EQUALS
Group

Annual Report 2022

Equals Group PLC

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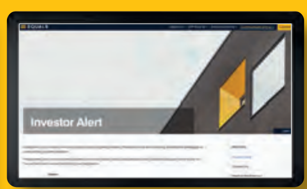

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Equals Group PLC

About Equals Group

Equals develops and sells scalable payment platforms to enable organisations to move and easily manage their money flows through its payment and card products.

Its core brands are:

Equals Money
an international, domestic and card payment platform comprising the "Spend" and "Pay" products for 'just-in-time" expenditure needs of our customers who range from Hollywood studios to dynamic start-ups and fast growing businesses.

Equals Money Solutions
an enterprise scale-up of the Equals Money platform serving large corporates and financial institutions with complex payments needs.

Equals Connect
a white label platform serving smaller FX providers.

FairFX
a travel card and international payment product covering the needs of high-net-worth individuals, international holidaymakers, and their families.

CardOneMoney
UK focused product to meet the needs of small business and individuals for everyday account processes, allowing them to run their payments, direct debits, and cards via their account.

Equals Group PLC (the "Company") is a public limited liability company incorporated in England and Wales and domiciled in the UK whose shares are admitted to AIM, a market operated by The London Stock Exchange.

In addition to be regulated on AIM, various group companies are regulated by FCA and HMRC . Through one group company, the Group has access to real-time settlement accounts with the Bank of England and is a member of the UK Faster Payments Scheme, meaning customers can transfer and receive funds with immediate effect.

The European Payments Council has accepted a group company to belong to "SEPA" – the "instant" fund transfer mechanism for the Euro zone. Membership of SEPA allows Equals customers to receive instant Euro credits to their own-name multi-currency IBAN and instantly send Euro payments to other SEPA scheme members. These connections, complimented with SWIFT, allow the group to provide a true multi-currency account to its customers.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). They were approved by the Board after stock market trading hours on 24 March 2023.

Directors and Advisors

Directors

ALAN R F HUGHES
(Non-Executive Director and Chair)

IAN A I STRAFFORD-TAYLOR
(Chief Executive Officer)

RICHARD Q M COOPER
(Chief Financial Officer)

SIAN A HERBERT
(Non-Executive Director)

CHRISTOPHER J BONES
(Non-Executive Director)

Company Secretary

ONE ADVISORY LIMITED
(appointed 1 August 2021)

Advisors

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Financial Summary and Highlights FY-2022

Financial Summary

	FY-2022 £ millions	FY-2021 £ millions	Change[1]
Underlying transaction values			
Underlying transaction volumes	9,216	6,529	+41%
Revenue	**69.7**	**44.1**	**+58%**
Adjusted EBITDA[2]	**12.1**	**6.7**	**+81%**
Profit / (Loss) after taxation	3.6	(2.3)	
Memo:			
Separately reported items (below Adjusted EBITDA)	0.2	0.7	- 76%
Basic EPS	1.80p	(1.35)p	
Adjusted diluted EPS[3]	*3.03p*	*0.02p*	
Diluted EPS	*1.73p*	*(1.35)p*	

Financial Highlights

- Transaction flow increased 41% to £9.2 billion (FY-2021: £6.5 billion)
- Revenue increased by 58% to £69.7 million (FY-2021: £44.1 million)
- Adjusted EBITDA[2] increased 81% to £12.1 million (FY-2021: £6.7 million)
- Year-end cash increased 15% to £15.0 million (FY-2021: £13.1 million)

Q1 FY-2023 Trading update and Outlook

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

Notes

1 Based on underlying, not rounded, figures.
2 Adjusted EBITDA is defined as: earnings before; depreciation, amortisation, impairment charges, share option charges, foreign exchange differences and separately reported items. Separately reported items are of a material nature, non-recurring items.
3 The measure of profit for this ratio has been adjusted to form Adjusted EPS. The add-back adjustments consist of share option charges, amortisation of acquired intangibles, exceptional items, acquisition costs and tax impacts on these items thereon.

History

March 2023
Acquisition of Oonex SA
(Subject to regulatory approval)

January 2023
Acquisition of Roqqett Ltd

November 2019
Acquisition of Casco Financial Services Limited

September 2019
New five-year agreement with Mastercard

August / September 2019
Capital raise and share placing for acquisitions, raising £14.5m net of expenses for expansion

August 2019
Acquisition of Hermex FX

July 2019
Banking partnership with Citi Commercial Bank

June 2019
The Group rebrands to become Equals Group

February 2019
Becomes part of Bank of England's Faster Payments Scheme

2018
Partnership with US bank Metropolitan Commercial Bank

February 2018
Acquisition of City Forex

August 2017
Acquisition of CardOneBanking

January 2017
e-Money licence obtained via acquisition of Q-Money

2014
IPO on AIM

2013
Customer milestone, over 500,000 registered customers

2012
Launch of expense platform

2010
Launch of international payments platform

2007
Foundation of travel cash business

Strategic report

Chairman's Statement

I am pleased to report another record year for your Company with a 41% growth in the value of transactions, 58% growth in revenue, 81% growth in adjusted EBITDA, and 234% growth in Basic EPS.

The growth in services to businesses is the source of this. Developments in the Group's platform continued apace, including the ability to offer customers direct links with major international payment schemes, principally, the Bank of England's "Faster Payments" and the EU's "SEPA" for the fastest possible payments. Equals offers customers fast and simple access to their payments combined with the benefit of a tailored and highly competitive and personal payment service. The benefits of our investment in our platform and the closer links we've established into international payments platforms are evident in our current trading volumes.

The Group continues to seek grow both organically and through acquisition – ensuring the value of changes is accretive. To this end, the Group acquired the minority of the interest it did not own in Equals Connect Limited on 30 September 2022 and announced the acquisition of an open-banking platform, Roqqett Limited, on 28 November 2022 – the latter completing on 6 January 2023.

The Board was unchanged in 2022, it benefits from a considerable range of experience ranging from finance, banking, risk assessment, regulatory, people management and, above all commercial experience gained through many years and a variety of companies and institutions.

ESG

The Group has a diverse workforce and remains highly conscious of its role as a responsible employer. Our office-based service business, has a low environmental footprint, but we remain mindful of improvements that can be made. Like others, in the last two years we've learnt the value of flexible remote working, for employees and for the Group. We have produced an environmental, social and governance ("ESG") report which details the Group's values and progress.

PEOPLE

The Group has made significant additions to its sales, marketing and onboarding teams in the year. The longer-term incentive plans put in place in Q4-2021 were echoed in Q4-2022 and should provide significant incentives both to employees and senior staff below the board level. These plans link rewards with financial success and cannot pay-out until after five years.

In response to high inflation, the Group made two "cost of living" awards during the year to all employees (other than the executive directors).

The Board is grateful to, and appreciative of, our staff and executive team for the considerable progress of the Group.

ECONOMIC ENVIRONMENT

The Group is not immune to the uncertain and volatile economic conditions, but the broadness of our product set, the robustness of our platforms and the skills of our staff give us confidence in our ability to continue to grow and increase the financial returns to shareholders and service to more customers.

ALAN HUGHES
Chairman

24 March 2023

Chief Executive Officer's Report

2022

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

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

The headline financial performance in the full year included:

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

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

SUMMARY OF FY-2022 PERFORMANCE

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

Successful pivot resulting in operational gearing

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

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

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

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

Growth with control

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

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

Recent times have seen an increased focus from Regulators and Banks on anti-money laundering ('AML') and compliance standards. Equals welcomes the raising of standards in this area as we view our compliance controls and governance, backed up by a Group-wide emphasis on compliance culture facilitated by regular training for all employees, to be a competitive advantage. The Group has continued to invest in this area both in terms of headcount, with over 10% of the workforce focused on compliance and risk, and in technology using outsourced platforms to automate compliance tasks such as 'know your customer' and other checks. In addition, given increasing transaction volumes, the Group invested into

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

a new transaction monitoring system, called Featurespace, which is a state-of-the-art real-time machine-learning platform used by many leading banks and financial institutions. The first phase of the deployment is already live, and the platform will be rolled-out across the Group during FY-2023.

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

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

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

SUSTAINED INVESTMENT IN PEOPLE

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

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

Highlights include: -:

- Sales – appointed a Group Sales Director, implemented forecast and opportunity pipeline measurement and cadence, increased regional sales, increased experience and expertise across sales functions, hired three Equals Solutions sales specialists with technical payments backgrounds and commenced a regular sales training process.
- Partnership sales – appointed Head of Partnerships, expanded team, implemented new process and procedure for onboarding partners, refined strategy to focus on wider partnerships in key verticals of wealth management, estate agents and IFAs and introduced white label option for partners.
- Marketing – refined KPIs, systems and measurement processes, appointed new Head of Digital, refreshed PR agency, radically improved digital lead quality, refined website and introduced dynamic split testing, improved SEO scoring, and introduced customer lifecycle analysis to identify key intervention points.
- Sales operations – appointed sales operations lead and a HubSpot expert, implemented a QA team to smooth the path of leads through the wider organisation, delivered significant changes to HubSpot reporting capabilities giving real time access to marketing and sales performance.

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

MARKETPLACE AND COMPETITIVE LANDSCAPE

Global payments is a multi-trillion dollar market that remains a complex and constantly evolving space, comprising various payment mechanisms from cash, cards, account-to-account transfers, and other methodologies across physical, internet and mobile interfaces. Against this background, many of the settlement rails, particularly on a cross-border basis, are antiquated with little investment. The advent of crypto currencies brought with it the concept of settlement

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

via blockchain technologies, and this has been a factor in ushering more focus on existing payment infrastructures and working to improve the speed and reliability of settlements in fiat currencies.

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

Competition and differentiation

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

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

LOOKING FORWARD – FROM PRODUCT TO PLATFORM

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

Equals Core ultimately has four distribution channels:

1. Equals Group itself via its product offering – Equals Money, Equals Solutions, FairFX & CardOne Money;
2. Customers who consume Equals Core via API;
3. White-label customers who consume Equals Core with their own brand being shown to their end customers, who they acquire via their own sales and marketing; and

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

4. Those who consume some but not all of Equals Core's services via API.

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

Further differentiation

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

M&A

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

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

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

ESG

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

Q1-2023 TRADING AND OUTLOOK

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

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

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

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

CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

IBANs, which widens the use cases for our Equals Money and Equals Solutions platforms.

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

Finally, given the current customer base is largely within the UK, the growth opportunities of geographical expansion are considerable. Accordingly, the Board looks forward to the future with much confidence.

IAN STRAFFORD-TAYLOR
Chief Executive Officer
24 March 2023

Chief Financial Officer's Report

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

Table 1: Income and Expense account

	FY-2022 £ millions	FY-2021 £ millions
Revenue (tables 3, 4)	**69.7**	44.1
Gross Profits (table 5)	**33.7**	24.2*
Less: Marketing	**(1.9)**	(1.3)
Contribution	**31.8**	**22.9**
Staff costs	**(14.4)**	(11.9)
Property and office cost	**(0.9)**	(0.8)
IT and telephone costs	**(2.0)**	(1.7)
Professional Fees	**(1.2)**	(1.2)
Compliance Fees	**(0.7)**	(0.4)*
Travel and other expenses	**(0.4)**	(0.2)
Adjusted EBITDA	**12.1**	**6.7**
Less: Share option expense	**(0.9)**	(0.3)
Less: Acquisition costs and exceptional items	**(0.2)**	(0.7)
EBITDA	**11.0**	**5.7**
IFRS 16 Depreciation (table 6)	**(0.8)**	(0.9)
Other depreciation (table 6)	**(0.4)**	(0.5)
Amortisation of acquired intangibles (table 7)	**(1.3)**	(1.3)
Other amortisation (table 7)	**(4.4)**	(4.5)
Contingent consideration cost	**(0.3)**	(0.1)
Impairment of the Bureau operations	**–**	(1.6)
	(7.2)	(8.9)
EBIT	**3.8**	**(3.2)**
Lease interest	**(0.2)**	(0.2)
Foreign exchange differences	**(0.1)**	(0.1)
Contingent consideration finance charges	**(0.1)**	(0.3)
	(0.4)	(0.6)
PROFIT / (LOSS) BEFORE TAXATION	**3.4**	**(3.8)**
Corporate and deferred taxation	**0.1**	1.1
R&D tax credits receivable	**–**	0.4
	0.1	1.5
PROFIT / (LOSS) FOR THE YEAR	**3.6**	**(2.3)**

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

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

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

TABLE 2 – Adjusted EBITDA bridge from FY-2021 to FY-2022 (in £'000s)

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

Revenue

A split of revenues by both customer group and platform, clearly shows both the strong and growing emergence of Solutions and very significant migration away from the legacy travel products. All product lines and all verticals saw significant increases in revenue in the year. The table below shows the revenue by both CGU and customer types.

Table 3: Revenue by customer type

Revenue in £ millions	Consumer and small business	Corporates	Large enterprises	Sub-total	White-label	**TOTAL FY-2022**	TOTAL FY-2021	% change
International payments	4.5	14.9	–	19.4	15.0	**34.4**	25.9	32.8%
Cards	5.1	7.5	–	12.5	–	**12.5**	8.7	43.7%
Banking	6.1	–	–	6.1	–	**6.1**	5.6	9.0%
Solutions	–	–	15.7	15.7	–	**15.7**	3.6	336.1%
Travel cash	1.0	–	–	1.0	–	**1.0**	0.3	233%
Total, FY-2022	**16.7**	**22.4**	**15.7**	**54.7**	**15.0**	**69.7**	44.1	58.0%
Total, FY-2021	12.5	18.7	5.1	36.4	7.7	44.1		
% Change*								
FY-2022 to FY-2021	+33%	+20%	>207%	+51%	+94%	**+58%**	**+58%**	

* *based on underlying figures*

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

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

TABLE 4 – Revenue by half-year

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

Gross profits

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

TABLE 5 – Gross profit margin by half-year

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

Marketing, branding and contribution

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

Staff costs

Staff costs, gross of capitalisation and exceptional items, were £18.6 million in FY-2022 against £15.6 million in FY-2021. These costs were offset by £4.2 million of capitalised internal software (FY-2021: £3.0 million), which included £1.4 million on contractors (FY-2021: £0.5 million). The amounts capitalised represent 22% of gross staff costs, increased from 19% in 2021 largely due to inflation impacting contractor costs. Headcount numbers have moved from 255 as at 31 December 2021 to 285 as at 31 December 2022.

Professional fees and Compliance costs

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

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Property, insurance and office costs

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

Exceptional items

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

Acquisition costs

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

Depreciation

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

Table 6: Depreciation

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

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

	£'000s
IFRS 16 depreciation	668
Other depreciation	375
	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

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

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

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

	£'000
Internally developed software	4,953
Other intangible assets	267
Acquired intangibles	984
	6,205

Operating result

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

Taxation, incorporating R&D credits

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

Table 8: Balance sheet

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

	31.12.2022 £'000s	31.12.2021 £'000s
Internally generated software – cost	**26,001**	21,402
Internally generated software – accumulated amortisation	**(13,411)**	(8,976)
	12,590	12,426
Other non-current assets (other than deferred tax)	**18,558**	19,791
IFRS 16 assets, less IFRS 16 liabilities	**(830)**	(388)
	30,318	31,829
Liquidity (per Table 11)	**14,321**	10,739
Trade debtors and accrued income	**4,244**	3,638
R&D rebates	**–**	398
Prepayments	**1,345**	998
Deposits and sundry debtors	**1,019**	329
Inventory of card stock	**292**	168
Accounts payable	**(2,069)**	(1,549)
Affiliate commissions	**(2,563)**	(1,945)
PAYE, staff commissions etc.	**(2,506)**	(1,884)
Other accruals and other creditors	**(1,938)**	(1,349)
	12,145	9,543
Earn-out balances due (Table 9)	**(2,025)**	(1,683)
Implied interest thereon	**–**	63
	(2,025)	(1,620)
Net corporation and deferred tax	**1,639**	888
Net value of forward contracts*	**827**	511
	441	(221)
NET SHAREHOLDER FUNDS	**42,904**	41,151

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

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

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Earn-outs

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

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

TABLE 9 – Earnouts

	Hermex	**Casco**	**Effective**	**Roqqett Limited**	
	09.08.2019	19.11.2019	15.10.2020	06.01.2023	**Total**
Acquisition date	£'000s	£'000s	£'000s	£'000s	**£'000s**
Acquisition price booked at acquisition	2,000	2,236	1,575	**–**	**5,811**
Earn outs paid by 31.12.2020	(2,000)	(1,733)	(125)	**–**	**(3,858)**
Revaluation of asset based on performance	–	793	–	**–**	**793**
Gross outstanding at 31.12.2020	**–**	**1,296**	**1,450**	**–**	**2,746**
Paid during 2021	–	(741)	(368)	**–**	**(1,109)**
Further change in consideration	–	46	–	**–**	**46**
Gross Outstanding at 31.12.2021	**–**	**601**	**1,082**	**–**	**1,683**
Paid during 2022	–	(601)	(1,082)	**–**	**(1,683)**
Purchase of the remainder of the NCI	–	2,955	–	**–**	**2,955**
Initial consideration paid by 31.12.2022	–	(930)	–	**–**	**(930)**
Gross Outstanding at 31.12.2022	**–**	**2,025**	**–**	**–**	**2,025**
Loan in advance of acquisition (FY-2022)	–	–	–	**830**	**830**
Paid during Q1-2023	–	–	–	**170**	**170**
Due in remainder of FY-023	–	1,560	–	**1,250**	**2,810**
Due in FY-2024	–	465	–		**465**
Maximum consideration	2,000	6,655	1,575	**2,250**	**12,480**
Total consideration	2,000	6,075	1,575	**2,250**	**11,900**

Share capital

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

Share options

At 1 January 2022, the Company had 13,107,800 options outstanding. 666,666 of these were exercised in 2022, 16,000 were cancelled and 250,576 lapsed. On 14 December 2022, the Company announced Discretionary Share Incentive Plans over 3,966,500 shares. Thus, at the date of signing of these financial statements, there were 16,141,058 options, representing 8.9% of the issued share capital and 8.6% of the enlarged share capital.

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

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Earnings per share

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

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

The basic and diluted EPS are shown below:

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

Adjusted earnings and adjusted EPS

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

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

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

The resulting earnings per share are shown below

	Basic FY-2022	**Basic** FY-2021	**Diluted** FY-202	**Diluted** FY-2021
Adjusted profit per share in pence	3.15	0.02	3.03	0.02

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

CASH STATEMENT

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

Table 10: Cashflow

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

Table 11: Liquidity

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

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

Richard Cooper

RICHARD COOPER
Chief Financial Officer
24 March 2023

Statement on Section 172 of the Companies Acts 2006

COMPLIANCE WITH COMPANIES ACT 2006, SECTION 172 STATEMENT

Under Section 172 of the Companies Act 2006, a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company* for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the company.

**The directors consider that references to company extend to both the Company and the Group*

The Group's stakeholders include, but are not limited to, its employees; suppliers; customers; regulators; and investors.

The Board endeavours to achieve and maintain a reputation for high standards of conduct amongst its stakeholders which it regards as crucial in its ability to successfully achieve its corporate objectives. During the development of the Group's strategies and decision making processes, the Board will consider its stakeholders and their interests. The differing interests of stakeholders require the Board to assess and manage the impact of its policies in a fair and balanced manner to the benefit of its stakeholders as a whole.

The Board considers below these different stakeholder groups, their material issues and how the Group engages with them. Relevant board engagement with key stakeholders is detailed in the corporate governance report.

EMPLOYEES

The employees are one of the greatest assets to the Group. Their interests, which include training and development; a safe environment to work; diversity and inclusion; fair pay and benefits; reward and recognition are a high priority. On a day-to-day basis, Directors engage directly with employees promoting an open, non-hierarchical culture, in which employees have an active contribution to the Group's success. Fortnightly "All Hands" meetings, Group updates and staff feedback questionnaires are performed, and the Board will actively reflect on these when making decisions. Regular management training, internship programmes, personal development and performance reviews all contribute to the development of staff.

SUPPLIERS

Supplier interests include fair trading, payment terms and working towards building a successful relationship. The Group will regularly review its supplier payments and performance alongside its monitoring of its performance. All suppliers, particularly low value suppliers, are paid promptly for their invoices once validated by the approved personnel in the Group. The Group has processes in place in order to combat modern slavery in the business and its supply chains, and details of these can be found in the published Modern Slavery Statement at https://www.equalsPLC.com/content/investors/corporate-governance

CUSTOMERS

Customers are interested in successful product availability, fair pricing and adherence to regulations. The Group wants to achieve the highest level of customer service and will regularly review feedback and reviews it receives from its customers. The Group operates under an open and transparent pricing model with its customers.

REGULATORS AND COMPLIANCE

The Group holds licences with the Financial Conduct Authority and HMRC and must adhere to the regulatory requirements of these licences. The Group ensures that staff have sufficient knowledge and regular training if necessary to ensure that these regulations are met.

All staff receive ongoing Anti-Bribery and Anti-Money Laundering training as the nature of the business may result in a higher risk of money laundering. Procedures and communications are in place to ensure that staff are able to comply with Anti-Money Laundering should there ever be a case.

STATEMENT ON SECTION 172 OF THE COMPANIES ACTS 2006 CONTINUED

INVESTORS

Investors expect to be informed of the financial performance and developments of the Group. This is done by holding regular trading updates; planned investor programmes; publication of the annual and interim reports and press releases. All shareholders are invited to attend the Annual General Meeting where they are able to raise questions to the Board. The Executive Directors will attend meetings with investors and analysts.

The Strategic Report on pages 5 to 19 was approved and authorised for issue by the Board after stock market trading hours on 24 March 2023, and was signed on its behalf by:

IAN STRAFFORD-TAYLOR
Chief Executive Officer

Governance

Report on Corporate Governance
for the year ended 31 December 2022

OVERVIEW

As Chairman of the Board of Directors of Equals Group PLC ("Equals", "we", "the Company", "the Board", or "the Group" as the context requires), it is my responsibility to ensure that Equals has sound governance and an effective Board. This responsibility includes leading the Board and overseeing the Group's corporate governance. Good and timely information flows between Executives and Non-Executives with interactions that are both supportive and challenging are essential to this.

The goals the Group pursues are to create value for shareholders and customers, to monitor and improve our environmental and societal impacts and to adhere to good corporate governance.

GOVERNANCE CODE AND COMPLIANCE

Equals has adopted the Quoted Companies Alliance Corporate Governance Code ("QCA Code") in line with the London Stock Exchange's AIM Rules. This Statement, in conjunction with the Chairman's Corporate Governance Statement published on our website, follows the ten-point structure of the QCA Code and describes how we have applied the Code. The Group will provide updates not less than annually.

The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Group. The Board recognises that even where the Group may not fully comply with a principle or general provisions of the Code, it uses the Code as a benchmark in assessing its corporate governance standards. Where the Group does not fully comply, it gives reasons for this.

Equals pursues a customer-driven, socially and environmentally responsible culture illustrated through its internal values and policies and its supplier and shareholder engagements. Equals believes that application of the QCA Code supports the Group's medium to long-term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders.

The Group's Investor Relations website (equalsplc.com) contains all documents required by AIM rule 26, notably:

- The Articles and Memorandum of Association
- Admission document
- Financial statements and annual reports
- Governance statements
- Details of directors and advisors.

BOARD OF DIRECTORS

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of the Group's operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies, and plans. Whilst the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board; such reserved matters include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board meets formally on a regular basis to review performance.

DIRECTORS

The Equals Board is presently made up of five Directors. The experience and skills of each director is set out below.

The Board is confident that the current mix of skills and competencies amongst the Board aligns well with the Company's strategic priorities over the medium- to long-term but this position will continue to be kept under review.

Alan Hughes – Chair and Independent Non-Executive Director
Date of appointment: 1 March 2020
Committees: Nominations (Chair), Remuneration, Risk

Alan has 35 years of experience with HSBC, becoming General Manager on the UK Executive board. He was also CEO of FirstDirect Bank where he introduced its digital services, and, introduced significant product innovation.

He has had several non-executive roles, currently he is Chair of Unity Trust Bank plc and Chair of Mitsubishi HC Capital UK plc. He has taught banking and lectured at Warwick and Oxford Universities on service and innovation. He was Pro-Chancellor and deputy Chair of Council at Loughborough University. He has an MBA from Henley, is a Fellow of the Chartered Institute of Bankers, a Fellow of the Royal Society for Arts, Manufactures and Commerces and holds an Honorary Doctorate from Loughborough University.

REPORT ON CORPORATE GOVERNANCE CONTINUED

IAN STRAFFORD-TAYLOR
Chief Executive Officer
Date of appointment: 4 March 2014
Committees: Nominations

A Founder and a Director of the Group since 2007. Ian has held a number of senior banking roles, including Business Unit Controller and Head of International Securities Lending at Morgan Stanley, where he worked from 1985 to 1992. Following this, Ian moved to UBS where he worked for 13 years as Managing Director and Global Head of Securities Borrowing & Lending, Fixed Income Repo and Prime Brokerage. Ian is a Chartered Accountant, qualifying with Arthur Andersen in 1985.

RICHARD COOPER
Chief Financial Officer
Date of appointment: 14 October 2019
Committees: none

Richard has extensive public market and growth company experience. He was the CFO of GVC Holdings PLC (now Entain PLC), one of the world's largest sports betting and gaming groups, from 2008 to 2017. Whilst at GVC, Richard played a key role in the implementation of the company's acquisition strategy during that period, together with its move from AIM to the premium segment of the London Stock Exchange's Main Market. Richard, a Chartered Accountant, is also a non-executive director of two other companies on AIM: Non-Executive Chairman of Engage XR Holdings PLC, a technology-focused education company, and Chair of the Audit Committee of Insig AI plc, a machine learning business focused on ESG for the fund management industry.

SIAN HERBERT
Independent Non-Executive Director
Date of appointment: 1 October 2020
Committees: Audit (Chair); Risk (Chair); Remuneration, Nominations

Sian Herbert has had an extensive City career spanning 35 years within audit, financial crime, risk and regulation, focusing on the financial services and technology sectors. She gained 25 years' experience at PricewaterhouseCoopers LLP ("PwC"), including fifteen years as a partner within the forensic services group, becoming an established expert in financial services, e-money, and payment services, advising on financial crime, risk, regulatory change and the impact of technology. As well as being a member of the ICAEW, Sian is also a Member of the Hong Kong Society of Accountants. She has recently been appointed to the Board of Mitsubishi HC Capital UK PLC as the Audit and Risk Committee Chairs.

PROFESSOR CHRISTOPHER BONES
Independent Non-Executive Director
Date of appointment: 9 April 2021
Committees: Remuneration (Chair); Audit, Risk, Nominations.

Chris has held senior executive positions at major companies including Diageo and Cadbury. He was also Principal/Executive Dean of the Henley Business School from 2004-2010. Chris co-founded Good Growth Ltd ('Good Growth'), a successful e-commerce consulting business whose clients include Diageo, Kraft Heinz, WH Smith, Pets at Home, ITV, Boohoo, Channel 4, and others. Good Growth has grown into a successful SME powering rapid digitally-fuelled growth in both B2C and B2B businesses across Europe and North America and he brings this experience to the Board in support of Equals' growth. Chris sold his shares in Good Growth in 2021 and now has a solely non-executive career.

He is chair of the Remuneration Committee for Equals Group PLC. His other roles are that of Chair of the Chartered Institute of Legal Executives and as a Non-Executive Director of The Pipeline, a specialist consultancy and training organisation focusing on the development of women and managers from ethnic minority communities into executive leadership positions in business, public and third sector organisations. He is also a non-executive director of the Glasgow Colleges Regional Board. Chris was awarded an honorary doctorate from Aberdeen University, from which he holds his undergraduate degree.

BOARD INDEPENDENCE AND TIME COMMITMENT

The Board has reviewed the independence of the Chairman and each of the Non-Executive Directors ("NEDs") and considers them to be independent in character and judgement, with no relationships or circumstances that are likely to affect, or could appear to affect, their judgement. As at 31 December 2022, no NED holds any share options in the Company.

The Non-Executive Directors are each expected to dedicate approximately 18 days per annum towards their duties and otherwise such time as required.

BOARD EFFECTIVENESS

All Directors are expected to keep their skill-set up-to-date, and the Company provides a number of opportunities for Board members to access development opportunities. The Company Secretary provides periodic briefings to the Board throughout the year on developments in corporate governance and regulatory matters, and new Directors are provided with a tailored induction. Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

REPORT ON CORPORATE GOVERNANCE CONTINUED

The Companies believes that an effective board is one which delivers financial value for its shareholders along with other values and integrity for other stakeholders - customers, suppliers, communities, and colleagues. In 2022, the Board took forward the outcomes of the formal annual Board evaluation process undertaken in 2021, with a view to ensuring continued improvements in all aspects of the Board's operations.

The areas covered in the evaluation were: Board relationships, Board Skills & Governance, Board Processes Committees of the Board, and Priorities for Change. The Chairman also meets at least once annually with each of the Non-Executive Directors to discuss each Director's contributions to Board meetings. The Board intends to continue its approach toward periodic board evaluation in 2023 and beyond.

CULTURE

The Board recognises the importance it has in setting the tone, culture and behaviour of the Group and promotes an open and respectful dialogue with employees, suppliers and other stakeholders. The importance of sound ethical values and behaviours is crucial to the ability to successfully achieve the corporate objectives, and the Board places great importance on this aspect of corporate life, seeking to ensure that this flows across the Group.

The Group's values are:

- Make it happen;
- Succeed together;
- Be the customer; and
- Go beyond

These values promote the healthy corporate ethos of effective communication and encourage an 'ideas culture'. The Group believes such values are important in creating a strong and consistent internal culture, as well as being essential to driving the overall success as a business. Staff are actively encouraged to provide feedback on many areas surrounding the business activities and initiative, and fortnightly Group-wide meetings are held to promote an open and honest dialogue across the Group.

SHAREHOLDER ENGAGEMENT

The Group is committed to maintaining a healthy dialogue between the Board and all its shareholders to enable shareholders to come to informed decisions about the Company. The Chairman is generally available to shareholders, and the AGM presents shareholders with an additional opportunity to communicate with the Board. The AGM is attended by the Board and is open to all the Group's shareholders.

REPORT ON CORPORATE GOVERNANCE CONTINUED

At the Annual General Meeting held on 17 May 2022, the proposed resolutions received the following proportion of votes:

	In favour	Opposed	Withheld*
Ordinary resolutions:			
Adoption of 2021 Annual Report and Consolidated Financial Statements	99.98	0.02	0.00%
Re-appointment of PriceWaterhouseCoopers LLP as auditor to the Company	99.95	0.05	0.00%
Authority to allot shares	99.99	0.01	0.00%
Special resolution:			
Disapplication of pre-emption rights	97.73	2.27	0.00%

* *a vote withheld is not a vote "in law" and is not counted in the calculation of the votes cast.*

The Board has established four committees to which it has formally delegated duties and responsibilities. The four committees are:

- Audit
- Risk
- Remuneration
- Nominations

The attendance record of each relevant director at board level and committee meetings during 2022 is as follows (quorum was achieved for all meetings). Below committee attendance records represent those of committee members only, with other directors attending by invitation but not specifically included:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee
Number of meetings in the year	9[1]	3	6	2	4
Alan Hughes	9/9		6/6	2/2	4/4
Ian Strafford-Taylor	9/9			2/2	
Richard Cooper	9/9				
Christopher Bones	9/9	3/3	6/6	2/2	4/4
Sian Herbert	9/9	3/3	6/6	2/2	4/4

[1] Four additional Board or Board Committee meetings were held throughout the reporting period.

Canaccord Genuity Limited ("CGL") are appointed as Nominated Advisor, a position required under the rules of AIM support the Company to comply with the rules of AIM and the Market Abuse Regulations.

Browne Jacobson, solicitors, have served the Group for a number of years, and have dialogue as and when required with the Chairman, Chief Executive Officer and other executives of the Group.

One Advisory Limited ("ONE") was appointed as Company Secretary to the Company on 1 August 2021. ONE are responsible for ensuring that Board procedures are followed and supporting the Company to comply with applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance.

REPORT ON CORPORATE GOVERNANCE CONTINUED

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Group's internal control and risk management systems, ensuring that processes are put in place to manage risk inherent in the business, and overseeing the relationship with the external auditor (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The Audit Committee is chaired by Sian Herbert and includes Non-Executive Director Chris Bones. The Audit Committee meets at least 3 times a year, including at appropriate times in the reporting and audit cycle to consider audit matters and otherwise to focus on risk matters. The Audit Committee also meets regularly with the Group's external auditor.

The report of the Audit Committee is included on pages 36 to 38.

RISK COMMITTEE

The Risk Committee is responsible for maintaining the Group's risk register and evaluating the risks included in it. The Risk Committee comprises all Non-Executive Directors and is chaired by Sian Herbert and meets not less than four times a year. The Chief Operations Officer, not a board member, is responsible for day-to-day risk management and compliance and is the prime contact for regulatory bodies that have supervisory roles for the Group.

The report of the Risk Committee is included on pages 39 to 41.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of the Chairman, the Executive Directors, and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards.

The remuneration of Non- Executive Directors is a matter for the Board. No Director is involved in any decision as to his or her own remuneration.

The Remuneration Committee currently comprises two Non-Executive Directors and is chaired by Christopher Bones. The Committee meets at least twice a year.

The Remuneration Committee report is included on pages 42 to 48.

NOMINATION COMMITTEE

The Nomination Committee is responsible for developing and maintaining an effective and rigorous procedure for making recommendations on the appointments and re-appointments to the Board. The Nomination Committee currently comprises the Non-Executive Directors and the Chief Executive and is chaired by Alan Hughes. The Committee meets at least once a year.

SHARE DEALING CODE

The Company has a share dealing code for Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, dealing, during close periods in accordance with Rule 21 of the AIM Rules). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM. The Company takes proper steps to ensure compliance by the Directors and applicable employees of the Group with the terms of the share dealing code and the relevant provisions of the AIM Rules (including Rule 21).

The Corporate Governance Report was approved and authorised for issue by the Board after stock market trading hours on 24 March 2023, and was signed on its behalf by:

ALAN HUGHES
Chair

ESG Report

This report provides stakeholders with a guide to the way in which Equals deals with the three core tenets of ESG, namely:

Environmental

Social

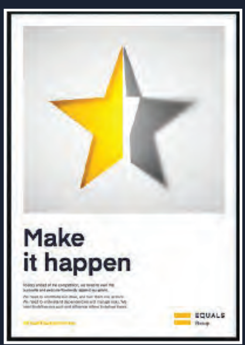
Governance

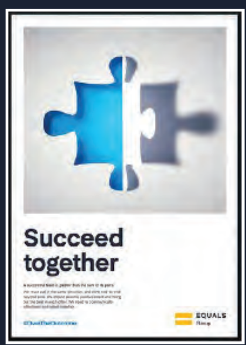
This Annual Report has already dealt with governance in detail in its report on Corporate Governance on pages 23 to 27, however there are some other aspects which are reported in the Governance section below.

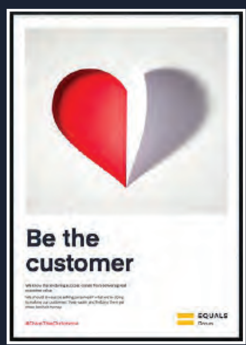
1. CORPORATE CULTURE

Underpinning everything the Group does – and seeks to do – is its culture and values. The core elements of this are articulated below:

- **Make it happen:** We will own the outcome and execute flawlessly against our plans. We need to deliver our part and influence others to deliver theirs.
- **Succeed together:** We must pull in the same direction and bring out the best in each other. We need to communicate effectively and adapt together
- **Be the customer:** We should always be asking ourselves if what we're doing is making our customers' lives easier and helping them get more for their money.
- **Go beyond:** We need to care for ourselves and each other and push ourselves to excel. Every day is a new chance to grow and develop ourselves as well as those around us.







ESG REPORT CONTINUED

2. ESG – THE ENVIRONMENTAL DIMENSION

The Group has two offices; London and Chester.

The London office in Vintners Place building is managed in accordance with the landlord, CBRE's, sustainability policy which champions recycling and low-emission practices. Vintners Place has an extensive and secure bicycle store and employees are encouraged to commute this way if they can do so safely.

The Chester office, has a number of initiatives aimed at reducing negative environmental impacts. In 2021 energy provider was changed to guarantee that 100% of energy comes from renewable sources – and this also represented a cost-saving for the business. An environmental waste service that separates all our recycling and burns waste to feed energy back into the grid is used. The Group has a Cycle to Work scheme in place to help those employees who which to participate in it.

A number of employees are provided with a Company car. All such vehicles must either by fully electric or hybrid, and, at Chester, there are electric charging points for these vehicles.

A paper-free initiative was started in 2020, identifying where the use of paper can be eliminated. The quantity of copier paper ordered continues to be modest.

The ongoing partnership with Wales Recycles has enabled the Group to donate unused or retired devices to be wiped or refurbished and then given to local schools and underprivileged members of the community. A similar scheme has been launched for the London office.

An Employee Carbon Emissions Survey was conducted in 2021 to calculate the average carbon footprint of employees whilst at work. This has allowed the Group to offset the individual carbon footprints for the entire workforce. Whilst pleased with this outcome, the next step is to assess where energy use and carbon emissions across the business can be reduced.

Responsible procurement

The environmental impact of the Group's supply chain is another important consideration. Since 2021 a new due diligence procedure was introduced to incorporates ESG criteria; questions address suppliers' own sustainability programmes, whether they screen environmental and social impacts, and how they engage with and determine the interests of their key stakeholders.

With the exception of staff, the next most significant area of expenditure remains third party IT and communication supplies, followed by costs incurred by other service industries such as law, accounting, and compliance advisory firms. As part of the Group's upcoming assessment into reduction strategies, the practices of suppliers are reviewed.

Giving back to the community

In considering societal impact, the Group wishes to give employees the opportunity to get involved and support is provided to employees in their endeavours, making a number of charitable donations and allowing the workforce to select charities that will receive the Company's donations.

Part of the forward-looking strategy is to formalise the Corporate Social Responsibility (CSR) programme, to enable employees to volunteer within working hours and offer their time and expertise for the benefit of local voluntary and community groups.

IMPACT ON THE GROUP	2022	2021	2020
Total employee carbon footprint offset	491 tonnes	346 tonnes	n/a
Number of devices donated	–*	15	–
CHESTER OFFICE			
Energy use			
- Total energy use (KwH)	41,062**	42,875	n/a
Paper use			
- Number of sheets of headed paper ordered	30,000	40,000	40,000
- Number of sheets of copier paper ordered	6,500	7,000	25,000
LONDON			
Paper use			
- Number of sheets of paper ordered	37,500	25,000	3,000

* *No devices were donated in 2022 as a result of replacing old desktops with new laptops for certain employees, 2023 shall see an increase in devices donated.*

** *Direct measurement basis used. Vintners place not included as a result of limitations of any allocation methodology, due to shared office space*

ESG REPORT CONTINUED

3. ESG – THE SOCIAL DIMENSION

Engaging with our stakeholders helps the continued success of our business; stakeholders provide different perspectives and expertise that can drive innovation and support our strategic direction and financial performance. We engage regularly with our stakeholders, through both direct communications and our reporting, which we ensure accurately reflect the performance of the business. We also appreciate that each stakeholder group has different interests and concerns, and we therefore tailor our method of engagement with each appropriately.

3.1 EMPLOYEES

We are passionate on making Equals a rewarding place to work and to foster attraction and retention of employees by developing our recruitment practices, offering more opportunities for growth and progression, and sharpening our focus on equality, diversity and inclusion (EDI) to ensure we are accessing the broadest pools of talent. In doing so this has resulted in a motivated workforce that feels more connected than ever to the business and its success.

The recent initiatives introduced by the Group include:

- Ex-gratia bonus schemes to help employees with cost of living – two awards were made in 2022,
- All-employee Share Incentive Plans; grants were announced in both 2021 and 2022 giving eligible employees up to 7976 shares in the Company to vest over a four year period,
- Key-employee LTIP programme which identified around 40 key staff below board level and that granted 4,245,000 share options over two years up to 44 employees,
- The Group has a referral program which allows employees (below the level of executive) to financially benefit from direct employee introductions and hence avoid paying recruitment fees externally,
- Flexible working
- Visa sponsorship
- Mental health support
- Healthcare and life assurance schemes.

Employee communication

The Group has a strong ethos of employee communication with "All Hands" being held every two weeks; Monthly Own The Outcome (OTO) awards; annual OTO Awards ceremony and strategy presentation from the CEO; use of our internal communications platform; and Base Camp days celebrating achievements and outlining strategy. To take advantage of Zoom, many departments themselves hold weekly "all-in" sessions to discuss progress, initiatives and problems.

EDI

Ensuring that equality, diversity and inclusion considerations are embedded within all facets of our business is a key priority. In 2021 we developed a new EDI strategy, and we were very pleased to introduce pronouns on our internal communications platform, to allow our employees to indicate their preferred pronouns. We conducted a review of our recruitment practices and now include an EDI statement in all job advertisements for the Group. This also supports our ambition to access diverse pools of talented candidates and demonstrate that we are an employer that can support the employees in different circumstances with flexible working practices.

Contractors

The Group regularly uses contractors in the UK and overseas to assist chiefly with engineering projects. These people are regarded as part of the Equals family and are offered the same working conditions and communication systems as regular employees.

The table below provides as summary of the number of staff within the Group based on the average for the financial year:

EMPLOYEES	2022	2021	2020
Employees by employment type			
- Number of full-time employees	255	242	268
- Number of part-time employees	13	12	9
- Number of temporary employees	0	9	8
Diversity and inclusion			
- Number of women at Board level	1	1	1
- Number of women in workforce	97	85	78
- Percentage of women in workforce (%)	36%	32%	29%
- Number of people from ethnic minorities at Board level	0	0	0
- Number of people from ethnic minorities in workforce	32 (declared, not compulsory to complete)	15 (declared, not compulsory to complete)	13 (declared, not compulsory to complete)
Employees paid a national living wage (%)	100%	100%	100%

ESG REPORT CONTINUED

3.3 CUSTOMERS

The Group prides itself on providing a high level of customer service. We don't get it right all the time, but we aim to!

At the heart of this is our initial and ongoing engagement with our customers to enable us to understand their requirements and maintain clear and transparent communication with them. To this end, we have adopted the following approach:

- Created one centralised customer identity management system (Hubspot)
- Robust customer complaints process
- Logging dissatisfactions to drive improvements
- Have a Treating Customer Fairly policy, and conduct training
- Responding to customer feedback and implementing quick fixes
- Three channels for customer services
- 2 weeks of training for new starters in customers services and ongoing training for all customer services staff
- System for flagging suspicious activity

In addition, we have an obligation to identify and protect vulnerable customers. To this end we have:

- Increased awareness for customer vulnerability across the entire Group
- Rewritten the Vulnerability Policy
- Put together customer vulnerability training and delivered to customer-facing senior managers

In order to be accessible and responsive to our customers, we maintain three key channels for receiving queries:

- phone calls,
- email
- live chat.

We have a target in place to ensure that customers wait no more than 30 seconds before their call is answered and email queries will be responded to within the working day, and utilise live chat to enable even faster responses from the team.

To ensure our Customer Services Team are best placed to provide the support required, we provide 2 weeks of training for all new employees, followed by ongoing training including support when they begin receiving customer phone calls. Additionally, all customer services employees receive Anti-Money Laundering (AML) and cybersecurity training, and in 2022 we have also completed vulnerable customer training. The integration of our online training platform, Meta Compliance, will support this programme, increasing accessibility to the training modules and enabling us to monitor rates of completion and send reminders to employees when necessary.

In addition to our three key communication channels, we also receive customer feedback through our Trust Pilot and app review pages, and we reach out to all customers who express dissatisfaction to see if we can improve their experience. We are very proud that both FairFX and Equals Connect are rated as 'Excellent' on Trustpilot. Messages to our social media pages – Twitter and Facebook – are filtered into our ticketing system, so that the team can stay on top of all feedback provided.

We have a robust complaints process in place. Following receipt of a complaint, our key objective is to resolve the issue within three business days and send a summary resolution to the customer. In the event of an issue not being resolved within that time period, the Complaints Executive is brought into both investigate and to advise the customer on the timescale for resolution, to ensure the customer remains informed. We are very proud that our Customer Services Team continues to close 100% of all complaints and that, in 2021, over 85% of complaints across the Group were closed out within 35 business days. If we identify a complaint that we feel has not been dealt with effectively, we conduct a root cause analysis and the Complaints Executive will feedback to the team and provide guidance on where the process could have been improved.

Concurrently, we log dissatisfactions. Whilst these are not complaints, tracking all feedback from customers can drive improvements across the business, as we can identify if an issue (albeit a very small issue) is repeatedly arising and then implement a change to improve our service. Our dedicated AIM channel provides another medium through which both employees and customers can feedback with suggestions. These are reviewed regularly, with an assessment of the resources available to make immediate changes and discussion with the Product Team as to what can be achieved.

There are fortnightly meetings with Customer Services Managers, chaired by the Complaints Executive, in which all ongoing complaints, feedback from completed investigations, and necessary changes to internal processes are discussed. Conduct and reputation risk indicators, including complaints, Trustpilot reviews, and vulnerability, are fed back on a quarterly basis to the Subsidiary Board meetings, and information is also provided to the Group Risk Committee.

An important innovation to our processes has been the creation of one central customer identity in our Customer Relationship Management (CRM) system. By centralising this customer information, we aim to improve customers' internal data lifecycle.

ESG REPORT CONTINUED

Safeguarding our customers

To ensure the continued protection of our customers we maintain transparent, fair practices and update processes to make sure they are fit for purpose. Our Treating Customer Fairly (TCF) Policy, developed in line with the Financial Conduct Authority's (FCA) Principles, encapsulates the best practice we expect of our employees at all levels of the business, and this is reinforced through our TCF training.

Since 2021 we introduced a new policy on the processing of Faster Payments to strengthen security, including updating the personal identifying information we ask for from customers and addressing the value at which payments must be checked before they are processed. The process of updating all our existing policies and procedures is ongoing, as we want to ensure all are in line with Group expectations.

Details of our fees are available on our websites and included in our FAQs. In addition to providing annual AML training, there are controls in place in the system to recognise and flag unusual activity, including customers who are potentially being scammed. A member of the team will raise anything suspicious with the Anti-Fraud Manager, who will then consider further action as necessary.

Feedback from customers

CUSTOMERS	2022	2021	2020
Trust Pilot scores			
- FairFX	4.4	4.6	4.6 – Excellent
- Card One Money	4.4	4.6	4.6
- Equals Connect	4.7	4.9	4.9 – Excellent
Training			
- Number of hours of customer services training available	25+ hours	25+ hours	25+ hours
Calls			
- Calls answered within 30 second target (%)	80%	80%	80%

	2022	2021	2020
Percentage of complaints closed (%)			
FairFX	100%	100%	100%
Spectrum Payment Services	100%	100%	100%
Fair Payments Limited	100%	100%	100%
Equals Connect	100%	no complaints	no complaints
Percentage complaints closed in less than 35 business days (%)			
FairFX	95%	87%	60%
Spectrum Payment Services	91%	85%	67%
Fair Payments Limited	93%	92%	72%
Equals Connect	80%	no complaints	no complaints

ESG REPORT CONTINUED

3.4 SUPPLIERS

The key issues for us with suppliers are:

- Their integrity
- The reliability
- Their governance and business ethics

Many of our suppliers have been with us for a number of years and hence we have built up a good understanding of them and their values. For all new significant suppliers, we ask them to complete a due-diligence questionnaire and annually review the supplier.

3.5 REGULATORS

Equals endeavours to have an open dialogue with every one of its regulators. We constantly seek demonstrate our high standards of governance and business ethics, this may range from telephone and email communication, the prompt and professional responses to queries they may have, and the timely submission of all scheduled returns (examples: corporation tax, vat, P60's compliance returns).

Subsidiaries of the Group have licences from a variety of regulators and these are updated on our investor relations website, the link to which section is: https://www.equalsplc.com/content/company/our-permissions

3.6 BANKS AND LIQUIDITY PROVIDERS

Equals has banking relationships with a number of banks and liquidity providers. We are in regular – often daily – contact with these and at all times adhere to the rules and customs imposed on us by these banks. The principal banking/liquidity partners we have include: Citibank, Barclays, NatWest, Crown Agents Bank, Blackrock, Valitor, Suden and Velocity.

3.7 SHAREHOLDERS AND THE ANALYST COMMUNITY

Shares in Equals Group PLC are publicly traded on London's AIM. Under AIM rules we are obliged to have a NOMinated ADvisor ("NOMAD") and broker with whom we work closely on all AIM and MAR (Market Abuse Regulations) matters.

The broker is the prime interface with our shareholders.

In 2022, in addition to the Annual and Interim results, Equals released four trading updates. At the final and interim results, the Executive directors present the results to investors and handle regular analyst calls. Our investor presentations and audio-casts are included in our Investor Relations website, the link to which is here: https://www.equalsplc.com/content/investors/results-and-reports

ESG REPORT CONTINUED

4. ESG – THE GOVERNANCE DIMENSION

To execute our strategy flawlessly we maintain strong governance practices. These practices are streamlined and harmonised across the Group. Our full Report on Corporate Governance is on pages 23 to 27.

4.1 IT and data security

As a financial services business, IT and data security is critical; we endeavour to continually improve our cybersecurity procedures and have focussed upon increasing security awareness among our colleagues.

Central to cybersecurity for the business is having robust oversight and effective governance. The importance of IT and data security is driven from the very top of the business, with CEO recognition and direct involvement in cybersecurity matters. The Security Council, Architecture Council and Technical Risk Committee oversee, among other matters, the security design and risk associated with our systems and are all accountable to the Group Board.

There are strong lines of communication between the Executive Team and the Security and Architecture Councils, with regularly scheduled meetings and dedicated channels on the internal communications platform allowing a continual flow of information. There is ever-present Executive and senior management participation at the Technical Risk Committee, which facilitates appropriate communications upwards within the business when required. To support the secure operation of our IT systems, there are a comprehensive series of security policies and procedures in place[1], and employees are updated on any material changes to the policies.

Security Council

Chair: Chief Product Officer

Purpose:

- Evaluate security threats to the group,
- sign off new technical decisions or system changes,
- sign off new third party integrations,
- ensure compliance with relevant regulations,
- maintain certifications as required (such as PCI),
- organise and evaluate penetration testing,
- maintain DR & BCP plans,
- write appropriate group policy on security

Architecture Council

Chair: Head of Architecture

Purpose:

- To review architectural sign off requests
- To discuss new architectural changes
- To review practices and standards
- To create architectural control for auditing purposes

Technical Risk Committee

Chair: Head of Infrastructure

Purpose:

- To maintain a technical risk register
- To feed risks up to the Group Risk Committee
- To risk assess and discuss the outcome for changes to the status quo

Cybersecurity encompasses oversight of all manner of security matters including ensuring Payment Card Industry (PCI) compliance, annual targeted penetration testing, and monthly vulnerability scanning. We conduct an annual audit of our existing technology suppliers to ensure that they are still meeting the required standards. Whenever we engage a new supplier, we run data protection checks, and if the supplier is providing a core service, we conduct an in-depth assessment and the organisation is incorporated into our Business Continuity & Disaster Recovery Procedure, for which the Security Council has signed off.

4.2 Continuous improvement

IT and data security practices are constantly improved, as we react to developments and implement adjustments to existing systems and procedures to facilitate efficiencies. In the past year, we undertook a number of such actions. The appointment and retention of a Cybersecurity Manager in 2021, solidifies the seriousness with which we approach IT and data security, and highlights our drive to make security a way of life rather than an add-on to the working day.

[1] Policies and procedures for IT and data security: Cloud Storage Usage Policy; Computer Usage Policy; Data Classification Policy; Data Protection Impact Assessment Procedure; Data Protection Policy; Data Retention Policy; Instant Messaging Policy; Password Policy; Business Continuity & Disaster Recovery Procedure.

ESG REPORT CONTINUED

Since 2021, we commenced the process to achieve ISO 27001 certification. The Chief Technology Officer (CTO) is the Executive Sponsor of the initiative, and it is being driven by the Cybersecurity Manager. The gap analysis day took place in October, conducted by our external certifying approver, with the objective to become accredited within 2023.

To ensure that concerns flagged are dealt with effectively and efficiently, employees that raise an issue are now invited to attend the Security Council meetings which means that the issue is articulated to the Council first-hand. We will also simplify the issue identification and information sharing process to enable ease of use and understanding.

As internal employee actions pose the greatest risk to IT and data security, the overarching objective is to raise awareness for cybersecurity across the Group. We have begun targeted phishing campaigns on our own staff to improve awareness and reduce the risk of employees clicking through on suspicious emails.

All employees must complete annual security awareness, general cyber and data security, GDPR and AML training. With the integration of our new online training platform, Meta Compliance, we can monitor levels of training completion, and push out reminders via email and our internal communications platform. We will be introducing security awareness training as part of our onboarding process for new employees. Meta Compliance will also enable the setting of KPIs to measure ongoing performance, as well as monthly mini-training sessions on different IT and data privacy topics.

4.3 Privacy of customer data

We handle sensitive customer information, thus our data privacy practices are of paramount importance, and we approach all data security scenarios from the perspective that no employee is necessarily secure. We have two-factor authentication for all systems that contain customer data. Where an employee must use a personal device for work, we require the use of remote sessions to ensure that information cannot be exported. Customers are also kept informed of the information we will ask from them, to mitigate the risk of external parties accessing their data whilst posing as an employee of Equals.

4.4 Risk management

We increased the capabilities within the risk management side of the business. Fundamental to this has been the onboarding of our new Group Head of Risk and Compliance, who has restructured the risk and compliance framework to ensure that it underpins business operations and supports our financial objectives. There is a Risk Committee for each operating subsidiary undertaking. There is a Change Council, comprising of senior members of staff, which receives suggested changes and advise on the potential governance, operational, and customer impacts before further investment is approved.

4.5 Governance and business ethics

We continue to strengthen our internal governance and ensure we are conducting business correctly even when we are not being scrutinised. We have created a conduct policy, rolled-out in 2022 alongside a wider conduct framework. Using our new online training platform, "Meta Compliance+, we are also able to deliver compliance and ethics training easily.

We have established better feedback loops and our internal knowledge sharing has greatly improved. As a result of our continued harmonisation efforts, we are now better placed as a business for innovation and improvement of the customer experience.

OUR GOVERNANCE	2022	2021	2020
Number of data breaches	–	–	–
Employees completed Meta Compliance Security Awareness training (%)	98.3%	95.6%	90%
Employees completed Meta Compliance* Anti-Money Laundering training (%)	97.2%	98.1%	–
Employees completed Meta Compliance* GDPR training (%)	95.3%	74.6%	–

Report of the Audit Committee
for the year ended 31 December 2022

This report covers the following areas:

1. Membership of the Audit Committee ("the Committee")
2. Responsibilities of the Committee
3. Activities of the Committee during the year
4. Governance
5. External Auditor and independence thereof
6. Risk Management and Internal Control
7. Conflicts of interest
8. Significant issues
9. Events after 31 December 2022

1. MEMBERSHIP OF THE AUDIT COMMITTEE

The Audit Committee is chaired by Sian Herbert and includes Non-Executive Director Christopher Bones. Other meeting attendees during the year included members of the external audit team, Chairman and Non-Executive Director Alan Hughes, Ian Strafford-Taylor, CEO; Richard Cooper, CFO; and other members of the finance team.

2. RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee ("the Committee") has responsibility for Equals Group PLC and all subsidiaries in the Group.

In the period since the last report, the Committee continued to focus on the effectiveness of the controls across the Group both within the ambit of the finance department and other departments, including but not limited to Risk, Compliance, Operations and Human Resources.

The integrity of reporting and risk monitoring is a key area that the Committee will continue to focus on over the coming year. Monitoring of the operational performance of the Group is an area of ongoing review. The focus is on several key areas including a continued focus on data governance, regulatory compliance and operational resilience.

The Audit Committee appointed various third parties to give independent opinions on chosen topics that are regarded as potentially higher risk (for example, cyber security, money laundering and safeguarding). The Group has well-resourced compliance and risk operations but given its size does not consider it necessary to have an internal audit function, using external parties when considered appropriate. Non-statutory audits of subsidiaries for the purpose of FCA safeguarding obligations are conducted by a separate audit firm, Azets.

The Committee is appointed by the Board; in their primary duties are listed beneath the subheadings below, along with a brief description of sub-tasks:

2.1 Financial reporting

a. consider the areas of financial reporting risk and what is done to optimise these risks and ensure that these are communicated to the external auditor;

b. review significant financial reporting judgements and the application of accounting policies, including compliance with the accounting standards;

c. oversee the integrity of the financial statements and their compliance with UK company law and accounting regulations;

d. ensure the Annual Report and financial statements are fair, balanced and understandable, and recommend their approval to the Board;

e. monitor the integrity of announcements containing financial information.

2.2 Internal controls

a. monitor adequacy and effectiveness of the internal financial controls and processes, and ensure any material shortcomings are rectified at the earliest opportunity;

b. where appropriate, ensure compliance with UK Corporate Governance Code, Quoted Company's Alliance Code, Information Commissioner's Office, HMRC and the Financial Conduct Authority's relevant regulatory framework.

2.3 Risk management

a. review and provide oversight of the processes by which risks are identified, evaluated, managed and optimised by the Risk Committee.

2.4 External audit

a. manage the relationship with the Group's external auditor;

b. monitor and review the independence and performance of the external auditor and formally evaluate their effectiveness;

c. review the policy on non-audit services carried out by the external auditor, taking account of relevant ethical guidance;

d. review, consider and approve the external auditor's fee, the scope of the audit and the terms of their engagement;

e. make recommendations to the Board for the appointment or reappointment of the external auditor.

REPORT OF THE AUDIT COMMITTEE CONTINUED

3. COMMITTEE ACTIVITIES DURING THE YEAR

The principal activities which the Committee undertook within the year were as follows:

3.1 Financial statements and business reports

- Reviewed the 2021 Annual Report and Consolidated Financial Statements, and recommended that both be approved by the Board;
- Reviewed the projected cash flow forecasts and sensitivity analyses as prepared by the Chief Financial Officer; as a result, the Committee concluded the business should be considered a going concern, and the financial statements should be prepared as such.

3.2 External audit

- Debated and agreed the external audit strategy;
- Noted the adjusted and non-adjusted differences and debated the highlights memo previously circulated to Committee members;
- Acknowledged that the prepared financial statements represented a true and fair view of the Group's affairs, were in accordance with IFRS issued by the International Accounting Standards Board (IASB) and as adopted by the European Union and had been prepared in accordance with the Companies Act 2006. Their enquiries covered regular management and KPI reporting, analytical review and sign off on key control accounts;
- Reviewed any control issues raised by the external auditors in their management letter and monitored progress thereon;
- Reviewed and approved the Letter of Representation sent by the Company to the external auditors.

3.3 Other

- Oversees the compliance with laws and regulations including money laundering including working with the Compliance department and external counsel to verify the Group's position on any contentious matters.

4. GOVERNANCE

The Committee meets at least three times per year and routinely meets with the external auditor without the Executive Directors present. It is chaired by Sian Herbert, an independent Non-Executive Director, who is a Chartered Accountant with recent and relevant financial experience.

The Chair has meetings with the external auditors to ensure issues are being considered on a timely basis. The Chief Financial Officer and other members of the finance team work closely with the Committee Chair to facilitate open communication and regular information flow. The Committee members bring a wealth of professional and practical knowledge and experience which is relevant to the Company's industry. Such abilities ensure that the Committee functions with competence and credibility. The Committee receives regular updates on changes to financial accounting standards and reporting requirements, regulatory and governance changes and developments around risk management, fraud prevention and detection, and cyber security.

In its advisory capacity, the Committee confirmed to the Board, that, based on its review of the Annual Report and financial statements and internal controls that support the disclosures, the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the necessary information for shareholders to assess the Company's position and performance, its business model and strategy.

5. EXTERNAL AUDITOR AND INDEPENDENCE

PricewaterhouseCoopers LLP was appointed as an external auditor following an audit tender process in 2019. As a matter of course, PwC is not awarded any non-audit work; please refer to note 5 of the financial statements for more details regarding the breakdown of payments to the Group auditor.

The Committee agrees the budget for the audit with the auditor and receives a summary of all audit fees payable to the external auditor. A summary of fees paid to the external auditor is set out in note 5 to the financial statements. The external auditor confirmed its independence as auditor of the Group through written confirmation to the Group.

External audit effectiveness

The effectiveness of the external audit process is assessed by the Committee, which meets regularly throughout the year with the audit partner and senior audit managers. The Committee believes that sufficient and appropriate information is obtained to form an overall judgement of the effectiveness of the external audit process. The external audit effectiveness process findings from last year's review were also incorporated into the audit processes this year. One matter that the Committee keeps under review is the mix of substantive and control testing by the auditors. The most cost-effective audit currently remains a "substantive audit." The Committee keeps this under review.

6. RISK MANAGEMENT AND INTERNAL CONTROL

Further details of risk management and internal controls are set out under note 21.2 of the consolidated financial statements. The Committee is dedicated to the thorough monitoring of the effectiveness of its internal controls and risk management; they maintain a good understanding of business performance, key areas of judgement and decision-making processes within the Group.

REPORT OF THE AUDIT COMMITTEE CONTINUED

7. CONFLICTS OF INTEREST

An annual review is undertaken, facilitated by the Company Secretary, to identify any conflicts of interest that may impact upon Board members' independence. All identified conflicts are recorded on a register that is adopted by the Board. Conflicted Directors are not able to attend meetings where the conflicted matter is discussed, and decisions are made. It has been determined that none of the Directors had or have an interest in any material contract relating to the business of the Company or any of its subsidiary undertakings.

8. SIGNIFICANT ISSUES

Significant issues and accounting judgements (refer to note 3.26, "judgements and estimates") are identified by the Committee, the finance team, or through the external audit process and are reviewed by the Audit Committee.

9. EVENTS AFTER 31 DECEMBER 2022

The Audit Committee has continued the above activities in 2023, focusing on:

- The 2022 Annual Report and Consolidated Financial Statements, and the Committee has recommended that both be approved by the Board;
- A review of the Cash Flow forecast as overseen by the Chief Financial Officer.

SIAN HERBERT
Chair of the Audit Committee
24 March 2023

Report of the Risk Committee

for the year ended 31 December 2022

PURPOSE AND COMPOSITION

The CEO continues to hold the prime responsibility for the identification, assessment, management and monitoring of risks to the Group, but to assist and to bring external expertise a board-level Risk Committee was formed on 1st January 2021

The Committee consists of the full board of directors plus the Chief Operational Officer ('COO"), who is not a member of the board. The COO has day-to-day responsibility for risk and compliance. By invitation other employees of the Group, including the Director of Trading, the Head of Risk and Compliance.

Formal papers are prepared for each meeting. These include a review of the individual Risk Committees of each regulated subsidiary company whose meetings are held every quarter.

A risk register is maintained which scorecards those risks identified and the appropriate policies and procedures to mitigate those risks. A risk appetite statement has been developed and approved. Below is a summary of the risks which the Committee believe are highly rated and the controls put in place to mitigate them.

Risk	Description of Risk	Control / Mitigation
Position risk	A forward foreign exchange contract is partially completed exposing the Company to volatile exchange rate movements.	The trading system does not allow trades to be completed without a matching entry with a liquidity provider. More than 95% of trades are booked via an API.
Client default on an out of the money forward position	Volatile currency markets make a client's margined position significantly out of the money	The trading team have data feeds which constantly monitor the positions. All trades over £3 million require senior manager approval and all trades over £10 million require the approval of the CEO. The operations team provide "out of the money" reports at least once a day and independently advise both the trading team and the Executive directors of any margin calls to be made.
Data integrity and security	• Losses from a cyber-attack or other associated malicious events • Loss of revenue • Reputational risk	• Appointed a Chief Information Officer with responsibility for data security and data governance • Setup a Security Council with Group wide participants to monitor all aspects of security in the Group • Regular penetration testing, training and awareness, system access controls and encryption, physical security • Introduced new comprehensive training modules through Meta Compliance covering Cyber/ Security Risk and Data Protection.
Business Continuity/ Disaster Recovery	Business disruption and potential business failure	• Detailed Business Continuity Plan and Disaster Recovery Plan tailored to each entity • Regular testing of the above plan • Increased adoption of cloud-based services (AWS)
Fraud	Financial loss, reputational risk, potential to lose customers and reduce growth, supplier chain risk	• Senior management awareness • Staff training • Fraud reporting to Risk Committee • Automated transaction monitoring • Appropriate people in fraud roles to oversee and manage risk

REPORT OF THE RISK COMMITTEE CONTINUED

Risk	Description of Risk	Control / Mitigation
Banking arrangements and relationships	• Loss in one or more banking partners could result in disruption and eventual business failure • Loss of Agency Banking services	• From February 2019, the Group became a direct member of Faster Payments and have banking arrangements with the Bank of England which mitigates the risk of losing agency banking services • Group partnered with Citi Commercial Bank in July 2019 and entered 5-year agreement with Mastercard in September 2019 • In April 2021 the group launched the connected BIC (Swift) that allows the group to open own named IBANs for the benefit of collecting and allocating funds efficiently.
The Group faces significant competition	A reduction to competitive advantage resulting in slower business growth and ultimately financial loss	• Engineering development to maintain research & development and innovation • New products • Improved CX to enhance usability of products - IT development to maintain research & development and innovation • Maintain relationship and traffic from key price comparison sites • Quality of people in business • Maintain the Group's reputation • Investment in marketing and product development • Increased investment in IT development • Increased sales development • Review of costs to ensure cost efficiency • Development of the Solutions line creating significant revenue opportunities.
Key person absence	The CEO or other key persons become ill, or incapacitated	The Group does not have silo management, and there are overlaps in skills between Executives. The Group is examining the feasibility of "key-man" cover for the CEO.
Failure of key suppliers impacts performance	Loss of productivity, potential to lose customers and reduce growth.	Carry out regular review of supplier performance and seek alternatives where necessary
Macro environment	Loss of revenue, operational resilience	Monitor key performance indicators, increased controls on expenditure and large single expenditure commitments
IT platform re-build	Out of date technology which results in development delays	Re-platform tech stacks in more modern computer language and move away from on-premises solution to cloud
Liquidity	Unable to meet liabilities as they fall due	• Weekly reporting of prior week cash movements • Regular cashflow forecasts run with sensitivities • Longer term budgets and forecasts
Regulatory compliance	• Emerging regulations and adherence to existing regulations • Non-compliance: fines; sanctions; prison and reputational risk	• Review and update Group policies and procedures. • Review of new statutes and financial regulation. • Annual regulatory audits by expert third parties. • Annual staff training.
Governance	• Lack of Board oversight leading to failure to fulfil legal and regulatory responsibilities	• Regular Board and Committee meetings

REPORT OF THE RISK COMMITTEE CONTINUED

COVID-19

The Group continues to evaluate the threats from more new variants of COVID-19 affecting the ability of key staff to be working.

RUSSIAN INVASION OF UKRAINE AND OTHER SANCTIONED COUNTRIES

The business has taken all actions to ensure full compliance with the sanctions and actions implemented in response to the Russian invasion of Ukraine. The impact of this to the group is not material and accounts that have had historical exposure continued to be reviewed.

Certain other countries (such as Iran) are on sanction lists. The Groups data monitoring tools search for links to these countries and red-flag any issues which are immediately relayed up to the CEO.

SIAN HERBERT
Chair of the Risk Committee
24 March 2023

Directors' Remuneration Report
for the year ended 31 December 2022

This report for the year ended 31 December 2022 complies with the requirements of the Companies Act 2006, the Group's adopted Corporate Governance Code - the Quoted Companies Alliance Code - and applicable AIM Rules.

This report covers the following areas;

1. Membership of the Remuneration Committee
2. Responsibilities of the Remuneration Committee
3. Remuneration Policy
4. Remuneration for 2022
5. Remuneration for 2023
6. Long-term incentives
7. Service agreements and similar
8. Professional fees incurred by the Committee

1. MEMBERSHIP OF THE REMUNERATION COMMITTEE

Membership of the Remuneration Committee ("Committee") comprises:

- Christopher Bones, Independent Non-Executive Director, Committee Chair since 1 May 2021
- Alan Hughes, Independent Non-Executive Director, on committee since 1 October 2020
- Sian Herbert, Independent Non-Executive Director, on committee since 1 October 2020

Executive Directors are invited to contribute, and the CEO may be invited to attend. No attendee or member is present for discussion of their own remuneration or for matters that may have a bearing on their remuneration.

2. RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Committee is responsible for:

- Setting remuneration policy and remuneration for the Executive Directors of the Company and remuneration policy and governance of awards under that policy for senior executives and employees earning over £100,000pa
- Oversight of remuneration policy for the whole Group and its adherence to group values and the principles established in the policy laid out below

As part of the overall review of Board effectiveness the performance of this and other committees is considered and reviewed. No material changes have been made to its ways of working or terms of reference over the period of this report save that Ms Shona Kerfoot, People Director, attends meetings to provide staff support.

3. REMUNERATION POLICY

3.1 Overall Policy

The Group's overall policy remains one underpinned by the need to attract and retain the key skills and capabilities throughout the organisation that will deliver our strategy, particularly in strategic leadership, commercial, product and engineering capabilities alongside the financial and compliance expertise to meet both our operational and regulatory requirements.

Core to this is the belief that better than average performance should result in higher than average rewards and that these should incentivise a longer-term perspective to reflect that of our shareholders; as such for Executive Directors and other senior executives there are long-term incentives as well as annual ones alongside a competitive salary.

The core reward principle is that the potential for total remuneration should, for all roles, be at median to upper levels for companies of a similar size, complexity and growth aspirations with better than average performance achieving upper median levels. To reinforce this, the Committee established some key principles to ensure that shareholders are confident that performance-based rewards:

- incentivise growth in revenue, and earnings per share and,
- encourage behaviours that support our ESG principles and company values; these are:
  - o Ensure a competitive balance in the remuneration mix between salary and pay 'at risk', with this element being related to performance over both the short and longer-term;
  - o Ensure that short-term cash incentives are linked to stretching performance measures; and
  - o Align more remuneration at every level to the shareholder financial interest through share-based remuneration.

The Committee procured specialist advice through the appointment of remuneration advisers H2glenfern Ltd to ensure that decisions made going forward on Executive and Non-Executive Director remuneration are properly informed with robust data. H2glenfern is a member of the UK Remuneration Consultants Group (RCG) and has confirmed that it complies with the RCG Code. H2glenfern has no other relationship with the Company and the Committee is satisfied

DIRECTORS' REMUNERATION REPORT CONTINUED

that the advice it receives is independent and objective. The Committee instructed H2glenfern to carry out benchmarking for executive and non-executive remuneration during Q4 2022.

This part of the report sets out the remuneration policy with regard to the Executive Directors ("EDs"). The policy on each element of remuneration and how it operates is detailed in the table:

Elements of Remuneration

Element	Link to remuneration policy	Application of policy	Maximum opportunity	Performance metric
Base salary	To attract and retain individuals of the experience and calibre required to achieve our strategic goals and in whom shareholders can have confidence. EDs salaries are reviewed annually on 1 April.	Using an externally recommended 'peer group' of similar listed companies in our sector and others with common core capabilities and product offering we establish a range that reflects our policy position.	The benchmarking provides a range for both roles from the median to Upper Quartile and we will reflect the business performance outcome in agreeing any salary increase.	Salary reviews are conducted vs. business performance including ESG aspects.
Annual Bonus	To incentivise performance and to align the interests of EDs and shareholders over the short to medium terms.	The scale of the bonus is set through the peer group benchmarking exercise to ensure a competitive annual reward. The parameters, performance criteria, weightings and targets are ordinarily set at the start of each financial year. Payments are made in cash following completion of the annual audit and subject to the Committee's assessment of performance against targets and other matters it deems relevant. Awards are subject to malus and clawback provisions.	The CEO has a maximum bonus opportunity of 140% of salary; the CFO has a maximum of 120%. The salaries used are those as at the end of the financial year.	Performance measures may include financial, non- financial, personal and strategic objectives. Performance criteria and weightings may be changed from year to year. At present, the performance targets are based on Revenue and Adjusted EBITDA which is considered by the committee to be the Group's key financial performance metric.

DIRECTORS' REMUNERATION REPORT CONTINUED

Element	Link to remuneration policy	Application of policy	Maximum opportunity	Performance metric
Long Term Incentive Plan	To incentivise performance and to align the interests of EDs and shareholders over the long term.	EDs are eligible to receive awards under the Long Term Incentive Plan at the discretion of the Committee. Awards are granted as conditional awards which vest after three years subject to the meeting of objective performance conditions specified at award. Awards are subject to malus and clawback provisions. An additional holding period of two years post vesting is applied to awards made to the EDs.	The award reflects practices in the median to upper quartile of our peer group. The plan sets a normal maximum of 100% of the base rate of salary and lays down that the committee may exceptionally grant up to 200% of the base rate of salary at the time of the award.	Performance measures are CAGR in revenue over the vesting period and the annual achievement of an internally set EPS target ahead of market expectations for each of the three years of the vesting period.
All employee shareholding plan	To encourage all employees to make a long-term investment in the Company's shares in a tax efficient way.	The EDs and enrolled in the plan as it covers all employees.	Complies with the HMRC regulations for Share Incentive Plans.	None
Pensions	To attract and retain individuals of the experience and calibre required to achieve our strategic goals and in whom shareholders can have confidence.	The EDs are eligible for the Group Workplace Pension Plan.	None	None
Benefits	To attract and retain individuals of the experience and calibre required to achieve our strategic goals and in whom shareholders can have confidence.	The EDs are eligible for the Group Workplace Pension Plan.	None	None
Non-Executive Remuneration	To provide fees appropriate to time commitments and responsibilities of each role.	The EDs are eligible for the Group Workplace Pension Plan.	The Group Board is guided by the general increase for the broader employee population and takes into account relevant market movements.	None

DIRECTORS' REMUNERATION REPORT CONTINUED

3.2 Malus and clawback

Both Annual Bonus and Long-Term Incentive Plan awards are subject to malus and clawback provisions. Reasons for malus and clawback being applied would include material misstatement in audited results, discovery of errors or inaccuracies in the assessment of any performance condition, fraud or gross misconduct, events or behaviour which lead to the censure of the Group by a regulatory authority or have a significant detrimental impact on the reputation of the Group.

3.3 Remuneration of employees below the Group Board

Employees below the Group Board receive base salary, benefits, annual bonus, and senior executives are invited to participate in the Long Term Incentive plan.

Pay and conditions throughout the Group are taken into consideration when setting remuneration policy. The Committee does not consult other employees when setting executive remuneration.

3.4 Shareholder consultation

The Committee's policy is to consult with major shareholders in respect of significant decisions on executive remuneration.

The Chair of the Remuneration Committee is available for contact with investors concerning the Company's approach to remuneration.

3.5 Executive Directors' service contracts and payments for loss of office

The Executive Directors have rolling service contracts, Ian Strafford Taylor's commencing 1st August 2014 (continuous service from 1st August 2006), Richard Cooper's commencing 14th October 2019. but a fixed period of 12 months' notice of termination for Ian Strafford Taylor and of six months' notice of termination for Richard Cooper. Our approach to remuneration in each of the circumstances in which an Executive Director may leave is determined by the Remuneration Committee in accordance with the rules of any applicable scheme.

3.6 Non-executive Directors' letters of appointment

The Non-executive Directors do not have service contracts but instead have letters of appointment dated as follows:

Alan Hughes	1 July 2020
Sian Herbert	1 October 2020
Christopher Bones	9 April 2021

All of which contain a three-month notice period.

3.7 Consideration of new Executive Directors or senior executives

When recruiting or promoting any senior executive, we seek to apply consistent policies on fixed and variable remuneration components in line with the remuneration policy set out above. This helps to ensure that any new Executive Directors or senior executive is on the same remuneration footing as existing Executive Directors or senior executives respectively, while still taking into account the skill and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

4. ANNUAL REMUNERATION REPORT FOR 2022

Salaries were reviewed and adjusted in line with both the significant performance ahead of expectations in 2021 and available market data. In addition, the date for the annual review of salary for Richard Cooper was moved to align with that of the CEO in 2023 to 1 April.

Bonus payments as reported below were linked directly to the performance against revenue growth and achievement against goals set for Adjusted EBITDA – both of which were significantly ahead of internal goals and external expectations.

There were no increases in fees to Non-Executive Directors for 2022.

4.1 Table of total remuneration for 2022 and 2021

	Gross salary and fees	Benefits Table 4.2	Bonuses* Table 4.3	Total	2021
Executive Directors					
Ian Strafford-Taylor	337,500	36,757	435,542	809,799	651,966
Richard Cooper	285,000	26,374	287,683	599,057	490,936
	622,500	**63,131**	**723,225**	**1,408,856**	**1,142,912**
2021 Comparative	539,356	43,097	560,459	1,142,912	
Non-Executive Directors*					
Alan Hughes	80,000	–	–	80,000	80,000
Sian Herbert	65,000	–	–	65,000	65,000
Christopher Bones	55,000	–	–	55,000	40,052
	200,000	**–**	**–**	**200,000**	**185,082**
2021 Comparative	185,052	–	–	185,052	
Total, 2022	**822,500**	**63,131**	**723,225**	**1,608,856**	
Total, 2021	724,408	43,097	560,459	1,327,964	

*Numbers above are represented on an accrual basis. The most significant difference to on a cash basis is in relation to bonuses. See note 5b for further details of cash basis.

DIRECTORS' REMUNERATION REPORT CONTINUED

4.2 Table of benefits for 2022 and 2021

	Pension	Healthcare	Car/car allowance	Total	2021
Executive Directors					
Ian Strafford-Taylor	3,522	6,279	26,956	36,757	24,631
Richard Cooper	3,522	6,279	16,573	26,374	18,466
	7,044	**12,558**	**43,529**	**63,131**	**43,097**
2021 Comparative	7,030	6,990	29,077	43,097	

4.3 Table of bonuses for 2022 and 2021

	Performance related	Covid reimbursement	Total	2021
Executive Directors				
Ian Strafford-Taylor	420,000	15,542	435,542	335,792
Richard Cooper	273,600	14,083	287,683	224,667
	693,600	**29,625**	**723,225**	**560,459**
2021 Comparative	550,000	10,459	560,459	

Bonuses, as a percentage of adjusted EBITDA before bonuses equated to 5.5% (2021: 7.7%)

5. 2023 REMUNERATION

As indicated above there has been a review of the base salaries for the Executive Directors for 2023 vs a peer group of comparator companies the results of which are shown below:

CEO Salary of £350,000 raised to £400,000 from 1 April 2023

CFO Salary of £285,000 raised to £300,000 from 1 April 2023

For the 2023 financial year, both the CEO and CFO have the opportunity to earn up to 140% and 120% of their salaries respectively. The bonus criteria are associated with achievement of targets set for revenue growth and Adjusted EBITDA as in 2022. Payments in excess of 100% for the CEO and 80% for the CFO are linked to levels of performance significantly ahead of market expectations. None of this bonus entitlement will be payable before the publication of the audited financial statements for 2023. The 2023 financial statements will however accrue whatever award the Remuneration Committee decide on.

6. LONG TERM INCENTIVES

The Group launched new share-based incentive plans in 2021 and has made additional grants in 2022. These plans were announced to the stock market on 18 October 2021 and 14 December 2022.

All employees

All employees with a length of service of 12 months or more are able to participate in the Share Incentive Plan. This plan has a vesting period of three years, in line with HMRC guidelines.

Key Staff

This plan supports the retention of key talent and only vests should the recipient be in employment a full three years after the award. Recipients are all subject to a further two-year holding period. Grants made in 2021 were subject to no performance conditions whereas grants made in 2022 are subject to performance conditions.

Executive Directors

The grants are performance related and only vest should the recipient be in employment a full three years after the award. Recipients are all subject to a further two-year holding.

The nature of this award reduces dilution for shareholders and provides the Committee with the opportunity to model the potential cash award on vesting based on publicly available market forecasts and to aim for these to be no more than 100% of total remuneration should forecasts be exceeded by a significant amount although the Committee has discretion in this area.

The Remuneration Committee resolved to extend the option exercise period of certain options granted at IPO in 2014 to ensure alignment with the standard ten-year option period. Such change was announced to the Stock Exchange on 31 October 2022.

DIRECTORS' REMUNERATION REPORT CONTINUED

Summary of grants made in 2022 and 2021

	2022 Number of options/share awards	2022 Number of recipients	2021 Number of options/share awards	2021 Number of recipients
Date of award	14.12.2022		18.10.2021	
Date shares issued into trust	25.01.2023		20.04.2022	
Executive directors' performance-based plan	1,012,500	2	1,250,000	2
Key-staff retention plan	2,170,000	44	2,415,000	36
Share incentive plan	747,488	188	704,000	176
TOTAL	**3,929,988**		**4,369,000**	

Of the LTIP awards made in 2021, a total of 170,576 lapsed through employees leaving the Group by 31 December 2022. Of the SIP awards made in 2021, a total of 80,000 lapsed through employees leaving the Group, but, remain in Trust. Directors' interest in share options, including the LTIP and SIP at 31 December 2022 were:

Director award date	Option price (£)	Number Granted	Date of Grant	Earliest Exercise date	Latest exercise date
SHARE OPTIONS					
Ian Strafford-Taylor					
28/07/2014	0.22	192,950	28/07/2014	05/08/2016	28/07/2024
28/07/2014	0.36	1,789,300	28/07/2014	05/08/2016	28/07/2024
28/07/2014	0.36	1,535,750	28/07/2014	05/08/2016	28/07/2024
28/09/2016	0.30	250,000	28/09/2016	28/09/2017	27/09/2026
28/09/2016	0.30	250,000	28/09/2016	28/09/2018	27/09/2026
28/09/2016	0.30	250,000	28/09/2016	28/09/2019	27/09/2026
01/09/2020	0.29	666,667	01/09/2020	30/04/2021	01/09/2030
01/09/2020	0.29	666,667	01/09/2020	30/04/2022	01/09/2030
01/09/2020	0.29	666,666	01/09/2020	30/04/2023	01/09/2030
		6,268,000			
Richard Cooper					
01/09/2020	0.29	333,334	01/09/2020	30/04/2023	01/09/2030
		6,601,334			
SHARE INCENTIVE PLAN ("SIP")					
Ian Strafford-Taylor					
18/10/2021	0.01	4,000	07/01/2022	07/01/2025	07/01/2032
14/12/2022	0.01	3,976	20/01/2023	20/01/2026	20/01/2023
		7,976			
Richard Cooper					
18/10/2021	0.01	4,000	07/01/2022	07/01/2025	07/01/2032
14/12/2022	0.01	3,976	20/01/2023	20/01/2026	20/01/2023
		7,976			
LONG TERM INCENTIVE PLAN ("LTIP")					
Ian Strafford-Taylor					
18/10/2021	0.01	750,000	18/10/2021	18/10/2024	18/10/2031
14/12/2022	0.01	637,500	14/12/2022	14/12/2025	14/12/2032
		1,387,500			
Richard Cooper					
18/10/2021	0.01	500,000	18/10/2021	18/10/2024	18/10/2031
14/12/2022	0.01	375,000	14/12/2022	14/12/2025	14/12/2032
		875,000			
Totals		**2,262,500**			
Ian Strafford-Taylor		7,663,476			
Richard Cooper		1,216,310			
		8,879,786			

DIRECTORS' REMUNERATION REPORT CONTINUED

As well as the principles above, the vesting criteria for the 2021 and 2022 awards include a minimum share-price threshold above the price on the date of grant; the eventual amount awarded from the grant made will be driven by revenue growth, growth in active B2B customers and performance against EPS targets. In addition, the final award will be assessed against progress against a range of ESG matters including the effectiveness of our compliance operations.

Options vested by 24 March 2022

Of the total of 7,663,476 share incentives for Ian Strafford-Taylor 6,268,000 had vested by 24 March 2023, through the approval of these financial statements leaving, 1,395,476 unvested at that date.

Of the total of 1,216,310 share incentives for Richard Cooper 333,334 had vested by 24 March 2023, through the approval of these financial statements leaving, 882,976 unvested at that date.

At the date of this report, the equity awards made to Ian Strafford-Taylor and Richard Cooper were equal to 4.09% and 0.65% of the fully diluted share capital.

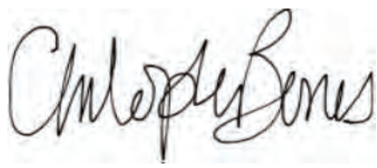
Option numbers used for EPS

The calculation of diluted EPS and diluted adjusted EPS ignores any dilution if the result attributable to owners of Equals Group PLC is a statutory loss. The number to be used for 2022 is 187,583,788(2021: 178,959,402).

7. PROFESSIONAL FEES INCURRED BY THE REMUNERATION COMMITTEE

During 2022 the cost (including irrecoverable VAT) of advice taken by the Remuneration Committee in the year amounted to £23,250 (2021: £84,490). This advice relates to share incentive awards, share-based remuneration and remuneration comparative report.

In addition, the manager of the shares platform, "Global Shares" invoiced the Company for a total of £18,000 for the administration of their platform and administration of the SIP and LTIP in 2022 (2021: £nil).



PROFESSOR CHRISTOPHER BONES
Chair of the Remuneration Committee
24 March 2023

Directors' Report
for the year ended 31 December 2022

Equals Group PLC is a company limited by shares. The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2022.

FINANCIAL REPORTING

The consolidated financial statements of Equals Group PLC for the year ended 31 December 2022 are set out on pages 59 to 94. These have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were to provide payment processing and banking-style services and to both private customers and corporations through prepaid currency cards, travel cash, international money transfers and current accounts. Its trading subsidiaries have various degrees of regulation as shown below:

Company number	Company name (and date of name change in 2022)	Previous name	FCA permissions
05539698	Equals Money plc (13.09.2022)	FairFx plc	Authorised Payment institution under Payment Service Regulations, 2009
06268340	Equals Money UK Limited (26.09.2022)	Spectrum Payment Services Limited	Authorised Payment institution under Payment Service Regulations, 2009
07131446	Equals Connect Limited		Authorised Payment institution under Payment Service Regulations, 2009
09558664	Fair Payments Limited		Authorised E-Money institution under the Electronic Money Regulations 2011
12330839	Roqqett Limited		Authorised Payment institution under Payment Service Regulations, 2009

The principal activity of the Company is as an investment holding company for the Equals Group of companies.

KEY PERFORMANCE INDICATORS

The Strategic Report set out on pages 5 to 19 provides key performance indicators and an assessment of the Group's financial performance throughout the year.

RELATIONSHIP WITH EMPLOYEES

The Group operates transparently with its employees and holds fortnightly Group wide "All Hands" with the purpose of keeping employees up to date with Group business and its developments. These also offer staff the opportunity to present their viewpoints and are in addition to regular departmental updates. The Board believes this helps create a common awareness and goals across the Group to help it achieve its strategies.

Equals is an equal opportunity employer. It does not discriminate on the basis of disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, sexual orientation, religion or belief, sex or age. It ensures that this is upheld in regard to hiring, continuing employment and training, career development and promotion.

Further details of the Groups relationship with its employees can be found in the Section 172 statement on page 20 and in the ESG report on page 30.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Group recognises that strong relationships with customers and fair dealings with its suppliers are key to its success as a business. Further details of how this is applied in practice can be found in the Section 172 statement in the Strategic Report on page 20.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: Nil). At 31 December 2022 the Company had distributable reserves of £(89)k (31 December £931k).

DIRECTORS' REPORT CONTINUED

DIRECTORS

The following Directors have held office during the financial year and up to the date of approval of these financial statements:

I A I Strafford–Taylor
R Q M Cooper
A R F Hughes
S A Herbert
C J Bones

DIRECTORS' INTERESTS

The Directors who held office at 31 December 2022 held the following shares in the Company as at that date:

	Ordinary 1p	
	Shareholding %	shares 2022
I A I Strafford-Taylor	1.22%	2,200,250
R Q M Cooper	0.47%	850,000
S A Herbert	0.04%	77,800
A R F Hughes	0.03%	46,000
C J Bones	0.003%	4,500

The Directors who held office at 31 December 2022 held the following unexercised share options in the Company as at that date:

	Option price (£)	Number Granted	Date Granted
I A I Strafford-Taylor	0.22	192,950	28/07/2014
	0.36	1,789,300	28/07/2014
	0.36	1,535,750	28/07/2014
	0.30	750,000	28/09/2016
	0.29	2,000,000	01/09/2020
	0.01	750,000	18/10/2021
	0.01	4,000	07/01/2022
	0.01	637,500	14/12/2022
	0.01	3,976	20/01/2023*
R Q M Cooper	0.29	333,334	01/09/2020
	0.01	500,000	18/10/2021
	0.01	4,000	07/01/2022
	0.01	375,000	14/12/2022
	0.01	3,976	21/01/2023*

*Per IFRS 2, service period for the 2022 SIP commences before the grant date and thus the share are disclosed in the year which participants are made aware of the grant conditions which in this case was the announcement date on 14th December 2022.

INDEMNITY INSURANCE

The Company maintains a directors and officers liability insurance policy in respect of any legal costs that may be incurred against the Directors in dealing with any legal claims or investigations. The policy was in place throughout the year and up to the date of approval of the financial statements.

CAPITAL STRUCTURE

Details of the Group's authorised and issued share capital, together with details of the movement therein, are set out in note 16 to the financial statements. This includes the rights and obligations attaching to shares. There are no restrictions on the transfer of the Company's shares. Details of major shareholders (that hold greater than 3.0%) as at 31/12/2022 are set out below:

Name	No. of Ordinary Shares held	Percentage of issued capital
Pembar Limited	24,265,744	13.42%
Threadneedle Asset Management	22,605,405	12.51%
Schroders Funds	19,866,978	11.00%
Hargreaves Lansdown	13,320,211	7.37%
Chelverton Asset Management	9,900,000	5.32%
JP Morgan Asset Management	9,628,032	5.32%
Interactive Investor (EO)	8,346,223	4.61%
Stephen Heath	7,358,341	4.07%
Christian Levett	7,069,344	3.93%
AJ Bell, stockbrokers (EO)	6,069,111	3.35%

ENVIRONMENT

Carbon dioxide emission data has been collected for 2022 and disclosed within the ESG report. This along with further information on environmental matters can be found in the ESG report on pages 28 to 35.

RESEARCH AND DEVELOPMENT

The Group has continued its investment in research and development throughout the year. A review of the work undertaken can be found in the Chief Executive's Report on pages 7 to 11.

RISK AND RISK MANAGEMENT

The Group is exposed to various financial and operational risks. Further details of these, including processes put in place to mitigate these risks, are disclosed in the Risk Committee Report on pages 39 to 41 and note 21 of the financial statements.

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditor 28 days after the financial statements are sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

DIRECTORS' REPORT CONTINUED

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

On 6 January 2023, the Group completed the acquisition of Roqqett Limited, an open-banking platform, for a total consideration of up to £2,250k.

This acquisition was initially announced on 28 November 2022, the acquisition was conditional upon regulatory approval from the Financial Conduct Authority (FCA) which was received on 6 January 2023.

During the year ended 2022, the Group entered into a loan agreement with Roqqett Limited for a principal amount of £830K (2021: Nil) as shown in note 14. The loan was unsecured and does not bear interest. The terms of the loan required that the principal to be converted towards the payment to acquire Roqqett Limited upon regulatory approval from the Financial Conduct Authority (FCA) which was received on 6 January 2023.

On 14 March 2023, the Group sold the Travel Cash CGU for an initial £250k with a further £100k subject to certain conditions being met to Currency Exchange Corporation Ltd. The carrying value of the assets disposed off were £128k shown in note 4 and consisted of right of use and intangible assets.

On the 24 March 2023 after stock trading hours, the Group signed a share purchase agreement for the acquisition of Oonex S.A. an authorised payment institution regulated by the National Bank of Belgium to enable the provision of Equals products into the EEA for consideration of 5 million shares in Equals Group PLC. The acquisition is conditional upon regulatory approval from the National Bank of Belgium.

On the 24 March 2023 after stock trading hours, the Group signed a share purchase agreement for the acquisition of Hamer and Hamer Limited an authorised payment institution regulated by the FCA for an initial consideration of £1.5 million and deferred consideration capped at £2.7 million based on performance over a three-year period. The acquisition is conditional upon regulatory approval from the FCA.

FUTURE DEVELOPMENT

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on pages 5 to 19.

GOING CONCERN

Based on the Group's budgets and financial projections, the Directors are satisfied that the business is a going concern and therefore the financial statements have been prepared on a going concern basis. This assessment is based on whether there is sufficient liquidity and financing to support the business, the post balance sheet trading of the Group, the regulatory environment, and the effectiveness of risk management policies. Management has sensitised its base case, assumed certain business lines might be discontinued and examined the truncating of product development expenditure. The Group is satisfied with the adequacy of its cash position. Further details of post balance sheet trading and position can be found in the Chairman's Statement on page 6.

The Directors' Report was approved by the Board after stock market trading hours on 24 March 2023 and signed on its behalf by:

IAN STRAFFORD-TAYLOR
Chief Executive Officer
24 March 2023

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

for the year ended 31 December 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Equals Group PLC annual report for the year ended 31 December 2022 and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group and the parent company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Equals Group PLC annual report for the year ended 31 December 2022 and financial statements,, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and parent company's position and performance, business model and strategy.

IAN STRAFFORD-TAYLOR
Chief Executive Officer
24 March 2023

Independent Auditors' Report to the Members of Equals Group PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Equals Group PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: consolidated and company statements of financial position as at 31 December 2022; the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group comprises multiple subsidiary entities in the UK. Most of the Group's accounting systems are centralised in the corporate head office located in London. • Our overall audit approach considered each subsidiary entity's contribution to the Group's financial reporting balances.
• Capitalisation of IT development costs (group) • Carrying value of goodwill (group and parent)
• Overall group materiality: 696,822 (2021: 440,914) based on 1% of total revenue. • Overall company materiality: 654,103 (2021: 440,914) based on 1% of total assets. • Performance materiality: 522,616 (2021: 330,686) (group) and 490,577 (2021: 330,686) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUALS GROUP PLC CONTINUED

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of IT development costs (Group) The Group's disclosures are provided in Note 10 'Intangible assets and goodwill' and the related accounting policies applied are detailed in Note 3.13. Management's judgements in the application of the accounting policy is disclosed in Note 3.26(i). The Group capitalises, as intangible assets, certain expenditure on the development of systems and infrastructure designed to support its business strategy. Determining whether expenditure qualifies for capitalisation requires judgement and the total expenditure capitalised in the financial year ended 31 December 2022 amounts to £5.1m (£3.6m during the financial year ended 31 December 2021). The carrying value of software assets was £14.8m at the end of the period (£15.0m at 31 December 2021). When capitalising costs, management determines whether it is probable that expected future economic benefits are attributable to the asset, the cost or value can be reliably measured, and the nature of expenditure qualifies for capitalisation under the accounting standards. Additionally, the determination of costs, particularly salaries and other personnel related costs, that meet the criteria in IAS 38 Intangible Assets to be capitalised is subjective. The Group's estimates included determining the extent of time spent by employees performing IT and non-IT roles in developmental activities and whether all costs were directly attributable to the relevant projects.	We performed the following audit procedures over the capitalised IT development costs: • We evaluated the design of key controls around the capitalisation of internally generated intangible assets. • For a sample of projects to which costs have been capitalised, we obtained and evaluated management's assessment of the nature, feasibility and probably economic benefit expected from the intangible assets. • We obtained a breakdown of the capitalised IT development costs and evaluated whether the nature of expenses meet the criteria in IAS 38 Intangible Assets to be capitalised. • For a sample of IT development cost capitalised, we obtained supporting documentation to corroborate the value and the nature of the expenditure and assessed whether it met the criteria for capitalisation. • We recalculated the amounts capitalised and tested the reliability of data used within the calculation. With respect to the IT development costs capitalised during the current financial period we found them to be reasonable and materially compliant with the requirements of IAS 38 Intangible Assets based on the procedures performed and evidence obtained.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUALS GROUP PLC CONTINUED

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill (group and parent) The Group's disclosures are provided in Note 10 'Intangible assets and goodwill' and the related accounting policies applied are detailed in Note 3.13. Management's judgements in the application of the accounting policy is disclosed in Note 3.26B. The Group has £13.5m of goodwill on the balance sheet at 31 December 2022 (£13.5m at 31 December 2021). Management uses an expert to help them perform an impairment test, with supporting sensitivity analysis, using the higher of value in use ('VIU') and fair value less cost to sell. The recoverable amount of each cash generating unit ('CGU') was determined using the VIU model. Based on the results of the impairment test performed, management concluded that no impairment charge is required as the recoverable amount exceeded the carrying value of the CGUs. The methodology applied by management is dependent on various assumptions, both short term and long term in nature. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement, experts engaged by management and market data. The significant assumptions that we focused our audit on were those with greater levels of management judgement and for which variations had the most significant impact on the recoverable amount. Specifically, these included forecast revenue, costs, the terminal growth rate and discount rates.	We performed the following audit procedures over managements' impairment assessment: • We evaluated the design of key controls over the annual assessment of the recoverable amount and impairment testing in respect to the goodwill balances. • We evaluated managements' identification and allocation of goodwill and other assets to CGUs based on our understanding of the business; • We obtained managements' impairment assessment calculations and agreed the forecast cash flows to the latest approved board plans. • Evaluated the key assumptions in the forecasts, and evaluated the evidence provided to corroborate them with a focus on revenue growth and costs. • We assessed the competence of management's expert and read their report provided to management • We challenged the appropriateness of the discount rates applied by evaluating the reasonability of key assumptions made by management's experts through obtaining supporting evidence and corroborating inputs available in the market. • Assessed whether the cash flows included in the model were in accordance with the relevant accounting standard; • Assessed the sensitivity of the VIU to reasonable variations in significant assumptions; and • We tested the mathematical accuracy of the calculations used to estimate the recoverable amounts for each CGU. Based on the procedures performed and evidence obtained, we found management's conclusions to be reasonable and appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole,taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate. Within the Group's main consolidation and financial reporting system, the consolidated financial statements are a consolidation of subsidiary entities. In establishing the overall approach to the Group audit, we scoped our work using the balances included in the consolidation. We determined the type of work that needed to be performed over the subsidiary entities by us, as the Group engagement team. As a result of our scoping, we determined that an audit of the complete financial information of Equals Money PLC, Fair Payments Limited, Equals Money UK Limited and Equals Connect Limited was necessary, owing to their financial significance. All audit work over these subsidiary entities was performed by the Group engagement team. We then considered the significance of other reporting units in relation to primary statement account balances. In doing this we also considered the presence of any significant audit risks and other qualitative factors. For the remainder, the risk of material misstatement was mitigated through Group audit procedures including subsidiary level analytical review procedures. Certain Group-level account balances, including goodwill, were audited by the Group engagement team.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUALS GROUP PLC CONTINUED

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	**Financial statements – Company**
Overall materiality	696,822 (2021: 440,914).	654,103 (2021: 440,914).
How we determined it	1% of total revenue	1% of total assets
Rationale for benchmark applied	The Group is very focused on expansion through acquisition and organic growth. Revenue has been determined to be a key measure of financial performance for the Group and therefore has been used to determine materiality.	The entity's assets predominantly consist of investments in their subsidiaries and are a benchmark for financial statement users to measure the entity's scale and how they operate their business. Total assets has been determined to be a key measure and has been used to determine materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £3,856 to £696,822.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £522,616 (2021: £330,686) for the group financial statements and £490,577 (2021: £330,686) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £34,841 (group audit) (2021: £22,046) and £32,705 (company audit) (2021: £22,046) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We assessed and challenged key assumptions used by directors in their determination of going concern of the Group and Company;
- We used our knowledge of the Group and Company, its industry and the general economic environment in which it operates to identify the inherent risks in its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period;
- We considered whether these risks could plausibly affect the liquidity or profitability in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group and Company's financial forecasts
- We considered whether the going concern disclosure in note 3.1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUALS GROUP PLC CONTINUED

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority's ('FCA') regulations, Alternative Investments Market ('AIM') Listing Rules, Anti-Money Laundering legislation and UK tax legislation, and we considered the extent to which non-

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUALS GROUP PLC CONTINUED

compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to misstate revenue or reduce costs through incorrect capitalisation, creation of fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Obtaining confirmations from third parties to confirm the existence of a sample of transactions and balances; and
- Identifying and testing journal entries meeting specific fraud criteria, including those posted with certain descriptions, posted and approved by the same individual, backdated journals or posted by infrequent and unexpected users.
- Review of correspondence with and reports to the regulators, including the FCA;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to capitalisation of costs to internally generated intangible assets and the impairment of goodwill and intangible assets (see related key audit matters above);

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DANIEL BRYDON
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 March 2023

Financial statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue on currency transactions		63,541	38,424
Banking revenue		6,141	5,667
Revenue	4	**69,682**	**44,091**
Transaction and commission costs		(36,027)	(20,071)
Gross profit		**33,655**	**24,020**
Administrative expenses	5	(22,576)	(18,499)
Depreciation charge	8/9	(1,211)	(1,398)
Amortisation charge	10	(6,008)	(5,812)
Impairment charge	10	–	(1,638)
Acquisition expenses*1		(164)	–
Total operating expenses		(29,959)	(27,347)
Adjusted EBITDA*2		**12,120**	**6,713**
Operating profit/(loss)		**3,696**	**(3,327)**
Finance costs		(280)	(490)
Profit/(loss) before tax		**3,416**	**(3,817)**
Tax credit	6	135	1,555
Profit/(loss) after tax		**3,551**	**(2,262)**
Attributable to:			
Owners of Equals Group PLC		3,237	(2,424)
Non-controlling interest		314	162
Total comprehensive income/(loss) for the year		**3,551**	**(2,262)**
Attributable to:			
Owners of Equals Group PLC		3,237	(2,424)
Non-controlling interest		314	162
Earnings/(loss) per share			
Basic	7	1.80p	(1.35)p
Diluted	7	1.73p	(1.35)p

*1 *Acquisition costs represents and includes costs pursuant to acquisitions.*
*2 *Adjusted EBITDA is not a GAAP measure and represents operating loss before share option charges, depreciation, amortisation and separately identifiable items (exceptional items).*

All income and expenses arise from continuing operations.

The notes on pages 65 to 94 form an integral part of these financial statements.

Consolidated and Company Statements of Financial Position

as at 31 December 2022

		Group		Company	
	Note	2022	2021	2022	2021
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	1,139	1,257	–	–
Right of use assets	9	3,367	4,874	–	–
Intangible assets and goodwill	10	30,008	30,960	–	–
Deferred tax assets	6	1,831	949	1,368	1,163
Investments	11	–	–	62,902	61,978
		36,345	38,040	64,270	63,141
Current assets					
Inventories	13	292	168	–	–
Trade and other receivables	14	10,274	8,256	1,159	339
Current tax assets	6	–	397	–	–
Derivative financial assets	20	5,616	2,593	–	–
Cash and cash equivalents	15	15,044	13,104	–	–
		31,226	24,518	1,159	339
TOTAL ASSETS		**67,571**	**62,558**	**65,429**	**63,480**
EQUITY AND LIABILITIES					
Equity attributable to equity holders					
Share capital	16	1,807	1,793	1,807	1,793
Share premium		53,405	53,218	53,405	53,218
Share-based payment reserve		3,231	1,858	2,397	1,580
Other reserves	17	8,609	8,609	3,187	3,187
Accumulated losses/Retained earnings		(24,148)	(24,590)	1,038	1,623
Company loss in the year		–	–	(1,127)	(692)
Equity attributable to owners of Equals Group PLC		42,904	40,888	60,707	60,709
Non-controlling interest		–	263	–	–
		42,901	41,151	60,707	60,709
Non-current liabilities					
Borrowings	18	–	1,600	–	–
Lease liabilities	9	3,417	4,484	–	–
		3,417	6,084	–	–
Current liabilities					
Borrowings	18	–	400	–	–
Trade and other payables	19	15,489	12,002	4,722	2,771
Current tax liabilities	6	192	61	–	–
Lease liabilities	9	780	778	–	–
Derivative financial liabilities	20	4,789	2,082	–	–
		21,250	15,323	4,722	2,771
TOTAL EQUITY AND LIABILITIES		**67,571**	**62,558**	**65,429**	**63,480**

The notes on pages 65 to 94 form an integral part of these financial statements.

The financial statements on pages 59 to 64 were approved by the Board of Directors after stock market trading hours on 24 March 2023 and were signed on its behalf by:

Richard Cooper

Richard Cooper
Director, Chief Financial Officer

Company Registration number: 08922461

Consolidated and Company Statements of Changes in Equity

for the year ended 31 December 2022

Group	Called up share capital £'000	Share premium £'000	Share-based payment £'000	Accumulated losses / retained earnings £'000	Other reserves (note 17) £'000	Total attributable to owners of Equals Group PLC £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2021	**1,786**	**53,003**	**1,402**	**(22,259)**	**8,609**	**42,541**	**101**	**42,642**
(Loss) / profit for the year	–	–	–	(2,424)	–	(2,424)	162	(2,262)
Share-based payment charge (note 22)	–	–	271	–	–	271	–	271
Share options exercised in year	–	–	(93)	93	–	–	–	–
Shares issued in year	7	215	–	–	–	222	–	222
Movement in deferred tax on share-based payment reserve	–	–	278	–	–	278	–	278
At 31 December 2021	**1,793**	**53,218**	**1,858**	**(24,590)**	**8,609**	**40,888**	**263**	**41,151**
Profit for the year	–	–	–	3,237	–	3,237	314	3,551
Acquisition of the remaining NCI (note 12)	–	–	–	(2,902)	–	(2,902)	(577)	(3,479)
Share-based payment charge (note 22)	–	–	924	–	–	924	–	924
Share options exercised in year	–	–	(107)	107	–	–	–	–
Shares issued in year	14	187	–	–	–	201	–	201
Movement in deferred tax on share-based payment reserve	–	–	556	–	–	556	–	556
At 31 December 2022	**1,807**	**53,405**	**3,231**	**(24,148)**	**8,609**	**42,904**	**–**	**42,904**

Company	Called up share capital £'000	Share premium £'000	Share-based payment £'000	Accumulated losses / retained earnings £'000	Other reserves (note 17) £'000	Total equity £'000
At 1 January 2021	**1,786**	**53,003**	**1,402**	**1,530**	**3,187**	**60,908**
Loss for the year	–	–	–	(692)	–	(692)
Share-based payment charge (note 22)	–	–	271	–	–	271
Share options exercised in year	–	–	(93)	93	–	–
Shares issued in year	7	215	–	–	–	222
At 31 December 2021	**1,793**	**53,218**	**1,580**	**931**	**3,187**	**60,709**
Loss for the year	–	–	–	(1,127)	–	(1,127)
Share-based payment charge (note 22)	–	–	924	–	–	924
Share options exercised in year	–	–	(107)	107	–	–
Shares issued in year	14	187	–	–	–	201
At 31 December 2022	**1,807**	**53,405**	**2,397**	**(89)**	**3,187**	**60,707**

The following describes the nature and purpose of each reserve within owners' equity:

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for shares in excess of nominal value less directly attributable costs.
Share-based payment reserve	Proportion of the fair value of share options granted relating to services rendered up to the balance sheet date
Accumulated losses	Cumulative profit and losses attributable to equity shareholders.
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

The notes on pages 65 to 94 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

Group	Note	2022 £'000	2021 £'000
Profit/(Loss) before tax		3,416	(3,817)
Cash flows from operating activities			
Adjustments for:			
Depreciation	5	1,211	1,398
Amortisation	10	6,008	5,812
Impairment		–	1,638
Share-based payment charge	5	924	272
(Increase)/decrease in trade and other receivables*1		(9,920)	3,614
Increase/(decrease) in trade and other payables*2		9,707	(2,688)
(Increase)/decrease in derivative financial assets	20	(3,023)	426
Increase/(decrease) in derivative financial liabilities		2,707	(968)
(Increase)/decrease in inventories	13	(124)	26
Finance Costs		280	490
Net cash inflow		11,186	6,203
Tax receipts		400	1,367
Tax paid		(61)	–
Net cash inflow from operating activities		11,525	7,570
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(271)	(78)
Acquisition of intangibles	10	(5,056)	(3,560)
Net cash used in investing activities		(5,327)	(3,638)
Cash flows from financing activities			
Repayment of borrowings	18	(2,000)	–
Principal elements of lease payments	9	(837)	(872)
Interest paid on finance lease	9	(169)	(194)
Interest paid		(47)	(14)
Acquisition of the remaining non-controlling interest		(1,405)	–
Proceeds from issuance of ordinary shares		200	220
Net cash outflow from financing activities		(4,258)	(860)
Net increase in cash and cash equivalents		1,940	3,072
Cash and cash equivalents at the beginning of the year		13,104	10,032
Cash and cash equivalents at end of the year	15	**15,044**	**13,104**

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

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

The notes on pages 65 to 94 form an integral part of these financial statements.

Company Statement of Cash Flows
for the year ended 31 December 2022

Company	2022 £'000	2021 £'000
Loss before tax	(1,332)	(1,111)
Cash flows from operating activities		
Adjustments for:		
Increase in trade and other receivables*1	(1,024)	(63)
Increase in trade and other payables*2	3,086	954
Finance costs	3	6
Net cash outflow from operating activities	733	(214)
Cash flows from financing activities		
Interest paid	(3)	(6)
Acquisition of the remaining non-controlling interest	(930)	–
Proceeds from issuance of ordinary shares	200	220
Net cash inflow from financing activities	(733)	214
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at end of the year	**–**	**–**

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

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

The notes on pages 65 to 94 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2022

1 GENERAL INFORMATION

The Company is a public company limited by shares and incorporated in England and Wales and domiciled in the UK and whose shares are admitted to trading on AIM, a market operated by The London Stock Exchange. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a financial technology ("fintech") provider, primarily providing foreign currency and banking services. In addition, the Group had, until 14 March 2023, 1 (2021: 2) outlets as part of its Bureau de Change retail network in the City of London.

The Company and Group's consolidated financial statements for the year ended 31 December 2022 were authorised for issue after stock market trading hours on 24 Mar 2023 and the Company and Group's statement of financial position signed by Richard Cooper on behalf of the Board.

2 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED STANDARDS

New and revised accounting standards and interpretations adopted, none of which had any material impact to the Company and Group:

- COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

New standards, amendments and interpretations issued but not yet effective or early adopted, none of which is expected to have a material impact on the Company and Group:

- IFRS 17 Insurance Contracts (effective date of 1 January 2023)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective date of 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective date of 1 January 2023)

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Group and Company 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.

3.1 Basis of preparation

These financial statements are prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and AIM Regulations. The financial statements are presented in Sterling, the Company and Group's presentational currency.

IFRS requires management to make certain accounting estimates and to exercise judgement in the process of applying the Company and Group's accounting policies. These estimates are based on the Directors best knowledge and past experience and are explained further in note 3.26.

Going concern

Details of the Group's business activities, results, cash flows and resources, together with the risks it faces and other factors likely to affect its future development, performance and position are set out in the strategic report. Certain Group companies are regulated by the Financial Conduct Authority and perform annual capital adequacy assessments. Consideration was given to whether there is sufficient liquidity and financing to support the business, the post balance sheet trading of the Group, the regulatory environment and the effectiveness of risk management policies. Management has sensitised its base case, assumed certain business lines might be discontinued and examined the truncating of product development expenditure. The Board, therefore, has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of all Group subsidiaries as at 31 December each year using consistent accounting policies.

Business combinations

The Group financial statements for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
CONTINUED

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A non-controlling interest is recognised, representing the interests of minority shareholders in subsidiaries not wholly owned by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated.

On publishing the Company financial statements here, together with the Group financial statements, the Company is taking advantage of exemption in section 408 of the Companies Act 2006 not to present the individual income statement and related notes of the Company which form part of these approved financial statements.

3.3 Foreign currency

In preparing these financial statements, transactions in currencies other than the Company and Group's presentational currency ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transaction. At each statement of financial position date, monetary items in foreign currencies are translated into the presentational currency at the exchange rate prevailing at statement of financial position date.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in the consolidated statement of comprehensive income for the year.

3.4 Gross value of currency transactions sold and the gross value of banking transactions

The gross value of currency transactions sold represent the gross value of currency transactions undertaken with customers by the Group, where the net is reported as revenue. The gross value of banking transactions represents client money deposits by customers. These values are a non-GAAP measure and therefore disclosed as additional information in the consolidated statement of comprehensive income.

3.5 Revenue recognition

The Group applies IFRS 15 *Revenue from Contracts with Customers* for the recognition of revenue. IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. It affects the timing and recognition of revenue items, but not generally the overall amount recognised.

The performance obligations of all revenue streams are satisfied on the transaction date or by the provision of the service for the period described in the contract. Revenue is not recognised where there is evidence to suggest that customers do not have the ability or intention to pay. The Group does not have any contracts with customers where the performance obligations have not been fully satisfied.

How the Group recognises revenue for its significant revenue streams is described below.

Currency Cards – Retail and Corporate

A contract is identified when it is approved by relevant parties and when the card is issued to the customer. Performance obligations and transaction prices are set out in the contract. Revenue from provision of card services is recognised over the period in which they are provided.

ATM transaction and out-of-currency variable fees are constrained to the amount not expected to be reversed. Variable revenue is recognised at the point at which it is unlikely to be reversed, typically the transaction date.

International Payments and Travel Cash

This service relates to the facility to buy and sell currency. A contract is identified when a payment is approved by the Group and the customer. Performance obligations and transaction prices are set out in the contract. Revenue is recognised on the transaction date for both spot and forward transactions.

Banking

This service relates to the provision of bank account services. A contract is identified when a customer enters an agreement with the Group for a Cardone Banking account. Performance obligations and transaction prices are set out in the contract.

Monthly account fees are recognised during the month the account is provided. ATM transaction and out-of-currency variable fees are recognised up to the amount not expected to be reversed. Variable revenue is recognised at the point at which it is unlikely to be reversed, typically the transaction date.

3.6 Accounting for government grants

The Group recognises government grants once it has satisfied itself that it is compliant with the relevant conditions and the grant will be received. Grant income is recognised in profit or loss on a systematic basis and in line with the recognition of the expenses that the grants are intended to compensate and is offset against related expenditure.

3.7 Pension costs

The Group operates a defined contribution pension scheme and outsources the administration of the pension scheme to a third party. The Group contributes to the pension scheme in line with Auto-enrolment obligations as defined in the Pensions Act 2008 and passes on the employer and employee contributions to the pension scheme administrator on a monthly basis. The employer contributions are recognised as they occur through the payroll.

3.8 Share-based payments

Employees (including Directors) of the Group may receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). In situations where equity instruments are issued and some or all of the services received by the entity as consideration cannot be specifically identified, they are measured as the difference between fair value of the share-based payment and the fair value of any

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 CONTINUED

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

identifiable services received at the grant date. The cost of equity-settled transactions with employees, is measured by reference to the fair value at the date on which they are granted. The fair value is determined using an appropriate pricing model, further details of which are given in note 22.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution on the computation of earnings per share. Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share-based payment charge recognised.

3.9 Research and development

Research costs are expensed as incurred. Expenditure on IT software and development is recognised as an intangible asset only if the expenditure can be measured reliably, when the intangible asset is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

3.10 Treatment of research and development tax credits

Research and development tax credits are treated as taxation credits as defined under IAS12 *Income Taxes* with a credit recorded in the year to which the claim relates.

3.11 Taxation

The tax expense comprises current and deferred tax and R&D tax credits.

3.12 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Intangible assets and goodwill

(i) Recognition and measurement

Goodwill arising on business combinations is measured at cost less accumulated impairment losses.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
CONTINUED

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Separately acquired trademarks and licences are shown at historical cost less accumulated impairment losses. Other intangible assets, including customer relationships, patents and trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised. The estimated useful lives for current and comparative periods are as follows:

Customer relationships	6-9 years
Brands	5 years
Trademarks, licences, patented and non-patented technology	3-10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.14 Property, plant and equipment

All property, plant and equipment is stated at cost of acquisition or production cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following basis:

Plant and equipment	3-5 years
Fixtures and fittings	3-5 years
Leasehold improvements	10 years

3.15 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less impairment in value.

3.16 Inventories

Inventories comprise of stock of plastic payment cards not yet distributed to customers. Inventories are valued at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. There are no currency amounts loaded on the stock of cards.

3.17 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 3.24.

3.18 Derivative financial assets and liabilities

Derivative financial assets and liabilities are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the income statement. The Group's derivative financial assets and liabilities at fair value through profit or loss comprise solely of forward foreign exchange contracts.

3.19 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.20 Cash and cash equivalents

These include cash in hand and deposits held at call with banks. Any cash held on behalf of customers is segregated from operational cash and safeguarded in accordance with our regulatory obligations. The risks and rewards to the Group that arise from the holding of customer money are principally vested with the customers. As a result, the Group does not account for customer cash in the Group's financial statements.

3.21 Trade and other payables

These are initially recognised at fair value and then carried at amortised cost using the effective interest method. The Group does not account for customer cash and the associated customer liability in the Group's financial statements, as the risks and rewards that arise are principally vested with the customers.

3.22 Provisions excluding those under IFRS 9 (see note 3.24)

A provision is recognised in the statement of financial position when the Company and Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
CONTINUED

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

3.23 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Group recognises a Right of Use asset and a corresponding liability at the date at which the leased asset is available for use. Lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the Right of Use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of Use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs.

Right of Use assets are depreciated using the straight-line basis over the lease term at a rate between 10-25%. The Group applies the following practical expedients permitted by the standard:

- excluding short term leases (less than 12 months) and low-value items (less than £3,775);
- exercising extension options where the contract contains a provision.

There are no variable payment terms in current leases.

3.24 Impairment

A. Non-derivative financial assets

IFRS 9 offers two approaches for measuring and recognising the loss allowance: General and Simplified. The general approach should be applied for all financial assets subject to impairment, except for trade receivables or contract assets (IFRS 15) without significant financing component, for these assets simplified approach should be applied.

The Group's financial instruments measured at amortised cost falling within the scope of the standard are (i) trade and other receivables and (ii) cash and cash equivalents. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade and other receivables

The Group applies the IFRS 9 Simplified approach, by recognising a loss allowance based on a lifetime expected credit loss ("ECL") at each reporting date.

B. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal ("FVLCOD"). Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. FVLCOD is the price that would be received to sell an asset or CGU in an orderly transaction between market participants at the measurement date, less any incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense. The Group's CGU's for impairment testing are defined in note 10. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then

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3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.25 Director's remuneration

From 2020, the Group have adopted accrual accounting for the recognition of annual bonuses to Executive Directors, with bonuses being accrued in the year to which they relate, provided in management's opinion it seems more certain than not that any award dependent on the fulfilment of performance criteria will, in fact, be met. Previously bonuses were recognised in the year they were awarded. See note 5b for further details.

3.26 Judgements and estimates

The preparation of the Group's consolidated financial statements 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

The judgements made in applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements were as follows:

(i) Technology development intangibles

Development costs are capitalised based on management's judgements that the project is technologically and economically feasible, the asset is expected to generate future net cash inflows and a successful outcome is probable in accordance with IAS 38 *Intangible Assets*. Management judgement is required to determine the useful economic lives of these assets and uses market and technological knowledge in determining these.

(ii) IFRS 16 Leases – lease term and extension options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). All extension options in office leases have been included in the lease liability.

(iii) IFRS 16 Leases – incremental borrowing rate

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group which do not have recent third-party financing, and makes adjustments specific to the lease; inflation, country risk premium, financing spread level of indebtedness and asset specific risk.

B. Assumptions and estimation uncertainties

The assumptions and estimation uncertainties at the end of the financial year that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year were as follows:

(i) Impairment of goodwill and intangibles

The Group assesses goodwill annually for impairment. The assumptions and estimates used in the impairment test for goodwill including the sensitivity testing are disclosed in note 10.

(ii) Valuation of share options

The Group fair values share options on date of grant using the Black-Scholes and Monte-Carlo models. Further details on the use of fair value can be found in note 3.27 Measurement of fair values and note 22 Share options.

(iii) Valuation of derivative instruments

The Group enters into foreign exchange forward positions with clients which it matches against foreign exchange forward positions with various financial institutions, earning a margin in the process. Open positions are fair valued at the balance sheet date using Bloomberg forward rates for all major currencies.

(iv) Deferred consideration

Total compensation for acquisitions may include an element of deferred consideration payable, subject to the fulfilment of certain conditions post-acquisition. Where this is the case, management use historical information and management forecasts to estimate a liability, using the discounted cash-flow methodology, to derive a fair value of the deferred consideration payable. This estimate is revised at each reporting date to reflect latest current and expected outcomes.

3.27 Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 CONTINUED

4 REVENUE AND SEGMENTAL ANALYSIS

Segment results are reported to the Board of Directors (being the chief operating decision maker) to assess both performance and support strategic decisions. The Board reviews financial information on revenue for the following segments: Currency Cards (both personal and corporate), International Payments, Solutions, Travel Cash, Banking and Central (which includes overheads and corporate costs). Revenue is primarily derived from UK based customers.

IFRS 15 requires the presentation of disaggregated revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the Board, to evaluate the financial performance of the Group.

Group	Currency Cards £'000	International Payments £'000	Solutions £'000	Travel Cash £'000	Banking £'000	Central £'000	Total £'000
Year ended 31 December 2022							
Segment revenue	12,539	34,357	15,636	1,009	6,141	–	69,682
Transaction and commission costs	(4,618)	(21,362)	(8,089)	(553)	(1,405)	–	(36,027)
Gross profit	7,921	12,995	7,547	456	4,736	–	33,655
Administrative expenses	–	–	–	–	–	(22,576)	(22,576)
Depreciation charge	–	–	–	–	–	(1,211)	(1,211)
Amortisation charge	–	–	–	–	–	(6,008)	(6,008)
Impairment charge	–	–	–	–	–	–	–
Acquisition expenses	–	–	–	–	–	(164)	(164)
Finance costs	–	–	–	–	–	(280)	(280)
Profit/(loss) before tax	7,921	12,995	7,547	456	4,736	(30,239)	3,416
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 CONTINUED

4 REVENUE AND SEGMENTAL ANALYSIS (CONTINUED)

Group	Currency Cards £'000	International Payments £'000	Solutions £'000	Travel Cash £'000	Banking £'000	Central £'000	Total £'000
Year ended 31 December 2021							
Segment revenue	8,642	25,882	3,554	346	5,667	–	44,091
Transaction and commission costs	(2,616)	(13,911)	(1,888)	(101)	(1,555)	–	(20,071)
Gross profit	6,026	11,971	1,666	245	4,112	–	24,020
Administrative expenses	–	–	–	–	–	(18,499)	(18,499)
Depreciation charge	–	–	–	–	–	(1,398)	(1,398)
Amortisation charge	–	–	–	–	–	(5,812)	(5,812)
Impairment charge	–	–	–	(1,638)	–	–	(1,638)
Acquisition expenses	–	–	–	–	–	–	–
Finance costs	–	–	–	–	–	(490)	(490)
Profit/(loss) before tax	6,026	11,971	1,666	(1,393)	4,112	(26,199)	(3,817)
Current assets	–	–	–	–	–	24,518	24,518
Non-current assets	6,602	18,258	–	600	11,631	949	38,040
Total liabilities	–	–	–	–	(1,744)	(19,663)	(21,407)
Total net assets	6,602	18,258	–	600	9,887	5,804	41,151

5 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following operating expenses:

	Note	2022 £'000	2021 £'000
Staff costs (net of expenditure capitalised)	5a	14,406	12,550
IT and telephone cost (net of expenditure capitalised)	5c	2,012	1,800
Other professional fees	5d	1,201	883
Compliance costs		683	449
Marketing costs		1,858	1,171
Property and office costs (net of expenditure capitalised)	5f	932	822
Travel and subsistence		440	300
Other share option related costs		46	84
Other		3	3
Sub-total, cash-based expenses		**21,581**	**18,062**
Contingent consideration	5h	–	46
Share option charge		924	272
Foreign exchange loss		71	119
Other		–	–
Sub-total, non cash-based costs		**995**	**437**
Total administrative expenses		**22,576**	**18,499**
Depreciation of right of use assets	9	822	931
Depreciation of property, plant and equipment	8	389	467
Amortisation charge		6,008	5,812
Impairment charge		–	1,638
Acquisition costs		164	–
Total operating expenses		**29,959**	**27,347**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5 OPERATING PROFIT/(LOSS) (CONTINUED)

5A STAFF COSTS

Number of employees

The number of employees (including Directors) was:

	2022 Headcount	2021 Headcount
Administrative staff – monthly average for the year	268	255
Number of staff at the balance sheet date	285	255

All employees are employed by the subsidiaries of Equals Group PLC.

Employee costs

	2022 £'000	2021 £'000
Cost of staff on payrolls	20,990	18,074
Cost of contractors and consultants	1,471	656
Gross costs	22,461	18,730
Less: categorised in transaction and commission costs	(3,864)	(3,152)
	18,597	15,578
Less: reported within internally generated software intangibles	(4,191)	(3,028)
	14,406	12,550

	2022 £'000	2021 £'000
Wages and salaries	14,812	12,883
Social security costs	1,769	1,437
Pension costs	597	566
	17,178	14,886
Less: categorised in transaction and commission costs	(3,864)	(3,152)
	13,314	11,734
Employee furlough government grant received	–	(34)
	13,314	11,700
Recruiting, training, benefits and similar	1,092	850
Total*	**14,406**	**12,550**

**includes £nil (2021: £628k) of expenditure identified by the Directors as separately identifiable items. Separately identifiable items are large, one-off items identified by management.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5 OPERATING PROFIT/(LOSS) (CONTINUED)

5B DIRECTORS' REMUNERATION

Company

All bonuses and conditional bonuses, whether the conditions have been made or not, have, from 2022 onwards, been accrued.

CEO bonus

In relation to the 2021 financial year, a bonus of £330k was paid during 2022.

The CEO is entitled to a bonus of £420k in relation to 2022 should all performance conditions be met. At the date of signing these financial statements, 100% of the conditions have been met and £420k is immediately payable. The full amount of the bonus together with associated national insurance contributions has been accrued.

CFO bonus

In relation to the 2021 financial year, a bonus of £220k was awarded during 2022. £160k of this was paid as a bonus and £60k paid as a pension contribution.

The CFO is entitled to a bonus of £273.6k in relation to 2022 should all performance conditions be met. At the date of signing these financial statements, 100% of the conditions have been met and £273.6k is immediately payable. The full amount of the bonus together with associated national insurance contributions has been accrued.

Year ended 31 December 2022	Gross Salary £'000	Bonus £'000	Employer Pension £'000	Benefits £'000	Total Remuneration Paid £'000
Paid during the year					
Ian Strafford-Taylor	350	330	4	33	717
Richard Cooper	304	160	64	23	551
Sub-total - executives	654	490	68	56	1,268
Non-Executive Directors					
A R F Hughes	82	–	–	–	82
S Herbert	65	–	–	–	65
C Bones	55	–	–	–	55
Total remuneration paid	**856**	**490**	**68**	**56**	**1,470**

Year ended 31 December 2021	Gross Salary £'000	Bonus £'000	Employer Pension £'000	Benefits £'000	Total Remuneration Paid £'000
Paid during the year					
Ian Strafford-Taylor	297	358	3	21	679
Richard Cooper	252	–	44	15	311
Sub-total - executives	549	358	47	36	990
Non-Executive Directors					
A R F Hughes	81	–	–	–	81
S Herbert	66	–	–	–	66
C Bones (appointed 9 April 2021)	40	–	–	–	40
Total remuneration paid	**736**	**358**	**47**	**36**	**1,177**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5 OPERATING PROFIT/(LOSS) (CONTINUED)

The above tables have been prepared on a cash paid basis for 2022, whereas the remuneration committee report will be shown on an accrual basis to detail out the bonuses accrued as at 31 December 2022.

	2022 £'000	2021 £'000
Highest Paid Director		
Gross Salary	350	297

	2022 £'000	2021 £'000
Average wage per employee		
Gross Salary	55	51

Group

The total amount paid during 2022 to Executive Directors, when including Executive Directors of all the subsidiaries in the consolidated Group, was £3,466k (2021: £2,893k). This included pension payments of £105k (2021: £82k). Details of CEO and CFO bonuses accrued during the year but not paid are given in the Company disclosures above. Information about Directors' share options is given in note 22.

5C IT AND TELEPHONE

	2022 £'000	2021 £'000
IT and telephone costs	2,420	2,101
Capitalised costs	(408)	(301)
Total IT and telephone costs included in administrative expenses	2,012	1,800

5D PROFESSIONAL FEES

	2022 £'000	2021 £'000
Professional fees	1,201	883
Total professional fees included in administrative expenses*	1,201	883

**includes £nil (2021: £3k) of expenditure identified by the Directors as separately identifiable items.*

5E AUDIT FEES

Included in professional fees above are amounts charged by the Group's auditors are shown exclusive if VAT are as follows:

	2022 £'000	2021 £'000
Statutory audit fees		
Fees payable for the statutory audit of the Group	350	303
Total audit fees	350	303

There were no non-audit fees during the current and preceding year.

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5 OPERATING PROFIT/(LOSS) (CONTINUED)

5F PROPERTY AND OFFICE COSTS

	2022 £'000	2021 £'000
Property costs	1,695	1,823
IFRS 16 property adjustment lease payments and finance costs (note 9)	(763)	(1,001)
Total property costs included in administrative expenses	932	822

5G CONTINGENT CONSIDERATION

Contingent consideration represents the fair value of additional consideration estimated in respect of the acquisitions of Casco Financial Services Limited (renamed to Equals Connect Limited) in November 2019 and Effective FX Limited intellectual property rights in October 2020. This additional consideration payable is the result of revenues being in excess of forecasts at the time of acquisition.

6 TAXATION

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

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

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

Additional to corporate taxation, the Group paid the following taxation costs during the year:

a. Employers National Insurance contributions - £2,145k (2021: £1,724k)

b. Irrecoverable VAT - £1,584k (2021: £1,127k).

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

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FOR THE YEAR ENDED 31 DECEMBER 2022
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6 TAXATION (CONTINUED)

Factors affecting tax credit for the year

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

	2022 £'000	2021 £'000
Profit/(loss) before taxation: Continuing operations	3,416	(3,817)
Taxation at the UK corporation rate tax of 19.0% (2021: 19.0%)	649	(725)
Net permanent differences between tax and accounting	78	112
Net impact of R&D tax credit claim	(655)	(535)
Remeasure of deferred tax asset on carry forward losses	(124)	(221)
Effect of change in tax rates	–	(121)
Utilisation of tax losses	(83)	(65)
Total tax credit for the year	(135)	(1,555)

Movement in deferred tax balances

Group	Net balance at 1 January £'000	Acquired in business combination £'000	Recognised to equity £'000	Recognised to profit or loss £'000	Net balance at 31 December £'000	Deferred tax asset £'000	Deferred tax liability £'000
2022							
Intangibles	(3,546)	–	–	(137)	(3,683)	–	(3,683)
Property plant and equipment	(196)	–	–	(43)	(239)	–	(239)
Equity settled share-based payments	673	–	556	216	1,445	1,445	–
Unutilised tax losses	4,018	–	–	290	4,308	4,308	–
Deferred tax (liabilities)/assets	949	–	556	327	1,831	5,753	(3,922)

Group	Net balance at 1 January £'000	Acquired in business combination £'000	Recognised to equity £'000	Recognised to profit or loss £'000	Net balance at 31 December £'000	Deferred tax asset £'000	Deferred tax liability £'000
2021							
Intangibles	(3,480)	–	–	(66)	(3,546)	–	(3,546)
Property plant and equipment	(260)	–	–	64	(196)	–	(196)
Equity settled share-based payments	15	–	278	380	673	673	–
Unutilised tax losses	3,178	–	–	840	4,018	4,018	–
Deferred tax (liabilities)/assets	(547)	–	278	1,218	949	4,691	(3,742)

The standard rate of corporation tax applicable to the Group for the year ended 31 December 2022 was 19.0%. The rate in the year ending 31 December 2023 will be 23.5%. The Government has confirmed that the rate of corporation tax will be increased to 25% with effect from 1 April 2023. Deferred tax assets and liabilities have been recognised at the substantively enacted rate. The effect of the change in tax rate has been calculated on deferred tax.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6 TAXATION (CONTINUED)

Assumptions and estimation uncertainties

The Group has recorded a £4,308k (2021: £4,018k) deferred tax asset in relation to brought forward and carried forward tax losses and has a further £nil (2021: £nil) deferred tax asset unrecognised. Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is considered more likely than not. The decision to recognise any asset is taken at such point the recovery is reasonably certain. The Group has concluded that the deferred assets will be recoverable using estimated future taxable income based on approved board budget for 2023 and 5-year forecast horizon.

The Group has recorded a £1,445k (2021: £673k) deferred tax asset in relation to share option awards outstanding at the year-end. Deferred tax assets are recognised for share options when the share options have intrinsic value that could be deductible for tax purposes, this is classed as share options in-the-money at the year-end.

7 PROFIT/(LOSS) PER SHARE

Basic earnings per share

The calculation of basic profit or loss per share has been based on the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. The profit/(loss) after tax attributable to ordinary shareholders of the Group is £3,236k (2021: £2,424k Loss) and the weighted average number of shares for the period was 180,583,788 (2021: 178,959,402).

Diluted earnings per share

The calculation of diluted earnings per share has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares. The weighted average number of dilutive shares is 187,611,447 (2021: 178,959,402).

	Basic 2022	Diluted 2022	Basic 2021	Diluted 2021
Profit / (loss) per share	1.80p	1.73p	(1.35)p	(1.35)p

Adjusted earnings per share

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

	Basic 2022	Diluted 2022	Basic 2021	Diluted 2021
Adjusted profit per share	3.15p	3.03p	0.02p	0.02p

* See page 18 in the CFO report for detailed adjusted earnings calculation.

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8 PROPERTY, PLANT AND EQUIPMENT

Group	Plant and machinery £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2022	1,363	464	1,329	3,156
Additions	227	22	22	271
At 31 December 2022	1,590	486	1,351	3,427
Accumulated Depreciation				
At 1 January 2022	1,133	270	496	1,899
Charge for the year	180	90	119	389
At 31 December 2022	1,313	360	615	2,288
Net book value				
At 31 December 2022	277	126	736	1,139

Group	Plant and machinery £'000	Fixtures and fittings £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 January 2021	1,295	464	1,319	3,078
Additions	68	–	10	78
At 31 December 2021	1,363	464	1,329	3,156
Accumulated Depreciation				
At 1 January 2021	901	181	350	1,432
Charge for the year	232	89	146	467
At 31 December 2021	1,133	270	496	1,899
Net book value				
At 31 December 2021	230	194	833	1,257

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9 LEASES

Group

Right of use assets	Vehicles £'000	Property £'000	Total £'000
At 1 January 2021	51	6,010	6,061
Additions to right of use assets	338	–	338
Modifications to leases	–	(594)	(594)
Depreciation charge for the year	(122)	(809)	(931)
At 31 December 2021	267	4,607	4,874
Additions to right of use assets	157	4	161
Modifications to leases	(61)	(784)	(845)
Depreciation charge for the year	(170)	(653)	(823)
At 31 December 2022	193	3,174	3,367

Lease liabilities	Vehicles £'000	Property £'000	Total £'000
At 1 January 2021	49	6,357	6,406
Additions to lease liabilities	338	–	338
Lease finance expenses	8	186	194
Modification to leases*	–	(616)	(616)
Payments	(138)	(922)	(1,060)
At 31 December 2021	257	5,005	5,262
Additions to lease liabilities	157	–	157
Lease finance expenses	10	159	169
Modification to leases*	(51)	(808)	(859)
Credit notes	–	473	473
Payments	(191)	(814)	(1,005)
At 31 December 2022	182	4,015	4,197
Current lease liabilities	114	666	780
Non-current lease liabilities	68	3,349	3,417
	182	4,015	4,197

* Modifications to lease assets and lease liabilities relate to a negotiated early termination of a Bureau property lease, early termination of a vehicle and modifications to a current lease for the main London office property lease.

	2022 £'000	2021 £'000
Net lease liability	830	388

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9 LEASES (CONTINUED)

(i) Amounts recognised in the consolidated statement of comprehensive income

Group

	Property £'000	Vehicles £'000	Total 2022 £'000	Property £'000	Vehicles £'000	Total 2021 £'000
Depreciation charge for right of use assets	653	170	823	809	122	931
Lease finance expenses	159	10	169	186	8	194
Modification of lease terms – net impact	(24)	10	(14)	(22)	–	(22)
Expense relating to short-term and low value items leases	67	–	67	66	–	66
	855	**190**	**1,045**	**1,039**	**130**	**1,169**

Included within expenses relating to low value assets, which are below the de-minimis level, are amounts relating to IT equipment (printer and photocopiers etc) and property costs (fridges, microwaves etc). The total cash outflow for leases in 2022 was £1,005k (2021: £1,060k) including for principal and interest.

10 INTANGIBLE ASSETS AND GOODWILL

Group	Goodwill £'000	Trademarks, licences, patented and non-patented technology £'000	Customer relationships £'000	Brands £'000	Under construction £'000	Total £'000
Cost						
At 1 January 2022	13,468	26,253	4,652	455	661	45,489
Reclassifications	–	214	–	–	(214)	–
Additions	–	4,321	–	–	927	5,248
Disposals	–	(205)	–	–	–	(205)
At 31 December 2022	13,468	30,583	4,652	455	1,374	50,532
Amortisation						
At 1 January 2022	–	11,935	2,216	378	–	14,529
Charge for the year	–	5,196	741	71	–	6,008
Disposals	–	(13)	–	–	–	(13)
At 31 December 2022	–	17,118	2,957	449	–	20,524
Impairment						
Impairment for the year	–	–	–	–	–	–
Net book value						
At 31 December 2022	13,468	13,465	1,695	6	1,374	30,008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 CONTINUED

10 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Group	Goodwill £'000	Trademarks, licences, patented and non-patented technology £'000	Customer relationships £'000	Brands £'000	Under construction £'000	Total £'000
Cost						
At 1 January 2021	15,106	21,725	4,652	455	1,629	43,567
Reclassifications	–	1,629	–	–	(1,629)	–
Additions	–	2,899	–	–	661	3,560
At 31 December 2021	15,106	26,253	4,652	455	661	47,127
Amortisation						
At 1 January 2021	–	6,955	1,475	287	–	8,717
Charge for the year	–	4,980	741	91	–	5,812
At 31 December 2021	–	11,935	2,216	378	–	14,529
Impairment						
Impairment for the year*	1,638	–	–	–	–	1,638
Net book value						
At 31 December 2021	13,468	14,318	2,436	77	661	30,960

* *The impairment charge in 2021 relates to the Travel Cash CGU.*

Included within additions to 'assets under construction' and 'trademarks, licenses, patented and non-patented technology' is £4,599k (2021: £3,329k) for internally generated software. The intangibles under construction balance consists of costs incurred on software development projects that were not completed before the end of the reporting period. IAS 36 *Impairment of Assets* requires that intangible assets that are not available for use are required to be tested for impairment at least on an annual basis. The balance at reporting date relates to additions made during the reporting period, which are tested annually for impairment during the 2022 calendar year.

Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Impairment testing of goodwill that was recognised in a business combination is required by IAS 36 to be performed on an annual basis or whenever indicators of impairment exist. Where goodwill has been allocated to a cash-generating unit ("CGU") that CGU is tested for impairment to determine whether the carrying amount of the CGU may not be recoverable. The Group has carried out the impairment review of goodwill recognised in the following CGUs as required by IAS 36:

- Banking
- International Payments (including businesses of Hermex, Eiger, Equals Connect (previously Casco), the International Payments business of CFX and Effective)

This represents the lowest level at which goodwill is monitored for internal management purposes.

Management estimates discount rates using pre-tax rate that reflects the current market assessment of the time value of money and the specific risks associated with the asset for which the future cash flow estimates have not been adjusted. The rate used to discount the forecast cash flows are based upon the CGU's weighted average cost of capital (WACC). The WACC for the CGUs were Banking: 16.15% (2021: 14.56%) and International Payments: 14.30% (2021: 12.34%).

The increase in discount factors is a function of both, increased in the interest rate environment impacting the risk-free rate and volatility within comparable company share prices impacting the cost of equity calculation.

The Group prepared cash flow forecasts derived from the most recent detailed financial budgets approved by management for the next five years. For the purpose of the value in use calculation the management forecasts were extrapolated into perpetuity using a growth rate of 3% (2021: 2%), representing the expected long-run rate of inflation in the UK. The forecasts assume growth rates in acquisitions which in turn drive the forecast collections and cost figures.

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10 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The Group has conducted a sensitivity analysis on the impairment test of the CGU's carrying value. The table below summarises the changes required and the key assumptions which would result in the recoverable value of each of the CGUs being equal to the respective carrying amounts:

Group	2022	2021
Decrease in revenue		
Banking	9.40%	7.98%
International Payments	10.84%	37.77%

Group	2022	2021
Increase in discount rate (WACC)		
Banking	6.45%	5.74%
International Payments	22.61%	57.89%

Based on the sensitivity analyses, the Group has determined that for Banking and International Payments there are no reasonable possible changes to the key assumptions which would result in the carrying value of the CGU exceeding its recoverable value at 31 December 2022.

11 INVESTMENTS

Company – shares in subsidiary undertakings	2022 £'000	2021 £'000
Cost		
At 1 January	61,978	61,707
Other additions*	924	271
At 31 December	62,902	61,978
Net Book Value		
At 31 December	62,883	61,978

* Other additions relate to share based payment expense recognised in Equals Money Plc, as the parent Company Equals Group PLC has no payroll and therefore all employees are employed via subsidiaries.

In the opinion of the Directors the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the statement of financial position.

Subsidiary undertakings

The Company holds the share capital (both directly and indirectly) of the following companies:

Subsidiary Undertaking	Country of registration or incorporation	Shares held		
		Class	%	
Equals Money PLC	England and Wales	Ordinary	100	Trading
Equals Money UK Limited	England and Wales	Ordinary	100	Trading
Fair Payments Limited	England and Wales	Ordinary	100	Trading
Equals Connect Limited*	England and Wales	Ordinary	100	Trading
Equals Pay LLC	United States of America	Ordinary	100	Trading
City Forex Limited	England and Wales	Ordinary	100	Dormant
Fair Foreign Exchange Ireland Limited*	Ireland	Ordinary	100	Dormant

* Share capital held indirectly

The registered office address of subsidiary undertakings is Third Floor Thames House, Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ.

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12 ACQUISITION

On 30 September 2022, Equals through its subsidiary Equals Money Plc acquired the remaining 48% minority interest in Equals Connect Limited, a UK-based payment service provider, which is regulated by the FCA as an Authorised Payment Institution (API) for a maximum consideration of £3,430k. The initial consideration is £1,405k, which £475k of this being payable to cover the share of distributable reserves attributable to the minority shareholders. An additional £1,395k consideration is payable at certain dates, with a further £630k additional consideration dependant on certain targets and milestones being exceeded.

As the Group had majority control at the start of the year of this subsidiary and the change in the parent's ownership does not result in the parent losing control of the subsidiary, the total consideration has been treated as equity transactions and recognised against retained earnings as per IFRS 10.

	£'000
Contingent consideration – undiscounted maximum payments in cash	2,025

13 INVENTORIES

Group	2022 £'000	2021 £'000
Finished goods	292	168

The Group's inventories comprise of stock of cards. Included within transaction and commission costs is a charge relating to stock of £207k (2021: £177k) incurred in the ordinary course of business.

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current assets				
Trade receivables	3,434	3,176	–	–
Amounts due from Group undertakings	–	–	192	192
Other receivables	4,684*	3,620	830*	–
Prepayments	1,344	998	137	147
Accrued income	812	462	–	–
	10,274	8,256	1,159	339

* During the year ended 2022, the Group entered into a loan agreement with Roqqett Limited for a principal amount of £830K (2021: Nil). The loan is unsecured and does not bear interest. The terms of the loan require that the principal to be converted towards the payment to acquire Roqqett Limited upon regulatory approval from the Financial Conduct Authority (FCA) which was received on 6th January 2023.

Information about the Group's exposure to market risk, credit risk and impairment losses for trade and other receivables is included in note 21.

Amounts owed by group undertaking are unsecured, non-interest bearing and repayable on demand.

Group – movement in expected credit loss ("ECL")	2022 £'000	2021 £'000
Cost		
Allowance for ECLs at 1 January	95	261
Released during the period	(68)	(166)
Allowance for ECLs at 31 December	27	95

The ECL allowance for the Company is £nil (2021: £nil)

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15 CASH AND CASH EQUIVALENTS

Group	2022 £'000	2021 £'000
Cash at bank	15,044	13,104

16 SHARE CAPITAL

Group and Company	2022 £'000	2021 £'000
Authorised, issued and fully paid-up capital		
B/fwd	1,793	1,786
Exercised in year	7	7
Issued in year	7	–
C/fwd - 180,712,473 (2021: 179,341,807) ordinary shares of £0.01 each	1,807	1,793

17 OTHER RESERVES

Group	Merger reserve £'000	Contingent consideration reserve £'000	Foreign currency reserve £'000	Total £'000
At 31 December 2020, 2021 and 2022	8,396	207	6	8,609

Company	Merger reserve £'000	Contingent consideration reserve £'000	Total £'000
At 31 December 2020, 2021 and 2022	2,980	207	3,187

18 BORROWINGS

Group	2022 £'000	2021 £'000
Loan debenture	–	2,000

Under the Coronavirus Business Interruption Loan Scheme (CBILS) to further support working capital, the main trading subsidiary of the Company, Equals Money PLC, on 23 December 2020 entered into a £2,000k loan agreement with the Royal Bank of Scotland (RBS).

Under the terms of the loan, there was an initial twelve-month capital repayment holiday and the UK Government will pay the first 12 months of interest due. This is being recognised as a Government grant, with interest grant income received being offset against the loan interest due. At the current Bank Base rate, the grant income received by the Group for 2021 representing twelve-month repayment holiday was £53k. The loan was for a six-year period at the Bank Base rate + 2.53% and may be repaid at any point without penalty.

The loan agreement required that by 31 March 2021, Equals Group PLC issued a guarantee to Equals Money PLC as security on the loan and that Equals Money PLC provides a debenture to the RBS for the value of the loan. Both of these requirements have been met.

The loan has been fully repaid by 8 August 2022 and the debenture has been released.

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19 TRADE AND OTHER PAYABLES

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Current liabilities				
Trade payables	4,767	3,583	70	124
Amounts owing to Group undertakings	–	–	3,980	2,102
Taxation and social security	911	666	–	–
Other creditors	390	27	–	–
Accruals and deferred income	9,421	7,726	672	545
	15,489	12,002	4,722	2,771

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

20 DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Derivative financial assets
Financial assets at fair value through profit or loss

Group	Fair Value 2022 £'000	Notional Principal 2022 £'000	Fair Value 2021 £'000	Notional Principal 2021 £'000
Foreign exchange forward contracts	5,616	253,300	2,593	170,083
Total financial instruments at fair value	5,616	253,300	2,593	170,083

20.2 Derivative financial liabilities
Financial liabilities at fair value through profit or loss

Group	Fair Value 2022 £'000	Notional Principal 2022 £'000	Fair Value 2021 £'000	Notional Principal 2021 £'000
Foreign exchange forward contracts	4,789	147,360	2,082	150,202
Total financial instruments at fair value	4,789	147,360	2,082	150,202

21 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, foreign exchange forward contracts and various items arising directly from its operations. The main purpose of these financial instruments is to provide working capital for the Group. In common with other businesses, the Group is exposed to the risk that arises from its use of financial instruments. The Group does not deal in any financial instrument contracts for its own benefit. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information is found throughout these consolidated financial statements.

21.1 Principal financial instruments

The principal financial instruments of the Group, from which financial instrument risk arises, are as follows:

Group	2022 £'000	2021 £'000
Financial instruments held at amortised cost		
Cash and cash equivalents	15,044	13,104
Trade and other receivables	8,930	7,258
Borrowings	–	(2,000)
Trade and other payables	(10,582)	(7,968)
Lease liabilities	(4,197)	(5,262)

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21 FINANCIAL INSTRUMENTS (CONTINUED)

	2022 £'000	2021 £'000
Financial instruments held at fair value through profit or loss		
Derivative financial assets – Forward foreign exchange contracts	5,616	2,593
Derivative financial liabilities – Forward foreign exchange contracts	(4,789)	(2,082)

Trade and other payables generally have a maturity of less than one month.

Forward foreign exchange contracts fall into Level 2 of the fair value hierarchy as set out in note 3.27 since Level 2 comprises those financial instruments which can be valued using inputs other than quoted prices that are observable for the asset or liability either directly (i.e., prices) or indirectly (i.e., derived from prices). In 2022, the unrealised gain or loss recognised in the income statement on the fair value of financial instruments was a loss of £30k (2021: £93k loss). This was reported in administration costs in the statement of comprehensive income.

21.2 Financial risk management objectives and policies

Credit risk

As required under IFRS 9, the Group analysed its trade debtors and split them into portfolios: bank and other financial institutions, financial service providers and corporate customers. The Group has significant short-term receivables and security collateral arrangements with banks and other financial institutions which are generally considered to be a low credit risk due to the financial strength of the counterparty. The cash balances exposure to credit risk is addressed further in tables 14 and 15 in the CFO report.

The ageing of financial assets at the statement of financial position date is as follows:

2022 Group	On demand £'000	Between 1 and 3 months £'000	Between 3 and 12 months £'000	Over 1 year £'000	Total £'000
Trade and other receivables - gross	8,903	–	–	–	8,903
Allowance for ECL	27	–	–	–	27
Trade and other receivables - net	8,930	–	–	–	8,930
Derivative financial assets	556	2,268	2,711	81	5,616

2021 Group	On demand £'000	Between 1 and 3 months £'000	Between 3 and 12 months £'000	Over 1 year £'000	Total £'000
Trade and other receivables - gross	7,163	–	–	–	7,163
Allowance for ECL	95	–	–	–	95
Trade and other receivables - net	7,258	–	–	–	7,258
Derivative financial assets	412	1,017	1,117	47	2,593

Liquidity risk

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows and available cash balances. The daily settlement flows in respect of financial asset and liability, spot and swap contracts require adequate liquidity which is provided through intra-day settlement facilities. Further details of the risk management objectives and policies are disclosed in the principal risks and uncertainties section of the Strategic Report.

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21 FINANCIAL INSTRUMENTS (CONTINUED)

The table below analyses the Group's gross undiscounted financial liabilities by their contractual maturity date.

2022 Group	On demand and within 1 month £'000	Between 1 and 3 months £'000	Between 3 and 12 months £'000	Over 1 year £'000	Total £'000
Borrowings	–	–	–	–	–
Trade and other payables	10,582	–	–	–	10,582
Derivative financial liabilities	453	2,276	1,936	124	4,789
Lease liabilities	65	130	585	3,417	4,197

2021 Group	On demand and within 1 month £'000	Between 1 and 3 months £'000	Between 3 and 12 months £'000	Over 1 year £'000	Total £'000
Borrowings	31	63	285	1,621	2,000
Trade and other payables	7,968	–	–	–	7,968
Derivative financial liabilities	404	836	814	28	2,082
Lease liabilities	64	134	580	4,484	5,262

Market risk

Market risk arises from the Group's use of foreign currency. This is detailed below.

Interest rate risk

The Group is subject to interest rate risk as its bank balances and borrowings are subject to interest at a floating rate.

Foreign currency risk

Foreign currency risk arises from having assets and liabilities in currencies other than sterling. The Group's balance sheet includes foreign currency balances placed with card issuers and foreign currency settlement partners. The sterling equivalent of foreign currency balances with card providers at year end was £160k (2021: £124k), which is primarily made up of USD and EUR. The Group's foreign currency (FX) collateral with FX settlement partners is immaterial as collateral is primarily settled in sterling.

The Group does not hold any material foreign currency cash at bank on its balance sheet.

Financial instruments and fair value risk

The following table shows the carrying amount of financial assets and financial liabilities. It does not include a fair value adjustment as the carrying amount is a reasonable approximation of fair value.

31 December 2022	Measured at amortised cost £'000	Measured at fair value £'000	Total £'000
Financial assets			
Cash and cash equivalents	15,044	–	15,044
Trade and other receivables	8,930	–	8,930
Derivative financial assets	–	5,616	5,616
	23,974	**5,616**	**29,590**
Financial liabilities			
Borrowings	–	–	–
Trade and other payables	10,582	–	10,582
Lease liabilities	4,197	–	4,197
Derivative financial liabilities	–	4,789	4,789
	14,779	**4,789**	**19,568**

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21 FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2021	Measured at amortised cost £'000	Measured at fair value £'000	Total £'000
Financial assets			
Cash and cash equivalents	13,104	–	13,104
Trade and other receivables	7,258	–	7,258
Derivative financial assets	–	2,593	2,593
	20,362	**2,593**	**22,955**
Financial liabilities			
Borrowings	2,000	–	2,000
Trade and other payables	8,063	–	8,063
Lease liabilities	5,262	–	5,262
Derivative financial liabilities	–	2,082	2,082
	15,325	**2,082**	**17,407**

All financial instruments measured at fair value are classified as level 2 financial instruments in the fair value hierarchy.

Capital management policy and procedures

The Group's capital management objectives are:

- to ensure that the Group and Company will be able to continue as a going concern; and
- to maximise the income and capital return to the Company's shareholders.

The Company is subject to the following externally imposed capital requirements:

- as a public limited company, the Company is required to have a minimum issued share capital of £50k.

Equals Money PLC and Equals Connect Limited, wholly owned subsidiaries, are each subject to the following capital requirement under the Payment Service Regulations 2009.

- either 10% of fixed overheads for the preceding year or the initial capital requirement of €25k, whichever is the higher.

Equals Money UK Limited, a wholly owned subsidiary, is subject to the following capital requirement under the Payment Service Regulations 2009.

- either 10% of fixed overheads for the preceding year or the initial capital requirement of €323k, whichever is the higher.

Fair Payments Limited, a wholly owned subsidiary, is subject to the following capital requirement under the Electronic Money Regulations 2011:
The Company is subject to the following externally imposed capital requirements:

- capital at least equal to 2% of the average outstanding electronic money of the institution or €350k, whichever is the higher.

The Group has complied with these requirements.

22 SHARE OPTIONS

The Group issues equity-settled share-based payments to certain Directors and employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value of options granted has been calculated with reference to the Black-Scholes option pricing model except for the new LTIP scheme offered to the Executive Directors in 2021 and all 2022 LTIP awards which have been calculated under the Monte Carlo pricing model as detailed below due to various performance conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

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22 SHARE OPTIONS (CONTINUED)

During the year ended 31 December 2022, there were a number of share-based payment transactions within the Group.

			Cancelled/replaced				
Date Granted	**Exercise price (£)**	**At 1 January 2022 Number**	**Cancelled Number**	**Granted Number**	**Exercised Number**	**Lapsed Number**	**At 31 December 2022 Number**
22/07/2014	0.07	200,000	–	–	–	–	200,000
22/07/2014	0.22	447,750	–	–	–	–	447,750
22/07/2014	0.36	3,725,050	–	–	–	–	3,725,050
28/09/2016	0.30	283,333	–	–	–	–	283,333
28/09/2016	0.30	283,333	–	–	–	–	283,333
28/09/2016	0.30	283,333	–	–	–	–	283,333
28/09/2019	1.01	166,667	–	–	–	–	166,667
28/09/2019	1.01	166,667	–	–	–	–	166,667
28/09/2019	1.01	166,667	-	–	–	–	166,667
01/09/2020	0.29	250,000	-	–	–	–	250,000
01/09/2020	0.29	250,000	–	–	–	–	250,000
01/09/2020	0.29	250,000	–	–	–	–	250,000
01/09/2020	0.29	416,667	–	–	–	–	416,667
01/09/2020	0.29	416,667	–	–	–	–	416,667
01/09/2020	0.29	416,667	–	–	–	–	416,667
01/09/2020	0.29	166,667	–	–	(166,667)	–	-
01/09/2020	0.29	166,667	–	–	(166,667)	–	-
01/09/2020	0.29	166,667	–	–	-	–	166,667
01/09/2020	0.29	166,667	–	–	(166,667)	–	-
01/09/2020	0.29	166,667	–	–	(166,667)	–	-
01/09/2020	0.29	166,667	–	–	–	–	166,667
18/10/2021	0.01	2,415,000	–	–	–	(170,576)	2,244,424
18/10/2021	0.01	1,250,000	–	–	–	–	1,250,000
07/01/2022*	0.01	720,000	(16,000)	–	–	(80,000)	624,000
14/12/2022	0.01	–	–	3,182,500	–	–	3,182,500
20/01/2023*	0.01	–	–	784,000	–	–	784,000
Total number of options		**13,107,800**	**(16,000)**	**3,966,500**	**(666,666)**	**(250,576)**	**16,141,058**

* Per IFRS 2, service period commences before the grant date and thus the shares are disclosed in the year which participants are made aware of the grant conditions and thus the expense is accrued at the date participants become aware of the grant condition. Which in the case of the 2022 SIP was 14 December 2022.

In 2022 executives have been granted performance-based share options shown in the table below.

	At 1 January 2022 Number	**Cancelled Number**	**Granted Number**	**Exercised Number**	**Lapsed Number**	**At 31 December 2022 Number**
Executive Directors*	8,526,000	–	1,020,500	(666,666)	–	8,879,834
Employees	4,581,800	(16,000)	2,946,000	–	(250,576)	7,261,224
	13,107,800	**(16,000)**	**3,966,500**	**(666,666)**	**(250,576)**	**16,141,058**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 CONTINUED

22 SHARE OPTIONS (CONTINUED)

	At 1 January 2021 Number	Cancelled Number	Granted Number	Exercised Number	Lapsed Number	At 31 December 2021 Number
Executive Directors*	7,268,000	–	1,258,000	–	–	8,526,000
Non-Executive Directors who resigned in previous years*	748,887	–	–	(388,887)	(360,000)	–
Employees	1,821,469	–	3,127,000	(350,002)	(16,667)	4,581,800
	9,838,356	**–**	**4,385,000**	**(738,889)**	**(376,667)**	**13,107,800**

* See Remuneration Committee report pages 42 to 48 for a list of current Directors' share options.

The above share options issued in Equals Group PLC have been granted to both Directors and employees of the Group. At 31 December 2022, there were unexercised share options amounting to 8.93% (2021: 7.31%) of the Company's total issued shares. Of the above options 8,880k (2021: 8,526k) have been granted to Directors of the Company (see Directors' remuneration report pages 42 to 48), with an additional 2,421k (2021: 1,120k) having been granted to individuals who are, or have been during the year, Directors of wholly owned subsidiaries within the Group.

The prior year financial statements disclosed that the fair value for 2021 long-term incentive awards of £1,250,000 share options to 2 Executive Directors was £0.16. This has been reviewed by management and should have been £0.80. There is no material impact on the prior year charge.

The prior year financial statements disclosed the fair value of a new discretionary share incentive plan options as £0.62. However, this was the estimated future grant date fair value for the basis of the FY2021 charge, as in accordance with IFRS 2, the actual grant date was 7 January 2022. The grant date fair value has been updated to £0.68.

In December 2022, Equals Group PLC extended share options over 4,372,800 shares which were originally granted in July 2014 to 2 Executive Directors. These had been due to lapse in November 2022 but this is now extended to July 2024. The options had already fully vested and there are no other changes to the terms.

In December 2022, Equals Group PLC awarded new shares under their discretionary long-term incentive plan for 42 SLT members. A total of 2,170,000 share options were awarded under the plan to various SLT employees, which had a vesting period of three years. The options included vesting criteria of: a £0.80 Threshold share price, annual revenue CAGR targets, annual EPS targets and annual active customer growth targets. The shares will be awarded as 'free shares'. The fair value of the options was 81p using the Monte-Carlo model and principals.

In December 2022, Equals Group PLC awarded new shares under their discretionary long-term incentive plan for the 2 Executive Directors of the group. A total of 1,012,500 share options were awarded under the plan, which had a vesting period of three years. The options included vesting criteria of a £0.80 Threshold share price, annual revenue CAGR targets, annual EPS targets and annual active customer growth targets. The shares will be awarded as 'free shares' The fair value of the options was £0.81 using the Monte Carlo model and principals.

In December 2022, Equals Group PLC awarded new shares under their discretionary share incentive plan. A total of 784,000 share options were awarded under the plan to various employees, which had a vesting period of three years from the grant date. The shares will be awarded as 'free shares'. The estimated future grant date fair value for the basis of the FY2022 charge was £0.87, as in accordance with IFRS 2. The actual grant date was 20th January 2023 and the grant date fair value will be updated to £0.90 in FY2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
CONTINUED

22 SHARE OPTIONS (CONTINUED)

Weighted average exercise price of options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2022	Number of options 2022	Weighted average exercise price 2021	Number of options 2021
Outstanding at the beginning of the year	0.2397	13,107,800	0.3805	9,838,356
Granted during the year	0.0020	3,966,500	0.0100	4,385,000
Cancelled during the year	–	(16,000)	–	–
Lapsed during the year	(0.0100)	(250,576)	(1.1218)	(376,667)
Exercised during the year	(0.2900)	(666,666)	(0.3017)	(738,889)
Outstanding at the end of the year	**0.1822**	**16,141,058**	**0.2397**	**13,107,800**
Exercisable at the end of the year	**0.3706**	**7,056,134**	**0.1793**	**6,556,133**

The weighted average share price for the year was £0.84 (2021: £0.49).

The fair values of share options in the relevant schemes are calculated using a Black-Scholes model. The fair value of a share award is based on the share price at the date of the grant. Details of the inputs made into that model are disclosed in the table below.

	At 1 January 2022	Granted during year
Weighted average share price (£)	0.47	0.69
Weighted average exercise price (£)	0.26	– d
Weighted average expected volatility	34.6%	51.9% b
Weighted average option life in years	6.2	5.0 a
Weighted average risk-free rate	0.71%	1.00%
Weighted average expected dividends	None	None
Weighted average fair value of the options granted (£)	0.28	0.68 c

The fair values of share options in the relevant schemes are calculated using a Monte Carlo model. The fair value of a share award is based on the share price at the date of the grant. Details of the inputs made into that model are disclosed in the table below.

	At 1 January 2022	Granted during year
Weighted average share price (£)	0.63	0.88
Weighted average exercise price (£)	–	Nil d
Weighted average expected volatility	52.0%	50.1% b
Weighted average option life in years	5.0	5.0 a
Weighted average risk-free rate	0.84%	3.27% c
Weighted average expected dividends	None	None
Weighted average air value of the options granted (£)	0.44	0.81 d

a. Option life is an estimate of the average time expected between the issue of the options and exercise. This is calculated on each individual tranche of options issued and varies between 3 and 10 years.

b. Expected volatility has been determined on the company share price for the same time frame as the average option life for that tranche, this varies between 21% and 52%.

c. Risk Free rate is based on the UK gilt rate for a time period equal to the Option Life at the date of grant of the option. This varies between 0.1% and 3.3%

d. A summary of the exercise price and fair value of the options granted is summarised below. If the fair value of the option was deemed to be nil it is marked accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 CONTINUED

22 SHARE OPTIONS (CONTINUED)

	Exercise price (£)	Fair Value (£)
22/07/2014	0.07	0.28
22/07/2014	0.22	0.20
22/07/2014	0.36	0.12
28/09/2016	0.30	0.13
26/09/2019	1.01	0.39
01/09/2020	0.29	0.16
18/10/2021	0.01	0.62
18/10/2021	–	0.44
07/01/2022	0.01	0.68
14/12/2022	–	0.81
20/01/2023	0.01	0.87

For the options outstanding at 31 December 2022, the weighted average fair values and the weighted average remaining contractual lives (being the time period from 31 December 2022 until the lapse date of each option) are set out below:

	Weighted average fair value of options outstanding (£)	Weighted average remaining contractual life (years)
Historic Share Schemes Pre 2021	0.16	3.89
2021 Share Incentive Plan	0.68	9.02
2021 Long-term Incentive Plan - SLT	0.62	8.80
2021 Long-Term Incentive Plan - Exec	0.44	8.80
2022 Share Incentive Plan	0.87	9.96
2022 Long-Term Incentive Plan - SLT	0.81	9.96
2022 Long-Term Incentive Plan - Exec	0.81	9.96

The charge expensed to the statement of comprehensive income is £924k (2021: £272k). During the year the Group recognised a £779k increase (2021: £658k increase) in deferred tax assets in relation to unexercised share options. Of this amount, £216k was recognised in the current year's tax credit (2021: £380k tax credit) and £562k (2020: £278k) was taken to equity.

23 FINANCIAL COMMITMENTS

The Group has no significant financial commitments not on balance sheet for 2022 and 2021 year-end.

24 RELATED PARTY TRANSACTIONS

The related parties of the Group and related companies under IFRS are the Group's key management personnel.

Key Management Personnel

Key management personnel are those responsible for controlling and directing the activities of the Group and comprise the Executive Directors, the Non-Executive Directors and members of the Executive. Key management personnel compensation paid during the year is as follows:

	2022 £'000	2021 £'000
Salaries, fees and other short-term employee benefits	4,064	3,587
Post-employment benefits	104	88
	4,172	3,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 CONTINUED

24 RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel share-based payment expense for all existing and new share schemes:

	2022 £'000	2021 £'000
Share-based payment expense	(612)	262

Company

Intercompany transactions and balances with the rest of the Group:

31 December 2022	Due from 2022 £'000	Due to 2022 £'000	Due from 2021 £'000	Due to 2021 £'000
Balance sheet				
Equals Money PLC	–	(3,980)	–	(1,002)
Fair Payments Limited	192	–	192	–
Equals Money UK Limited	–	–	–	(1,100)
	192	**(3,980)**	**192**	**(2,102)**

25 ULTIMATE CONTROLLING PARTY

The Directors consider Equals Group PLC to be the ultimate controlling party of the Group.

26 POST BALANCE SHEET EVENTS

On 6th January 2023, the Group completed the acquisition of Roqqett Limited, an open-banking platform, for a total consideration of up to £2,250k.

This acquisition was initially announced on 28 November 2022, the acquisition was conditional upon regulatory approval from the Financial Conduct Authority (FCA) which was received on 6th January 2023.

During the year ended 2022, the Group entered into a loan agreement with Roqqett Limited for a principal amount of £830K (2021: Nil) as shown in note 14. The loan was unsecured and does not bear interest. The terms of the loan required that the principal to be converted towards the payment to acquire Roqqett Limited upon regulatory approval from the Financial Conduct Authority (FCA) which was received on 6th January 2023.

On 14th March 2023, the Group sold the Travel Cash CGU for an initial £250k with a further £100k subject to certain conditions being met to Currency Exchange Corporation Ltd. The carrying value of the assets disposed off were £128k shown in note 4 and consisted of right of use and intangible assets.

On the 24th March 2023 after stock trading hours, the Group signed a share purchase agreement for the acquisition of Oonex S.A. an authorised payment institution regulated by the National Bank of Belgium to enable the provision of Equals products into the EEA for consideration of 5 million shares in Equals Group PLC. The acquisition is conditional upon regulatory approval from the National Bank of Belgium.

On the 24th March 2023 after stock trading hours, the Group signed a share purchase agreement for the acquisition of Hamer and Hamer Limited an authorised payment institution regulated by the FCA for an initial consideration of £1.5 million and deferred consideration capped at £2.7 million based on performance over a three-year period. The acquisition is conditional upon regulatory approval from the FCA.

5 Year Trading History

Additional unaudited information

	2018	2019	2020	2021	2022
Turnover	2,369	2,888	3,493	6,529	9,216
Revenue	26.1	30.9	29.0	44.1	69.7
Gross Profit	17.5	20.6	18.3	24.2	33.7
Profit after tax	2.6	(5.4)	(6.9)	(2.3)	3.6
Cash	7.9	11.3	10.0	13.1	15.0

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