23 September 2020

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS DEFINED IN ARTICLE 7 OF THE MARKET ABUSE REGULATION NO. 596/2014 ("MAR")

Equals Group plc

(“Equals” or the “Group”)

Interim Results

‘Resilience against Covid-19 headwinds; revenues increased and expenditure decreased in H1-2020’

Equals (AIM:EQLS), the fast-growing B2B focused e-banking and international payments group, announces its interim results for the six months ended 30 June 2020 (the ‘period’ or ‘H1-2020’).

H1-2020 Financial Highlights

£millions	**H1-2020**	H1-2019 (restated**)	H2-2019
Underlying transaction values			
- B2B	**1,197**	878	1,210
- B2C	**363**	378	421
	1,560	1,256	1,631
£000’s			
Revenue			
- B2B	**9,021**	6,852	10,442
- B2C	**4,751**	6,724	6,927
	13,772	13,576	17,369
Gross profit	**8,738**	9,303	11,264
Adjusted EBITDA*	**672**	1,906	3,670
(Loss)/Profit after taxation	**(3,169)**	445	(5,816)

- Group revenue up to £13.8 million
- B2B revenue increased year-on-year by 32% as the Group continues its focus on SMEs
- B2B now represents 66% of total revenue up from 50% in H1-2019 and 60% in H2-2019
- Gross profit held firm, lower by only 6% despite disruption caused by Covid-19
- Gross expenditure lower by 26% on H2-2019 through cost reduction exercises
- Adjusted EBITDA* of £0.7 million
- 46% reduction in loss after tax compared to prior six months, resulting from lower capitalisation and fewer exceptionals
- House funds £7.6 million as at 18 September 2020 (as reported on 29 June 2020: £7.7 million)

Post period end Highlights

- International Payments business resilient to-date in Q3-2020 at £3.8 million (£68k per day) compared to Q2 -2020: £3.5 million – (£58k per day)
- Banking Services remain flat, but better than expected
- Travel focused product lines continue to be impacted by Covid-19 travel restrictions and lack of consumer confidence
- Corporate Expenses platform recovering to pre-Covid-19 levels
- Revenue per day £114k in Q3-2020 to date versus £93k per day in Q2-2020

Commenting on the Interim Results, Ian Strafford-Taylor, CEO of Equals Group plc, said:

"We believe it is testament to the quality of the business and the resilience of our B2B focused model that we are reporting both an increase in revenue and decrease in underlying expenditure against the headwinds posed by a combination of Covid-19 and the changes forced upon the business as a result of the demise of Wirecard.

"Our revenues continue to grow against this unprecedented backdrop and we have not yet completed our exercise of cost savings which will benefit the second half of the year. With a stable cash position, we remain positive about our future prospects and although we are conscious of the potential for further disruption as a result of Covid-19, and indeed Brexit, we remain confident about the outlook for the Group."

Analyst meeting

A conference call for analysts hosted by Ian Strafford-Taylor (CEO) and Richard Cooper (CFO) will be held at 09.30am today, 23 September 2020. A copy of the Interim Results presentation is available at the Group's website: http://www.equalsplc.com.

For retail investors, an audio webcast of the conference call with analysts will be available after 12pm today: https://webcasting.buchanan.uk.com/broadcast/5f4e5332b14d87262643ddd2

Notes

* **Adjusted EBITDA**

Adjusted EBITDA is defined as earnings before: depreciation, amortisation, impairment charges and share option charges. Following shareholder observations at the time of the 2019 annual results, adjusted EBITDA no longer includes R&D tax credits, instead these are accounted for in the taxation line.

** **Accounting clarification and restatement**

Totals may not sum due to rounding. Percentages are calculating on underlying figures before rounding. A detailed review of the accounting policies and recognitions have led to some minor re-profiling between the first and second halves of the year ending 31 December 2019. Where costs cannot be accurately attributed to each segment, they have been allocated on the basis of revenue.

- Ends -

For more information, please contact:

Equals Group plc
Ian Strafford-Taylor, CEO — Tel: +44 (0) 20 7778 9308
Richard Cooper, CFO — www.equalsplc.com

Cenkos Securities plc (Nominated Advisor / Joint Broker)
Max Hartley / Callum Davidson — Tel: +44 (0) 20 7397 8900
Nick Searle (Sales)

Canaccord Genuity (Joint Broker)
Bobbie Hilliam / David Tyrell — Tel: +44 (0) 20 7523 8150
Alex Aylen (Sales)

Buchanan (Financial Communications)
Henry Harrison-Topham / Steph Watson / Toto Berger — Tel: +44 (0) 20 7466 5000
equals@buchanan.uk.com — www.buchanan.uk.com

Notes to Editors:

Equals is a leading challenger brand in payments that disintermediates the incumbent banks with a superior user experience and low-cost operating model. The Group enables its business and personal customers to make easy, low-cost payments both domestically and in a broad range of currencies across a range of products all via one integrated system.

Equals provides money movement services to both business and personal customers through five inter-connected channels - International Payments, Corporate Expenses platform, Current Accounts and Travel Money (comprising currency cards and physical currency). International Payments channel supports wire transfer foreign exchange transactions direct to bank accounts. For corporates, Equals has a market-leading business-expenses solution based around its corporate platform and prepaid card which yields significant cost savings via tighter control on expenses before they are incurred coupled with eliminating inefficient processes. Equals also offers business and retail bank accounts with all the functionality offered by banks, namely faster payments, BACs, direct debits, international payments and a debit card. The Travel Money offerings (retail currency card and physical currency) represent cost-effective and secure methods for travelers to spend abroad.

Chief Executive Officer's Report

The Group entered 2020 with a clear aim to capitalise on the developments in its product and brand undertaken over the previous two years with a focus on B2B customers. The performance in Q1-2020 underlined the success of this strategy and the trajectory of the Group at that time. However, in late March, Covid-19 rapidly changed our priorities and the swift actions taken to ensure everyone could work remotely bore immediate fruit. Existing plans to 'right-size' the business were accelerated during this time and should be fully completed by the end of 2020 without harming the Group's future prospects and opportunities.

During lockdown, the Group availed itself of the Government's Covid-19 assistance with up to 73 staff being placed on furlough. The remaining staff, contractors and all directors cooperated by taking a 20% reduction in salaries for the three months of Q2-2020. Planned capital expenditure was also significantly lower at £0.2 million (including a replacement telephone system) from the £2.3 million incurred in FY-2019. This, combined with other tight financial controls, has resulted in the Group's financial position remaining robust, and as such, at the time of writing, the Group had £7.6 million of free cash, and its monthly operational cash-burn rate is getting close to zero.

In addition to the Covid-19 headwinds, towards the end of the half-year the industry was confronted with the demise of Wirecard AG, which caused issues for Wirecard's UK operating subsidiary and one of the Group's counterparties. The Group already had contingency plans to deal with an issuer problem of this nature enabling it to tackle both the immediate effects and to accelerate migration away from Wirecard. Moving away from Wirecard represents a significant logistical and operational challenge, at the end of which the Group will be much better placed in terms of reduced unit cost and improved revenues from its card programmes. The successful and rapid implementation of these contingency plans and the agility of the Group in terms of both its systems and its people bodes well for the future.

Other operational improvements made so far this year were:

- Implementation of core payment partnership with Citi Group, supplementing existing arrangements with Barclays and RBS and providing additional functionality and improved settlement capabilities paving the way to straight-through-processing (STP);

- Integration of a new compliance system to lower onboarding friction, particularly for B2B customers;

- Migration of customer-facing phone system to a superior functionality, lower-cost and more robust cloud-based solution improving efficiency of outbound sales and customer services functions;

- Significant progress in the migration of cards from Wirecard to new multi-currency B2B Equals Spend cards and B2C FairFX cards, on target for full transition by end of October 2020; and

- Rebuild and rebrand of the B2C FairFX website and app to support a new multi-currency card offering.

Financial Overview

A summary of the Group's underlying transaction values is shown below:

Underlying transaction values

£millions	**International Payments**	**Cards**	**Cash**	**Total FX**	**Banking Services**	**TOTAL**
B2B						
H1-2020	**818**	**93**	**-**	**911**	**286**	**1,197**
H1-2019	479	123	-	602	276	878
% Change on year	+71%	-25%	-	+51%	+3%	+36%
H2-2019	735	147	-	882	327	1,2109
B2C						
H1-2020	**237**	**29**	**19**	**285**	**78**	**363**
H1-2019	158	79	59	296	82	378
% change on year	+50%	-63%	-68%	+4%	-5%	-4%
H2-2019	190	82	64	336	84	421
TOTALS						
H1-2020	**1,055**	**122**	**19**	**1,196**	**364**	**1,560**
H1-2019	**637**	**202**	**59**	**898**	**358**	**1,256**
% change on year	**+65%**	**-40%**	**-68%**	**+33%**	**+1%**	**+24%**
H2-2019	925	229	64	1,218	411	1,631

Overall transaction values were up 24% on H1-2019 but down 4% on H2-2019. However, in International Payments values were 65% higher than H1-2019 and 14% higher than H2-2019 illustrating that the focus on this division is paying off.

Revenues

	International Payments	**Cards**	**Cash**	**Total FX**	**Banking Services**	**TOTAL**
H1-2020	**8,233**	**2,642**	**393**	**11,268**	**2,504**	**13,772**
H1-2019	4,818	5,074	1,148	11,040	2,536	13,576
% change on year	+71%	-48%	-66%	+1%	-1%	+1%
H2-2019	7,111	6,220	1,241	14,572	2,797	17,369
H1-2020 – B2B	6,242	1,487	10	7,739	1,282	9,021
B2B% of total	76%	56%	-	69%	51%	66%
H1-2019 – B2B	3,202	2,384	-	5,586	1,266	6,852
B2B% of total	66%	47%	-	51%	50%	50%
H2-2019 – B2B	5,799	3,199	-	8,998	1,445	10,443
B2B% of total	81%	51%	-	62%	52%	60%

The financial performance held up well in H1-2020. Group revenues were £13.8 million (H1-2019: £13.6 million) with a strong performance from International Payments in particular which generated £8.2 million (H1-2019: £4.8 million). Banking Services was consistent at £2.5 million. The Equals Spend B2B expenses platform was hit by the pandemic with revenues for the first half 38% lower than H1-2019 but recovering strongly in June and beyond. Travel money products (cards and cash) were directly impacted by the Covid-19 pandemic and revenues were 57% down on H1-2019, again showing recovery towards the end of the period.

Gross profits at £8.7 million were slightly below H1-2019 (£9.3 million) reflecting the impact of Covid-19 on the cards business where costs fell less than revenues due to fixed cost elements. The completion of the Wirecard migration will improve this position going forward and will also represent a lower-cost operating model for the card offerings.

The combination of marketing expenditure and gross operational expenditure was £11.5 million, 26% lower than H2-2019 (£15.6 million) and 7% lower than H1-2019 (£12.3 million), reflecting the cost savings initiated in late 2019 and accelerated during the period. The Group continued with its restructuring, taking its headcount down from a high of 337 employees to 280. Further reductions are planned before the end of FY-2020 as more engineering deployments are completed in the next few months and the Wirecard migration, to which the Group has allocated temporary resource to enable a seamless experience for its customers, is completed.

Without withholding supplier payments, the Group's free cash position as reported on 29 June 2020 was £7.7 million. I am pleased to report that as of Friday, 18 September 2020, the free cash position was £7.6 million. The Group has a deferred PAYE liability of £1.8 million and a settlement agreement has been reached with HMRC over a period to 31 August 2021. The Group has filed R&D tax credit claims for £2.3 million which will be used, when received, to accelerate the payment of deferred PAYE. This is a significantly more robust cash position than management had originally forecasted when Covid-19 first struck and it enables the Group to look forward with confidence.

Current Developments

The stated strategy of the Group - to focus on the B2B customer base by providing simple, integrated payments solutions augmented by market expertise to help SME's manage their multi-currency exposure and domestic payment needs - is proving successful.

The Group has assembled a unique product set that combines its FX heritage, systems and access via licences and permissions with our excellent settlements capabilities and card platforms thereby allowing SMEs access to sophisticated, bank-grade treasury functions to execute quick, cheap, complex and secure spot and forward foreign exchange contracts. The key for the Group going forwards is to further refine the Sales and Marketing strategy to grow customer numbers whilst continuing to improve the product offering.

Accordingly, the 'Go-To-Market' ('GTM') approach for SMEs (B2B) and consumers (B2C) has been sharpened with the Equals Money brand to be used for B2B and the newly refreshed FairFX brand for B2C. Both brands now operate on the same underlying payments infrastructure increasing operational efficiency and enabling the Group to leverage the combination of its historic customer base and the acquired assets of CityForex, Hermex, Casco and CardOneBanking into a clear holistic proposition for B2B customers whilst simultaneously maximising the B2C proposition under the FairFX brand.

The Sales and Marketing approach has been radically refined, with focus on SMEs with currency needs and utilising data-science to improve the complete funnel of customer acquisition from lead sourcing/qualification through to sign up and on-boarding. Removing friction in all these areas is a clear goal. In addition, utilising the Equals Spend B2B platform as a route in to SMEs rather than solely targeting foreign exchange represents a clear advantage to the Group in the sales cycle. To underpin this process, CRM is vital and therefore the Group is undertaking a CRM upgrade project, a new supplier has been identified and the data architecture work has commenced. Completion of this project is scheduled for early 2021 but benefits to customer acquisition will accrue throughout the implementation phase during 2020 and the Group anticipates significant improvements for FY-2021 as a result of this investment. Upon completion, the CRM platform will yield an enhanced and operational leads-management solution plus a fully integrated customer management tool for account managers/dealers that will enable better cross-selling, stronger conversion as well as more sales time spent selling.

In International Payments, the upgraded self-service tool for B2B, namely Equals FX, including full forward-contract functionality, will allow Equals dealers to focus on larger client opportunities and further develop business with existing customers, as well as enabling the sales team to win more business from competitors via the increased functionality to offer the B2B customer base.

The Group has also undertaken a core account infrastructure project whereby the Banking Services platform becomes the key system underpinning all Group products. This platform will allow 24/7 instant deposits in GBP direct into unique accounts per customer and the ability to hold up to 35 currencies through the new relationship with Citi and the implementation, already completed, of GB Multicurrency IBANs. This will enable the Group to serve new B2B customer segments, notably marketplace/international e-commerce sellers and e-invoicing platforms, as well as better serve the current Spend and International Payments customers.

The migration away from Wirecard as an Issuer, combined with the extension of self-issuing for Equals' own Banking Services proposition, allows the Group to offer both pre-paid and debit card solutions. This ability to offer a choice between pre-paid and debit will dramatically enhance the current Equals Spend proposition enabling the platform to diversify away from pure expense management into the multinational purchasing card use case. It will also facilitate a step-change in CFO/Card Controller ease of use, therefore allowing the Group to gain market share in this poorly served segment.

The strength of the underlying infrastructure at Equals now allows the Group to provide its platforms to other financial services companies, a B2B2B proposition, via APIs. In line with this, the Equals Money website will be re-launched in October 2020. This will provide, as its first two modules, the Equals Connect platform for other FX dealing companies wishing to operate on the Group's infrastructure, and Equals Faster Payments under which the Group leverages its in-house direct Faster Payments gateway to third parties. The Group has a strong pipeline of demand for both platforms and further roll-outs of underlying capabilities are planned in the future. This strategy allows the Equals Group to access market volumes in numerous ways, both directly and via third-parties, which in turn increases the ability of the Group to gain volume-based discounts and access.

Future plans and opportunities

- B2B, and specifically SMEs, remains the priority for the Group as it represents 66% of the US$230 billion revenue opportunity of the global International Payments market. The focus being on the provision of world-class technology combined with expert personal service to serve customers with International and Domestic Payments needs. External research forecasts continuing growth in these markers with SME Accounts Payable, and Marketplace pay-outs to SMEs expected to grow at 10% CAGR over the next five years.

- Development of non-GB IBAN facilities. Whilst the Group already has GB-prefixed multi-currency IBANs, the ability to receive foreign currency into non-GB prefixed IBANs is important to better serve the SME marketplace customers who pay high fees to marketplaces (such as Amazon) for automated currency transfers, and compete with TransferWise and others targeting this space. This project should be completed by the end of Q1-2021.

- Highly targeted marketing of International Payments. Utilising the Group's full range of products, the dealer service for B2B customers providing market expertise and best execution, Equals self-serve proposition covering spot and forward transactions and the Group's Equals Connect platform catering to the B2B2B market segment.

- The delivery of a more sophisticated, easy to use suite of currency risk-management tools. With the management of cash flow remaining a top priority for SMEs, exacerbated by Covid-19 and post-

Brexit challenges, tools for supply chain management and Currency Risk Management, augmented by reliable efficient and rapid payment systems will be paramount.

- Further improvements to the B2B Equals Spend expenses platform. Additional functionality to be added to widen the use case from pure expense-management including Debit card capability to draw on central funds leading to Equals to enter the 'purchasing card' marketplace. In addition, increased integration of the platform to accounting software providers.
- B2C Currency Cards – Once the Wirecard migration is completed by end-October 2020, the Group will have re-platformed to a single multi-currency card and is able to operate this programme at a significantly lower cost going forward, leveraging the B2B payments infrastructure. The B2C target segment will remain ABC1s with high levels of travel / foreign property and investments and the Group will seek to leverage mutually beneficial partnerships to access more specific target segments. The addition of 'Linked Cards' enables meaningful new use cases for both domestic and international use with a particular appeal for families with children, nannies, home-help or elderly relatives. Discovery work is underway to finalise the GTM for these segments.

Board composition

As the Group continues to evolve and plan for its next phase of growth, there have been a number of changes to the Board, starting with the recruitment of CFO, Richard Cooper in October 2019, who has substantial experience in public markets.

Alan Hughes, an experienced banker, joined the Board in February 2020 and then took up the Chairmanship at the end of June with John Pearson stepping down but remaining as a Non-Executive Director. Ajay Chowdury stepped down from the Board on 29 July 2020 after serving since 2014. On 15 September 2020, the Group announced that Sian Herbert, a former partner with PwC, would be joining the Board as a Non-Executive Director and Chair of the Audit & Risk Committee with Bob Head who has served since July 2016 stepping down on 1 October 2020. I am immensely grateful to Ajay and Bob for their contribution and wise counsel over the years and pleased to welcome Sian to our Board at the start of October 2020.

Employees

As with many companies, it has been an immensely challenging time for the Group's employees. The whole business moved to remote working from late March, and regrettably up to 73 employees were placed on furlough, and as the business reduced its cost base, the remaining employees and all directors took a 20% salary reduction for a whole quarter. The Group's headcount has dropped from a peak of 337 in January 2020 to 280 currently, with further reductions coming before year-end as the Wirecard migration is completed. I am very grateful for the incredible efforts that the Group's employees have made as they have risen to the many challenges we have faced in 2020 and pleased that we have an extremely motivated and united team as we move forwards.

Outlook

Revenues have held up well during the financial year to date with the inevitable Covid-19 related fall in April and May 2020. Revenue per working day was £126k in Q1-2020, £82k in April and May, £112k in June, and in the 62 working days from 1 July until Friday 18 September, average revenue per day was £114k. As referred to earlier, the Group's cash position was £7.6 million compared to £7.7 million as reported on 29 June 2020. The Group has some outstanding redundancy/leaver costs to cover in Q4-2020, but operationally, management expects that the Group will be cash break-even in Q4-2020 and then move into positive territory in Q1-2021.

We believe it is testament to the quality of the business and the resilience of our B2B focused model that we are reporting both an increase in revenue and decrease in underlying expenditure against the headwinds posed by a combination of Covid-19 and the changes forced upon the business as a result of the demise of Wirecard. Our revenues continue to grow against this unprecedented backdrop and we have not yet completed our cost reductions which will benefit the second half of the year. With a stable cash position, we remain positive about our future prospects and although we are conscious of the potential for further disruption as a result of Covid-19, and indeed Brexit, we remain confident about the outlook for the Group.

Ian Strafford-Taylor
Chief Executive Officer
23 September 2020

Chief Financial Officer's Report

The Group has chosen to present extracts from the primary statements in an alternative format and explain the major movements to the prior period or year along with issues of accounting impact and judgement. The periods most relevant to the primary statements have been presented, full period disclosures are made in the Consolidated Interim Financial Statements. The report is in three sections:

A – Income and Expenditure Account
B – Balance Sheet
C – Cash Flow

Transactions with business customers are reported as 'B2B' and transactions with retail customers reported as 'B2C'.

Totals may not sum due to rounding. Percentages are calculating on underlying figures before rounding. A detailed review of the accounting policies and recognitions have led to some minor re-profiling between the first and second halves of the year ending 31 December 2019. Where costs cannot be accurately attributed to each segment, they have been allocated on the basis of revenue.

R&D tax credits are included in the charge to taxation, and no longer to Adjusted EBITDA*

A: Income and Expenditure account and its notes

Table 1

	H1-2020	H1-2019	H2-2019	**FY-2019**
In £000's				
Revenue	**13,772**	13,576	17,369	**30,945**
Less: Variable costs	**(5,034)**	(4,273)	(6,105)	**(10,378)**
Gross profit	**8,738**	9,303	11,264	**20,567**
Less: Marketing	**(799)**	(1,421)	(2,669)	**(4,090)**
Add back: Rebranding separately reported items	**-**	165	1,888	**2,053**
	(799)	(1,256)	(781)	**(2,037)**
Contribution	**7,939**	8,047	10,483	**18,530**
Staff costs	(8,366)	(8,758)	(9,739)	**(18,497)**
Add: Furlough credit	324	-	-	**-**
Net staff costs after furlough credit	(8,042)	(8,758)	(9,739)	**(18,497)**
Less: Covid-19 and Wirecard separately reported items	343	-	-	**-**
Less: Other exceptional items	-	-	895	**895**
Less: Capitalised internal software	2,241	4,170	3,631	**7,801**
Net staff costs	(5,458)	(4,588)	(5,213)	**(9,801)**
Property and office related costs	(997)	(1,060)	(1,250)	**(2,310)**
Less: Exceptional items	-	-	151	**151**
Less: Capitalised internal software	45	-	204	**204**
Less: IFRS16 adjustment	515	580	572	**1,152**
Net property and office related costs	(437)	(480)	(323)	**(803)**
IT & telephone	(759)	(396)	(784)	**(1,180)**
Less: capitalised	210	-	302	**302**

Net IT & telephone	(549)	(396)	(482)	**(878)**
Professional fees	(743)	(353)	(930)	**(1,283)**
Less: Exceptional items	102	-	324	**324**
Net professional fees	(641)	(353)	(606)	**(959)**
Travel	(157)	(200)	(251)	**(451)**
Other costs	(25)	(124)	62	**(62)**
Net other costs	(182)	(324)	(189)	**(513)**
Memo: Costs (including marketing) gross of separately reported items	**(11,522)**	(12,312)	(15,561)	**(27,873)**
Total net costs (including marketing)	**(8,066)**	(7,397)	(7,594)	**(14,991)**
Adjusted EBITDA	**672**	1,906	3,670	**5,576**
Covid-19 related staff costs	**(343)**	-	-	**-**
Other Covid-19 related costs	**(102)**	-	-	**-**
Wirecard stock provision	**(530)**	-	-	**-**
Acquisition costs	**-**	(23)	(455)	**(478)**
Management exceptional items	**-**	(165)	(3,258)	**(3,423)**
Sub-total	**(975)**	(188)	(3,713)	**(3,901)**
Share option charges	**(195)**	(9)	(114)	**(123)**
EBITDA	**(498)**	1,709	(157)	**1,552**

Adjusted EBITDA is defined as Earnings before: depreciation, amortisation, impairment charges, share option charges, and separately reported items.

Revenue

Revenue was £13.8 million (H1-2019: £13.6 million) for the six months with International Payments contributing 60% totalling £8.2 million (H1-2019: 35%, £4.8 million). The impact of Covid-19 was keenly felt in both the Card businesses and the Cash business, which, between them fell by 52% to £3.0 million (H1-2019: £6.2 million), which was a better outcome than management had expected.

Table 2 – Revenue

£000's

	International Payments	Cards	Cash	Total FX	Banking Services	TOTAL
B2B						
H1-2020	**6,242**	**1,487**	**10**	**7,739**	**1,282**	**9,021**
H1-2019	3,202	2,384	-	5,586	1,266	6,852
% Change on year	+95%	-38%	+100%	+39%	+1%	+32%
H2-2019	5,799	3,199	-	8,998	1,444	10,442
B2C						
H1-2020	**1,991**	**1,155**	**383**	**3,529**	**1,222**	**4,751**
H1-2019	1,616	2,690	1,148	5,454	1,270	6,724
% change on year	+23%	-57%	-67%	-36%	-4%	-30%
H2-2019	1,312	3,021	1,241	5,574	1,353	6,927
TOTALS						
H1-2020	**8,233**	**2,642**	**393**	**11,268**	**2,504**	**13,772**
H1-2019	4,818	5,074	1,148	11,040	2,536	13,576
% change on year	+71%	-48%	-66%	+2%	-1%	+1%
H2-2019	7,111	6,220	1,241	14,572	2,797	17,369

B2B revenue rose by 32% to £9.0 million (H1-2019: £6.9 million) which more than offset the impact of Covid-19 on the Cards and Cash businesses. Despite the challenging conditions and historically low interest rates, revenue from Banking Services fell by only 1% against the same period last year.

Gross profit

Gross profit margin held up well in International Payments and Banking Services, but due to the credit in H1-2019 with zero cost of sale card rebate income, gross profit on cards was significantly reduced and this lowered the overall gross profit margin on cards from 71% to 49%. The Group expects the sustainable gross profit margin to be around 62%.

Table 3 – Gross profit

£000's

	International Payments	Cards	Cash	Banking Services	TOTAL
H1-2020					
Gross profit	**5,333**	**1,301**	**243**	**1,861**	**8,738**
GP margin %	**65%**	**49%**	**62%**	**74%**	**63%**
H1-2019					
Gross profit	3,081	3,639	743	1,840	**9,303**
GP margin %	64%	71%	65%	73%	**69%**
H2-2019					
Gross profit	5,310	3,263	603	2,087	**11,263**
GP margin %	75%	52%	49%	75%	**65%**

Contribution
Contribution at £7.9 million was fractionally lower than in H1-2019 (£8.0 million) on similar levels of revenue, reflecting more targeted marketing expenditure.

Gross costs

Table 4 – Costs, gross of separately reported items

In £000's	**H1-2020**	H1-2019	H2-2019	**FY-2019**
Marketing	**799**	1,421	2,669	**4,090**
Staff	**8,042**	8,758	9,739	**18,497**
Property	**997**	1,060	1,250	**2,310**
IT & telephone	**759**	396	784	**1,180**
Professional fees	**743**	353	930	**1,283**
Other costs	**182**	324	189	**513**
	11,522	12,312	15,561	**27,873**

Gross costs (i.e. including capital expenditure and exceptional items) at £11.5 million were 7% lower than H1-2019 (£12.3 million) and 26% lower than H2-2019. Costs continue to be reduced mainly through controlled headcount reductions as development projects get delivered and efficiencies are delivered resulting in some de-skilling.

Headcount
Headcount numbers have fallen from 337 in January 2020 to 296 in August 2020. The Group anticipates headcount to drop below 280 by year end. The Group availed itself of the Government's furlough scheme with up to 72 employees being placed on furlough during lockdown, but this is now down to 30. A number of employees have been temporarily re-deployed to assist with the migration of consumer and business cards from Wirecard following its demise in late June 2020.

Professional fees
One consequence of the Covid-19 pandemic was that the 2019 audit suffered delays as remote working was not entirely conducive to the verification process and there was a significant cost over-run. £102k relating to this has been expensed in 2020 but shown as a separately reported item.

Property costs
The Group has property commitments in London for both offices and retail outlets. Two retail outlets have been shuttered but the Group retains the lease commitments and will consider providing for these at 31 December 2020.

Amounts capitalised
£2.2 million of staff costs has been recognised as internally developed software, representing 27% of the staff costs, down from £4.2 million in H1-2019 (48%). A further £0.3 million of intangible assets were acquired in the period.

Separately reported items
There is an accounting standards distinction between those items of a one-off and material nature ('separately reported items') and other items of materiality which management regard as exceptional items. In the period under review, there are no 'exceptional items' only 'separately reported items' as shown below:

Table 5: Separately reported items

In £000's	H1-2020	H1-2019	H2-2019	FY-2019
Separately reported items				
Staff restructuring costs associated with Covid-19	**343**	-	-	**-**
Professional fees associated with Covid-19	**102**	-	-	
Provision against Wirecard card stock and pre-paid issuance costs	**530**	-	-	**-**
Acquisition costs	**-**	23	455	**478**
	975	23	455	**478**
Exceptional items are identified by management				
Rebranding	**-**	165	2,559	**2,724**
Corporate reorganisation	**-**	-	579	**579**
Litigation and similar	**-**	-	120	**120**
	-	165	3,258	**3,423**
	975	188	3,713	**3,901**

With the demise of Wirecard AG and its UK operating subsidiary, the Group has made a provision of £530k against card-stock and prepaid issuance costs (normally amortised over three years). The Group incurred £343k of staff restructuring costs in the period, augmented by additional professional fees brought on by the Covid-19 pandemic. Additional costs are anticipated to be incurred in the H2-2020.

Adjusted EBITDA

Adjusted EBITDA now excludes R&D tax credits, £0.7 million has been accrued within taxation, based on development spend in H1-2020. The result for the period was a profit of £672k against a pre-Covid-19 result in H1-2019 of £1.9 million. The principal movements were attributable to a lower level of capitalisation of internally developed software.

Table 6a -Reconciliation of adjusted EBITDA to loss after tax H1-2020

£000's	Operating loss	Finance charges	Tax	Loss after tax 2020
Adjusted EBITDA	672	-	-	**672**
Separately reported items	(975)	-	-	**(975)**
Other items:				
IFRS 16 depreciation	(465)	-	-	**(465)**
IFRS 16 finance costs	-	(110)	-	**(110)**
Other depreciation	(203)	-	-	**(203)**
Amortisation	(2,058)	-	-	**(2,058)**
Share option charges	(195)	-	-	**(195)**
FX and similar	(13)	-	-	**(13)**
Result before tax	(3,237)	(110)	-	**(3,347)**
Deferred tax	-	-	(557)	**(557)**
Other tax credit	-	-	-	**-**
R&D tax credit	-	-	734	**734**
	(3,237)	**(110)**	**177**	**(3,170)**

Table 6b -Reconciliation of adjusted EBITDA to profit after tax H1-2019

£000's	Operating profit	Finance charges	Tax	**Profit after tax 2019**
Adjusted EBITDA	1,906	-	-	**1,906**
Separately reported items	(23)			**(23)**
Management exceptional items	(165)	-	-	**(165)**
Other items:				
IFRS 16 depreciation	(431)	-	-	**(431)**
IFRS 16 finance costs	-	(148)	-	**(148)**
Other depreciation	(184)	-	-	**(184)**
Amortisation	(1,117)	-	-	**(1,117)**
Share option charges	(9)	-	-	**(9)**
FX and similar	(7)	-	-	**(7)**
Result before taxation	(30)	(148)	-	**(178)**
Deferred taxation	-	-	(536)	**(536)**
Other tax credit	-	-	10	**10**
R&D tax credit	-	-	1,149	**1,149**
	(30)	**(148)**	**623**	**445**

Impairment review
Due to the uncertain outcome of Covid-19 on the asset values carried at 30 June 2020, the Group has not been able to conclude at this time whether any impairment will be recognised. A full review will be carried out for the full year. It should be noted that a £nil value was ascribed to the retail bureaux assets of City Forex when it was acquired in 2018 and thus there would be nothing to impair for these bureaux.

Depreciation and amortisation
Depreciation for the period remains relatively consistent at £668k (H1-2019: £615k). Amortisation has increased to £2,058k (H1-2019: £1,117k) as a result of projects being completed and the assets available for use.

Operating result
The Group made an operating loss before taxation of £3.2 million for the period, compared to a loss of £7.7 million for the whole of 2019.

Tax
The Group has recognised a net tax credit of £177k (H1-2019: £623k) of which £734k (H1-2019: £1,149k) relates to an R&D tax credit for the six months to 30 June 2020. The reduction in R&D tax credit arises principally as a result of less project expenditure incurred which is subsequently eligible for R&D relief.

At the time of writing, the Group has submitted R&D claims to HMRC for the 2019 financial year of £2.3 million.

The Group availed itself of postponing four months of PAYE totalling £1.8 million but has now reached instalment agreements with HMRC over a period of one year, to be accelerated on receipt of the R&D claim above.

A bridge showing the changes between the earnings after tax from H1-2019 through H2-2019 and into H1-2020 is shown below:

In £000's	H1-2019 To H2-2019	H2-2019 to H1-2020	H1-2019 to H1-2020 combined
Profit/(loss) after taxation in prior period of six months	**445**	**(5,816)**	**445**
(increase)/decrease in expenditure	(3,614)	4,035	421
Decrease in the credit for internally developed software	(335)	(1,549)	(1,884)
(Increase)/decrease in expenditure through the P&L account	(3,949)	2,486	(1,463)
Increase/(decrease) in gross profits	1,961	(2,525)	(564)
(Increase)/decrease in depreciation	(119)	65	(54)
(Increase) in amortisation	(596)	(345)	(941)
(increase)/decrease in impairments	(4,859)	4,859	-
(increase) in share option charges	(104)	(82)	(186)
Decrease/(increase) in finance costs	63	(25)	38
Decrease/(increase) in deferred tax charge	160	(191)	(31)
Increase/(decrease) in R&D tax credits	1,182	(1,596)	(414)
(increase)/decrease in losses in the period	(6,261)	2,647	(3,614)
(Loss) after taxation in the period	(5,816)	(3,169)	(3,169)

B: Balance sheet

At 30 June, the Group had Net Current Assets of £10.4 million (30 June 2019: £7.9 million) and Cash at bank of £7.9 million up on 30 June 2019 (£4.9 million) but lower than at 31 December (£11.3 million).

Table 7	**30 June 2020** ***Unaudited***		31 December 2019 *Audited*	
In £000's	On Balance sheet	*Off Balance sheet (memo only)*	On Balance sheet	*Off Balance sheet (memo only)*
Fixed Assets	**35,700**	**-**	**35,297**	**-**
Cash resources				
Cash at bank and in hand – free funds	7,556	-	10,913	-
Cash at bank and in hand – regulatory deposits	352	*67,795*	352	*52,441*
	7,908	*67,795*	11,265	*52,441*
Regulatory deposits with liquidity providers	2,829	-	3,717	-
Total Cash resources	**10,737**	***67,795***	**14,982**	***52,441***
Other current assets and liabilities				
Card stock and other inventories	199	-	264	-
Trade and other debtors	2,226	-	3,374	-
Accrued income	1,914	-	1,723	-
Net derivative financial assets	324	-	372	-
Accrued R&D credit	3,064	-	2,535	-
Trade payables, other payables and accruals	(4,375)	-	(5,665)	-
Retention and deferred consideration	(703)	-	(1,211)	-
Customer balances	(908)	*(67,795)*	(1,071)	*(52,441)*
	1,741	*(67,795)*	**321**	*(52,441)*
Cash resources, less other current assets and liabilities	8,996	-	14,661	-
IFRS 16 *Leases* net balance	(292)	-	(294)	-
Deferred tax, net balance	(1,758)	-	(788)	-
Shareholders' funds	**46,128**	***(67,795)***	**49,517**	***(52,441)***

Fixed assets

Additions of £120k include investment in a superior telephone system which has enabled staff to work from home during the Covid-19 outbreak.

Internally capitalised software

The Group continues its investment in product development and has capitalised a further £2.5 million of which £2.2m was staff costs.

Other balance sheet items

The Group has accrued a further £0.7 million for R&D credits. £2.3 million remains outstanding but filed with HMRC, in relation to previous periods and £0.2 million was received in January 2020 in relation to previous periods.

Non-Controlling Interest

Of the £3.1 million loss for the period, £83k relates to the Non-Controlling Interest of the Equals Connect business acquired in 2019.

C. Cash flow

The table below aggregates the movements across Bank and Liquidity providers:

Table 8

£000's	H1-2020	H1-2020	FY-2019 *Restated*	FY-2019 *Restated*
Adjusted EBITDA (table 1)		672		5,576
Less: IFRS 16 *Leases* impact	(514)		(1,152)	
Less: separately reported items cash based	(445)		(3,423)	
(Less) / add: Working capital absorption and similar	(785)		2,675	
		(1,744)		(1,900)
Less: Internally capitalised software	(2,496)		(8,307)	
Less: Purchase of other intangibles	(50)		(806)	
Less: Purchase of property, plant and equipment	(119)		(1,452)	
		(2,665)		(10,565)
Add: Cash raised from equity issues	-		15,749	
Add: Cash raised from share options	-		130	
				15,879
Less: Cash consideration for acquisitions net of cash acquired		-		(3,325)
Less: Movement in deferred consideration		(508)		-
NET CASH FLOWS		**(4,245)**		**5,665**
Balance at 1 January		14,982		9,317
Balance at 30 June		**10,737**		**14,982**
Comprising:				
Cash at bank		7,292		10,451
Cash in hand in bureaux		264		462
Regulatory deposits		352		352
		7,908		11,265
Balances with liquidity providers		2,829		3,717
		10,737		**14,982**
Shares in issue		178,602,918		178,602,918
Amount per share		6.0 pence		8.4 pence

The Group is fully focused on getting to operational cash break-even by Q1-2021 and is on target to do so, subject of course, to trading reaching Management's expectations and there not being a further Covid-19 revenue impact.

Richard Cooper

Chief Financial Officer

23 September 2020

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

	Note	Period end 30 June 2020 Unaudited £	Period end 30 June 2019 Unaudited *Restated** £	Year end 31 December 2019 Audited £
Gross value of currency transactions sold		1,196,192,070	898,749,690	2,117,459,669
Revenue on currency transactions		11,267,995	11,039,289	25,611,521
Banking revenue		2,504,295	2,536,905	5,333,203
Revenue	2	**13,772,290**	**13,576,194**	**30,944,724**
Direct costs		(5,033,687)	(4,273,329)	(10,378,265)
Gross profit		**8,738,603**	**9,302,865**	**20,566,459**
Administrative expenses		(8,941,822)	(8,192,451)	(20,123,517)
Amortisation charge		(2,057,680)	(1,117,424)	(2,830,587)
Impairment charge		-	-	(4,858,898)
Separately reported items	4	(975,309)	(22,966)	(478,476)
Total operating expenses		(11,974,811)	(9,332,841)	(28,291,478)
Operating loss		**(3,236,208)**	**(29,976)**	**(7,725,019)**
Finance costs		(110,106)	(148,247)	(233,564)
Loss before tax		**(3,346,314)**	(178,223)	**(7,958,583)**
Tax credit	5	177,150	622,797	2,586,885
(Loss) / profit and total comprehensive (expense) / income for the period / year		**(3,169,164)**	**444,574**	**(5,371,698)**
(Loss) / profit is attributable to:				
Owners of Equals Group Plc		(3,086,079)	444,574	(5,342,074)
Non-controlling interest		(83,085)	-	(29,624)
		(3,169,164)	**444,574**	**(5,371,698)**
(Loss) / Earnings per share				
Basic		(1.73)	0.28	(3.20)
Diluted		(1.69)	0.27	(3.12)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

	30 June 2020 Unaudited	30 June 2019 Unaudited *Restated**	31 December 2019 Audited
	£	£	£
ASSETS			
Non-current assets			
Property, plant and equipment	1,886,701	1,705,336	1,972,818
Right of use assets	6,486,755	6,619,677	6,948,876
Intangible assets and goodwill	33,812,812	30,817,014	33,324,137
Deferred tax assets	2,095,604	2,679,747	2,438,859
	44,281,872	41,821,774	44,684,690
Current assets			
Inventories	198,891	285,569	263,971
Trade and other receivables	11,699,538	11,638,788	11,347,749
Derivative financial assets	2,475,857	2,600,695	4,560,780
Cash and cash equivalents	7,908,876	4,848,870	11,265,266
	22,283,162	19,373,922	27,437,766
TOTAL ASSETS	**66,565,034**	**61,195,696**	**72,122,456**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	1,786,029	1,643,176	1,786,029
Share premium	53,003,077	38,397,151	53,003,077
Share based payment reserve	1,126,261	1,757,519	1,345,234
Merger reserve	8,395,521	8,395,521	8,395,521
Contingent consideration reserve	207,100	207,100	207,100
Translation reserve	(297)	-	-
Retained deficit	(18,424,960)	(9,545,789)	(15,338,881)
Equity attributable to owners of Equals Group Plc	46,092,731	40,854,678	49,398,080
Non-controlling interest	35,741	-	118,826
	46,128,472	40,854,678	49,516,906
Non-current liabilities			
Lease liabilities	6,120,063	6,673,019	6,431,578
Deferred tax liabilities	3,854,135	2,221,037	3,226,586
	9,974,198	8,894,056	9,658,164
Current liabilities			
Trade and other payables	7,652,284	8,636,747	7,947,364
Lease liabilities	659,107	209,180	811,628
Derivative financial liabilities	2,150,973	2,601,035	4,188,394
	10,462,364	11,446,962	12,947,386
TOTAL EQUITY AND LIABILITIES	**66,565,034**	**61,195,696**	**72,122,456**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

Group	Share capital £	Share premium *Restated** £	Share based payment £	Retained (deficit) / earnings *Restated** £	Merger reserve £	Contingent consideration reserve £	Translation Reserve £	Total attributable to owners of Equals Group Plc *Restated** £	Non-controlling interest £	Total *Restated** £
At 1 January 2019	1,553,682	35,858,770	1,748,105	(9,832,880)	8,395,521	543,172	-	38,266,370	-	38,266,370
Profit for the period and total comprehensive income	-	-	-	444,574	-	-	-	444,574	-	444,574
Shares issued in the period	89,494	2,538,381	-	(157,483)	-	(336,072)	-	2,134,320	-	2,134,320
Share based payment charge	-	-	9,414	-	-	-	-	9,414	-	9,414
At 30 June 2019 *Restated**	1,643,176	38,397,151	1,757,519	(9,545,789)	8,395,521	207,100	-	40,854,678		40,854,678
Acquisition of entity with non-controlling interest	-	-	-	-	-	-	-	-	148,450	148,450
Loss for the period and total comprehensive loss	-	-	-	(5,786,648)	-	-	-	(5,786,648)	(29,624)	(5,816,272)
Shares issued in the period	142,853	14,605,926	-	(6,444)	-	-	-	14,742,335	-	14,742,335
Share based payment charge	-	-	113,195	-	-	-	-	113,195	-	113,195
Movement in deferred tax on share-based payment charge	-	-	(525,480)	-	-	-	-	(525,480)	-	(525,480)
At 31 December 2019	1,786,029	53,003,077	1,345,234	(15,338,881)	8,395,521	207,100	-	49,398,080	118,826	49,516,906

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

Group	Share capital	Share premium *Restated**	Share based payment	Retained (deficit) / earnings *Restated**	Merger reserve	Contingent consideration reserve	Translation Reserve	Total attributable to owners of Equals Group Plc *Restated**	Non-controlling interest	Total *Restated**
	£	£	£	£	£	£	£	£	£	£
At 1 January 2020	1,786,029	53,003,077	1,345,234	(15,338,881)	8,395,521	207,100	-	49,398,080	118,826	49,516,906
Loss for the period and total comprehensive loss	-	-	-	(3,086,079)	-	-	-	(3,086,079)	(83,085)	(3,169,164)
Translation of foreign subsidiary	-	-		-	-	-	(297)	(297)	-	(297)
Share based payment charge	-	-	194,934	-	-	-	-	194,934	-	194,934
Movement in deferred tax on share-based payment charge	-	-	(413,907)	-	-	-	-	(413,907)	-	(413,907)
At 30 June 2020	**1,786,029**	**53,003,077**	**1,126,261**	**(18,424,960)**	**8,395,521**	**207,100**	**(297)**	**46,092,731**	**35,741**	**46,128,472**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

	30 June 2020 Unaudited	30 June 2019 Unaudited *Restated**	31 December 2019 Audited
	£	£	£
Operating Activities			
(Loss) / profit for the period / year	(3,169,164)	444,574	(5,371,698)
Adjustments for:			
Interest on finance lease	110,106	(148,247)	233,564
Depreciation	667,866	614,663	1,347,872
Amortisation	2,057,680	1,117,424	2,830,587
Impairment	-	-	4,858,898
Foreign exchange differences on translation of foreign subsidiary	(298)	-	-
Share based payment charge	194,934	9,414	122,609
Decrease in deferred tax asset on share-based payment	(413,907)	-	(525,480)
Increase in trade and other receivables	(351,789)	(4,488,038)	(4,203,756)
Decrease / (increase) in derivative financial assets	2,084,923	(1,418,803)	(3,378,888)
Decrease in deferred tax asset	343,255	215,896	456,784
(Decrease) / increase in trade and other payables	(295,080)	1,957,615	1,443,563
Increase in deferred tax liabilities	627,549	320,430	1,325,978
(Decrease) / increase in derivative financial liabilities	(2,037,421)	2,022,079	3,609,438
Decrease in inventories	65,080	1,144	22,742
Net cash (used in) / from operating activities	(116,266)	648,151	2,772,213
Cash flows from investing activities			
Acquisition of property, plant and equipment	(119,629)	(946,826)	(1,460,870)
Acquisition of intangibles	(2,546,354)	(4,826,565)	(11,679,597)
Deferred consideration on acquisition of subsidiary	-	(336,072)	-
Acquisition of subsidiary, net of cash acquired	-	-	(2,226,153)
Net cash used in investing activities	(2,665,983)	(6,109,463)	(15,366,620)
Cash flows from financing activities			
Principal elements of lease payments	(464,035)	(20,578)	(643,786)
Interest paid on finance lease	(110,106)	-	(233,564)
Proceeds from issuance of ordinary shares	-	2,476,836	17,748,353
Costs directly attributable to share issuance	-	(6,444)	(871,698)
Net cash (used in) / from financing activities	(574,141)	2,449,814	15,999,305
Net (decrease) / increase in cash and cash equivalents	(3,356,390)	(3,011,498)	3,404,898
Cash and cash equivalents at the beginning of the period / year	11,265,266	7,860,368	7,860,368
Cash and cash equivalents at end of the period / year	**7,908,876**	**4,848,870**	**11,265,266**

1. Basis of preparation

The principal accounting policies applied in the preparation of the Group and Interim Consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis with the exception of derivative financial instruments which are measured at fair value through profit or loss.

These financial statements are prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and AIM Regulations. The financial statements are presented in sterling, the Company and Group's presentational currency.

The unaudited consolidated Interim financial statements have been prepared in accordance with the AIM rules and consistently with the basis of accounting policies set out in the accounts of the Group for the year ended 31 December 2019. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. These interim consolidated financial statements do not include all disclosures which would be required in a complete set of financial statements and should be read in conjunction with the 2019 Annual Report. The Group has not applied IAS 34 "Interim Financial Reporting" (which is not mandatory for UK Groups) in the preparation of this interim report.

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

a) Critical judgements and estimates

IFRS requires management to make certain accounting estimates and to exercise judgement in the process of applying the Company and Group's accounting policies. These estimates are based on the Directors best knowledge and past experience. The existing critical judgements and estimates set out in note 3.24 of the Group's annual report for the year ended 31 December 2019 have been reviewed in preparing these Interim consolidated financial statements, and in particular surrounding the current Covid-19 situation, and the Directors believe they remain relevant.

b) Restatements

The Group has made a number of restatements to the period end 30 June 2019 comparatives as detailed below, as a result of the of certain re-analysis undertaken in the second half of 2019.

Presentational adjustment

During the year ended 31 December 2019, the Group performed an analysis of cost drivers. This process resulted in management determining that various costs disclosed as administrative expenses in the prior year were directly linked to transactions generating revenues. As a result, these costs have been restated as direct costs in the H1-2019 comparatives. Staff costs have been re-categorised from Admin costs to Direct costs for commissions paid. Along with staff costs the following have also been re-categorised bank charges, bad debts and marketing costs for affiliate commissions paid and vouchers.

During the period ended 30 June 2019, the Group issued shares which incurred a cost of £157,483. These had been deducted from share premium. An adjustment has been made for the amount to increase share premium and recognise a corresponding amount through retained deficit in the period end 30 June 2019.

Restatement of revenue

During the year, Management reviewed the recognition of certain revenue previously recognised within the six month period end 30 June 2019. After review, they believe certain revenue should have been deferred to the following six month period. Revenue for the six month period ended 30 June 2019 has therefore been restated by £1,019,505 with a corresponding amount recognised as deferred income on the Statement of Financial Position. Earnings per share has been restated from basic EPS 0.92 pence to 0.28 pence.

Change in accounting policy

During the year ended 31 December 2019, the Group changed its accounting policy for research and development tax credits (R&D tax credit) which had previously been accounted for under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The Group believes that accounting for the R&D tax credit is more appropriate under IAS 12 *Income Taxes* which better reflects the substance and benefit of the credit. Under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the R&D tax credit, was deducted from administration expenses on a systemic basis. Under IAS 12 *Income Taxes* the R&D tax credit is included within tax credit / expense in the year that the claim relates to.

A change in accounting policy requires a retrospective adjustment and consequently the comparatives amounts have been restated. In H1-2019 an adjustment of £1,148,635 has been deducted from administrative costs and a corresponding amount included within tax credit. There is no adjustment to earnings per share or retained earnings.

Periods prior to 2019 which have been impacted by the restatements are disclosed in the Group's Consolidated financial statements for the year end 31 December 2019.

A summary of the restatements and their impact on the financial statements is shown below.

30 June 2019	**As Stated**	**Presentational adjustment**	**Restatement of Revenue**	**Change in accounting policy**	**Restated**
Consolidated Statement of Comprehensive Income	**£**	**£**	**£**	**£**	**£**
Revenue	**14,595,699**	**-**	**(1,019,505)**	**-**	**13,576,194**
Direct Costs	(2,534,403)	(1,738,926)	-	-	(4,273,329)
Gross Profit	**12,061,296**	**(1,738,926)**	**(1,019,505)**	**-**	**9,302,865**
Administrative expenses	(8,782,742)	1,738,926		(1,148,635)	(8,192,451)
Amortisation charge	(1,117,424)	-		-	(1,117,424)
Acquisition Expenses	(22,966)	-	-	-	(22,966)
Finance costs	(148,247)	-	-	-	(148,247)
Profit before tax	**1,989,917**		**(1,019,505)**	**(1,148,635)**	**(178,223)**
Tax (expense) / credit	(525,838)	-	-	1,148,635	622,797
Profit and total comprehensive income for the period	**1,464,079**	**-**	**(1,019,505)**	**-**	**444,574**

	As Stated	**Presentational adjustment**	**Restatement of Revenue**	**Change in accounting policy**	**Restated**
Consolidated Statement of Financial Position	**£**	**£**	**£**	**£**	**£**
Share Premium	38,239,668	157,483	-		38,397,151
Retained deficit	(8,368,801)	(157,483)	(1,019,505)	-	(9,545,789)
Equity Attributable to owners of Equals Group Plc	41,874,186	-	(1,019,505)		40,854,678
Current Liabilities					
Trade and other payables	7,617,240	-	1,019,505	-	8,636,747
Total Equity and Liabilities	**61,195,196**	**-**	**-**	**-**	**61,195,696**

	As Stated	**Presentational adjustment**	**Restatement of revenue**	**Change in accounting policy**	**Restated**
Consolidated Statement of Changes in Equity	**£**	**£**	**£**	**£**	**£**
Share premium	38,239,668	157,483	-	-	38,397,151
Retained deficit	(8,368,801)	(157,483)	(1,019,505)	-	(9,545,789)
Equity Attributable to owners of Equals Group Plc	**41,874,186**	**-**	**(1,019,505)**	**-**	**40,854,678**

	As Stated	Presentational adjustment	Restatement of revenue	Change in Accounting policy	Restated
Consolidated Statement of Cash flows	**£**	**£**	**£**	**£**	**£**
Operating Activities					
Profit for the period	1,464,079	-	(1,019,505)	-	444,574
Increase in trade and other payables	938,110	-	1,019,505	-	1,957,615
Net cash generated from operating activities	**648,151**	**-**	**-**	**-**	**648,151**

c) *Going concern*

The Board continues to closely monitor its performance and the conditions surrounding Covid-19, as well as the more 'normal' risks it faces which would affect its future performance and position. The Board considers it 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. Segmental Analysis

The segmental results were as follows:

Group	**Currency Cards**	**International Payments**	**Travel Cash**	**Banking Services**	**Central**	**Total**
6 months ended 30 June 2020	**£**	£	**£**	**£**	**£**	**£**
Segment revenue	2,642,102	8,232,431	393,462	2,504,295	-	13,772,290
Direct costs	(1,340,743)	(2,899,006)	(150,937)	(643,001)	-	(5,033,687)
Gross profit	1,301,359	5,333,425	242,525	1,861,294	-	8,738,603
Administrative expenses	-	-	-	-	(8,941,822)	(8,941,822)
Amortisation	-	-	-	-	(2,057,680)	(2,057,680)
Separately reported items	-	-	-	-	(975,309)	(975,309)
Finance costs	-	-	-	-	(110,106)	(110,106)
Profit / (loss) before tax	724,642	5,833,277	251,668	1,929,016	(12,084,917)	(3,346,314)
Total assets	-			5,713,844	60,851,190	66,565,034
Total liabilities	-	-	-	(2,087,345)	(18,349,217)	(20,436,562)
Total net assets	-	-	-	3,626,499	42,501,973	46,128,472

Group	**Currency Cards**	**International Payments**	**Travel Cash**	**Banking Services**	**Central**	**Total**
6 months ended 30 June 2019	**£**	£	**£**	**£**	**£**	**£**
*Restated**						
Segment revenue	5,073,855	4,817,741	1,147,693	2,536,905	-	13,576,194
Direct costs	(1,434,632)	(1,736,923)	(404,774)	(697,000)	-	(4,273,329)
Gross profit	3,639,223	3,080,818	742,919	1,839,905	-	9,302,865
Administrative expenses	-	-	-	-	(8,192,451)	(8,192,451)
Amortisation	-	-	-	-	(1,117,424)	(1,117,424)
Separately reported items	-	-	-	-	(22,966)	(22,966)
Finance costs	-	-	-	-	(148,247)	(148,247)
Profit / (loss) before tax	3,639,223	3,080,818	742,919	1,839,905	(9,481,088)	(178,223)
Total assets	-	-	-	4,941,683	56,254,013	61,195,696
Total liabilities	-	-	-	(1,736,279)	(18,604,739)	(20,341,018)
Total net assets	-	-	-	3,205,404	37,649,274	40,854,678

Group	**Currency Cards**	**International Payments**	**Travel Cash**	**Banking Services**	**Central**	**Total**
12 months ended 31 December 2019	**£**	£	**£**	**£**	**£**	**£**
Segment revenue	11,293,815	11,928,662	2,389,044	5,333,203	-	30,944,724
Direct costs	(4,391,599)	(3,537,900)	(1,043,047)	(1,405,719)	-	(10,378,265)
Gross profit	6,902,216	8,390,762	1,345,997	3,927,484	-	20,566,459
Administrative expenses	-	-	-	-	(20,123,517)	(20,123,517)
Amortisation	-	-	-	-	(2,830,587)	(2,830,587)
Impairment charge	-	-	-	(4,858,898)	-	(4,858,898)
Separately reported items	-	-	-	-	(478,476)	(478,476)
Finance costs	-	-	-	-	(233,564)	(233,564)
Profit / (loss) before tax	6,902,216	8,390,762	1,345,997	(931,414)	(23,666,144)	(7,958,583)
Total assets	-	-	-	5,077,618	67,044,838	72,122,456
Total liabilities	-	-	-	(1,926,658)	(20,678,892)	(22,605,550)
Total net assets	-	-	-	3,150,960	46,365,946	49,516,906

3. (Loss) / profit before tax

(Loss) / profit before tax is stated after charging / (crediting) the following operating costs:-

	6 months ended 30 June 2020 Unaudited	6 months ended 30 June 2019 Unaudited	12 months ended 31 December 2019 Audited
	£	£	£
Marketing costs	799,100	1,420,853	4,089,772
Staff costs	5,456,339	4,588,459	10,695,174
Property and office costs	500,254	604,857	1,015,832
Audit fees	191,580	80,280	319,200
Other professional fees	449,513	272,789	963,966
IT and telephone cost	551,868	395,923	877,597
Travel and similar	157,081	198,426	452,041
Foreign exchange loss	(38,078)	7,126	229,710
Share option charge	194,934	9,414	122,609
Bank charges	11,365	(339)	9,744
Depreciation of right of use assets	465,341	431,347	917,993
Depreciation of property, plant and equipment	202,525	183,316	429,879
Administrative costs	**8,941,822**	**8,192,451**	**20,123,517**

4. Separately reported items

A breakdown of separately reported items included within the Consolidated Statement of Comprehensive Income is shown below:

	6 months ended 30 June 2020 Unaudited	6 months ended 30 June 2019 Unaudited	12 months ended 31 December 2019 Audited
	£	£	£
Costs relating to Covid-19	445,555	-	-
Wirecard	529,754	-	-
Acquisition costs	-	22,966	478,476
	975,309	**22,966**	**478,476**

5. Taxation

	6 months ended 30 June 2020 Unaudited	6 months ended 30 June 2019 Unaudited *Restated**	6 months ended 30 June 2019 Audited
	£	£	£
Current year R&D credit	(734,046)	(1,148,635)	(3,478,997)
Changes in tax estimates related to prior years	-	-	(25,000)
Changes in tax estimates in pre-acquisition accounts of businesses acquired during the year	-	(10,488)	(10,487)
Current tax credit	(734,046)	(1,159,123)	(3,514,484)
Origination and reversal of temporary differences	458,152	536,326	868,016
Recognition of previously unrecognised deductible temporary differences	98,743	-	59,583
Deferred tax expense	556,895	536,326	927,599
Total tax credit	**(177,151)**	**(622,797)**	**(2,586,885)**

**See note 1c*

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