

Equals Group plc
(‘Equals’ or the ‘Group’)

Interim Results

‘Significant revenue growth, record Adjusted EBITDA and strong balance sheet’

Equals (AIM: EQLS), the fintech payments group focused on the Enterprise and SME marketplaces, announces its interim results for the six months ended 30 June 2023 (the ‘period’ or ‘H1-2023’) and an update on trading for 49 trading days for the period from 1 July 2023 to 8 September 2023 (‘Q3-2023’).

H1-2023: Financial Summary

| | H1-2023 | H1-2022 | Change |
|--------------------------------------|-------------------|------------|---------------|
| | £ millions | £ millions | % ** |
| Underlying transaction values | 5,964 | 4,169 | +43% |
| Revenue | 45.0 | 31.4 | +43% |
| Gross profit | 23.6 | 14.9 | +59% |
| Gross profit % | 52.4% | 47.4% | |
| Adjusted EBITDA* | 9.8 | 4.9 | +102% |
| Operating profit | 5.5 | 1.1 | |
| Profit after taxation | 4.8 | 0.8 | |
| EPS (Basic, in pence) | 2.64 | 0.38 | |

Notes

* Adjusted EBITDA is defined as operating profit before: depreciation, amortisation, impairment charges and share option charges and items of an exceptional nature. EBITDA is defined as operating profit before depreciation and amortisation.

**Percentages are calculated based on underlying rather than rounded figures.

H1-2023: Financial Highlights

- Record transaction values, with revenues up 43% to £45.0 million (H1-2022: £31.4 million) including £13.6 million derived from the Solutions platform (H1-2022: £6.3 million)
- Further improvements to gross profit margin, increasing to 52.4% from 47.4%
- Adjusted EBITDA* more than doubled to £9.8 million compared to same period last year (H1-2022: £4.9 million)
- £17.9 million Cash at Bank up from £15.0 million at 31 December 2022 despite £2.9 million spent on acquisitions
- Basic EPS rising to 2.64 pence from 0.38 pence in H1-2022

H1-2023: Operational and Product Highlights

- Acquisition of Oonex, now called Equals Money Europe, providing EU market access
- Acquisition of Roqqett, an open banking platform, completed and now integrated
- Automation of ‘payments out’ flows yielding increased efficiencies
- Further investments into Compliance and Risk functions
- API integration to Equals Platform deployed, opening new distribution channels

Q3-2023 Trading (1 July 2023 to 8 September 2023) and Outlook

- Year-to-date revenue of £63.6 million, 39% ahead of the same period in 2022
- Revenues per day of £370k, compared to £265k in the same period in 2022
- Robust pipeline in Solutions underpinning further growth
- FairFX B2C card product moved to Equals Core platform
- Equals Money Europe integration progressing on plan
- Continued strong cash generation
- Proposed capital reduction being announced today to put the Company in a position to pay dividends
- The Board intends to pay a maiden dividend of 1.5 pence in respect of the financial year ending 31 December 2023*

* Dividend payment subject to, inter alia, capital reduction, shareholder and court approvals.

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

“This is an outstanding set of results with record revenues combining with improved gross profit retention to yield enhanced profitability. These results, coupled with our continued cash generation, enable us to announce our intention, conditional, inter alia, upon the completion of the proposed capital reduction, to pay our maiden dividend of 1.5 pence per share in respect of the financial year 2023, while continuing our growth strategy. A further announcement will be made in due course following the conclusion of the capital reduction process.

“As well as strong financial performance, the Group completed its acquisition of Oonex SA (subsequently renamed Equals Money Europe), a Brussels-based payments services provider regulated by the National Bank of Belgium. This acquisition enables Equals to widen its distribution and addressable markets and the integration of the business is proceeding according to plan.

“The first half of 2023 saw strong growth which has continued into Q3 despite an uncertain macroeconomic environment. Given the current trading, and a robust sales pipeline, we look to the future with increased confidence, and we expect to be ahead of expectations for the full year.”

Analyst meeting

A conference call for analysts hosted by Ian Strafford-Taylor (CEO) and Richard Cooper (CFO) will be held today at 9.30am. 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 at: <https://stream.buchanan.uk.com/broadcast/64fb2da384cbf5eec802cac9>. In addition, as previously announced, the Company will also be presenting the Interim Results via the Investor Meet Company platform at 6pm today. Please register at <https://www.investormeetcompany.com/equals-group-plc/register-investor>.

This announcement contains inside information.

- Ends -

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Chief Executive Officer's Report

The vision for the Group continues to be the simplification of global money movement for business customers. Equals achieves this through its B2B platforms, Equals Money being targeted at SME customers and Equals Solutions which targets larger corporate opportunities. The Group's growth potential is particularly strong given that the core building blocks of its platforms, namely own-name multi-currency IBANs and bank-grade connectivity and clearance, are highly complex and time consuming to replicate. This 'first mover' advantage was achieved by the investments made in previous years and will be continuously enhanced by the developments planned in the Group's technical roadmap combined with further investments into direct connectivity to payment networks.

The ambition of Equals has never just been to operate within the UK, and we were delighted to complete the acquisition of Oonex SA, (subsequently renamed Equals Money Europe SA) on 4 July 2023. Through its regulation by the National Bank of Belgium and strong links to both a Belgian bank (KBC) and a Dutch bank (ING), this provides the Group with cross-EU reach for its products, particularly Equals Solutions, which has already exceeded management's expectations in terms of revenue growth and profitability.

In the period we also further enhanced the Group's product set via the acquisition of Roqqett Limited, an open-banking payments platform. The acquisition allows Equals to span the entire payment cycle for its B2B customers by providing them with another method to get paid by their customers, be that B2B or B2C. Roqqett has now been successfully integrated into the FairFX card checkout process and is being sold to external customers.

The investments made by the Group since 2018 have been instrumental in driving the current strong performance. These investments fall into two major categories, namely internal product development and acquisitions. Investment into internal product development remains vital to driving the business forward and we anticipate keeping our spend in this area at a consistent level going forwards. As will be illustrated in more detail in the CFO Review which follows this Report, our investments into acquisitions have all been successfully integrated and highly accretive.

The attractiveness of Equals' product set is illustrated by the growing volume of transactions and load values across the Group's platform:

£ millions

| | <u>H1-2021</u> | <u>H2-2021</u> | <u>H1-2022</u> | <u>H2-2022</u> | <u>H1-2023</u> |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Transaction value | 2,424 | *4,011 | 4,163 | 5,053 | 5,964 |
| % growth on half year | 25% | 65% | 4% | 21% | 18% |

**H2-2021 shown here excludes the £114 million from the one-off material trade announced on 28 October 2021.*

This translates well to revenues which rose by 43% in H1-2023 to £45.0 million (H1-2022: £31.4 million).

Revenue by six-month period, in £ millions

| | H1-2021 | H2-2021 | H1-2022 | H2-2022 | H1-2023 |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| Medium enterprises | 8.1 | 11.8 | 10.3 | 12.1 | 14.0 |
| Consumer and small business | 6.1 | 6.7 | 7.7 | 9.0 | 8.5 |
| White-label | 2.4 | 5.4 | 7.2 | 7.8 | 8.9 |
| Large enterprises | 0.3 | 1.8 | 6.2 | 9.4 | 13.6 |
| Material trade | - | 1.5 | - | - | - |
| Total | 16.9 | 27.2 | 31.4 | 38.3 | 45.0 |

Sales & Marketing

The composition of the Group's Sales and Marketing teams has shifted over recent years reflecting Equals' pivot from a B2C to a B2B focus. B2B customer acquisition requires strong processes for lead generation and outbound sales augmented by high conversion websites and cost-effective digital marketing. Equals has continued to strengthen its sales capability by recruitment of experienced professionals capable of consultative selling. In addition, the Group has hired people with specific sector expertise as well as rolling out a regional sales model rather than solely basing in London. In keeping with the same theme of 'face-to-face' sales, Equals has increased its presence at industry trade shows and has salespeople consistently travelling to meet customers. The direct sales efforts are augmented by a sales operations team to ensure peak efficiency and conversion. Furthermore, given the roll-out of API connectivity in H1 2023, the Group now has dedicated resources within its Engineering team to onboard new customers.

Equals has significantly upgraded its approach to digital marketing with all the Group's websites yielding increases in conversion and have rolled out new digital marketing collateral for the Group's multi-currency IBAN products. Equals' recruitment of top-quality digital marketing professionals has transformed our capabilities across the website, SEO and PPC yielding improvements in customer acquisition and ability to optimise by channel using test and refine techniques.

Profitability

A 43% increase in revenues, improvement in gross profit margin, tight cost control in a tough labour market, combined to result in adjusted EBITDA doubling from £4.9 million in H1-2022 to £9.8 million in H1-2023. A performance that as CEO, I am immensely proud of.

Dividend

Equals has today announced a proposed capital reduction to redeem around £25 million of its share premium account to create distributable reserves. The proposed capital reduction is expected to be completed by mid Q4-2023. The Board intends conditional, *inter alia*, upon the completion of the proposed capital reduction, to pay a maiden dividend of 1.5 pence per share in respect of the financial year 2023. A further announcement will be made in due course following the conclusion of the capital reduction process.

Current trading and outlook

The Global macroeconomic environment continues to be challenging with high inflation, high interest rates, concerns over China's economy and the conflict in Ukraine all affecting confidence and business activity. Against this market backdrop, Equals continues to grow strongly because it has a product and capability suite that is hard to replicate.

In Q3 2023 to date, revenues continued to perform strongly reaching £63.6 million on a year-to-date basis as of 8 September 2023. This is 39% ahead of the same period in 2022 and represents revenues per working day of £370k compared to £265k per day in the prior year.

Equals has increased its addressable market by adding the capability for customers to connect via API. Whilst these customers take longer to on-board, due to the requirement to connect their systems directly to Equals Core, they are typically larger in size, and we expect to drive future revenue growth. The current pipeline for new Solutions customers, both via direct login and API, is strong and with the new capabilities of Equals Money Europe, the Board believes that going forwards Equals is well positioned to further increase its addressable markets and distribution channels.

Given the strong current trading, and a robust sales pipeline, the Board looks to the future with increased confidence, and we expect to be ahead of expectations for the full year.

Ian Strafford-Taylor
Chief Executive Officer
12 September 2023

REVIEW OF THE CFO

Taking the financial information disclosed in the CEO's Report one step further, I am pleased to present record Interim Results for the six months ended 30 June 2023.

Totals may not sum due to rounding. Percentages are calculating on underlying figures before rounding. Where costs cannot be accurately attributed to each segment, they have been allocated on the basis of revenue.

TABLE 1: INCOME AND EXPENSE ACCOUNT

| | H1-2023 £ millions | H1-2022 £ millions | H2-2022 £ millions |
|--|-------------------------------------|-----------------------|-----------------------|
| Revenue (table 3) | 45.0 | 31.4 | 38.3 |
| Gross Profits (table 5) | 23.6 | 14.9 | 18.8 |
| Less: Marketing | (1.2) | (0.9) | (0.9) |
| Contribution | 22.4 | 13.9 | 17.9 |
| Staff costs | (9.2) | (6.6) | (7.8) |
| Property and office cost | (0.5) | (0.4) | (0.5) |
| IT and telephone costs | (1.4) | (0.9) | (1.1) |
| Professional Fees | (0.7) | (0.6) | (0.7) |
| Compliance Fees | (0.6) | (0.4) | (0.3) |
| Travel and other expenses | (0.3) | (0.2) | (0.3) |
| Adjusted EBITDA | 9.8 | 4.9 | 7.2 |
| Less: Share option expense | (0.7) | (0.3) | (0.6) |
| Less: Acquisition costs and exceptional items | 0.0 | 0.0 | (0.2) |
| EBITDA | 9.1 | 4.6 | 6.4 |
| IFRS 16 Depreciation (table 6) | (0.3) | (0.4) | (0.4) |
| Other depreciation (table 6) | (0.2) | (0.2) | (0.2) |
| Amortisation of acquired intangibles (table 7) | (0.7) | (0.6) | (0.6) |
| Other amortisation (table 7) | (2.5) | (2.2) | (2.2) |
| Contingent consideration credit / (cost) | 0.2 | 0.0 | (0.3) |
| | (3.5) | (3.5) | (3.7) |
| Gain on disposal of Travel Cash CGU | 0.4 | 0.0 | 0.0 |
| EBIT | 5.9 | 1.1 | 2.7 |
| Lease interest | (0.1) | (0.1) | (0.1) |
| Foreign exchange differences | 0.0 | 0.0 | (0.1) |
| Contingent consideration finance charges | 0.0 | (0.1) | 0.0 |
| | (0.1) | (0.2) | (0.2) |
| PROFIT BEFORE TAXATION | 5.8 | 0.9 | 2.6 |
| Corporate and deferred taxation | (1.0) | (0.1) | 0.2 |
| PROFIT FOR THE YEAR | 4.8 | 0.8 | 2.8 |

TABLE 2 – ADJUSTED EBITDA BRIDGE FROM H1-2022 TO H1-2023 (in £'000s)

| | | |
|--------------------------------|---|--------------|
| H1-2022 Adjusted EBITDA | | 4,852 |
| Add: | 61% uplift in contribution H1-2023 | 8,477 |
| Less: | 39% increase in staff costs, reflecting higher planned headcount (23% up from H1-2022), higher quality hires and salary increases (around 8%) | (2,574) |
| | 47% increase in IT and communication costs - mainly hosting and telephone in line with transaction growth | (432) |
| | 35% increase in professional and compliance costs for enhanced procedures and consultation, proactively ahead of requirements | (325) |
| | 20% increase in property costs arising through service charge/utility inflation | (87) |
| | 48% increase in travel and entertaining costs incurred through ambassadorial initiatives and industry awareness events | (86) |
| H1-2023 Adjusted EBITDA | | 9,825 |
| Uplift over H1-2022 | | 4,973 |
| % uplift over H1-2022 | | 102% |

Revenue

TABLE 3 – REVENUE BY CUSTOMER TYPE, IN £ MILLIONS

The table below shows the revenue for the last five periods of six months, split by customer grouping and within than the type of business provided:

| | H1-2021 | H2-2021 | H1-2022 | H2-2022 | H1-2023 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| <i>International Payments</i> | 6.0 | 8.7 | 6.9 | 8.0 | 9.2 |
| <i>Cards</i> | 2.1 | 3.1 | 3.4 | 4.1 | 4.8 |
| Medium enterprises | 8.1 | 11.8 | 10.3 | 12.1 | 14.0 |
| <i>International Payments</i> | 1.4 | 1.9 | 2.1 | 2.4 | 1.9 |
| <i>Cards</i> | 1.7 | 1.7 | 2.3 | 2.8 | 2.4 |
| <i>Banking</i> | 2.9 | 2.8 | 2.8 | 3.3 | 4.1 |
| Consumer and small business | 6.0 | 6.4 | 7.2 | 8.5 | 8.4 |
| White Label | 2.4 | 5.4 | 7.2 | 7.8 | 8.9 |
| Large enterprises (“Solutions”) | 0.3 | 1.8 | 6.2 | 9.4 | 13.6 |
| Material trade | - | 1.5 | - | - | - |
| Bureau de change | 0.1 | 0.3 | 0.5 | 0.5 | 0.1 |
| Total | 16.9 | 27.2 | 31.4 | 38.3 | 45.0 |

COST OF SALES & GROSS PROFITS

Cost of sales comprises three principal component which are shown below. The cost for staff commissions includes Employers National Insurance contributions.

TABLE 4 – COST OF SALES

| | <u>H1-2023</u> | <u>H1-2022</u> | <u>H2-2022</u> |
|---------------------------------|--------------------|--------------------|--------------------|
| | £ millions | £ millions | £ millions |
| Affiliate commissions | 14.6 | 10.7 | 13.1 |
| Staff commissions | 1.8 | 1.7 | 1.9 |
| Transactions costs and similar* | 5.0 | 4.1 | 4.5 |
| Total | <u>21.4</u> | <u>16.5</u> | <u>19.5</u> |

*Transaction costs, includes bank charges and similar, and, will, if applicable, include costs for any compensation associated with the FCA's newly introduced Consumer Duty rules.

Gross profit margins differ between each business unit. The mix of product (example: spot or forward FX) also influences the margin. Margins continue to improve as the business mix changes, and, with increased 'purchasing power' the Group should be able to improve margins further but probably not higher than a full percentage point.

Gross profit ratios over the last five six-month periods are shown below:

Table 5 - GROSS PROFIT MARGIN OVER THE LAST FIVE SIX MONTH PERIODS

| | H1-2021 | H2-2021 | H1-2022 | H2-2022 | H1-2023 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <i>International Payments</i> | 64% | 54% | 59% | 51% | 57% |
| <i>Cards</i> | 71% | 68% | 59% | 66% | 65% |
| Medium enterprises | 66% | 58% | 58% | 56% | 59% |
| <i>International Payments</i> | 79% | 74% | 71% | 71% | 68% |
| <i>Cards</i> | 71% | 71% | 61% | 64% | 58% |
| <i>Banking</i> | 72% | 71% | 75% | 79% | 85% |
| Consumer, and small business | 73% | 72% | 69% | 72% | 74% |
| White-Label | 17% | 11% | 11% | 13% | 19% |
| Large enterprises (Solutions) | 33% | 44% | 47% | 50% | 54% |
| Material trade | - | 54% | - | - | - |
| Bureau de change | - | 67% | 40% | 40% | - |
| Total | <u>60%</u> | <u>51%</u> | <u>47%</u> | <u>49%</u> | <u>52%</u> |

Staff costs

Staff costs shown, exclude staff commissions which are included in cost of sales (see table 4).

Headcount numbers have moved from 285 as at 31 December 2022 to 323 as at 30 June 2023.

Performance related components, when combined with staff commissions included in cost of sales are, in the aggregate, around 25% of the total cost of staff.

The charge to the P&L was £9.2 million, up 39% on H1-2022 (£6.6 million) and 18% on H2-2022 (£7.8 million).

Gross of capitalisation of £2.4 million (H1-2022: £2.1 million), costs were £11.7 million in H1-2023 (£8.8 million in H1-2022). The amounts capitalised represent 21% of gross staff costs, decrease from 23% in H1-2022 largely due to an increased headcount not directly attributable to development projects.

Capitalisation is now broadly in line with the amortisation charge relating to capitalised software.

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 proactive with regulation but not at the expense of quality. Professional fees have risen in line with trends widely reported in the national press, most notably the provision for cost of the audit noting increased acquisition activity and implantation of enhanced systems.

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 6 – DEPRECIATION

| | H1-2023 | H1-2022 |
|----------------------|----------------|---------|
| | £'000s | £'000s |
| IFRS 16 depreciation | 332 | 445 |
| Other depreciation | 193 | 187 |
| | 525 | 632 |

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

| | |
|----------------------|---------------|
| | £'000s |
| IFRS 16 depreciation | 668 |
| Other depreciation | 375 |
| | 1,043 |

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 7 – COMPONENTS OF AMORTISATION CHARGES

| | H1-2023 £'000s | H1-2022 £'000s |
|--|--------------------------|-------------------|
| Amortisation charge arising from the capitalisation of internally developed software in the following years: | | |
| 2018 and earlier | 272 | 458 |
| 2019 | 831 | 831 |
| 2020 | 447 | 447 |
| 2021 | 288 | 267 |
| 2022 | 377 | 86 |
| H1-2023 | 123 | - |
| | 2,338 | 2,089 |
| Amortisation charge for other intangibles | 141 | 128 |
| | 2,479 | 2,217 |
| Amortisation of acquired intangibles | 686 | 641 |
| Total amortisation charge | 3,165 | 2,858 |

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

| | |
|-------------------------------|--------------|
| | £'000 |
| Internally developed software | 4,953 |
| Other intangible assets | 267 |
| Acquired intangibles | 984 |
| | 6,204 |

Operating result

The Group made a profit before taxation of £5.8 million in H1-2023, compared to £0.9 million in H1-2022.

Taxation, incorporating R&D credits

The Group has recognised a net tax charge of £1,031k (H1-2022: £37k) of which £nil (H1-2022: £40k) relates to an R&D tax credit repayment.

At 31 December 2022 the Group had utilisable tax losses of £17.6 million. The White-Label business, Equals Connect Ltd, is profitable and tax paying, as until 3 October 2022 its profits could not be offset against other group company losses. At 30 June 2023 it is estimated that the Group has utilisable tax losses of £13.5 million.

TABLE 8 – BALANCE SHEET

This table shows a compressed ‘balance sheet’ for the Group. This splits-out (from the statutory disclosure) certain current assets arising from the acquisitions being made.

| | <u>30.06.2023</u> £'000s | <u>30.06.2022</u> £'000s | <u>31.12.2022</u> £'000s |
|---|-----------------------------|-----------------------------|-----------------------------|
| Internally generated software – cost | 28,723 | 23,617 | 26,001 |
| Internally generated software – accumulated amortisation | (15,749) | (11,065) | (13,411) |
| | <u>12,974</u> | <u>12,552</u> | <u>12,590</u> |
| Other non-current assets (other than ‘right to use’) | 22,965 | 19,066 | 18,558 |
| IFRS 16 assets, less IFRS 16 liabilities | (635) | (976) | (830) |
| | <u>35,304</u> | <u>30,642</u> | <u>30,318</u> |
| Liquidity (per Table 11) | 16,621 | 12,825 | 14,321 |
| Accrued Income and Trade Debtors | 5,577 | 4,245 | 4,246 |
| R&D rebates | - | 438 | - |
| Prepayments | 1,627 | 1,411 | 1,345 |
| Working Capital advances to Roqqett | - | - | 830 |
| Other Sundry Debtors | 164 | 190 | 189 |
| Inventory of card stock | 237 | 148 | 292 |
| Accounts payable | (2,616) | (2,308) | (2,070) |
| Affiliate commissions | (3,061) | (2,905) | (2,563) |
| PAYE and Vat | (849) | (652) | (816) |
| Staff commissions and accrued bonuses | (1,436) | (1,150) | (1,690) |
| Other accruals and other creditors | (2,050) | (1,442) | (1,938) |
| | <u>14,214</u> | <u>10,800</u> | <u>12,145</u> |
| Working Capital and prepaid advances to Oonex | 1,248 | - | - |
| Deferred consideration receivable arising from the disposal of the bureau de change | 100 | - | - |
| | <u>15,562</u> | <u>10,800</u> | <u>12,145</u> |
| Earn-out balances due (Table 9) | (4,605) | (303) | (2,025) |
| Net corporation and deferred tax | 986 | 1,148 | 1,639 |
| Net value of forward contracts | 827 | 511 | 827 |
| | <u>(2,793)</u> | <u>1,356</u> | <u>441</u> |
| NET SHAREHOLDER FUNDS | <u>48,073</u> | <u>42,798</u> | <u>42,904</u> |

INVESTMENTS

The Group invests in its future in two principal ways:

- a. Product development, which is capitalised and can result in R&D credits from the UK government.
- b. Acquisitions of companies or businesses.

A. Product development

Over the period since January 2018, a total of £28.9 million has been invested in product development of which £15.7 million has already been amortised, more than 54%. In H1-2023 a total of £2.7 million was capitalised of which £2.4 million related to staff costs and £0.3 million to third party software.

Until the year ended 31 December 2022, the Group received £6.3 million in cash from the UK government in respect of R&D claims and under IAS 12, this has to be accounted for through the charge (or credit) to Corporation tax.

For each £100,000 of product development capitalised now, the effect of the UK government's R&D scheme means that at current rates of corporation tax, the effective P&L cost to the Group is only £78,500.

The amortisation profile of the investments made is shown in Table 7.

The Group's intellectual property comprises these investments, and registered trademarks in various jurisdictions.

B. Acquisitions

Table of acquisitions since 1 January 2019

Table 9 below shows the financial position relating to acquisitions in and after 2019, including Roqgett Limited and Hamer & Hamer Limited acquired in the six month period ended 30 June 2023.

TABLE 9 – EARNOUTS

| | <u>Hermex</u> | <u>Casco</u> | <u>Effective</u> | <u>Roqqett Limited</u> | <u>Hamer & Hamer</u> | <u>Total</u> |
|--|----------------------|----------------------|----------------------|------------------------|--------------------------|----------------|
| Acquisition date | 09.08.2019 £'000s | 19.11.2019 £'000s | 15.10.2020 £'000s | 06.01.2023 £'000s | 24.03.2023 £'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 |
| Acquisition price booked at acquisition | - | - | - | 2,250 | 3,200 | 5,450 |
| Less acquired gross liabilities | - | - | - | (831) | - | (831) |
| Initial Consideration Paid during H1-2023 | - | - | - | (169) | (1,500) | (1,669) |
| Deferred Consideration on receipt of R&D claim paid during H1-2023 | - | - | - | (215) | - | (215) |
| Revaluation of asset based on performance | - | (155) | - | - | - | (155) |
| Gross Outstanding at 30.06.23 | - | 1,870 | - | 1,035 | 1,700 | 4,605 |
| Due in remainder of 2023 | - | 1,087 | - | 1,035 | - | 2,122 |
| Due in or after 2024 | - | 783 | - | - | 1,700 | 2,483 |
| Total consideration | 2,000 | 5,875 | 1,575 | 1,419 | 3,200 | 14,069 |

Roqqett

Following regulatory approval from the FCA on 6 January 2023, the acquisition of Roqqett Limited, an open-banking platform was completed on 9 January 2023. Total consideration is up to £2.2 million less the gross liabilities of £0.8 million totalling £1.4 million. A total of £384k had been settled by 30 June

2023. Two instalments with combined liability of just over £1 million will be due depending on certain deliverables.

Hamer & Hamer

On 24 March 2023 the Group acquired Hamer & Hamer, an authorised payment institution regulated by the FCA for an initial consideration of £1.5 million. The business focuses on the SME segment. The deferred consideration based upon future performance targets, is £1.7 million, giving a total consideration of up to £3.2 million. In the case of super performance, the sellers could earn a further £1.0 million which would be charged to the income statement.

Oonex SA

On 27 March 2023, the Group announced that it had entered into an agreement to acquire the entire share capital of Oonex SA, an authorised payment institution licenced in Belgium. Oonex SA (subsequently renamed as Equals Money Europe SA) provides card acquiring services and is a Principal Member of Mastercard allowing it to issue debit cards across the EEA. Additionally, Oonex SA is a SWIFT and SEPA member and provides direct Payment Accounts ('IBANs') from Belgium to companies and individuals worldwide.

On 4 July 2023 the National Bank of Belgium consented to this acquisition. The total consideration agreed was for five million shares in Equals Group Plc with 3,938,294 issued in July 2023 and 1,061,706 deferred until 4 January 2024. The Group also assumed the liabilities of Oonex SA and various associated entities for around €6 million. These are expected to be treated as a loan repayable out of the future profits of Equals Money Europe SA.

C. Disposals

On 14 March 2023, the Group disposed of its Bureau de Change to an unrelated third party for an initial £250,000 with a further £100,000 receivable based upon performance. A gain on disposal of £379,723 has been recognised in these financial statements.

Share capital

The number of shares in issue at 1 January 2023 was 180,712,473. This increased in the year through the exercise of 333,334 share options, and 747,488 shares at nominal value were issued pursuant to the 2022 SIP, thus the number of shares outstanding at 30 June 2023 was 181,793,295. A further 3,938,294 shares were issued and admitted to trading, pursuant to the acquisition of Oonex SA, thus at the date of this report the number of shares in issue is 185,731,589.

Share options

At 1 January 2023, the Company had 16,141,058 options outstanding. 333,334 of these were exercised in 2023, and 36,512 were cancelled. After the 30 June 2023 but before the date of this announcement, a further 500,000 share options lapsed, thus, at the date of signing of these financial statements, there were 15,271,212 options, representing 8.2% of the issued share capital.

The cost of external advice for these schemes amounted to £15k in the period (H1-2022: £31k)

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 in the period was 181,533,904 (H1-2022: 179,890,374).

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 91 pence (H1-2022: 78 pence), the number of options exceeding the fair value was 8,089,807 (H1-2022: 6,537,453).

The basic and diluted EPS are shown below:

| | Basic | Basic | Diluted | Diluted |
|--------------------------------------|--------------|--------------|----------------|----------------|
| | H1-2023 | H1-2022 | H1-2023 | H1-2022 |
| Profit / (loss) per share (in pence) | 2.64 | 0.38 | 2.52 | 0.36 |

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:

| | H1-2023 | H1-2022 |
|--|----------------|----------------|
| | £'000s | £'000s |
| P&L YTD Attributable to owners of Equals Group PLC | 4,788 | 675 |
| Add back: | | |
| - Share option charges | 741 | 290 |
| - Amortisation of acquired intangibles. | 686 | 641 |
| Adjusted earnings | 6,215 | 1,606 |

The resulting earnings per share are shown below:

| | Basic | Basic | Diluted | Diluted |
|--------------------------------------|--------------|--------------|----------------|----------------|
| | H1-2023 | H1-2022 | H1-2023 | H1-2022 |
| Adjusted profit per share (in pence) | 3.42 | 0.89 | 3.27 | 0.86 |

CASH STATEMENT

The movement in the cash position is shown in the table below, splitting out trading from M&A activities:

| TABLE 10 - CASHFLOW | H1-2023 | H1-2022 | H2-2022 |
|---|------------------|------------------|------------------|
| | £'000s | £'000s | £'000s |
| Adjusted EBITDA | 9,825 | 4,852 | 7,268 |
| Lease payments (principal and interest) | (488) | (371) | (598) |
| R&D tax receipts relating to qualifying Equals expenditure in prior periods | - | - | 400 |
| Acquisition costs | - | - | (164) |
| Internally developed software capitalised for R&D: | | | |
| - Staff | (2,449) | (2,051) | (2,140) |
| - IT Costs | (273) | (164) | (244) |
| Purchase of other intangible assets less disposals | (284) | (307) | (138) |
| Purchase of other non-current assets | (252) | (122) | (149) |
| Movement in working capital | (551) | 2,926 | (1,780) |
| | 5,528 | 4,763 | 2,455 |
| M&A activities: | | | |
| - Net acquired consideration, and earn-outs | (1,669) | (1,380) | (1,233) |
| - Associated costs capitalised in acquisition | (29) | - | - |
| Costs relating to acquisitions after the balance sheet date | (319) | - | - |
| Loans in advance of acquisition: | | | |
| - Oonex | (729) | - | - |
| - Roqqett | - | - | (830) |
| | (2,746) | (1,380) | (2,063) |
| Funds from exercise of share options | 97 | 193 | - |
| External funding repaid (CBILS) | - | (228) | (1,800) |
| NET CASHFLOWS | 2,879 | 3,348 | (1,408) |
| Balance at 1 st January / 1 st July | 15,044 | 13,104 | 16,452 |
| Balance at 30th June / 31st December | 17,923 | 16,452 | 15,044 |
| Cash per share | 9.9 pence | 9.1 pence | 8.3 pence |

Working capital movements commonly comprise:

- Timing differences between accrued and paid affiliate commissions
- Timing differences between accrued and paid performance related pay
- Timing difference between accrued expenses and the settlement of subsequent invoices
- Profit transfers from the Client ledgers
- Margin calls (or releases) from liquidity providers

The Group enhances its reputation by aiming to pay all suppliers on the invoice due date.

TABLE 11 - LIQUIDITY

| | H1-2023 | H1-2022 |
|---|----------------|----------------|
| | £'000s | £'000s |
| Cash at bank | 17,923 | 16,452 |
| Balances with liquidity providers | 2,863 | 1,499 |
| Pre-funded balances with card provider | 759 | 884 |
| Gross liquid resources | 21,545 | 18,835 |
| Customer balances not subject to safeguarding | (4,924) | (4,210) |
| CBILS loan | - | (1,800) |
| | (4,924) | (6,010) |
| Net position | 16,621 | 12,825 |

The Group has its principal banking and deposit arrangements with Barclays, NatWest, Citibank and Blackrock. As a member of RTGS, the Group also holds interest-earning balances with the Bank of England.

Richard Cooper

Chief Financial Officer

12 September 2023

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

| | Note | Period end 30 June 2023 Unaudited £000 | Period end 30 June 2022 Unaudited £000 | Year end 31 December 2022 Audited £000 |
|---|------|---|---|--|
| Revenue on currency transactions | | 40,983 | 28,505 | 63,541 |
| Banking revenue | | 4,045 | 2,868 | 6,141 |
| Revenue | 2 | 45,028 | 31,373 | 69,682 |
| Direct costs | 2 | (21,425) | (16,507) | (36,027) |
| Gross profit | | 23,603 | 14,866 | 33,655 |
| Administrative expenses | 3 | (14,395) | (10,314) | (22,576) |
| Depreciation | | (525) | (632) | (1,211) |
| Amortisation charge | | (3,165) | (2,858) | (6,008) |
| Acquisition costs | | - | - | (164) |
| Total operating expenses | | (18,085) | (13,804) | (29,959) |
| Operating profit | | 5,518 | 1,062 | 3,696 |
| Other income and expenses: | | | | |
| Gain on the sale of the Cash CGU | 9 | 380 | - | - |
| Finance costs | 8 | (79) | (177) | (280) |
| Profit before tax | | 5,819 | 885 | 3,416 |
| Tax charge / (credit) | 4 | (1,031) | (37) | 135 |
| Profit after tax | | 4,788 | 848 | 3,551 |
| Memo: Profit is attributable to: | | | | |
| Owners of Equals Group Plc | | 4,788 | 675 | 3,237 |
| Non-controlling interest | | - | 173 | 314 |
| Other comprehensive income: | | | | |
| Exchange differences arising on translation of foreign operations | | - | 1 | - |
| | | 4,788 | 849 | 3,551 |
| Profit per share | | | | |
| Basic | | 2.64p | 0.38p | 1.80p |
| Diluted | | 2.52p | 0.36p | 1.73p |

All income and expenses arise from continuing operations.

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

| | | As at 30 June 2023 | As at 30 June 2022 | As at 31 December 2022 |
|---|------|-----------------------|-----------------------|------------------------------|
| | Note | Unaudited £000 | Unaudited £000 | Audited £000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 1,215 | 1,193 | 1,139 |
| Right of use assets | | 3,171 | 4,067 | 3,367 |
| Intangible assets and goodwill | | 34,724 | 30,425 | 30,008 |
| Deferred tax assets | | 1,171 | 1,287 | 1,831 |
| | | <u>40,281</u> | <u>36,972</u> | <u>36,345</u> |
| Current assets | | | | |
| Inventories | | 237 | 148 | 292 |
| Trade and other receivables | | 13,413 | 8,228 | 10,274 |
| Current tax assets | | - | 439 | - |
| Derivative financial assets | | 5,616 | 2,593 | 5,616 |
| Cash and cash equivalents | | 17,923 | 16,452 | 15,044 |
| | | <u>37,189</u> | <u>27,860</u> | <u>31,226</u> |
| TOTAL ASSETS | | <u>77,470</u> | <u>64,832</u> | <u>67,571</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to equity holders | | | | |
| Share capital | 6 | 1,818 | 1,807 | 1,807 |
| Share premium | 6 | 53,498 | 53,405 | 53,405 |
| Share based payment reserve | | 4,143 | 2,455 | 3,231 |
| Other reserves | | 8,609 | 8,610 | 8,609 |
| Retained deficit | | (19,995) | (23,915) | (24,148) |
| Equity attributable to owners of Equals Group | | <u>48,073</u> | <u>42,362</u> | <u>42,904</u> |
| Non-controlling interest | | - | 436 | - |
| | | <u>48,073</u> | <u>42,798</u> | <u>42,904</u> |
| Non-current liabilities | | | | |
| Borrowings | 7 | - | 1,600 | - |
| Right of use (lease) liabilities | | 3,063 | 4,224 | 3,417 |
| | | <u>3,063</u> | <u>5,824</u> | <u>3,417</u> |
| Current liabilities | | | | |
| Borrowings | 7 | - | 200 | - |
| Trade and other payables | | 20,617 | 12,970 | 15,489 |
| Current tax liabilities | | 185 | 139 | 192 |
| Right of use (lease) liabilities | | 743 | 819 | 780 |
| Derivative financial liabilities | | 4,789 | 2,082 | 4,789 |
| | | <u>26,334</u> | <u>16,210</u> | <u>21,250</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>77,470</u> | <u>64,832</u> | <u>67,571</u> |

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

| Group | Share capital £000 | Share premium £000 | Share based payment £000 | Retained deficit £000 | Other reserves £000 | Total attributable to owners of Equals Group Plc £000 | Non-controlling interest £000 | Total £000 |
|---|-----------------------|-----------------------|-----------------------------|--------------------------|------------------------|--|----------------------------------|---------------|
| At 1 January 2022 | 1,793 | 53,218 | 1,858 | (24,590) | 8,609 | 40,888 | 263 | 41,151 |
| Income for the period and total comprehensive income | - | - | - | 675 | - | 675 | 173 | 848 |
| Exchange differences arising on translation of foreign operations | - | - | - | - | 1 | 1 | - | 1 |
| Acquisition of the remaining NCI | - | - | - | - | - | - | - | - |
| Share based payment charge | - | - | 259 | - | - | 259 | - | 259 |
| Movement in deferred tax on share-based payment charge | - | - | 338 | - | - | 338 | - | 338 |
| New shares issued | 14 | 187 | - | - | - | 201 | - | 201 |
| At 30 June 2022 | 1,807 | 53,405 | 2,455 | (23,915) | 8,610 | 42,362 | 436 | 42,798 |
| Income for the period and total comprehensive income | - | - | - | 2,562 | - | 2,562 | 141 | 2,703 |
| Exchange differences arising on translation of foreign operations | - | - | - | - | (1) | (1) | - | (1) |
| Acquisition of the remaining NCI | - | - | - | (2,902) | - | (2,902) | (577) | (3,479) |
| Share based payment charge | - | - | 665 | - | - | 665 | - | 665 |
| Movement in deferred tax on share-based payment charge | - | - | 218 | - | - | 218 | - | 218 |
| Share options exercised in year | - | - | (107) | 107 | - | - | - | - |
| New shares issued | - | - | - | - | - | - | - | - |
| At 31 December 2022 | 1,807 | 53,405 | 3,231 | (24,148) | 8,609 | 42,904 | - | 42,904 |
| Income for the period and total comprehensive income | - | - | - | 4,788 | - | 4,788 | - | 4,788 |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | - | - | - |
| Purchase of Roqqett reserves | - | - | - | (666) | - | (666) | - | (666) |
| Purchase of Hamer & Hamer reserves | - | - | - | 31 | - | 31 | - | 31 |
| Share based payment charge | - | - | 726 | - | - | 726 | - | 726 |
| Movement in deferred tax on share-based payment charge | - | - | 186 | - | - | 186 | - | 186 |
| New shares issued | 11 | 93 | - | - | - | 104 | - | 104 |
| At 30 June 2023 | 1,818 | 53,498 | 4,143 | (19,995) | 8,609 | 48,073 | - | 48,073 |

Other reserves comprise:

| | |
|----------------------------------|--|
| 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 operations |

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

| | Six month period ended 30 June 2023 Unaudited £000 | Six month period ended 30 June 2022 Unaudited £000 | Six month period ended 31 December 2022 Audited £000 |
|---|--|--|---|
| Operating Activities | | | |
| Profit for the period | 5,819 | 885 | 2,531 |
| <i>Adjustments for:</i> | | | |
| Depreciation | 525 | 632 | 579 |
| Amortisation | 3,165 | 2,858 | 3,150 |
| Share based payment charge | 726 | 259 | 665 |
| (Increase) in trade and other receivables | (3,431) | (188) | (9,732) |
| Decrease in net derivative financial assets / liabilities | - | - | (3,023) |
| Increase in trade and other payables | 5,356 | 1,561 | 8,146 |
| Increase in derivative financial liabilities | - | - | 2,707 |
| Decrease / (increase) in inventories | 55 | 20 | (144) |
| Finance costs | 79 | 177 | 103 |
| Net cash inflow | 12,294 | 6,204 | 4,982 |
| Tax receipts | - | - | 400 |
| Tax paid | (192) | - | (61) |
| Net cash inflow from operating activities | 12,102 | 6,204 | 5,321 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | (401) | (122) | (149) |
| Acquisition of intangibles | (3,005) | (2,323) | (2,733) |
| Acquisition of subsidiary, net of cash acquired | (5,425) | - | - |
| Net cash used in investing activities | (8,831) | (2,445) | (2,882) |
| Cash flows from financing activities | | | |
| Principal elements of lease payments | (415) | (297) | (540) |
| Interest paid on finance lease | (73) | (82) | (87) |
| Interest paid | (8) | (33) | (14) |
| Repayment of borrowings | - | (200) | (1,800) |
| Acquisition of the remaining non-controlling interest | - | - | (1,405) |
| Proceeds from issuance of ordinary shares | 104 | 201 | (1) |
| Net cash used in financing activities | (392) | (411) | (3,847) |
| Net increase / (decrease) in cash and cash equivalents | 2,879 | 3,348 | (1,408) |
| Cash and cash equivalents at the beginning of the period | 15,044 | 13,104 | 16,452 |
| Cash and cash equivalents at end of the period | 17,923 | 16,452 | 15,044 |

**CONSOLIDATED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

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 UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements are presented in sterling, the 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 preparation and accounting policies set out in the accounts of the Group for the period ended 31 December 2022. 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 2022 Annual 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.

a) Critical judgements and estimates

IFRS requires management to make estimates, judgements and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates are based on the Directors best knowledge and past experience. The existing critical judgements and estimates set out in note [3.26] of the Group's annual report for the year ended 31 December 2022 have been reviewed in preparing these Interim consolidated financial statements and the Directors believe they remain relevant.

b) Going concern

The Board continues to closely monitor its performance and considers a range of risks that could affect the future performance and position of the Group. 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

Based on previously identified cash generating units, the segmental results were as follows:

| Unaudited | Currency Cards | International Payments | Solutions | Travel Cash | Banking | Central | Total |
|-------------------------------------|-------------------|---------------------------|-----------|----------------|---------|----------|----------|
| 6 months ended 30 June 2023 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Segment revenue | 7,205 | 19,986 | 13,587 | 129 | 4,121 | - | 45,028 |
| Direct costs | (2,650) | (11,775) | (6,230) | (90) | (680) | - | (21,425) |
| Gross profit | 4,555 | 8,211 | 7,357 | 39 | 3,441 | - | 23,603 |
| Administrative expenses | - | - | - | - | - | (14,395) | (14,395) |
| Depreciation | - | - | - | - | - | (525) | (525) |
| Amortisation | - | - | - | - | - | (3,165) | (3,165) |
| Gain on the sale of the cash CGU | - | - | - | 380 | - | - | 380 |
| Finance costs | - | - | - | - | - | (79) | (79) |
| Profit / (loss) before tax | 4,555 | 8,211 | 7,357 | 419 | 3,441 | (18,164) | 5,819 |
| Current assets | - | - | - | - | 3,143 | 34,046 | 37,189 |
| Non-current assets | 5,323 | 22,035 | - | - | 2,371 | 10,552 | 40,281 |
| Total liabilities | - | - | - | - | (1,904) | (27,493) | (29,397) |
| Total net assets | 5,323 | 22,035 | - | - | 3,610 | 17,105 | 48,073 |

| Unaudited | Currency Cards | International Payments | Solutions | Travel Cash | Banking | Central | Total |
|--------------------------------|-------------------|---------------------------|-----------|----------------|---------|----------|----------|
| 6 months ended 30 June 2022 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Segment revenue | 5,645 | 16,242 | 6,204 | 478 | 2,804 | - | 31,373 |
| Direct costs | (2,059) | (10,183) | (3,343) | (239) | (683) | - | (16,507) |
| Gross profit | 3,586 | 6,059 | 2,861 | 239 | 2,121 | - | 14,866 |
| Administrative expenses | - | - | - | - | - | (10,314) | (10,314) |
| Depreciation | - | - | - | - | - | (632) | (632) |
| Amortisation | - | - | - | - | - | (2,858) | (2,858) |
| Finance costs | - | - | - | - | - | (177) | (177) |
| Profit / (loss) before tax | 3,586 | 6,059 | 2,861 | 239 | 2,121 | (13,981) | 885 |
| Current assets | - | - | - | - | 2,634 | 25,226 | 27,860 |
| Non-current assets | 5,120 | 18,051 | - | 178 | 2,434 | 11,189 | 36,972 |
| Total liabilities | - | - | - | - | (1,952) | (20,082) | (22,034) |
| Total net assets | 5,120 | 18,051 | - | 178 | 3,116 | 16,333 | 42,798 |

| Audited | Currency Cards | International Payments | Solutions | Travel Cash | Banking | Central | Total |
|------------------------------------|-------------------|---------------------------|-----------|----------------|---------|----------|----------|
| 6 months ended 31 December 2022 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Segment revenue | 6,894 | 18,115 | 9,432 | 531 | 3,337 | - | 38,309 |
| Direct costs | (2,559) | (11,179) | (4,746) | (314) | (722) | - | (19,520) |
| Gross profit | 4,335 | 6,936 | 4,686 | 217 | 2,615 | - | 18,789 |
| Administrative expenses | - | - | - | - | - | (12,262) | (12,262) |
| Depreciation | - | - | - | - | - | (579) | (579) |
| Amortisation | - | - | - | - | - | (3,150) | (3,150) |
| Acquisition costs | - | - | - | - | - | (164) | (164) |
| Finance costs | - | - | - | - | - | (103) | (103) |
| Profit / (loss) before tax | 4,335 | 6,936 | 4,686 | 217 | 2,615 | (16,258) | 2,531 |
| Current assets | - | - | - | - | 2,343 | 28,883 | 31,226 |
| Non-current assets | 5,341 | 17,975 | - | 128 | 4,372 | 8,529 | 36,345 |
| Total liabilities | - | - | - | - | (2,287) | (22,380) | (24,667) |
| Total net assets | 5,341 | 17,975 | - | 128 | 4,428 | 15,032 | 42,904 |

3. Operating profit

Operating profit is stated after charging the following operating expenses:

| | 6 months ended 30 June 2023 | 6 months ended 30 June 2022 | 12 months ended 31 December 2022 |
|---|--------------------------------|--------------------------------|-------------------------------------|
| | Unaudited | Unaudited | Audited |
| | £000 | £000 | £000 |
| Marketing costs | 1,206 | 790 | 1,858 |
| Staff costs | 9,194 | 6,620 | 14,406 |
| Property and office costs | 517 | 430 | 932 |
| Audit fees | 231 | 180 | 350 |
| Compliance costs | 552 | 358 | 683 |
| Other professional fees | 460 | 380 | 851 |
| IT and telephone cost | 1,351 | 925 | 2,012 |
| Travel and similar | 257 | 329 | 440 |
| Foreign exchange loss | 30 | 10 | 71 |
| Share option charge and other share option related costs | 741 | 291 | 970 |
| Contingent consideration | (155) | - | - |
| Other costs | 11 | 1 | 3 |
| Administrative costs | 14,395 | 10,314 | 22,576 |
| Depreciation of right of use assets | 331 | 445 | 822 |
| Depreciation of property, plant and equipment | 194 | 187 | 389 |
| Amortisation charge | 3,165 | 2,858 | 6,008 |
| Acquisition costs | - | - | 164 |
| Total operating expenses | 18,085 | 13,804 | 29,959 |

4. Taxation

| | 6 months ended 30 June 2023 Unaudited £000 | 6 months ended 30 June 2022 Unaudited £000 | 12 months ended 31 December 2022 Audited £000 |
|---|---|---|--|
| Current year R&D credit | - | (40) | - |
| Current year corporation tax charge | 185 | 78 | 192 |
| Current tax credit | 185 | 38 | 192 |
| Origination and reversal of temporary differences | 38 | (8) | (203) |
| Recognition of previously unrecognised deductible temporary differences | 808 | 7 | (124) |
| Deferred tax credit | 846 | (1) | (327) |
| Total tax charge / (credit) | 1,031 | 37 | (135) |

5. Earnings per share

Basic earnings per share is calculated based on the £4,788k profit attributable to owners of Equals Group plc (H1-2022: £675k) divided by the weighted average number of shares of 181,533,904 in the period (H1-2022: 179,768,562), giving a result of 2.64 pence per share (H1-2022: 0.38 pence per share).

6. Share capital

| | 6 months ended 30 June 2023 Unaudited No. | 6 months ended 30 June 2023 Unaudited £000 | 6 months ended 30 June 2022 Unaudited £000 | 12 months ended 31 December 2022 Audited £000 |
|---|---|--|--|---|
| Authorised, issued and fully paid-up ordinary shares of £0.01 each | | | | |
| As at start of period | 180,712,473 | 1,807 | 1,793 | 1,793 |
| Issued during the period under share options | 333,334 | 3 | 7 | 7 |
| Issued during the period under the SIP | 747,488 | 8 | 7 | 7 |
| As at end of period | 181,793,295 | 1,818 | 1,807 | 1,807 |

On 6 April 2023, Equals Group Plc issued 333,334 ordinary shares of 1p each, for total consideration of £96,667. Of which £93,333 (28p per share) was allocated to the Share Premium reserve, in order to satisfy the exercise of share options by a Director of the Group. Those shares have been retained by the Director. As part of the longer-term incentive plans for members of staff, on 20 January 2023, 747,488 shares were issued under a Share Incentive Plan and placed into trust for 188 eligible employees. The shares will remain in trust until the vesting conditions are met at the end of the holding period on 20 January 2026.

7. Borrowings

| | 2023 | 2022 |
|----------------|-------------|-------------|
| | £000 | £000 |
| Loan debenture | - | 1,800 |

Under the Coronavirus Business Interruption Loan Scheme (CBILS) to further support working capital, on 23 December 2020, the main trading subsidiary of the Company, FairFX plc, entered into a £2.0 million loan agreement with the Royal Bank of Scotland ('RBS').

The loan was originally for a six-year period, to mature on December 2026, at the Bank Base rate + 2.53% and could be repaid early at any point without penalty, and indeed the outstanding loan of £1.8 million was repaid in full in August 2022.

8. Finance costs

Finance costs comprise: the unwind of discount on the lease liability under IFRS 16; the unwind of discount on deferred consideration in respect of business and company acquisitions made by the Group and other financing interest costs.

9. Sale of the Cash CGU

The Cash CGU together with its property lease, staff and cash stock was disposed on 14 March 2023 for a total consideration £0.4 million. Of which, £0.1 million is a deferred consideration receivable upon a future negotiation with the property lease.

10. Post Balance Sheet Events

The Group completed the acquisition of Oonex S.A on 4 July 2023 following unconditional approval on 6 June 2023 from the National Bank of Belgium. A total of 3,938,294 shares were issued and admitted to trading, a further 1,061,706 shares subject to adverse warranty claims should be issued by 4 January 2024. The acquisition process was initiated on 24 March 2023 when the Share Purchase Agreement (SPA) was signed.

The Group made payments totalling €2.9 million to address known and initial liabilities on completion. Payments were made by way of loans to the subsidiary.

Since completion a further €0.6 million was injected to settle pre-acquisition liabilities. The Group expects to loan Oonex SA a further €0.8 million for the period 1 September to 31 December 2023 but declining over time as the remediation project progresses. On 9 August 2023 the company was renamed from Oonex SA to Equals Money Europe SA.

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