

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 Trafford-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 Trafford-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)
	<u>5,528</u>	<u>4,763</u>	<u>2,455</u>
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)
	<u>(2,746)</u>	<u>(1,380)</u>	<u>(2,063)</u>
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	<u>17,923</u>	<u>16,452</u>	<u>15,044</u>
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	<u>12,294</u>	<u>6,204</u>	<u>4,982</u>
Tax receipts	-	-	400
Tax paid	(192)	-	(61)
Net cash inflow from operating activities	<u>12,102</u>	<u>6,204</u>	<u>5,321</u>
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	<u>(8,831)</u>	<u>(2,445)</u>	<u>(2,882)</u>
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	<u>(392)</u>	<u>(411)</u>	<u>(3,847)</u>
Net increase / (decrease) in cash and cash equivalents	2,879	3,348	(1,408)
Cash and cash equivalents at the beginning of the period	<u>15,044</u>	<u>13,104</u>	<u>16,452</u>
Cash and cash equivalents at end of the period	<u><u>17,923</u></u>	<u><u>16,452</u></u>	<u><u>15,044</u></u>

**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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