Report and Accounts 2022

AQUIS EXCHANGE PLC

Introduction

Strategic Report

Financial Statements

Notes to the Financial Statements

Other Information

Highlights of the Year 2022

Strong year, with growth and momentum across all divisions despite challenging economic headwinds.

Successful launch of Aquis Matching Pool (AMP) diversifies the Aquis Markets offering into dark pools, offsetting a decrease in lit volumes.

Increasing levels of interest in Aquis Technologies' pioneering exchange technology, with the offering expanding to include a 24/7 Matching Engine.

Despite adverse market conditions, Aquis Stock Exchange delivered an impressive 22 new issues in 2022 – making it the most successful growth company exchange in the UK.

Finished the year with a well-received inaugural Capital Markets Day, outlining the resilience, diversification and synergies of Aquis Exchange Plc across its divisions.

Net Revenue

£20.1m

2021: £16.2m

Profit Before Tax

£4.5m

2021: £3.6m

Basic Earnings per Share

17p

2021: 17p

Diluted Earnings Per Share

16p

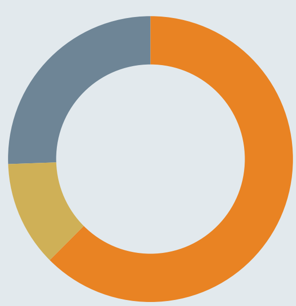
2021: 16p

Group at a Glance

Aquis Exchange PLC is a creator and facilitator of next-generation financial markets through the provision of accessible, simple and efficient stock exchanges, trading venues and technology.

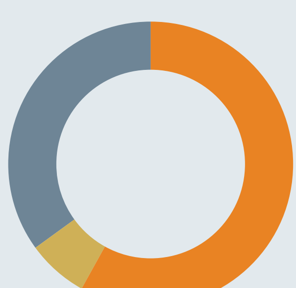
Revenue by division

- Aquis Markets **£12.4m**
- Aquis Stock Exchange **£2.4m**
- Aquis Technologies **£5.1m**



Profit by division

- Aquis Markets **£2.5m**
- Aquis Stock Exchange **£0.4m**
- Aquis Technologies **£1.6m**



Overview

Aquis Markets

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 and does not allow aggressive non-client proprietary trading, which has resulted in lower market impact and signalling risk on Aquis than other trading venues in Europe.

Aquis Stock Exchange (AQSE)

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', with different levels of admission criteria. The Access market focuses on earlier stage growth companies, while Apex is the intended market for larger, more established businesses.

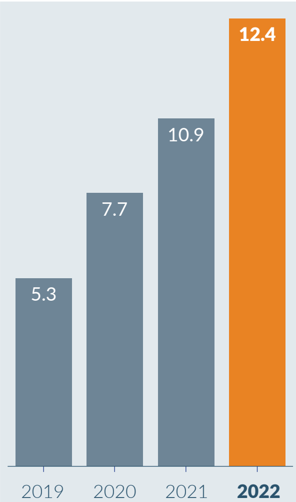
Aquis Technologies

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.

Products and services

- MTFs (UK and France)
  - AQXE: UK regulated
  - AQEU: France regulated
- Data services

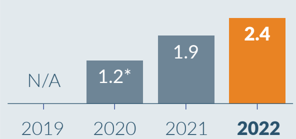
Revenue £m



Case study/Significant events

- Successful launch of Aquis Matching Pool (AMP)
- Growth in Market at Close (MaC), now the largest alternative closing mechanism
- 41 trading members
- 2,000+ shares and ETFs traded

- AQSE Main Market (RIE)
- AQSE Growth Market (MTF)
  - Apex
  - Access
- AQSE Trading (MaTF)



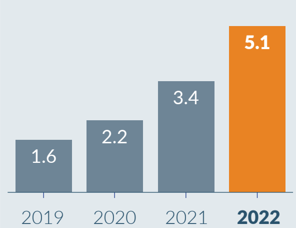
*for 9 months from acquisition

IG

HARGREAVES LANSDOWN

- 22 IPOs
- £60m+ Money raised
- Online connectivity added with Hargreaves Lansdown and IG; now connected to 5 of the 6 largest retail brokers
- 107 securities
- 4 Companies valued at £100m+
- +50 institutional investors now involved in AQSE

- Aquis Matching Engine
- Aquis Market Surveillance
- Aquis Market Gateway
- Services
  - Surveillance
  - Operations



- Delivered first exchange grade 24/7 platform
- Further progress in creating a cloud native exchange
- Sustained growth in technology pipeline, with Aquis offering increasingly recognised as competitive, credible, service-led, innovative and attractively priced

Chairman's Statement

Glenn Collinson
Chair

Overall Group net revenue increased by 24% from £16.2m to £20.1m and profit before tax by 27% from £3.6m to £4.5m driven by strong performances across all divisions, in particular the technology licensing activity.

Overview

I have now completed my first year as Chair of Aquis Exchange PLC (AQXE) and it is with great pleasure that I am able to report that the Group continues to make significant progress underpinned by strong performances from each of the Group's three business activities. These results were particularly noteworthy given the macro-economic challenges resulting primarily from the war in Ukraine, residual adverse effects from COVID-19 and the requirement to handle the impact of the UK's exit from the EU.

During 2022 net revenue increased by 24% to £20.1m and profit before tax by 27% to £4.5m. There was significant increases in technology licensing revenue, whilst AQSE generated a profit ahead of schedule. Pan-European secondary market trading was strengthened through the launch of AMP, our new dark pool activity. We continued to develop our presence in Europe and enhance client relationships within the EU 27 markets.

We have also continued to invest in our technology making further significant progress through the development of 24/7 capability and exchange grade cloud platforms.

Board and Governance

We further strengthened the Aquis Exchange PLC Board ("the Board") during 2022 through the appointment of Fields Wicker-Miurin as Senior Independent Director and Chair of the Nominations & Remuneration Committee and Ruth Wandhöfer as independent non-executive director and member of the Audit & Risk Committee and the Aquis Europe subsidiary Board. Richard Fisher joined the Board as CFO at the AGM in April 2022.

Fields has a distinguished career with over 40 years' experience as an executive in financial services, a social entrepreneur focused on leadership, and a non-executive director and committee chair of the boards of both global companies and government departments. From 1994-7 she led the transformation of the London Stock Exchange (LSE) and the London equity markets while CFO and Strategy Director, and from 2006-7 she was the only non-US member of the NASDAQ Technical Advisory Council. Fields was one of only 6 experts (and the only British one) advising the EU Parliament on financial services harmonisation in the lead-up to the Prospectus Directive.

She currently serves as a non-executive director, member and chair of key committees of the main boards of BNP Paribas (the Eurozone's largest bank) and Scor (the world's 4th largest reinsurance company) and is Deputy Chair of the Royal College of Art & Design.

Ruth has considerable financial services experience. Following a senior executive career at Citibank, she has served on a number of Boards as an Independent Non-Executive Director including the London Stock Exchange from 2018 to 2020 and is currently serving on the board of Gresham Technologies PLC and Permanent TSB PLC in Ireland.

Prior to joining Aquis as Director of Finance in April 2021, Richard was the Director of Finance at Redwood Bank and prior to that held a number of senior roles within RBS. Richard qualified as an accountant (ICAEW) with PwC.

Richard Bennett retired from the Board with effect from 31st December 2022 and Mark Spanbroek will retire on 27th April 2023. Richard served for nine years and Mark for ten years. On behalf of the whole Company I would like to thank them both for their service to Aquis.

Culture, Stakeholder Engagement and Section 172 Duties

The Board continued its engagement with key stakeholders, particularly focusing on employees and shareholders. We hosted a very successful Capital Markets Day in November and Fields Wicker-Miurin and myself consulted with shareholders in advance of the renewal of our Directors' Remuneration Policy at the 2023 AGM.

During the year I assumed responsibility as the appointed representative of the Board to liaise with employees. We also undertook our third annual employee engagement survey and once again overall feedback was positive.

Environment, Social and Corporate Responsibility

The Board is focussed on the Company's responsibility to continue to grow and operate on a sustainable basis whilst playing the role as an exchange operator in bringing issuers and investors together to create a sustainable ecosystem where capital flows and investment can occur. This offers us an opportunity to make a difference not only through our own actions but also by creating an environment for other companies and investors to make a wider contribution.

From the outset, Aquis has been committed to improving the efficiency of markets through transparency and innovation. In addition, we aim to stimulate growth in the economy by listening to the needs of issuers and creating a supportive, fair and low-cost environment for capital raisers to list instruments, particularly for innovative young companies.

We continue to make progress on our ESG plans through integrating diversity objectives into our business plans and reducing our environmental impact, details of which are set out in the Strategic Report on p10.

We remain committed to further improving our gender balance, making progress towards meeting the Hampton Alexander guidelines on female representation on the Board (3 out of 9 after the 2023 AGM), and further improving the gender pay gap measure of female seniority in the company to 24% on base salary and 29% on base salary plus annual bonus. Our target remains to be better than the average in UK financial services on these measures.

Our focus for the year ahead

We are confident that we have the resources and technology to support further profitable growth across all our business activities and we will continue to invest for future growth. We have strengthened the Board and it is now scaled appropriately to meet the opportunities ahead. However, we will continue to monitor closely the skills and experience of the Board Directors to ensure that we are able to continue to focus on ensuring the business delivers on its strategy across all the aspects of the business.

Glenn Collinson
Chair

Chief Executive's Report

Alasdair Haynes
Chief Executive Officer

The Aquis Group delivered material progress during 2022 demonstrating the quality and resilience of all of its core business activities.

Overview

During 2022 Aquis celebrated its 10th anniversary. It has already been an amazing journey from building a fledgling pan-European secondary market equities trading platform into a profitable Group covering primary and secondary trading and technology licensing activities. I am confident that the next decade will be equally, if not more, successful than the first.

There were some major economic headwinds during the year, yet the Group dealt comfortably with these adverse conditions, despite the significant negative effects they caused across the financial services industry.

The Group profited from significant growth in the technologies division along with strong performances in pan-European secondary market trading, the primary market activities of AQSE and data revenue. This growth demonstrates the resilience of the diversified business model that Aquis has created. It also managed to maintain market share of the pan-European equities secondary market trading in excess of 5% whilst diversifying its product offering through the launch of the Aquis Matching Pool (AMP).

This overall performance resulted in the Group reporting a 24% growth in net revenue to £20.1m (net of provisions) and a profit before tax of £4.5m in 2022 compared to a profit before tax of £3.6m in 2021. On an underlying basis including FX movements reported through other comprehensive income this equates to a 41% increase in underlying profit from £3.3m to £4.7m. This increase demonstrates the continued progress made during the last 12 months and provides the Group with the profitable platform to continue to invest and further strengthen the synergies across its principal business activities.

Reflecting the increasing diversification across three business units and four revenue streams, we have successfully completed a rebrand post-period, in Q1 2023. The Group now consists of Aquis Markets (formerly the Aquis Exchange business), Aquis Technologies, and Aquis Stock Exchange.

It is difficult to predict if market conditions will become more stable in 2023, following a difficult 2022; however, I do believe that our strong team and technology platform should enable us to overcome these and any future challenges.

Aquis Markets

Over the period, the secondary market multilateral trading facility ("MTF") platforms operated by the Group in London and Paris continued to grow despite challenging economic and regulatory conditions. The number of trading members grew from 38 to 41 and a number of members increased their activity levels, leading Aquis Markets revenue to increase by 15% to £12.4m.

The market share of all pan-European trading including auctions and dark pools was maintained through the year with the launch of AMP, the Aquis dark pool offering offsetting a decrease in Lit volumes. We are confident that with new innovative order types planned to be introduced in 2023, our lower toxicity and high available liquidity will ultimately underpin long-term market growth. Our Market at Close ("MaC") order type, made a material contribution to trading volumes on the platform and we anticipate it will grow further during 2023. As the MaC allows members to enter orders for matching on the Aquis platform at the closing price of the primary market, we now operate across a larger cross-section of all available trading.

Aquis Markets offered clients the ability to trade in excess of 2,000 stocks and ETFs across 16 European Markets as at the end of December 2022. Overall, the available liquidity, equal to approximately 23% of total pan-European equity liquidity should underpin future market share growth.

Aquis Technologies

During 2022 Aquis made significant progress in its technology division. This activity, where Aquis licenses its leading exchange related technology to a variety of international financial services clients across different asset classes, has a strong pipeline and offers material future growth opportunities. Net revenue from technology licensing in 2022 grew 51% to £5.2m, reflecting the increasing interest in our high-calibre, in-house technology.

In 2022, Aquis Technologies extended one contract and secured two new contracts, bringing the total to seven.

Aquis Technologies continues to develop its technology platforms to support growth across different asset classes internationally, delivered the first exchange grade 24/7 platform and made further progress in the plan to create a cloud native exchange.

Aquis Market Data

Data revenues increased 29% in 2022 to reach £3.0m as the Group continued to benefit from the implementation of a harmonised data structure. Data is a key pillar of the Aquis strategic plan, and we expect that it will continue to make a significant contribution to the Group.

In addition to the contribution data brings to the Group results, it may increase further in importance in the long-term if consolidated tapes for the UK and Europe are implemented. Introducing consolidated tapes for Equities should improve the quality and pricing of market data and lead to a fairer distribution of data fees across the various European trading venues. Progress was made during the year in the UK and in Europe where the European Council has recently agreed a mandate to negotiate with the European Parliament on reforms that include the establishment of a consolidated tape.

Aquis Stock Exchange (AQSE)

AQSE had a very successful 2022, moving to profitability ahead of schedule.

The exchange attracted a further 22 IPOs during the year: the most of any growth company exchange in the UK. The business also made good progress in integrating with the main retail investor platforms thereby ensuring access to its broad range of companies and continuing to attract additional market makers, corporate advisers and brokers.

Underpinned by the Group's proven, disruptive technology and a track record of transparency and innovation, we have already made material progress in building AQSE into a competitive primary marketplace, particularly as MiFID II and the FCA Wholesale Markets Review continues to put the traditional business model of national exchanges under pressure.

I believe that we have a unique opportunity to build a pan-European, technology-driven, listing exchange for growth companies, overcoming several issues faced by small and mid-cap market participants today.

Further Investment in Research and Development (R&D)

The Group continued to invest in R&D throughout 2022 and will continue this investment during 2023 in order to maintain and enhance the quality of its technology and its ability to be able to deliver new products and platform enhancements to its clients.

Our proven trading platform has been developed in-house and is based on proprietary technology, which does not rely on third party software suppliers. The quality and flexibility of our technology was demonstrated through the launch of AMP, the creation of the first ever exchange grade 24/7 market and underpins our Group strategy. It is the principal reason for the growth in our technology licensing business.

I believe this structure and continued investment in R&D gives us a significant competitive advantage on functionality, price and ability to deliver. Aquis' technology organisation ensures expeditious product development and, together with Aquis' further investment, will allow the Group to react quickly to dynamic market conditions. We intend to continue to work on further developments which will foster future growth.

Resources

During 2022 we continued to invest in personnel resources across a number of departments with headcount across the London and Paris offices increasing by 16% and we will continue to further strengthen our team in particular in support of the sales and technology activities.

Outlook

In November 2022 we held our first Capital Markets Day (CMD) which enabled us to present some of the exciting initiatives that we will pursue over the next few years and how we believe we can remain at the forefront of exchange technological invention.

Following the successful launch of AMP we will continue to develop this activity and anticipate further product development in this area during 2023.

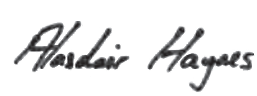
There remains some macro-economic uncertainty; however, I believe that our strong team and technology platform should enable us to overcome this and any future challenges. Our technology systems have dealt efficiently with significantly higher messaging volumes caused by increased volatility. Although it is difficult to forecast, with any degree of certainty, the effect of these events on the broader Group for the time being, I remain confident in our unique proposition and our readiness to achieve the next level of operational, financial and strategic success.

There has been an encouraging start to the current financial year and so far in 2023 trading continues in line with market expectations.

We are already delivering on our vision of a transformation of primary markets for small and mid-cap stocks through Aquis Stock Exchange where we have a pipeline of 50-60 companies looking to IPO and expect the growth of the Exchange to continue at pace throughout 2023.

We continue to invest in our business to ensure that we maintain our ability to grow. This investment will support the broadening of our market position through innovation and excellence. We will continue to promote the Aquis values of transparency, fairness and simplicity, enabling our end customers to get better performance and results.

Our principal aim in the future remains to deliver robust and sustainable returns for the benefit of shareholders and all our other stakeholders in the medium and long term. Our highly capable and experienced management team remains focused on serving our clients as we grasp the opportunities ahead and, in particular, on delivering our shared goals and our vision for transforming primary markets for small and mid-cap stocks.



Alasdair Haynes
Chief Executive Officer

Strategic Report

Strategic Report

Overview of the business

Aquis Exchange PLC ("Aquis" or "the Company"), is the principal operating company and the holding company of the Aquis exchange activities ("the Group") which operates three principal divisions: Aquis Markets, Aquis Technologies and Aquis Stock Exchange.

- Aquis Markets, a pan-European Multi-Lateral Trading Facility (MTF) operator that provides secondary market trading in pan-European stocks that are listed on other exchanges.
- Aquis Technologies which provides exchange and regulatory technology to third parties.
- Aquis Stock Exchange Limited ("AQSE") which is a Recognised Investment Exchange ("RIE"). It runs a primary market for small and medium size issuers and secondary market trading in those stocks.

The Company also has a French subsidiary, Aquis Exchange Europe SAS, ("AQEU"), an MTF established to enable European clients to continue to trade EU stocks, which provides secondary market trading in EU 27 stocks listed on other exchanges.

The Company and AQSE are regulated by the UK Financial Conduct Authority ("FCA"), while AQEU is regulated by the Autorité de Contrôle Prudentiel et de Resolution ("ACPR") and the Autorité des Marchés Financiers ("AMF").

The Group has made significant progress in the development of its activities since the IPO in June 2018 and is well positioned to be recognised as one of the leading technology-led, international exchanges driving improved transparency and fairness in the securities trading market through the introduction and enhancement of competition and innovation. With these guiding principles the Group's main focus is to:

- Capitalise on regulatory and technical shifts in market infrastructure by providing an exchange which offers deeper liquidity and transparency, higher quality execution for intermediaries and investors;
- Continue to increase the number of members of Aquis Markets and associated trading volumes by providing a robust and innovative platform that responds to their needs;
- License its proven technology platform to third parties that require cutting-edge trading or market surveillance technology; and
- Positively address the current market issues of large spread and low liquidity in small and mid-cap trading through AQSE's RIE status

The trading platform for all Group entities is run on the same trading technology and all entities apply a unique subscription-based pricing model based on electronic messaging traffic for the lit market. This means that the dealing price prior to the trade is transparent to the whole market. This is in contrast to pricing on dark and grey markets, where price discovery is only available to the market post-trade. For AMP (the Aquis dark pool market) clients are charged a percentage of the value of each transaction.

AQXE and AQEU MTFs apply a non-aggressive trading model, which means that certain types of trading behaviour are not allowed, and it encourages more passive trades to rest in its order book. This creates greater depth of liquidity and less potential for information leakage or "toxicity" in the market. Independent studies have verified that Aquis' non-aggressive trading model has materially lower toxicity than its competitors, which reduces adverse price movements thereby lowering the implicit costs of trading for the end investor. This is a significant positive differentiating factor.

AQSE is focused on creating a primary market for growth company issuers and a secondary market for the trading of their stocks.

Clients and Competitive Landscape

The client base of all three entities consists, principally, of investment banks and brokers acting on behalf of institutions such as pension funds, asset managers and retail brokers to execute their orders and, in the case of AQSE, it includes the issuers who wish to raise capital on the platform.

The principal competitors to Aquis' business are the incumbent national exchanges and other pan-European trading venues. In secondary markets they charge customers on a per transaction model to allow fully aggressive trading.

During 2022 Aquis has consolidated its market position commanding 5.2% market share (Q4 average) of all EU secondary markets trading underpinned by a more diversified product offering following the launch of AMP. This business is well positioned to benefit from further product development and any future regulatory changes.

The institutional support for greater transparency in European equities trading also supports future business growth.

Aquis' matching engine and surveillance technology has been operating successfully for a number of years. It has been developed for multi-asset class trading and is attracting customers wishing to license the technology as the trading engine for a broad range of instruments. The Company's principal technology customers are new equity trading venues where the market is opening up to competition as well as exchanges specialising in digital assets, MTF operators across asset classes and market participants requiring real time market surveillance. Aquis delivered a proof of concept for cloud-based exchange technology in partnership with AWS and the Singapore Stock Exchange and continues to see significant interest in this space. Competitors of the licensing business are other matching engine providers and surveillance software providers.

We are a strong supporter of the regulatory principles such as best execution and greater transparency for markets that have been introduced and we are committed to complying with market regulation. We believe that we are well placed to manage any regulatory divergence between the UK and EU given our robust and agile business model, our lean cost structure and our technology leadership.

As a growth company the Key Performance Indicators (KPIs) for the Group are principally (i) the continued growth in revenue (See the Table below showing Group Revenue) and also (ii) the continued growth in Profit Before Tax (PBT). In building out these KPIs significant focus is made to the key drivers of revenue and profitability which include for example the market share of pan European secondary market trading (see Page 10). The delivery against these principal KPIs are fundamental to the success of the Group.

In support of these KPIs the Board has established for the senior Executives clear financial and non-financial objectives for the Group. For 2022 these were revenue, profit before taxation, market share of pan-European secondary market trading, quality of technology, planning, sustainability and compliance with regulations and corporate governance, allowing clear performance measurement against the most important targets set by the Board. Financial objectives represent 70% and non-financial 30%. The financial KPIs are based on target net revenue and profit before tax. The non-financial KPIs address strategy, resources, information and communication. Further details are given in the Remuneration Report on page 59.

Financial Review

It has been a year of very strong revenue growth during 2022. The breakdown of the principal revenue activities is as follows:

	Group		
	2022 £	2021 £	YoY Growth %
Revenue analysed by class of business			
Subscription fees	10,869,442	9,766,046	11
Licence fees	5,034,579	4,404,606	14
Issuer fees	1,022,520	692,743	48
Data vendor fees	3,002,986	2,319,360	29
	19,929,527	17,182,755	16

The Group generated a profit before taxation for the year of £4.5m compared to £3.6m in the previous year. The continued growth in profits during 2022 is primarily attributable to increased exchange revenue through the launch of AMP and as members' subscriptions have risen as a result of increased trading levels, as well as increased revenue from data, technology licensing and issuer fees.

The trade receivables resulting from revenue from licensing technology contracts attract an IFRS 9 (Expected Credit Loss on the trade receivables arising from contract assets).

This year the application of IFRS 9 has resulted in a net impairment provision release during the year of £133k (2021: charge (£972k)).

Profit before tax increased 27% to £4.5m and EPS (fully diluted) remained at to 16p per share. The profit before taxation is after applying amortisation charges to internally generated intangible assets, as well as depreciation and finance charges, which reflect the accounting treatment of leases under IFRS 16.

The Group generated an income tax credit of £157k which was driven by an increase of £301k in deferred tax assets, offset by an overseas corporation tax charge of £144k.

In May 2022 Aquis relocated its London office. The lease liabilities arising are amortised over the life of the leases, attracting a net finance expense charge amounting to £53k for 2022, whereas the right of use assets are depreciated on a straight-line basis over the life of the lease, attracting a depreciation charge of £397k for 2022.

The Group's cash and cash equivalents as at 31 December 2022 were £14.2m (2021: £14.0m) maintaining the Group's strong cash conversion rate which allowed the continued investments as set out below. Over the year the group deployed £1.95m of cash to purchase treasury shares used to service the various employee share schemes.

Group investments, productivity and capital management

The Group has continued to invest in its technology offering, including the creation and enhancement of new order types, enhancements to the surveillance system and auction systems and further technical development to enable licencees to enter different asset classes. In addition, the Group has made further investment in personnel as it continues to develop capability and brand awareness.

The Group is required to maintain sufficient capital to meet the regulatory obligations for all entities. These are calculated and updated annually. At 31 December 2022 the Company ICARA requirement amounted to £4.7m (2021 £3.9m). The individual entities of the Group meet the respective FCA and ACPR capital adequacy requirements with plenty of headroom for further investment in business operations.

The Board considers that its investments have contributed to the Group's ability to gain new clients, broaden its customer base and increase revenue. The Group recognises the importance of continuing to enhance productivity, and the commitment to future investment, both technically and in terms of resource training and development. The Group has established both short- and long-term incentive plans based on performance for all employees, which are set out in more detail in the Report of the Nomination & Remuneration Committee and aligns the employees' interests with the long-term strategic objectives of the Group.

In deciding its investment plans, Group management receive a detailed analysis of the exchange and client technical opportunities and related time requirements on a quarterly basis and then determine the personnel and other resources that it wishes to allocate to these opportunities. This information also includes an estimate of the deployment cost.

Future development of the business

In order to support its long-term vision and in order to strategically position for continued growth, Aquis has invested significantly in its business differentiators, R&D in the technology platform, brand and personnel resources. The Group is cognisant of the importance of such investments to maintain innovation and strong quality delivery.

AQSE

During 2022, the Group has invested significant time and resource into AQSE re-building the market presence and brand and has started to realise some of the anticipated synergies across the Group's exchange memberships, data offering and use of technology.

Compliance with Section 172 (1) of the Companies Act 2006

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. As such, Section 172 requires a Director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term
- Interests of the Company's employees

- Need to foster the Company's business relationships with suppliers, customers and others
- Impact of the Company's operations on the community and environment
- Desirability of the company maintaining a reputation for high standards of business conduct
- Need to act fairly between members of the company

We set out below some examples of how the Directors have had regard to the matters set out in Section 172(1) when discharging their Section 172 duty and the effect of that on certain of the decisions taken by them.

Stakeholder Management

The Group complies with the requirements prescribed by Section 414CZA of the Companies Act to disclose how the Company promotes its success for the benefit of all stakeholders.

The Board is acutely aware that the Group's long-term success and sustainable value creation is critically reliant on maintaining good relations with all stakeholders and ensuring that decisions are made after taking account of the principal stakeholders' interests. Specific stakeholder considerations undertaken by the Board this year included, but were not limited to, the Group's handling of the fallout from the war in Ukraine.

In arriving at these decisions, the Board has assessed the likely consequences of any decision in the long term, the interests of the Group's employees, the need to foster the Group's business relationships with suppliers, customers and others, the impact of the Group's operations on the broader community, the desirability of the Group maintaining a reputation for high standards of business conduct, and the need to act fairly between shareholders of the Company.

Details on how Aquis and its Board engage with its principal stakeholders, are given below.

Clients

Management proactively gathers regular feedback from clients, both positive and negative, in order to understand their ever-evolving needs, identify any improvements that would result in better client outcomes or satisfaction and to foster good client relations. This is regularly fed to the Board at meetings or on an ad hoc basis, if required.

Shareholders

Executive Management meet with the key shareholders at appropriate times during the year and provide feedback to the Board.

Additionally, the Chair and other Non-Executive Directors continued, where possible, to engage with a subset of key shareholders through one-on-one meetings. The latest round took place in January 2023. Shareholders have been extremely appreciative of these meetings and feedback is provided to the Board in both written and verbal updates.

Employees

The Group promotes a positive and inclusive culture. Team meetings and Group briefings are held on a regular basis to ensure all personnel are informed of the Group's performance and key strategic objectives and goals. Throughout the year Glenn Collinson has held the responsibility as the Board's nominated representative for employee engagement and facilitated meetings with employees so as to ensure that their voices are heard through an independent ear from the Board.

This was complemented by the annual employee engagement survey, which allowed employees to provide feedback in confidence. This the 4th consecutive year that the Group has run the employee engagement survey and results have been consistently positive. The Executive develops an action plan to address the key areas highlighted with particular emphasis on our core values and on investing further in employee training and career development.

Suppliers

The Group has identified key suppliers that include suppliers of office hardware and consumables, as well as suppliers such as liquidity providers and advisers such as auditors, brokers, recruitment agents, legal advisers and PR consultants. The Group seeks the independent and experienced view of its key advisers on various matters as and when required. Sometimes this is directly with the Board, or the Board will ensure that the Executive reports on advice provided to the Group when needed.

Regulators

The Group takes an open and co-operative approach with its regulators and positively embraces the FCA's 11 principles of business. The Group submits regular returns to the FCA, the ACPR and the AMF, and employees whose roles encompass compliance activities are encouraged to attend regular external presentations and workshops arranged by the regulators on topical issues, and also receive regular professional update training. All new and existing employees and advisers are made aware of the FCA, ACPR and AMF's principles of business, and undergo training required by finance professionals working at an equities exchange group. The Group arranges regular compliance assessments to provide assurance that the Group is meeting the requirements of the regulator.

During the year the Board undertook training, which covered reminders of Directors' duties in the UK and Europe with regards to the regulation and oversight of financial market infrastructures.

Board Effectiveness and High Standards of Business Conduct

The Board remains committed to high standards of corporate and regulatory governance. During the year the Board undertook training, which covered reminders of directors' duties under UK law, under the UK Corporate Governance Code and also under UK and European regulation with regards to the oversight of financial market infrastructures. Additionally, it explored how to improve the Group's cyber security risk management frameworks and became more informed about the policy-making environment for financial markets in Europe.

Consequences of Long-Term Decisions

Considerable time was spent focusing on the Group's strategy and challenging management to think about the longer-term impact of decisions, how those decisions were in line with the Group's values, the long-term sustainability of the Company and its subsidiaries and the desire to maintain its reputation.

The Board has also made further progress in its succession planning both for the Executive and the Board. Glenn Collinson was appointed Chair with effect from 1st January 2022. The Board appointed two new NEDs, Fields Wicker-Miurin and Ruth Wandhöfer in anticipation of the scheduled retirement of Richard Bennett on 31st December 2022 and Mark Spanbroek on 29th April 2023. In addition the Board promoted Richard Fisher to the Board in March 2022 as CFO. The Board operates a skills matrix to map the requirements of the organisation against the current skills and composition of the Group Board and the skills and composition gaps that will be created as the Group evolves and directors move off the Board. This matrix is updated at least annually and was used effectively in the search for the latest additions to the Boards of both Aquis and AQSE.

Management plan to recruit additional employees, in particular in the technology area in the UK and France during 2023.

COVID-19 and The Interests of Employees

The impact of COVID-19 decreased dramatically during 2022; however the Board continued to monitor the day-to-day operations, the business continuity plans and the employees' well-being carefully throughout the year. This included work from home issues and the office environment.

The Board has also ensured engagement with employees through the engagement survey and the nomination of a Board representative to meet with employees when possible.

Our ESG journey

Our Purpose

In its role as a disruptor, Aquis' aim has always been to improve financial markets by maintaining the utmost transparency and least market toxicity for the benefit of the end investor. In this way it reduces both the explicit and implicit costs of trading that are borne by investors.

In addition, the Group is also focused on stimulating growth in the economy by listening to the needs of issuers and creating a supportive, fair and low-cost environment for capital raisers to list instruments, particularly for innovative growth companies while ensuring an appropriate balance of investor protection. Aquis also recognises the pivotal role it has to play in educating those issuers about ESG and how they can set and achieve goals and facilitating their disclosures to investors.

Our Culture, Diversity and Employee Well-being

The Group is committed to ethical business conduct and expects the highest standards of integrity to be followed by the Directors and all employees. The Aquis Group culture is underpinned by the following core values:

- Trust (integrity, competence and deliver what and when we say we will);
- Proactivity (discipline and initiative);

- Openness (transparency);
- Excellence (through creativity and innovation);
- Collaboration (through positive, collegiate and free thinking); and
- Respect.

Despite a further increase in employee numbers in 2022 the Group has a relatively small resource base, and therefore has concentrated on recruiting personnel with a high degree of specialist skills. The Group provides on-going training and support with the aim of ensuring that personnel retain and enhance their technical skills and that employees feel that there is opportunity to develop within the Group. The Group also operates a flexible working policy to ensure it takes account of individual employee requirements.

The Group has a Diversity and Inclusion Policy that emphasises Aquis' desire to create a supportive and inclusive culture amongst the whole workforce. We believe it is in the best interests of the Company and the wider community to promote diversity and eliminate discrimination in the workplace. Our aim is to ensure that all employees and job applicants are given equal opportunity and that our organisation is representative of all sections of society. Each employee will be respected and valued and able to give their best as a result.

The policy reinforces our commitment to providing equality and fairness to all in our employment and not providing less favourable facilities or treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, colour, nationality, national origin, religion or belief, or sex and sexual orientation.

We are opposed to all forms of unlawful and unfair discrimination. All employees, management, agency, casual workers, and independent contractors no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect. When Aquis selects candidates for employment, promotion, training, or any other benefit, it will be on the basis of their aptitude and ability. All employees will be given help and encouragement to develop their full potential and utilise their unique talents. Therefore, the skills and resources of our organisation will be fully utilised, and we will maximise the efficiency of our whole workforce. Aquis' commitments are:

- To create an environment in which individual differences and the contributions of all team members are recognised and valued.
- To create a working environment that promotes dignity and respect for every employee.
- To not tolerate any form of intimidation, bullying, or harassment, and to discipline those that breach this policy.
- To make training, development, and progression opportunities available to all staff.
- To promote equality in the workplace, which Aquis believes is good management practice and makes sound business sense.
- To encourage anyone who feels they have been subject to discrimination to raise their concerns so we can apply corrective measures.
- To encourage employees to treat everyone with dignity and respect.
- To regularly review all our employment practices and procedures so that fairness is maintained at all times.

Aquis has implemented an equality, diversity and inclusion policy which has been communicated to all employees emphasising that they are obligated to comply with all its requirements and promote fairness in the workplace. The policy is also be drawn to the attention of agents, stakeholders, customers and job applicants. It is therefore very pleasing to report that gender and non-gender diversity strengthened further during the course of the year and we believe our diversity and inclusion policies will have a positive impact on the successful execution of the Group strategy.

This year the Group has established aspirational 3-year diversity targets for the Board and for the employees. These targets have been established to underpin the importance the Board places on this issue and to provide clear guidance and focus on these aspirations. The Board had established a target to increase the overall female NED ratio and this was achieved during the year.

The employee targets are set out below. These are to:

1. improve all diversity ratios
2. increase the management team diversity ratios
3. decrease the female / male seniority gender pay gap

4. include more comprehensive employee statistical analysis in the annual report
5. create a targeted diversity inclusive supplementary development program for employees who we believe have the potential to be promoted to Exco in the next 5 years
6. implement a more comprehensive mentoring system

In addition, the Group has established targets over the next three years (i.e. to 2025) where the aspirations are to:

- in 2022 the gender (seniority) pay gap was 24% on base salary and 29% on base salary plus annual bonus, an improvement over the 2021 gap of 36% (base salary) and 41% (base salary plus annual bonus)
- meet the Hampton Alexander Review target of at least 33% of board members being female
- have a gender pay (seniority) gap no worse than the UK Financial Services industry average

The Group runs an annual anonymous employee survey and arranges regular meetings with the Board nominated employee representative. In addition, employees have regular one-to-one sessions with their immediate line manager and annual reviews where development plans are discussed to ensure individuals' objectives are aligned to the business strategy and to improve levels of employee engagement.

The Group has a commitment towards preventing slavery and human trafficking throughout our supply agreements: the Group complies with the Modern Slavery Act 2015 (MSA) and adopts a zero-tolerance approach towards slavery and human trafficking and expects all those in our supply chain (and contractors) to comply with the MSA.

Consumption and The Environment

The Directors endeavour to promote the consumption of resources in a manner that fosters the long-term sustainability of the business and the environment in which it operates and are conscious of the requirement to monitor these activities.

Although the Group has a small number of personnel and associated office space, it recognises that it contributes directly to carbon emissions through its consumption of energy, waste and water, through staff travel and, indirectly, through its consumption of supplies and equipment including office hardware.

During the year the Group continued to promote the target of reduced carbon emissions associated with employees commuting to the office. In addition, the building electricity provider for the current Aquis office obtains energy from 100% renewable electricity and carbon neutral gas and the two data centres used by Aquis are both powered by 100% renewable energy.

We have also continued progress on the target to deliver a cloud native exchange. While most major financial exchanges operate using physical data centres, the infrastructure required to run a trading environment is not beneficial to the environment because of the fact that servers must always be "on" and significant duplicative processing occurs. If trading firms could leverage all the benefits of running a cloud-based solution, the cost optimisation, scalability and resiliency would make a positive contribution to reducing the impact on the environment.

Governance

When Aquis listed in 2018, it voluntarily chose to follow the highest standards of corporate governance when it committed to adhering to the UK Corporate Governance Code and the Directors have implemented appropriate measures which have allowed Aquis to comply with all provisions of the Code during the accounting period and up to the date of this report.

Aquis and AQSE are directly authorised and regulated by the FCA and AQEU is regulated by the ACPR and the AMF. The Group fully complies with the relevant rules and guidelines in all respects and monitors that compliance throughout the year.

The Group's objective is to establish an open and cooperative relationship with all regulators, and it positively embraces the FCA's 11 principles of business. The Group submits regular returns to the FCA, and employees whose roles encompass compliance activities are encouraged to attend regular external presentations and workshops arranged by the FCA on topical issues, and also receive regular professional update training. All new and existing employees and advisers are made aware of the FCA's principles of business, and undergo training required by finance professionals working at an equities exchange group. The Group arranges regular compliance assessments to provide assurance that the Group is meeting the requirements of the regulator.

The wider community

Aquis has been involved in a number of charitable and community enhancing initiatives in the year. In 2022, Aquis partnered with Ravens Wood School in Bromley to spearhead an 'Investment Club' scheme with A-Level Economics and Business students. Aimed at increasing financial literacy and accessibility, students received tailored talks and presentations from members of Aquis staff on aspects of the financial services industry, public markets and career advice. Students then created their own mock-up AQSE universe portfolios with an imaginary starting value of £50,000 using an app developed by Aquis fed with real price data. Aquis intends to continue with and expand this programme in future. Aquis also participated in the London Youth Rowing Race the Thames project and employees have shown their desire to make a difference.

Knowledge Transfer Project

Aquis has made significant progress with the University of Derby partnership: a two-thirds government funded Knowledge Transfer Project ("KTP") that involves industry-led research and development on Artificial Intelligence for trading platform surveillance alerts to develop an efficient and accurate market abuse monitoring system.

Current surveillance systems are deterministic, handcrafted, generate a high percentage of false positive alerts and run a high risk of human fatigue and/or boredom. Consequently, market abuse events may often be missed when analysing a large number of false positives. As part of our mission to improve transparency in financial markets, this partnership will publish research papers on machine learning techniques that will mitigate human error in detecting fraudulent trading practices that harm the integrity of, and trust in, financial systems that are critical for the modern economy.

As part of our mandate to strive for innovation, we are excited for what the future holds for machine learning and artificial intelligence in the trading industry and are encouraged by the widespread support for this project.

Next Steps in Our ESG Journey

During the strategic planning process, we assessed a number of potential ESG initiatives Our short-term goal is to complete the assessment of the sustainability risk factors of the Group's day-to-day activities and translate them into a meaningful Group-wide ESG strategy that can be woven into our main strategic goals.

In addition, during 2023 we aim to:

- Develop a formal ESG policy
- Set formal short, medium and longer term non-financial goals on material ESG topics that are directly relevant to our business
- Introduce a first round of formal initiatives to reduce ESG impact and manage ESG risk
- Complete a carbon footprint assessment for the Group that has been commissioned and begun in January 2023.
- Undertake an initial assessment of potential broader ESG initiatives that may have a positive impact on the wider community through the Group's role as a primary exchange

Principal risks and uncertainties

The identification and management of risk is an integral part of the execution of Aquis' strategic vision and operations. The below provides an overview of the principal risks facing the Group:

STRATEGIC RISKS

Risk	Risk Description	Mitigation
Economic landscape	In March 2023 there were signs of stress in the banking sector with the default of Silicon Valley Bank and acquisition of Credit Suisse by UBS. There is a risk the credit worthiness of historically financially robust institutions comprising the customer base of AQXE might increase the credit risk of the parent company. Equally, a second order exposure is possible for other customers who maintain deposits with insolvent banks. The Economic landscape was adversely affected during 2022 by Ukraine (particularly in respect of heightened cyber risk) and to a lesser effect the residual impacts of COVID-19 and Brexit. The speed of recovery may negatively affect the Group's trading volumes resulting in lower revenues or increased costs.	Aquis derives revenues from both fee and contractual annuity-based streams, which is less impacted by cyclical market driven trends. The war in Ukraine continues to cause immeasurable suffering and harm but it is not expected to have a material adverse effect on the Group's trading volumes. Whilst COVID-19 had a material negative effect on the economic landscape for many countries; the impact on the UK and European economies decreased materially during 2022 and it is anticipated that it will have less impact on total market volumes in the future. Pan-European trading is now executed almost 100% by the Group's MTF subsidiary in France, AQEU, that has full regulatory approval from the ACPR to allow the Group to continue to operate as an MTF and it is anticipated that this will remain the case for the foreseeable future. The Directors have reviewed where possible our customer base to ensure these entities are not directly exposed to insolvent credit institutions. Additionally, swift regulatory intervention by the Federal Deposit Insurance Corporation secured depositors with SVB and the acquisition of UBS subsequent to a Swiss Central Bank liquidity backstop both ensure limited fallout from these events.

Risk	Risk Description	Mitigation
Legal/Regulation	The Group operates highly regulated entities, including three MTFs and an RIE and is required to maintain sufficient regulatory capital and comply with relevant legal and regulatory requirements necessary to operate the Group's business. All three Group entities must hold regulatory licences and independent capital minimum. There is the risk that current regulation or future changes could have an adverse effect on the Group. Possible impacts may be (but are not limited to): • Sustained downturn in revenues could put regulatory capital at risk, • One of the Group entities could be subject to a fine or a lawsuit which may draw on the entities' finances, • Change in regulation may increase costs for the Group or require unanticipated investments, and • Inability to meet regulatory requirements could result in a licence being withdrawn and prevent the Group entity from operating its core business. In addition, changes in tax law may result in an increase in the overall tax burden of the Group which could have a materially adverse effect on cash reserves.	Senior management consistently monitor regulatory developments including the MiFID review and Wholesale Markets Review, which are discussed and actioned at Audit Risk and Compliance Committee (ARCC) meetings and engage regularly and directly with regulators including where appropriate formal responses to consultation documents. The Board reviews a quarterly dashboard that incorporates the Group's behaviour and statistics in relation to regulatory obligations. The Board also places considerable importance on having competent staff and advisors to help manage legal and regulatory risk. The Board considers regulators as key stakeholders and endeavours to maintain positive working relationships with the regulators for each group entity. Each member of the Group currently has sufficient excess regulatory capital to deal with any unanticipated changes in regulation. Changes in regulation are usually accompanied by a period of consultation that allows market participants to provide feedback before changes are made and a further period to prepare for change once changes in regulation are determined. The Group consistently reviews the risks associated with possible changes in tax legislation.

Risk	Risk Description	Mitigation
Competition	The Group operates in a highly competitive global industry. The principal competitors to the trading business are the national exchanges, other pan-European MTFs / Recognised Investment Exchanges (RIEs) which currently charge customers on a per transaction model and accept both passive and aggressive market makers. These exchanges have significant market share and could move to copy Aquis' subscription fee model and/or differentiate between passive and aggressive trading. Other competitors to the exchange business are ad hoc OTC trading and Systematic Internalisers ("SIs") which operate off-exchange models and make money through spreads. Additionally, the emergence of new asset classes might reduce the Group's competitiveness.	Aquis' competitive differentiation is underpinned by its subscription-based model and lack of aggressive trading. This is hard for incumbent exchanges to replicate without significantly impacting their own revenue models which have always been based on a per transaction basis and on charging significant data fees to participants who trade aggressively. Whilst the effects of competitor behaviour can never be fully mitigated, the Company has consistently increased its secondary market trading market share since it was formed. Senior management initiatives to reduce this risk include: consistent monitoring of competitor activity and, maintaining close customer relationships so as to understand their evolving needs, and the acquisition of a primary listing business thereby gaining RIE status. Following the change in the tick size regime for SIs in June 2021 their competitive advantage was removed, and their market share gains have decreased. New asset classes are emerging but have yet to make a real impact on equities trading, clearing custodian services and settlement of equities; however, Aquis will continue to closely monitor new market developments.
Intellectual property and data protection	The Group is reliant on copyright, trade secret protection, database rights and confidentiality and licence agreements with its employees, clients and others to protect its intellectual property rights. The Group is subject to a number of laws relating to privacy and data protection, including the UK's Data Protection Act 1988 and the Privacy and Electronic Communications (EC Directive) Regulations 2003 and the EU General Data Protection Regulation (GDPR).	The Group has taken steps that are consistent with industry practice to reduce these risks by establishing controls to protect the confidentiality and integrity of customer information, and these controls are consistently reviewed for their effectiveness at quarterly ARCC meetings.

OPERATIONAL RISKS

Risk	Risk Description	Mitigation
Technology	The operation of the Group is critically reliant on the smooth and efficient functioning of technology. Technological failures would negatively affect clients and the Group's ability to deliver on performance obligations. It could also result in regulatory scrutiny or fines or requirements for further investment. Failure to protect the Aquis Technology could mean that competitors get access to Aquis' Intellectual Property (IP) or make Aquis susceptible to external infiltration. These risks could adversely affect the firm's financial and competitive situation.	A defining feature of the Aquis business model is its high calibre, in-house technology. The technology was built and is maintained by highly skilled employees. Aquis actively seeks to retain the employees through flexible attractive working practices and remuneration policies and to continually enhance the technology to meet client requirements. The Group's key infrastructure, development and operational activities are prioritised accordingly, and resources are closely and consistently monitored and reviewed with the aim to ensure smooth functioning of technology at all times. Aquis technology is securely maintained to protect it from unauthorised access with full back up and version control if remediation is required. Aquis has system control features that are regularly tested to protect data and IP. The Group maintains a Disaster Recovery plan that encompasses input from all departments and is continuously monitored and reviewed by appropriately experienced individuals. The comprehensive back up and contingency plans in place are tested regularly. The Board reviews a quarterly dashboard that incorporates technology performance statistics and operational resilience.

Risk	Risk Description	Mitigation
COVID-19	There remains a risk that the COVID-19 pandemic could still negatively impact personnel being able to operate the exchanges. There are also risks to clients, liquidity providers, suppliers, markets and the economy in general. Remote working practices across the industry may slow new proposals or development at client and supplier organisations which may have a longer-term impact on Aquis. This could manifest in new members not joining any of the Aquis entities in the anticipated timelines or slower adoption of new products developed by Aquis.	The Group continued to successfully operate a partial remote working plan throughout 2022 and this remains in place, with all staff demonstrating adaptive and flexible behaviours The processes that the Group has adopted are in accordance with UK and French government guidelines. This plan mitigated against and will continue to mitigate against potential resource shortages. The Group has demonstrated and is confident that it can operate the exchanges remotely for a prolonged period. The Group's clients and liquidity providers have also demonstrated that they can remotely manage their activities successfully. Key suppliers have also successfully adopted disaster recovery procedures. Aquis is not overly reliant on new members to achieve its growth plans. The main source of anticipated growth in trading is from the increase in volumes of current customers.

Risk	**Risk Description**	**Mitigation**
Cyber security	The Group's networks and those of its third-party service providers may be vulnerable to security risks, cyber-attack or other leakage of sensitive data. Potential outcomes of such an attack might include outages of the market, attacks which seek to hold Aquis to ransom, unintended movements of the company finances or generally create reputational and financial risk.	The Board reviews a quarterly dashboard that incorporates cyber technology monitoring. Regular penetration tests are undertaken by a third party with the results reviewed by the ARCC and Board and all employees undertake cyber-training. Internal exercises to alert employees to the possibility of phishing emails are held regularly. The MTF has "kill" switches in place which are intended to restrict clients if rogue behaviour is evidenced. The Group takes precautions to protect data in accordance with applicable laws. Extensive risk management protocols are adopted in the IT control framework so as to prevent, detect and respond proactively to cyber security attacks. The comprehensive back up and contingency plans in place are tested regularly.
Key management personnel and employees	The Group has a relatively low headcount and hence is exposed to key person risk. The Group's future development and prospects depend on its capacity to attract and retain key personnel.	The Group has established emergency staffing plans for Senior Executives. The NRC reviews immediate and medium-term succession plans and the ARCC assesses key person risk. Aquis employs a number of strategies to ensure the Group is able to attract and retain a high calibre of talent. The Group employs a rigorous recruitment process and offers competitive salaries and benefits and employee share option schemes, whilst promoting a culture of diversity, high performance and inclusion from the top. The Group continues to demonstrate its ability to recruit high-quality individuals and is clearly viewed as a dynamic and attractive employer.

Risk	Risk Description	Mitigation
Client concentration	The nature of equity financial markets is that the majority of pan-European secondary market trading volumes are undertaken by a small pool of market participants. This risk has been increased as some of the smaller market participants have decided to route via larger banks that maintain direct exchange memberships. The Group revenue is therefore dependent on a concentrated number of customers and significant change to a customer's flow could negatively impact revenues.	The Group continues to broaden its client base to reduce client concentration but recognises that volumes from smaller participants are not likely in aggregate to be as large. The Group has offset some of the risk of industry concentration through the quality of the MTF exchange offering and the strengthening of the product offering. The Group seeks to maintain positive relationships with all current and future members of its MTF exchange and to be vigilant for change at any client. The Group has diversified its business activities to include primary markets, technology sales, data and market gateways.

Risk	Risk Description	Mitigation
Liquidity provision concentration – Aquis Exchange	In most trading venues globally, there is considerable symbiosis between the venue and the liquidity providers on which the venues rely to make continuous prices and enhance liquidity. In Europe, where there is significant competition between a limited number of trading venues, the ability to attract significant liquidity to the venue is critical. The barriers to entry are even higher for new trading venues, which must build liquidity from scratch and differentiate themselves to attract and retain it. Market makers themselves have differing business models and trading strategies; as a result, they may be attracted to different types of venues depending on the value proposition. Aquis has a highly differentiated business model for its pan-European secondary market trading activities compared to the incumbent platforms, both dramatically reducing the cost of trading and also not permitting aggressive trading by market makers. This has been a driver of Aquis' success to date. The number of market makers that have trading models currently aligned with Aquis' business philosophy is even more concentrated than on the main markets. Therefore, Aquis has always relied heavily on a small number of key market makers to support liquidity and a wider group to supplement it. These market makers have not always been the same organisations and have changed over time. Nonetheless, it is a risk that if a key market maker decides to change its business model or philosophy it would cause a short-term disruption in the total liquidity provided and could impact Aquis' ability to differentiate itself through the prevention on non-aggressive trading flow.	This risk is mitigated internally through a number of actions including those set out below, and externally through the likely evolution of the structure of the European equity market. Internally, management maintain a close relationship with its market makers to ensure that there continues to be positive synergies for all parties. Aquis is also actively seeking to continue to grow membership and diversify its liquidity providers. As Aquis' market share increases further, more natural liquidity should be attracted thus diluting the concentration risk away from a small number of liquidity providers to a broader set of investor flows. Externally, the market share growth that Aquis has achieved to date is a strong indication of the benefits to its members and liquidity providers and makes it likely that natural liquidity will continue to grow, making the Aquis marketplace deeper and more attractive for all counterparties. Additional liquidity providers are likely to follow over time as they should be incentivised to adapt or create new models that capitalise on Aquis' value proposition and interaction with a wider set of trading flows. The number of liquidity providers in European equity markets is still relatively small today, reflecting the continued need to invest in technology and regulatory oversight. However, the Group's low toxicity model and innovative offerings will continue to counter this risk.

Risk	Risk Description	Mitigation
Liquidity Provision Concentration – AQSE	A relatively small population of market makers support AQSE with similar risks to those identified above with regard to potential short-term impact if one or more market makers were to change their business model or approach.	The number of market makers active on AQSE has and is anticipated to increase as the number of companies and reputation of the exchange continues to improve.
Supplier risk	The Group is exposed to the failure of a key supplier. Examples include loss of data supplied to Aquis which is an important input into the trading platform. This may impact the ability to undertake market surveillance.	Aquis has back up plans in place for key suppliers and has agreed procedures and thresholds in place for managing this if necessary.

FINANCIAL RISKS

The Group's current assets comprise cash and liquid resources including trade receivables arising directly from its operations. The main financial risks are capital, credit, liquidity and foreign currency risks. The Group has approved FX hedging policies in place and as at 31 December 2022 actively managed the balance sheet and risks without the use of any financial derivatives. Previously all revenues were GBP denominated but at the end of 2022 the Group entered into the first contract denominated in a foreign currency. To manage the FX risk going forward the Group entered into forward FX trades and will continue to do so in the future where any further contracts are non-GBP denominated.

The Group has continued to increase its profits during 2022 demonstrating that it has been able to manage strategic and operational risks; however, future results could be negatively impacted if any of the risks outlined above were to occur. Financial risk management disclosures have been made in Note 6 of the Group Financial Statements accompanying this report.

Viability statement

The Directors have undertaken a detailed review of the Group's prospects, taking account of the Group's current position and principal underlying business risks and its prospects for the period January 2023 – December 2027. These include considering the impact during 2022 and potential future impact due to Ukraine, COVID-19 and Brexit. The Directors consider this to be an appropriate period considering the target business and revenue growth, and the objective to maintain and enhance profitability during this period.

The Group maintains a strong equity capital position which has been strengthened during 2022 as profitability has been enhanced. This result complemented by the Group achieving and in certain areas exceeding its goals and taking account of its ability to execute successfully its principal strategic objectives and operating goals during continued challenging circumstances, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

This assessment has concentrated in particular on the key differentiating factors that the Group has established, the quality and resiliency of the Group's technology, the brand and market position, and the reputation and quality of the experience of its key personnel resources.

This Strategic Report was approved by the Board of Directors on 29 March 2023 and is signed on its behalf by:

Alasdair Haynes
CEO

Richard Fisher
CFO

Directors' Report

The Directors of Aquis Exchange PLC are delighted to present their report to shareholders and other stakeholders, together with the audited consolidated financial statements for the year ended 31 December 2022 with comparatives for the year ended 31 December 2021.

The Group consists of 3 regulated entities: AQXE, AQEU and AQSE, which holds a UK Recognised Investment Exchange Licence (RIE), that allows it to offer primary listings as well as secondary markets trading. All three entities require appropriate independent Board governance.

Aquis complies with the FCA's Senior Management and Certification Regime (SM&CR), which ensures that the identified individuals; namely the Chair, CEO, CFO and Head of Regulation have clearly prescribed assigned governance responsibilities.

The Board discharged its Section 172 (1) duties in a number of ways, details of which are set out on p13 and include significant time focusing on strategy for the Group, as well as considering employees well-being during another very challenging year in order to improve the Board's effectiveness and maintain high standards of conduct.

Board of Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Executive Directors	Non-executive Directors
Alasdair Haynes CEO Appointed to the Board March 2012	Glenn Collinson Chair Re-appointed to the Board September 2021
	Fields Wicker-Miurin Senior Independent Director Appointed to the Board March 2022
Richard Fisher CFO Appointed to the Board March 2022	Mark Spanbroek Appointed to the Board March 2013
	Richard Bennett Appointed to the Board March 2014
Jonathan Clelland COO Appointed to the Board October 2012	Mark Goodliffe Appointed to the Board March 2018
	David Vaillant Appointed to the Board June 2020
	Deirdre Somers Appointed to the Board October 2020
	Ruth Wandhöfer Appointed to the Board March 2022

Directors' Appointment, Removal and Duties

The Board of Directors has the authority to appoint and remove a Director. Directors' appointments are subject to shareholder approval annually.

The Company has recruited Directors that it considers have the knowledge, skills and diversity of experience expected of a director in that role including specialist financial, accounting and legal knowledge.

Directors have continued to act, throughout the year, in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of all its stakeholders.

The Directors recognise that they must avoid any situation where they have or can have an interest that directly or indirectly conflicts with or may conflict with the Group's interests. Directors are required to confirm at every Board meeting, if applicable, the nature and extent of any interest they may have in any transaction or arrangement to which the Group is or may be a party.

In addition, the Directors have exercised independent judgement throughout the year and can confirm that they have not accepted any benefit (for example gifts or inducements) from third parties arising from their position as a director which were intended to induce the director to act in a certain way.

Board Committees

The Board has established two committees: The Audit, Risk and Compliance Committee ("ARCC") and the Nominations and Remuneration Committee ("NRC").

The ARCC has been chaired by Mark Goodliffe since June 2018. Mark Spanbroek was a member of the committee throughout 2022 and Ruth Wandhöfer joined the committee in June 2022. Mark Goodliffe, Mark Spanbroek and Ruth Wandhöfer have considerable accounting, risk and compliance experience, and have previous Audit Committee experience which includes financial reporting and internal control reviews.

The ARCC is responsible for reviewing a wide range of matters, including reviewing the annual financial statements, oversight of the relationship with the external auditor, internal audit reports, compliance submissions, MLRO reports, risk assessments and ICARA / ICAAP assessments. A summary review of the ARCC's activities is presented to the Board by the chair of the ARCC on a quarterly basis and minutes are made available to the Board.

The management team is responsible for ensuring the "right tone at the top" and that the ethical and compliance commitments of management and employees are understood and adhered to throughout the Group. The ARCC supports and provides guidance on this area. This is achieved through adherence to the Group's core values, annual compliance training and whistleblowing policy.

The ARCC meets at least 4 times per year. The ARCC advises the Board on the appointment of external auditors and on their remuneration for the audit work, and discusses the nature, scope and results of the audit with the external auditors.

The ARCC has established a comprehensive assessment of the internal and external risks which could adversely affect the Group and actively assesses the potential impact and mitigating factors, if applicable. These risks are reviewed quarterly by the ARCC.

The NRC is chaired by the Senior Independent Director Fields Wicker-Miurin who took over the position from Richard Bennett in September 2022. Richard Bennett remained on the committee until his retirement on 31st December 2022. The other member of the NRC throughout the year was Glenn Collinson. In December 2022 Deirdre Somers was appointed to the NRC. The Executive Directors and other senior personnel may be invited to attend meetings when appropriate to provide advice.

The NRC is responsible, inter alia, for assessing the skills of the Directors, succession planning for all Group Boards, its Committees and Executive Committee, identifying and selecting candidates as required as well as assessing and reviewing the remuneration packages of the Directors and other members of the Executive Committee. It also approves the high-level remuneration packages for all other employees. It makes proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. All Committee decisions on these matters are recommended to the Board for approval.

Minutes of NRC meetings are made available to the Board and a summary review of the NRC's activities is presented to the Board by the chair of the NRC on a quarterly basis.

The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Company are set by the Board after recommendation by the NRC.

The NRC supports the ongoing development of the Group Boards and the Executive team to ensure that the Group retains and recruits the best talent for its needs and supports the Board of the Company in its work to secure the long-term health of the Group and its strategy for success in a fast-changing world.

The remuneration of the Executive Directors is designed to attract, motivate and retain Directors of the calibre necessary to execute effectively the strategic objectives of the Group and to enhance shareholder return. The remuneration packages are designed to reflect the success of the Group's performance while maintaining a balance between short- and long-term performance and reward.

In addition to the two Board committees, Aquis has created an Executive Committee (Exco) to help facilitate day-to-day administration management. Exco consists of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer (also Chief Executive Officer of Aquis Exchange Europe SAS, AQEU), Chief Revenue Officer, Head of Regulation, Head of AQSE Regulation and Head of Technology Sales.

Governance Summary

Directors' Board and Committee attendance during 2022 is summarised below:

Director	Board	ARCC	NRC
Glenn Collinson	5/5		7/7
Alasdair Haynes	5/5		
Richard Fisher	5/5		
Jonathan Clelland	5/5		
Fields Wicker-Miurin	5/5		5/5
Richard Bennett	5/5		7/7
Mark Spanbroek	5/5	5/5	
Mark Goodliffe	5/5	5/5	
David Vaillant	5/5		
Deirdre Somers	5/5		1/1
Ruth Wandhöfer	5/5	3/3	

Results

The Group made an EBITDA for the year of £5.8m (2021: EBITDA of £4.6m).

After taking into account interest, depreciation and amortisation the Group made a profit before tax of £4.5m (2021: profit before tax of £3.6m).

Income tax credits of £0.2m were recognised (2021: £1.1m) representing a further £0.3m increase in the deferred tax asset to £1.6m (2021: increase of £1.1m to £1.3m) offset by £0.1m of overseas tax charges for the French subsidiary.

Group contract assets (net of ECL provisions) have increased to £6.1m (2021: £3.5m) after signing a new technology licence contract in the year.

The Group has invested £2.0m in Employee Benefit Trusts (£1.1m). These are recognised as Treasury shares in the Group consolidated results and as Investment in Trusts by the Company.

There were no discontinued operations in the current or previous year.

Dividend

The Directors do not recommend the payment of a dividend.

Future developments

The Group has continued to make progress in both its MTF exchange and data activities during 2022 with growth in revenue, numbers of clients and client pipeline despite an extremely challenging market environment. In April 2022 the Group added dark pool capability through the creation of the Aquis Matching Pool (AMP) following the assumption of the business activities of UBS MTF, the non-displayed matching pool of UBS AG. This expansion allows the Group to offer a more comprehensive suite of products to its clients. The potential for new customers continues to increase as the trading opportunities on the Aquis Markets become more widely recognised, as does the opportunity for increased trading volumes and several banks / brokers who are focused on the market micro-structure and best execution have continued to increase their activities on Aquis Exchange and it is anticipated that others will follow during 2023.

With a proven business model and further potential improvements in the economic landscape, the Board considers that it is important to continue to invest to support the long-term success of the business. The Group intends to further invest in technology resources in London and Paris during 2023 and thereafter, to take advantage of the scope for significant long-term sales and value creation for shareholders.

Licensing activities continue to grow across a range of asset classes as the Group's brand and reputation strengthens, and regulatory changes generate new requirements for investment banks, brokers and trading companies. In addition, the continued growth in the Group's exchange activities helps promote the quality of the technology and assists in generating technology licensing opportunities internationally and across different asset classes through Aquis Technologies.

Significant progress was made with AQSE the primary market activity of the Aquis Group during 2022 including 22 IPOs during the year and surpassing the breakeven target ahead of schedule and the Group is confident that this activity will be further enhanced during 2023 and thereafter.

Audit information disclosure

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware, and the Directors have taken all reasonable steps to ascertain any relevant audit information and ensure the auditors are aware of such information.

Pension obligations

The Directors can confirm that as at 31st December 2022 there were no qualifying third-party indemnity provisions or qualifying pension scheme indemnity provisions, for the benefit of Directors of the Group or directors of associated companies and that such provisions were not in force during the financial year.

Political contributions

The Directors can confirm that no political contributions, financial or otherwise, were made during the year.

Post balance sheet events

The Directors can confirm that there were no significant post-balance sheet events.

Research and development

The Group is committed to continue to invest in research and development to enhance the quality, efficiency, effectiveness and breadth of its technology. The Group has made significant progress through the course of the year including the creation of a fully integrated 24/7 cloud-based market

In addition, the Group, through Aquis Technologies, has delivered and/or been mandated to deliver, technology solutions to clients across a number of different asset classes. This progress reflects the quality and market reputation of the Group's technology which is underpinned by the significant investment in research and development.

Subsidiary companies / Associates / Branches outside the UK

The Company has one subsidiary company in France: Aquis Exchange Europe SAS (AQEU). This subsidiary company operates an MTF and is regulated by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) since March 2019. Aquis does not have any other subsidiaries, associate companies or branches outside the UK.

Share Capital Structure

Aquis Exchange PLC is dual listed on Aquis Stock Exchange and the AIM market of the London Stock Exchange. The Company has 27,509,448 ordinary shares of 10p each in issue (31st December 2021: 27,505,449). During the year the Company acquired 481,301 of its own shares with a nominal value of £48,130 for consideration of £1,952,325. These shares were acquired for the Employee Benefit Trusts operated by the company (further details in note 21 to financial statements).

The shareholders with a significant holding (more than 3.0%) in Aquis as at 31st December 2022 were as follows:

XTX Markets	9.5%
Mr. G Roveda	9.3%
Mr. R Ricci	7.8%
Canaccord Genuity Wealth Management	5.4%
Kendall Capital Markets	5.0%
Mr. A Haynes	4.8%
Schroder Investment Management	4.6%
J O Hambro	4.5%
Rathbone Investment Management	4.1%
Madison Avenue Partners	3.2%
Barclays Wealth	3.1%

At 31st December 2022 there were no securities carrying special rights and no restrictions on voting rights. At 31st December 2022, 1,890,955 shares representing 6.9% of the total issued share capital was held by the Directors.

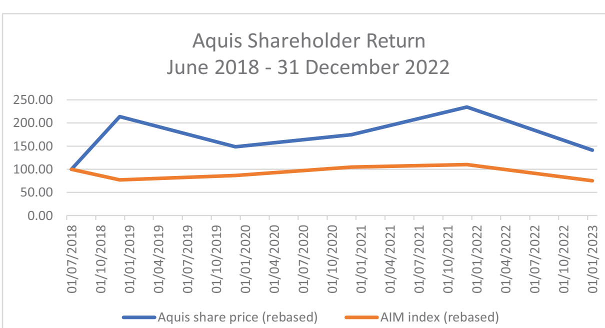
The Company operates an Employee Share Incentive Plan (SIP), Company Share Option plan (CSOP), Restricted Share

Plan (RSP) and an Executive Share Option Plan (PPO). The voting rights of the shares held in the trust relating to the SIP, CSOP, RSP and PPO are managed and controlled by the trustee.

Other than the Executive Directors' participation in long term incentive plans, full details of which including change of control provisions are included in the Directors' Remuneration Report on page 39, there are no significant agreements that would alter or terminate on a change of control of the Company and no agreements with Directors or employees for compensation for the loss of office or employment that occurs because of a successful takeover of the Company.

Shareholder return

Aquis shareholders' return for 2022 amounts to (39.7%) compared to the AIM market of the London Stock Exchange which reported a return for the same period of (31.7%). Aquis shareholders' return since 14th June 2018 amounts to 41.3% compared to the AIM market of the London Stock Exchange which reported a return for the same period of (24.8%).



Professional development programs

The Company supports the continued development of the Directors. This is achieved primarily through attendance at external conferences and seminars and in-house presentations. It also runs technical and management development training programs for employees.

Corporate Governance

The Board continued to apply the UK Corporate Governance Code (the "Code") recommendations on stakeholder engagement during the year. It focused on active interaction with stakeholders, information on which is set out in further detail in the Strategic Report, Nomination and Remuneration Committee Report, and Directors' Report.

The Directors have implemented appropriate measures, as stated in the Strategic Report to comply, so far as practicable, with the Code, such that Group has complied with the Code throughout the financial year ended 31 December 2022 and to the date of this report.

The Group's Corporate Governance Statement outlining all of its governance policies and including its commitment to the UK Corporate Governance Code is available from the Company Secretary or in the corporate governance section of the Group's website at: https://www.aquis.eu/investors/corporate-governance/.

Employees

Details on the Company's approach to employee engagement and human rights and diversity is given in the Strategic report on page 13, and information on the Share Incentive Plan (SIP) can be found in the NRC report.

Diversity policy

The Group has adopted a Diversity and Inclusion policy which is set out in more detail in the Strategic report on pages 14 to 16.

Environment

The Directors recognise the broader Group's responsibility to consume resources in a manner that ensures the long-term sustainability of the business and the environments in which it operates.

Although the Group has a relatively small resource base and associated office space, the Group recognises that it creates carbon emissions from energy, waste and water in its offices as well the data centres, staff travel and indirectly through the supply of our office hardware.

Details of the initiatives that the Group has adopted in its efforts to reduce the impact of this carbon footprint is included in the Strategic Report on page 16.

Principal risks and uncertainties and risk management policies and objectives

The principal risks and uncertainties of the Group, together with mitigating actions taken, are detailed in the Strategic Report from page 18.

In addition, the financial risk management disclosures have been included in Note 6 in the Group Financial Statements accompanying this report.

Financial reporting process – internal control and risk management systems

The Group has established review processes, internal controls and risk management systems in relation to the financial reporting process, which are formally set out within the Groups Internal Control Framework and Risk Management Framework.

Aquis has recruited a Board with the relevant financial and other complementary skills to exercise oversight over the reporting, assessment and use of the Group's financial information and to provide robust challenge to management. The principal committee which oversees this area is the ARCC.

The exchange transaction and credit risk levels of Aquis are considered low given that the majority of the clients are large financially secure financial institutions who are invoiced monthly; however, in order to ensure that Aquis reviews and manages the business risks effectively, management maintain a risk register which addresses all the identified business risks which is reviewed and assessed by the ARCC on a quarterly basis. The majority of the technology licensing clients are less established businesses and are therefore monitored on an individual basis. For AQSE there are a larger number of clients, but of much smaller scale and credit risk is closely monitored on both a collective and individual basis.

The financial statements are subject to external audit before being reviewed and approved by the Board prior to shareholder approval.

Aquis prepares monthly management accounts and a quarterly dashboard which is presented to the Board. The management accounts consist of actual monthly profits or losses compared with Budget, Balance Sheet, variance commentary and forecast, regulatory capital surplus and cash flow for the rest of the calendar year. The quarterly dashboard includes an analysis of operational statistics and analyses, compliance and regulatory developments, marketing-initiatives and financial performance reviews and projections.

All new exchange members, software licences and data subscribers are authorised by the Chief Financial Officer (CFO) or Chief Operating Officer (COO). New exchange members or clients of Aquis Technologies are subject to Know Your Clients (KYC) and Anti-Money Laundering (AML) checks by the Aquis compliance department. All software licences are reviewed and approved by the CFO or COO. All expenditure and client invoices are authorised by the CFO.

Aquis utilises an external provider for the internal audit function. The ARCC approves the departments and functions that are audited. All key operational departments and / or functions are audited within a 3-year period.

Any issues raised by the external audit team will be communicated to, considered by and logged by the ARCC. The external and internal audit team are granted access to ARCC and Board papers and any issues identified by the external audit team will be communicated to the internal auditors by the CFO.

Aquis has established a Disaster Recovery crisis team and clear Disaster Recovery plans which are tested regularly. The plans focus on the exchange functionality and Aquis' ability to ensure trading activities can continue under any circumstances and providing support as required for the ability to access all systems including Aquis' financial systems.

Access to IT networks, equipment, storage media and program documentation is restricted to authorised individuals. All Aquis information is stored in secure dedicated data centres. Access to the data centres is restricted. All information is password controlled and the IT infrastructure department monitor system usage. Access to IT systems, programs, master data, transaction data and parameters and to processing in web-based or web-enabled financial systems is restricted and password controlled.

Aquis has clearly defined whistleblowing policies which are set out in the Staff Handbook which is distributed to all employees when they join the Group. The whistleblowing policies are also included in the compliance training program which all employees undertake annually. These policies include escalation of problems and concerns to senior management and the monitoring of how these are addressed. The policies provide clear guidance on reporting concerns including if required to the Chair. Alternatively, employees can report concerns directly to the Financial Conduct Authority (FCA).

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report 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 Company financial statements in accordance with UK-adopted accounting standards and the Companies Act 2006.

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 Company and of the profit or loss of the Group and Company 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 IFRS as issued by the International Accounting Standards Board (IASB) 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 company will continue in business.

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

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

The Directors are responsible for the maintenance and integrity of the 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 annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

The Directors' Report was approved by the Board of Directors on 29 March 2023 and is signed on its behalf by:

Alasdair Haynes

Alasdair Haynes

Richard Fisher

Audit, Risk and Compliance Committee Report

This report is intended to give an overview of the role and activities of the Audit, Risk and Compliance Committee ("ARCC") in assisting the Board to fulfil its oversight responsibilities relating to systems of internal control and risk management, the independence and effectiveness of the external auditor and the integrity of the Group's financial statements. It details the activities, discussions and decisions that enabled the ARCC to fulfil its responsibilities effectively during the financial year ended 31st December 2022.

Composition and meetings

The ARCC members as at 31st December 2022 were Mark Goodliffe, Mark Spanbroek and Ruth Wandhöfer who joined in March 2022. The ARCC has been chaired by Mark Goodliffe, a qualified chartered accountant (ICAEW) and independent non-executive director, since June 2018. The Group considers that the ARCC members' qualifications and experience enable it to comply with the audit committee composition requirements.

The Chair, Chief Executive Officer, Chief Financial Officer, Finance Manager, Group Head of Regulatory Affairs, Group Head of Surveillance and Group Financial Accountant are standing invitees to all ARCC meetings.

The role and responsibilities of the ARCC

The ARCC was created in 2013 and the Terms of Reference ("ToR") of the ARCC comply with the AQSE and AIM market admission requirements. The Board undertakes an annual evaluation of the ToR which includes an assessment of the ARCC performance.

The principal role and responsibilities of the ARCC are:

- Financial reporting: review of the financial statements and oversight of the relationship with the external auditors and the external audit process;
- Internal audit: monitoring and reviewing the effectiveness of the Group's internal auditors and internal controls, including planning over a 3-year period the internal audit schedule and annual audit reviews;
- Risk assessment: quarterly risk assessment assessing all internal and external business risks and mitigation thereof; and
- Compliance: quarterly compliance review.

Further details on the functions and responsibilities of the ARCC can be found in the Corporate Governance Statement available from the Company Secretary or in the corporate governance section of the Group's website at: https://www.aquis.eu/investors/corporate-governance/.

2022 Activities

The ARCC maintains a formal agenda which ensures that all matters for which the Committee is responsible are considered at each meeting. The agenda for each meeting during 2022 was determined by the key events of the annual financial reporting cycle, the risks identified by the Committee and the standing items under the ToR.

Following the external audit tender process in 2021 and the decision to appoint Mazars LLP the ARCC has concentrated on building an effective working relationship with the external auditor, including monitoring their independence and effectiveness and has reviewed the scope of the external audit and agreed the key areas of focus. Mazars will not provide non-audit services to the Group except for the Client Money and Custody Asset Assurance Report (CASS) audit. The Mazars audit partner for the current audit is Pauline Pélissier.

In addition to maintaining the relationship with the external auditor, the ARCC discharged its responsibilities by / through the following:

- The Group appointed Grant Thornton as its internal auditor in 2013. The ARCC reviewed all the 2022 internal audit reports in detail and when circumstances allowed, met Grant Thornton to assess the quality and effectiveness of the internal audit process and management responses to the internal audit recommendations;
- Reviewed and monitored the principal internal and business risks and associated mitigative management actions on a quarterly basis. This process included analysing and assessing emerging risks as well as monitoring existing previously identified risks;
- Completed a comprehensive assessment and review of all accounting policies with particular emphasis on areas of judgement and estimates to ensure that they remain appropriate as the Group continues to grow;
- Assessed the annual ICARA;
- Considered operational risks, cybersecurity risks and technology resilience. This included an annual review

of the effectiveness of risk management and internal control systems;

- Review and monitor compliance, surveillance and regulation developments on a quarterly basis; and,
- Monitor the Brexit transition process, which included the operational setup of Aquis Exchange Europe SAS.

Priorities for the 2023 financial year will include:

- Continued monitoring of key processes such as business continuity planning and risk assessment, disaster recovery and cybersecurity monitoring programmes;
- Monitoring the quality and effectiveness of the support services provided to AQEU and AQSE across all departments;
- Monitoring the progress of any management actions recommended by Mazars within their letter to Those Charged with Governance;
- Continuing to assess the impact of developments in accounting standards and the related implementation;
- Continuing to monitor compliance, surveillance and regulatory developments;
- Continuing to monitor progress on the key projects of the Group;
- Continuing to monitor any UK / EU regulatory divergence and the implications of it on the business; and,
- Monitoring the implementation of a new accounting ledger system.

Board of Directors and Management Team

Glenn Collinson
Independent Non-Executive Chairman

Glenn first joined the Company's Board in March 2019 before transferring to the Board of Aquis Stock Exchange Limited ("AQSE") in March 2020. Glenn re-joined the Group's Board on 17 September 2021 as an independent non-executive director (INED).

Glenn started his career at Racal and worked for Motorola, Texas Instruments and Cambridge Consultants Ltd. before co-founding Cambridge Silicon Radio in 1998. There he served as an executive director and helped grow the company from a concept to a $3 billion market capitalisation entity in 2006 (as CSR PLC) and one of the biggest players in the Bluetooth market. Since leaving CSR he has held a number of non-executive directorships in UK and French companies - both public and private - that specialise in technology. He is a member of the Institute of Engineering and Technology and holds an MSc in Electronics from Durham University as well as an MBA from Cranfield University.

Alasdair Haynes
Chief Executive Officer

Alasdair Haynes is the Chief Executive Officer ("CEO") of the Company. He founded the Company in 2012 after identifying the opportunity for providing a high-quality equities exchange differentiated from all other exchanges through the introduction of a subscription pricing model. Prior to founding the Company, Alasdair was CEO of Chi-X Europe. Alasdair, as CEO of the Company, is responsible for the overall strategic development of the Company and has been instrumental in the expansion and strong organic growth of the Company.

Jonathan Clelland
Chief Operating Officer

Jonathan Clelland is the Chief Operating Officer ("COO") of the Company and CEO of Aquis Exchange Europe SAS. Jonathan joined the Company in 2012 when the Company was started and is responsible for all administrative aspects of the Company. Prior to joining the Company, Jonathan was the COO of Shearman & Sterling (London) LLP and COO of HSBC Bank plc Corporate Finance and Advisory Division.

Richard Fisher
Chief Financial Officer

Richard is the Chief Financial Officer ("CFO") of the Company. He joined the Board in March 2022 and also attends the Company's ARCC and Nominations and Remuneration Committees.

Prior to joining Aquis he was the Director of Finance at Redwood Bank and has also been the Chief Accountant at RBS among other senior roles at the firm.

Fields Wicker-Miurin
Senior Independent Non-Executive Director

Fields Wicker-Miurin OBE, joined the Board in March 2022 as an INED and also sits on the Nominations and Remuneration Committee. Fields has a distinguished career with over 40 years' experience as an executive in financial services in both global companies and government departments, including the London Stock Exchange (1994-7) and BNP Paribas (the eurozone's largest bank) and Scor (the world's 4th largest reinsurance company). She is also Deputy Chair of the Royal College of Art & Design.

Mark Goodliffe
Independent
Non-Executive Director

Mark is a Non-Executive Director of the Company and Chairman of the ARCC. He joined the Board in March 2018. Mark is an independent Non-Executive Director and Chairman of the Audit Committee of CME Trade Repository Limited.

Mark Spanbroek
Independent
Non-Executive Director

Mark Spanbroek, Non-executive Director Mark Spanbroek is a non-executive director of Aquis Exchange. He joined the Board in 2013. He is also the chairman of the Futures Industry Association's European Principal Traders Association and the chairman of the supervisory board of TransTrend BV. Prior to this, he spent nine years as a director of GETCO Europe Limited, the global independent market making firm. He began his career with Amro Bank and spent 15 years with Dutch market maker Van der Moolen before joining GETCO in 2002.

David Vaillant
Independent
Non-Executive Director

David is a Non-Executive Director of Aquis Exchange PLC and Chairman of Aquis Exchange Europe SAS (since September 2019). He joined the board in June 2020. David is the Global Head of Finance, Strategy and Participation at BNP Paribas Asset Management. He started his career as a lawyer with Skadden, before joining the French Central Bank. He then held several positions at BNP Paribas CIB / Corporate Finance, notably Head of Banking for Europe, Middle East and Africa. David is also a member of the Allfunds Group Plc Board and Vice Chairman of BEAGF.

Deirdre Somers
Independent
Non-Executive Director

Deirdre joined the Board in October 2020 and is a stock market expert having served as the CEO of the Irish Stock Exchange from 2007 to 2018 and the President of FESE between 2015 and 2018. She is currently a NED and audit committee member of BlackRock iShares and Episode plc; NED and audit committee chair of Kenmare Resources plc and Chair of Cancer Trials Ireland. She is a Member/ Fellow of the Institute of Chartered Accountants in Ireland since 1991.

Dr Ruth Wandhöfer
Independent
Non-Executive Director

Ruth joined the Board in March 2022 as an INED and also sits on the Company's Audit, Risk and Compliance Committee and the board of its Aquis Exchange Europe subsidiary. Ruth has considerable financial services experience. Following a senior executive career at Citi Bank she has served on a number of Boards as an INED including the London Stock Exchange (2018-20) and currently Gresham Technologies Plc and Permanent TSB Plc in Ireland.

Philip Olm
Company Secretary

Nomination & Remuneration Committee Report

The Board has brought together the responsibilities of both nominations and remuneration matters in one committee to ensure Aquis is in a strong position to attract, motivate and retain the best talent for the Group in a competitive and dynamic environment. The Board recognizes that Group performance depends on both individual and team contributions. Its approach is to encourage and reward sustainable financial performance, innovation and growth in shareholder value over the longer term.

The Nomination and Remuneration Committee (NRC) has delegated authority from the Board to prepare proposals to the Board on key matters relating to nomination and governance topics, and all director-level remuneration topics. The Senior Independent Director is the Chair of the Nominations and Remuneration Committee. All members of the NRC are independent. The NRC is advised by an independent external remuneration consultancy and has the authority to commission external expertise whenever required.

Within its Nomination remit, the NRC ensures that the Board has the right composition of skills, expertise and diversity in its directors and is the right size to conduct its responsibilities effectively. The NRC reviews the composition and remits of Board committees (Audit and Risk, and the NRC). It makes proposals to the Board for any desired changes in composition or remit, and keeps under review succession planning. The NRC also supports the boards of the subsidiary companies (AQSE and AQEU) in their composition assessments to ensure they are well-equipped to fulfil their roles. Regarding executive nomination matters, the NRC has sight over the development and performance of both the Executive Directors (EDs) and the members of the Executive Committee. It keeps under review further talent development and succession planning.

More broadly, the NRC reviews the development of talent throughout the company, keeps a watching brief on employee engagement, learning and development, and well-being, diversity and inclusion. The Committee regularly invites the Head of Human Resources to present matters regarding Aquis employees. Reflecting its interest in talent development, the NRC is consulted on senior appointments across the businesses and in particular appointments to the Executive Committee.

The Board is committed to equality and diversity throughout the Group and seeks to attract and retain a diverse and talented workforce through appropriate recruitment and selection processes and through active monitoring of the actions resulting from the annual Employee Survey. During 2022 Glenn Collinson acted as the Board employee representative. The Group has a Diversity and Inclusion policy which is set out in more detail in the Strategic Report on pages 14 to 16. In 2022 the Company has exceeded recommended industry diversity benchmarks.

The Group uses specialist recruitment agencies for all recruitment opportunities for the Board and employees. In 2022 the Group engaged a specialist recruitment agency Sainty Hird and Partners (SHP), in connection with the recruitment of the additional Non-Executive Directors for the Company. SHP does not have any other connection to the Group or any individual directors. Roles are also advertised on the Aquis website and the NRC provides oversight to ensure that the recruitment process is aligned to Aquis' policies on equality and diversity.

In fulfilling its Remuneration responsibilities, the NRC makes proposals to the Board regarding the company's remuneration philosophy, principles and policy as they apply to both Executive and Non-Executive Directors. In particular, the NRC reviews and makes proposals to the Board regarding the EDs in relation to 1) the structure of their total remuneration packages; 2) the levels of their fixed salaries and any related benefits (e.g., pensions and health insurance); 3) their performance objectives for their annual bonus; 4) the assessment of their performance and their resulting annual bonus; and 5) their long-term incentive plans, including any Aquis share or option awards under the plans.

As part of its role to set performance objectives and then to review performance outcomes, the Committee receives input from the Audit and Risk Committee with regard to financial outcomes, compliance with regulations and ensuring that objectives and rewards do not create risk outside of the Company's risk appetite.

The committee also reviews the structure of remuneration throughout the company to assure itself that the principles applied are consistent with the philosophy and principles of remuneration applied to the Executive Directors.

The NRC also reviews and makes proposals to the board on the remuneration structure and levels of fees for non-executive directors (NEDs).

Directors' Nomination and Remuneration Report

Annual Statement

Dear Shareholder,

I am pleased to present, on behalf of the Board of Directors and for the first time as Chair of the NRC, the Directors' Remuneration Report for the year ended 31 December 2022. This report is set out in three sections and includes:

I. this Annual Statement which sets out a summary of the work of the NRC and the key decisions taken in 2022 and for the year ahead;

II. an updated Directors' Remuneration Policy ('Policy') which sets out the framework within which our executive directors will be paid from FY2023; and

III. the Annual Report on Remuneration which sets out details of the payments and awards made to the Directors for FY2022 and summarises how we intend to operate our revised Policy in FY2023.

We will present a single remuneration-related resolution covering the whole Directors' Remuneration Report at the 2023 AGM. This resolution will be subject to an advisory shareholder vote.

Business context – summary of the year

Aquis performed strongly in the year with net revenues increasing by 24% in the year to £20.1m (2021: £16.2m) and PBT increasing by 27% to £4.5m (2021: £3.6m). This growth was across all divisions, in particular the technology licensing activity.

Significant strategic milestones were achieved in the year including the successful launch of the Aquis Matching Pool (AMP) following the assumption of the assets of the UBS MTF. This has allowed Aquis to offer a comprehensive product set to its clients including dark pool activity for the first time since incorporation. A further significant milestone was the transformation of AQSE to profitability by the mid-point of 2022, a full half year earlier than planned on acquisition.

The Executive Directors delivered a successful first Capital Markets Day and have continued to actively engage with current and potential shareholders to allow greater access to and understanding of the Aquis growth strategy.

Markets remained volatile through 2022 but the Group has continued to grow strongly and delivered good market share growth in the latter part of 2022 as the benefits of the AMP were fully embedded. In addition, despite the impact on capital markets of economic conditions, Aquis' relevant market share of IPOs grew, and the pipeline for the future remains strong.

Board changes

The Aquis plc board saw several changes in 2022. The Board was delighted to announce the appointment of Richard Fisher as CFO (succeeding Jonathan Clelland as CFO) and as an Executive Director following the 2022 AGM. Jonathan continues as COO and has taken on the additional responsibility of CEO of Aquis Exchange Europe.

Prior to his appointment as CFO, Richard had been Director of Finance. Richard's package on joining the Board was fully in line with our approved Policy. His salary on joining the Board was £200,000 (significantly below Board-level CFO market benchmarks) with the intention that this would be reviewed for FY2023 taking into consideration his performance and development in the role. Richard's pension allowance was set at 5% of salary (in line with the workforce), with annual bonus potential of 80% of salary and a restricted share award with a face value of 65% of salary (in line with the other Executive Directors).

Regarding non-executive directors of the Board, Richard Bennett relinquished his role as Chair of the NRC in September 2022 and subsequently stepped down from the Board in December 2022. I would like to thank Richard for his excellent handover and for his support and wisdom.

In March 2022, Ruth Wandhöfer, an expert in financial markets and risk, and I joined the board as independent non-executive directors. I also took on the role from Richard Bennett of Senior Independent Director.

Implementation of the Policy during 2022

The Committee applied the Policy consistently for the year 2022 when considering the remuneration outcomes for the three Executive Directors, Alasdair Haynes, CEO, Jonathan Clelland, COO and Richard Fisher, CFO. The structure of remuneration for Executive Directors remained unchanged, consistent with the prior year. As a reminder, we operated a simple and transparent structure comprising salary, modest benefits, workforce-aligned pension, a single long-term incentive plan (comprising, in 2022, awards of restricted shares) and, subject to stretching performance conditions, an annual bonus. Incentive pay is subject to withholding and recovery provisions, a post-vesting holding period operates for our long-term incentives and significant share ownership guidelines apply. These features enhance the alignment of interest between our executive directors and shareholders and contribute to an appropriate level of risk mitigation.

Fixed salary
No salary increases were awarded to any of the Executive Directors in 2022.

2022 Annual cash bonus
For 2022, in determining the amount of the discretionary cash bonus to be awarded to each Executive Director, the NRC evaluated the Executive Directors' performance against the financial, strategic and individual performance objectives agreed at the beginning of 2022. For 2022 these objectives were based on Group revenue (46.7%), Group profit before tax (23.3%) and strategic and individual priorities (30%). The targets in relation to these objectives were set after detailed scrutiny and approval of the 2022 budget, and following discussion within the Committee and at the Board.

In summary, as discussed above, the Group delivered a strong financial performance in 2022. As a result, both the stretch revenue and the profit before tax targets were exceeded. Performance against the non-financial, strategic and individual objectives set for each of the three Executive Directors was also strong. In total, this resulted in bonuses of 60% of maximum (equivalent to 48% of salary) for the Executive Directors. The Committee believes this is an appropriate outcome and reflects the strong performance of the Group during the financial year.

Further details of the measures, targets and bonus outcomes are set out in the Annual Report on Remuneration.

Long-term incentives vesting
Awards of restricted shares under the Aquis Exchange Omnibus Share Plan were granted in June 2020 and are due to vest in June 2023. The vesting of these awards was subject to certain financial and strategic underpinning conditions measured over 1 January 2020 to 31 December 2022. The NRC reviewed performance against the underpins and determined that all of the thresholds had been achieved and the awards will therefore vest in full. The value of the award on vesting has been included in the single figure of total remuneration for FY2022.

In addition, market value share options awarded under the legacy Aquis EMI Option Plan vested during the year and the gain on vesting has also been included in the single figure of total remuneration.

Further awards of restricted shares at a face value of 65% of salary were granted to each of the Executive Directors during 2022. The awards will vest after three years subject to continued service and the achievement of underpin conditions.

Discretion

In addition to reviewing performance against the specific targets set under the annual bonus and long-term incentive arrangements, the NRC takes into account the context of the underlying performance of the business and the experience of our stakeholders. The NRC was satisfied that the overall results reflected the strong performance of the Group and of the Executive Directors and therefore no discretion was used to adjust the formulaic outcomes under the incentive arrangements.

Remuneration Policy review

Our current Policy was approved by shareholders with over 98% of votes cast in favour of the remuneration-related resolution at the 2020 AGM. The current Policy has served us well over the initial period post IPO but the NRC felt that it was prudent now to review it in light of the development of the company over the period since 2020 to ensure it remains fit for purpose. In particular, the Group has grown significantly since the current Policy was adopted and the business is now at a different stage of its maturity, we have reached sustainable profitability and we are keen to incentivise further profitable growth.

- 2017 Revenue £2.0m, Loss before tax £3.0m
- 2018 Revenue £4.0m, Loss before tax £3.4m
- 2019 Revenue £6.9m, Loss before tax £0.8m
- 2020 Revenue £11.5, Profit before tax £0.5m
- 2021 Revenue £16.2m, Profit before tax £3.6m
- 2022 Revenue £20.1m, Profit before tax £4.5m

As part of this review, the NRC assessed and confirmed the underlying philosophy shaping the Policy, sought advice from external consultants on both structure and levels of remuneration, and met with shareholders to get their input. We were grateful for the feedback received from shareholders and have sought to take on board the views heard. As a result of this work the NRC is proposing some changes to the Policy and how we will be seeking to implement it which will be presented to the shareholders for an advisory vote at the 2023 AGM.

The Group's philosophy and underlying principles regarding remuneration do not change:

1. Keep it simple and uncluttered;
2. Be transparent to shareholders and the workforce;
3. Have performance objectives that reflect the Group's financial performance, strategic objectives and build a healthy culture;
4. Reward out-performance and do not pay for under-performance;
5. Be competitive mainly through long-term share and options plans to reward longer-term performance; and
6. Everyone is a shareholder.

These principles continue to inform the design and implementation of the Directors' Remuneration Policy.

Key changes to Policy structure

The NRC believes that the current overarching framework continues to be effective. As a reminder, we operate a simple and transparent structure comprising salary, benefits and pension and, subject to stretching performance conditions, an annual bonus along with a single long-term incentive plan.

Within this structure, however, we are suggesting some operational changes. The main change to the Policy is with regard to the long-term incentive arrangements. Since 2020 we have made awards of restricted shares which vest based on continued service and underpin conditions only. This structure was considered appropriate for the first years post IPO when forecasting medium- to long-term financial targets was difficult but where promotion of long-term alignment and stewardship of the share price was key and this vehicle has served us well to date in this regard.

As the company has grown and diversified significantly over the last three years and as we have now reached sustainable profitability, the NRC proposes to introduce a new, more leveraged award vehicle linked more directly to incentivising superior share price growth. We therefore propose the replacement of awards of restricted shares with awards of premium priced options ('PPOs').

The PPOs will vest after three years and the initial awards will have an exercise price set at 25% above the 1 month trading swap share price at the date of grant. This ensures a simple, transparent structure with a clear incentive to growing the share price. Participants only benefit from the value created above the 25% hurdle rate. In line with good practice, vested awards will be subject to a two-year holding period and awards will be subject to recovery and withholding provisions.

In terms of quantum, we are proposing to make awards of PPOs at broadly the same levels, on a fair value basis, as for restricted share awards made to date, (i.e. 75% of salary in PPOs which is the equivalent to 75% of salary in restricted shares to the CEO and 65% of salary in PPOs which is the equivalent to 65% of salary in restricted shares to the COO and the CFO). This involves a modest increase to the fair value of the CEO's award.

The approach to long-term incentivisation will cascade down to the below Board executive committee level to ensure alignment across the senior team (i.e. annual awards of PPOs). Vested PPO awards will be net settled on exercise monthly using shares previously bought by the EBT in the market. All discretionary awards granted by the Company will remain subject to the prevailing 10% in 10 years' dilution limit which limits the use of new issue shares to satisfy share awards.

Implementation of Policy in 2023

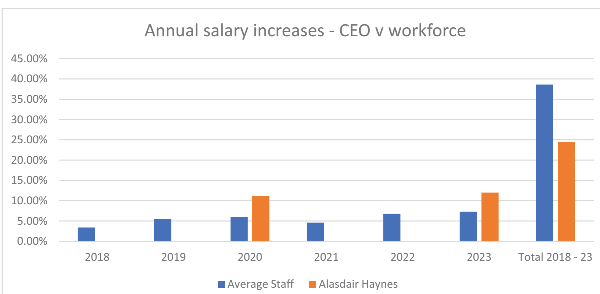
Executive Directors' Base salary adjustments from 1 January 2023

The NRC assessed the levels of fixed salaries of the Executive Directors and considered the following factors:

1. As described in the Strategic Report, the Group has continued its successful development and is now sustainably profitable.
2. Our approach to setting and reviewing salaries to date has been prudent and the CEO and the COO have not had an increase in base salary for four of the past five years.
3. Over those same five years, staff have had average yearly increases in base salary, totalling c.38% over the five-year period, and were awarded an average c.7% increase in 2023. In addition, the Group made a one-off 'cost-of-living' payment last year to all those employees earning less than £100,000.

4. Market analysis has indicated that the fixed salary for the CEO in particular is significantly below relevant benchmarks.

5. Richard Fisher did not receive an increase when appointed to the Group Board in March 2022 and his salary is significantly below relevant benchmarks. At the time of Richard's appointment, the NRC's intention was to review his salary for FY2023 taking into account his performance and development in the role and, subject to these being satisfactory, to increase it to a level more appropriate for a Board-level CFO.



Taking into account the above facts, while the NRC does not generally approve of increases of base salary for Executive Directors that are higher than the annual increase in salary for the average of the workforce, the NRC has decided to award higher increases for 2023 for all three Executive Directors. The base salaries of both the CEO, Alasdair Haynes and the COO, Jonathan Clelland, will increase by 12% to £280,000 and £263,200 respectively and the base salary of the CFO, Richard Fisher will increase by 25% to £250,000 p.a., which brings his base salary to a competitive level for a Board-level CFO role.

Executive Directors' 2023 Annual Cash Bonus Plan

In addition, we are proposing to increase the CEO's annual bonus potential from 80% of salary at maximum (40% of salary on-target) to 120% of salary maximum (50% of salary on-target). The increase in the CEO's bonus potential will be accompanied by a significant increase in the stretch in the targets. The bonus potential for the COO and the CFO will remain at 80% of salary at maximum (40% of salary on-target). The financial targets for the CEO will be set at more stretching levels than for the COO and CFO in recognition of the increased quantum.

As for the previous year, the majority of the bonus will be based on stretching, quantitative financial measures: 70% of the bonus will be based on Group financial objectives (49% Group revenue and 21% Group profit before tax), 20% on Group strategic, non-financial objectives and 10% on individual objectives. Measurable environmental and social objectives are included within the strategic and individual objectives scorecard.

In addition, as an underpin, a minimum level of profit must be achieved before any payment can be made against the financial element of the Annual Cash Bonus Plan.

Further details of the structure of the 2022 Executive Directors' Annual Cash Bonus Plan are included in the Annual Report on Remuneration, page 40.

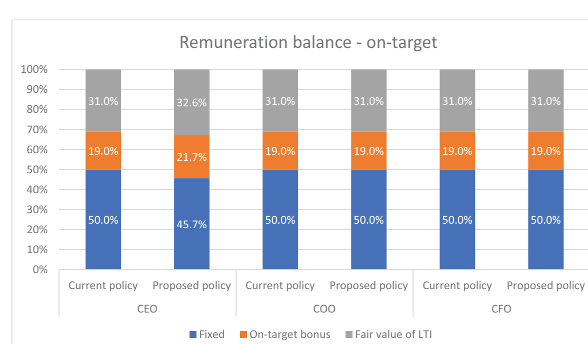
The increase for the CEO in the fair value of the long-term incentive and the annual bonus opportunity is intended to reflect the significant growth in the scale and complexity of the business since the approval of the current Policy. It also helps to achieve the NRC's goal of distinguishing more between the leadership and performance expectations of the CEO and the other two Executive Directors.

Long-term incentive awards in 2023

As outlined above, in 2023 we intend to make awards of premium priced options to the Executive Directors. The exercise price of the awards will be set at a 25% premium to the 1 month trading swap share price on grant, will vest after three years and be subject to a two-year post-vesting holding period.

The grants will be made on the basis of a Fair Value award of 75% of salary to the CEO and 65% of salary to the COO and the CFO. Further details are provided in the Annual Report on Remuneration.

Overall, following these changes, the balance of the packages remains broadly the same for the COO and the CFO but is now weighted slightly more in favour of variable pay for the CEO:



Shareholder Engagement

During 1Q2023, Glenn Collinson and I undertook a series of meetings with major shareholders primarily to discuss the proposed remuneration changes and to introduce myself as the new Chair of the NRC. This also offered the opportunity to cover a variety of other topics. It is the NRC's firm commitment to continue a wide engagement with our shareholders on remuneration issues going forwards.

Finally, I would like to thank our shareholders and I hope we can continue to rely on your support at our Annual General Meeting on 25 April 2023.

Fields Wicker-Miurin

Nomination and Remuneration Committee Chair

29 March 2023

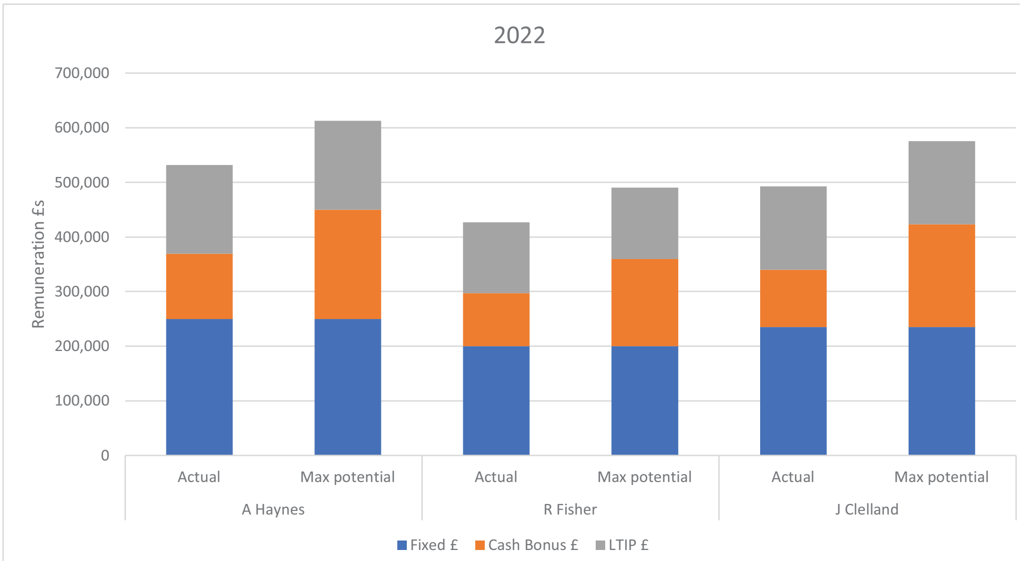
Remuneration at a Glance

Our pay principles
Clear, simple and transparent | Meritocratic, performance related and linked to our KPIs Aligned with the interests of shareholders and other stakeholders and with our culture Reward outperformance and do not pay for underperformance Competitive but not excessive | Culture of share ownership across the company

Implementation of our policy in 2023		
Fixed pay	Salary	• CEO – £280,000 (increased by 12%, from 1 Jan 2023) • COO – £263,200 (increased by 12%, from 1 Jan 2023) • CFO – £250,000 (increased by 25%, from 1 Jan 2023)
	Pension	• 5% of salary (in line with contribution levels for the workforce)
	Benefits	• Medical and life insurance
Annual bonus	Maximum	• CEO – 120% of salary • COO/CFO – 80% of salary
	On-target	• CEO – 50% of salary • COO/CFO – 40% of salary
	Performance measures	• Revenue (49%) • Profit before tax (21%) • Key strategic objectives (30%)
	Operation	• Recovery and withholding provisions operate
Long-term incentive	Award vehicle	• Premium priced options (exercise price at least 25% higher than grant price)
	Award level	• CEO – Fair Value of 75% of salary (equivalent to 75% of salary restricted share award in fair value terms) • COO/CFO – Fair Value of 65% of salary (equivalent to 65% of salary restricted for the share award in fair value terms)
	Performance measures	• Exercise price set to at least a 25% premium to the share price at grant
	Operation	• Vests after three years • Two-year additional holding period applies to vested awards • Recovery and withholding provisions apply
Share ownership guidelines	In-employment guideline	• 200% of salary
	Current shareholding	• CEO 2024% of salary • COO 885% of salary • CFO 0% of salary (newly appointed as CFO in 2022)

Implementation of our policy in 2022

2022 remuneration outcomes versus policy maximum



2022/23 annual bonus outcome

Aquis Executive Directors 2022 Cash Bonus % of salary

		Revenue %	Profit before tax %	Non-Financial %	Total %
A Haynes	Actual	20.42%	14.13%	13.20%	47.75%
	Max Pot	37.33%	18.67%	24.00%	80.00%
R Fisher	Actual	20.42%	14.13%	14.00%	48.55%
	Max Pot	37.33%	18.67%	24.00%	80.00%
J Clelland	Actual	20.42%	14.13%	10.20%	44.75%
	Max Pot	37.33%	18.67%	24.00%	80.00%

Governance considerations	
In designing and implementing our Directors' Remuneration Policy the 2018 UK Corporate Governance Code has been a key touchstone. The NRC has sought to take full account of its remuneration-related provisions, as we illustrate below in describing how we have sought to comply with the six factors in provision 40 of the Code:	
Clarity	Our remuneration framework supports financial delivery and the achievement of strategic objectives, aligning the interests of our executive directors and shareholders. Our policy is transparent and has been well communicated to our senior executive team. It has been, and will continue to be, clearly articulated to our shareholders (both on an ongoing basis and during consultation, if any changes are considered necessary in the future).
Simplicity	Our framework has been designed to be straightforward to communicate and operate.
Risk	Our incentives have been structured to align with the Board's system of risk management and risk appetite. Inappropriate risk-taking is discouraged and mitigated by, for example: • A balance of fixed pay to performance-related incentive pay and through multiple performance measures based on a blend of financial and non-financial targets • Operating a post-vesting holding period for the LTIP • Significant in-employment shareholding guidelines and a formal post-employment shareholding policy • Robust recovery and withholding provisions.
Predictability	Our incentive plans have individual caps, with share plans also subject to market standard dilution limits. The committee has full discretion to alter the payout level or vesting outcome to ensure payments are aligned with our underlying performance.
Proportionality	Our approach is underpinned by the principle that failure should not be rewarded. There is a clear link between individual awards, strategic delivery and our long-term performance. This is demonstrated, for example, by the connection between executive directors' pay arrangements and their building and maintaining of meaningful levels of shareholding; through linking our incentive measures and performance objectives; by our ability to use discretion to ensure appropriate outcomes; and via the structure of our executive directors' contracts. The Committee will review formulaic incentive outcomes and may adjust them in the light of overall Group performance and taking account of the shareholder and wider stakeholder experience.
Alignment to culture	Our policy is aligned to our entrepreneurial and dynamic culture. The Committee strives to embed a sustainable performance culture at management level that can cascade down throughout our business. The Board sets the framework of performance objectives against which we monitor the company's performance and the Committee links the performance metrics of our incentive arrangements to those indicators. We are also keen to foster a culture of share ownership and operate employee share schemes across the workforce.

Directors' Remuneration Policy

Directors' Remuneration Policy

The Directors' Remuneration Policy was last adopted in 2020 following an extensive shareholder consultation exercise undertaken in 2019. The NRC has reviewed the Policy and is proposing some amendments intended to ensure that it remains fit for purpose and reflective of the significant progress the company has made during the last three years. The NRC consulted shareholders during the course of 2022 and in early 2023 and received broad support for the proposed changes to the Policy.

The overarching objective of the company's remuneration arrangements remains to promote the long-term success of the company. The company does not pay more than is necessary for this purpose. In fulfilment of this objective, the Policy is designed to motivate Executive Directors and other members of Exco appropriately in the context of the Group's performance objectives and culture and to ensure it is aligned with the interests of shareholders and other key stakeholders. The Policy also takes full account of the requirements and standards of the regulatory system, and takes care to avoid encouraging behaviours which may lead to conflicts of interest and potentially damage to the best interests of its shareholders and its members/clients.

The key proposed changes to the Policy for 2023 and onwards are as follows:

- Annual awards of premium priced options will replace our current practice of making awards of time vesting restricted shares and the award level will increase (in fair value terms) for the CEO only.
- The annual bonus potential for the CEO only will increase from 80% of salary at maximum (40% of salary on-target) to 120% of salary at maximum (50% of salary on-target).

The rationale for these changes is set out in detail in the Annual Statement on pages 41 to 42.

In addition, the Group continues to take a prudent approach to the positioning of salaries and cash bonus potential relative to market comparisons. The NRC has concluded that this remains the right approach as it continues to invest in the business.

Strategic Report

The table below provides a summary of the proposed Remuneration Policy for Executive Directors:

Element	Purpose	Operation	Maximum	Performance
Base salary	Recruit and retain executives of a high calibre. Reflects an individual's experience, role and performance. Prevents unnecessary risk taking.	Salaries are paid monthly. They are reviewed annually and normally fixed for 12 months commencing 1 January. In deciding appropriate levels, the Board considers: • the role, experience, responsibility & performance of the individual, increases applied to the broader workforce and • relevant market information for similar roles in broadly similar UK listed companies and companies of a similar size. The Board considers the impact of any salary increase on the total remuneration package prior to awarding any increases.	There is no maximum. The Board is guided by average increases across the workforce. However, higher % increases may be awarded on occasion, for example (but not limited to): • Where an individual is promoted or has been recruited on a below market rate; or • In relation to a change in size, scale or scope of an individual's role or responsibilities or in the size or complexity of the business or where salaries have fallen significantly below mid-market levels.	NRC reviews the salaries of Executive Directors each year taking due account of all the factors described in the 'Operation' and 'Maximum' columns of this table.

Element	Purpose	Operation	Maximum	Performance
Benefits	Recruit and retain executives of a high calibre.	Benefits may include: • Private health cover (individual and family), permanent health cover and life assurance cover. • Executive Directors are also eligible to participate in any all-employee HMRC tax advantaged share schemes, on the same basis as other employees. • Relocation or related expenses may be offered including tax equalisation to ensure the executive is no better or worse off. • Executive Directors may be offered other benefits if considered appropriate and reasonable by the NRC.	There is no maximum as costs may vary in accordance with market conditions. HMRC tax-advantaged limits will apply in accordance with share scheme rules.	N/A
Pension	To provide retirement benefits in line with the overall Group Policy.	Executive directors may be offered the choice of: • a company contribution into a defined contribution pension scheme; or • a cash allowance in lieu of pension.	The maximum opportunity is aligned to the approach available to the wider workforce, currently: • up to 5% of salary into a defined contribution scheme; or • up to 5% of salary cash allowance.	N/A

Element	Purpose	Operation	Maximum	Performance
Annual cash bonus	To incentivise the achievement of annual financial and/ or strategic business targets, appropriately stretching, in line with shareholder interests.	Participation in the bonus plan is at the discretion of the Board. Bonus payment is determined after the year end, based on performance against targets set at the start of each year. For Executive Directors, bonus payments are paid in the April after year end and after the announcement of the financial results for the year. Bonus payments are subject to recovery and withholding provisions in the event of financial misstatement, error or gross misconduct -see below for more details.	An overall maximum of 120% of salary will apply to the CEO and 80% to the CFO and COO.	Performance metrics are selected annually based on the Group's financial and strategic objectives. The bonus will be based on the achievement of an appropriate mix of challenging financial, strategic or personal targets, tailored each year to reflect business priorities. Outcomes will be based on the achievement of financial measures (e.g. revenue, profit), representing at least 70% of the bonus with a minority (up to 30%) on key strategic objectives. 90% of the objectives are measurable. For financial measures, a sliding scale of targets is set by the NRC, taking into account factors such as the business outlook for the year. Nothing is payable for performance below a minimum level of performance. The metrics, and proportion of bonus that can be earned against each metric, will be disclosed in the Annual Report on Remuneration each year for the outcome year. The calculation of the annual bonuses from the actual performance achieved against each bonus target will be described retrospectively each year in the Annual Report on Remuneration.

Element	Purpose	Operation	Maximum	Performance
Long Term Incentives	Incentivises Executive Directors and senior executives to achieve successful execution of business strategy over the longer term. Aligns the interests of the Executives, senior staff and shareholders. Also helps to provide long-term retention.	Participation and individual award levels will be determined annually at the discretion of the Board within the Policy. Awards are normally granted annually in the form of premium priced options under the Aquis Exchange Executive Share Option Plan (ESOP). Award levels will be subject to the individual limit and will take into account matters such as market practice, overall remuneration, and the performance of both the Group and the Executive being granted the award. Awards normally vest after three years subject to continued employment. A holding period will apply under which all Executive Directors are required to retain their net of tax vested awards for two years post vesting. Awards are subject to recovery and withholding provisions – see below for more details.	Maximum grant at a fair value level of 125% of salary in the form of premium priced options over shares for current Executive Directors.	Premium priced share options awards will normally vest three years after grant subject to continued employment. The performance condition that applies is a premium of at least 25% premium to the share price at the date of the grant.

Element	Purpose	Operation	Maximum	Performance
Shareholding guidelines	To align the interests of management and shareholders and promote a long-term approach.	The Policy for all Executive Directors on shareholding is that in the medium term each will be expected to build up and hold their own shareholding in the Company to a value of at least 200% of their base salary in line with market practice in this area. The Board also operates a formal post-cessation shareholding policy in the light of the provisions of the UK Corporate Governance Code. It is the Group's policy that good leavers' share awards should vest where applicable subject to a *pro rata* reduction. Thereafter, such vested share awards for good leavers will still also be subject to the 2-year holding period and the same associated withholding and recovery conditions as for those not leaving. Vested share awards for good leavers that are still within the 2-year holding period will continue to be held to the end of that holding period. The Group believes that these post leaving conditions provide sufficient shareholder protection whilst not risking unfairly penalising good leavers by forcing a further holding period for shares released from vested awards first granted more than 5 years ago or for shares acquired independently from the Group's share plans with good leavers' own resources.	N/A	N/A

Element	Purpose	Operation	Maximum	Performance
Non-Executive Chair and Non-Executive Directors' fees	To attract and retain a high-quality Chair and experienced Non-Executive Directors.	The Non-Executive Chair receives a single fee covering all his duties. The Non-Executive Directors receive a basic fee and additional fees payable for being the Senior Independent Director, chairing or being a member of the Audit, Risk & Compliance or the Nomination & Remuneration Committees, or the Group's Regulated Subsidiary Boards and their committees. The level of fees of the Non-Executive Directors reflects the time commitment and responsibility of their respective roles. In exceptional circumstances, additional fees may be payable to reflect a substantial increase in time commitment of the Non-Executive Chair or Directors.	There is no maximum. Any increase to fees, however, will be considered in light of the expected time commitment in performing the roles, increases received by the wider workforce and market rates in comparable companies.	Neither the Non-Executive Chair nor the Non-Executive Directors are eligible for any performance related remuneration.

Consideration of employment conditions elsewhere in the Group

Whilst the NRC does not consult directly with employees on the Directors' Remuneration Policy, the NRC does receive periodic updates regarding salary increases and remuneration arrangements across the Group. This is borne in mind when determining the Remuneration Policy and payments for the Executive Directors.

Bonus and incentive plan Discretions

The Group will operate the Annual Cash Bonus Plan and Aquis Exchange Executive Share Option Plan according to their respective rules and in accordance with the AQSE Rules, AIM Rules and HMRC rules, where relevant. The Board, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include (but are not limited to) the following (albeit the level of award is restricted as set out in the policy table above):

- Who participates in the plans;
- The timing and form of grant of award and/or payment (including what performance conditions or underpins may apply);
- The size of an award and/or a payment (including application of holding periods);
- Discretion relating to the measurement of performance in the event of a change of control or other corporate events;
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each incentive plan and the appropriate treatment chosen including timing of when the award may vest and whether time pro-rating will apply;
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, on a change of control and special dividends);
- The ability to adjust existing performance conditions and underpins for exceptional events, including any M&A activity so that they can still fulfil their original purpose whilst being no less stretching; and
- Application of recovery and withholding provisions, including treatment of awards pending disciplinary proceedings (see further below).

Recruitment and Promotion Policy

The remuneration package for a new Executive Director will be established in accordance with the Directors' Remuneration Policy subject to such modifications as are set out below.

Directors' service contracts terms

The Group contract term policy is to establish Executive Directors' notice period of 6 months in line with market norms. The Non-Executive Directors' letters of appointments are subject to annual approval at the AGM.

All Directors' service contracts and letters of appointment are available for inspection on request from the Company Secretary.

Salary levels for Executive Directors will be set in accordance with the Remuneration Policy, taking into account the experience and calibre of the individual and their existing remuneration package. Benefits will generally be provided in line with the Policy, with relocation or other related expenses provided for if necessary. A pension contribution or cash in lieu in line with the pension contributions provided to the majority of the workforce may be offered.

The outcome of variable pay elements of Executive Directors will be in accordance with the Policy detailed above. The maximum variable pay opportunity will be as set out in the Remuneration Policy table. Different performance measures may be set initially for the annual cash bonus in the year of joining, taking into account the responsibilities of the individual, and the point in the financial year that he or she joined the Board. The bonus will be pro-rated to reflect the proportion of the financial year served. An Executive Share Option award can be made shortly following an appointment (assuming the Group is not in a close period).

In the case of external recruitment, if it is necessary to buy out incentive pay or benefit arrangements (which would be forfeited on leaving the previous employer), this may be provided, taking into account the form (cash or shares), timing and expected value (taking into account the likelihood of meeting any existing performance criteria) of the remuneration being forfeited.

Replacement share awards, if used, may be granted using the Group's existing share plans to the extent possible, although awards may also be granted outside of these schemes if necessary and as permitted under the AQSE Rules and / or AIM Rules. The intent of any such award would be to ensure that, as far as possible, the expected value and structure of the award will be no more generous than the amount forfeited.

In the case of an internal recruitment, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant or adjusted as considered desirable to reflect the new role.

Service Contracts and Payments for Loss of Office

The Group's policy is to have service contracts for Executive Directors that continue indefinitely unless determined by their notice period. Under the Executive Directors' service contracts and, in line with the policy for new appointments, no more than 6 months' notice of termination of employment is required by either party.

For Executive Directors, the Group may, in its absolute discretion, at any time after notice is served by either party, terminate a Directors' contract with immediate effect by paying an amount equal to base salary for the then unexpired period of notice plus the fair value of contractual benefits subject to the deduction of tax.

An Executive Director's service contract may be terminated without notice for certain events such as gross misconduct or a serious breach of contract. No payment or compensation beyond salary (and the value of holiday entitlement) accrued up to the date of termination will be made if such an event occurs. Any statutory payments required by law will be made.

All Non-Executive Directors letters of appointment with the Group are for an annual renewable period. Appointments may be terminated with three months' notice. The appointment letters for the Chair and Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses.

Recovery (Clawback) provisions for Executive Directors in the Annual Cash Bonus Plan

For Executive Directors only, the Board may, in the exceptional circumstances defined below, decide to Clawback annual cash bonus payments.

The Board may decide at any time prior to the second anniversary of the date on which annual cash bonuses are paid, that the individual to whom the annual cash bonus was paid shall be subject to Clawback.

The circumstances which may give rise to the application of Clawback are, for any period from Financial Year 2020 onwards:

(a) material misstatement of financial results; or

(b) miscalculation of bonus as a result of an error, or inaccurate or misleading information or assumptions; or

(c) serious misconduct that warrants or could have warranted summary dismissal; or

(d) the Group becomes insolvent or is put into administration; or

(e) circumstances which in the Board's opinion have (or would have if made public) a sufficiently significant impact on the reputation of the Group; or

(f) a serious failure of risk management within the Group.

Change of Control provisions for Executive Directors in Aquis Exchange Executive Share Option Plan

In the event of a genuine change of control, unvested share awards shall normally vest on the date of such event. The Board will usually apply a *pro rata* reduction to vested awards based on the portion of the vesting period that has elapsed at the time of the change of control.

Good Leaver (including Retirement) provisions for Executive Directors in Aquis Exchange Executive Share Option Plan

If prior to vesting of any shares, an individual ceases to be a director or employee of the Group by reason of death, injury or disability, retirement, the participant's employing company or employing part of a business being sold out of the Group, or for any other good leaver reason that the Board determines, then his/her awards shall vest on leaving, but the Board will apply a *pro rata* reduction to vested awards based on the portion of the vesting period that has elapsed.

Withholding (Malus) and Recovery (Clawback) provisions for Executive Directors in Aquis Exchange Executive Share Option Plan

The Board may decide: (i) at any time prior to the date on which an award vests that an unvested award is subject to Malus; and/or (ii) at any time prior to the second anniversary of the date on which an award vests, that the individual to whom the award was granted shall be subject to Clawback. The Board may apply Malus or Clawback if it forms the view that one or more of the circumstances envisaged in (a) to (f) of the provisions established for the

Annual Cash Bonus (listed above) applies; and it is, in the Board's opinion, appropriate.

Annual Report on Remuneration

The information in this section of the Directors' Remuneration Report includes details, firstly, of how we intend to operate the new Remuneration Policy in 2023 and, secondly, details of the pay outcomes in respect of the 2022 financial year.

Implementation of Remuneration Policy in 2023

Executive Directors' base salaries from 1 January 2023

Alasdair Haynes' base salary will increase by 12% to £280,000 p.a., Richard Fisher's base salary will increase by 25% to £250,000 and Jonathan Clelland's base salary will increase by 12% to £263,200 p.a. This is in the context of increases provided to the general workforce of on average around c 7% for 2023. The rationale for these increases is set out in the Annual Statement on pages 39 to 42.

The salary increase progression over the period since January 2020 is set out below:

Executive Director	1 Jan 2023	1 Jan 2022	1 Jan 2021	1 Jan 2020
A. Haynes	£280,000	£250,000	£250,000	£250,000
J. Clelland	£263,200	£235,000	£235,000	£235,000
R. Fisher[1]	£250,000	£200,000	–	–

1 Richard Fisher joined the Board in March 2022 and his salary on appointment as CFO and Executive Director was £200,000.

Executive Directors' Benefits and Pension

The Executive Directors' remuneration packages include private health cover (individual and family), permanent health cover and life assurance cover. Pension contributions (whether through participation in the Group Pension Plan or by way of a cash equivalent sum) are set at 5% of salary (in line with the contribution level made available to the wider workforce). Richard Fisher has elected to participate in the Group Pension Plan and Alasdair Haynes and Jonathan Clelland have elected not to participate and receive cash equivalent supplements.

Executive Directors' 2023 Annual Cash Bonus Plan

For Alasdair Haynes the maximum bonus opportunity for 2023 will be capped at 120% of base salary. For on-target performance, bonus payout will be 50% of base salary. At threshold performance, below which no bonus will be paid, the bonus payout will be 0% of base salary.

For Richard Fisher and Jonathan Clelland, the maximum bonus opportunity for 2023 will be capped at 80% of base salary. For on-target performance, bonus payout will be 40% of base salary. At threshold performance, below which no bonus will be paid, the bonus payout will be 5% of base salary.

The objectives and their weightings for the year ending 31 December 2023, for the Executive Directors have been amended in comparison to 2022, with a slightly increased weighting toward revenue and will be Group revenue (49.0%), Group Profit Before Tax (21.0%) and strategic, non-financial objectives (30%). 90% of the performance objectives are measurable.

The Group Financial performance objectives therefore constitute 70% of the available bonus, and the strategic non-financial objectives 30%.

As an underpin, a minimum level of Profit Before Tax must be achieved before any payment can be made against the financial element of the Annual Cash Bonus plan. There is no formal underpin for the strategic, non-financial objectives but the NRC and Board will retain discretion to reduce (including to nil) cash bonuses based on strategic, non-financial objectives if they determine that the overall circumstances cannot justify it.

Executive Directors' long-term incentives

In 2023 awards of premium priced options will be made to the Executive Directors at a Fair Value level of 75% of salary to the CEO and 65% to both the COO and CFO.

The options will vest after three years subject to continued employment only and will have an exercise price set at (at least) 25% above the 1 month trading swap share price at the date of grant. Vested awards will be subject to a two-year holding period and awards will be subject to recovery and withholding provisions.

Single figure of total remuneration for Directors

The following tables present all elements of remuneration earned by the Directors in 2022 (and 2021).

Long term incentive benefits in 2022 for the Executive Directors represent the Fair Value of the restricted share awards. The 2021 comparisons reflect the notional benefit based on the share price at the date of vesting of awards granted under the Aquis EMI Option Plan 2018 compared with the award price.

2022 Audited

Director	Salary / Fees	Taxable benefits[5]	Fixed	Performance Bonus Actual[4]	Long-Term Incentives[6]	Total
Executive Directors						
Alasdair Haynes	250,000	19,476	269,476	119,386	162,500	551,362
Richard Fisher[1]	200,000	21,878	221,878	97,109	130,000	448,978
Jonathan Clelland	235,000	20,540	255,540	105,173	152,750	513,463
Non-Executive Directors						
Glenn Collinson[2]	75,000	–	–	–	–	75,000
Richard Bennett	55,000	–	–	–	–	55,000
Mark Spanbroek	45,000	–	–	–	–	45,000
Mark Goodliffe	60,000	–	–	–	–	60,000
Deirdre Somers	45,000	–	–	–	–	45,000
David Vaillant	60,000	–	–	–	–	60,000
Fields Wicker-Miurin[3]	45,900	–	–	–	–	45,900
Ruth Wandhöfer[3]	42,100	–	–	–	–	42,100

(1) Richard Fisher was appointed to the Board in March 2022.

(2) Glenn Collinson was appointed Chairman on 1st January 2022.

(3) Fields Wicker-Miurin and Ruth Wandhöfer joined the Board in March 2022.

(4) The detailed calculation of the performance bonus is described in the section on 2022 annual cash bonus below.

(5) Taxable benefits comprise private health care and compensation (in lieu) of pension contribution.

(6) The long term incentive value includes the value of the restricted share awards made to Alasdair Haynes (£162,500), Richard Fisher (£130,000) and Jonathan Clelland (£152,750). For the purposes of this table the fair value of the restricted share awards on date of issue has been included.

2021 Audited

Director	Salary / Fees	Taxable benefits[2]	Fixed	Performance Bonus Actual	Long-Term Incentives[3]	Total
Executive Directors						
Alasdair Haynes	250,000	17,301	267,301	143,777	264,035	675,112
Jonathan Clelland	235,000	18,412	253,412	133,300	264,035	650,747
Non-Executive Directors						
Niki Beattie	55,000	–	–	–	–	55,000
Richard Bennett	40,000	–	–	–	–	40,000
Mark Spanbroek	35,000	–	–	–	–	35,000
Mark Goodliffe	45,000	–	–	–	–	45,000
Glenn Collinson[1]	33,300	–	–	–	–	33,300
David Vaillant	45,000	–	–	–	–	45,000
Deirdre Somers	30,000	–	–	–	–	30,000

(1) Glenn Collinson re-joined the Board in September 2021, previously he was a Non-Executive Director of Aquis Stock Exchange Limited.

(2) Taxable benefits comprise private health care and compensation (in lieu) of pension contribution.

(3) Executive Directors were granted share options under the Aquis EMI Option Plan 2018 at the time of IPO on 14 June 2018 and on 30 April 2020. The values shown are the gains made at the date of vesting of 16 April and 14 June 2021. No further awards are to be made under this plan.

Executive Directors' 2022 annual cash bonus

In 2022, the Group Financial performance objectives for Alasdair Haynes, Richard Fisher and Jonathan Clelland were the same. The strategic, non-financial, individual objectives for Alasdair Haynes, Richard Fisher and Jonathan Clelland reflected their specific individual responsibilities for the Group. Performance against them was as follows:

A Haynes	Maximum Bonus Opportunity (% of salary)	Threshold	Target	Max	Act Res	Bonus outcome (% of salary)
Group Financial Objective (KPI) 1: Revenue (net of ECL)	37.34%	£17.89m	£19.88m	£21.86m	£20.06m	20.42%
Group Financial Objective (KPI) 2: Profit Before Tax	18.66%	£3.28m	£4.10m	£4.92m	£4.53m	14.13%
Strategic, Non-financial Objectives (KPIs)	24%	See the table below	12%	24%	13.20%	13.20%
Total	80%					47.75%

R Fisher	Maximum Bonus Opportunity (% of salary)	Threshold	Target	Max	Act Res	Bonus outcome (% of salary)
Group Financial Objective (KPI) 1: Revenue (net of ECL)	37.34%	£17.89m	£19.88m	£21.86m	£20.0m	20.42%
Group Financial Objective (KPI) 2: Profit Before Tax	18.66%	£3.28m	£4.10m	£4.92m	£4.53m	14.13%
Strategic, Non-financial Objectives (KPIs)	24%	See the table below	12%	24%	14.00%	14.00%
Total	80%					48.55%

J Clelland	Maximum Bonus Opportunity (% of salary)	Threshold	Target	Max	Act Res	Bonus outcome (% of salary)
Group Financial Objective (KPI) 1: Revenue (net of ECL)	37.34%	£17.89m	£19.88m	£21.86m	£20.06m	20.42%
Group Financial Objective (KPI) 2: Profit Before Tax	18.66%	£3.28m	£4.10m	£4.92m	£4.53m	14.13%
Strategic, Non-financial Objectives (KPIs)	24%	See the table below	12%	24%	10.20%	10.20%
Total	80%					44.75%

The Strategic, Non-financial Objectives (30% of the bonus) are set out below together with the performance outcome. The Executive Directors performance outcome assessment is based on:

- Not met target: failed to meet the target
- Partially met target: has made material progress towards the target but did not fully meet it
- Met target: has achieved the stated target
- Exceeded target: has delivered a solution which was an improvement on the performance target

A Haynes Strategic, Non-financial Objectives	Performance outcome as a % of target (either Not met target, Partially met target, Met target, or Exceeded target)
Strategic plan	100%
Pan-European Secondary Market %	0%
Leadership	100%
Capital Markets Day	200%
Brand	150%

R Fisher Strategic, Non-financial Objectives	Performance outcome (either Not met target, Partially met target, Met target, or Exceeded target)
Strategic plan	100%
Capital Markets Day	200%
Financial accounts preparation	100%
Management accounts preparation	100%
Finance management	100%
Risk management	100%

J Clelland Strategic, Non-financial Objectives	Performance outcome (either Not met target, Partially met target, Met target, or Exceeded target)
Strategic plan	100%
Pan-European Secondary Market %	0%
Succession planning	100%
Capital Markets Day	200%
Manage Aquis Exchange Europe SAS as CEO and make certain that there are no business or regulatory issues.	75%

To ensure that the Group continues to grow all business activities a comprehensive medium-term strategic plan was prepared. This plan is key to ensure that the Group identifies, prioritises and executes the strategic initiatives to ensure the Group's future success.

The objective of further strengthening executive resources is to ensure that the Group has a core set of experienced qualified professionals in order to manage the business and successfully execute the Group's strategy and business plans.

In order to ensure that the Board partnership model is maintained and strengthened the Board remains focussed on constructive analysis, assessment, debate and collective decisions.

Aquis Exchange Europe is a key component of the Group's plans for continued growth across Europe.

The data used to measure and verify the performance against objectives was derived from independent sources and internal management reports. No significant assumptions were made in measuring the performance against objectives. The calculation methods for all the financial and non- financial objectives were consistent with prior years and there were no changes to the underlying accounting policies.

Executive Directors' vesting during 2022 of share-based awards under long term incentive plans

Restricted shares were granted in June 2020 and the performance underpins attached were measured over the period 1 January 2020 to 31 December 2022. The NRC assessed performance against each of the underpins and determined that all of the thresholds had been comfortably met and that the award could therefore vest in full. The award is due to vest in June 2023 and will be subject to a two-year post-vesting holding period.

In addition, awards granted in April 2020 under the legacy Aquis EMI option scheme vested during 2022 and are exercisable at a price of £3.47 per share. These awards were not subject to any performance conditions.

Full details on the vesting status of all share plan awards for the Executive Directors are set out in the Outstanding Share Plan awards table below

Executive Directors' Awards in 2022 under the Aquis Exchange Omnibus Share Plan

On 29th April 2022, Alasdair Haynes was granted 33,163, and Jonathan Clelland 31,173 restricted share awards under the Aquis Exchange Omnibus share Plan. These awards are valued at face value from the share price of £4.90 at 29th April 2022 and therefore represent 65% base salary. On 30 June 2022 Richard Fisher was granted 18,367 restricted share awards valued at face value from the share price of £4.90 at 29th April 2022. Following his appointment as an Executive Director, on 30 June 2022 Richard Fisher was granted an additional 10,449 restricted share awards at face value from the share price of £3.75, bringing the total for the year to 65% base salary.

These Restricted Share Awards are subject to underpins, which are objectives that must be met before vesting can occur. The underpins are based on a minimum level of underlying performance of the Group over the three-year period and delivery against the Group's strategy and plans. As such the underpins will require that the profitability of the Group must not decrease below the level in the 2021 financial year and may include growth in market share in the Aquis Exchange business, sustainable profit delivery and financial progress taking into account expansion and investment plans, the avoidance of a material failure in governance or an illegal act resulting in significant regulatory or reputational damage and/or material financial loss to the Group or any of its subsidiaries, and social factors such as culture and employee engagement. When considering these factors, the NRC and Board will consider overall performance while recognising that fast growing financial and technology companies may require capital expenditure and investment.

Outstanding Share Plan awards

Details of all outstanding awards under all Share Plans for the Executive Directors are set out below.

Director	Type of award	Award date	Share (or EMI Option Exercise) Price at grant	Unvested at 1 January 2022	Awarded during the year	Lapsed during the year	Options vested during the year	Unvested at 31 December 2022	Earliest date shares from most recent award could be acquired	Latest date shares from most recent award could be acquired
Alasdair Haynes	Aquis EMI Option Plan 2018	19th November 2019	£3.47	53,333	–	–	26,666	26,667	16th April 2022	15th April 2030
	Aquis Omnibus Share Plan 2020	15th June 2020	£3.55	45,775	–	–	–	45,775	15th June 2023	14th June 2030
	Aquis Omnibus Share Plan 2020	30th April 2021	£6.85	23,723	–	–	–	23,723	30th April 2024	29th April 2031
	Aquis Omnibus Share Plan 2020	29th April 2022	£4.90	–	33,163	–	–	33,163	29th April 2025	28th April 2032
Richard Fisher	Aquis Omnibus Share Plan 2020	30th April 2021	£6.85	6,204	–	–	–	6,204	30th April 2024	29th April 2031
	Aquis Omnibus Share Plan 2020	29th April 2022	£4.90	–	18,367	–	–	18,367	29th April 2025	29th April 2032
	Aquis Omnibus Share Plan 2020	30thJune 2022	£3.75	–	10,449	–	–	10,449	30th June 2025	29thJune 2032
Jonathan Clelland	Aquis EMI Option Plan 2018	19th November 2019	£3.47	53,333	–	–	26,666	26,667	16th April 2021	15th April 2030
	Aquis Omnibus Share Plan 2020	15th June 2020	£3.55	43,028	–	–	–	43,028	15th June 2023	14th June 2030
	Aquis Omnibus Share Plan 2020	30th April 2021	£6.85	22,299	–	–	–	22,299	30th April 2024	29th April 2031
	Aquis Omnibus Share Plan 2020	29th April 2022	£4.90	–	31,173	–	–	31,173	29th April 2025	28th April 2032

(1) Awards under the Aquis EMI Share Option plan 2018 are at-market share options. They are subject to time-based vesting in three equal tranches on the 1st, 2nd and 3rd anniversary of the award.

(2) Aquis Exchange PLC was under close period at the original award date of 19th November 2019, therefore this award was deferred to 16th April 2020.

(3) Awards under the Aquis Omnibus Share Plan are options to acquire shares in Aquis Exchange PLC at an exercise price of 10p share, vest 3 years after the date of the award subject to the Group exceeding underpin conditions and are held for a further 2 years post vest subject to certain withholding (malus) and recovery (clawback) conditions described in the Aquis Exchange Remuneration Policy.

Directors' shareholdings and share interests

The following table summarises the shareholdings and share interests of the Directors at 31 December 2022.

Director	Shares	Options vested but not exercised	Options unvested	SIP	Total
Executive					
Alasdair Haynes	1,491,551	174,152	26,667	9,015	1,541,385
Richard Fisher	–	–	–	3,522	3,522
Jonathan Clelland	547,401	53,333	26,667	9,027	636,428

The shareholdings and share interests above, do not take account of any allotted under the Aquis Exchange Omnibus Share plan granted during 2020 - 2022 which will vest with effect from 2023 onwards.

Retirement Benefit Schemes

Pension obligations

The Group has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid, nor any legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense as and when they become due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The total costs charged to Group income in respect of defined contribution plans in 2022 are £159,366 (2021: £183,940).

All Employee Share Plans

The Group operates an HMRC tax-advantaged Share Investment Plan (SIP).

All employees are eligible to participate in the SIP scheme and during 2022, 34 employees including the Executive Directors subscribed to the scheme. As at, 31 December 2022, 186,155 shares in the Company were held in the SIP.

Other information about the NRC

The membership of the NRC during 2022 was as follows:

- Richard Bennett, Chairman until September
- Fields Wicker-Miurin, member from March and Chairman from September
- Glenn Collinson
- Deirdre Somers, from December

The NRC members have no personal financial interest in matters to be decided, no potential conflicts of interests arising from cross directorships and no day-to-day involvement in running the business. The Non- Executive Directors are not eligible for pensions and do not participate in the Group's cash bonus or share schemes.

By invitation of the NRC, meetings are attended by the Company Secretary (who acts as Secretary to the Committee), the Head of Human Resources and the Executive Directors, who are consulted on matters discussed by the Committee, unless those matters relate to their own remuneration. Advice or information is also sought from other employees where the NRC feels that such additional contributions will assist the decision-making process.

- The Committee is authorised to take such internal and external advice as it considers appropriate in connection with carrying out its duties, including the appointment of its own external remuneration advisers. During the year, the committee was assisted in its work by FIT Remuneration Consultants LLP. FIT's fees for advice provided to the NRC during 2022 were £56,427 covering general advice on remuneration on matters including the benchmarking of Executive Directors' salaries and the establishment of a new share option scheme to replace the Aquis Omnibus Share Plan. FIT also provides advice on Non-Executive Directors' fees but other than this does not provide any other services to the Group and the NRC is satisfied that it provides independent and objective remuneration advice. FIT is a signatory to the Code of Conduct for Remuneration Consultants in the UK, details of which can be found on the Remuneration Consultants Group's website at www.remunerationconsultantsgroup.com.

In 2022, the Committee:

- Identified and selected candidates for new appointments to the Board and the boards of its subsidiaries. The Board composition is described in the Directors' Report, page 27;
- Reviewed the skill sets, the independence and time availability of the Non-Executive Directors across the Group. The NRC believes that the current compositions of the Boards and the Committees of both the Group and its subsidiaries are appropriate to meet the Group's business, regulatory and governance objectives;
- Recommended that all Non-Executive Directors be nominated for re-election at the 2023 AGM, with the

exception of Mark Spanbroek who will be stepping down from the Board after 10 years of outstanding service to Aquis;

- Supported the introduction of a Board mentoring programme whereby Non-Executive Directors mentor Aquis employees. The take-up was excellent and board directors report that they are also learning a lot from their 'mentees';
- Reviewed the succession plans for the Board and senior executives to ensure they considered changing skill requirements as the Group develops;
- Monitored key diversity and inclusion metrics throughout the Group;
- Evaluated the fixed salaries of the two Executive Directors in 2021 and proposed no changes to their salaries in 2022;
- Evaluated the performance of the two Executive Directors in 2021 and proposed remuneration outcomes for FY2021 in the forms of annual bonus and LTIPs;
- Set the performance objectives of the three Executive Directors in 2022;
- Confirmed the terms and recommended to the Board the grant of Restricted Share Awards to the Executive Directors and other Exco members in April 2022 under the Aquis Exchange Omnibus Share Plan;
- Reviewed and updated the Group's Remuneration Policy to make sure it remains fit for purpose for this next phase in the Group's development. The current Policy was last reviewed and updated in 2020.

In addition to the above, with the sponsorship of the NRC, the Board conducted an evaluation of its performance, including self-assessments by each Board member.

Throughout the year, the NRC has continued to work to ensure policy and practices remain consistent with the relevant provisions of the 2018 UK Corporate Governance Code.

External Non-Executive Directors Appointments

Executive Directors are permitted, where appropriate and with Board approval, to take Non-Executive Directorships with other organisations in order to broaden their knowledge and experience in other markets and countries. Fees received by the Executive Directors in their capacity as directors of these companies are retained, reflecting the personal responsibility they undertake in these roles. None of the Executive Directors currently holds an appointment of this nature.

2022 AGM Remuneration Resolution Voting Outcome

	For	Against	Withheld
Directors' Remuneration Report	9,351,612	–	–
	100.0%	0.0%	0.0%

On behalf of the Board and the Nomination & Remuneration Committee.

Fields Wicker-Miurin
Chair, Nomination & Remuneration Committee

29 March 2023

Financial Statements

Independent auditor's report to the members of Aquis Exchange PLC

Opinion

We have audited the financial statements of Aquis Exchange Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated and company statement of comprehensive income, the Consolidated and company statement of financial position, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated and company statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Challenging the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Making inquiries of management, reading correspondence with regulators and minutes of board meetings;
- Assessing and challenging key assumptions and mitigating actions put in place in response to various global and domestic events including, but not limited to, the Russia-Ukraine conflict, the widespread unrest in financial market as well as the inflation levels and increasing interest rates;
- Considering whether there were events subsequent to the balance sheet date which could have a bearing on the directors' assessment of going concern conclusion
- Reviewing the appropriateness of the directors' disclosures in the financial statements

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 parent company's ability to continue as a going concern for a period from when the financial statements are authorised for issue through to 31 March 2024.

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

In relation to Aquis Exchange Plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) we identified, 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 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

Key Audit Matter	How our scope addressed this matter
Completeness, cut-off and accuracy of revenue recognition consistently with IFRS 15 (note 2, 5 and 11) (2022: £5.0m, 2021: £4.4m) Revenue from contracts with customers is recognised once the relevant contractual terms relating to each performance obligation have been achieved, and when other recognition criteria have been met. This can be either over time or point in time which impacts the timing of the recognition of the revenue. We have determined this to be a key audit matter in relation to licensing fees due to the level of management judgement required in determining the performance obligations and the stand-alone price for each performance obligation. The revenue is recognised with reference to three separate performance obligations. There is a risk associated with the identification of these performance obligations, the level of comparability between individual contracts and the disaggregation of associated revenue to each performance obligation. The risk has remained stable over the period.	We evaluated the appropriateness of the revenue recognition policy in accordance with IFRS 15 'Revenue from Contracts with Customers'. We benchmarked the accounting policies with industry peers to ensure they are in line with industry standards. We confirmed our understanding of the processes and controls relevant to the material revenue streams of the Group. We evaluated the design and implementation of the controls over revenue. We adopted a substantive approach to the audit of the licence fee revenue and did not test the operating effectiveness of the controls identified. **As part of our substantive procedures:** – We obtained all contracts to identify the relevant performance obligations, whether these obligations arose at a point in time or over a period of time; and the relevant period to which they would continue to apply. – We verified the invoices raised and cash collected as applicable. – We challenged management's assessment of the stand-alone selling prices and verified that the assumptions applied were consistent for similar contracts. – We performed a review of all contracts modified or extended during the period and challenged management's conclusions on whether these should be accounted as separate contracts, modifications to the existing contracts or a combination of both, based on the specific facts of each contract. **Disclosures** We considered the adequacy of the group's disclosures to ensure that they are appropriate and in line with the requirements of applicable financial reporting standards. **Our observations** We are satisfied that revenue related to subscription licence fees on technology contracts is reasonable and recorded in accordance with IFRS 15 'Revenue from Contracts with Customers'.

Key Audit Matter	How our scope addressed this matter
Valuation of expected credit losses (ECL) for contract assets and trade receivables (note 2, 5 and 12) (2022: £1.4m, 2021: £1.5m) The group applies the simplified approach to measure the expected credit loss (ECL). A significant level of judgement is required in determining the ECL due to limited default history and lack of comparable data to estimate the probability of default (PD). Licensing customers primarily consist of start-ups with limited external credit scores. Customers are spread across a wide geographical area including UK, EU, Asia and Africa. This limits the availability of comparable data and requires significant management judgment to assess the estimate of probability of default (PD) and the loss given default (LGD) used in the ECL estimate. We have identified a significant risk due to risk of fraud and error with respect to the judgements applied in the estimation of the LGD and PD parameters. The risk has remained stable over the period.	We evaluated the appropriateness of the ECL policy and methodology for compliance with IFRS 9 'Financial Instruments' We confirmed our understanding of the processes, controls, governance and oversight relevant to the ECL assessment. We evaluated the design and implementation of the key controls identified. We adopted a substantive approach and did not test the operating effectiveness of the controls. **As part of our substantive procedures:** – We challenged management's assessment of the PD and LGD for all counterparties for the licence fee contracts, taking into account information and events that took place after the period end to assess whether they provided information about credit conditions that existed at the reporting date. – We performed sensitivity analysis by flexing the PDs and LGDs to assess as to whether there are any material movements noted on the resultant ECL calculated. – We assessed and challenged the amount of ECL held against counterparties, including ECLs against trade receivables and counterparties where the ECL has historical been immaterial. – We evaluated the post period settlement of receivables and amounts outstanding at period end to assess if they were indicative of a deterioration of the credit profiles for the counterparties during the period under review that had not been identified and accounted for by management. – We assessed if the group had material exposures (direct or indirect) to banks in distress and validated that management had appropriately considered and accounted for any such exposures. We considered the adequacy of the group's disclosure to ensure that they are appropriate and in line with the requirements of applicable financial reporting standards. **Our observations** We concluded that the approach taken by the group and company in respect to ECL is overall consistent with the requirements of IFRS 9. We consider management's estimate of the ECL reasonable.

Our application of materiality and an overview of the scope of our audit

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

Group materiality

Overall materiality	£200,000
How we determined it	1% of Total Revenue (2021: 1% of total revenue)
Rationale for benchmark applied	The group is profit-oriented, but, is still in its investment and development phase. Shareholders and investors are the primary users of the group's financial statements. They tend to focus mostly on profit and revenue evolution. Whilst we have considered profit before tax as a potential benchmark, it remains volatile. Consequently, in our view, revenue levels provide the best indicator of the level of economic activity during the period and is considered the most appropriate benchmark
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £100,000, which represents 50% (2021: 60%) of overall materiality, reflecting the history of misstatements, our consideration of the audit risks and our assessment of the control environment.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £6,000 (2021: £5,100) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£100,000
How we determined it	1% of Total Revenue
Rationale for benchmark applied	The Company is profit-oriented, but is still in its investment and development phase. Shareholders and investors are the primary users of the group's financial statements. They tend to focus mostly on profit and revenue evolution. Whilst we have considered profit before tax as a potential benchmark, it remains volatile. Consequently, in our view, revenue levels provide the best indicator of the level of economic activity during the period and is considered the most appropriate benchmark.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £50,000, which represents 50% (2021: 60%) of overall materiality, reflecting the history of misstatements, our consideration of the audit risks and our assessment of the control.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £3,000 (2021: £3,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, all components of the group, including the parent company, were subject to full scope audit performed by the group audit team and/or component teams. For our audit of the group financial statements, we have scoped in Aquis Exchange Plc, Aquis Exchange Europe SAS and Aquis Stock Exchange Limited, referred together as "components" financial statement line items to the extent they are material to the Group. We engaged component auditors to perform audit procedures for Aquis Exchange Europe SAS who are also the local statutory auditors of the entity. We determined the level of involvement we needed in their audit work to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. This included regular communications with the component auditors throughout the audit, the issuance of instructions, and a review of the results of their work.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer term viability and that part of the Corporate Governance Statement relating to the Group's and the Parent Company's voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 33;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 26;
- Directors' statement on fair, balanced and understandable, set out on page 33;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 18;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 32; and;
- The section describing the work of the audit committee, set out on page 34.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: financial crime regulations and regulatory and supervisory requirements from the regulatory authorities where the group and company conduct their business, primarily the Financial Conduct Authority (FCA) and HM Revenue & Customs (HMRC).

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities, including the FCA and HMRC;
- Reviewing minutes of directors' meetings in the year;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit;

- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud; and
- The group and company operates in the exchange industry which is a regulated environment. As such, the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of experts where appropriate.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, the Companies Act 2006 and UK adopted International Accounting Standards (IAS).

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off of revenue for performance obligations realised over a period of time), judgements in the calculation and recognition of expected credit losses, recognition of shared based management compensation and consideration of significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Remaining skeptical to potential management's bias through judgements and assumptions in significant accounting estimates; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Pauline Pélissier (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London

29 March 2023

Consolidated and Company Statements of Comprehensive Income

For the year ended 31 December 2022

		Group		Company	
		2022	2021 Restated	**2022**	2021 Restated
	Notes	**£**	£	**£**	£
Profit and loss					
Revenue	11	**19,929,527**	17,182,755	**10,342,525**	9,243,427
Impairment credit / (charge) on contract assets	12	**133,484**	(972,161)	**133,484**	(972,161)
Impairment (charge) on trade and other receivables	12	**(12,784)**	(28,499)	**–**	–
Operating expenses	13	**(14,239,918)**	(11,560,000)	**(5,616,089)**	(4,038,025)
Earnings before interest, taxation, depreciation and amortisation		**5,810,309**	4,622,095	**4,859,920**	4,233,241
Depreciation and amortisation	13	**(1,259,492)**	(1,032,240)	**(1,187,569)**	(1,026,980)
Net finance expense	13, 25	**(53,130)**	(26,175)	**(36,948)**	(26,175)
Finance income	13	**28,722**	444	**2,416**	444
Profit before taxation		**4,526,409**	3,564,124	**3,637,819**	3,180,530
Income tax credit	15, 16	**157,203**	1,088,543	**163,925**	1,088,543
Profit for the year		**4,683,612**	**4,652,667**	**3,801,744**	**4,269,073**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences on translation of foreign operations		**181,370**	(231,412)	**–**	–
Other comprehensive income for the year		**181,370**	(231,412)	**–**	–
Total comprehensive income for the year		**4,864,982**	**4,421,255**	**3,801,744**	**4,269,073**
Earnings per share (pence)					
Basic					
Ordinary shares	17	**17**	17	**14**	16
Diluted					
Ordinary shares	17	**16**	16	**13**	16

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	**2022** **£**	2021 Restated £	2020 Restated £
Assets				
Non-current assets				
Goodwill	18	**83,481**	83,481	83,481
Intangible assets	18	**1,032,224**	753,714	916,256
Property, plant, and equipment	19	**4,155,215**	4,146,333	1,578,554
Deferred tax asset	15	**1,593,931**	1,292,260	203,717
Trade and other receivables	22	**5,352,110**	2,744,656	839,630
		12,216,961	9,020,444	3,621,638
Current assets				
Trade and other receivables	22	**4,135,426**	3,768,946	2,890,477
Cash and cash equivalents	23	**14,170,965**	14,046,399	12,268,418
Total assets		**30,523,352**	26,835,789	18,780,533
Liabilities				
Current liabilities				
Trade and other payables	24	**4,268,735**	3,783,585	2,810,710
Net current assets		**14,037,656**	14,031,760	12,348,185
Non-current liabilities				
Lease liabilities	25	**2,874,877**	3,422,744	995,081
		2,874,877	3,422,744	995,081
Total liabilities		**7,143,612**	7,206,329	3,805,791
Net total assets		**23,379,740**	19,629,460	14,974,742
Equity				
Called up share capital	26	**2,750,945**	2,750,545	2,716,970
Share premium account	30	**11,785,045**	11,771,462	10,892,135
Other reserves	31	**1,813,119**	1,118,314	760,543
Treasury shares	27	**(3,350,325)**	(1,526,835)	(489,625)
Retained earnings		**10,316,831**	5,633,219	980,552
Foreign currency translation reserve		**64,125**	(117,245)	114,167
Total equity		**23,379,740**	19,629,460	14,974,742

Alasdair Haynes
CEO

Richard Fisher
CFO

Company Statement of Financial Position

As at 31 December 2022

	Notes	2022 £	2021 Restated £
Assets			
Non-current assets			
Intangible assets	18	**1,032,224**	753,714
Property, plant, and equipment	19	**3,628,081**	3,563,758
Investment in subsidiaries	20	**6,884,202**	6,884,203
Investment in trust	21	**3,350,325**	1,856,964
Deferred tax asset	15	**1,456,184**	1,292,260
Trade and other receivables	22	**5,329,674**	2,731,174
		21,680,690	17,082,073
Current assets			
Trade and other receivables	22	**10,571,256**	4,372,553
Cash and cash equivalents	23	**5,595,827**	7,094,964
Total assets		**37,847,773**	28,549,590
Liabilities			
Current liabilities			
Trade and other payables	24	**8,992,201**	3,407,826
Net current assets		**7,174,882**	8,059,691
Non-current liabilities			
Lease liabilities	25	**2,449,312**	2,915,920
		2,449,312	2,915,920
Total liabilities		**11,441,513**	6,323,746
Net total assets		**26,406,260**	22,225,844
Equity			
Called up share capital	26	**2,750,945**	2,750,545
Share premium account	30	**11,785,045**	11,771,462
Other reserves	31	**1,813,119**	1,448,430
Retained earnings		**10,057,151**	6,255,407
Total equity		**26,406,260**	22,225,844

Alasdair Haynes

Alasdair Haynes
CEO

Richard Fisher
CFO

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

Group	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Treasury Shares	Foreign Currency Translation Reserve	Total
Balance at 1 January 2021 as previously stated		2,716,970	10,892,135	760,543	1,127,401	(489,625)	908	15,008,332
Prior year adjustment		–	–	–	(146,849)	–	113,259	(33,590)
Balance at 1 January 2021 as restated		2,716,970	10,892,135	760,543	980,552	(489,625)	114,167	14,974,742
Profit for the year (restated)		–	–	–	4,652,667	–	–	4,652,667
Foreign exchange differences on translation of foreign operations (restated)		–	–	–	–	–	(231,412)	(231,412)
Issue of new shares	26,30	33,575	879,327	–	–	–	–	912,902
Movement in share based payment reserve	31	–	–	357,771	–	–	–	357,771
Movement in Treasury Shares	27	–	–	–	–	(1,037,210)	–	(1,037,210)
Balance at 31 December 2021		2,750,545	11,771,462	1,118,314	5,633,219	(1,526,835)	(117,245)	19,629,460
Balance at 1 January 2022		2,750,545	11,771,462	1,118,314	5,633,219	(1,526,835)	(117,245)	19,629,460
Profit for the year		–	–	–	4,683,612	–	–	4,683,612
Foreign exchange differences on translation of foreign operations		–	–	–	–	–	181,370	181,370
Issue of new shares	26,30	400	13,583	–	–	–	–	13,983
Movement in share based payment reserve	31	–	–	694,805	–	–	–	694,805
Movement in Treasury Shares	27	–	–	–	–	(1,823,490)	–	(1,823,490)
Balance at 31 December 2022		2,750,945	11,785,045	1,813,119	10,316,831	(3,350,325)	64,125	23,379,740

Company Statement of Changes in Equity

For the year ended 31 December 2022

Company	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total
Balance at 1 January 2021		2,716,970	10,892,135	748,525	1,986,334	16,343,964
Profit for the year (restated)		–	–	–	4,269,073	4,269,073
Issue of new shares	26,30	33,575	879,327	–	–	912,902
Movement in share based payment reserve	31	–	–	699,905	–	699,905
Balance at 31 December 2021 as restated		2,750,545	11,771,462	1,448,430	6,255,407	22,225,844
Balance at 1 January 2022		2,750,545	11,771,462	1,448,430	6,255,407	22,225,844
Profit for the year		–	–	–	3,801,744	3,801,744
Issue of new shares	26,30	400	13,583	–	–	13,983
Movement in share based payment reserve	31	–	–	364,689	–	364,689
Balance at 31 December 2022		2,750,945	11,785,045	1,813,119	10,057,151	26,406,260

Consolidated and Company Statements of Cash Flows

For the year ended 31 December 2022

		Group		Company	
	Notes	**2022 £**	2021 £	**2022 £**	2021 £
Cash flows from operating activities					
Cash generated/ (absorbed) by operations	28	**3,961,654**	3,157,518	2,164,898	2,748,347
Net finance expense on lease liabilities		**53,130**	(26,175)	36,948	(26,175)
Net cash outflow from operating activities		**4,014,784**	**3,131,343**	**2,201,846**	**2,722,172**
Investing activities					
Recognition of intangible assets	18	**(777,465)**	(350,893)	**(777,465)**	(350,893)
Purchase of property, plant and equipment	19	**(769,419)**	(319,520)	**(752,938)**	(314,385)
Capital injection into AQSE	20	**–**	–	**–**	(400,000)
Interest received	13	**34,653**	444	**2,416**	444
Loan to Investment in Trust		**–**	–	**(1,955,720)**	(1,100,000)
Net cash used in investing activities		**(1,512,231)**	**(669,969)**	**(3,483,707)**	**(2,164,834)**
Financing activities					
Issue of new shares		**13,983**	912,902	**13,983**	912,902
Principal portion of lease liability	6,25	**(300,994)**	(573,194)	**(231,259)**	(554,842)
Loan to employee benefit trusts	27	**(1,955,720)**	(1,100,000)	**–**	–
Net cash used in financing activities		**(2,242,731)**	(760,292)	**(217,276)**	(358,060)
Net increase/(decrease) in cash and cash equivalents		**259,822**	1,701,082	**(1,499,137)**	915,398
Cash and cash equivalents at the beginning of the year	23	**14,046,399**	12,268,418	**7,094,964**	6,179,566
Effect of exchange rate changes on cash and cash equivalents		**(135,256)**	76,899	**–**	–
Cash and cash equivalents at the end of the year	23	**14,170,965**	**14,046,399**	**5,595,827**	**7,094,964**

Notes to Financial Statements

Notes to the Financial Statements

1 SIGNIFICANT CHANGES IN THE REPORTING PERIOD

The following events and transactions had an impact on the financial position and performance of the Group and/or Company during the period:

Data revenues earned are now apportioned between Aquis Exchange PLC where the underlying trade activity has arisen in the UK and within Aquis Exchange SAS where that revenue has been derived within the EU27 countries. There is no impact at a Group level.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Company information

Aquis Exchange PLC is a public limited company which is incorporated and domiciled in the United Kingdom. Its registered office is located at 63 Queen Victoria Street, London, EC4N 4UA. The Company Number is 07909192.

Accounting convention

The Group's consolidated and the Company's financial statements are prepared in accordance with UK-adopted international accounting standards and the Companies Act 2006 requirements.

The financial statements have been prepared on the historical cost basis.

The Group does not hold any financial instruments at fair value through profit or loss.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group has made an increased profit in 2022 against prior year and has substantial cash reserves and a strong balance sheet, due to high levels of investment within the Group. There has been a growth in revenue between the current year and comparative years. Additional revenue growth is projected for 2023, with profits forecasted for future years.

The Russia-Ukraine conflict has resulted in extremely volatile market and there is no certainty as to when this conflict will be resolved, however at this stage, the Directors do not believe that this could have a material adverse effect on the group.

Taking the above into account in light of the Group's current position and principal risks as discussed in the Strategic Report section of this annual report, the Directors have assessed the prospects of the Group for the foreseeable future and there is no material uncertainty as to the Group's ability to continue to adopt the going concern basis of accounting in preparing the financial statements over a period from the date of approval of these financial statements to 31 March 2024.

Consolidation

In preparing these financial statements, the group has applied the consolidation principles in IFRS 10, Consolidated Financial Statements. This requires the Group to consolidate subsidiary entities it controls. Control is determined based on the ability to direct the activities of the entity that significantly affect its returns.

The Group assesses control on a continuing basis and includes entities it controls as of the end of the reporting period. The financial statements of the consolidated entities are prepared using consistent accounting policies and are presented as if they were a single economic entity. Intercompany transactions, balances, and unrealized gains and losses on transactions between consolidated entities are eliminated in full.

The Group consolidated financial statements also include treasury shares and cash held by two separate trusts ("the Trusts") that administers the Company's employee share incentive plan and also hold shares purchased by the Group in preparation for future settlement of employee share awards made to date. The Trusts have been consolidated based on the IFRS 10 criteria for control over the Trust being met:

- The Trusts were established to (i) facilitate the acquisition and holding of shares under the Aquis Exchange PLC Share Incentive Plan and (ii) facilitate the acquisition and holding of shares under the Aquis Exchange PLC Restricted Share Plan.
- The activities of the Trusts are limited by the agreements in place; and
- The Trusts do not have any assets outside of the partnership share money received and the shares purchased. The use of any shares or cash that remain in the Trust funds once the trustee no longer holds any shares relating to the SIP,RSP or PPO, is directed by the company. The Trust itself has no rights to any dividends.

Accounting Policies

Revenue

Revenue comprises amounts derived from the provision of services which fall within the Company's ordinary activities. It represents amounts receivable for subscription fees, the licensing of software, the provision of data to third-party vendors, and fees relating to listings on the Aquis Stock Exchange (AQSE), all of which are net of value added tax. Revenue is recognised once the performance obligations for each activity have been satisfied.

All the revenue streams are generated by contracts with customers and revenue is therefore recognised in accordance with IFRS 15.

Revenue from exchange subscription-based services is recognised over time when the services are rendered.

Revenue from licensing contracts is assessed for each contract and split into three performance obligations:

- Project fees and maintenance fees which are recognised over time as the obligations are met; and
- Licensing for which fees are considered a "right to use" licence under IFRS 15 and are therefore recognised at a point in time when control of the licence passes to the customer.

Revenue from the provision of data to third-party vendors is comprised of the annual fees paid by the redistributors, member firms and multi-media firms for access to real time and/or end of day data, and is recognised over time. An additional monthly fee is received based on the number of users the vendors provide the data to each month, variable based on usage for the prior month, is charged in arrears and is recognised in the month it is incurred.

Revenue from AQSE issuer fees is comprised of initial application and admission fees, annual fees, and further issue fees, these are all recognised over time under IFRS 15 except further issue fees which are recognised at a point in time.

Application and admission fees are charged upfront to prospective companies admitted to AQSE markets. These are recognised monthly over the average expected life of company admission periods (see further details about this estimate in the following section).

Annual fees are paid upfront annually by companies with securities listed on AQSE and are recognised over the year.

Further issue fees are incurred by existing issuers who have already contributed an application and admission fee, and are recognised at a point in time on the date the new security is available for trade on AQSE.

Estimated listing period for Aquis Stock Exchange securities

In recognising application and admission fees, the Company determines the expected length of time each new security will be listed on AQSE. The estimate is based on historical analysis of listing durations in respect of the companies listed on AQSE. The length of time a security remains listed incorporates significant uncertainty as it is based on factors outside the control of the Company and which are inherently difficult to predict.

Based on the available information and incorporating management's predictions, it is currently estimated that an average security will remain listed for a period of 9 years. Application and admission fees are recognised monthly over this period.

It is estimated that a one year increase/ decrease in the deferral period would cause a £6k decrease /£7k increase in annual revenue released respectively. The estimated listing periods will be reassessed at each reporting date to ensure they reflect the best estimates of the Group.

Intangible assets other than goodwill

Internally developed intangible assets arising from the capitalisation of Research and Development expenditures are recognised in the financial statements when all of the following criteria are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale is established;
- There is an intention to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset can be demonstrated;
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
- The Group has the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where the above criteria are not met, costs incurred in research and development are recognised in the Statement of Comprehensive Income as incurred.

Amortisation is recognised in order to write off the cost or valuation of the assets, less their residual values over their useful lives. The development of trading platforms has been amortised over 3 years on a straight-line basis reflecting management's estimate of the useful life of the technology, the rationale of which is discussed in Note 5.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value. Acquisition-related costs are expensed as incurred and recognised as non-underlying transaction costs in the income statement.

Goodwill

In March 2020 the acquisition of AQSE gave rise to goodwill in the consolidated financial statements. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Goodwill is assessed for impairment annually. Note 18 provides further detail on the impairment assessment for goodwill as at 31 December 2022.

Goodwill is initially measured at cost being the amount by which the aggregate of the consideration transferred that exceeds the net identifiable assets acquired and liabilities assumed. The Group assess for impairment of goodwill on an annual basis with any impairment charge recognised in the statement of comprehensive income.

Property, plant and equipment (excluding right-of-use assets)

All property, plant and equipment are stated at historical cost less depreciation or impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure is included in the asset's carrying amount or is recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost or valuation of assets, less their residual values, over their useful lives on the following basis:

- Fixtures, fittings and equipment: 5 years straight line.
- Computer equipment: 3 years straight line.

Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Financial assets

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are defined as amounts due that are outside the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer) they are classified as current assets. Otherwise they are presented as non-current assets.

Contract assets

Contract assets are recognised for licensing fees recognised at inception of a licensing contract but not yet billed under IFRS 15. Contract assets are initially measured at fair value and subsequently measured at amortised cost and are stated net of any expected credit loss provision (ECL) recognised in accordance with IFRS 9, as detailed in Note 12. Contract assets are presented on the Statement of Financial Position as trade receivables. The right to consideration becomes unconditional once the customer has been billed.

Rent deposit asset

Under IFRS 16 a rent deposit is accounted for as a financial asset if:

- The collateral provided to the lessor is not a payment relating to the right to use the underlying assets and hence is not a lease payment as defined;
- The difference between the nominal amount and fair value of the rent deposit at the commencement date represents an additional lease payment which is prepaid and is included in initial carrying amount of the Right of Use (RoU) asset; and
- The prepaid RoU portion is subsequently measured in terms of IFRS 16 i.e. is depreciated over the term of the lease.

Further disclosures are provided in Note 25.

Impairment of financial assets

The Group has considered the impact of the application of an expected credit loss model when calculating impairment losses on current and non-current contract assets and other financial assets at amortised cost (presented within trade and other receivables). In applying IFRS 9 the Group must consider the probability of a default occurring over the contractual life of its trade receivables and contract asset balances on initial recognition of those assets. Note 12 details the Group's credit risk assessment procedures.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. In 2022 the Group did not hold any Financial liabilities beyond Trade and other payables and the lease liabilities recognised under IFRS 16 as described in the "Leases" sub-section below.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are not interest bearing and are initially recognised at fair value.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are charged against the share premium account.

Earnings per share

The earnings per share (EPS) calculations are based on basic earnings per ordinary share as well as diluted earnings per ordinary share. The basic EPS is calculated by dividing the profit after tax of the Group by the weighted average number of ordinary shares that were in issue during the year. The diluted EPS takes into account the dilution effects which would arise on conversion of all outstanding share options and share awards under the Employee Share Incentive Plan.

Taxation

The tax expense/(credit) represents the sum of the tax currently payable/(repayable) and deferred tax.

An R&D tax credit is claimed annually from HMRC based on the employee costs involved in developing Aquis' systems and technology.

Current tax

The current income tax charge/ (credit) is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future measurable taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities (note 15) are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of group developed trading platforms.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits, as set out within IAS 19.

Retirement benefits

Pension obligations

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

EMI Options

Equity-settled share-based payments were measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the US Options Binomial model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is adjusted if the modified fair value is less than the original fair value. Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Employee share incentive plan

Shares purchased under the share incentive plan are recognised as share-based payments under IFRS 2. Partnership shares are purchased by employees and matching shares are those purchased by Aquis at a ratio of 2:1. The shares are held in a trust ("the Trust"), with matching shares required to be held for three years before being transferred to the employee. The fair value of both the partnership and matching shares are recognised in the share-based payment reserve.

Partnership shares vest immediately while matching shares will vest over the three-year holding period. The market value of shares when they are purchased is assumed to approximate the fair value of the shares.

The cash transferred to the Trust is recognised as an investment in the Company's accounts. In line with IFRS 10 guidance, the Trust is consolidated in the Group accounts with the fair value of the shares held in the trust recognised as a debit entry within equity.

Restricted share plan

The Restricted share plan is share based and will vest three years after the grant date subject to continued employment. Similar to share-based payments they are measured at fair value determined at the grant date using the Black Scholes model. The fair value is expensed on a straight-line basis over the vesting period, with the corresponding adjustment being made to reserves.

Company Share Option Plan

The company share option plan is a share based scheme awarded to staff and has a vesting period of three years subject to continued employment. Similar to share-based payments they are measured at fair value determined at the grant date using the Black Scholes model. The fair value is expensed on a straight-line basis over the vesting period, with the corresponding adjustment being made to reserves.

Premium Priced Options Plan

The PPO scheme is option based and they will vest three years after the grant date subject to continued employment. Similar to share-based payments they are measured at fair value determined at the grant date using the Black Scholes model. The fair value is expensed on a straight-line basis over the vesting period, with the corresponding adjustment being made to reserves.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are included in property, plant and equipment in the consolidated statement of financial position and are depreciated over the term of the lease. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible and intangible assets' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset.

Foreign exchange

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in UK Pound Sterling (£), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

All foreign exchange gains and losses recognised in the income statement are presented net within 'operating expenses'. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

3 RESTATEMENT OF PRIOR YEAR COMPARATIVES

i) AQEU has been consolidated as a EUR functional currency subsidiary. In 2022 it was noted that certain consolidation adjustments since incorporation should be treated differently and this has led to a life to date adjustment of £195k between Foreign Currency Translation Reserve (FCTR) and Retained Earnings, with the 2021 comparative for expenses reduced by a corresponding amount from £11,902k to £11,560k and a resultant increase in Group PBT for 2021 of £342k to £3,564k. The restatement does not impact net cash flows generated by the group.

ii) In 2020 Aquis Exchange Europe (AQEU) was established as a 100% owned subsidiary of Aquis Exchange PLC to allow the trading of EU stocks post the Brexit transition period. In 2021 AQEU reflected Exchange Fees of £5,857k that arose through the trading of the underlying EU27 stocks. In 2022 in agreement with the local French regulator it has been decided to reflect that element of data revenue which is derived from EU stocks within the results for AQEU. In 2022 this reflects £760k. Consequently, the 2021 Company comparatives have been adjusted by £211k to reflect that element of data revenue that is now reported within AQEU. The restatement does not impact the Company's net operating cash flows in note 28.

Group	2021 £	Adjustment £	Restated £
i) Other Operating costs (Income Statement)	(11,901,901)	341,901	(11,560,000)
i) Foreign Exchange differences on translation of foreign operations (Other Comprehensive Income)	76,899	(308,311)	(231,412)
i) Retained Earnings brought forward (Equity)	1,127,401	(146,849)	980,552
i) Translation reserve brought forward (Equity)	908	113,259	114,167
i) Basic EPS (pence)	16	1	17
i) Diluted EPS (pence)	15	1	16

Company	2021 £	Adjustment £	Restated £
ii) Data Vendor Revenues	1,573,925	(211,310)	1,362,615
ii) Intercompany Payable	552,754	211,310	764,064

4 ADOPTION OF NEW AND REVISED STANDARDS AND CHANGES IN ACCOUNTING POLICIES

New IFRS Standards that are effective for the current year

There were no new standards effective during the year ended 31 December 2022. Three standards have been amended and are effective as of 2022 as set out below. These have not impacted the current year financial statements.

Amendments to IFRS 3	Definition of a business
Amendment to IAS 16	Property, plant and equipment
Amendment to IAS 37	Provisions, contingent liabilities and contingent assets

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue. The Directors do not expect that the adoption of the Standards listed below will have any impact on the financial statements of the Group in future periods:

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IAS 8	Definition of material
Amendment to IAS 12	Income taxes

There have been no changes to any accounting policies in the year.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. Management has shown these matters as judgements where they relate to a significant policy and the judgement has a material impact on the reported balance. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Judgements in relation to performance obligations

In making their judgement, the Directors considered the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether revenue is recognised at a point in time or over time. Following an assessment of the technology licensing contract portfolio, and the obligations that Aquis has under each contract, the Directors are satisfied that obligations contained therein be split into the following performance obligations, and that the revenue from each licensing contract should be assessed individually. The identified performance obligations and the timing of revenue recognition on delivering the licence contracts as follows:

- Implementation/ project fees: these are upfront, non-refundable fees that a customer pays in order to obtain the user agreement. Even if the user acceptance certificate is never issued, the implementation fee cannot be reclaimed and so the revenue is guaranteed and can be recognised from the time of invoice as Aquis becomes unconditionally entitled to payment but in practice recognition will often be deferred until the work is completed.
- Licensing fees: The customer is liable to pay the monthly licensing fee from the date of signing the user acceptance agreement (contract inception date). At this point in time Aquis has fulfilled its promise to deliver the licence (i.e. the system has been deployed in the client's production environment) and this performance obligation is fulfilled. Management uses judgement when assessing the recoverability of the licencing fees, and recognises them only when their collection is assumed to be highly probable. This assessment takes into consideration the current status of the client's business, including whether the exchange system is active with products/ securities added and members trading on it. The licensing fees are recognised at a point in time, which occurs after the contract is signed and once Aquis is satisfied that receiving the licencing fees is highly probable.

- Maintenance fees: fees to maintain the system are recognised over the course of the licensing contract as Aquis fulfils its performance obligation to maintain the system. Management have estimated a fixed annual amount per contract, which reflects the time spent supporting the client's platform and upgrading the software in accordance with the contractual terms.

Changes in identification of performance obligations could impact the timing of revenue recognition for licensing contract assets and is thus a critical accounting judgement.

Capitalisation of internally generated intangible assets resulting from Research and Development

Internally generated intangible assets are capitalised when, in management's judgement, the criteria for capitalisation under IAS 38 (listed in Note 2) have been met. The direct costs incurred in the research and development of Aquis' exchange platform and associated technology and systems are capitalised. Management reviews the time spent by the development team in developing and maintaining the systems used internally by Aquis when determining the amount to be capitalised within each period.

Critical accounting estimates

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimating the useful life of intangible assets

The expected useful life of an intangible asset is estimated to be 3 years. In making this judgement management have taken into account product upgrade cycles, the pace of change of regulation as well as benchmarking against other companies with internal systems and technology research and development.

Expected credit loss of contract assets

An impairment for the expected credit loss of contract assets that arise as a result of applying IFRS 15 to licensing revenue is required under IFRS 9. This impairment is an accounting estimate which is calculated based on the Directors' best estimates of the probability of default and loss given default. The quantification of the assumptions and stresses for the year are disclosed in Note 12 of the financial statements.

In arriving at these estimates, the Directors have assessed the range of possible outcomes using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Aquis' assessment of the credit risk associated with a licensing customer is conducted at inception of the contract (but before the user agreement is signed) and includes factors that are specific to the customer, general economic conditions and an assessment of both the current as well as the forecast direction of these conditions.

The credit risk assessment is conducted by means of a take-on assessment which comprises of a series of relevant criteria for a licensing contract that are scored according to the specific circumstances of the customer, with scores for each parameter typically ranging from 1-5. The assessment evaluates the following:

- Level of funding;
- Regulatory approvals;
- Market, industry and business model;
- Macro-economic forecasts;
- Corporate governance/ Group management;
- Whether the client is revenue generating;

- Level of client profitability;
- Contract length and the associated range of economic scenarios therein;
- Payment history; and
- External credit ratings.

The above assessment will determine the customer category upon inception of the contract, and the inputs to the expected credit loss model is determined thereon.

The credit risk assessment and associated inputs to the expected credit loss model (probability of default and loss given default) are critical assessments that could impact both the provision for expected credit losses as well as the movement in the provision reflected in the income statement.

Deferred tax asset

Deferred tax assets (note 15) are recognised to the extent that their utilisation is probable. The utilisation of deferred tax assets will depend on whether it is possible to generate sufficient taxable income in the respective tax type and jurisdiction. A total net deferred tax asset is recognised in the current period, since profitability is expected to continue for at least the next 3 years. The deferred tax asset is calculated based on expected profitability over this period as Aquis is a high growth company and there is considerable uncertainty in estimating financial performance beyond this length of time.

Various factors are used to assess the probability of the future utilisation of deferred tax assets, including, operational plans and loss-carry forward periods. To reflect the uncertainty in the accuracy of business forecasts, the model uses modest growth rates and applies a probability weighting to each type of revenue.

Share-based payments

The US binomial model and Black Scholes model are used to estimate the value of the EMI, CSOP, RSP and PPO options. The resulting values are recognised straight-line over the vesting period as an expense, with the corresponding amounts recognised as equity in the balance sheet. The model requires the following inputs: grant date, exercise price, expiry, expected life of options, expected volatility, and the risk-free interest rate. The expected life and expected volatility require the use of estimates. Volatility is estimated based on the historical average for the available data up to the grant date, while the expected life of the options is based on management's judgement of when the options will be exercised, which is assumed to be an average of 5 years

6 FINANCIAL RISK MANAGEMENT

The Group seeks to protect its financial performance and the value of its business from exposure to adverse changes in capital commitments, as well as credit, liquidity and foreign exchange risks.

The Group's financial risk management approach is not speculative. The Group's Audit, Risk and Compliance Committee provides assurance that the governance and operational controls are effective to manage risks within the Board-approved risk appetite, supporting a robust Group risk management framework.

The Group's objectives when managing these risks are detailed below.

Capital risk management and capital commitments

Risk description	Risk management approach
There is a risk that Group entities may not maintain sufficient capital to meet their obligations. The Group comprises regulated entities. It considers that increases in the capital requirements of its regulated companies, or a scarcity of equity (driven by its own performance or financial market conditions) either separately or in combination are the principal risks to managing its capital. AQXE has a total capital regulatory requirement of £4.7m as at 31 December 2022, with available capital of £22.4m, reflecting a surplus of £17.7m / 478%. The total regulatory requirement is set as the total capital ratio plus Pillar 2 add on. Within the AQSE subsidiary the capital regulatory minima is set by the FCA through the Financial Resource Requirement (FRR) which is currently set at £2.4m. Financial resources available (representing net assets) were £2.8m at 31 December 2022, reflecting a £0.4m headroom above regulatory minima.	The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders. The Group has mitigated the level of risk significantly by ensuring that, as set out within the risk description, each entity in the Group maintains a level of capital that is well in excess of regulatory requirements. Maintaining a strong capital structure is a key priority for the Group. If there was an erosion of capital for any reason the Group may issue new shares or sell assets to ensure capital adequacy requirements continue to be met. The directors have assessed the impact of a 10% fall in the Group's available capital and concluded the impact not to be material. The Group supports both Aquis Europe and AQSE in maintaining capital adequacy, and holds sufficient capital to be able to inject capital into the businesses as and when required, and has historically done so within AQSE after the Company had been acquired to enable its capital to be sufficient as the company was brought up to the current profitable trading levels evidenced from 2022. The Group continuously monitors its level of capital in order to ensure it remains compliant with regulatory capital requirements and performs monthly and quarterly reporting on capital balances and associated headroom. Proposed investment requirements, capital expenditure and potentially increasing capital resources through equity or debt issuance are assessed annually as part of the budgeting process, as well as on an ad-hoc basis as required.

Credit risk

Risk description	Risk management approach
The Group's credit risk relates to its customers being unable to meet their obligations to the Group either in part or in full.	The Directors make a judgement on the credit quality of the Group's customers based upon the customers' financial position, the recurring nature of billing and collection arrangements and, historically, a low incidence of default. Aquis' assessment of the credit risk associated with a licensing customer is conducted at inception of the contract (but before the user agreement is signed) and includes factors that are specific to the customer, general economic conditions and an assessment of both the current as well as the forecast direction of these conditions. Based on this assessment, the prospective customer is assigned to a customer category with an appropriate risk rating. Aquis' credit risk management processes are applied to all trade receivables and are calculated using a lifetime ECL method, as detailed in Note 12. The Directors have stress tested the current approach to managing this risk and believe it to be appropriate. If 10% of trade receivables outstanding from 31 December 2022 were to default, the hypothetical impairment charge would be immaterial.

Liquidity Risk

Risk Description	Risk management approach
The Group's operations are exposed to liquidity risk to the extent that they are unable to meet their daily payment obligations.	The Group maintains sufficient liquid resources to meet its financial obligations as and when they become due in the ordinary course of business. Management monitors forecasts of the Group's cash flow quarterly through an assessment of cash resources that are in excess of regulatory capital requirements. The Group is solvent with net current assets in excess of £14.0 million (2021: £14.0 million), with the majority of the debtor's book being short term in nature. The Group is also funded entirely by equity, with no external debt funding obligations to be met. The Directors have stress tested the current approach to managing this risk and believe it to be appropriate. If group net assets were to fall by 10% there would still be a significant surplus to meet the Group's liabilities as they fall due.

Interest Rate Risk

Risk description	Risk management approach
The Group is not materially exposed to market risk including interest rate (see below for FX risk) There is no negative exposure to interest rate changes since the Group and Company have no external debt obligations, and the interest rate on the lease liability is the rate implicit in the lease and as such is not subject to change over the term of the lease.	Bank deposits are primarily placed over night or as interest rates have risen the Group has started to prudently place some funds on deposit for up to 3 months. The Directors have stress tested the current approach to managing this risk and believe it to be appropriate. The only adverse impact would be if interest rates were to fall and reduce interest income on bank deposits. As at 31 December 2022 total interest income on deposits was immaterial.

FX Risk

Risk description	Risk management approach
The Group operates in the UK and Europe, with Sterling as its principal currency of operation. The Group companies invoice revenues and incur the majority of expenses in GBP. A relatively small percentage of the overall Group's expenses are incurred in Euros in relation to the French subsidiary. As a result, foreign exchange risk arises mainly from the translation of the Group's foreign currency earnings, assets and liabilities into its reporting currency, Sterling. An immaterial amount of cash held by Aquis Exchange Europe SAS is held in a euro denominated bank account and an immaterial amount of USD held by Aquis Exchange PLC, with the remaining cash held in Sterling denominated bank accounts.	Foreign exchange risk has previously arisen on foreign currency denominated costs within Aquis Exchange PLC or through the translation of GBP denominated balances within Aquis Exchange SAS. At the end of 2022 Aquis entered into a USD denominated technology contract and hence opened a USD account which holds a low level of USD at the year end (£0.2m). The contract will deliver USD cash flows in the future from 2023 and so in January 2023 Aquis entered into an FX forward arrangement to lock in the future GBP benefit of this contract. As at the year end at 31 December 2022 there were no FX derivatives in place. The Directors performed stress testing on the cost base of the group in non-functional currencies and concluded that an adverse movement of 10% versus GBP would not render a material impact.

The following tables detail the Group and Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or Company can be required to pay.

Group

31 December 2022	**1 Year**	**2-5 years**	**5+ years**	**Total**
Trade and other payables	3,754,935	–	–	3,754,935
Lease Liabilities	522,800	1,580,900	1,293,977	3.397,677
	4,268,735	1,580,900	1,293,977	7,143,612
31 December 2021				
Trade and other payables	3,575,350	–	–	3,575,350
Lease Liabilities	208,236	1,623,226	1,799,519	3,630,981
	3,783,586	1,623,226	1,799,519	7,206,331

Company

31 December 2022	**1 Year**	**2-5 years**	**5+ years**	**Total**
Trade and other payables	8,992,201	–	–	8,992,201
Lease Liabilities	437,400	1,239,300	1,210,012	2,886,712
	9,429,601	1,239,300	1,210,012	11,441,513
31 December 2021 (Restated)				
Trade and other payables	3,256,845	–	–	3,256,845
Lease Liabilities	150,981	1,376,301	1,539,620	3,066,902
	3,407,826	1,376,301	1,539,620	6,323,747

Both the Group and the Company have no derivative financial liabilities as at 31 December 2022.

7 OPERATING SEGMENTS

The Aquis Group can be split into 3 operating segments, each offering multiple products and services and benefitting from Group synergies. The specific focus of these activities are:

1) Aquis Exchange – operator of MTF and related services. The Group operates two MTFs: Aquis Exchange (AQXE), which is UK regulated and Aquis Exchange Europe (AQEU), which is French regulated. Another revenue stream for this division is the provision of data services to third party vendors;

2) Aquis Stock Exchange (AQSE) – primary listings and trading business. Within this division is AQSE Main Market, AQSE Growth Market, AQSE Trading and the provision of data services;

3) Aquis Technologies – developer of exchange technology and services. The product offering includes Aquis Matching Engine, Aquis Market Surveillance, Aquis Market Gateway and related services including market surveillance and operations.

Aquis Exchange PLC is the parent company and comprises AQXE and Aquis Technologies. It owns 100% of its two subsidiaries, AQEU and AQSE. Management monitors the Group's overall performance regularly using a set of established Key Performance Indicators including revenue, net profit and EBITDA. When monitoring the performance of each operating segment individually, management examines the discrete financial information available which will normally include revenue and gross profit for each division. Assets and liabilities, income tax and IFRS 2 charges are not reported internally to Chief Operating Decision Maker. In line with IFRS 8 the operating segments are reported separately as follows:

2022	**AQXE & AQEU**	**AQSE**	**Aquis Technologies**	**Total**
Revenue	12,450,578	2,444,370	5,034,579	19,929,527
Impairment credit on contract assets	–	–	133,484	133,484
Impairment charge on trade and other receivables	–	(12,784)	–	(12,784)
Costs	(8,687,263)	(2,043,164)	(3,509,491)	(14,239,918)
EBITDA	3,763,315	388,422	1,658,572	5,810,309
Depn, amortisation and net interest	(1,283,900)	–	–	(1,283,900)
Profit Before Tax	2,479,415	388,422	1,658,572	4,526,409

2021 (Restated)	AQXE & AQEU	AQSE	Aquis Technologies	Total
Revenue	10,897,483	1,880,666	4,404,606	17,182,755
Impairment charge on contract assets	–	–	(972,648)	(972,648)
Impairment charge on trade and other receivables	–	(28,012)	–	(28,012)
Costs	(8,475,927)	(2,074,604)	(1,009,469)	(11,560,000)
EBITDA	2,421,556	(221,950)	2,422,489	4,622,095
Depn, amortisation and net interest	(1,057,971)	–	–	(1,057,971)
Profit Before Tax	1,363,585	(221,950)	2,422,489	3,564,124

The tables above represent the segment-level information that is monitored by the Chief Operating Decision Makers, which are the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer. All non-current assets are held centrally by Aquis Exchange PLC, other than the lease for the Paris office assigned to AQEU. The geographical analysis of the non-current assets is as follows; UK: £1,815k, Singapore: £3,471k and South Africa: £1,815k, Total: £7,461k. Gross revenue from one customer amounted to £3,383k (2020: £3,785k) arising from licence and maintenance fees. There are no other customers with revenue greater than 10% of total revenue for the Group.

8 EMPLOYEES

The monthly average number of persons (including directors) employed by the Group during the year was:

Group	2022 Number	2021 Number
Management	**4**	2
IT	**20**	19
Compliance and Surveillance	**11**	10
Operations	**7**	9
Business Development	**17**	8
Finance / HR / Admin	**5**	4
Marketing	**2**	2
	66	54

Company	2022 Number	2021 Number
Management	**2**	2
IT	**18**	18
Compliance and Surveillance	**5**	4
Operations	**7**	8
Business Development	**10**	5
Finance / HR / Admin	**5**	3
Marketing	**2**	2
	49	42

Their aggregate remuneration was comprised of:

Group	2022 £	2021 £
Salaries and wages	**6,598,427**	6,129,802
Social security costs	**967,032**	815,822
Other pension costs	**159,366**	183,940
Share based payments	**819,872**	571,834
Employee benefits	**170,102**	165,617
	8,714,799	7,867,015

Company	2022 £	2021 £
Salaries and wages	**4,698,746**	4,605,033
Social security costs	**680,908**	560,051
Other pension costs	**116,150**	145,884
Share based payments	**819,872**	576,609
Employee benefits	**169,596**	165,357
	6,485,272	6,052,934

9 RETIREMENT BENEFIT SCHEME

Defined contribution schemes

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

10 DIRECTORS REMUNERATION

Detail on Directors remuneration are included within the Directors Report (see page 55).

Group	**2022 £**	2021 £
Salaries, fees and bonuses	**1,562,555**	1,052,077
Taxable benefits	**49,250**	35,713
Share-based payments	**445,250**	528,070
Remuneration for qualifying services	**2,057,055**	1,615,860

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Salaries, fees and bonuses	**366,060**	393,777
Taxable benefits	**17,500**	17,301
Share-based payments	**162,500**	264,035
Remuneration for qualifying services	**546,060**	675,113

Company	**2022 £**	2021 £
Salaries, fees and bonuses	**1,437,555**	1,052,077
Taxable benefits	**49,250**	35,713
Share-based payments	**445,250**	528,070
Remuneration for qualifying services	**1,932,055**	1,615,860

11 REVENUE

An analysis of the company's revenue is as follows:

	Group		Company	
	2022	2021	**2022**	2021 Restated
	£	£	**£**	£
Revenue analysed by class of business				
Exchange fees	**10,869,442**	9,766,046	**3,894,736**	3,476,206
Licence fees	**5,034,579**	4,404,606	**4,970,622**	4,404,606
Data vendor fees	**3,002,986**	2,319,360	**1,477,167**	1,362,615
Issuer fees	**1,022,520**	692,743	**–**	–
	19,929,527	**17,182,755**	**10,342,525**	**9,243,427**

Revenues from customers by class of business is as follows:

	Group		Company	
	2022	2021	**2022**	2021 Restated
	£	£	**£**	£
Revenue analysed by class of business				
AQXE & AQEU				
Exchange fees	**10,244,767**	9,323,559	**3,894,736**	3,476,206
Data vendor fees	**2,205,811**	1,573,925	**1,477,167**	1,362,615
AQSE				
Exchange fees	**624,675**	442,487	**–**	–
Data vendor fees	**797,175**	745,435	**–**	–
Issuer fees	**1,022,520**	692,743	**–**	–
Aquis Technologies				
Licence fees	**5,034,579**	4,404,606	**4,970,622**	4,404,606
	19,929,527	**17,182,755**	**10,342,525**	**9,243,427**

Revenues from customers attributable to each of the following countries

	Group		Company	
	2022	2021	**2022**	2021 Restated
	£	£	**£**	£
Country				
Australia	**58,325**	35,931	**31,403**	23,600
British Virgin Islands	**8,575**	12,473	**–**	–
Canada	**22,860**	10,220	**–**	–
Cayman Islands	**14,717**	1,000	**–**	1,000
China	**25,025**	–	–	–
Cyprus	**8,075**	6,800	**–**	–
Denmark	**38,259**	–	**10,859**	–
Finland	**13,500**	–	**8,931**	–
France	**1,201,936**	949,349	**528,432**	125,915
Germany	**182,715**	299,801	**62,080**	74,829
Gibraltar	**12,075**	–	**–**	–
Guernsey	**7,977**	1,700	**–**	–
Hong Kong	**15,300**	92,706	**10,112**	74,300
Ireland	**1,422,523**	78,611	**463,743**	72,611
Isle of Man	**17,717**	–	**–**	–
Italy	**18,900**	–	**12,472**	–
Jersey	**23,371**	8,800	**–**	–
Kenya	**4,000**	–	**–**	–
Luxembourg	–	15,000	**–**	15,000
Netherlands	**47,789**	37,200	**31,643**	38,556
New Zealand	**2,425**	–	**–**	–
Norway	**34,950**	34,300	**–**	–
Peru	**–**	1,700	**–**	–
Singapore	**3,646,556**	–	**3,646,556**	–
Slovenia	**–**	2,333	**–**	–
South Africa	**117,320**	2,168,290	**109,245**	2,161,490
Spain	**47,039**	–	**13,689**	–
Sweden	**15,300**	5,600	**10,112**	5,600
Switzerland	**197,312**	159,017	**69,666**	79,522
United Arab Emirates	**17,150**	15,300	**–**	–
United Kingdom	**11,223,396**	11,727,897	**4,469,782**	5,592,886
United States	**1,484,440**	1,518,727	**863,800**	978,118
	19,929,527	**17,182,755**	**10,342,525**	**9,243,427**

Notes to the Financial Statements

Subscription fees and data vendor fees:

Subscription fees and some data vendor fees are accounted for under IFRS 15 and are all recognised at point in time as they reflect variable revenue determined on a monthly basis. In addition to the variable monthly fee some AQSE data vendors pay an annual fee for access to real time and/or end of day data, which is recognised over time as the performance obligation of providing data is fulfilled.

The Group begins to recognise monthly subscription fees, data vendor fees, and connectivity fees when the customer conformance test is satisfactorily concluded, and an acceptance certificate is issued. This is then verified by the customer starting to utilise the platform, which is the point in time that the Group determines that the customer has obtained control of the goods.

In the case of subscription, connectivity and data fees, invoices are raised monthly in arrears and there is no obligation for a refund, return or any other similar obligation. There is no constrained variable consideration in any customer contracts, and the transaction price is allocated in full at a single point in time when the customer obtains control of the goods.

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 12. Contract liabilities arise when consideration has been provided to Aquis prior to completion of relevant performance obligations as outlined below. There balances typically arise when customers pay in advance of implementation. As of the balance sheet date there are no contract liabilities (2021: nil).

The revenue from licensing contracts with customers has been categorised reflecting the nature, amount, customer categorisation (see also Note 5), 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 below.

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.

Contract balances are thus analysed:

Contract Assets (Group and Company)	2022 £	2021 £
As at 1 January	**5,009,162**	1,749,834
New contracts	**3,805,388**	3,788,615
Foreign exchange gains	**87,784**	–
Impairment of contract assets	**–**	–
Transfers to trade receivables	**(1,756,639)**	(994,482)
Maintenance fees	**315,687**	465,195
	7,461,382	5,009,162

The scope of a Technology Licence contract was amended during the year which resulted in cumulative catch-up adjustments of £191,000 (2021: -£147,000) being recognised in the year despite satisfaction of their performance obligation in prior periods.

Upon invoicing of revenues the right to consideration becomes unconditional and thus contract asset balances have been reduced for balances transferred to trade receivables. The unrecovered amount included in receivables is £462,563 (2021: £177,527).

Performance obligation (PO)	Recognition of revenue upon completion
PO1: Implementation fees	Implementation/ project fees are upfront, non-refundable fees that a customer pays in order to obtain the user agreement. Even if the user acceptance certificate is never issued, the implementation fee cannot be reclaimed and so the revenue is guaranteed and can be recognised at the time of invoice as Aquis becomes unconditionally entitled to payment.
PO2: Licencing fees	At a point in time upon signing the user acceptance agreement, as the Company has fulfilled its promise to deliver the licence (i.e. the system has been deployed in the client's production environment). A corresponding contract asset (trade receivable) is recognised to reflect the customer's obligation to pay the monthly licensing fee over the remaining term of the contract.
PO3: Maintenance fees	Over the course of the licensing contract, as the performance obligation to maintain the system is settled and the customer benefits from using the system.

The aggregate amount of the transaction price per customer category that has been allocated to the performance obligations for the year is as follows:

	2022					
Group	**£**	**£**	**£**	**£**	**£**	**£**
Category	**1**	**2**	**3**	**4**	**5**	**Total**
PO1	–	–	236,842	–	–	236,842
PO2	–	191,000	3,382,792	231,596	–	3,805,388
PO3	–	315,687	–	–	–	315,687
	–	506,687	3,619,634	231,596	–	4,357,917

	2021				
Group	**£**	**£**	**£**	**£**	**£**
Category	**1**	**2**	**3**	**4**	**Total**
PO1	–	–	–	–	–
PO2	–	3,788,615	–	–	3,788,615
PO3	–	59,943	25,080	–	85,023
	–	3,848,558	25,080	–	3,873,638

The amount of revenue to be recognised from unsatisfied performance obligations with Technology Licence customers is as follows:

	2023	**2024**	**2025**	**2026-2029**	**Total**
As at 31 December 2022	**£**	**£**	**£**	**£**	**£**
Maintenance and other support	429,384	353,197	234,245	691,179	1,708,005
Regulatory services	–	–	–	–	–
	429,384	353,197	234,245	691,179	1,708,005

	2022	**2023**	**2024**	**2025-2027**	**Total**
As at 31 December 2021	**£**	**£**	**£**	**£**	**£**
Maintenance and other support	314,582	286,285	228,197	300,424	1,129,488
Regulatory services	–	–	–	–	–
	314,582	286,285	228,197	300,424	1,129,488

Customer risk category definitions: 2022: 1 – High, 2 – Moderately High, 3 – Moderate, 4 – Moderately Low and 5 – Low. (2021: 1 – High, 2 – Moderately High, 3 – Moderately Low and 4 – Low)

12 IMPAIRMENT

The Group has two types of financial asset that are subject to potential impairment, which 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. Further details on both methodologies can be found below.

IFRS 9 provisioning is applied to technology licensing 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.

	Group		Company	
Reconciliation of opening to closing loss allowances 2022	**Contract Assets £**	**Trade Receivables £**	**Contract Assets £**	**Trade Receivables £**
Opening Impairment Provision at 1 January	1,480,762	46,169	1,480,762	–
ECL increase during the year	–	12,784	–	–
Impairment on new contract assets	713,230	–	713,230	–
Impairment reversed over time	(846,714)	–	(846,714)	–
Closing Impairment Provision at 31 December	1,347,278	58,953	1,347,278	–

	Group		Company	
Reconciliation of opening to closing loss allowances 2021	**Contract Assets £**	**Trade Receivables £**	**Contract Assets £**	**Trade Receivables £**
Opening Impairment Provision at 1 January	508,601	17,670	508,601	–
ECL increase during the year	14,895	28,499	14,895	–
Impairment on new contract assets	1,321,449	–	1,321,449	–
Impairment reversed over time	(364,183)	–	(364,183)	–
Closing Impairment Provision at 31 December	1,480,762	46,169	1,480,762	–

Technology Licencing Contracts

During contract negotiation Aquis assesses the potential credit risk of a prospective client prior to committing to the contract. Aquis' assessment of the credit risk associated with a licensing customer is conducted at inception of the contract (but before the user agreement is signed) and includes factors that are specific to the customer, general economic conditions and an assessment of both the current as well as the forecast direction of these conditions. Based on this assessment, the prospective customer is assigned to a customer category with an appropriate risk rating.

A probability of default (PD) occurring during the lifetime of the contract ranging from 0-50% is applied to each client based on the assigned risk category. The model has been further enhanced during the year to allow greater granularity by creation of an additional category, allowing increased differentiation between contracts. The credit risk of Aquis' technology clients ranges from those that are in infant start up stages (i.e. riskier) to those that are highly liquid and solvent conglomerates (little to no risk). As such, the Directors view the range of PD's for the portfolio to be between 50% for those with the highest level of risk to 0% for those that are so near to a zero level of risk that the PD is zero in substance. The Directors are comfortable that the assigned PD is sufficiently accurate to reflect the elevated risk associated with each start up when considering the idiosyncratic circumstances and risk factors of each client. The Directors would not enter into any contract where the PD is deemed to be any higher than 50%. The portfolio of technology contracts held by Aquis have PDs that have an observable relationship with time, i.e. the PD will decrease each year as the contract progresses. The credit risk of the contracts is directly linked to the success of the business and its ability to raise capital, which increases each year the company successfully continues in operation.

The Loss Given Default (LGD) is also quantified on a customer-by-customer basis and is done through an assessment of the recovery rate the Directors anticipate will be applied to the customer in the event of liquidation. Currently the low number of technology clients allows Aquis to assess each contract individually on the appropriate credit risk category, and this is determined based on several factors including company specific factors and also any future macro-economic changes, the sensitivity to these potential changes and the impact that these may have on the recoverability of the outstanding debt.

Although the full risk assessment is completed only at the start of the contract, Aquis regularly assesses whether macro-economic factors could have a bearing on the success of the client and the recoverability of the outstanding debt. At renewal a desk top assessment is made as to whether the previous categorisation remains appropriate.

The Contract Asset Impairment provision as at 31 December 2022 is £1,348k (2021: £1,481k) and has been calculated with reference to estimations based on the PD and LGD as described above for each individual contract taking into account the nature, amount, customer categorisation, contract duration and uncertainty of revenue and cash flows.

The contracts are short-to-medium term in length and, as at 31 December 2022, the average contract duration for the portfolio of technology contracts is 3.1 years. (2021: 2.7 years).

In calculating the Impairment provision, the impact of a significant change in macroeconomic circumstances on the expected PD over the life of the contracts has been assessed. Management does not believe that there is significant impact on the assessed PDs for each of the existing contracts from these variables, with the success of the contractual counterparts more driven through individual factors already incorporated within the ECL assessment. In this assessment the macroeconomic variables used are based on 3-year average forecast rates for 2023-2025, which is an appropriate timescale based on the average contract duration. The baseline rates are defined using the rates forecast by the Monetary Policy Committee ("MPC"). The macroeconomic indicators used in the analysis are as follows:

Macroeconomic Indicators – 3 year average forecast	Downside %	Baseline %	Upside %
UK GDP	-4.8%	-0.43%	4.0%
UK Unemployment	7.9%	5.7%	3.5%
UK CPI Inflation	5.3%	2.2%	-0.5%

In order to quantify the impact of movement in credit losses that occur as a result of macro-economic developments, the Directors have flexed the PD associated with each client category in three scenarios: a baseline scenario (maintaining the status quo, keeping each assessment criteria reflecting current client circumstances and forecast macroeconomic indicators), a downside scenario (prolonged recession), and an upside scenario (fast economic recovery).

The model incorporates all three possible outcomes by attaching a probability weighting to each scenario. The range of outcomes is detailed in the table below:

At 31 December 2022	Downside £	Baseline £	Upside £
Impairment provision	1,628,007	1,347,765	1,066,549
Impact on PD	5%	0%	-5%
Probability weighting	25%	50%	25%

Trade Receivables

In line with IFRS 9 guidance, the Group has applied a simplified "Expected Credit Loss" (ECL) model on trade receivables where a risk of potential non-payment may arise. In doing so the Group has considered the probability of a default occurring over the contractual life of the financial asset on initial recognition of the asset. Such trade receivables largely arise within the AQSE subsidiary, with those arising in Aquis Exchange PLC predominantly with institutions where the resultant credit risk is assessed as non-material, with no historical evidence of non-payment, hence no ECL provision is recognised on trade receivables. The trade receivables are measured at amortised cost and the calculated ECL provision is deducted from the gross carrying amount of the assets. When a trade receivable is determined to be uncollectible, it is written off against the provision account for trade receivables.

The simplified provision matrix is based on historic default rates over the expected life of the trade receivables and is adjusted where appropriate for forward-looking estimates. The trade receivables balance is split into 8 separate categories depending on the age of each debt, ranging from 0 days past due to over 180 days past due. An appropriate estimation of the probability of default is applied to each category of debt, based on both historical default rates and expectations for the future.

The key assumptions in calculating the ECL for trade receivables are that the probability of default increases with the age of the debt and that the debts are homogenous, i.e. the credit risk assessment is based on age rather than by individual client. The expected loss rates are based on historical credit losses experienced and adjusted to reflect current and forward-looking information. AQSE trade receivables have been assessed to have a higher risk of impairment than the rest of the Group's trade receivables.

Trade receivables have payment terms of 30 days from the date of billing. For debts older than 180 days, debts are assessed on a case-by-case basis and are written off if there is no reasonable expectation of recovery. During the year a total of £12,784 (2021: £28,499) of trade receivables were written off relating to debts from companies that had ceased membership with AQSE and the contractual rights to cash flows from the financial assets were deemed to have expired.

The total loss allowance is calculated by applying the expected loss rate to the trade receivables balance in each age bucket. The total portion of the ECL balance relating to trade receivables as at 31 December 2022 was £58,953 (31 December 2021: £46,169) which was comprised as follows:

Group – 2022

Days past Due	0 days	1–29 days	30–59 days	60–89 days	90–124 days	125 – 149 days	150–179 days	Over 180 days	Total
Expected loss rate	**0.5%**	**1%**	**3%**	**5%**	**10%**	**25%**	**50%**	**100%**	
Trade receivables	106,305	33,200	6,800	2,200	4,500	–	15,780	78,845	247,630
Expected loss	532	332	204	110	450	–	7,890	78,845	88,363
Specific provisions charged / (released)	–	–	–	–	–	–	–	(29,410)	(29,410)
Total Expected Credit Losses	**532**	**332**	**204**	**110**	**450**	**–**	**7,890**	**49,435**	**58,953**

Group – 2021

Days past Due	0 days	1–29 days	30–59 days	60–89 days	90–124 days	125 – 149 days	150–179 days	Over 180 days	Total
Expected loss rate	**0.5%**	**1%**	**w3%**	**5%**	**10%**	**25%**	**50%**	**100%**	
Trade receivables	88,947	17,650	14,405	4,200	14,200	700	–	43,310	183,413
Expected loss	445	177	432	210	1,420	175	–	14,811	17,670
Specific provisions charged / (released)		–	–	–	–	–	–	28,499	28,499
Total Expected Credit Losses	**445**	**177**	**432**	**210**	**1,420**	**175**	**–**	**43,310**	**46,169**

13 OPERATING EXPENSES

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

	Group		Company	
Administrative Expenses	**2022** **£**	2021 Restated £	**2022** **£**	2021 £
Fees payable to the company's auditor for the audit of the company's financial statements	**241,250**	222,000	**190,000**	167,000
Fees payable to the company's auditor for the Client Asset audit	**10,000**	7,500	**10,000**	7,500
Share-based payments	**819,872**	571,834	**819,872**	576,609
Exchange loss/(gains)	**116,415**	(341,877)	**(50,269)**	–
Employee costs	**7,894,927**	7,295,181	**5,665,400**	5,476,324
Operating costs (net of intercompany recharge)	**5,157,454**	3,805,362	**(1,018,914)**	(2,189,408)
	14,239,918	11,560,000	**5,616,089**	4,038,025

Other administrative expenses comprise marketing fees, data centre and other service fees incurred in the ordinary course of business.

Profit before taxation is stated after charging:

	Group		Company	
Depreciation, amortisation and finance costs	**2022** **£**	2021 £	**2022** **£**	2021 £
Depreciation of property, plant and equipment	**760,537**	518,805	**688,615**	513,545
Amortisation of intangible assets	**498,955**	513,435	**498,955**	513,435
	1,259,492	1,032,240	**1,187,569**	1,026,980
Net finance expense on lease liabilities and rent deposit asset (Note 25)	**53,130**	26,175	**36,948**	26,175
Interest on deposited funds	**(28,722)**	(444)	**(2,416)**	(444)
	1,283,900	1,057,971	**1,222,101**	1,052,711

Total company expenses were as follows:

	Group		Company	
Total expenses	**2022** **£**	2021 £	**2022** **£**	2021 £
Expenses	**15,523,818**	12,617,971	**6,838,190**	5,090,736

14 SHARE-BASED PAYMENTS

Aquis Exchange PLC has five different share schemes which have been set up since incorporation of which one, being the EMI scheme, is now closed to new entrants. A new scheme, being the Premium Priced Option scheme was introduced in 2022.

Aquis Exchange PLC has established two Trusts (see Note 21) to which it has provided funding to allow the purchase of shares for future settlement of the share awards noted below.

The Fair Value of any awards made in the year is calculated and recognised through the P&L over the appropriate period as set out in the detail on each scheme below. The total costs recognised through the P&L in the Group in 2022 was £819,872 (2021: £571,834).

	Group		Company	
	2022 £	2021 £	**2022 £**	2021 £
EMI Option Scheme	**58,430**	160,052	**58,430**	152,577
Restricted Share Plan (RSP) scheme	**485,860**	314,222	**485,860**	314,222
Company Share Ownership Plan (CSOP) scheme	**43,039**	19,045	**43,039**	19,045
Premium Priced Option (PPO) scheme	**69,000**	–	**69,000**	–
Share Incentive Plan (SIP) scheme	**163,543**	78,515	**163,543**	90,765
	819,872	571,834	**819,872**	576,609

The aggregate level of share options and shares awarded which existed at the year end is 2,207,649 shares (2021: 1,401,259 shares).

	Group		Company	
	2022 £	2021 £	**2022 £**	2021 £
EMI Option Scheme	**904,849**	937,143	**904,849**	937,143
Restricted Share Plan (RSP) scheme	**346,624**	228,768	**331,292**	228,768
Company Share Ownership Plan (CSOP) scheme	**163,090**	95,805	**145,504**	95,805
Premium Priced Option (PPO) scheme	**606,931**	–	**606,931**	–
Share Incentive Plan (SIP) scheme	**186,155**	139,543	**186,155**	139,543
	2,207,649	1,401,259	**2,174,731**	1,401,259

EMI Share Options

There is one approved EMI scheme, which was initiated in June 2018 when the first 564,124 options were granted. In April 2020 the second allotment (approved in and deferred from November 2019 because Aquis was in a close period) was made with a total of 740,250 options being granted. Options vest in 3 equal tranches, one, two and three years after grant. The options expire after 10 years.

In accordance with IFRS 2, the Group has estimated the fair value of options using a US binomial option valuation model and spread the estimated value against the profit and loss account over the life of the vesting period.

Of the total number of options granted, 3,999 (2021: 335,753) were exercised, none (2021: Nil) expired and 28,295 (2021: 24,526) were forfeited during 2022.

The exercise price for the options granted on 14 June 2018 is £2.69 per share to be settled in cash at the date of exercise. The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to Nil months (2021: 5.5 months).

The US binomial model with an average expiry duration of 5 years, volatility of 24 and risk-free interest rate of 1.1067% was used to calculate the fair value of the options granted on 14 June 2018. All options are exercisable at a price of £2.69 and the weighted average expected life of the options was estimated to be 5 years.

The exercise price for the options granted on 16 April 2020 is £3.47 per share to be settled in cash at the date of exercise.

The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to 1 year and 3.5 months (2021: 2 years 3.5 months).

The US binomial model using an average expiry duration of 5 years, volatility of 20 and risk-free interest rate of 0.16% was used to calculate the fair value of the options granted on 16 April 2020. All options are exercisable at a price of £3.47 and the weighted average remaining expected life of the options was estimated to be 5 years.

Details of the EMI scheme are as follows:

	2022		2021	
	Number of Shares	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	937,143	3.31	1,297,421	3.15
• Granted during the period	–	N/A	–	N/A
• Forfeited during the period	(28,295)	3.22	(24,526)	3.07
• Exercised during the period	(3,999)	3.50	(335,753)	2.70
• Expired during the period	–	–	–	N/A
• Outstanding at the end of the period	904,849	3.43	937,143	3.31
• Exercisable at the end of the period	670,766	3.24	453,643	3.11

Restricted Share Plan

The Group implemented a Restricted Share Plan (RSP) senior executive option scheme in 2020. Total grants were made in April 2022 of 107,527 at a grant price of £4.90 (April 2021: 88,320 options at a grant price of £6.85). A further grant was made in September 2022 of 10,449 at a grant price of £3.83 (September 2021: Nil).

Options vest three years after grant, with an additional hold period of a further 2 years and expire after 10 years.

The Black-Scholes model with an average expiry duration of 3 years, volatility of 21% and risk-free interest rate of 1.669% was used to calculate the fair value of the options granted in April 2022.

The Black-Scholes model with an average expiry duration of 3 years, volatility of 21% and risk-free interest rate of 1.891% was used to calculate the fair value of the options granted in September 2022. The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to 8 years and 7 months (2021: 8 years and 0 months).

Details of the RSP scheme are as follows:

	2022		2021	
	Number of Shares	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	228,768	4.88	140,448	3.64
• Granted during the period	117,856	4.86	88,320	6.85
• Forfeited during the period	–	N/A	–	N/A
• Exercised during the period	–	N/A	–	N/A
• Expired during the period	–	–	–	N/A
• Outstanding at the end of the period	346,624	4.81	228,768	4.88
• Exercisable at the end of the period	–	–	–	–

Company Share Ownership Plan

The Group implemented a Company Share Ownership Plan (CSOP) employee option scheme in 2021. Grants in April 2022 were made amounting to 78,045 options at a grant price of £4.90 (April 2021: 100,000 options at a grant price of £6.85).

Options vest three years after grant and expire after 10 years.

The Black-Scholes model with an average expiry duration of 5 years, volatility of 21 and risk-free interest rate of 1.669% was used to calculate the fair value of the options granted in April 2022. The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to 9 years and 1 months (2021: 8 years and 8 months).

Details of the CSOP scheme are as follows:

	2022		**2021**	
	Number of Shares	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	95,805	6.85	–	–
• Granted during the period	78,045	4.90	100,000	6.85
• Forfeited during the period	(10,760)	6.39	(4,195)	6.85
• Exercised during the period	–	N/A	–	N/A
• Expired during the period	–	N/A	–	N/A
• Outstanding at the end of the period	163,090	5.95	95,805	6.85
• Exercisable at the end of the period	–	–	–	–

Premium Priced Option Plan

The Group implemented a Premium Priced Option (PPO) option scheme in 2022 primarily focussed on Senior Executives. Grants in June 2022 were made amounting to 684,811 options at a grant price of £3.88 (2021: No PPO options were granted).

Options vest 3 years after grant and expire after 7 years.

The Black-Scholes model with an average expiry duration of 5 years, volatility of 22.5% and risk-free interest rate of 1.5% was used to calculate the fair value of the options granted in June 2022. The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to 6 years and 6 months (2021: N/A).

Details of the PPO scheme are as follows:

	2022		**2021**	
	Number of Shares	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	–	–	–	–
• Granted during the period	684,811	4.79	–	–
• Forfeited during the period	(77,880)	4.79	–	–
• Exercised during the period	–	–	–	–
• Expired during the period	–	–	–	–
• Outstanding at the end of the period	606,931	4.79	–	–
• Exercisable at the end of the period	–	–	–	–

Share Incentive Plan

The employee Share Incentive Plan (SIP) is administered by Equiniti ("the Trust"). The Trust purchases shares in Aquis on the open market on behalf of employees that have elected to take part. Employees are limited to a maximum annual contribution of £1,800. The scheme allows employees to become shareholders in the Company in a tax efficient manner, with the Company purchasing two matching shares for every partnership purchased by the employee. The terms of the matching shares include that they must be held by the Trust for three years before they can be transferred or sold, and the employee must remain employed with the Company throughout this period. Free shares are also awarded to staff on an annual basis where performance criteria are met, with the Company purchasing up to a further 2 shares for each partnership share purchased.

The fair value of the matching and free shares purchased by the company are expensed over the three year vesting period. Management assumes that the cost of the shares is a close approximation of the fair value of the shares as the market price tends to be reflective of the discounted value of research analysts' medium-term projections.

Details of the SIP scheme are as follows:

	2022 Number of Shares	2021 Number of Shares
• Shares held at the beginning of the period	**139,543**	104,656
• Partnership shares purchased in the period	**12,478**	8,611
• Matching shares purchased during the period	**24,956**	17,222
• Free shares purchased during the period	**22,465**	16,327
• Exercised during the period	**(9,241)**	(6,483)
• Forfeited during the period	**(4,046)**	(790)
• Shares held at the end of the period	**186,155**	139,543

15 DEFERRED TAX ASSET

A net deferred tax asset of £1,593,931 (2021: £1,292,260) at the Group and £1,456,184 (2021: £1,292,260 at the Company) relating to unused tax losses has been recognised in the current period. The losses are considered able to offset against the Company's taxable profits expected to arise in the next three accounting periods. This comprises a gross Deferred Tax Asset of £1,716,748 (2021: £1,323,459) at the Group and £1,578,001 (2021: £1,323,459 at the Company) offset by a Deferred Tax Liability of £122,817 (2021: £31,199) at the group and Company arising in the Company on the timing difference on accounting depreciation versus tax written down value charge.

The assessment of future taxable profits involves a significant degree of estimation, which management have based on the latest budget for the Company approved by the Board which reflects the improvement trading performance largely due to the continued expansion of the business as discussed in the Strategic Report. The preparation of the budget involves a rigorous review process by the Board, whereby each revenue stream and cost is scrutinised and challenged in detail so that the final version is considered to be an accurate and plausible representation of what is likely to be achieved in the period.

In calculating the deferred tax asset, management have applied a conservative approach by using probability adjusted revenues, applying lower probabilities to budgeted revenue from more uncertain sources such as large technology licencing contracts, with the effect of reducing estimated profits over the 3-year period from the original forecasts. The analysis predicts profitability is still achievable even when revenues are reduced to reflect this adjustment.

The net deferred tax balance comprises temporary differences attributable to:

Group	**2022 £**	2021 £
Tax losses	**1,716,748**	1,323,459
Fixed asset timing differences	**(122,817)**	(31,199)
Total deferred tax asset	**1,593,931**	1,292,260

Company	**2022 £**	2021 £
Tax losses	**1,579,001**	1,323,459
Fixed asset timing differences	**(122,817)**	(31,199)
Total deferred tax asset	**1,456,184**	1,292,260

Movement in deferred tax balance:

Group	**2022 £**	2021 £
At 1 January	**1,292,260**	203,717
Origination and reversal of timing differences	**229,267**	1,024,212
Effects of changes in tax rates	**72,404**	64,331
At 31 December	**1,593,931**	1,292,260

Company	**2022 £**	2021 £
At 1 January	**1,292,260**	203,717
Origination and reversal of timing differences	**124,581**	1,024,212
Effects of changes in tax rates	**39,343**	64,331
At 31 December	**1,456,184**	1,292,260

The Group has combined losses of £46,116,352 (2021: £49,555,213) available for carry forward and to be used against future trading profits of the same trade in which they were generated. This is comprised of trading losses generated in the UK by Aquis Exchange PLC and Aquis Stock Exchange Limited. There are no losses carried forward in France within Aquis Exchange Europe SAS.

The Company has estimated losses of £11,747,647 (2021: £14,801,969) available for carry forward against future trading profits.

16 INCOME TAX

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

	Group		Company	
	2022	2021 Restated	**2022**	2021 Restated
Current tax	**£**	£	**£**	£
UK Corporation tax charge	**–**	–	**–**	–
Overseas tax charges on foreign operations	**144,469**	–	**–**	–
Total tax charge	**144,469**	–	**–**	–
Deferred tax	**£**	£	**£**	£
Origination and reversal of timing differences	**(229,267)**	(1,024,212)	**(124,581)**	(1,024,212)
Effect of changes in tax rates	**(72,405)**	(64,331)	**(39,344)**	(64,331)
Total deferred tax credit	**(301,672)**	(1,088,543)	**(163,925)**	(1,088,543)

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

	Group		Company	
	2022	2021 Restated	**2022**	2021 Restated
	£	£	**£**	£
Profit for the year before taxation	**4,526,409**	3,564,124	**3,637,819**	3,180,530
Expected tax charge based on a corporation tax rate of 19%	**860,018**	677,184	**691,186**	604,301
Expected tax charge based at effective overseas rates of 25%	**177,647**	–	**–**	–
Fixed asset differences	**(40,330)**	(12,963)	**(40,330)**	(12,963)
Expenses not deductible for tax purposes	**109,502**	100,424	**109,104**	98,891
Additional deduction for R&D expenditure	**–**	(267,184)	**–**	(267,184)
Other differences	**(89,428)**	(1)	**16**	–
Remeasurement of deferred tax for changes in tax rates	**(72,405)**	(64,331)	**(39,344)**	(64,331)
Movement in deferred tax not recognised	**(1,069,029)**	(1,413,895)	**(884,557)**	(1,447,257)
Movement in deferred tax not recognised at overseas rates	**(33,178)**	(107,777)	**–**	–
Tax credit for the period	**(157,203)**	(1,088,543)	**(163,925)**	(1,088,543)

17 EARNINGS PER SHARE

	Group		Company	
	2022	2021 Restated	**2022**	2021 Restated
Number of Shares				
Weighted average number of ordinary shares for basic earnings per share	**27,508,166**	27,339,947	**27,508,166**	27,339,947
Weighted average number of ordinary shares for diluted earnings per share	**28,425,419**	28,456,875	**28,425,419**	28,456,875
Earnings				
Profit for the year from continued operations	**4,683,612**	4,652,667	**3,801,744**	4,269,073
Basic and diluted earnings per share (pence)				
Basic earnings per ordinary share	**17**	17	**14**	16
Diluted earnings per ordinary share	**16**	16	**13**	16

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 Employee Share Incentive Plan (SIP).

The basic EPS when adjusted for outstanding EMI options of 937,143 (2021: 1,297,421) and adjusted for forfeited options in the year of 28,295 (2021: 24,526) gives a weighted average of 28,425,419 (2021: 28,456,875).

18 INTANGIBLE ASSETS

Group and Company	Group Developed trading platforms	Other Intangibles	Total Intangible Assets	Group Goodwill
Cost				
As at 1 January 2021	2,698,021	–	2,698,021	83,481
Additions- internally generated/ acquired	313,463	37,430	350,893	–
As at 31 December 2021	3,011,484	37,430	3,048,914	83,481
Additions- internally generated/ acquired	605,599	171,866	777,465	–
As at 31 December 2022	**3,617,083**	**209,296**	**3,826,379**	**83,481**
Accumulated amortisation and impairment				
As at 1 January 2021	1,781,765	–	1,781,765	–
Charge for the year	505,515	7,920	513,435	–
As at 31 December 2021	2,287,280	7,920	2,295,200	–
Charge for the year	484,915	14,040	498,955	–
As at 31 December 2022	**2,772,195**	**21,960**	**2,794,155**	**–**
Carrying amount				
As at 31 December 2022	**844,888**	**187,336**	**1,032,224**	**83,481**
As at 31 December 2021	724,204	29,510	753,714	83,481

All intangible assets within the Group are held by the Company.

Goodwill

On 11 March 2020 the Group acquired 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.

Impairment tests for goodwill

Goodwill has been allocated for impairment testing purposes to a cash generating unit, being the net assets related to Aquis Stock Exchange.

The recoverable amounts of the cash generating unit has been determined based on a value-in-use calculation using discounted cash flow forecasts based on business plans prepared by management for a three-year period ending 31 December 2025. The two key estimates used in this model were an estimated terminal growth rate of 2%, and a pre-tax discount factor of 12%.

The results of the testing indicated the projected value of Aquis Stock Exchange to exceed its carrying value. As a result no impairment loss has been recognised in the current year.

19 PROPERTY, PLANT AND EQUIPMENT

Group	Fixtures, fittings and equipment	Computer equipment	Right of use asset	Total
Cost				
As at 1 January 2021	251,540	2,211,295	1,469,474	3.932.309
Additions	72,636	246,885	3,758,437	4,077,958
Disposals	–	(68,926)	(963,837)	(1,032,763)
Foreign Currency Translation Differences	285	–	(25,315)	(25,030)
As at 31 December 2021	324,461	2,389,254	4,238,759	6,952,474
Additions	167,440	601,979	–	769,419
As at 31 December 2022	**491,901**	**2,991,233**	**4,238,759**	**7,721,893**
Accumulated depreciation and impairment				
As at 1 January 2021	178,036	1,804,328	346,038	2,328,402
Charge for the year	51,938	312,092	154,775	518,805
Disposals	–	(41,362)	–	(41,362)
Foreign Currency Translation Differences	29	–	267	296
As at 31 December 2021	230,003	2,075,058	501,080	2,806,141
Charge for the year	65,263	298,052	397,222	760,537
As at 31 December 2022	**295,266**	**2,373,110**	**898,302**	**3,566,678**
Carrying amount				
As at 31 December 2022	**196,635**	**618,123**	**3,340,457**	**4,155,215**
As at 31 December 2021	94,458	314,196	3,737,679	4,146,333

Company	Fixtures, fittings and equipment	Computer Equipment	Right of Use Asset	Total
Cost				
As at 1 January 2021	251,825	2,211,294	1,444,159	3,907,278
Additions	67,500	246,885	3,175,765	3,490,150
Disposal	–	(68,926)	(963,837)	(1,032,763)
As at 31 December 2021	319,325	2,389,253	3,656,087	6,364,665
Additions	157,805	595,133	–	752,938
As at 31 December 2022	**477,130**	**2,984,386**	**3,656,087**	**7,117,603**
Accumulated depreciation and impairment				
As at 1 January 2021	178,064	1,804,328	346,332	2,328,724
Charge for the year	51,965	312,092	149,488	513,545
Disposal	–	(41,362)	–	(41,362)
As at 31 December 2021	230,029	2,075,058	495,820	2,800,907
Charge for the year	62,746	296,005	329,864	688,615
As at 31 December 2022	**292,775**	**2,371,063**	**825,684**	**3,489,522**
Carrying amount				
As at 31 December 2022	**184,355**	**613,323**	**2,830,403**	**3,628,081**
As at 31 December 2021	89,296	314,195	3,160,267	3,563,758

20 INVESTMENT IN SUBSIDIARIES

Company	2022 £	2021 £
Investment in subsidiaries	**6,884,202**	6,884,202

Details of the Company's subsidiaries at 31 December 2022 are set out in the following table. The investments are measured using the equity method in Aquis Exchange PLC's standalone accounts.

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business	Carrying amount 31-Dec-22	Carrying amount 31-Dec-21
Aquis Stock Exchange	UK	100	100	Recognised Investment Exchange	**3,677,118**	3,677,118
Aquis Exchange Europe SAS	France	100	100	European Equities Exchange	**3,207,084**	3,207,084
					6,884,202	6,884,202

The registered office of Aquis Exchange Europe SAS is 231 rue Saint Honoré, 75001 Paris, France. The registered office of Aquis Stock Exchange Limited is 63 Queen Victoria Street, EC4N 4UA,UK.

Both investments were assessed for impairment at year end and no indicators of impairment were noted, with both Aquis Stock Exchange and Aquis Exchange Europe SAS profitable in 2022. Therefore, in line with IAS 36 guidance, no impairment provision has been recognised in Aquis Exchange PLC's financial statements.

There has been no change in the year of the carrying value of any subsidiary (2021: £400k increase in Aquis Stock Exchange following a capital injection in the year) as set out in the table below;

Company	2022 £	2021 £
Carrying amount at 1 January	**6,884,202**	6,484,202
Capital injection in the year	**–**	400,000
Carrying amount at 31 December	**6,884,202**	6,884,202

21 INVESTMENT IN TRUSTS

The table below shows the total amount the Company has invested in the two Trusts in respect of the share based payments arising under (i) the Employee Share Incentive Plan and (ii) the Restricted Share Plan, Company Share Ownership Plan and Premium Price Options plan as at the reporting date. Investments into the Trusts are primarily comprised of cash contributions made to acquire Company shares. Deductions from the Trusts represent vested shares withdrawn.

Company	2022 £	2021 £
Investment in Trusts	**3,350,325**	1,856,964

22 TRADE AND OTHER RECEIVABLES

Group	Current 2022 £	2021 £	Non-current 2022 £	2021 £	Total 2022 £	2021 £
Trade receivables	**2,317,384**	1,884,329	**–**	–	**2,317,384**	1,884,329
Technology licence contract assets	**1,104,221**	1,112,576	**5,009,883**	2,415,824	**6,114,104**	3,528,400
Other receivables	**77,635**	339,353	**342,227**	328,832	**419,862**	668,185
Prepayments	**636,186**	432,688	**–**	–	**636,186**	432,688
	4,135,426	3,768,946	**5,352,110**	2,744,656	**9,487,536**	6,513,602

Company	Current 2022 £	2021 £	Non-current 2022 £	2021 £	Total 2022 £	2021 £
Trade receivables	**2,053,560**	1,747,286	**–**	–	**2,053,560**	1,747,286
Technology licence contract assets	**1,104,221**	1,112,576	**5,009,883**	2,415,824	**6,114,104**	3,528,400
Other receivables	**330,957**	313,224	**319,791**	315,350	**650,748**	628,574
Intercompany receivables	**6,485,690**	804,406	**–**	–	**6,485,690**	804,406
Prepayments	**596,828**	395,061	**–**	–	**596,828**	395,061
	10,571,256	4,372,553	**5,329,674**	2,731,174	**15,900,930**	7,103,727

The following details the trade receivables that are stated net of any credit impairment provision, as set out previously in Note 12 in accordance with IFRS 9.

Trade receivables	Group 2022 £	2021 £	Company 2022 £	2021 £
Gross trade receivables	**2,376,337**	1,930,011	**2,053,560**	1,747,286
Expected credit loss provision on trade receivables	**(58,953)**	(45,682)	**–**	–
Gross contract assets	**7,461,382**	5,009,162	**7,461,382**	5,009,162
Expected credit loss provision on contract assets	**(1,347,278)**	(1,480,762)	**(1,347,278)**	(1,480,762)
Trade receivables net of provisions	**8,431,488**	5,412,729	**8,167,664**	5,275,686

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 **£**	2021 £	**2022** **£**	2021 £
Cash at bank	**14,170,965**	14,046,399	**5,595,827**	7,094,964

Cash and cash equivalents comprise over night and short term deposits of less than 3 month and are held with authorised counterparties of a high credit standing. Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no material differences between their book and fair values.

Cash held by Aquis Exchange Europe SAS is predominantly held in a Sterling denominated bank account.

24 TRADE AND OTHER PAYABLES

	Group		Company	
Current	**2022** **£**	2021 £	**2022** **£**	2021 Restated £
Trade payables	**510,384**	170,934	**510,068**	162,989
Accruals	**1,508,760**	1,811,168	**1,287,138**	1,564,785
Deferred revenue	**1,358,479**	882,525	**251,250**	270,900
Social security and other taxation	**220,593**	506,638	**220,593**	494,107
Overseas corporation tax payable	**144,469**	–	**–**	–
Intercompany payables	**–**	–	**6,285,752**	764,064
Other payables	**3,250**	204,083	**–**	–
Short term lease liabilities	**522,800**	208,237	**437,400**	150,981
	4,268,735	3,783,585	**8,992,201**	3,407,826

25 LEASES

Right of Use Assets

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 year ended 31 December 2022 as follows:

	Group Property £	**Company Property £**
Carrying amount at 1 January 2021	1,097,827	1,097,827
Additions	3,758,437	3,175,765
Disposals	(963,837)	(963,837)
Depreciation for the year	(154,748)	(149,488)
Carrying amount at 31 December 2021	3,737,679	3,160,267
Depreciation for the year	(397,222)	(329,864)
Carrying amount at 31 December 2022	3,340,457	2,830,403

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 year ended 31 December 2022 as follows:

	Group Rent Deposit Asset £	Company Rent Deposit Asset £
Carrying amount at 1 January 2021	228,765	228,765
Additions	374,442	361,932
Finance income on rent deposit asset	8,835	7,444
Carrying amount at 31 December 2021	612,042	598,141
Recovery of rent deposit	(269,956)	(282,315)
Finance income on rent deposit asset	14,561	14,121
Carrying amount at 31 December 2022	356,647	329,947
Of which are:		
Current	10,667	10,156
Non-current	345,980	319,791
	356,647	329,947

The non-current and current portions of the rent deposit asset are both included in 'Other Receivables' (Trade and Other Receivables) on the Statement of Financial Position.

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 (e.g. 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 year ended 31 December 2022 as follows:

	Group Lease Liability £	Company Lease Liability £
Carrying amount at 1 January 2021	1,189,694	1,127,268
Additions	3,563,025	3,062,762
Reduction in assumed lease liability	(926,304)	(926,303)
Finance expense on lease liability	35,010	33,619
Lease payments made	(230,445)	(230,444)
Carrying amount at 31 December 2021	3,630,980	3,066,902
Finance expense on lease liability	67,691	51,069
Lease payments made	(300,994)	(231,259)
Carrying amount at 31 December 2022	3,397,677	2,886,712
Of which are:		
Current	522,800	437,400
Non-current	2,874,877	2,449,312
	3,397,677	2,886,712

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.

Net finance expense on leases

	Group		Company	
	2022 £	2021 £	**2022 £**	2021 £
Finance expense on lease liability	**67,691**	35,010	**51,069**	33,619
Finance income on rent deposit asset	**(14,561)**	(8,835)	**(14,121)**	(7,444)
Net finance expense relating to leases	**53,130**	26,175	**36,948**	26,175

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.

Amounts recognised in profit and loss

	Group		Company	
	2022 £	2021 £	**2022 £**	2021 £
Depreciation expense on right-of-use assets	**(397,222)**	(149,488)	**(329,863)**	(149,488)
Finance expense on lease liability	**(67,691)**	(35,010)	**(51,069)**	(33,619)
Finance income on rent deposit asset	**14,561**	8,835	**14,121**	7,444
Short term lease expense	**(35,816)**	(37,568)	**–**	–
Net impact of leases on profit for the year	**(486,168)**	(213,231)	**(366,811)**	(175,663)

The property leases (of which there are two) in which the Group is the lessee do not contain variable lease payment terms.

26 SHARE CAPITAL

Group	**2022 £**	2021 £
Ordinary share capital		
Issued and fully paid		
27,505,450 (2021: 27,169,700) Ordinary shares of 10p each	**2,750,545**	2,716,970
Issue of 3,998 (2021: 335,750) New shares of 10p each	**400**	33,575
27,509,448 (2021: 27,505,450) Ordinary Shares of 10p each	**2,750,945**	2,750,545

27 TREASURY SHARES

Group	2022 £	2021 £
At the beginning of the year	**1,526,835**	489,625
Purchase of additional shares	**1,952,325**	1,211,907
Shares vested or sold by trusts	**(132,230)**	(177,975)
Change in level of surplus cash held by trusts	**3,395**	3,278
At the end of the year	**3,350,325**	1,526,835

Treasury shares are held by the Employee Benefit Trusts. Further disclosures about the value of shares acquired by the EBT can be read in note 21. 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.

In the year to 31 December 2022 481,301 shares with a nominal value of £48,130 were bought at a total cost of £1,952,325 and held in Treasury (2021 - 184,887 shares with a nominal value of £18,489 were bought at a total cost of £1,211,907 and held in Treasury).

As at 31 December 2022, 186,155 shares (2021: 139,651) were held in the Employee Share Incentive Plan Trust, and a further 584,797 shares (2021: 150,000) held in the Trust relating to Restricted Share Plan, Company Share Ownership Plan and Premium Priced Option Plan.

At 31 December 2022 £36,610, (2021: £33,215) of surplus cash was held within the Trust, which had yet to be used to purchase Treasury shares, but remained under the control of the Trust.

Group	2022 £	2021 £
Treasury Shares held	**3,313,715**	1,493,620
Cash held in Employee Trusts	**36,610**	33,215
At the end of the year	**3,350,325**	1,526,835

28 CASH GENERATED BY OPERATIONS

Group	2022 £	2021 Restated £
Profit after tax	**4,683,612**	4,652,667
Adjustments for:		
Corporation tax	**(157,203)**	(1,088,543)
Foreign exchange (gains)/losses	**116,415**	(341,877)
Interest Income	**(28,722)**	(444)
Amortisation and impairment of intangible assets	**498,955**	513,435
Depreciation and impairment of property, plant and equipment	**760,537**	518,805
Equity settled share based payment expense	**819,872**	571,834
Other (gains)/losses	**58,031**	316,906
Movement in working capital:		
Increase in trade and other receivables	**(1,593,925)**	(2,749,906)
Increase/(decrease) in trade and other payables	**(1,195,918)**	764,641
Cash generated by operations	**3,961,654**	3,157,518

Company	2022 £	2021 Restated £
Profit after tax	**3,801,744**	4,269,073
Adjustments for:		
Deferred tax	**(163,925)**	(1,088,543)
Foreign exchange (gains)	**(50,269)**	–
Interest Income	**(2,416)**	(444)
Amortisation and impairment of intangible assets	**498,955**	513,435
Depreciation and impairment of property, plant and equipment	**688,615**	513,545
Equity settled share based payment expense	**819,872**	576,609
Other (gains)/losses	**57,447**	320,664
Movement in working capital:		
Increase in trade and other receivables	**(8,783,081)**	(3,320,730)
Increase in trade and other payables	**5,297,956**	964,738
Cash generated by operations	**2,164,898**	**2,748,347**

29 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Group	2022 £	2021 £
Salaries and other short term benefits	**1,068,562**	797,788
Value of share options granted	**445,250**	528,070
Total	**1,513,812**	1,325,858

During the year the Group has entered into, in the ordinary course of business, with other related parties. All transactions between Aquis Exchange Plc and its subsidiaries are eliminated on consolidation. There are no related party balances outstanding at group level. Costs incurred by the Company on behalf of its subsidiary companies are recharged to these Companies though a Management fee and service charge, which for 2021 represented a net recharge of £5,528k (2021: £4,965k) to Aquis Europe SAS and a net recharge of £450k (2021: £494k) to Aquis Stock Exchange Limited. The net cash payments in the year and balances outstanding at the year end were;

2022 Company	Receipts and (payments) £000s	Amounts owed from related parties £000s	Amounts owed to related parties £000s
Aquis Stock Exchange Ltd	600	533	–
Aquis Europe SAS	(1,389)	5,953	(6,286)
Total	(789)	6,486	(6,286)

2021 Company	Receipts and (payments) £000s	Amounts owed from related parties £000s	Amounts owed to related parties £000s
Aquis Stock Exchange Ltd	(82)	390	–
Aquis Europe SAS	193	414	553
Total	111	804	553

30 SHARE PREMIUM ACCOUNT

Group	2022 £	2021 £
At the beginning of the year	**11,771,462**	10,892,135
Issue of new shares	**13,583**	879,327
At the end of the year	**11,785,045**	11,771,462

31 OTHER RESERVES

	Group		Company	
	2022 £	2021 £	**2022 £**	2021 £
Reserves relating to share-based payments	**1,813,119**	1,118,314	**1,813,119**	1,448,430

The reserves relating to share-based payments reflects the estimated fair value of the approved Employee Share Option Scheme estimated using the US binomial and Black Scholes option valuation models.

32 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 31 December 2022.

33 EVENTS OCCURING AFTER THE REPORTING PERIOD

On 10 March 2023 Silicon Valley Bank (SVB) had its assets assumed by the Federal Deposit Insurance Corporation (FDIC) as it became unable to fulfil consumer withdrawals and SVB (UK) was bought by HSBC. Whilst this led to widespread unrest in financial markets, which was further compounded by the announcement that Credit Suisse had secured a SFr 50bn liquidity backstop from the Swiss central bank on 16 March 2023 and then subsequently been acquired by UBS on 19 March 2023, these events have not currently impacted the trading performance of the Group.

At this stage, the Directors do not believe this would have a material adverse effect on the Group and consider this to be a non-adjusting post balance sheet event.

Other Information

Notes

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