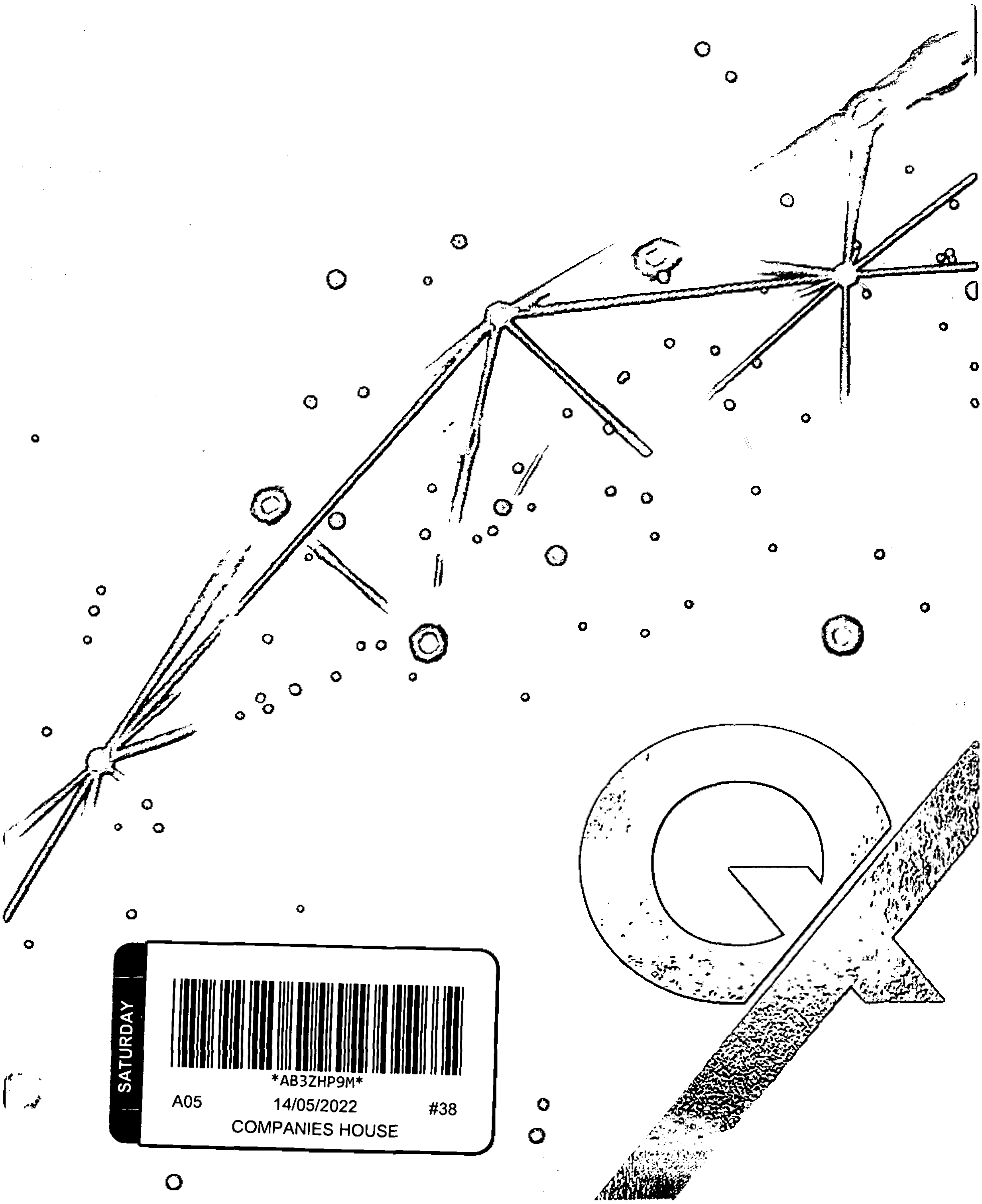
Report and accounts 2021

AQUIS EXCHANGE PLC



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Introduction

Strategic report

Financial statements

Notes to the financial statements

Aquis Exchange PLC at a glance

Aquis Exchange PLC is an international technology-led exchange services group. It operates three complementary but distinct business lines: pan-European cash equities trading businesses (Aquis Exchange), growth and regulated primary markets (Aquis Stock Exchange/AQSE) and develops/licenses exchange software to third parties (Aquis Technologies).

The Group

Aquis Exchange PLC

3 divisions

Aquis Exchange
Operator of MTFs and related services

Aquis Stock Exchange (AQSE)
Primary listing & trading businesses

Aquis Technologies
Developer of exchange technology and services

Multiple products & services

- MTFs (UK and France)
- Data services

- AQSE Main Market (RIE)
- AQSE Growth Market (MTF)
- AQSE Trading (MTF)

- Aquis matching engine
- Aquis market surveillance
- Aquis market gateway
- Services
  - Surveillance
  - Operations

Our vision

To improve the efficiency of the investment industry through transparency and innovation.

FT FINANCIAL TIMES
statista
1000 EUROPE'S FASTEST GROWING COMPANIES 2022

2021: A year of continued growth and profitability

The year 2021 saw a number of 'firsts' within Aquis Exchange: it was the first year of running our EU MTF from Paris, after a seamless transition post Brexit; it was the first year that we operated a transformed AQSE, which saw a record 24 IPOs in the course of the year and it was the first year where we implemented a harmonised data structure. These developments all contributed to a year of continued growth and profitability.

However, it was also a year when Covid-19 refused to go away, resulting in an adverse effect on some cost activities and initiatives. But despite the pandemic still being with us, 2022 has got off to a strong start and we believe all stakeholders can look forward to a positive year ahead for the Company.

Profit (pbt)
Up in excess of 500% at £3.2m

Brexit
Transition completed

AQSE
Fully integrated

Net Revenue
Up 42% at £16.2m – growth across all 3 divisions

Paris
Office growing

Dual listing
Aquis is now quoted on the AQSE Growth Market's Apex segment

Data contribution
Up – now a strong 4th revenue stream

Management strengthened
New Director of Finance and CRO

Aquis Matching Pool
Launch of AMP — a non-displayed matching pool to complement existing trading activities

Aquis Technologies

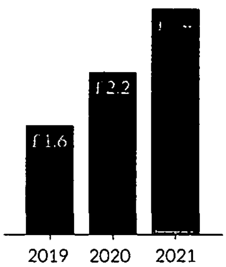
The Aquis Technologies division performed well in 2021, with a number of renewals of existing contracts and several new clients coming on board. This was all achieved against a backdrop of reduced in-person marketing and sales activity across the globe.

It is very encouraging that the pipeline for 2022 and beyond is looking strong with many interesting projects being considered in a wide variety of asset classes and geographies. The common theme we are seeing is that prospects are increasingly looking for cloud-based solutions when launching new platforms – an area where Aquis has particular expertise.

Aquis Technologies has been leading the race to a true 'cloud native' exchange offering in recent years having done award-winning, ground-breaking research in the field with Singapore Exchange and Amazon Web Services. As Aquis has continued to refine its approach to becoming truly cloud native, this has attracted interest within the industry and also served to ultimately win new business for its technology licensing division.

Aquis has continued to refine its approach to becoming truly cloud native.

Net Revenue £m



Case Study

Investre, the company establishing the world's first exchange for tokenised values-driven investment funds, is a significant win for the business and will be taking the full suite of Aquis Technologies' offering including cloud hosting, outsourced services – such as regulatory reporting – and of course its next generation Aquis Matching Engine (AME) and Aquis Market Surveillance (AMS) platforms.

A key differentiator for Aquis Technologies in this competitive landscape is its ability to offer regulatory grade, outsourced services and the contract with Investre has been designed with the EU's draft Digital Operational Resilience Act (DORA) in mind. Aquis responded to the European Securities and Markets Authority's call for evidence on DORA last summer from the dual perspectives of being an operator of markets as well as a technology provider to other financial markets.

Aquis Exchange

The last year saw a strengthening of the AQX Exchange client base with new Members joining and a number of existing Members moving to higher subscription tiers.

Another key development in 2021, was the significant up tick in the use of newer products, such as the end of day trading mechanism MaC and auction order type AOD2. As part of Aquis' ethos of providing best-in-class client service, Aquis Exchange has developed a new set of analytics to help clients measure and improve their trading performance.

Building the client base

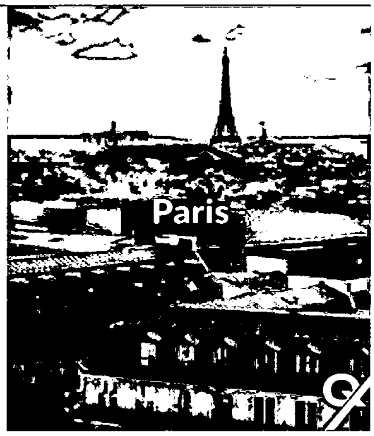
Providing new services

Extending the product offering

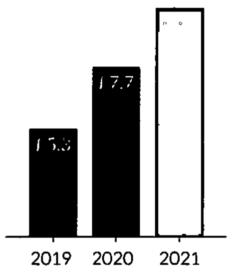
A tale of two cities

Following the full implementation of Brexit in January 2021, the core Aquis Exchange business saw a dramatic move of much of its European trading activities from London to Paris.

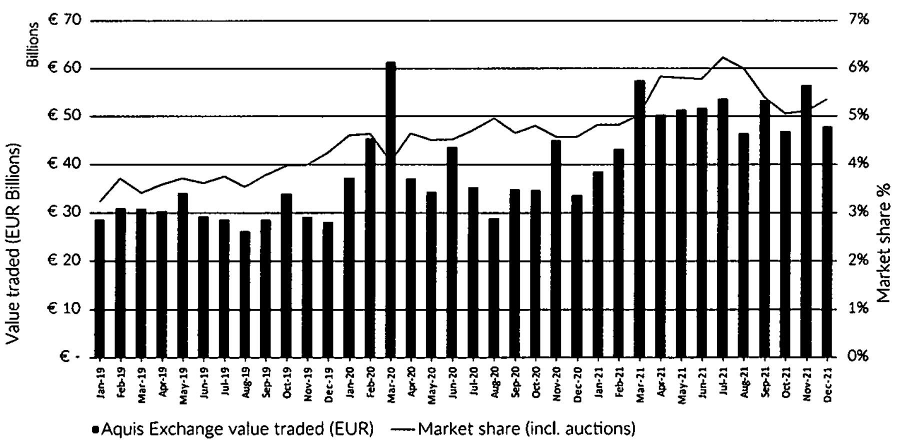
This shift, while very significant, was also completely seamless thanks to the Company having established a fully-regulated entity in France well ahead of time. Revenues from both MTF businesses grew in the year.



Revenue £m



Aquis Exchange value traded per month



Aquis Stock Exchange (AQSE)

Introduction

This was the first full year in which the Aquis Stock Exchange business operated under its new structure, unveiled at the end of 2020.

The changes included the segmentation of the Growth Market into the Access segment for very early-stage companies and the Apex segment for more mature businesses. Additionally, a market maker incentive scheme was introduced, which resulted in a reduction of spreads. The year also saw a significant broadening of the range of corporate advisers, brokers and institutions publicly supporting AQSE.

As a result, 2021 was a record year for the division with 24 IPOs launched and over £100 million raised. While this shows that significant progress has been made, the full potential of AQSE has yet to be realised, especially in regards to developing the retail investor offering.

The transformation process

1 **Increase institutional & retail investment**
- Segmentation into Apex & Access
- Retail access to IPOs

2 **Raise standards**
- Modernise technology
- Enhance regulation
- Improve visibility & branding

3 **Boost liquidity in trading**
- More market makers
- Narrower spreads

IPOs
24

Money raised
£100m+

Trading volumes
up 400%+

Spreads
down by 15%

Number of securities
100+

Companies valued at £100+m
5

Case Study

SAMARKAND GROUP plc.

Samarkand Group plc is a cross-border, e-commerce technology and retail group, which is focused on connecting international brands with China. When it floated on Aquis Stock Exchange on 22 March 2021, it was the first to adopt the Growth Prospectus and, therefore, entered directly into the Apex segment of the market. The IPO was significantly over-subscribed and funds raised amounted to £17m. Alongside institutions, over 100 individual investors participated in the flotation. Samarkand was very warmly received by the market at its debut and its market cap rose from £59m to over £80m by the end of the year.

Board of directors

Introduction

Glenn Collinson

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. He was a member of the CSR team that was awarded the Royal Academy of Engineering's MacRobert Award for Innovation in 2005.

Alasdair Haynes

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 and subsequently the introduction of a ban on aggressive trading by proprietary trading firms. 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

Jonathan Clelland is the Chief Financial Officer and Chief Operating Officer ("COO") of the Company and CFO of Aquis Exchange Europe SAS. Jonathan joined the Company in 2012 when the Company was started and is responsible for all financial and 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 Bennett

Richard is a Non-Executive Director of the Company and Chairman of the Nominations and Remuneration Committee. He joined the Board in March 2014. Richard is the ex-Group Managing Director & Group General Counsel of HSBC Holdings plc.

Mark Goodliffe

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

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

David is a Non-Executive Director of Aquis Exchange PLC and Chairman of Aquis Exchange Europe SAS (since September 2012). 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 [illegible].

Deirdre Somers

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 [illegible] 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.

Philip Olm

Chairman's statement

Glenn Collinson
Chair

Overall Group net revenue increased by 42% from £11.4m to £16.2m and net profit before tax by in excess of 500% from £0.5m to £3.2m driven primarily by the pan-European secondary market trading activities and material increases in data revenues.

Overview

This is my first official communication since being appointed Chair of Aquis Exchange PLC (AQX) with effect from 1st January 2022 and it is with great pleasure that I am able to report that the Group delivered significant increases in revenue and net profit before tax reflecting strong performances from each of the Group's 3 business activities. These results were particularly noteworthy given the continued COVID-19 challenges and the requirement to handle the impact of the UK's exit from the EU.

During 2021 we were able to recommence trading in Swiss shares, increase our overall pan-European secondary trading market share and manage the transition of a significant part of the secondary exchange trading business from the UK to France. Our aim is to further develop our presence in Europe and enhance client relationships within the EU 27 markets and this includes transferring Jonathan Clelland, Group CFO & COO to Paris where he has taken on the additional responsibility of CEO of Aquis Exchange Europe (AQEU).

We also significantly increased data revenue following the harmonisation of our offering and made material progress in our Technologies division whilst innovative changes to Aquis Stock Exchange (AQSE) increased liquidity and narrowed spreads which helped drive growth in new issues.

In addition, we continued to invest in all areas of our activities including the recruitment of David Stevens who has joined as Chief Revenue Officer (CRO) and Richard Fisher as Director of Finance (DoF), who subject to satisfactory completion of the regulatory due diligence and other processes currently under way, which are required under AIM Rules, and approval at the AGM in April 2022, will step up to take over the CFO responsibilities currently held by Jonathan Clelland.

We retained our flexible partial remote working environment demonstrating how important robust business continuity plans and effective working practices supported by a positive culture throughout the organisation is during a rapidly changing and challenging period.

We have also continued with the AQSE integration, the strengthening of the Paris office and continued to invest in our technology division making further significant progress with the target of creating exchange grade cloud platforms.

Board and Governance

The Aquis Exchange PLC Board ("the Board") continued to evolve in line with the Group's expansion and subsequent corporate governance requirements during the year. Niki Beattie retired as Chair on 31st December 2021 having served in that role for 9 years and I was appointed Chair in her place. I would like to formally thank and recognise Niki for all her hard work in helping Aquis to successfully reach this stage of its growth and evolution. Succession plans have also been established to cover other non-executive board members as they come towards the end of their nine-year tenure.

The Group consists of 3 regulated entities: AQX, 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.

We are pleased to announce that Fields Wicker-Miurin and Ruth Wandhofer will join the Board of Aquis as independent non-executive directors, subject to satisfactory completion of the regulatory due diligence and other processes currently under way, which are required by the AIM Rules, and approval at the next AGM. 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 and 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. It is our intention, as part of our succession planning process, that Fields will take over the Senior Independent Director role from Richard Bennett.

Ruth has considerable financial services experience. Following a senior Executive career at Citi Bank she has served on a number of Boards as an Independent Non-Executive Director including the London Stock Exchange from 2018 to 2020 and currently Gresham Technologies PLC and Permanent TSB PLC in Ireland. At Aquis, Ruth will also sit on the ARCC and Aquis Europe subsidiary Board.

Danny Lopez joined the Board of AQSE as an independent Director during the year. Danny is the CEO of Glasswall Solutions, an award-winning cybersecurity firm that delivers unique protection against sophisticated cyber threats in files and documents through its ground-breaking technology. Danny is also an independent non-executive director of Innovate Finance, an independent industry body that champions the global FinTech community in the UK.

Culture, Stakeholder Engagement and Section 172 Duties

The Board continued its engagement with key stakeholders, particularly focusing on employees and shareholders. 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 very positive. In addition, the Chair and various members of the Board continued with a program to meet with key shareholders when possible either in person or remotely.

The Board discharged its Section 172 (1) duties in a number of ways, details of which are set out on p15 and include significant time focusing on strategy for the Group, considering employees well-being during another very challenging year and undertaking training in particular in the area of risk assessment in order to improve the Board's effectiveness and maintain high standards of conduct.

Environment, Social and Corporate Responsibility

The Board is focussed on the Company's responsibility to both individually grow and operate on a sustainable basis and more importantly the wider role that we play 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 difference.

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 are committed to educating and collaborating with these issuers about the expectations and benefits of creating and adhering to ESG policies.

We have already made progress with 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 p13.

Our focus for the year ahead

All of the Aquis business lines are set for further profitable growth and we continue to invest for future growth.

We recently announced the initiative to assume the business activities of UBS MTF, the non-displayed matching pool, which we anticipate will be finalised in April 2022. This initiative represents a significant extension of the equities trading services Aquis offers its clients and will complement its existing suite of lit liquidity pools and range of order types. The pan-European secondary market trading activities remains the core of the Aquis Group and this initiative offers us the opportunity to expand our client offering. This decision recognises that in recent years there has been a change in the market's attitude towards, and increase in, the use of non-displayed liquidity pools.

Our Board will undergo further planned changes as the longer serving Non-Executive Directors retire from the Board, but with our on-going commitment to succession planning, we are confident of being able to maintain stability and continue to focus on ensuring the business delivers on its strategy across all the aspects of the business.

G Collinson

Glenn Collinson
Chair

Chief Executive's report

Alasdair Haynes
Chief Executive Officer

The Aquis Group delivered material progress across all its business activities during 2021 building on the maiden profit of 2020 against a backdrop of continued challenging economic uncertainty.

The Group dealt comfortably with the requirement to continue to run the exchange platforms remotely during the periods of lockdown. It also managed to grow market share of the pan-European equities market, achieving 5.2% market share of all trading including auctions during 4Q21, compared to 4.7% during 4Q20.

Very strong growth from higher trading levels within Aquis Exchange was supplemented by growth in the technology and data divisions, together with the successful integration of AQSE following the acquisition in 2020. Our growth continues to be driven by the compelling nature of our subscription model and the strength of our industry-leading exchange software platform. We offer a faster and more reliable trading venue to all market participants compared to other international trading venues; the benefits of which are clearly now flowing through into improved financial results.

This resulted in the Group reporting a 42% growth in revenue to £16.2m (net of provisions) and a pre-tax profit of £3.2m in 2021, compared to a profit of £0.5m in 2020. This increase demonstrates the significant progress made during the last 12 months and provides the Group with the profitable platform to continue to invest and grow its principal business activities.

The Ukrainian conflict has resulted in extremely volatile market conditions and there is no certainty as to when this conflict will be resolved; however, at this stage, I do not believe this will have a material adverse effect on the Group. In addition, there remains some macro-economic uncertainty given the continued presence of COVID-19 and the lack of certainty of the full impact of Brexit; however, I believe that our strong team and technology platform should enable us to overcome these and future challenges.

Aquis Exchange

Over the period, the secondary market multilateral trading facility ("MTF") platforms operated by the Group in London and Paris delivered growth despite challenging economic and regulatory conditions. In March 2019, the Company had established a French subsidiary with full regulatory approval to operate an MTF covering the European Union, AQEU. The transition from London to Paris took place seamlessly in January 2021 with an uninterrupted service to all our clients.

The number of trading members grew from 33 to 39 and a number of members increased their activity levels, leading exchange revenue to increase by 26% to £9.8m.

Aquis Exchange's market share of all pan-European trading including auctions and dark pools strengthened to 6.0% 2Q21 before partially reversing to 5.2% 4Q21. This is compared to a market share of 4.7% 4Q20 and 1.8% at the time of the IPO in June 2018. The second half decrease reflected the more volatile trading conditions during 2H21 which resulted in an industry wide move from lit to dark pools of liquidity. However, overall volumes executed on the Aquis platforms during 2H21 were approximately the same as 1H21 and we are confident our lower toxicity and 24% liquidity will ultimately underpin long-term market growth. Our proposed acquisition of the UBS MTF activities will also add immediate market share, providing us with access to dark pool trading. Our Market at Close ("MaC") order type, launched in August 2019, made a material contribution to trading volumes on the platform and we anticipate it will grow further during 2022. 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 Exchange offered clients the ability to trade in excess of 1,700 stocks and ETFs across 15 European Markets as at the end of December 2021. From the 4th February 2021 we were able to restart offering trading in the Swiss market following the UK / Swiss agreement at the beginning of 2021. Overall, the available liquidity, equal to approximately 24% of total pan-European equity liquidity should underpin future market share growth.

Brexit and COVID-19 continued to present challenges during the period, and it is very encouraging that we have delivered such strong growth despite these issues and further demonstrates the highly competitive nature of our exchange business. This performance during a very challenging period is reflective of the significant efforts by all the Aquis employees during long periods of remote working.

Aquis Technologies

In addition to the exchange business, Aquis licenses its leading exchange related technology to a variety of international financial services clients across different asset classes. Revenue from technology licensing in 2021 grew to £3.4m (net of provisions), reflecting the increasing interest in our high-calibre, in-house technology; however, revenue recognition remains lumpy and the timing of this accounting recognition difficult to predict.

Aquis Technologies continues to develop its technology platforms to support growth across different asset classes internationally and during the year made further progress in the plan to create a cloud native exchange.

Aquis Market Data

Data revenues increased 159% in 2021 to reach £2.3m as the Group implemented a harmonised data structure. Data is seen as a key pillar of the Aquis strategic plan, and we expect that it will continue to make a material contribution to the Group.

As demonstrated by the increased revenue, data is becoming a key contributor to the Group results; however, it may increase further in importance in the long-term if a consolidated tape for Europe is implemented. Introducing a consolidated tape for Equities in Europe should improve the quality and pricing of market data and lead to a fairer distribution of data fees across the various European trading venues. The Group is continually monitoring European Commission plans and market demand to introduce such a tape and is well placed to understand and grow the Group data activity as this market in Europe develops.

Aquis Stock Exchange (AQSE)

Following the acquisition of AQSE in March 2020 we successfully completed the technology migration, concluded a consultation period with industry participants in order to assess opportunities to enhance the market functionality and launched an innovative market making scheme, which has significantly enhanced liquidity and narrowed spreads of stocks. These innovations have supported the growth of AQSE including additional market makers, corporate advisers, brokers and 24 new issuers during the year an increase of approximately 30% compared to the number of companies at 31 December 2020. We have a strong pipeline of new companies and dual listed Aquis Exchange PLC with effect from 29 March 2022.

The acquisition of AQSE has provided us with the ability to operate a Recognised Investment Exchange (RIE) giving our business the same status as the large national exchanges in Europe and providing further resilience in the face of possible regulatory headwinds.

Underpinned by the Group's proven technology and a track record of transparency and innovation, we have already made material progress in building AQSE into a competitive and disruptive 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 2021 and will do so in 2022 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 effectiveness and reliability of our technology was demonstrated through our initial response to COVID-19 and the requirement to maintain a flexible semi-remote working environment and the transition of trading activities following Brexit both of which were achieved seamlessly. The quality of our technology underpins our Group strategy and is also one of the principal reasons 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' nimble 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 2021 we continued to invest in personnel resources across a number of departments including the key hires of a Chief Revenue Officer (CRO) and Director of Finance (DoF) both of whom have joined the Executive Committee.

To deliver against our current planned or future initiatives we will where needed continue to further strengthen our team in particular in support of the sales and technology activities.

Outlook

Post year-end we announced the initiative to take over the UBS MTF dark pool activities which we anticipate will be finalised in April 2022. This is a very exciting initiative offering us the opportunity to expand our overall pan-European equities market offering and feedback from the clients has been very positive.

There remains some macro-economic uncertainty given the continued presence of COVID-19 and the lack of certainty of the full impact of Brexit; however, I believe that our strong team and technology platform should enable us to overcome these and future challenges. Our technology systems have dealt efficiently with significantly higher messaging volumes caused by increased volatility, and we continue to have an effective remote operating capability in place. 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 ready 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 2022 trading continues in line with current 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 FY22.

We continue to invest in our business to ensure that we maintain our ability to grow. This investment should support the aim of broadening and improving 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 and 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 transformation of primary markets for small and mid-cap stocks.

Alasdair Haynes

Alasdair Haynes
Chief Executive Officer

Strategic Report

Overview of the business

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

- Aquis Exchange, 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 provides exchange and regulatory technology to third parties.
- Aquis Stock Exchange Limited ("AQSE") 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").

Following the UK exit from the EU 99% of all EU continuous trading moved from the exchange business in London (AQXE) to AQEU on 4th January 2021. This move was handled seamlessly.

The Group has made significant progress in the development of its activities since the IPO in June 2018 and is well positioned to realise its primary objective which is to become the leading technology driven exchange services group and also to help drive 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 Exchange 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 trading or market surveillance technology; and
- Positively address the current market issues of spread and 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 and a 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.

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.

Since Aquis commenced trading it has increased its market share of EU secondary markets trading, which has grown to reach an average of 5.2% of the overall pan-European market of all trading including auctions and dark pools during 4Q21, an increase of 11% compared to the 4Q20 average of 4.7%. This business is well positioned to benefit from regulatory changes, which support transparent, low toxicity growth on "lit" markets as well as fairness and non-discriminatory behaviours. The regulatory trends and institutional support for greater transparency in European equities trading also support 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 in 2020 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.

The Board has established for the senior Executives clear financial and non-financial KPIs for the Group. For 2021 these were revenue, earnings before interest, taxation, depreciation and amortisation (EBITDA), quality of technology, planning, sustainability and compliance with regulations and corporate governance. The Group has established financial and non-financial KPIs to allow clear performance measurement against the most important targets set by the Board. Financial KPIs represent 70% and non-financial 30%. The financial KPIs are based on target revenue and net profit before tax. The non-financial KPIs address strategy, resources, information and communication. Further details are given in the Remuneration Report.

Financial Review

It has been a year of very strong revenue growth during 2021. The breakdown of the principal revenue activities is as follows:

	Group		
	2021 £	2020 £	YoY Growth %
Revenue analysed by class of business			
Subscription fees	9,766,046	7,738,284	26.2
Licence fees	4,404,606	2,319,700	89.9
Issuer fees	692,743	524,402	32.1
Data vendor fees	2,319,360	894,867	159.2
	17,182,755	11,477,253	49.7

The Group generated an EBITDA for the year of £4.3m compared to £1.5m in the previous year. The continued growth in profits during 2021 is primarily attributable to increased exchange revenue 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 (impairment provision on the trade receivables arising from contract assets). This year the application of IFRS 9 has resulted in an impairment provision during the year of £972k (2020: £109k).

The profit before taxation for the 2021 financial year of £3.2m compares very favourably with the profit before taxation in 2020 of £0.5m. Profit after tax increased more than 300% to £4.3m and EPS (fully diluted) more than 400% to 15p 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. In December 2021 Aquis signed a lease agreement for a new office and will move into this in Q2 2022, with the existing property lease maturing in May 2022. The lease liabilities arising are amortised over the life of the leases, attracting a finance expense charge amounting to £26k for 2021, whereas the right of use assets are depreciated on a straight-line basis over the life of the lease, attracting a depreciation charge of £149k for 2021. These costs are in line with the 2020 results.

The Group's cash and cash equivalents as at 31 December 2021 were £14.0m (2020: £12.3m) maintaining the Group's strong cash conversion rate.

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 the move into different asset classes. In addition, the Group has made further investment in personnel resources 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 2021 the Company ICARA requirement amounted to £3.9m (2020: £3.2m). 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 Acquisition

Following the acquisition of AQSE in March 2020, the Group has invested significant expense and resource into 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.

Stakeholder Management

The Group complies with the requirements prescribed by S172 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 continued challenges posed by the COVID-19 pandemic and the Group's handling of Brexit.

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 pro-actively 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 during the last quarter of 2021 to introduce the new Chair and to ensure that their views and opinions are clearly understood. 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. In addition, during the year Glenn Collinson took over 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. The Group first implemented the employee engagement survey in 2019 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.

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 as 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.

Board Effectiveness and High Standards of Business Conduct

The Board remains committed to high standards of corporate and regulatory governance. During the year we 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. All Board members took part in focused risk management training in the year.

The Board has also undertaken succession planning both for the Executive and the Board. Niki Beattie reached her nine-year tenure as a director on 31st December 2021 when she ceased to be independent and stepped down as the Chair and as a Non-Executive Director. She was succeeded by Glenn Collinson. Two other NEDs are also coming towards the end of their nine-year tenure during the next 12-18 months when they will cease to be independent. 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.

During 2021, the Group recruited a new Chief Revenue Officer (CRO) and a new Director of Finance (DoF). Management plan to recruit additional employees, in particular in the technology area in the UK and France during 2022.

COVID-19 and The Interests of Employees

COVID-19 continued to present significant challenges for every firm including Aquis during 2021. The Board monitored the day-to-day operations, the business continuity plans and the employees' well-being carefully throughout the year. This continued as the various lockdowns unfolded and included considering work from home issues as well as the office environment for the periods between lockdowns.

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);
- Pro-activity (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 2021 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 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. It was also pleasing to see that through focused effort with external recruiters a more diverse selection of candidates made it through to the shortlists, at all levels of seniority 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 has established a target to increase the overall female NED ratio. During 2021 the Board assessed the profiles and skill sets of the current Board Directors, including potential retirees during the next 3 years in order to help the Company meet its 3-year aspirational diversity targets.

The employee targets are set out below:

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:

- reduce the average seniority pay-gap by 12% from 37% to 25%.
- meet the Hampton Alexander Review target of at least 30% of board members being female
- have a gender pay (seniority) gap no worse than the UK Financial Services industry average

The flexible working policies which we implemented in 2020 have proved very successful. During the last quarter of 2021 we saw an increased desire for a partial return to work from a large % of our employees which we have supported whilst adhering to government recommended health guidelines.

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 on average employees continued to work remotely for material periods due to the COVID-19 pandemic which contributed to reduced carbon emissions associated with employees commuting to the office and the Group remains committed to continuing to operate a flexible remote working structure which will continue to have an incidental beneficial effect on carbon emissions. In addition, the building electricity provider for the current Aquis office obtains energy from 100% renewable electricity and carbon neutral gas. Good progress has been made in the year with regard to the 2 data centres used by Aquis, and we are pleased to note that both are now 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 massive, costly and unfriendly 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 to comply, so far as practicable, with the Code.

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 e.g. supporting the NHS and Help for Heroes throughout the year and employees have shown their desire to make a difference.

Knowledge Transfer Project

Aquis is proud to have started the partnership process with the University of Derby as part of a two-thirds government funded Knowledge Transfer Project ("KTP") that will involve industry-led research and development on Artificial Intelligence for trading platform surveillance alerts that will promote 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 2022 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
- 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	The effects of Ukraine, COVID-19 and Brexit on the global, European and UK economic conditions and 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 recent horrific events in Ukraine have caused immeasurable suffering and harm but are not expected to have a material adverse effect on the economic landscape nor on the Group's trading volumes. Whilst COVID-19 had a material negative effect on the economic landscape for many countries; the UK and European economies have made substantial recoveries during the last 18 months and overall total market volumes have remained strong Since Brexit pan-European trading has shifted almost 100% to 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.

Risk	Risk Description	Mitigation
Legal/Regulation	The Group operates highly regulated entities, including two MTFs and an RIE and is required to maintain sufficient regulatory capital and comply with all legal and regulatory requirements necessary to operate the Group's business. All three group entities hold regulatory licences and must hold their own capital. 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 the 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 • 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 the Group's business.	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 potential 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. New technologies such as distributed ledger technology are emerging but have yet to gain ground in trading, clearing custodian services and settlement of equities.	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. As a disruptive firm, Aquis remains vigilant about changing technologies and how it might embrace them to further its business model.
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 Intellectual Property could mean that competitors gain access to Aquis' technology 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 Intellectual Property (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. It is possible that governments or regulators could impose extraordinary measures such as closures of the market for a prolonged period. Remote working practices across the industry may slow overall technology programs 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 2021 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 guidclines. 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. Equity markets were at times during 2021 very volatile, experiencing significantly higher than normal volumes. During these periods the Company did not experience any significant issues or delays and the system has proven that it has more than sufficient capacity to operate the market. 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, possible 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 and a new employee cyber-training program was developed to address this issue. 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 N&RC 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, 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 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 one customer's flow could negatively impact revenues.	The Company initially concentrated on connecting to large investment banks, brokers and is now broadening its client base to reduce client concentration but recognises that volumes from smaller participants are not likely in aggregate to be as large. The Company can offset some of the risk of industry concentration through the quality of the MTF exchange offering. The Company 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 technology sales, data and market gateways and entering the primary exchange business following the acquisition of AQSE.

Risk	Risk Description	Mitigation
Liquidity provision concentration - Aquis	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 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 are working to maintain a close relationship with all 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, as the effects of MiFID II, particularly with its mandate for best execution, continue to reduce competition in liquidity provision, 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, but growing, population of market makers support AQSE with similar risks to those identified above with regard to potential short-term impact if one were to change its business model or approach.	The AQSE Market Maker warrant scheme should ensure this risk is effectively countered on that Exchange.
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 when 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 actively manages the balance sheet and risks without the use of any financial derivatives.

The Group has materially increased its profits during 2021 demonstrating that it has been able to manage the 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 2022 - 2026. These include considering the impact during 2021 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 2021 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 28 March 2022 and is signed on its behalf by:

Alasdair Haynes

Alasdair Haynes
CEO

Jonathan Clelland
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 2021 with comparatives for the year ended 31 December 2020.

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	Niki Beattie Chair Appointed to the Board January 2013 Retired from the Board December 2021 Glenn Collinson Re-appointed to the Board September 2021 Nominated Chair of the Board from January 2022
Jonathan Clelland CFO Appointed to the Board October 2012	Mark Spanbroek Appointed to the Board March 2013 Richard Bennett Senior Independent Director Appointed to the Board March 2014
	Mark Goodliffe Appointed to the Board March 2018
	David Vaillant Appointed to the Board June 2020 Deidre Somers Appointed to the Board October 2020

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 ("N&RC").

The ARCC has been chaired by Mark Goodliffe since June 2018. Mark Spanbroek is the other committee member. Mark Goodliffe and Mark Spanbroek have considerable accounting, risk and compliance experience, and both 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 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 N&RC is chaired by the Senior Independent Director Richard Bennett. The other members of the N&RC during the year were Niki Beattie and Glenn Collinson. Niki retired from the N&RC with effect from 31.12.21. In October 2021 Glenn was re-appointed to the Board of the Company and stepped down from the Board of AQSE. Glenn was a member of the N&RC throughout 2021. The Executive Directors and other senior personnel may be invited to attend meetings when appropriate to provide advice.

The N&RC 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 N&RC meetings are made available to the Board and a summary review of the N&RC's activities is presented to the Board by the chair of the N&RC 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 N&RC.

The N&RC 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 was expanded during 2021 and consists of the Chief Executive Officer, Chief Financial Officer (also Chief Executive Officer of Aquis Exchange Europe SAS, AQEU), Head of Regulation, Chief Technical Officer, Head of AQSE Regulation, Head of Technology Sales, Head of Marketing, Chief Revenue Officer and the Director of Finance.

Strategic Report

Governance Summary

Directors' Board and Committee attendance during 2021 is summarised below:

Director	Board	ARCC	N&RC
Niki Beattie	5/5		5/5
Alasdair Haynes	5/5		
Jonathan Clelland	5/5		
Richard Bennett	5/5		5/5
Mark Spanbroek	5/5	4/4	
Mark Goodliffe	5/5	4/4	
David Vaillant	5/5		
Deidre Somers	5/5		
Glenn Collinson	1/1		5/5

Results

The Group made an EBITDA for the year of £4.3m (2020: EBITDA of £1.5m).

After taking into account interest, depreciation and amortisation the Group made a profit before tax of £3.2m (2020: profit before tax of £0.5m).

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 made significant progress in both its MTF exchange and data activities during 2021 with growth in revenue, numbers of clients, client pipeline and market share despite an extremely challenging market environment. Third party analysis by BigXYT and BMLL shows that Aquis Exchange is consistently offering deeper liquidity at the best price than many other competing platforms. The potential for new customers continues to increase as the trading opportunities on the Aquis Exchange become more widely recognised, as does the opportunity for increased trading volumes. Several banks / brokers who are focused on how really to achieve best execution have already increased their activities on Aquis Exchange and it is anticipated that others will follow during 2022.

With a proven business model and further potential improvements in the economic landscape (subject to the events in Ukraine) post COVID-19 and Brexit, 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 sales resources and technology in London and Paris during 2022 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.

Following the successful completion of the acquisition of AQSE in 2020 significant progress was made in the integration and rebuilding of this market. This acquisition has helped to support the long-term vision of Aquis which is to be "The leading technology-driven exchange services group", adding primary markets capability to the growing secondary markets and technology licensing activities capability with an established issuer base

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 2021 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 Ukrainian conflict has resulted in extremely volatile market conditions and there is no certainty as to when this conflict will be resolved; however, at this stage, the Directors do not believe this could have a material adverse effect on the Group and consider this to be a non-adjusting post balance sheet event at 31.12.21.

The COVID-19 pandemic has continued to cause considerable health and economic uncertainty and significant market volatility and volumes. Notwithstanding the significant adverse effect this has had and may continue to have on the economy and whilst it is possible that this pandemic may result in further adverse effects on the Group at this stage the Directors do not believe that they will be material.

In March 2022 Aquis announced the intention, subject to contract, to assume the business activities of UBS MTF, the non-displayed matching pool of UBS AG.

With effect from 29th March 2022 the Group dual-listed on Aquis Stock Exchange Limited whilst remaining listed on the AIM market of the London Stock Exchange.

The Directors can confirm that there were no other 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 through enhancing the core matching engine and development of innovative new order types. 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 established a subsidiary company in France: Aquis Exchange Europe SAS (AQEU) and this subsidiary company received regulatory approval to operate as an MTF from the Autorité de Contrôle Prudentiel et de Résolution (ACPR) in March 2019. This subsidiary company has and will drive the European growth aspirations of the Group and has positioned the Group well to accommodate the post Brexit outcome. Aquis does not have any other subsidiaries, associate companies or branches outside the UK.

Share Capital Structure

Aquis Exchange PLC is dual listed on the AIM market of the London Stock Exchange and since 29th March 2022 on Aquis Stock Exchange. The Company has 27,505,449 ordinary shares of 10p each in issue (31st December 2020: 27,169,696). The shareholders with a significant holding (more than 3.0%) in Aquis as at 31st December 2021 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%
Rathbone Investment Management	4.3%
J O Hambro	4.0%
Madison Avenue Partners	3.2%
AXA Framlington Investment Managers	3.2%

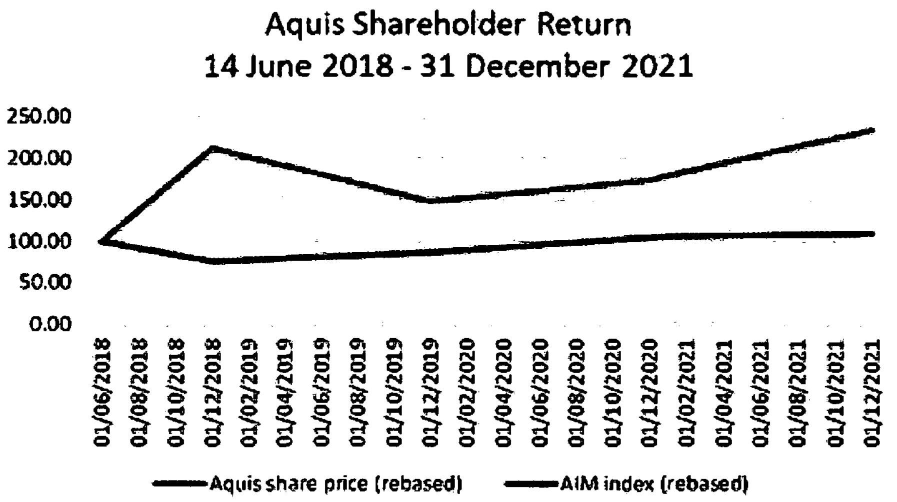
At 31st December 2021 there were no securities carrying special rights and no restrictions on voting rights. At 31st December 2021, 1,878,952 shares representing 6.8% of the total issued share capital was held by the Directors.

The Company operates both an Employee Share Incentive Plan (SIP)), company share option plan (CSOP) and a Restricted Share Plan (RSP). The voting rights of the shares held in the trust relating to the SIP, CSOP and RSP 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 42, 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 2021 amounts to 34.0% compared to the AIM market of the London Stock Exchange which reported a return for the same period of 5.2%.



Source: London Stock Exchange

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.

The Directors have implemented appropriate measures, as stated in the Strategic Report to comply, so far as practicable, with the Code.

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 18, and information on the Share Incentive Plan (SIP) can be found in the N&RC 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 17, 18 and 19.

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 in.

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 19.

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 21.

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). 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. All expenditure and client invoices are authorised by the CFO or the Director of Finance (DoF).

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 technology clients. Initiation of the Disaster Recovery plan is authorised by either the CEO or the CFO. The Disaster Recovery plans include the ability to manage activities from home and/or the requirement to take on new premises (temporarily or, if necessary, permanently) and include 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 IFRSs 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 28 March 2022 and is signed on its behalf by:

Alasdair Haynes
CEO

Jonathan Clelland
CFO

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 2021.

Composition and meetings

The ARCC members as at 31st December 2021 were Mark Goodliffe and Mark Spanbroek. 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 Chief Executive Officer, Chief Financial Officer, Director of Finance, 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 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/.

2021 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 2021 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.

During 2021 the Committee decided to undertake an external audit tender process. Three firms, including the incumbent auditor, PricewaterhouseCoopers LLP (appointed August 2018) were invited to submit proposals. The ARCC reviewed and assessed the tender proposals (which included interviewing the 3 firms) following which it was decided to appoint Mazars LLP in place of PricewaterhouseCoopers 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 Greg Simpson.

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 reviews the internal audit reports in detail and when circumstances allow, meets Grant Thornton annually to assess the quality and effectiveness of the internal audit process and management responses to the internal audit recommendations;
- Reviews and monitors principal internal and business risks and associated mitigative management actions on a quarterly basis. This process includes 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;

- Assesses the ICAAP / ICARA annually;
- Considers operational risks, cybersecurity risks and technology resilience. This includes an annual review of the effectiveness of risk management and internal control systems;
- Reviews and monitors compliance, surveillance and regulation developments on a quarterly basis; and
- Monitored the Brexit transition process, which included the operational setup of Aquis Exchange Europe SAS.

Priorities for the 2022 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 the effect of the COVID-19 pandemic on the Group and its customers, and make appropriate plans; and
- Continuing to monitor Brexit developments and the implications of it on the business.

Nomination & Remuneration Committee Report

The Board recognises that Aquis operates within a competitive environment and that Group performance depends on the individual contributions to investors of the Directors and employees. It believes in rewarding financial performance and long-term vision and innovation that will help grow the Group.

During the year the Board amended the Terms of Reference of the N&RC to delegate to it the establishment of a framework under which Board appointments should be made by any subsidiary and to develop Group wide remuneration policies on remuneration for the Senior Management of the Company and its subsidiaries but without compromising the independence of the subsidiaries, Aquis Exchange Europe (AQEU) and Aquis Stock Exchange Limited (AQSE) who continue to be managed by their own independent board of Directors

The N&RC believes that the current composition of the Board and its Committees and of the Boards and Committees of its subsidiaries is appropriate to meet the Group's business, regulatory and governance objectives; however, it will continue to keep the composition of the Boards and Committees under regular review in order to assess the range of skills and capabilities of the Boards and the Committees for their relevance to the execution of the Group's strategy and regulatory responsibilities.

The N&RC supports the ongoing development of the Boards and the Executive team to ensure that the Group retains and recruits the best talent for its needs and supports the Boards in their work to secure the long-term health of the Group and its strategy for success in a fast-changing world. During the year the N&RC considered the likely business needs of the Group and its existing executive management capability and took action where appropriate. The N&RC, led by the Senior Independent Director, worked with Ridgeway Partners in identifying a successor as Chair to Niki Beattie who retired at the end of 2021. In addition, the N&RC co-ordinated the recruitment of 2 new additional independent non-executive directors, Fields Wicker-Miurin and Ruth Wandhofer, whose details are set out in the Chairs report.

Following recommendation from the N&RC the Board adopted a revised Independence Policy and assessed the independence, effectiveness and commitment of each of the Non-Executive Directors. The N&RC also reviewed the skill sets of the Non-Executive Directors across the Group and it remains satisfied with the contributions and time commitment of all the Non-Executive Directors during the year.

At the Annual General Meeting all the Directors and new proposed Directors will stand for re-election with the support of the Board.

During 2021 the Board implemented a detailed work programme to address the 2020 external Board evaluation process recommendations. In late 2021 an internal Board evaluation was conducted which required each Director to complete an online questionnaire which focused on matters such as the Board's performance and collective judgement, the performance of each of its Committees, the Board's focus on strategy, innovation and risk and the relationship between the Non-Executive and Executive Directors. The questionnaire included open questions that encouraged Directors to provide comments or enabled them to raise any concerns and also sought responses from members of the Executive Committee (Exco). The output of the review has been provided to the Board for discussion and the Board believe that this evaluation will help with its evolution and succession planning. Because of the change of Chair no evaluation was made of the Chair's performance for 2021.

The Board is committed to equality and diversity throughout the Group and seeks to ensure a diverse and talented workforce is attracted and retained through appropriate recruitment and selection processes and through active monitoring of the actions resulting from the annual Employee Survey. During 2021 Glenn Collinson took over from Niki Beattie 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 page 18 and 19. In 2021 the Board has prepared further diversity and inclusion targets for the Board and employees generally taking account of industry benchmarks and continues to make progress towards improving the diversity ratios.

The Company proposes to retain the remuneration structure adopted in 2020 as set out in the Directors Remuneration Policy Report which explains that the Board has not made any changes to the Policy or structure or the manner in which discretionary awards are calculated and made to Executive Directors so that in summary:

- the arrangements remain transparent to shareholders and the workforce;
- the structure continues to be simple and the methodology is easy to understand;
- the discretionary annual cash bonus and the share awards to Executive Directors continue to have underpin provisions as well as Clawback and Malus provisions as described in more detail so as to mitigate behavioural risks that could arise from target-based incentive plans; and
- the Directors Remuneration Report also explains the range of possible values of awards to the Executive Directors and how the discretions were applied in 2021 and how the Directors Remuneration Policy will be applied in 2022.

The Group uses specialist recruitment agencies for all recruitment opportunities for the Board and employees. In 2021 the Group engaged specialist recruitment agencies Ridgeway Partners and Sainty Hird and Partners (SHP), in connection with the recruitment of the additional Non-Executive Directors for both Aquis and Aquis Stock Exchange. Neither Ridgeway Partners nor SHP have any other connection to the Group or any individual directors. Roles are also advertised on the Aquis' website and the N&RC provides oversight to ensure that the recruitment process is aligned to Aquis' policies on equality and diversity.

Directors' Remuneration Report

Annual Statement
Dear Shareholder,

I am pleased to present, on behalf of the Board, the Directors' Remuneration Report for the year ended 31 December 2021 This report includes (i) this Annual Statement which summarises the main decisions taken by the Nomination & Remuneration Committee (N&RC) during 2021 including the incentive outcomes for 2021, (ii) the Directors' Remuneration Policy Report which was introduced in 2019 and sets out the structure of Directors' pay packages, and (iii) the Annual Report on Remuneration which sets out in more detail the payments and awards made to the Directors during 2021 and how the Policy will be operated for 2022.

At the 2022 Annual General Meeting there will be a single remuneration-related resolution presented, being the normal annual advisory vote on the Directors' Remuneration Report.

Work of the N&RC during the year
The main activities during the year (full details of which are set out in the relevant sections of this report) included:

- Assessing the skills of the Non-Executive Directors, reviewing the succession plan for the Chair, the Board and senior executives and identifying and selecting candidates for new appointments to the Board and the Boards of its subsidiaries. The Board composition is described in the Directors' Report;
- Determining changes to Executive Directors' and senior executives' base salaries from January 2022 in the context of salary changes across the Group
- Annual cash bonus:
  - o Assessing performance versus Group Financial Key Performance Indicators (KPIs) and strategic non-financial objectives for and agreeing the payouts to the Executive Directors and other Exco members under the 2021 Executive Cash Bonus Plan;
  - o Reviewing and agreeing the KPIs and objectives for the 2022 Executive Cash Bonus Plan for the Executive Directors and other Exco members;
- Long term incentives:
  - o Confirming the terms and recommending to the Board the grant of Restricted Share Awards to the Executive Directors and other Exco members in April 2021 under the Aquis Exchange Omnibus Share Plan;
  - o Reviewing and recommending the Restricted Share Awards to be granted to Executive Directors and other Exco members in April 2022 under the Aquis Exchange Omnibus Share Plan;
- Reviewing the fees of the Chair and other Non-Executive Directors across the Group

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

Discretion
The Group is satisfied that the Directors' Remuneration Policy operated as intended during 2021 versus the performance of the Group and no discretion has been applied in respect of remuneration outcomes.

Executive Directors' Remuneration in 2021 and comparison with Group Performance

Summary of 2021 performance
The Group performed strongly during 2021, making significant financial and strategic progress despite the continuation of very challenging economic conditions arising from the Coronavirus pandemic. Once again during 2021 the Group did not have to take advantage of any government assistance and did not reduce the number of employees as a result of COVID-19 (consistent with 2020). There has been very good revenue growth and the Group materially increased profits during the year compared to the previous year. Aquis Stock Exchange made further progress and is on track to reach breakeven in 2022. At the beginning of the year, upon expiry of the Brexit transition period on 31st December, more than 99% of continuous trading volume of EU27 equities switched from Aquis Exchange's platform in the UK to Aquis Exchange Europe SAS, its regulated subsidiary in France. This was achieved without any loss of service or other incident.

Executive Directors' 2021 Annual Cash Bonus
The Executive Directors' discretionary annual cash bonus for 2021 was determined by the achievement against a set of performance targets. The N&RC ensures performance targets, agreed at the start of the performance period,

are sufficiently challenging. In 2021, for both Executive Directors, 70% of the achievable bonus was determined against Group Financial Key Performance Indicators (KPIs) and 30% was determined against strategic, non-financial objectives.

Against the Group Financial KPIs, the performance was very strong with the revenue target exceeded and the profit target significantly exceeded. When combined with performance against the strategic, non-financial objectives, the Board determined that cash bonuses of 57.5% of salary should be payable to Alasdair Haynes, resulting in a cash bonus of £143,777 (2020: £135,896) and 56.7% of salary should be payable to Jonathan Clelland, resulting in a cash bonus of £133,300 (2020: £127,742). These bonuses are paid in the April 2022 payroll. Further details of the measures, targets and bonus outcomes are set out in the Annual Report on Remuneration.

Executive Directors' vesting during 2021 of share-based awards under previous long term incentive plans
Only previous awards that are subject to time-based vesting, with no performance conditions attached, vested during the year. Full details on the vesting status of all share plan awards for the Executive Directors are set out in the Annual Report on Remuneration. Long term incentive benefits for the Executive Directors 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. The 2021 benefit reflects the Aquis share price increase during 2021.

Implementation of Policy in 2022

Executive Directors' base salaries from 1 January 2022
The Board have decided to maintain the Executive Directors salaries for 2022 at the same level as in 2020 and 2021. Therefore, Alasdair Haynes' base salary will remain unchanged at £250,000 p.a. and Jonathan Clelland's base salary will remain at £235,000 p.a. This is in the context of increases provided to the general workforce of on average around 5%.

Executive Directors' 2022 Annual Cash Bonus Plan
The N&RC conducted a full review of the Executive Annual Cash Bonus Plan last year and for 2022 the Plan will remain the same as in 2021:

- The maximum bonus opportunity will continue to be 80% of salary and half of the maximum will be payable for on-target performance;
- 70% of the bonus will be based on stretching Group Financial KPIs and 30% on strategic, non-financial objectives. In 2022 66.7% of the Group Financial KPIs (consistent with 2021) will be measured against revenue and 33.3% (consistent with 2021) will be measured against Profit Before Tax (as opposed to EBITDA);
- 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. There is no formal underpin for the strategic, non-financial objectives but the N&RC and Board will retain discretion to reduce (including to nil) annual cash bonuses based on non-performance against strategic, non-financial objectives if it determines, in exceptional circumstances, acting reasonably in the best interests of the Company, that the overall circumstances cannot justify it.
- There are Recovery (Clawback) provision in exceptional circumstances

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

Executive Directors' Awards in 2022 under the Aquis Exchange Omnibus Share Plan
As set out in last year's report, the first award under the Aquis Exchange Omnibus Share Plan was made in 2020 in the form of restricted shares. The N&RC considered carefully whether to retain the restricted share structure or grant performance shares in 2022 and it was decided again to grant restricted share awards. It also decided that the awards should be at the same level as last year as per the Directors' Remuneration Policy hence this award will be for restricted shares with a value of 65% of base salary for both for Alasdair Haynes and Jonathan Clelland. These awards will be granted shortly after the Annual General Meeting on the last trading day in April, consistent with the Group's share dealing policy. Further details are provided in the Annual Report on Remuneration.

Shareholder Engagement
During 4Q2021, members of the N&RC undertook a series of meetings with major shareholders primarily to introduce the new Chair during which a wide-range of topics were covered. It is the N&RC's firm commitment to continue a wide engagement with the shareholders on remuneration issues going forwards.

Finally, I would like to thank our shareholders and I hope we can continue to rely on their support at our Annual General Meeting on 26 April 2022.

Richard Bennett
Nomination and Remuneration Committee Chairman

28 March 22

Directors' Remuneration Policy

The Directors' Remuneration Policy was adopted in 2020 following an extensive shareholder consultation exercise undertaken in 2019. Its purpose is to motivate Executive Directors and other members of Exco appropriately in the context of the Group's objectives and culture and to ensure it is aligned with shareholder interests. The policy encourages compliance with the requirements and standards of the regulatory system, whilst taking care to avoid encouraging behaviours which may lead to conflicts of interest and potentially damage the best interests of its shareholders and its members/clients. It is not the intention to bring employees into conflict with the regulatory regime through inappropriate remuneration policies.

For Executive Directors and other members of Exco Aquis operates a remuneration structure comprising salary, benefits, annual cash bonus and a long-term incentive comprised of annual grants of either restricted shares or performance shares under the Aquis Exchange Share Omnibus Plan adopted in 2020. All long-term incentive awards under this Policy will vest after three years based on continued service and the achievement of underpin tests and thereafter are subject to a 2-year holding period with associated withholding (malus) and recovery (clawback) provisions.

The key advantages of restricted shares are:

- It reduces uncertainties created from trying to forecast a realistic 3-year financial target at this stage of the Group's development;
- It helps to create a simple pay structure;
- It provides a structure which promotes genuine long-term alignment and stewardship of the share price; and
- It reduces the potential quantum relative to a more highly leveraged 'traditional' performance share plan (as fewer restricted shares will be granted in comparison to a comparable award of performance shares).

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

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. 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.	N&RC reviews the salaries of Executive Directors each year taking due account of all the factors described.

Element	Purpose	Operation	Maximum	Performance
Benefits	Recruit and retain executives of a high calibre.	Benefits 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 approved share schemes, on the same basis as other employees. • Any reasonable business-related expenses can be reimbursed. • 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 N&RC.	There is no maximum as costs may vary in accordance with market conditions. HMRC tax-approved limits will apply to all share schemes.	N/A

Element	Purpose	Operation	Maximum	Performance
Pension	To provide retirement benefits in line with the overall Group Policy.	Executive Directors as well as other staff are eligible to receive employer contributions of 5% of base salary to the Group's Pension Plan (which is a defined contribution plan)	The current Executive Directors have elected not to participate in the Group Pension Plan. New Executive Directors in the future, who participate in the Group Pension Plan, will receive employer contributions which are in line with those given to the majority of the Group's workforce.	N/A
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 80% of salary will apply.	Performance metrics are selected annually based on the Group's 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 a majority of the bonus with a minority (up to 30%) on key strategic objectives. For financial measures, a sliding scale of targets is set by the N&RC, taking into account factors such as the business outlook for the year.

Element	Purpose	Operation	Maximum	Performance
				Nothing is payable for performance below a minimum level of performance. Where non-financial targets operate, it may not always be practicable to set targets on a graduated scale. Where these operate, not more than 25% will be payable for achieving the threshold target. 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 nil cost options under the Aquis Exchange Omnibus Plan. 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 participants are required to retain their net of tax vested awards for two years post vesting. A dividend equivalent provision allows the Group to pay dividend equivalents, at the Board's discretion, on vested awards (in cash or shares) up to the point of exercise or sale (but no later than the expiry of the holding period). This may assume the reinvestment of dividends on a cumulative basis.	Maximum grant level of 65% of salary in the form of restricted shares for current Executive Directors (and an overall policy limit of 100% of salary to be used in cases such as recruitment). Under the Aquis Exchange Omnibus Share Plan, it would be possible to grant Performance Shares with a maximum grant of up to 130% of salary for 2022 onwards although the current intention is to make Restricted Share awards only. The N&RC will consult first with shareholders if it wishes to issue Performance Shares in the future.	Restricted Share awards will be share based and will vest three years after grant subject to continued employment. No performance conditions will apply although appropriate underpins will operate. The underpins will be set prior to grant and it is envisaged that they will always include thresholds relating to an assessment of financial progress, maintenance of regulatory capital and compliance. Details of the underpins will be disclosed in the Annual Report on Remuneration in the year of each award. In future years, if the Board decides to grant Performance Shares to Executive Directors, the terms of such awards (including the selection of appropriate performance measures, targets, vesting & holding periods, dividend provision and recovery & withholding provisions) will be subject to prior shareholder consultation.

Element	Purpose	Operation	Maximum	Performance
		Awards are subject to recovery and withholding provisions in the event of financial misstatement, error or gross misconduct - see below for more details.		
Shareholding guidelines	To align the interests of management and shareholders and promote a long- term approach.	The Policy for all Executive Directors on shareholding will be amended such that 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. Furthermore, all vested restricted share awards should be retained on a net of tax basis until the guideline has been met.	N/A	N/A

Element	Purpose	Operation	Maximum	Performance
		The Board has also formalised its post-cessation 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 on the normal vesting date and be subject to testing in relation to the underpins and 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 shares 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 periods 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.		

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 their 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. The Chair and Non-Executive Directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties. The level of fees of the Non-Executive Directors reflects the time commitment and responsibility of their respective roles. Their fees were amended with effect from 1.1.22 following a review during 2021 which took account of fees paid by similar UK listed companies and companies of a similar size. 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. However, any increase to fees 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 N&RC does not consult directly with employees on the Directors' Remuneration Policy, the N&RC 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 Restricted Share Plan Discretions

The Group will operate the Annual Cash Bonus Plan and Aquis Exchange Omnibus Share Plan according to their respective rules and in accordance with the AIM Rules and HMRC rules, where relevant. A copy of the Aquis Exchange Omnibus Share Plan rules is available on request from the Company Secretary. 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 of grant of award and/or payment;
- The size of an award and/or a payment;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each Plan and the appropriate treatment chosen;
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, on a change of control and special dividends); and
- 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.

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.

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. A Restricted Share 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 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: (i) after due consideration, the Board forms the view that one or more of the circumstances envisaged in (a) to (f) below applies; and (ii) such Clawback is, in the Board's opinion, appropriate.

The circumstances which may give rise to the application of this provision are, for any period from Financial Year 2019 onwards:

(a) The Board forms the view that the Group materially misstated its financial results for whatever reason and that such misstatement resulted either directly or indirectly in the value of the annual cash bonus paid being greater than would have been the case had that misstatement not been made; or

(b) The Board forms the view that any calculation in connection with the annual cash bonus or any assessment of any underpins and/or any other condition imposed on the cash bonus was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in the value of cash bonus paid being greater than would have been the case had that error not been made; or

(c) It is determined by the Board that the relevant individual committed serious misconduct that warrants or could have warranted his summary dismissal as a result of his misconduct; or

(d) The Group becomes insolvent or is put into administration (under the Insolvency Act 1986) and the Board determines that such insolvency or administration arose from events occurring (in whole or substantial part) during any period in which the relevant individual was an Executive Director; or

(e) There are 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 of any of its subsidiaries to justify the application of this provision; or

(f) The Board forms the view that there has been a serious failure of risk management within the Group or any of its subsidiaries to justify the application of this provision.

Change of Control provisions for Executive Directors in Aquis Exchange Omnibus Plan

In the event of a change of control, unvested share awards shall vest on the date of such event. The Board shall determine the number of vested shares by (i) applying an assessment of any underpins imposed on the vesting of the award, and (ii) by applying a pro rata reduction based on the period of time after the grant date and ending on the early vesting date relative to the period of three years (counting part of any month as a whole month), unless the Board, acting fairly and reasonably, decides that the reduction in the number of vested shares is inappropriate in any particular case in comparison with the original award when it may increase the number of vested shares to such higher number as it decides is appropriate.

Good Leaver (including Retirement) provisions for Executive Directors in Aquis Exchange Omnibus Plan
If prior to vesting of any shares an individual ceases to be a director or employee of the Group by reason of (a) death, (b) injury or disability evidenced to the satisfaction of the Board; (c) retirement with the agreement of the Board; (d) redundancy (within the meaning of the Employment Rights Act 1996 or applicable local law equivalent); or for any other reason, if the Board so decides then his/her awards shall vest on the normal vesting date, unless the Board decides in exceptional circumstances that his/her award shall vest on leaving.

The Board shall determine the number of shares that will vest by (i) applying any underpin test at the time of vesting, whether early or at the normal vesting date; and (ii) applying a pro rata reduction to the number of shares based on the period of time from the date of grant to the date of cessation relative to the period of 3 years (counting part of any month as a whole month) unless the Board, acting fairly and reasonably, decides that the reduction in the number of vested shares is inappropriate in any particular case when it may increase the number of shares that will vest to such higher number as it decides is appropriate.

Withholding (Malus) and Recovery (Clawback) provisions for Executive Directors in Aquis Exchange Omnibus 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, or both: (i) after due consideration, the Board forms the view that one or more of the circumstances envisaged in (a) to (f) of the provisions established for the Annual Cash Bonus applies; and (ii) such Malus and/ or Clawback is, in the Board's opinion, appropriate. The Board shall not be obliged to prefer the application of Malus over Clawback or vice versa.

Annual Report on Remuneration
The information below includes details, firstly, how we intend to operate the Remuneration Policy in 2022 and, secondly, details of the pay outcomes in respect of the 2021 financial year.

Implementation of Remuneration Policy in 2022

Executive Directors' base salaries from 1 January 2022
The Executive Directors' base salaries are determined by assessment of the Group and individual performance in 2021 and also benchmarking against Executive Directors' salaries in other UK listed companies in the Group's market sector of a similar size and performance. The outcome of this review was to maintain Alasdair Haynes and Jonathan Clelland's base salaries. Alasdair Haynes' base salary will remain at £250,000 p.a. and Jonathan Clelland's base salary will remain at £235,000 p.a. This is in the context of increases provided to the general workforce of on average around 5%.

Executive Directors' Benefits
The Executive Directors' remuneration packages include private health cover (individual and family), permanent health cover and life assurance cover. The current Executive Directors have elected not to participate in the Group Pension Plan. In addition to public holidays the Executive Directors are entitled to 25 working days of paid holiday in each complete calendar year.

Executive Directors' 2022 Annual Cash Bonus Plan
For both Executive Directors, the maximum bonus opportunity for 2022 will be capped at 80% of base salary, which is the same as in 2020 and 2021. 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 2022, for both Executive Directors are:

	Bonus Weighting (% of salary)
Group Financial KPI 1: Profit Before Tax	37.33%
Group Financial KPI 2: Revenue	18.67%
Strategic, non-financial objectives	24.00%
Maximum bonus opportunity	80.00%

The Group Financial KPI's 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 N&RC and Board will retain discretion to reduce (including to nil) cash bonuses based on non-performance against strategic, non-financial objectives if it determines, in exceptional circumstances, acting reasonably in the best interests of the Company, that the overall circumstances cannot justify it.

Executive Directors' Awards in 2022 under the Aquis Exchange Omnibus Share Plan
The Aquis Exchange Omnibus Share Plan forms the main equity-based element of Executive Directors' and other senior executive's remuneration.

Consistent with the approach taken last year and the limit set out in the Directors' Remuneration Policy, the Restricted Share awards proposed for 2022 are 65% of base salary for both for Alasdair Haynes and Jonathan Clelland.

These awards will vest on the 3rd anniversary after the grant date subject to underpin conditions being met. They are then subject to a further two-year holding period during which Recovery (Malus) and Withholding (Clawback) conditions apply.

The Restricted Sharc Awards will be subject to underpins 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 £1.5m and may include 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 N&RC will consider overall performance while recognising that fast growing financial and technology companies may require capital expenditure and investment.

Chair and Non Executive Director fees
The remuneration for the Chair and Non-Executive Directors, which consists solely of fees, is summarised in the table below in the section on Single figure of total remuneration for Directors.

During 2021 the Board mandated FIT remuneration consultants to review the fees of the Chair and other Non-Executive Directors. The report highlighted a number of differences with fees paid by similar UK listed companies and companies of a similar size and increases of (on average approximately 40%) were approved for all Non-Executive Directors with affect from 01/01/22.

Single figure of total remuneration for Directors

The following tables present all element of remuneration received by the Directors in 2021 (and 2020).
Long term incentive benefits for the Executive Directors 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. The 2021 benefit reflects the Aquis share price increase during 2021.

2021 Audited

Director	Salary /Fees	Performance Bonus Actual[2]	Taxable benefits[3]	Long-Term Incentives[4]	Total
Executive Directors					
Alasdair Haynes	250,000	143,777	17,301	264,035	675,112
Jonathan Clelland	235,000	133,300	18,412	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]	40,000	–	–	–	40,000
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) The detailed calculation of the performance bonus is described in the section on 2021 annual cash bonus below

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

(4) 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.

2020 (Audited)

Director	Salary/Fees	Performance bonus actual[4]	Taxable benefits[5]	Long Term Incentives[6]	Total
Executive Directors					
Alasdair Haynes	£250,000	£135,896	£18,164	£34,634	£438,694
Jonathan Clelland	£235,000	£127,742	£19,339	£34,634	£416,715
Non-Executive Directors					
Niki Beattie	£55,000	–	–	–	£55,000
Richard Bennett	£40,000	–	–	–	£40,000
Mark Spanbroek	£35,000	–	–	–	£35,000
Mark Goodliffe	£44,029	–	–	–	£44,029
Glenn Collinson[1]	£40,000	–	–	–	£40,000
David Vaillant[2]	£31,250	–	–	–	£31,250
Deirdre Somers[3]	£5,000	–	–	–	£5,000

(1) Glenn Collinson resigned from the Board in March 2020 and was appointed a Non-Executive Director of Aquis Stock Exchange Limited

(2) David Vaillant joined the Aquis Exchange Europe SAS Board in September 2019 and the Aquis Exchange PLC Board in April 2020

(3) Deirdre Somers joined the Board in October 2020

(4) The detailed calculation of the performance bonus is described in the section on 2020 annual cash bonus below

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

(6) Executive Directors were granted share options under the Aquis EMI Option Plan 2018 at the time of IPO on 14 June 2018. The values shown are the gains made at the date of vesting 14 June 2020. Further awards were made under this plan on 16 April 2020.

Executive Directors' 2021 annual cash bonus
In 2021, the Group Financial KPIs for both Alasdair Haynes and Jonathan Clelland were the same. The strategic, non-financial, individual objectives for both Alasdair Haynes and Jonathan Clelland were the same for the period 1.1.21-30.9.21. Following his transfer to Aquis Exchange Europe with effect from 1.10.21 Jonathan Clelland's strategic non-financial objectives were amended. 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%	£14.13m	£15.70m	£17.27m	£16.2m	24.6%
Group Financial Objective (KPI) 2: Profit Before Tax	18.66%	£1.60m	£2.00m	£2.40m	£3.2m	18.66%
Strategic, Non-financial Objectives (KPIs)	24%	See the table below	12%	24%	14.25%	14.25%
Total	80%					57.51%

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%	£14.13m	£15.70m	£17.27m	£16.2m	24.6%
Group Financial Objective (KPI) 2: Profit Before Tax	18.66%	£1.60m	£2.00m	£2.40m	£3.2m	18.66%
Strategic, Non-financial Objectives (KPIs)	24%	See the table below	12%	24%	13.46%	13.46%
Total	80%					56.72%

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 (either Not met target, Partially met target, Met target, or Exceeded target)
Completion of a comprehensive strategic plan	100%
Further strengthen executive resources	200%
Board processes, procedures and papers improved	100%
Board partnership model maintained	75%

J Clelland Strategic, Non-financial Objectives	Performance outcome (either Not met target, Partially met target, Met target, or Exceeded target)
Completion of a comprehensive strategic plan	100%
Further strengthen executive resources	200%
Board processes, procedures and papers improved	100%
Board partnership model maintained	75%
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.

The purpose of improving Board processes, procedures and papers is to ensure that the Board can function efficiently and effectively and assess and manage the governance risks.

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 KPIs and objectives was derived from independent sources and internal management reports. No significant assumptions were made in measuring either the KPI or the objectives and the calculation method for all the financial and non-financial KPIs was consistent with prior years and there were no changes to the underlying accounting policies.

Executive Directors' Awards in 2021 under the Aquis Exchange Omnibus Share Plan

On 30th April 2021, Alasdair Haynes was granted 23,723 and Jonathan Clelland 22,299 restricted share awards under the Aquis Exchange Omnibus Share Plan. These awards are valued at face value from the share price of £6.85 at 30th April 2021 and therefore represent 65% base salary as disclosed in the Remuneration Policy in the 2020 Directors Remuneration Report. Further details on the valuation, vesting schedule and conditions of this award are described below in the table below on Outstanding Share Plan awards.

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 2020 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 N&RC and Board will consider overall performance while recognising that fast growing financial and technology companies may require capital expenditure and investment.

Executive Directors' vesting during 2021 of share-based awards under previous long term incentive plans
Only previous awards that are subject to time-based vesting, with no performance conditions attached, vested during the year. These awards were granted in June 2018 and in April 2020 under the Aquis EMI option scheme, vesting over a 3-year period with an exercise price of £2.69 per share and £3.47 respectively. 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.

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 2021	Awarded during the year	Lapsed during the year	Options vested during the year	Unvested at 31 December 2021	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	14th June 2018	£2.69	40,273	0	0	40,273	0	14th June 2019	13th June 2028
	Aquis EMI Option Plan 2018	19th November 2019	£3.47	80,000	0	0	26,667	53,333	16th April 2021	15th April 2030
	Aquis Omnibus Share Plan 2020	15th June 2020	£3.55	45,755		0	0	45,766	15th June 2023	14th June 2030
	Aquis Omnibus Share Plan 2020	30th April 2021	£6.85	0	23,723	0	0	23,723	30th April 2024	29th April 2031
Jonathan Clelland	Aquis EMI Option Plan 2018	14th June 2018	£2.69	40,273	0	0	40,273	0	14th June 2019	13th June 2028
	Aquis EMI Option Plan 2018	19th November 2019	£3.47	80,000	0	0	26,667	53,333	16th April 2021	15th April 2030
	Aquis Omnibus Share Plan 2020	15th June 2020	£3.55	43,028		0	0	43,028	15th June 2023	14th June 2030
	Aquis Omnibus Share Plan 2020	30th April 2021	£6.85	0	22,299	0	0	22,299	30th April 2024	29th April 2031

(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 2021.

Director	Shares	Options vested but not exercised	Options unvested	SIP	Total
Executive					
Alasdair Haynes	1,491,551	147,486	53,333	6,879	1,699,249
Jonathan Clelland	547,401	26,667	53,333	6,879	634,280

The shareholdings and share interests above, do not take account of any recovered under the Aquis Exchange Omnibus Share plan granted during 2020 and 2021 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 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 Group has no further payment obligations once the contributions have been paid. 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 income in respect of defined contribution plans in 2021 are £145,884 (2020: £112,907).

Both Alasdair Haynes and Jonathan Clelland have elected not to participate in the Group pension plan.

All Employee Share Plans

The Group operates an HMRC approved Share Investment Plan (SIP).

Share Investment Plan (SIP)

All employees are eligible to participate in the SIP scheme and during 2021, 31 employees including the Executive Directors subscribed to the scheme. As at, 31 December 2021, 139,543 shares in the Company were held in the SIP.

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' letters of appointment are available for inspection on request from the Company Secretary.

Other information about the N&RC

The N&RC 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.

The N&RC received help during the year from:

- Company Secretary, Philip Olm, who acted as Secretary at the meetings
- CFO&COO, Jonathan Clelland, who attends meetings as an Observer
- CEO, Alasdair Haynes who attends meetings as an Observer.
- No individual takes part in discussions relating to their own remuneration and benefits
- The N&RC's appointed external adviser FIT Remuneration Consultants LLP. FIT's fees for advice provided to the N&RC during 2021 were £22,518 covering the benchmarking of Executive Directors salaries, fees for Non -Executive Directors and the establishment of a new share option scheme to replace the expired EMI Share Option Scheme. FIT does not provide any other services to the Group and the N&RC 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.

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. Neither of the Executive Directors currently holds an appointment of this nature.

2021 AGM Remuneration Resolution Voting Outcome

	For	Against	Withheld
Directors' Remuneration Report	14,587,925 100.0%	0 0.0%	0 0.0%

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

Richard Bennett
Chairman, Nomination & Remuneration Committee

28 March 2022

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 2021 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 2021 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 external factors including the continued impact of COVID-19;
- 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 of at least twelve months from when the financial statements are authorised for issue.

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

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 consistent with IFRS 15 (note 2 and note 11) (group and parent) 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's judgement required in the revenue recognition under IFRS 15. Total revenue from technology licensing fees is £4.4m (2020: £2.3m). 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.	Our audit procedures included, but were not limited to: We performed end-to-end process walkthroughs regarding management's process for identifying and recognising revenue. We challenged management's accounting policies in respect of the recognition of each material stream of revenue against the requirements of IFRS 15. **Our substantive audit procedures included:** - testing over journals, taking a risk-based characteristics approach, with a focus on manual adjustment journals. analytical review of the revenue evolution over the period and post-year end in order to identify any significant transactions outside the normal course of the business or trends outside the expectations of the audit team; - For a sample of contracts: • we tested the accuracy of the key contractual terms recorded; • we reperformed the calculation of revenue recorded within the period (and deferred) based on contractual terms to ensure that revenue has been recognised accurately, and in the correct period; • for issuer fees, we critically assessed the estimation of length of time that securities will remain listed on AQSE, taking into account historical data and management's judgements We assessed the appropriateness and completeness of the disclosures associated with revenue recognition under IFRS 15 **Our observations** Based on the audit procedures performed, we determined that the approach taken by the group in respect of the revenue recognition is consistent with IFRS 15 requirements and that management's judgement applied is reasonable. We gained sufficient appropriate audit evidence regarding the completeness and accuracy of the revenue recognised by the group.
Valuation of Share-Based Payments (SBP) (note 10) (group and company) The group has long term incentive plans and share schemes. There is a risk that the share based payment schemes are not correctly recognised in accordance with IFRS 2 and that the vesting conditions are not accurately reflected. The valuation of share based payments is complex and is subject to significant management estimates and judgement. There is an inherent risk of management bias in fair value calculations. This risk is increased due to the complexity of SBP valuation.	Our audit procedures included, but were not limited to: We understood the end-to-end process for all schemes in place to identify controls throughout the process. We challenged the design and operating effectiveness of key controls. We engaged with our technical accounting team to assess the appropriateness of the accounting treatment applied to one of the key SBP plans. We agreed the key terms of equity settled share based payments in respect of the award of performance shares and options to the underlying board approved award documents. We assessed the fair value calculations of options granted by checking the accuracy of inputs to management's option pricing model. We engaged our internal valuation experts to perform an independent valuation of the options granted over the period. We tested the accuracy of the share-based payments amortisation over the vesting periods. We agreed the shares acquired in the current year through third party confirmation when applicable. We assessed the appropriateness and completeness of the disclosure of share-based payments in the financial statements. **Our observations** Based on the work performed, we concluded that share based payments have been appropriately accounted for and evaluated in accordance with IFRS 2.

Key Audit Matter	How our scope addressed this matter
Valuation of expected credit losses (ECL) for contract assets and trade receivables (note 12) (group and company) (2021: £1.5m, 2020: £0.5m) The group applies the simplified approach to measure ECL. The estimation of the expected credit loss (ECL) is a key audit matter given the size of the provision, changes expected over the course of 2019 - 2022 due to the COVID-19 pandemic, and significant level of judgement in determining the ECL arising from the limited default history to predict the probability of default (PD). In addition the licensing customers primarily consist of start-ups with limited external credit scores which limits the availability of comparable data to assess management's estimates of probability of default (PD) and the loss given default (LGD).	Our audit procedures included, but were not limited to: We performed end-to-end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We challenged the design and tested the implementation of controls including counterparties grouping, model data inputs and governance. We tested the effectiveness of the control associated with counterparties grouping. We assessed the compliance of the ECL methodology with the IFRS 9. 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 engaged our credit modelling specialist to assess the reasonableness as per IFRS 9 of the PD and LGD estimates that directors have decided. We engaged our in-house Chief Economist to assess the reasonableness of the macro-economic indicators and scenario weighting used. We performed substantive procedures over the validity of over key inputs (including the history, status, and maturity of underlying counterparties). We assessed the data sources whether internal (i.e. historical client relationship experience) or external, with a focus on assessing the appropriateness, timeliness, relevance and adjustments applied. We reviewed the disclosures associated with the ECL provision to ensure that they are appropriate and in line with the requirements of applicable financial reporting standards. **Our observations** Based on the audit procedures performed, we found the approach taken by the group and company in respect to ECL is consistent with the requirements of IFRS 9 and we consider management's estimate of the ECL appropriate as of 31 December 2021

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	£172,000
How we determined it	1% of Total Revenue
Rationale for benchmark applied	Total revenue is the primary measure to assess the performance of the group. The group is profit oriented, but as the group has recently been loss making and is growing, and Aquis Stock Exchange Limited is still loss making, profit before tax is not an appropriate reflection of the operations.

Overall materiality	£172,000
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 £103,000, which represents 60% of overall materiality, recognising that this is a first year audit for Mazars.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £5,100 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£94,500
How we determined it	1% of Total Revenue
Rationale for benchmark applied	Total revenue is the primary measure to assess the performance of the company. The company is profit oriented, but as the company has recently been loss making and is growing, profit before tax is not an appropriate reflection of the operations.
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 £57,000, which represents 60% of overall materiality, since this is a first year audit for Mazars.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £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

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Aquis Exchange PLC's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

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 36;
- 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 29;
- Directors' statement on fair, balanced and understandable, set out on page 36;
- Board's confirmation that it has carried out a robust assessment of the e-merging and principal risks, set out on page 21;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 35; and;
- The section describing the work of the audit committee, set out on page 38.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities set out on page 36, 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;
- Reviewing the accounting estimates in relation to expected credit losses (as described in our key audit matter) and valuation of share based management compensation for evidence of management bias and performing procedures to respond to the fraud risk in revenue recognition; 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.

Greg Simpson (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House,
St Katharine's Dock,
London

Date: 28 March 2022

Consolidated and Company Statement of Comprehensive Income

For the year ended 31 December 2021

		Group		Company	
	Notes	2021 £	2020 £	2021 £	2020 £
Profit and loss					
Revenue	11	17,182,755	11,477,253	9,454,737	9,860,328
Impairment charge	12	(972,161)	(100,174)	(972,161)	(97,760)
Operating expenses	13	(11,930,400)	(9,855,927)	(4,038,026)	(7,443,194)
Earnings before interest, taxation, depreciation and amortisation		4,280,194	1,521,152	4,444,550	2,319,374
Interest income	15	444	14,632	444	14,632
Depreciation and amortisation	13	(1,032,240)	(1,030,290)	(1,026,980)	(1,030,290)
Finance expense	13	(35,010)	(41,835)	(35,010)	(41,835)
Finance income	13	8,835	6,736	8,835	6,736
Profit before taxation		3,222,223	470,395	3,391,839	1,268,616
Income tax credit	18	–	307,616	–	307,616
Deferred tax	17	1,088,543	203,717	1,088,543	203,717
Profit for the year		4,310,766	981,728	4,480,382	1,779,951
Other comprehensive income					
Foreign exchange differences on translation of foreign operations	32	76,899	(531)	–	–
Other comprehensive income/(loss) for the year		76,899	(531)	–	–
Total comprehensive income for the year		4,387,665	981,197	4,480,382	1,779,951
Earnings per share (pence)					
Basic					
Ordinary shares	19	16	4	16	7
Diluted					
Ordinary shares	19	15	3	16	6

Financial Statements

Consolidated and Company Statement of Financial Position

As at 31 December 2021

		Group		Company	
	Notes	2021 £	2020 £	2021 £	2020 £
Assets					
Non-current assets					
Goodwill	16,20	83,481	83,481	–	–
Intangible assets	16	753,714	916,256	753,714	916,256
Property, plant and equipment	21	4,146,333	1,578,554	3,563,758	1,578,554
Investment in subsidiaries	22	–	–	6,884,202	6,484,202
Investment in trust	23	–	–	1,856,964	486,127
Deferred tax asset	17	1,292,260	203,717	1,292,260	203,717
Trade and other receivables	24	2,744,656	839,630	2,731,174	839,630
		9,020,444	3,621,638	17,082,072	10,508,486
Current assets					
Trade and other receivables	24	3,768,947	2,924,067	4,372,554	2,943,368
Cash and cash equivalents	25	14,046,399	12,268,418	7,094,964	6,179,566
Total assets		26,835,790	18,814,123	28,549,589	19,631,420
Liabilities					
Current liabilities					
Trade and other payables and short term lease liabilities	6, 26	3,783,587	2,810,710	3,196,516	2,292,106
Net current assets		14,031,759	12,381,775	8,271,002	6,830,828
Non-current liabilities					
Lease liabilities	27	3,422,744	995,081	2,915,920	995,081
		3,422,744	995,081	2,915,920	995,081
Total liabilities		7,206,331	3,805,791	6,112,436	3,287,187
Net total assets		19,629,460	15,008,332	22,437,153	16,344,234
Equity					
Called up share capital	28	2,750,545	2,716,970	2,750,545	2,716,970
Share premium account	29	11,771,462	10,892,135	11,771,462	10,892,135
Other reserves	30	1,118,314	760,543	1,448,430	748,525
Treasury shares	31	(1,526,835)	(489,625)	–	–
Retained earnings		5,438,167	1,127,401	6,466,716	1,986,604
Foreign currency translation reserve	32	77,807	908	–	–
Total equity		19,629,460	15,008,332	22,437,153	16,344,234

Alasdair Haynes

Alasdair Haynes
CEO

Jonathan Clelland
CFO

Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

Group	Notes	Share Capital	Share premium	Other reserves	Retained earnings	Treasury Shares	Foreign Currency Translation Reserve	Total
Balance at 1 January 2020		2,714,956	10,839,981	377,766	145,673	(327,809)	1,439	13,752,006
Profit for the year					981,728			981,728
Foreign exchange differences on translation of foreign operations	32						(531)	(531)
Issue of new shares	28,29	2,014	52,154					54,168
Movement in share-based payment reserve	30			382,777				382,777
Movement in Treasury Shares	31					(161,816)		(161,816)
Balance at 31 December 2020		2,716,970	10,892,135	760,543	1,127,401	(489,625)	908	15,008,332
Balance at 1 January 2021		2,716,970	10,892,135	760,543	1,127,401	(489,625)	908	15,008,332
Profit for the year		–	–	–	4,310,766		–	4,310,766
Foreign exchange differences on translation of foreign operations	32	–	–	–	–	–	76,899	76,899
Issue of new shares	28,29	33,575	879,327	–	–	–	–	912,902
Movement in share-based payment reserve	30	–	–	357,771	–	–	–	357,771
Movement in Treasury Shares	31	–	–	–	–	(1,037,210)		(1,037,210)
Balance at 31 December 2021		2,750,545	11,771,462	1,118,314	5,438,167	(1,526,835)	77,807	19,629,460

Company Statement of Changes in Equity

For the year ended 31 December 2021

Company	Notes	Share Capital	Share premium	Other reserves	Retained earnings	Total
Balance at 1 January 2020		2,714,956	10,839,981	368,367	206,383	14,129,687
Profit for the year		–	–	–	1,779,951	1,779,951
Issue of new shares	28,29	2,014	52,154	–	–	54,168
Movement in share-based payment reserve	30	–	–	380,158	–	380,158
Balance at 31 December 2020		2,716,970	10,892,135	748,525	1,986,334	16,343,964
Balance at 1 January 2021		2,716,970	10,892,135	748,525	1,986,334	16,343,964
Profit for the year		–	–	–	4,480,382	4,480,382
Issue of new shares	28,29	33,575	879,327	–	–	912,902
Movement in share-based payment reserve	30	–	–	699,905	–	699,904
Balance at 31 December 2021		2,750,545	11,771,462	1,448,430	6,466,716	22,437,153

Consolidated and Company Statement of Cash Flows

For the year ended 31 December 2021

		Group		Company	
	Notes	2021 £	2020 £	2021 £	2020 £
Cash flows from operating activities					
Cash generated by operations	33	3,157,517	2,129,563	2,748,346	2,228,339
Tax refunded	18	–	307,616	–	307,616
Finance expense on lease liabilities	27	(26,175)	(35,099)	(26,175)	(35,099)
Net cash outflow from operating activities		3,131,342	2,402,080	2,722,171	2,500,856
Investing activities					
Recognition of software development costs	20	(350,893)	(642,695)	(350,893)	(642,695)
Purchase of property, plant and equipment	21	(319,519)	(115,351)	(314,384)	(115,351)
Investment in subsidiaries		–	(259,400)	–	–
Capital injection into AQSE and Aquis Europe	22	–	–	(400,000)	(4,046,436)
Interest received	13	444	14,632	444	14,632
Net cash used in investing activities		(669,968)	(1,002,815)	(1,064,833)	(4,789,851)
Financing activities					
Issue of new shares	28,29	912,902	54,168	912,902	54,168
Purchase of treasury shares	31	(1,100,000)	–	(1,100,000)	–
Principal portion of lease liability	2,23	(573,194)	(195,346)	(554,842)	(195,346)
Net cash generated from/(used in) financing activities		(760,292)	(141,178)	(741,940)	(141,178)
Net increase/(decrease) in cash and cash equivalents		1,701,082	1,258,088	915,398	(2,430,173)
Cash and cash equivalents at the beginning of the year	25	12,268,418	11,010,861	6,179,566	8,609,739
Effect of exchange rate changes on cash and cash equivalents	32	76,899	(531)	–	–
Cash and cash equivalents at the end of the year	25	14,046,399	12,268,418	7,094,964	6,179,566

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:

Following the end of the Brexit transition arrangements, from 1 January 2022 Aquis Europe SAS, a 100% owned subsidiary of the Group earns that element of exchange revenue relating to EU27 stocks, with Aquis Exchange PLC (the Company) now recording only that element of exchange revenue relating to UK and Swiss stocks. 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 Palladium House, 1-4 Argyll Street, London, W1F 7LD.

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.

The "requirements of the Companies Act 2006" here means accounts being prepared in accordance with "international accounting standards" as defined in section 474(1) of that Act.

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 2021 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 2022, with profits forecasted for future years.

Coronavirus has continued to impact the global economy in 2021 and caused a significant amount of uncertainty. Whilst this has not hindered the business in a discernible way to date, which is evidenced by the revenue growth and profit generated during the year, there remains a risk that there may be a longer-term impact on revenues and/or costs and therefore the Directors continue to closely monitoring how the situation develops and are ready to address any negative impact on the business if necessary.

The end of 2020 marked the end of the transition period following the UK's departure from the EU, and a trade agreement was reached at the end of the year, which did not address financial services. While the agreement ended years of uncertainty regarding a no-deal Brexit, there are significant costs for the UK's financial services industry, and it is anticipated there will be a long-lasting effect on the UK economy. With its European subsidiary and a well-planned and executed transition of EU securities trading, the Group has been well-positioned to respond quickly to the changes in legislation. However, it remains difficult to predict the overall impact of Brexit on the future trading landscape for both the financial services industry and the wider UK economy.

The Ukrainian 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 of at least 12 months from the date of approval of these financial statements.

Consolidation

Group

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies with all inter-company balances and transactions eliminated.

Investments in subsidiary companies' shares, loans and other contributions are recognised at cost. These are reviewed for impairment when events indicate that the carrying amount may not be recoverable and are accounted for in the Company's financial statements at cost less accumulated impairment losses.

The results of Aquis Stock Exchange Limited and Aquis Exchange Europe SAS have been consolidated in the Group financial statements for the year ended 31 December 2021.

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 Company 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 or RSP, 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, net of value added tax. 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 in the accounting year in which the services are rendered, by reference to the ongoing contractual obligation to provide the services.

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. 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. Both application and admission fees are recognised monthly over the expected life of a company's admission. An estimation is required to determine the length of time the securities will remain listed on the exchange, the details of which are set out below. Annual issuer fees relate to fees paid by issuers to maintain a listing on the exchange and are discussed below, while further issue fees relate to fees in respect of further issues by listed companies are recognised at the point in time they occur.

Annual issuer and data fees are paid by the customers in advance and are initially recognised as deferred revenue, then released over time as the performance obligation is fulfilled.

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 £4,657 decrease /£5,821 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 4.

Business Combination
Aquis Exchange PLC (the acquirer) purchased 100% of the shares of NEX Exchange Limited (which subsequently changed its name to Aquis Stock Exchange Limited (AQSE)) on 11 March 2020 (the acquisition date). Business combinations are recorded using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets is recorded as goodwill.

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 20 provides further detail on the impairment assessment for goodwill as at 31 December 2021.

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Financial assets are initially measured at fair value plus transaction costs and are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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. If not, 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 27.

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 2021 the Group did not hold any Financial liabilities beyond Trade and other payables, Accrued Expenses 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. It is recognised as a credit to the profit and loss in the year it is received.

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 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 inventories or non-current assets.

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 are 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. This accounting treatment was initially adopted in 2020.

Restricted shares

Restricted shares are 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.

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 'Property, Plant and Equipment' 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 (attributed to non-controlling interests as appropriate).

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 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 2021.

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 IFRS 9, IAS 39 and IFRS 17	Interest rate benchmark reform
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Amendment to IAS 12	Income taxes
Amendment to IAS 16	Property, plant and equipment
Amendment to IAS 37	Provisions, contingent liabilities and contingent assets
Amendment to IAS 41	Agriculture
IFRS 1	First time adoption of IFRS

4 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 at the time of invoice as Aquis becomes unconditionally entitled to payment.
- 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 1-4. 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 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 of £1,292k 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. The impact of flexing the discount rates used by +2%/-2% for exchange and data revenue and by +5%/-5% for new licencing contracts would be +£272,100/-£272,100, so that the deferred tax asset would be £1,604,493 in an upside scenario with lower probability discount rates or £1,060,274 in a downside scenario with higher probability discount rates.

Share-based payments

The US binomial model and Black Scholes model are used to estimate the value of the EMI options and the restricted shares. 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. No EMI options were granted during the year but management notes that a 5% decrease/increase in expected volatility leads to a +£41,732/-£42,347 variance in the 2021 expense. Similarly, for a 1 year increase/decrease in the expected life of the options, this would lead to a +£16,592/-£18,603 variance. Note 14 provides further disclosure on the amounts recognised in these financial statements.

5 CORPORATE INFORMATION

Aquis Exchange PLC (the 'Group') is licensed to operate a multilateral trading facility (MTF) enabling members to trade across fifteen European markets and to provide exchange software under licence.

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.	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 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 are met (referenced in table below). The Group continuously monitors its level of capital in order to ensure it remains compliant with regulatory capital requirements. Aquis reviews capital resources and requirements on a monthly basis. 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. 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.

The Return on Assets (ROA) is the amount of net profit/(loss) returned as a percentage of total assets.

ROA

Group	**2021** **£**	2020 £
Profit for the year	4,310,766	981,728
Total assets as at 31 December	26,875,790	18,814,123
Return on assets (%)	16%	5%

There was no capital expenditure contracted for at the end of the reporting year that had not been provided for.

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 has also considered the impact of the Coronavirus pandemic on credit risk by incorporating an assessment of how COVID-19 has affected the risk profile of each client, modifying risk ratings where necessary. Aquis' credit risk management processes are applied to all trade receivables and are calculated using a lifetime ECL method, as detailed in Note 12.

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 (2020: £12.4 million), with the majority of the debtor's book (excluding contract assets as set out in Note 24) being short term in nature. The Group is also funded entirely by equity, with no external debt funding obligations to be met.

The Group is not materially exposed to market risk including interest rate or foreign exchange risk.

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 discounted cash flows of financial liabilities based on the earliest date on which the Group or Company can be required to pay. There is no 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.

Group	**1 Year**	**2-5 years**	**5+ years**	**Total**
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
31 December 2020				
Trade and other payables	2,616,097	–	–	2,616,097
Lease Liabilities	194,613	714,704	280,377	1,189,694
	2,810,710	714,704	280,377	3,805,791

Company	**1 Year**	**2-5 years**	**5+ years**	**Total**
31 December 2021				
Trade and other payables	3,045,535	–	–	3,045,535
Lease Liabilities	150,981	1,376,301	1,539,620	3,066,902
	3,196,516	1,376,301	1,539,620	6,112,437
31 December 2020				
Trade and other payables	2,097,493	–	–	2,097,493
Lease Liabilities	194,613	714,704	280,377	1,189,694
	2,292,106	714,704	280,377	3,287,187

The tables below 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	1 Year	2-5 years	5+ years	Total
31 December 2021				
Trade and other payables	3,575,350	–	–	3,575,350
Lease Liabilities	326,024	1,927,289	1,945,800	4,199,113
	3,901,374	1,927,289	1,945,800	7,774,463
31 December 2020				
Trade and other payables	2,616,097	–	–	2,616,097
Lease Liabilities	230,445	921,780	345,668	1,497,893
	2,846,542	921,780	345,668	4,113,990

Company	1 Year	2-5 years	5+ years	Total
31 December 2021				
Trade and other payables	3,045,535	–	–	3,045,535
Lease Liabilities	254,264	1,640,250	1,676,700	3,571,212
	3,299,799	1,640,250	1,676,700	6,616,747
31 December 2020				
Trade and other payables	2,616,097	–	–	2,616,097
Lease Liabilities	230,445	921,780	345,668	1,497,893
	2,846,542	921,780	345,668	4,113,990

Both the Group and the Company have no derivative financial liabilities.

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 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, with the remaining cash held in a Sterling denominated bank account, hedging the Group against foreign exchange fluctuations in cash and cash equivalents. Since the net asset value of the Aquis Exchange Europe SAS is predominately comprised of cash, there is negligible exposure to the Group of foreign exchange rate fluctuations.	In order to mitigate the impact of unfavourable currency exchange rate movements on consolidated earnings and net assets, Aquis Exchange Europe SAS maintains the majority of its net assets (primarily comprising of regulatory cash) in a Sterling denominated bank account so as to minimise fluctuations in the GBP/EUR exchange rate on a consolidated basis.

7 OPERATING SEGMENTS

The Aquis Group can be split into 3 operating segments, each offering multiple products and services and benefiting 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.

The Group has no discontinued 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, EBITDA and profit before taxation. When monitoring the performance of each operating segment individually, management examines the discrete financial information available which will normally include revenue and EBITDA for each division. In line with IFRS 8 the operating segments are reported separately as follows:

2021	AQXE & AQEU	AQSE	Aquis Technologies	Total
Revenue	10,897,483	1,880,666	4,404,606	17,182,755
Impairment Charge	–	–	(972,161)	(972,161)
Costs	(8,817,828)	(2,103,103)	(1,009,469)	(11,930,400)
Operating Profit/ (Loss)	2,079,655	(222,437)	2,422,976	4,280,194
Depn, amortisation and net interest	(1,057,971)	–	–	(1,057,971)
Profit/ (Loss) before taxation	1,021,684	(222,437)	2,422,976	3,222,223

2020	AQXE & AQEU	AQSE	Aquis Technologies	Total
Revenue	7,936,036	1,221,517	2,319,700	11,477,253
Impairment Charge	(97,760)	(2,414)	–	(100,174)
Costs	(6,687,237)	(1,754,950)	(1,413,740)	(9,855,927)
Gross Profit/ (Loss)	1,151,039	(535,847)	905,960	1,521,152
Depn, amortisation and net interest	(1,050,757)	–	–	(1,050,757)
Profit before taxation	100,282	(535,847)	905,960	470,395

The tables above represent the segment-level information that is monitored by the Chief Operating Decision Makers, which are the Chief Executive Officer and the Chief Financial Officer. All non-current assets are held centrally by Aquis Exchange PLC, apart from the lease liability for the Paris office. The geographical analysis of the non-current assets is as follows; UK: £6,565k, France: £583k and South Africa: £1,912k, Total: £9,060k. Gross revenue from 2 customers amounted to £3,785k (2020: £117k) 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 Executive Directors) employed by the Group during the year was:

Group	2021 Number	2020 Number
Management	**2**	2
IT	**19**	20
Compliance and Surveillance	**10**	8
Operations	**9**	6
Business Development	**8**	6
Finance	**4**	3
Marketing	**2**	1
	54	46

The monthly average number of persons (including Executive Directors) employed by the Company during the year was:

Company	2021 Number	2020 Number
Management	**2**	2
IT	**18**	19
Compliance and Surveillance	**4**	4
Operations	**8**	5
Business Development	**5**	4
Finance	**3**	2
Marketing	**2**	1
	42	37

Their aggregate remuneration was comprised of:

Group	2021 £	2020 £
Salaries and wages	**6,129,802**	4,573,007
Social security costs	**815,822**	718,885
Other pension costs	**183,941**	138,891
Share based payments	**571,834**	392,897
Employee benefits	**165,617**	148,992
	7,867,016	5,972,673

Company	2021 £	2020 £
Salaries and wages	**4,605,033**	3,535,759
Social security costs	**560,051**	519,061
Other pension costs	**145,884**	112,907
Share based payments	**576,609**	363,164
Employee benefits	**165,357**	148,633
	6,052,934	4,679,524

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 30).

11 REVENUE

An analysis of the Group's and Company's revenue is as follows:

	Group		Company	
	2021 £	2020 £	**2021 £**	2020 £
Revenue analysed by class of business				
Exchange fees	**9,766,046**	7,738,284	**3,476,206**	7,111,000
Licence fees	**4,404,606**	2,319,700	**4,404,606**	2,319,700
Data vendor fees	**2,319,360**	894,867	**1,573,925**	429,628
Issuer fees	**692,743**	524,402	**–**	–
	17,182,755	11,477,253	**9,454,737**	9,860,328

Revenues from customers by operating segment and class of business is as follows:

	Group		Company	
	2021 £	2020 £	**2021 £**	2020 £
Revenue analysed by operating segment and class of business				
AQXE & AQEU				
Exchange fees	**9,323,559**	7,506,408	**3,476,206**	7,111,000
Data vendor fees	**1,573,925**	429,628	**1,573,925**	429,628
AQSE				
Exchange fees	**442,487**	231,876	**–**	–
Data vendor fees	**745,435**	465,239	**–**	–
Issuer fees	**692,743**	524,403	**–**	–
Aquis Technologies				
Licence fees	**4,404,606**	2,319,700	**4,404,606**	2,319,700
	17,182,755	11,477,253	**9,454,737**	9,860,328

Revenues from customers attributable to the United Kingdom, Europe and the rest of the world is as follows:

	Group		Company	
	2021 **£**	2020 £	**2021** **£**	2020 £
Revenue analysed by region				
United Kingdom	**12,048,156**	8,780,442	**5,764,371**	7,629,888
Europe	**1,598,511**	1,989,508	**621,987**	1,733,587
Rest of the world (Africa/Americas/Asia)	**3,536,088**	707,303	**3,068,380**	498,853
	17,182,755	11,477,253	**9,454,738**	9,860,328

Exchange 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 exchange 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 and services.

The Group determines the transaction price based primarily on the relative standalone prices. In the case of exchange, 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 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:
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 6 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.

The revenue from licensing contracts with customers has been categorised reflecting the nature, amount, customer categorisation (see also Note 12), 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.

The Company determines the transaction price of the licensing contract based primarily on the competitive landscape. 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 on the basis of the relative standalone selling price.

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:

	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

	2020				
Group	**£**	**£**	**£**	**£**	**£**
Category	**1**	**2**	**3**	**4**	**Total**
PO1	50,000	–	–	–	50,000
PO2	1,201,755	–	451,440	–	1,653,195
PO3	27,006	111,883	11,577	5,160	155,626
	1,278,761	111,883	463,017	5,160	1,858,821

Customer risk category definitions: 1 - High, 2 - Moderately High, 3 - Moderately Low and 4 - Low

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. These fees total £530k, (2020: £461k).

The resultant contract assets at year end are disclosed as per Note 24. In aggregate the total revenue that reflects future performance obligations and has yet to be recognised is £1,190k.

Issuer fees:

Issuer fees are accounted for under IFRS 15 and are recognised over time. They can be separated into the following categories:

Application and admission fees: These are charged upfront to prospective companies wishing to be admitted to AQSE. They are recognised monthly over the expected life of a company's admission. Deferred Revenue is shown as per Note 26.

Annual fees: These are fees paid annually by companies listed on AQSE. They are charged in advance and are recognised over the year.

Further issue fees: These are charged to companies already listed on AQSE wishing to issue further securities. In this case revenue is recognised at the point in time of the further issue.

12 IMPAIRMENT

IFRS 9 provisioning is applied to technology licensing contract assets and to other trade receivables based on management estimates of the collectability of contracts over their useful life, and which are re-assessed at each renewal. The Group applies a simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets and therefore the ECL for each contract is assessed on a lifetime basis rather than at each reporting date. As the simplified approach is adopted it is not necessary to consider the impact of a significant increase in credit risk.

The Group has two types of financial assets that are subject to the expected credit loss model:

- Contract assets relating to technology licensing contracts (Company and Group)
- Trade receivables relating to services provided by AQSE (Group)

The Group have concluded that the trade receivables and contract assets have different risk characteristics and therefore the expected credit loss 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 while 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.

	Group		Company	
	2021 **£**	2020 £	**2021** **£**	2020 £
Balance of impairment provisions at 1 Jan 2021	**526,271**	410,841	**508,601**	410,841
Trade receivable ECL Provision at 11 March 2020	**–**	15,256	**–**	–
ECL write off	**–**	(9,236)	**–**	(9,236)
Expected credit loss /(reversal)	**972,161**	109,410	**972,161**	106,998
Balance of impairment provision	**1,498,432**	526,271	**1,480,762**	508,601

	Group		Company	
	2021 **£**	2020 £	**2021** **£**	2020 £
Contract Asset ECL provision	**1,480,762**	508,601	**1,480,762**	508,601
Trade receivable ECL provision	**17,183**	17.670	**–**	–
Other provisions	**487**	–	**–**	–
Balance of impairment provision	**1,498,432**	526,271	**1,480,762**	508,601

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 0-49% is applied to each client based on the assigned risk category. The model includes lifetime PD applied to each year of the contract, based on the assumption that the PD will reduce over time.

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 49% 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 PD assigned 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 49%.

The loss given default 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 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.

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.

Although the full risk assessment is completed only at the start of the contract and at each renewal date, Aquis regularly assesses whether macro-economic factors could have a bearing on the success of the client and the recoverability of the outstanding debt.

The £1,480,762 expected credit loss provision for the year (2020: £508,601) has been calculated with reference to estimations based on the probability of default and a loss given default as described above, and has been analysed for each individual contract taking into account the nature, amount, customer categorisation, contract duration and uncertainty of revenue and cash flows.

As at 31 December 2021, the average contract duration for the portfolio of technology contracts is 2.7 years. The contracts are short-to-medium term in length and the ECL model incorporates the impact of a significant change in macroeconomic circumstances on the expected PD over the life of the contracts. The macroeconomic variables are based on 3-year average forecast rates for 2022-2024, 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	-3%	1.6%	5%
UK unemployment	7%	4.2%	2%
UK CPI Inflation	1.2%	2.5%	5.0%

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 probability of default 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:

Group and Company At 31 December 2021	Downside £	Baseline £	Upside £
Impairment provision	1,682,547	1,480,762	1,281,452
Impact on PD	5%	0%	-5%
Probability weighting	25%	50%	25%

Expected credit loss of Aquis Stock Exchange trade receivables

In line with IFRS 9 guidance, the Group has applied a simplified "Expected Credit Loss" (ECL) model on AQSE trade receivables. 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. Loss allowances for financial assets measured at amortised cost are 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 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 90 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 AQSE 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 analysis of credit losses experienced since the acquisition 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 due to a number of older debts being identified and written off on acquisition.

Trade receivables have payment terms of 30 days from the date of billing. For debts older than 90 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 £29,240 of trade receivables were written off relating to debts from companies that had ceased membership with AQSE. The contractual rights to cash flows from the financial assets were deemed to have expired.

The total loss allowance 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 AQSE trade receivables as at 31 December 2021 was £17,183 (2020: £17,670) which was comprised as follows:

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%	N/A
Trade receivables	83,947	19,650	11,405	5,200	3,200	–	1,200	15,044	139,646
ECL Provision	420	197	342	260	320	–	600	15,044	17,183

13 OPERATING EXPENSES

EBITDA is stated after charging:

	Group		Company	
Operating Expenses	**2021 £**	2020 £	**2021 £**	2020 £
Fees payable to the Company's auditor for the audit of the company's financial statements	**222,000**	225,559	**167,000**	126,431
Fees payable to the Company's auditor for the Client Asset audit	**7,500**	6,300	**7,500**	6,300
Share-based payments	**571,834**	392,897	**576,609**	363,164
Exchange loss/(gains)	**–**	5,958	**–**	6,144
Employee costs	**7,295,182**	5,579,775	**5,476,325**	4,316,360
Operating costs (Net of intercompany recharge)	**3,833,884**	3,645,438	**(2,189,408)**	2,624,795
	11,930,400	**9,855,927**	**4,038,026**	**7,443,194**

Other operating 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	**2021** **£**	2020 £	**2021** **£**	2020 £
Depreciation of property, plant and equipment	**518,806**	550,620	**513,546**	550,620
Amortisation of intangible assets	**513,434**	479,670	**513,434**	479,670
	1,032,240	1,030,290	**1,026,980**	1,030,290
Net finance expense (Note 27)	**26,175**	35,099	**26,175**	35,099
	1,058,415	1,065,389	**1,053,155**	1,065,389

Total expenses were as follows:

	Group		Company	
	2021 **£**	2020 £	**2021** **£**	2020 £
Total expenses	**12,988,815**	10,921,316	**5,091,181**	8,508,583

14 SHARE-BASED PAYMENTS

	Group		Company	
	2021 **£**	2020 £	**2021** **£**	2020 £
EMI options granted	**160,052**	227,084	**152,577**	205,601
Restricted share awards	**314,222**	55,317	**314,222**	55,317
Company Share Ownership Plan awards	**19,045**	–	**19,045**	–
Shares purchased under employee Share Incentive Plan	**78,515**	110,496	**90,765**	102,243
	571,834	392,897	**576,609**	363,164

Employee Share Incentive Plan

The share incentive plan 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. 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. The fair value of the matching 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.

	2021	2020
Employee Share incentive plan		
Number of shares issued under the plan to participating employees	**139,543**	104,656

EMI Share Options

There is one approved EMI scheme, which was initiated in June 2018 when the first 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.

Of the total number of options granted, 335,753 were exercised, none expired and 24,526 were forfeited during the year.

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.

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 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 is 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 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 is estimated to be 5 years.

	2021		**2020**	
Details of the EMI scheme are as follows:	**Number of Shares**	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	1,297,421	3.15	560,407	2.69
• Granted during the period	–	–	776,250	3.47
• Forfeited during the period	(24,526)	3.07	(19,099)	3.34
• Exercised during the period	(335,753)	2.70	(20,137)	2.69
• Expired during the period	–	–	–	–
• Outstanding at the end of the period	937,143	3.31	1,297,421	3.15
• Exercisable at the end of the period	453,643	3.11	186,802	2.69

CSOP

The Group has implemented a CSOP employee option scheme in 2021. Initial grants amounting to 100,000 options at a grant price of £6.85 were made in April 2021. Options vest three years after grant and expire after 10 years.

Details of the CSOP scheme are as follows:	Number of Shares	Average Exercise Price (£)
• Outstanding at the beginning of the period	0	–
• Granted during the period	100,000	6.85
• Forfeited during the period	(4,195)	6.85
• Exercised during the period	0	–
• Expired during the period	0	–
• Outstanding at the end of the period	95,805	6.85
• Exercisable at the end of the period	0	–

RSP

The Group implemented a RSP senior executive option scheme in 2020. Total grants made in April 2021 amounted to 88,320 options at a grant price of £6.85. Options vest three years after grant, with an additional hold period of a further 2 years and expire after 10 years.

Details of the RSP scheme are as follows:

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	2021		2020	
Details of the RSP scheme are as follows:	Number of Shares	Average Exercise Price (£)	Number of Shares	Average Exercise Price (£)
• Outstanding at the beginning of the period	140,448	3.64	–	–
• Granted during the period	88,320	6.85	140,448	3.64
• Forfeited during the period	–	–	–	–
• Exercised during the period	–	–	–	–
• Expired during the period	–	–	–	–
• Outstanding at the end of the period	228,768	4.88	140,448	3.64
• Exercisable at the end of the period	–	–	–	–

15 INTEREST INCOME

	Group		Company	
Interest Income	**2021 £**	2020 £	**2021 £**	2020 £
Bank Deposits	**444**	14,632	**444**	14,632

16 BUSINESS COMBINATION

Business acquisition

On 11 March 2020 Aquis Exchange PLC acquired 100% of the issued share capital of NEX Exchange Limited, a UK based Recognised Investment Exchange. It has since been rebranded as Aquis Stock Exchange (AQSE). The acquisition has broadened the Group's service offering, including the ability to offer companies wishing to go public a primary listing on its growth market. It complemented the existing exchange services of the Group and has enabled the Group to expand its strategic offering.

Details of the purchase consideration is as follows:

Purchase consideration:	£
Cash paid	2,877,118

The assets and liabilities recognised as a result of the acquisition are as follows:

Current assets:	
Cash	2,617,718
Trade and other receivables	653,390
Current liabilities:	
Trade and other payables	(477,471)
Add: Goodwill	83,481
Net assets arising on acquisition	2,877,118

The assets acquired and liabilities assumed have been recognised at their fair values measured at the acquisition date. There were no intangible assets identified at the acquisition date.

There were no acquisitions in the year ending 31 December 2021.

17 DEFERRED TAX ASSET

A deferred tax asset of £1,292,260 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. 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 deferred tax balance comprises temporary differences attributable to:

Group and Company	2021 £	2020 £
Deferred tax		
Tax losses	**1,292,260**	203,717
Total deferred tax asset	**1,292,260**	203,717

Movement in deferred tax balance:

Group and Company	2021 £	2020 £
Movements		
At 1 January	**203,717**	–
Origination and reversal of timing difference	**1,024,211**	203,717
Rate change	**64,332**	–
At 31 December	**1,292,260**	203,717

The Group has combined losses of £48,125,182 (2020: £51,941,924) 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 totalling £47,944,397 generated in the UK by Aquis Exchange PLC and Aquis Stock Exchange Limited and losses totalling £130,785 generated in France by Aquis Exchange Europe SAS.

The Company has estimated losses of £13,099,278 (2020: £17,043,108) available for carry forward against future trading profits.

18 INCOME TAX

	Group		Company	
Current tax	**2021 £**	2020 £	**2021 £**	2020 £
R&D tax credit	**–**	(307,616)	**–**	(307,616)

The credit for 2020 can be reconciled to the loss per the income statement as follows:

	Group		Company	
	2021 £	2020 £	**2021 £**	2020 £
Profit for the year before taxation	**3,222,223**	470,395	**3,391,839**	1,268,618
Expected tax charge based on a corporation tax rate of 19.00%	**612,222**	89,375	**644,449**	241,037
Effect of expenses not deductible in determining taxable profit	**10,407**	55,246	**10,294**	51,165
Unutilised tax losses carried forward	**41,917**	70,204	**–**	–
Losses utilised against taxable profits	**(735,805)**	–	**(732,782)**	(77,377)
Deferred tax not recognised	**71,259**	–	**78,038**	–
Permanent capital allowances in excess of depreciation	**–**	34,109	**–**	34,109
Depreciation on assets not qualifying for tax allowances	**–**	846	**–**	846
Additional R&D allowance for qualifying expenditure	**–**	(247,000)	**–**	(247,000)
Non-trade loan relationship credits	**–**	(2,780)	**–**	(2,780)
Research and development tax credit	**–**	(307,616)	**–**	(307,616)
Taxation credit for the year	**–**	(307,616)	**–**	(307,616)

19 EARNINGS PER SHARE

	Group		Company	
	2021	2020	**2021**	2020
Number of Shares				
Weighted average number of ordinary shares for basic earnings per share	**27,339,947**	27,164,230	**27,339,947**	27,164,230
Weighted average number of ordinary shares for diluted earnings per share	**28,456,875**	28,281,234	**28,456,875**	28,281,234
Earnings				
Profit for the year from continued operations	**4,310,766**	981,728	**4,480,382**	1,779,951
Basic and diluted earnings per share (pence)				
Basic earnings per ordinary share	**16**	4	**16**	7
Diluted earnings per ordinary share	**15**	3	**16**	6

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).

20 INTANGIBLE ASSETS

	Group Developed trading platforms	Other Intangibles	Group Goodwill	Total Intangible Assets Excl Goodwill
Cost				
As at 01/01/2020	2,055,326	–	–	2,055,326
Additions- internally generated	642,695	–	83,481	642,695
As at 31/12/2020	2,698,021	–	83,481	2,698,021
Additions- internally generated/ acquired	313,463	37,430	–	350,893
As at 31/12/2021	**3,011,484**	**37,430**	**83,481**	**3,048,915**
Accumulated amortisation and impairment				
As at 01/01/2020	1,302,096	–	–	1,302,096
Charge for the year	479,670	–	–	479,670
As at 31/12/2020	1,781,766	–	–	1,781,766
Charge for the year	505,514	7,920	–	513,434
As at 31/12/2021	**2,287,280**	**7,920**	**–**	**2,295,200**
Carrying amount				
As at 31/12/2021	**724,204**	**29,510**	**83,481**	**753,714**
As at 31/12/2020	**916,256**	**–**	**83,481**	**916,256**

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 2024, using an estimated terminal growth rate of 2%, and a pre-tax discount factor of 7.75%.

No impairment loss has been recognised during the year, as management believes the value in use of Aquis Stock Exchange is significantly higher than the carrying value and is unlikely to be materially impaired.

21 PROPERTY, PLANT AND EQUIPMENT

Group	Fixtures, fittings and equipment	Computer Equipment	Total Right of Use Asset	Total
Cost				
As at 31/12/2019	249,497	2,098,270	1,444,159	3,791,927
Additions	2,328	113,024	–	115,351
As at 31/12/2020	251,825	2,211,295	1,444,159	3,907,278
Additions	72,636	246,885	3,758,437	4,077,958
Disposals	–	(68,926)	(963,837)	(1,032,764)
As at 31/12/2021	324,461	2,389,254	4,238,759	6,952,474
Accumulated depreciation and impairment				
As at 31/12/2019	127,572	1,477,366	173,166	1,778,104
Charge for the year	50,492	326,962	173,166	550,620
As at 31/12/2020	178,064	1,804,328	346,332	2,328,724
Charge for the year	51,938	312,092	154,748	518,779
Disposals	–	(41,362)	–	(41,362)
As at 31/12/2021	230,002	2,075,058	501,080	2,806,141
Carrying amount				
As at 31/12/2021	94,458	314,196	3,737,679	4,146,333
As at 31/12/2020	73,761	406,966	1,097,827	1,578,553

Company	Fixtures, fittings and equipment	Computer Equipment	Total Right of Use Asset	Total
Cost				
As at 31/12/2019	249,497	2,098,270	1,444,159	3,791,927
Additions	2,328	113,024	–	115,351
As at 31/12/2020	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)	(1,032,764)
As at 31/12/2021	319,325	2,389,253	3,656,087	6,364,664
Accumulated depreciation and impairment				
As at 31/12/2019	127,572	1,477,366	173,166	1,778,104
Charge for the year	50,492	326,962	173,166	550,620
As at 31/12/2020	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 31/12/2021	230,029	2,075,058	495,820	2,800,907
Carrying amount				
As at 31/12/2021	89,296	314,195	3,160,267	3,563,758
As at 31/12/2020	73,761	406,966	1,097,827	1,578,554

22 INVESTMENT IN SUBSIDIARIES

Company	2021 £	2020 £
Investment in subsidiaries	**6,884,202**	6,484,202

Details of the Company's subsidiaries at 31 December 2021 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 (%)	Name of business	Carrying amount 2021	Carrying amount 2020
Aquis Stock Exchange	UK	100	100	Recognised Investment Exchange	**3,677,118**	3,277,118
Aquis Exchange Europe SAS	France	100	100	European Equities Exchange	**3,207,084**	3,207,084

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 77 Cornhill, London EC3V 3QQ, UK.

During the year Aquis Exchange PLC made capital contributions to Aquis Stock Exchange of £400,000.

Both investments were assessed for impairment at year end. Although Aquis Stock Exchange was loss-making in 2021, this performance was in line with expectations and is expected to reach profitability in 2022. Therefore, in line with IAS 36 guidance, no impairment provision has been recognised in Aquis Exchange PLC's financial statements. The following table summarises the movement in the carrying amounts of the subsidiaries during the year:

	Aquis Stock Exchange	**Aquis Exchange Europe SAS**
Carrying amount 2020	3,277,118	3,207,084
Capital injection	400,000	–
Carrying amount 2021	3,677,118	3,207,084

23 INVESTMENT IN TRUSTS

The following table shows the total amount the Company has invested in the two Trusts in respect of the Share Incentive Plan and also the Restricted Share Plan as at the reporting date:

Company	**2021 £**	2020 £
Investment in Trusts	**1,856,964**	486,127

24 TRADE RECEIVABLES, CONTRACT ASSETS AND OTHER RECEIVABLES

	Current		**Non-current**		**Total**	
Group	**2021 £**	2020 £	**2021 £**	2020 £	**2021 £**	2020 £
Trade receivables	**1,884,329**	1,500,524	**–**	–	**1,884,329**	1,500,524
Technology licence contract assets	**1,112,576**	1,132,029	**2,415,824**	617,805	**3,528,400**	1,749,834
Other receivables	**339,353**	11,911	**328,832**	221,825	**668,185**	233,736
Prepayments	**432,689**	279,603	**–**	–	**432,689**	279,603
	3,768,947	2,924,067	**2,744,656**	839,630	**6,513,603**	3,763,697

	Current		**Non-current**		**Total**	
Company	**2021 £**	2020 £	**2021 £**	2020 £	**2021 £**	2020 £
Trade receivables	**1,747,286**	1,384,467	**–**	–	**1,747,286**	1,384,467
Technology licence contract assets	**1,112,576**	1,132,029	**2,415,824**	617,805	**3,528,400**	1,749,834
Other receivables	**313,225**	6,941	**315,350**	221,825	**628,575**	228,766
Intercompany receivables	**804,406**	177,266	**–**	–	**804,406**	177,266
Prepayments	**395,061**	242,665	**–**	–	**395,061**	242,665
	4,372,554	2,943,368	**2,731,174**	839,630	**7,103,728**	3,782,998

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

	Group		Company	
Trade receivables	**2021 £**	2020 £	**2021 £**	2020 £
Gross trade receivables	**1,930,498**	1,540,230	**1,747,286**	1,406,505
Gross contract assets	**5,009,162**	2,236,397	**5,009,162**	2,236,397
Expected credit loss provision	**(1,526,931)**	(526,271)	**(1,480,762)**	(508,601)
Trade receivables net of provisions	**5,412,729**	3,250,357	**5,275,686**	3,134,300

25 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 £	2020 £	**2021 £**	2020 £
Cash at bank	**14,046,399**	12,268,418	**7,094,964**	6,179,566

Cash and cash equivalents are held with authorised counterparties of a high credit standing, in secured investments. 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, hedging the Group against foreign exchange fluctuations in cash and cash equivalents of the subsidiary

26 TRADE AND OTHER PAYABLES AND SHORT TERM LEASE LIABILITIES

	Group		Company	
Current	**2021 £**	2020 £	**2021 £**	2020 £
Trade payables	**170,934**	263,398	**162,989**	251,136
Accruals	**1,811,168**	1,524,793	**1,564,785**	1,301,073
Deferred Revenue	**882,525**	431,792	**270,900**	43,127
Social security and other taxation	**506,638**	426,745	**494,107**	242,588
Intercompany payables	**–**	–	**552,754**	454,182
Other payables	**204,085**	163,982	**–**	–
Short term lease liabilities	**208,237**	–	**150,981**	–
	3,783,587	**2,810,710**	**3,196,516**	**2,292,106**

27 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 2021 as follows:

	Property £
Carrying amount at 1 January 2020	1,270,993
Depreciation for the year	(173,166)
Carrying amount at 31 December 2020	1,097,827
Additions	3,758,437
Disposals	(963,837)
Depreciation for the year	(154,748)
Carrying amount at 31 December 2021	3,737,679

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 2021 as follows:

	Rent deposit asset £
Carrying amount at 1 January 2020	222,029
Finance income on rent deposit asset for the year	6,736
Carrying amount at 31 December 2020	228,765
Additions	374,442
Finance income on rent deposit asset for the year	8,835
Carrying amount at 31 December 2021	612,042
Of which are:	
Current	283,212
Non-current	328,830
	612,042

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 2021 as follows:

	Lease liability £
Carrying amount at 1 January 2020	1,378,304
Finance expense on lease liability for the year	41,835
Lease payments made during the year	(230,445)
Carrying amount at 31 December 2020	1,189,694
Additions	3,563,025
Reduction in assumed lease liability	(926,303)
Finance expense on lease liability for the year	35,010
Lease payments made during the year	(230,445)
Carrying amount at 31 December 2021	3,630,981
Of which are:	
Current	208,237
Non-current	3,422,744
	3,630,981

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

	31-Dec-21 £	31-Dec-20 £
Finance expense on lease liability	**35,010**	41,835
Finance income on rent deposit asset	**(8,835)**	(6,736)
Net finance expense relating to leases	**26,175**	35,099

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

	31-Dec-21 £	31-Dec-20 £
Depreciation expense on right-of-use assets	**(149,488)**	(173,166)
Finance expense on lease liability	**(35,010)**	(41,835)
Finance income on rent deposit asset	**8,835**	6,736
Short term lease expense	**(37,568)**	(25,726)
Net impact of leases on profit or loss	**(213,231)**	(233,991)

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

28 SHARE CAPITAL

Group and Company	2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
27,169,700 Ordinary shares of 10p each	**2,716,970**	2,714,956
Issue of 335,750 new shares	**33,575**	2,014
	2,750,545	2,716,970

29 SHARE PREMIUM ACCOUNT

Group and Company	2021 £	2020 £
At the beginning of the year	**10,892,135**	10,839,981
Issue of new shares	**879,327**	52,153
At the end of the year	**11,771,462**	10,892,135

30 OTHER RESERVES

	Group		Company	
	2021 £	2020 £	**2021 £**	2020 £
Reserves relating to share-based payments	**1,118,314**	760,543	**1,448,430**	748,525

The reserves relating to share-based payments reflects the cost recognised to date for the fair value of the approved Employee Share Plans estimated using the US binomial and Black Scholes option valuation models.

31 TREASURY SHARES

Group	2021 £	2020 £
At the beginning of the year	**489,625**	318,410
Purchase of additional shares	**1,211,907**	199,459
Shares vested or sold by trusts	**(177,975)**	(40,262)
Cash held by trusts	**3,278**	12,018
At the end of the year/period	**1,526,835**	489,625

As at 31 December 2021 139,543 shares were held in the SIP Trust, and a further 150,000 shares held in the RSP/EMI Trust.

32 FOREIGN CURRENCY TRANSLATION RESERVE

In 2019 the Group established a Multilateral Trading Facility (MTF) in France through its subsidiary, Aquis Exchange Europe SAS. The translation of the European subsidiary' assets into Sterling, the functional currency of the Group, results in foreign exchange differences that have been recognised in Other Comprehensive Income and accumulated in a separate component of equity as illustrated below.

Group	2021 £	2020 £
At the beginning of the year	**908**	1,439
Foreign exchange differences on translation of foreign operations recognised in OCI	**76,899**	(531)
At the end of the year	**77,807**	908

33 CASH GENERATED BY OPERATIONS

Group	2021 £	2020 £
Profit for the year after tax	**4,310,766**	981,728
Adjustments for:		
Taxation credited	**–**	(307,616)
Deferred tax	**(1,088,543)**	(203,717)
Interest income	**(444)**	(14,632)
Amortisation and impairment of intangible assets	**505,514**	479,670
Depreciation and impairment of property, plant and equipment	**518,779**	550,620
Equity settled share based payment expense	**571,834**	392,897
Other gains/losses	**324,876**	39,814
Movement in working capital:		
Increase in trade and other receivables	**(2,749,906)**	(1,100,337)
Increase in trade and other payables	**764,641**	1,311,136
Cash generated/ (absorbed) by operations	**3,157,517**	2,129,563

Company	**2021 £**	2020 £
Profit for the year after tax	**4,480,382**	1,779,951
Adjustments for:		
Tax credit	**–**	(307,616)
Deferred tax	**(1,088,543)**	(203,717)
Interest income	**(444)**	(14,632)
Amortisation and impairment of intangible assets	**513,434**	479,670
Depreciation and impairment of property, plant and equipment	**513,545**	550,620
Equity settled share based payment expense	**576,609**	363,164
Other gains/losses	**320,664**	(114,892)
Movement in working capital:		
Increase in trade and other receivables	**(3,320,730)**	(1,128,488)
Increase in trade and other payables	**753,428**	824,278
Cash generated/ (absorbed) by operations	**2,748,346**	**2,228,339**

34 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	**2021 £**	2020 £
Salaries and other short term benefits	**797,788**	761,709
Share-based payments	**528,070**	69,268
Total	**1,325,858**	830,977

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 £4,965k to Aquis Europe SAS and a net recharge of £494k to Aquis Stock Exchange Limited. The net cash payments in the year and balances outstanding at the year end were:

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

Group and Company	2020 £000s Receipts and Payments	2020 £000s Amounts owed from related parties	2020 £000s Amounts owed to related parties
Aquis Stock Exchange Ltd	485	177	–
Aquis Europe SAS	–	–	54
Total	485	177	54

35 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 2021.

36 EVENTS OCCURING AFTER THE REPORTING PERIOD

The Ukrainian conflict has resulted in extremely volatile market conditions and there is no certainty as to when this conflict will be resolved; however, at this stage, the Directors do not believe this could have a material adverse effect on the Group and consider this to be a non-adjusting post balance sheet event at 31.12.21.

The COVID-19 pandemic has continued to cause considerable health and economic uncertainty and significant market volatility and volumes. Notwithstanding the significant adverse effect this has had and may continue to have on the economy and whilst it is possible that this pandemic may result in further adverse effects on the Group at this stage the Directors do not believe that they will be material.

In March 2022 Aquis announced the intention, subject to contract, to assume the business activities of UBS MTF, the non-displayed matching pool of UBS AG.

Aquis announced during March 2022 of the intention to dual-list on Aquis Stock Exchange Limited whilst remaining listed on the AIM market of the London Stock Exchange.

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