

Aquis Exchange PLC

(“Aquis”, the “Company” or the “Group”)

Interim results for the six months ended 30 June 2024

Continued strategic progress across all divisions

Investment in Technologies division to support conversion of growing, high-quality pipeline

Aquis Exchange PLC (AQX.L), the creator and facilitator of next-generation financial markets, is pleased to announce its unaudited results for the six months ended 30 June 2024.

Financial highlights:

	HY24 (£m)	HY23 (£m)	Change
Net revenue	10.0	9.7	+3.5%
EBITDA	1.6	1.7	-6.5%
Profit before tax	1.1	1.1	-8.1%
Basic EPS (p)	3.0p	3.8p	-0.8p
Cash and cash equivalents	14.5	13.9	+4.3%

Operational highlights

- Strategic delivery across all divisions:
 - **Aquis Technologies:** strong growth in contract pipeline; more than half are for national exchanges or central banks, demonstrating the evolution of the division’s client profile.
 - **Aquis Markets:** market share up to 5.20% (FY23: 4.85%), as the benefits of the change to the proprietary trading rule continue to flow through and members adapt to the change.
 - **Aquis Data:** increase in revenue, driven by new data fees for members which came into effect in the second quarter, with further positive impact expected as the year progresses.
 - **Aquis Stock Exchange:** strong growth in trading, with volumes up 44% on the prior year and £87m of funds raised, against a challenging market backdrop.
- Post-period end:
 - Announced £6.2m strategic investment in the Technologies division over the next three financial years, to capitalise on the significant pipeline of opportunities.
 - Increased stake in OptimX Markets to 10.2%, adding additional connectivity to Aquis Matching Pool (AMP).

Outlook

- Current trading is in line with the Board’s expectations set out in the August 2024 trading update.
- The Group has a strong cash position of £14.5m as at 30 June 2024, providing capacity to continue to invest in growth opportunities, in line with its medium-term strategy.

Aquis CEO, Alasdair Haynes, said:

“I am pleased with the progress made by Aquis in the first half of 2024, as we continued to deliver against our strategy at pace. We have made meaningful progress across all of our divisions, the majority of which have increased revenues and maintained stable PBT, reflecting the investment plans we communicated last year.

“There is real momentum across the business. Our pipeline in the Technologies division has increased materially since last year and now stands at record levels, with notable growth in the quality of the pipeline as well. Our strategic investment in this division demonstrates our commitment to strengthen the Group’s ability to capitalise on this pipeline, and drive further scale.

“I am excited about the future as Aquis remains well-placed to pursue the opportunities that lie ahead, as we continue to execute our long-term growth plan.”

Enquiries:

Aquis Exchange PLC

Tel: +44 (0)20 3597 6329

Alasdair Haynes, CEO

investorrelations@aquis.eu

Richard Fisher, CFO

Adele Gilbert, Head of Marketing & Investor Relations

Investec Bank plc (Nominated Adviser and Broker)

Tel: +44 (0)20 7597 5970

David Anderson

Lydia Zychowska

St John Hunter

Canaccord Genuity Limited (Joint Broker)

Tel: +44 (0) 20 7523 8000

Emma Gabriel

George Grainger

VSA Capital Limited (AQSE Corporate Adviser)

Tel: +44 (0)20 3005 5000

Andrew Raca

MHP Group (Financial PR Adviser)

Tel: +44 (0) 20 3128 8000

Eleni Menikou

Aquis@mhpgroup.com

Robert Collett-Creedy

About Aquis Exchange PLC

Aquis Exchange PLC (“Aquis”) is Europe’s challenger exchange, creating better markets for a modern economy. Aquis has market-leading technology and innovative rules for trading, and offer primary listings and secondary trading of equities, along with global licensing of proprietary technology.

Aquis consists of four divisions:

Aquis Markets operates lit and dark order books, covering 16 European markets. For its lit books, Aquis uses a subscription pricing model which works by charging users according to the message traffic they generate, rather than a percentage of the value of each stock that they trade.

Aquis Technologies is the software and technology division of Aquis. It focuses on building better markets via the creation and licensing of cutting-edge, cost-effective exchange infrastructure technology and services, including matching engine and trade surveillance solutions.

Aquis Stock Exchange (AQSE) is a stock market providing primary and secondary markets for equity and debt products. It is authorised as a Recognised Investment Exchange, which allows it to operate a regulated listings venue. The AQSE Growth Market is divided into two segments 'Access' and 'Apex'; the Access market focuses on earlier stage growth companies, while Apex is the intended market for larger, more established businesses.

Aquis Data generates revenue from the sale of data derived from Aquis Markets and Aquis Stock Exchange to market participants.

Aquis is authorised and regulated by the UK Financial Conduct Authority and France's Autorité de contrôle prudentiel et de résolution and L'Autorité des marchés financiers to operate Multilateral Trading Facility businesses in the UK & Switzerland markets and in EU27 markets respectively. Aquis Exchange PLC is quoted on the Aquis Stock Exchange and on the AIM Market (AIM) of the LSE. For more information, please go to www.aquis.eu.

In the first half of 2024, Aquis continued to deliver on its strategic priorities, despite ongoing challenging market and economic conditions. This progress has strengthened our position, which will enable us to better capitalise on the growing and compelling market opportunity across all of our divisions.

Operational Review

Aquis Technologies

Aquis Technologies is the software and technology division of Aquis. It creates and licenses cutting-edge, cost-effective exchange infrastructure technology and services, including matching engine and trade surveillance solutions.

Aquis Technologies currently has eight contracts, of which six have recognised revenue. In accordance with IFRS accounting standards, Aquis recognises license revenue on completion of project delivery, which can lead to irregular revenue recognition, period-on-period. The cash flow from these contracts is consistent and is received each month over the long term.

During the period, growth of the Technologies contract pipeline accelerated to become the strongest in the division's history. One contract was signed subject to client funding and a further 12 opportunities are in active discussion. Half of these are for national exchanges or central banks, demonstrating the evolution and quality of the division's prospective client profile.

The strategic investment, outlined below, which is being deployed to build out a set of key additional products, is expected to both alleviate the perceived execution risk of the current 'build on demand' approach and also to facilitate a shorter implementation period for contracts won.

Post-period end, the Group was informed that a historical contract for a start-up exchange would not be renewed for a reason not related to Aquis or its technology. Whilst this is disappointing, the Group remains encouraged by the scale of the opportunity in the Technologies division and the quality of its pipeline.

Strategic initiatives

Management has identified significant opportunity within the Technologies division for the provision of large multi-year contracts for the Group's market-leading proprietary matching engine technology.

As announced on 28 August 2024, Aquis is undertaking an additional significant investment into its Technologies division to underpin this strategic focus. By expanding the product suite, and enhancing capabilities and expertise within the division, this strategic investment will fundamentally change Aquis' ability to access the total addressable market for exchange technology. By broadening our range of asset classes, we both further support the growth of technology contracts over the medium to long term and also better serve the technology needs of sophisticated national exchanges and major financial institutions.

Aquis intends to invest an additional £6.2m cash over the next three financial years on the build-out of a set of key products required to service the total addressable market. This investment will enhance Aquis Technologies' competitive positioning further through provision of the capability 'on demand' rather than a 'build on demand' approach, further streamlining implementation and increasing our expected conversion rates. Management expects this investment to be self-funded from Group operating cash flow.

Aquis Markets

Aquis Markets is the Group's pan-European secondary trading equities market. It comprises the UK MTF (AQXE) and the French MTF serving EU markets (AQEU). Aquis Markets currently operates lit and dark order books across 16 European markets.

Over the period, the change in the proprietary trading rule which came into effect in late 2023, had a positive impact on market share, which grew to 5.20% (FY23: 4.85%). Further progress in market share is expected as members continue to adapt to this change.

Market conditions remain challenging, with low lit market volumes persisting. However, the division continues to innovate and endeavour to better serve member requirements.

Post-period end, we completed our investment in OptimX Markets, taking Aquis' stake to 10.2%. OptimX continues to make progress against its strategic objectives, and when live, will add additional connectivity to the Aquis Matching Pool ('AMP') and provide members with the ability to cross large blocks.

Aquis Data

Aquis generates revenue from the sale of data derived from Aquis Markets (AQXE & AQEU) and Aquis Stock Exchange to non-member market participants. The total number of market data customers by 30 June 2024 was 107 (31 December 2023: 75).

Revenues grew during the period as a result of both the growth in customer numbers and the introduction of fees for data (which came into effect in Q2). We expect this positive trend to continue.

The creation of a consolidated tape in both the EU and the UK presents significant opportunity for future revenue. Over the period, we saw continued progress towards the EU tape in particular, with ESMA publishing a timeline further reinforcing an indicated completion date of 2025.

Aquis Stock Exchange (AQSE)

Aquis Stock Exchange is a modern market for modern businesses, bringing positive disruption and competition to the primary listings sector in the UK, particularly for growth companies. The Aquis Stock Exchange Growth Market is divided into two segments, Access and Apex, with the Access market focusing on earlier stage growth companies and Apex the intended market for larger, more established businesses.

Tough conditions persisted in the period, with a depressed primary listings environment across all exchanges. Aquis Stock Exchange had two IPOs in the period, but is reassured by its larger pipeline of issuers exploring listings in Q4 2024 or Q1 2025.

The division saw positive momentum in trading and fundraising, with a 44% increase in the value of trading, 10% increase in the number of trades and 88% increase in the total value of further issues compared to H1 23.

The division is profitable and we remain positive on the long-term potential for the Aquis Stock Exchange.

Financial Review

Net revenue increased 3.5% to £10.0m (H1 23: £9.7m).

Divisional net revenues:

	6 months to June 2024 (£'000s)	6 months to June 2023 (£'000s)	Change
Markets	5,780	5,868	-1.5%
Technologies	1,214	1,133	7.1%
Data	2,153	1,840	17.0%
Aquis Stock Exchange	867	833	4.1%
	10,014	9,674	3.5%

EBITDA was £1.6m, a 6.5% reduction on EBITDA of £1.7m generated in H1 23. EBITDA has remained broadly in line with H1 23, despite an increase in revenue, as the Group continues to re-invest profits in personnel and technological resources to maintain the business's growth momentum.

Operating costs increased by 5.6% to £8.4m (H1 23: £8.0m) primarily reflecting increased headcount in the period as well as inflation on both staff cost and data centre costs, and increased data costs. A focus continues to be recruitment in the technology development team, where a broadly stable proportion of costs is capitalised and then amortised over three years reflecting the ongoing value derived from these activity sets. Physical hardware acquired is capitalised and depreciated over a three- to seven-year useful economic life. Other costs are recognised as operating in nature and reflected in the P&L as incurred.

Profit before tax of £1.1m includes £0.5m (H1 23: £0.3m) of income recognised from an impairment credit per IFRS 9.

The Group continues to maintain a strong balance sheet and continues to generate cash above operational requirements. Cash equivalents at 30 June 2024 were £14.5m (30 June 2023: £13.9m). Key cash flow movements in the period were net cash inflows from operating activities (£1.4m). This has enabled the ongoing transfer of funds to the Employee Benefit Trusts (£0.7m), which have purchased shares in support of the Group share schemes, along with capital expenditure of £0.3m.

Summary and Outlook

Despite the continued macroeconomic headwinds affecting the operating conditions of many of our divisions, we are pleased with the strategic progress achieved in H1 24.

We have gained market share in our Markets division. The pipeline in our Technologies business has grown notably and through the planned strategic investment we believe we are well positioned to continue to grow in this division.

Starting in H2 24, our strategic investments in the Technologies division will drive further scale and quality of contracts. Although full benefits will be realised in the medium to long term, we are pleased with the strength of the current pipeline and will continue to focus on securing and converting these contracts in the short term.

The consolidated tape represents significant potential upside for Aquis.

Current trading remains in line with the Board's expectations set out in the August 2024 trading update.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

		6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	Note	£'000	£'000	£'000
Income Statement				
Revenue	3	9,518	23,711	9,342
Impairment credit / (charge) on contract assets	4	496	(1,016)	332
Impairment credit / (charge) on trade and other receivables	4	47	(80)	(5)
Other (losses) / gains	5	(25)	51	(40)
Administrative expenses	6	(8,449)	(16,396)	(7,932)
Earnings before interest, taxation, depreciation and amortisation		1,587	6,270	1,697
Depreciation and amortisation	6	(796)	(1,373)	(672)
Finance expense	6,15	(40)	(103)	(54)
Finance income	6	301	401	174
Profit before taxation		1,052	5,195	1,145
Income tax (expense) / credit	8	(240)	8	(99)
Profit after taxation		812	5,203	1,046
Other comprehensive income				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign exchange differences on translation of foreign operations		(96)	(121)	(101)
Other comprehensive loss for the period		(96)	(121)	(101)
Total comprehensive profit for the period		716	5,082	945
Earnings per share (pence)				
Basic				
Ordinary shares	9	3	19	4

Diluted

Ordinary shares	9	3	19	4
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The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

		6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	Note	£'000	£'000	£'000
Assets				
Non-current assets				
Goodwill	10	83	83	83
Intangible assets	10	1,893	1,502	1,253
Property, plant and equipment	11	3,682	3,819	3,829
Deferred tax asset	7	1,785	1,785	1,594
Investments	12	592	592	-
Trade and other receivables	13	5,713	5,811	4,108
		13,748	13,592	10,867
Current assets				
Trade and other receivables	13	7,097	6,895	6,800
Derivative financial instruments	5	27	51	-
Cash and cash equivalents		14,545	14,766	13,905
		21,669	21,712	20,705
Total assets		35,417	35,304	31,572
Liabilities				
Current liabilities				
Trade and other payables	14	4,011	4,469	4,455
Derivative financial instruments	5	-	-	40
		4,011	4,469	4,495
Non-current liabilities				
Lease liabilities	15	2,241	2,457	2,667
Total liabilities		6,252	6,926	7,162
Net assets		29,165	28,378	24,410

Equity

Called up share capital	16	2,756	2,752	2,752
Share premium account	17	11,968	11,810	11,810
Other reserves	20	3,331	2,742	2,320
Treasury shares	18	(5,069)	(4,389)	(3,798)
Retained earnings		16,332	15,520	11,363
Foreign currency translation reserve		(153)	(57)	(37)
Total equity		29,165	28,378	24,410

The notes to the financial statements on pages 12 to 30 form an integral part of these financial statements. The interim financial statements were approved by the board of directors and authorised for issue on **12 September 2024** and are signed on its behalf by:

R Fisher
Director

A Haynes
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Share Capital	Share Premium	Other Reserves	Treasury Shares	Retained Earnings	Foreign Currency Translation Reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023		2,751	11,785	1,813	(3,350)	10,317	64	23,380
Profit for the 6-month period		-	-	-	-	1,046	-	1,046
Foreign exchange differences on translation of foreign operations		-	-	-	-	-	(101)	(101)
Total comprehensive income for the period		-	-	-	-	1,046	(101)	945
Issue of new shares	16,17	1	25	-	-	-	-	26
Movement in share based payment reserve	20	-	-	507	-	-	-	507
Movement in treasury shares	18	-	-	-	(448)	-	-	(448)
Balance at 30 June 2023		2,752	11,810	2,320	(3,798)	11,363	(37)	24,410
Profit for the 6-month period		-	-	-	-	4,157	-	4,157
Foreign exchange differences on translation of foreign operations		-	-	-	-	-	(20)	(20)
Total comprehensive income for the period		-	-	-	-	4,157	(20)	4,137

Issue of new shares	16,17	-	-	-	-	-	-	-
Movement in share based payment reserve	20	-	-	422	-	-	-	422
Movement in treasury shares	18	-	-	-	(591)	-	-	(591)
Balance at 31 December 2023		2,752	11,810	2,742	(4,389)	15,520	(57)	28,378
Profit for the 6-month period		-	-	-	-	812	-	812
Foreign exchange differences on translation of foreign operations		-	-	-	-	-	(96)	(96)
Total comprehensive income for the period		-	-	-	-	812	(96)	716
Issue of new shares	16,17	4	158	-	-	-	-	162
Movement in share based payment reserve	20	-	-	589	-	-	-	589
Movement in treasury shares	18	-	-	-	(680)	-	-	(680)
Balance at 30 June 2024		2,756	11,968	3,331	(5,069)	16,332	(153)	29,165

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	6 months ended 30/06/2024 £'000	Year ended 31/12/2023 £'000	6 months ended 30/06/2023 £'000
Net cash flows from operating activities	19	1,409	4,103	911
Investing Activities				
Recognition of intangible assets	10	(771)	(1,082)	(509)
Purchase of property, plant and equipment	11	(279)	(411)	(57)
Investment acquisitions	12	-	(592)	-
Interest received	6	285	385	169
Recovery of rent deposit		5	-	-
Net cash used in investing activities		(760)	(1,700)	(397)
Financing Activities				
Issue of new shares	16,17	162	26	26
Principal portion of lease liability	15	(256)	(516)	(257)
Purchase of treasury shares		(680)	(1,197)	(448)
Net cash used in financing activities		(774)	(1,687)	(679)
Net (decrease) / increase in cash and cash equivalents		(125)	716	(165)
Cash and cash equivalents at the beginning of the period		14,766	14,171	14,171
Effect of exchange rate changes on cash and cash equivalents		(96)	(121)	(101)
Cash and cash equivalents at the end of the period		14,545	14,766	13,905

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period beginning 1 January 2024 and ending 30 June 2024 ("interim period") has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by Aquis Exchange PLC ("Aquis" or the "Company") during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. Significant post balance sheet events

On 31 July 2024 Aquis Exchange PLC acquired a further 5% stake in OptimX LLC, a US-based financial services start-up focused on the block trading market (the "investment"). This transaction was the second tranche of planned investment rounds for which Aquis transferred US\$750k for 975,000 shares, bringing Aquis' total stake to 10.2% of the investment's total issued capital. See note 12 for further details.

On 2 July 2024 Aquis Exchange PLC recovered its rent deposit from the landlord of the London lease as recognised per IFRS 16. The balance recovered includes £12k of interest generated since the initial deposit was transferred. In total, £537k of cash was recovered, and the remaining discounted rent deposit of £350k was immediately unwound, with gains recognised in the P&L offset by an equal amount of losses on early disposal of Right of Use Assets. See note 15 for further details.

3. Revenue

Revenue analysed by class of business:

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Exchange Fees	6,069	11,583	6,153
Licence Fees	718	7,298	801
Issuer Fees	578	1,108	548
Data Vendor Fees	2,153	3,722	1,840
	9,518	23,711	9,342

Licence fees and contract assets:

Aquis Exchange PLC provides technology services under licence to clients. The services comprise the provision of an exchange platform and / or a surveillance system and may also include support services comprising basic infrastructure support or additional services. The duration of the licences varies between 1 and 7 years and will consist of an implementation fee, and, post implementation, a monthly licence fee for the duration of the contract.

The monthly fees also cover system maintenance and system upgrades that typically occur every 12 – 18 months. The licensing contracts are accounted for under IFRS 15 and any corresponding contract assets are subject to IFRS 9 provisioning, as disclosed further in Note 4. Contract liabilities arise when consideration has been provided to Aquis prior to completion of relevant performance obligations as outlined below. These balances typically arise when customers pay in advance of implementation. As of the balance sheet date there are no contract liabilities (2023: nil).

The revenue from licensing contracts with customers has been categorised reflecting the nature, amount, customer categorisation, contract duration and uncertainty of revenue and cash flows. Revenue from licensing contracts is assessed for each contract and is recognised as and when each performance obligation is satisfied. A transaction price is determined by the contractual terms of an agreement. Transaction prices are allocated to each performance obligation based on the standalone price of the product or service offered by the Group. The list of performance obligations included within Aquis' Technology Licence agreements is outlined in previous year's Annual Report and Accounts.

For licensing contracts, the Company has assessed the expected credit loss of each client individually. The transaction price is allocated according to the Group's obligations to the client over the course of licence period. There is no constrained variable consideration in any customer contracts.

The licensing fees line item also includes connectivity fees for licensing contract customers that are recognised at a point in time as they reflect variable revenue determined on a monthly basis and are underpinned by a separate agreement.

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
As at 1 January	8,481	6,114	6,114
PO2: Licence fees	-	5,419	86
PO3: Maintenance fees	340	450	218
Net ECL credit / (provision) on contract assets	496	(1,016)	332
Transfers to trade receivables	(1,494)	(2,345)	(1,133)
Adjustments for foreign exchange gains / (losses)	21	(141)	(29)
As at end of period	7,844	8,481	5,558

4. Expected credit loss

The Group has two types of financial asset that are subject to potential impairment, these are contract assets relating to technology licencing contracts within the Company and also trade receivables arising on services provided in the AQSE subsidiary.

The Group have concluded that trade receivables and contract assets have different risk characteristics and therefore the Expected Credit Loss (ECL) rates for each type of asset are measured separately. Since they comprise a portfolio of only a small number of clients, contract assets have been assessed on a client-by-client basis, whilst trade receivables have been grouped based on shared credit risk characteristics and the days past due.

IFRS 9 provisioning is applied to technology licencing contract assets based on management estimates of the collectability of contracts over their useful life, and which are re-assessed at each renewal and also at each year-end.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets and therefore the ECL for each contract is assessed on a lifetime basis rather than at each reporting date. As the simplified approach is adopted it is not necessary to consider the impact of a significant increase in credit risk.

The expected credit loss on licencing contract assets has been calculated in accordance with IFRS 9:

	Contract Assets	Trade receivables
	£'000	£'000
Opening impairment provision at 1 January 2023	1,347	59
ECL increase during the period	-	5
Written-off financial assets	-	(14)
ECL on new contract assets	23	-
ECL reversed over time	(355)	-
Impairment provision at 30 June 2023	1,015	50
ECL increase during the period	-	75
Written-off financial assets	-	(21)
ECL on new contract assets	1,707	-
ECL reversed over time	(358)	-
Impairment provision at 31 December 2023	2,363	104
ECL increase during the period	-	(47)
Written-off financial assets	-	-
ECL on new contract assets	-	-
ECL reversed over time	(496)	-
Impairment provision at 30 June 2024	1,867	57

5. Other gains and losses

Earnings before interest, taxation, depreciation and amortisation is stated after charging:

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Fair value movements in derivative instruments, (losses) / gains	(25)	51	(40)

In January 2023 forward contracts were taken by the Company in order to economically hedge against foreign exchange movements in contract asset balances denominated in US Dollars. These derivatives are remeasured at fair value at each reporting date with the movement recognised in profit or losses within other gains and losses.

These derivatives are measured at fair value and are classified at level 2 of fair value hierarchy measurements. Future cash flows are estimated based on quoted forward exchange rates and contract forward rates. There are no significant unobservable inputs. The period to date loss on these items is £25k.

6. Operating expenses

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Administrative Expenses			
Share-based payments	589	1,086	507
Exchange (gains) / losses	(82)	104	(53)
Employee costs	4,977	9,133	4,407
Operating costs	2,965	6,073	3,071
	8,449	16,396	7,932

Profit before taxation is stated after charging:

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Depreciation, amortisation and finance costs			
Depreciation of property plant and equipment	416	761	384
Amortisation of intangible assets	380	612	288
	796	1,373	672

Operating expenses (continued)

Profit before taxation is stated after charging (continued):

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Finance expense on lease liabilities (note 15)	40	103	54
Finance income on lease assets (note 15)	(5)	(16)	(5)
Interest on deposited funds	(296)	(385)	(169)
	(261)	(298)	(120)
Total Group expenses were as follows:	8,984	17,471	8,484

7. Deferred tax asset

	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Deferred tax asset	1,785	1,785	1,594

8. Income tax

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Current tax			
UK Corporation tax charge	-	-	-
Overseas tax charges on foreign operations	240	184	99
Total tax charge	240	184	99
Deferred tax			
Origination and reversal of timing differences	-	(192)	-
Effect of changes in tax rates	-	-	-
Total tax charge	-	(192)	-

Income tax (continued)

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Profit before tax	1,052	5,195	1,145
Expected tax charge based on a corporation tax charge of 25% (Dec 23: 23.5% June 23: 19%)	59	1,039	195
Expected tax charge based on effective overseas rates of 25%	240	182	99
Fixed asset differences	-	-	(182)
Expenses not deductible for tax purposes	92	219	87
Other differences	(1)	1	(7)
Remeasurement of deferred tax for changes in tax rates	8	79	(93)
Movement in deferred tax not recognised	(158)	(1,528)	-
Tax charge / (credit) for the period	240	(8)	99

9. Earnings per share

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
Number of Shares ('000)			
Weighted average number of ordinary shares for basic earnings per share	26,685	26,814	26,871
Weighted average number of ordinary shares for diluted earnings per share	27,585	27,714	27,771
Earnings (£'000)			
Profit for the period from continued operations	812	5,203	1,046
Basic and diluted earnings per share (pence)			
Basic earnings per ordinary share	3	19	4
Diluted earnings per ordinary share	3	19	4

Basic earnings per share is in respect of all activities of the Group and diluted earnings per share takes into account the dilution effects which would arise on conversion or vesting of all outstanding share options and share awards under the Enterprise Management Incentive (EMI) scheme.

The basic EPS when adjusted for outstanding EMI options of 852,378 (2023: 899,378), including forfeited options in the period of nil (2023: nil), gives a weighted average of 27,585,823 (2023: 27,714,143).

10. Intangible assets

	Developed Trading Platforms	Other Intangibles	Goodwill
	£'000	£'000	£'000
Cost			
As at 31 December 2022	3,617	209	83
Additions	468	41	-
As at 30 June 2023	4,085	250	83
Additions	566	7	-
As at 31 December 2023	4,651	257	83
Additions	770	1	-
As at 30 June 2024	5,421	258	83
Accumulated amortisation			
As at 31 December 2022	2,772	22	-
Charge for the period	268	20	-
As at 30 June 2023	3,040	42	-
Charge for the period	292	32	-
As at 31 December 2023	3,332	74	-
Charge for the period	351	29	-
As at 30 June 2024	3,683	103	-
Carrying amount			
As at 31 December 2022	845	187	83
As at 30 June 2023	1,045	208	83
As at 31 December 2023	1,319	183	83
As at 30 June 2024	1,738	155	83

Other intangible assets include assets valued at £69k with indefinite useful economic lives.

Goodwill

On 11 March 2020 the Group acquired Aquis Stock Exchange Limited (formerly NEX Exchange Limited) which resulted in recognition of goodwill of £83,481. The cash generating unit associated with the goodwill is determined to be the assets associated with the investment in AQSE.

The goodwill arising on consolidation represents the growth potential of the primary listings exchange and the synergies with the rest of the business. AQSE has no intangible assets.

Management has considered indicators of impairment to the balance of goodwill and have noted no reason to conduct a detailed review. Therefore, the balance remains unchanged since and no impairment losses have been recognised to date.

11. Property, plant and equipment

	Fixtures, fittings and equipment	Computer Equipment	Right of Use Assets	Total
	£'000	£'000	£'000	£'000
Cost				
As at 31 December 2022	492	2,991	4,239	7,722
Additions	-	44	13	57
As at 30 June 2023	492	3,035	4,252	7,779
Additions	9	358	-	367
As at 31 December 2023	501	3,393	4,252	8,146
Additions	2	277	-	279
As at 30 June 2024	<u>503</u>	<u>3,670</u>	<u>4,252</u>	<u>8,425</u>
Accumulated depreciation and impairment				
As at 31 December 2022	295	2,373	898	3,566
Charge for the period	30	160	194	384
As at 30 June 2023	325	2,533	1,092	3,950
Charge for the period	21	166	190	377
As at 31 December 2023	346	2,699	1,282	4,327
Charge for the period	25	199	192	416
As at 30 June 2024	<u>371</u>	<u>2,898</u>	<u>1,474</u>	<u>4,743</u>
Carrying amount				
As at 31 December 2022	197	618	3,341	4,156
As at 30 June 2023	167	502	3,160	3,829
As at 31 December 2023	155	694	2,970	3,819
As at 30 June 2024	<u>132</u>	<u>772</u>	<u>2,778</u>	<u>3,682</u>

12. Investments in financial assets

	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Financial assets measured at fair value through OCI	592	592	-

In August 2023 Aquis Exchange PLC acquired a 5.2% stake in OptimX LLC for consideration of USD 750k. The entity is currently in the development stage of creating blotter scraping technologies. The shares of OptimX LLC are not listed on any public market.

The fair value of OptimX, an unlisted-equity investment, falls within Level 3 of the IFRS 13 Fair Value hierarchy. On initial recognition management made the assessment to recognise movements in the fair value of the investment through Other Comprehensive Income as the investment is not held for trading.

Management has assessed the fair value at 30 June 2024 and there was no change in the investment's carrying value since the year end date.

In July 2024, after the period end, management invested a further \$750k to increase its stake in OptimX LLC resulting in a 10.2% stake in the entity. There has been no change in the Group's assessment of its control over OptimX because of that event.

13. Trade and other receivables

	Current		
	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Trade receivables net of impairment	3,579	3,033	4,042
Technology licence contract assets	2,492	3,030	1,830
Prepayments	878	725	810
Other receivables	148	107	118
	7,097	6,895	6,800
	Non-Current		
	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Trade receivables net of impairment	5,352	5,451	3,758
Other receivables	361	360	350
	5,713	5,811	4,108

Trade and other receivables (continued)

Trade receivables are stated net of any credit impairment provision as set out previously in Note 3 in accordance with IFRS 9, as illustrated below:

	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Gross trade receivables	3,636	3,137	4,092
Expected credit loss on trade receivables	(57)	(104)	(50)
Gross contract assets	9,712	10,845	6,603
Expected credit loss on contract assets	(1,868)	(2,364)	(1,015)
Receivables net of impairment	11,423	11,514	9,630

14. Trade and other payables

	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Trade payables	505	759	244
Accruals	1,080	1,814	1,035
Social security and other taxation	757	344	663
Deferred revenue	981	934	1,959
Short term lease liabilities	527	527	527
Overseas corporation tax payable	152	34	23
Other payables	9	57	4
	4,011	4,469	4,455

15. Leases

The right-of use asset was measured at the amount equal to the lease liability, plus prepaid lease payments (being the unamortised portion of the rent deposit asset). The right of use asset is depreciated over the term of the lease and was accounted for during the period ended 30 June 2024 as follows:

Right of Use Asset

	Property
	£'000
Carrying amount at 1 January 2023	3,341

Depreciation for the period	(194)
Remeasurement of lease	13
Carrying amount at 30 June 2023	3,160
Depreciation for the period	(190)
Carrying amount at 31 December 2023	2,970
Depreciation for the period	(192)
Carrying amount at 30 June 2024	2,778

Leases (continued)

Rent deposit asset

The rent deposit asset (excluding the prepaid right of use portion which has been included in the calculation of the right of use asset above) is a financial asset measured at amortised cost and was accounted for during the period ended 30 June 2024 as follows:

	Rent deposit asset
	£'000
Carrying amount at 1 January 2023	357
Finance income on rent deposit asset for the period	5
Remeasurement of lease	(12)
Carrying amount at 30 June 2023	350
Finance income on rent deposit asset for the period	11
Remeasurement of lease	4
Foreign currency translation differences	(4)
Carrying amount at 31 December 2023	361
Finance income on rent deposit asset for the period	5
Recovery of rent deposit	(5)
Carrying amount at 30 June 2024	361

After the period end, £536k of cash was recovered for the rent deposit asset which included £12k of interest earned on the deposit to July 2024. The carrying amount of the rent deposit at 30 June 2024 represented the discounted value of the initial deposit of £437k (excluding VAT) as discounted to reflect the time value of money; the remaining discount was unwound and recognised in the P&L as a gain, but the was offset by a loss on early disposal of a portion of right of use assets. The net impact in the P&L was therefore to recognise the interest income.

Lease Liability

The lease liability is calculated as the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable (such as any rent-free periods). The lease payments are discounted using the interest rate implicit in the lease. The lease liability is measured at amortised cost and was accounted for during the period ended 30 June 2024 as follows:

	Lease liability
	£'000
Carrying amount at 1 January 2023	3,397
Finance expense on lease liability for the period	54
Lease payments made during the period	(257)
Carrying amount at 30 June 2023	3,194

Finance expense on lease liability for the period		49
Lease payments made during the period		(259)
Carrying amount at 31 December 2023		2,984
Finance expense on lease liability for the period		40
Lease payments made during the period		(256)
Carrying amount at 30 June 2024		2,768
<hr/>		
Of which are:		
	Current	527
	Non-current	2,241
		2,768
<hr/>		

The non-current and current portions of the lease liability are included in 'Lease liability' and 'Other Payables' (Trade and Other Payables) on the Statement of Financial Position respectively.

Leases (continued)

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Finance expense on lease liability	40	103	54
Finance income on rent deposit asset	(5)	(16)	(5)
Net finance expense on leases	35	87	49

The finance income and finance expense arising from the Groups leasing activities as a lessee have been shown net where applicable as is permitted by IAS 32 where criteria for offsetting have been met.

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
Amounts recognised in profit and loss	£'000	£'000	£'000
Depreciation expense on right-of-use assets	(192)	(384)	(194)
Finance expense on lease liability	(40)	(103)	(54)
Finance income on rent deposit asset	5	16	5
Short term lease expense	(26)	(43)	-
Net impact of leases on profit or (loss)	(253)	(514)	(243)

16. Called up share capital

	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Ordinary share capital			
<i>Issued and fully paid</i>			
27,516,781 (01 July 2023: 27,516,781; 1 January 2023: 27,509,448) <u>Ordinary shares of 10p each</u>	2,752	2,752	2,751
Issue of new shares following exercise of 7,333 EMI share options	-	-	1
Issue of new shares following exercise of 47,000 EMI share options	4	-	-
27,563,781 (31 December 2023: 27,516,781; 30 June 2023: 27,516,781) <u>Ordinary shares of 10p each</u>	2,756	2,752	2,752

17. Share premium account

	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Share premium			
At beginning of the period	11,810	11,810	11,785
Issue of new shares following exercise of 7,333 EMI share options	-	-	25
Issue of new shares following exercise of 47,000 EMI share options	158	-	-
At end of the period	11,968	11,810	11,810

18. Treasury shares

	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
At beginning of period	4,389	3,798	3,350
Purchase of treasury shares	681	771	444
Shares vested or sold by trusts	-	(157)	-
Change in level of surplus cash held by trusts	(1)	(23)	4
Treasury shares at close of period	5,069	4,389	3,798

Treasury shares are held by the Employee Benefit Trusts. The Investment in Trust has been consolidated within the Group's results as the parent company (Aquis Exchange PLC) can substantially direct the investment activities of the Trusts, thus the Trusts' assets have been consolidated as Treasury Shares.

At 30 June 2024, £16,612 (31 December 2023: £17,676; 30 June 2023: £40,678) of surplus cash was held within the Trusts, which had yet to be used to purchase Treasury shares, but remained under the control of the Trusts.

	As at 30/06/2024	As at 31/12/2023	As at 30/06/2023
	£'000	£'000	£'000
Treasury shares held	5,052	4,372	3,757
Cash held in employee trusts	17	17	41
At the end of the year	5,069	4,389	3,798

19. Cash generated from operations

	6 months ended 30/06/2024	Year ended 31/12/2023	6 months ended 30/06/2023
	£'000	£'000	£'000
Profit before tax	1,052	5,195	1,145
Adjustments for:			
Impairment (credit)/charge on contract assets	(496)	1,016	(332)
Impairment (credit)/charge on trade and other receivables	(47)	45	5
Fair value adjustment to derivatives	25	(51)	40
Equity settled share-based payment expense	589	1,086	507
Amortisation and impairment of intangible assets	380	612	288
Depreciation and impairment of property, plant and equipment	416	761	384
Finance expense	40	103	54
Finance income	(5)	(16)	(5)
Interest income	(296)	(385)	(169)
Movement in working capital:			
Increase in trade and other receivables	415	(4,278)	(901)
Increase in trade and other payables	(544)	309	114
Cash generated by operations	1,529	4,397	1,130
Corporation taxes paid	(120)	(294)	(219)
Net cash flow from operating activities	1,409	4,103	911

20. Other Reserves

	£'000
As at 31 December 2022	1,813
Share-based payment expense for the 6-month period	507
As at 30 June 2023	<u>2,320</u>
Share-based payment expense for the 6-month period	422
As at 31 December 2023	<u>2,742</u>
Share-based payment expense for the 6-month period	589
As at 30 June 2024	<u>3,331</u>

The reserves relating to share-based payments reflects the estimated value of the approved employee share option schemes, which include the EMI, CSOP, PPO and Restricted Share options. The valuation of the options granted is estimated using a US binomial or Black Scholes model. Also included in the share-based payment reserve are the treasury shares purchased by the Trust under the Share Incentive Plan.

21. Controlling party

In the opinion of the Directors there is no single overall controlling party. No individual shareholder had a shareholding of 10% or above as at 30 June 2024.