid on infrastructure giving bank-grade connectivity and security on superior customer interfaces that can be consumed by customers directly via the platform, on a white-label basis, or via an API technical interface. The flexibility the Group can support and the channels by which this can be consumed by customers is a key differentiator. Within Equals B2B focus, the Group targets two major segments, SMEs, via Equals Money, and larger corporates, via Equals Solutions. Both offer a single platform comprising own-name, multi-currency IBAN current accounts, account-to-account transfers, and card products for both domestic and international transactions.

Competition and differentiation

Competition falls into two major categories, the incumbent banks and the fintech 'disruptors'. The majority of payment volumes flow through the former, therefore targeting its customer base is key focus for the Group's product development and its sales and marketing activities. Fintechs tend to market one silo of what Equals provides as an overall platform (e.g. current accounts, cards, and international payments) and are often B2C focused. Further, they typically operate 'self-serve' platforms in contrast to the Group's provision of human assistance in supporting customers navigate the complexities of payments via dedicated account management teams.

The Group therefore differentiates itself by harnessing the best of these two competitor groups, namely the trust and heritage of the incumbent banks combined with the technological innovation of the Fintechs. Accordingly, Equals will continue to invest in its platform, connectivity, and payment rails to remain one step ahead and its success to-date in doing so is reflected in the Group's FY-2022 results.

Looking forward – from product to platform

Management anticipates that FY-2023 will be the year where the various strands of investment into engineering and connectivity come together into the overall platform offering. At the centre of the Group is Equals Core, the division that holds all the technology, payment rails, direct connections, operations, compliance, and regulatory licences. Equals Core powers everything that the Group does via one technology stack which serves all customers via the same API's and is built for scale.

Equals Core ultimately has four distribution channels:

1. Equals Group itself via its product offering – Equals Money, Equals Solutions, FairFX & CardOne Money;
2. Customers who consume Equals Core via API;
3. White-label customers who consume Equals Core with their own brand being shown to their end customers, who they acquire via their own sales and marketing; and
4. Those who consume some but not all of Equals Core's services via API.

Equals currently has customers utilising the first three levels outlined above and will be able to offer the fourth level during the course of FY-2023. The direction of travel for the Group is to further build out the capabilities of all four of these distribution channels in the current financial year and beyond.

Further differentiation

The Group is constantly looking to add functionality that can further differentiate Equals. The current platforms allow B2B customers to have global collection accounts and to pay out funds locally in over 40 countries but lack the full range of capabilities to assist customers in receiving payments from their customers, both B2B and B2C. In January 2023, Equals completed its acquisition of Roqqett Limited ('Roqqett'), an open banking platform. Roqqett will enable Equals' customers to acquire payments from its customers using open banking rather than traditional methods of debit or credit cards. The Roqqett platform fits perfectly with the Equals Core technology and the first integration milestone of putting Roqqett in the process flow for FairFX was completed in Q1-2023. This acquisition allows Equals to offer an 'end-to-end' solution to its B2B customers from the point at which their customer transacts all the way through to disbursements internationally or domestically. In a similar vein, the Group is looking at the ability to accept card-based payments for its customers, so-called merchant acquiring.

M&A

The Group continues to assess M&A opportunities in three main areas, which are not mutually exclusive. Firstly, to acquire profitable businesses that can easily be added to the platform and provide scale. Secondly, to acquire value-add functionality complementary to our offering. Lastly, to expand in a regulatory sense via the acquisition of licences and access to overseas markets.

Accordingly, the product and development roadmap for FY-2023 reflects our continued investment into Equals Core with key deliverables being: -

- Implementation of new transaction monitoring platform – Featurespace
- Multi-currency corporate cards in USA (first-mover advantage)
- Further integration of Roqqett
- Further investment into information security and becoming ISO27001 compliant
- Automation of outbound payments via SWIFT, FasterPayments, SEPA
- Full white-label of Equals Money
- Final migration of legacy products to Equals Core
- Automated bulk payments
- Straight-through-processing ('STP')

ESG

Equals wholeheartedly embraces ESG initiatives and takes Equality, Diversity, and Inclusivity ('EDI') extremely seriously. Our EDI strategy, which covers not only employees but also customers, includes an internal EDI network populated with elected representatives and regular employee surveys. This is a key objective for all Executive Committee members and forms part of their appraisals.

Q1-2023 Trading and Outlook

FY-2023 has started exceptionally well with revenue in Q1-2023 up to 24 March 2023 reaching £20.2 million, up from £13.2 million in the same period in 2022, an increase of 54%. Revenues per working day so far in Q1-2023 were £342k, an increase of 52% over £225k per day in Q1-2022 and 13% higher than £302k per day achieved in Q4-2022.

Strong B2B revenue growth continues with all product lines progressing well. Equals Solutions, which contributed £15.6 million of revenues in FY-2022, has already contributed £6.0 million in FY-2023 to-date and is expected to continue to grow strongly as the Group adds new functionality to its payments platform during the year.

Other notable achievements in Q1-2023 to-date include:

- Completion of the acquisition of Roqqett following FCA approval and completing a key technical milestone by having the platform live on the FairFX platform for inbound payments.
- Sale of the legacy travel-cash banknote business and accompanying Bureau-de-Change. This enables the Group to focus more on its core B2B activity.
- Acquisition, subject to FCA approval, of Hamer & Hamer, a B2B International Payments business with revenues of approximately £1.5 million per annum.
- Acquisition, subject to approval by National Bank of Belgium ('NBB') of Oonex, a Brussels-based merchant acquiring business. This gives the Group access to customers across Europe as well as new banking partners and Belgium prefixed IBANs to augment the Group's current GB-prefixed IBANs, which widens the use cases for our Equals Money and Equals Solutions platforms.

The outlook for the business, as a result of our sustained and continuing investments, is strong and the Group's addressable market is now significantly greater. Equals has created a payments platform comprising international and domestic payments, card payments and banking services underpinned by exceptional technology and direct connections to multiple payment networks.

Finally, given the current customer base is largely within the UK, the growth opportunities of geographical expansion are considerable. Accordingly, the Board looks forward to the future with much confidence and management now expect trading for FY-2023 to be ahead of current expectations.

Ian Strafford-Taylor
Chief Executive Officer
24 March 2023

Chief Financial Officer's Report

I present my review and financial analysis for the year ended 31 December 2022.

TABLE 1: INCOME AND EXPENSE ACCOUNT

	FY-2022 £ millions	FY-2021 £ millions
Revenue (table 3)	<u>69.7</u>	<u>44.1</u>
Gross Profits (table 3)	33.7	24.2*
Less: Marketing	<u>(1.9)</u>	<u>(1.3)</u>
Contribution	31.8	22.9
Staff costs	(14.4)	(11.9)
Property and office cost	(0.9)	(0.8)
IT and telephone costs	(2.0)	(1.7)
Professional Fees	(1.2)	(1.2)
Compliance Fees	(0.7)	(0.4)*
Travel and other expenses	(0.4)	(0.2)
Adjusted EBITDA	12.1	6.7
Less: Share option expense	(0.9)	(0.3)
Less: Acquisition costs and exceptional items	<u>(0.2)</u>	<u>(0.7)</u>
EBITDA	11.0	5.7
IFRS 16 Depreciation	(0.8)	(0.9)
Other depreciation	(0.4)	(0.5)
Amortisation of acquired intangibles	(1.3)	(1.3)
Other amortisation	(4.4)	(4.5)
Contingent consideration cost	(0.3)	(0.1)
Impairment of the Bureau operations	-	(1.6)
	<u>(7.2)</u>	<u>(8.9)</u>
EBIT	3.8	(3.2)
Lease interest	(0.2)	(0.2)
Foreign exchange differences	(0.1)	(0.1)
Contingent consideration finance charges	<u>(0.1)</u>	<u>(0.3)</u>
	<u>(0.4)</u>	<u>(0.6)</u>
PROFIT / (LOSS) BEFORE TAXATION	3.4	(3.8)
Corporate and deferred taxation	0.1	1.1
R&D tax credits receivable	-	0.4
	<u>0.1</u>	<u>1.5</u>
PROFIT / (LOSS) FOR THE YEAR	3.6	(2.3)

* With effect from 1 January 2021, certain compliance and onboarding costs which had been included in cost of sales, are now shown within compliance costs. For 2021, which has not been restated, these costs amounted to £255k.

When the changes are presented as a bridge, the standout facts are the increase in revenue leading to increased contribution (gross profits less marketing costs), offset by higher labour costs, both through planned increases in staff resources and responding to labour market pressures. Other cost increases were also a mix of inflation pressures, but also decisions taken to upskill and upscale resources for a rapidly growing business.

TABLE 2 – ADJUSTED EBITDA BRIDGE FROM FY-2021 TO FY-2022 (in £'000s)

FY-2021 Adjusted EBITDA		6,713
Add:	39% uplift in contribution FY-2022	8,873
Less:	21% increase in staff costs, reflecting higher planned headcount along with pay adjustments averaging 8%	(2,488)
	19% increase in IT and communications, taking into account of increased web hosting charges.	(324)
	18% increase in professional and compliance costs, much of which is attributable to increased compliance investment	(296)
	Increase in travel and entertaining costs	(247)
	Increase in property utility and insurance costs and with taking back legacy office lease	(111)
FY-2022 Adjusted EBITDA		12,120
Uplift over FY-2021		5,407
% uplift over FY-2021		81%

TABLE 3: REVENUE AND GROSS PROFITS

A. Revenue By Customer Type

Revenue in £ millions	Consumer and small business	Corporates	Large enterprises	Sub-total	White-label	TOTAL FY-2022	TOTAL FY-2021	% change
International payments	4.5	14.9	-	19.4	15.0	34.4	25.9	32.8%
Cards	5.1	7.5	-	12.5	-	12.5	8.7	43.7%
Banking	6.1	-	-	6.1	-	6.1	5.6	9.0%
Solutions	-	-	15.7	15.7	-	15.7	3.6	336.1%
Travel cash	1.0	-	-	1.0	-	1.0	0.3	233%
Total, FY-2022	16.7	22.4	15.7	54.7	15.0	69.7	44.1	58.0%
Total, FY-2021	12.5	18.7	5.1	36.4	7.7	44.1		

% Change*

FY-2022 to FY-2021	+33%	+20%	>207%	+51%	+94%	+58%	+58%
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**based on underlying figures*

Continuing the analysis which was presented at the 2022 interims, we disclose below, revenue per half year period. The well publicised political uncertainty saw many clients “bring-forward” activity into Q3 from the usual Q4 trading.

B. Revenue By Half-Year

Revenue in £ millions	<u>Solutions</u>	<u>White- Label</u>	<u>Other International Payments</u>	<u>Cards (Retail and Corporate)</u>	<u>Banking</u>	<u>Bureau</u>	<u>TOTAL</u>	<u>Revenue per day in £'000s</u>
H1-2021	0.3	2.4	7.5	3.9	2.8	0.1	16.9	136.3
H2-2021	3.3	5.4	10.7	4.8	2.7	0.3	27.2	210.7
FY-2021	3.6	7.7	18.2	8.6	5.6	0.3	44.1	174.3
% of total	8%	18%	41%	20%	13%	1%	100%	
H1-2022	6.2	7.2	9.1	5.6	2.8	0.5	31.4	255.1
H2-2022	9.4	7.8	10.3	6.9	3.3	0.5	38.3	301.4
FY-2022	15.6	15.0	19.4	12.5	6.1	1.0	69.7	278.7
% of total	22%	22%	28%	18%	9%	1%	100%	
2022 vs 2021	333%	95%	7%	45%	9%	233%	58%	60%

Gross profits

The gross profit margins have also improved – and continue to improve. These, over the last four half-year periods are shown below:

C. Gross Profit Margin By Half-Year

	<u>Solutions</u>	<u>White- Label</u>	<u>Other International Payments</u>	<u>Cards (retail and corporate)</u>	<u>Banking</u>	<u>Bureau</u>	TOTAL
H1-2021	37%	16%	65%	71%	75%	72%	61%
H2-2021	47%	12%	58%	69%	76%	68%	51%
FY-2021	46%	14%	61%	70%	76%	69%	55%
H1-2022	46%	12%	59%	61%	76%	48%	47%
H2-2022	50%	14%	56%	65%	78%	42%	59%
FY-2022	48%	13%	57%	63%	77%	45%	48%

Marketing, branding and contribution

The Group has accelerated its marketing plans after pausing this during FY-2020 and FY-2021 when Covid posed greater uncertainties. Expenditure has been incurred on additional ad campaigns, pay-per-click, exhibitions and similar events including those in the USA where the Group noticed considerable interest in its Spend platform and the Group's ability to sell this through its partnership with Metropolitan Commercial Bank.

Staff costs

Staff costs, gross of capitalisation and exceptional items, were £18.6 million in FY-2022 against £16.6 million in FY-2021. These costs were offset by £4.2 million of capitalised internal software (FY-2021: £3.0 million), which included £1.4 million on contractors (FY-2021: £0.5 million). The amounts capitalised represent 22% of gross staff costs, increased from 19% in 2021 largely due to inflation impacting contractor costs. Headcount numbers have moved from 255 as at 31 December 2021 to 285 as at 31 December 2022.

Professional fees and Compliance costs

Owing to an increasing cross-industry compliance burden, the Group has chosen to report compliance and similar costs separate to other professional fees. Such costs, including onboarding systems, have risen due to a combination of greater business activity and the Group's desire to fast-track business applications but not at the expense of quality. Professional fees have risen in line with trends widely reported in the national press, most notably the cost of the audit.

Property, insurance and office costs

Renegotiation of office leases has led to lower passing rents which benefit the Group's cashflows but not the EBITDA as such rents are accounted for under IFRS-16. Utility, rates and insurance charges have however risen by an aggregate of 35% from FY-2021 to FY-2022, although much of this is associated with re-occupying a floor in Vintners Place which had previously been vacated during the Covid pandemic.

Exceptional items

There were no exceptional costs in FY-2022. In FY-2021, £0.7 million had been incurred in the restructuring of a layer of senior management.

Acquisition costs

The Group acquired the remainder of the Non-Controlling Interest of Equals Connect Ltd on 30 September 2022. On 28 November the Group announced that it was acquiring an open banking platform through the acquisition of Roqqett Limited. Professional fees incurred in FY-2022 on acquisitions amounted to £164k.

Depreciation

Tangible fixed assets are depreciated over the anticipated useful life with a maximum of 60 months (other than leasehold improvements which is a maximum of 120 months).

TABLE 4 - DEPRECIATION

	FY-2022	FY-2021
	£'000s	£'000s
IFRS 16 depreciation	822	931
Other depreciation	389	467
	<u>1,211</u>	<u>1,398</u>

Guidance: Based upon the expenditure incurred to 31 December 2022, the depreciation charges for those assets in FY-2023 will be:

	£'000s
IFRS 16 depreciation	668
Other depreciation	375
	<u>1,043</u>

Amortisation

Intangible assets acquired on acquisition are amortised over their estimated useful lives, with a maximum of 60 months for brands and a maximum of 108 months for customer relationships. The charge to amortisation for the year can be analysed as follows:

TABLE 5 – COMPONENTS OF AMORTISATION CHARGES

	FY-2022	FY-2021
	£'000s	£'000s
Amortisation charge arising from the capitalisation of internally developed software in the following years:		
2018 and earlier	916	1,303
2019	1,661	1,661
2020	893	893
2021	576	287
2022	388	-
	4,435	4,144
Amortisation charge for other intangibles	291	357
	4,726	4,501
Amortisation of acquired intangibles	1,282	1,311
Total amortisation charge	6,008	5,812

Guidance: Based upon expenditure to 31 December 2022, the amortisation charges for FY-2023 are expected to be:

	£ millions
Internally developed software	5.0
Other intangible assets	0.2
Acquired intangibles	1.0
	6.2

Operating result

The Group made a profit before taxation of £3.4 million for the year, compared to a loss of £3.8 million for FY-2021.

Taxation, incorporating R&D credits

The Group has recognised a net tax credit of £135k (FY-2021: £1,555k) of which £nil (H1-2021: £398k) relates to an R&D tax credit repayment. 2021 R&D tax credit repayment was received in full in H2-2022.

TABLE 6– BALANCE SHEET

This table shows a compressed 'balance sheet' for the Group.

	<u>31.12.2022</u> £'000s	<u>31.12.2021</u> £'000s
Internally generated software – cost	26,001	21,402
Internally generated software – accumulated amortisation	<u>(13,411)</u>	<u>(8,976)</u>
	12,590	12,426
Other non-current assets (other than deferred tax)	18,558	19,791
IFRS 16 assets, less IFRS 16 liabilities	<u>(830)</u>	<u>(388)</u>
	<u>30,318</u>	<u>31,829</u>
Liquidity (per Table 9)	14,321	10,739
Trade debtors and accrued income	4,244	3,638
R&D rebates	-	398
Prepayments	1,345	998
Deposits and sundry debtors	1,019	329
Inventory of card stock	292	168
Accounts payable	(2,069)	(1,549)
Affiliate commissions	(2,563)	(1,945)
PAYE, staff commissions etc.	(2,506)	(1,884)
Other accruals and other creditors	<u>(1,938)</u>	<u>(1,349)</u>
	<u>12,145</u>	<u>9,543</u>
Earn-out balances due (Table 7)	(2,025)	(1,683)
Implied interest thereon	-	63
	<u>(2,025)</u>	<u>(1,620)</u>
Net corporation and deferred tax	1,639	888
Net value of forward contracts*	<u>827</u>	<u>511</u>
	<u>441</u>	<u>(221)</u>
NET SHAREHOLDER FUNDS	<u>42,904</u>	<u>41,151</u>

At the date of signing of these financial statements, the Company has distributable reserves of £1,411k This is equivalent to £0.0078 per share.

*The gross value of the forwards book at 31st December 2022 was £253.3 million (31st December 2021: £170.1 million)

Earn-outs

The table below shows the financial position relating to acquisitions in and after 2019, including Roqgett Ltd which was completed before the signing of these financial statements but does not appear on the FY-2022 Balance Sheet. However, post the signing of the Share Purchase Agreement, funds were advanced to Roqgett Ltd to ensure they were able to meet their regulatory obligations.

The table below shows the financial position relating to these acquisitions.

TABLE 7 – EARNOUTS

	<u>Hermex</u>	<u>Casco</u>	<u>Effective</u>	<u>Roqgett</u>	<u>Total</u>
Acquisition date	09.08.2019	19.11.2019	15.10.2020	06.01.2023	
	£'000s	£'000s	£'000s	£'000s	£'000s
Acquisition price booked at acquisition	2,000	2,236	1,575	-	5,811
Earn outs paid by 31.12.2020	(2,000)	(1,733)	(125)	-	(3,858)
Revaluation of asset based on performance	-	793	-	-	793
Gross outstanding at 31.12.2020	-	1,296	1,450	-	2,746
Paid during 2021	-	(741)	(368)	-	(1,109)
Further change in consideration	-	46	-	-	46
Gross Outstanding at 31.12.2021	-	601	1,082	-	1,683
Paid during 2022	-	(601)	(1,082)	-	(1,683)
Purchase of the remainder of the NCI	-	2,955	-	-	2,955
Initial consideration paid by 31.12.2022	-	(930)	-	-	(930)
Gross Outstanding at 31.12.2022	-	2,025	-	-	2,025
Loan in advance of acquisition (FY-2022)	-	-	-	830	830
Paid during Q1-2023	-	-	-	170	170
Due in remainder of FY-2023	-	1,560	-	1,250	2,810
Due in FY-2024	-	465	-	-	465
Maximum consideration	2,000	6,655	1,575	2,250	12,480
Total consideration	2,000	6,075	1,575	2,250	11,900

Share capital

The number of shares in issue at 1 January 2022 was 179,341,807. This increased in the year through the exercise of 666,666 share options and 704,000 shares at nominal value were issued pursuant to the 2021 SIP, thus the number of shares outstanding at 31 December 2022 was 180,712,473. A further 747,488 shares at nominal value were issued pursuant to the 2022 SIP and admitted to trading on AIM on 25 January 2023, resulting in a total number of shares in issue at the date of signing of the Financial Statements of 181,459,961.

Share options

At 1 January 2022, the Company had 13,107,800 options outstanding. 666,666 of these were exercised in 2022, 16,000 were cancelled and 250,576 lapsed. On 14 December 2022, the Company announced Discretionary Share Incentive Plans over 3,966,500 shares. Thus, at the date of signing of these financial statements, there were 16,141,058 options, representing 8.5% of the issued share capital and 8.2% of the enlarged share capital.

The cost of external advice for these schemes amounted to £46k in the year (FY-2021: £84k)

Earnings per share

Earnings per share are reported/calculated in accordance with IAS 33. For non-diluted, the result after tax is divided by the average number of shares in issue in the year. The average number of shares were 180,304,802 (FY-2021: 178,959,402).

The calculation of diluted EPS is based on the result after tax divided by the number of actual shares in issue (above) plus the number of options where the fair value exceeds the weighted average share price in the year. The fair value of options is measured using Black-Scholes and Monte-Carlo. It should be noted that in accordance with Accounting Standards, this calculation is based on fair value, not the difference between the market price at the end of the year or the weighted average price and the exercise price. The weighted average price was 84 pence (FY-2021: 49 pence), the number of options exceeding the fair value was 7,278,986 (FY-2021: 3,553,681).

The basic and diluted EPS are shown below:.

	<u>Basic</u>	<u>Basic</u>	<u>Diluted</u>	<u>Diluted</u>
	FY-2022	FY-2021	FY-2022	FY-2021
Profit / (loss) per share (in pence)	1.80	(1.35)	1.73	(1.35)

Adjusted earnings and adjusted EPS

We have observed that the analyst community prepares EPS calculations on a number of different bases. To try and harmonise these we have prepared below a basis which hopefully offers consistency:

	<u>FY-2022</u>	<u>FY-2021</u>
	£'000s	£'000s
P&L YTD Attributable to owners of Equals Group PLC	3,236	(2,425)
Add back:		
- Share option charges	970	356
- Amortisation of acquired intangibles.	1,282	1,302
- Exceptional items	-	671
- Acquisition costs	164	-
- Tax impacts thereon *	31	128
Adjusted earnings	5,683	32

*Tax impacts thereon are associated to Exceptional items and Acquisition costs.

The resulting earnings per share are shown below

	<u>Basic</u>	<u>Basic</u>	<u>Diluted</u>	<u>Diluted</u>
	FY-2022	FY-2021	FY-2022	FY-2021
Adjusted profit per share (in pence)	3.15	0.02	3.03	0.02

CASH STATEMENT

The movement in the cash position is shown in the table below:

TABLE 8 - CASHFLOW	<u>FY-2022</u>	<u>FY-2021</u>
	<u>£'000s</u>	<u>£'000s</u>
Adjusted EBITDA	12,120	6,713
R&D tax credits received	400	1,367
Lease payments (principal and interest)	(969)	(1,080)
Acquisition costs and Exceptional items	(164)	(671)
Internally developed software capitalised for R&D		
- Staff	(4,191)	(3,028)
- IT Costs	(408)	(301)
Purchase of other intangible assets less disposals (Non R&D)	(445)	(532)
Purchase of other non-current assets	(271)	(78)
Movement in working capital	1,147	1,571
	<hr/>	<hr/>
	7,219	3,960
Funds from exercise of share options	193	220
Earn-outs and acquisitions	(2,614)	(1,108)
Loan made to of acquisition of Roqqett Ltd	(830)	-
External funding (CBILS)	(2,028)	-
	<hr/>	<hr/>
NET CASHFLOWS	1,940	3,072
Balance at 1 st January	13,104	10,032
Balance at 31st December	15,044	13,104
	<hr/>	<hr/>
Cash per share	8.3 pence	7.3 pence

TABLE 9 - LIQUIDITY	<u>FY-2022</u>	<u>FY-2021</u>
	<u>£000'S</u>	<u>£000'S</u>
Cash at bank	15,044	13,104
Balances with liquidity providers	1,950	1,675
Pre-funded balances with card provider	1,491	1,615
Gross liquid resources	18,485	16,394
	<hr/>	<hr/>
Customer balances not subject to safeguarding	(4,165)	(3,655)
CBILS loan	-	(2,000)
	<hr/>	<hr/>
	(4,165)	(5,655)
	<hr/>	<hr/>
Net position	14,320	10,739

The Group has its principal banking and deposit arrangements with Barclays, NatWest, Citibank and Blackrock.

Richard Cooper
Chief Financial Officer
24 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	<u>FY-2022</u> £'000s	<u>FY-2021</u> £'000s
Revenue from currency transactions		63,541	38,424
Revenue from banking transactions		6,141	5,667
Revenue		69,682	44,091
Transaction and commission costs		(36,027)	(20,071)
Gross Profit		33,655	24,020
Administrative expenses		(22,576)	(18,499)
Depreciation charge		(1,211)	(1,398)
Amortisation charge		(6,008)	(5,812)
Impairment charge	E	-	(1,638)
Acquisition expenses* ¹		(164)	-
Total operating expenses		(29,959)	(27,347)
Memo: Adjusted EBITDA*²	H	12,120	6,713
Operating profit / (loss)	A	3,696	(3,327)
Finance cost		(280)	(490)
Profit / (Loss) before tax		3,416	(3,817)
Tax credit	B	135	1,555
Profit / (Loss) after tax		3,551	(2,262)
Attributable to:			
Owners of Equals Group PLC		3,237	(2,424)
Non-controlling interest		314	162
Exchange differences arising on translation of foreign operations		-	-
Total comprehensive profit / (loss) for the year		3,551	(2,262)
Attributable to:			
Owners of Equals Group PLC		3,237	(2,424)
Non-controlling interest		314	162
		3,551	(2,262)
Profit / (Loss) per share	C		
Basic		1.80p	(1.35)p
Diluted		1.73p	(1.35)p

Notes:

Adjusted EBITDA is Operating profit or loss before: Depreciation, Amortisation, Impairments, Share option charges, and Separately identifiable items. All income and expenses arise from continuing operations.

*¹ Acquisition costs represents and includes costs pursuant to acquisitions.

*² Adjusted EBITDA is not a GAAP measure and represents operating profit or loss before share option charges, depreciation, amortisation and separately identifiable items (exceptional items).

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER

	2022	2022	2021	2021
	Group	Company	Group	Company
	£'000s	£'000s	£'000s	£'000s
ASSETS				
Non-current assets				
Property, plant and equipment	1,139	-	1,257	-
Right of use assets	3,367	-	4,874	-
Intangible assets (note F)	16,540	-	17,492	-
Goodwill	13,468	-	13,468	-
Deferred tax assets	1,831	1,368	949	1,163
Investments	-	62,902	-	61,978
	36,345	64,270	38,040	63,141
Current assets				
Inventories	292	-	168	-
Trade and other receivables	10,274	1,159	8,256	339
Current tax assets (R&D reclaimable)	-	-	397	-
Derivative financial assets (note G)	5,616	-	2,593	-
Cash and cash equivalents	15,044	-	13,104	-
	31,226	1,159	24,518	339
TOTAL ASSETS	67,571	65,429	62,558	63,480
EQUITY, AND LIABILITIES				
Equity attributable to equity holders				
Share capital	1,807	1,807	1,793	1,793
Share premium	53,405	53,405	53,218	53,218
Share-based payment reserve	3,231	2,397	1,858	1,580
Other reserves	8,609	3,187	8,609	3,187
Accumulated (losses) / retained earnings	(24,148)	1,038	(24,590)	1,623
Company loss in the year	-	(1,127)	-	(692)
Equity attributable to owners of Equals Group PLC	42,904	60,707	40,888	60,709
Non-controlling interest	-	-	263	-
	42,904	60,707	41,151	60,709
Non-current liabilities				
Borrowings	-	-	1,600	-
Lease liabilities	3,417	-	4,484	-
Deferred tax liabilities	-	-	-	-
	3,417	-	6,084	-
Current liabilities				
Borrowings	-	-	400	-
Trade and other payables	15,489	4,722	12,002	2,771
Current tax liabilities	192	-	61	-
Lease liabilities	780	-	778	-
Derivative financial liabilities (note G)	4,789	-	2,082	-
	21,250	4,722	15,323	2,771
TOTAL EQUITY AND LIABILITIES	67,571	65,429	62,558	63,480

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

GROUP	Called up share capital	Share premium	Share-based payment	Accumulated profit / (losses) / retained earnings	Other reserves	Total attributable to owners of Equals Group PLC	Non-controlling interest	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2021	1,786	53,003	1,402	(22,259)	8,609	42,541	101	42,642
Loss for the year	-	-	-	(2,424)	-	(2,424)	162	(2,262)
Share-based payment charge	-	-	271	-	-	271	-	271
Share options exercised in year	-	-	(93)	93	-	-	-	-
Shares issued in year	7	215	-	-	-	222	-	222
Movement in deferred tax on share-based payment reserve	-	-	278	-	-	278	-	278
At 31 December 2021	1,793	53,218	1,858	(24,590)	8,609	40,888	263	41,151
Profit for the year	-	-	-	3,237	-	3,237	314	3,551
Acquisition of the remaining NCI	-	-	-	(2,902)	-	(2,902)	(577)	(3,479)
Share-based payment charge	-	-	924	-	-	924	-	924
Share options exercised in year	-	-	(107)	107	-	-	-	-
Shares issued in year	14	187	-	-	-	201	-	201
Movement in deferred tax on share-based payment reserve	-	-	556	-	-	556	-	556
At 31 December 2022	1,807	53,405	3,231	(24,148)	8,609	42,904	-	42,904

COMPANY	Called up share capital	Share premium	Share- based payment	Accumulated losses / retained earnings	Other reserves	Total equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2021	1,786	53,003	1,402	1,530	3,187	60,908
Loss for the year	-	-	-	(692)	-	(692)
Share-based payment charge	-	-	271	-	-	271
Share options exercised in year	-	-	(93)	93	-	-
Shares issued in year	7	215	-	-	-	222
At 31 December 2021	1,793	53,218	1,580	931	3,187	60,709
Loss for the year	-	-	-	(1,127)	-	(1,127)
Share-based payment charge	-	-	924	-	-	924
Share options exercised in year	-	-	(107)	107	-	-
Shares issued in year	14	187	-	-	-	201
At 31 December 2022	1,807	53,405	2,397	(89)	3,187	60,707

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 directly attributable costs.
Share-based payment reserve	Proportion of the fair value of share options granted relating to services rendered up to the balance sheet date.
Retained deficit	Cumulative profit and losses attributable to equity shareholders.
<i>Other reserves comprise:</i>	
Merger reserve	Arising on reverse acquisition from Group reorganisation.
Contingent consideration reserve	Arising on equity based contingent consideration on acquisition of subsidiaries.
Foreign currency reserve	Arising on translation of foreign operation.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	FY-2022 Group £'000s	FY-2022 Company £'000s	FY-2021 Group £'000s	FY-2021 Company £'000s
Profit / (Loss) before tax	3,416	(1,332)	(3,817)	(1,111)
Add: Cashflows from operating activities:				
<i>Adjustments for:</i>				
Depreciation	1,211	-	1,398	-
Amortisation	6,008	-	5,812	-
Impairment	-	-	1,638	-
Share-based payment charges	924	-	272	-
Decrease / (increase) in trade and other receivables* ¹	(9,920)	(1,024)	3,614	(63)
(Decrease) / increase in trade and other payables* ²	9,707	3,086	(2,688)	954
Decrease / (increase) in derivative financial assets	(3,023)	-	426	-
(Decrease) / increase in derivative financial liabilities	2,707	-	(968)	-
(Increase) / decrease in inventories	(124)	-	26	-
Finance costs	280	3	490	6
	11,186	733	6,203	(214)
Net cash inflow / (outflow)	11,186	733	6,203	(214)
Tax receipts	400	-	1,367	-
Tax paid	(61)	-	-	-
NET CASHFLOWS FROM OPERATING ACTIVITIES	11,525	733	7,570	(214)
Cashflows from investing activities				
Acquisition of property plant and equipment	(271)	-	(78)	-
Acquisition of intangibles	(5,056)	-	(3,560)	-
Acquisition of subsidiary, net of cash acquired	-	-	-	-
Net cash used in investing activities	(5,327)	-	(3,638)	-
Cashflows from financing activities				
Repayment of borrowings	(2,000)	-	-	-
Principal elements of lease payments	(837)	-	(872)	-
Interest on financial leases	(169)	-	(194)	-
Other interest paid	(47)	(3)	(14)	(6)
Acquisition of the remaining non-controlling interest	(1,405)	(930)	-	-
Proceeds from issuance of ordinary shares	200	200	220	220
Net cash (outflow) / Inflow from financing activities	(4,258)	(733)	(860)	214
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,940	-	3,072	-
Cash, and cash equivalents at 1 January	13,104	-	10,032	-
Cash, and cash equivalent at 31 December	15,044	-	13,104	-

*¹ The movement in the deferred and current tax assets and the right-of use asset balances (excluding the depreciation charge) is included within the movement in trade and other receivables.

*² The movement in the deferred and current tax liabilities and the lease liability balances is included within the movement in trade and other payables.

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

A – OPERATING PROFIT / (LOSS) IS STATED AFTER CHARGING:

	FY-2022 £'000s	FY-2021 £'000s
Staff costs:		
Commissions	3,633	3,152
Other pay and benefit elements*	16,464	14,613
Training, recruitment,	662	309
Vehicle leasing costs	154	138
Contractors	1,471	656
Costs gross of exceptional items	22,384	18,868
Less: incorporated in Transaction and commission costs	(3,633)	(3,152)
Less: amounts capitalised	(4,191)	(3,028)
Less: IFRS 16	(154)	(138)
Included in administrative expenses	14,406	12,550
IT, and telephone costs	2,420	2,101
Less: amounts capitalised	(408)	(301)
Included in administrative expenses	2,012	1,800
Professional and compliance fees		
Statutory audit costs	420	303
Other professional and compliance fees	1,464	1,029
Included in administrative expenses	1,884	1,332
Property costs		
Rents	785	986
Other property costs	911	837
	1,696	1,823
Less: IFRS 16	(763)	(1,001)
included in administrative expenses	933	822
Travel and subsistence	442	300
Marketing	1,858	1,171
Other costs, including SIP and LTIP advisory fees	46	87
Included in administrative expenses	2,346	1,558
Sub-total, cash based expenditure	21,581	18,062
Share option charge	924	272
Foreign exchange loss	71	114
Contingent consideration charge	-	51
Sub-total, non-cash based costs	995	437
Total, administrative expenses	22,576	18,499
Add:		
Depreciation – right to use assets	822	931
Depreciation – property, plant, equipment	389	467
Amortisation charge (see table 5,)	6,008	5,812
Impairment charge	-	1,638
Acquisition costs	164	-
TOTAL OPERATING EXPENSES	29,959	27,347
<i>*includes separately reported items.</i>	-	671

B. TAXATION

The Group's taxation charge or credit is the composite of:

1. Corporation tax credit arising on losses in the financial year,
2. R&D tax credits received or receivable on development expenditure (which is debited to the Balance Sheet),
3. Deferred taxation arising on temporary and permanent timing differences and losses carried forward, to the extent that the Company believes these to be recoverable from future taxable profits.

	FY-2022	FY-2021
	£'000s	£'000s
R&D credit – current year	-	(398)
Corporation tax charge	192	61
Current tax credit	192	(337)
Origination and reversal of temporary differences	(203)	(997)
Recognition of previously unrecognised deductible temporary differences	(124)	(221)
Deferred tax credit	(327)	(1,218)
Total tax credit	(135)	(1,555)

At 31 December 2022, the Group had tax losses available to be offset against future taxable profits of £17,632k (FY-2021: £17,186k). The losses can be carried forward indefinitely and have no expiry date.

Additional to corporate taxation, the Group paid £3,729k in taxation during the year as follows:

- a. Employers National Insurance contributions - £2,145k (FY-2021: £1,724k),
- b. irrecoverable VAT - £1,584k (FY-2021: £1,127k)

Factors affecting tax credit for the year

The credit for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	FY-2022	FY-2021
	£'000s	£'000s
Profit / (Loss) before taxation: continuing operations	3,416	(3,817)
Taxation at the UK corporation tax rate of 19.0%	649	(725)
Net permanent differences between tax and accounting	78	112
Adjustments to R&D tax credits in respect of previous accounting period	-	-
Net taxation impact of R&D tax credit claim	(655)	(535)
Remeasure of deferred tax asset on carry-forward losses	(124)	(221)
Effect of change in tax rates	-	(121)
Utilisation of tax losses	(83)	(65)
	(135)	(1,555)

C. PROFIT / (LOSS) PER SHARE

Basic earnings per share

The calculation of basic profit or loss per share has been based on the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. The profit or loss after tax attributable to ordinary shareholders of the Group is £3,236k (FY-2021: £2,424k Loss) and the weighted average number of shares for the period was 180,304,802 (FY-2021: 178,959,402).

Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit / loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares. The weighted average number of dilutive shares is 187,583,788 (FY-2021: 178,959,402).

	Basic FY-2022	Diluted FY-2022	Basic FY-2021	Diluted FY-2021
Profit / (Loss) per share	1.80p	1.73p	(1.35)p	(1.35)p
Adjusted profit / (loss) per share (note D)	3.15p	3.03p	0.02p	0.02p

D. ADJUSTED PROFIT / (LOSS) PER SHARE

The calculation of adjusted earnings per share has been based on the analyst community calculations, which takes profit or loss attributable to ordinary shareholders and excludes share option charges, amortisation on acquired intangibles, exceptional items, acquisition costs and tax on these items, and weighted average number of ordinary shares. The adjusted earnings after tax to ordinary shareholders of the Group is £5,683k* (FY-2021: £32k) and the weighted average number of shares and diluted shares are as above.

E. IMPAIRMENT

The bureau de change business acquired with City Forex in 2018 has languished under COVID-19 restrictions and thus the Group concluded in 2021 that it should be impaired to a carrying value of £579k. On 14 March 2023, the Group sold the Travel Cash CGU for an initial £250k with a further £100k subject to certain conditions being met to Currency Exchange Corporation Ltd. The carrying value of the assets disposed off were £128k shown in note 4 and consisted of right of use and intangible assets.

F. INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets comprise:

<u>All in £'000s</u>	<u>Intangible assets recognised through acquisitions</u>	<u>Intangible assets acquired through internal capitalisation</u>	<u>Other intangible assets</u>	<u>Total, 31 December 2022</u>	<u>Total, 31 December 2021</u>
Cost at 31.12.2021	8,946	21,402	1,673	32,021	32,021
Additions in year	-	4,599	445	5,044	
Cost at 31.12.2022	8,946	26,001	2,118	37,065	
Amortisation at 31.12.2021	(4,540)	(8,976)	(1,013)	(14,529)	(14,529)
Amortisation in the year	(1,282)	(4,435)	(279)	(5,996)	
Amortisation at 31.12.2022	(5,822)	(13,411)	(1,292)	(20,525)	
Net Book Value at 31.12.2022	3,124	12,590	826	16,540	
Net book value at 31.12.2021	4,406	12,426	660		17,492

G. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

The Group does not take house positions on foreign exchange contracts. Each contract with a customer is contemporaneously booked with a bank or liquidity provider. Under accounting standards however, the contracts need to be valued as both a 'purchase' and a 'sale'. The valuation of these contracts is done by a third party using information sourced from Bloomberg.

H. RECONCILIATION FROM OPERATING PROFIT / (LOSS) TO ADJUSTED EBITDA

	FY-2022 £'000s	FY-2021 £'000s
Operating profit / (loss) before taxation	3,696	(3,327)
Add back:		
Depreciation	1,211	1,397
Amortisation	6,008	5,812
Impairment charge	-	1,638
Acquisition expenses	164	-
Separately reported items	-	671
FX differences	71	115
Share Option charges	924	272
Other Share Option charges	46	84
Contingent Consideration	-	51
Adjusted EBITDA	<u>12,120</u>	<u>6,713</u>

- ENDS -